

# Dah Sing Group

2020 Annual Results

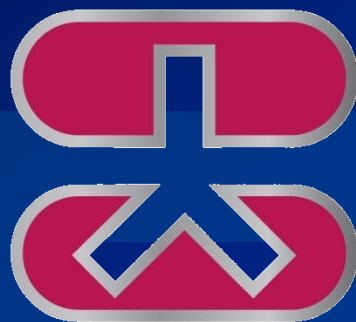


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# Performance highlights

- Broadly stable pre-provision profit from our banking business despite lower NIM and difficult operating environment
- Lower net interest income offset by stable fee income and much higher trading income
- Modest volume growth, weaker credit quality and higher loan impairment charges
- Decrease in net profit mainly due to higher impairment charges
- Non-banking businesses delivered stable results with insurance premium income at similar level to last year
- Capital adequacy and liquidity robust: CET1:13.8%, T1:14.3%, Total:17.6%, LMR:47.8%





# Financial Highlights



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# Dah Sing Banking Group (2356)

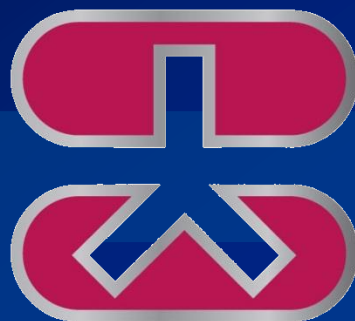
HK\$' million	2020	2019	Change
Net interest income	3,696	4,074	-9%
Net fee and commission income	1,182	1,147	+3%
Net trading income and other income	371	167	+122%
Total operating income	5,249	5,388	-3%
Operating expenses	(2,833)	(2,851)	-1%
Credit impairment losses	(647)	(356)	+82%
<b>Operating profit after credit impairment losses</b>	<b>1,769</b>	<b>2,181</b>	<b>-19%</b>
Profit shared from BOCQ	710	702	-
Impairment loss on investment in BOCQ	(531)	(287)	+85%
Impairment loss on goodwill	(98)	-	
Profit attributable to shareholders	1,493	2,240	-33%
Basic earnings per share (\$)	1.06	1.59	
Dividend per share (\$)	0.30	0.48	



# Dah Sing Financial Holdings (0440)

HK\$' million	2020	2019	Change
Net interest income	3,719	4,125	-10%
Net fee and commission income	1,173	1,136	+3%
Net trading income, net insurance premium and other operating income net of insurance claims and expenses	680	343	+98%
Total operating income net of insurance claims	5,571	5,604	-1%
Operating expenses	(3,020)	(2,984)	+1%
Credit impairment losses	(648)	(357)	+82%
<b>Operating profit after credit impairment losses</b>	<b>1,904</b>	<b>2,264</b>	<b>-16%</b>
Profit shared from BOCQ	710	702	-
Impairment loss on investment in BOCQ	(531)	(287)	+85%
Impairment loss on goodwill	(98)	-	-
Profit attributable to shareholders	1,158	1,708	-32%
Basic earnings per share (\$)	3.62	5.28	-
Dividend per share (\$)	0.94	1.47	-



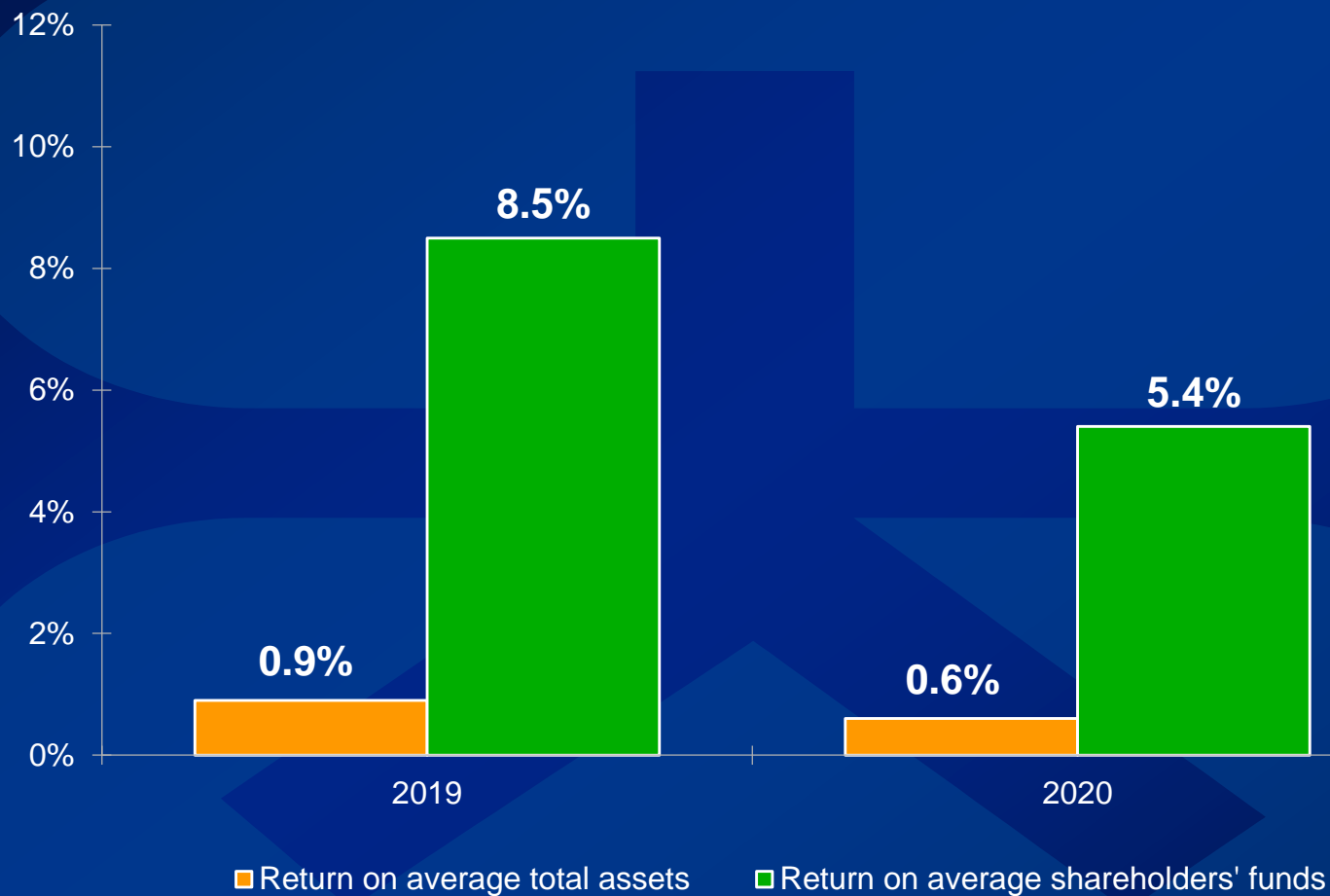


# Dah Sing Banking Group



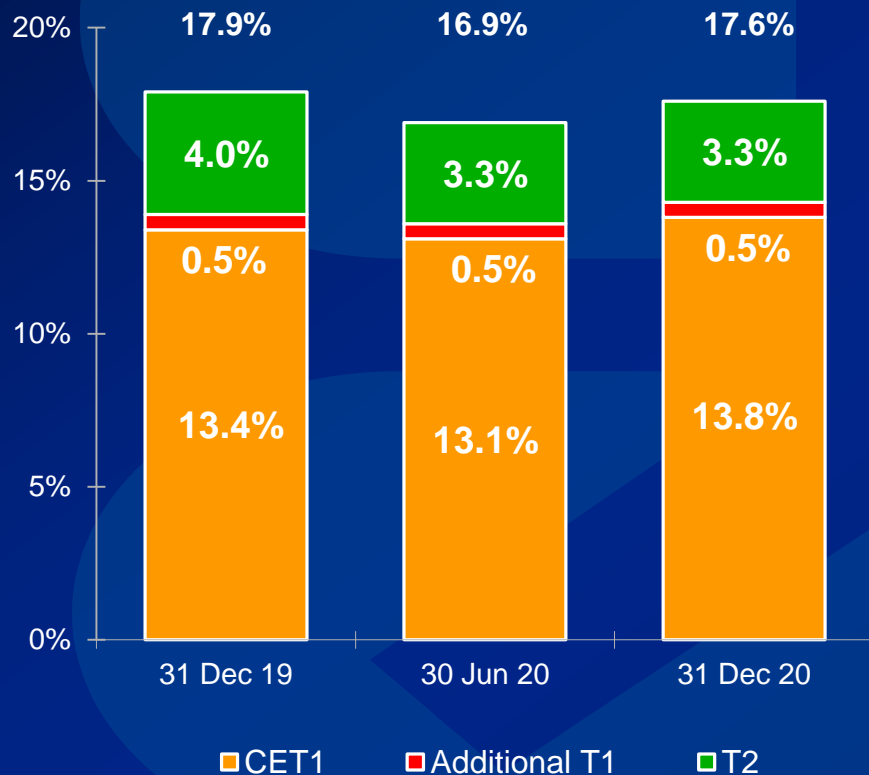
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# Key return indicators

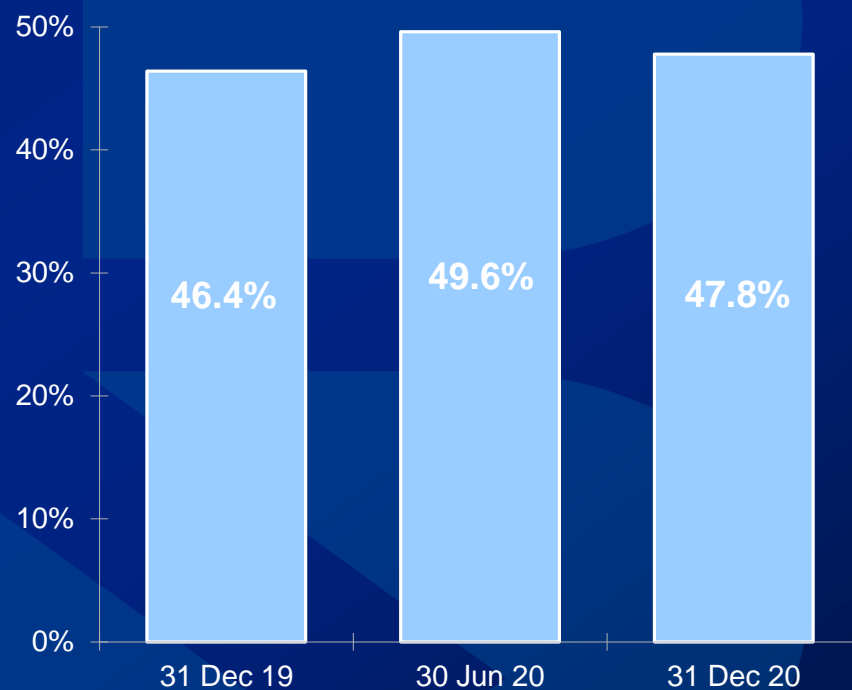


# Capital adequacy and liquidity

## Capital adequacy ratio

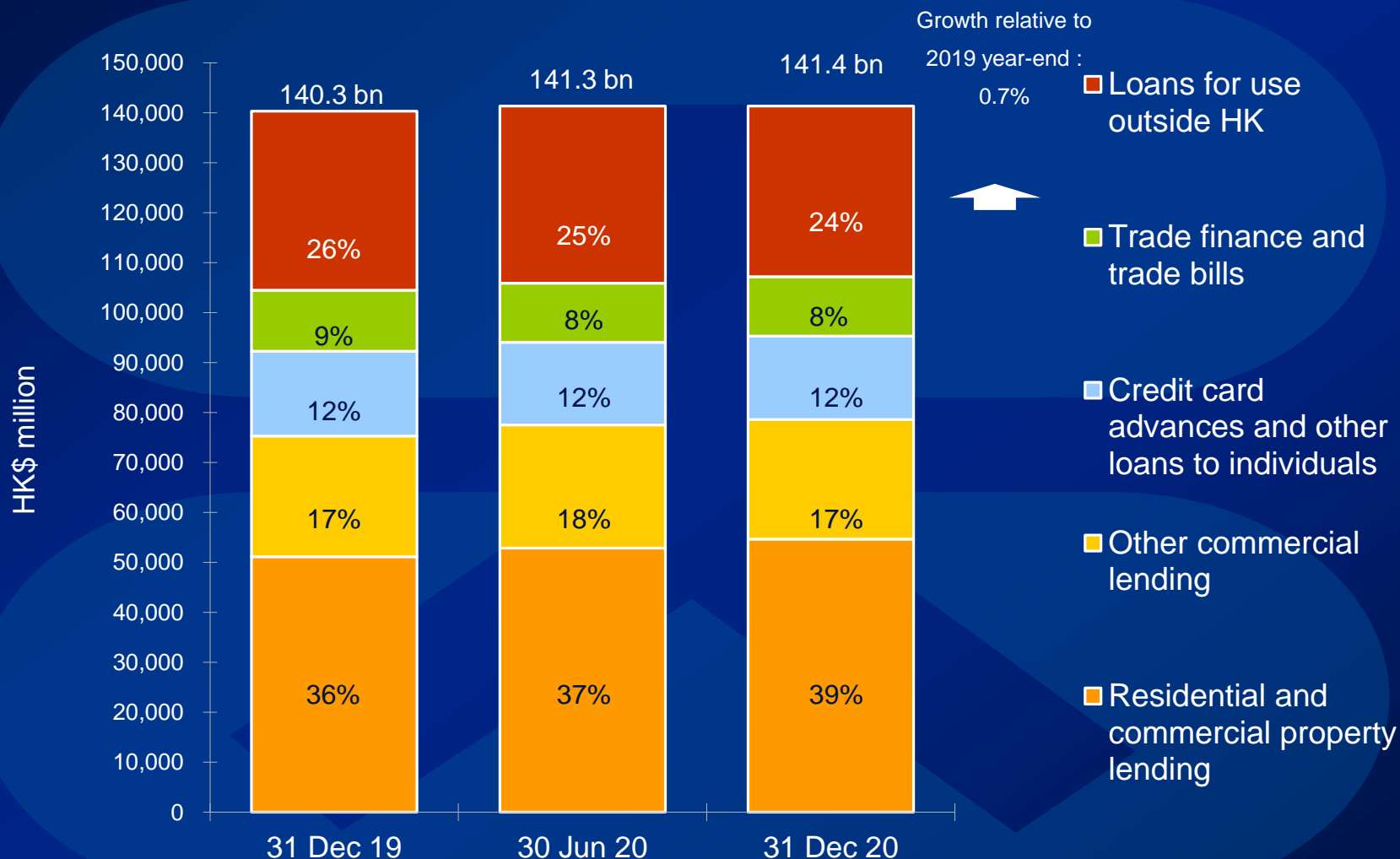


## Liquidity maintenance ratio

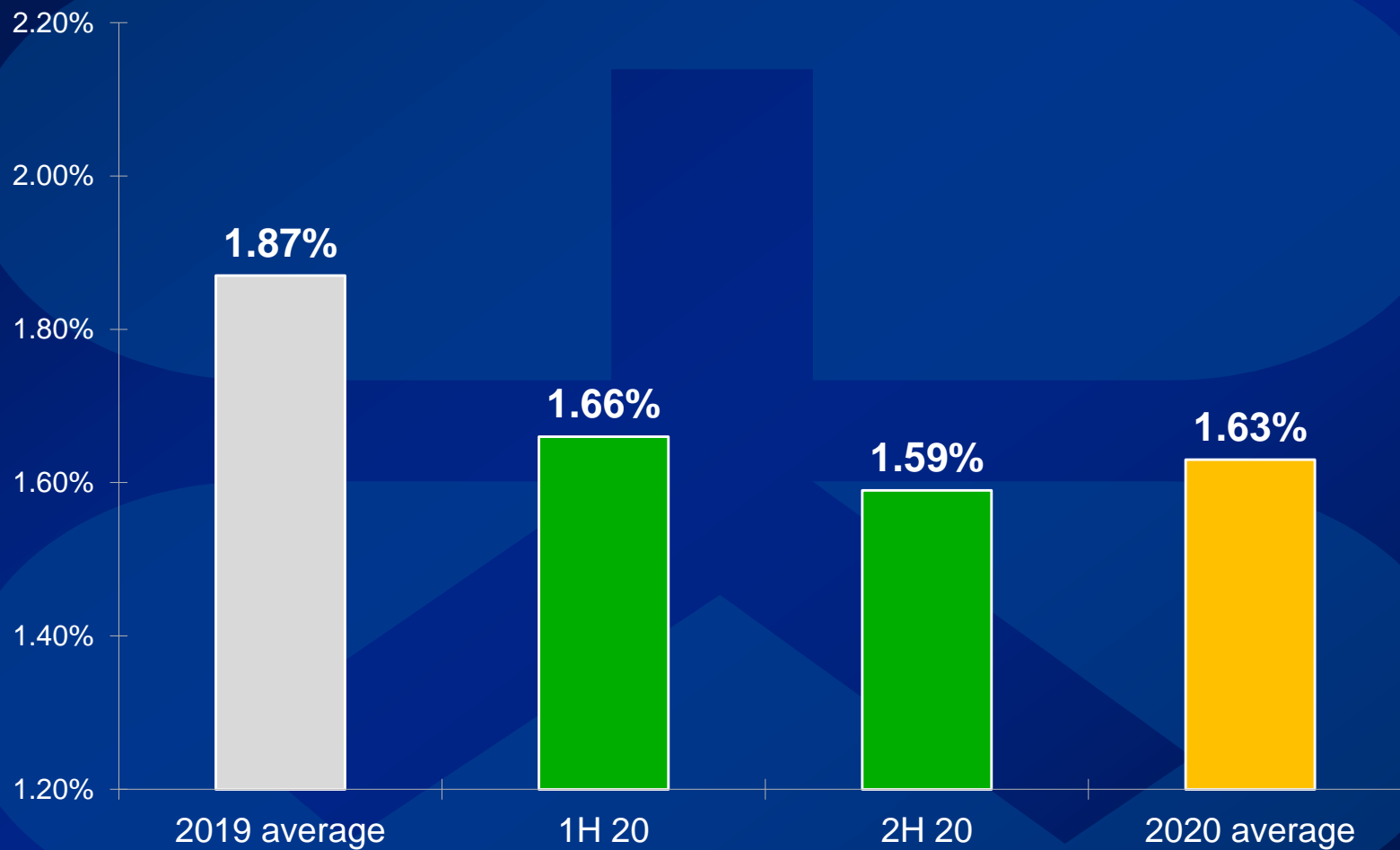




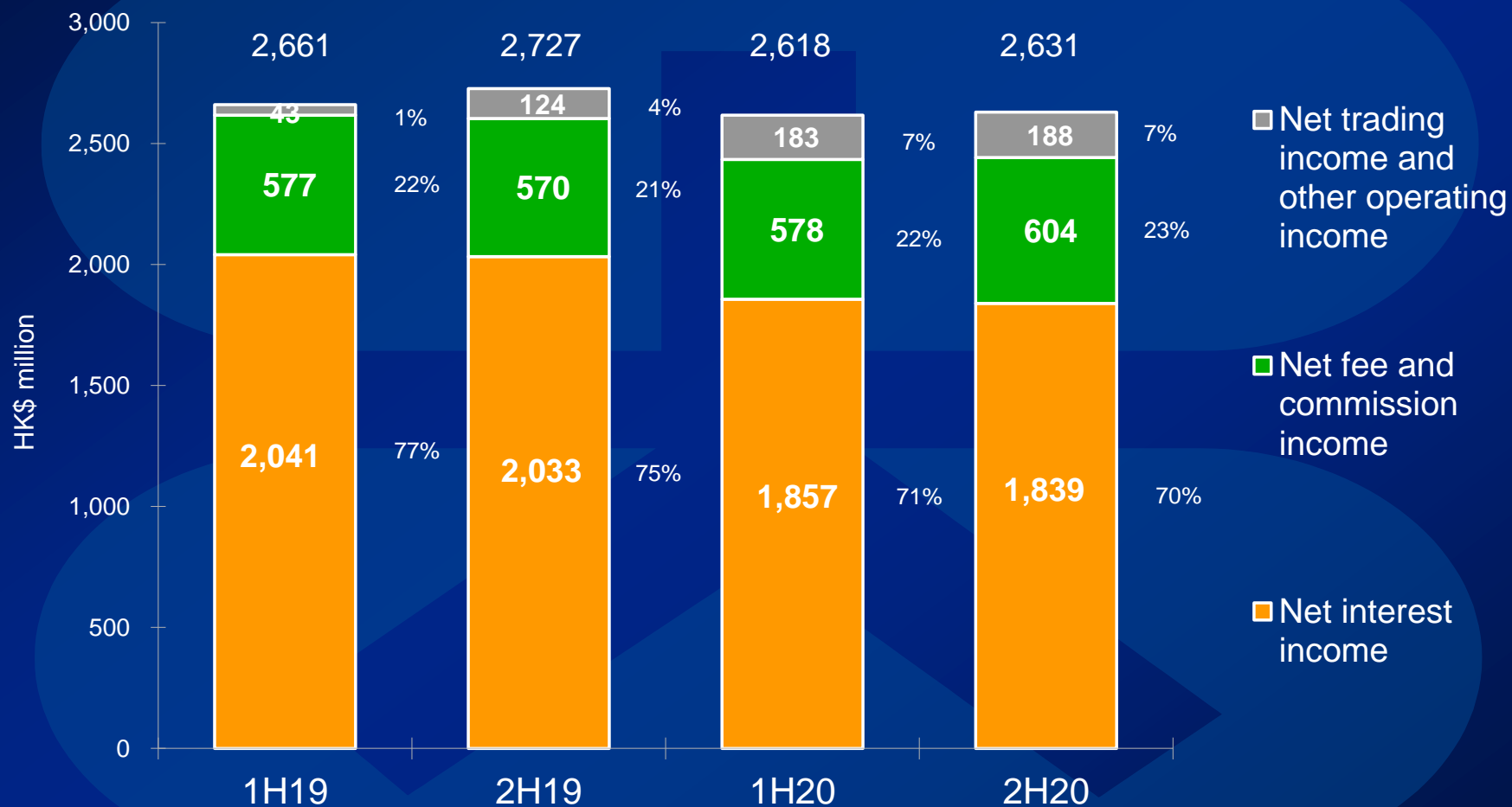
# Gross advances to customers and trade bills



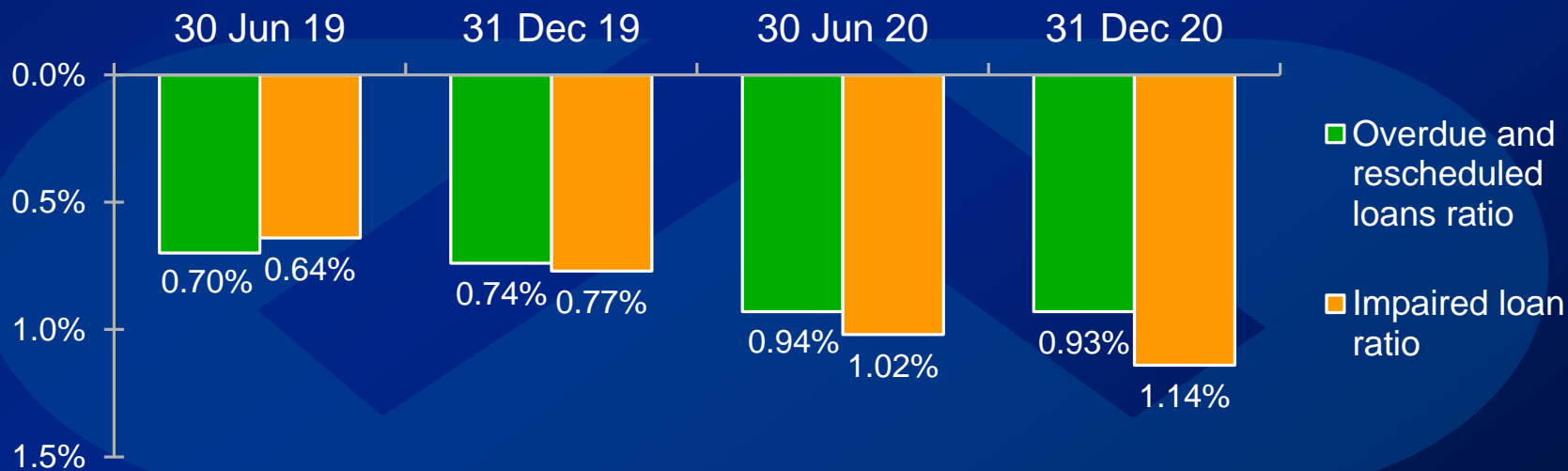
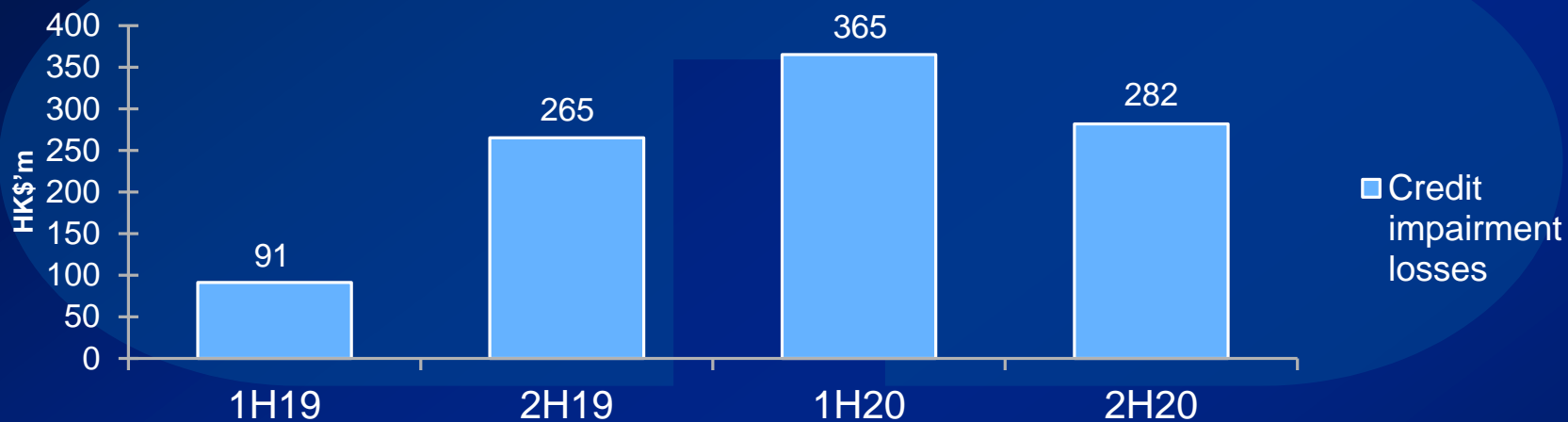
# Net interest margin



# Income from core businesses



# Credit quality



# Commercial banking

- Lower net interest income mainly due to the lower interest rate environment and tighter NIM
- Stable non-interest income despite difficult market conditions
- Modest overall loan growth with increase in term loans, syndicated loans compensating for lower revolving loans, mortgage loans and trade loans
- Focus on improving loan yields and controlling deposit costs
- Higher deposit base at lower cost helped to fund loan growth while prudently managing liquidity position
- Loan impairment charges higher in the year but asset quality remained benign



# Personal banking

- Healthy deposit growth of 4%, with CASA growing by 40% year-on-year
- Loans outstanding stable and credit cost remained manageable despite upward pressure from rising unemployment
- Growth of wealth management fee income underpinned by strong growth in securities trading and customer FX business
- Continued investment in digital capabilities to drive growth in digital users and to increase transaction volumes through digital channels



# Treasury

- Significant increase in profitability versus 2020, driven by both volume growth and much higher trading income
- Customer business remained robust, particularly through our retail banking network
- Conservative liquidity management – average Liquidity Maintenance Ratio at around 50%, 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:

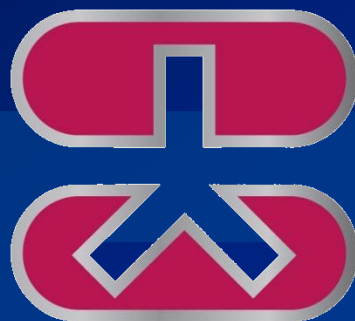
- Profit under pressure due to narrower NIM and higher impairment charges
- Contraction in loan balance due to general economic decline

## PRC:

- DSB (China): Considerably improved operating profit before credit impairment
- BOCQ contributed stable profit, but our investment was impacted by a further impairment charge







# Dah Sing Financial Holdings

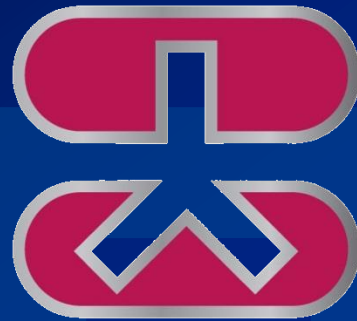


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# General insurance

- Mild growth in net premium income
- Strong returns from investment portfolio particularly in the second half of 2020
- Effective cost management led to stable combined ratio
- Steady buildup of funds available for investment
- Robust solvency providing capacity to generate premiums and investment income over time





# Conclusions



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# Conclusions

- Whilst overall profit was down in very difficult market conditions, our core businesses were resilient
- Operating income before impairment charges was stable
- Capital and liquidity positions continued to be robust
- Credit cost up significantly albeit from a low base in 2019. Loan quality closely monitored to manage credit cost
- Higher impairment charge on investment in BOCQ; no cash effect and no impact on capital adequacy
- Looking ahead for 2021, we continue to take a cautious approach

