

BOC HONG KONG (HOLDINGS) LIMITED

Data Pack

1H2022

1. Financial Highlights
2. Consolidated Income Statement
3. Consolidated Balance Sheet
4. Segmental Reporting
5. Net Interest Income and NIM
6. Net Fee and Commission Income
7. Operating Expenses
8. Deposits from Customers
9. Gross Advances to Customers
10. Loan Quality
11. Capital Ratio

The financial information is extracted from the *2022 Interim Report* of BOC Hong Kong (Holdings) Limited (the Company), which is not complete and should be read in conjunction with the 2022 Interim Report and other reports and financial information published by the Company.

Financial Highlights

	30 June 2022	30 June 2021
For the period	HK\$m	HK\$m
Net operating income before impairment allowances	27,232	25,050
Operating profit	17,692	16,286
Profit before taxation	17,389	16,153
Profit for the period	14,417	13,591
Profit attributable to equity holders of the Company and other equity instrument holders	14,165	13,264
	30 June 2022	30 June 2021
Per share	HK\$	HK\$
Basic earnings per share	1.2742	1.1895
Dividend per share	0.447	0.447
	30 June 2022	31 December 2021
At period/year end	HK\$m	HK\$m
Total assets	3,621,134	3,639,430
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	295,741	297,999
	30 June 2022	30 June 2021
Financial ratios for the period	%	%
Return on average total assets ¹	0.78	0.76
Return on average shareholders' equity ²	8.84	8.42
Cost to income ratio	28.74	30.27
	2022	2021
Average value of liquidity coverage ratio³	%	%
First quarter	163.65	134.09
Second quarter	155.02	134.20
Third quarter		134.73
Fourth quarter		146.70
	30 June 2022	31 December 2021
Financial ratios at period / year-end	%	%
Loan to deposit ratio ⁴	70.03	68.60
	2022	2021
Quarter-end value of net stable funding ratio³	%	%
First quarter	125.22	124.90
Second quarter	128.53	118.50
Third quarter		125.92
Fourth quarter		126.96
	30 June 2022	31 December 2021
Financial ratios at period / year-end	%	%
Total capital ratio ⁵	21.88	21.44

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 2022	(Unaudited) Half-year ended 30 June 2021
	HK\$m	HK\$m
Interest income	22,002	19,848
<i>Interest income calculated using the effective interest method</i>	21,462	19,520
<i>Others</i>	540	328
Interest expense	(6,621)	(3,906)
Net interest income	15,381	15,942
Fee and commission income	6,823	8,116
Fee and commission expense	(1,679)	(1,459)
Net fee and commission income	5,144	6,657
Gross earned premiums	15,378	13,919
Gross earned premiums ceded to reinsurers	(5,532)	(4,902)
Net insurance premium income	9,846	9,017
Net trading gain	8,958	2,354
Net (loss)/gain on other financial instruments at fair value through profit or loss	(1,471)	96
Net(loss)/gain on other financial instruments	(2,048)	451
Other operating income	432	503
Total operating income	36,242	35,020
Gross insurance benefits and claims and movement in liabilities	(14,540)	(15,544)
Reinsurers' share of benefits and claims and movement in liabilities	5,530	5,574
Net insurance benefits and claims and movement in liabilities	(9,010)	(9,970)
Net operating income before impairment allowances	27,232	25,050
Net charge of impairment allowances	(1,714)	(1,182)
Net operating income	25,518	23,868
Operating expenses	(7,826)	(7,582)
Operating profit	17,692	16,286
Net loss from disposal of/fair value adjustments on investment properties	(142)	(22)
Net loss from disposal/revaluation of properties, plant and equipment	(2)	(22)
Share of results after tax of associates and joint ventures	(159)	(89)
Profit before taxation	17,389	16,153
Taxation	(2,972)	(2,562)
Profit for the period	14,417	13,591
Profit attributable to:		
Equity holders of the Company and other equity instrument holders	14,165	13,264
Equity holders of the Company	13,472	12,576
Other equity instrument holders	693	688
Non-controlling interests	252	327
	14,417	13,591
Dividends	4,726	4,726
	HK\$	HK\$
Earnings per share		
Basic and diluted	1.2742	1.1895

Condensed Consolidated Balance Sheet

	(Unaudited) At 30 June 2022 HK\$m	(Audited) At 31 December 2021 HK\$m
ASSETS		
Cash and balances and placements with banks and other financial institutions	436,774	465,535
Financial assets at fair value through profit or loss	62,283	73,537
Derivative financial instruments	58,773	33,186
Hong Kong SAR Government certificates of indebtedness	212,660	203,810
Advances and other accounts	1,678,660	1,597,194
Investment in securities	999,067	1,094,233
Interests in associates and joint ventures	1,048	1,215
Investment properties	17,627	17,722
Properties, plant and equipment	45,766	46,441
Current tax assets	72	93
Deferred tax assets	417	192
Other assets	107,987	106,272
Total assets	3,621,134	3,639,430
LIABILITIES		
Hong Kong SAR currency notes in circulation	212,660	203,810
Deposits and balances from banks and other financial institutions	314,294	486,062
Financial liabilities at fair value through profit or loss	26,465	12,520
Derivative financial instruments	36,095	29,757
Deposits from customers	2,400,609	2,331,155
Debt securities and certificates of deposit in issue	3,733	2,423
Other accounts and provisions	138,008	83,041
Current tax liabilities	4,890	3,491
Deferred tax liabilities	4,457	5,799
Insurance contract liabilities	155,408	153,911
Total liabilities	3,296,619	3,311,969
EQUITY		
Share capital	52,864	52,864
Reserves	242,877	245,135
Capital and reserves attributable to equity holders of the Company	295,741	297,999
Other equity instruments	23,476	23,476
Non-controlling interests	5,298	5,986
Total equity	324,515	327,461
Total liabilities and equity	3,621,134	3,639,430

Segmental reporting

Half-year ended 30 June 2022	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	2,063	5,685	4,660	1,967	1,006	15,381	-	15,381
- Inter-segment	1,884	(212)	(1,507)	(10)	(155)	-	-	-
	3,947	5,473	3,153	1,957	851	15,381	-	15,381
Net fee and commission income/(expense)	3,232	2,433	(29)	(846)	588	5,378	(234)	5,144
Net insurance premium income	-	-	-	9,856	-	9,856	(10)	9,846
Net trading gain	511	834	7,211	3	354	8,913	45	8,958
Net loss on other financial instruments at fair value through profit or loss	-	-	(141)	(1,336)	-	(1,477)	6	(1,471)
Net gain(loss) on other financial instruments	-	4	(2,033)	(19)	-	(2,048)	-	(2,048)
Other operating income	13	1	30	71	915	1,030	(598)	432
Total operating income	7,703	8,745	8,191	9,686	2,708	37,033	(791)	36,242
Net insurance benefits and claims and movement in liabilities	-	-	-	(9,010)	-	(9,010)	-	(9,010)
Net operating income before impairment allowances	7,703	8,745	8,191	676	2,708	28,023	(791)	27,232
Net (charge)/reversal of impairment allowances	(111)	(1,590)	(2)	(17)	6	(1,714)	-	(1,714)
Net operating income	7,592	7,155	8,189	659	2,714	26,309	(791)	25,518
Operating expenses	(4,501)	(1,662)	(637)	(288)	(1,529)	(8,617)	791	(7,826)
Operating profit	3,091	5,493	7,552	371	1,185	17,692	-	17,692
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(142)	(142)	-	(142)
Net loss from disposal/revaluation of properties, plant and equipment	(1)	-	-	-	(1)	(2)	-	(2)
Share of results after tax of associates and joint ventures	(11)	-	2	-	(150)	(159)	-	(159)
Profit before taxation	3,079	5,493	7,554	371	892	17,389	-	17,389
At 30 June 2022								
ASSETS								
Segment assets	546,217	1,101,146	1,634,076	201,741	175,577	3,658,757	(38,671)	3,620,086
Interests in associates and joint ventures	622	-	2	-	424	1,048	-	1,048
	546,839	1,101,146	1,634,078	201,741	176,001	3,659,805	(38,671)	3,621,134
LIABILITIES								
Segment liabilities	1,238,937	1,153,979	640,826	191,451	110,097	3,335,290	(38,671)	3,296,619
Half-year ended 30 June 2021								
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 instruments	-	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 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

Net Interest Income and Net Interest Margin

HK\$m, except percentages	Half-year ended 30 June 2022	Half-year ended 31 December 2021	Half-year ended 30 June 2021
Interest income	22,002	20,450	19,848
Interest expense	(6,621)	(4,451)	(3,906)
Net interest income	15,381	15,999	15,942
Average interest-earning assets	3,139,822	3,052,163	2,977,664
Net interest spread	0.90%	0.97%	1.02%
Net interest margin	0.99%	1.04%	1.08%
Net interest margin (adjusted)*	1.13%	1.08%	1.10%

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

Average Balance and Average Interest Rates

	Half-year ended 30 June 2022	Half-year ended 31 December 2021	Half-year ended 30 June 2021
	Average balance HK\$m	Average yield %	Average balance HK\$m
ASSETS			
Balances and placements with banks and other financial institutions	412,493	0.72%	382,074
Debt securities investments and other debt instruments	1,082,644	1.30%	1,059,290
Advances to customers and other accounts	1,638,263	1.66%	1,596,657
Other interest-earning assets	6,422	2.53%	14,142
Total interest-earning assets	3,139,822	1.41%	3,052,163
Non interest-earning assets	544,979	--	541,641
Total assets	3,684,801	1.20%	3,593,804
	Average balance HK\$m	Average rate %	Average balance HK\$m
LIABILITIES			
Deposits and balances from banks and other financial institutions	323,117	0.81%	296,539
Current, savings and time deposits	2,254,428	0.46%	2,115,003
Other interest-bearing liabilities	22,756	1.10%	21,434
Total interest-bearing liabilities	2,600,301	0.51%	2,432,976
Shareholders' funds ¹ and other non interest-bearing deposits and liabilities	1,084,500	-	1,160,828
Total liabilities	3,684,801	0.36%	3,593,804

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

Net Fee and Commission Income

HK\$m	Half-year ended 30 June 2022	Half-year ended 31 December 2021	Half-year ended 30 June 2021
Loan commissions	1,769	953	1,793
Securities brokerage	1,388	1,554	2,189
Credit card business	903	1,145	996
Insurance	556	795	734
Payment services	360	377	374
Trust and custody services	341	390	374
Funds distribution	295	307	417
Bills commissions	262	302	321
Safe deposit box	149	155	151
Currency exchange	87	61	58
Funds management	26	60	101
Others	687	588	608
Fee and commission income	6,823	6,687	8,116
Fee and commission expense	(1,679)	(1,472)	(1,459)
Net fee and commission income	5,144	5,215	6,657

Operating Expenses

HK\$m	Half-year ended 30 June 2022	Half-year ended 31 December 2021	Half-year ended 30 June 2021
Staff costs	4,605	5,153	4,389
Premises and equipment expenses (excluding depreciation and amortisation)	589	653	579
Depreciation and amortisation	1,526	1,524	1,515
Other operating expenses	1,106	1,495	1,099
Operating expenses	7,826	8,825	7,582

Deposits from Customers

	At 30 June 2022	At 31 December 2021
	HK\$m	HK\$m
Demand deposits and current accounts		
- Corporate	199,053	229,326
- Personal	97,691	97,908
	296,744	327,234
Savings deposits		
- Corporate	515,035	513,556
- Personal	669,662	680,538
	1,184,697	1,194,094
Time, call and notice deposits		
- Corporate	605,630	544,036
- Personal	313,538	265,791
	919,168	809,827
	2,400,609	2,331,155

Gross Advances to Customers

	At 30 June 2022	At 31 December 2021
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	184,971	166,208
- Property investment	85,751	78,125
- Financial concerns	23,824	23,392
- Stockbrokers	1,919	3,070
- Wholesale and retail trade	31,055	27,281
- Manufacturing	46,713	44,492
- Transport and transport equipment	62,610	62,000
- Recreational activities	169	176
- Information technology	33,944	31,753
- Others	151,968	145,302
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	35,325	34,776
- Loans for purchase of other residential properties	357,494	349,645
- Credit card advances	10,439	12,079
- Others	109,897	104,906
Total loans for use in Hong Kong	1,136,079	1,083,205
Trade financing	81,060	73,611
Loans for use outside Hong Kong	463,911	442,268
Gross advances to customers	1,681,050	1,599,084

Loan Quality

HK\$m, except percentages	At 30 June 2022	At 31 December 2021
Advances to customers	1,681,050	1,599,084
Classified or impaired loan ratio	0.46%	0.27%
Total impairment allowances	11,235	9,877
Total impairment allowances as a percentage of advances to customers	0.67%	0.62%
Residential mortgage loans ¹ - delinquency and rescheduled loan ratio ²	0.02%	0.01%
Card advances - delinquency ratio ²	0.28%	0.23%
	Half-year ended 30 June 2022	Half-year ended 30 June 2021
Card advances - charge-off ratio ³	1.38%	1.58%

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 2022	At 31 December 2021
Consolidated capital after deductions		
Common Equity Tier 1 capital	229,606	224,189
Additional Tier 1 capital	23,476	23,476
Tier 1 capital	253,082	247,665
Tier 2 capital	30,185	30,174
Total capital	283,267	277,839
Total risk-weighted assets	1,294,797	1,296,153
Common Equity Tier 1 capital ratio	17.73%	17.30%
Tier 1 capital ratio	19.55%	19.11%
Total capital ratio	21.88%	21.44%