

**Dah Sing Financial Holdings Announces 2020 Annual Results**  
*Weathering Unprecedented Challenges and  
Positioned to Capture Economic Improvement*

**Highlights**

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders down 32% y-o-y to HK\$1,158 million
- Steady performance by general insurance businesses
- Earnings per share: HK\$3.62
- Final dividend per share: HK\$0.67

Dah Sing Banking Group (“DSBG”)

- Robust capital position with total capital adequacy ratio of 17.6%, Tier 1 ratio of 14.3% and Common Equity Tier 1 ratio of 13.8%
- Profit attributable to shareholders down 33% y-o-y to HK\$1,493 million
- Prudent loan to deposit ratio of 69% as at 31 December 2020
- Net interest margin of 1.63%
- Net interest income down 9% y-o-y to HK\$3,696 million
- Net fee and commission income up 3% y-o-y at HK\$1,182 million
- Significantly higher net trading income
- Total operating income slightly down by 3% y-o-y to HK\$5,249 million
- Credit quality remained manageable, with overall impaired loan ratio at 1.14%
- Operating profit after impairment losses down 19% y-o-y to HK\$1,769 million
- Impairment charge of investment in BOCQ increased to HK\$531 million
- One-off impairment loss on goodwill at HK\$98 million
- Earnings per share: HK\$1.06
- Annualised return on average shareholders’ funds at 5.4%
- Final dividend per share: HK\$0.22

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) today announced its annual results for 2020. Profit attributable to shareholders fell by **32%** to **HK\$1,158 million** in an exceptionally challenging year negatively affected by the prolonged impact of the Covid-19 pandemic and the severe economic shocks that resulted from it. Earnings per share for the year amounted to **HK\$3.62**. The Board of Directors recommended a final dividend of **HK\$0.67** per share, representing a total dividend of **HK\$0.94** for the full year. (2019: HK\$1.47 per share).

Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) reported a **33%** year-on-year decline in profit attributable to shareholders at **HK\$1,493 million** for the year. Earnings per share was **HK\$1.06**. The Board of Directors recommended a final dividend of **HK\$0.22** per share, representing a total dividend of **HK\$0.30** for the full year. (2019: HK\$0.48 per share).

The Covid-19 pandemic in 2020 brought unexpected and unprecedented shocks across all major global economies. Meanwhile, political uncertainty in the US late last year, continued strained international relations with China, the curtailment of international travel and the already weakened international trade flows remained significant challenges to global economic growth. In Hong Kong, the consumption and tourism related sectors as well as small to medium-sized businesses were hard hit by the anti-pandemic restrictions and business slowdown.

Substantial declines in market interest rates, coupled with depressed asset and bond investment yields as well as a relatively slower reduction in funding costs, put further pressure on DSBG’s net interest margin during the year. Despite a mild recovery in the second half of the year, its NIM fell **24 basis points** to **1.63%** at the end of 2020. Accordingly, net interest income fell **9%** year-on-year in 2020 to **HK\$3,696 million**.

Improved investment sentiment and equity market activities especially in the second half of 2020 saw a significant **60%** year-on-year growth in securities trading fee and related income, contributing to a **3%** year-on-year growth in net fee and commission income for the year. Net trading income was boosted both by much higher income on funding swap activities as well as healthy volume and income growth in customer-driven FX activities.

Credit quality remained manageable with overall impaired loan ratio at **1.14%**. Provisions were made to account for higher expected credit losses against the backdrop of significant economic weakening and the rise in local unemployment, resulting in a significantly higher credit impairment charge in 2020 against the low base in 2019.

The profit contribution from our associated company Bank of Chongqing for the period was **HK\$710 million**, comparable to 2019. Total provision made for the full year of 2020 amounted to **HK\$531 million** based on our semi-annual Value in Use assessment, significantly higher than that for 2019, but had no cash effect nor impact on DSBG’s capital adequacy.

Meanwhile, a one-time impairment loss on goodwill of **HK\$98 million** was recorded in 2020, relating to a line of business in DSBG's Commercial Banking Business.

As at the end of 2020, Dah Sing Bank's total consolidated capital adequacy ratio was strong at **17.6%**, with Common Equity Tier 1 ratio at **13.8%** and Tier 1 ratio at **14.3%**.

The performance of the Group's general insurance business was satisfactory overall in 2020, with healthy growth in total comprehensive income from both Hong Kong and Macau. Both gross premium written and net premium income earned recorded mild growth in the year. Our general insurance business also benefited from strong investment returns from its portfolio in the second half of 2020. Robust solvency is expected to provide capacity for the business to generate growth in premiums and investment income over time.

"Despite the extraordinary challenges in the past year, we are cautiously optimistic for gradual improvements in economic and consumption activities in the coming year with the expected progressive roll-out of Covid-19 vaccinations. While continuing strains in Sino-US relations and worries over a resurgence of the pandemic with the identification of multiple variants of the virus remain, our core businesses continue to be resilient and we are positioned to capture growth opportunities that may arise when business and consumer sentiment improves this year," said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and DSBG.

"Meanwhile, the Group has just moved into our new headquarters at 248 Queen's Road East and the property has been officially renamed as the Dah Sing Financial Centre. Our new flagship branch in the property delivers a new customer experience that leverages digital technology to deliver high quality personalised services to customers. The move to the new Dah Sing Financial Centre reflects our confidence and commitment to the long-term growth and development of Hong Kong and its role in the Greater Bay Area," Mr. Wong added.

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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](http://www.dahsing.com/html/en/about_us/financial.html)