

**Industrial and Commercial Bank of China (Asia) Limited
2016 Annual Results Announcement**

**Pressed Ahead with “Business Transformation” & “Business Development”
Implemented Its “Going Asia Pacific” Strategy
Performance Hit New Height to Total Assets Almost HKD 800 billion
Net Profit after Tax HKD 7.4 Billion**

20 April 2017, Hong Kong – Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) announced its annual results today for the year 2016.

The year 2016 was marked by a persistent global economic slowdown and frequent surprises that triggered wild fluctuations in the financial market. On top of that, the authorities tightened up the regulation of the financial sector and the competition was intensifying. With all these factors taken together, the banking industry was faced with an increasingly challenging operating environment. To cope with a complicated and tough external environment, the Bank pressed ahead with its two key strategies - “business transformation” and “business development”. The Bank gauged the situation precisely and predicted developments, and followed up the evaluation with decisive actions. It proactively planned and built up its strategic layout, and adjusted its strategies. It also pressed ahead with innovation in operation and management reform. The aforementioned efforts allowed the Bank to overcome difficulties and respond swiftly to changes. As a result, it achieved steady growth in all operations and sustained the momentum of its development.

Steady growth of assets with record-high profitability. In 2016, faced with the above increasingly challenging operating environment, the Bank planned ahead and came up with comprehensive measures, and it made great efforts in an attempt to make a breakthrough in the development of its asset business in the Asia-Pacific region. The efforts paid off as the Bank maintained steady growth in the scale of its overall operation and further optimized its balance sheet. As at the end of 2016, total assets of the Bank amounted to HKD 798.7 billion, growing HKD 65.1 billion, while total liabilities were HKD 714.8 billion, an increase of HKD 51.6 billion as compared to the position at the end of 2015. Loans and customers’ deposits were HKD 419.7 billion and HKD 421.6 billion respectively, representing increases of 8.79% and 5.78% as compared to the position

at the end of 2015. The balance of debt securities investment stood at HKD 155.6 billion, a growth of HKD 29.4 billion or 23% from 2015 year end.

The Bank reached new heights in terms of operating results for the year 2016, with a net profit after tax of HKD 7.4 billion, a year-on-year growth of HKD 612 million. The annualized return on average assets and annualized return on average common equity for the year 2016 were 1.01% and 9.82% respectively. In the year ending 31 December 2016, the Bank had a capital adequacy ratio of 17.01%, and a Tier 1 capital adequacy ratio of 14.02%, in general, maintaining a sufficient volume of total asset with a healthy structure of capital balance.

Multiple core businesses continued to grow with a steady and positive growth momentum.

With respect to **Corporate Business**, the Bank expanded the local market and customer base steadily and stepped up constantly its comprehensive services for both the domestic customers who were expanding into overseas markets and the multinational companies. The Bank's corporate banking operation also raised the level of profitability of the asset business by shifting its focus from "smaller, quicker returns on short-term investments" to "considerable, steady returns on long-term and diverse investments". In the meantime, the Bank thoroughly implemented its "big investment bank" strategy. This has also resulted in rapid growth in income from asset transactions. In terms of **Retail Business**, the Bank continued to commit more of its various resources to its retail banking operation. It adopted the "one branch, one policy" measure that has effectively enhanced the branches' capabilities to provide comprehensive services. Meanwhile, the Bank was constantly strengthening its collaboration with the parent bank on the enhancement of its unique cross-border financial products and services, thus projecting its brand image as "an outstanding cross-border financial service provider". As at the end of 2016, the Bank had established a total of 59 branches (including 28 "Elite Club" Wealth Management Centres), 3 commercial business centres and 169 ATMs.

In respect of the development of **Global Market and Trading Business**, by exerting its functional advantages of being the ICBC Group's offshore Renminbi hub and as a market maker in the centralized transactions of offshore Renminbi in Asia's time zones, the Bank actively initiated market trend analyses, tapped the customer demand for further business development, and strengthened the dynamic management of the bond investment business. The Bank accelerated the expansion of the Trading on behalf of clients while relentlessly enhancing the standards of its proprietary trading. All these measures resulted in steady growth in both income and profit from global market and trading business. In its **Asset Management Business**, the Bank actively executed the parent bank's "big asset manager" strategy. It has also enhanced the quality and efficiency of the services of its custody business for asset management, thus facilitating the coordinated development of asset management and custody business. With respect of its **Internet-based Finance**, the Bank created online open platforms for a new version of personal internet banking and

mobile banking, thus transforming the mode of service from the conventional teller services at counters to a customer-oriented service platform. In addition, the Bank furthered the integration of online and offline channels for transactions. With a relentless effort to promote the e-Commerce platform “ICBC Mall”, the Bank has accelerated the deployment of the internet-based finance.

Looking ahead to 2017, the world economy is expected to remain subdued. The policy direction of Donald Trump’s administration and its spillover effect will increase the uncertainties over global economic growth. The quicker pace of the United States Federal Reserve’s rate hikes will stimulate more cross-border capital flows across the world and exacerbate the volatility of foreign exchange rates. To cope with the increasingly complicated and volatile operating environment, the Bank will proactively adapt to the new conditions of the global economy and financial markets. It will do so by setting new goals, thinking of new ways to develop its business and exploring actively operational strategies against a backdrop of the United States’ rate hike cycle. It will also accelerate the strategic transformation and development of its business, and enhance the quality and overall standards of its services. The bank will also seek breakthrough in some focus areas. Emphasis will also be placed on breakthrough making in some focus areas, reorganization of the operations and enhancement of the asset quality control, as ICBC (Asia) aims for steady and sustainable development.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	31 Dec 2016 HK\$'000	31 Dec 2015 HK\$'000
Interest income	18,241,846	17,739,246
Interest expense	(9,098,991)	(9,222,004)
Net interest income	9,142,855	8,517,242
Fee and commission income	2,464,051	2,181,059
Fee and commission expense	(308,540)	(345,397)
Net fee and commission income	2,155,511	1,835,662
Net trading income	1,067,453	1,070,538
Net gain on financial assets and liabilities designated at fair value through profit or loss	18,419	1,372
Dividend income from financial investments	7,475	8,950
Other operating income	17,932	42,471
Operating income	12,409,645	11,476,235
Operating expenses	(2,790,811)	(2,700,084)
Operating profit before impairment losses	9,618,834	8,776,151
Charge for impairment losses on loans and advances	(878,597)	(1,311,942)
Write back of impairment losses on available-for-sale financial investments	67,050	137,298
Operating profit after impairment losses	8,807,287	7,601,507
Revaluation gain on investment properties	1,262	13,002
Net loss from property, plant and equipment	(2,889)	(1,803)
Gain on disposal of subsidiary and associate	2,984	-
Gain on disposal of loans and advances	(322)	-
Net gain on disposal of available-for-sale financial investments	233,439	760,079
Net gain on disposal of held-to-maturity financial investments	5,909	-
Operating profit	9,047,670	8,372,785
Share of profits of associates	21,064	19,262
Profit before tax	9,068,734	8,392,047
Income tax expense	(1,673,368)	(1,608,383)
Profit for the year attributable to shareholders of the Bank	7,395,366	6,783,664

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	31 Dec 2016 HK\$'000	31 Dec 2015 HK\$'000
Assets		
Cash and balances with banks and other financial institutions	165,606,506	138,070,069
Placements with banks and other financial institutions	26,593,495	27,005,813
Financial assets held for trading	672,251	165,717
Derivative financial instruments	18,415,757	11,384,264
Advances and other accounts	419,655,275	385,734,115
Financial investments:	154,974,415	159,278,210
- Available-for-sale	80,692,819	80,580,998
- Held-to-maturity	74,281,596	78,697,212
Investments in associates	383,199	284,878
Goodwill and other intangible assets	1,027,525	1,045,213
Investment properties	79,658	80,919
Property, plant and equipment	944,313	946,278
Current income tax assets	14,855	182,757
Deferred income tax assets	269,650	58,011
Other assets	10,037,618	9,314,781
Total assets	798,674,517	733,551,025
Liabilities		
Deposits from banks and other financial institutions	208,329,544	155,829,954
Derivative financial instruments	18,003,999	11,015,476
Deposits from customers	421,579,909	398,531,211
Certificates of deposit issued	43,561,378	68,144,882
Debt securities in issue	1,023,179	6,930,191
- Designated at fair value through profit or loss	72,101	-
- At amortised cost	951,078	6,930,191
Current income tax liabilities	289,289	206,491
Deferred income tax liabilities	-	9,107
Subordinated debts measured at amortised cost	11,603,948	13,375,445
Other liabilities	10,397,125	9,170,810
Total liabilities	714,788,371	663,213,567
Equity		
Share capital	36,379,331	36,379,331
Retained earnings	37,150,962	30,002,738
Other reserves	2,617,521	3,955,389
Total equity attributable to shareholders of the Bank	76,147,814	70,337,458
Additional equity instruments	7,738,332	-
Total equity	83,886,146	70,337,458
Total equity and liabilities	798,674,517	733,551,025

- End -

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 59 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\$798.7 billion at the end of 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 for the overseas banking business of Industrial and Commercial Bank of China Limited (“ICBC”) – currently the largest commercial bank in China.