

Dah Sing Financial Group 2021 Interim Results

25 August 2021

Performance highlights

- Modest growth in net interest income with improved net interest margin and modest growth in loans
- Continued improvement in wealth management fee income driving higher fee and commission income
- Improved credit quality, with reduction in impaired loan ratio to below 1%
- Net profit increased mainly due to lower impairment charges
- Non-banking businesses delivered strong investment performance despite a small decline in underwriting result
- Capital adequacy improved and liquidity remained solid: CET1:14.2%, T1:14.8%, Total:18.0%, LMR:46.1%



Financial Highlights



Dah Sing Banking Group (2356)

HK\$' million	1H21	1H20	Change
Net interest income	1,963	1,857	+6%
Net fee and commission income	642	578	+11%
Net trading income and other income	116	183	-37%
Total operating income	2,721	2,618	+4%
Operating expenses	(1,451)	(1,392)	+4%
Credit impairment losses	(117)	(365)	-68%
Operating profit after credit impairment losses	1,153	861	+34%
Profit shared from BOCQ	433	412	+5%
Impairment loss on investment in BOCQ	(251)	(200)	+26%
Profit attributable to shareholders	1,110	946	+17%
Basic earnings per share (\$)	0.79	0.67	
Dividend per share (\$)	0.10	0.08	



Dah Sing Financial Holdings (0440)

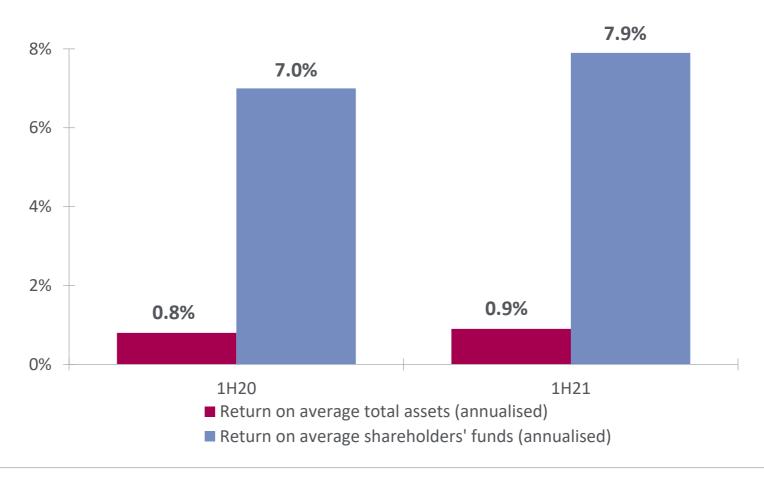
HK\$' million	1H21	1H20	Change
Net interest income	1,968	1,873	+5%
Net fee and commission income	636	572	+11%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	275	307	-10%
Total operating income net of insurance claims	2,879	2,751	+5%
Operating expenses	(1,544)	(1,470)	+5%
Credit impairment losses	(117)	(365)	-68%
Operating profit after credit impairment losses	1,218	916	+33%
Profit shared from BOCQ	433	412	+5%
Impairment loss on investment in BOCQ	(251)	(200)	+26%
Profit attributable to shareholders	881	745	+18%
Basic earnings per share (\$)	2.76	2.33	
Dividend per share (\$)	0.33	0.27	



Dah Sing Banking Group



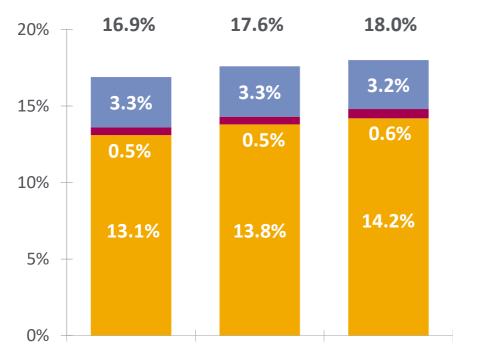
Key return indicators





Capital adequacy and liquidity

Capital adequacy ratio



31 Dec 20

■ Additional T1

30 Jun 21

T2

Liquidity maintenance ratio

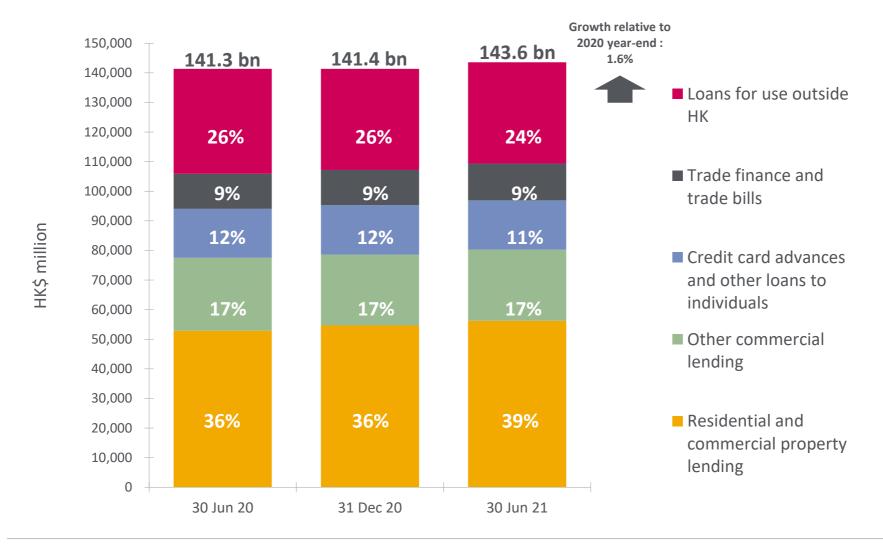




30 Jun 20

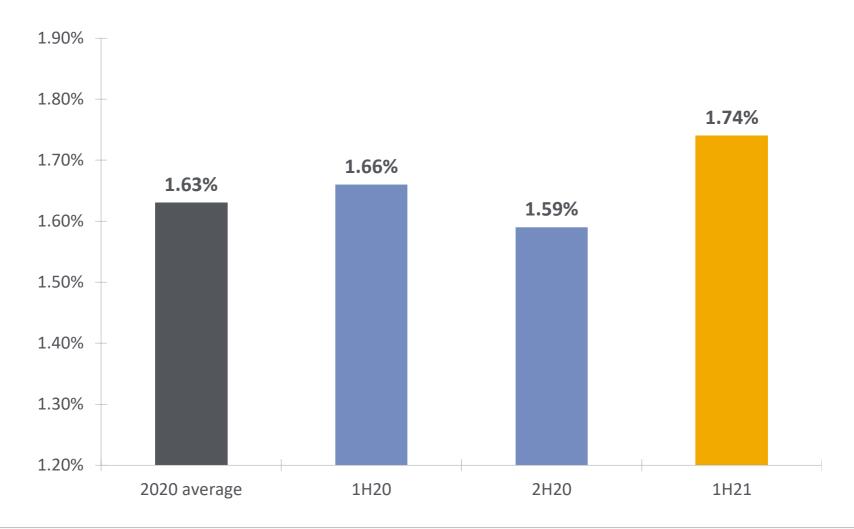
CET1

Gross advances to customers and trade bills

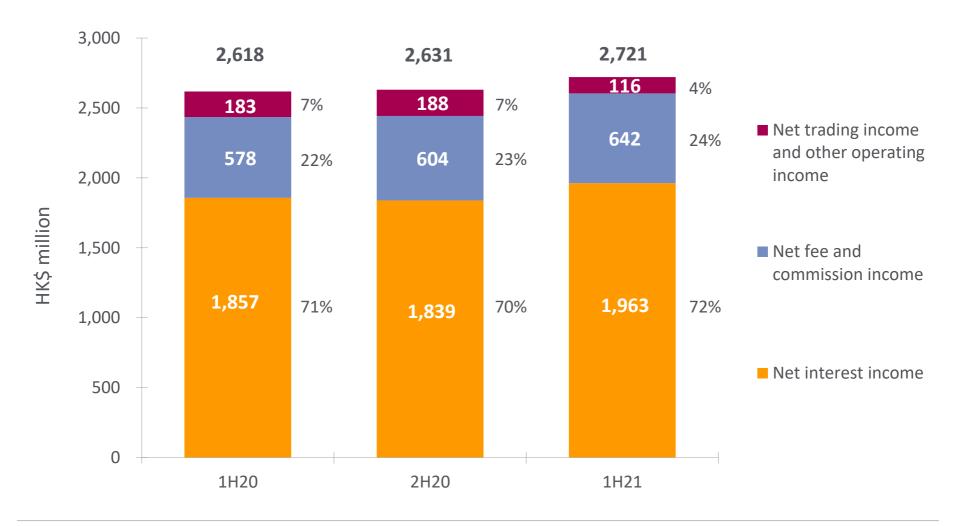




Net interest margin

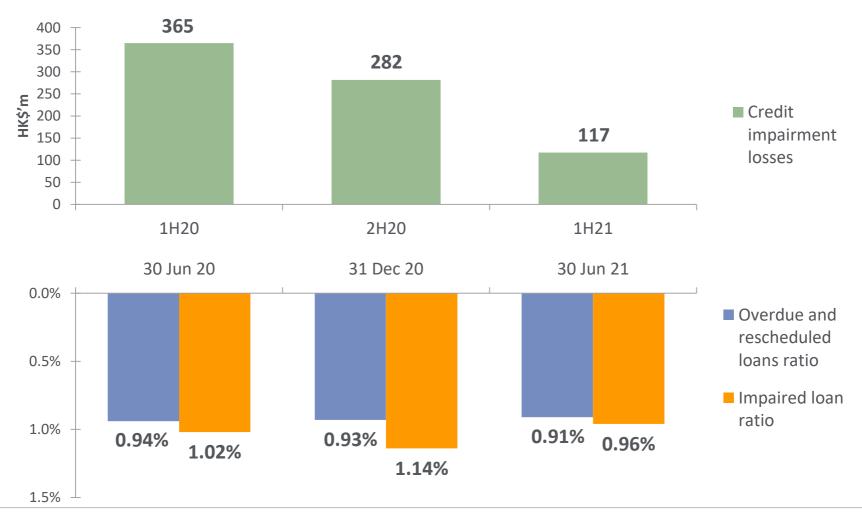


Income from core businesses





Credit quality





Corporate banking

- Better profitability due to much improved credit quality with lower impairment charges
- Net interest income helped by lower funding cost in 1H 2021
- Modest loan growth, mainly from syndicated loans, investment and trade loans
- Trade volume growth driven by export trade
- Focus on improving loan yields and controlling deposit costs

Personal banking

- Lower net interest income due to a slight decrease in the proportion of higher yielding assets in its loan portfolio
- Lower average funding cost was due mainly to effective deposit cost management
- Modest overall loan growth driven by residential mortgage and personal loans
- Improved credit quality led to meaningful decline in credit cost
- Notable increase in wealth management fee income particularly in the area of securities trading
- Further investment in technology to enhance customer experience

Treasury

- Stable segmental profit due to 26% increase in net interest income offset by softer trading income
- Customer business remained robust, particularly through our retail banking network
- Conservative liquidity management average Liquidity Maintenance Ratio at level in excess of 45%, well above statutory requirement
- Prudent treasury portfolio with high average credit rating and relatively short duration to manage credit and interest rate risk

Overseas banking

Macau:

- Considerably improved profitability brought about mainly by writeback of loan impairment provisions
- Slight contraction in loan balance due to weak domestic demand and intense competition

PRC:

- DSB (China): Steady performance with credit risk closely monitored
- BOCQ's profit contribution was stable, but our investment was impacted by a further impairment charge

Dah Sing Financial Group



General insurance

- Small decline in net premium income amid softer general insurance market in 1H 2021
- Stable combined ratio given effective cost management
- Mild increase in float (i.e. reserves) to HK\$654 million
- Robust solvency providing capacity to generate premiums and investment income over time

Conclusions



Conclusions

- Improved business performance and profitability with stabilising economy
- Better net interest income and fee income resulted in higher annualised return on equity
- Improved asset quality with meaningful reduction in credit cost
- Capital and liquidity positions continued to be robust
- Impairment charge on the investment in BOCQ has no cash effect and no impact on capital adequacy