

Financial Highlights

Note: The financial information in this report has been prepared in accordance with IFRS¹. The data are presented in RMB and reflect amounts related to the Group, unless otherwise noted.

Unit: RMB million

	Note	For the six-month period ended 30 June 2019	For the six-month period ended 30 June 2018	For the six-month period ended 30 June 2017
Results of operations				
Net interest income		181,684	172,451	165,042
Non-interest income	2	95,004	79,031	83,326
Operating income		276,688	251,482	248,368
Operating expenses		(91,130)	(82,132)	(81,663)
Impairment losses on assets		(33,670)	(28,270)	(26,960)
Operating profit		151,888	141,080	139,745
Profit before income tax		152,558	141,961	140,378
Profit for the period		121,442	115,575	110,549
Profit attributable to equity holders of the Bank		114,048	109,088	103,690
Basic earnings per share (RMB)		0.38	0.37	0.35
Key financial ratios				
Return on average total assets (%)	3	1.12	1.16	1.18
Return on average equity (%)	4	14.56	15.29	15.20
Net interest margin (%)	5	1.83	1.88	1.84
Non-interest income to operating income (%)	6	34.34	31.43	33.55
Cost to income ratio (calculated under domestic regulations, %)	7	24.63	25.78	25.39
Credit cost (%)	8	0.59	0.57	0.52
		As at 30 June 2019	As at 31 December 2018	As at 31 December 2017
Statement of financial position				
Total assets		22,266,024	21,267,275	19,467,424
Loans, gross		12,569,734	11,819,272	10,896,558
Allowance for loan impairment losses	9	(312,254)	(303,781)	(252,254)
Investments	10	5,361,318	5,054,551	4,554,722
Total liabilities		20,358,572	19,541,878	17,890,745
Due to customers		15,644,634	14,883,596	13,657,924
Capital and reserves attributable to equity holders of the Bank		1,790,418	1,612,980	1,496,016
Share capital		294,388	294,388	294,388
Net assets per share (RMB)	11	5.36	5.14	4.74
Capital ratios				
Common equity tier 1 capital	12	1,549,186	1,488,010	1,377,408
Additional tier 1 capital		222,677	109,524	105,002
Tier 2 capital		338,053	347,473	264,652
Common equity tier 1 capital adequacy ratio (%)		11.21	11.41	11.15
Tier 1 capital adequacy ratio (%)		12.85	12.27	12.02
Capital adequacy ratio (%)		15.33	14.97	14.19
Asset quality				
Credit-impaired loans to total loans (%)	13	1.40	1.42	1.45
Non-performing loans to total loans (%)	14	1.40	1.42	1.45
Allowance for loan impairment losses to non-performing loans (%)	15	177.52	181.97	159.18
Allowance for loan impairment losses to total loans (%)	16	2.97	3.07	2.77

Notes:

- 1 Starting on 1 January 2018, the Bank has applied *International Financial Reporting Standard No. 9 Financial Instruments* ("IFRS 9"), published by the International Accounting Standards Board ("IASB").
- 2 Non-interest income = net fee and commission income + net trading gains/(losses) + net gains/(losses) on financial asset transfers + other operating income.
- 3 Return on average total assets = profit for the period ÷ average total assets × 100%, annualised. Average total assets = (total assets at the beginning of reporting period + total assets at the end of reporting period) ÷ 2.
- 4 Return on average equity = profit attributable to ordinary shareholders of the Bank ÷ weighted average capital and reserves attributable to ordinary shareholders of the Bank × 100%, annualised. Calculation is based on *No. 9 Preparation and Reporting Rules of Information Disclosure of Public Offering Companies — Calculation and Disclosure of Return on Average Equity and Earnings per Share (Revised in 2010)* (CSRC Announcement [2010] No. 2) issued by CSRC.
- 5 Net interest margin = net interest income ÷ average balance of interest-earning assets × 100%, annualised. Average balance is average daily balance derived from the Bank's management accounts (unreviewed).
- 6 Non-interest income to operating income = non-interest income ÷ operating income × 100%.
- 7 Cost to income ratio is calculated in accordance with the *Measures of the Performance Evaluation of Financial Enterprises* (Cai Jin [2016] No. 35) formulated by the MOF.
- 8 Credit cost = impairment losses on loans ÷ average balance of loans × 100%, annualised. Average balance of loans = (balance of loans at the beginning of reporting period + balance of loans at the end of reporting period) ÷ 2. Total loans are exclusive of accrued interest when used to calculate credit cost.
- 9 Allowance for loan impairment losses = allowance for loans at amortised cost + allowance for loans at fair value through other comprehensive income.
- 10 The data on investments as at 30 June 2019 and 31 December 2018 are presented under IFRS 9 and include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. The comparative data of the previous reporting period has not been restated accordingly.
- 11 Net assets per share = (capital and reserves attributable to equity holders of the Bank at the end of reporting period – other equity instruments) ÷ number of ordinary shares in issue at the end of reporting period.
- 12 The capital ratios are calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* (Y.J.H.L. [2012] No. 1) and related regulations, adopting advanced approaches.
- 13 Credit-impaired loans to total loans = credit-impaired loans at the end of reporting period ÷ total loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when used to calculate credit-impaired loans to total loans.
- 14 Non-performing loans to total loans = non-performing loans at the end of reporting period ÷ total loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when used to calculate non-performing loans to total loans.
- 15 Allowance for loan impairment losses to non-performing loans = allowance for loan impairment losses at the end of reporting period ÷ non-performing loans at the end of reporting period × 100%. Total loans are exclusive of accrued interest when used to calculate allowance for loan impairment losses to non-performing loans.
- 16 Allowance for loan impairment losses to total loans = allowance for loan impairment losses at the end of reporting period ÷ total loans at the end of reporting period × 100%. Calculation is based on the data of the Bank's domestic institutions. Total loans are exclusive of accrued interest when used to calculate allowance for loan impairment losses to total loans.