

Dah Sing Group

2020 Interim Results

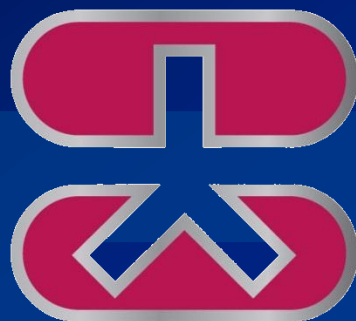


Dah Sing Group

Performance highlights

- Stable pre-provision operating profit from our banking business, despite lower NIM
- Lower net interest income offset by stable fee income and much higher trading income
- Modest volume growth and weaker credit quality, leading to higher loan impairment charges
- Net profit decreased mainly due to higher impairment charges
- Non-banking businesses delivered stable results with respectable growth in insurance premium income
- Capital adequacy and liquidity remained strong: CET1:13.1%, T1:13.6%, Total:16.9%, LMR:49.6%





Financial Highlights



Dah Sing Group

Dah Sing Banking Group (2356)

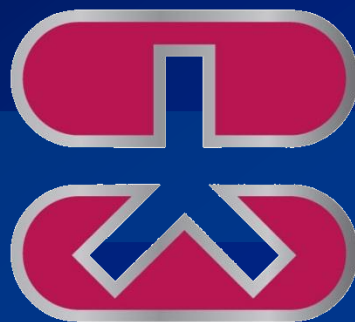
| HK\$' million | 1H20 | 1H19 | Change |
|--|------------|--------------|-------------|
| Net interest income | 1,857 | 2,041 | -9% |
| Net fee and commission income | 578 | 577 | - |
| Net trading income and other income | 183 | 44 | +321% |
| Total operating income | 2,618 | 2,661 | -2% |
| Operating expenses | (1,392) | (1,372) | +1% |
| Credit impairment losses | (365) | (91) | +300% |
| Operating profit after credit impairment losses | 861 | 1,198 | -28% |
| Profit shared from BOCQ | 412 | 411 | - |
| Impairment loss on investment in BOCQ | (200) | (70) | +186% |
| Profit attributable to shareholders | 946 | 1,355 | -30% |
| Basic earnings per share (\$) | 0.67 | 0.96 | |
| Dividend per share (\$) | 0.08 | 0.13 | |



Dah Sing Financial Holdings (0440)

| HK\$' million | 1H20 | 1H19 | Change |
|---|------------|--------------|-------------|
| Net interest income | 1,873 | 2,067 | -9% |
| Net fee and commission income | 572 | 571 | - |
| Net trading income, net insurance premium and other operating income net of insurance claims and expenses | 307 | 200 | +54% |
| Total operating income net of insurance claims | 2,751 | 2,838 | -3% |
| Operating expenses | (1,470) | (1,434) | +2% |
| Credit impairment losses | (365) | (93) | +294% |
| Operating profit after credit impairment losses | 916 | 1,311 | -30% |
| Profit shared from BOCQ | 412 | 411 | - |
| Impairment loss on investment in BOCQ | (200) | (70) | +186% |
| Profit attributable to shareholders | 745 | 1,114 | -33% |
| Basic earnings per share (\$) | 2.33 | 3.41 | |
| Dividend per share (\$) | 0.27 | 0.39 | |



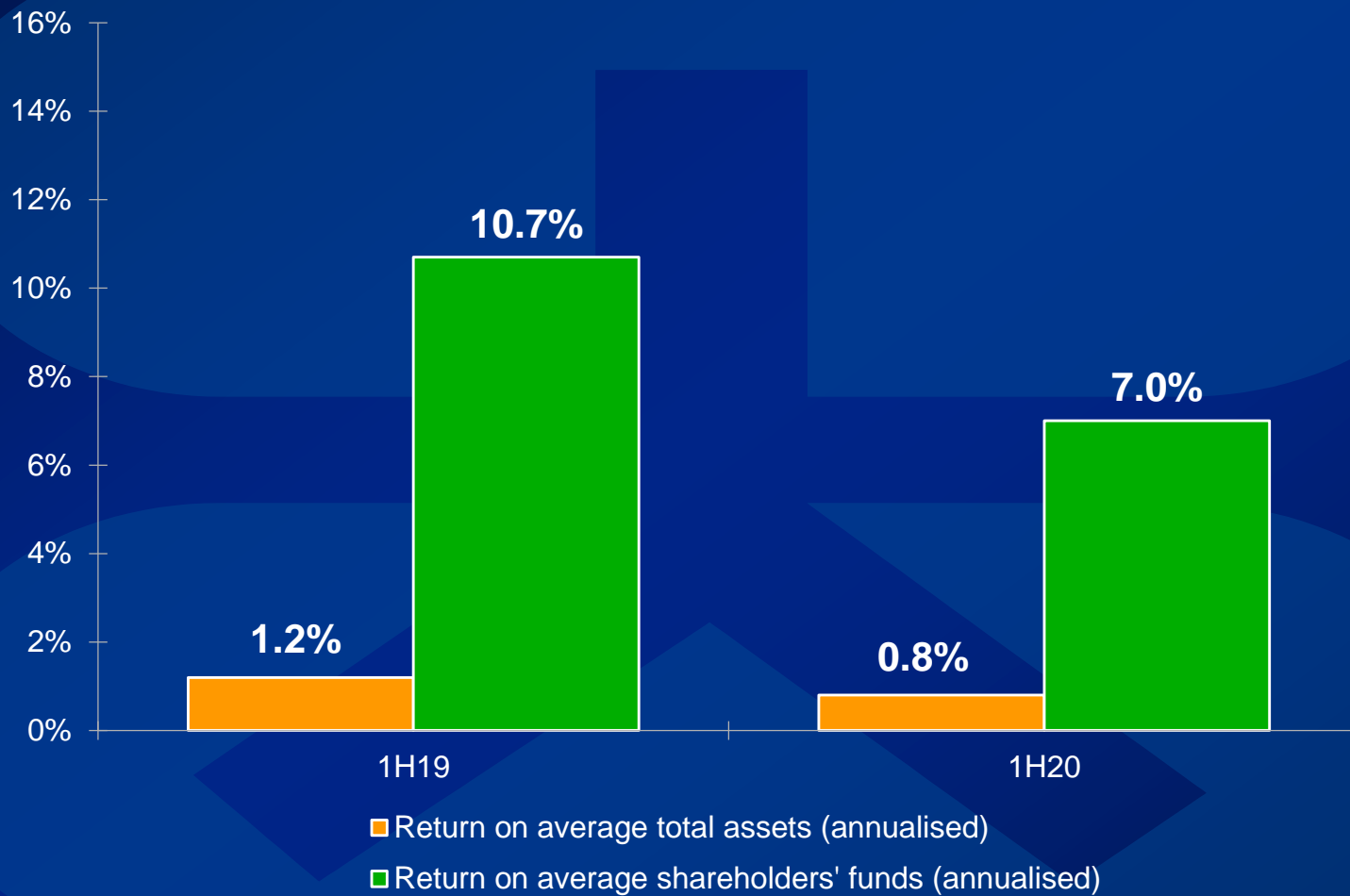


Dah Sing Banking Group



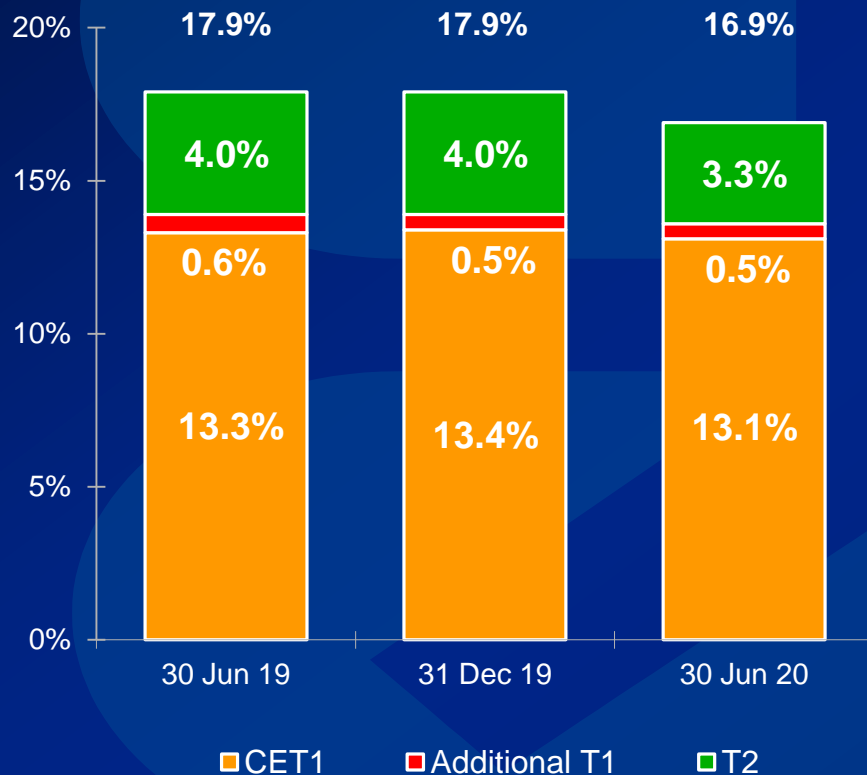
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Key return indicators

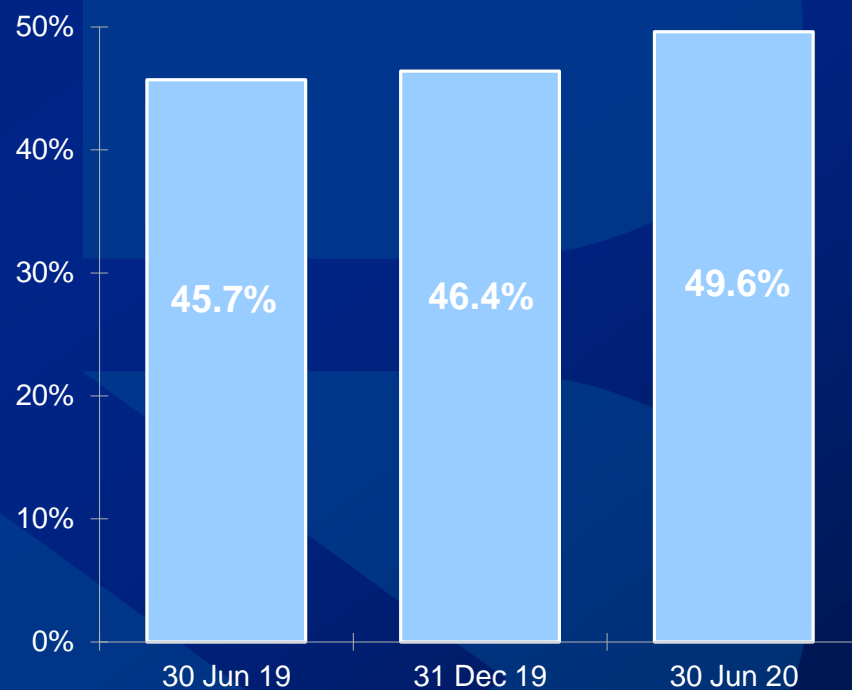


Capital adequacy and liquidity

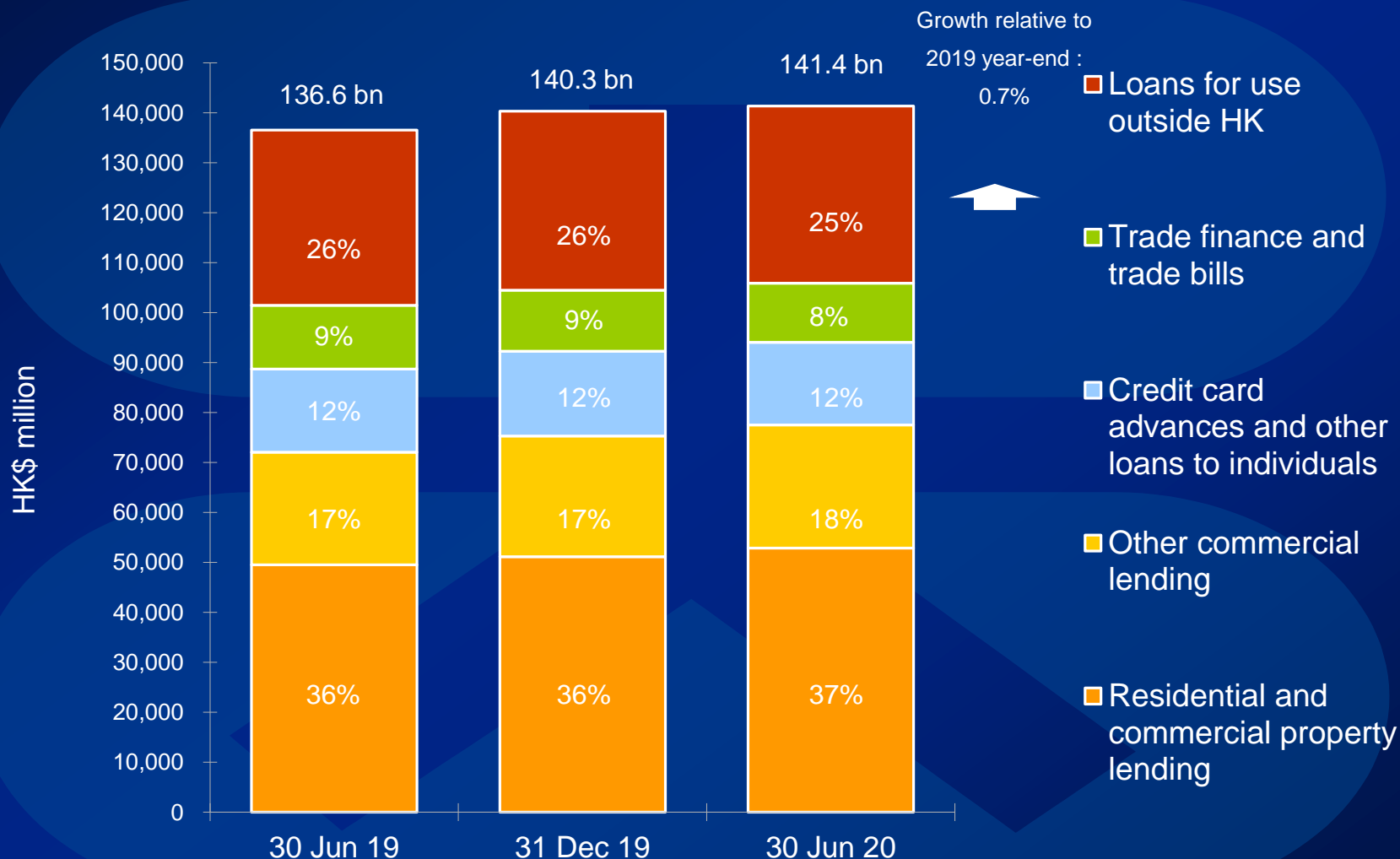
Capital adequacy ratio



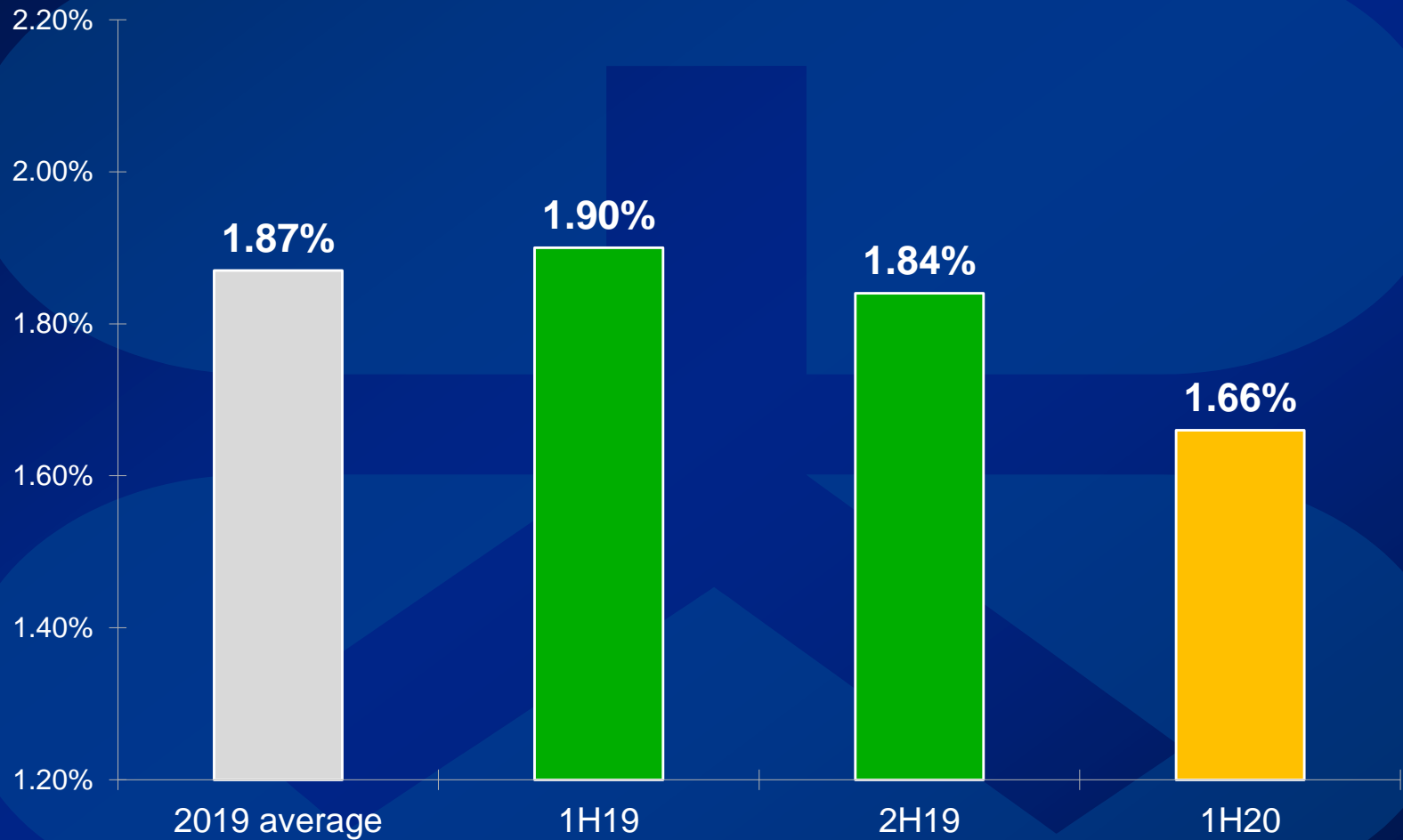
Liquidity maintenance ratio



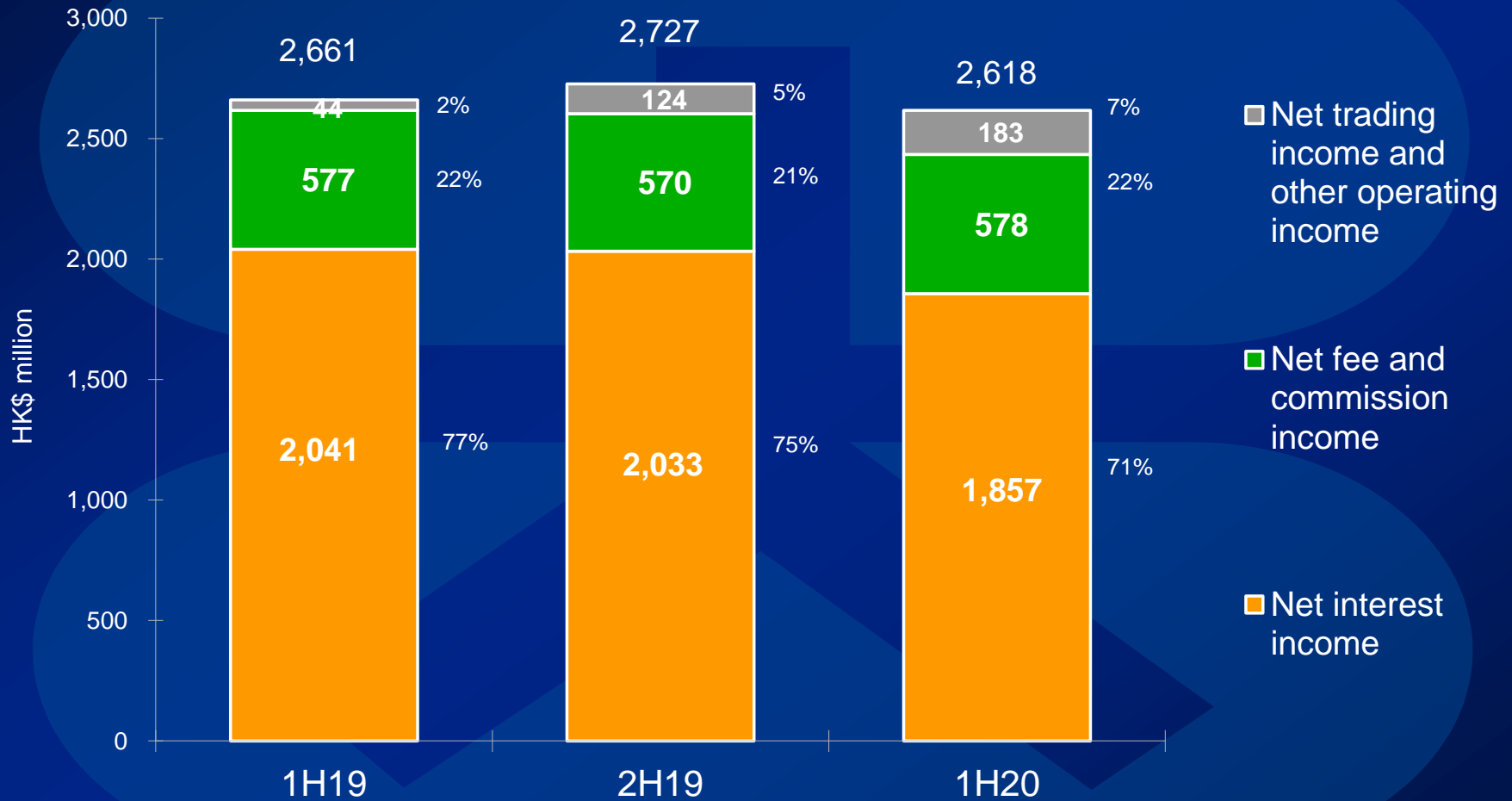
Gross advances to customers and trade bills



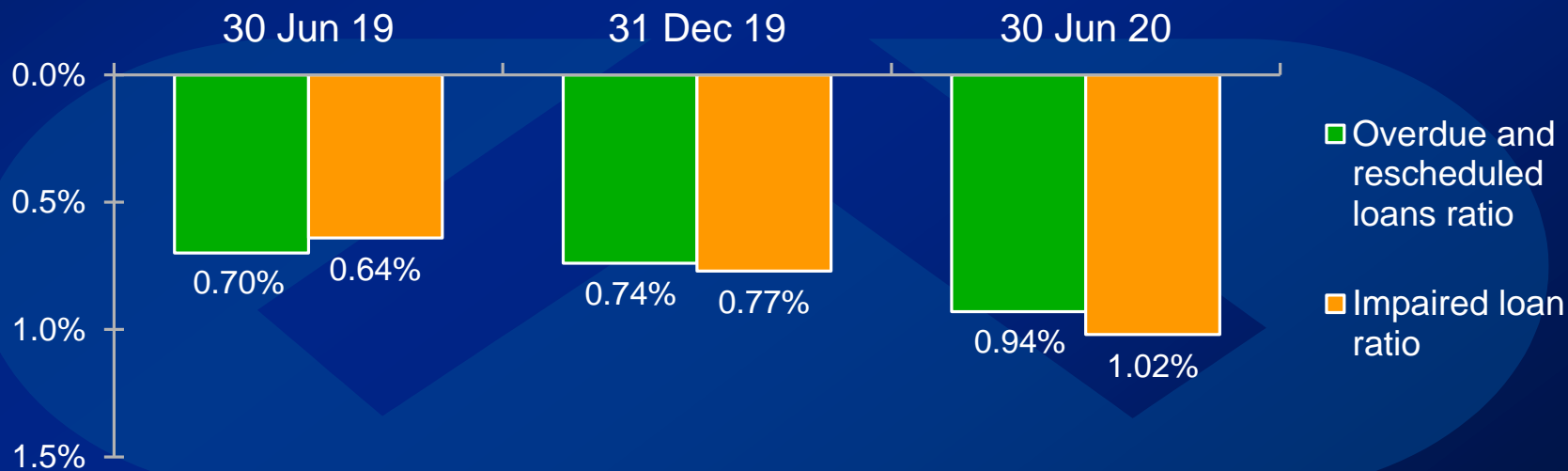
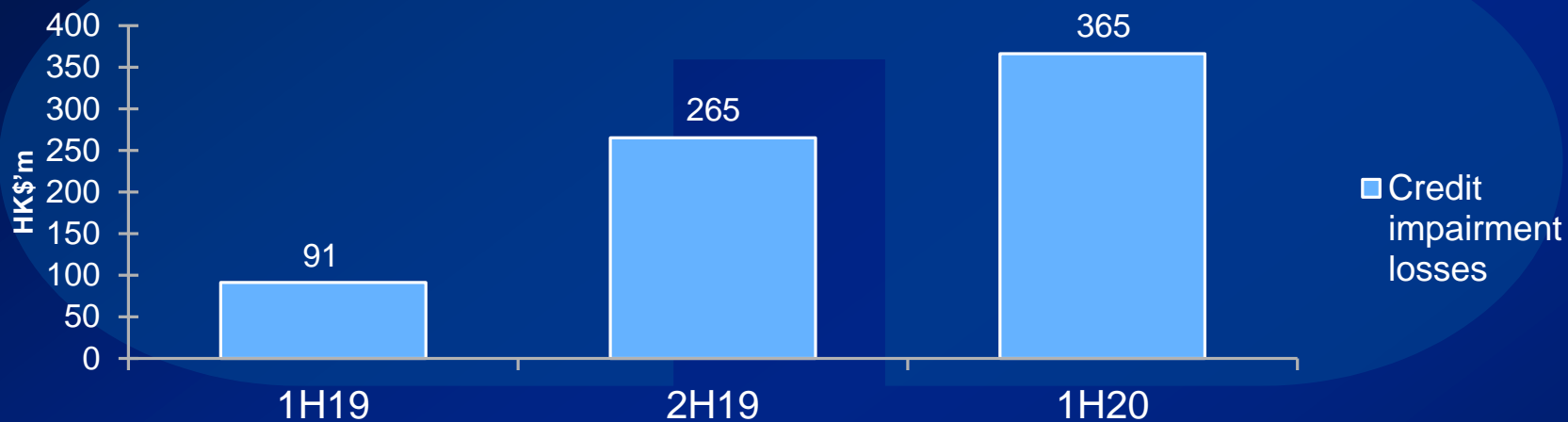
Net interest margin



Income from core businesses



Credit quality



Commercial banking

- Lower net interest income mainly driven by a squeeze in net interest margin, with asset yields falling faster than funding cost as market interest rates fell
- Modest overall loan growth with higher term loans and syndicated loans compensating for lower revolving loans, mortgage loans and trade loans
- Lower non-interest income as a result of Covid-19 epidemic and slower economic activities
- Focus on managing credit quality and proactively monitoring client portfolio
- Focus on reducing deposit cost



Personal banking

- Attention on managing both deposit mix and deposit cost
- Lower net interest income despite respectable growth in higher yielding personal loans as funding costs remained elevated
- Overall modest increase in total loans, focus on managing overall credit quality
- Notable increase in wealth management fee income particularly in the areas of securities trading and FX
- Further investment in technology to enhance customer experience



Treasury

- Significant increase in profitability versus first half of 2019, 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

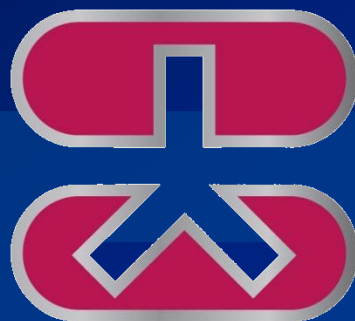
Macau:

- Profit under pressure due to narrower NIM
- Slight contraction in loan balance due to weak domestic demand and intense competition

PRC:

- DSB (China): Steady performance with credit risk closely monitored
- BOCQ contributed stable profit, but our investment was impacted by a further impairment charge





Dah Sing Financial Holdings



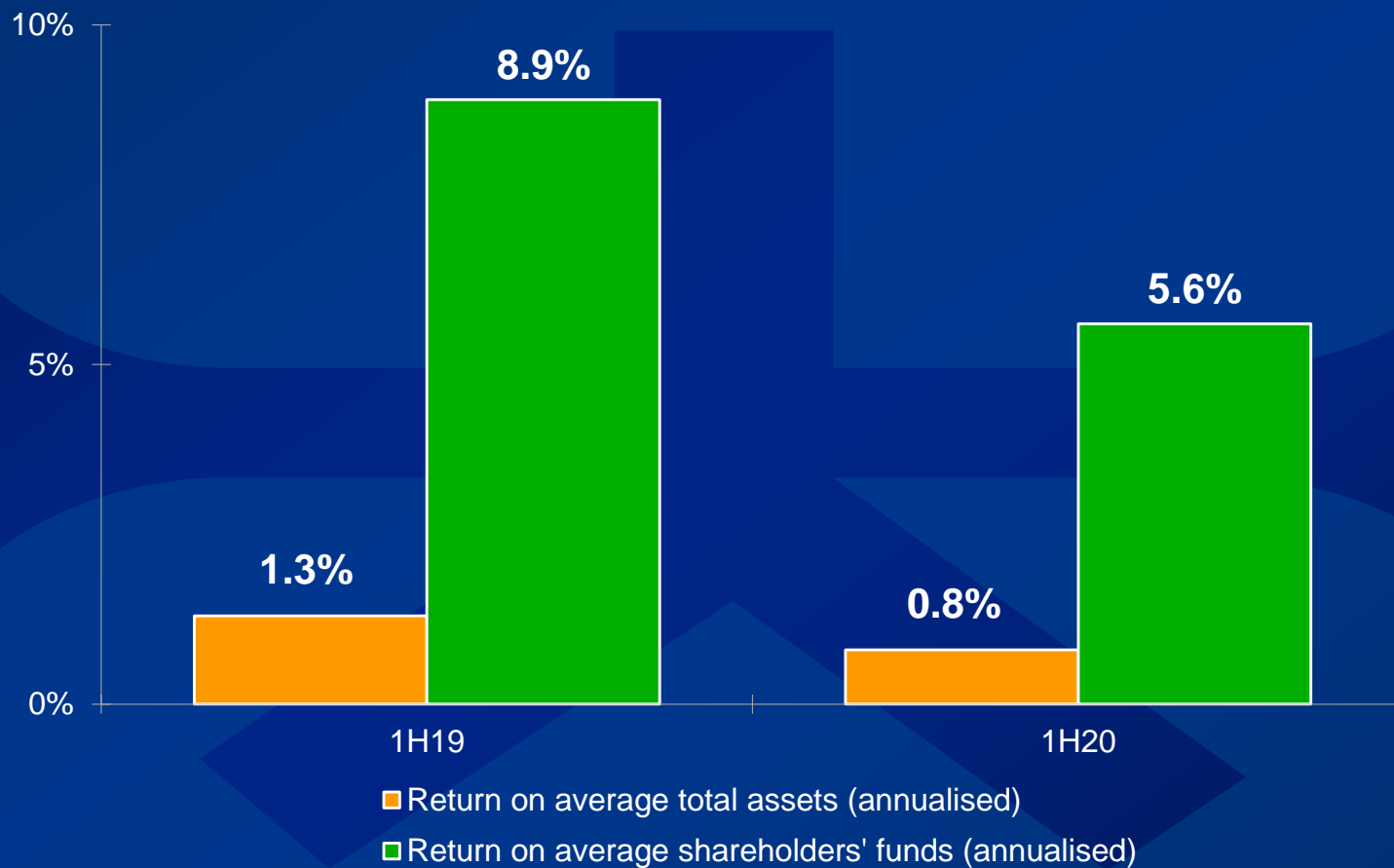
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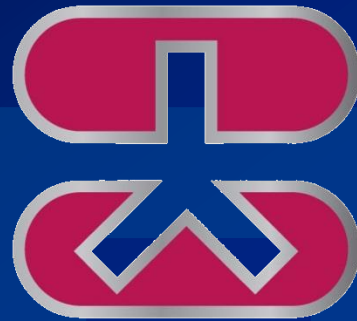
General insurance

- Good net premium income growth
- Higher profit after tax due mainly to better underwriting results in Macau
- Effective cost management led to improved combined ratio
- Steady buildup of float (i.e. reserves) to HK\$600 million
- Robust solvency providing capacity to generate premiums and investment income over time



Key return indicators





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 the first half of last year. Loan quality closely monitored to manage credit cost
- Higher impairment charge on investment in BOCQ; no cash effect and no impact on capital adequacy
- Many uncertainties in the second half – we continue to take a cautious approach

