

**Industrial and Commercial Bank of China (Asia) Limited
Announces 2014 Final Results**

**Performance Hits New Heights Once Again:
21.18% Growth to HK\$6.37 Billion Net Profit After-tax**

15 April 2015, Hong Kong – Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) announced its results today for the year 2014. The following are the key performance indicators and business highlights.

In 2014, the global economic and financial landscape underwent constant change resulting in a more complicated operating environment. Within this context, ICBC (Asia) employed bank-wide development strategies and planning objectives to leverage the strong network and customer resources of its parent bank - Industrial and Commercial Bank of China Limited (“ICBC”). In addition the bank fully capitalized on its operating strengths (a full banking license and location-based platform) to proactively shift its operating approach by making precise market predictions and accelerating the pace of innovative development. At a time when ICBC Group was marking its 20th anniversary of operations in Hong Kong, the overall operating results of ICBC (Asia) successfully hit a new high, maintaining the momentum of its continuous rapid development across various business sectors.

Coordinated efforts led to steady growth in overall business and a sustained increase in profitability. The Bank achieved record high performances both in overall scale and profitability. This was achieved through preemptive strategic planning, precise market predictions and a constant strengthening of strategies in asset liability portfolio management. Other highlights included optimization of the Bank’s earnings structure and innovation of retail products and services, as well as effective cost controls throughout 2014. At 2014 yearend, total assets of the Bank amounted to HK\$680.6 billion, representing an increase of HK\$110.8 billion or 19.46% compared to the position at the end of 2013. Loans and customers’ deposits were HK\$364.3

billion and HK\$420.9 billion respectively, representing increases of 13.02% and 23.26% compared to the position at the end of 2013 respectively. The balance of debt securities investment stood at HK\$85.1 billion, representing an increase of HK\$17.4 billion or 25.70% compared to the position at the end of 2013.

In 2014, the Bank achieved a record high profit after tax of HK\$6.37 billion, a year-on-year growth of HK\$1.113 billion or 21.18%. The annualized return on average assets for the year decreased by 0.02 percentage points year-on-year to 1.02%, while the annualized return on average common equity for the year increased by 0.79 percentage points year-on-year to 13.27%. The Bank continued to increase input of resources into business development and technology to effectively optimize its cost structure and systematic management control. This has ensured the ideal deployment of operating resources to achieve a cost-to-income ratio on a par with the industry's collective standards. Operating expenses for the period were HK\$2.551 billion, an increase of 10.74% over those of the same period in 2013 and below earnings growth. As a result, the cost-to-income ratio was lowered by 1.7 percentage points to 24.4% compared to 2013.

The performance of various key business lines remained positive thanks to rapid growth and stable strategies. With respect to **Corporate Business**, the Bank fully utilized its strengths in business synergy created through interaction with the parent bank. This led to seizing a number of prime opportunities presented by the strengthening economic cooperation between Mainland China and Hong Kong and launching a series of preferential policies under the economic reforms in China. Throughout the year, the Bank continued to expand its customer base and optimize customer structure with the acquisition of a number of large, premium customers. The Bank also succeeded in the continuing improvement of its liquidity. High-quality assets increased again, with deposits and loan business from corporate customers indicating a steady and positive growth momentum. In terms of **Retail Banking**, the Bank took a proactive approach to driving the transformation and development of this sector. The focus has been on optimizing the retail business structure, improving the management of retail business, reinforcing the establishment of sales channels and fast-tracking innovations made in retail products. Despite keen market competition, the development of our retail business made a breakthrough on several fronts including customer deposits and in developing new channels for our credit card business. In respect of the development of **Renminbi Business**, the Bank has built up cross-border Renminbi product systems covering a broad spectrum of business streams accompanied by diversified products and services. What's more, by capitalizing on its unique status as the offshore Renminbi trading centre of ICBC Group and leveraging the advantage of being the primary liquidity provider for the offshore Renminbi market in Hong Kong, the Bank has become a major

participant in this market. This has helped to drive fast growth in various operating indicators of our Renminbi business.

Dual emphasis put on business development and risk management. The Bank's capital adequacy ratio was 16.11% at 2014 yearend. With a core capital adequacy ratio of 10.09%, the Bank maintained adequate total assets and an excellent capital structure. At the end of December 2014, the Bank's ratios of non-performing assets and non-performing loans were 0.37% and 0.41% respectively, representing decreases of 0.01 and 0.03 percentage points respectively. Asset quality continued to optimize. Cash provision coverage stood at 140.45%, a decrease of 15.68 percentage points year-on-year. The average liquidity ratio was 44.9%, well within the safe zone for overall liquidity requirements.

It is anticipated that there will be obvious differentiation in the growth of the global economy in 2015. The "new normal state" of disparity between the economy of China and the US will be aggravated, with the international capital and currency markets continuing to fluctuate. The Bank will actively position itself in response to the challenges associated with the highly volatile international financial market and narrowing spread across different markets. Further to that, the Bank will continue to actively adapt to new changes in the international economic and financial landscape and approach the new normal state with a change of mind set. This will include expediting innovation and leveraging new opportunities brought by the accelerated pace of Renminbi internationalization and "One Belt and One Road" (the macro-economic strategic development initiative proposed by the Central Government). Our key area of expansion will be focused on the offshore Renminbi market and emerging economies. The Bank will, in the meantime, actively push for the continuous and steady development of its retail banking business, intermediary business, financial markets business, etc. In doing so, the Bank will seek new breakthroughs in operating management and transformational development and make every effort to open up untapped market spaces helping to realize our vision for integrated operations in "new blue oceans".

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 2014 HK\$'000	(Restated) 31 Dec 2013 HK\$'000
Interest income	16,672,142	13,243,769
Interest expense	(8,600,125)	(6,320,282)
Net interest income	8,072,017	6,923,487
Fee and commission income	1,995,918	1,719,198
Fee and commission expense	(302,244)	(326,192)
Net fee and commission income	1,693,674	1,393,006
Net trading income	653,231	472,688
Net gain on financial assets and liabilities designated at fair value through profit or loss	6,012	8,133
Dividend income from financial investments	11,813	10,841
Other operating income	16,170	15,905
Operating income	10,452,917	8,824,060
Operating expenses	(2,550,511)	(2,303,131)
Operating profit before impairment losses	7,902,406	6,520,929
Charge for impairment losses on loans and advances	(41,704)	(382,125)
Charge for impairment losses on held-to-maturity financial investments	(51,765)	–
Write back of/(charge for) impairment losses on available-for-sale financial investments	11,159	(676)
Operating profit after impairment losses	7,820,096	6,138,128
Revaluation gain on investment properties	11,453	5,101
Net loss from property, plant and equipment	(3,085)	(347)
Gain/(loss) on disposal of loans and advances	477	(39)
Net gain on disposal of available-for-sale financial investments	141,424	148,573
Operating profit	7,970,365	6,291,416
Share of profit of an associate	21,889	21,523
Profit before tax	7,992,254	6,312,939
Income tax expense	(1,622,009)	(1,056,283)
Profit for the period and attributable to equity holders of the Bank	6,370,245	5,256,656

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31 Dec 2014 HK\$'000	31 Dec 2013 HK\$'000
Assets		
Cash and balances with banks and other financial institutions	154,000,336	137,074,097
Placements with banks and other financial institutions	53,105,030	28,546,241
Financial assets held for trading	323,257	324,974
Financial assets designated at fair value through profit or loss	211,429	412,783
Derivative financial instruments	6,120,758	5,430,669
Advances and other accounts	364,297,815	322,330,335
Financial investments:	88,214,346	67,730,060
- Available-for-sale	58,681,195	62,833,206
- Held-to-maturity	29,533,151	4,896,854
Investment in an associate	265,617	249,728
Goodwill and other intangible assets	1,060,528	1,087,712
Investment properties	69,977	58,524
Property, plant and equipment	912,860	845,166
Current income tax assets	24,913	-
Deferred income tax assets	-	66,146
Other assets	12,011,761	5,600,485
Total assets	680,618,627	569,756,920
Liabilities		
Deposits from banks and other financial institutions	114,896,270	100,941,733
Derivative financial instruments	5,766,196	5,454,630
Deposits from customers	420,892,240	341,462,974
Certificates of deposit issued at amortised cost	42,661,120	40,566,723
Debt securities in issue	11,880,937	21,522,500
- measured at fair value	-	699,091
- measured at amortised cost	11,880,937	20,823,409
Current income tax liabilities	113,090	112,936
Deferred income tax liabilities	81,011	66,165
Subordinated debts measured at amortised cost	22,250,748	9,622,817
Other liabilities	10,552,439	5,546,699
Total liabilities	629,094,051	525,297,177
Equity		
Share capital	-	4,129,497
Other statutory capital reserve	-	19,462,335
Share capital and other statutory capital reserve	23,591,832	23,591,832
Retained earnings	24,277,846	18,204,359
Other reserves	3,654,898	2,663,552
Total equity	51,524,576	44,459,743
Total equity and liabilities	680,618,627	569,756,920

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Industrial and Commercial Bank of China (Asia) Limited

Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)”) is a licensed bank incorporated in Hong Kong. It has 58 branches, 25 “Elite Club” Wealth Management Centres and 3 commercial business centres in Hong Kong. It is principally engaged in banking, financial and other finance-related services with a focus on retail and commercial banking as well as corporate banking business. Chinese Mercantile Bank and ICBC (Asia) Investment Management Company Limited, two wholly-owned subsidiaries of ICBC (Asia), are specialized in RMB services in Mainland China and the investment management businesses with a focus on Asia respectively. ICBC (Asia) is the flagship of overseas banking business of Industrial and Commercial Bank of China Limited (“ICBC”) – currently the largest commercial bank in China.