

BOC HONG KONG (HOLDINGS) LIMITED

Data Pack

FY2019

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The financial information is extracted from the *2019 Annual Report* of BOC Hong Kong (Holdings) Limited (the Company), which is not complete and should be read in conjunction with the 2019 Annual Report and other reports and financial information published by the Company.

Financial Highlights

	2019	2018
For the year	HK\$m	HK\$m
Net operating income before impairment allowances	58,444	54,535
Operating profit	39,755	38,087
Profit before taxation	40,088	39,081
Profit for the year	34,074	32,654
Profit attributable to equity holders of the Company and other equity instrument holders	33,574	32,070
	2019	2018
Per share	HK\$	HK\$
Basic earnings per share	3.0440	3.0333
Dividend per share	1.537	1.468
	2019	2018
At year-end	HK\$m	HK\$m
Total assets	3,026,056	2,956,004
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	278,783	257,536
	2019	2018
Financial ratios for the period	%	%
Return on average total assets ¹	1.15	1.16
Return on average shareholders' equity ²	11.51	12.26
Cost to income ratio	28.52	27.88
Average value of liquidity coverage ratio ⁴		
First quarter	183.00	134.33
Second quarter	156.57	146.39
Third quarter	142.85	141.44
Fourth quarter	146.53	160.23
	2019	2018
Financial ratios at year-end	%	%
Loan to deposit ratio ³	69.47	66.77
Quarter-end value of net stable funding ratio ⁴		
First quarter	121.36	118.98
Second quarter	119.15	118.82
Third quarter	116.47	122.24
Fourth quarter	118.00	124.41
Total capital ratio ⁵	22.89	23.10

1. Return on average total assets = Profit for the year / Daily average balance of total assets

2. Return on average shareholders' equity = Profit attributable to equity holders of the Company and other equity instrument holders / Average of the beginning and ending balance of capital and reserves attributable to equity holders of the Company and other equity instruments

3. Loan to deposit ratio is calculated as at year end. Loan represents gross advances to customers. Deposit represents deposits from customers including structured deposits reported as "Financial liabilities at fair value through profit or loss".

4. Liquidity coverage ratio and net stable funding ratio are computed on the consolidated basis which comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Liquidity) Rules.

5. Total capital ratio is computed on the consolidated basis for regulatory purposes that comprises the positions of BOCHK and certain subsidiaries specified by the HKMA in accordance with the Banking (Capital) Rules.

6. The Group has applied the merger accounting method in the preparation of financial statements for the combination with entity under common control in 2019. The comparative information for the year 2018 has been restated accordingly.

Consolidated Income Statement

For the year ended 31 December	(Restated)	
	2019	2018
	HK\$m	HK\$m
Interest income	67,784	61,865
Interest expense	(27,261)	(22,364)
Net interest income	40,523	39,501
Fee and commission income	15,002	15,518
Fee and commission expense	(4,083)	(4,206)
Net fee and commission income	10,919	11,312
Gross earned premiums	25,345	20,858
Gross earned premiums ceded to reinsurers	(6,933)	(6,735)
Net insurance premium income	18,412	14,123
Net trading gain	4,800	3,090
Net gain/(loss) on other financial instruments at fair value through profit or loss	3,243	(1,282)
Net gain on other financial assets	824	19
Other operating income	1,015	981
Total operating income	79,736	67,744
Gross insurance benefits and claims and movement in liabilities	(29,927)	(21,236)
Reinsurers' share of benefits and claims and movement in liabilities	8,635	8,027
Net insurance benefits and claims and movement in liabilities	(21,292)	(13,209)
Net operating income before impairment allowances	58,444	54,535
Net charge of impairment allowances	(2,022)	(1,242)
Net operating income	56,422	53,293
Operating expenses	(16,667)	(15,206)
Operating profit	39,755	38,087
Net gain from disposal of/fair value adjustments on investment properties	282	906
Net (loss)/gain from disposal/revaluation of properties, plant and equipment	(1)	18
Share of profits less losses after tax of associates and joint ventures	52	70
Profit before taxation	40,088	39,081
Taxation	(6,014)	(6,427)
Profit for the year	34,074	32,654
Profit attributable to:		
Equity holders of the Company and other equity instrument holders	33,574	32,070
Equity holders of the Company	32,184	32,070
Other equity instrument holders	1,390	-
Non-controlling interests	500	584
	34,074	32,654
Dividends	16,250	15,521
	HK\$	HK\$
Earnings per share		
Basic and diluted	3.0440	3.0333

Consolidated Balance Sheet

As at 31 December	2019	(Restated) 2018
	HK\$m	HK\$m
ASSETS		
Cash and balances and placements with banks and other financial institutions	366,829	433,299
Financial assets at fair value through profit or loss	85,193	300,929
Derivative financial instruments	31,027	34,912
Hong Kong SAR Government certificates of indebtedness	163,840	156,300
Advances and other accounts	1,412,961	1,282,994
Investment in securities	801,653	599,038
Interests in associates and joint ventures	1,632	483
Investment properties	20,110	19,684
Properties, plant and equipment	51,602	49,435
Current tax assets	116	65
Deferred tax assets	63	270
Other assets	91,030	78,595
Total assets	3,026,056	2,956,004
LIABILITIES		
Hong Kong SAR currency notes in circulation	163,840	156,300
Deposits and balances from banks and other financial institutions	267,889	376,980
Financial liabilities at fair value through profit or loss	19,206	15,535
Derivative financial instruments	32,921	30,880
Deposits from customers	2,009,273	1,895,796
Debt securities and certificates of deposit in issue	116	9,453
Other accounts and provisions	80,624	59,437
Current tax liabilities	7,992	2,516
Deferred tax liabilities	6,480	5,765
Insurance contract liabilities	117,269	104,723
Subordinated liabilities	12,954	13,246
Total liabilities	2,718,564	2,670,631
EQUITY		
Share capital	52,864	52,864
Reserves	225,919	204,672
Capital and reserves attributable to equity holders of the Company	278,783	257,536
Other equity instruments	23,476	23,476
Non-controlling interests	5,233	4,361
Total equity	307,492	285,373
Total liabilities and equity	3,026,056	2,956,004

Segmental reporting

Year ended 31 December 2019	Personal Banking	Corporate Banking	Treasury	Insurance	Others	Subtotal	Eliminations	Consolidated
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Net interest income/(expense)								
- External	7	16,406	18,551	3,265	2,294	40,523	-	40,523
- Inter-segment	13,300	(1,665)	(9,995)	(18)	(1,622)	0	-	-
	13,307	14,741	8,556	3,247	672	40,523	-	40,523
Net fee and commission income/(expense)	7,077	3,939	457	(1,322)	1,166	11,317	(398)	10,919
Net insurance premium income	-	-	-	18,433	-	18,433	(21)	18,412
Net trading gain/(loss)	789	1,389	3,098	(911)	371	4,736	64	4,800
Net (loss)/gain on other financial instruments at fair value through profit or loss	(1)	-	346	2,889	1	3,235	8	3,243
Net gain on other financial assets	-	17	754	53	-	824	-	824
Other operating income	101	2	45	126	2,083	2,357	(1,342)	1,015
Total operating income	21,273	20,088	13,256	22,515	4,293	81,425	(1,689)	79,736
Net insurance benefits and claims and movement in liabilities	-	-	-	(21,292)	-	(21,292)	-	(21,292)
Net operating income before impairment allowances	21,273	20,088	13,256	1,223	4,293	60,133	(1,689)	58,444
Net charge of impairment allowances	(351)	(1,385)	(9)	(7)	(270)	(2,022)	-	(2,022)
Net operating income	20,922	18,703	13,247	1,216	4,023	58,111	(1,689)	56,422
Operating expenses	(9,820)	(3,394)	(1,186)	(515)	(3,441)	(18,356)	1,689	(16,667)
Operating profit	11,102	15,309	12,061	701	582	39,755	-	39,755
Net gain from disposal of/fair value adjustments on investment properties	-	-	-	-	282	282	-	282
Net (loss)/gain from disposal/revaluation of properties, plant and equipment	(5)	-	-	-	4	(1)	-	(1)
Share of profits less losses after tax of associates and joint ventures	137	-	3	-	(88)	52	-	52
Profit before taxation	11,234	15,309	12,064	701	780	40,088	-	40,088
At 31 December 2019								
ASSETS								
Segment assets	442,694	947,164	1,354,356	153,116	155,953	3,053,283	(28,859)	3,024,424
Interests in associates and joint ventures	559	-	1	-	1,072	1,632	-	1,632
	443,253	947,164	1,354,357	153,116	157,025	3,054,915	(28,859)	3,026,056
LIABILITIES								
Segment liabilities	1,079,821	907,381	521,210	143,011	96,000	2,747,423	(28,859)	2,718,564

Year ended 31 December 2018	Personal Banking	Corporate Banking	Treasury	Insurance	Others	Subtotal	Eliminations	Consolidated
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Net interest income/(expense)								
- External	1,366	15,743	17,062	3,055	2,275	39,501	-	39,501
- Inter-segment	10,030	(2,664)	(6,105)	(31)	(1,230)	-	-	-
	11,396	13,079	10,957	3,024	1,045	39,501	-	39,501
Net fee and commission income/(expense)	6,899	3,874	432	(667)	1,145	11,683	(371)	11,312
Net insurance premium income	-	-	-	14,142	-	14,142	(19)	14,123
Net trading gain/(loss)	784	1,438	740	(244)	314	3,032	58	3,090
Net gain/(loss) on other financial instruments at fair value through profit or loss	9	0	513	(1,811)	(1)	(1,290)	8	(1,282)
Net (loss)/gain on other financial assets	-	(3)	4	18	-	19	-	19
Other operating income	48	2	16	155	2,075	2,296	(1,315)	981
Total operating income	19,136	18,390	12,662	14,617	4,578	69,383	(1,639)	67,744
Net insurance benefits and claims and movement in liabilities	-	-	-	(13,209)	-	(13,209)	-	(13,209)
Net operating income before impairment allowances	19,136	18,390	12,662	1,408	4,578	56,174	(1,639)	54,535
Net charge of impairment allowances	(123)	(784)	(3)	(5)	(327)	(1,242)	-	(1,242)
Net operating income	19,013	17,606	12,659	1,403	4,251	54,932	(1,639)	53,293
Operating expenses	(8,820)	(3,180)	(1,107)	(465)	(3,273)	(16,845)	1,639	(15,206)
Operating profit	10,193	14,426	11,552	938	978	38,087	-	38,087
Net gain from disposal of/fair value adjustments on investment properties	-	-	-	-	906	906	-	906
Net loss from disposal/revaluation of properties, plant and equipment	(4)	-	-	(1)	23	18	-	18
Share of profits less losses after tax of associates and joint ventures	72	-	1	-	(3)	70	-	70
Profit before taxation	10,261	14,426	11,553	937	1,904	39,081	-	39,081
At 31 December 2018								
ASSETS								
Segment assets	379,233	887,900	1,438,436	132,417	140,682	2,978,668	(23,147)	2,955,521
Interests in associates and joint ventures	422	-	1	-	60	483	-	483
	379,655	887,900	1,438,437	132,417	140,742	2,979,151	(23,147)	2,956,004
LIABILITIES								
Segment liabilities	1,038,805	839,505	616,437	124,085	74,946	2,693,778	(23,147)	2,670,631

Net Interest Income and Net Interest Margin

HK\$m, except percentages	(Restated)	
	2019	2018
Interest income	67,784	61,865
Interest expense	(27,261)	(22,364)
Net interest income	40,523	39,501
Average interest-earning assets	2,551,288	2,437,652
Net interest spread	1.37%	1.44%
Net interest margin	1.59%	1.62%
Net interest margin (adjusted)*	1.69%	1.63%

* Including the funding income or cost of foreign currency swap contracts.

Average Balance and Average Interest Rates

	(Restated)			
	2019		2018	
	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %
ASSETS				
Balances and placements with banks and other financial institutions	341,707	1.82%	416,376	1.90%
Debt securities investments and other debt instruments	864,637	2.36%	783,911	2.39%
Advances to customers	1,322,845	3.06%	1,219,803	2.86%
Other interest-earning assets	22,099	2.58%	17,562	2.13%
Total interest-earning assets	2,551,288	2.66%	2,437,652	2.54%
Non interest-earning assets	419,912	-	379,499	-
Total assets	2,971,200	2.28%	2,817,151	2.20%
LIABILITIES				
Deposits and balances from banks and other financial institutions	191,461	1.18%	226,237	1.10%
Current, savings and time deposits	1,865,178	1.26%	1,726,241	1.03%
Subordinated liabilities	13,093	5.49%	18,237	5.44%
Other interest-bearing liabilities	39,505	1.74%	55,080	1.95%
Total interest-bearing liabilities	2,109,237	1.29%	2,025,795	1.10%
Shareholders' funds ¹ and other non interest-bearing deposits and liabilities	861,963	-	791,356	-
Total liabilities	2,971,200	0.92%	2,817,151	0.79%

1. Shareholders' funds represent capital and reserves attributable to the equity holders of the Company.

Net Fee and Commission Income

(Restated)

	2019	2018
	HK\$m	HK\$m
Credit card business	2,975	3,441
Loan commissions	2,675	2,613
Securities brokerage	2,113	2,769
Insurance	2,111	1,546
Funds distribution	901	929
Payment services	716	681
Bills commissions	700	739
Trust and custody services	651	633
Currency exchange	599	590
Safe deposit box	294	285
Others	1,267	1,292
Fee and commission income	15,002	15,518
Fee and commission expense	(4,083)	(4,206)
Net fee and commission income	10,919	11,312

Operating Expenses

HK\$m	(Restated)	
	2019	2018
Staff costs	9,364	8,642
Premises and equipment expenses (excluding depreciation)	1,542	1,862
Depreciation	2,881	2,066
Other operating expenses	2,880	2,636
Total operating expenses	16,667	15,206

Deposits from Customers

	2019	2018
	HK\$m	HK\$m
Current, savings and other deposit accounts	2,009,273	1,895,796
Structured deposits reported as financial liabilities at fair value through profit or loss	-	2,199
	2,009,273	1,897,995
Analysed by:		
Demand deposits and current accounts		
- Corporate	138,646	144,985
- Personal	68,367	62,827
	207,013	207,812
Savings deposits		
- Corporate	400,903	337,932
- Personal	499,106	516,185
	900,009	854,117
Time, call and notice deposits		
- Corporate	517,080	487,934
- Personal	385,171	348,132
	902,251	836,066
	2,009,273	1,897,995

Gross Advances to Customers

	2019	2018
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	137,663	126,328
- Property investment	49,073	50,223
- Financial concerns	28,353	21,239
- Stockbrokers	815	1,171
- Wholesale and retail trade	39,880	38,147
- Manufacturing	42,719	51,093
- Transport and transport equipment	66,511	66,256
- Recreational activities	2,161	1,675
- Information technology	22,464	18,006
- Others	125,909	118,574
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	19,855	11,150
- Loans for purchase of other residential properties	277,288	243,963
- Credit card advances	14,663	15,613
- Others	97,380	78,282
Total loans for use in Hong Kong	924,734	841,720
Trade financing	75,764	65,437
Loans for use outside Hong Kong	395,385	360,078
Gross advances to customers	1,395,883	1,267,235

Loan Quality

HK\$m, except percentages	At 31 December	(Restated) At 31 December
	2019	2018
Advances to customers	1,395,883	1,267,235
Classified or impaired loan ratio	0.23%	0.19%
Total impairment allowances	7,035	5,419
Total impairment allowances as a percentage of advances to customers	0.50%	0.43%
Residential mortgage loans ¹ - delinquency and rescheduled loan ratio ²	0.01%	0.01%
Card advances - delinquency ratio ²	0.27%	0.19%
	2019	2018
Card advances - charge-off ratio ³	1.40%	1.40%

1. Residential mortgage loans exclude those under the Home Ownership Scheme and other government-sponsored home purchasing schemes.

2. The delinquency ratio is the ratio of the total amount of overdue advances (more than three months) to total outstanding advances.

3. The charge-off ratio is the ratio of total write-offs made during the year to average card receivables during the year.

Capital Ratio

HK\$m, except percentages	At 31 December 2019	At 31 December 2018
Consolidated capital after deductions		
Common Equity Tier 1 capital	195,039	180,202
Additional Tier 1 capital	23,476	23,476
Tier 1 capital	218,515	203,678
Tier 2 capital	32,855	34,393
Total capital	251,370	238,071
Total risk-weighted assets	1,098,018	1,030,815
Common Equity Tier 1 capital ratio	17.76%	17.48%
Tier 1 capital ratio	19.90%	19.76%
Total capital ratio	22.89%	23.10%