



大新金融集團

DAH SING FINANCIAL GROUP

Dah Sing Financial Group 2021 Annual Results

1 April 2022

Performance highlights

- Mild growth in net interest income with improved net interest margin and modest loan growth
- Stable fee and commission income
- Improved credit quality, with reduction in impaired loan ratio to below 1%
- Increase in net profit mainly due to lower impairment charges
- Increase in gross insurance premium offset by lower investment returns
- Capital adequacy improved and liquidity remained solid:
CET1:14.2%, T1:14.7%, Total:18.1%, LMR:46.9%

Financial Highlights

Dah Sing Banking Group (2356)

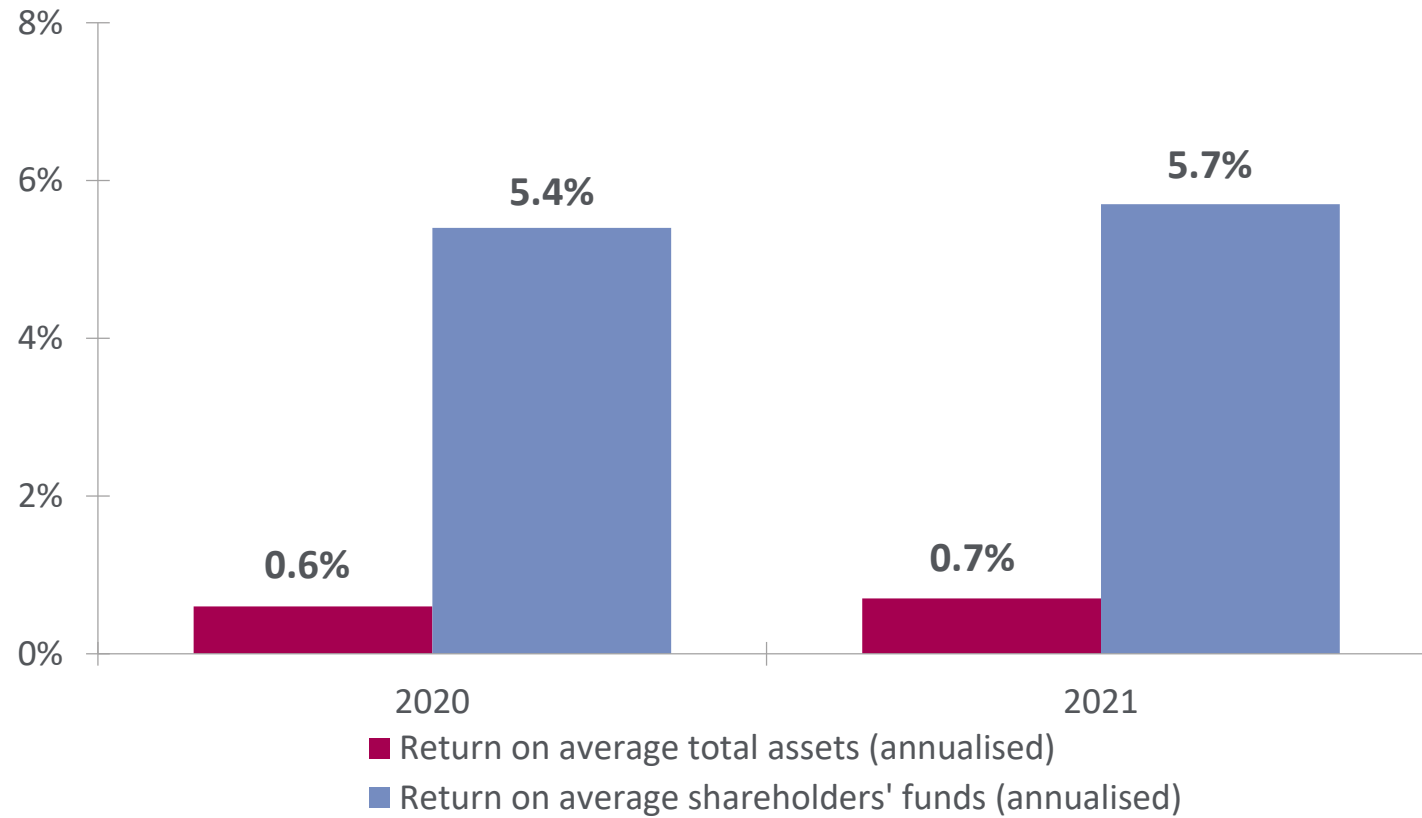
| HK\$' million | 2021 | 2020 | Change |
|--------------------------------------------------------|--------------|--------------|-------------|
| Net interest income | 3,944 | 3,696 | +7% |
| Net fee and commission income | 1,197 | 1,182 | +1% |
| Net trading income and other income | 243 | 371 | -35% |
| Total operating income | 5,384 | 5,249 | +3% |
| Operating expenses | (3,021) | (2,833) | +7% |
| Credit impairment losses | (373) | (647) | -42% |
| Operating profit after credit impairment losses | 1,990 | 1,769 | +12% |
| Profit shared from BOCQ | 698 | 710 | -2% |
| Impairment loss on investment in BOCQ | (726) | (531) | +37% |
| Impairment loss on goodwill | - | (98) | -100% |
| Profit attributable to shareholders | 1,658 | 1,493 | +11% |
| Basic earnings per share (\$) | 1.18 | 1.06 | |
| Dividend per share (\$) | 0.34 | 0.30 | |

Dah Sing Financial Holdings (0440)

| HK\$' million | 2021 | 2020 | Change |
|-----------------------------------------------------------------------------------------------------------|--------------|--------------|-------------|
| Net interest income | 3,954 | 3,719 | +6% |
| Net fee and commission income | 1,186 | 1,173 | +1% |
| Net trading income, net insurance premium and other operating income net of insurance claims and expenses | 536 | 680 | -21% |
| Total operating income net of insurance claims | 5,676 | 5,571 | +2% |
| Operating expenses | (3,205) | (3,020) | +6% |
| Credit impairment losses | (372) | (648) | -43% |
| Operating profit after credit impairment losses | 2,099 | 1,904 | +10% |
| Profit shared from BOCQ | 698 | 710 | -2% |
| Impairment loss on investment in BOCQ | (726) | (531) | +37% |
| Impairment loss on goodwill | - | (98) | -100% |
| Profit attributable to shareholders | 1,308 | 1,158 | +13% |
| Basic earnings per share (\$) | 4.09 | 3.62 | |
| Dividend per share (\$) | 1.06 | 0.94 | |

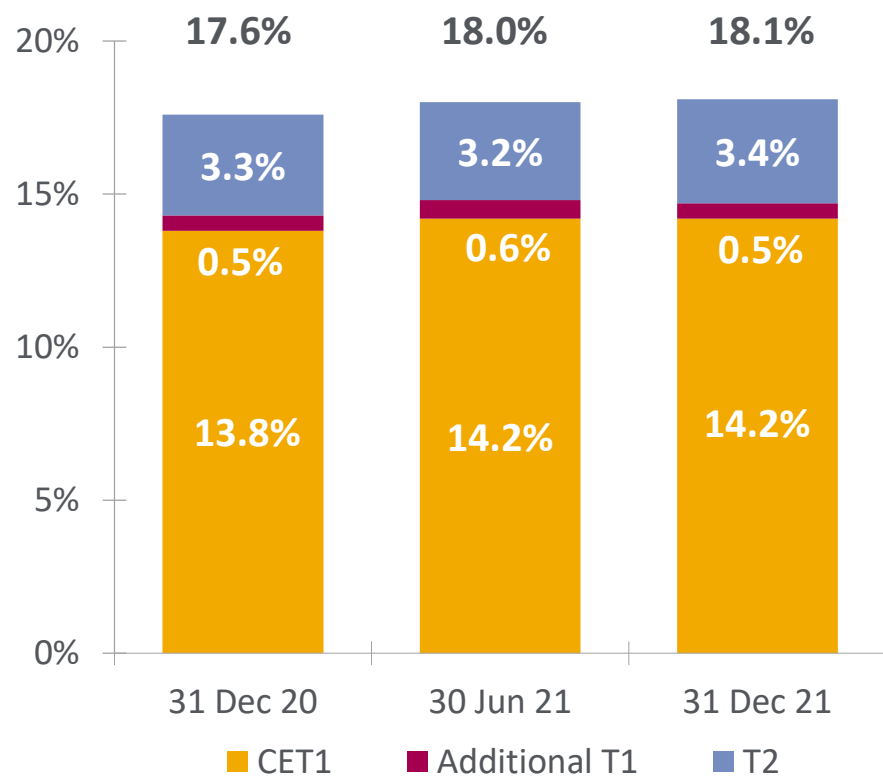
Dah Sing Banking Group

Key return indicators

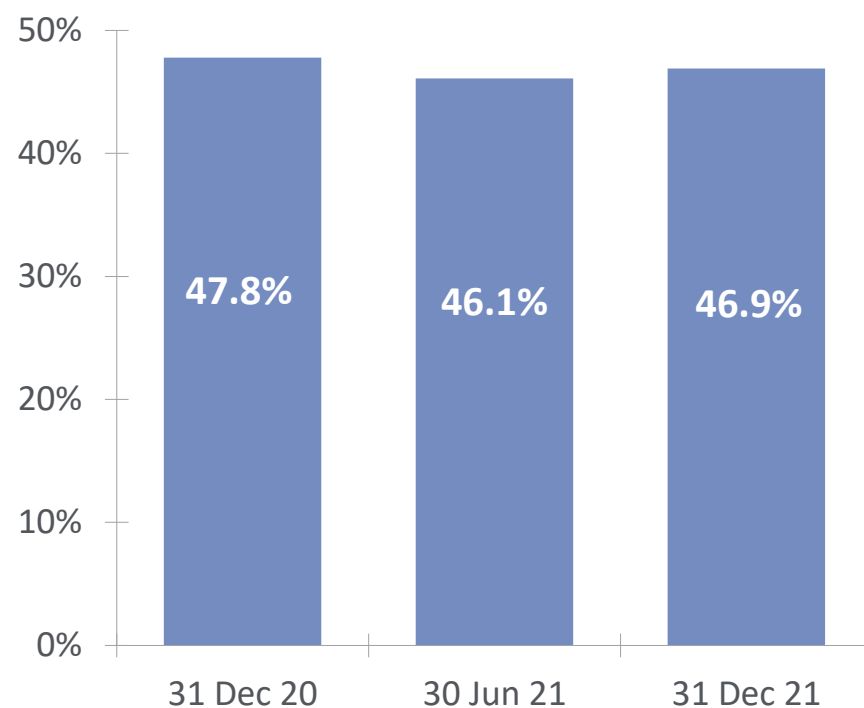


Capital adequacy and liquidity

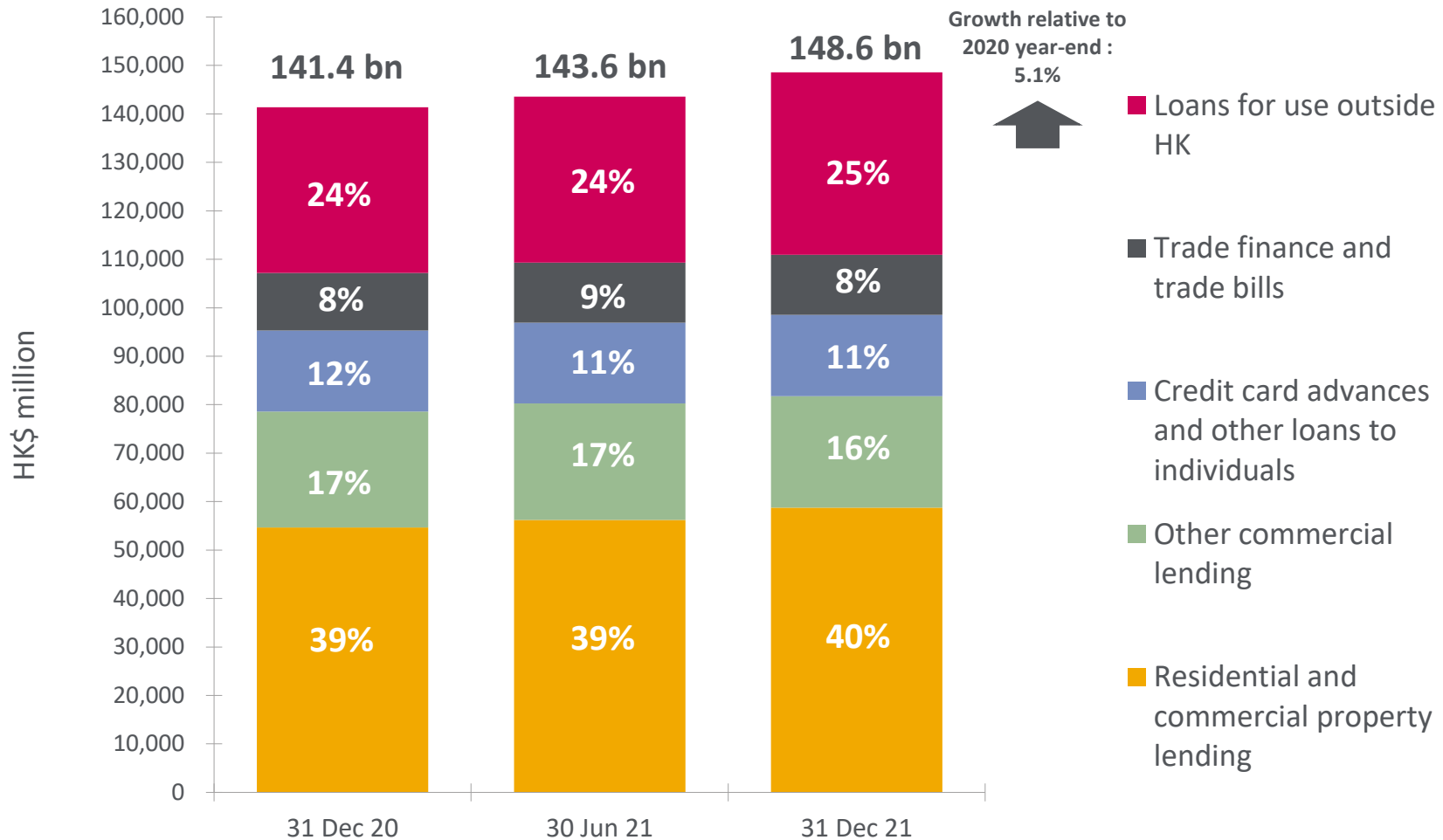
Capital adequacy ratio



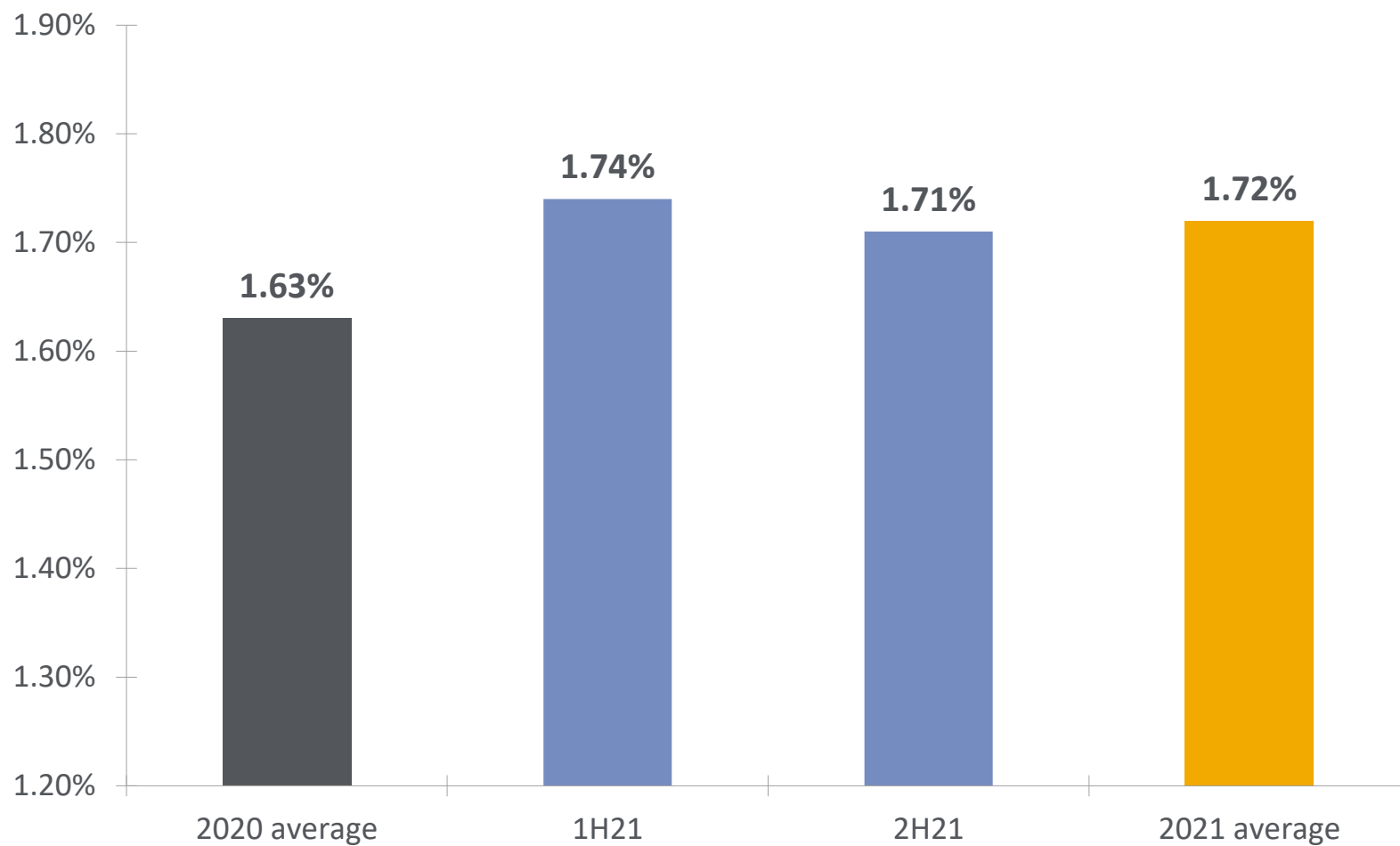
Liquidity maintenance ratio



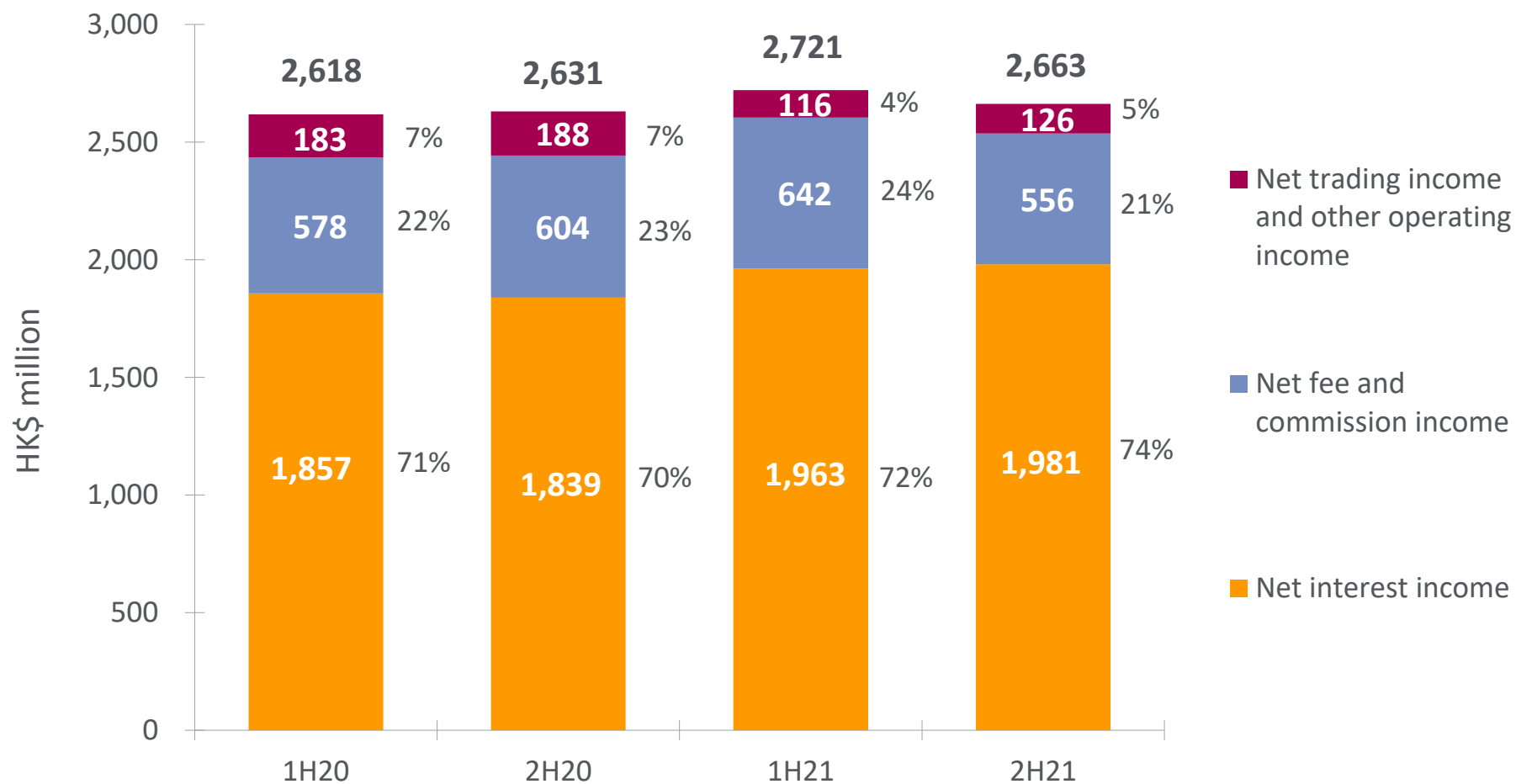
Gross advances to customers and trade bills



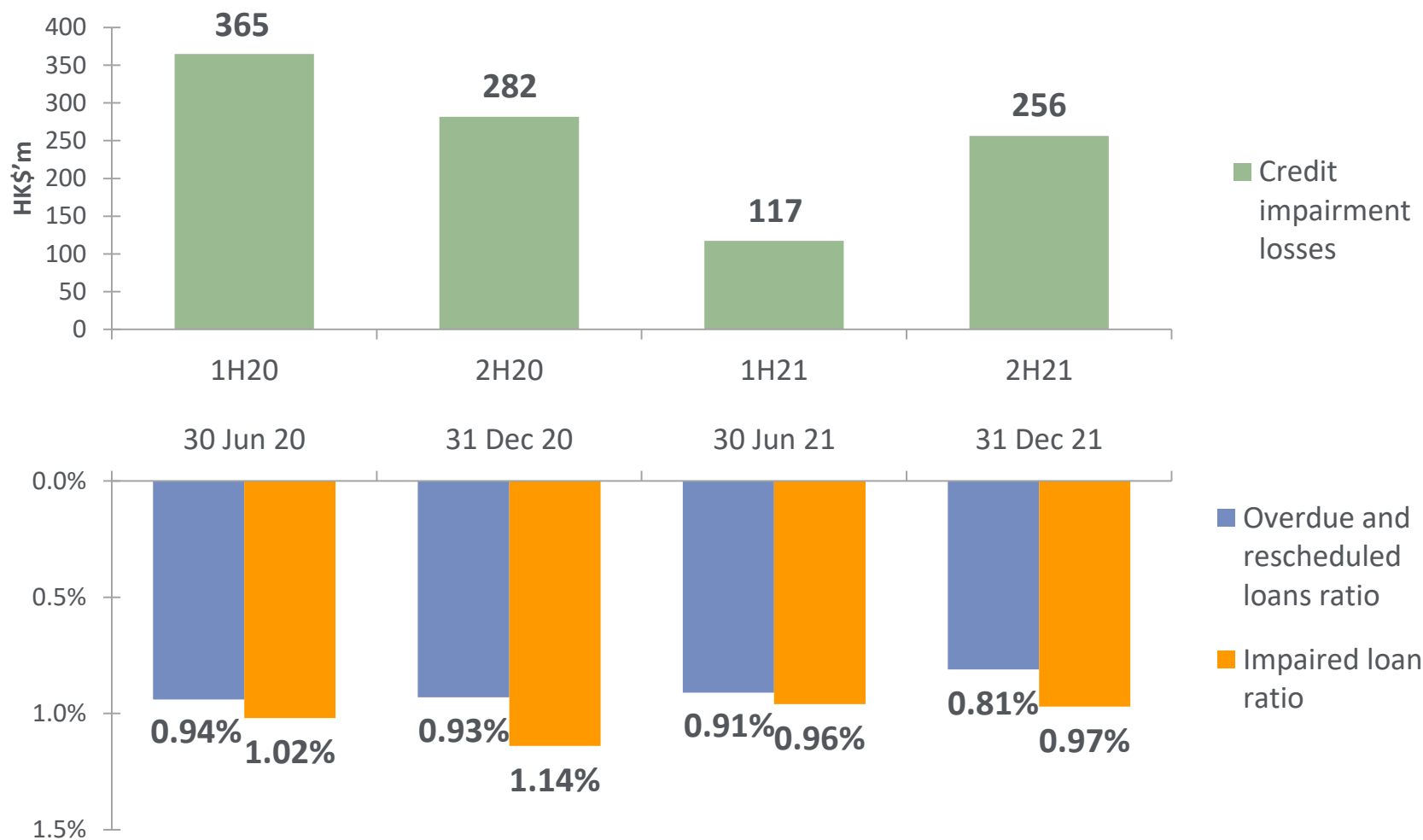
Net interest margin



Income from core businesses



Credit quality



Corporate banking

- Higher net interest income and improved net interest margin
- Better profitability due to much improved credit quality and lower impairment charges
- Modest loan growth, mainly from syndicated loans, investment and trade loans
- Trade volume growth driven by export trade
- Continued focus on improving loan yields and controlling deposit costs

Personal banking

- Moderate increase in net interest income due mainly to lower funding cost as a result of effective deposit cost management
- Modest overall loan growth driven by residential mortgages and personal loans
- Improved credit quality and meaningful decline in credit cost
- Non-interest income weakened slightly despite increase in investment fee and securities fee income
- Focus on investment in technology to enhance customer experience

Treasury & Global Markets

- Lower segmental profit due mainly to softer trading income which more than offset the increase in net interest income
- Customer business remained robust, particularly through our retail banking network
- Conservative liquidity management - average Liquidity Maintenance Ratio at level in excess of 45%, 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:

- Higher profit mainly due to write-back of loan impairment provisions
- Slight contraction in loan balance due to weak domestic demand and intense competition

PRC:

- DSB (China): Improved profitability with credit risk closely monitored
- BOCQ's profit contribution was stable, but our investment was impacted by a further impairment charge

Dah Sing Financial Group

General insurance

- Modest increase in gross premium income
- Lower overall profit due mainly to reduced contribution from investments
- The results of our insurance business together with investment returns reported in total comprehensive income was lower mainly due to weaker investment performance than last year
- Stable combined ratio given effective cost management
- Mild increase in float (i.e. reserves) to HK\$668 million
- Robust solvency providing capacity to generate premiums and investment income over time

Conclusions

Conclusions

- Improved business performance and profitability, with our core businesses remaining resilient despite a difficult operating environment
- Higher net interest income and stable fee income resulting in higher annualised return on equity
- Improved asset quality with substantial reduction in 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