

Press Release

14 August 2013

Dah Sing Financial Holdings announces record interim results for 1H 2013

Dah Sing Banking Group delivers 35% growth in profits driven by encouraging performance in core businesses

Highlights

- Profit attributable to DSFH shareholders increased by 9.3% y-o-y to HK\$680 million
- Earnings per share: HK\$2.29
- Interim dividend per share: HK\$0.31
- Profit attributable to DSBG shareholders increased by 35.1% to HK\$813 million.
- Earnings per share: HK\$0.65
- Interim dividend per share: HK\$0.09
- Significant improvement in net interest margin to 1.77%, an increase of 20% or 30 bp
- Net interest income increased 29.4% y-o-y to HK\$1,499 million
- Strong increase in net fee and commission income to HK\$318 million, a y-o-y increase of 42.6%
- 10% growth in loans (including trade bills) in the first six months of the year
- Robust loan-to-deposit ratio of 73.0% as at 30 June 2013
- Maintained a strong capital position, with a consolidated capital adequacy ratio (CAR) of 14.2%, and a common equity tier 1 CAR of 10.0%
- Bank of Chongqing delivered strong performance, contributing HK\$228 million, a 29% y-o-y increase

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) announced today its interim results for the six months ended 30 June 2013. Strong growth in net interest income and net fee and commission income drove profit attributable to shareholders to HK\$680 million, a 9.3% increase compared to the same period in 2012.

Earnings per share for the six months ended 30 June 2013 was HK\$2.29, a 7.5% increase compared to the same period in 2012. The board of directors declared an interim dividend of HK\$0.31 per share (2012: HK\$0.29 per share).

Dah Sing Banking Group Limited's ("DSBG"; SEHK: 2356), profit attributable to shareholders increased by 35.1% to HK\$813 million. Earnings per share was HK\$0.65, an increase of 33% compared to the same period in 2012. The board of directors declared an interim dividend of HK\$0.09 per share (2012: HK\$0.08 per share).

During the period under review, loans (including trade bills) grew by 16.8% and 10.0% respectively compared with 30 June 2012 and 31 December 2012, while total deposits grew by 10.1% and 3.4% respectively. As at 30 June 2013, DSBG's total gross advances to customers plus trade bills were HK\$99.5 billion and total deposits were HK\$127.8 billion. Its loan-to-deposit ratio was 73%, up 3.3% points compared to 31 December 2012.

DSBG's net interest income grew strongly by 31.5% to HK\$1,344 million driven by an improved net interest margin ("NIM"). NIM increased from 1.47% in the same period last year, and 1.60% in the second half in 2012, to 1.77% in the first six months in 2013. The 30bp year-over-year increase in NIM was driven largely through the continued sharp focus on deposit cost management, although booking of new loans, particularly by the commercial banking division at respectable yields, also contributed to the increase.

Net fee and commission income grew significantly by 41.2% to HK\$348 million, driven mainly by improvements in wealth management business, treasury related fee income derived from commercial banking business, securities brokerage and trade finance business. Net trading income increased by 29% to HK\$104 million. These improved results were mainly due to solid execution of the Group's strategy to put a high level of focus on divisional and branch management, and better cross-divisional cooperation.

DSBG's overseas banking business, which includes the operations and investment in both the Mainland and Macau, recorded a 27.5% growth in bottom line. DSBG's investment in Bank of Chongqing (BOCQ) continued to perform well with a contribution of HK\$228 million, an increase of 29% compared to the same period in 2012. Our wholly-owned Macau subsidiary bank delivered much stronger results, on both net profit and loan growth in the period under review, with profit doubling when compared with first half 2012.

Due principally to the higher level of business growth during the period, Dah Sing Bank's consolidated capital adequacy ratio (CAR), reported on a Basel III basis,

dropped modestly to 14.2%, compared with 14.9% in the prior year end (Basel II basis), while the overall capital base continued to increase, from HK\$15.1 billion to HK\$16.0 billion. Common equity tier 1 CAR at 30 June 2013 was 10.0%.

DSFH's insurance business saw a 43.5% drop in net insurance premium and other income to HK\$553 million. During the period, net insurance premium income was up by 15% to HK\$838 million, however, this was outweighed by a reversal of the value of inforce policies of the long-term life business compared with the prior period due mainly to interest rate changes.

Operating expenses remained well under control despite that the Group maintained higher rate of business growth, with expenses increasing by 7.4% year-over-year to HK\$1,012 million. The much faster revenue growth than cost increase led to a significant improvement in cost to income ratio, lowering to 51.4%, compared with 57.0% in the first half of 2012.

Mr. Harold Wong, Group General Manager of DSFH and Managing Director and Chief Executive Officer of DSBG, commented, "Our strategy and focus on our core businesses is delivering improved financial performance and adding value for our shareholders. Although performance in the first half of the year was strong with record profits for both DSFH¹ and DSBG, we believe that subdued global growth and a slowdown in the Mainland and Hong Kong markets present a more challenging outlook for the second half of the year. Against this backdrop, while our businesses try not to be overly tactical in response to macro forecasts, it is likely that business growth will slow in the second half of the year. Therefore, we will take a cautious approach, and continue to operate our businesses prudently, with sharp focus on profitability and balance sheet management, credit risk management, cost control and overall efficiency. We also expect our managers to continue executing our business strategy which should deliver further benefits and is a key to achieving sustainable performance in the medium term."

¹ Excluding exceptional gains recorded in the past arising from the spin-off of the banking business to have a separate listing of DSBG

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 three banking subsidiaries (Dah Sing Bank, Banco Comercial de Macau and Dah Sing Bank (China) Limited), 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 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).