

Dah Sing Group

2019 Interim Results

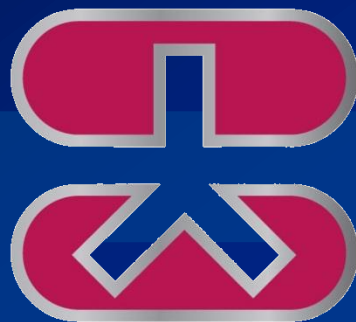


Dah Sing Group

Performance highlights

- Operating profit from our banking business impacted by lower net interest margin, the absence of exceptional trading gains and higher impairment charges
- Modest volume growth due to a slower market and subdued trade finance activity
- Net profit slightly up, helped by a much lower impairment charge on BOCQ
- Non-banking businesses performed well, buoyed by very robust growth in insurance premium income and profit
- Capital adequacy and liquidity remained strong: CET1:13.3%, T1:13.9%, Total:17.9%, LMR:45.7%





Financial Highlights



Dah Sing Group

Dah Sing Banking Group (2356)

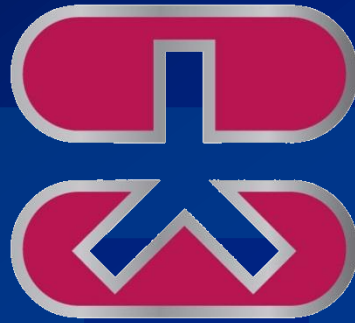
HK\$' million	1H19	1H18	Change
Net interest income	2,041	2,114	-4%
Net fee and commission income	577	617	-7%
Net trading income and other income	44	149	-71%
Total operating income	2,661	2,880	-8%
Operating expenses	(1,372)	(1,281)	+7%
Credit impairment losses	(91)	(38)	+139%
Operating profit after credit impairment losses	1,198	1,561	-23%
Profit shared from BOCQ	411	410	
Impairment loss on investment in BOCQ	(70)	(403)	
Profit attributable to shareholders	1,355	1,347	+1%
Basic earnings per share (\$)	0.96	0.96	
Dividend per share (\$)	0.13	0.13	



Dah Sing Financial Holdings (0440)

HK\$' million	1H19	1H18	Change
Net interest income	2,067	2,143	-4%
Net fee and commission income	571	611	-7%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	200	217	-8%
Total operating income net of insurance claims	2,838	2,971	-5%
Operating expenses	(1,434)	(1,334)	+8%
Credit impairment losses	(93)	(39)	+140%
Operating profit after credit impairment losses	1,311	1,598	-18%
Profit shared from BOCQ	411	410	
Impairment loss on investment in BOCQ	(70)	(403)	
Profit attributable to shareholders	1,114	1,041	+7%
Basic earnings per share (\$)	3.41	3.11	
Dividend per share (\$)	0.39	0.38	



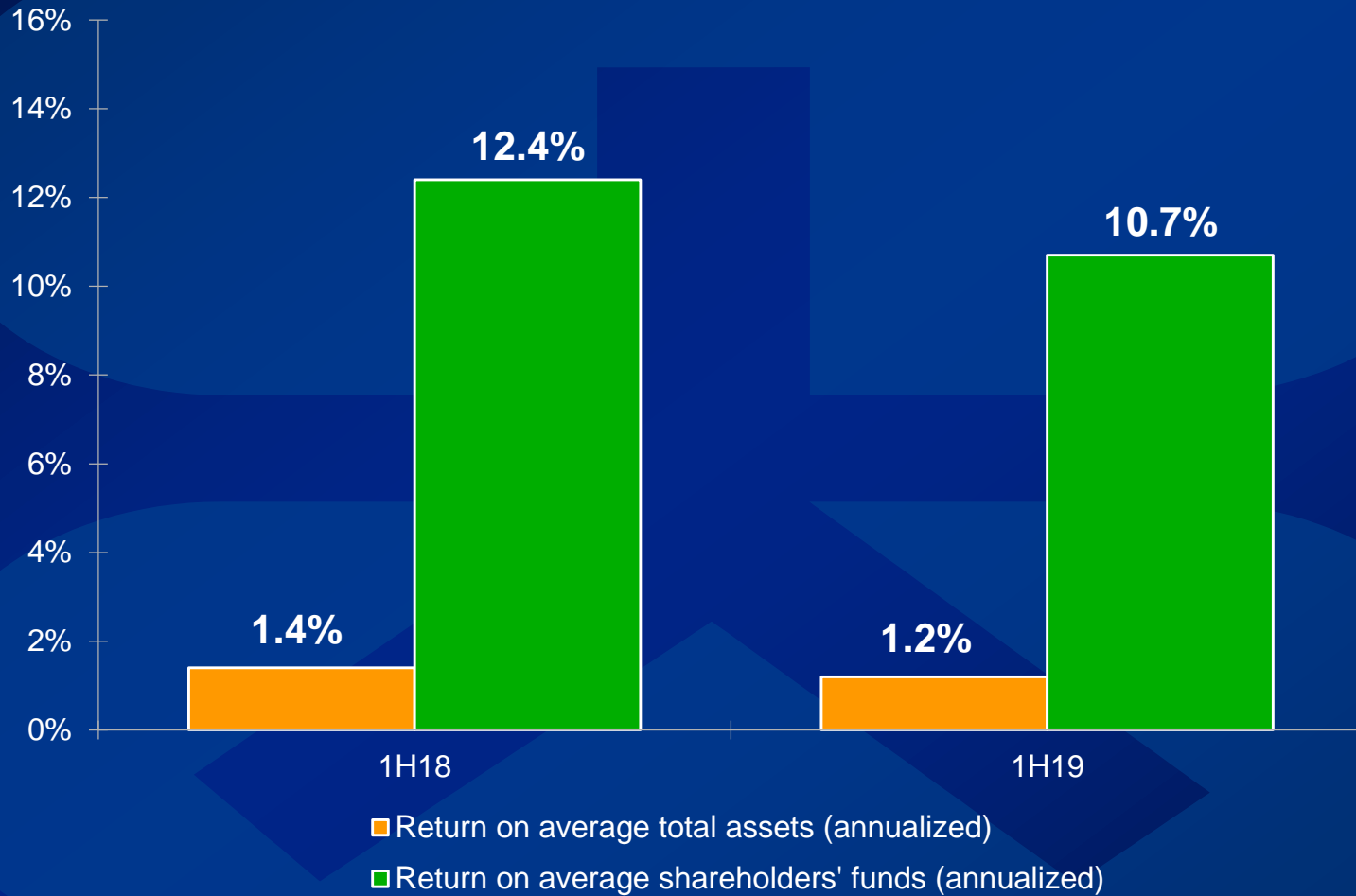


Dah Sing Banking Group



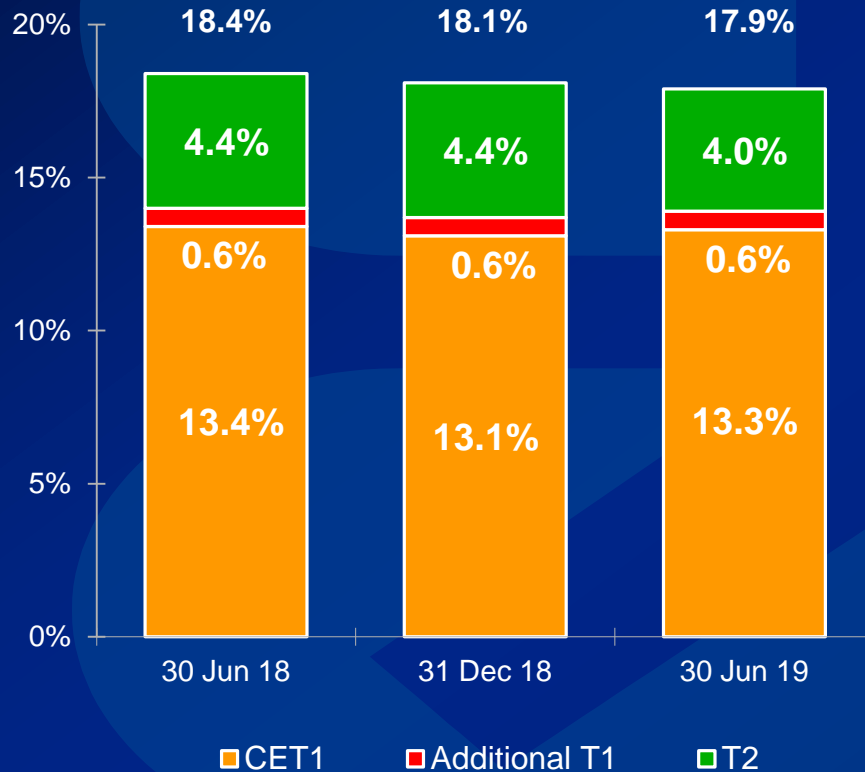
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Key return indicators (after deducting BOCQ impairment)

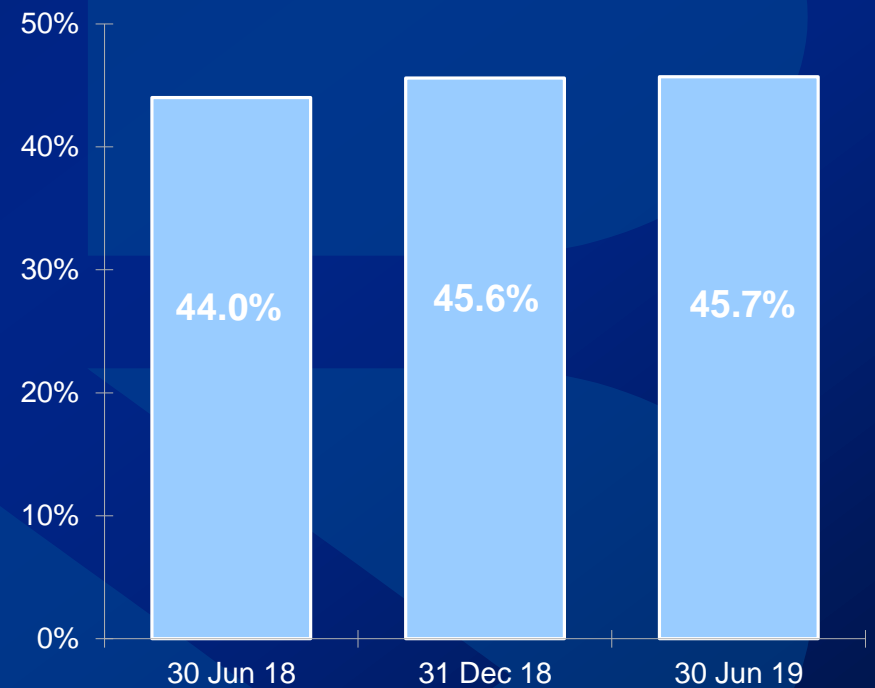


Capital adequacy and liquidity

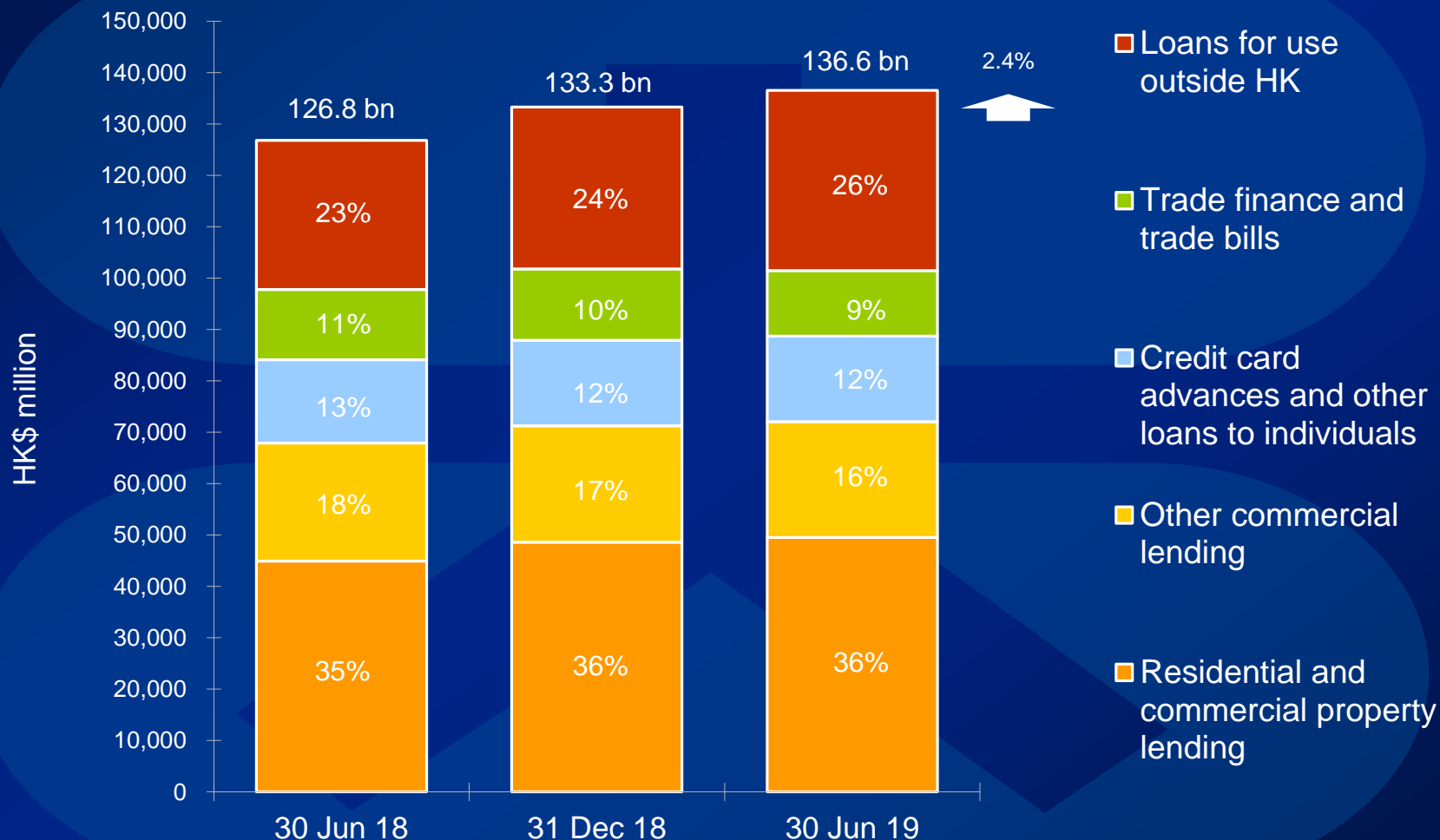
Capital adequacy ratio



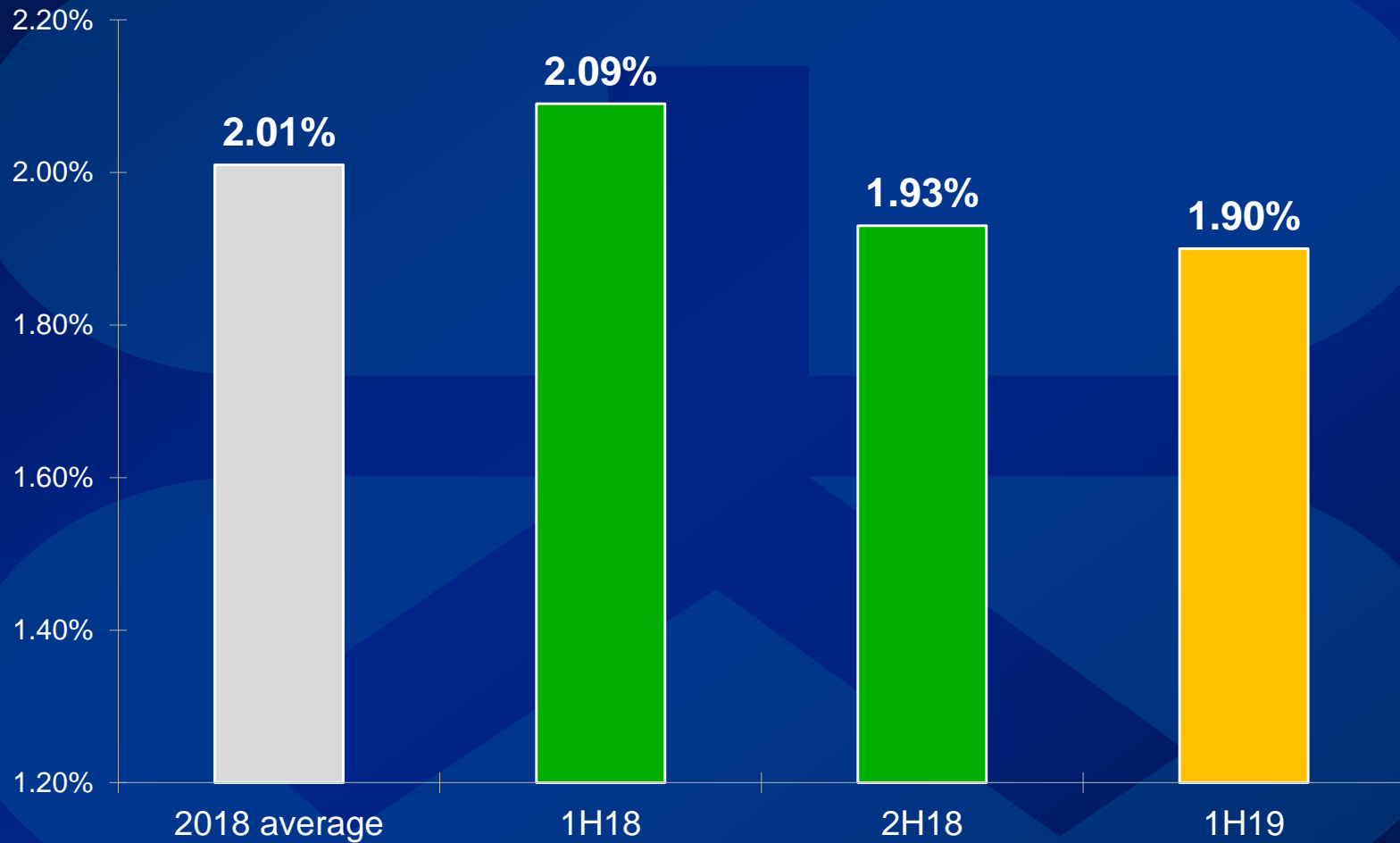
Liquidity maintenance ratio



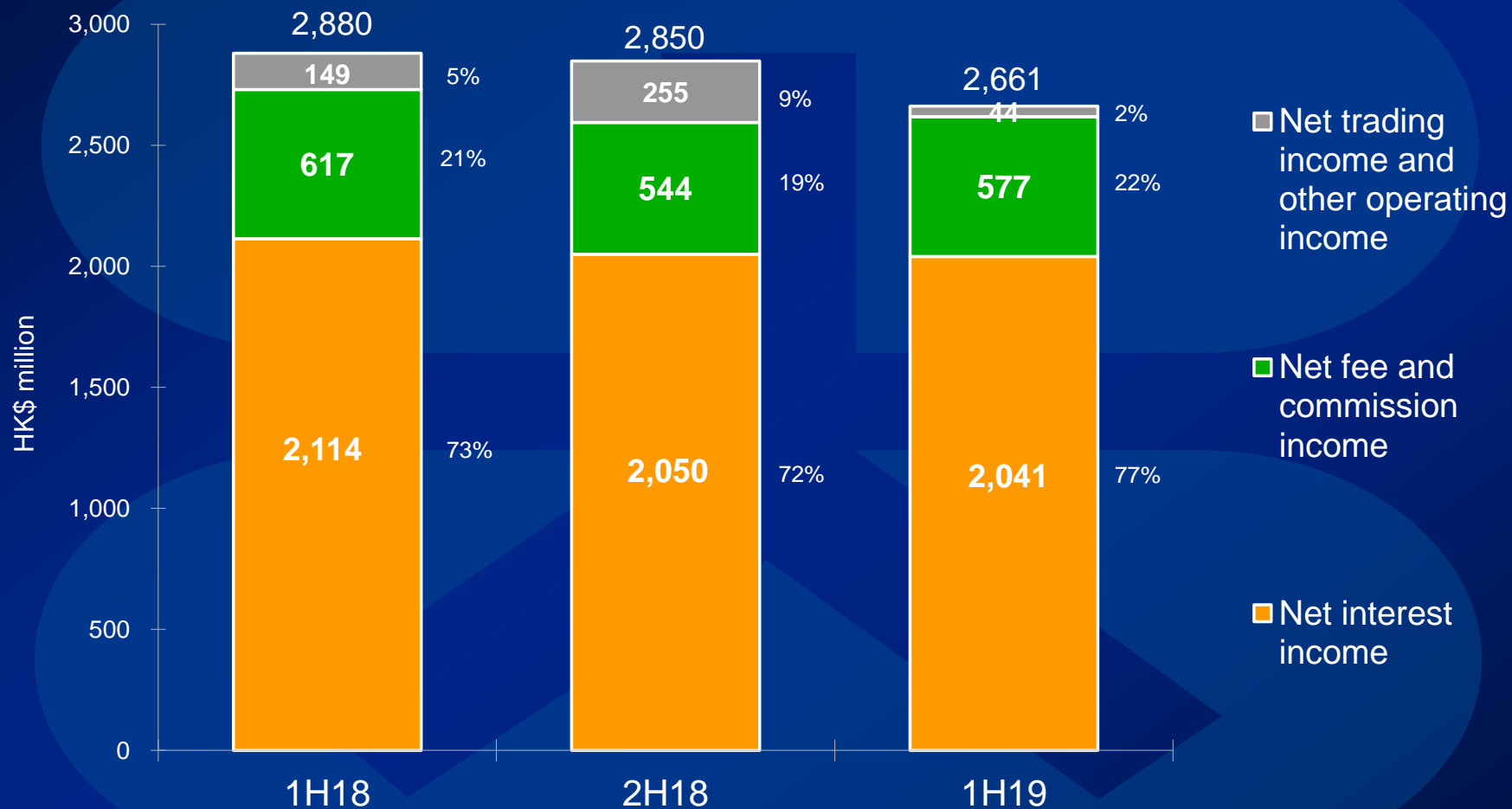
Gross advances to customers and trade bills



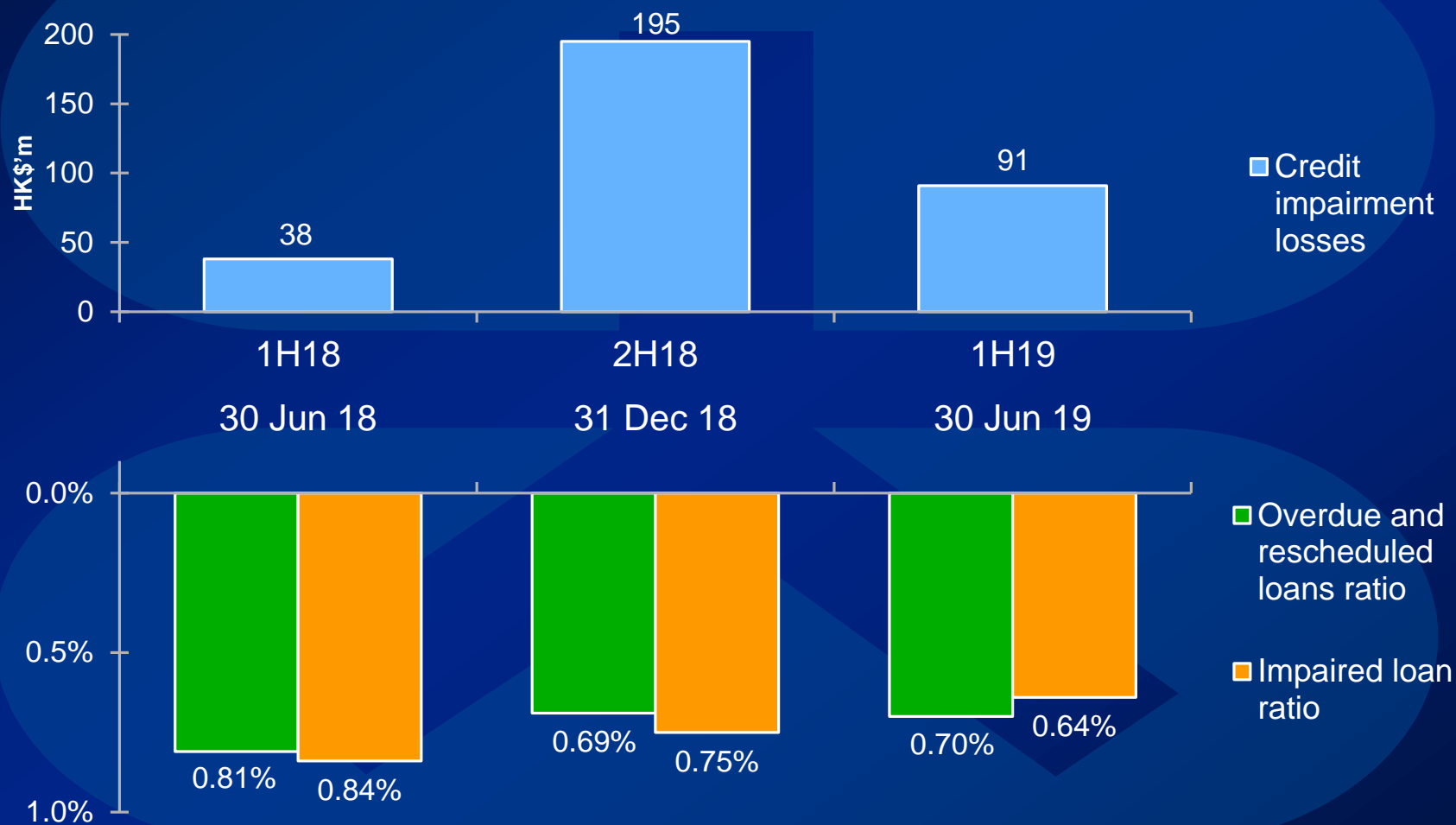
Net interest margin



Income from core businesses



Credit quality



Commercial banking

- Steady NII and relatively benign credit quality but fee income under pressure
- Modest loan growth overall of 3.7% driven by commercial loans, however, trade finance business was down in the first half of the year
- Mild non-interest income trend with continuing focus on transaction, FX, insurance, wealth management and credit related fee income
- Stable deposit balance maintained amid keen competition
- Continuing enhancement of transactional banking capability, building our deposit franchise and managing credit risk



Personal banking

- Moderate loan growth cushioning impact from higher funding cost
- Bancassurance performed well in 1H19, although overall fee income down compared to a high base in 1H18
- Focus on funding cost control in the face of higher fixed deposit rates whilst maintaining moderate deposit growth
- Stable credit quality and overall low credit cost
- Continuous investment in improving digital and mobile banking customer experience, including mobile payment platforms and online onboarding for deposit customers, credit card and personal loan applications



Treasury

- Modest profit growth with higher NII and improving income from customer-facing treasury businesses, particularly FX
- Conservative liquidity management – Average Liquidity Maintenance Ratio at around 45.7% 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

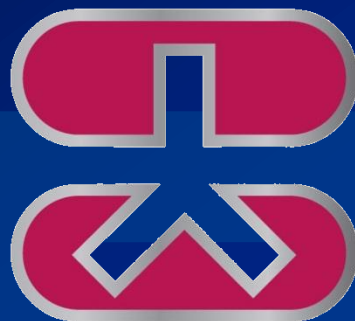
Macau:

- Slightly lower loan balance with benign credit quality
- Profit under pressure due to narrower NIM
- Soft loan demand coupled with intense competition

PRC:

- DSB (China): Business recovering with credit risk closely monitored
- BOCQ contributed stable profit with lower impairment charge





Dah Sing Financial Holdings



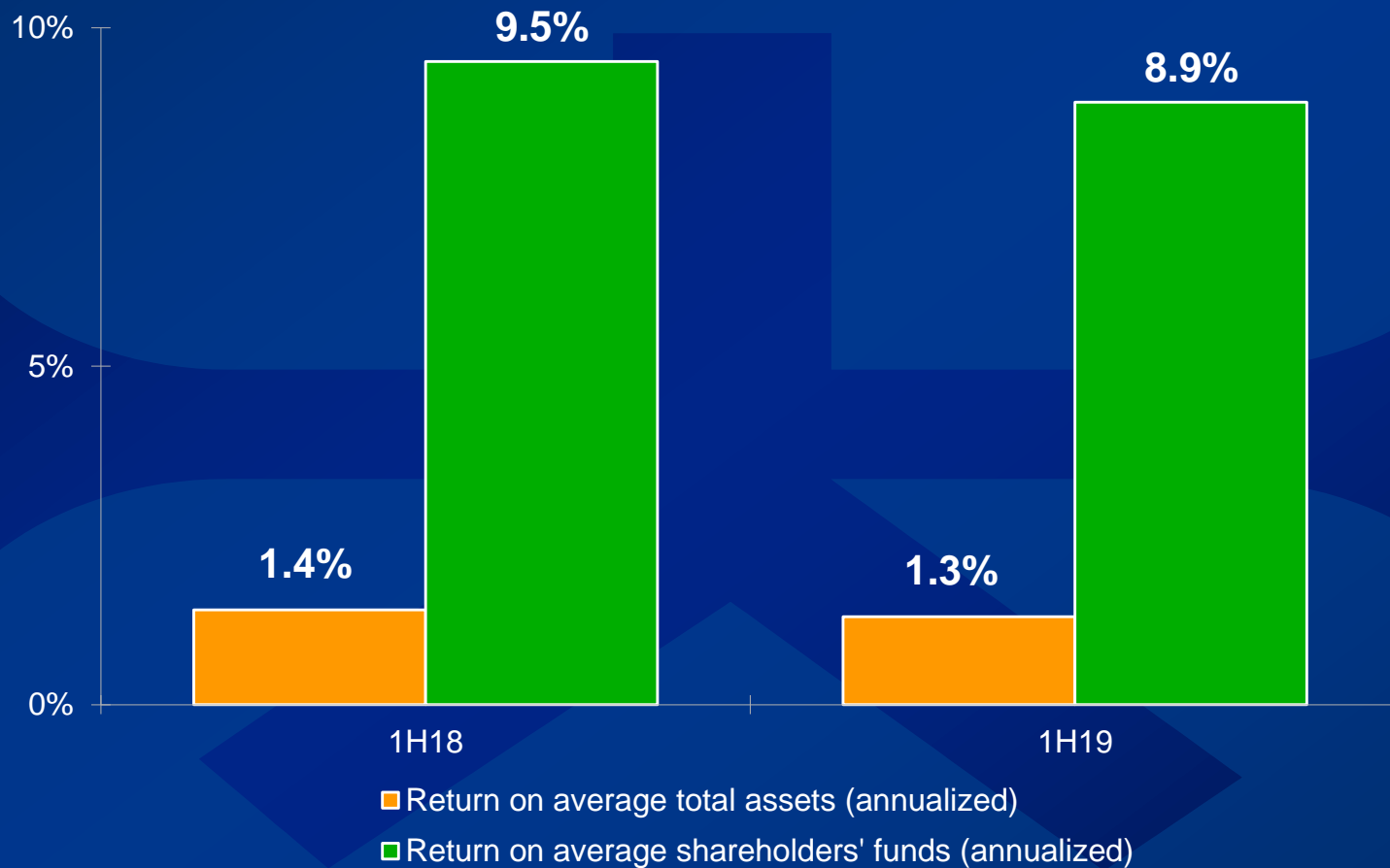
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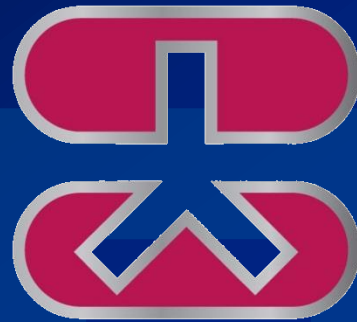
General insurance

- Good gross and net premium income growth
- Higher profit after tax with improving underwriting and investment results in both Hong Kong and Macau
- Improving claims management, with loss ratio under control
- Following capital injection in 2017 to increase financial strength in general insurance businesses, continuing focus on improving underwriting performance, strengthening distribution and diversifying lines of business



Key return indicators (after deducting BOCQ impairment)





Conclusions



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Conclusions

- Interim earnings in 1H19 under pressure due mainly to lower NIM and subdued volume growth
- Robust capital and liquidity positions
- Asset quality generally benign amidst uncertain market conditions
- Lower impairment charge on investment in BOCQ; no cash effect and no impact on capital adequacy
- Risk management a key focus in the second half of the year
- Development of Greater Bay Area offers long term prospects for the Group's banking and insurance businesses

