

**Industrial and Commercial Bank of China (Asia) Limited
2017 Annual Results Announcement**

**Persistent Execution of Business Transformation Strategy Leads to Steady Development
Total Assets Increase to Almost HK\$ 900 Billion
While Net Profit After Tax Grow to HK\$ 7.767 Billion**

19 April 2018, Hong Kong – Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) announced its annual results today for the year 2017.

In 2017, global economic recovery was gathering steam while brisk transactions went through on capital markets. However, different regions experienced markedly divergent developments. In the financial sector, regulation became more stringent while competition in the banking industry intensified. To cope with the complicated external environment, ICBC (Asia) actively grasped business opportunities on the markets and stepped up business development with the strategic guidance and support of its parent bank, Industrial and Commercial Bank of China Limited (“ICBC” or “parent bank”). As a result, it succeeded in surmounting the financial market fluctuations, forging ahead with its strategy for business transformation, and achieving steady development.

Continued expansion of assets with steady growth in profitability. ICBC (Asia) enhanced its capability to predict the development of the market and demand of customers. It explores new strategies for business in the light of the anticipated United States interest rate hike. For instance, the bank stepped up its efforts to attract more new customers and to unlock the potential value in the existing customer base. Overall, the bank’s business segments maintained the momentum of steady growth. As of December 31, 2017, total assets of the Bank grew by HK\$99.4 billion to HK\$ 898.1 billion, while total liabilities increased by HK\$ 91.6 billion to HK\$ 806.4 billion compared with that at the end of 2016. Loans increased by 10% to HK\$ 459.8 billion and customers’ deposits grew by 26% to HK\$ 587.3 billion. Investments in debt securities grew by HK\$ 17.9 billion or 11% to HK\$ 173.5 billion.

The Bank’s operating results hit new highs in 2017 on the back of consistently increased profitability. Net profit after tax increased by HK\$ 372 million to HK\$ 7.767 billion. The

annualized return on average assets was 0.96 % and annualized return on average common equity was 9.72% for the year 2017. In the year ended 31 December 2017, the Bank had a capital adequacy ratio of 16.57%, and a Tier 1 capital ratio of 13.96%, thus maintaining both a sufficient size of total asset and an optimal capital structure.

By making precise judgment and predictions about the market, the Bank succeeded in building a number of solid businesses with good performances. With respect to **Corporate Business**, the Bank grasped the opportunities arising from the government policies on connecting the capital markets of mainland China and Hong Kong. For instance, it underwrote a number of sizeable bond transactions. It also underwrote the issuance of some innovative securities as the lead arranger for the first time. The Bank has also been gaining ground steadily in the markets for syndicated loans and structured finance in terms of business volume and status. Another important development is the Bank's decision to diversify into global transaction banking under its business transformation plan. The Bank started comprehensive marketing campaigns according to the customers' different types of transaction behaviours. As a result, both the number of customers of the cash management and the deposits increased. In terms of **Asia-Pacific Business**, the Bank strengthened its cooperation with ICBC Group's operations in Asia Pacific to boost the development of its business in the region, and realized rapid growth in both the scale of the business and operating profit. In 2017, the Bank finished a number of important financing projects and earned customers' recognition and praise from the financial sector. For instance, the Bank won two awards, namely the "Best M&A in Indonesia" from The Asset and "Indonesia Capital Markets Deal of the Year" from IFR Asia in recognition of its success in one financing project in Indonesia.

In respect of the development of **Global Market Business**, the Bank capitalized on the fluctuations in the yield of the national debt of the United States by strengthening the management of its bond portfolio. The move resulted in greater contribution to the revenues. The Bank continued to enhance its capability to conduct transactions on the financial market, thus maintaining its status as a major offshore renminbi (CNH) market maker. It also became the first Hong Kong-based, mainland China-funded bank to be engaged in round-the-clock foreign exchange market-making on the electronic trading platform of Thomson Reuters FXall. Meanwhile, the Bank was authorized by its parent bank to be an all-purpose centre for offshore transactions. This can pave the way for significant development of the Bank's global market and trading business in the future. In its **Asset Management Business**, the Bank's subsidiary ICBC (Asia) Investment Management Company Limited changed its name to ICBC Asset Management (Global) Company Limited with the parent bank's blessing to reflect its evolution into ICBC Group's integrated operation platform for global asset management. ICBC Asset Management (Global) Company Limited leverages Hong Kong's role as a bridge between the domestic and overseas financial markets and its own multiple licences to provide various financial services so as to enrich its products in asset management and to foster

the coordinated development of itself and different business segments. All these measures led to considerable growth in the scale of both the asset management and asset custody businesses.

In terms of **Retail Business**, the Bank continued to refine its policies and processes. It put in more effort to develop such mainstays as the businesses of mortgage, personal consumption loans and wealth management. The Bank also introduced some innovative products and enriched the products and services of its wealth management businesses. As a result, the Bank increased the competitiveness of its products and expanded its market share. Meanwhile, the Bank cooperated with the mainland China-based financial institutions of its parent bank in serving high-end customers across the border between the mainland and Hong Kong, thus building up its brand image as “the preferred bank in cross-border finance”. As of 31 December 2017, the Bank provides services through 57 retail outlets (including 28 “Elite Club” Wealth Management Centres), and 171 automated teller machines in areas with high pedestrian traffic. With respect of its **Internet-based Finance**, the Bank enhanced its internet banking and mobile banking with various new functions and by launching new products through them. Among the innovative services were “Binding ICBC (Asia) Bank Account to WeChat Pay HK” and “ICBC Cross-border Bill Payment Service”. In Hong Kong, the Bank introduced the service of answering enquiries about external risks. The Bank also conducted a series of campaigns at the Hong Kong section of the e-commerce platform “ICBC Mall” and a local e-commerce platform “My Life” to boost the transaction volume and enhance the user experience there.

In 2018, global economy is expected to enter a stage which will be crucial to its sustainable recovery. While China and the regions covered by the Belt and Road Initiative are poised to become global economic hotspots, Europe is still overshadowed by political and economic uncertainties. The situation will also be compounded by the risks associated with the current level of leverage and the stock market bubble around the world. The year 2018 marks the beginning of the new three-year plan for development of ICBC (Asia). The Bank will gauge the trends and adapt itself to the changes while it steps up innovative efforts and presses ahead with the strategies for business management. It will continue to consolidate its business in Hong Kong and, at the same time, cooperate with ICBC Group’s operations in Asia Pacific and mainland China in providing diverse, integrated financial services for the customers. This is part of the efforts by ICBC (Asia) to attain faster and better development.

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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 is the flagship of overseas banking business of Industrial and Commercial Bank of China Limited (“ICBC”) – currently the largest commercial bank in China. It has 57 retail outlets (including 28 “Elite Club” Wealth Management Centres) in Hong Kong. It is engaged in commercial banking, investment banking and other financial services, including those of securities, insurance and funds, with a focus on commercial and retail banking as well as the global market business. The total assets of ICBC (Asia) amounted to HK\$898.1 billion as at 31 December 2017. Chinese Mercantile Bank and ICBC Asset Management (Global) Company Limited, two wholly-owned subsidiaries of ICBC (Asia), specialize in Renminbi services in mainland China and ICBC’s global asset management business respectively.