

Press Release

22 August 2018

**Dah Sing Financial Holdings Announces 2018 Interim Results  
Strong core banking business performance in all key areas**

**Highlights**

Dah Sing Financial Holdings (“DSFH”)

- Core operating profit after credit impairment losses increased strongly by 45.8% to HK\$1,598 million
- Normalized profit attributable to shareholders at HK\$1,341 million, up 35% excluding impairment loss on investment in associated company Bank of Chongqing (“BOCQ”)
- Basic earnings per share from continuing operations: HK\$3.11
- Interim dividend per share: HK\$0.38
- Net interest income of HK\$2,143 million, an increase of 13.2% y-o-y
- Net fee and commission income grew strongly by 34.3% y-o-y to HK\$611 million
- Underlying return on equity of 10.6%\*
- Cost to income ratio: 44.9%

Dah Sing Banking Group (“DSBG”)

- Core operating profit after credit impairment losses increased strongly by 45.7% to HK\$1,561 million
- Normalized profit attributable to shareholders at HK\$1,750 million, up 35% excluding impairment loss on investment in BOCQ
- Basic earnings per share: HK\$0.96
- Interim dividend per share: HK\$0.13
- Net interest margin improved to 2.09%
- Net interest income up 12.4% y-o-y to HK\$2,114 million
- Net fee and commission income grew strongly by 34.8% to HK\$617 million
- Robust capital position with total capital adequacy ratio (“CAR”) of 18.4%, Tier 1 CAR of 14% and a Common Equity Tier 1 ratio (“CET1”) of 13.4%
- Underlying return on equity: 13.9%\*
- Cost to income ratio: 44.5%
- Prudent loan-to-deposit ratio of 72.0% as at 30 June 2018

\* excluding impairment loss on investment in associated company, Bank of Chongqing (“BOCQ”)

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) announced today its interim results for the six months ended 30 June 2018. Normalized profit attributable to shareholders excluding impairment loss on investment in BOCQ was HK\$1,341 million, up 35%, and profit attributable to shareholders from continuing operations increased to HK\$1,041 million.

Basic earnings per share from continuing operations for the six months ended 30 June 2018 was HK\$3.11. The board of directors declared an interim dividend of HK\$0.38 per share (2017: HK\$0.32 per share).

Against the backdrop of the robust economic performance in Hong Kong and Mainland China, the Group reported growth in operating profit after credit impairment losses of 45.8% to HK\$1,598 million in our continuing businesses. Profit for the period under review grew much less due mainly to an impairment provision against our investment in Bank of Chongqing (“BOCQ”) of HK\$403 million.

Normalized profit attributable to shareholders of Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) excluding impairment loss on investment in BOCQ was HK\$1,750 million for the six months ended 30 June 2018, up 35%, whilst the reported profit attributable to shareholders increased to HK\$1,347 million. Basic earnings per share was HK\$0.96. The board of directors declared an interim dividend of HK\$0.13 per share (2017: HK\$0.11 per share).

The core operating profit of DSBG after credit impairment losses increased by 45.7% to HK\$1,561 million, driven by both an improvement in operating income, and substantially lower loan impairment charges.

On the back of an improved net interest margin of 2.09%, as well as moderate loan growth of 2.8% relative to the end of last year, DSBG’s net interest income grew by 12.4% to HK\$2,114 million for the six months ended 30 June 2018. Growth in net fee and commission income was particularly strong for the period under review, increasing by 34.8% to HK\$617 million. The increase was mainly driven by stronger wealth management revenues, bancassurance and fees from our commercial banking business. Foreign exchange related income was much improved, particularly in the retail banking business, as DSBG continued to roll out new and improved products and services for its customers.

Credit quality remained very strong during the first half of the year, with a net impairment charge of HK\$38 million under the new accounting standard, HKFRS 9, effective from January 2018. Asset quality was strong across both the retail and commercial banking businesses, with a generally low level of impairment charges offset to some extent by recoveries on loans previously provided for.

The profit contribution from BOCQ improved to about HK\$410 million. Given the strong profit growth in our main businesses, the proportion of DSBG's profit contributed by BOCQ (before impairment) was reduced.

As at 30 June 2018, Dah Sing Bank's consolidated CET1 ratio and total consolidated capital adequacy ratio were 13.4% and 18.4% respectively, similar to the levels at the end of 2017.

"With the relatively robust economic conditions in 2017 continuing into the first half of 2018, we are delighted to see our core banking business performing strongly in all key areas. While the generally buoyant economic conditions may not continue as strongly in the second half of the year, we remain reasonably positive about the businesses and markets in which we operate," said Mr. Derek Wong, Managing Director and Chief Executive of DSFH and 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 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 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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