

# BOC HONG KONG (HOLDINGS) LIMITED

## Data Pack

1H2023

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

## Financial Highlights

	30 June 2023	30 June 2022
<b>For the period</b>	<b>HK\$m</b>	<b>HK\$m</b>
Net operating income before impairment allowances	30,838	25,351
Operating profit	21,817	16,232
Profit before taxation	21,523	15,929
Profit for the period	18,082	13,041
Profit attributable to equity holders of the Company and other equity instrument holders	17,694	13,315
	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Per share</b>	<b>HK\$</b>	<b>HK\$</b>
Basic earnings per share	1.6077	1.1938
Dividend per share	0.527	0.447
	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>At period/year end</b>	<b>HK\$m</b>	<b>HK\$m</b>
Total assets	3,771,181	3,666,505
Issued and fully paid up share capital	52,864	52,864
Capital and reserves attributable to equity holders of the Company	307,969	299,788
	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Financial ratios for the period</b>	<b>%</b>	<b>%</b>
Return on average total assets <sup>1</sup>	0.97	0.71
Return on average shareholders' equity <sup>2</sup>	10.81	8.37
Cost to income ratio	25.46	29.25
	<b>2023</b>	<b>2022</b>
<b>Average value of liquidity coverage ratio<sup>3</sup></b>	<b>%</b>	<b>%</b>
First quarter	189.68	159.16
Second quarter	188.89	149.49
Third quarter		149.00
Fourth quarter		178.49
	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Financial ratios at period / year-end</b>	<b>%</b>	<b>%</b>
Loan to deposit ratio <sup>4</sup>	69.80	69.34
	<b>2023</b>	<b>2022</b>
<b>Quarter-end value of net stable funding ratio<sup>3</sup></b>	<b>%</b>	<b>%</b>
First quarter	134.51	123.86
Second quarter	131.56	126.87
Third quarter		127.98
Fourth quarter		131.56
	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Financial ratios at period / year-end</b>	<b>%</b>	<b>%</b>
Total capital ratio <sup>5</sup>	22.99	21.52

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. Deposits from customers include structured deposits reported as "Financial liabilities at fair value through profit or loss".

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 2023	(Restated) (Unaudited) Half-year ended 30 June 2022
	HK\$m	HK\$m
Interest income	57,249	21,942
<i>Interest income calculated using the effective interest method</i>	55,269	20,668
<i>Others</i>	1,980	1,274
Interest expense	-34,041	-6,621
<b>Net interest income</b>	<b>23,208</b>	<b>15,321</b>
Fee and commission income	6,348	6,624
Fee and commission expense	-1,434	-1,192
<b>Net fee and commission income</b>	<b>4,914</b>	<b>5,432</b>
Insurance revenue	885	814
Insurance service expense	-395	-334
Net income from reinsurance contracts held	57	6
<b>Insurance service result</b>	<b>547</b>	<b>486</b>
Net trading gain	4,043	8,902
Net gain/(loss) on other financial instruments at fair value through profit or loss	1,511	-8,413
Net loss on other financial instruments	-800	-2,028
Insurance finance (expenses)/income	-2,871	5,230
Other operating income	286	421
<b>Net operating income before impairment allowances</b>	<b>30,838</b>	<b>25,351</b>
Net charge of impairment allowances	-1,169	-1,704
<b>Net operating income</b>	<b>29,669</b>	<b>23,647</b>
Operating expenses	-7,852	-7,415
<b>Operating profit</b>	<b>21,817</b>	<b>16,232</b>
Net loss from disposal of/fair value adjustments on investment properties	-166	-142
Net loss from disposal/revaluation of properties, plant and equipment	-3	-2
Share of results after tax of associates and joint ventures	-125	-159
<b>Profit before taxation</b>	<b>21,523</b>	<b>15,929</b>
Taxation	-3,441	-2,888
<b>Profit for the period</b>	<b>18,082</b>	<b>13,041</b>
<b>Profit attributable to:</b>		
Equity holders of the Company and other equity instrument holders	17,694	13,315
Equity holders of the Company	16,998	12,622
Other equity instrument holders	696	693
Non-controlling interests	388	-274
	<b>18,082</b>	<b>13,041</b>
<b>Dividends</b>	<b>5,572</b>	<b>4,726</b>
	HK\$	HK\$
<b>Earnings per share</b>		
Basic and diluted	<b>1.6077</b>	<b>1.1938</b>

## Condensed Consolidated Balance Sheet

	(Unaudited) At 30 June 2023 HK\$m	(Restated) At 31 December 2022 HK\$m
<b>ASSETS</b>		
Cash and balances and placements with banks and other financial institutions	414,560	535,194
Financial assets at fair value through profit or loss	154,498	131,213
Derivative financial instruments	75,056	61,832
Hong Kong SAR Government certificates of indebtedness	210,010	208,770
Advances and other accounts	1,713,106	1,644,113
Investment in securities	1,035,587	937,013
Interests in associates and joint ventures	716	843
Investment properties	16,039	16,069
Properties, plant and equipment	43,668	44,261
Current tax assets	104	115
Deferred tax assets	1,230	1,162
Other assets	106,607	85,920
Total assets	<b>3,771,181</b>	<b>3,666,505</b>
<b>LIABILITIES</b>		
Hong Kong SAR currency notes in circulation	210,010	208,770
Deposits and balances from banks and other financial institutions	291,331	316,626
Financial liabilities at fair value through profit or loss	52,209	59,453
Derivative financial instruments	56,338	50,266
Deposits from customers	2,463,390	2,377,207
Debt securities and certificates of deposit in issue	3,602	3,636
Other accounts and provisions	99,209	69,688
Current tax liabilities	6,939	5,039
Deferred tax liabilities	4,445	4,346
Insurance contract liabilities	173,567	169,246
Subordinated liabilities	75,627	76,393
Total liabilities	<b>3,436,667</b>	<b>3,340,670</b>
<b>EQUITY</b>		
Share capital	52,864	52,864
Reserves	255,105	246,924
Capital and reserves attributable to equity holders of the Company	<b>307,969</b>	<b>299,788</b>
Other equity instruments	23,476	23,476
Non-controlling interests	3,069	2,571
Total equity	<b>334,514</b>	<b>325,835</b>
Total liabilities and equity	<b>3,771,181</b>	<b>3,666,505</b>

## Segmental reporting

	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
<b>Half-year ended 30 June 2023</b>								
Net interest (expense)/income								
- External	-4,460	9,411	14,349	2,177	1,731	23,208	-	23,208
- Inter-segment	14,246	380	-14,410	-41	-175	-	-	-
	9,786	9,791	-61	2,136	1,556	23,208	-	23,208
Net fee and commission income/(expense)	3,390	2,157	128	-6	593	6,262	-1,348	4,914
Insurance service result	-	-	-	457	-	457	90	547
Net trading gain/(loss)	271	828	3,056	-399	283	4,039	4	4,043
Net gain on other financial instruments at fair value through profit or loss	-	-	63	1,447	-	1,510	1	1,511
Net gain/(loss) on other financial instruments	-	2	-677	-125	-	-800	-	-800
Insurance finance (expenses)/income	-	-	-	-2,871	-	-2,871	-	-2,871
Other operating income	8	-	5	10	869	892	-606	286
<b>Net operating income before impairment allowances</b>	<b>13,455</b>	<b>12,778</b>	<b>2,514</b>	<b>649</b>	<b>3,301</b>	<b>32,697</b>	<b>-1,859</b>	<b>30,838</b>
Net (charge)/reversal of impairment allowances	-73	-1,138	-3	-1	46	-1,169	-	-1,169
<b>Net operating income</b>	<b>13,382</b>	<b>11,640</b>	<b>2,511</b>	<b>648</b>	<b>3,347</b>	<b>31,528</b>	<b>-1,859</b>	<b>29,669</b>
Operating expenses	-4,743	-1,790	-728	-31	-1,606	-8,898	1,046	-7,852
<b>Operating profit</b>	<b>8,639</b>	<b>9,850</b>	<b>1,783</b>	<b>617</b>	<b>1,741</b>	<b>22,630</b>	<b>-813</b>	<b>21,817</b>
Net loss from disposal of/fair value adjustments on investment properties	-	-	-	-	-166	-166	-	-166
Net loss from disposal/revaluation of properties, plant and equipment	-1	-	-	-	-2	-3	-	-3
Share of results after tax of associates and joint ventures	-13	-	2	-	-114	-125	-	-125
<b>Profit before taxation</b>	<b>8,625</b>	<b>9,850</b>	<b>1,785</b>	<b>617</b>	<b>1,459</b>	<b>22,336</b>	<b>-813</b>	<b>21,523</b>
<b>At 30 June 2023</b>								
<b>ASSETS</b>								
Segment assets	608,386	1,077,311	1,764,943	182,680	178,726	3,812,046	-41,581	3,770,465
Interests in associates and joint ventures	550	-	1	-	165	716	-	716
	608,936	1,077,311	1,764,944	182,680	178,891	3,812,762	-41,581	3,771,181
<b>LIABILITIES</b>								
Segment liabilities	1,342,832	1,095,603	741,634	176,958	119,937	3,476,964	-40,297	3,436,667
<b>Half-year ended 30 June 2023</b>								
<b>Other information</b>								
Capital expenditure	17	-	-	29	786	832	-	832
Depreciation and amortisation	557	166	64	40	670	1497	-21	1476
<b>Half-year ended 30 June 2022</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	2,063	5,685	4,660	1,907	1,006	15,321	-	15,321
- Inter-segment	1,884	-212	-1,507	-10	-155	-	-	-
	3,947	5,473	3,153	1,897	851	15,321	-	15,321
Net fee and commission income/(expense)	3,232	2,433	-29	-8	588	6,216	-784	5,432
Insurance service result	-	-	-	412	-	412	74	486
Net trading gain/(loss)	511	834	7,211	-11	354	8,899	3	8,902
Net loss on other financial instruments at fair value through profit or loss	-	-	-141	-8,273	-	-8,414	1	-8,413
Net gain/(loss) on other financial instruments	-	4	-2,033	1	-	-2,028	-	-2,028
Insurance finance (expenses)/income	-	-	-	5,230	-	5,230	-	5,230
Other operating income	13	1	30	60	915	1,019	-598	421
<b>Net operating income/(expense) before impairment allowances</b>	<b>7,703</b>	<b>8,745</b>	<b>8,191</b>	<b>-692</b>	<b>2,708</b>	<b>26,655</b>	<b>-1,304</b>	<b>25,351</b>
Net (charge)/reversal of impairment allowances	-111	-1,590	-2	-7	6	-1,704	-	-1,704
<b>Net operating income/(expense)</b>	<b>7,592</b>	<b>7,155</b>	<b>8,189</b>	<b>-699</b>	<b>2,714</b>	<b>24,951</b>	<b>-1,304</b>	<b>23,647</b>
Operating expenses	-4,501	-1,662	-637	-31	-1,529	-8,360	945	-7,415
<b>Operating profit/(loss)</b>	<b>3,091</b>	<b>5,493</b>	<b>7,552</b>	<b>-730</b>	<b>1,185</b>	<b>16,591</b>	<b>-359</b>	<b>16,232</b>
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
<b>Profit/(loss) before taxation</b>	<b>3,079</b>	<b>5,493</b>	<b>7,554</b>	<b>-730</b>	<b>892</b>	<b>16,288</b>	<b>-359</b>	<b>15,929</b>
<b>At 31 December 2022</b>								
<b>ASSETS</b>								
Segment assets	580,155	1,040,621	1,734,391	177,427	173,275	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	177,427	173,554	3,706,712	-40,207	3,666,505
<b>LIABILITIES</b>								
Segment liabilities	1,280,379	1,075,631	746,103	172,749	105,546	3,380,408	-39,738	3,340,670
<b>Half-year ended 30 June 2022</b>								
<b>Other information</b>								
Capital expenditure	11	5	5	23	671	715	-	715
Depreciation and amortisation	617	152	61	34	682	1,546	-20	1,526

\*Eliminations include the CSM adjustments of the Group which arise from eliminating intra-group fees for insurance policies distributed through the Group's banking channels, together with the related directly attributable costs incurred

## Net Interest Income and Net Interest Margin

HK\$m, except percentages	Half-year ended	(Restated) Half-year ended	(Restated) Half-year ended
	30 June 2023	31 December 2022	30 June 2022
Interest income	57,249	41,828	21,942
Interest expense	-34,041	-18,399	-6,621
Net interest income	23,208	23,429	15,321
Average interest-earning assets	3,226,086	3,072,107	3,138,342
Net interest spread	1.05%	1.28%	0.90%
Net interest margin	1.45%	1.51%	0.98%
Net interest margin (adjusted)*	1.56%	1.59%	1.13%

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

## Average Balance and Average Interest Rates

	Half-year ended		(Restated) Half-year ended		(Restated) Half-year ended	
	30 June 2023		31 December 2022		30 June 2022	
	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	376,321	2.07%	393,665	1.44%	412,493	0.72%
Debt securities investments and other debt instruments	1,154,081	2.97%	1,005,961	2.24%	1,082,644	1.29%
Advances to customers and other accounts	1,683,288	4.31%	1,658,247	3.27%	1,636,783	1.66%
Other interest-earning assets	12,396	6.93%	14,234	4.32%	6,422	2.53%
Total interest-earning assets	3,226,086	3.58%	3,072,107	2.70%	3,138,342	1.41%
Non interest-earning assets	505,454	-	518,335	-	544,979	-
Total assets	3,731,540	3.09%	3,590,442	2.31%	3,683,321	1.20%
<b>LIABILITIES</b>						
Deposits and balances from banks and other financial institutions	248,758	1.42%	245,868	0.88%	323,117	0.81%
Current, savings and time deposits	2,299,194	2.61%	2,215,114	1.44%	2,254,428	0.46%
Subordinated liabilities	77,534	3.26%	19,057	3.45%	-	-
Other interest-bearing liabilities	86,938	2.90%	85,616	2.02%	22,756	1.10%
Total interest-bearing liabilities	2,712,424	2.53%	2,565,655	1.42%	2,600,301	0.51%
Shareholders' funds <sup>1</sup> and other non interest-bearing deposits and liabilities	1,019,116	-	1,024,787	-	1,083,020	-
Total liabilities	3,731,540	1.84%	3,590,442	1.02%	3,683,321	0.36%

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	(Restated) Half-year ended	(Restated) Half-year ended
	30 June 2023	31 December 2022	30 June 2022
Loan commissions	1,466	778	1,769
Credit card business	1,185	1,088	903
Securities brokerage	952	1,103	1,388
Trust and custody services	380	382	341
Payment services	345	364	360
Insurance	327	555	357
Funds distribution	254	246	295
Bills commissions	237	252	262
Currency exchange	186	123	87
Safe deposit box	145	150	149
Funds management	17	23	26
Others	854	672	687
Fee and commission income	6,348	5,736	6,624
Fee and commission expense	-1,434	-1,368	-1,192
Net fee and commission income	4,914	4,368	5,432

## Operating Expenses

HK\$m	Half-year ended 30 June 2023	(Restated) Half-year ended 31 December 2022	(Restated) Half-year ended 30 June 2022
Staff costs	5,078	5,341	4,605
Premises and equipment expenses (excluding depreciation and amortisation)	663	684	589
Depreciation and amortisation	1,476	1,475	1,526
Other operating expenses	1,170	2,518	1,106
Less: Costs directly attributable to insurance contracts	-535	-483	-411
Operating expenses	7,852	9,535	7,415

## Deposits from Customers

	At 30 June 2023	At 31 December 2022
	HK\$m	HK\$m
Demand deposits and current accounts		
- Corporate	152,802	165,006
- Personal	72,054	71,109
	<b>224,856</b>	<b>236,115</b>
Savings deposits		
- Corporate	454,006	472,248
- Personal	493,295	521,441
	<b>947,301</b>	<b>993,689</b>
Time, call and notice deposits		
- Corporate	665,565	616,829
- Personal	625,776	530,574
	<b>1,291,341</b>	<b>1,147,403</b>
	<b>2,463,498</b>	<b>2,377,207</b>

## Gross Advances to Customers

	At 30 June 2023	At 31 December 2022
	HK\$m	HK\$m
Loans for use in Hong Kong		
Industrial, commercial and financial		
- Property development	196,275	171,614
- Property investment	93,268	91,525
- Financial concerns	23,496	25,197
- Stockbrokers	2,838	1,110
- Wholesale and retail trade	38,575	31,704
- Manufacturing	56,435	48,891
- Transport and transport equipment	45,956	62,411
- Recreational activities	13	154
- Information technology	40,452	34,274
- Others	203,327	174,326
Individuals		
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	43,801	35,879
- Loans for purchase of other residential properties	375,359	367,502
- Credit card advances	11,325	11,962
- Others	119,855	115,917
Total loans for use in Hong Kong	1,250,975	1,172,466
Trade financing	56,961	51,879
Loans for use outside Hong Kong	411,701	423,924
Gross advances to customers	1,719,637	1,648,269

## Loan Quality

HK\$m, except percentages	At 30 June 2023	(Restated) At 31 December 2022
Advances to customers	1,719,637	1,648,269
Classified or impaired loan ratio	0.73%	0.53%
Total impairment allowances	12,533	11,575
Total impairment allowances as a percentage of advances to customers	0.73%	0.70%
Residential mortgage loans <sup>1</sup> - delinquency and rescheduled loan ratio <sup>2</sup>	0.01%	0.02%
Card advances - delinquency ratio <sup>2</sup>	0.27%	0.28%
	<b>Half-year ended 30 June 2023</b>	Half-year ended 30 June 2022
Card advances - charge-off ratio <sup>3</sup>	1.43%	1.38%

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
	2023	2022
Consolidated capital after deductions		
Common Equity Tier 1 capital	<b>246,884</b>	229,798
Additional Tier 1 capital	<b>22,676</b>	23,476
Tier 1 capital	<b>269,560</b>	253,274
Tier 2 capital	<b>29,170</b>	29,048
Total capital	<b>298,730</b>	282,322
Total risk-weighted assets	<b>1,299,148</b>	1,312,199
Common Equity Tier 1 capital ratio	<b>19.00%</b>	17.51%
Tier 1 capital ratio	<b>20.75%</b>	19.30%
Total capital ratio	<b>22.99%</b>	21.52%

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