ACQUISDATA

N0.: 5788

Industry SnapShots

Up to date business intelligence reports covering developments in the world's fastest growing industries

CHINA BANKING

7 September 2016

Follow us on: facebook

Contents

This Week's News

- **Bloomberg - China Is About to Get Serious With Bad Debt - 5/9/2016**
  Chinese banks are preemptively raising capital while pricing remains favorable in order to tackle higher loan impairments.
  For the complete story see: http://www.bloomberg.com/news/articles/2016-09-04/china-banks-play-catch-up-with-capital-raising-as-bad-loans-soar
- **Finance Magnates - China Merchants Bank to Develop Blockchain with R3 Consortium - 4/9/2016**
  CMB has a particular focus on the unique needs of the Chinese market for blockchain technology.
  For the complete story see: http://www.financemagnates.com/cryptocurrency/news/china-merchants-bank-to-develop-blockchain-with-r3-consortium/
- **Global Times - Chinese banking sector reports healthy green credit growth - 4/9/2016**
  The Chinese banking sector reported growing credit into the green sector and a lower bad loan rate amid surging green financing demand.
  For the complete story see: http://www.globaltimes.cn/content/1004514.shtml

Other Stories

- ecns - Chinese banks see largest employee departure as salaries drop - 2/9/2016
- China Daily - Central bank injects money into market in August - 2/9/2016
- Bloomberg - Shadow Banking Still Beckons for Some Mid-Sized Chinese Lenders - 2/9/2016
- Bloomberg - China Construction Bank Expects $7 Billion SDR Bond Market - 1/9/2016
- Inquirer.net - China Bank set to raise P20B for expansion - 1/9/2016

Media Releases

- Industrial and Commercial Bank of China (HKSE: 1398) - ICBC Completes the First RMB Interest Rate Swap Deal with Overseas Central Bank – 31/8/2016
- Bank of China Ltd (HKSE: 3988) - Bank of China Announced 2016 Interim Results – 30/8/2016
- Industrial and Commercial Bank of China (HKSE: 1398) - Industrial and Commercial Bank of China Limited Announces 2016 Interim Results – 30/8/2016

Latest Research

- Efficiency Analysis of Chinese Banks Master Thesis for Business Analytics And Quantitative Marketing - By A Qie, D Fok, R Paap

Overviews of Leading Companies

Agricultural Bank of China (SSE: 601288)
Bank of China Ltd (HKSE: 3988)
Bank of Communications (HKSE: 3328)
China CITIC Bank International (HKSE: 998)
China Construction Bank (HKSE: 939)
China Merchants Bank Co. Ltd. (HKSE: 3968)
Industrial and Commercial Bank of China (HKSE: 1398)
Wing Hang Bank (HKSE: 302)

Industry SnapShots

Published by **Acquisdata Pty Ltd**

A.C.N. 147 825 536

ISSN 2203-2738 (Electronic)

www.acquisdata.com

News and Commentary

Bloomberg - China Is About to Get Serious With Bad Debt - 5/9/2016

Chinese banks are preemptively raising capital while pricing remains favorable in order to tackle higher loan impairments.

For the complete story see:
http://www.bloomberg.com/news/articles/2016-09-04/china-banks-play-catch-up-with-capital-raising-as-bad-loans-soar

Finance Magnates - China Merchants Bank to Develop Blockchain with R3 Consortium - 4/9/2016

CMB has a particular focus on the unique needs of the Chinese market for blockchain technology.

For the complete story see:
http://www.financemagnates.com/cryptocurrency/news/china-merchants-bank-to-develop-blockchain-with-r3-consortium/

Global Times - Chinese banking sector reports healthy green credit growth - 4/9/2016

The Chinese banking sector reported growing credit into the green sector and a lower bad loan rate amid surging green financing demand.

For the complete story see:
http://www.globaltimes.cn/content/1004514.shtml

ecns - Chinese banks see largest employee departure as salaries drop - 2/9/2016

A drop in staff members has hit a number of listed banks in China amid banks' efforts to save costs.

For the complete story see:
http://www.ecns.cn/cns-wire/2016/09-02/224986.shtml

China Daily - Central bank injects money into market in August - 2/9/2016

PBOC said it had adopted measures to ensure ample liquidity of the interbank market in August.

For the complete story see:
http://www.chinadaily.com.cn/business/2016-09/02/content_26679104.htm

Bloomberg - Shadow Banking Still Beckons for Some Mid-Sized Chinese Lenders - 2/9/2016

Mid-sized Chinese banks have been some of the most aggressive shadow-banking lenders.

For the complete story see:
http://www.bloomberg.com/news/articles/2016-09-01/shadow-banking-still-beckons-for-some-mid-sized-chinese-lenders

Bloomberg - China Construction Bank Expects $7 Billion SDR Bond Market - 1/9/2016

CCBC forecasts bonds denominated in Special Drawing Rights will swell to 5 billion SDR units in the nation in the next few years.

For the complete story see:
http://www.bloomberg.com/news/articles/2016-08-31/top-china-underwriter-sees-sdr-bond-market-reaching-7-billion

Inquirer.net - China Bank set to raise P20B for expansion - 1/9/2016

China Bank said it would apply for a shelf program to issue long-term negotiable certificates of time deposits.

For the complete story see:
http://business.inquirer.net/214333/china-bank-set-to-raise-p20b-for-expansion

Media Releases

Industrial and Commercial Bank of China (HKSE: 1398) - ICBC Completes the First RMB Interest Rate Swap Deal with Overseas Central Bank – 31/8/2016

2016-08-31

On July 27, ICBC officially signed a RMB interest rate swap agreement with the New Development Bank and completed the filing with the China Foreign Exchange Trading System. It is the first RMB interest rate swap transaction with overseas central bank since the open-up of the inter-bank market to overseas institutions and the first interest rate derivative transaction by a settlement agent representing overseas central bank in the inter-bank market, marking a new stage of the open-up of the RMB interest rate derivative market. As a main market maker in the inter-bank interest rate derivative market and the sole settlement agent of the New Development Bank in China's inter-bank bond market, ICBC has developed an overall finance service solution such as transaction agency and risk hedge, successfully ending the deal after promptly completing the preparation for the transaction and providing quotation.

Previously named BRICS Bank, the New Development Bank is an international financial institution established by the BRICS members. The New Development Bank completed filling with the China Foreign Exchange Trading System and the National Association of Financial Market Institutional Investors on July 22 this year, becoming the first among the overseas central banks in China's interest rate swap market.

As a major participant in China's inter-bank market, ICBC has won several times the "Most Market Influence", "Best Market Maker" and "Best Settlement Agent of Overseas Institutions" of the inter-bank local currency market rated by the China Foreign Exchange Trading System. As a settlement agent in the inter-bank market, ICBC has been actively engaged in the innovation and opening up of the inter-bank bond market since assisting the first overseas institution in entering the market in 2010. It has so far provided services to overseas institutions from 18 countries and territories. As a main market maker in the inter-bank RMB interest rate derivative market, ICBC has a range of counterparts covering overseas central banks, domestic banks, securities companies, insurance companies and entity enterprises. It provides all interest rate derivatives in the inter-bank market, and has formed sound market making and agent business lines for interest rate derivatives, making it a leading market player in trading RMB interest rate derivatives.

http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/ICBCCompletestheFirstRMBInterestRateSwapDealwithOverseasCentralBank.htm

Bank of China Ltd (HKSE: 3988) - Bank of China Announced 2016 Interim Results – 30/8/2016

2016-08-30

Bank of China Limited ("the Bank", Hong Kong Stock Exchange ordinary stock code: 3988, Offshore Preference Share: 4601; Shanghai Stock Exchange ordinary stock code: 601988, Domestic Preference Share code: 360002 and 360010) announced its 2016 interim results on 30 August. According to International Financial Reporting Standards ("IFRS"), the Bank recorded a profit after tax of RMB107.308 billion and a profit attributable to equity holders of RMB93.037 billion, increasing by 12.97% and 2.52% year-on-year respectively.

Specifically, the Bank's operating performance in the first half of 2016 is featured by the following respects:

Steadily improved operating performance with continuously enhanced operating efficiency

As at the end of June 2016, the Bank's total assets, liabilities and capital and reserves attributable to equity holders amounted to RMB17.60 trillion, RMB16.18 trillion and RMB1.35 trillion, increasing by 4.67%, 4.68% and 3.32% respectively from the prior year-end. The ROA and ROE recorded 1.25% and 14.78% respectively. Net interest margin stood at 1.90%. Leveraging its competitive edges in internationalization and diversification, the Bank proactively expanded the non-interest income sources to achieve an increase of 42.75% for non-interest income in the first half, accounting for 41.03% of the total operating income, far outpacing peers. Cost to income ratio (calculated under domestic regulations) declined 60 basis points year-on-year to 24.25%, further enhancing its operating efficiency. The Bank's capital adequacy was strengthened with its capital adequacy ratio and tier 1 capital adequacy ratio reaching 13.91% and 11.98% respectively.

Relatively stable assets quality with further optimized loan portfolio

Focusing on crucial areas and key businesses, the Bank innovated modes for resolving, managing and controlling distressed assets, achieving remarkable effects. The assets quality maintained relatively stable with sufficient provisions, which strengthened the Bank's risk compensation mitigation capability. In the first half of 2016, the Bank's NPL ratio was 1.47%, lower than the average level of commercial banks. The NPL coverage ratio stood at 155.10% and the allowance for loan impairment losses to total loans of domestic institutions recorded 2.74%, both above the regulatory minimum. By stepping up efforts on NPLs resolution, the Bank's domestic institutions resolved RMB63.78 billion of distressed assets, up RMB20.33 billion or 46.78% year-on-year. In the meantime, the Bank devoted in taking innovative measures to resolve distressed assets, and has successfully issued the first NPL-backed securities.

The Bank actively supported the supply-side structural reform and increased its support to real economy. The outstanding domestic RMB loans reached RMB7.26 trillion, growing RMB459.36 billion from the last year-end, an increase of 6.76%. Loans to the supportive and selectively supportive industries saw a rise compared with the last year-end. The balance of the Bank's domestic RMB personal loans was RMB2.70 trillion, growing RMB299.88 billion from the last year-end, representing 65.28% of the total new domestic RMB loans for the first half, up 22.08 percentage points for the same period in last year.

Further promotion of internationalization strategies to continuously raise overseas contributions

Closely coordinating with the nation's strategies to promote a new round of high-level reform and opening up, the Bank continued to promote its overseas businesses development and strengthen its operations under global integration, with further improved internationalization level. In the first half of 2016, the Bank's overseas institutions realized a profit before tax of USD8.568 billion, up 84.16% and representing 43.22% of the Bank's total profit before tax. The outstanding deposits and loans of the overseas commercial banks reached USD365.2 billion and USD316.3 billion, up USD15.0 billion and USD20.5 billion respectively.

Adapting to the volatile operating environment, the Bank timely pushed forward its key overseas strategic adjustments. The smooth sale of Nanyang Commercial Bank helped eliminate the overlapping of the Bank's businesses and reduce the management cost, further enhancing capital efficiency. The successful IPO of BOC Aviation highlighted the Bank's competitive edges in its diversification strategies, enhancing the Bank's overall value, as well as preserving and increasing state-owned assets value. The Bank also actively pressed ahead the reconstruction of the ASEAN institutions wherein BOCHK entered into acquisition agreements with Bank of China (Thai) Public Company and Bank of China (Malaysia) Berhad, and was approved to set up a branch in Brunei Darussalam, with these the BOCHK's regional radiations were substantially strengthened.

The Bank continued to build up the "Belt and Road" financial artery and prioritized to expand its network in the countries and regions alongside the "Belt and Road". Currently the Bank's network has covered 18 countries alongside the "Belt and Road", thus its global service network was further improved. A total new credit of USD17.4 billion was extended to countries alongside the "Belt and Road" while 392 projects with a total intentional credit of USD82.6 billion were followed up. The Bank actively supported Chinese enterprises "Going Global", with an aggregate of 23 "SMEs Matchmaking" events held wherein over 4,500 letters of intent were agreed.

The Bank's cross-border RMB businesses continued to maintain its leading position in market. The Bank's cross-border RMB settlement volume and clearing volume reached RMB2.04 trillion and RMB150 trillion respectively, maintaining first place among peers in terms of market shares. In the first half of 2016, the Bank actively promoted RMB in emerging areas, continuously enhancing its offshore RMB quotation ability.

Continued to deepen reform with great progress in serving the nation's economic development for key regions

The Bank closely followed the nation's strategies and increased its support to the key regions including the Beijing-Tianjin-Hebei region, the Yangtze River Delta and Guangdong-Hong Kong-Macau area. In the first half, the foresaid key regions realized operating income of RMB149.4 billion, up 19% year-on-year, with its weight for the Bank's total operating income increased to 57%. They recorded a profit after tax of RMB74.9 billion, increasing to 70% of the Bank's total profit after tax.

The Bank extended loans to 206 linkage projects in the Beijing-Tianjin-Hebei region with a balance of RMB115.7 billion. The borrowers included the key national strategies guided sectors relating to transportation integration, new-type urbanization, industry upgrade and transformation. A first mover advantage in the Bank's innovative businesses in Shanghai FTZ was further transformed to a scale advantage. As at the end of June 2016, there were 11,498 corporate FT accounts opened and the outstanding loans for FT were RMB71.0 billion. An aggregate of 73 both-way cross-border RMB funding pools were approved.

For purpose of better serving the economic development in the Bohai Rim, in the first half of 2016, the Bank successfully completed structural adjustments to the four tier-1 branches in Liaoning province, Shandong province, Dalian and Qingdao, realizing comprehensive optimization and upgrade of management and services in the Bohai Rim.

Promoted innovation and transformation to form new internet competitive edges

The Bank fully implemented on the nation's "Internet Plus" action plan. With a profound understanding of the nature of financial services and an aim to continuously improve customer experience, the Bank actively seized the commanding leadership position in the mobile internet era to sharpen new competitive edges.

E-finance businesses expanded rapidly, with a continuous rising of "E-BOC" brand. The E-finance customer number and transaction amount increased by 78% and 56% year-on-year respectively. The Bank cooperated with over 60 e-commerce institutions on "BOC Global E-Commerce" platform, and the "BOC Easy-trade Cyber-tariff" businesses continued to lead market. It upgraded the "one-stop" online financial supermarket products with new transaction amount exceeding RMB64.3 billion.

Online and offline coordinated services were continuously enhanced. The Bank accelerated its constructions of smart outlets, having completed intelligence upgrades for 4,112 domestic outlets. 89.71% of transactions were conducted through e-channel, with an amount of RMB75.4 trillion, out of which the mobile transaction amount grew by 30.54% year-on-year. The Bank continued to promote its technology innovation and pushed forward the integration and transformation of the overseas information system, being the first among the domestic peers establishing a 7x24 hours non-stop globally integrated system for operations and maintenance.

In the second half of 2016, the Bank will take on responsibilities for serving the nation's strategies and stick to the strategic aim of "Serving Society, Delivering Excellence", continuing to deepen reform and promote innovation and transformation. The Bank will step up its efforts on NPL resolutions and strengthen the group's management and control, continuously striving for a higher level of operation management.

http://www.boc.cn/en/bocinfo/bi1/201608/t20160830_7598996.html

Industrial and Commercial Bank of China (HKSE: 1398) - Industrial and Commercial Bank of China Limited Announces 2016 Interim Results – 30/8/2016

2016-08-30

Industrial and Commercial Bank of China Limited ("ICBC" or "the Bank"; Stock Codes SH: 601398, HK: 1398) announced its interim results today for the six months ended 30 June 2016. In accordance with the International Financial Reporting Standards, ICBC posted a pre-provision profit of RMB239.5 billion for the first half of 2016, representing a growth of 1.2% from the same period last year. After making a provision of RMB44.4 billion, the Bank realized a net profit of RMB150.7 billion, up 0.8% over the corresponding period of the preceding year.

In the first half of 2016, despite a more challenging and severe external environment, ICBC, by promoting transformation, tapping potentialities and improving efficiency, maintained a stable operation and played its part in serving the quality and efficiency improvement of the real economy. The intermediary segment, which satisfies the needs of the real economy and clients with a precondition of compliance with relevant regulatory requirements, achieved a rapid growth with net fees and commissions amounting to RMB81.7 billion, representing a 6% year-on-year increase, and its revenue contribution increased by 3.4 percentage points to 24.84% , becoming a critical driver for the growth of overall profit. All in all, the results for the first half of 2016 are broadly reflected in four aspects as listed below:

First, innovative financial services enhanced support to the real economy in terms of quality and efficiency.

In the first half of 2016, ICBC actively adapted to the needs of economic transformation and upgrading and the supply-side structural reform, optimized the management of the new and existing credit, combined credit and non-credit services and helped enterprises reduce costs and de-leverage by increasing the efficiency of fund use and utilizing direct financing services. In the first half of the year, the total amount of newly disbursed loans was RMB1.8 trillion, of which RMB569.9 billion was new loans and RMB1.2 trillion was re-lending of existing loans. Responding to the trend of financial?disintermediation of corporate finance, ICBC achieved a total non-credit financing of RMB713.7 billion by developing bond underwriting, asset trading, financial leasing and entrusted loans, etc., which was 7 times of new corporate loans for the same period.

In terms of investment target, ICBC focused its support on the key areas and weak links of the real economy and the loans extended to key national projects amounted to RMB487.4 billion in aggregate, RMB79.9 billion more than the same period last year. With strong support to the financing needs of “Made in China 2025”, “Internet +”, energy saving and environment protection and other fields, ICBC channeled more fund resources to areas of real economy which helps strengthen weak links and takes the development to a higher level.

Benefiting from the promotion of innovative service model to small and micro enterprises which integrates offline professional operations with online standardized operations, the balance of loans to small and micro enterprises has reached RMB1.98 trillion, representing a year-on-year increase of RMB178.2 billion or 9.9%, and maintained ICBC’s position as the largest Bank in China in terms of the loans provided to small and micro enterprises. In support of reasonable housing demand and consumption upgrade, the housing mortgage loans, personal consumption loans and credit card overdraft loans increased by RMB342.5 billion, accounting for 46% of all loan increments. Also in great support of “Going Global” enterprises, credit facilities amounting to US$20.1 billion were granted to an addition of 39 “Going Global” projects in the first half of the year.

Second, ICBC strengthened risk control and ensured stable asset quality.

In response to the increasing financing risks under economic downturn pressure, ICBC placed stabilizing credit asset quality as its top priority, ensured the all-round implementation of accountability mechanism in quality and accelerated the establishment of the credit mechanism, expert team and credit culture which fits the new normal. In addition, the establishment of an evolutionary corporate data application system was initiated and significant progress was made in applying big data technology to credit operation and monitoring system construction. Various comprehensive approaches were used to mitigate substantial risks and enhance the recovery rate of non-performing loan (NPL). NPL amounting to RMB113.2 billion was settled in the first half of the year, a year-on-year increase of RMB39.7 billion. As of the end of the first half, ICBC’s NPL ratio was 1.55%, representing an increase of 0.05 percentage points from the beginning of the year and a decrease of 0.11 percentage points from the end of the first quarter, and the balance of NPL decreased by RMB8.4 billion as compared with the first quarter. Although the pressure of the upward trend of NPL remains relatively high, the Bank’s credit risk is under control and its asset quality has outperformed most international and domestic peers.

ICBC's credit risk continued to drop in key areas which draw lots of market attention such as personal mortgages and industries with over-capacity. Personal mortgages mainly supported the demand of homebuyers for self occupation and upgraders with an NPL ratio maintained at a relative low level of 0.43% as at the end of the first half-year. Innovative financial methods such as merger and acquisition and international production capacity cooperation were provided to facilitate de-capacity and de-leverage of industries with over capacity. During the first half of 2016, the balance of NPL in the 5 industries with over capacity including steel industry decreased by RMB600 million and NPL ratio decreased by 0.34 percentage points to 2.44%. The NPL ratio of steel industry was 0.78%.

Third, the Bank promoted the cultivation of new drivers of growth, while upgrading traditional ones.

In the first half of the year, ICBC further advanced business transformation to release new dynamics and operational vitality. As an advantageous traditional business, retail finance functioned as a stabilizer in smoothing cyclical fluctuation amid the innovative development. Financial assets relating to individual clients reached RMB12 trillion and the retail finance made an operational contribution of about 40%. Intermediary operations achieved healthy development through business innovation and better services, with RMB81.7 billion fees and commissions, a year-on-year increase of 6%, among which the revenue from individual insurance agency, third-party custody, asset custody, bond issuance and underwriting agency and other businesses increased by over 30%. The volume of credit cards issued was 118 million, by which the Bank became the largest credit card issuer worldwide. Online financial business maintained rapid growth with the scale, number of clients and activity rate rising. The number of users of ICBC mobile, the open online banking platform, has reached 215 million. ICBC Mall, the Bank's e-commerce platform, recorded a transaction volume of RMB681.4 billion, and the instant messaging platform ICBC Link had over 30 million registered users. QR code payment product was launched and ICBC e-payment had over 100 million users. The financial ecosystem integrating online and offline elements became further developed. The service network was optimized and upgraded in functionality with an orderly manner and, in the first half of the year, near 700 outlets were upgraded and over 3,600 were installed with smart equipments. The new teller service procedure, which was more streamlined and more efficient was widely applied in branches and significantly enhanced experience of clients.

Fourth, ICBC strengthened localized development of its overseas institutions, and steadily promoted cross-market operation with full range of licenses.

In the first half of the year, ICBC continued with internationalization and integrated operations to provide further financial support to companies "Going Global" and construction under "the Belt and Road Initiative". As of the end of the first half of the year, the Bank has established 412 institutions in 42 countries or regions globally, with 123 overseas institutions in 18 countries and regions along "the Belt and Road Initiative". Total assets of overseas institutions amounted to near US$304.8 billion, which increased by 8.9% from the end of last year. The pre-provision profit amounted to the equivalent of RMB12.09 billion, representing a year-on-year increase of 5.87%.

Contributions from comprehensive subsidiaries to profits of the Group and the corresponding strategic synergy effect were further enhanced. For the first half of the year, comprehensive subsidiaries including ICBC Credit Suisse, ICBC Leasing, ICBC-AXA and others recorded a net profit of RMB2.8 billion, representing a year-on-year increase of 11.3%. In particular, ICBC Credit Suisse, a comprehensive asset management platform, by capturing favorable opportunities in the improvement of multi-layered capital markets, had assets under management exceeding RMB1 trillion, representing an increase of 14% over the beginning of the year; ICBC Leasing retained its leading position in the industry in terms of asset size and profit by expanding in both the international and the domestic markets and key sectors; and ICBC-AXA recorded rising business scale and market position with its aggressive transformation of regular premium operations, and recorded premiums of RMB26.275 billion, representing a year-on-year increase of 75%.

http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/IndustrialandCommercialBankofChinaLimitedAnnounces2016InterimResults.htm

Latest Research

Efficiency Analysis of Chinese Banks Master Thesis for Business Analytics And Quantitative Marketing

A Qie, D Fok, R Paap

Abstract

This thesis investigates the efficiency scores of Chinese banks by employing stochastic frontier analysis (SFA) and data envelopment analysis (DEA). Meanwhile the study tries to examine which situation the results produced by one of both frontier models are more reliable. I estimate the cost efficiency based on a panel data set of 22 selected Chinese commercial banks over the period from 2009 until 2014. The result suggests that SFA and DEA yield a consistent trend on efficiency scores over the period, indicating the cost efficiency of Chinese banks did not show a significant improvement during the time period. However, rank correlations indicate both approaches produce contrary results at individual since both approaches are completely different. This thesis examines the two main differences between DEA and SFA which lie on measurement errors and heterogeneity for efficiency term which DEA cannot account for. Furthermore, based on the fact that both frontier approaches cannot provide a coherent overview of the performance of banks, I conclude that other instruments such as traditional performance measures should be used in order to evaluate the accuracy of frontier approaches.

http://scholar.google.com/scholar_url?url=https://thesis.eur.nl/pub/34689/Qie.pdf&hl=en&sa=X&scisig=AAGBfm2XkJcTPrbQJ-rl0xKPqbeboPq6sA&nossl=1&oi=scholaralrt

The Industry

Financial Market Performance in March 2015

In the first three months of 2015, the performance of the financial market was generally stable. In March, bond issuance volume increased both year on year and month on month; transactions volume on the money market increased measurably both year on year and month on month; the daily average volume of spot bond transactions increased both year on year and month on month; the interbank bond index declined but the treasury bond index on the exchange market rose slightly; both the Shanghai Stock Exchange Composite Index and Shenzhen Stock Exchange Component Index rose significantly, and the average daily turnover of both Shanghai and Shenzhen Stock Exchanges went up remarkably from the last month.

I. Bond issuance

January through March, bond market issuance1 totaled 3.0 trillion yuan, up 39.0 percent year on year. Among this total, issuance volume on the interbank bond market posted 2.9 trillion yuan, up 38.6 percent year on year. In March, bond issuance totaled 1.41 trillion yuan, up 21.4 percent year on year and 99.8 percent month on month respectively. Among this total, issuance volume of treasury bonds, financial bonds, corporate debenture bonds, credit asset-backed securities and inter-bank certificates of deposit registered 80 billion yuan, 388.95 billion yuan, 576.19 billion yuan, 14.37 billion yuan and 317.65 billion yuan respectively. Issuance volume on the interbank bond market totaled 1.36 trillion yuan, up 25.1 percent year on year and 108.7 percent month on month respectively.

As of the end of March, bonds deposited in the trust depository and clearing companies posted 36.7 trillion yuan, among which treasury bonds, financial bonds, corporate debenture bonds, credit assets-backed securities and inter-bank certificates of deposit posted 9.1 trillion yuan, 12.1 trillion yuan, 11.4 trillion yuan, 316.73 billion yuan and 1.0 trillion yuan respectively. Bonds deposited at the interbank bond market registered 34.0 trillion yuan, 92.7 percent of the total deposited bonds. In the bond holding of inter-bank market investors, the share of commercial banks decreased 0.1 percentage point from the end of 2014 to 63.7 percent at end March; the share of non-bank financial institutions was 10.9 percent, basically the same as the end of 2014; and the combined share of non-legal-person institutional investors and other investors increased 0.1 percentage point to 25.4 percent.

In the holding of corporate debenture bonds, the share of commercial banks, non-bank financial institutions, non-legal-person institutional investors and other investors was 44.0 percent, 13.4 percent, 40.1 percent and 2.5 percent respectively at end March.

II. Money market performance

January through March, the trading volume on the money market totaled 74.6 trillion yuan, up 62.3 percent year on year. Among this total, the volume of pledged repotransactions was 62.6 trillion yuan, up 69.4 percent year on year; the volume of outright repo transactions was 3.8 trillion yuan, up 101.1 percent year on year; the inter-bank lending volume was 8.3 trillion yuan, up 15.7 percent year on year. In March, the transaction volume on the money market totaled 30.4 trillion yuan, up 54.1 percent year on year and 58.9 percent month on month respectively. Among this monthly total, the volume of pledged repo transactions registered 25.2 trillion yuan, up 59.7 percent year on year and 55.2 percent month on month respectively; the volume of outright repo transactions was 1.6 trillion yuan, up 87.0 percent year on year and 69.3 percent month on month respectively; the volume of interbank lending posted 3.6 trillion yuan, up 16.8 percent year on year and 84.4 percent month on month respectively.

n March, the weighted average interest rate of interbank lending was 3.69 percent, up 5 basis points month on month; and the weighted average interest rate of pledged repo was 3.61 percent, down 1 basis point month on month.

III. Bond market performance

January through March, the spot bond transactions on the interbank market posted 12.6 trillion yuan, with daily trading volume averaging 210.25 billion yuan, up 75.0 percent year on year. In March, the spot bond transactions totaled 5.3 trillion yuan on the interbank bond market, with daily trading volume averaging 240.13 billion yuan, up 64.1 percent year on year and 34.7 percent month on month respectively.

At the end of March, the interbank bond index was 159.78 points, down 1.97 points or 1.22 percent month on month. The exchange market government securities index was 147.97 points, up 0.37 point or 0.20 percent month on month.

IV. Stock market performance

At the end of March, the Shanghai Stock Exchange Composite Index closed at 3,747.9 points, up 438 points or 13.22 percent month on month; the Shenzhen Stock Exchange Component Index closed at 13,160.66 points, up 1,403 points or 11.93 percent month on month. In March, the Shanghai Stock Exchange had an average daily turnover of 515.87 billion yuan, an increase of 238.04 billion yuan month on month while the Shenzhen Stock Exchange had an average daily turnover of 434.07 billion yuan, an increase of 203.9 billion yuan month on month.

http://www.pbc.gov.cn/eportal/fileDir/image_public/UserFiles/english/upload/File/FinancialMarket-March.pdf

Leading Companies

Agricultural Bank of China (SSE: 601288)

Interim Results Announcement for the six months ended 30 June 2016

Agricultural Bank of China Limited (the "Bank") is pleased to announce the unaudited interim results of the Bank and its subsidiaries (together the "Group") for the six months ended 30 June 2016. This announcement contains the interim report of the Bank for the six months ended 30 June 2016, the contents of which were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"). The interim financial information of the Group for the six months ended 30 June 2016 has been reviewed by PricewaterhouseCoopers in accordance with International Standard on Review Engagements 2410. The interim results have also been reviewed by the Audit and Compliance Committee of the Board of Directors of the Bank (the "Audit and Compliance Committee"). This interim results announcement is published on the websites of the Bank (www.abchina.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Bank for the six months ended 30 June 2016 will be despatched to shareholders and will also be available at the abovementioned websites in due course.

Business Review

Corporate Banking

In the first half of 2016, the Bank proactively managed to accommodate the "new normal" of the economic development, further promote the transformation of its corporate banking business and continuously improved its comprehensive financial service capability. Implementing national industrial policies, the Bank strongly supported infrastructure construction projects such as railway, hydraulic engineering and interconnectivity facilities. The Bank also provided financing to a number of strong projects in strategic emerging industries such as advanced manufacturing and "green" business. The Bank further increased its support to modern service industries, such as tourism, health care and retiree services. Conforming to regional development strategies, the Bank formulated synergistic cooperation policies for the Yangtze River Economic Zone, Xinjiang province and Northeast China, in order to support the corporate business development in these key regions and to leverage synergies. In line with global strategies such as the Belt and Road Initiative, the "Go Out" policy, and the internationalization of the RMB, the Bank strengthened the synergies between its domestic and overseas businesses, vigorously developed activities to promote free trade zone business, and focused on cross-border merger and acquisition projects as well as cross-border investment projects, so as to continuously optimize its cross-border financial services. The Bank also invested more resources to support high quality projects in key construction projects for the improvement of people's livelihoods, such as the rebuilding of shanty areas, old city renovation and the construction of affordable housing. The Bank seeks to further build its brand for new-type urbanization financial services. In order to enhance product marketing, the Bank continued to develop innovative products for key businesses, including supply chain financing, cash management and investment banking, and proactively promoted cross-market and cross-border financing products. The Bank proactively expanded high-end investment banking activities, including bond underwriting, asset securitization and syndicated loans, and accelerated the transformation for investment banking business. The Bank also strengthened the synergies between investment banking and credit business, and enhanced the integrated financing service capability through the "equity+debt" model.

At the end of June 2016, we had 3.75 million corporate banking customers, of which 68 thousand customers had outstanding loan balances.

Corporate Loans and Deposits

During the reporting period, consistent with our intense focus on efficient funding, promotion of financial services and enhancement of our product research and development as well as sales, our corporate deposits achieved a steady growth. At 30 June 2016, the balance of our domestic corporate deposits amounted to RMB5,366,680 million, representing an increase of RMB544,929 million, or 11.3%, over the end of the previous year.

Supporting China's overall initiative of "stabilizing growth, facilitating reforms, restructuring the economy and benefiting people's livelihoods", the Bank proactively served the real economy. Focusing on marketing to key industries, large projects and core customers, we accelerated the reserve of key marketing projects, such as construction of infrastructure facilities, renovation of shanty areas, renovation of hydraulic engineering projects and industrial upgrades, and effectively supported a number of key projects. As at 30 June 2016, the balance of our domestic corporate loans and discounted bills amounted to RMB5,919,592 million, representing an increase of RMB184,196 million, or 3.2%, over the end of the previous year. 4,487 projects were included in our database of national key marketing projects, increased by 1,736 projects as compared to the end of the previous year. Total loans providing to the key marketing projects during the first half of the year amounted to RMB138,732 million, an increase of RMB40,241 million as compared to the corresponding period in the previous year.

The Bank continued to optimize the structure of its real estate loans and improve post-disbursement management to prevent risks related to real estate loans. At 30 June 2016, the balance of real estate loans to corporate customers amounted to RMB309,814 million, representing a decrease of RMB47,333 million over the end of the previous year.

Small and Micro Enterprise Banking Business

The Bank optimized the structure of its small and micro enterprise customers, focusing on serving small and micro enterprises in line with the "Made in China 2025 policy" and on strategic emerging industries, as well as technology-oriented and innovation-oriented small and micro enterprises. The Bank continued construction of specialized institutions for small and micro enterprise banking business, according to the principles of separate credit plans, separate allocation of human resources and financial resources, separate customer identification and credit review and separate accounting. With the implementation of the "Internet +" action plan, the Bank launched and improved financial products such as "Data Net Loan" and "Internet Quick Loan". The Bank also used the Internet, big data and other new technologies to innovate financial service models for small and micro enterprises.

As at 30 June 2016, loans to small and micro enterprises amounted to RMB1,161,406 million, representing an increase of RMB73,178 million or 6.7% over the end of the previous year. The growth rate was higher than that of the total loans of the Bank by 1.2 percentage points.

Institutional Banking

As at the end of June 2016, the Bank had established agency business cooperation arrangements with 208 banks with expanded areas of cooperation. The Bank had also offered third-party depositary services to 98 security firms and the number of our contracted customers reached 29.2279 million. The average daily balance of funds deposited in the first half of the year amounted to RMB230,910 million. The Bank collected new insurance premiums of RMB214,534 million in the first half of the year, representing an increase of 84% over the corresponding period of the previous year. Total income from bancassurance amounted to RMB7,064 million, representing an increase of 92% over the same period of the previous year. The Bank had held the largest market share in terms of income for six consecutive years among the big four commercial banks in China.

The Bank promoted its integrated financial services in areas including public finance, social security, people's livelihoods and culture, and increased its credit support to schools, hospitals and hydraulic engineering projects. Agencies for business cards, campus cards and social security cards as well as collection and payment of treasury funds, social security funds and housing funds achieved rapid growth.

http://www.abchina.com/en/investor-relations/corporate-announcements/Announcements/201608/W020160826604232423109.pdf

Bank of China Ltd (HKSE: 3988)

Bank of China Announced 2016 Interim Results

2016-08-30

Bank of China Limited ("the Bank", Hong Kong Stock Exchange ordinary stock code: 3988, Offshore Preference Share: 4601; Shanghai Stock Exchange ordinary stock code: 601988, Domestic Preference Share code: 360002 and 360010) announced its 2016 interim results on 30 August. According to International Financial Reporting Standards ("IFRS"), the Bank recorded a profit after tax of RMB107.308 billion and a profit attributable to equity holders of RMB93.037 billion, increasing by 12.97% and 2.52% year-on-year respectively.

Specifically, the Bank's operating performance in the first half of 2016 is featured by the following respects:

Steadily improved operating performance with continuously enhanced operating efficiency

As at the end of June 2016, the Bank's total assets, liabilities and capital and reserves attributable to equity holders amounted to RMB17.60 trillion, RMB16.18 trillion and RMB1.35 trillion, increasing by 4.67%, 4.68% and 3.32% respectively from the prior year-end. The ROA and ROE recorded 1.25% and 14.78% respectively. Net interest margin stood at 1.90%. Leveraging its competitive edges in internationalization and diversification, the Bank proactively expanded the non-interest income sources to achieve an increase of 42.75% for non-interest income in the first half, accounting for 41.03% of the total operating income, far outpacing peers. Cost to income ratio (calculated under domestic regulations) declined 60 basis points year-on-year to 24.25%, further enhancing its operating efficiency. The Bank's capital adequacy was strengthened with its capital adequacy ratio and tier 1 capital adequacy ratio reaching 13.91% and 11.98% respectively.

Relatively stable assets quality with further optimized loan portfolio

Focusing on crucial areas and key businesses, the Bank innovated modes for resolving, managing and controlling distressed assets, achieving remarkable effects. The assets quality maintained relatively stable with sufficient provisions, which strengthened the Bank's risk compensation mitigation capability. In the first half of 2016, the Bank's NPL ratio was 1.47%, lower than the average level of commercial banks. The NPL coverage ratio stood at 155.10% and the allowance for loan impairment losses to total loans of domestic institutions recorded 2.74%, both above the regulatory minimum. By stepping up efforts on NPLs resolution, the Bank's domestic institutions resolved RMB63.78 billion of distressed assets, up RMB20.33 billion or 46.78% year-on-year. In the meantime, the Bank devoted in taking innovative measures to resolve distressed assets, and has successfully issued the first NPL-backed securities.

The Bank actively supported the supply-side structural reform and increased its support to real economy. The outstanding domestic RMB loans reached RMB7.26 trillion, growing RMB459.36 billion from the last year-end, an increase of 6.76%. Loans to the supportive and selectively supportive industries saw a rise compared with the last year-end. The balance of the Bank's domestic RMB personal loans was RMB2.70 trillion, growing RMB299.88 billion from the last year-end, representing 65.28% of the total new domestic RMB loans for the first half, up 22.08 percentage points for the same period in last year.

Further promotion of internationalization strategies to continuously raise overseas contributions

Closely coordinating with the nation's strategies to promote a new round of high-level reform and opening up, the Bank continued to promote its overseas businesses development and strengthen its operations under global integration, with further improved internationalization level. In the first half of 2016, the Bank's overseas institutions realized a profit before tax of USD8.568 billion, up 84.16% and representing 43.22% of the Bank's total profit before tax. The outstanding deposits and loans of the overseas commercial banks reached USD365.2 billion and USD316.3 billion, up USD15.0 billion and USD20.5 billion respectively.

Adapting to the volatile operating environment, the Bank timely pushed forward its key overseas strategic adjustments. The smooth sale of Nanyang Commercial Bank helped eliminate the overlapping of the Bank's businesses and reduce the management cost, further enhancing capital efficiency. The successful IPO of BOC Aviation highlighted the Bank's competitive edges in its diversification strategies, enhancing the Bank's overall value, as well as preserving and increasing state-owned assets value. The Bank also actively pressed ahead the reconstruction of the ASEAN institutions wherein BOCHK entered into acquisition agreements with Bank of China

(Thai) Public Company and Bank of China (Malaysia) Berhad, and was approved to set up a branch in Brunei Darussalam, with these the BOCHK's regional radiations were substantially strengthened.

The Bank continued to build up the "Belt and Road" financial artery and prioritized to expand its network in the countries and regions alongside the "Belt and Road". Currently the Bank's network has covered 18 countries alongside the "Belt and Road", thus its global service network was further improved. A total new credit of USD17.4 billion was extended to countries alongside the "Belt and Road" while 392 projects with a total intentional credit of USD82.6 billion were followed up. The Bank actively supported Chinese enterprises "Going Global", with an aggregate of 23 "SMEs Matchmaking" events held wherein over 4,500 letters of intent were agreed.

The Bank's cross-border RMB businesses continued to maintain its leading position in market. The Bank's cross-border RMB settlement volume and clearing volume reached RMB2.04 trillion and RMB150 trillion respectively, maintaining first place among peers in terms of market shares. In the first half of 2016, the Bank actively promoted RMB in emerging areas, continuously enhancing its offshore RMB quotation ability.

Continued to deepen reform with great progress in serving the nation's economic development for key regions

The Bank closely followed the nation's strategies and increased its support to the key regions including the Beijing-Tianjin-Hebei region, the Yangtze River Delta and Guangdong-Hong Kong-Macau area. In the first half, the foresaid key regions realized operating income of RMB149.4 billion, up 19% year-on-year, with its weight for the Bank's total operating income increased to 57%. They recorded a profit after tax of RMB74.9 billion, increasing to 70% of the Bank's total profit after tax.

The Bank extended loans to 206 linkage projects in the Beijing-Tianjin-Hebei region with a balance of RMB115.7 billion. The borrowers included the key national strategies guided sectors relating to transportation integration, new-type urbanization, industry upgrade and transformation. A first mover advantage in the Bank's innovative businesses in Shanghai FTZ was further transformed to a scale advantage. As at the end of June 2016, there were 11,498 corporate FT accounts opened and the outstanding loans for FT were RMB71.0 billion. An aggregate of 73 both-way cross-border RMB funding pools were approved.

For purpose of better serving the economic development in the Bohai Rim, in the first half of 2016, the Bank successfully completed structural adjustments to the four tier-1 branches in Liaoning province, Shandong province, Dalian and Qingdao, realizing comprehensive optimization and upgrade of management and services in the Bohai Rim.

Promoted innovation and transformation to form new internet competitive edges

The Bank fully implemented on the nation's "Internet Plus" action plan. With a profound understanding of the nature of financial services and an aim to continuously improve customer experience, the Bank actively seized the commanding leadership position in the mobile internet era to sharpen new competitive edges.

E-finance businesses expanded rapidly, with a continuous rising of "E-BOC" brand. The E-finance customer number and transaction amount increased by 78% and 56% year-on-year respectively. The Bank cooperated with over 60 e-commerce institutions on "BOC Global E-Commerce" platform, and the "BOC Easy-trade Cyber-tariff" businesses continued to lead market. It upgraded the "one-stop" online financial supermarket products with new transaction amount exceeding RMB64.3 billion.

Online and offline coordinated services were continuously enhanced. The Bank accelerated its constructions of smart outlets, having completed intelligence upgrades for 4,112 domestic outlets. 89.71% of transactions were conducted through e-channel, with an amount of RMB75.4 trillion, out of which the mobile transaction amount grew by 30.54% year-on-year. The Bank continued to promote its technology innovation and pushed forward the integration and transformation of the overseas information system, being the first among the domestic peers establishing a 7x24 hours non-stop globally integrated system for operations and maintenance.

In the second half of 2016, the Bank will take on responsibilities for serving the nation's strategies and stick to the strategic aim of "Serving Society, Delivering Excellence", continuing to deepen reform and promote innovation and transformation. The Bank will step up its efforts on NPL resolutions and strengthen the group's management and control, continuously striving for a higher level of operation management.

http://www.boc.cn/en/bocinfo/bi1/201608/t20160830_7598996.html

Bank of Communications (HKSE: 3328)

2016 First Quarterly Results Announcement

Main Business Review

In response to the complex macro economic situation and increasingly competitive market environment in the first quarter of 2016, the Group accelerated its business structure adjustment and transformation development through adhering to the "BoCom Strategy". All business make good achievement, as effort been put into deepening the reform of business operational system, and meanwhile, concentrating on strengthening risk control and management. At the end of the Reporting Period, the Group's total assets increased by 3.48% from the beginning of the year to RMB7,404.417 billion, total liabilities increased by 3.48% from the beginning of the year to RMB6,847.508 billion and its shareholders' equity (attributable to shareholders of the parent company) increased by 3.51% from the beginning of the year to RMB553.664 billion. During the reporting period, total net operating income increased on a year-on-year basis of 13.14% to RMB56.164 billion, total realised net profit increased on a year-on-year basis of 0.51% to RMB19.066 billion; the annualised ROAA and ROAE reached 1.06% and 14.41% respectively with an increase of 0.06 and 0.98 percentage point respectively compared with last year.

Financial Statements Analysis

1. Analysis on major income statement items

(1) Net interest income
During the Reporting Period, the Group's net interest income decreased by 2.78% or RMB974 million on a year-on-year basis to RMB34.028 billion, accounting for 60.59% of the Group's net operating income. During the Reporting Period, the Group's net interest yield was 2.01%, with a decrease of 28 basis points on a year-on-year basis.

(2) Net fee and commission income
During the Reporting Period, the Group's net fee and commission income increased by RMB897 million or 9.08% on a year-on-year basis to RMB10.772 billion. This accounted for 19.18% of the Group's net operating income, representing a year-on-year decrease of 0.71 percentage point.

(3) Operating cost
During the Reporting Period, the Group's operating cost increased by RMB850 million or 7.03% on a year-on-year basis to RMB12.945 billion, while its cost-to-income ratio was 23.36%, representing a year-on-year decrease of 1.33 percentage points.

(4) Impairment losses on loans and advances to customers
During the Reporting Period, the Group provided RMB6.839 billion for impairment of loans and advances to customers, representing an increase of RMB1.435 billion or 26.55% on a year-on-year basis.

2. Analysis on major balance sheet items

(1) Loans and advances to customers
As at the end of the Reporting Period, the Group's total loans and advances to customers were RMB3,889.728 billion, representing an increase of RMB167.722 billion or 4.51% from the beginning of the year. Among the Group's loans and advances, the balances of corporate loans increased by RMB140.205 billion or 5.14% from the beginning

of the year to RMB2,868.892 billion, while the balances of personal loans increased by RMB27.517 billion or 2.77% from the beginning of the year to RMB1,020.836 billion.

(2) Customer deposits
As at the end of the Reporting Period, the Group's customer deposits increased by 153.756 billion or 3.43% from the beginning of the year to RMB4,638.570 billion. Among which, corporate customer deposits accounted for 66.91% of the Group's customer deposits, representing a decrease of 0.67 percentage point from the beginning of the year. Personal deposits accounted for 33.04%, representing an increase of 0.70 percentage point from the beginning of the year. The proportion of demand deposits increased by 1.33 percentage points from the beginning of the year to 46.56%, while the proportion of time deposits decreased by 1.30 percentage points from the beginning of the year to 53.39%.

(3) Investment securities
As at the end of the Reporting Period, the Group's net balance of investment securities increased by RMB118.243 billion or 7.25% from the beginning of the year to RMB1,748.802 billion.

(4) Asset quality
As at the end of the Reporting Period, the balances of impaired loans increased by RMB3.806 billion from the beginning of the year to RMB60.012 billion, the impaired loan ratio increased by 0.03 percentage point from the beginning of the year to 1.54%, the provision coverage ratio of impaired loans decreased by 4.33 percentage points from the beginning of the year to 151.24%, and the provision ratio of total loans decreased by 0.02 percentage point from the beginning of the year to 2.33%.

http://www.bankcomm.com/BankCommSite/fileDownload.do?fileId=54690

China CITIC Bank International (HKSE: 998)

2015 Interim Results Highlights

Financial Performance

• Net profit after tax was HK$1,236 million, down 19.6% year-on-year, but similar to the level achieved in H2 2014

• Operating income was HK$2,696 million, down 12.6% from H1 2014, mainly due to lower RMB interbank placements with narrowed interest spread and weak loan demand, which together resulted in 19.3% reduction in net interest income to HK$ 1,728 million. Non-interest income rose 2.6% to HK$968 million, mainly due to higher insurance and investment fees

• ROA dropped 39 basis points year-on-year to 0.97%

• ROE down 5.1 percentage points year-on-year to 12.02%

• Total assets grew 0.49% from end-2014 to HK$250.4 billion

• Customer deposits and loans grew in tandem by 4-5% from end-2014 to HK$197.3 billion and HK$158.2 billion respectively. Retail to wholesale deposits increased about 2 percentage points to 48%

• Capital adequacy ratio at 17.1% and CET1 ratio at 10.8%, well above regulatory requirements

Core Businesses

• Wholesale & Cross-border Banking Group strengthened collaboration between the Hong Kong head oce and overseas branches besides further developing referral business contributed by CITIC Group and China CITIC Bank. Wholesale & Cross-border Banking Group has been reforming business model, delivering banking solutions which include capital financing and structured financing schemes, with a potential geographical expansion of cross-border businesses from coastal China to inland areas and free trade zones. Total wholesale customer loans rose 6.0% from end-2014 to HK$118.2 billion, while total operating income increased 2.7% year-on-year to HK$1,580 million.

• Personal & Business Banking Group continued its investment in enhancing e-banking capabilities and strengthening sales and services channels. Personal & Business Banking Group has also kept expanding its products range with innovative ideas and launched new structured products, fixed income products and unit trusts. Total number of CITIC first and private banking customers was 23,564. Retail deposits grew 7.1% from end-2014 to a record of HK$94.3 billion, while total operating income increased 12.4% year-on-year to HK$975 million.

• Treasury & Markets Group Central Treasury Unit's interest income declined mainly due to lower RMB interbank placements with narrowed interest spread. Despite volatile market conditions, Global Markets operating income only dropped slightly by 3.1% to HK$288 million. Strong performance in interest-rate and derivatives trading operations was achieved, with total trading revenue soaring 117.1% year-on-year to HK$152 million. While marketing fee income was affected as structured products related to RMB appreciation were no long in vogue, marketing teams have focused on growing FX flow business and investment products catering for corporate wealth management.

https://www.cncbinternational.com/_document/about-us/investor-relations-announcements/en/2015/int.pdf

China Construction Bank (HKSE: 939)

Announcement of Annual Results 2015

Management Discussion and Analysis

Financial Review

The year of 2015 witnessed a more complex and changing global economic situation. The growth trends and monetary policies of major economies further diverged, the fluctuation of international financial market and commodity price intensified, and non-economic factors such as geopolitical factors increased. The US economy was relatively well; the economy of Euro zone embarked back on the track of recovery, though unemployment rate remained at a rather high level; Japan's economy experienced large fluctuations and faced downward pressures on commodity prices; and the growth of emerging market economies slowed down in general.

In 2015, China's economy remained stable on the whole with continuous structural adjustments. End-user consumptions contributed over 60% to the total GDP growth, the proportion of tertiary industries increased to 50.5% of the economy, and emerging industries, emerging business formats and new business models developed vibrantly. Consumer prices increased moderately while overall employment remained stable. In 2015, China created a GDP of RMB67.7 trillion, up by 6.9% over 2014; CPI of the year increased by 1.4% over 2014.

In 2015, the financial market remained stable in general while various reform initiatives continued to be pushed forward. China removed the deposit interest rate ceiling, taking the significant step forward in the reform of interest rate liberalisation. The market also improved its decisive role in the formation of exchange rates as China further refined its quotation regime for middle rates for RMB versus US dollar and published its RMB exchange rate index. The time-in-point assessment approach was changed to the average method to assess deposit reserves. China refined framework of macro-prudential policy, "upgraded" dynamic adjustment mechanism of differentiated deposit reserves to macro-prudential assessment system, and incorporated liquidity of foreign exchange and cross-border capital flow into the coverage of macro-prudential management. Deposit insurance system was launched as planned, and RMB was successfully added to Special Drawing Right (SDR) monetary basket of IMF. At the end of 2015, the outstanding broad money supply M2 increased by 13.3% over 2014 to RMB139.2 trillion, and the narrow money supply M1 increased by 15.2% over 2014 to RMB40.1 trillion. The amount of loans denominated in RMB and foreign currencies increased by 13.4% over 2014 to RMB99.3 trillion. Deposits denominated in RMB and foreign currencies increased by 12.4% over 2014 to RMB139.8 trillion.

The Group paid close attention to domestic and overseas economic trends as well as changes in regulatory policies, insisted on transformation and development and sound operation, strengthened risk prevention and control, and timely adjusted operation strategies as appropriate, achieving steady business development, stable asset quality and favourable core business indicators.

Statement of Comprehensive Income Analysis

In 2015, the Group recorded net profit of RMB228,886 million and net profit attributable to equity shareholders of the Bank of RMB228,145 million, up by 0.28% and 0.14% respectively over 2014. The steady growth of the Group's profitability was mainly due to the following factors: (1) the moderate growth of interest-bearing assets contributed to the increase of net interest income, which increased by RMB20,354 million or 4.65% over 2014; (2) the Group proactively expanded customer base, enhanced product innovation, and constantly improved its comprehensive service capability, with net fee and commission income up by RMB5,013 million or 4.62% over 2014; (3) The Group continued to strengthen cost management and optimised expense structure, with cost to income ratio down by 1.90 percentage points over 2014 to 27.02%. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The expense on impairment losses was RMB93,639 million, up by 51.25% over 2014.

Net interest income

In 2015, the Group's net interest income was RMB457,752 million, an increase of RMB20,354 million or 4.65% over the previous year. The net interest income accounted for 78.02% of the operating income.

In 2015, the PBOC made consecutive interest rate cuts and removed the deposit interest rate ceiling, giving rise to greater competitions among banks and general shrinking of returns in the bond and monetary markets. As a result, the decrease in the cost of the Group's interestbearing liabilities was lower than that of the yield of the interest-earning assets. Net interest spread and net interest margin were 2.46% and 2.63%, down by 15 basis points and 17 basis points respectively. In view of the negative impact and challenges arising from interest rate cuts and liberalisation, the Group will continue to strengthen interest margin management, take proactive measures to address these issues, and further improve its market-based pricing ability. The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income or expense for 2015 versus 2014.

Interest income

The Group's interest income in 2015 was RMB770,559 million, an increase of RMB31,433 million or 4.25% over 2014. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with central banks, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements were 70.79%, 18.86%, 5.10%, 3.92% and 1.33%, respectively.

Interest income from loans and advances to customers

Interest income from loans and advances to customers amounted to RMB545,505 million, up by RMB12,676 million or 2.38% from 2014. This was mainly because the average balance of loans and advances to customers grew by 10.50% due to the higher priority to retail loans. Under the influence of interest rate cuts and repricing of existing loans, the average yield of loans and advances to customers decreased by 43 basis points to 5.42% over the previous year.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB16,085 million or 12.45% over 2014 to RMB145,322 million. This was mainly because the average balance of investments in debt securities increased by 14.15% over 2014, due to increased investments in debt securities. Meanwhile, the continuous optimisation of portfolio structure of investments in debt securities offset the decrease in the yield of investments in debt securities.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB39,310 million, an increase of RMB133 million or 0.34% over 2014. This was mainly because the average balance of deposits with central banks increased by 1.66% over 2014.

Interest income from deposits and placements with banks and non-bank financial institutions Interest income from deposits and placements with banks and non-bank financial institutions grew by RMB4,662 million to RMB30,184 million, an increase of 18.27% over 2014. This was primarily because the average balance of deposits and placements with banks and non-bank financial institutions increased by 39.94% over 2014.

Interest income of financial assets held under resale agreements

Interest income of financial assets held under resale agreements was RMB10,238 million, a decrease of RMB2,123 million or 17.17% over 2014. This was mainly because the average yield of financial assets held under resale agreements decreased by 170 basis points year-onyear.

Interest expense

The Group's interest expense in 2015 was RMB312,807 million, an increase of RMB11,079 million or 3.67% year-on-year.

Interest expense on deposits from customers increased by RMB8,218 million to RMB245,601 million, up by 3.46% over 2014, mainly because the average balance of deposits from customers increased by 8.06% over the previous year. The average cost of deposits from customers decreased by eight basis points to 1.84% over 2014, mainly due to the interest rate cuts.

Interest expense on deposits and placements from banks and non-bank financial institutions

Interest expense on deposits and placements from banks and non-bank financial institutions stood at RMB46,330 million, a decrease of RMB1,709 million or 3.56% over 2014, largely because the average interest rate of deposits and placements from banks and non-bank financial institutions decreased by 95 basis points over 2014.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB1,130 million or 252.23% to RMB1,578 million over 2014. This was primarily because the average balance of financial assets sold under repurchase agreements increased by 270.19% over 2014.

Net non-interest income

In 2015, the Group's net non-interest income reached RMB128,935 million, an increase of RMB9,593 million or 8.04% over 2014.

Net fee and commission income

In 2015, the Group's net fee and commission income increased by 4.62% to RMB113,530 million over 2014. The ratio of net fee and commission income to operating income decreased by 0.14 percentage points to 19.35% over 2014.

Bank card fees grew by 14.36% to RMB34,960 million. In this amount, income from credit cards grew by over 20% due to the rapid increase in the spending amount and instalment business through credit cards; however, income from debit cards experienced negative growth as a result of strict implementation of the new government pricing policies.

Agency service fees increased by 51.42% to RMB19,994 million. It was mainly because businesses such as agency fund sales and bancassurance grew relatively fast.

Wealth management service fees increased by 33.17% to RMB14,457 million. It was mainly because the volume of wealth management products increased as a result of continuous innovation of products to effectively meet the needs of various customers.

Consultancy and advisory fees decreased by 26.74% to RMB13,656 million, due to the significant drop of relevant incomes following the exemption and reduction of service fees for small and micro enterprises to support the development of real economy.

Settlement and clearing fees decreased by 3.40% to RMB13,166 million, mainly due to the decrease of income from RMB settlement as a result of the downshift of standard rates for certain settlement services by strict implementation of the new government pricing policies. In addition, the international settlement income decreased over 2014 due to continuous slowingdown of foreign trade growth.

Commission on trust and fiduciary activities increased by 12.50% to RMB9,942 million. In this amount, income from securities investment funds under custody, insurance assets under custody and pension under custody increased at a moderately fast pace, and the traditionally advantageous businesses such as financial services for housing reform grew steadily. Income from electronic banking service grew by 4.32% to RMB6,684 million. It was mainly because the number of customers in electronic channels such as online banking, mobile banking and SMS finance and the related transaction volume grew relatively fast due to continuous expansion of products and services and constant upgrade of customer experience. Despite the relatively rapid growth of transaction volume through electronic channels, relevant income increased in a limited manner due to the proactive downshift of standard rates for certain electronic banking services in view of the new government pricing policies. Going forward, the Group will remain focused on product and service innovations to meet customers' differentiated financial service needs, and continuously optimize product and income structures to maintain the steady growth of its fee and commission income.

Other net non-interest income

Other net non-interest income of the Group was RMB15,405 million, an increase of RMB4,580 million or 42.31% over 2014. In this amount, net trading gain was RMB3,913 million, an increase of RMB2,941 million over 2014, which was mainly due to increased gain from gold leasing business. Dividend income was RMB733 million, an increase of RMB238 million over 2014, which was mainly because of the increase of dividends from CCB Life.

Operating expenses

The following table sets forth the composition of the Group's operating expenses during respective periods.

In 2015, the Group enhanced cost management and optimised expenses structure. Cost-toincome ratio fell by 1.90 percentage points to 27.02% over 2014. The operating expenses were RMB194,826 million, a decrease of RMB1,162 million or 0.59% over 2014. In this amount, staff costs were RMB91,499 million, a decrease of RMB64 million or 0.07% over 2014. Premises and equipment expenses were RMB33,046 million, an increase of RMB2,501 million or 8.19% over 2014. Other operating expenses were RMB33,978 million, a decrease of RMB4,919 million or 12.65% over 2014, which was mainly due to the decrease of administrative and operating expenses following heightened control over key expenditure items as a result of further refinement in expense management.

Impairment losses

In 2015, the Group's impairment losses were RMB93,639 million, an increase of RMB31,728 million or 51.25% over 2014. In this amount, impairment losses on loans and advances to customers were RMB92,610 million, an increase of RMB33,346 million over 2014, and reversal of impairment losses on investments was RMB1,080 million, a decrease of RMB1,916 million over 2014.

Income tax expense

In 2015, the Group's income tax expense reached RMB69,611 million, a decrease of RMB1,228 million over 2014. The effective income tax rate was 23.32%, lower than the 25% statutory rate, largely because the interest income from the PRC government bonds held by the Group was non-taxable in accordance with tax regulations.

http://ccb.com/en/newinvestor/upload/20160330_1459336737/20160330191828604544.pdf

China Merchants Bank Co. Ltd. (HKSE: 3968)

2016 Interim Result Announcement

18 August 2016

Analysis of Overall Operation

In the first half of 2016, under complicated domestic and overseas situations, the Group kept its strategic determination, accelerated the pace of strategic transformation and enjoyed a sound momentum of overall development, which were reflected mainly in the following aspects:

Profits improved steadily. In the first half of 2016, the Group accomplished a net profit attributable to shareholders of the Bank of RMB35.231 billion, representing an increase of 6.84% as compared with the corresponding period of the previous year. The Group realised a net interest income of RMB67.477 billion and net non-interest income of RMB45.917 billion, representing a year-on-year increase of 1.39% and 21.37%, respectively. The annualised return on average asset (ROAA) attributable to shareholders of the Bank and the return on average equity (ROAE) attributable to shareholders of the Bank were 1.28% and 19.07%, respectively, decreasing by 0.05 percentage point and 1.33 percentage points from the corresponding period of 2015, respectively.

The scale of assets and liabilities expanded modestly. As at the end of June 2016, the Group's total assets amounted to RMB5,537.298 billion, representing an increase of 1.14%, as compared with the end of the previous year. The total loans and advances to customers amounted to RMB3,026.532 billion, representing an increase of 7.16% as compared with the end of the previous year. The total deposits from customers amounted to RMB3,692.648 billion, representing an increase of 3.39% as compared with the end of the previous year. The non-performing loans increased while the allowance coverage ratio remained stable. As at the end of June 2016, the Group had a balance of non-performing loans of RMB55.256 billion, representing an increase of 16.55% as compared with the end of the previous year.

The non-performing loan ratio was 1.83%, up by 0.15 percentage point as compared with the end of the previous year. The non-performing loan allowance coverage ratio was 189.11%, representing an increase of 10.16 percentage points as compared with the end of the previous year.

Analysis of Income Statement

Financial highlights

From January to June 2016, the Group realised a profit before tax of RMB45.495 billion, representing an increase of 4.87% as compared with the corresponding period of the previous year. The effective income tax rate was 22.34%, representing a decrease of 1.21 percentage points as compared with the corresponding period of the previous year.

Net operating income

From January to June 2016, the net operating income of the Group was RMB113.394 billion, representing an increase of 8.63% as compared with the corresponding period of the previous year. The net interest income accounted for 59.51% of the total net operating income, representing a decrease of 4.25 percentage points as compared with the corresponding period of the previous year; the net non-interest income accounted for 40.49% of the total net operating income, representing an increase of 4.25 percentage points as compared with the corresponding period of the previous year.

Net interest income

From January to June 2016, the Group's net interest income amounted to RMB67.477 billion, representing an increase of 1.39% as compared with the corresponding period of the previous year. The following table sets out the average balances of assets and liabilities, interest income/interest expense, and annualised average yield/cost of the Group during the period indicated. The average balances of interest-earning assets and interest-bearing liabilities are the average of the daily balances.

From January to June 2016, given that the impact of the interest rate cuts announced in 2015 was fully reflected in the re-pricing of the Group's assets and liabilities, net interest spread of the Group was 2.45%, down by 15 basis points as compared with the first half of 2015. The average yield of interest-earning assets was 4.16%, down by 81 basis points as compared with the first half of 2015 while the average cost of interest-bearing liabilities was 1.71%, down by 66 basis points as compared with the first half of 2015. From January to June 2016, net interest margin of the Group was 2.58%, down by 20 basis points as compared with the first half of 2015.

In the second quarter of 2016, due to the impact of change from business tax to value-added tax with price and tax separated, a decrease in market demand for corporate loans, a decline in the pricing of new loans and other factors on interest income, net interest spread of the Group was 2.41%, down by 8 basis points as compared with the first quarter of 2016. The average yield of the interest-earning assets was 4.06%, down by 21 basis points as compared with the first quarter of 2016 while the average cost of interest-bearing liabilities was 1.65%, down by 13 basis points as compared with the first quarter of 2016. In the second quarter of 2016, net interest margin of the Group was 2.54%, down by 8 basis points as compared with the first quarter of 2016.

Interest income

From January to June 2016, the Group recorded an interest income of RMB108.857 billion, a decrease of 8.57% as compared with the corresponding period of the previous year, mainly due to the re-pricing of interest-earning assets upon the interest rate cuts in 2015, the impact of change from business tax to value-added tax with price and tax separated after May 2016 and other factors, leading to a decrease in the average yield of interest-earning assets. Interest income from loans and advances to customers continued to constitute the biggest part of interest income of the Group.

Interest income from loans and advances to customers

From January to June 2016, the interest income from loans and advances to customers of the Group was RMB76.276 billion, representing a decrease of 6.30% as compared with the corresponding period of the previous year.

From January to June 2016, regarding the terms of loans and advances to customers of the Company, the average balance of short-term loans was RMB1,365.747 billion, with the interest income amounting to RMB34.529 billion, and the average yield reaching 5.08%; the average balance of medium to long-term loans was RMB1,350.092 billion, with the interest income amounting to RMB37.748 billion, and the average yield reaching 5.62%.

Interest expense

From January to June 2016, the interest expense of the Group was RMB41.380 billion, a decrease of 21.19% as compared with the corresponding period of the previous year, which was primarily attributable to the re-pricing of interest-bearing liabilities and an increase in the proportion of low-cost demand deposits upon the interest rate cuts in 2015, leading to a decrease in the average cost of interest-bearing liabilities.

Interest expense on deposits from customers

From January to June 2016, the Group's interest expense on deposits from customers was RMB23.561 billion, down by 26.77% as compared with the corresponding period of the previous year, which was primarily attributable to the decrease in average cost of deposits from customers as compared with the corresponding period of the previous year.

Net non-interest income

From January to June 2016, the Group recorded a net non-interest income of RMB45.917 billion, representing an increase of 21.37% as compared with the corresponding period of the previous year. Specifically, the net non-interest income from retail finance amounted to RMB19.961 billion, an increase of 23.97% over the corresponding period of the previous year, accounting for 43.47% of the Group's net non-interest income; the net non-interest income from wholesale finance amounted to RMB22.738 billion, an increase of 23.51% over the corresponding period of the previous year, accounting for 49.52% of the Group's net non-interest income. The net non-interest income from other businesses amounted to RMB3.218 billion, a decrease of 3.04% over the corresponding period of the previous year, accounting for 7.01% of the Group's net non-interest income. The following table sets forth, for the periods indicated, the principal components of net non-interest income of the Group.

Net fee and commission income

From January to June of 2016, net fee and commission income of the Group amounted to RMB37.779 billion, representing an increase of 22.87% as compared with that for the corresponding period of the previous year, which was primarily attributable to the increase in the commissions from custody and other trustee businesses and settlement and clearing fees.

Bank card fees increased by RMB306 million or 6.81% as compared with those for the corresponding period of the previous year, which was primarily attributable to the increase in POS income.

Settlement and clearing fees increased by RMB1.386 billion or 70.00% as compared with those for the corresponding period of the previous year, which was primarily attributable to the increase in the income of e-payment.

Agency services fees increased by RMB885 million or 10.07% as compared with those for the corresponding period of the previous year, which was primarily attributable to the increase in the fees from agency distribution of insurance policies.

Commissions from credit commitment and loan business decreased by RMB202 million or 7.88% as compared with those for the corresponding period of the previous year, which was primarily attributable to the decrease in the income of domestic letter of credit.

Commissions from custody and other trustee businesses increased by RMB5.439 billion or 51.54% as compared with those for the corresponding period of the previous year, which was primarily attributable to the rapid growth in the income from wealth management business. The income from entrusted wealth management amounted to RMB9.908 billion, representing an increase of RMB5.038 billion as compared with that for the corresponding period of the previous year.

Other fee and commission income decreased by RMB522 million or 12.09% as compared with that for the corresponding period of the previous year, which was primarily attributable to the decrease in the income from financial advisory business.

Other net income

From January to June of 2016, other net income of the Group amounted to RMB7.986 billion, representing an increase of 14.91% as compared with that for the corresponding period of the previous year.

Operating expenses

From January to June of 2016, operating expenses of the Group stood at RMB31.596 billion, representing a decrease of 0.27% as compared with that for the corresponding period of the previous year, which was lower than the growth of net operating income for the same period. The cost-to-income ratio was 23.34%, representing a decrease of 1.01 percentage points as compared with that for the corresponding period of the previous year.

Impairment losses on assets

From January to June of 2016, impairment losses on assets of the Group were RMB36.170 billion, representing an increase of 23.99% as compared with those for the corresponding period of the previous year.

http://file.cmbchina.com/announcement/201608/f8041ff3-d0a4-476d-a449-39b2c41ba933.pdf

Industrial and Commercial Bank of China (HKSE: 1398)

Industrial and Commercial Bank of China Limited Announces 2016 Interim Results

2016-08-30

Industrial and Commercial Bank of China Limited ("ICBC" or "the Bank"; Stock Codes SH: 601398, HK: 1398) announced its interim results today for the six months ended 30 June 2016. In accordance with the International Financial Reporting Standards, ICBC posted a pre-provision profit of RMB239.5 billion for the first half of 2016, representing a growth of 1.2% from the same period last year. After making a provision of RMB44.4 billion, the Bank realized a net profit of RMB150.7 billion, up 0.8% over the corresponding period of the preceding year.

In the first half of 2016, despite a more challenging and severe external environment, ICBC, by promoting transformation, tapping potentialities and improving efficiency, maintained a stable operation and played its part in serving the quality and efficiency improvement of the real economy. The intermediary segment, which satisfies the needs of the real economy and clients with a precondition of compliance with relevant regulatory requirements, achieved a rapid growth with net fees and commissions amounting to RMB81.7 billion, representing a 6% year-on-year increase, and its revenue contribution increased by 3.4 percentage points to 24.84% , becoming a critical driver for the growth of overall profit. All in all, the results for the first half of 2016 are broadly reflected in four aspects as listed below:

First, innovative financial services enhanced support to the real economy in terms of quality and efficiency.

In the first half of 2016, ICBC actively adapted to the needs of economic transformation and upgrading and the supply-side structural reform, optimized the management of the new and existing credit, combined credit and non-credit services and helped enterprises reduce costs and de-leverage by increasing the efficiency of fund use and utilizing direct financing services. In the first half of the year, the total amount of newly disbursed loans was RMB1.8 trillion, of which RMB569.9 billion was new loans and RMB1.2 trillion was re-lending of existing loans. Responding to the trend of financial?disintermediation of corporate finance, ICBC achieved a total non-credit financing of RMB713.7 billion by developing bond underwriting, asset trading, financial leasing and entrusted loans, etc., which was 7 times of new corporate loans for the same period.

In terms of investment target, ICBC focused its support on the key areas and weak links of the real economy and the loans extended to key national projects amounted to RMB487.4 billion in aggregate, RMB79.9 billion more than the same period last year. With strong support to the financing needs of "Made in China 2025", "Internet +", energy saving and environment protection and other fields, ICBC channeled more fund resources to areas of real economy which helps strengthen weak links and takes the development to a higher level.

Benefiting from the promotion of innovative service model to small and micro enterprises which integrates offline professional operations with online standardized operations, the balance of loans to small and micro enterprises has reached RMB1.98 trillion, representing a year-on-year increase of RMB178.2 billion or 9.9%, and maintained ICBC's position as the largest Bank in China in terms of the loans provided to small and micro enterprises. In support of reasonable housing demand and consumption upgrade, the housing mortgage loans, personal consumption loans and credit card overdraft loans increased by RMB342.5 billion, accounting for 46% of all loan increments. Also in great support of "Going Global" enterprises, credit facilities amounting to US$20.1 billion were granted to an addition of 39 "Going Global" projects in the first half of the year.

Second, ICBC strengthened risk control and ensured stable asset quality.

In response to the increasing financing risks under economic downturn pressure, ICBC placed stabilizing credit asset quality as its top priority, ensured the all-round implementation of accountability mechanism in quality and accelerated the establishment of the credit mechanism, expert team and credit culture which fits the new normal. In addition, the establishment of an evolutionary corporate data application system was initiated and significant progress was made in applying big data technology to credit operation and monitoring system construction. Various comprehensive approaches were used to mitigate substantial risks and enhance the recovery rate of non-performing loan (NPL). NPL amounting to RMB113.2 billion was settled in the first half of the year, a year-on-year increase of RMB39.7 billion. As of the end of the first half, ICBC's NPL ratio was 1.55%, representing an increase of 0.05 percentage points from the beginning of the year and a decrease of 0.11 percentage points from the end of the first quarter, and the balance of NPL decreased by RMB8.4 billion as compared with the first quarter. Although the pressure of the upward trend of NPL remains relatively high, the Bank's credit risk is under control and its asset quality has outperformed most international and domestic peers.

ICBC's credit risk continued to drop in key areas which draw lots of market attention such as personal mortgages and industries with over-capacity. Personal mortgages mainly supported the demand of homebuyers for self occupation and upgraders with an NPL ratio maintained at a relative low level of 0.43% as at the end of the first half-year. Innovative financial methods such as merger and acquisition and international production capacity cooperation were provided to facilitate de-capacity and de-leverage of industries with over capacity. During the first half of 2016, the balance of NPL in the 5 industries with over capacity including steel industry decreased by RMB600 million and NPL ratio decreased by 0.34 percentage points to 2.44%. The NPL ratio of steel industry was 0.78%.

Third, the Bank promoted the cultivation of new drivers of growth, while upgrading traditional ones.

In the first half of the year, ICBC further advanced business transformation to release new dynamics and operational vitality. As an advantageous traditional business, retail finance functioned as a stabilizer in smoothing cyclical fluctuation amid the innovative development. Financial assets relating to individual clients reached RMB12 trillion and the retail finance made an operational contribution of about 40%. Intermediary operations achieved healthy development through business innovation and better services, with RMB81.7 billion fees and commissions, a year-on-year increase of 6%, among which the revenue from individual insurance agency, third-party custody, asset custody, bond issuance and underwriting agency and other businesses increased by over 30%. The volume of credit cards issued was 118 million, by which the Bank became the largest credit card issuer worldwide. Online financial business maintained rapid growth with the scale, number of clients and activity rate rising. The number of users of ICBC mobile, the open online banking platform, has reached 215 million. ICBC Mall, the Bank's e-commerce platform, recorded a transaction volume of RMB681.4 billion, and the instant messaging platform ICBC Link had over 30 million registered users. QR code payment product was launched and ICBC e-payment had over 100 million users. The financial ecosystem integrating online and offline elements became further developed. The service network was optimized and upgraded in functionality with an orderly manner and, in the first half of the year, near 700 outlets were upgraded and over 3,600 were installed with smart equipments. The new teller service procedure, which was more streamlined and more efficient was widely applied in branches and significantly enhanced experience of clients.

Fourth, ICBC strengthened localized development of its overseas institutions, and steadily promoted cross-market operation with full range of licenses.

In the first half of the year, ICBC continued with internationalization and integrated operations to provide further financial support to companies “Going Global” and construction under “the Belt and Road Initiative”. As of the end of the first half of the year, the Bank has established 412 institutions in 42 countries or regions globally, with 123 overseas institutions in 18 countries and regions along “the Belt and Road Initiative”. Total assets of overseas institutions amounted to near US$304.8 billion, which increased by 8.9% from the end of last year. The pre-provision profit amounted to the equivalent of RMB12.09 billion, representing a year-on-year increase of 5.87%.

Contributions from comprehensive subsidiaries to profits of the Group and the corresponding strategic synergy effect were further enhanced. For the first half of the year, comprehensive subsidiaries including ICBC Credit Suisse, ICBC Leasing, ICBC-AXA and others recorded a net profit of RMB2.8 billion, representing a year-on-year increase of 11.3%. In particular, ICBC Credit Suisse, a comprehensive asset management platform, by capturing favorable opportunities in the improvement of multi-layered capital markets, had assets under management exceeding RMB1 trillion, representing an increase of 14% over the beginning of the year; ICBC Leasing retained its leading position in the industry in terms of asset size and profit by expanding in both the international and the domestic markets and key sectors; and ICBC-AXA recorded rising business scale and market position with its aggressive transformation of regular premium operations, and recorded premiums of RMB26.275 billion, representing a year-on-year increase of 75%.

http://www.icbc.com.cn/icbc/newsupdates/icbc%20news/IndustrialandCommercialBankofChinaLimitedAnnounces2016InterimResults.htm

Wing Hang Bank (HKSE: 302)

OCBC Wing Hang Bank Limited 2015 Interim Report

The Group’s unappropriated profits as at 30th June, 2015 included a regulatory reserve of HK$1,858,384,000 (31st December, 2014: HK$1,833,550,000). The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of losses which the Group will or may incur on advances to customers in addition to impairment losses recognised. Movements in the reserve are earmarked directly through unappropriated profits and in consultation with the HKMA.

Contigent Liabilities and Commitments to Extend Credit

Contingent liabilities and commitments arises from forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales or other transactions with recourse, as well as creditrelated instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. Since a significant portion of guarantees and commitments is expected to expire without being drawn upon, the total of the contractual amounts is not representative of future cash flows. The risk weights used in the computation of credit risk weighted amounts range from 0% to 100%.

Liquidity risk is the risk of inability to fund an increase in assets or meet obligations as they fall due. An institution’s obligations, and the funding sources used to meet them, depend significantly on its business mix, balance sheet structure, and the cash flow profiles of its on- and off-balance sheet obligation. The Group’s primary objective of liquidity risk management is to manage the liquidity risk exposures under both normal and stressed conditions. The Group has established liquidity management policies for ensuring adequate liquidity is maintained at all times. The Group maintained an average liquidity maintenance ratio of 36.2% for the six months ended 30th June, 2015 (30th June, 2014: an average liquidity ratio of 37.5%), which is well above the statutory requirement of 25%. The ratio as of 30th June, 2015 is compiled in accordance with the Banking (Liquidity) Rules effective from 1st January, 2015, whereas the ratio as of 30th June, 2014 was compiled in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance as in force immediately before 1st January, 2015. Accordingly, the ratios of the two periods are not directly comparable. Roles and responsibilities in the Group’s liquidity risk management structure are mainly distributed across different committees and hierarchical levels: Board of Directors, Risk Management Committee, Asset and Liability Management Committee ("ALMCO"), Investment Strategy Committee, Treasury Division, Financial Management Division, Risk Management Division and Retail Banking Division.

Liquidity is managed day-to-day by the Treasurer under the direction of ALMCO. ALMCO, which comprises personnel from senior management, treasury function, risk management, financial management and other business areas that could affect liquidity risk, is responsible for overseeing the liquidity risk management, in particular implementation of appropriate liquidity policies and procedures, identifying, measuring and monitoring liquidity risk, and control over the liquidity risk management process. The Board of Directors approves the liquidity risk strategy and policies, maintaining continued awareness of the overall liquidity risk profile, and ensuring liquidity risk is adequately managed and controlled by senior management within the established risk management framework.

Customer deposits form an important part of funding source of the Group. The Retail Banking Division is responsible for maintaining customer deposits as well as advising the funding need of loans to the Treasury Division. The head of Retail Banking Division updates information to the ALMCO members on any material customers' deposits balance movement and strategy to tap deposits. To cater for funding requirements during ordinary course of business, sufficient liquid assets are held and also access to the interbank market is maintained. In addition, adequate standby facilities are maintained in order to meet any unexpected and material cash outflow. The Group also performs regular stress tests which include an institution-specific crisis scenario, a general market wide crisis scenario and a combined scenario, on its liquidity position to ensure adequate liquidity is maintained at all times.

Treasury Division acts in accordance with the Liquidity Portfolio Framework and Debt Securities Investment Framework to address the issue of liquidity cushion. The objectives of the Liquidity Portfolio Framework are to ensure that the Group can meet its obligations when they fall due in normal circumstances and an adequate stock of high quality liquid assets in the portfolio could provide a safety cushion in the event of a funding crisis.

Due to the close proximity of three operating regions Hong Kong, China and Macau, the Group adopts a centralised approach to manage liquidity and funding for both domestic and overseas subsidiaries. At the next granular level, such as branches and sub-branches, the overseas subsidiaries take responsibility for managing their funding arrangement in relation to the use and application of funds. Financial Management Division provides a consolidated picture to the Group's management.

http://www.ocbcwhhk.com/webpages_cms/files/Financial%20Statements/2015/E_2015%20Interim%20Report%20(OCBC%20Wing_Hang)%20final.pdf

ACQUISDATA

Sector Coverage

- China Petroleum and Chemicals
- China Information Technology
- China Biotechnology
- China Banking
- China Automotive
- China Mining
- China Cement
- China Shipbuilding
- China Renewable Energy
- India Information Technology
- India Banking
- Australia Metal and Mining
- Australia Specialty Minerals
- Australia Biotechnology and Pharmaceuticals
- Australia Grains
- Australia Banking
- Australia Tourism
- Brazil Banking
- Brazil Metal and Mining
- Canada Mining
- Canada Grains
- Canada Media
- Canada Telecommunications
- Japan Shipbuilding
- Japan Pharmaceuticals
- Japan Automotive
- Japan Telecommunications
- Mexico Mining
- South Korea Metal and Mining
- South Korea Shipbuilding
- South Korea Automotive
- US Pharmaceuticals
- US Automotive
- US Mining
- US Petroleum and Gas
- US Armaments
- US Biotechnology
- US Textiles
- US Software and Information Technology
- US Grains
- US Telecommunications
- US Media
- US Renewable Energy
- Russia Armaments
- France Armaments
- France Pharmaceuticals
- UK Armaments
- UK Pharmaceuticals
- UK Petrochemicals
- UK Hedge Funds
- Germany Automotive
- Germany Shipbuilding
- Germany Pharmaceuticals
- South Africa Mining
- South Africa Petrochemicals
- Saudi Arabia Petrochemicals, Oil and Gas