

For Immediate Release

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Dah Sing Financial Holdings Announces 2021 Interim Results
Healthy Recovery in Profitability
Benefiting from Early Signs of Economic Improvement

Highlights

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders up 18% y-o-y to HK\$881 million
- Strong investment returns from insurance portfolio
- Earnings per share: HK\$2.76
- Interim dividend per share: HK\$0.33

Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders up 17% y-o-y to HK\$1,110 million
- Net interest margin at 1.74%
- Net interest income up 6% y-o-y to HK\$1,963 million
- Net fee and commission income up 11% y-o-y at HK\$642 million
- Net trading and other income down 37% y-o-y to HK\$116 million
- Total operating income up 4% y-o-y to HK\$2,721 million
- Credit quality improved with impaired loan ratio at 0.96%
- Credit impairment losses down 68% y-o-y to HK\$117 million
- Operating profit after credit impairment losses up 34% y-o-y to HK\$1,153 million
- Profit contribution from BOCQ up 5% y-o-y to HK\$433 million
- Impairment loss on investment in BOCQ increased 26% y-o-y to HK\$251 million
- Robust capital position with total capital adequacy ratio of 18.0%, Common Equity Tier 1 ratio of 14.2% and Tier 1 ratio of 14.8%
- Earnings per share: HK\$0.79
- Annualised return on average shareholders’ funds improved to 7.9%
- Interim dividend per share: HK\$0.10

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) today announced its interim results for the period ended 30 June 2021. Profit attributable to shareholders increased by 18% year-on-year to HK\$881 million, riding on the back of the strong improvement in Hong Kong’s economy in early 2021. Earnings per share for the period amounted to **HK\$2.76**. The Board of Directors declared an interim dividend of **HK\$0.33** per share (1H2020: HK\$0.27 per share).

Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) reported a **17%** year-on-year increase in profit attributable to shareholders to **HK\$1,110 million** for the year. Earnings per share was **HK\$0.79**. The Board of Directors declared an interim dividend of **HK\$0.10** per share (1H2020: HK\$0.08 per share).

After the exceptional economic challenges last year, Hong Kong benefited from an import-export driven economic improvement by 7.9% in the first quarter of 2021, its fastest growth in over a decade. In the first half of 2021, Hong Kong’s real GDP grew by 7.8% year-on-year. Unemployment started to ease moderately after peaking in February. However, private consumption stayed subdued as tourism and retail businesses continued to be constrained by Covid-related measures. The Hong Kong government’s HK\$120 billion stimulus package, including the consumption voucher scheme for Hong Kong residents, is expected to help stimulate private consumption in the second half of 2021. The Group’s banking business staged an encouraging recovery in the first half of 2021 on the back of the gradual economic recovery and improving outlook.

DSBG’s operating profit after credit impairment losses increased by a robust **34%** year-on-year to **HK\$1,153 million**. Its net interest margin rebounded to **1.74%** in the first half of the year primarily due to the reduction in funding cost during the period. This represents an **11 bps** improvement compared to its average NIM for the full year of 2020. This, coupled with modest loan growth, resulted in a **6%** year-on-year increase in net interest income to **HK\$1,963 million**.

Its net fee and commission income continued to be supported by robust growth in securities trading and investment-related fee income, growing by **11%** year-on-year to **HK\$642 million**. However, its net trading and other income fell as a result of increasing costs associated with funding swaps during the period.

Credit impairment losses fell sharply by **68%** year-on-year in the first half of 2021 given gradually improving economic conditions, unemployment and consumer confidence. DSBG’s impaired loan ratio improved by **18 bps** to **0.96%** compared to the end of 2020. Nonetheless, credit risk remained under tight control as DSBG’s continued to focus on maintaining overall credit quality at a manageable level.

The profit contribution from its associated company Bank of Chongqing for the period rose **5%** year-on-year to **HK\$433 million**. Impairment charge made for the period amounted to **HK\$251 million** based on its semi-annual Value in Use assessment, significantly higher than that for the first half of 2020, but had no cash effect nor impact on DSBG’s capital adequacy.

As at the end June 2020, Dah Sing Bank's total consolidated capital adequacy ratio was strong at **18.0%**, with Common Equity Tier 1 ratio at **14.2%** and Tier 1 ratio at **14.8%**.

The performance of the Group's general insurance business reported net premium growth albeit a small decline in underwriting result in the first half of 2021. Meanwhile, strong investment returns from its portfolio during the period helped to drive significant year-on-year growth in the total comprehensive income from its Hong Kong and Macau insurance businesses. The Group is placing more resources on the overall business model of its general insurance business, and expects to progressively strengthen its underwriting capabilities and distribution partnerships in the near-term.

"Hong Kong's economy has begun to improve since the beginning of the year. However, a broad based recovery will depend on businesses and inbound tourism resuming normal activities. We are also mindful of downside macro risks that may derail positive developments," said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and DSBG.

"The Group shall continue to focus on strengthening our business franchise, paying close attention to improving the competitiveness of our products and services. We are also keenly monitoring developments in the Greater Bay Area, and will aim to leverage the combined strengths of our three banks headquartered in Hong Kong, Macau and Shenzhen to tap into opportunities arising from the Wealth Management Connect scheme," Mr. Wong concluded.

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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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