

For Immediate Release

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Dah Sing Financial Holdings Announces 2019 Annual Results
Bracing for Growth Against Volatility and Economic Headwinds

Highlights

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders down 10.8% y-o-y to HK\$1,708 million
- General insurance businesses reported solid performance; net premium income growth exceeded 30%
- Earnings per share: HK\$5.28
- Final dividend per share: HK\$1.08

Dah Sing Banking Group (“DSBG”)

- Robust capital position with total capital adequacy ratio of 17.9%, Tier 1 ratio of 13.9% and a Common Equity Tier 1 (“CET1”) ratio of 13.4%
- Profit attributable to shareholders down 9.7% y-o-y to HK\$2,240 million
- Net interest margin of 1.87% with prudent loan to deposit ratio of 72.3% as at 31 December 2019; net interest income down 2.2% y-o-y to HK\$4,074 million
- Net fee and commission income slight down 1.2% y-o-y to HK\$1,147 million
- Stable impaired loan ratio at 0.77% but higher expected credit impairment charges due to cautious outlook on worsening economy
- Operating profit after impairment losses down 22% y-o-y to HK\$2,181 million
- Impairment charge of investment in BOCQ improved by 54.7% y-o-y to HK\$287 million
- Earnings per share: HK\$1.59
- Return on average shareholders’ funds at 8.5%
- Final dividend per share: HK\$0.35

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) today announced its annual results for the year ended 31 December 2019. Profit attributable to shareholders fell by 10.8% to HK\$1,708 million as the Group’s core banking business faced significant headwinds from the macroeconomic and social challenges both globally and in Hong Kong. Given the Group’s cautious outlook on the worsening economy, expected credit impairment charges for the year rose particularly in the second half. As a result, the Group’s operating profit after credit impairment losses was down by 20.9% to HK\$2,264 million.

Earnings per share for the year ended 31 December 2019 was HK\$5.28. The board of directors proposed a final dividend of HK\$1.08 per share (2018: HK\$1.09 per share).

The prolonged Sino-US trade war and social unrest in Hong Kong exacerbated the already weakened market sentiment, and impacted the performance of Dah Sing Banking Group (“DSBG”; SEHK: 2356) particularly in the second half of the year. Profit attributable to shareholders declined 9.7% to HK\$2,240 million for the year ended 31 December 2019. Basic earnings per share was HK\$1.59. Return on average shareholders’ funds and return on average assets were at 8.5% and 0.9% respectively. The board of directors proposed a final dividend of HK\$0.35 per share (2018: HK\$0.35 per share).

With no meaningful reprieve in the upward trend of funding cost throughout the year, average net interest margin fell by 14 bps to 1.87% for the full year. Accordingly, net interest income fell by 2.2% to HK\$4,074 million despite overall volume growth. Meanwhile, net fee and commission income reduced modestly by 1.2% to HK\$1,147 million, as high market volatility and weakened customer investment appetite persisted into the second half of the year, impacting wealth management and brokerage commission related income.

As at 31 December 2019, DSBG’s loans and advances to customers, excluding trade bills, grew modestly by 6.5% for the year, largely in line with the industry average. Loan growth was mainly driven by lending to corporate and commercial customers. Customer deposits increased by 5.6%, while our CASA ratio was managed up from 38% to 40% to partially cushion deposit cost impact. Loan to deposit ratio remained prudent at 72.3% as at 31 December 2019. Meanwhile, the average liquidity maintenance ratio for 2019 was maintained at a robust level of 46.4%.

Credit quality remained benign with impaired loan ratio at 0.77%. Credit impairment charges rose by 52.7% year-on-year, reflecting weaker market conditions at the end of 2019 and a cautious outlook of economic performance in 2020.

Dah Sing Bank’s capital adequacy ratio as at 31 December 2019 was strong at 17.9%, with consolidated Common Equity Tier 1 ratio at 13.4% and overall Tier 1 ratio at 13.9%.

Profit contribution from our associated company, Bank of Chongqing (“BOCQ”), improved by 6.4% to HK\$702 million last year. Impairment charge for the year significantly reduced to HK\$287 million after adjusting for Value in Use assessment, and has no impact on DSBG’s capital adequacy or cash flow.

Last year, the general insurance business under DSFH delivered a significantly improved performance. Gross premium income reported a meaningful increase whilst net premium income grew by over 30%, which underpin the improving contribution from insurance businesses to the Group’s performance.

“Looking into 2020, we are inclined to take a very cautious view given the depressed global economic outlook, the Covid-19 pandemic and its aftermath. The Group shall be vigilant of both market and credit risks, but we are confident that our core businesses remain stable and healthy. We believe we are well-positioned to take advantage of the long term development of the Greater Bay Area given our strategic foothold in Hong Kong, Macau and Shenzhen, and we shall continue to build on our digital capabilities to strengthen our competitive positioning in the age of smart banking in the region,” said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and DSBG.

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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 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 three banking subsidiaries (Dah Sing Bank, Banco Comercial de Macau and Dah Sing Bank (China)), providing banking and financial services through a network of about 70 branches in Hong Kong, Macau and the Mainland, and a securities trading company. Dah Sing Bank holds a strategic interest in Bank of Chongqing, which is the leading city commercial bank in Chongqing, the direct-controlled municipality in Western China.

Dah Sing Bank’s long term ratings are “A2” (Moody’s) and “BBB+” (Fitch).

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Link to Financial Results: http://www.dahsing.com/html/en/about_us/financial.html

For further information, please contact:

Ms. Barbara Tong
Head of Group Communications and Public Relations
Tel: 2507-8573
Email: barbaratong@dahsing.com