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(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

The holding company of Dah Sing Bank, Limited

(Stock Code: 2356)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

The Directors of Dah Sing Banking Group Limited (the “Company”) are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024. The unaudited profit attributable to shareholders for the six months ended 30 June 2024 was HK\$1,396.1 million.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2024 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK\$'000	Note	2024	2023	Variance %
Interest income	3	6,205,704	5,287,210	
Interest expense	3	(3,667,009)	(3,018,165)	
Net interest income		2,538,695	2,269,045	11.9
Fee and commission income	4	712,467	474,544	
Fee and commission expense	4	(109,081)	(96,870)	
Net fee and commission income		603,386	377,674	59.8
Net trading income	5	119,447	6,451	
Other operating income	6	25,229	38,236	
Operating income		3,286,757	2,691,406	22.1
Operating expenses	7	(1,594,865)	(1,533,321)	4.0
Operating profit before impairment losses		1,691,892	1,158,085	46.1
Credit impairment losses	8	(544,007)	(156,893)	246.7
Operating profit before gains and losses on certain investments and fixed assets		1,147,885	1,001,192	14.7
Net loss on disposal of other fixed assets		(122)	(1,309)	
Share of results of an associate	9	430,479	430,240	
Impairment loss on investment in an associate	9	(15,715)	(232,000)	
Loss on deemed disposal of investment in an associate		(1)	(6)	
Share of results of jointly controlled entities		17,395	13,784	
Profit before taxation		1,579,921	1,211,901	30.4
Taxation	10	(183,847)	(99,978)	
Profit for the period attributable to Shareholders of the Company		1,396,074	1,111,923	25.6
Interim dividend		379,553	154,633	
Earnings per share				
Basic	11	HK\$0.99	HK\$0.79	
Diluted	11	HK\$0.93	HK\$0.75	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

HK\$'000	2024	2023
Profit for the period	1,396,074	1,111,923
Other comprehensive income/ (loss) for the period		
Items that may be reclassified to the consolidated income statement:		
Investments in securities		
Net change in fair value of debt instruments at fair value through other comprehensive income	180,602	131,494
Share of other comprehensive income of an associate accounted for using the equity method	65,733	123,156
Net change in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	4,850	(9,132)
Deferred income tax related to the above	(30,891)	(18,619)
	220,294	226,899
Exchange differences arising on translation of the financial statements of foreign entities	(211,734)	(314,537)
Items that will not be reclassified to the consolidated income statement:		
Premises		
Reserves arising from reclassification of premises to investment properties	45,534	-
Investments in securities		
Share of other comprehensive income of an associate accounted for using the equity method	26	139
Net change in fair value of equity instruments at fair value through other comprehensive income	(31)	55,581
Deferred income tax related to the above	29	(3,402)
	45,558	52,318
Other comprehensive income/ (loss) for the period, net of tax	54,118	(35,320)
Total comprehensive income for the period, net of tax	1,450,192	1,076,603

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK\$'000	Note	As at 30 Jun 2024	As at 31 Dec 2023
ASSETS			
Cash and balances with banks		13,054,178	16,395,770
Placements with banks maturing between one and twelve months		8,660,614	3,151,814
Trading securities	12	1,873,725	1,739,841
Financial assets at fair value through profit or loss	12	5,808	8,216
Derivative financial instruments	13	3,756,988	3,566,149
Advances and other accounts	14	147,238,485	149,113,954
Financial assets at fair value through other comprehensive income	15	42,900,837	40,525,842
Financial assets at amortised cost	16	37,899,207	39,372,378
Investment in an associate	9	2,311,217	2,215,131
Investments in jointly controlled entities		147,341	129,946
Goodwill		713,451	713,451
Intangible assets		69,715	69,715
Premises and other fixed assets		2,767,939	2,813,187
Investment properties		847,792	761,604
Current income tax assets		2,829	1,273
Deferred income tax assets		122,549	165,823
Total assets		262,372,675	260,744,094
LIABILITIES			
Deposits from banks		1,885,555	2,485,044
Derivative financial instruments	13	1,168,449	1,279,419
Trading liabilities		166,695	99,853
Deposits from customers		208,143,537	207,233,698
Certificates of deposit issued		4,605,087	2,428,028
Subordinated notes		4,109,232	5,916,645
Other accounts and accruals	17	8,119,926	8,020,654
Current income tax liabilities		437,529	287,611
Deferred income tax liabilities		103,832	103,699
Total liabilities		228,739,842	227,854,651
EQUITY			
Equity attributable to the Company's shareholders			
Share capital		6,894,438	6,894,438
Other reserves (including retained earnings)		26,426,979	25,683,589
Shareholders' funds	18	33,321,417	32,578,027
Additional equity instruments		311,416	311,416
Total equity		33,632,833	32,889,443
Total equity and liabilities		262,372,675	260,744,094

Note:

1. General information

Dah Sing Banking Group Limited (the “Company”) is a bank holding company. Its principal subsidiary is Dah Sing Bank, Limited (“DSB”), which is a licensed bank in Hong Kong. The Company together with its subsidiaries (collectively the “Group”) provide banking, financial and other related services.

The immediate and ultimate holding company is Dah Sing Financial Holdings Limited, a listed company in Hong Kong.

2. Unaudited financial statements and accounting policies

The information set out in this interim results announcement does not constitute statutory consolidated financial statements.

Certain financial information in this interim results announcement is extracted from the statutory consolidated financial statements for the year ended 31 December 2023 (the “2023 consolidated financial statements”) which have been delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622), and the Hong Kong Monetary Authority (“HKMA”).

The auditor’s report on the 2023 consolidated financial statements was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

Basis of preparation and accounting policies

The accounting policies and methods of computation used in the preparation of the 2024 interim condensed consolidated financial statements are consistent with those used and described in the Group’s annual audited consolidated financial statements for the year ended 31 December 2023.

There are several amendments to HKFRS that became applicable from 1 January 2024:

- HKAS 1 (Amendments) - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
- HKFRS 16 (Amendments) - Lease Liability in a Sale and Leaseback
- HKAS 7 and HKFRS 7 (Amendments) - Supplier Finance Arrangements
- HK Interpretation 5 (Revised) - Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

None of these has a significant effect on the consolidated financial statements of the Group.

There are no other HKFRSs or interpretations that are effective from 1 January 2024 or not yet effective that would be expected to have a material impact on the Group.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated, and were approved by the Board of Directors for issue on 30 August 2024.

These interim condensed consolidated financial statements have not been audited.

3. Net interest income

For the six months ended 30 June

HK\$'000	2024	2023
Interest income		
Cash and balances with banks	393,973	361,517
Investments in securities	2,183,686	1,765,275
Advances and other accounts	<u>3,628,045</u>	<u>3,160,418</u>
	6,205,704	5,287,210
Interest expense		
Deposits from banks/ Deposits from customers	3,327,335	2,732,234
Certificates of deposit issued	102,596	108,271
Subordinated notes	177,969	145,517
Lease liabilities	4,759	3,678
Others	<u>54,350</u>	<u>28,465</u>
	3,667,009	3,018,165
Included within interest income		
- Trading securities and financial assets at fair value through profit or loss	39,673	5,026
- Financial assets at fair value through other comprehensive income	1,453,506	1,170,170
- Financial assets at amortised cost	<u>4,712,525</u>	<u>4,112,014</u>
	6,205,704	5,287,210
Included within interest expense		
- Financial liabilities at fair value through profit or loss	7,826	2,472
- Financial liabilities at amortised cost	<u>3,659,183</u>	<u>3,015,693</u>
	3,667,009	3,018,165

In the six months ended 30 June 2024 and 2023, there was no interest income recognised on impaired assets.

4. Net fee and commission income

For the six months ended 30 June

HK\$'000	2024	2023
Fee and commission income		
Fee and commission income from financial assets and liabilities not at fair value through profit or loss		
- Credit related fees and commissions	88,558	75,986
- Trade finance	23,456	23,070
- Credit card	126,008	135,726
Other fee and commission income		
- Securities brokerage	52,123	54,629
- Insurance distribution and others	235,107	17,290
- Retail investment and wealth management services	66,704	79,020
- Bank services and handling fees	29,543	35,805
- Other fees	90,968	53,018
	712,467	474,544
Fee and commission expense		
Fee and commission expense from financial assets and liabilities not at fair value through profit or loss		
- Handling fees and commission	104,264	92,535
- Other fees paid	4,817	4,335
	109,081	96,870

The Group provides custody, trustee, corporate administration, and investment management services to third parties. The assets subject to these services are held in a fiduciary capacity and are not included in these consolidated financial statements.

5. Net trading income

For the six months ended 30 June

HK\$'000	2024	2023
Net gain/ (loss) arising from dealing in foreign currencies	89,746	(17,358)
Net (loss)/ gain on trading securities	(767)	1,610
Net gain from derivatives entered into for trading purpose	32,319	20,234
Net gain arising from financial instruments subject to fair value hedge	381	1,269
Net (loss)/ gain on financial instruments at fair value through profit or loss	(2,232)	696
	119,447	6,451

6. Other operating income

For the six months ended 30 June

HK\$'000	2024	2023
Dividend income from investments in equity instruments at fair value through other comprehensive income, held at the end of the period		
- Listed investments	16	299
- Unlisted investments	1,952	19,031
Gross rental income from investment properties	7,323	7,803
Other rental income	7,901	7,546
Others	8,037	3,557
	<u>25,229</u>	<u>38,236</u>

7. Operating expenses

For the six months ended 30 June

HK\$'000	2024	2023
Employee compensation and benefit expenses (including directors' remuneration)	1,113,239	1,043,038
Premises and other fixed assets expenses, excluding depreciation	107,018	107,338
Depreciation		
- Premises and other fixed assets	113,024	98,239
- Right-of-use properties	72,753	72,606
Advertising and promotion costs	37,248	40,533
Printing, stationery and postage	23,402	22,771
Others	128,181	148,796
	<u>1,594,865</u>	<u>1,533,321</u>

8. Credit impairment losses

For the six months ended 30 June

HK\$'000	2024	2023
New allowances net of allowance releases	582,402	196,687
Recoveries of amounts previously written off	<u>(38,395)</u>	<u>(39,794)</u>
	<u>544,007</u>	<u>156,893</u>
Attributable to:		
- Loans and advances to customers	550,546	220,825
- Other financial assets	(1,506)	(37,033)
- Loan commitments and financial guarantees	<u>(5,033)</u>	<u>(26,899)</u>
	<u>544,007</u>	<u>156,893</u>

9. Share of results of an associate, and impairment loss on investment in an associate

Share of results of an associate

As at the date of this announcement, the results of the Group's associate, Bank of Chongqing ("BOCQ"), for the six months ended 30 June 2024 are not yet publicly available. The Group has determined its share of results of BOCQ for the first half of 2024 by reference to the results published by BOCQ in particular those attributable to the first quarter of 2024 ended 31 March 2024, and taking into account the financial effect of significant transactions or events in the period from 1 April 2024 to 30 June 2024 which BOCQ had made known to the public.

Impairment loss on investment in an associate

At 30 June 2024, the fair value of the Group's investment in BOCQ had been below the carrying amount for approximately 10.5 years. On this basis, the Group continues to perform an impairment test on the carrying amount of the investment in BOCQ to assess the recoverable amount.

The impairment test is performed by comparing the carrying amount of the investment against the higher of the recoverable amount of BOCQ, determined by a value in use ("VIU") calculation, and fair value of the investment. The VIU calculation uses discounted cash flow projections based on management's estimates of BOCQ's earnings and dividends to be paid in future, and the estimated probable exit value in future after considering the growth of BOCQ and its net asset value for the medium and longer term. The discount rate applied to the VIU calculation was estimated with reference to BOCQ's cost of equity, which is publicly available in the market.

In performing the VIU calculation to arrive at the recoverable amount of the investment, the Group considers all relevant factors including market views and qualitative factors to ensure that the inputs to the VIU calculation are appropriate. Adjustments need to be made to reflect the latest situation affecting BOCQ and also market outlook for the medium and longer term that are relevant in projecting BOCQ's future performance. Significant management judgement is required in estimating the future cash flows of BOCQ.

For the position as at 30 June 2024, the recoverable amount concluded by the latest impairment test performed based on the VIU calculation using a discount rate of 12.0% (31 December 2023: 12.0%) and the fair value of the investment are assessed as lower than the carrying amount, after deducting the cumulative impairment allowance made up to 31 December 2023 of HK\$ 5,227 million, by HK\$85 million and HK\$16 million respectively. As a result, an additional impairment charge of HK\$16 million was recognised in the first half of 2024 to reduce the value of the investment to HK\$2,311 million.

The calculation of DSB's capital adequacy does not include the retained earnings from this investment (the "Investment"), except for BOCQ cash dividend received by DSB. Provided that the Investment continues to be held at or above the original cost of the investment of HK\$1,213 million, impairment made on the Investment does not affect DSB's capital adequacy.

10. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period. Taxation on profits in Mainland China and Macau has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

For the six months ended 30 June

HK\$'000	2024	2023
Current income tax		
- Hong Kong profits tax	154,065	92,018
- Mainland China's and Macau's taxation	18,968	19,006
- Under/ (over)-provision in prior years	168	(60,044)
Deferred income tax		
- Origination and reversal of temporary differences	10,760	48,998
- Recognition of tax losses	(114)	-
Taxation	<u>183,847</u>	<u>99,978</u>

11. Basic and diluted earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on earnings of HK\$1,396,074,000 (2023: HK\$1,111,923,000) and the weighted average number of 1,405,752,132 (2023: 1,405,752,132) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2024 is based on earnings of HK\$1,396,074,000 (2023: HK\$1,111,923,000) and deducting from it the dilutive effect of our share of profits in an associate amounting to HK\$88,053,000 (2023: HK\$60,033,000) and the weighted average number of 1,405,752,132 (2023: 1,405,752,132) ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares. The share options outstanding during the period and at the period end have no dilutive effect on the weighted average number of ordinary shares.

	2024	2023
Profit attributable to shareholders (HK\$'000)	1,396,074	1,111,923
Dilutive effect of share of profits in an associate (HK\$'000)	<u>(88,053)</u>	<u>(60,033)</u>
Profit used to determine diluted earnings per share(HK\$'000)	<u>1,308,021</u>	<u>1,051,890</u>

12. Trading securities and financial assets at fair value through profit or loss

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Trading securities:		
Debt securities:		
- Listed in Hong Kong	8,728	14,406
- Unlisted	<u>1,864,997</u>	<u>1,725,435</u>
	<u>1,873,725</u>	<u>1,739,841</u>
Financial assets at fair value through profit or loss:		
Investment funds:		
- Listed in Hong Kong	<u>5,808</u>	<u>8,216</u>
Total	<u>1,879,533</u>	<u>1,748,057</u>
Included within debt securities are:		
- Treasury bills which are cash equivalents	593,702	1,725,135
- Other treasury bills	1,271,295	-
- Government bonds	8,617	14,706
- Other debt securities	<u>111</u>	<u>-</u>
	<u>1,873,725</u>	<u>1,739,841</u>
By issuers:		
- Central governments and central banks	1,873,614	1,739,841
- Public sector entities	111	-
- Corporate entities	<u>5,808</u>	<u>8,216</u>
	<u>1,879,533</u>	<u>1,748,057</u>

As at 30 June 2024 and 31 December 2023, there were no certificates of deposit held included in the above balances.

13. Derivative financial instruments

The notional principal amounts of outstanding derivatives contracts and their fair values as at 30 June 2024 were as follows:

HK\$'000	Contract/ notional amount	Fair values	
		Assets	Liabilities
1) Derivatives held for trading			
<i>a) Foreign exchange derivatives</i>			
Forward and futures contracts	285,852,220	859,763	(782,282)
Currency options purchased and written	35,207,866	116,673	(124,054)
Cross currency interest rate swaps	1,932,829	17,557	(15,077)
<i>b) Interest rate derivatives</i>			
Interest rate swaps	7,399,854	37,884	(31,904)
<i>c) Equity derivatives</i>			
Equity options purchased and written	466,478	6,456	(6,469)
<i>d) Commodity derivatives</i>			
Commodity forward and swaps	49,095	578	(7)
Total derivative assets/ (liabilities) held for trading	<u>330,908,342</u>	<u>1,038,911</u>	<u>(959,793)</u>
2) Derivatives held for hedging			
<i>a) Derivatives designated as fair value hedges</i>			
Interest rate swaps	<u>45,293,122</u>	<u>2,718,077</u>	<u>(208,656)</u>
Total derivative assets/ (liabilities) held for hedging	<u>45,293,122</u>	<u>2,718,077</u>	<u>(208,656)</u>
Total recognised derivative financial assets/ (liabilities)	<u>376,201,464</u>	<u>3,756,988</u>	<u>(1,168,449)</u>

13. Derivative financial instruments (Continued)

The notional principal amounts of outstanding derivatives contracts and their fair values as at 31 December 2023 were as follows:

HK\$'000	Contract/ notional amount	Fair values	
		Assets	Liabilities
1) Derivatives held for trading			
<i>a) Foreign exchange derivatives</i>			
Forward and futures contracts	183,067,007	878,718	(885,411)
Currency options purchased and written	20,696,124	128,874	(121,144)
Cross currency interest rate swaps	874,545	13,361	(12,907)
<i>b) Interest rate derivatives</i>			
Interest rate swaps	3,689,125	34,352	(30,717)
<i>c) Equity derivatives</i>			
Equity options purchased and written	433,584	6,779	(6,797)
<i>d) Commodity derivatives</i>			
Commodity forward and swaps	56,593	304	(327)
Total derivative assets/ (liabilities) held for trading	208,816,978	1,062,388	(1,057,303)
2) Derivatives held for hedging			
<i>a) Derivatives designated as fair value hedges</i>			
Interest rate swaps	46,874,243	2,503,761	(222,116)
Total derivative assets/ (liabilities) held for hedging	46,874,243	2,503,761	(222,116)
Total recognised derivative financial assets/ (liabilities)	255,691,221	3,566,149	(1,279,419)

14. Advances and other accounts

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Gross loans and advances to customers	141,373,635	143,049,476
Less: impairment allowances		
- Stage 1	(343,875)	(364,345)
- Stage 2	(305,297)	(263,656)
- Stage 3	(531,018)	(485,255)
	<u>(1,180,190)</u>	<u>(1,113,256)</u>
	<u>140,193,445</u>	<u>141,936,220</u>
Trade bills	1,721,946	2,060,317
Less: impairment allowances		
- Stage 1	(1,170)	(2,981)
- Stage 2	(1)	-
	<u>(1,171)</u>	<u>(2,981)</u>
	<u>1,720,775</u>	<u>2,057,336</u>
Other assets	5,348,795	5,141,313
Less: impairment allowances		
- Stage 1	(9,021)	(6,979)
- Stage 2	(4,121)	(2,907)
- Stage 3	(11,388)	(11,029)
	<u>(24,530)</u>	<u>(20,915)</u>
	<u>5,324,265</u>	<u>5,120,398</u>
Advances and other accounts	<u>147,238,485</u>	<u>149,113,954</u>

14. Advances and other accounts (Continued)

(a) Impaired, overdue and rescheduled assets

(i) Impaired loans

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Gross loans and advances	141,373,635	143,049,476
Less: total impairment allowances	<u>(1,180,190)</u>	<u>(1,113,256)</u>
Net	<u>140,193,445</u>	<u>141,936,220</u>
Credit-impaired loans and advances	2,768,240	2,779,561
Less: Stage 3 impairment allowances	<u>(531,018)</u>	<u>(485,255)</u>
Net	<u>2,237,222</u>	<u>2,294,306</u>
Fair value of collateral held*	<u>1,671,490</u>	<u>1,707,443</u>
Credit-impaired loans and advances as a % of total loans and advances to customers	<u>1.96%</u>	<u>1.94%</u>

* Fair value of collateral is determined at the lower of the market value of collateral and outstanding loan balance.

(ii) Gross amount of overdue loans

	As at 30 Jun 2024		As at 31 Dec 2023	
	Gross amount of overdue loans	% of total	Gross amount of overdue loans	% of total
Gross loans and advances to customers which have been overdue for:				
- six months or less but over three months	578,344	0.41	344,615	0.24
- one year or less but over six months	526,856	0.37	664,811	0.46
- over one year	<u>1,479,844</u>	<u>1.05</u>	<u>1,158,163</u>	<u>0.81</u>
	<u>2,585,044</u>	<u>1.83</u>	<u>2,167,589</u>	<u>1.51</u>
Represented by:				
- Secured overdue loans and advances	1,932,377		1,553,890	
- Unsecured overdue loans and advances	<u>652,667</u>		<u>613,699</u>	
Market value of securities held against the secured overdue loans and advances	<u>3,327,817</u>		<u>2,615,092</u>	
Stage 3 impairment allowances	<u>287,690</u>		<u>228,158</u>	

Collateral held mainly represented pledged deposits, mortgages over properties and charges over other fixed assets such as equipment.

14. Advances and other accounts (Continued)

- (a) Impaired, overdue and rescheduled assets (Continued)
- (iii) Rescheduled loans and advances net of amounts included in overdue loans and advances shown above

HK\$'000	As at 30 Jun 2024	% of total	As at 31 Dec 2023	% of total
Loans and advances to customers	<u>390,582</u>	<u>0.28</u>	<u>405,780</u>	<u>0.28</u>
Stage 3 impairment allowances	<u>124,288</u>		<u>115,036</u>	

- (iv) Trade bills

As at 30 June 2024 and 31 December 2023, there were no balance of trade bills that were overdue for more than 3 months.

- (b) Repossessed collateral

Reposessed collateral held is as follows:

Nature of assets	As at 30 Jun 2024	As at 31 Dec 2023
Reposessed properties	275,242	252,687
Others	<u>1,020</u>	<u>925</u>
	<u>276,262</u>	<u>253,612</u>

Reposessed collaterals are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness of the borrowers concerned.

Certain other properties in Mainland China with a total estimated realisable value of HK\$56,706,000 (31 December 2023: HK\$58,181,000), which had been foreclosed and reposessed by the Group pursuant to orders issued by courts in Mainland China, represent assets held by the Group for resale and have been reported under "Other assets". The relevant loans had been derecognised.

15. Financial assets at fair value through other comprehensive income

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Debt securities:		
- Listed in Hong Kong	11,370,240	10,976,354
- Listed outside Hong Kong	18,288,944	15,729,976
- Unlisted	11,479,943	12,057,957
	<u>41,139,127</u>	<u>38,764,287</u>
Equity securities:		
- Listed in Hong Kong	250	268
- Unlisted	1,761,460	1,761,287
	<u>1,761,710</u>	<u>1,761,555</u>
Total	<u>42,900,837</u>	<u>40,525,842</u>
Included within debt securities are:		
- Certificates of deposit held	-	361,139
- Treasury bills which are cash equivalents	433,557	1,489,951
- Other treasury bills	3,718,315	1,878,367
- Government bonds	1,178,639	1,198,230
- Other debt securities	35,808,616	33,836,600
	<u>41,139,127</u>	<u>38,764,287</u>
Financial assets at fair value through other comprehensive income are analysed by categories of issuers as follows:		
Debt securities:		
- Central governments and central banks	9,020,064	8,338,984
- Public sector entities	1,996,507	1,799,394
- Banks and other financial institutions	11,673,764	9,422,100
- Corporate entities	18,448,792	19,203,809
	<u>41,139,127</u>	<u>38,764,287</u>
Equity securities:		
- Corporate entities	1,761,710	1,761,555
	<u>1,761,710</u>	<u>1,761,555</u>
	<u>42,900,837</u>	<u>40,525,842</u>

16. Financial assets at amortised cost

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Debt securities:		
- Listed in Hong Kong	13,404,561	13,549,372
- Listed outside Hong Kong	14,349,327	15,977,711
- Unlisted	<u>10,175,621</u>	<u>9,886,223</u>
	<u>37,929,509</u>	<u>39,413,306</u>
Less: impairment allowance		
- Stage 1	<u>(30,302)</u>	<u>(40,928)</u>
Total	<u>37,899,207</u>	<u>39,372,378</u>
Included within debt securities are:		
- Certificates of deposit held	4,670,049	3,918,269
- Treasury bills	1,794,251	1,577,781
- Government bonds	225,745	222,317
- Other debt securities	<u>31,239,464</u>	<u>33,694,939</u>
	<u>37,929,509</u>	<u>39,413,306</u>
Financial assets at amortised cost are analysed by categories of issuers as follows:		
- Central governments and central banks	2,019,996	1,800,098
- Public sector entities	1,927,156	2,031,319
- Banks and other financial institutions	13,268,041	13,394,699
- Corporate entities	<u>20,714,316</u>	<u>22,187,190</u>
	<u>37,929,509</u>	<u>39,413,306</u>

17. Other accounts and accruals

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Lease liabilities	452,271	481,829
Other liabilities and accruals	<u>7,667,655</u>	<u>7,538,825</u>
	<u>8,119,926</u>	<u>8,020,654</u>

18. Shareholders' funds

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Share capital	6,894,438	6,894,438
Consolidation reserve	(220,986)	(220,986)
Premises revaluation reserve	315,654	270,120
Investment revaluation reserve	1,876,376	1,656,060
Exchange reserve	(861,756)	(650,024)
General reserve	700,254	700,254
Reserve for share-based compensation	4,984	4,984
Retained earnings	<u>24,612,453</u>	<u>23,923,181</u>
	<u>33,321,417</u>	<u>32,578,027</u>
Proposed dividend/ dividend paid included in retained earnings	<u>379,553</u>	<u>688,819</u>

DSB as a locally incorporated bank in Hong Kong is required to maintain minimum impairment provisions in excess of those required under HKFRS in the form of regulatory reserve. The regulatory reserve, which also covers Banco Comercial de Macau, S.A. ("BCM") and Dah Sing Bank (China) Limited ("DSB China"), is maintained to satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes. The regulatory reserve restricts the amount of reserves which can be distributed to shareholders. Movements in the regulatory reserve are made directly through equity reserve and in consultation with the HKMA.

As at 30 June 2024, DSB has earmarked a regulatory reserve of HK\$580,779,000 (31 December 2023: HK\$616,530,000) first against its consolidated general reserve; and for any excess amount, the balance is earmarked against its consolidated retained earnings.

19. Contingent liabilities and commitments

(a) Capital commitments

Capital expenditure in respect of projects and acquisition of fixed assets at the end of the reporting period but not yet incurred is as follows:

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Expenditure contracted but not provided for	<u>34,835</u>	<u>50,729</u>

(b) Credit commitments

The contract and credit risk weighted amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	<u>Contract amount</u>	
	As at 30 Jun 2024	As at 31 Dec 2023
Direct credit substitutes	457,353	1,572,787
Transaction-related contingencies	365,565	356,134
Trade-related contingencies	512,132	393,322
Commitments that are unconditionally cancellable without prior notice	60,011,259	62,066,805
Other commitments	4,570,967	4,383,439
Forward forward deposits placed	<u>132,746</u>	<u>-</u>
	<u>66,050,022</u>	<u>68,772,487</u>

	<u>Credit risk weighted amount</u>	
	As at 30 Jun 2024	As at 31 Dec 2023
Contingent liabilities and commitments	<u>1,963,411</u>	<u>2,119,544</u>

(c) Assets pledged

	As at 30 Jun 2024	As at 31 Dec 2023
Trading assets and financial investments pledged to secure liabilities	958,619	2,473,697
- of which: under repurchase agreements	<u>808,452</u>	<u>2,373,752</u>
Amount of liabilities secured	954,769	2,397,069
- of which: under repurchase agreements	<u>804,967</u>	<u>2,297,216</u>

The table above shows assets where a charge has been granted to secure liabilities on a legal and contractual basis. These transactions are conducted under terms that are usual and customary to collateralised transactions including repurchase agreements and include assets pledged to cover short positions and to facilitate settlement processes with clearing houses.

19. Contingent liabilities and commitments (Continued)

(d) Operating lease commitments

Where a Group company is the lessor, the future minimum lease payments receivable under non-cancellable building operating leases are as follows:

HK\$'000	As at 30 Jun 2024	As at 31 Dec 2023
Within 1 year	13,707	12,260
Between 1 and 2 years	6,444	8,470
Between 2 and 3 years	<u>28</u>	<u>834</u>
	<u>20,179</u>	<u>21,564</u>

In addition, the Group has, as a lessee, entered into a number of leases that have not yet commenced. The aggregate lease payments payable under these leases as at 30 June 2024 amount to HK\$12,073,000 (31 December 2023: HK\$10,259,000).

20. Operating segment reporting

Segment reporting by the Group is prepared in accordance with HKFRS 8 “Operating Segments”. Information reported to the chief operating decision maker, including the Chief Executive and other Executive Committee members, for the purposes of resource allocation and performance assessment, is determined on the basis of personal banking, corporate banking, treasury and global markets and banking businesses in Mainland China and Macau. Operating performances are analysed by business activities for local banking business, and on business entity basis for banking businesses in Mainland China and Macau.

Considering the customer groups, products and services of local businesses, the economic environment and regulations, the Group splits the operating segments of the Group into the following reportable segments:

- Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft, vehicle financing and credit card services, and the provision of insurance sales and investment services.
- Corporate banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing.
- Treasury and global markets activities are mainly the provision of foreign exchange services and centralised cash management for deposit taking and lending, interest rate risk management, management of investment in securities and the overall funding of the Group.
- Mainland China and Macau banking businesses include personal banking, corporate banking business activities provided by subsidiaries in Mainland China and Macau, and the Group’s interest in a commercial bank in Mainland China.
- Others include results of operations not directly identified under other reportable segments, corporate investments and debt funding (including subordinated notes).

For the purpose of segment reporting, revenue derived from customers, products and services directly identifiable with individual segments are reported directly under respective segments, while revenue and funding cost arising from inter-segment funding operation and funding resources are allocated to segments by way of transfer pricing mechanism with reference to market interest rates. Transactions within segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income or expenses are eliminated on consolidation.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions’ costs are allocated to various segments and products based on effort and time spent as well as segments’ operating income depending on the nature of costs incurred. Costs related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped under Others as unallocated corporate expenses.

20. Operating segment reporting (Continued)

For the six months ended 30 June 2024

HK\$'000	Personal Banking	Corporate Banking	Treasury and Global Markets	Mainland China and Macau Banking	Others	Inter- segment	Total
Net interest income/ (expenses)	1,094,468	582,205	650,687	230,318	(18,960)	(23)	2,538,695
Non-interest income/ (expenses)	531,816	103,928	21,032	83,682	9,331	(1,727)	748,062
Total operating income/ (expenses)	1,626,284	686,133	671,719	314,000	(9,629)	(1,750)	3,286,757
Operating expenses	(927,592)	(269,760)	(128,918)	(265,550)	(4,795)	1,750	(1,594,865)
Operating profit/ (loss) before credit impairment (losses)/ write-back	698,692	416,373	542,801	48,450	(14,424)	-	1,691,892
Credit impairment (losses)/ write-back	(236,258)	(277,530)	1,528	(29,638)	(2,109)	-	(544,007)
Operating profit/ (loss) before gains and losses on certain investments and fixed assets	462,434	138,843	544,329	18,812	(16,533)	-	1,147,885
Net gain/ (loss) on disposal of other fixed assets	3	-	-	1	(126)	-	(122)
Share of results of an associate	-	-	-	430,479	-	-	430,479
Impairment loss on investment in an associate	-	-	-	(15,715)	-	-	(15,715)
Loss on deemed disposal of investment in an associate	-	-	-	(1)	-	-	(1)
Share of results of jointly controlled entities	-	-	-	-	17,395	-	17,395
Profit before taxation	462,437	138,843	544,329	433,576	736	-	1,579,921
Taxation (expenses)/ credit	(76,483)	(22,596)	(89,859)	(11,870)	16,961	-	(183,847)
Profit for the period	385,954	116,247	454,470	421,706	17,697	-	1,396,074
For the six months ended 30 June 2024							
Depreciation and amortisation	43,368	11,692	7,372	28,359	94,986	-	185,777
As at 30 June 2024							
Segment assets	57,939,390	66,205,873	95,967,963	38,846,486	8,365,969	(4,953,006)	262,372,675
Segment liabilities	125,305,767	45,436,071	14,071,184	31,867,969	17,011,857	(4,953,006)	228,739,842

20. Operating segment reporting (Continued)

For the six months ended 30 June 2023

HK\$'000	Personal Banking	Corporate Banking	Treasury and Global Markets	Mainland China and Macau	Others	Inter- segment	Total
				Banking			
Net interest income/ (expenses)	969,887	536,646	525,910	229,212	7,464	(74)	2,269,045
Non-interest income/ (expenses)	<u>328,739</u>	<u>101,036</u>	<u>(94,506)</u>	<u>76,298</u>	<u>11,218</u>	<u>(424)</u>	<u>422,361</u>
Total operating income/ (expenses)	1,298,626	637,682	431,404	305,510	18,682	(498)	2,691,406
Operating expenses	<u>(905,476)</u>	<u>(251,753)</u>	<u>(99,112)</u>	<u>(270,505)</u>	<u>(6,973)</u>	<u>498</u>	<u>(1,533,321)</u>
Operating profit before credit impairment (losses)/ write-back	393,150	385,929	332,292	35,005	11,709	-	1,158,085
Credit impairment (losses)/ write-back	<u>(133,933)</u>	<u>(46,157)</u>	<u>27,720</u>	<u>(4,893)</u>	<u>370</u>	<u>-</u>	<u>(156,893)</u>
Operating profit before gains and losses on certain investments and fixed assets	259,217	339,772	360,012	30,112	12,079	-	1,001,192
Net (loss)/ gain on disposal of other fixed assets	(1,306)	-	-	2	(5)	-	(1,309)
Share of results of an associate	-	-	-	430,240	-	-	430,240
Impairment loss on investment in an associate	-	-	-	(232,000)	-	-	(232,000)
Loss on deemed disposal of investment in an associate	-	-	-	(6)	-	-	(6)
Share of results of jointly controlled entities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,784</u>	<u>-</u>	<u>13,784</u>
Profit before taxation	257,911	339,772	360,012	228,348	25,858	-	1,211,901
Taxation (expenses)/ credit	<u>(42,524)</u>	<u>(56,071)</u>	<u>(59,370)</u>	<u>(15,714)</u>	<u>73,701</u>	<u>-</u>	<u>(99,978)</u>
Profit for the period	<u>215,387</u>	<u>283,701</u>	<u>300,642</u>	<u>212,634</u>	<u>99,559</u>	<u>-</u>	<u>1,111,923</u>
For the six months ended 30 June 2023							
Depreciation and amortisation	35,148	7,680	4,403	28,544	95,070	-	170,845
As at 31 December 2023							
Segment assets	59,462,117	65,445,748	93,997,176	38,706,673	7,889,172	(4,756,792)	260,744,094
Segment liabilities	121,866,174	49,354,251	12,902,840	31,848,027	16,640,151	(4,756,792)	227,854,651

20. Operating segment reporting (Continued)

Revenues from external customers were contributed from banking subsidiaries in Hong Kong, Macau and People's Republic of China, with major products and services including deposit taking, extension of credit, asset-based finance, securities investment services offered to customers.

The following tables provide information by geographical area, which was determined with reference to the domicile of the legal entities within the Group with business dealing and relationship with, and services to external customers.

HKD'000	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2024				
Operating income	3,099,933	188,040	(1,216)	3,286,757
Profit before taxation	1,536,940	42,981	-	1,579,921
As at 30 June 2024				
Total assets	239,724,716	26,582,851	(3,934,892)	262,372,675
Total liabilities	209,707,918	22,966,816	(3,934,892)	228,739,842
Intangible assets and goodwill	231,891	551,275	-	783,166
Contingent liabilities and commitments	<u>64,504,189</u>	<u>2,664,542</u>	<u>(113,182)</u>	<u>67,055,549</u>
	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2023				
Operating income	2,510,399	181,505	(498)	2,691,406
Profit before taxation	1,160,830	51,071	-	1,211,901
As at 31 December 2023				
Total assets	238,542,412	25,692,277	(3,490,595)	260,744,094
Total liabilities	209,229,240	22,116,006	(3,490,595)	227,854,651
Intangible assets and goodwill	231,891	551,275	-	783,166
Contingent liabilities and commitments	<u>69,117,565</u>	<u>2,291,041</u>	<u>(101,434)</u>	<u>71,307,172</u>

21. Additional analysis on claims and exposures

- (a) Gross loans and advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral

HK\$'000	As at 30 Jun 2024		As at 31 Dec 2023	
	Outstanding balance	% of gross loans and advances covered by collateral	Outstanding balance	% of gross loans and advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	6,951,364	60.7	6,908,262	60.1
- Property investment	24,014,821	92.3	23,767,506	91.4
- Financial concerns	4,599,058	6.7	3,607,794	14.0
- Stockbrokers	1,433,408	61.2	1,240,252	46.9
- Wholesale and retail trade	4,809,848	87.3	4,791,670	88.5
- Manufacturing	1,706,130	63.5	1,684,066	67.7
- Transport and transport equipment	2,863,701	78.7	2,662,549	80.8
- Recreational activities	53,090	94.7	62,840	99.1
- Information technology	34,386	48.2	29,760	50.8
- Others	6,007,514	74.6	6,062,815	75.7
	52,473,320	75.6	50,817,514	77.1
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	444,188	99.1	467,752	99.3
- Loans for the purchase of other residential properties	33,977,726	99.9	34,954,353	99.9
- Credit card advances	3,572,866	-	3,841,087	-
- Others	13,351,583	51.7	13,530,504	50.4
	51,346,363	80.4	52,793,696	79.9
Loans for use in Hong Kong	103,819,683	77.9	103,611,210	78.5
Trade finance (Note (1))	5,360,265	69.6	5,624,799	73.1
Loans for use outside Hong Kong (Note (2))	32,193,687	57.3	33,813,467	56.8
	141,373,635	72.9	143,049,476	73.2

Note:

- (1) Trade finance shown above represents loans covering finance of imports to Hong Kong, exports and re-exports from Hong Kong and merchandising trade classified with reference to the relevant guidelines issued by the HKMA.
- (2) Loans for use outside Hong Kong include loans extended to customers located in Hong Kong with the finance used outside Hong Kong.

21. Additional analysis on claims and exposures (Continued)

- (a) Gross loans and advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral (Continued)

For each industry sector reported above with loan balance constituting 10% or more of the total balance of loans and advances to customers, the attributable amount of impaired loans, overdue loans, Stage 3, and Stage 1 and Stage 2 impairment allowances are as follows:

HK\$'000	As at 30 Jun 2024				
	Outstanding balance	Impaired loans (Stage 3)	Gross loans and advances overdue for over 3 months	Stage 3 impairment allowances	Stage 1 and Stage 2 impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	24,014,821	441,304	529,708	2,005	99,107
Individuals					
- Loans for the purchase of other residential properties	33,977,726	235,921	248,532	53,937	28,719
Loans for use outside Hong Kong	<u>32,193,687</u>	<u>1,142,421</u>	<u>962,796</u>	<u>126,050</u>	<u>110,601</u>
	As at 31 Dec 2023				
	Outstanding balance	Impaired loans (Stage 3)	Gross loans and advances overdue for over 3 months	Stage 3 impairment allowances	Stage 1 and Stage 2 impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	23,767,506	470,739	546,729	31,720	64,506
Individuals					
- Loans for the purchase of other residential properties	34,954,353	170,938	179,532	31,933	27,440
Loans for use outside Hong Kong	<u>33,813,467</u>	<u>1,269,535</u>	<u>995,898</u>	<u>147,671</u>	<u>149,084</u>

21. Additional analysis on claims and exposures (Continued)

(b) Mainland activities exposures

The analysis of Mainland activities exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland Activities, which includes the Mainland activities exposures extended by DSB and its Mainland subsidiary bank only.

HK\$'000

As at 30 June 2024	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JV"s)	4,739,849	-	4,739,849
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,208,912	6,287	1,215,199
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	8,069,659	589,166	8,658,825
4. Other entities of central government not reported in item 1 above	4,275,325	61,385	4,336,710
5. Other entities of local governments not reported in item 2 above	828,417	92,855	921,272
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	9,947,930	438,956	10,386,886
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	489,659	804	490,463
	<u>29,559,751</u>	<u>1,189,453</u>	<u>30,749,204</u>
Total assets of DSB and its Mainland subsidiary bank after provision	<u>243,055,108</u>		
On-balance sheet exposures as percentage of total assets	<u>12.16%</u>		

Note:

The balances of exposures reported above include gross loans and advances and other balances of claims on the customers.

21. Additional analysis on claims and exposures (Continued)

(b) Mainland activities exposures (Continued)

HK\$'000

As at 31 December 2023	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	5,335,030	-	5,335,030
2. Local governments, local government-owned entities and their subsidiaries and JVs	767,841	599,965	1,367,806
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	9,281,772	1,578,580	10,860,352
4. Other entities of central government not reported in item 1 above	4,812,981	69,574	4,882,555
5. Other entities of local governments not reported in item 2 above	760,676	135,329	896,005
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	9,777,277	274,183	10,051,460
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	475,299	344	475,643
	<u>31,210,876</u>	<u>2,657,975</u>	<u>33,868,851</u>
Total assets of DSB and its Mainland subsidiary bank after provision	<u>242,059,031</u>		
On-balance sheet exposures as percentage of total assets	<u>12.89%</u>		

21. Additional analysis on claims and exposures (Continued)

- (c) Analysis of gross loans and advances to customers and overdue loans by geographical area

Loans and advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advance is guaranteed by a party located in an area which is different from that of the counterparty.

The following table analyses gross loans and advances to customers, impaired loans and advances to customers (Stage 3), overdue loans and advances to customers, Stage 3, and Stage 1 and Stage 2 impairment allowances by geographical area.

As at 30 June 2024

HK\$'000	Gross loans and advances to customers	Impaired loans and advances to customers (Stage 3)	Overdue loans and advances to customers	Stage 3 impairment allowances	Stage 1 and Stage 2 impairment allowances
Hong Kong	111,795,620	1,932,764	1,985,873	387,418	540,315
Mainland China	13,867,880	657,025	420,720	110,079	73,586
Macau	13,744,084	178,451	178,451	33,521	24,624
Others	1,966,051	-	-	-	10,647
	141,373,635	2,768,240	2,585,044	531,018	649,172

As at 31 December 2023 (Note)

	Gross loans and advances to customers	Impaired loans and advances to customers (Stage 3)	Overdue loans and advances to customers	Stage 3 impairment allowances	Stage 1 and Stage 2 impairment allowances
Hong Kong	112,872,652	1,867,122	1,570,531	351,322	523,344
Mainland China	14,163,149	726,783	407,022	98,187	74,568
Macau	14,012,453	185,656	185,656	35,746	19,272
Others	2,001,222	-	4,380	-	10,817
	143,049,476	2,779,561	2,167,589	485,255	628,001

Note: The amounts presented for the position as at 31 December 2023 have been revised to align with the more refined and restrictive definition of location of counterparties used in the current reporting period to classify amounts into geographical area.

21. Additional analysis on claims and exposures (Continued)

(d) International claims

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

At 30 June 2024	Banks	Official sector	Non-bank private sector		Total claims
			Non-bank financial institutions	Non-financial private sector	
In millions of HK\$					
Offshore centres	4,075	10,160	7,452	148,710	170,397
- of which: Hong Kong	3,225	8,238	7,181	132,409	151,053
Developing Asia and Pacific	31,922	1,190	4,028	22,852	59,992
- of which: Mainland China	21,139	1,020	3,869	17,091	43,119

At 31 December 2023	Banks	Official sector	Non-bank private sector		Total claims
			Non-bank financial institutions	Non-financial private sector	
In millions of HK\$					
Offshore centres	5,913	8,819	7,129	158,640	180,501
- of which: Hong Kong	5,197	7,109	6,728	142,097	161,131
Developing Asia and Pacific	25,060	1,271	3,173	16,882	46,386
- of which: Mainland China	15,920	1,100	3,016	11,550	31,586

22. Currency concentrations

The following sets out the net foreign exchange position in USD and other individual currency that constitutes more than 10% of the total net position in all foreign currencies as at 30 June 2024 and the corresponding comparative balances.

The Group did not have any structural foreign exchange position as at 30 June 2024 and 31 December 2023. The net position is calculated in the basis of the delta-weighted position of all foreign currency option contracts.

Equivalent in HK\$ millions	At 30 June 2024					
	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position
US dollar	87,248	(62,320)	159,234	(182,028)	(2,156)	(22)
Japanese yen	821	(1,741)	4,282	(3,314)	(1)	47
Euro	731	(1,498)	2,457	(1,726)	69	33
Renminbi	16,057	(16,153)	37,268	(39,468)	2,391	95
Canadian dollar	424	(820)	3,243	(2,882)	(28)	(63)
Swiss franc	4,401	(448)	2,649	(6,600)	(19)	(17)
Australian dollar	1,639	(2,124)	1,860	(1,335)	(6)	34
New Zealand dollar	1,233	(2,113)	1,941	(1,029)	(1)	31
Gold	-	-	15	(35)	-	(20)
Macau Pataca	10,262	(10,345)	-	-	-	(83)
Norwegian Krona	1	(1)	4	(9)	2	(3)
Other foreign currencies	823	(1,132)	4,582	(4,269)	1	5
Total foreign currencies	123,640	(98,695)	217,535	(242,695)	252	37

Equivalent in HK\$ millions	At 31 December 2023					
	Spot assets	Spot liabilities	Forward purchases	Forward sales	Net options position	Net long/ (short) position
US dollar	80,496	(56,183)	87,748	(110,039)	(420)	1,602
Euro	1,054	(1,580)	2,429	(1,577)	(34)	292
Renminbi	16,286	(15,414)	31,383	(32,820)	532	(33)
Macau Pataca	10,028	(10,625)	-	-	-	(597)
Other foreign currencies	10,091	(7,521)	19,741	(22,389)	3	(75)
Total	117,955	(91,323)	141,301	(166,825)	81	1,189

23. Capital adequacy ratio

	As at 30 Jun 2024	As at 31 Dec 2023
Capital adequacy ratio		
- Common Equity Tier 1	16.7%	16.2%
- Tier 1	17.4%	16.9%
- Total	20.8%	21.2%

The capital adequacy ratio as at 30 June 2024 and 31 December 2023 represents the consolidated position of DSB (covering BCM and DSB China) computed on Basel III basis in accordance with the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

DSB as a locally incorporated bank in Hong Kong is subject to the minimum capital adequacy ratio requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to the Mainland banking regulations.

24. Liquidity maintenance ratio

	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023	Year ended 31 Dec 2023
Liquidity maintenance ratio	64.7%	62.5%	64.0%

The liquidity maintenance ratio is calculated as the simple average of each calendar month's average consolidated liquidity maintenance ratio of DSB (covering BCM and DSB China) for the six/ twelve months of the financial year. The liquidity maintenance ratio is computed in accordance with the Banking (Liquidity) Rules.

DSB as a locally incorporated bank in Hong Kong is subject to the liquidity requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to the Mainland banking regulations.

FINANCIAL RATIOS

	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023
Net interest income/operating income	77.2%	84.3%
Cost to income ratio	48.5%	57.0%
Return on average total assets (annualised)	1.1%	0.9%
Return on average shareholders' funds (annualised)	8.5%	7.4%
Net interest margin	2.09%	1.93%

	As at 30 Jun 2024	As at 31 Dec 2023
Loan to deposit ratio	66.5%	68.2%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.27 per share for 2024 payable on Thursday, 26 September 2024 to shareholders whose names are on the Register of Shareholders at the close of business on Tuesday, 17 September 2024.

CLOSURE OF REGISTER OF SHAREHOLDERS

For determining shareholders' entitlement to receive the interim dividend:

Latest time to lodge transfers	4:30 p.m. on 12 September 2024 (Thursday)
Closure of Register of Shareholders (both days inclusive)	13 September 2024 (Friday) to 17 September 2024 (Tuesday)
Record date	17 September 2024 (Tuesday)

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before the above latest time to lodge transfers.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Hong Kong's economy grew by 3.3% year-on-year in the second quarter of 2024, faster than the 2.8% growth in the previous quarter despite weaker private consumption expenditure during the quarter and a continued slowdown in visitor arrivals. The growth was again driven by the acceleration of exports of goods, the recovery of government spending and stronger domestic investment, offsetting the impact of weaker private consumption and slower growth in service exports. The unemployment rate remained steady at 3% in the second quarter. Hong Kong's inflation rose by 1.5% year-on-year in June, 0.3 percentage points faster than that in May.

The Mainland's economy grew by 4.7% year-on-year in the second quarter, slower than the 5.3% growth rate in the first quarter, mainly due to the lower contribution of the tertiary sector. The June data slowed further, which may reflect that the pace of growth is still not stable. On the domestic demand front, the consumer market weakened again, the contraction in real estate investment stabilised in June, and the decline in residential sales narrowed slightly, although the price of new homes continued to fall, indicating that the recent pro-property measures have not significantly boosted market sentiment.

With the economic uncertainties during the first half of 2024, customers' borrowing and investment sentiment remained cautious. The banking sector was impacted and continued to face challenges in loan demand and credit quality. Our business strategy has been consistent and prudent, and our Group has continued to focus on improving operational efficiency and prudently managing risks.

The Greater Bay Area's cross-border connectivity has further developed with Wealth Management Connect opening new markets and expanding the potential customer base. We are delighted to re-launch the Cross-border Wealth Management Connect Pilot Scheme to strengthen our Northbound Service through more Mainland partner banks to keep pace with market development. In addition, higher interest rates have generally been positive for our Bank, which helped our net interest income in the period.

During the first half of 2024, the Group benefitted from higher asset yields, whilst overall performance was partly impacted by the increase in funding cost and impairment charges. The Group reported a 26% rise in profit attributable to shareholders to HK\$1.4 billion with a positive profit contribution from Bank of Chongqing ("BOCQ") of HK\$430 million and a large decrease in the impairment on the investment in BOCQ.

BUSINESS AND FINANCIAL REVIEW

Our net interest income grew by 12%, helped by an upward movement in our net interest margin and mild increase in our average loan balance in the first half of 2024 as compared to the same period last year. Our net interest margin rose to 2.09%, compared to 1.93% in the first half of 2023, supported by overall higher yielding assets and the prudent management of funding cost. Non-interest income increased by 77%, due mainly to growth in net fee and commission income and net trading income.

Whilst we continued to remain vigilant in expense control during the first half of 2024, our operating expenses recorded a modest rise of 4%, with an increase in staff numbers, in part to support the growing bancassurance sales. However, credit impairment losses increased notably, reflecting higher credit costs than the same period last year but an improvement from the second half of last year driven by the reduced additional provisions on exposures to the Mainland China property sector as compared to the immediately preceding six months but higher provisions on Hong Kong real estate exposures and unsecured lending.

Our personal banking business reported a robust result in the first half of 2024. Both operating profit before impairment and operating profit after impairment increased by 78% year-on-year, mainly driven by a higher contribution from our wealth management business in particular fee income from our bancassurance partnership with Sun Life Hong Kong Limited which successfully commenced since July last year. On the other hand, our corporate banking performance declined from the same period last year, with operating profit after impairment falling 59% due to higher credit costs overall.

BUSINESS AND FINANCIAL REVIEW (Continued)

Although investment sentiment was weak, the treasury and global markets business delivered a 51% growth in operating profit after impairment. In addition to achieving a higher interest margin, we saw a stronger contribution from foreign exchange and other income relating to treasury products/solutions during the period. We continued to maintain a robust liquidity position and sound cash flow against a challenging business environment. The performance of our banking subsidiary in Macau was subdued largely due to a weak local economy and a higher credit impairment charge whilst our banking subsidiary in Mainland China continued to deliver profit from its operations.

Our profit for the first half of 2024 represented an annualised return on assets of 1.1% and an annualised return on shareholders' funds of 8.5%. Our capital and liquidity positions remained robust. As at 30 June 2024, our consolidated Common Equity Tier 1 ratio and total consolidated capital adequacy ratio were 16.7% and 20.8% respectively, and our liquidity maintenance ratio was at 64.7%. Loan to deposit ratio was at 66.5%, compared to 68.2% as at the end of last year.

PROSPECTS

The US Federal Reserve is expected to cut interest rates in the second half of the year, which may be somewhat helpful for external demand and corporate investment, as domestic interest rates in Hong Kong should also come down. In addition to how potential interest rate cuts in Hong Kong may stimulate domestic demand, the performance of our major markets will depend on factors such as the outcome of Mainland's economic stabilisation measures, the trade relationship between China and the rest of the world in particular USA, and generally the extent of any improvement in global economic momentum in the coming months.

In the near term, the trend in services deficit in Hong Kong is unlikely to reverse amid the changes in spending pattern of visitors to Hong Kong, while Hong Kong residents have been shifting more of their consumption to the Mainland. Although the local consumption sentiment is likely to remain weak, we anticipate that the various exhibitions and events scheduled for the summer holidays in Hong Kong may provide some support to the broader retail industry in the third quarter.

Lending interest rates for businesses have been moving sideways whilst loan demand has remained soft. Weakness in business investment also led to lower financing requirements. Nonetheless, potentially lower interest rates in the coming months could lead to a gradual rebound in the economy and improvement in credit conditions. There may be opportunities in the second half of the year for growth in some of our businesses if our core markets gradually improve, although credit costs are expected to remain high for the rest of 2024. We will continue to manage our businesses conservatively in the current economic environment.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code (“CG Code”) under Part 2 of Appendix C1 of the Listing Rules, with the exception of code provision F.2.2.

Pursuant to code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. David Shou-Yeh Wong, the Chairman of the Board, was unable to attend the 2024 Annual General Meeting (the “2024 AGM”) of the Company on 31 May 2024 due to other business engagement. Mr. Hon-Hing Wong (Derek Wong), Vice Chairman, Managing Director and Chief Executive of the Company, took the chair of the 2024 AGM.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct for directors’ securities dealing (“Directors’ Dealing Code”) on terms no less exacting than the prevailing required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) under Appendix C3 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code and the Directors’ Dealing Code throughout the six months ended 30 June 2024.

UNAUDITED FINANCIAL STATEMENTS

The financial information in this interim results announcement is unaudited and does not constitute statutory financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements of the Group for the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of listed securities of the Company during the six months ended 30 June 2024.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company’s 2023 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (“HKEX”) at www.hkexnews.hk and Dah Sing Bank at www.dahsing.com.

The 2024 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of HKEX and Dah Sing Bank in due course. Printed copies of the 2024 Interim Report will be sent to shareholders who have elected to receive printed versions of the Company’s corporate communications before the end of September 2024.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Mr. David Shou-Yeh Wong (Chairman), Mr. Hon-Hing Wong (Derek Wong) (Vice Chairman, Managing Director and Chief Executive), Mr. Gary Pak-Ling Wang and Mr. Nicholas John Mayhew (Deputy Chief Executive) as Executive Directors; Mr. Robert Tsai-To Sze, Mr. Blair Chilton Pickerell, Mr. Paul Franz Winkelmann, Mr. David Wai-Hung Tam, Ms. Nancy Ha-Fong Chan and Mr. Kin-Sang Cheung (Alex Cheung) as Independent Non-Executive Directors.

By Order of the Board
Richard Tsung-Yung Li
Company Secretary

Hong Kong, Friday, 30 August 2024