中銀香港(控股)有限公司
BOC HONG KONG (HOLDINGS) LIMITED

Press Release | 新聞稿

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**BOC Hong Kong (Holdings) records HK$14,417 million profit after tax for first half of 2022 restoring growth in earnings and returns while maintaining sound financial indicators**

BOC Hong Kong (Holdings) Limited ("the Company", stock code "2388"; ADR OTC Symbol: "BHKLY") today announced its 2022 interim results. The Company and its subsidiaries ("the Group") continue to pursue the strategic goal of building a first-class regional banking group. By weathering market volatility, adhering to strict risk management principles, and capitalising on business opportunities, the Group restored growth in earnings and returns while maintaining sound performance in its major financial and risk indicators.

**Seizing business opportunities to deliver steady growth in its core businesses**

In the first half of 2022, the Group strengthened its asset-liability management to capitalise on opportunities arising from the upward trend in market interest rates, while carrying out disciplined cost management and ensuring stable asset quality. Profit after tax was HK$14,417 million, up 6.1% year-on-year and up 26.4% from the second half of last year. Return on average shareholders' equity improved by 0.42 percentage points year-on-year to 8.84%. The Board has declared an interim dividend per share of HK$0.447, unchanged from the same period last year.

Total deposits from customers and advances to customers increased by 3.0% and 5.1% respectively from the end of the previous year. Advances to customers saw solid broad-based growth across all categories. The Group proactively managed its assets and liabilities to take advantage of the rate hike cycle. Average interest-earning assets expanded by 5.4% year-on-year. After adjusting for foreign exchange swap-related impact, net interest income in the first half of the year would have increased by 8.7% year-on-year to HK$17,663 million, while net interest margin would have been 1.13%, up 3 basis points year-on-year or up 5 basis points from the second half of the previous year. Net interest margin in the second quarter was 1.19%, up 11 basis points from the previous quarter.

The Group's major financial indicators remained resilient. The Common Equity Tier 1 capital ratio and total capital ratio were 17.73% and 21.88% respectively. The Group maintained a healthy liquidity position, with the average value of its liquidity coverage ratio in the second quarter reaching 155.02% and its net stable funding ratio at the end of the second quarter standing at 128.53%. Asset quality was benign with a classified or impaired loan ratio of 0.46%, remaining below the market average. The Group carried out disciplined cost management while continuing to optimise resource allocation and implement low-carbon operational initiatives. The cost to income ratio was 28.74%, remaining at a satisfactory level relative to industry peers.

**Committed to local market development through enhanced integrated service capabilities**

The Group continued to bolster its integrated service capabilities in its core market of Hong Kong, and further cemented its traditional competitive advantages in the residential mortgage, syndicated loan, IPO receiving bank and cash pooling businesses. Thanks to efforts to promote the Group's premium brand to high-end customers, the number of Private Wealth customers recorded double-digit percentage growth as compared to the previous year-end. A new branding campaign was also launched targeting young customers. Supported by enhanced product marketing capabilities and service innovation, the Group's custody business recorded 7% growth in the number of corporate and institutional clients. The Group achieved rapid growth in its financial markets business and assisted BOC Tokyo Branch to issue the world's first TONA-linked floating-rate notes in Japanese Yen.

**Cementing cross-border finance advantages by optimising customer experience**

The Group consolidated its advantages in cross-border finance and enhanced its foundations for the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") business development. When some Hong Kong customers were prevented by the pandemic from visiting Mainland BOC branches in person to resolve bank account issues, the Group introduced support measures to help them remotely update bank account information and reactivate dormant Mainland bank accounts. The cumulative number of GBA Accounts opened has exceeded 185,000, representing steady growth from the end of last year. In addition, the Group continued to enhance the customer experience of its Bank of China Cross-Boundary Wealth Management Connect service by expanding the range of products offered and optimising the related workflows and online service model. As a result, the aggregate number of accounts opened for both Southbound and Northbound services ranked among the top tier in Hong Kong.

**Deepening Southeast Asia business development by leveraging regional synergies**

The Group leveraged regional synergies and promoted Southeast Asian business development by capturing Asia-Pacific trade and investment opportunities arising from the Regional Comprehensive Economic Partnership ("RCEP"). It expanded its syndicated loan business by focusing on key projects and customers, and refined the product suite of its treasury business. Collaboration was promoted across institutions and between corporate and personal banking in order to facilitate mutual brand recognition. All of these factors contributed to the enhancement of its regional competitiveness and service capabilities. The Group also accelerated the digitalisation of its regional entities. Online salary direct remittance services and cross-border QR code payment services were launched, and service coverage of the Group's intelligent Global Transaction Banking ("iGTB") platform was extended to the Southeast Asia region. The Group's Southeast Asian entities made solid business progress in the first half of the year, with deposits from customers and advances to customers increasing by 6.8% and 3.0% respectively from the end of last year, on constant currency terms.

Driven by improvement in net interest margins and a rise in foreign exchange business income, net operating income before impairment allowances grew by 22.8% year-on-year, on constant currency terms.

**Tapping market potential to drive RMB business growth**

The Group continued to cultivate the offshore RMB market and further consolidated its advantages in offshore RMB clearing business. The total volume of RMB clearing business in Hong Kong in the first half of 2022 reached RMB192 trillion, a year-on-year increase of 7.6%. The Manila Branch and BOC Malaysia recorded rapid growth in RMB clearing volumes. The Group maintained its leading position in Southbound and Northbound trading businesses under the Bond Connect Scheme. Its market-making business scope was further expanded by becoming a qualified market-maker for the China Foreign Exchange Trade System for currency pairings, as well as for the Shanghai International Gold Exchange.

**Reinforcing technological foundations to advance digitalisation**

The Group consolidated its technological foundations and promoted digitalisation driven by data, intelligence and ecosystem development. The number of customers using its electronic platforms grew as compared to the previous year-end. The Group actively developed an open banking platform and e-payment business. The peak daily usage of its Open APIs recorded a significant increase of 291% year-on-year. As at the end of June 2022, BoC Pay recorded 9% growth in both the number of customers from the previous year-end and the total transaction volume compared with the same period of the previous year. The total settlement volume of BoC Bill witnessed a 6% year-on-year increase. In addition, the Group launched the BOCHK Bill Merchant Loan Programme, which makes use of BoC Bill transaction data to simplify the loan application process for SMEs.

**Driving product and service innovation to lead green transformation**

The Group actively embedded the concepts of green finance and sustainable development into its business and operations. It continued to implement low-carbon and resource efficiency initiatives in its own operations, while providing diversified low-carbon products and services to meet customers' needs for green transition. As at the end of June 2022, its green and sustainability-linked loan balance increased by 53% compared to the prior year-end, while the volume of newly underwritten ESG-related bond issuance recorded year-on-year growth of 71% in the first half of 2022. The Group was honoured to become a cornerstone member of the "Alliance for Green Commercial Banks" to advance green and sustainable finance in Hong Kong, regionally, and internationally, and signed a strategic partnership agreement with Guangzhou Emissions Exchange to jointly explore carbon finance opportunities in the GBA. In partnership with S&P Dow Jones Indices, the Group launched the first climate transition index focusing on listed companies in the GBA.

**Outlook**

The international landscape is rapidly evolving, putting more pressure on an already-stretched global supply chain, while the pandemic situation remains volatile. At the same time, major central banks are tightening their monetary policies. These factors will bring more uncertainty to the global economy and financial markets, presenting challenges to the recovery of Hong Kong's economy. On the positive side, Hong Kong is now witnessing steady social and economic development, while the Mainland economy is expected to gradually recover due to a series of supportive policies launched by the Central Government. The further opening-up of Mainland financial markets, ongoing progress in mutual access programmes, RMB internationalisation and GBA development, as well as the implementation of RCEP and the development of Hong Kong's Northern Metropolis, will bring vast opportunities to the banking sector in Hong Kong. With a view to making positive contributions to Hong Kong's economy, social prosperity and stability, the Group will continue to create value for stakeholders and pursue steady progress while adhering to strict risk management principles, capturing market opportunities, and enhancing development quality.

**Highlights of 2022 Interim Results**

**Key income statement figures**

- Net operating income before impairment allowances was HK$27,232 million, up 8.7% year-on-year and up 13.8% from the second half of last year.
- Profit after tax amounted to HK$14,417 million, up 6.1% year-on-year and 26.4% from the second half of last year.
- Profit attributable to equity holders was HK$13,472 million, up 7.1% year-on-year.
- Return on average shareholders' equity and return on average total assets were 8.84% and 0.78% respectively.
- Average interest-earning assets grew by 5.4% year-on-year. Adjusted for foreign exchange swap-related impact, net interest income would have increased by 8.7% year-on-year to HK$17,663 million, and net interest margin would have been 1.13%, up 3 basis points year-on-year or up 5 basis points from the second half of last year.
- Net fee and commission income amounted to HK$5,144 million, down 22.7% year-on-year, a slight drop of 1.4% from the second half of last year.
- Operating expenses amounted to HK$7,826 million, up 3.2% year-on-year. The cost to income ratio stood at 28.74%, remaining at a satisfactory level relative to industry peers.
- The Board has declared an interim dividend per share of HK$0.447, same as last year's interim dividend.

**Key balance sheet figures**

- Total assets amounted to HK$3,621,134 million, down 0.5% from the end of last year.
- Total deposits from customers amounted to HK$2,400,609 million, up 3.0% from the end of the previous year. Total advances to customers grew by 5.1% from the end of last year to HK$1,681,050 million.

- Asset quality remained benign. The classified or impaired loan ratio was 0.46%, which remained below the market average.
- The Common Equity Tier 1 capital ratio stood at 17.73% and the total capital ratio at 21.88%.
- The Group's liquidity position remained sound, with the average value of its liquidity coverage ratio in the second quarter standing at 155.02%, and the net stable funding ratio at the end of the second quarter at 128.53%.

For details of the 2022 interim results, please refer to the Company's announcement.

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**About BOC Hong Kong (Holdings) Limited**

BOC Hong Kong (Holdings) Limited ("the Company") is one of the largest listed companies and commercial banking groups in Hong Kong, holding the entire equity interest of Bank of China (Hong Kong) Limited ("BOCHK"), its principal operating subsidiary. Bank of China ("BOC") established its foothold in Hong Kong in September 1917. Following the restructuring of the businesses of Bank of China Group's member banks in Hong Kong, the Company was incorporated in Hong Kong on 12 September 2001 and has been listed on the Main Board of the Stock Exchange of Hong Kong since 25 July 2002 with stock code "2388" and ADR OTC Symbol "BHKLY". BOC holds approximately 66.06% of the equity interest of the Company through BOC Hong Kong (BVI) Limited, an indirect wholly-owned subsidiary of BOC.

Capitalising on its advantages as a major commercial banking group in Hong Kong, BOCHK continues to increase local market penetration and actively expand its business in the Southeast Asian region. We strive to provide customers with comprehensive, professional and high-quality services. Entering into a new era of smart banking, we endeavour to become a customer-centric digital bank by enhancing customer experience with innovative technology and offering intelligent products and services.

As one of the three note-issuing banks and the sole clearing bank for Renminbi ("RMB") business in Hong Kong, BOCHK has strong market positions in all major businesses. Our strong RMB franchise has made us the first choice for customers in RMB business. We have the most extensive branch network and diverse service platforms in Hong Kong, as well as efficient e-channels such as Internet and Mobile Banking services. We offer a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers.

We are actively pushing forward our regional development and expanding our business in the Southeast Asian region. With our branches and subsidiaries in Thailand, Malaysia, Vietnam, the Philippines, Indonesia, Cambodia, Laos, Brunei and Myanmar, we support customers in the region with professional and high-quality financial services. Through close cooperation with our parent bank BOC, we provide a full range of high-quality cross-border services to multinationals, cross-border customers, mainland enterprises going global, central banks and super-sovereign organisations.

As a leading commercial and regional bank deeply rooted in Hong Kong for over 100 years, we are committed to undertaking our corporate social responsibilities, promoting long-term and balanced sustainable development, and delivering greater value for our stakeholders and the community.