大新金融集團有限公司 DAH SING FINANCIAL HOLDINGS LIMITED

大新銀行集團有限公司 DAH SING BANKING GROUP LIMITED

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Dah Sing Financial Holdings announces interim results

Growth in net interest income and fee income drive core earnings improvement

Highlights

- Profit attributable to shareholders over the first six months of 2012 was HK$591 million
- Earnings per share at HK$2.02
- Interim dividend: HK$0.29 per share
- Maintained a strong capital position, with a consolidated capital adequacy ratio (CAR) of 16.2%, and a core CAR of 10.3%
- Net interest income increased 5% to HK$1,159 million, due to recovering net interest margin from second half last year
- Improved net fee and commission income of HK$223 million
- Robust loan-to-deposit ratio of 70.6% as of 30 June 2012
- Improved contribution from most core businesses

Dah Sing Financial Holdings Limited ("DSFH" or "the Group"; SEHK: 0440) announced today its interim results for the six months ended 30 June 2012. Growth in both net interest income and fee income drove continued improvement in core earnings, with profit attributable to shareholders at HK$591 million, up 6% compared to the same period in 2011.

The earnings per share for the period under review was HK$2.02, a 6% increase compared to the same period in 2011. The board of directors declared an interim dividend of HK$0.29 per share.

"We are pleased to announce the improved performance of our businesses in the first half year," said Mr. Derek Wong, Managing Director and Chief Executive Officer of Dah Sing Financial Holdings. "With concerns over developments in the European, American and Chinese economies in the first half of this year, the overall and segmental growth in our business has been encouraging."

In its banking business, Dah Sing Banking Group ("DSBG"; SEHK: 2356), profit attributable to shareholders increased 2.3% over the same period in 2011 to HK$568 million. Basic earnings per share was HK$0.46, a 2% increase compared to the first six months of 2011. The board of director declared an interim dividend of HK$0.08 per share.

Both loans and deposits grew moderately at rates comparable with the overall market. DSBG's loan-to-deposit ratio was 70.6% as at 30 June 2012, a 1.2% increase from December 31, 2011.

DSBG's capital position remained strong over the past six months, with a consolidated capital adequacy ratio of 16.2% at 30 June 2012.

Whilst net interest margin ("NIM") was slightly lower than the prior year first half at 1.47%, it improved significantly by 15 basis points when compared with the second half of 2011. The sequential increase in margin was driven largely by lower deposit costs, and improved asset yields. Net interest income grew by 5.2% to HK$1,022 million, due to the recovering net interest margin and higher loan balance.

Net fee and commission income increased by 20.8% from HK$204 million to HK$246 million while net trading income decreased from HK$104 million to HK$81 million. The improvement in fee income was driven largely by increases in our trade finance, credit card, wealth management fee income and commercial banking/treasury related fee income. The lower amount of trading income was mainly caused by lower gain from dealing in foreign currencies.

In Hong Kong, the commercial banking business improved by 18% over the same period in 2011 due to growth in its commercial loan book, which benefited from increased cross-border trade finance business. Meanwhile, with no further write-back of the Lehman Brothers Minibonds-related provision, personal banking profit was weaker than first half 2011, although wealth management related revenues, further to investments in revamping the business, have continued to improve.

DSBG's treasury business profit increased 12% compared to the same period last year, supported by improved net interest income and net interest margin as a result of portfolio rebalancing driving stronger asset yields.

Profit in DSBG's overseas banking business, which includes operations and investment in both the Mainland and Macau, grew by 12% year-on-year. Contribution from Bank of

Chongqing (BOCQ) continued to grow, and was up by 14%. As NIM contracted, DSB (China) recorded a small profit in the first six months as it continues to expand its network in the Pearl River Delta.

The total income of DSFH's insurance business increased by 18% compared with the same period in 2011, to HK$1,397 million, due mainly to a strong investment performance. Lower interest rates, in particular long term US government bond yields, led to an increase in transfer to actuarial reserves, and the net profit for the first six months of 2012 therefore increased only mildly by 1% to HK$156 million.

Mr. Harold Wong, Group General Manager of the Dah Sing Financial Group and Managing Director of Dah Sing Banking Group, commented on the Group's results in the first six months of the year, "Despite a challenging global environment, we are pleased to report a steady performance and an improvement in our core earnings in the first half of 2012. If the effect of the Lehman provision write-back is eliminated, it is encouraging that our underlying profitability grew by a double digit percentage while the expense growth was maintained in single digit percentage."

About DSFH and DSBG

DSFH (stock code: 0440) has been listed on the Hong Kong Stock Exchange since 1987. It is the holding company of the Group's life and general insurance business, as well as the majority shareholder of DSBG (stock code: 2356). DSBG has been listed on the Hong Kong Stock Exchange since 2004, and has four banking subsidiaries (Dah Sing Bank, MEVAS Bank, Banco Comercial de Macau and Dah Sing Bank (China) Limited), providing banking and financial services through a network of about 70 establishments in Hong Kong, Macau and the Mainland, and a securities trading company. Dah Sing Bank holds a strategic 20% interest in Bank of Chongqing, which is the leading city commercial bank in Chongqing, the largest city in Western China.

Dah Sing Bank's long term ratings are "A3" (Moody's) and "BBB+" (Fitch).

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