



大新金融集團  
DAH SING FINANCIAL GROUP

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# Dah Sing Financial Group 2022 Interim Results

24 August 2022

## Performance highlights

- Stable pre-provision operating profit from our banking business with improvement in NIM despite difficult operating environment
- Non-interest income decreased as a result of weak customer investment appetite and continued suspension of bancassurance sales
- Weaker credit quality led to higher loan impairment charges
- Net profit decreased mainly due to higher loan impairment charges
- Capital adequacy and liquidity remained solid: CET1:14.1%, T1:14.6%, Total:18.0%, LMR:45.3%

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# Financial Highlights

# Dah Sing Banking Group (2356)

HK\$' million	1H22	1H21	Change
Net interest income	2,020	1,963	+3%
Net fee and commission income	482	642	-25%
Net trading income and other income	125	116	+8%
Total operating income	2,627	2,721	-3%
Operating expenses	(1,391)	(1,451)	-4%
Credit impairment losses	(305)	(117)	+161%
Operating profit after credit impairment losses	931	1,153	-19%
Profit shared from BOCQ	454	433	+5%
Impairment loss on investment in BOCQ	(139)	(251)	-45%
<b>Profit attributable to shareholders</b>	<b>1,099</b>	<b>1,110</b>	<b>-1%</b>
Basic earnings per share (\$)	0.78	0.79	
Dividend per share (\$)	0.10	0.10	

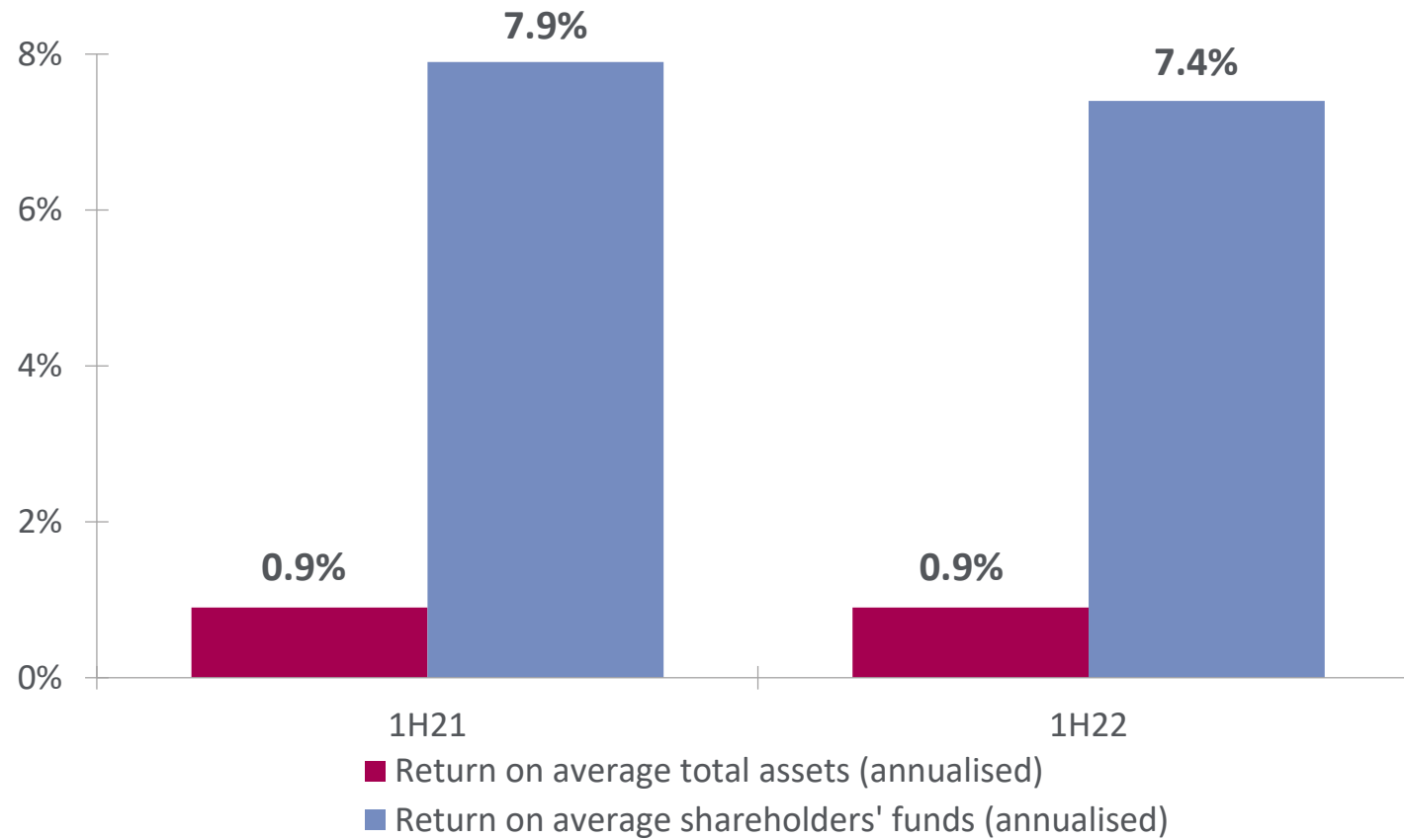
# Dah Sing Financial Holdings (0440)

HK\$' million	1H22	1H21	Change
Net interest income	2,028	1,968	+3%
Net fee and commission income	475	636	-25%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	263	275	-4%
Total operating income net of insurance claims	2,766	2,879	-4%
Operating expenses	(1,490)	(1,544)	-3%
Credit impairment losses	(306)	(117)	+162%
Operating profit after credit impairment losses	970	1,218	-20%
Profit shared from BOCQ	454	433	+5%
Impairment loss on investment in BOCQ	(139)	(251)	-45%
<b>Profit attributable to shareholders</b>	<b>833</b>	<b>881</b>	<b>-5%</b>
Basic earnings per share (\$)	2.61	2.76	
Dividend per share (\$)	0.33	0.33	

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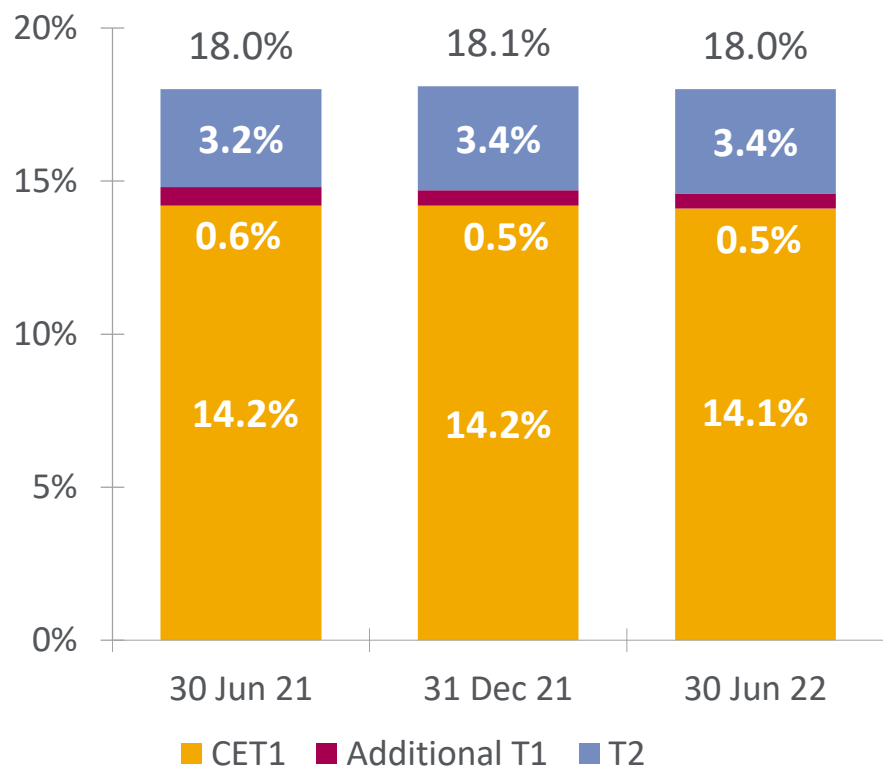
# Dah Sing Banking Group

# Key return indicators

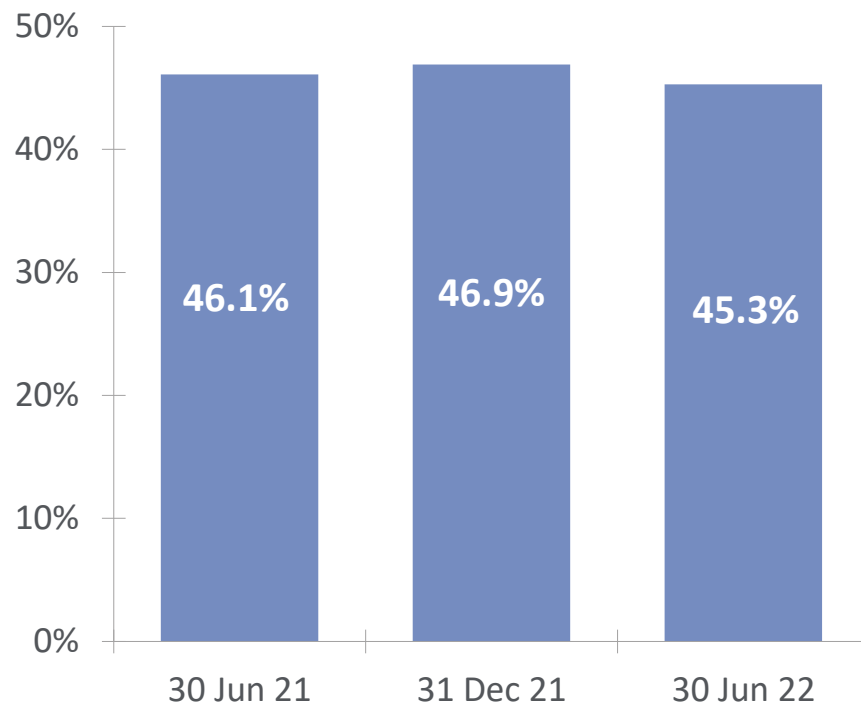


# Capital adequacy and liquidity

## Capital adequacy ratio

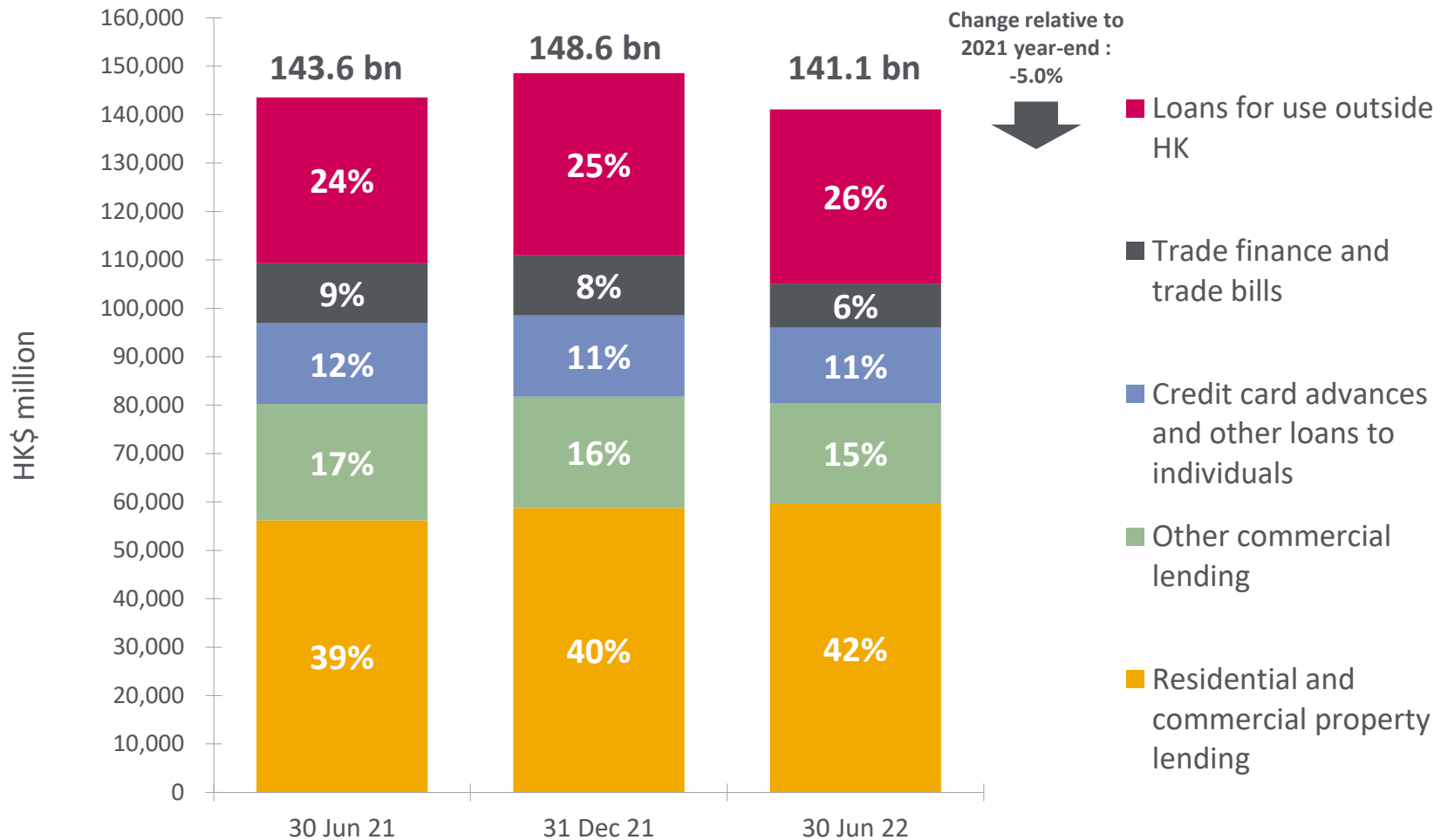


## Liquidity maintenance ratio

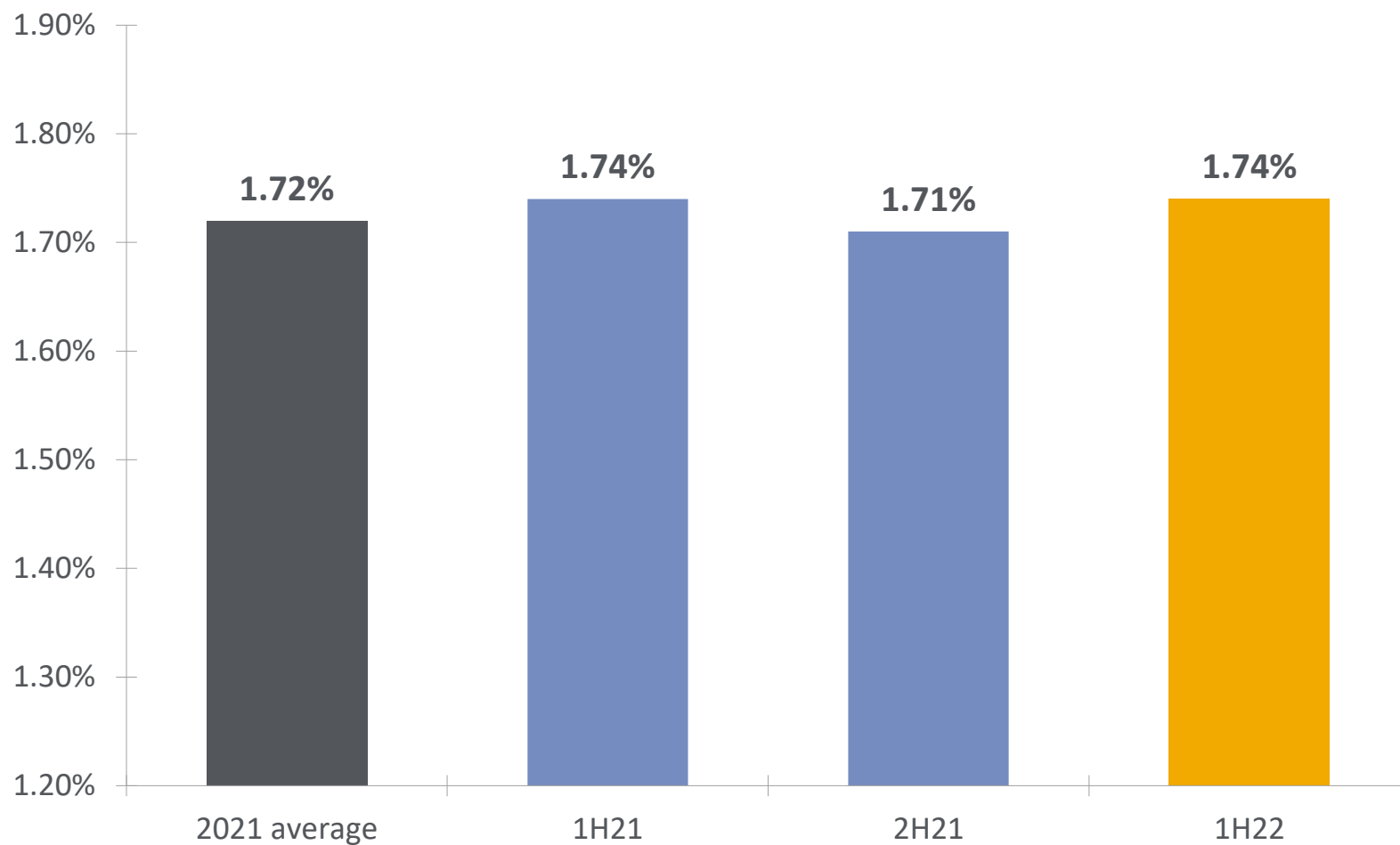




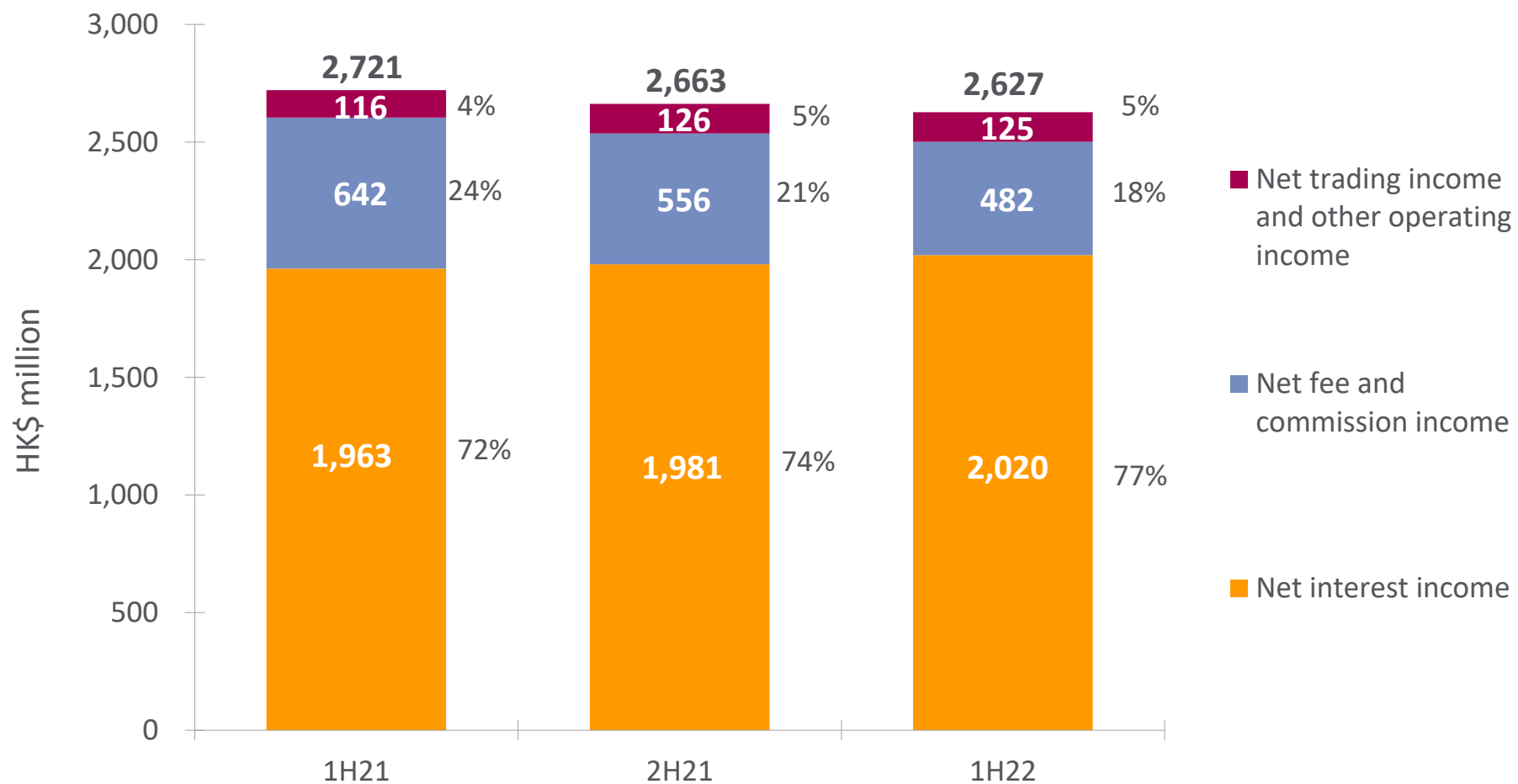
# Gross advances to customers and trade bills



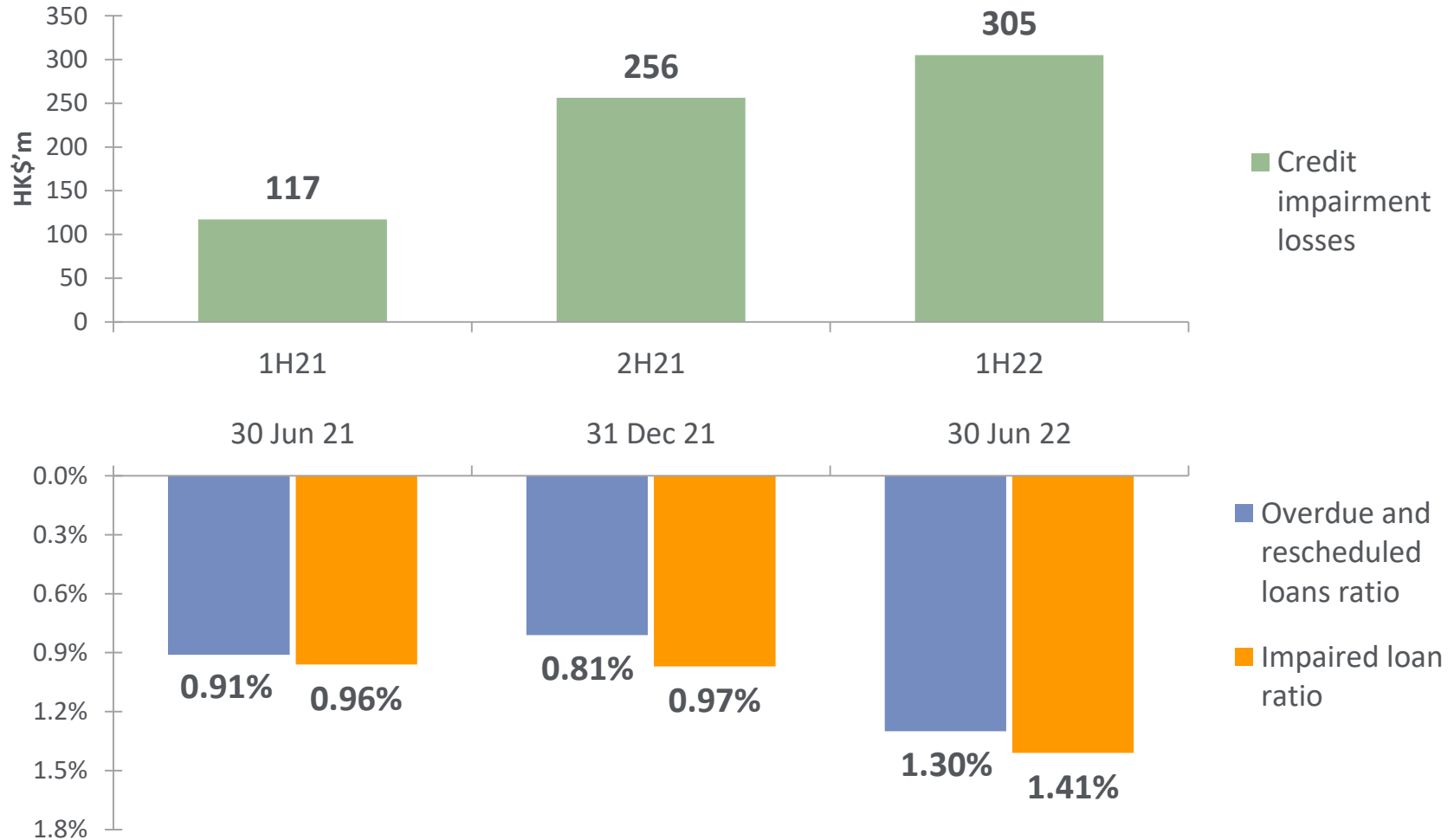
# Net interest margin



# Income from core businesses



# Credit quality



## Corporate banking

- Loan growth inhibited by weak market demand for new loans
- Lower net interest income mainly driven by lower average loan volumes
- Decrease in loan fees and commission income which was partly offset by increase in FX-related and insurance fee income
- First foreign bank to receive a dual operating license to set up new Shenzhen branch in addition to DSB China operations
- End-to-end review of remittance services in progress to improve customer experience

## Personal banking

- Moderate increase in net interest income due mainly to growth in average loan volumes in 1H 2022 vs 1H 2021
- Maintained a relatively stable product mix in our portfolio
- Non-interest income decreased as a result of weak customer investment appetite and continued suspension of bancassurance sales
- Digital transformation initiatives progressing as planned and improving our efficiency and service to customers

## Treasury & Global Markets

- Improved segmental profit due mainly to increase in net interest income and trading income
- Higher trading income benefiting from improved contribution from funding swap activities
- 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:

- Net profit impacted by increase in loan impairment charge
- Slight contraction in loan balance due to weak domestic demand but moderate growth in deposit

## PRC:

- DSB (China): Stable profitability with credit risk closely monitored
- Modest increase in BOCQ's profit contribution and lower impairment charge



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# Dah Sing Financial Group

## General insurance - Underwriting

- Respectable increase in gross premium income
- Underwriting results decreased but still recorded a positive contribution despite difficult operating environment
- Stable combined ratio given effective cost management
- Mild increase in float (i.e. reserves) to HK\$694 million

## General insurance and investments - Combined results

- Robust solvency in both our Hong Kong and Macau insurance subsidiaries providing capacity to generate premiums and investment income over time
- Lower overall profit due mainly to reduced contribution from investments
- The results of our insurance business together with investment returns reported in total comprehensive income were lower mainly due to weaker investment performance than last year

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# Conclusions

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- Relatively stable business performance with our core businesses remaining resilient despite a difficult operating environment
- Managing overall credit quality remained a top priority
- Capital and liquidity positions continued to be robust
- Strategic alliance with Norinchukin Bank of Japan to promote collaboration in banking, and food and agricultural businesses in the Greater Bay Area