

BOC HONG KONG (HOLDINGS) LIMITED

Data Pack

1H2021

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

Financial Highlights

	30 June 2021	30 June 2020
For the period	HK\$m	HK\$m
Net operating income before impairment allowances	25,050	28,743
Operating profit	16,286	19,788
Profit before taxation	16,153	19,224
Profit for the period	13,591	16,161
Profit attributable to equity holders of the Company and other equity instrument holders	13,264	15,898

	30 June 2021	30 June 2020
Per share	HK\$	HK\$
Basic earnings per share	1.1895	1.4385
Dividend per share	0.447	0.447

	30 June 2021	31 December 2020
At period/year end	HK\$m	HK\$m
Total assets	3,834,870	3,320,981
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	292,967	290,302

	30 June 2021	30 June 2020
Financial ratios for the period	%	%
Return on average total assets ¹	0.76	1.04
Return on average shareholders' equity ²	8.42	10.43
Cost to income ratio	30.27	26.40
Average value of liquidity coverage ratio ³		
First quarter	134.09	150.45
Second quarter	134.20	131.38
Third quarter		130.98
Fourth quarter		132.76

	30 June 2021	31 December 2020
Financial ratios at period / year-end	%	%
Loan to deposit ratio ⁴	65.05	68.59
Quarter-end value of net stable funding ratio ³		
First quarter	124.90	116.60
Second quarter	118.50	117.49
Third quarter		115.30
Fourth quarter		125.31
Total capital ratio ⁵	19.79	22.10

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 2021	(Unaudited) Half-year ended 30 June 2020
	HK\$m	HK\$m
Interest income	19,848	28,936
<i>Interest income calculated using the effective interest method</i>	19,520	28,202
<i>Others</i>	328	734
Interest expense	(3,906)	(10,300)
Net interest income	15,942	18,636
Fee and commission income	8,116	6,798
Fee and commission expense	(1,459)	(1,363)
Net fee and commission income	6,657	5,435
Gross earned premiums	13,919	14,449
Gross earned premiums ceded to reinsurers	(4,902)	(6,533)
Net insurance premium income	9,017	7,916
Net trading gain	2,354	2,330
Net gain on other financial instruments at fair value through profit or loss	96	202
Net gain on other financial assets	451	2,571
Other operating income	503	464
Total operating income	35,020	37,554
Gross insurance benefits and claims and movement in liabilities	(15,544)	(16,723)
Reinsurers' share of benefits and claims and movement in liabilities	5,574	7,912
Net insurance benefits and claims and movement in liabilities	(9,970)	(8,811)
Net operating income before impairment allowances	25,050	28,743
Net charge of impairment allowances	(1,182)	(1,366)
Net operating income	23,868	27,377
Operating expenses	(7,582)	(7,589)
Operating profit	16,286	19,788
Net loss from disposal of/fair value adjustments on investment properties	(22)	(507)
Net loss from disposal/revaluation of properties, plant and equipment	(22)	(3)
Share of results after tax of associates and joint ventures	(89)	(54)
Profit before taxation	16,153	19,224
Taxation	(2,562)	(3,063)
Profit for the period	13,591	16,161
Profit attributable to:		
Equity holders of the Company and other equity instrument holders	13,264	15,898
Equity holders of the Company	12,576	15,209
Other equity instrument holders	688	689
Non-controlling interests	327	263
	13,591	16,161
Dividends	4,726	4,726
	HK\$	HK\$
Earnings per share		
Basic and diluted	1.1895	1.4385

Condensed Consolidated Balance Sheet

	(Unaudited) At 30 June 2021 HK\$m	(Audited) At 31 December 2020 HK\$m
ASSETS		
Cash and balances and placements with banks and other financial institutions	546,237	463,711
Financial assets at fair value through profit or loss	60,530	60,214
Derivative financial instruments	37,263	52,856
Hong Kong SAR Government certificates of indebtedness	197,650	189,550
Advances and other accounts	1,747,852	1,500,416
Investment in securities	993,521	880,485
Interests in associates and joint ventures	1,389	1,485
Investment properties	18,451	18,441
Properties, plant and equipment	46,224	46,855
Current tax assets	89	138
Deferred tax assets	106	95
Other assets	185,558	106,735
Total assets	3,834,870	3,320,981
LIABILITIES		
Hong Kong SAR currency notes in circulation	197,650	189,550
Deposits and balances from banks and other financial institutions	331,608	326,495
Financial liabilities at fair value through profit or loss	13,030	20,336
Derivative financial instruments	36,926	60,313
Deposits from customers	2,682,440	2,183,709
Debt securities and certificates of deposit in issue	78	426
Other accounts and provisions	94,040	71,050
Current tax liabilities	5,038	3,979
Deferred tax liabilities	5,626	5,964
Insurance contract liabilities	146,141	139,504
Total liabilities	3,512,577	3,001,326
EQUITY		
Share capital	52,864	52,864
Reserves	240,103	237,438
Capital and reserves attributable to equity holders of the Company	292,967	290,302
Other equity instruments	23,476	23,476
Non-controlling interests	5,850	5,877
Total equity	322,293	319,655
Total liabilities and equity	3,834,870	3,320,981

Segmental reporting

Half-year ended 30 June 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	2,034	6,133	5,104	1,791	880	15,942	-	15,942
- Inter-segment	1,382	(669)	(583)	(6)	(124)	-	-	-
	3,416	5,464	4,521	1,785	756	15,942	-	15,942
Net fee and commission income/(expense)	4,152	2,436	103	(410)	654	6,935	(278)	6,657
Net insurance premium income	-	-	-	9,028	-	9,028	(11)	9,017
Net trading gain	585	728	711	69	223	2,316	38	2,354
Net gain on other financial instruments at fair value through profit or loss	-	-	-	91	-	91	5	96
Net gain on other financial assets	-	6	384	51	10	451	-	451
Other operating income	24	1	29	123	967	1,144	(641)	503
Total operating income	8,177	8,635	5,748	10,737	2,610	35,907	(887)	35,020
Net insurance benefits and claims and movement in liabilities	-	-	-	(9,970)	-	(9,970)	-	(9,970)
Net operating income before impairment allowances	8,177	8,635	5,748	767	2,610	25,937	(887)	25,050
Net (charge)/reversal of impairment allowances	(67)	(346)	(11)	3	(761)	(1,182)	-	(1,182)
Net operating income	8,110	8,289	5,737	770	1,849	24,755	(887)	23,868
Operating expenses	(4,503)	(1,576)	(598)	(257)	(1,535)	(8,469)	887	(7,582)
Operating profit	3,607	6,713	5,139	513	314	16,286	-	16,286
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(22)	(22)	-	(22)
Net loss from disposal/revaluation of properties, plant and equipment	(1)	-	-	-	(21)	(22)	-	(22)
Share of results after tax of associates and joint ventures	46	-	2	-	(137)	(89)	-	(89)
Profit before taxation	3,652	6,713	5,141	513	134	16,153	-	16,153
At 30 June 2021								
ASSETS								
Segment assets	554,239	1,164,349	1,784,549	190,041	170,400	3,863,578	(30,097)	3,833,481
Interests in associates and joint ventures	646	-	6	-	737	1,389	-	1,389
	554,885	1,164,349	1,784,555	190,041	171,137	3,864,967	(30,097)	3,834,870
LIABILITIES								
Segment liabilities	1,187,177	1,478,853	602,941	178,658	95,045	3,542,674	(30,097)	3,512,577

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
Total operating income	9,568	9,303	7,861	9,473	2,211	38,416	(862)	37,554
Net insurance benefits and claims and movement in liabilities	-	-	-	(8,811)	-	(8,811)	-	(8,811)
Net operating income before impairment allowances	9,568	9,303	7,861	662	2,211	29,605	(862)	28,743
Net charge of impairment allowances	(630)	(561)	(84)	(23)	(68)	(1,366)	-	(1,366)
Net operating income	8,938	8,742	7,777	639	2,143	28,239	(862)	27,377
Operating expenses	(4,609)	(1,584)	(562)	(247)	(1,449)	(8,451)	862	(7,589)
Operating profit	4,329	7,158	7,215	392	694	19,788	-	19,788
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 results after tax of associates and joint ventures	25	-	2	-	(81)	(54)	-	(54)
Profit before taxation	4,352	7,158	7,217	392	105	19,224	-	19,224
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

Net Interest Income and Net Interest Margin

HK\$m, except percentages	Half-year ended 30 June 2021	Half-year ended 31 December 2020	Half-year ended 30 June 2020
Interest income	19,848	20,992	28,936
Interest expense	(3,906)	(4,890)	(10,300)
Net interest income	15,942	16,102	18,636
Average interest-earning assets	2,977,664	2,823,333	2,651,178
Net interest spread	1.02%	1.07%	1.25%
Net interest margin	1.08%	1.13%	1.41%
Net interest margin (adjusted)*	1.10%	1.16%	1.50%

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

Average Balance and Average Interest Rates

	Half-year ended 30 June 2021		Half-year ended 31 December 2020		Half-year ended 30 June 2020	
	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %
ASSETS						
Balances and placements with banks and other financial institutions	385,213	0.80%	396,933	0.72%	305,597	1.09%
Debt securities investments and other debt instruments	970,458	1.27%	859,332	1.48%	839,362	2.04%
Advances to customers and other accounts	1,604,278	1.52%	1,557,703	1.67%	1,478,356	2.52%
Other interest-earning assets	17,715	0.70%	9,365	1.54%	27,863	1.09%
Total interest-earning assets	2,977,664	1.34%	2,823,333	1.47%	2,651,178	2.19%
Non interest-earning assets	606,975	-	642,931	-	470,798	-
Total assets	3,584,639	1.12%	3,466,264	1.20%	3,121,976	1.86%
LIABILITIES						
Deposits and balances from banks and other financial institutions	203,553	0.44%	200,291	0.36%	197,300	0.77%
Current, savings and time deposits	2,263,622	0.30%	2,199,251	0.40%	1,964,093	0.94%
Subordinated liabilities	-	-	-	-	2,920	5.50%
Other interest-bearing liabilities	18,178	1.09%	21,452	1.03%	36,464	1.40%
Total interest-bearing liabilities	2,485,353	0.32%	2,420,994	0.40%	2,200,777	0.94%
Shareholders' funds ¹ and other non interest-bearing deposits and liabilities	1,099,286	-	1,045,270	-	921,199	-
Total liabilities	3,584,639	0.22%	3,466,264	0.28%	3,121,976	0.66%

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 2021	Half-year ended 31 December 2020	Half-year ended 30 June 2020
	HK\$m	HK\$m	HK\$m
Securities brokerage	2,189	2,000	1,567
Loan commissions	1,793	921	1,389
Credit card business	996	935	924
Insurance	734	559	713
Funds distribution	518	455	442
Payment services	374	382	358
Trust and custody services	374	367	322
Bills commissions	321	313	278
Safe deposit box	151	153	153
Currency exchange	58	69	157
Others	608	563	495
Fee and commission income	8,116	6,717	6,798
Fee and commission expense	(1,459)	(1,310)	(1,363)
Net fee and commission income	6,657	5,407	5,435

Operating Expenses

HK\$m	Half-year ended 30 June 2021	Half-year ended 31 December 2020	Half-year ended 30 June 2020
Staff costs	4,389	5,077	4,384
Premises and equipment expenses (excluding depreciation and amortisation)	579	685	550
Depreciation and amortisation	1,515	1,511	1,529
Other operating expenses	1,099	1,485	1,126
Total operating expenses	7,582	8,758	7,589

Deposits from Customers

	At 30 June 2021	At 31 December 2020
	HK\$m	HK\$m
Demand deposits and current accounts		
- Corporate	685,211	222,286
- Personal	91,155	87,940
	776,366	310,226
Savings deposits		
- Corporate	520,267	499,740
- Personal	670,511	649,295
	1,190,778	1,149,035
Time, call and notice deposits		
- Corporate	445,813	454,852
- Personal	269,483	269,596
	715,296	724,448
	2,682,440	2,183,709

Gross Advances to Customers

	At 30 June 2021	At 31 December 2020
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	155,058	132,966
- Property investment	83,542	64,768
- Financial concerns	25,558	24,110
- Stockbrokers	111,359	1,656
- Wholesale and retail trade	31,533	30,523
- Manufacturing	45,164	53,629
- Transport and transport equipment	73,872	74,633
- Recreational activities	185	198
- Information technology	28,980	25,579
- Others	188,430	131,571
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	28,475	27,809
- Loans for purchase of other residential properties	326,062	311,070
- Credit card advances	10,591	10,959
- Others	103,829	101,986
Total loans for use in Hong Kong	1,212,638	991,457
Trade financing	83,850	66,497
Loans for use outside Hong Kong	448,465	439,910
Gross advances to customers	1,744,953	1,497,864

Loan Quality

HK\$m, except percentages	At 30 June 2021	At 31 December 2020
Advances to customers	1,744,953	1,497,864
Classified or impaired loan ratio	0.29%	0.27%
Total impairment allowances	10,200	9,172
Total impairment allowances as a percentage of advances to customers	0.58%	0.61%
Residential mortgage loans ¹ - delinquency and rescheduled loan ratio ²	0.02%	0.01%
Card advances - delinquency ratio ²	0.27%	0.23%
	Half-year ended 30 June 2021	Half-year ended 30 June 2020
Card advances - charge-off ratio ³	1.58%	1.88%

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	At 30 June	At 31 December
	2021	2020
Consolidated capital after deductions		
Common Equity Tier 1 capital	225,551	216,542
Additional Tier 1 capital	23,476	23,476
Tier 1 capital	249,027	240,018
Tier 2 capital	30,786	29,558
Total capital	279,813	269,576
Total risk-weighted assets	1,413,929	1,220,000
Common Equity Tier 1 capital ratio	15.95%	17.75%
Tier 1 capital ratio	17.61%	19.67%
Total capital ratio	19.79%	22.10%