

業務回顧

Review of Operations

集團概覽

緊接著二零零四年中大新銀行集團獨立上市，二零零五年為本集團擴展之一年。二零零五年期間，集團完成兩項收購，並購入國內一間新成立持全國性牌照人壽保險公司百分之二十權益，亦加速集團銀行及保險業務的內部增長。

以代價九億三千六百萬港元收購之怡泰富財務(香港)有限公司(「怡泰富財務」)，已於九月份完成。怡泰富財務主要在港提供消費及中小企業融資服務，包括車輛、設備、物業融資與無抵押貸款。

以總代價十七億二千九百萬澳門幣(約十六億七千九百萬港元)收購之澳門商業銀行(「澳門商業銀行」)及其附屬綜合及人壽保險業務，亦已於十二月份完成。澳門商業銀行建於一九七四年，提供多元化系列之產品及服務，以分行數目計算為澳門第三大銀行，而以總資產計算為澳門第八大銀行。澳門商業銀行集團透過其相關綜合保險及人壽公司，其保險業務以保費總額計算為澳門最大綜合保險公司及第五大人壽保險公司，以管理資產總額計算，更為澳門第二大之退休金管理公司。

於八月份，本集團投資七百四十萬美元(約五千七百五十萬港元)認購總部設於北京之長城人壽保險股份有限公司(「長城人壽」)百分之二十股權，並成為長城人壽之七位始創股東之一。獲中國保險監督管理委員會批准後，長城人壽已於九月啟業，並正落實其初段業務計劃。

年內，本集團銀行業務之內部貸款錄得強勁增長，人壽保險業務之保費收入及盈利亦穩步向上。

Corporate Overview

2005 was a year of expansion for the Group, following the separate listing of Dah Sing Banking Group Limited ("DSBG") in mid 2004. During 2005, we completed two acquisitions, acquired a 20% interest in a newly established national life insurance company in China, and accelerated the organic growth of our banking and insurance businesses.

In September, the Group completed the acquisition of Pacific Finance (Hong Kong) Limited ("Pacific Finance") for HK\$936 million. Pacific Finance is primarily engaged in consumer and SME finance activities in Hong Kong in relation to vehicle finance, equipment finance, property finance and unsecured loans.

In December, the Group completed the acquisition of Banco Comercial de Macau, S.A. ("BCM") and its general and life insurance business, for a total consideration of MOP1,729 million (approximately HK\$1,679 million). Established in 1974, BCM is the third largest bank in Macau by number of branches and the eighth largest by total assets, and offers a diversified range of products and services. Through its associated life and general insurance companies, the BCM group also includes the largest general insurance company in Macau and the fifth largest life assurance company, on the basis of gross written premiums, and is also the second largest pension fund administrator, by assets under management, in Macau.

In August, the Group invested US\$7.4 million (approximately HK\$57.5 million) for a 20% stake in the Beijing-headquartered Great Wall Life Insurance Company Limited ("Great Wall Life") in China and became one of its seven founding shareholders. Following approval from the China Insurance Regulatory Commission, Great Wall Life commenced business in September and is in the early stages of executing its business plan.

Strong loan growth, on an organic basis, from our banking business, and a strong premium income and profit growth from our insurance business, were achieved in the year.

集團財務表現撮要

Highlights of the Group's Financial Performance

以百萬港元位列示	HK\$ Million	二零零五年 2005	二零零四年 2004 經重列 Restated	變動 Variance
扣除貸款減值提撥/準備前之 營運溢利	Operating profit before loan impairments/provisions	1,257.7	1,510.1	-16.7%
若干投資及固定資產收益前之 營運溢利	Operating profit before gains on certain investments and fixed assets	1,127.1	1,301.3	-13.4%
除稅前溢利	Profit before income tax	1,424.1	2,303.1	-38.2%
股東應佔溢利	Profit attributable to shareholders	1,019.3	2,031.0	-49.8%
不包括有關於銀行集團重組的 特殊項目之經調作正常化之 股東應佔溢利(附註)	Normalised profit attributable to shareholders excluding exceptional items related to the reorganisation of the Banking Group (Note)	1,019.3	1,150.2	-11.4%
客戶貸款	Advances to customers	44,919	32,528	38.1%
資產合計	Total assets	93,496	74,973	24.7%
客戶存款	Customers' deposits	58,107	43,303	34.2%
已發行的存款證	Certificates of deposit issued	7,713	8,452	-8.7%
存款合計	Total deposits	65,820	51,755	27.2%
已發行的債務證券	Issued debt securities	2,287	2,332	-1.9%
後償債務	Subordinated notes	3,290	972	238.5%
負債合計(包括已發行的 後償債務)	Total liabilities (including subordinated notes issued)	82,479	64,997	26.9%
股東資金	Shareholders' funds	9,096	8,242	10.4%
淨利息收入/營運收入	Net interest income/operating income	61.9%	69.8%	
成本對收入比率	Cost to income ratio	44.3%	37.3%	
平均總資產回報(附註)	Return on average total assets (Note)	1.2%	1.7%	
平均股東資金回報(附註)	Return on average shareholders' funds (Note)	11.8%	15.3%	
貸款對存款比率 (包括存款證)	Loan to deposit ratio (including certificates of deposit)	68.2%	62.0%	

附註: 截至二零零四年十二月三十一日止年度之盈利比率乃按未計重組費用、及出售部份與視作出售銀行集團權益的經調作正常化之股東應佔溢利十一億五千零二十萬港元作計算基數。

Note: The normalised attributable profit of HK\$1,150.2 million, excluding reorganisation costs, and the profit on the partial and deemed disposal of interest in the Banking Group, is used in calculating the profitability ratios for the year ended 31 December 2004.

業務回顧 Review of Operations

財務回顧

本集團於是年度之股東應佔溢利為十億一千九百萬港元，較二零零四年股東應佔溢利二十億三千一百萬港元經扣除八億八千一百萬港元特殊收益計之常規化股東應佔溢利十一億五千萬港元下跌百分之十一點四，該等特殊收益包括：

- (1) 出售部份大新銀行集團股份獲利四億四千五百萬港元；
- (2) 就大新銀行集團獨立上市及其發行新股而被視作出售大新銀行集團權益之溢利四億九千三百萬港元；及
- (3) 大新銀行集團於二零零四年上市前須予進行企業重組而產生之重組成本五千七百萬港元。

雖然年內貸款資產錄得強勁增長，美國利率持續向上，扯高本港同業拆息，加上最優惠利率與同業拆息間息差收窄（相對二零零四年異常寬闊之息差）導致利息支出之調升較利息收入急速，令二零零五年淨利息收入下跌百分之十六點八。根據於二零零五年生效之新會計準則，凡以資金周轉為目的而訂立之貨幣掉換合約現已定性為作買賣用途之衍生工具，致使二零零五年經重新分類為交易收入共八千五百萬港元不獲確認為淨利息收入（而根據新會計準則，由上述貨幣掉換合約於二零零四年所產生之淨利息收入不得重新分類入賬）。因此，淨息差由二零零四年之百分之二點九二收窄至本年度之百分之一點九八。

淨收費及佣金收入下跌百分之五點八，主要由於利率不斷上升，令客戶投資及交易活動減少，財富管理業務收入因此而下降。

年內買賣淨收入激增，主要源自保險業務較高之投資收入及銀行業務財資交易收益之增加。因會計處理方式改變，而導致資金周轉而訂立之貨幣掉換合約須以之公平值列入收益賬亦令本集團買賣溢利（包括以上所提之八千五百萬港元公平值收益）得以提升。

Financial Review

Profit attributable to shareholders of the Group for the year was HK\$1,019 million, a decline of 11.4% relative to the normalised profit attributable to shareholders in 2004 of HK\$1,150 million, after excluding from 2004 attributable profit of HK\$2,031 million, a total exceptional gain of HK\$881 million comprising:

- (1) HK\$445 million profit on partial disposal of shares in DSBG;
- (2) HK\$493 million profit on deemed disposal of interest in DSBG arising from the latter's separate listing and issue of new shares; and
- (3) reorganisation costs of HK\$57 million for the corporate restructuring prior to the listing of DSBG booked in 2004.

Despite the strong growth in loan assets in the year, the rapid rise in HIBOR in response to the continued increases in US interest rates, and a tighter Prime/HIBOR spread compared with the exceptionally wide spread in 2004 led to a faster increase in our interest expense than interest income, and therefore a 16.8% reduction in our net interest income in 2005. Under the new accounting standards effective in 2005, currency swaps entered into for funding purposes are now treated as trading derivatives, resulting in derecognition of net interest income of HK\$85 million which was reclassified as trading income in 2005 (whereas net interest income arising from such swaps in 2004 was not allowed to be reclassified based on the new accounting standards). Our net interest margin narrowed to 1.98% from 2.92% in 2004.

Net fee and commission income decreased by 5.8%. This was mainly caused by lower wealth management income, as the continued increases in interest rates led to a lower level of customer investment and trading activities.

Net trading income increased significantly in the year, driven by higher investment income from the insurance business and higher treasury trading profit from the banking business. The inclusion of fair value gains of HK\$85 million on funding currency swaps arising from the change in accounting treatment referred to above also contributed to the increase in our trading profits.

財務回顧(續)

保費收入淨額在儲蓄保單及終生人壽新產品理想銷售帶動下，較二零零四年顯著攀升。本年度保險索償淨額及保險儲備成本雖錄得相若升幅，整體淨保險承保溢利(保費收入減索償及儲備成本)仍錄得顯著升幅。

其他營運收入與二零零四年度相若，包括兩個年度內本集團人壽保險業務有效保單之內含價值增長。

扣除保險索償之總營運收入下跌百分之六點二，主要因本集團銀行業務之營運收入下降所致。

營運支出上升百分之十一點五乃由於本集團需為支援業務增長及加強營運能力而增加開支。增加之成本主要是由於人事和廣告費用增加、以及投資新系統之額外電腦支出所致。二零零五年成本對收入比率由去年百分之三十七點三，上升至百分之四十四點三。

扣除減值支出前之營運溢利較二零零四年減少百分之十六點七。

由於市場環境好轉、失業率下跌及物業價格上升，以及個人與商業客戶信貸資料漸趨穩健，年內資產質素大幅改善。新增準備減少、欠賬收回提高及因採納新會計準則以評估貸款減值，令貸款及墊款減值支出減少七千八百萬港元(即較二零零四年下降百分之三十七)。

若干投資及固定資產收益前之營運溢利較二零零四年減少百分之十三點四。

本集團已於二零零五年底重估其全部自用物業及投資物業之價值。將自用物業之部份重估盈餘直接轉撥至股本儲備後，二零零五年度收益表乃錄得一億八千七百萬港元之物業重估收益。該重估收益大部份為回撥於過往年度因本地物業價格下跌而錄得之行產及投資物業重估虧損。

出售可供出售證券之淨收益總額一億一千六百萬港元已予變現，較二零零四年入賬之證券出售收益大幅增加。

Financial Review (Continued)

Net insurance premium income, driven by stronger sales of endowment policies and whole-life product, was significantly higher relative to 2004. Although a similar rate of growth in net insurance claims and insurance reserve cost was recorded in the year, the overall net insurance underwriting profit (premium income net of claims and reserve cost) increased significantly.

Other operating income was similar to 2004, and included the increase in embedded value of in-force policies of our life insurance business for both years.

Total operating income net of insurance claims dropped 6.2%, mainly caused by a lower operating income from our banking business.

Operating expenses rose 11.5% as the Group increased its spending to support business growth and strengthen operational capabilities. Cost increases were mainly due to higher staff costs, increased advertising spend and additional computer expenses arising from investment in new systems. The cost to income ratio increased to 44.3% in 2005 from 37.3% in 2004.

Operating profit before impairment charges was 16.7% lower than 2004.

Due to improved market conditions, lower unemployment and appreciation of property prices, as well as better credit data on individual and commercial customers, asset quality in the year improved significantly. Lower new provisions, higher recoveries and new approaches to assessing loan impairment according to the new accounting standards reduced the impairment charges on loans and advances by HK\$78 million, or 37% relative to 2004.

Operating profit before gains on certain investments and fixed assets was 13.4% lower when compared with 2004.

The Group revalued all of its own-use properties and investment properties at the end of 2005. In addition to transferring certain revaluation surplus of own-use properties directly to equity reserves, a revaluation gain of HK\$187 million was recognised in the 2005 income statement. A large portion of this revaluation gain is a reversal and therefore write-back of revaluation losses of bank premises and investment properties charged in prior years when local property prices were lower.

A total net gain on disposal of available-for-sale securities of HK\$116 million was realised, which was significantly higher than the securities disposal gain booked in 2004.

業務回顧 Review of Operations

財務回顧(續)

除稅前溢利為十四億二千四百萬港元，與二零零四年度相若(扣除去年特殊項目總額八億八千一百萬港元後計)。

二零零五年確認之少數股東應佔溢利增加，反映少數股東權益對大新銀行集團業績之全年影響(較之於二零零四年之半年影響)。

銀行業務

以百萬港元位列示		HK\$ Million		二零零五年 2005	二零零四年 2004 經重列 Restated	變動 Variance
淨息差	Net interest margin			1.98%	2.92%	
扣除貸款減值提撥/準備前之 營運溢利	Operating profit before loan impairments/provisions			991.7	1,375.0	-27.9%
若干投資及固定資產收益前之 營運溢利	Operating profit before gains on certain investments and fixed assets			861.2	1,166.3	-26.2%
股東應佔溢利	Profit attributable to shareholders			978.8	1,118.7	-12.5%

由於內部增長與年內之收購，二零零五年集團銀行業務規模有明顯的擴充。由於淨利息收入減少，令營運收入下跌，引致股東應佔溢利較二零零四年下調百分之十二點五。

怡泰富財務(自二零零五年十月一日起計)及澳門商業銀行集團(自二零零五年十二月二十日起計)之收購完成後業務之盈虧已併入本集團二零零五年度之業績內。彼等就大新銀行集團收購完成後業績被確認之淨溢利合共約為一千萬港元。

雖然經濟狀況有助本集團整體主要借貸業務持續向上，然而市場之利息狀況，尤其是最優惠利率與本港同業拆息之息差相對於二零零四年顯著收窄，雖然至年底情況趨於好轉，惟對本集團整體借貸息差仍具負面影響。本年度初段信貸息差收窄對期內出售證券收益有重大貢獻，惟利率狀況卻不利於本集團之財資業務。

Financial Review (Continued)

Profit before income tax of HK\$1,424 million was flat on 2004 after excluding exceptional items totaling HK\$881 million in 2004.

A higher amount of profit attributable to minority shareholders was recognised in 2005, reflecting the full-year impact of the minority interest in DSBG relative to half year in 2004.

Banking Business

Our banking business achieved notable expansion in scale in 2005 as a result of both organic growth and acquisitions. Profit attributable to shareholders, as a result of lower operating income caused mainly by a lower net interest income, was 12.5% lower than 2004.

The post-acquisition results of Pacific Finance with effect from 1 October 2005, and of the BCM group with effect from 20 December 2005, are consolidated in the Group's results in 2005. Their aggregate net profit recognised at the DSBG level post acquisition amounted to approximately HK\$10 million.

Whilst economic conditions were conducive to volume growth in all of our major lending businesses, the interest rate conditions in the market, particularly the significantly narrower Prime/HIBOR spread as compared with 2004, had a negative impact on the lending spreads we were able to achieve, although this trend improved somewhat towards the year end. The interest rate conditions were also negative for our treasury business, although tightening credit spreads in the first part of the year were a major contributor to the securities disposal gains achieved during the year.

銀行業務(續)

全年信貸質素良好，總貸款減值支出較二零零四年下降百分之三十七至一億三千一百萬港元。消費信貸狀況進一步改善，本年度信用卡撇賬率大幅下降，整體負資產按揭貸款之影響更減至不足為提。

本集團繼續增聘僱員以支援本集團高於市場水平之貸款增長，以及應付監管及合規之額外要求，連同增加現有員工薪酬、為提升後勤支援系統而增加資訊科技的成本、以及增加廣告及市場推廣開支，導致營運支出上升。

於二零零五年十二月三十一日，本集團之貸款及客戶墊款總額(包括怡泰富財務及澳門商業銀行之貸款結餘)達四百四十九億港元，較二零零四年底上升百分之三十八。若未計怡泰富財務及澳門商業銀行於二零零五年十二月三十一日之貸款總額，集團本身之銀行業務貸款較二零零四年亦有百分之十六之升幅，大部份貸款業務均錄得增長，當中以物業及按揭融資、貿易融資、運輸融資及信用卡之增長尤為強勁。收購怡泰富財務及澳門商業銀行有助本集團進一步分散其貸款業務及客戶基礎。

客戶存款(包括現時已列作「以公平值列入損益賬之客戶存款」之結構性存款、以及澳門商業銀行之客戶存款)，於二零零五年十二月三十一日之總額達五百八十一億港元，較二零零四年底上升百分之三十四。若未計澳門商業銀行之存款結餘，本集團之存款結餘按年增長為百分之十八。已發行之存款證達七十七億港元，較二零零四年底下降百分之八點七。貸款對存款比率由二零零四年之百分之六十二上升至百分之六十八點二。

Banking Business (Continued)

Credit quality for the full year improved, and total loan impairment charges reduced by 37% compared with 2004 to HK\$131 million. Consumer lending credit conditions improved further, with credit card charge-offs falling significantly for the year and negative equity in the mortgage book dropping to immaterial levels overall.

We continued to recruit additional staff to support the higher than market loan growth that we have been able to achieve, as well as to support additional regulatory and compliance demands, and this, together with an increase in remuneration for existing staff, and higher IT costs arising from the actions to enhance our back office systems, as well as increased spending on advertising and marketing, increased our operating expenses.

As at 31 December 2005, the Group's total gross loans and advances to customers, including the loan balances of Pacific Finance and BCM, amounted to HK\$44.9 billion, up 38% relative to the end of 2004. If the loan portfolios of Pacific Finance and BCM as at 31 December 2005 were excluded, the loan growth of our banking business, on an organic basis, was 16% over 2004, with growth achieved in most loan types, and particularly strong in property and mortgage finance, trade finance, transport financing, and credit cards. The acquisitions of Pacific Finance and BCM assisted the Group to further diversify its loan book and customer base.

Customer deposits, including structured deposits now shown as "Deposits from customers designated at fair value through profit or loss", and the deposit base of BCM, totalled HK\$58.1 billion as at 31 December 2005, an increase of 34% over 2004 year end. If the BCM deposit balance was excluded, the underlying year-on-year growth in our deposit balance was 18%. Issued certificates of deposit amounted to HK\$7.7 billion, a reduction of 8.7% relative to 2004 year end. The loan to deposit ratio increased to 68.2%, up from 62.0% in 2004.

業務回顧 Review of Operations

銀行業務(續)

個人銀行

本集團的個人銀行業務專注零售銀行、顯客理財及私人銀行服務市場，但於二零零五年溢利減少，惟貸款、存款及客戶則錄得理想增長。

溢利減少主要因營運收入下降所致。由於利率上升、本地最優惠利率與本港同業拆息息差收窄，加上利息支出的上升速度相較利息收入為快，本年度淨利息收入下降。客戶投資及交易活動縮減，影響本集團的財富管理業務表現。另外，員工及業務推廣成本上升，令營運支出增加。然而本地經濟增長及失業率持續改善，年內貸款減值支出下降，對整體業務盈利的負面影響遂得以減輕。

貸款及存款內部增長(未計收購怡泰富財務及澳門商業銀行的影響)溫和。信用卡及個人貸款業務錄得較佳增長，惟按揭貸款組合增長放緩，令整體內部增長受挫。存款增加，乃因傳統存款及結構性存款所推動。

隨著本地經濟及內部消費漸趨好轉，本集團加強業務推廣，努力擴大客戶基礎。本集團在信用卡應收款項及個人貸款方面錄得理想增長，並屢獲殊榮，引證年內集團之表現，令人欣喜。二零零五年，大新銀行獲萬事達評選為「最佳聯營新卡項目」，也獲威士國際評選為「傑出專營聯辦新卡發行人」，而本集團人民幣信用卡的卡務及發行量亦取得顯著增長，因而獲得中國銀聯多項嘉許。

本集團私人銀行業務溢利水平與二零零四年相若。受託管理的客戶資產上升，令收入增加，些微抵銷部份因利率上升而導致客戶投資及成交量以及收入的下跌。

Banking Business (Continued)

Personal Banking

Our personal banking business, targeting at the retail banking, VIP banking and private banking segments, recorded a lower level of profit in 2005 despite satisfactory growth in loans, deposits and customers.

The reduction in profit was caused mainly by lower operating income. Due to increases in interest rates, a narrower Prime/HIBOR spread and a faster rate of increase in interest expenses relative to growth in interest income, net interest income was lower in the year. The lower level of customer investment and trading activities affected the performance of our wealth management business. Increases in staff and business promotion costs led to an increase in operating expenses. Driven by the growth in the local economy and a continued improvement in the unemployment rate, loan impairment charges reduced in the year, which helped to moderate the negative impact to the profitability of this business.

Organic growth in loans and deposits, excluding the impact of the acquisition of Pacific Finance and BCM, was mild. Although a stronger growth in credit cards and personal loans was recorded, a slower growth in the mortgage loan portfolio depressed the overall organic increase. The increase in deposits was driven by both traditional deposits and structured deposits.

Against the backdrop of an improving economy and domestic consumption, we increased business promotion and the effort to expand our customer base. We achieved respectable growth in our credit card receivables and personal loans, and are pleased to have received awards which recognised our performance during the year. In 2005, Dah Sing Bank was recognised as “The Best Affinity/Co-branded Program” launched by MasterCard, the “Outstanding New Visa Exclusive Co-brand/Affinity Card Issuer” by VISA, and having achieved outstanding card growth & issuance recognitions by China UnionPay for our Renminbi cards.

Our private banking business achieved a similar level of profit when compared with 2004. The increase in customer assets under management helped produce additional revenues to offset slightly lower income arising from lower customer investment and trading volumes resulting partly from higher interest rates.

銀行業務(續)

個人銀行(續)

本集團繼續投資於零售分行網絡及電話理財中心，以加強本集團的分銷網及客戶服務，同時亦繼續投資於客戶關係管理系統，以提高本集團的銷售效益。於二零零五年底，本集團在港經營四十六間零售分行，於海峽群島格恩西島設有一所附屬私人銀行，新收購附屬公司澳門商業銀行在澳門則擁有十六家分行。

商業銀行

商業銀行業務(包括貿易融資、商業借貸、租購貸款及設備融資)所錄得的溢利下降，惟貸款及存款增長(未計收購的影響)較二零零四年強勁。本集團商業銀行業務的大部份貸款產品均錄得增長，貿易融資、主力中小企客戶的按揭借貸及銀團借貸增長尤為強勁。本集團繼續致力擴展集團的商業銀行業務及開拓客源。

本集團的租購運輸貸款及設備融資業務貸款結餘增加，主要由於士融資所帶動。集團的設備融資業務仍然以服務在港及華南營運的製造企業為主。即使競爭激烈，但國內製造業及出口市場持續增長，為本集團的設備融資業務提供有利之發展條件。

利率上升，但在經濟復甦及眾多製造業及貿易公司出口表現強勁的支持下，本集團商業銀行業務的整體資產質素維持穩健。

本集團仍不懈推廣企業信用卡服務，於二零零五年內屢獲嘉許，繼有獲萬事達評選為「萬事達卡亞太區市場推廣領導大獎—二零零五年最佳商務卡金獎」、「全港商務卡持卡人消費最高市場佔有率(季軍)」及「全港商務卡持卡人最高消費增長率」。

Banking Business (Continued)

Personal Banking (Continued)

We continued to invest in our retail branch network and telephone banking centre to strengthen our distribution and customer service activities, and also in customer relationship management system to improve our sales effectiveness. At the end of 2005, we operated 46 retail branches in Hong Kong, and one subsidiary private bank in Guernsey, Channel Islands. Our newly acquired subsidiary BCM has 16 branches in Macau.

Commercial Banking

Commercial banking, which includes trade finance, commercial lending, hire purchase and equipment finance, reported a lower level of profit despite strong growth in loans and deposits (excluding the impacts of acquisitions) relative to 2004. Most loan products of our commercial banking division recorded growth, and in particular, stronger growth was achieved in trade finance, mortgage lending mainly to SME customers, and syndicated lending. We have continued to make effort in growing our commercial banking business and customers.

Our hire purchase transport financing and equipment finance businesses also achieved higher loan balances driven mainly by taxi finance. Our equipment finance business continued to target mainly manufacturing companies operating in both Hong Kong and in the southern part of Mainland China. The continuing growth in China's manufacturing and export sectors provided us with a favourable environment to grow our equipment finance business despite keen competition.

Assisted by the economic recovery and strong export performance of many manufacturing and trading companies, the overall asset quality of our commercial banking business, despite of higher interest rates, remained sound.

We continued to promote the growth of our corporate card service, and received recognition for this development in 2005, with "Gold Award – MasterCard Asia / Pacific Marketing Leadership Awards 2005 Best Commercial Card", "The Highest Market Share Cardholder Spending for Commercial Products in Hong Kong (2nd Runner Up)" and "The Highest Growth Rate Commercial Products Cardholder Spending in Hong Kong" awarded by MasterCard.

業務回顧

Review of Operations

銀行業務(續)

財資業務

年內，本集團財資業務的溢利大幅下降，主要原因是營運收入減少，即使出售證券收益已有增加。二零零五年，利率持續上升及孳息曲線相當平緩，令本集團財資業務在調撥剩餘資金以達致合理息差時，面臨極具挑戰性的市場。由於本集團預期利率會持續上升，為降低利率風險，本集團於二零零五年進一步縮短債券投資組合的年期，惟此舉無助提高淨利息收入及交易收益。年內，本集團財資業務在外匯交易收益提高。

本集團繼續執行既定政策，保持投資組合多元化，以平衡投資回報、市場風險、流動資產風險及信貸風險等因素，並繼續持有主要由高投資級別債務證券組成的債券組合。為減低利率不斷上升而導致的利率風險，本集團提高短期債券佔投資組合的比例或轉換較多債券為浮息資產。

深圳分行

本集團於中國內地的深圳分行主要在泛珠三角地區從事商業銀行業務，自二零零四年中開業以來，已取得理想成績。二零零五年是本集團深圳分行首個全年營運的年度，深圳分行再度錄得溢利，貸款業務亦有大幅增長。

本集團現正在申請經營人民幣業務牌照，同時繼續開拓中國大陸市場之商機，務求進一步擴大其於內地市場的網絡及業務。

豐明銀行

豐明銀行(「豐明」)是銀行集團旗下以獨立個人銀行品牌經營的附屬公司。二零零五年，豐明錄得淨溢利一千四百萬港元，相對二零零四年度則為二千三百萬港元。二零零四年淨溢利較高，主要是由於將過往年度的虧損確認為遞延稅項資產，並獲得相應的二零零四年稅務抵免。倘不計二零零四年的特殊稅項調整，二零零五年的溢利較二零零四年的常規化溢利為高。核心營運溢利增加，是由收入增加及貸款減值支出減少所致。

Banking Business (Continued)

Treasury

Our treasury division generated a much lower level of profit in the year, due mainly to lower operating income, despite the realization of higher securities disposal gains. The continued increases in interest rates and a very flat yield curve during 2005 resulted in a very challenging market environment for our treasury in deploying surplus funds to generate a reasonable spread. Reflecting our expectation of a rising interest rate environment and to mitigate against interest rate risk, we further shortened the duration of our bond portfolio in 2005, which however was not helpful in generating net interest income and trading gains. Our treasury achieved a stronger gain in FX trading in the year.

We continued our strategy of maintaining a diversified investment portfolio to balance investment return, market risk, liquidity risk and credit risk, and continued to hold a bond portfolio comprised predominantly of high quality investment grade debt securities. To mitigate interest rate risk in an environment of rising interest rates, we increased the proportion of our bond investments in shorter duration or swapped to floating rate basis.

Shenzhen Branch

Our Shenzhen branch in Mainland China, focussing on the commercial banking business in the Pan Pearl River Delta Area, has achieved encouraging results since commencing business in mid 2004. In its first full year operation in 2005, our Shenzhen branch recorded another profitable year with meaningful growth in its loan book.

We are now working on the application for a RMB license. We continue to explore opportunities to develop further our network and business in the Mainland China market.

MEVAS Bank

MEVAS Bank ("MEVAS"), the separately branded personal banking subsidiary under the Banking Group, recorded a net profit in 2005 of HK\$14 million relative to the HK\$23 million earned in 2004. The higher 2004 net profit was mainly caused by a recognition of prior year losses as deferred tax assets and a corresponding credit to taxation in 2004. The 2005 profit was higher than the normalised 2004 profit if the special tax adjustment in 2004 was excluded. The stronger core operating profit was driven by higher income and lower loan impairment charges.

銀行業務(續)

怡泰富財務

怡泰富財務的收購於二零零五年九月三十日完成。怡泰富財務積極參與車輛融資、設備融資、按揭及客戶借貸，與大新銀行的業務相輔相成。是項收購有助本集團擴大有關業務的規模。本集團擬於二零零六年內將怡泰富財務全面併入大新銀行，透過善用本集團經整合的資源，相信本集團在發展有關業務時，可享協同效益。

由於營運收入上升及貸款減值虧損下降，怡泰富財務錄得全年淨溢利八千二百萬港元，較二零零四年增長百分之二十一。

澳門商業銀行(「澳門商業銀行」)

收購澳門商業銀行乃本集團重要的策略性擴張，標誌著本集團進駐日益富裕、經濟持續增長的澳門市場，並使本集團在當地的銀行、綜合保險及壽險業務得享重要的市場佔有率。

澳門商業銀行二零零五年錄得淨溢利九千萬澳門幣(約八千七百萬港元)，較二零零四年增長百分之五十。年內，澳門商業銀行兩間保險附屬公司合共錄得除稅後溢利一千二百五十萬澳門幣。

保險業務

二零零五年，本集團保險業務的業績表現更為理想，主要由於全資擁有附屬公司大新人壽保險有限公司(「大新人壽」)的銷售及投資回報表現強勁。本集團保險業務的整體淨溢利(併入新近收購的兩間澳門商業銀行旗下澳門附屬保險公司的業績前)達兩億七百萬港元，較二零零四年增加百分之四十一。

本集團人壽保險業務的保費收入較二零零四年穩步增長。期內推出的多種新產品(包括單一保費產品)乃保費收入增長的主要來源。下半年投資環境改善，令投資回報取得可觀增長。當下的利息環境及投保業務增長促使精算儲備需作增加。保單持續率改善令內含價值持續受惠。

Banking Business (Continued)

Pacific Finance

The acquisition of Pacific Finance was completed on 30 September 2005. Pacific Finance is active in vehicle finance, equipment finance, mortgages and consumer lending, which are businesses complimentary to those of Dah Sing Bank ("DSB"). This acquisition contributed to expand our scale in these areas. We plan to fully integrate Pacific Finance into DSB within 2006 and believe we will be able to achieve synergies in growing these businesses by combining and leveraging on the Group's resources.

Driven by higher operating income and lower loan impairment losses, Pacific Finance recorded a full-year net profit of HK\$82 million, up 21% when compared with 2004.

Banco Comercial de Macau ("BCM")

The acquisition of BCM is a significant strategic expansion for the Group and represents the Group's entry into the Macau market, which is an increasingly affluent market with a growing economy, and allows the Group to gain significant market share in each of the banking, general insurance and life assurance businesses.

BCM reported a net profit of MOP90 million (approximately HK\$87 million) in 2005, up 50% relative to 2004. Its two insurance subsidiaries recorded a total profit after tax of MOP12.5 million in the year.

Insurance Business

Our insurance business achieved much stronger results in 2005, driven largely by strong sales and investment returns contributed by Dah Sing Life Assurance Company Limited ("DSLAC"), a wholly owned subsidiary. Overall net profit from our insurance business, before including the results of the two newly acquired Macau insurance subsidiaries (under BCM), amounted to HK\$207 million which was 41% higher than 2004.

Our life assurance business delivered solid growth in premium income compared with 2004. The launch of a number of new products, including single premium products, were a major contributor to this increase in premium income. Investment conditions improved in the second half of the year, allowing respectable growth in investment returns. The prevailing interest rate conditions and business growth resulted in higher actuarial reserves. Our embedded value continued to benefit from improving persistency.

業務回顧 Review of Operations

保險業務(續)

二零零五年，大新人壽的總淨溢利(包括增加之內含價值)上升至兩億零一百萬港元，較二零零四年增加百分之四十四。於二零零五年十二月三十一日，與獨立精算師共同計算的長期壽險有效保單總值為七億三千九百萬港元，較二零零四年底結餘上升百分之十一。

本集團與英傑華(三井住友保險集團成員)合營，並擁有百分之五十一權益的附屬綜合保險公司大新保險有限公司的溢利較之二零零四年略遜，乃由於香港市場競爭激烈導致保費收入降低，以及二零零四年入賬的投資回報表現強勁相較下所致。

年內的總保險淨溢利佔二零零五年本集團應佔溢利的百分之二十。

本集團於二零零五年透過大新人壽購入長城人壽保險(「長城人壽」，一新成立的全國性人壽保險公司，總部設於北京)百分之二十權益。長城人壽於二零零五年九月啟業，但由於新成立，於二零零五年錄得淨虧損。大新人壽為其唯一海外股東，本集團相信其在壽險業務方面的專業知識，對長城人壽的業務發展定有裨益。

風險管理與合規監督

由於本集團不斷拓展業務範圍及積極參與本地及新開市場之競爭，加強及提升風險管理成為一項倍受重視的持續性工作。本集團業務範圍廣泛，涉及多方面風險，加上競爭加劇及客戶需求增加，以及因採用新巴塞爾資本協定II及規則而令風險管理標準及監管規定越加繁複，加重提升本集團風險管理能力的需要。本集團會繼續竭力提升本身的風險管理政策及實務程序，並為符合於二零零七年一月起生效的新巴塞爾協定II要求作好準備。

年內，本集團已加強本集團的合規功能，並著手提升本集團合規的效能，包括增加資源、監察及培訓。這些措施，加上本集團越加重視內部監控，將有助本集團在有妥善監控的情況下進行長期發展及增長。

Insurance Business (Continued)

DSLAs total 2005 net profit, including embedded value increase, rose to HK\$201 million, up 44% from 2004. As at 31 December 2005, the total value of in-force long-term life assurance business in Hong Kong as calculated in conjunction with the independent actuary was HK\$739 million, an increase of 11% over the balance as at the end of 2004.

Our 51% owned general insurance subsidiary, Dah Sing General Insurance Company Limited, a joint venture with Aviva (a member of the Mitsui Sumitomo Insurance Group), achieved a slightly lower profit relative to 2004 due to lower premium income caused by a very competitive market in Hong Kong, and stronger investment returns booked in 2004.

The total insurance net profit in the year represents 20% of the Group's attributable profit in 2005.

In 2005, the Group acquired through DSLA a 20% interest in Great Wall Life Insurance ("GWL"), a national life insurance company newly established and headquartered in Beijing, China. GWL commenced business in September 2005 and incurred a net loss in 2005 due to its new start-up. DSLA is the only foreign shareholder and we believe our expertise in the life insurance business will be of value in assisting in the development of GWL.

Risk Management and Compliance

Strengthening and upgrading risk management is an ongoing emphasis and focus as we expand our businesses and compete in both domestic and new markets. The increased diversity of our businesses and risk exposures, rising competition and customer demands, and the more complex risk management standards and regulatory requirements driven by the implementation of the new Basel II capital accord and rules are operating to increase the demands on upgrading our risk management capabilities. We are continuing our effort in enhancing our risk management policies and practices, and are working to prepare to meet the requirements of Basel II, which will become effective from January 2007.

During the year, we strengthened our compliance function and took steps to upgrade our compliance effectiveness including increasing resources, monitoring and training. These, together with our increased emphasis on internal control, will assist the Group's long-term development and growth with due consideration of sound controls.

資本及流動資產

Capital and Liquidity

銀行集團	Banking Group	二零零五年 2005	二零零四年 2004
附屬銀行的資本基礎 (以百萬港元計)	Capital base of banking subsidiaries (HK\$ million)		
— 核心資本	– Core capital	6,136	5,673
— 附加資本及扣減	– Supplementary capital and deductions	3,369	1,463
扣減後的資本基礎總額	Total capital base after deductions	9,505	7,136
資本充足比率(年終)	Capital adequacy ratio (as at year end)		
— 一級資本	– Tier 1	10.7%	13.8%
— 一級和二級資本(扣減後)	– Tier 1 and Tier 2 (after deductions)	16.6%	17.3%
流動資金比率(年度平均)	Liquidity ratio (average for the year)	55.2%	57.9%

本集團於二零零五年採取措施增加大新銀行的資本基礎，以支持收購怡泰富財務及澳門商業銀行。為確保本集團的資本充足比率足以支持業務增長，大新銀行集團於二零零五年底向大新銀行注入新股本十億港元。此外，大新銀行亦於年內發行兩項總額各為一億二千五百萬美元的有期後償債券，以鞏固其二級資本。這些舉措令大新銀行的資本基礎擴大，從而抵銷年內因收購產生的影響，以及準備於二零零六年三月全額贖回首批總額為一億二千五百萬美元的後償債券。

年內，由於內部增長及收購活動，銀行集團的風險加權資產大幅上升，令系內銀行集團的一級及總資本充足比率下降，惟二零零五年十二月情況仍維持穩健理想的水平。

鑒於本集團的剩餘資金儲備充裕及流動投資多元化，本集團成功將流動資產維持於穩健水平，順利完成收購怡泰富財務及澳門商業銀行，並於收購完成後悉數償還怡泰富財務的所有外部大額借款。

穆迪於二零零六年一月將大新銀行的長期信貸評級上調至「A3」。此外，惠譽亦於二零零五年確認給予大新銀行「A-」長期評級。

To support the acquisitions of Pacific Finance and BCM, we took action during 2005 to increase the capital base of DSB. To ensure that we have a sufficiently strong capital adequacy ratio to support business growth, DSBG injected HK\$1 billion new equity to DSB before the end of 2005. DSB also completed two new issues of term subordinated debt of US\$150 million each during the year to strengthen its tier 2 capital. These enabled DSB to increase its capital base to absorb the impact of the acquisitions during the year, and to position for the full redemption of its first US\$125 million subordinated debt which is callable in March 2006.

A significant growth in the risk weighted assets of the Banking Group during the year, driven by both organic growth and acquisitions, resulted in a lowering in the tier 1 and total capital adequacy ratios of our Banking Group, although the December 2005 positions remained at healthy and satisfactory levels.

With our strong pool of surplus funds and diversified liquid investments, we were able to maintain liquidity at sound levels and achieved a smooth execution of the acquisitions of Pacific Finance and BCM, and the full repayment of all external wholesale borrowing of Pacific Finance subsequent to the completion of its acquisition.

In January 2006, Moody's raised DSB's long-term credit rating to "A3". Fitch also affirmed DSB's "A-" long-term rating in 2005.

業務回顧 Review of Operations

人力資源

年內，為提升本集團員工的質素及能力，及確保向本集團前線員工（尤其是與證券及保險業務有關者）提供充足的持續專業培訓，本集團繼續提供針對不同需求的培訓計劃，並引入全新發展計劃。本集團的人力資源投資反映於本集團過往兩年推出的全新畢業生見習培訓計劃。本集團相信，這投資將為本集團帶來長遠利益。

二零零五年，本集團繼續致力提升集團內部的優質服務、團隊協作及關心文化。本集團連續四年獲香港社會服務聯會選為最關心員工的香港僱主之一，並繼續在香港管理學會舉辦之傑出推銷員獎計劃獲得佳績。

為支持本集團業務增長及符合在服務質素、風險管理及合規監督方面的更高要求，以及由於本集團的兩項收購活動，年內本集團增加僱員人數。二零零五年底，本集團的僱員總數（包括怡泰富財務及澳門商業銀行的員工）為一千七百五十三人，較二零零四年底增加四百二十五人。

資訊科技

二零零五年，本集團資訊科技發展重點之一是籌備將本集團的主機操作系統技術平台提升，整項工程將於二零零六年上半年完竣。

年內，本集團將眾多應用系統升級，並就執行全新資訊科技系統及基礎設施開發進行評估及規劃。這些投資，包括全新櫃員平台系統、財富管理系統、財資後台系統及網絡基礎設施，將於二零零六及二零零七年陸續進行。

二零零五年收購澳門商業銀行後，本集團將在管理不同系統平台方面面對全新機遇及挑戰，而經整合的平台將帶來更多協同效益，令集團的資訊科技資源運用得更為恰宜。

Human Resources

To improve the quality and skills of our staff, and to ensure sufficient continuing professional training of our front-line staff particularly in relation to securities and insurance businesses, we continued our training programmes to cater for different needs, and introduced new development programmes in the year. Our investment in human resources is reflected in our new Graduate Trainee development programme over the past two years. We believe such an investment will produce long-term benefit to the Group.

In 2005, we continued our work to improve the service excellence, teamwork and caring culture throughout the organisation. We were awarded as one of the caring companies for four consecutive years by the Hong Kong Council of Social Service, and continued to achieve good results in the Distinguished Salesperson Awards Programme organized by the Hong Kong Management Association.

To support our business growth and to meet the increased requirements relating to service quality, risk management, compliance, and as a result of our two acquisitions, our total headcount increased in the year. At the end of 2005, the total number of employees of the Group, including the staff of Pacific Finance and BCM, was 1,753, up 425 relative to the end of 2004.

Information Technology

During 2005, a key focus of our information technology development is the preparation and development for the migration of our mainframe operating system to an enhanced technology platform, which is expected to be completed in the first half of 2006.

During the year, we implemented enhancements to a number of application systems and conducted evaluations and planning for implementing new IT systems and infrastructure development. These investments, including a new teller platform system, wealth management system, treasury back-office system and network infrastructure, will be implemented over the course of 2006 and 2007.

The acquisition of BCM in 2005 will present us with new opportunities and challenges in managing different system platforms and their alignment to achieve increased synergy, and to leverage on the Group's IT resources.