

BOC HONG KONG (HOLDINGS) LIMITED

Data Pack

FY2021

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The financial information is extracted from the *2021 Annual Report* of BOC Hong Kong (Holdings) Limited (the Company), which is not complete and should be read in conjunction with the 2021 Annual Report and other reports and financial information published by the Company.

Financial Highlights

	2021	2020
For the year	HK\$m	HK\$m
Net operating income before impairment allowances	48,982	54,474
Operating profit	30,430	35,420
Profit before taxation	29,968	33,583
Profit for the year	24,999	28,468
Profit attributable to equity holders of the Company and other equity instrument holders	24,348	27,863
	2021	2020
Per share	HK\$	HK\$
Basic earnings per share	2.1726	2.5052
Dividend per share	1.130	1.242
	2021	2020
At year-end	HK\$m	HK\$m
Total assets	3,639,430	3,320,981
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	297,999	290,302
	2021	2020
Financial ratios	%	%
Return on average total assets ¹	0.70	0.86
Return on average shareholders' equity ²	7.67	9.05
Cost to income ratio	33.50	30.01
Loan to deposit ratio ³	68.60	68.59
Average value of liquidity coverage ratio ⁴		
First quarter	134.09	150.45
Second quarter	134.20	131.38
Third quarter	134.73	130.98
Fourth quarter	146.70	132.76
Quarter-end value of net stable funding ratio ⁴		
First quarter	124.90	116.60
Second quarter	118.50	117.49
Third quarter	125.92	115.30
Fourth quarter	126.96	125.31
Total capital ratio ⁵	21.44	22.10

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.

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.

Consolidated Income Statement

For the year ended 31 December

	2021	2020
	HK\$m	HK\$m
Interest income	40,298	49,928
<i>Interest income calculated using the effective interest method</i>	39,482	48,755
<i>Others</i>	816	1,173
Interest expense	(8,357)	(15,190)
Net interest income	31,941	34,738
Fee and commission income	14,803	13,515
Fee and commission expense	(2,931)	(2,673)
Net fee and commission income	11,872	10,842
Gross earned premiums	26,531	27,990
Gross earned premiums ceded to reinsurers	(10,827)	(9,530)
Net insurance premium income	15,704	18,460
Net trading gain	5,091	5,174
Net (loss)/gain on other financial instruments at fair value through profit or loss	(1,136)	1,959
Net gain on other financial instruments	1,120	4,572
Other operating income	983	896
Total operating income	65,575	76,641
Gross insurance benefits and claims and movement in liabilities	(28,642)	(34,113)
Reinsurers' share of benefits and claims and movement in liabilities	12,049	11,946
Net insurance benefits and claims and movement in liabilities	(16,593)	(22,167)
Net operating income before impairment allowances	48,982	54,474
Net charge of impairment allowances	(2,145)	(2,707)
Net operating income	46,837	51,767
Operating expenses	(16,407)	(16,347)
Operating profit	30,430	35,420
Net loss from disposal of/fair value adjustments on investment properties	(229)	(1,622)
Net loss from disposal/revaluation of properties, plant and equipment	(20)	(63)
Share of results after tax of associates and joint ventures	(213)	(152)
Profit before taxation	29,968	33,583
Taxation	(4,969)	(5,115)
Profit for the year	24,999	28,468
Profit attributable to:		
Equity holders of the Company and other equity instrument holders	24,348	27,863
Equity holders of the Company	22,970	26,487
Other equity instrument holders	1,378	1,376
Non-controlling interests	651	605
	24,999	28,468
Dividends	11,947	13,131
	HK\$	HK\$
Earnings per share		
Basic and diluted	2.1726	2.5052

Consolidated Balance Sheet

As at 31 December	2021	2020
	HK\$m	HK\$m
ASSETS		
Cash and balances and placements with banks and other financial institutions	465,535	463,711
Financial assets at fair value through profit or loss	73,537	60,214
Derivative financial instruments	33,186	52,856
Hong Kong SAR Government certificates of indebtedness	203,810	189,550
Advances and other accounts	1,597,194	1,500,416
Investment in securities	1,094,233	880,485
Interests in associates and joint ventures	1,215	1,485
Investment properties	17,722	18,441
Properties, plant and equipment	46,441	46,855
Current tax assets	93	138
Deferred tax assets	192	95
Other assets	106,272	106,735
Total assets	3,639,430	3,320,981
LIABILITIES		
Hong Kong SAR currency notes in circulation	203,810	189,550
Deposits and balances from banks and other financial institutions	486,062	326,495
Financial liabilities at fair value through profit or loss	12,520	20,336
Derivative financial instruments	29,757	60,313
Deposits from customers	2,331,155	2,183,709
Debt securities and certificates of deposit in issue	2,423	426
Other accounts and provisions	83,041	71,050
Current tax liabilities	3,491	3,979
Deferred tax liabilities	5,799	5,964
Insurance contract liabilities	153,911	139,504
Total liabilities	3,311,969	3,001,326
EQUITY		
Share capital	52,864	52,864
Reserves	245,135	237,438
Capital and reserves attributable to equity holders of the Company	297,999	290,302
Other equity instruments	23,476	23,476
Non-controlling interests	5,986	5,877
Total equity	327,461	319,655
Total liabilities and equity	3,639,430	3,320,981

Segmental reporting

Year ended 31 December 2021	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	4,063	12,411	9,859	3,808	1,800	31,941	-	31,941
- Inter-segment	2,790	(1,301)	(1,264)	(11)	(214)	-	-	-
	6,853	11,110	8,595	3,797	1,586	31,941	-	31,941
Net fee and commission income/(expense)	7,663	4,033	150	(677)	1,240	12,409	(537)	11,872
Net insurance premium income	-	-	-	15,726	-	15,726	(22)	15,704
Net trading gain	1,066	1,452	1,876	69	545	5,008	83	5,091
Net loss on other financial instruments at fair value through profit or loss	-	-	(75)	(1,073)	-	(1,148)	12	(1,136)
Net gain on other financial instruments	-	16	940	153	11	1,120	-	1,120
Other operating income	62	1	97	182	1,926	2,268	(1,285)	983
Total operating income	15,644	16,612	11,583	18,177	5,308	67,324	(1,749)	65,575
Net insurance benefits and claims and movement in liabilities	-	-	-	(16,593)	-	(16,593)	-	(16,593)
Net operating income before impairment allowances	15,644	16,612	11,583	1,584	5,308	50,731	(1,749)	48,982
Net reversal / (charge) of impairment allowances	128	(295)	(55)	(12)	(1,911)	(2,145)	-	(2,145)
Net operating income	15,772	16,317	11,528	1,572	3,397	48,586	(1,749)	46,837
Operating expenses	(9,518)	(3,393)	(1,295)	(549)	(3,401)	(18,156)	1,749	(16,407)
Operating profit / (loss)	6,254	12,924	10,233	1,023	(4)	30,430	-	30,430
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(229)	(229)	-	(229)
Net loss from disposal/revaluation of properties, plant and equipment	(4)	-	-	-	(16)	(20)	-	(20)
Share of results after tax of associates and joint ventures	81	-	5	-	(299)	(213)	-	(213)
Profit/(loss) before taxation	6,331	12,924	10,238	1,023	(548)	29,968	-	29,968
At 31 December 2021								
ASSETS								
Segment assets	533,841	1,031,942	1,733,682	197,906	176,059	3,673,430	(35,215)	3,638,215
Interests in associates and joint ventures	633	-	8	-	574	1,215	-	1,215
	534,474	1,031,942	1,733,690	197,906	176,633	3,674,645	(35,215)	3,639,430
LIABILITIES								
Segment liabilities	1,203,126	1,100,321	753,782	186,277	103,678	3,347,184	(35,215)	3,311,969
Year ended 31 December 2021								
Other information								
Capital expenditure	35	24	1	97	1,582	1,739	-	1,739
Depreciation and amortisation	1,266	295	107	67	1,339	3,074	(35)	3,039

Year ended 31 December 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	2,014	14,846	12,623	3,437	1,818	34,738	-	34,738
- Inter-segment	10,955	(1,352)	(8,840)	(13)	(750)	-	-	-
	12,969	13,494	3,783	3,424	1,068	34,738	-	34,738
Net fee and commission income/(expense)	7,092	3,522	253	(626)	1,262	11,503	(661)	10,842
Net insurance premium income	-	-	-	18,482	-	18,482	(22)	18,460
Net trading gain	1,004	1,311	2,012	259	435	5,021	153	5,174
Net gain/(loss) on other financial instruments at fair value through profit or loss	-	-	208	1,743	(3)	1,948	11	1,959
Net gain on other financial instruments	-	7	4,376	189	-	4,572	-	4,572
Other operating income	18	5	80	123	2,055	2,281	(1,385)	896
Total operating income	21,083	18,339	10,712	23,594	4,817	78,545	(1,904)	76,641
Net insurance benefits and claims and movement in liabilities	-	-	-	(22,167)	-	(22,167)	-	(22,167)
Net operating income before impairment allowances	21,083	18,339	10,712	1,427	4,817	56,378	(1,904)	54,474
Net charge of impairment allowances	(421)	(1,877)	(87)	(36)	(286)	(2,707)	-	(2,707)
Net operating income	20,662	16,462	10,625	1,391	4,531	53,671	(1,904)	51,767
Operating expenses	(9,684)	(3,427)	(1,269)	(537)	(3,334)	(18,251)	1,904	(16,347)
Operating profit	10,978	13,035	9,356	854	1,197	35,420	-	35,420
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(1,622)	(1,622)	-	(1,622)
Net loss from disposal/revaluation of properties, plant and equipment	(3)	-	-	-	(60)	(63)	-	(63)
Share of results after tax of associates and joint ventures	42	-	5	-	(199)	(152)	-	(152)
Profit/(loss) before taxation	11,017	13,035	9,361	854	(684)	33,583	-	33,583
At 31 December 2020								
ASSETS								
Segment assets	491,213	985,638	1,538,239	179,865	159,589	3,354,544	(35,048)	3,319,496
Interests in associates and joint ventures	603	-	9	-	873	1,485	-	1,485
	491,816	985,638	1,538,248	179,865	160,462	3,356,029	(35,048)	3,320,981
LIABILITIES								
Segment liabilities	1,159,255	1,013,145	601,497	168,463	94,014	3,036,374	(35,048)	3,001,326
Year ended 31 December 2020								
Other information								
Capital expenditure	29	8	1	52	1,803	1,893	-	1,893
Depreciation and amortisation	1,274	281	107	64	1,349	3,075	(35)	3,040

Net Interest Income and Net Interest Margin

HK\$m, except percentages	2021	2020
Interest income	40,298	49,928
Interest expense	(8,357)	(15,190)
Net interest income	31,941	34,738
Average interest-earning assets	3,015,219	2,737,726
Net interest spread	1.00%	1.16%
Net interest margin	1.06%	1.27%
Net interest margin (adjusted)*	1.09%	1.33%

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

Average Balance and Average Interest Rates

	2021		2020	
	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %
ASSETS				
Balances and placements with banks and other financial institutions	383,631	0.82%	351,515	0.88%
Debt securities investments and other debt instruments	1,015,239	1.26%	849,401	1.76%
Advances to customers and other accounts	1,600,436	1.52%	1,518,246	2.08%
Other interest-earning assets	15,913	0.75%	18,564	1.20%
Total interest-earning assets	3,015,219	1.34%	2,737,726	1.82%
Non interest-earning assets	574,040	-	557,334	-
Total assets	3,589,259	1.12%	3,295,060	1.51%
LIABILITIES				
Deposits and balances from banks and other financial institutions	250,428	0.65%	198,804	0.56%
Current, savings and time deposits	2,188,701	0.30%	2,082,314	0.65%
Subordinated liabilities	-	-	1,452	5.51%
Other interest-bearing liabilities	19,820	0.60%	28,917	1.27%
Total interest-bearing liabilities	2,458,949	0.34%	2,311,487	0.66%
Shareholders' funds* and other non interest-bearing deposits and liabilities	1,130,310	-	983,573	-
Total liabilities	3,589,259	0.23%	3,295,060	0.46%

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

Net Fee and Commission Income

	2021	2020
	HK\$m	HK\$m
Securities brokerage	3,743	3,567
Loan commissions	2,746	2,310
Credit card business	2,141	1,859
Insurance	1,529	1,272
Trust and custody services	764	689
Payment services	751	740
Funds distribution	724	767
Bills commissions	623	591
Safe deposit box	306	306
Funds management	161	130
Currency exchange	119	226
Others	1,196	1,058
Fee and commission income	14,803	13,515
Fee and commission expense	(2,931)	(2,673)
Net fee and commission income	11,872	10,842

Operating Expenses

HK\$m	2021	2020
Staff costs	9,542	9,461
Premises and equipment expenses (excluding depreciation and amortisation)	1,232	1,235
Depreciation and amortisation	3,039	3,040
Other operating expenses	2,594	2,611
Total operating expenses	16,407	16,347

Deposits from Customers

As at 31 December	2021	2020
	HK\$m	HK\$m
Demand deposits and current accounts		
- Corporate	229,326	222,286
- Personal	97,908	87,940
	327,234	310,226
Savings deposits		
- Corporate	513,556	499,740
- Personal	680,538	649,295
	1,194,094	1,149,035
Time, call and notice deposits		
- Corporate	544,036	454,852
- Personal	265,791	269,596
	809,827	724,448
	2,331,155	2,183,709

Gross Advances to Customers

As at 31 December	2021	2020
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	166,208	132,966
- Property investment	78,125	64,768
- Financial concerns	23,392	24,110
- Stockbrokers	3,070	1,656
- Wholesale and retail trade	27,281	30,523
- Manufacturing	44,492	53,629
- Transport and transport equipment	62,000	74,633
- Recreational activities	176	198
- Information technology	31,753	25,579
- Others	145,302	131,571
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	34,776	27,809
- Loans for purchase of other residential properties	349,645	311,070
- Credit card advances	12,079	10,959
- Others	104,906	101,986
Total loans for use in Hong Kong	1,083,205	991,457
Trade financing	73,611	66,497
Loans for use outside Hong Kong	442,268	439,910
Gross advances to customers	1,599,084	1,497,864

Loan Quality

HK\$m, except percentages	At 31 December 2021	At 31 December 2020
Advances to customers	1,599,084	1,497,864
Classified or impaired loan ratio	0.27%	0.27%
Total impairment allowances	9,877	9,172
Total impairment allowances as a percentage of advances to customers	0.62%	0.61%
Total impairment allowances as a percentage of classified or impaired advances to customers	228.58%	229.64%
Residential mortgage loans ¹ - delinquency and rescheduled loan ratio ²	0.01%	0.01%
Card advances - delinquency ratio ²	0.23%	0.23%
	2021	2020
Card advances - charge-off ratio ³	1.49%	1.91%

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 2021	At 31 December 2020
Consolidated capital after deductions		
Common Equity Tier 1 capital	224,189	216,542
Additional Tier 1 capital	23,476	23,476
Tier 1 capital	247,665	240,018
Tier 2 capital	30,174	29,558
Total capital	277,839	269,576
Total risk-weighted assets	1,296,153	1,220,000
Common Equity Tier 1 capital ratio	17.30%	17.75%
Tier 1 capital ratio	19.11%	19.67%
Total capital ratio	21.44%	22.10%