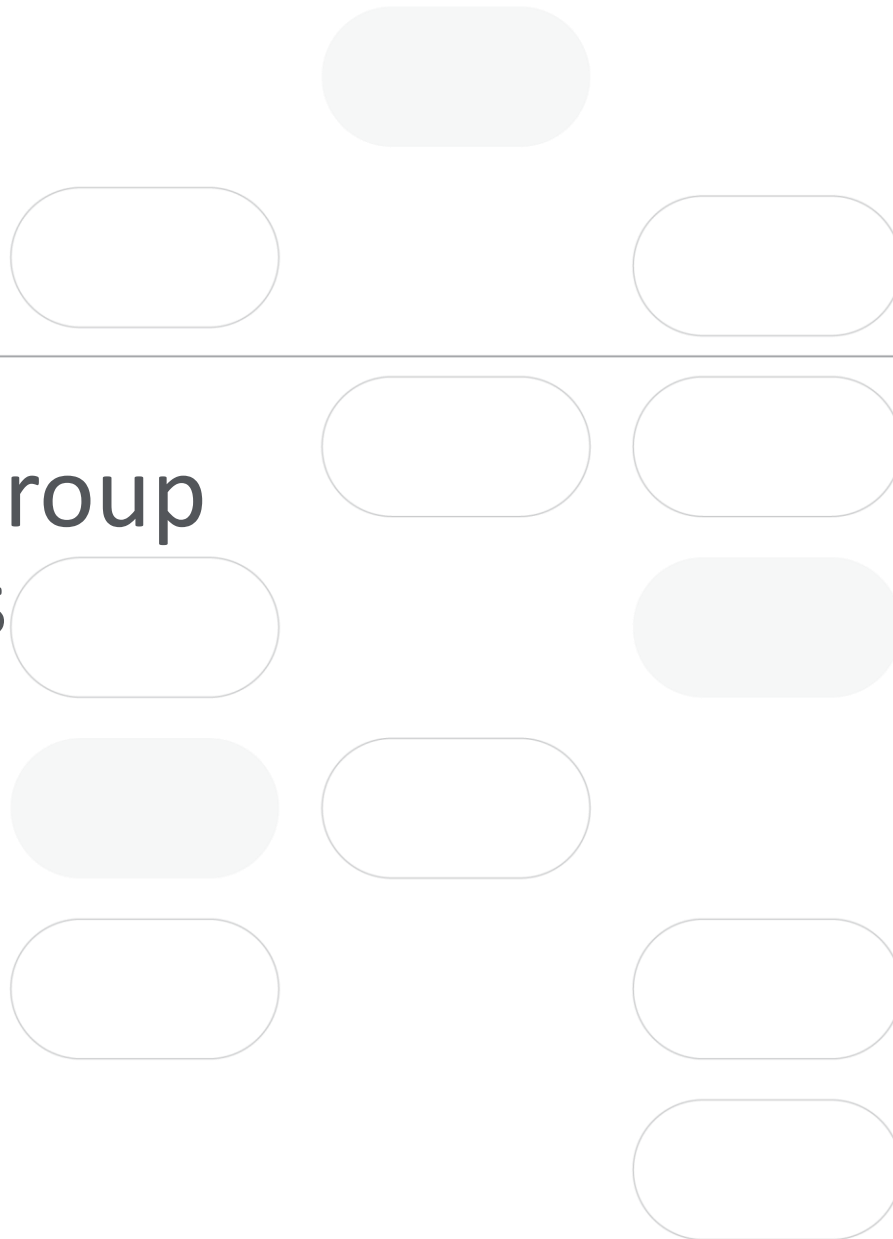




大新金融集團
DAH SING FINANCIAL GROUP

Dah Sing Financial Group 2023 Annual Results

28 March 2024



2023 Performance

- Double-digit growth in net interest income year-on-year, driven by higher net interest margin and moderate loan growth
- Decrease in non-interest income primarily due to no bancassurance fee in the first half year and soft wealth management income
- Net profit increase driven by higher asset yields, partly offset by the increase in funding cost, and lower impairment provision on BOCQ
- DSBG: 2023 final dividend of HK\$0.49 per share, representing a total dividend for the whole year of HK\$0.60
- DSFH: 2023 final dividend of HK\$1.64 per share, representing a total dividend for the whole year of HK\$2.00

Business Highlights

Business Highlights

- Improved financial performance despite a difficult business environment, sluggish loan growth and continued high credit costs
- Launched strategic alliance with Sun Life for a 15-year exclusive bancassurance partnership in Hong Kong, enriching our wealth management product offering and further enhancing customer experience
- Opened new Shenzhen Branch – First foreign bank granted "Dual Operating Licence" in mainland China, which strengthens our franchise in the Greater Bay Area
- In our general insurance business, premiums written reached a new high, which contributed to a strong AUM growth

Dah Sing Banking Group

Corporate Banking

- Moderate growth in net interest income due to loan interest income growth offsetting higher funding cost
- Improvements in income from treasury solutions, foreign exchange, cash management, and loan fees, which contributed to growth in non-interest income
- Provisions made mainly related to Mainland real estate exposures, our approach continuing a vigilant stance on monitoring credit quality of loan portfolio
- Operating profit before impairment decreased mainly due to higher operating expenses which was offset by higher income and lower impairment charges, resulting in net profit up by 21%

Personal Banking

- Single-digit growth in net interest income driven by higher average loan balance and improved net interest margin
- Non-interest income declined, primarily impacted by weaker wealth management business in 2023, and the lack of amortisation of bancassurance fees during 1H 2023. However revenues started to improve in the second half after commencement of the partnership with Sun Life
- Underlying profitability was slightly lower partly due to higher operating expenses and credit impairment cost.

Treasury and Global Markets

- Rise in both total operating income and segmental profit driven by higher interest margins and higher sales and marketing revenues
- Customer business remained robust, continuing close cooperation with both personal banking and corporate banking businesses
- Conservative liquidity management to maintain average Liquidity Maintenance Ratio at a level in excess of 60%, well above the statutory requirement
- Prudent treasury portfolio with high average credit ratings and relatively short duration to manage credit and interest rate risk

Mainland China and Macau

Macau:

- 382% increase in profit due mainly to much lower credit impairment charges despite the subdued investment sentiment and weak loan demand
- Positive growth in loan balance and customer deposits

PRC:

- DSB (China): Performance under pressure due to soft loan growth, weaker NIM and higher loan impairment charge
- BOCQ's profit contribution slightly increased and impairment charges were significantly lower

Dah Sing Financial Holdings

General Insurance

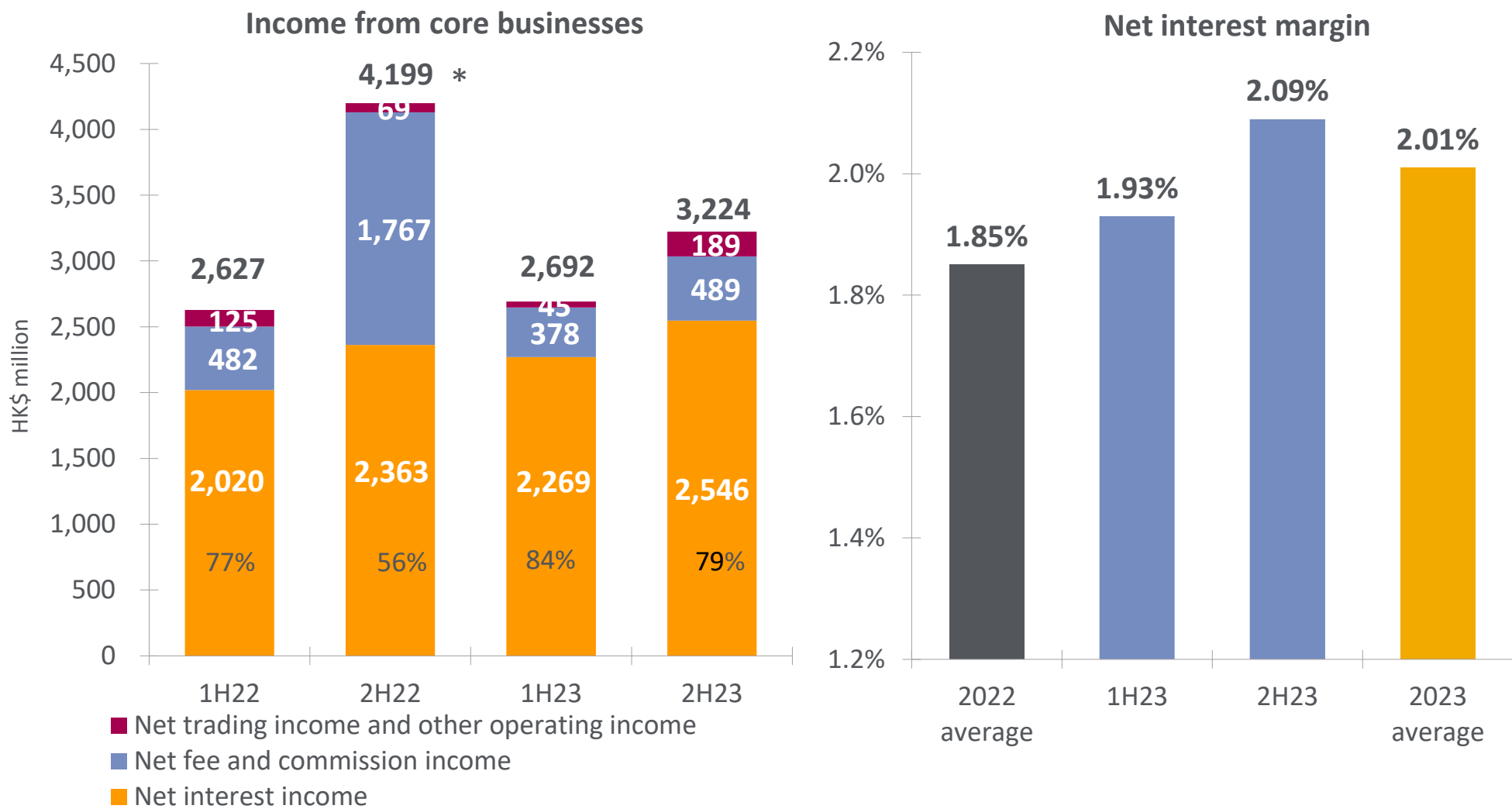
- The Group's insurance business adopted HKFRS 17 with effect from 1 Jan 2023 and restated its results for 2022
- Insurance revenue increased by 12% to HK\$936 million
- Investment income increased by 468% from HK\$22 million to HK\$125 million, contributed by the rebound in the equity market
- Net profit after tax was HK\$145 million, up from HK\$67 million in the previous year
- On a comprehensive income basis, profitability was substantially higher, mainly due to mark-to-market changes in the investment book

General Insurance

- Demonstrated resilience across key lines of business with sustainable business growth
- Combined ratio under control despite CAT events
- Increase in “float” available for investment from HK\$594 million at 31 Dec 2022 to HK\$720 million at 31 Dec 2023
- Strong solvency ratio and solid capital strength under the risk-based capital regime
- Reaffirmed A.M. Best Financial Strength rating of “A-” (Excellent) and Long-Term Issuer Credit Rating of “A-” for both insurance companies in Hong Kong and Macau

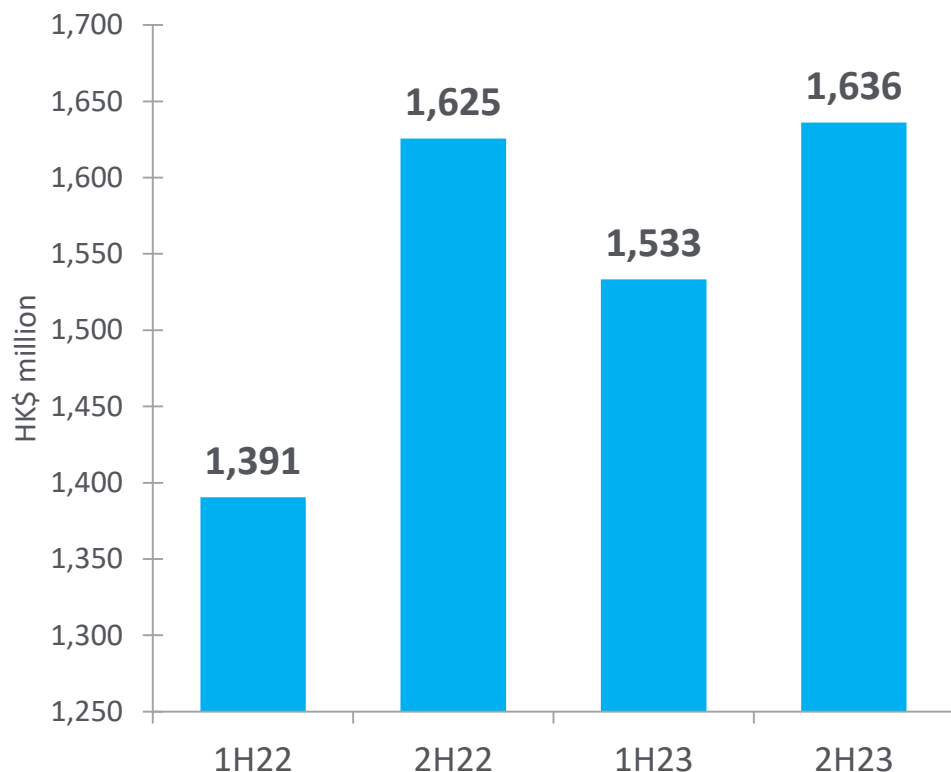
Financial Overview

DSBG's Operating Income and Net Interest Margin

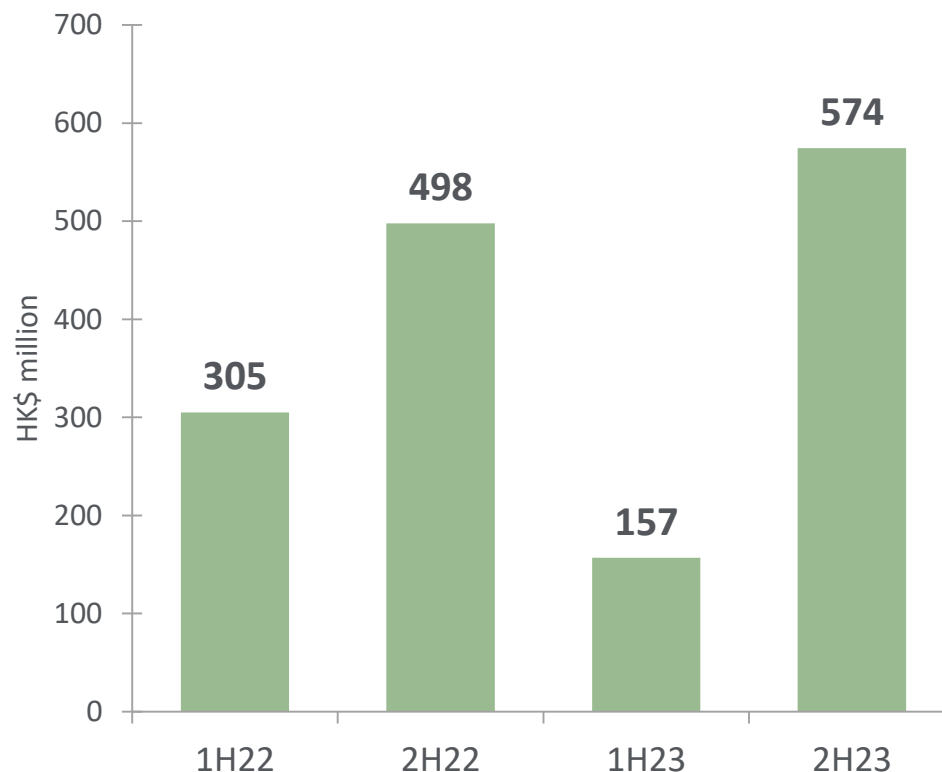


DSBG's Operating Expenses and Credit Impairment Losses

Operating expenses



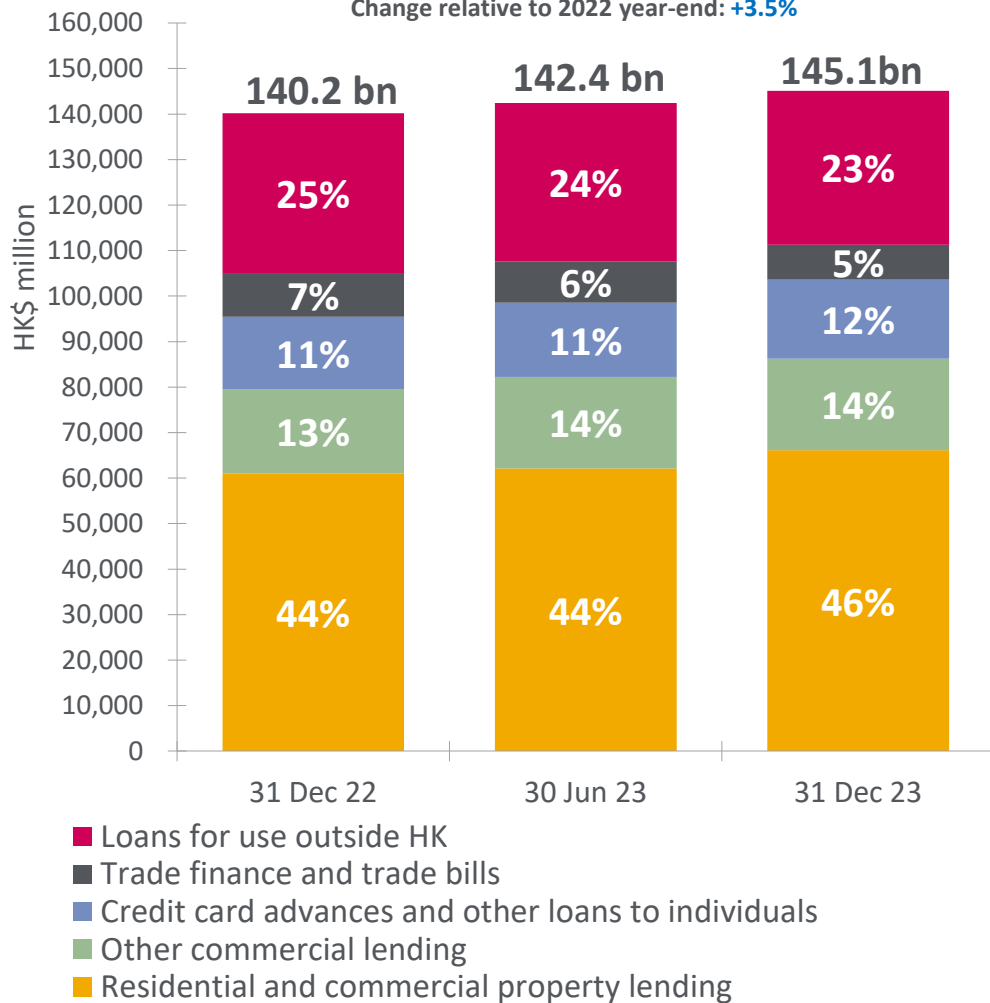
Credit impairment losses



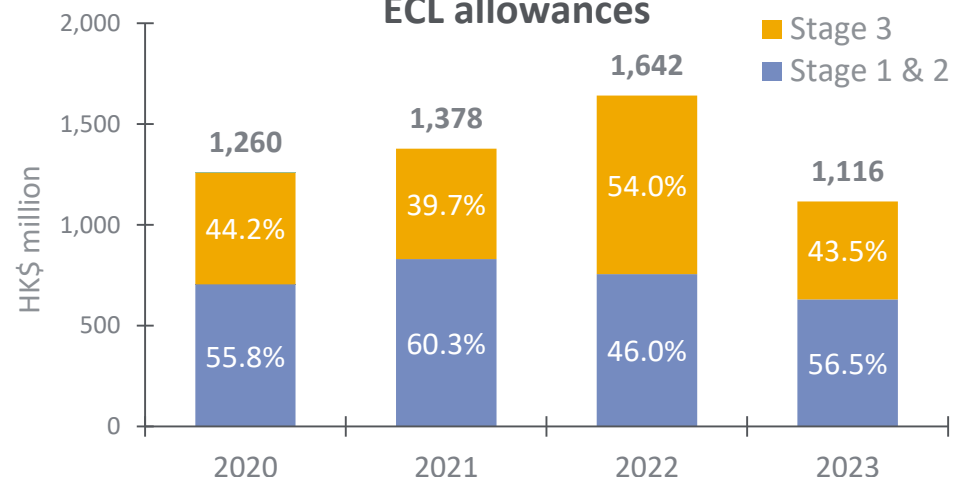
Gross Advances to Customers and Trade Bills, and Asset Quality

Gross advances to customers and trade bills

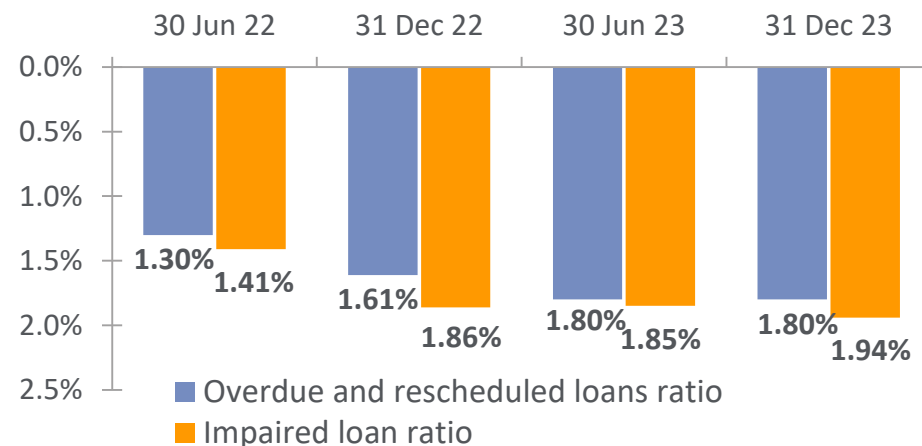
Change relative to 2022 year-end: +3.5%



ECL allowances



Asset quality ratios

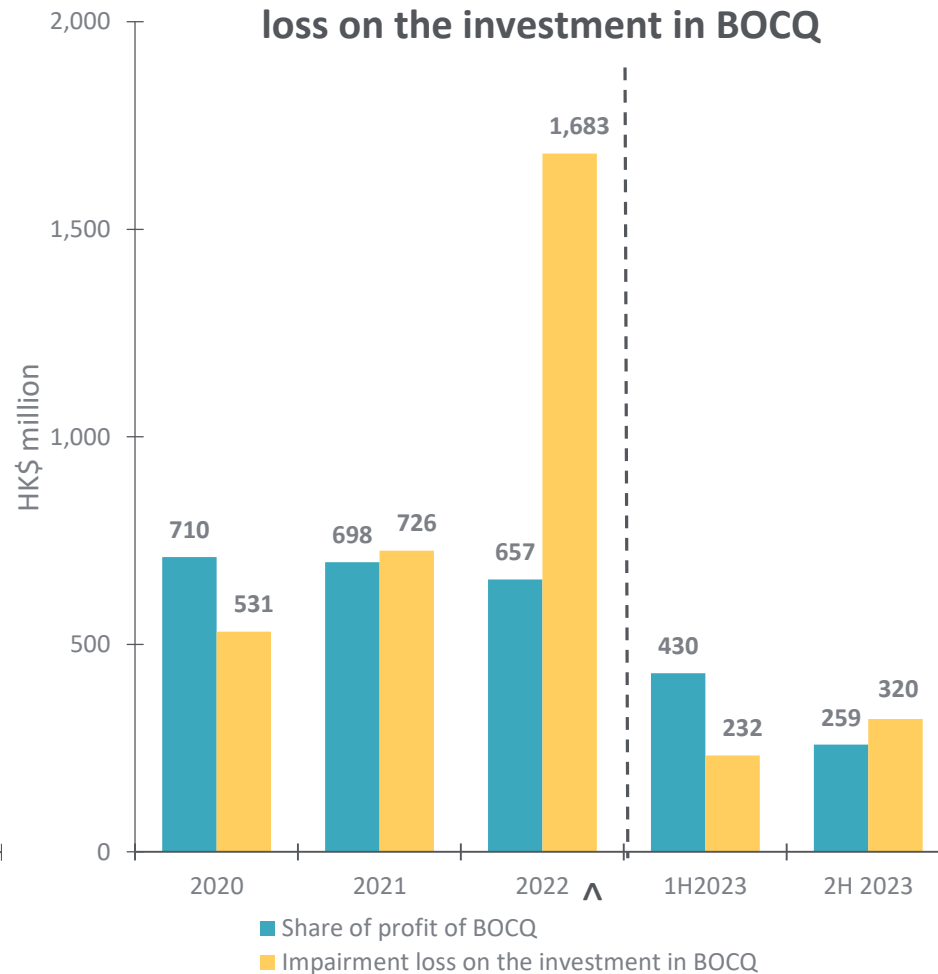


Operating Profit and Profit Contribution from BOCQ

Operating profit of DSBG and DSFH

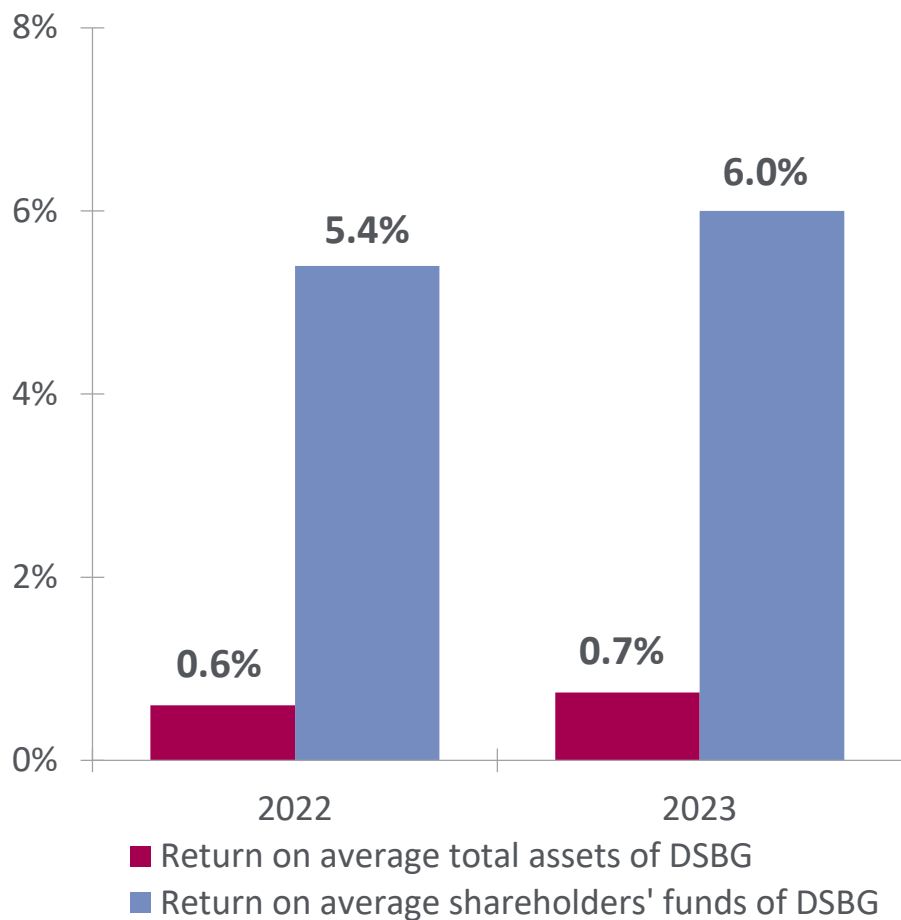


Share of profit of BOCQ vs Impairment loss on the investment in BOCQ

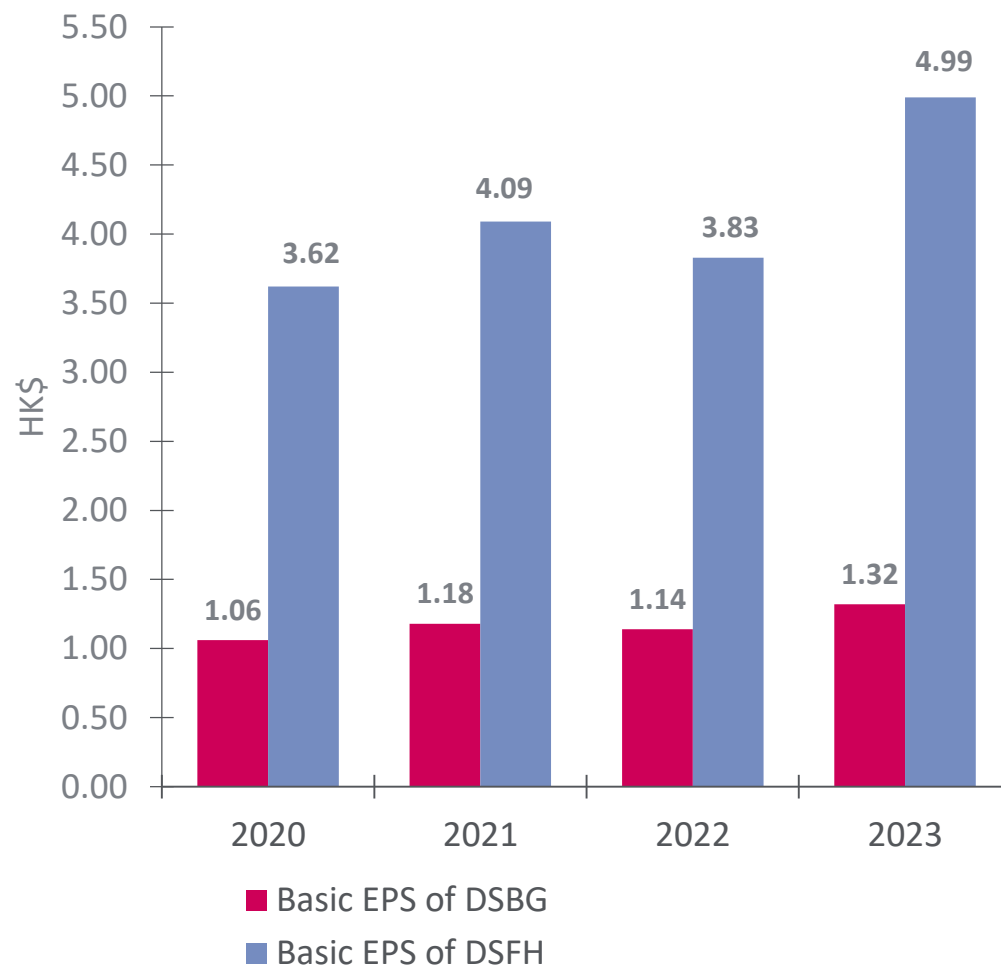


Key Return Indicators

Return on average total assets and shareholders' funds of DSBG

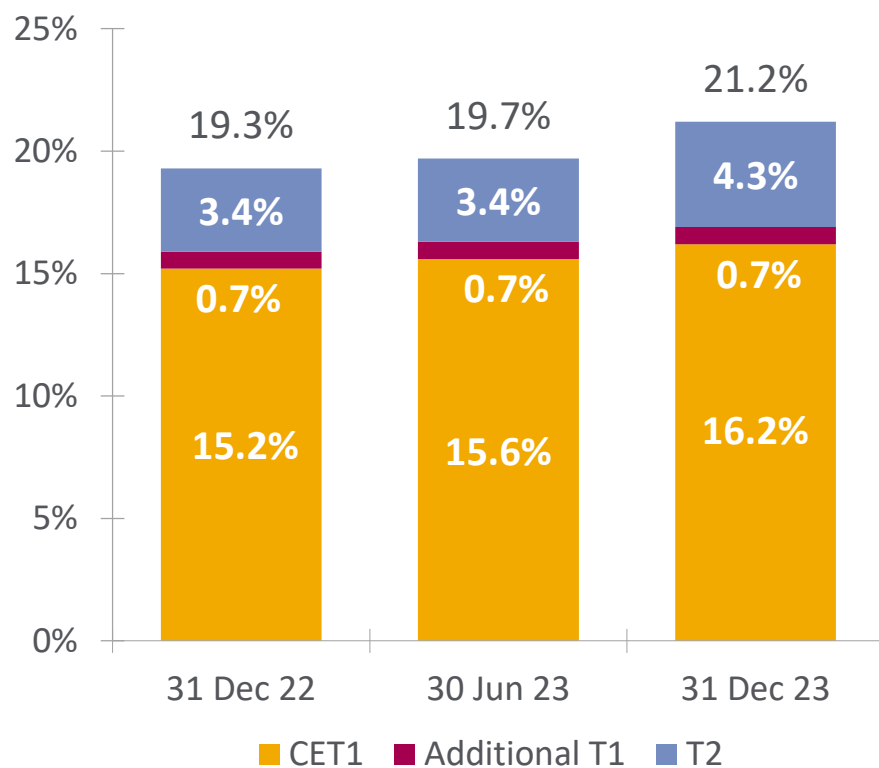


Basic EPS of DSBG and DSFH

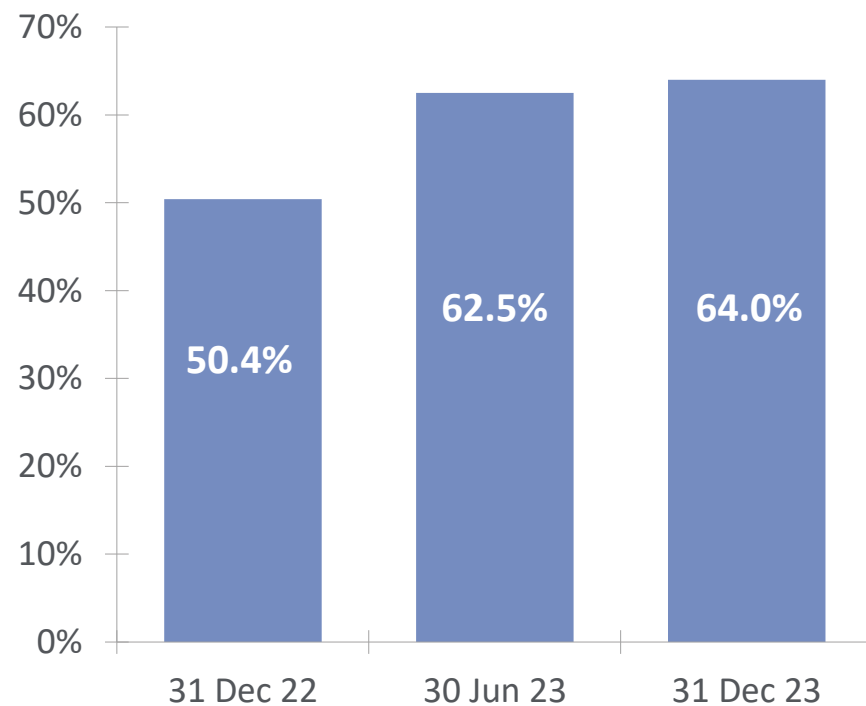


Capital Adequacy and Liquidity

Capital adequacy ratio



Liquidity maintenance ratio



Conclusions

Conclusions

- Our core businesses remained resilient and delivered improved performance amidst a challenging environment in 2023
- Capital and liquidity positions continued to be robust
- Respectable improvement in net interest income with higher net interest margin, offsetting the weakness in non-interest income
- Continued growth in premiums and AUM in general insurance businesses underpinned by disciplined underwriting
- Higher profit attributable to shareholders
- Continue to focus on organic growth with prudent credit risk and asset quality management



APPENDIX: Dah Sing Banking Group (2356)

HK\$' million	2023	2022	Change
Net interest income	4,815	4,383	+10%
Net fee and commission income	867	2,249	-61%
Net trading income and other income	234	194	+21%
Total operating income	5,916	6,826	-13%
Operating expenses	(3,169)	(3,016)	+5%
Credit impairment losses	(731)	(803)	-9%
Operating profit after credit impairment losses	2,016	3,007	-33%
Profit shared from BOCQ	689	657	+5%
Impairment loss on investment in BOCQ	(552)	(1,683)	-67%
Profit attributable to shareholders	1,860	1,609	+16%
Basic earnings per share (\$)	1.32	1.14	
Dividend per share (\$)	0.60	0.39	

Note: Profit attributable to shareholders for 2022 excluding the gain on the termination of the previous bancassurance distribution agreement of HK\$1,299 million and the impairment provision on the investment in BOCQ of HK\$1,385 million attributable to an update to the valuation model in 2022 is HK\$1,695 million. Excluding these special items affecting our 2022 results, profit attributable to shareholders for 2023 was represented 10% higher, compared with HK\$1,695 million in 2022.

APPENDIX: Dah Sing Financial Holdings (0440)

HK\$' million	2023	2022 (restated)	Change
Net interest income	4,951	4,431	+12%
Net fee and commission income	851	2,236	-62%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	441	319	+38%
Total operating income net of insurance claims	6,243	6,986	-11%
Operating expenses	(3,250)	(3,104)	+5%
Credit impairment losses	(731)	(804)	-9%
Operating profit after credit impairment losses	2,262	3,078	-27%
Profit shared from BOCQ	689	657	+5%
Impairment loss on investment in BOCQ	(552)	(1,683)	-67%
Profit attributable to shareholders	1,592	1,224	+30%
Basic earnings per share (\$)	4.99	3.83	
Dividend per share (\$)	2.00	1.14	