



Industrial and Commercial Bank of China (Asia) Limited

2019 Annual Results Announcement

Makes Steady Progress and Drives Development with Innovation

Net profit after Tax Grows to HK\$8.303 billion

28 April 2020, Hong Kong — Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) announces its annual results today for the year 2019.

The year 2019 was marked by persistent turbulence in both external economy and financial market which subjected Hong Kong’s banking sector to mounting pressure. It was against this backdrop of the severe business environment that ICBC (Asia) adjusted its own development plan according to the market conditions while adhering to the strategic guidance of Industrial and Commercial Bank of China Group (“ICBC Group”). It worked towards steady progress, innovation in its services and enhancement in its capabilities of managing and operating its businesses. The steady execution of duties and plans at the Bank’s businesses yielded good results. As at 31 December 2019, the Bank’s total assets were HK\$953.6 billion, of which retail assets consistently increased as a proportion. Total liabilities were HK\$819.7 billion. Loans reached HK\$475.0 billion while deposits from customers totalled HK\$535.3 billion.

During the year under review, the Bank’s profitability increased consistently and its operating results grew steadily. Its after-tax net profit was HK\$8.303 billion in 2019, up by HK\$24 million compared with that in 2018. The annualized return on average assets was 0.90% and annualized return on average common equity was 8.44% for the year 2019. As at 31 December 2019, the Bank had a capital adequacy ratio of 20.58%, and a Tier 1 capital ratio of 19.69% which indicated a sufficient size of total asset and a sound capital structure.

Businesses continued developing while profitability increased steadily. The Bank made good progress in developing both sizeable loans and projects of high credit quality. During the year under review, it granted a loan of more than HK\$1 billion to each of the more than 20 projects. Its

businesses such as retail lending and trade finance also grew rapidly, driving steady growth in both the interest-earning assets and net interest income. Meanwhile, the revenue mix of the Bank's intermediate business was being optimized as retail insurance, loan asset trade, and asset management accounted for significantly higher percentages of the Bank's income in 2019 than they did in the previous year. Its fee-charging intermediate business also recorded satisfactory growth in income.

Further enhanced management of liabilities was effectively conducted. The Bank ranked second as an initial public offering ("IPO") receiving bank in Hong Kong in terms of the number of customers for two consecutive years. The Bank's cash management business also made a breakthrough in terms of the amount of deposits placed with it. Its business of global capital financing undertook a number of green bond issues. All this has broadened the channel for obtaining capital in the form of liabilities. Meanwhile, the Bank was optimizing the structure of its liabilities: As to the proportions of the Bank's total liabilities, deposits from customers and debt securities in issue increased while certificates of deposit issued and deposits from banks and other financial institutions decreased. Low interest-bearing deposits and deposits from retail customers accounted for greater proportions of the Bank's total liabilities. This shows the effective control and management of the funding cost with regard to the Bank's liabilities.

Quality of loan assets was maintained on the back of strengthened credit fundamentals. The Bank stepped up its loan asset quality control and management of credit fundamentals. Therefore, it strategically increased the scale of its investment in bonds. It also fully leveraged ICBC Group's strengths to dispose of non-performing loans. The potentially problematic loans as at the end of 2019 decreased significantly compared with those at the end of 2018. All this resulted in steady growth in loan assets and stabilized their overall quality.

The role as the hub of coordination was given full play to with enhanced capability to expand presence in regional markets. As ICBC Group's flagship in the overseas markets, the Bank actively played its role as the hub of the coordination of all the business units of ICBC Group inside and outside mainland China. The Bank focused on developing the market for its services in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") and extended its operations into Asia Pacific. In the market of the Greater Bay Area, the Bank succeeded in arranging for a number of syndicated loans for clients during the year under review, thus growing its business of corporate lending in the area. It also provided quality and convenient financial services for the customers in the area by launching multiple innovative personal finance services, namely the Outward Remittance Service of Payment, the "Greater Bay Area Premier Banking Services" and the "Greater Bay Area Loan - Mortgage", etc. In the Asia-Pacific market, as the Asia-Pacific Syndicated Loan Center of ICBC Group, the Bank continued to enhance the mechanism for unifying and coordinating the sales and marketing efforts of all its business units in the region. Through the centre,

the Bank has successfully extended its business into more than 20 countries and regions in Asia Pacific. For its achievement in business development in Southeast Asia, ICBC (Asia) won the title of the “Best Chinese bank in Southeast Asia for Belt and Road Initiative” by Asiamoney.

Three Strategies for business transformation gradually yielded results. Under the Bank’s “**Mega Retail**” strategy, the retail banking business recorded fast growth in deposits, loans and non-interest income and made good progress in expanding its mid-range and high-end customer services. That business thus became a new engine of steady growth in the Bank’s overall business. The Bank also furthered its “**Mega Investment Banking**” strategy by acting as a global coordinator in many bond-underwriting deals. Moreover, it arranged for over HK\$34 billion worth of syndicated loans in 2019. As a result, ICBC Group ranked among the top three in the markets of Hong Kong and Macao for syndicated loans. Its businesses of financial advisory service and loan asset trade also recorded growth in income. The Bank also pursued the “**Mega Asset Management**” strategy and the effort paid off as it won the “Bond Connect Best Custodians” award again from Bond Connect Company Limited for the outstanding performance of its custody services. ICBC Asset Management (Global) Company Limited, which is the Bank’s wholly-owned subsidiary, was the winner of the “Best Cross-border Business”, and one of its managed fixed income funds was awarded the “Best Total Return – Greater China Fixed Income (1 Year)” from the Chinese Asset Management Association of Hong Kong in 2019.

Financial technology was applied to speed up business transformation. The Bank adopted the “distributed architecture” in its information technology system and established a more flexible model for managing the research and development of products. As a result, the Bank enhanced its innovation capability with financial technology consistently. For instance, it launched a number of innovative services and products such as the “New Customer Account Opening” service and smart customer service. During the year under review, the Bank cooperated with some large enterprises such as Tencent Holdings Limited and Hong Kong Exchanges and Clearing Limited in forming Fusion Bank Limited, a licensed virtual bank as a joint venture company, to which Hong Kong Monetary Authority granted a virtual banking licence. This can help promote financial inclusion and the development of financial technology in Hong Kong.

In 2020, there is downward pressure on the global economy. The banking sector is expected to be faced with various uncertainties and risks that pose many challenges to its operation and development. As this year marks the 20th anniversary of the founding of ICBC (Asia), the Bank will continue to strengthen the fundamentals of its business and to adapt itself to the changes in customer needs and the market so as to identify and seize the opportunities for business. With a view to sustaining its development for the long term, the Bank will forge ahead with its business transformation and innovation. It will continue to leverage ICBC Group’s resources and strengths to further develop its business in Hong Kong, the Greater Bay Area and Asia Pacific. It will also strive

to provide diverse and integrated financial services for customers, aiming to scale new heights in business.

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Industrial and Commercial Bank of China (Asia) Limited

Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)”) is the flagship of overseas business of Industrial and Commercial Bank of China Limited (“ICBC”) – currently the largest commercial bank in China, and it is one of the domestic systemically important banks (D-SIBs) in Hong Kong. Currently, ICBC (Asia) has 57 retail outlets (including 29 “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 global market business. 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.