



大新金融集團  
DAH SING FINANCIAL GROUP

# Dah Sing Financial Group 2023 Interim Results

23 August 2023

## Performance highlights

- Mild growth in net interest income with improved net interest margin and modest loan growth
- Non-interest income decreased mainly as a result of no amortization of bancassurance fee and weaker customer investment appetite and higher cost of funding swaps
- Credit quality improved which led to lower loan impairment charges
- Net profit increased modestly, mainly due to decrease in loan impairment charges, though partly offset by increase in our provision for impairment in the investment in BOCQ
- Capital adequacy and liquidity remained solid: CET1: 15.6%, T1: 16.3%, Total: 19.7%, LMR: 62.5%

# Financial Highlights

# Dah Sing Banking Group (2356)

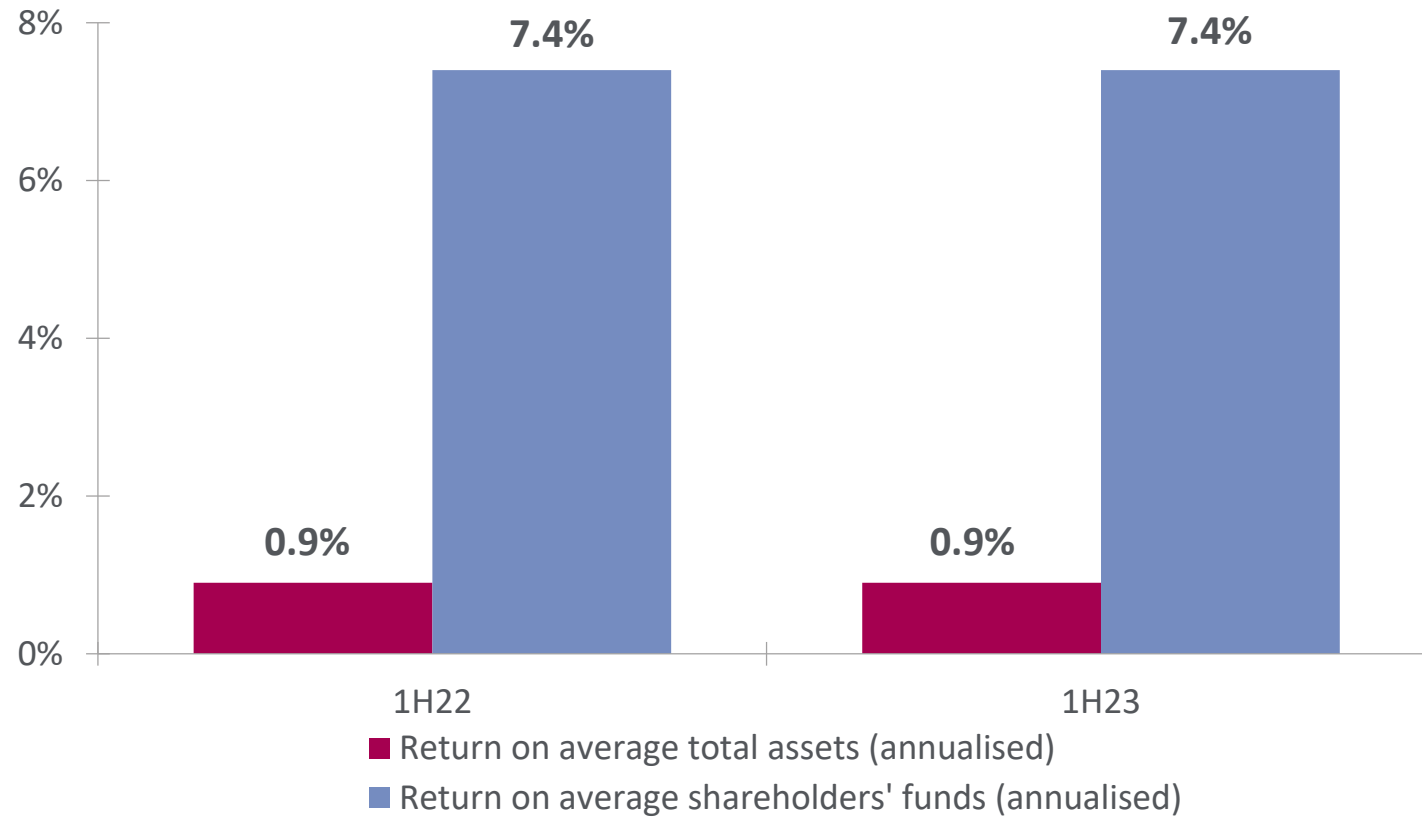
HK\$' million	1H23	1H22	Change
Net interest income	2,269	2,020	+12%
Net fee and commission income	378	482	-22%
Net trading income and other income	44	125	-64%
Total operating income	2,691	2,627	+2%
Operating expenses	(1,533)	(1,391)	+10%
Credit impairment losses	(157)	(305)	-49%
Operating profit after credit impairment losses	1,001	931	+8%
Profit shared from BOCQ	430	454	-5%
Impairment loss on investment in BOCQ	(232)	(139)	+67%
<b>Profit attributable to shareholders</b>	<b>1,112</b>	<b>1,099</b>	<b>+1%</b>
Basic earnings per share (\$)	0.79	0.78	
Dividend per share (\$)	0.11	0.10	

# Dah Sing Financial Holdings (0440)

HK\$' million	1H23	1H22 (restated)	Change
Net interest income	2,333	2,028	+15%
Net fee and commission income	369	475	-22%
Net trading income, net insurance service result and other operating income net of insurance finance expense	131	242	-46%
Total operating income net of insurance claims	2,833	2,745	+3%
Operating expenses	(1,576)	(1,460)	+8%
Credit impairment losses	(158)	(306)	-48%
Operating profit after credit impairment losses	1,099	979	+12%
Profit shared from BOCQ	430	454	-5%
Impairment loss on investment in BOCQ	(232)	(139)	+67%
<b>Profit attributable to shareholders</b>	<b>922</b>	<b>842</b>	<b>+9%</b>
Basic earnings per share (\$)	2.89	2.64	
Dividend per share (\$)	0.36	0.33	

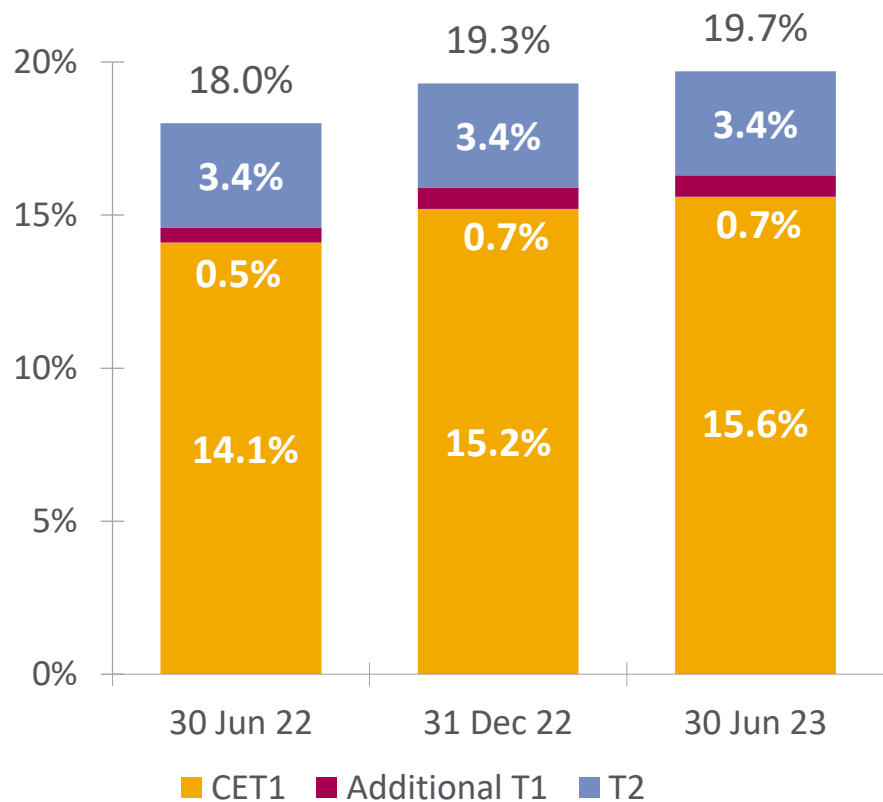
# Dah Sing Banking Group

# Key return indicators

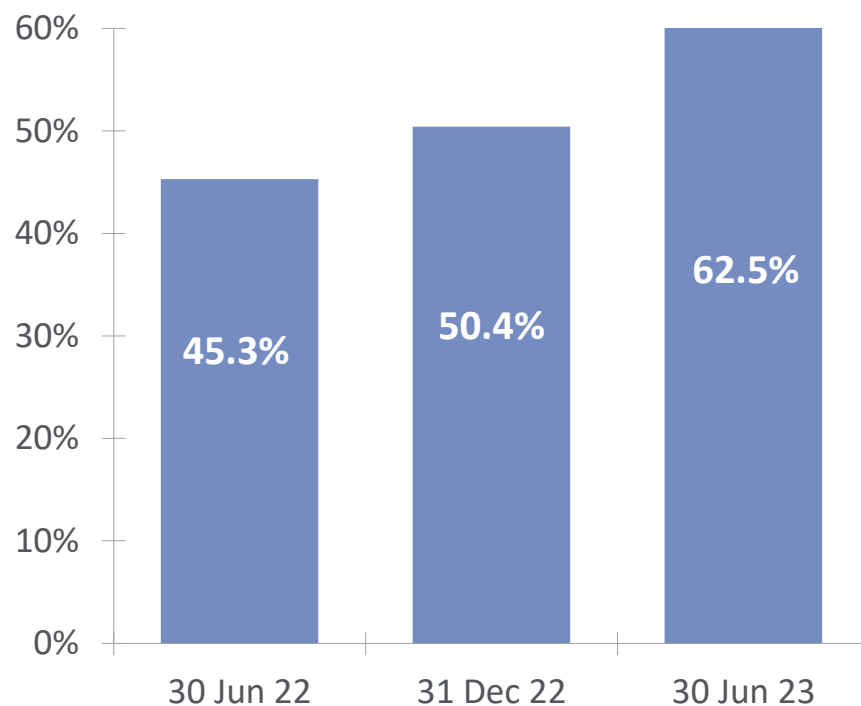


# Capital adequacy and liquidity

## Capital adequacy ratio

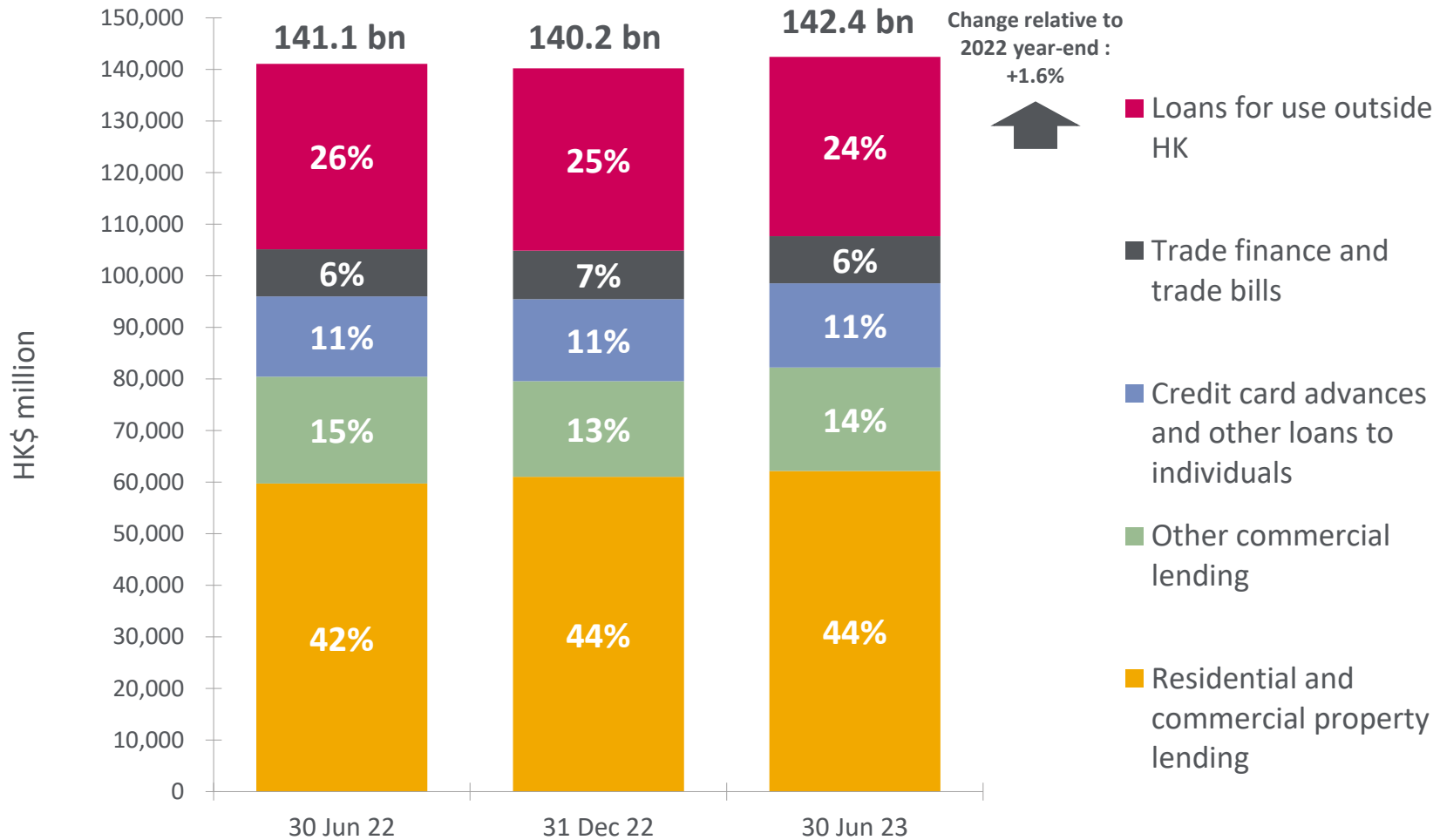


## Liquidity maintenance ratio

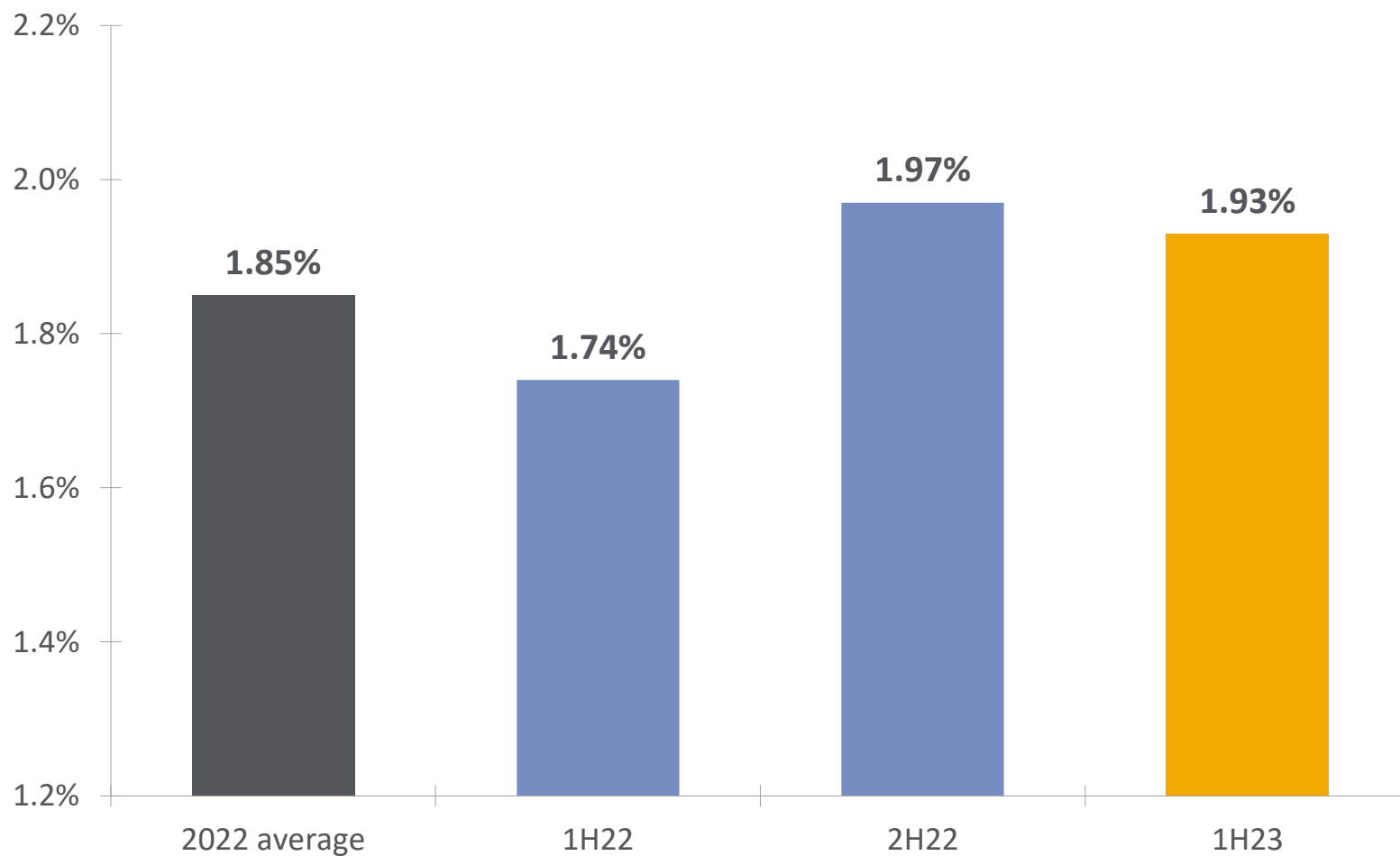




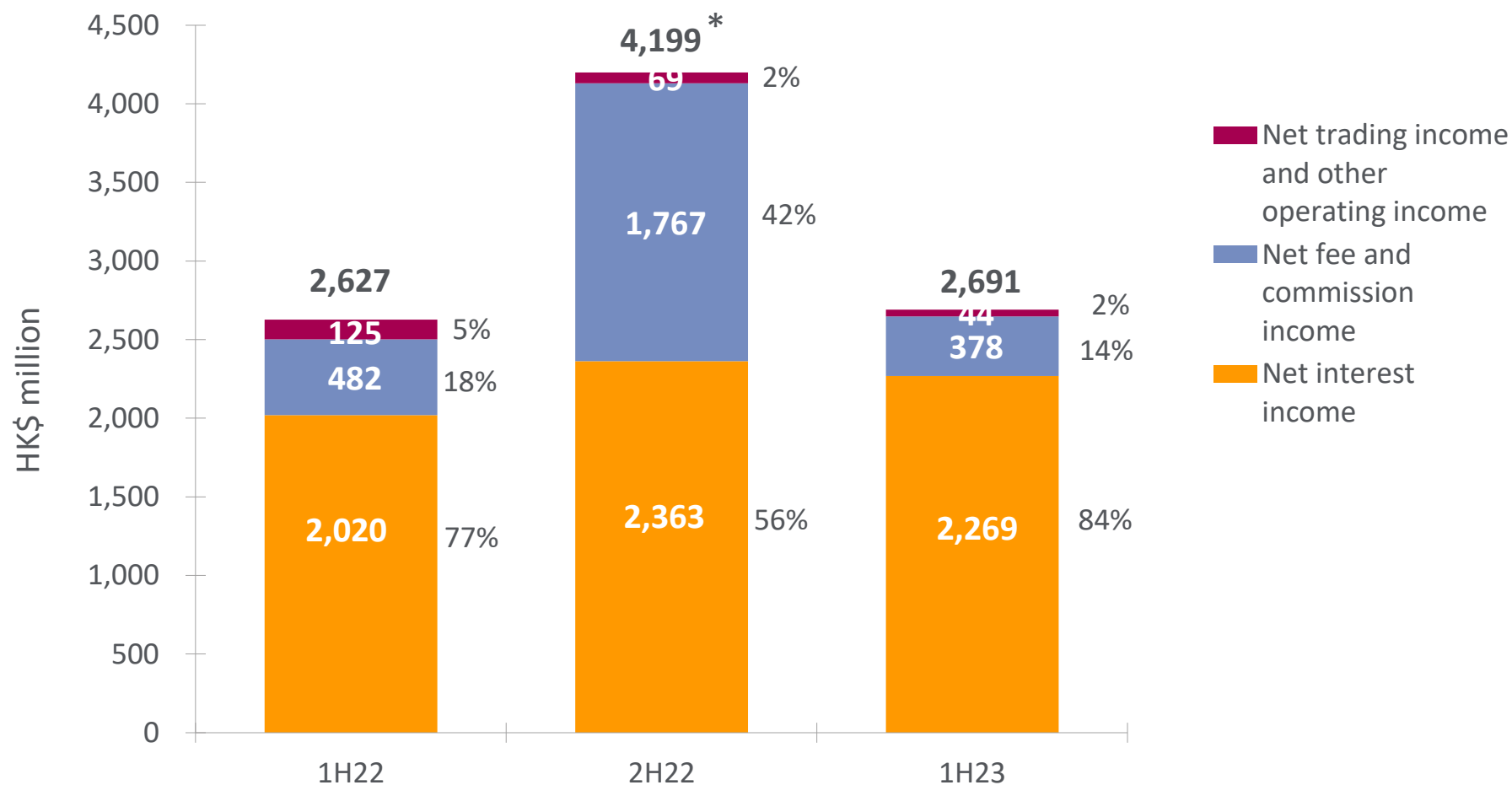
# Gross advances to customers and trade bills



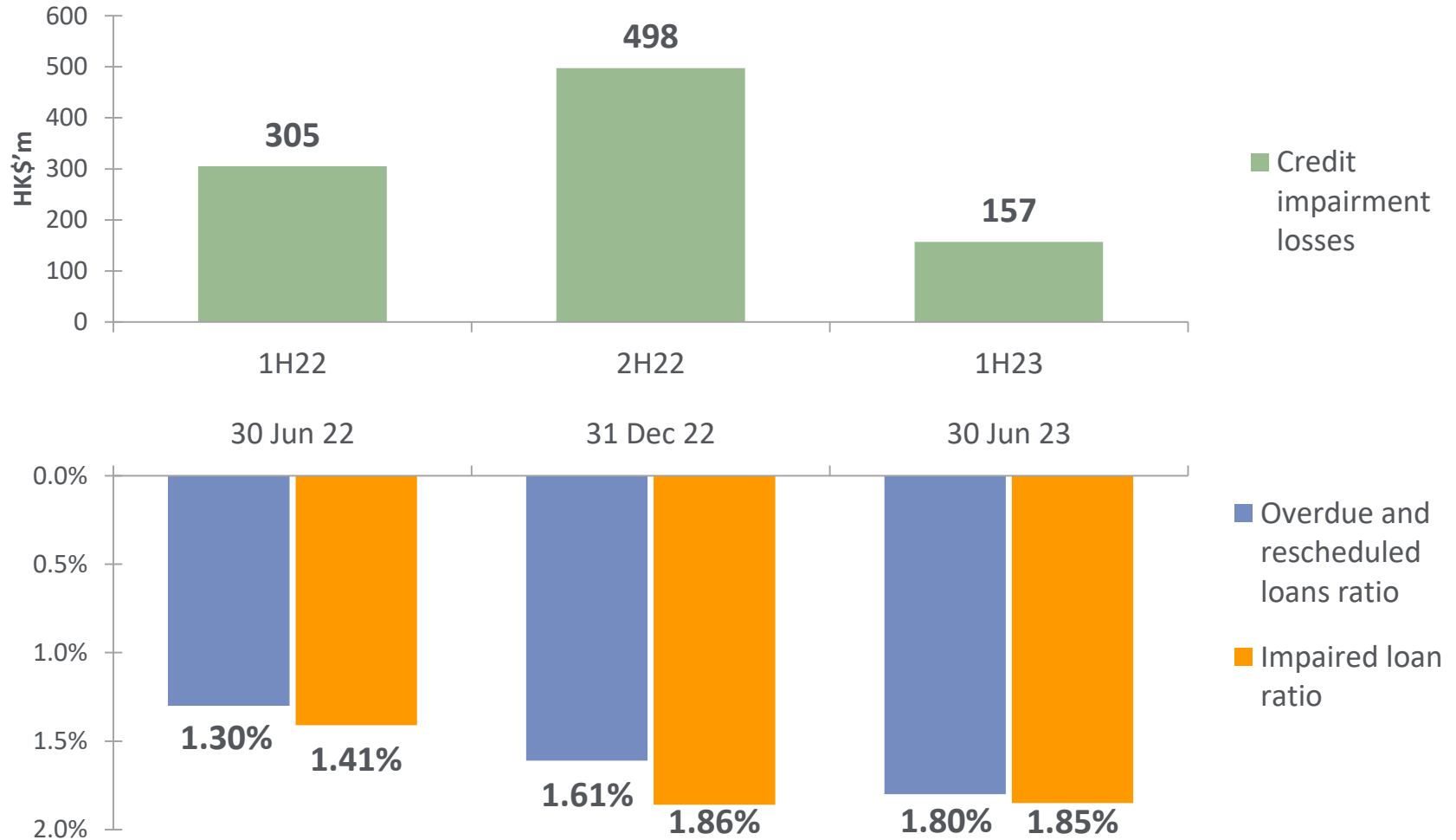
# Net interest margin



# Income from core businesses



# Credit quality



## Corporate Banking

- Moderate decline in net interest income due to higher funding cost and weak market demand for new loans
- Non-interest income rose moderately led by higher FX-related fee and wealth management incomes
- Higher profitability mainly due to lower credit impairment charge
- Focus on growing high-quality loans and managing credit quality
- New Shenzhen Branch opened in early August 2023 provides an added capability to serve our customers in the Greater Bay Area in addition to DSB China operations

## Personal Banking

- Low double-digit growth in net interest income driven by higher average loan balance and improved net interest margin
- Non-interest income fell, primarily impacted by the weak customer investment appetite and continued suspension of bancassurance sales
- Underlying profitability was lower partly due to higher operating expenses and credit impairment cost
- Launched new bancassurance partnership with Sun Life in July 2023 to enrich our wealth management offering with life and protection products

## Treasury and Global Markets

- Slightly lower segmental profit as the higher net interest income was offset by weaker trading income
- Customer business remained robust, continuing close cooperation with both our retail banking and commercial banking businesses
- Conservative liquidity management - average Liquidity Maintenance Ratio at level in excess of 60%, well above statutory requirement
- Prudent treasury portfolio with high average credit rating and relatively short duration to manage credit and interest rate risk

# Mainland China and Macau

## Macau:

- Increase in profit due mainly to lower credit impairment charges despite the subdued investment sentiment and weak loan demand
- Positive growth in loan balance and customer deposits

## PRC:

- DSB (China): Performance under pressure due to soft loan growth, weaker NIM and higher loan impairment charge
- BOCQ's profit contribution was moderately lower as our investment was impacted by a further impairment charge



# Dah Sing Financial Group

## General Insurance

- The Group's insurance business adopted HKFRS 17 in 1H23 and restated its results for 1H22
- Based on the new accounting basis, insurance revenue increased by 7.7% to HK\$441 million during the period, with Hong Kong insurance business increased by 15.0% to HK\$324 million
- There was also a strong recovery in our investment performance, resulting in a profit on investments of HK\$43 million compared with HK\$19 million in the prior period
- The total net income for the period was HK\$49 million, up from HK\$12 million in the prior period
- On a comprehensive income basis, profitability was substantially higher, benefitting from a much improved investment performance

## General Insurance

- Several business lines reported strong growth, including Employees' Compensation and Motor
- Stable combined ratio given effective cost management and disciplined underwriting
- Respectable increase in “float” available for investment from HK\$594 million at 31 Dec 2022 to HK\$725 million at 30 Jun 2023
- Improved solvency in both our Hong Kong and Macau insurance subsidiaries providing capacity to support higher volume of business, and generate premiums and investment income over time

# Conclusions

## Conclusions

- Our core businesses remained resilient and delivered stable performance amid a gradual recovery in the local economy
- Higher net interest income with respectable improvement in net interest margin, offsetting the weakness in non-interest income
- Slightly higher profit attributable to shareholders, with lower and manageable credit cost
- Capital and liquidity positions continued to be robust
- Impairment charge on the investment in BOCQ is non-cash and has no impact on capital adequacy