

**Industrial and Commercial Bank of China (Asia) Limited
Announces 2013 Final Results**

**Performance to new heights
30.94% growth in after-tax net profit to HK\$5,257 million**

8 April 2014, Hong Kong – Industrial and Commercial Bank of China (Asia) Limited (the “Bank”) today announced its results for the year of 2013. Set out below are the key performance indicators and business highlights:

Steady growth in overall scale. During the year of 2013, the Bank took proactive action to seek out new business development opportunities in response to changing market conditions. The Bank achieved a steady growth in overall scale. Through actively managing its balance sheet, the Bank achieved a significant enhancement in the structure of its interest-bearing portfolio of assets and liabilities, resulting in better integrated management of liquidity and efficiency. As at the year end of 2013, total assets of the Bank amounted to HK\$569.8 billion, representing an increase of HK\$144.1 billion or 33.86% compared to the position as at the end of 2012. Loans and customers’ deposits were HK\$322.3 billion and HK\$341.5 billion respectively, representing increases of 21.96% and 32.27% compared to the position as at the end of 2012 respectively. The balance of securities investment stood at HK\$68.5 billion, representing an increase of HK\$19.1 billion or 38.58% compared to the position as at the end of 2012.

Coherent efforts lead to steady enhancement of profitability. Due to an overall improvement in the return on assets, continued optimization of the earnings structure, and effective cost controls in the year of 2013, the Bank achieved a record high profit after tax of HK\$5,257 million, a year-on-year growth of HK\$1,242 million or 30.94%. The annualized return on average assets for the year increased significantly by 0.09 percentage points year on year to 1.04%; annualized return on average common equity for the year increased by 0.19 percentage points year on year to 12.48%. The period saw increased input of resources into business development and technology to effectively optimize the Bank’s cost structure and advance scientific management control. This

has ensured the rational deployment of operating resources to achieve a cost-to-income ratio on a par with the industry's highest standards. Operating expenses for the period were HK\$2,303 million, an increase of 14.25% over those of the same period in 2012 and below the earnings growth. As a result, the cost-to-income ratio was consistently lowered by 1 percentage points to 26.10% compared to 2012.

Maintain balance in asset efficiency and risk exposure. The Bank's capital adequacy ratio was 13.83% as at the year end of 2013. With a core capital adequacy ratio of 10.19%, the Bank maintained adequate total assets and an excellent capital structure. At the end of December, the Bank's ratios of non-performing assets and non-performing loans were 0.38% and 0.44% respectively, representing decreases of 0.04 and 0.03 percentage points respectively. Asset quality continued to optimize. Cash provision coverage stood at 156.13%, up 9.35 percentage points year on year. The Bank's ability to offset risk is further enhanced. The average liquidity ratio was 39.7%, reasonably within the safe zone for overall liquidity requirements.

The myriad international and regional business environment in year 2014 is expected to be subject to greater uncertainty and complexity. Due to the internationalization of the Renminbi and accelerated deployment of China's financial reform, there will be growth opportunity for those banks with advantage on cross-boarder services. Against such a background, the Bank will continue to advance strategic reforms in operation and management and further adjust its operations and business portfolio, be prepared to transform strategically from "Asset Operation Bank" to "Asset Management Bank". Amidst market changes, the Bank continues to strengthen its assets and liabilities portfolio to support growth aspirations through product innovation, service quality and business process efficiency advancements. The Bank aims to become a well-capitalized and financially sound regional large financial conglomerates with strict internal control and leading profitability and core competitiveness.

Year 2014 is the 30th anniversary of the Industrial and Commercial Bank of China Limited, the parent bank. It is also the 20th anniversary for its operation in Hong Kong, which witnesses the rapid growth and development of the Bank. With the support of strong network and resource from the parent bank, the Bank captures the opportunity to gain advantage from the related business linkage. The Bank fully exerts the geographic advantage of Hong Kong as an international financial centre and offshore Renminbi centre. The Bank prepared to enter into a new chapter of rapid, steady and continuous growth of business.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	(Restated)	
	31 Dec 2013	31 Dec 2012
	HK\$'000	HK\$'000
Interest income	13,268,011	11,545,340
Interest expense	(6,320,282)	(5,811,489)
Net interest income	<u>6,947,729</u>	<u>5,733,851</u>
Fee and commission income	1,719,198	1,602,256
Fee and commission expense	(326,192)	(255,520)
Net fee and commission income	<u>1,393,006</u>	<u>1,346,736</u>
Net trading income	470,825	340,511
Net loss on financial assets and liabilities designated at fair value through profit or loss	(14,246)	(3,946)
Dividend income from financial investments	10,841	8,168
Other operating income	15,905	20,829
Operating income	<u>8,824,060</u>	<u>7,446,149</u>
Operating expenses	(2,303,131)	(2,015,798)
Operating profit before impairment losses	<u>6,520,929</u>	<u>5,430,351</u>
Charge for impairment losses on loans and advances	(382,125)	(646,646)
Charge for impairment losses on available-for-sale financial investments	(676)	(77,512)
Operating profit after impairment losses	<u>6,138,128</u>	<u>4,706,193</u>
Revaluation gain on investment properties	5,101	12,996
Net loss from disposal/reversal of revaluation deficits of property, plant and equipment	(347)	(6,906)
(Loss)/gain on disposal of loans and advances	(39)	111
Net gain on disposal of available-for-sale financial investments	148,573	276,417
Operating profit	<u>6,291,416</u>	<u>4,988,811</u>
Share of profit of an associate	21,523	19,738
Profit before tax	<u>6,312,939</u>	<u>5,008,549</u>
Income tax expense	(1,056,283)	(993,867)
Profit for the period and attributable to equity holders of the Bank	<u>5,256,656</u>	<u>4,014,682</u>

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	31 Dec 2013 HK\$'000	31 Dec 2012 HK\$'000
Assets		
Cash and balances with banks and other financial institutions	137,074,097	86,032,984
Placements with banks and other financial institutions	28,546,241	17,338,642
Financial assets held for trading	324,974	243,875
Financial assets designated at fair value through profit or loss	412,783	525,646
Derivative financial instruments	5,430,669	3,108,266
Loans and advances to customers, banks and other financial institutions	322,330,335	264,302,370
Financial investments:	67,730,060	48,635,952
- Available-for-sale	62,833,206	47,471,602
- Held-to-maturity	4,896,854	1,164,350
Investment in an associate	249,728	228,205
Goodwill and other intangible assets	1,087,712	1,070,191
Investment properties	58,524	53,423
Property, plant and equipment	845,166	756,262
Deferred income tax assets	66,146	11,515
Other assets	5,600,485	3,373,855
Total assets	569,756,920	425,681,186
Liabilities		
Deposits from banks and other financial institutions	100,941,733	72,862,914
Derivative financial instruments	5,454,630	2,764,240
Deposits from customers	341,462,974	258,148,071
Certificates of deposit issued at amortised cost	40,566,723	32,072,363
Debt securities in issue	21,522,500	9,395,863
- measured at fair value	699,091	-
- measured at amortised cost	20,823,409	9,395,863
Current income tax liabilities	112,936	262,062
Deferred income tax liabilities	66,165	253,075
Subordinated debts measured at amortised cost	9,622,817	5,706,008
Other liabilities	5,546,699	4,315,551
Total liabilities	525,297,177	385,780,147
Equity		
Share capital	4,129,497	4,129,497
Retained earnings	18,204,359	13,418,933
Other reserves	22,125,887	22,352,609
Total equity	44,459,743	39,901,039
Total equity and liabilities	569,756,920	425,681,186

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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 55 branches, 22 “Elite Club” Wealth Management Centres and 4 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 Hong Kong banking business of Industrial and Commercial Bank of China Limited (“ICBC”). ICBC was ranked first on the Forbes Global 2000 list (by sales, profits, assets and market value) in 2013, and topped Fortune’s Global 500 in Commercial Banks. On 25 June 2013, Fitch Ratings affirmed A/F1 Long-Term/Short-Term Issuer Default Rating with stable outlook, with '1' Support Rating assigned to ICBC (Asia). On 27 June 2013, ICBC (Asia)'s A2/Prime-1 Long-Term/Short-Term Deposit Ratings and C- Bank Financial Strength Rating (BFSR) assigned by Moody's Investors Service were affirmed. The outlook on the BFSR was revised to 'negative' from 'stable', while the outlook on the bank's deposit rating remained 'stable'.