

For Immediate Release

## **Industrial and Commercial Bank of China (Asia) Limited 2020 Annual Results Announcement**

**Net Profit After Tax Achieved HK\$5.525 Billion  
on the Back of Progressing Business Transformation and Steady Development**

29 April 2021, Hong Kong — Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)” or the “Bank”) announces its annual results today for the year 2020.

Hong Kong’s banking sector operated under strain in 2020, coping with the challenge of COVID-19 pandemic. Nevertheless, ICBC (Asia) succeeded in maintaining the momentum of its steady operation with consolidated business fundamentals because it, as a well-established bank rooted in Hong Kong, believed in contributing to the city’s well-being and pursued the development strategy of Industrial and Commercial Bank of China Group (“ICBC Group” or the “Head Office”) under the principles of prudence, adaptability and business transformation. As at 31 December 2020, the Bank’s total assets were HK\$931.1 billion, of which retail assets consistently increased as a proportion. Total liabilities were HK\$793.3 billion. Loans reached HK\$479.6 billion while deposits from customers totalled HK\$522.5 billion.

The Bank’s operating results for the year under review met expectations. Specifically, it recorded after-tax net profit of HK\$5.525 billion. As at 31 December 2020, the Bank had a capital adequacy ratio of 21.11% and a Tier 1 capital ratio of 20.27% which indicated sufficient total capital and a sound capital structure.

**Minimising risks thoroughly to consolidate foundation for steady development.** The Bank continuously refined its comprehensive risk management system with the aim of strictly preventing and controlling various types of risks. It had also established a comprehensive system for internal control and regulatory compliance according to the regulatory requirements and raised the standard of its regulatory compliance in terms of capital adequacy, risk management and liquidity. Meanwhile, the Bank evaluated the potential default risks associated with its lending to certain

geographical areas and industries which had been afflicted by the pandemic. Accordingly, it proactively recalled high-risk loans and collected money of or disposed of non-performing loans to clean up the balance sheet with the aim of firmly maintaining the overall quality of the loan assets during the time of extraordinary circumstances. As at the end of 2020, the Bank's non-performing loans and non-performing loan ratio decreased by HK\$562 million and 13 basis points, respectively, compared with those as at the end of 2019. The sound financial standing has laid a solid foundation for the Bank's healthy development for the long term.

**Speeding up business transformation and upgrading to enhance the quality of operation and development.** The Bank pressed on with its business transformation by speeding up the development of investment banking, asset management, transaction banking and digital financial services while it optimised its well-established businesses such as corporate banking, institutional business, retail banking and global market business. The effort yielded good results. Specifically, the Bank steadily executed the “**Mega Asset Management**” strategy for its development which resulted in a 14% increase in the value of the assets under its management. It also made other breakthroughs under that strategy by developing the world's largest exchange traded fund to track the Chinese government bonds and undertaking the first case of custody of the underlying securities of the Chinese Depository Receipt (CDR) in the global market; as well as garnering the title of the “Bond Connect Top Custodian” from Bond Connect Company Limited for the third consecutive year. With the steady execution of its “**Mega Investment Banking**” strategy, the Bank maintained its market leadership in investment banking and ranked among top-tier banks in the bond market as it underwrote a number of sizeable and significant bond issues in the capacity of a lead arranger; it helped the ICBC Group rise to the second position in the 2020 Hong Kong and Macau Mandated Lead Arranger League; the Bank also completed a number of large projects that involved cross-border mergers and acquisitions and structured finance. In the business of **transaction banking**, the Bank also achieved significant results. It continued to optimise the functions of its online service of trade finance. This resulted in a rapid increase in the number of customers who used the Bank's various products and services. Additionally, the growth rate of low-interest deposits placed with the Bank by the customers for its transaction banking hit a new high in recent years. Meanwhile, the development of its **digital financial services** accelerated as the Bank proactively adapted itself to the trends in financial technology. It took a customer-oriented approach for formulating and promoting digital transformation. Its all-out effort in this regard led to steady increases in the proportion of the Bank's online operations and the penetration of its online banking and mobile banking in its customer base.

**Fitting in with the State's strategy for national development and aiding in regional economic development.** The Bank has been enhancing its capability for serving Hong Kong and, at the same time, capitalising on such national development strategies as the “dual circulation” economic

strategy, the policy on fostering the development of the Guangdong-Hong Kong-Macau Greater Bay Area (the “Greater Bay Area”) and the internationalisation of the renminbi. Consequently, the Bank has built up its regional business presence with which it plays its role well as a banking service provider in the new situation and promotes high-quality development. **In the Greater Bay Area and other key regions of mainland China**, the Bank took full advantage of ICBC Group’s capability to coordinate its operations at home and abroad by arranging for the first cross-border renminbi syndicated loan and conducting the first transaction at its renminbi dividend distribution service and its first cross-border transfer of domestic factoring assets between Hong Kong and the Greater Bay Area since the implementation of the *Opinions for Financial Support for the Development of the Guangdong-Hong Kong-Macau Greater Bay Area (30 Financial Measures for Greater Bay Area)*. In 2020, the volume of the Bank’s cross-border renminbi business surged by 70%. The Bank also undertook a number of sizeable financing projects in mainland China in its all-out efforts to assist enterprises in resuming their business and to aid in real economy’s development. **In the Asian-Pacific market**, the Bank leveraged ICBC Group’s core resources in the region such as Asia-Pacific Syndicated Loan Centre to undertake a number of landmark projects of investment and financing in countries and regions which were covered by the Belt and Road Initiative and to provide professional financial services for mainland Chinese and Hong Kong enterprises which “go global”. Therefore, the Bank actively participated in the development of a higher-level open economy. Meanwhile, the Bank worked towards the State’s goal of “stabilising foreign trade and foreign investment” by setting up a special cash pooling arrangement for customers who engaged in foreign trade and cross-border businesses. It arranged for the settlement of more than US\$10 billion worth of accounts for such companies and lent more than US\$2.6 billion in trade finance.

**Fulfilling social responsibility and joining hands with all sections of society in fighting the pandemic and providing relief.** To deal with the pandemic outbreak, the Bank promptly started its emergency mechanism for preventing and controlling the spread of the disease. As a result, it has ensured the health and safety of both the employees and customers and maintained the efficient operation of its various businesses. In 2020, the Bank rolled out a host of relief measures in phases to help its customers ride out liquidity stress, answering the call of Hong Kong Monetary Authority (the “HKMA”) for lenders to tide the local businesses over the difficult times. To help fight the pandemic, the Bank donated money and protective supplies such as face masks to charitable causes and people in need. It also answered a call for “getting through tough times together without lay-offs” in support of the Hong Kong government’s efforts to stabilise the economy and safeguard jobs. Moreover, ICBC (Asia) conducted green investment and financing, promoted green operation and adopted environmental measures to add impetus to Hong Kong society’s eco-friendly and sustainable development. The Bank also launched ICBC (Asia) Charitable Foundation in 2020 on its 20th anniversary with the aim of contributing to charitable causes and caring for society.

Of the outlook for business in 2021, **Ms. Gao Ming, Chairman and Executive Director of ICBC (Asia)** said, “Hong Kong’s banking sector will still face a complicated external environment. However, as the year 2021 marks the beginning of China’s 14th five-year plan, we also see new opportunities in several favourable developments such as the mainland Chinese companies’ anticipated moves to carry out their initial public offerings or secondary listings in Hong Kong, the signing of the *Regional Comprehensive Economic Partnership* and the *implementation of the 30 Financial Measures for the Greater Bay Area*”.

The Bank will continue to leverage ICBC Group’s abundant resources and network for comprehensive cross-border banking services to forge ahead with its “One Core, Two Wings” strategy. Under that strategy, the Bank aims to consolidate its foothold in Hong Kong and further develop the markets of the Greater Bay Area and Asia Pacific, thus facilitating Hong Kong fit in with China’s national development and ensuring the city’s prosperity and stability for the long term. ICBC (Asia) will also optimise its operation through innovation, utilisation of resources and raising efficiency and, at the same time, drive the transformation and upgrading of all its businesses with FinTech. It is believed that such moves will enhance the Bank’s competitiveness and its service quality and enable it to provide its customers with comprehensive, quality cross-border financial services.

ICBC (Asia) has already posted its 2020 Annual Report on its official website in which the public can access through the below hyperlink. The Report complies fully with the applicable disclosure provisions as set out in the Banking (Disclosure) Rules.

Chinese version:

<http://www.icbcasia.com/ICBC/海外分行/工银亚洲/TC/關於我們/企業訊息/年報/default.htm>

English version:

[http://www.icbcasia.com/ICBC/海外分行/工银亚洲/EN/About\\_Us/Corporate\\_News/Annual\\_Report/default.htm](http://www.icbcasia.com/ICBC/海外分行/工银亚洲/EN/About_Us/Corporate_News/Annual_Report/default.htm)

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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), specialise in Renminbi services in mainland China and ICBC’s global asset management business respectively.

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