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Hong Kong, 23 August 2023

Dah Sing Financial Holdings Announces 2023 Interim Results

*Stable Performance Amidst
Gradual Recovery in Local Economy*

Highlights

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders up **9%** y-o-y to **HK\$922 million**
- General insurance business reported total comprehensive income at **HK\$183 million**, compared to a loss of **HK\$322 million** in the same period last year
- Earnings per share: **HK\$2.89**
- Interim dividend per share: **HK\$0.36**

Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders up **1%** y-o-y to **HK\$1,112 million**
- Net interest margin at **1.93%**
- Net interest income up **12%** y-o-y to **HK\$2,269 million**
- Net fee and commission income down **22%** y-o-y at **HK\$378 million**
- Net trading and other income down **64%** y-o-y to **HK\$44 million**
- Total operating income up **2%** y-o-y to **HK\$2,691 million**
- Impaired loan ratio fell **1 bp** to **1.85%**
- Credit impairment losses down by **49%** y-o-y to **HK\$157 million**
- Operating profit after credit impairment losses up **8%** y-o-y to **HK\$1,001 million**
- Profit contribution from BOCQ down **5%** y-o-y to **HK\$430 million**
- Impairment loss on investment in BOCQ increased **67%** y-o-y to **HK\$232 million**
- Robust capital position with total capital adequacy ratio of **19.7%**, Common Equity Tier 1 ratio of **15.6%** and Tier 1 ratio of **16.3%**
- Earnings per share: **HK\$0.79**
- Annualised return on average shareholders’ funds at **7.4%**
- Interim dividend per share: **HK\$0.11**

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) today announced its interim results for the period ended 30 June 2023. Profit attributable to shareholders rose by **9%** year-on-year to **HK\$922 million** amidst the gradual recovery in the Hong Kong economy in the first half of 2023. Earnings per share for the period amounted to **HK\$2.89**. The Board of Directors declared an interim dividend of **HK\$0.36** per share (1H2022: HK\$0.33 per share).

Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) reported a **1%** year-on-year increase in profit attributable to shareholders to **HK\$1,112 million** for the period ended 30 June 2023. Earnings per share was **HK\$0.79**. The Board of Directors declared an interim dividend of **HK\$0.11** per share (1H2022: HK\$0.10 per share).

Hong Kong’s business and consumer sentiment improved with the lifting of local anti-epidemic measures since early 2023. Private consumption expenditure rose 10.5% year-on-year while Hong Kong’s real gross domestic product grew 2.2% year-on-year during the period. Nevertheless, exports of goods and external demand remained challenging. In Mainland China, the property sector remained a concern; meanwhile, the Renminbi has depreciated against the US Dollar due to factors such as deflationary worries and higher rates in other currencies. Against the backdrop of such mixed economic developments, DSBG still delivered a relatively stable performance in the first half of 2023.

DSBG’s operating profit after credit impairment losses rose by **8%** year-on-year to **HK\$1,001 million**. Net interest income grew by **12%** year-on-year compared to the first half of 2022. Net interest margin improved by **8 bps** to **1.93%** compared to the 2022 average of 1.85%. This was achieved through yield improvements in its interest earning assets and its strong focus on deposit cost management.

Net fee and commission income fell by **22%** year-on-year during the period as customer investment appetite remained subdued given the Hong Kong stock market weakness and the global market volatility. The lower fee and commission income was also partly attributable to the termination of its previous bancassurance distribution agreement in July 2022, which resulted in no related fee amortisation in the first half of 2023 in contrast with the same period last year. Net trading and other income dropped sharply by **64%** year-on-year during the period, mainly impacted by the higher funding swap cost due to the widened USD-HKD interest rate gap during the half year.

DSBG’s credit impairment losses fell by **49%** during the period, driven by prudent credit risk management and improved economic conditions. Its impaired loan ratio fell slightly by **1 bp** to **1.85%** from 1.86% at the end of 2022.

The profit contribution from its associated company Bank of Chongqing (“BOCQ”) fell **5%** year-on-year to **HK\$430 million** in the first half of 2023. Provision for impairment made against BOCQ during the period rose **67%** year-on-year to **HK\$232 million**. This accounting item is not a cash expense and has no impact on DSBG’s capital adequacy or cash flow.

As at the end June 2023, the total consolidated capital adequacy ratio of Dah Sing Bank (“DSB”) was strong at **19.7%**, with Common Equity Tier 1 ratio at **15.6%** and Tier 1 ratio at **16.3%**.

The Group’s general insurance business adopted Hong Kong Financial Reporting Standard 17 in the first half of 2023 and its results for the first half of 2022 were restated as a result. Based on the new accounting basis, its insurance revenue increased **7.7%** to **HK\$441 million** during the period. Benefitting from a much improved investment performance, total comprehensive income was substantially higher at **HK\$183 million**, compared to a loss of **HK\$322 million** in the same period last year.

DSB’s exclusive 15-year bancassurance partnership with Sun Life Hong Kong Limited, announced in January 2023, was officially launched in July 2023 with encouraging early results.

Meanwhile, DSB has announced the opening of its new Shenzhen Branch at the beginning of this month, marking an important milestone as the first foreign bank in Mainland China to be granted a dual operating licence to set up a local branch in addition to its locally incorporated wholly-owned bank, Dah Sing Bank (China) Limited.

“As always, the Group focused on serving our customers and strengthening our business franchise during the period under review. Ongoing progress was made to explore new opportunities to grow our business in the Greater Bay Area. Notwithstanding the competitive operating environment, we were able to deliver a relatively stable performance in our core banking and insurance businesses. With our resources focused on Hong Kong, Macau and the entire Greater Bay Area, we look forward to tapping the opportunities in the region to grow our business and generate value for our shareholders in the long run,” said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and DSBG.

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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 60 operating locations in Hong Kong, Macau and Mainland China, 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