

# BOC HONG KONG (HOLDINGS) LIMITED

## Data Pack

1H2020

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The financial information is extracted from the *2020 Interim Report* of BOC Hong Kong (Holdings) Limited (the Company), which is not complete and should be read in conjunction with the 2020 Interim Report and other reports and financial information published by the Company.

## Financial Highlights

	30 June 2020	30 June 2019
<b>For the period</b>	<b>HK\$m</b>	<b>HK\$m</b>
Net operating income before impairment allowances	28,743	29,169
Operating profit	19,788	20,848
Profit before taxation	19,224	21,552
Profit for the period	16,161	18,276
Profit attributable to equity holders of the Company and other equity instrument holders	15,898	17,949
	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Per share</b>	<b>HK\$</b>	<b>HK\$</b>
Basic earnings per share	1.4385	1.6319
Dividend per share	0.447	0.545
	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>At period/year end</b>	<b>HK\$m</b>	<b>HK\$m</b>
Total assets	3,226,726	3,026,056
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	284,085	278,783
	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Financial ratios for the period</b>	<b>%</b>	<b>%</b>
Return on average total assets <sup>1</sup>	1.04	1.25
Return on average shareholders' equity <sup>2</sup>	10.43	12.53
Cost to income ratio	26.40	25.81
Average value of liquidity coverage ratio <sup>3</sup>		
First quarter	150.45	183.00
Second quarter	131.38	156.57
Third quarter		142.85
Fourth quarter		146.53
	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Financial ratios at period / year-end</b>	<b>%</b>	<b>%</b>
Loan to deposit ratio <sup>4</sup>	70.25	69.47
Quarter-end value of net stable funding ratio <sup>3</sup>		
First quarter	116.60	121.36
Second quarter	117.49	119.15
Third quarter		116.47
Fourth quarter		118.00
Total capital ratio <sup>5</sup>	23.11	22.89

1. Return on average total assets = Profit for the period / 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. 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.

4. Loan to deposit ratio is calculated as at period/year end. Loan represents gross advances to customers.

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.

## Condensed Consolidated Income Statement

	(Unaudited) Half-year ended 30 June 2020 HK\$m	(Unaudited) Half-year ended 30 June 2019 HK\$m
Interest income	28,936	33,605
Interest expense	(10,300)	(13,702)
<b>Net interest income</b>	<b>18,636</b>	<b>19,903</b>
Fee and commission income	6,798	8,120
Fee and commission expense	(1,363)	(2,074)
<b>Net fee and commission income</b>	<b>5,435</b>	<b>6,046</b>
Gross earned premiums	14,449	14,724
Gross earned premiums ceded to reinsurers	(6,533)	(5,328)
<b>Net insurance premium income</b>	<b>7,916</b>	<b>9,396</b>
Net trading gain	2,330	1,829
Net gain on other financial instruments at fair value through profit or loss	202	2,215
Net gain on other financial assets	2,571	716
Other operating income	464	501
<b>Total operating income</b>	<b>37,554</b>	<b>40,606</b>
Gross insurance benefits and claims and movement in liabilities	(16,723)	(17,705)
Reinsurers' share of benefits and claims and movement in liabilities	7,912	6,268
<b>Net insurance benefits and claims and movement in liabilities</b>	<b>(8,811)</b>	<b>(11,437)</b>
<b>Net operating income before impairment allowances</b>	<b>28,743</b>	<b>29,169</b>
Net charge of impairment allowances	(1,366)	(793)
<b>Net operating income</b>	<b>27,377</b>	<b>28,376</b>
Operating expenses	(7,589)	(7,528)
<b>Operating profit</b>	<b>19,788</b>	<b>20,848</b>
Net (loss)/gain from disposal of/fair value adjustments on investment properties	(507)	657
Net (loss)/gain from disposal/revaluation of properties, plant and equipment	(3)	1
Share of profits less losses after tax of associates and joint ventures	(54)	46
<b>Profit before taxation</b>	<b>19,224</b>	<b>21,552</b>
Taxation	(3,063)	(3,276)
<b>Profit for the period</b>	<b>16,161</b>	<b>18,276</b>
<b>Profit attributable to:</b>		
Equity holders of the Company and other equity instrument holders	15,898	17,949
Equity holders of the Company	15,209	17,254
Other equity instrument holders	689	695
Non-controlling interests	263	327
	<b>16,161</b>	<b>18,276</b>
<b>Dividends</b>	<b>4,726</b>	<b>5,762</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Earnings per share</b>		
Basic and diluted	<b>1.4385</b>	<b>1.6319</b>

## Condensed Consolidated Balance Sheet

	(Unaudited) At 30 June 2020 HK\$m	(Audited) At 31 December 2019 HK\$m
<b>ASSETS</b>		
Cash and balances and placements with banks and other financial institutions	409,658	366,829
Financial assets at fair value through profit or loss	57,975	85,193
Derivative financial instruments	44,265	31,027
Hong Kong SAR Government certificates of indebtedness	175,330	163,840
Advances and other accounts	1,510,363	1,412,961
Investment in securities	829,886	801,653
Interests in associates and joint ventures	1,578	1,632
Investment properties	19,579	20,110
Properties, plant and equipment	50,208	51,602
Current tax assets	76	116
Deferred tax assets	64	63
Other assets	127,744	91,030
Total assets	<b>3,226,726</b>	<b>3,026,056</b>
<b>LIABILITIES</b>		
Hong Kong SAR currency notes in circulation	175,330	163,840
Deposits and balances from banks and other financial institutions	270,484	267,889
Financial liabilities at fair value through profit or loss	10,858	19,206
Derivative financial instruments	53,075	32,921
Deposits from customers	2,140,436	2,009,273
Debt securities and certificates of deposit in issue	-	116
Other accounts and provisions	125,066	80,624
Current tax liabilities	6,289	7,992
Deferred tax liabilities	6,446	6,480
Insurance contract liabilities	125,738	117,269
Subordinated liabilities	-	12,954
Total liabilities	<b>2,913,722</b>	<b>2,718,564</b>
<b>EQUITY</b>		
Share capital	52,864	52,864
Reserves	231,221	225,919
Capital and reserves attributable to equity holders of the Company	<b>284,085</b>	<b>278,783</b>
Other equity instruments	23,476	23,476
Non-controlling interests	5,443	5,233
Total equity	<b>313,004</b>	<b>307,492</b>
Total liabilities and equity	<b>3,226,726</b>	<b>3,026,056</b>

## Segmental reporting

Half-year ended 30 June 2020	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	373	8,363	7,205	1,701	994	18,636		18,636
- Inter-segment	5,375	(1,755)	(3,045)	(8)	(567)	-		-
	5,748	6,608	4,160	1,693	427	18,636	-	18,636
Net fee and commission income/(expense)	3,339	1,960	115	(308)	528	5,634	(199)	5,435
Net insurance premium income	-	-	-	7,927	-	7,927	(11)	7,916
Net trading gain/(loss)	465	721	916	(26)	219	2,295	35	2,330
Net gain/(loss) on other financial instruments at fair value through profit or loss	-	-	151	49	(3)	197	5	202
Net gain on other financial assets	-	10	2,496	65	-	2,571	-	2,571
Other operating income	16	4	23	73	1,040	1,156	(692)	464
<b>Total operating income</b>	<b>9,568</b>	<b>9,303</b>	<b>7,861</b>	<b>9,473</b>	<b>2,211</b>	<b>38,416</b>	<b>(862)</b>	<b>37,554</b>
Net insurance benefits and claims and movement in liabilities	-	-	-	(8,811)	-	(8,811)	-	(8,811)
<b>Net operating income before impairment allowances</b>	<b>9,568</b>	<b>9,303</b>	<b>7,861</b>	<b>662</b>	<b>2,211</b>	<b>29,605</b>	<b>(862)</b>	<b>28,743</b>
Net charge of impairment allowances	(630)	(561)	(84)	(23)	(68)	(1,366)	-	(1,366)
<b>Net operating income</b>	<b>8,938</b>	<b>8,742</b>	<b>7,777</b>	<b>639</b>	<b>2,143</b>	<b>28,239</b>	<b>(862)</b>	<b>27,377</b>
Operating expenses	(4,609)	(1,584)	(562)	(247)	(1,449)	(8,451)	862	(7,589)
<b>Operating profit</b>	<b>4,329</b>	<b>7,158</b>	<b>7,215</b>	<b>392</b>	<b>694</b>	<b>19,788</b>	<b>-</b>	<b>19,788</b>
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(507)	(507)	-	(507)
Net loss from disposal/revaluation of properties, plant and equipment	(2)	-	-	-	(1)	(3)	-	(3)
Share of profits less losses after tax of associates and joint ventures	25	-	2	-	(81)	(54)	-	(54)
<b>Profit before taxation</b>	<b>4,352</b>	<b>7,158</b>	<b>7,217</b>	<b>392</b>	<b>105</b>	<b>19,224</b>	<b>-</b>	<b>19,224</b>
<b>At 30 June 2020</b>								
<b>ASSETS</b>								
Segment assets	460,942	1,025,662	1,446,472	164,982	163,478	3,261,536	(36,388)	3,225,148
Interests in associates and joint ventures	584	-	3	-	991	1,578	-	1,578
	461,526	1,025,662	1,446,475	164,982	164,469	3,263,114	(36,388)	3,226,726
<b>LIABILITIES</b>								
Segment liabilities	1,115,488	1,004,391	565,593	154,409	110,229	2,950,110	(36,388)	2,913,722
<b>Half-year ended 30 June 2019</b>								
	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	4	7,564	9,547	1,580	1,208	19,903	-	19,903
- Inter-segment	6,881	(226)	(5,943)	(8)	(704)	-	-	-
	6,885	7,338	3,604	1,572	504	19,903	-	19,903
Net fee and commission income/(expense)	3,620	2,247	228	(440)	583	6,238	(192)	6,046
Net insurance premium income	-	-	-	9,406	-	9,406	(10)	9,396
Net trading gain/(loss)	386	713	979	(438)	162	1,802	27	1,829
Net (loss)/gain on other financial instruments at fair value through profit or loss	(1)	-	136	2,075	1	2,211	4	2,215
Net (loss)/gain on other financial assets	-	(2)	729	(11)	-	716	-	716
Other operating income	28	-	11	65	1,068	1,172	(671)	501
<b>Total operating income</b>	<b>10,918</b>	<b>10,296</b>	<b>5,687</b>	<b>12,229</b>	<b>2,318</b>	<b>41,448</b>	<b>(842)</b>	<b>40,606</b>
Net insurance benefits and claims and movement in liabilities	-	-	-	(11,437)	-	(11,437)	-	(11,437)
<b>Net operating income before impairment allowances</b>	<b>10,918</b>	<b>10,296</b>	<b>5,687</b>	<b>792</b>	<b>2,318</b>	<b>30,011</b>	<b>(842)</b>	<b>29,169</b>
Net (charge)/reversal of impairment allowances	(88)	(675)	(44)	(2)	16	(793)	-	(793)
<b>Net operating income</b>	<b>10,830</b>	<b>9,621</b>	<b>5,643</b>	<b>790</b>	<b>2,334</b>	<b>29,218</b>	<b>(842)</b>	<b>28,376</b>
Operating expenses	(4,430)	(1,556)	(570)	(239)	(1,575)	(8,370)	842	(7,528)
<b>Operating profit</b>	<b>6,400</b>	<b>8,065</b>	<b>5,073</b>	<b>551</b>	<b>759</b>	<b>20,848</b>	<b>-</b>	<b>20,848</b>
Net gain from disposal of/fair value adjustments on investment properties	-	-	-	-	657	657	-	657
Net gain from disposal/revaluation of properties, plant and equipment	-	-	-	-	1	1	-	1
Share of profits less losses after tax of associates and joint ventures	54	-	1	-	(9)	46	-	46
<b>Profit before taxation</b>	<b>6,454</b>	<b>8,065</b>	<b>5,074</b>	<b>551</b>	<b>1,408</b>	<b>21,552</b>	<b>-</b>	<b>21,552</b>
<b>At 31 December 2019</b>								
<b>ASSETS</b>								
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
<b>LIABILITIES</b>								
Segment liabilities	1,079,821	907,381	521,210	143,011	96,000	2,747,423	(28,859)	2,718,564

## Net Interest Income and Net Interest Margin

HK\$m, except percentages	Half-year ended 30 June 2020	Half-year ended 31 December 2019	Half-year ended 30 June 2019
Interest income	28,936	34,179	33,605
Interest expense	(10,300)	(13,559)	(13,702)
Net interest income	18,636	20,620	19,903
Average interest-earning assets	2,651,178	2,580,805	2,521,282
Net interest spread	1.25%	1.36%	1.37%
Net interest margin	1.41%	1.58%	1.59%
Net interest margin (adjusted)*	1.50%	1.69%	1.69%

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

## Average Balance and Average Interest Rates

	Half-year ended 30 June 2020		Half-year ended 31 December 2019		Half-year ended 30 June 2019	
	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %
<b>ASSETS</b>						
Balances and placements with banks and other financial institutions	305,597	1.09%	304,254	1.69%	334,982	1.82%
Debt securities investments and other debt instruments	839,362	2.04%	860,283	2.31%	869,063	2.42%
Advances to customers and other accounts	1,478,356	2.52%	1,390,802	3.03%	1,298,560	3.09%
Other interest-earning assets	27,863	1.09%	25,466	2.42%	18,677	2.80%
Total interest-earning assets	2,651,178	2.19%	2,580,805	2.63%	2,521,282	2.69%
Non interest-earning assets	470,798	-	431,848	-	407,778	-
Total assets	3,121,976	1.86%	3,012,653	2.25%	2,929,060	2.31%
<b>LIABILITIES</b>						
Deposits and balances from banks and other financial institutions	197,300	0.77%	184,150	1.14%	198,894	1.22%
Current, savings and time deposits	1,964,093	0.94%	1,891,679	1.24%	1,838,239	1.29%
Subordinated liabilities	2,920	5.50%	13,027	5.47%	13,160	5.51%
Other interest-bearing liabilities	36,464	1.40%	37,373	1.69%	41,671	1.78%
Total interest-bearing liabilities	2,200,777	0.94%	2,126,229	1.27%	2,091,964	1.32%
Shareholders' funds <sup>1</sup> and other non interest-bearing deposits and liabilities	921,199	-	886,424	-	837,096	-
Total liabilities	3,121,976	0.66%	3,012,653	0.89%	2,929,060	0.94%

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

## Net Fee and Commission Income

	Half-year ended 30 June 2020	Half-year ended 31 December 2019	Half-year ended 30 June 2019
	HK\$m	HK\$m	HK\$m
Securities brokerage	1,567	1,020	1,093
Loan commissions	1,389	1,052	1,623
Credit card business	924	1,340	1,635
Insurance	713	951	1,160
Funds distribution	442	437	464
Payment services	358	377	339
Trust and custody services	322	342	309
Bills commissions	278	348	352
Currency exchange	157	276	323
Safe deposit box	153	150	144
Others	495	589	678
Fee and commission income	6,798	6,882	8,120
Fee and commission expense	(1,363)	(2,009)	(2,074)
Net fee and commission income	5,435	4,873	6,046

## Operating Expenses

HK\$m	<b>Half-year ended 30 June 2020</b>	Half-year ended 31 December 2019	Half-year ended 30 June 2019
Staff costs	<b>4,384</b>	5,100	4,264
Premises and equipment expenses (excluding depreciation)	<b>550</b>	890	652
Depreciation	<b>1,529</b>	1,479	1,402
Other operating expenses	<b>1,126</b>	1,670	1,210
Total operating expenses	<b>7,589</b>	9,139	7,528



## Deposits from Customers

	At 30 June 2020	At 31 December 2019
	HK\$m	HK\$m
Demand deposits and current accounts		
- Corporate	217,117	138,646
- Personal	76,211	68,367
	<b>293,328</b>	<b>207,013</b>
Savings deposits		
- Corporate	447,133	400,903
- Personal	549,082	499,106
	<b>996,215</b>	<b>900,009</b>
Time, call and notice deposits		
- Corporate	497,104	517,080
- Personal	353,789	385,171
	<b>850,893</b>	<b>902,251</b>
	<b>2,140,436</b>	<b>2,009,273</b>

## Gross Advances to Customers

	At 30 June 2020	At 31 December 2019
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	139,340	137,663
- Property investment	64,716	49,073
- Financial concerns	27,217	28,353
- Stockbrokers	6,147	815
- Wholesale and retail trade	36,031	39,880
- Manufacturing	60,077	42,719
- Transport and transport equipment	75,570	66,511
- Recreational activities	205	2,161
- Information technology	24,321	22,464
- Others	132,303	125,909
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	21,239	19,855
- Loans for purchase of other residential properties	288,778	277,288
- Credit card advances	12,340	14,663
- Others	104,862	97,380
Total loans for use in Hong Kong	993,146	924,734
Trade financing	82,074	75,764
Loans for use outside Hong Kong	428,531	395,385
Gross advances to customers	1,503,751	1,395,883

## Loan Quality

HK\$m, except percentages	At 30 June 2020	At 31 December 2019
Advances to customers	<b>1,503,751</b>	1,395,883
Classified or impaired loan ratio	<b>0.25%</b>	0.23%
Total impairment allowances	<b>8,056</b>	7,035
Total impairment allowances as a percentage of advances to customers	<b>0.54%</b>	0.50%
Residential mortgage loans <sup>1</sup> - delinquency and rescheduled loan ratio <sup>2</sup>	<b>0.02%</b>	0.01%
Card advances - delinquency ratio <sup>2</sup>	<b>0.34%</b>	0.27%
	<b>Half-year ended 30 June 2020</b>	Half-year ended 30 June 2019
Card advances - charge-off ratio <sup>3</sup>	<b>1.88%</b>	1.35%

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 period to average card receivables during the period.

## Capital Ratio

HK\$m, except percentages	<b>At 30 June</b>	At 31 December
	<b>2020</b>	2019
Consolidated capital after deductions		
Common Equity Tier 1 capital	<b>216,560</b>	195,039
Additional Tier 1 capital	<b>23,476</b>	23,476
Tier 1 capital	<b>240,036</b>	218,515
Tier 2 capital	<b>30,222</b>	32,855
Total capital	<b>270,258</b>	251,370
Total risk-weighted assets	<b>1,169,600</b>	1,098,018
Common Equity Tier 1 capital ratio	<b>18.52%</b>	17.76%
Tier 1 capital ratio	<b>20.52%</b>	19.90%
Total capital ratio	<b>23.11%</b>	22.89%