

Industrial and Commercial Bank of China (Asia) Limited
Announces 2016 First-half Results
After-tax net profit rises by 14.97% to HK\$3.542 billion

31 August 2016, Hong Kong – Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) today announced its unaudited operating results for the six months ended 30 June 2016 (the “Period”), posting an after-tax net profit of HK\$3.542 billion.

In the first half of 2016, against the backdrop of a volatile global financial landscape and a challenging operating environment, ICBC (Asia) responded proactively with clear and focused strategies. By seizing upon opportunities and pursuing innovation, the Bank has successfully achieved new heights for operating results, resulting in steady growth across its business fronts.

Steady growth of overall profitability: Through effective optimization and consolidation of a wide range of resources, the Bank made efforts to further develop linkage between businesses as well as to speed up the innovation process for products and business models, further enhanced overall profitability and optimized operating structure. In the first six months of 2016, the Bank saw an after-tax net profit of HK\$3.542 billion, a growth of HK\$461 million or 14.97% compared to the same period in 2015. The Bank generated non-interest income of HKD 1.664 billion, a 22.08% increase over the same period in 2015, accounting for 27.01% of total income and representing an increase of 0.79 percentage points over the same period in 2015.

Strong total asset growth momentum. Despite slow growth in credit assets due to the decline in market financing demand, the Bank progressively sought new opportunities and expanded businesses in the Asia Pacific market. With effective strategies and resource allocation, the Bank maintained growth momentum of assets. As at the end of June in 2016, the total assets that the Bank achieved were HK\$788.1 billion, an increase of HK\$54.6 billion or 7.44% from the end of 2015; the balance of loans was HK\$407.8 billion, an increase of 5.72% from the end of 2015; the balance of securities investment amounted to HK\$162.2 billion, an increase of 1.71% from the end of 2015; total liabilities were HK\$714.1 billion, an increase of HK\$50.9 billion or 7.67% from the

end of 2015, including customers' deposits (with certificates of deposits) totaled HK\$507.6 billion, an increase of 8.76% from the end of 2015.

Capital adequacy ratios have been compiled according to the Banking (Capital) Rules published by the Hong Kong Monetary Authority. As of 30 June 2016, the Bank's Common Equity Tier 1 capital ratio and Tier 1 capital ratio were both 12.86%, with a total capital ratio of 16.28%. In maintaining steady growth in total assets and profitability, the Bank's core financial indices were kept at a healthy level.

Looking forward to the second half of 2016, the general operating environment is experiencing uncertainty and remains challenging. The Bank will continue to monitor markets closely and react swiftly, making continued efforts in its overall risk control and operating management, achieving new breakthroughs in both cross-border and integrated businesses as well as overall business development and profitability.

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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 60 retail outlets (including 28 "Elite Club" Wealth Management Centres) and 3 commercial business centres in Hong Kong. It is engaged in commercial banking, investment banking and other financial services including securities, insurance and funds, with a focus on commercial and retail banking as well as financial market related businesses. The total assets of ICBC (Asia) amounted to HK\$788.1 billion at the end of June 2016. 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 business 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.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

	Six months ended		
	30 Jun 2016 HK\$'000	30 Jun 2015 HK\$'000	Change %
Interest income	9,131,069	8,619,347	6%
Interest expense	(4,632,690)	(4,783,704)	-3%
Net interest income	4,498,379	3,835,643	17%
Fee and commission income	1,241,882	1,088,204	14%
Fee and commission expense	(139,370)	(174,836)	-20%
Net fee and commission income	1,102,512	913,368	21%
Net trading income	553,138	414,306	34%
Net gain on financial assets and liabilities designated at fair value through profit or loss	-	1,372	-100%
Dividend income from financial investments	2,908	3,860	-25%
Other operating income	5,739	30,406	-81%
Operating income	6,162,676	5,198,955	19%
Operating expenses	(1,457,473)	(1,226,461)	19%
Operating profit before impairment losses	4,705,203	3,972,494	18%
Charge for impairment losses on loans and advances	(492,666)	(770,382)	-36%
Write back of impairment losses on available-for-sale financial investments	21,397	-	100%
Operating profit after impairment losses	4,233,934	3,202,112	32%
Net loss from property, plant and equipment	(691)	(813)	-15%
Net gain on disposal of available-for-sale financial investments	137,248	637,365	-78%
Net gain on disposal of held-to-maturity financial investments	2,417	-	100%
Operating profit	4,372,908	3,838,664	14%
Share of profit of associates	10,906	8,826	24%
Profit before tax	4,383,814	3,847,490	14%
Income tax expense	(841,861)	(766,647)	10%
Profit for the period and attributable to equity holders	3,541,953	3,080,843	15%
Earnings per share – Basic and diluted	HK\$1.37	HK\$1.49	-8%

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CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

	Unaudited 30 Jun 2016 HK\$'000	Audited 31 Dec 2015 HK\$'000	Change %	Unaudited 30 Jun 2015 HK\$'000	Change %
Assets					
Cash and balances with banks and other financial institutions	164,841,175	138,070,069	19%	133,563,038	23%
Placements with banks and other financial institutions	25,593,395	27,005,813	-5%	28,213,181	-9%
Financial assets held for trading	1,148,335	165,717	593%	3,234,052	-64%
Derivative financial instruments	12,667,426	11,384,264	11%	6,232,778	103%
Advances and other accounts	407,783,808	385,734,115	6%	392,139,870	4%
Financial investments:	161,027,048	159,278,210	1%	136,940,265	18%
- Available-for-sale	87,856,091	80,580,998	9%	71,262,537	23%
- Held-to-maturity	73,170,957	78,697,212	-7%	65,677,728	11%
Interest in associates	295,784	284,878	4%	274,443	8%
Goodwill and other intangible assets	1,031,930	1,045,213	-1%	1,048,188	-2%
Investment properties	80,919	80,919	0%	69,977	16%
Property, plant and equipment	941,129	946,278	-1%	897,886	5%
Current income tax assets	-	182,757	-100%	-	0%
Deferred income tax assets	66,071	58,011	14%	-	100%
Other assets	12,633,088	9,314,781	36%	9,503,930	33%
Total assets	788,110,108	733,551,025	7%	712,117,608	11%
Liabilities					
Deposits from banks and other financial institutions	162,221,012	155,829,954	4%	145,502,089	11%
Derivative financial instruments	12,586,462	11,015,476	14%	5,871,603	114%
Deposits from customers	450,507,201	398,531,211	13%	417,672,426	8%
Certificates of deposit issued	57,044,521	68,144,882	-16%	50,039,870	14%
Debt securities in issue measured at amortised cost	3,188,451	6,930,191	-54%	3,339,856	-5%
Current income tax liabilities	509,018	206,491	147%	610,063	-17%
Deferred income tax liabilities	178,456	9,107	1860%	85,645	108%
Subordinated debts measured at amortised cost	13,353,500	13,375,445	0%	22,246,660	-40%
Other liabilities	14,503,590	9,170,810	58%	12,495,836	16%
Total liabilities	714,092,211	663,213,567	8%	657,864,048	9%
Equity					
Share capital	36,379,331	36,379,331	0%	23,591,832	54%
Retained earnings	33,471,889	30,002,738	12%	26,596,754	26%
Other reserves	4,166,677	3,955,389	5%	4,064,974	3%
Total equity	74,017,897	70,337,458	5%	54,253,560	36%
Total equity and liabilities	788,110,108	733,551,025	7%	712,117,608	11%