

BOC HONG KONG (HOLDINGS) LIMITED

Data Pack

FY2023

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The financial information is extracted from the *2023 Annual Report* of BOC Hong Kong (Holdings) Limited (the Company), which is not complete and should be read in conjunction with the 2023 Annual Report and other reports and financial information published by the Company.

Financial Highlights

	2023	2022
For the year	HK\$'m	HK\$'m
Net operating income before impairment allowances	65,498	54,215
Operating profit	42,558	34,917
Profit before taxation	40,914	33,162
Profit for the year	34,857	27,230
Profit attributable to equity holders of the Company and other equity instrument holders	34,115	27,330
	2023	2022
Per share	HK\$	HK\$
Basic earnings per share	3.0950	2.4535
Dividend per share	1.672	1.357
	2023	2022
At year-end	HK\$'m	HK\$'m
Total assets	3,868,783	3,666,505
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	320,145	299,788
	2023	2022
Financial ratios	%	%
Return on average total assets ¹	0.90	0.75
Return on average shareholders' equity ²	10.60	8.50
Cost to income ratio	25.35	31.26
Loan to deposit ratio ³	67.99	69.34
Average value of liquidity coverage ratio ⁴		
First quarter	189.68	159.16
Second quarter	188.89	149.49
Third quarter	193.47	149.00
Fourth quarter	207.12	178.49
Quarter-end value of net stable funding ratio ⁴		
First quarter	134.51	123.86
Second quarter	131.56	126.87
Third quarter	138.67	127.98
Fourth quarter	137.28	131.56
Total capital ratio ⁵	21.18	21.52

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. Deposits from customers include 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. On 1 January 2023, the Group adopted the requirements of HKFRS 17 "Insurance Contracts" retrospectively. The comparative information for the year 2022 has been restated accordingly.

Consolidated Income Statement

For the year ended 31 December

	2023	(Restated) 2022
	HK\$m	HK\$m
Interest income	128,489	63,770
<i>Interest income calculated using the effective interest method</i>	121,459	60,954
<i>Others</i>	7,030	2,816
Interest expense	(77,411)	(25,020)
Net interest income	51,078	38,750
Fee and commission income	12,187	12,360
Fee and commission expense	(3,020)	(2,560)
Net fee and commission income	9,167	9,800
Insurance revenue	1,897	1,694
Insurance service expense	(1,059)	(637)
Net income from reinsurance contracts held	108	80
Insurance service result	946	1,137
Net trading gain	8,315	12,839
Net gain/(loss) on other financial instruments at fair value through profit or loss	2,277	(11,864)
Net loss on other financial instruments	(1,468)	(3,856)
Insurance finance (expenses)/income	(5,430)	6,561
Other operating income	613	848
Net operating income before impairment allowances	65,498	54,215
Net charge of impairment allowances	(6,333)	(2,348)
Net operating income	59,165	51,867
Operating expenses	(16,607)	(16,950)
Operating profit	42,558	34,917
Net loss from disposal of/fair value adjustments on investment properties	(1,270)	(1,305)
Net loss from disposal/revaluation of properties, plant and equipment	(135)	(111)
Share of results after tax of associates and joint ventures	(239)	(339)
Profit before taxation	40,914	33,162
Taxation	(6,057)	(5,932)
Profit for the year	34,857	27,230
Profit attributable to:		
Equity holders of the Company and other equity instrument holders	34,115	27,330
Equity holders of the Company	32,723	25,940
Other equity instrument holders	1,392	1,390
Non-controlling interests	742	(100)
	34,857	27,230
	HK\$	HK\$
Earnings per share		
Basic and diluted	3.0950	2.4535

Consolidated Balance Sheet

As at 31 December	2023	(Restated) 2022	(Restated) 1 Jan 2022
	HK\$'m	HK\$'m	HK\$'m
ASSETS			
Cash and balances and placements with banks and other financial institutions	406,571	535,194	465,535
Financial assets at fair value through profit or loss	373,290	131,213	118,665
Derivative financial instruments	54,211	61,832	33,186
Hong Kong SAR Government certificates of indebtedness	213,000	208,770	203,810
Advances and other accounts	1,693,144	1,644,113	1,595,728
Investment in securities	978,440	937,013	1,052,277
Interests in associates and joint ventures	1,275	843	1,215
Investment properties	14,875	16,069	17,722
Properties, plant and equipment	41,738	44,261	46,441
Current tax assets	75	115	93
Deferred tax assets	1,480	1,162	780
Other assets	90,684	85,920	101,187
Total assets	3,868,783	3,666,505	3,636,639
LIABILITIES			
Hong Kong SAR currency notes in circulation	213,000	208,770	203,810
Deposits and balances from banks and other financial institutions	373,673	316,626	486,062
Financial liabilities at fair value through profit or loss	66,203	59,453	12,520
Derivative financial instruments	41,553	50,266	29,757
Deposits from customers	2,501,682	2,377,207	2,331,155
Debt securities and certificates of deposit in issue	1,999	3,636	2,423
Other accounts and provisions	84,694	69,688	53,685
Current tax liabilities	4,612	5,039	3,491
Deferred tax liabilities	4,742	4,346	5,733
Insurance contract liabilities	177,873	169,246	183,705
Subordinated liabilities	75,323	76,393	-
Total liabilities	3,545,354	3,340,670	3,312,341
EQUITY			
Share capital	52,864	52,864	52,864
Reserves	267,281	246,924	243,522
Capital and reserves attributable to equity holders of the Company	320,145	299,788	296,386
Other equity instruments	-	23,476	23,476
Non-controlling interests	3,284	2,571	4,436
Total equity	323,429	325,835	324,298
Total liabilities and equity	3,868,783	3,666,505	3,636,639

Segmental reporting

Year ended 31 December 2023	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 (expense)/income								
- External	(11,050)	19,864	34,195	4,499	3,570	51,078	-	51,078
- Inter-segment	30,784	438	(30,764)	(100)	(358)	-	-	-
	19,734	20,302	3,431	4,399	3,212	51,078	-	51,078
Net fee and commission income/(expense)								
- External	6,393	3,820	185	(2,054)	823	9,167	-	9,167
- Inter-segment	(2,005)	4	125	2,043	577	744	(744)	-
	4,388	3,824	310	(11)	1,400	9,911	(744)	9,167
Insurance service result	-	-	-	828	-	828	118	946
Net trading gain/(loss)	515	1,752	6,113	(734)	657	8,303	12	8,315
Net gain/(loss) on other financial instruments at fair value through profit or loss	39	-	(142)	2,379	-	2,276	1	2,277
Net gain/(loss) on other financial instruments	-	10	(1,322)	(151)	(5)	(1,468)	-	(1,468)
Insurance finance (expenses)/income	-	-	-	(5,430)	-	(5,430)	-	(5,430)
Other operating income	27	1	31	16	1,743	1,818	(1,205)	613
Net operating income before impairment allowances	24,703	25,889	8,421	1,296	7,007	67,316	(1,818)	65,498
Net (charge)/reversal of impairment allowances	(392)	(6,212)	(1)	(1)	273	(6,333)	-	(6,333)
Net operating income	24,311	19,677	8,420	1,295	7,280	60,983	(1,818)	59,165
Operating expenses	(9,607)	(3,811)	(1,457)	(97)	(3,453)	(18,425)	1,818	(16,607)
Operating profit	14,704	15,866	6,963	1,198	3,827	42,558	-	42,558
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(1,270)	(1,270)	-	(1,270)
Net loss from disposal/revaluation of properties, plant and equipment	(1)	-	-	-	(134)	(135)	-	(135)
Share of results after tax of associates and joint ventures	(22)	-	5	-	(222)	(239)	-	(239)
Profit before taxation	14,681	15,866	6,968	1,198	2,201	40,914	-	40,914
At 31 December 2023								
ASSETS								
Segment assets	629,699	1,041,554	1,884,129	187,152	189,328	3,931,862	(64,354)	3,867,508
Interests in associates and joint ventures	113	-	3	309	850	1,275	-	1,275
	629,812	1,041,554	1,884,132	187,461	190,178	3,933,137	(64,354)	3,868,783
LIABILITIES								
Segment liabilities	1,366,745	1,120,307	819,223	182,912	120,521	3,609,708	(64,354)	3,545,354
Year ended 31 December 2023								
Other information								
Capital expenditure	41	19	1	52	1,681	1,794	-	1,794
Depreciation and amortisation	1,088	324	127	81	1,340	2,960	(41)	2,919
(Restated)								
Year ended 31 December 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	2,533	15,528	14,238	4,011	2,440	38,750	-	38,750
- Inter-segment	8,032	(4,027)	(2,806)	(54)	(1,145)	-	-	-
	10,565	11,501	11,432	3,957	1,295	38,750	-	38,750
Net fee and commission income/(expense)								
- External	6,140	3,829	(74)	(874)	779	9,800	-	9,800
- Inter-segment	(828)	6	81	854	453	566	(566)	-
	5,312	3,835	7	(20)	1,232	10,366	(566)	9,800
Insurance service result	-	-	-	1,041	-	1,041	96	1,137
Net trading gain/(loss)	1,011	1,603	10,196	(560)	585	12,835	4	12,839
Net loss on other financial instruments at fair value through profit or loss	-	-	(604)	(11,260)	-	(11,864)	-	(11,864)
Net gain/(loss) on other financial instruments	-	12	(3,709)	(165)	6	(3,856)	-	(3,856)
Insurance finance (expenses)/income	-	-	-	6,561	-	6,561	-	6,561
Other operating income	30	5	80	101	1,831	2,047	(1,199)	848
Net operating income/(expense) before impairment allowances	16,918	16,956	17,402	(345)	4,949	55,880	(1,665)	54,215
Net (charge)/reversal of impairment allowances	(344)	(2,008)	71	14	(81)	(2,348)	-	(2,348)
Net operating income/(expense)	16,574	14,948	17,473	(331)	4,868	53,532	(1,665)	51,867
Operating expenses	(9,096)	(3,548)	(2,544)	(66)	(3,361)	(18,615)	1,665	(16,950)
Operating profit/(loss)	7,478	11,400	14,929	(397)	1,507	34,917	-	34,917
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	(1,305)	(1,305)	-	(1,305)
Net loss from disposal/revaluation of properties, plant and equipment	(1)	-	-	-	(110)	(111)	-	(111)
Share of results after tax of associates and joint ventures	(48)	-	4	-	(295)	(339)	-	(339)
Profit/(loss) before taxation	7,429	11,400	14,933	(397)	(203)	33,162	-	33,162
At 31 December 2022								
ASSETS								
Segment assets	580,155	1,040,621	1,734,391	177,505	173,197	3,705,869	(40,207)	3,665,662
Interests in associates and joint ventures	563	-	1	-	279	843	-	843
	580,718	1,040,621	1,734,392	177,505	173,476	3,706,712	(40,207)	3,666,505
LIABILITIES								
Segment liabilities	1,280,379	1,075,631	746,103	173,218	105,546	3,380,877	(40,207)	3,340,670
Year ended 31 December 2022								
Other information								
Capital expenditure	46	26	10	85	1,745	1,912	-	1,912
Depreciation and amortisation	1,175	307	122	73	1,365	3,042	(41)	3,001

Net Interest Income and Net Interest Margin

HK\$m, except percentages	2023	(Restated) 2022
Interest income	128,489	63,770
Interest expense	(77,411)	(25,020)
Net interest income	51,078	38,750
Average interest-earning assets	3,334,799	3,104,952
Net interest spread	1.12%	1.08%
Net interest margin	1.53%	1.25%
Net interest margin (adjusted)*	1.63%	1.36%

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

Average Balance and Average Interest Rates

	2023		(Restated) 2022	
	Average balance HK\$m	Average yield %	Average balance HK\$m	Average yield %
ASSETS				
Balances and placements with banks and other financial institutions	430,345	2.03%	403,002	1.07%
Debt securities investments and other debt instruments	1,208,912	3.37%	1,043,987	1.75%
Advances to customers and other accounts	1,682,932	4.65%	1,647,603	2.47%
Other interest-earning assets	12,610	6.80%	10,360	3.77%
Total interest-earning assets	3,334,799	3.85%	3,104,952	2.05%
Non interest-earning assets	528,473	-	531,548	-
Total assets	3,863,272	3.33%	3,636,500	1.75%
LIABILITIES				
	Average balance HK\$m	Average rate %	Average balance HK\$m	Average rate %
Deposits and balances from banks and other financial institutions	267,957	1.89%	284,175	0.84%
Current, savings and time deposits	2,403,303	2.78%	2,234,610	0.95%
Subordinated liabilities	76,571	3.28%	9,607	3.45%
Other interest-bearing liabilities	91,343	3.24%	54,444	1.83%
Total interest-bearing liabilities	2,839,174	2.73%	2,582,836	0.97%
Shareholders' funds* and other non interest-bearing deposits and liabilities	1,024,098	-	1,053,664	-
Total liabilities	3,863,272	2.00%	3,636,500	0.69%

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

Net Fee and Commission Income

	2023	(Restated) 2022
	HK\$'m	HK\$'m
Credit card business	2,430	1,991
Loan commissions	2,413	2,547
Securities brokerage	1,826	2,491
Trust and custody services	790	723
Payment services	714	724
Insurance	651	912
Bills commissions	481	514
Funds distribution	431	541
Currency exchange	398	210
Safe deposit box	290	299
Funds management	28	49
Others	1,735	1,359
Fee and commission income	12,187	12,360
Fee and commission expense	(3,020)	(2,560)
Net fee and commission income	9,167	9,800

Operating Expenses

HK\$m	2023	(Restated) 2022
Staff costs	10,725	9,946
Premises and equipment expenses (excluding depreciation and amortisation)	1,394	1,273
Depreciation and amortisation	2,919	3,001
Other operating expenses	2,721	3,624
Less: Costs directly attributable to insurance contracts	(1,152)	(894)
Operating expenses	16,607	16,950

Deposits from Customers

As at 31 December	2023	2022
	HK\$m	HK\$m
Current, savings and other deposit accounts (per balance sheet)	2,501,682	2,377,207
Structured deposits reported as financial liabilities at fair value through profit or loss	2,159	-
	2,503,841	2,377,207
Analysed by:		
Demand deposits and current accounts		
- Corporate	153,646	165,006
- Personal	62,720	71,109
	216,366	236,115
Savings deposits		
- Corporate	519,868	472,248
- Personal	451,245	521,441
	971,113	993,689
Time, call and notice deposits		
- Corporate	620,576	616,829
- Personal	695,786	530,574
	1,316,362	1,147,403
	2,503,841	2,377,207

Gross Advances to Customers

As at 31 December	2023	2022
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	188,115	171,614
- Property investment	95,384	91,525
- Financial concerns	16,506	25,197
- Stockbrokers	1,196	1,110
- Wholesale and retail trade	33,992	31,704
- Manufacturing	58,991	48,891
- Transport and transport equipment	51,971	62,411
- Recreational activities	63	154
- Information technology	38,989	34,274
- Others	198,397	174,326
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	45,079	35,879
- Loans for purchase of other residential properties	388,178	367,502
- Credit card advances	12,668	11,962
- Others	123,634	115,917
Total loans for use in Hong Kong	1,253,163	1,172,466
Trade financing	47,691	51,879
Loans for use outside Hong Kong	401,448	423,924
Gross advances to customers	1,702,302	1,648,269

Loan Quality

HK\$m, except percentages	At 31 December 2023	(Restated) At 31 December 2022
Advances to customers	1,702,302	1,648,269
Classified or impaired loan ratio	1.05%	0.53%
Total impairment allowances ¹	14,750	11,575
Total impairment allowances as a percentage of advances to customers	0.87%	0.70%
Residential mortgage loans ² - delinquency and rescheduled loan ratio ³	0.02%	0.02%
Card advances - delinquency ratio ³	0.32%	0.28%
	2023	2022
Card advances - charge-off ratio ⁴	1.39%	1.38%

1. Total impairment allowances include those for advances at fair value through other comprehensive income.

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

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

4. 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 2023	At 31 December 2022
Consolidated capital after deductions		
Common Equity Tier 1 capital	247,109	229,798
Additional Tier 1 capital	-	23,476
Tier 1 capital	247,109	253,274
Tier 2 capital	28,036	29,048
Total capital	275,145	282,322
Total risk-weighted assets	1,298,956	1,312,199
Common Equity Tier 1 capital ratio	19.02%	17.51%
Tier 1 capital ratio	19.02%	19.30%
Total capital ratio	21.18%	21.52%

* The comparative figures have been restated to conform with current year presentation