

Dah Sing Group

2019 Final Results

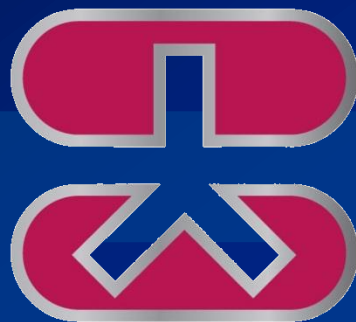


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Performance highlights

- Operating profit from our banking business impacted by lower NIM. Fee income was stable, trading income down
- Modest volume growth and weaker credit quality, particularly in the second half, leading to higher ECL charges
- Net profit down 10%, but helped by a much lower impairment charge on BOCQ
- Non-banking businesses performed well, with robust growth in insurance premium income and investment returns
- Capital adequacy and liquidity remained strong:
CET1: 13.4%, T1: 13.9%, Total: 17.9%, LMR: 46.4%





Financial Highlights



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Dah Sing Banking Group (2356)

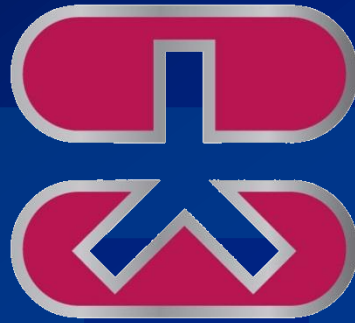
HK\$' million	2019	2018	Change
Net interest income	4,074	4,164	-2%
Net fee and commission income	1,147	1,161	-1%
Net trading income and other income	167	405	-59%
Total operating income	5,388	5,730	-6%
Operating expenses	(2,851)	(2,700)	+6%
Credit impairment losses	(356)	(233)	+53%
Operating profit after credit impairment losses	2,181	2,796	-22%
Profit shared from BOCQ	702	660	+6%
Impairment loss on investment in BOCQ	(287)	(633)	-55%
Profit attributable to shareholders	2,240	2,480	-10%
Basic earnings per share (\$)	1.59	1.77	
Dividend per share (\$)	0.48	0.48	



Dah Sing Financial Holdings (0440)

HK\$' million	2019	2018	Change
Net interest income	4,125	4,215	-2%
Net fee and commission income	1,136	1,151	-1%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	343	540	-37%
Total operating income net of insurance claims	5,604	5,906	-5%
Operating expenses	(2,984)	(2,812)	+6%
Credit impairment losses	(357)	(233)	+53%
Operating profit after credit impairment losses	2,264	2,860	-21%
Profit shared from BOCQ	702	660	+6%
Impairment loss on investment in BOCQ	(287)	(633)	-55%
Total profit attributable to shareholders	1,708	1,915	-11%
Basic earnings per share from continuing operations (\$)	5.28	5.72	
Dividend per share (\$)	1.47	1.47	



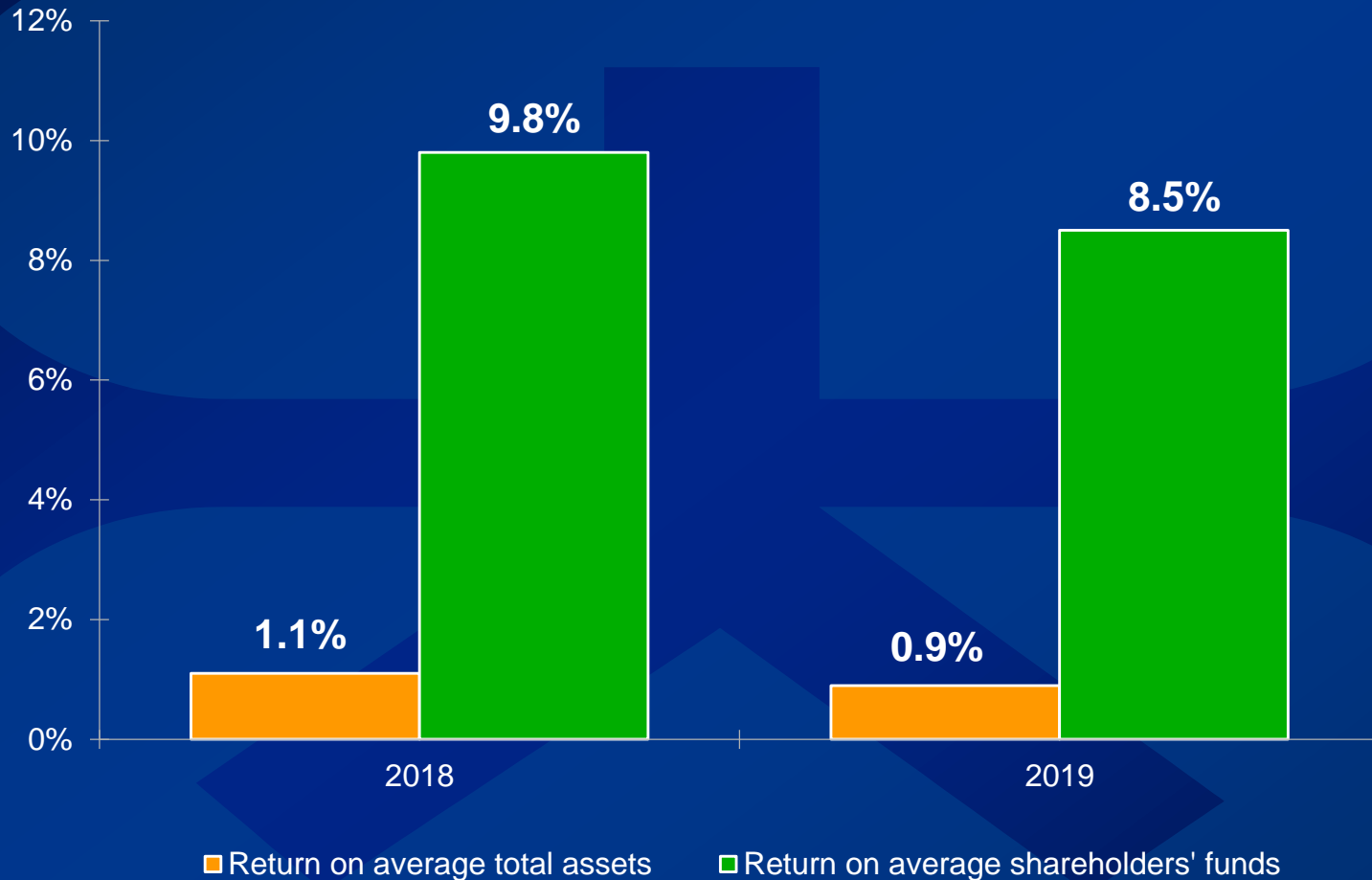


Dah Sing Banking Group



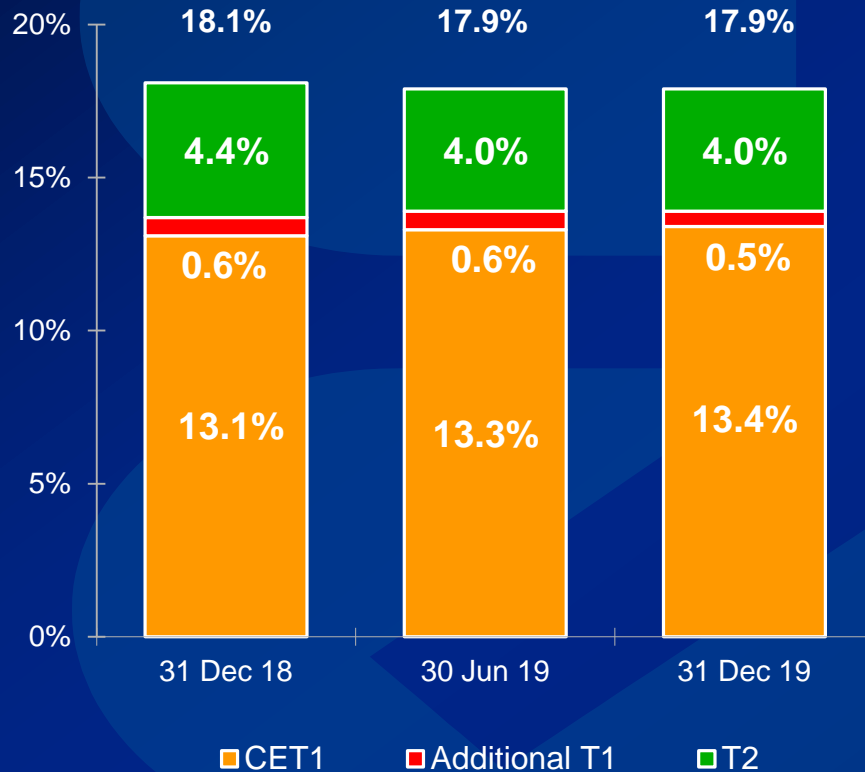
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Key return indicators

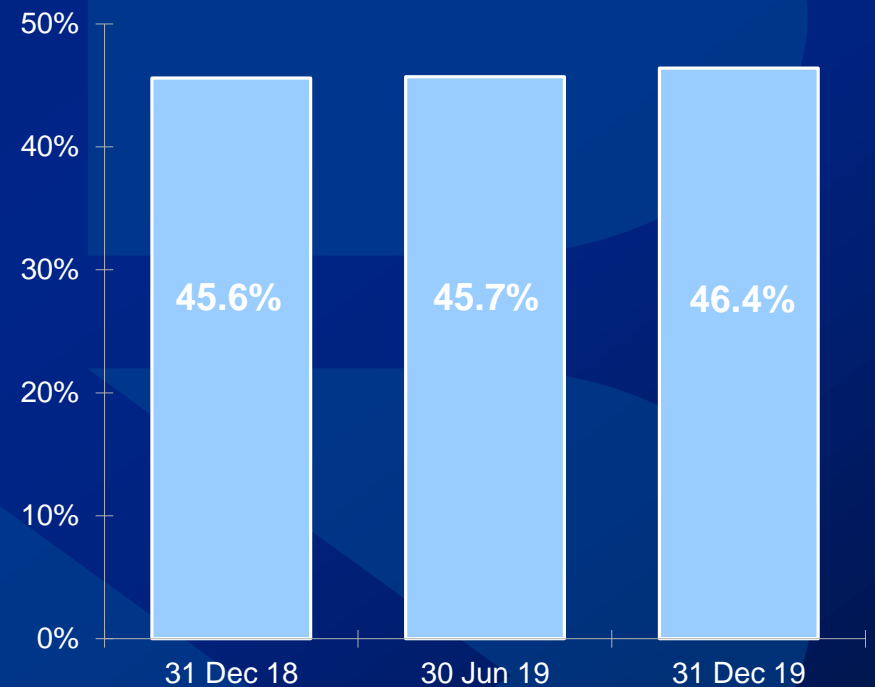


Capital adequacy and liquidity

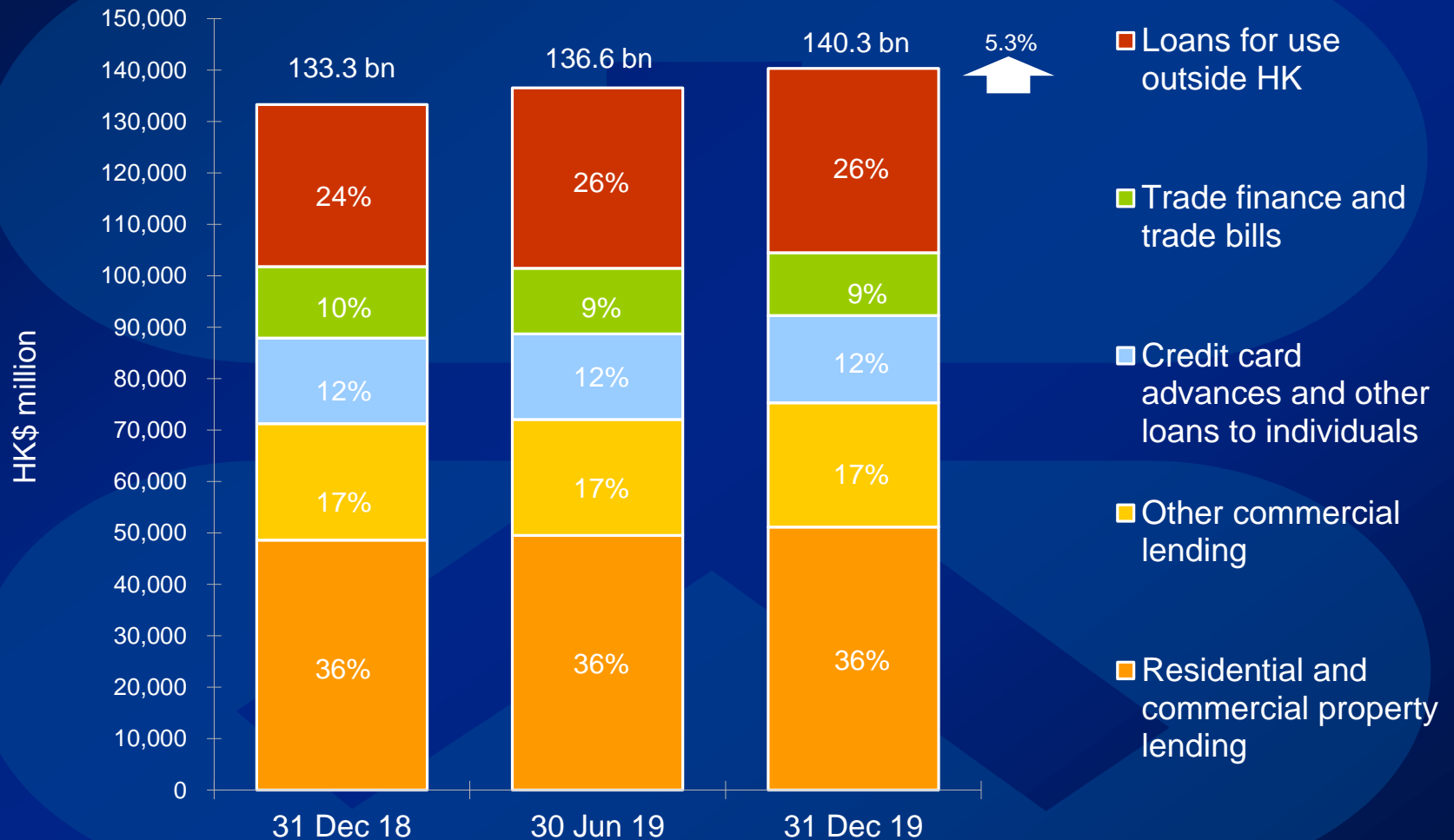
Capital adequacy ratio



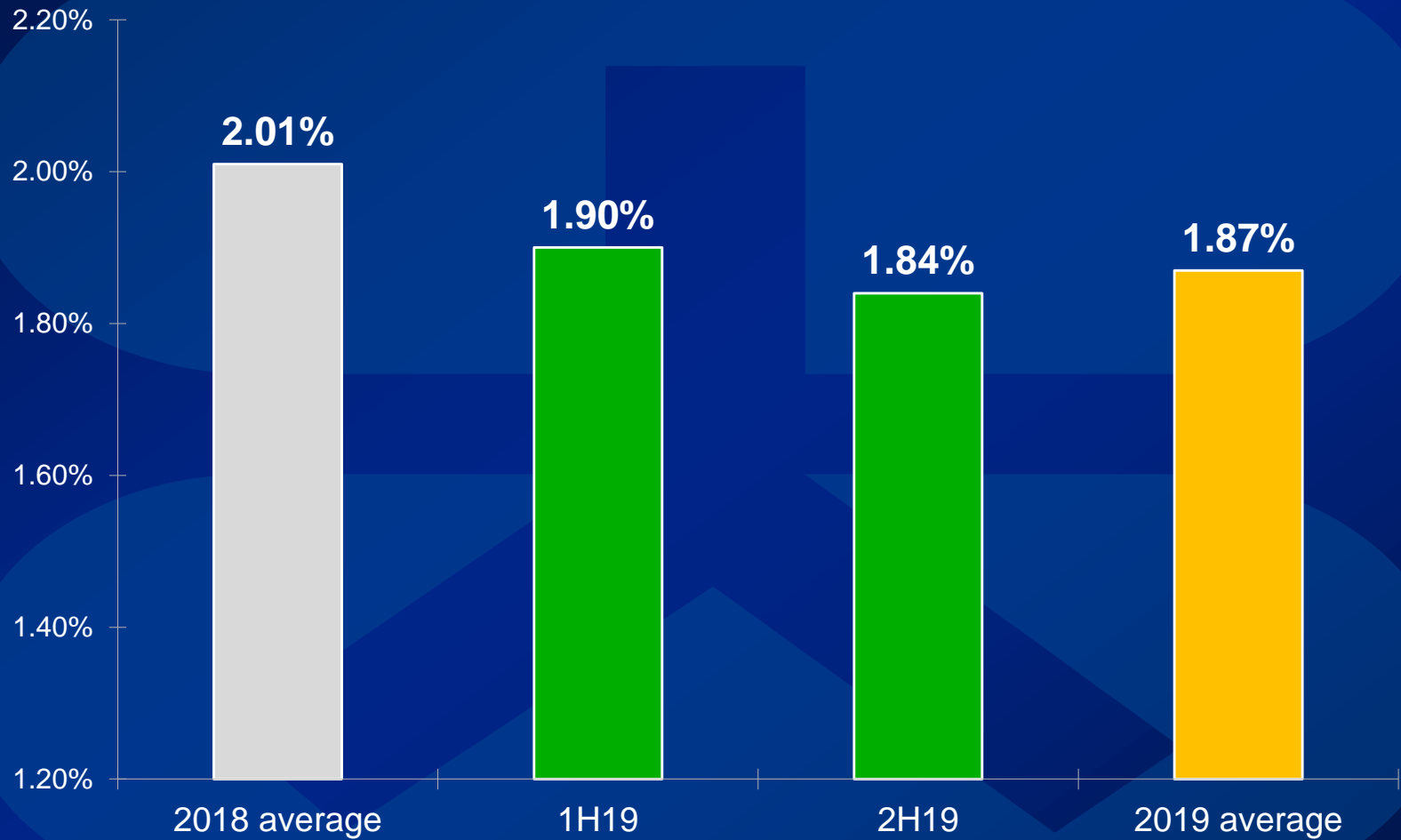
Liquidity maintenance ratio



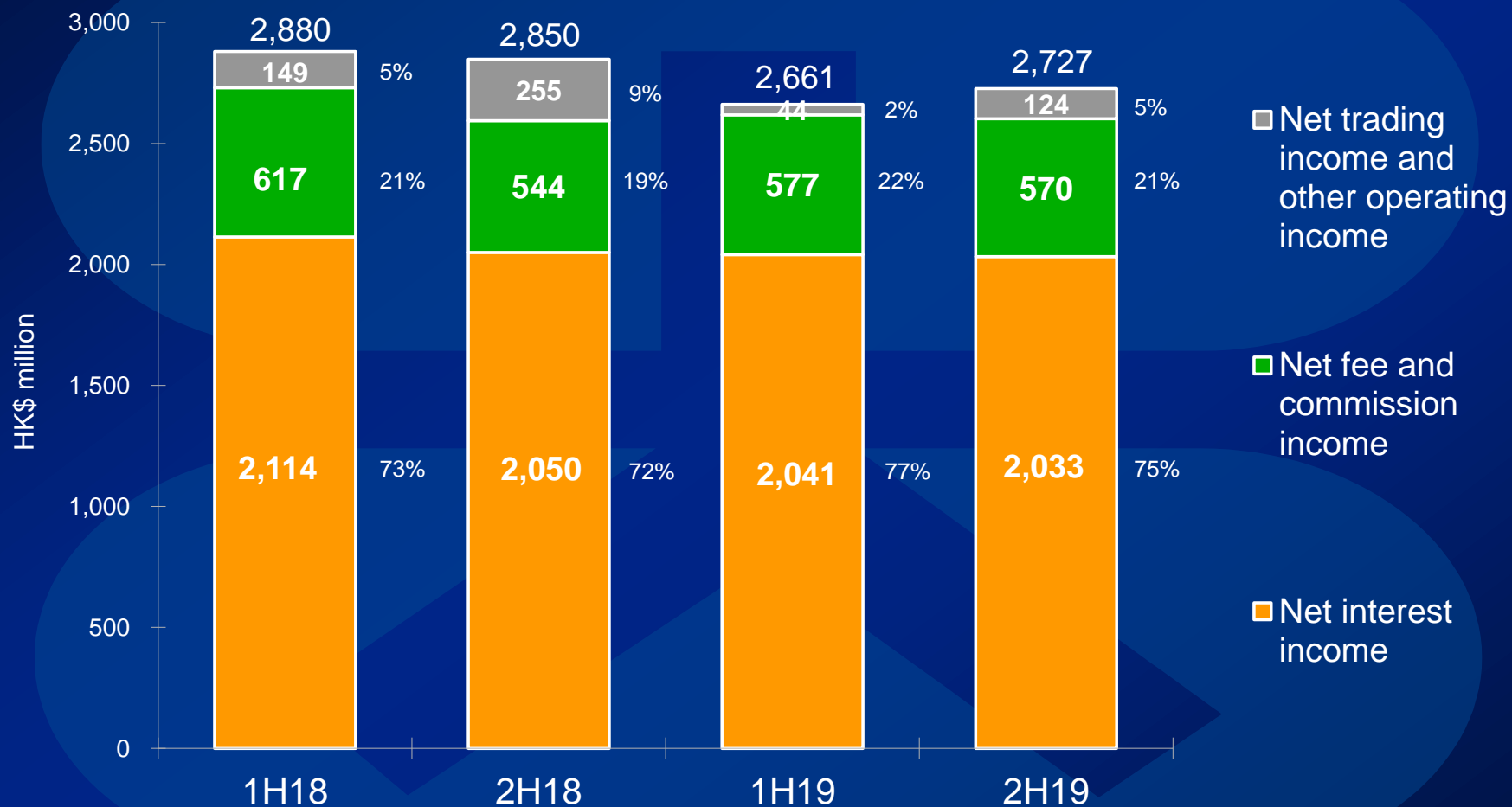
Gross advances to customers and trade bills



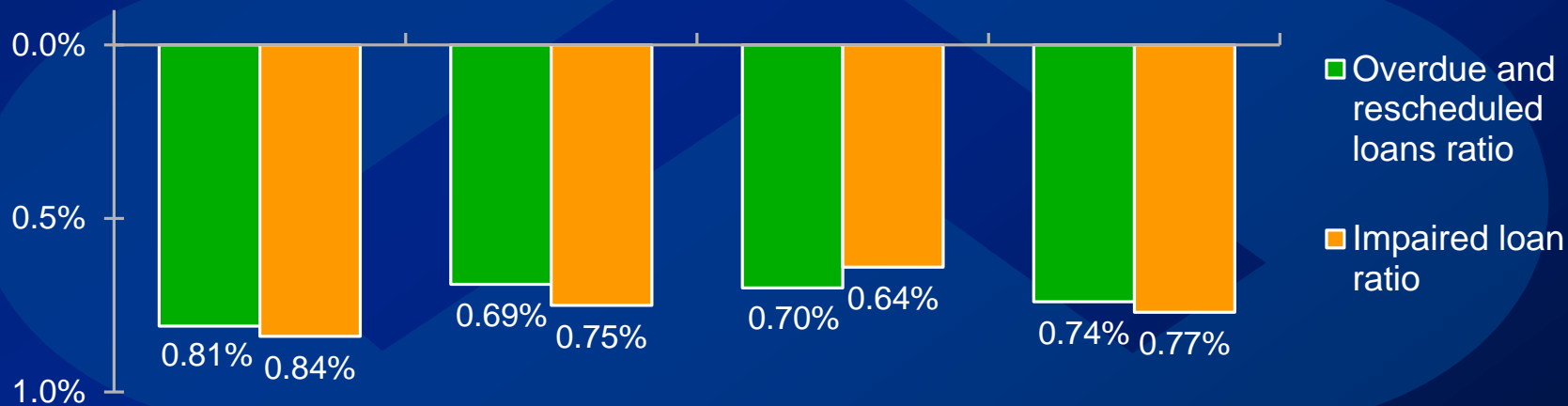
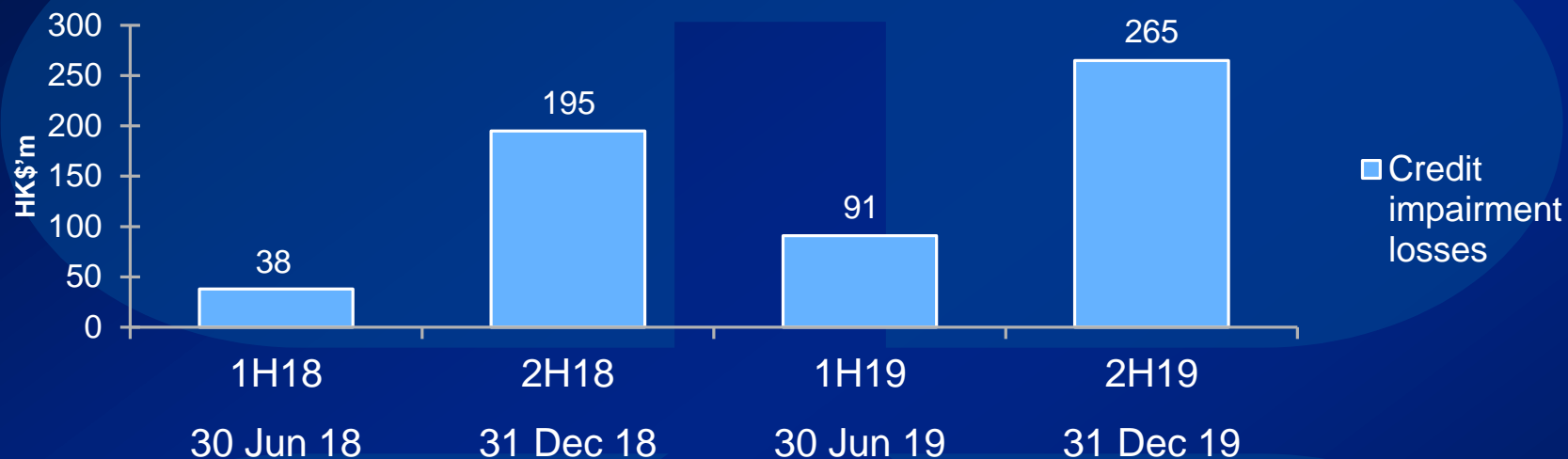
Net interest margin



Income from core businesses



Credit quality



Commercial banking

- Steady NII but softer NIM, with loan growth of 6.5% driven by commercial and corporate loans. Trade finance and bills business dropped
- ECL mildly increased whilst credit quality under control
- Treasury and wealth management service fee income growth offset by credit and trade related fee income drop, resulting in subdued non-interest income
- Achieved 6.7% deposit growth
- Enhancing transactional banking capability with upgraded digital and mobile platform for customers



Personal banking

- 6.4% deposit growth with focus on funding cost control to manage higher fixed deposit rates
- Moderate loan growth cushioning impact from lower NIM, led by residential mortgages
- Bancassurance, FX related and private banking businesses performed well, helping to compensate for lower brokerage commission income
- Stable credit quality and overall low credit cost
- Continued development of digital customer services, including mobile payment platforms, mobile applications for deposit accounts, credit cards and personal loans



Treasury

- Much improved profit with higher NII and trading income
- Focus on services to customers led to an increase in fee income, particularly FX
- Conservative liquidity management – average Liquidity Maintenance Ratio at 46.4%, 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

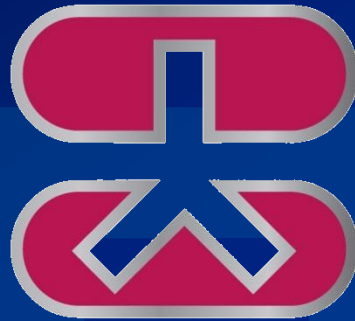
Macau:

- Achieved modest loan growth and benign credit quality amid soft credit demand
- Profit under pressure due to narrower NIM and lower fee income in a difficult market

PRC:

- DSB (China): Decent loan growth, but NIM under pressure. Credit quality was well managed with low impairment charge
- BOCQ contributed improved profit with lower impairment charge





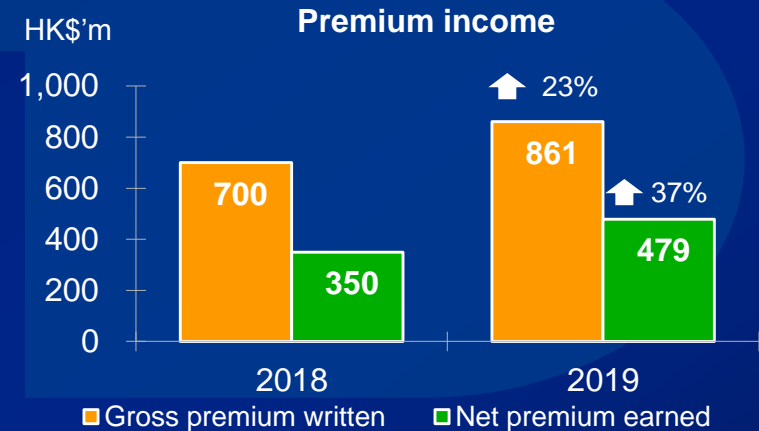
Dah Sing Financial Holdings

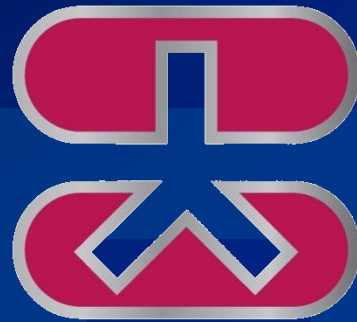


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Insurance

- Our insurance business had a good year with strong growth in both gross and net premium income
- Employee compensation, motor (non-taxi) and reinsurance inward treaties were key premium contributors
- Claims were well managed, with loss ratio under control
- The strong premium income growth, well managed expenses and claims led to an improved combined ratio
- The net profit of our general insurance business, including both our Hong Kong and Macau operations doubled in the year to HK\$73 million
- We continue to focus on improving underwriting performance, strengthening distribution and diversifying lines of business





Conclusions



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Conclusions

- Moderate balance sheet growth with robust capital and liquidity positions
- Asset quality generally benign amidst uncertain market conditions despite higher ECL charges
- Profit dampened due mainly to lower NIM and subdued fee and commission income
- Lower impairment charge on investment in BOCQ
- Risk management a critical focus in view of slow recovery of global economy and fast development of Covid-19 pandemic
- Development of Greater Bay Area and digitalisation of banking and insurance businesses offer long term prospects

