

FOR IMMEDIATE RELEASE

Hong Kong, 24 August 2022

Dah Sing Financial Holdings Announces 2022 Interim Results

Resilient Performance Despite Challenging Economic Conditions

Highlights

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders down 5% y-o-y to HK\$833 million
- Positive contribution from general insurance business
- Earnings per share: HK\$2.61
- Interim dividend per share: HK\$0.33

Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders down 1% y-o-y to HK\$1,099 million
- Net interest margin at 1.74%
- Net interest income up 3% y-o-y to HK\$2,020 million
- Net fee and commission income down 25% y-o-y to HK\$482 million
- Net trading and other income up 8% y-o-y to HK\$125 million
- Total operating income down 3% y-o-y to HK\$2,627 million
- Impaired loan ratio increased to 1.41% with tightened credit scrutiny
- Credit impairment losses increased 161% y-o-y to HK\$305 million
- Operating profit after credit impairment losses down 19% y-o-y to HK\$931 million
- Profit contribution from BOCQ up 5% y-o-y to HK\$454 million
- Impairment loss on investment in BOCQ fell 45% y-o-y to HK\$139 million
- Continued strong capital position with total capital adequacy ratio of 18.0%, Common Equity Tier 1 ratio of 14.1% and Tier 1 ratio of 14.6%
- Earnings per share: HK\$0.78
- Annualised return on average shareholders’ funds at 7.4%
- 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 2022. Profit attributable to shareholders fell by **5%** year-on-year to **HK\$833 million** as the fifth wave of COVID-19 ravaged the Hong Kong economy in the first half of 2022. Earnings per share for the period amounted to **HK\$2.61**. The Board of Directors declared an interim dividend of **HK\$0.33** per share (1H2021: HK\$0.33 per share).

Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) reported a **1%** year-on-year decrease in profit attributable to shareholders to **HK\$1,099 million** for the year. Earnings per share was **HK\$0.78**. The Board of Directors declared an interim dividend of **HK\$0.10** per share (1H2021: HK\$0.10 per share).

In Hong Kong, as local economic activities bore the brunt of the restrictive pandemic measures, real gross domestic product shrank by 2.6% year-on-year in the first half of the year, sharply reversing the 5% rise in the second half of 2021. Total exports of goods, the key growth driver in 2021, grew by a tepid 0.4% year-on-year in value in the first half of 2022. In Mainland China, lockdowns in a number of major cities have weakened domestic consumption, although fixed asset investments and exports remained relatively healthy. Meanwhile, concerns lingered over the health of the domestic real estate and credit markets as the liquidity crisis faced by a number of heavily indebted property developers continued. Against the backdrop of such powerful headwinds, the performance of DSBG’s core banking business was relatively stable in the first half of 2022.

DSBG’s operating profit after credit impairment losses fell by **19%** year-on-year to **HK\$931 million**. Mild retail asset growth, higher surplus funds yields and focus on deposit cost management during the period helped offset funding cost pressure. This contributed to a modest **2 bps** improvement in net interest margin to **1.74%** in the first half of the year compared to the 2021 average of 1.72%. As a result, its net interest income grew **3%** year-on-year to **HK\$2,020 million** for the first half of 2022.

Nevertheless, its net fee and commission income fell sharply by **25%** year-on-year to **HK\$482 million** for the period given the sustained weakness in customer investment appetite as well as the continued suspension of its bancassurance sales. Net trading and other income for the same period managed to grow by a healthy **8%** year-on-year to **HK\$125 million**, mainly benefiting from the strengthening of the US dollar.

Credit impairment losses rose significantly by **161%** year-on-year as the outlook for economic conditions in Hong Kong and Mainland China turned sharply during the period and given continuing concerns with the real estate sector in China. DSBG’s impaired loan ratio increased by **44 bps** to **1.41%** compared to the end of 2021. 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\$454 million**. Impairment charge made for the period fell **45%** year-on-year to **HK\$139 million** based on its semi-annual Value in Use assessment, and had no cash effect nor impact on DSBG’s capital adequacy.

As at the end June 2022, Dah Sing Bank's total consolidated capital adequacy ratio was strong at **18.0%**, with Common Equity Tier 1 ratio at **14.1%** and Tier 1 ratio at **14.6%**.

The Group's general insurance business delivered encouraging gross premium income growth in the first half of the year that outperformed the market. Its underwriting results decreased, but the business still recorded overall positive contribution to the Group's performance despite the difficult operating environment. Its solvency remained robust which ensures capacity for the business to generate premiums and investment income over time. The Group is placing more resources on enhancing the overall business model of its general insurance business, in particular on new product development and the reinforcement of distribution partnerships.

In early July this year, the Group welcomed The Norinchukin Bank of Japan ("Norinchukin") as its new strategic shareholder. Additionally, Norinchukin entered into a business cooperation agreement with Dah Sing Bank to promote banking business as well as food and agricultural businesses collaboration in the Greater Bay Area. Norinchukin is one of the largest banks in Japan and plays a major role in supporting the country's advancement of the agriculture, fishery and forestry industries, as well as food production and consumption.

"Hong Kong's economy suffered a sharp set-back in the first half of 2022. Improvement in domestic demand will depend on the improvement of the local pandemic situation and the phased relaxation of anti-pandemic measures. Notwithstanding the challenging operating environment, the Group is making steady progress in our strategic expansion plan, especially our development in the Greater Bay Area, and with the new partnership with Norinchukin Bank. We firmly believe that with our three banks headquartered in Hong Kong, Macau and Shenzhen, respectively, we are well-positioned to take advantage of the growth in this area in the long run," said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and DSBG.

###

About DSFH and DSBG

Dah Sing Financial Holdings Limited (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 Dah Sing Banking Group Limited ("DSBG", stock code: 2356). DSBG has been listed on the Hong Kong Stock Exchange since 2004, and has three banking subsidiaries (Dah Sing Bank, Limited, Banco Comercial de Macau, S.A. and Dah Sing Bank (China) Limited), providing banking and financial services through a network of about 70 operating locations 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).

###

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