Dah Sing Banking Group Limited

The holding company of Dah Sing Bank, Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock code: 2356)

ANNOUNCEMENT OF 2016 INTERIM RESULTS

The Directors of Dah Sing Banking Group Limited (the "Company") are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016. The unaudited profit attributable to shareholders after non-controlling interests for the six months ended 30 June 2016 was HK$1,072.7 million.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2016 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK$'000	Note	**2016**	2015	Variance %
Interest income		**2,552,047**	2,516,277	
Interest expense		**(782,630)**	(922,564)	
Net interest income	3	**1,769,417**	1,593,713	11.0
Fee and commission income		**508,037**	629,824	
Fee and commission expense		**(109,185)**	(108,259)	
Net fee and commission income	4	**398,852**	521,565	(23.5)
Net trading income	5	**63,421**	179,615	
Other operating income	6	**33,174**	29,938	
Operating income		**2,264,864**	2,324,831	(2.6)
Operating expenses	7	**(1,117,325)**	(1,087,634)	2.7
Operating profit before impairment losses		**1,147,539**	1,237,197	(7.2)
Loan impairment losses	8	**(344,479)**	(193,164)	78.3
Operating profit after impairment losses		**803,060**	1,044,033	(23.1)
Net loss on disposal of other fixed assets		**(72)**	(348)	
Net gain on disposal of available-for-sale securities		**54,502**	5,779	
Provision for loss on dilution of interest in an associate		**-**	(32,000)	
Share of results of an associate		**352,936**	388,861	
Share of results of jointly controlled entities		**7,599**	10,117	
Profit before taxation		**1,218,025**	1,416,442	(14.0)
Taxation	9	**(145,316)**	(170,786)	
Profit for the period		**1,072,709**	1,245,656	(13.9)
Loss attributable to non-controlling interests		**16**	16	
Profit attributable to Shareholders of the Company		**1,072,725**	1,245,672	(13.9)
Interim dividend		**140,214**	154,217	
Earnings per share				
Basic	10	**HK$0.77**	HK$0.89	
Diluted	10	**HK$0.76**	HK$0.89	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

HK$'000	**2016**	2015
Profit for the period	**1,072,709**	1,245,656
Other comprehensive income for the period		
Items that may be reclassified to the consolidated income statement:		
Investments in securities		
Fair value gain on available-for-sale securities recognised in equity	**166,885**	134,895
Fair value gain realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(54,502)**	(5,779)
Deferred income tax on movements in investment revaluation reserve	**(16,074)**	(17,964)
	96,309	111,152
Exchange differences arising on translation of the financial statements of foreign entities	**(145,433)**	4,574
Other comprehensive (loss)/ income for the period, net of tax	**(49,124)**	115,726
Total comprehensive income for the period, net of tax	**1,023,585**	1,361,382
Attributable to:		
Non-controlling interests	**(16)**	(16)
Shareholders of the Company	**1,023,601**	1,361,398
Total comprehensive income for the period, net of tax	**1,023,585**	1,361,382

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$'000	Note	**As at 30 Jun 2016**	As at 31 Dec 2015
ASSETS			
Cash and balances with banks		**10,773,191**	17,505,906
Placements with banks maturing between one and twelve months		**8,183,597**	7,497,860
Trading securities	11	**9,080,484**	8,572,394
Financial assets designated at fair value through profit or loss	11	**188,335**	217,796
Derivative financial instruments	12	**928,935**	1,079,328
Advances and other accounts	13	**119,878,194**	118,421,345
Available-for-sale securities	14	**27,400,491**	24,199,788
Held-to-maturity securities	15	**11,093,675**	10,476,296
Investment in an associate		**4,344,042**	4,099,217
Investments in jointly controlled entities		**78,718**	71,119
Goodwill		**811,690**	811,690
Intangible assets		**59,222**	59,805
Premises and other fixed assets		**1,950,679**	1,941,866
Investment properties		**1,020,874**	991,376
Current income tax assets		**2,680**	2,680
Deferred income tax assets		**78,499**	83,473
Total assets		**195,873,306**	196,031,939
LIABILITIES			
Deposits from banks		**1,801,444**	1,550,911
Derivative financial instruments	12	**1,546,673**	1,458,432
Trading liabilities		**3,824,813**	6,270,630
Deposits from customers		**151,574,515**	150,847,903
Certificates of deposit issued		**6,262,620**	6,231,837
Subordinated notes		**5,435,197**	5,319,894
Other accounts and accruals		**2,952,177**	2,620,814
Current income tax liabilities		**269,688**	201,978
Deferred income tax liabilities		**76,065**	46,556
Total liabilities		**173,743,192**	174,548,955
EQUITY			
Non-controlling interests		**15,368**	15,384
Equity attributable to the Company's shareholders			
Share capital		**6,855,552**	6,853,504
Other reserves (including retained earnings)		**15,259,194**	14,614,096
Shareholders' funds	16	**22,114,746**	21,467,600
Total equity		**22,130,114**	21,482,984
Total equity and liabilities		**195,873,306**	196,031,939

Note:

1. General information

Dah Sing Banking Group Limited (the “Company”) is a bank holding company. Its principal subsidiary is Dah Sing Bank, Limited (“DSB”), which is a licensed bank in Hong Kong. The Company together with its subsidiaries (collectively the “Group”) provide banking, financial and other related services.

2. Unaudited financial statements and accounting policies

The information set out in this interim results announcement does not constitute statutory financial statements.

Certain financial information in this interim results announcement is extracted from the statutory financial statements for the year ended 31 December 2015 (the “2015 financial statements”) which have been delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and the Hong Kong Monetary Authority (“HKMA”).

The auditor’s report on the 2015 financial statements was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of preparation and accounting policies

Except as described below, the accounting policies and methods of computation used in the preparation of the 2016 interim condensed consolidated financial statements are consistent with those used and described in the Group’s annual audited financial statements for the year ended 31 December 2015.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2016:

- Annual Improvements to HKFRSs 2012-2014 Cycle contains amendments to four standards. Among them, HKAS 34, Interim Financial Reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group’s interim financial statements as the Group has not presented any of the required disclosures outside the interim financial statements.

- Amendments to HKAS 1, “Presentation of financial statements: Disclosure initiative” introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group’s interim financial statements.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK$’000), unless otherwise stated, and were approved by the Board of Directors for issue on 24 August 2016.

These interim condensed consolidated financial statements have not been audited.

3. Net interest income

For the six months ended 30 June

HK$'000	**2016**	2015
Interest income		
Cash and balances with banks	**133,971**	166,921
Investments in securities	**384,741**	334,491
Advances and other accounts	**2,033,335**	2,014,865
	2,552,047	2,516,277
Interest expense		
Deposits from banks/ Deposits from customers	**635,261**	782,611
Certificates of deposit issued	**36,795**	41,659
Subordinated notes	**106,719**	97,621
Others	**3,855**	673
	782,630	922,564
Included within interest income		
Interest income on financial assets not at fair value through profit or loss	**2,546,568**	2,512,741
Included within interest expense		
Interest expenses on financial liabilities not at fair value through profit or loss	**777,633**	920,642

For the six months ended 30 June 2016 and 30 June 2015, there was no interest income recognised on impaired assets.

4. Net fee and commission income

For the six months ended 30 June

HK$'000	**2016**	2015
Fee and commission income		
Fee and commission income from financial assets and liabilities not at fair value through profit or loss		
- Credit related fees and commissions	**78,358**	69,833
- Trade finance	**37,245**	59,710
- Credit card	**142,501**	150,479
Other fee and commission income		
- Securities brokerage	**36,213**	81,511
- Insurance distribution and others	**52,638**	42,714
- Retail investment and wealth management services	**102,991**	110,991
- Bank services and handling fees	**32,871**	31,884
- Other fees	**25,220**	82,702
	508,037	629,824
Fee and commission expense		
Fee and commission expense from financial assets and liabilities not at fair value through profit or loss		
- Handling fees and commission	**99,379**	101,721
- Other fees paid	**9,806**	6,538
	109,185	108,259

The Group provides custody, trustee, corporate administration, and investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these financial statements.

5. Net trading income

For the six months ended 30 June

HK$'000	**2016**	2015
Net gain arising from dealing in foreign currencies	**62,668**	95,851
Net gain on trading securities	**3,946**	2,931
Net gain from derivatives entered into for trading purpose	**15,185**	30,640
Net gain/ (loss) arising from financial instruments subject to fair value hedge	**11,100**	(8,935)
Net (loss)/ gain arising from financial instruments designated at fair value through profit or loss	**(29,478)**	59,128
	63,421	179,615

6. Other operating income

For the six months ended 30 June

HK$'000	**2016**	2015
Dividend income from investments in available-for-sale securities	**9,059**	8,050
Gross rental income from investment properties	**12,172**	11,833
Other rental income	**5,563**	6,361
Others	**6,380**	3,694
	33,174	29,938

7. Operating expenses

For the six months ended 30 June

HK$'000	**2016**	2015
Employee compensation and benefit expenses (including directors' remuneration)	**757,162**	717,785
Premises and other fixed assets expenses, excluding depreciation	**154,433**	141,916
Depreciation	**74,472**	75,228
Advertising and promotion costs	**32,108**	41,464
Printing, stationery and postage	**16,525**	16,354
Amortisation expenses of intangible assets	**583**	1,020
Others	**82,042**	93,867
	1,117,325	1,087,634

8. Loan impairment losses

For the six months ended 30 June

HK$'000	**2016**	2015
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**170,975**	70,605
- Collectively assessed	**173,504**	122,559
	344,479	193,164
Of which		
- new and additional allowances (including amounts directly written off in the period)	**409,663**	262,383
- releases	**(39,348)**	(47,349)
- recoveries	**(25,836)**	(21,870)
	344,479	193,164

9. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

For the six months ended 30 June

HK$'000	**2016**	2015
Current income tax		
- Hong Kong profits tax	**108,318**	150,503
- Overseas taxation	**19,314**	18,717
- Under-provision in prior periods	**1,307**	4,875
Deferred income tax		
- Origination and reversal of temporary differences	**16,377**	(3,309)
Taxation	**145,316**	170,786

10. Basic and diluted earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on earnings of HK$1,072,725,000 and the weighted average number of 1,402,019,419 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2016 is based on earnings of HK$1,072,725,000 and the weighted average number of 1,405,962,728 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,245,672,000 and the weighted average number of 1,401,764,003 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,245,672,000 and the weighted average number of 1,406,523,878 ordinary shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

11. Trading securities and financial assets designated at fair value through profit or loss

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**85,473**	58,398
- Unlisted	**8,995,011**	8,513,996
Total trading securities	**9,080,484**	8,572,394
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed outside Hong Kong	**188,335**	217,796
Total trading securities and financial assets designated at fair value through profit or loss	**9,268,819**	8,790,190
Included within debt securities are:		
- Government bonds included in trading securities which are cash equivalents	**2,619,618**	228,497
- Government bonds included in trading securities	**6,460,616**	8,343,648
- Other debt securities issued by:		
- Public sector entities	**250**	249
- Corporate entities	**188,335**	217,796
	9,268,819	8,790,190

As at 30 June 2016 and 31 December 2015, there were no certificates of deposit held included in the above balances of trading or fair value debt securities.

12. Derivative financial instruments

The notional principal amounts of outstanding derivatives contracts and their fair values as at 30 June 2016 were as follows:

HK$'000	Contract/ notional amount	Fair values Assets	Fair values Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and futures contracts	**84,527,419**	**356,412**	**(293,900)**
Currency options purchased and written	**37,291,107**	**302,894**	**(303,418)**
b) *Interest rate derivatives*			
Interest rate swaps	**3,351,964**	**32,158**	**(75,141)**
c) *Equity derivatives*			
Equity options purchased and written	**120,894**	**1,089**	**(1,090)**
Total derivative assets / (liabilities) held for trading	**125,291,384**	**692,553**	**(673,549)**
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	**23,281,923**	**236,382**	**(762,956)**
Currency swaps	**1,292,848**	**-**	**(110,168)**
Total derivative assets / (liabilities) held for hedging	**24,574,771**	**236,382**	**(873,124)**
Total recognised derivative financial assets / (liabilities)	**149,866,155**	**928,935**	**(1,546,673)**

12. Derivative financial instruments (Continued)

The notional principal amounts of outstanding derivatives contracts and their fair values as at 31 December 2015 were as follows:

	Contract/ notional amount	Fair values Assets	Fair values Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and futures contracts	81,116,914	269,836	(258,369)
Currency options purchased and written	55,739,652	572,595	(574,619)
b) *Interest rate derivatives*			
Interest rate swaps	4,867,283	34,377	(98,232)
c) *Equity derivatives*			
Equity options purchased and written	222,582	7,961	(7,924)
Total derivative assets / (liabilities) held for trading	141,946,431	884,769	(939,144)
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	19,850,922	194,559	(340,795)
Currency swaps	1,234,871	-	(178,493)
Total derivative assets / (liabilities) held for hedging	21,085,793	194,559	(519,288)
Total recognised derivative financial assets / (liabilities)	163,032,224	1,079,328	(1,458,432)

The effect of bilateral netting agreements, where applicable, has been taken into account in disclosing the fair value of derivatives.

The credit risk weighted amounts of the above off-balance sheet exposures without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Exchange rate contracts	**1,090,974**	1,627,460
Interest rate contracts	**162,291**	139,476
Other contracts	**4,486**	13,714
	1,257,751	1,780,650

The contract amounts of these instruments indicate the volume of transactions outstanding as at the end of the reporting period, they do not represent the amounts at risk.

The credit risk weighted amounts are the amounts that have been calculated with reference to the Banking (Capital) Rules issued by the HKMA. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

13. Advances and other accounts

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Gross advances to customers	**111,896,788**	109,625,324
Trade bills	**5,463,468**	6,469,899
Other assets		
- Other accounts receivable and prepayments	**3,432,315**	3,040,889
	120,792,571	119,136,112
Less: impairment allowances		
- Individually assessed	**(501,270)**	(347,538)
- Collectively assessed	**(413,107)**	(367,229)
	(914,377)	(714,767)
Advances and other accounts	**119,878,194**	118,421,345

13. Advances and other accounts (Continued)

(a) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 30 Jun 2016	As at 31 Dec 2015
Impaired loans and advances		
- Individually impaired (Note (1))	**1,132,309**	796,319
- Collectively impaired (Note (2))	**23,808**	21,815
	1,156,117	818,134
Impairment allowances made		
- Individually assessed (Note (3))	**(480,195)**	(327,953)
- Collectively assessed (Note (2))	**(21,767)**	(20,026)
	(501,962)	(347,979)
	654,155	470,155
Fair value of collaterals held*	**783,237**	582,726
Impaired loans and advances as a % of total loans and advances to customers	**1.03%**	0.75%

* Fair value of collateral is determined at the lower of the market value of collateral and outstanding loan balance.

Note:

(1) Individually impaired loans are defined as those loans having objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated cash flows of the loans that can be reliably estimated.

(2) Collectively impaired loans and advances refer to those unsecured loans and advances assessed for impairment on a collective basis and which have become overdue for more than 90 days as at the reporting date. The collective impairment allowance for these impaired loans, which is a part of the overall collective impairment allowances, is shown above.

(3) The above individual impairment allowances were made after taking into account the value of collaterals in respect of such advances as at 30 June/ 31 December.

13. Advances and other accounts (Continued)

(a) Impaired, overdue and rescheduled assets (Continued)

(ii) Gross amount of overdue loans

	As at 30 Jun 2016		As at 31 Dec 2015	
	Gross amount of overdue loans	**% of total**	Gross amount of overdue loans	% of total
Gross advances to customers which have been overdue for:				
- six months or less but over three months	**268,209**	**0.24**	229,892	0.21
- one year or less but over six months	**352,399**	**0.31**	260,593	0.24
- over one year	**342,098**	**0.31**	209,635	0.19
	962,706	**0.86**	700,120	0.64
Market value of securities held against the secured overdue advances	**981,849**		1,196,607	
Secured overdue advances	**648,136**		525,584	
Unsecured overdue advances	**314,570**		174,536	
Individual impairment allowances	**383,863**		213,854	

Collateral and securities held against impaired or overdue loans are principally represented by pledged deposits, mortgages over properties and charges over other fixed assets such as equipment.

(iii) Rescheduled advances net of amounts included in overdue advances shown above

	As at 30 Jun 2016	**% of total**	As at 31 Dec 2015	% of total
Advances to customers	**375,231**	**0.34**	243,284	0.22
Impairment allowances	**27,933**		15,825	

13. Advances and other accounts (Continued)

(a) Impaired, overdue and rescheduled assets (Continued)

(iv) Trade bills

	As at 30 Jun 2016	As at 31 Dec 2015
Trade bills which have been overdue for:		
- six months or less but over three months	**4,647**	1,975
- one year or less but over six months	**5,244**	3,070
- over one year	**3,074**	-
	12,965	5,045

(b) Repossessed collateral

Repossessed collateral held is as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Nature of assets		
Repossessed properties	**196,663**	140,163
Others	**7,216**	7,464
	203,879	147,627

14. Available-for-sale securities

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Debt securities:		
- Listed in Hong Kong	**13,484,482**	12,683,540
- Listed outside Hong Kong	**11,461,463**	9,060,290
- Unlisted	**1,997,666**	1,989,770
	26,943,611	23,733,600
Equity securities:		
- Listed in Hong Kong	**251,926**	208,587
- Unlisted	**204,954**	257,601
	456,880	466,188
Total available-for-sale securities	**27,400,491**	24,199,788

Note:

As at 30 June 2016 and 31 December 2015, there were no certificates of deposit held included in the above balances of investments in debt securities.

	As at 30 Jun 2016	As at 31 Dec 2015
Available-for-sale securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**3,521,640**	3,848,200
- Public sector entities	**579,755**	500,463
- Banks and other financial institutions	**4,162,303**	4,132,163
- Corporate entities	**19,134,265**	15,716,434
- Others	**2,528**	2,528
	27,400,491	24,199,788

15. Held-to-maturity securities

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Debt securities:		
- Listed in Hong Kong	**3,107,095**	2,384,910
- Listed outside Hong Kong	**3,986,690**	4,441,722
- Unlisted	**3,999,890**	3,649,664
	11,093,675	10,476,296
Included within debt securities are:		
- Certificates of deposit held	**853,774**	1,177,533
- Other debt securities	**10,239,901**	9,298,763
	11,093,675	10,476,296
Held-to-maturity securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**3,122,881**	2,436,484
- Banks and other financial institutions	**3,376,716**	3,598,931
- Corporate entities	**4,594,078**	4,440,881
	11,093,675	10,476,296

16. Shareholders' funds

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Share capital	**6,855,552**	6,853,504
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**240,193**	240,193
Investment revaluation reserve	**312,859**	216,550
Exchange reserve	**(72,110)**	73,323
General reserve	**700,254**	700,254
Reserve for share-based compensation	**8,956**	8,882
Retained earnings	**14,290,028**	13,595,880
	22,114,746	21,467,600
Proposed dividend included in retained earnings	**140,214**	378,532

DSB as a locally incorporated bank in Hong Kong is required to maintain minimum impairment provisions in excess of those required under HKFRS in the form of regulatory reserve. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes. The regulatory reserve restricts the amount of reserves which can be distributed to shareholders. Movements in the regulatory reserve are made directly through equity reserve and in consultation with the HKMA.

As at 30 June 2016, DSB has earmarked a regulatory reserve of HK$1,416,000,000 (31 December 2015: HK$1,528,440,000) first against its consolidated general reserve; and for any excess amount, the balance is earmarked against its consolidated retained earnings.

17. Contingent liabilities and commitments

(a) Capital commitments

Capital expenditure in respect of projects and acquisition of fixed assets at the end of the reporting period but not yet incurred is as follows:

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Expenditure contracted but not provided for	**56,734**	165,688

(b) Credit commitments

The contract and credit risk weighted amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	Contract amount	
	As at 30 Jun 2016	As at 31 Dec 2015
Direct credit substitutes	**383,254**	320,644
Transaction-related contingencies	**452,945**	455,868
Trade-related contingencies	**410,078**	438,649
Commitments that are unconditionally cancellable without prior notice	**60,747,676**	64,573,823
Other commitments with an original maturity of:		
- under 1 year	**3,032,868**	4,175,180
- 1 year and over	**411,238**	494,999
Forward forward deposits placed	**11,013**	-
	65,449,072	70,459,163

	Credit risk weighted amount	
	As at 30 Jun 2016	As at 31 Dec 2015
Contingent liabilities and commitments	**1,163,487**	1,521,336

17. Contingent liabilities and commitments (Continued)

(c) Assets pledged

Exchange Fund debts pledged with the HKMA to facilitate the Group's trading and market-making activities in Exchange Fund debts are as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Assets pledged with HKMA:		
Trading securities	**3,428,853**	5,771,254
Available-for-sale securities	**685,163**	490,324
	4,114,016	6,261,578
Associated liabilities:		
Trading liabilities	**3,824,813**	6,270,630

The carrying amounts of the non-government bonds pledged with unrelated financial institutions under repurchase agreements and the associated liabilities are as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Assets pledged under repurchase agreements:		
Available-for-sale securities	**295,662**	169,803
Held-to-maturity securities	**-**	3,943
	295,662	173,746
Associated liabilities:		
Deposits from banks	**88,984**	43,914
Other accounts and accruals	**192,490**	123,271
	281,474	167,185

(d) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Not later than 1 year	**180,646**	183,332
Later than 1 year and not later than 5 years	**459,988**	468,581
Later than 5 years	**331,712**	349,332
	972,346	1,001,245

Where a Group company is the lessor, the future minimum lease payments under non-cancellable building operating leases are as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Not later than 1 year	**21,229**	31,213
Later than 1 year and not later than 5 years	**14,852**	21,154
	36,081	52,367

18. Operating segment reporting

Segment reporting by the Group is prepared in accordance with HKFRS 8 "Operating Segments". Information reported to the chief operating decision maker, including the Chief Executive and other Executive Committee members, for the purposes of resource allocation and performance assessment, is determined on the basis of personal banking, commercial banking, treasury and overseas banking business. Operating performances are analysed by business activities for local banking business, and on business entity basis for overseas banking business.

Considering the customer groups, products and services of local businesses, the economic environment and regulations, the Group splits the operating segments of the Group into the following reportable segments:

- Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft and credit card services, the provision of insurance sales and investment services.

- Commercial banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing.

- Treasury activities are mainly the provision of foreign exchange services and centralised cash management for deposit taking and lending, interest rate risk management, management of investment in securities and the overall funding of the Group.

- Overseas banking businesses include personal banking, commercial banking business activities provided by overseas subsidiaries in Macau and China, and the Group's interest in a commercial bank in China.

- Others include results of operations not directly identified under other reportable segments, corporate investments and debt funding (including subordinated notes).

For the purpose of segment reporting, revenue derived from customers, products and services directly identifiable with individual segments are reported directly under respective segments, while revenue and funding cost arising from inter-segment funding operation and funding resources are allocated to segments by way of transfer pricing mechanism with reference to market interest rates. Transactions within segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income or expenses are eliminated on consolidation.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent as well as segments' operating income depending on the nature of costs incurred. Costs related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped under Others as unallocated corporate expenses.

18. Operating segment reporting (Continued)

For the six months ended 30 June 2016

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	**741,204**	**626,475**	**191,609**	**244,084**	**(33,955)**	**-**	**1,769,417**
Non-interest income/ (expenses)	**288,161**	**93,834**	**78,494**	**53,608**	**(18,150)**	**(500)**	**495,447**
Total operating income/ (loss)	**1,029,365**	**720,309**	**270,103**	**297,692**	**(52,105)**	**(500)**	**2,264,864**
Operating expenses	**(635,617)**	**(197,093)**	**(69,207)**	**(220,038)**	**4,130**	**500**	**(1,117,325)**
Operating profit/ (loss) before impairment (losses)/ written back	**393,748**	**523,216**	**200,896**	**77,654**	**(47,975)**	**-**	**1,147,539**
Loan impairment (losses)/ written back	**(136,616)**	**(230,583)**	**-**	**22,720**	**-**	**-**	**(344,479)**
Operating profit/ (loss) after impairment (losses)/ written back	**257,132**	**292,633**	**200,896**	**100,374**	**(47,975)**	**-**	**803,060**
Net loss on disposal of other fixed assets	**(56)**	**(4)**	**-**	**(9)**	**(3)**	**-**	**(72)**
Net gain on disposal of available-for-sale securities	**-**	**-**	**13,219**	**-**	**41,283**	**-**	**54,502**
Provision for loss on dilution of interest in an associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share of results of an associate	**-**	**-**	**-**	**352,936**	**-**	**-**	**352,936**
Share of results of jointly controlled entities	**-**	**-**	**-**	**-**	**7,599**	**-**	**7,599**
Profit before taxation	**257,076**	**292,629**	**214,115**	**453,301**	**904**	**-**	**1,218,025**
Taxation (expenses)/ credit	**(42,417)**	**(48,284)**	**(35,329)**	**(19,546)**	**260**	**-**	**(145,316)**
Profit after taxation	**214,659**	**244,345**	**178,786**	**433,755**	**1,164**	**-**	**1,072,709**
For the six months ended 30 June 2016							
Depreciation and amortisation	**31,465**	**6,654**	**3,070**	**17,919**	**15,947**	**-**	**75,055**
As at 30 June 2016							
Segment assets	**45,339,194**	**55,152,495**	**60,957,463**	**32,710,197**	**4,967,253**	**(3,253,296)**	**195,873,306**
Segment liabilities	**86,584,162**	**37,627,899**	**13,718,468**	**23,974,178**	**15,091,781**	**(3,253,296)**	**173,743,192**

18. Operating segment reporting (Continued)

For the six months ended 30 June 2015

	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Others	Inter-segment	Total
Net interest income/ (expenses)	661,831	550,376	147,864	261,691	(28,049)	-	1,593,713
Non-interest income/ (expenses)	338,239	136,596	125,327	67,296	64,110	(450)	731,118
Total operating income	1,000,070	686,972	273,191	328,987	36,061	(450)	2,324,831
Operating expenses	(599,114)	(187,869)	(71,525)	(235,166)	5,590	450	(1,087,634)
Operating profit before impairment losses	400,956	499,103	201,666	93,821	41,651	-	1,237,197
Loan impairment losses	(114,497)	(51,425)	-	(27,242)	-	-	(193,164)
Operating profit after impairment losses	286,459	447,678	201,666	66,579	41,651	-	1,044,033
Net (loss)/ gain on disposal of other fixed assets	(319)	(7)	(4)	11	(29)	-	(348)
Net gain on disposal of available-for-sale securities	-	-	5,779	-	-	-	5,779
Provision for loss on dilution of interest in an associate	-	-	-	(32,000)	-	-	(32,000)
Share of results of an associate	-	-	-	388,861	-	-	388,861
Share of results of jointly controlled entities	-	-	-	-	10,117	-	10,117
Profit before taxation	286,140	447,671	207,441	423,451	51,739	-	1,416,442
Taxation expenses	(47,213)	(73,865)	(34,228)	(11,233)	(4,247)	-	(170,786)
Profit after taxation	238,927	373,806	173,213	412,218	47,492	-	1,245,656
For the six months ended 30 June 2015							
Depreciation and amortisation	29,210	6,010	3,370	21,251	16,407	-	76,248
As at 31 December 2015							
Segment assets	44,238,858	55,906,000	63,141,488	31,842,489	4,788,614	(3,885,510)	196,031,939
Segment liabilities	85,575,624	37,962,644	16,816,776	23,429,044	14,650,377	(3,885,510)	174,548,955

18. Operating segment reporting (Continued)

Revenues from external customers were contributed from banking subsidiaries in Hong Kong, Macau and People's Republic of China, with major products and services including deposit taking, extension of credit, asset-based finance, securities investment services offered to customers.

The following tables provide information by geographical area, which was determined with reference to the domicile of the legal entities within the Group with business dealing and relationship with, and services to external customers.

HK$'000	**Hong Kong and Others**	**Macau**	**Inter-segment elimination**	**Total**
For the six months ended 30 June 2016				
Operating income	**2,061,625**	**203,689**	**(450)**	**2,264,864**
Profit before taxation	**1,108,320**	**109,705**	**-**	**1,218,025**
As at 30 June 2016				
Total assets	**177,986,959**	**18,894,454**	**(1,008,107)**	**195,873,306**
Total liabilities	**158,282,161**	**16,469,138**	**(1,008,107)**	**173,743,192**
Intangible assets and goodwill	**318,667**	**552,245**	**-**	**870,912**
Contingent liabilities and commitments	**69,232,035**	**1,687,363**	**(31,568)**	**70,887,830**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2015				
Operating income	2,125,391	199,890	(450)	2,324,831
Profit before taxation	1,302,344	114,098	-	1,416,442
As at 31 December 2015				
Total assets	179,101,461	18,576,197	(1,645,719)	196,031,939
Total liabilities	159,959,284	16,235,390	(1,645,719)	174,548,955
Intangible assets and goodwill	318,667	552,828	-	871,495
Contingent liabilities and commitments	76,231,176	1,862,244	(32,000)	78,061,420

19. Additional analysis on claims and exposures

(a) Gross advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral

	As at 30 Jun 2016		As at 31 Dec 2015	
HK$'000	**Outstanding balance**	**% of gross advances covered by collateral**	Outstanding balance	% of gross advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	**2,488,685**	**56.3**	1,909,605	66.5
- Property investment	**15,687,305**	**99.6**	16,136,906	98.5
- Financial concerns	**2,989,499**	**43.5**	1,118,110	30.7
- Stockbrokers	**794,567**	**40.3**	965,931	45.1
- Wholesale and retail trade	**4,311,475**	**91.4**	4,144,996	90.1
- Manufacturing	**2,451,800**	**93.1**	3,026,032	93.5
- Transport and transport equipment	**3,635,577**	**84.1**	3,713,584	89.1
- Recreational activities	**62,100**	**100.0**	262,522	56.5
- Information technology	**76,361**	**88.9**	72,019	89.1
- Others	**5,612,152**	**82.0**	5,454,602	83.3
	38,109,521	**85.7**	36,804,307	88.5
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**811,282**	**100.0**	869,023	100.0
- Loans for the purchase of other residential properties	**21,745,196**	**99.9**	21,260,300	99.9
- Credit card advances	**4,570,814**	**-**	4,465,225	-
- Others	**9,921,128**	**35.8**	9,217,401	37.5
	37,048,420	**70.4**	35,811,949	71.4
Loans for use in Hong Kong	**75,157,941**	**78.1**	72,616,256	80.1
Trade finance (Note (1))	**7,592,125**	**67.7**	7,394,880	66.5
Loans for use outside Hong Kong (Note (2))	**29,146,722**	**70.5**	29,614,188	68.7
	111,896,788	**75.4**	109,625,324	76.1

Note:

(1) Trade finance shown above represents loans covering finance of imports to Hong Kong, exports and re-exports from Hong Kong and merchandising trade classified with reference to the relevant guidelines issued by the HKMA.

Trade finance loans not involving Hong Kong (including trade finance extended by the overseas subsidiary banks of DSB) totalling HK$557,598,000 (31 December 2015: HK$592,075,000) are classified under Loans for use outside Hong Kong.

(2) Loans for use outside Hong Kong include loans extended to customers located in Hong Kong with the finance used outside Hong Kong.

19. Additional analysis on claims and exposures (Continued)

(a) Gross advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral (Continued)

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and individually and collectively assessed loan impairment allowances are as follows:

	As at 30 Jun 2016				
	Outstanding balance	**Impaired loans**	**Gross advances overdue for over 3 months**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	**15,687,305**	**106,992**	**67,787**	**16,546**	**39,218**
Individuals					
- Loans for the purchase of other residential properties	**21,745,196**	**16,154**	**19,473**	**-**	**3,348**
Loans for use outside Hong Kong	**29,146,722**	**370,082**	**353,935**	**201,106**	**169,422**

	As at 31 Dec 2015				
	Outstanding balance	Impaired loans	Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
- Property investment	16,136,906	-	45,009	-	26,886
Individuals					
- Loans for the purchase of other residential properties	21,260,300	-	23,645	-	2,222
Loans for use outside Hong Kong	29,614,188	304,159	356,762	191,321	184,871

19. Additional analysis on claims and exposures (Continued)

(b) Mainland activities exposures

The analysis of Mainland activities exposures is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA Return of Mainland Activities, which includes the Mainland activities exposures extended by DSB and its Mainland subsidiary bank only.

As at 30 June 2016	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total exposures**
1. Central government, central government-owned entities and their subsidiaries and joint ventures ("JV"s)	**6,635,630**	**615,958**	**7,251,588**
2. Local governments, local government-owned entities and their subsidiaries and JVs	**2,120,367**	**254,285**	**2,374,652**
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	**7,217,834**	**1,680,287**	**8,898,121**
4. Other entities of central government not reported in item 1 above	**1,327,918**	**4,661**	**1,332,579**
5. Other entities of local governments not reported in item 2 above	**55,108**	**36,851**	**91,959**
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	**9,496,177**	**298,673**	**9,794,850**
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	**402,506**	**-**	**402,506**
	27,255,540	**2,890,715**	**30,146,255**
Total assets of DSB and its Mainland subsidiary bank after provision	**179,544,315**		
On-balance sheet exposures as percentage of total assets	**15.18%**		

19. Additional analysis on claims and exposures (Continued)

(b) Mainland activities exposures (Continued)

As at 31 December 2015	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	5,600,248	342,416	5,942,664
2. Local governments, local government-owned entities and their subsidiaries and JVs	1,812,458	556,047	2,368,505
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,880,961	2,069,484	8,950,445
4. Other entities of central government not reported in item 1 above	671,859	174,376	846,235
5. Other entities of local governments not reported in item 2 above	374,271	231,530	605,801
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credits are granted for use in Mainland China	10,677,468	336,276	11,013,744
7. Other counterparties where the exposures are considered to be non-bank Mainland China exposures	8,270	-	8,270
	26,025,535	3,710,129	29,735,664
Total assets of DSB and its Mainland subsidiary bank after provision	181,672,638		
On-balance sheet exposures as percentage of total assets	14.33%		

Note:

The balances of exposures reported above include gross advances and other balances of claims on the customers.

19. Additional analysis on claims and exposures (Continued)

(c) Analysis of gross advances to customers and overdue loans by geographical area

Advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advance is guaranteed by a party located in an area which is different from that of the counterparty.

The following table analyses gross advances to customers, individually impaired advances to customers, overdue advances to customers, and individually and collectively assessed impairment allowances by geographical area.

As at 30 June 2016

	Gross advances to customers	**Individually impaired advances to customers**	**Overdue advances to customers**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Hong Kong	**90,679,403**	**1,037,435**	**803,161**	**443,430**	**259,842**
China	**7,072,037**	**68,710**	**128,465**	**25,921**	**92,129**
Macau	**12,424,265**	**26,113**	**31,029**	**10,793**	**42,235**
Others	**1,721,083**	**51**	**51**	**51**	**6,169**
	111,896,788	**1,132,309**	**962,706**	**480,195**	**400,375**

As at 31 December 2015

	Gross advances to customers	Individually impaired advances to customers	Overdue advances to customers	Individually assessed impairment allowances	Collectively assessed impairment allowances
Hong Kong	88,670,794	694,726	482,606	283,589	205,814
China	7,374,771	76,030	186,222	31,712	101,454
Macau	12,007,126	25,507	31,236	12,608	44,534
Others	1,572,633	56	56	44	6,270
	109,625,324	796,319	700,120	327,953	358,072

19. Additional analysis on claims and exposures (Continued)

(d) International claims

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

At 30 June 2016 In millions of HK$	**Banks**	**Official sector**	**Non-bank private sector** **Non-bank financial institutions**	 **Non-financial private sector**	**Total claims**
Offshore centres	**4,137**	**15,549**	**6,819**	**111,763**	**138,268**
- of which: Hong Kong	**3,700**	**12,738**	**6,621**	**97,576**	**120,635**
Developing Asia and Pacific	**26,424**	**1,622**	**1,017**	**8,683**	**37,746**
- of which: Mainland China	**23,310**	**1,480**	**1,001**	**7,497**	**33,288**

At 31 December 2015 In millions of HK$	Banks	Official sector	Non-bank private sector Non-bank financial institutions	 Non-financial private sector	Total claims
Offshore centres	3,758	13,771	3,231	113,347	134,107
- of which: Hong Kong	2,483	11,676	3,089	98,523	115,771
Developing Asia and Pacific	28,424	1,574	863	9,223	40,084
- of which: Mainland China	22,107	1,574	847	7,821	32,349

(e) Credit commitments and contingent liabilities analysed by percentage covered by collateral

	As at 30 Jun 2016 **Contract amount**	 **% covered by collateral**	As at 31 Dec 2015 Contract amount	 % covered by collateral
Financial guarantees and other credit related contingent liabilities	**1,246,277**	**26.7**	1,215,161	20.6
Loan commitments and other credit related commitments	**64,202,795**	**4.7**	69,244,002	9.7
	65,449,072	**5.1**	70,459,163	9.8

20. Currency concentrations

The following sets out the net foreign exchange position in USD and other individual currency that constitutes more than 10% of the total net position in all foreign currencies as at 30 June 2016 and the corresponding comparative balances.

The Group did not have any structural foreign exchange position as at 30 June 2016 and 31 December 2015.

	As at 30 June 2016			
Equivalent in HK$ millions	**US dollars**	**Macau pataca**	**Other foreign currencies**	**Total foreign currencies**
Spot assets	**60,928**	**9,450**	**19,344**	**89,722**
Spot liabilities	**(24,588)**	**(10,727)**	**(21,817)**	**(57,132)**
Forward purchases	**27,758**	**126**	**19,661**	**47,545**
Forward sales	**(63,126)**	**-**	**(17,185)**	**(80,311)**
Net options position	**10**	**-**	**(11)**	**(1)**
Net long/ (short) position	**982**	**(1,151)**	**(8)**	**(177)**

	At 31 December 2015				
Equivalent in HK$ millions	US dollars	Renminbi	Macau Pataca	Other foreign currencies	Total foreign currencies
Spot assets	58,812	16,721	8,472	5,443	89,448
Spot liabilities	(24,177)	(16,238)	(9,566)	(8,872)	(58,853)
Forward purchases	27,958	12,735	-	5,853	46,546
Forward sales	(60,960)	(13,018)	-	(2,364)	(76,342)
Net options position	(3)	(1)	-	4	-
Net long/ (short) position	1,630	199	(1,094)	64	799

21. Capital adequacy ratio

	As at 30 Jun 2016	As at 31 Dec 2015
Capital adequacy ratio		
- Common Equity Tier 1	**12.4%**	12.2%
- Tier 1	**12.4%**	12.2%
- Total	**16.7%**	16.7%

The capital adequacy ratio as at 30 June 2016 and 31 December 2015 represents the consolidated position of DSB (covering Banco Comercial de Macau, S.A. ("BCM") and Dah Sing Bank (China) Limited ("DSB China") computed on Basel III basis with reference to the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

DSB as a locally incorporated bank in Hong Kong is subject to the minimum capital adequacy ratio requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations. The above ratios of the Group are calculated for reference only.

22. Capital buffers

	As at 30 Jun 2016
Capital conservation buffer ratio	**0.625%**
Countercyclical capital buffer ratio	**0.475%**
	1.100%

With effect from 1 January 2016, the above capital buffers are phased-in and applicable to DSB. The countercyclical capital buffer ratio is computed on the same consolidated basis as the capital adequacy ratio.

23. Leverage ratio

	As at 30 Jun 2016	As at 31 Dec 2015
Leverage ratio	**8.2%**	7.9%

The disclosure on leverage ratio is required under section 24A(6) of the Banking (Disclosure) Rules. The above ratios represent the consolidated position of DSB and are computed on the same consolidated basis as the capital adequacy ratio.

24. Liquidity maintenance ratio

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015	Year ended 31 Dec 2015
Liquidity maintenance ratio	**40.8%**	39.0%	39.5%

The liquidity maintenance ratio is calculated as the simple average of each calendar month's average consolidated liquidity ratio of DSB (covering BCM and DSB China) for the six/ twelve months of the financial year. The liquidity maintenance ratio is computed with reference to the Banking (Liquidity) Rules.

DSB as a locally incorporated bank in Hong Kong is subject to the liquidity requirement under the Hong Kong Banking Ordinance. BCM is subject to Macau banking regulations and DSB China is subject to China banking regulations.

FINANCIAL RATIOS

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015
Net interest income/operating income	**78.1%**	68.6%
Cost to income ratio	**49.3%**	46.8%
Return on average total assets (annualised)	**1.1%**	1.4%
Return on average shareholders' funds (annualised)	**9.7%**	12.4%
Net interest margin	**1.94%**	1.76%
	As at 30 Jun 2016	As at 31 Dec 2015
Loan to deposit ratio	**70.9%**	69.8%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.10 per share for 2016 payable on Friday, 23 September 2016 to shareholders whose names are on the Register of Shareholders at the close of business on Thursday, 15 September 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

For determining shareholders' entitlement to receive the interim dividend:

Closure dates of Register of Shareholders (both days inclusive)	13 September 2016 (Tuesday) to 15 September 2016 (Thursday)
Latest time to lodge transfers	4:30 p.m. on 12 September 2016 (Monday)
Record date	15 September 2016 (Thursday)
Payment date of the interim dividend	23 September 2016 (Friday)

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before the above latest time to lodge transfers.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

The first half of 2016 continued to be difficult for both the global and local economies. Hong Kong GDP growth in the first half was 1.2%, with a slight improvement recorded in the second quarter growth at 1.7% reversing the disappointing first quarter growth at only 0.8% and the prior quarter-on-quarter contraction. Retail sales and domestic consumption were weak, though a slight year-on-year improvement was recorded in the second quarter. However, unemployment, whilst deteriorating slightly, remained at the generally benign level of 3.4%. Market conditions were also difficult with volatility in both equity and currency markets. This was further exacerbated by the unexpected outcome of the Brexit vote towards the middle of the year. Against this economic and market backdrop, US and therefore HK interest rate increases remained on hold. Globally, interest rates remain extremely low, or even negative yield for the government bonds in some developed countries. However, local liquidity conditions in Hong Kong remained benign.

Against this more difficult economic and market background, our profit attributable to shareholders for the first half of 2016 decreased by approximately 13.9% to HK$1,073 million.

BUSINESS AND FINANCIAL REVIEW

As a result of the weakening economic conditions referred to above, the Group's performance was adversely affected. Whilst net interest income improved by 11% to HK$1,769 million, loan growth was sluggish, and fee and commission income dropped versus the prior period. The net interest margin improved from 1.76% in the first half of 2015, 1.90% in the second half of 2015, to 1.94% in the current period, mainly due to continued low funding costs in the domestic Hong Kong market. Fee and commission income was down by 19.3% to HK$508 million due to lower fee income from our commercial banking and trade finance business, a worse performance from our retail securities broking business and wealth management product sales, and lower sales of treasury products, particularly to our corporate customers. Our bancassurance distribution in the period, however, reported both increased volumes and commission income compared with the prior period. Our overseas banking business reported slightly improved performance. Despite that our share of the net profit of Bank of Chongqing ("BOCQ") dropped following the dilution in our shareholding from approximately 17% to approximately 14.7% caused by the completion of their share placement towards the end of last year, a solid increase in the underlying net profit of BOCQ by around 10% in the period, and our HK$32 million provision for the possible accounting loss on the deemed partial disposal of our interest in BOCQ made in mid 2015 resulted in a rather mild impact, when compared with the first half of 2015, in the overall contribution from BOCQ recognised in our consolidated results. Our Macau business reported moderately lower profitability, whilst the performance of our Mainland subsidiary, Dah Sing Bank (China), improved. Credit costs overall were up, led mainly by increases in loan impairments in our Hong Kong based commercial banking business due to financial difficulties experienced by some SME borrowers, as well as some increase in collective impairment charges in our retail banking business, driven mainly by increases in volumes of unsecured personal loans.

Both return on assets of 1.1% and ROE of 9.7% were lower than in the same period in 2015, due to the lower level of profit reported. The cost to income ratio was slightly up from 46.8 % to 49.3% due to the reduced income during the period, despite tight cost control.

As at 30 June 2016, the consolidated Common Equity Tier 1 ratio of Dah Sing Bank, Limited ("DSB") strengthened to 12.4%, compared with 12.2% at the end of 2015, driven by slower asset growth coupled with higher retained earnings, as no additional capital raising was undertaken during the period. Total consolidated capital adequacy ratio stood at 16.7%, same as at the end of last year despite the growth in Common Equity Tier 1 mentioned above, mainly due to the phase out of a portion of the non-Basel III compliant subordinated debts as eligible Tier 2 capital base under the transitional arrangement.

BUSINESS AND FINANCIAL REVIEW (Continued)

On 2 June 2016, the Company's holding company Dah Sing Financial Holdings Limited ("DSFH"), together with a DSFH subsidiary, entered into the share sale agreement (the "Share Sale Agreement") with a wholly owned subsidiary of Fujian Thai Hot Investment Company, Limited ("Thai Hot") for the sale to Thai Hot of Dah Sing Life Assurance Company Limited ("DSLA") and Macau Life Insurance Company Limited ("MLIC"), DSFH's life insurance subsidiaries in Hong Kong and Macau respectively, subject to certain conditions precedent including regulatory approvals. DSB and Banco Comercial de Macau, the banking subsidiaries of the Company, propose to enter into new bancassurance distribution agreements for 15 years ("New DAs") with DSLA and MLIC respectively. Subject to satisfaction or waiver of the relevant conditions precedent, DSLA and MLIC will become subsidiaries of Thai Hot on completion of the Share Sale Agreement. The New DAs will be signed and come into effect upon completion of the sale of DSLA and MLIC by DSFH and the subsidiary under the Share Sale Agreement.

The Company issued an announcement on 2 June 2016 regarding the proposed connected transactions and continuing connected transactions in relation to the New DAs, which are subject to the approval of the independent shareholders of the Company. An Extraordinary General Meeting ("EGM") of the Company was held on 5 August 2016 to confirm and approve the entering into of the New DAs. As announced previously by the Company, 99.999% of the votes cast by the independent shareholders at the EGM were in favour of the resolution to approve the entry into of the New DAs.

PROSPECTS

Conditions in the first half of 2016 have generally been difficult. Local and global economic conditions have generally weakened, and Hong Kong has experienced a relatively slower GDP growth during the first half of the year, which is not expected to improve strongly in the near term, based on the Hong Kong Government's forecast that local GDP growth in 2016 is expected to be in the range of 1-2%. Financial markets have been volatile, and weak equity markets and large moves in FX have generally been negative for our fee and commission income. Whilst economic growth in Mainland China continues to be at the upper end of the range globally, there is continued evidence that growth has slowed significantly when compared to that experienced a few years ago.

These more difficult economic and market conditions have led to slower loan growth, lower fee and commission income, and higher loan impairment charges. It is unlikely that local economic conditions will rebound strongly in the near future, and therefore business conditions are expected to remain weak in the second half of the year. As the sluggish rate of loan growth continues and is not expected to recover strongly in the second half of the year, this has begun to be reflected in lower loan pricing for certain loan products such as residential mortgages.

More encouragingly, despite the weaker economic conditions, unemployment remains relatively low, and local market liquidity is strong. Whilst credit quality has worsened somewhat, the pace of deterioration remains manageable. Costs remain under control generally, and interest rates have remained low. Whilst it is still possible that the US Federal Reserve will raise US interest rates before the end of the year, in general interest rates have remained lower than was expected at the beginning of the year. There are a number of global political uncertainties at present, including the results of the US Presidential election later in the year, as well as the further development of "Brexit" as the UK makes preparations to leave the European Union.

For all of these reasons, we remain cautious as to the outlook in the second half of the year, and our business will be managed accordingly. This means that we will continue to be cautious as regards credit and overall risk management, and will manage costs appropriately. Continued engagement with our customers remains key, and we will look for opportunities to ensure that we can continue to provide quality service to customers. In line with our vision and strategy to grow with our customers, Dah Sing Bank launched in July a campaign in the second half of the year to promote our brand with the theme of "Together we progress and prosper".

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2016, the Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules, with the exception of code provision A.4.1.

Pursuant to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct for directors' securities dealing ("Directors' Dealing Code") on terms no less exacting than the prevailing required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the six months ended 30 June 2016.

UNAUDITED FINANCIAL STATEMENTS

The financial information in this interim results announcement is unaudited and does not constitute statutory financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2016.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company's 2015 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of listed securities of the Company during the six months ended 30 June 2016.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

Copies of this announcement may be obtained from the Company Secretarial Division of the Group at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong, or downloaded from Dah Sing Bank's website at <http://www.dahsing.com>.

The 2016 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and Dah Sing Bank in due course. Printed copies of the 2016 Interim Report will be sent to shareholders before the end of September 2016.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Vice Chairman), Harold Tsu-Hing Wong (Managing Director and Chief Executive) and Gary Pak-Ling Wang as Executive Directors; Mr. Kenichi Yamato as Non-Executive Director; Messrs. Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Seng-Lee Chan and Yuen-Tin Ng as Independent Non-Executive Directors.

By Order of the Board
Doris W. N. Wong
Company Secretary

Hong Kong, Wednesday, 24 August 2016