

Press Release

20 March 2013

Dah Sing Financial Holdings announces FY 2012 annual results
Strong growth in profitability driven by encouraging performance in core businesses

Highlights

- Profit attributable to shareholders increased by 21.1% y-o-y to HK\$1,236 million
- Earnings per share: HK\$4.20
- Final dividend per share: HK\$0.89
- Strong capital position, with a consolidated capital adequacy ratio (CAR) of 14.9%, and a core CAR of 10.3%
- Encouraging growth in net interest income to HK\$2,494 million, an increase of 14.1% y-o-y. Net interest margin improved to 1.54%
- Solid growth in net fee and commission income to HK\$472 million, an increase of 23.4% y-o-y.
- Strong performance in banking business with 6.6% and 6.5% increase in loans and deposits in 2012, respectively
- Maintained a prudent loan-to-deposit ratio of 69.7% as of 31 December 2012
- Bank of Chongqing delivered strong performance, contributing to the Group's continued growth in profitability

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) announced today its annual results for the year ended 31 December 2012. Solid growth in net interest income and strong net fee & commission income drove robust growth in profit attributable to shareholders to HK\$1,236 million, a 21% increase compared to 2011.

Earnings per share for the year ended 31 December 2012 was HK\$4.20, a 20% increase compared to 2011. The board of directors proposed a final dividend of HK\$0.89 per share (2011: HK\$0.78 per share).

“We are pleased to announce encouraging results in our core businesses,” said Mr. Derek Wong, Managing Director and Chief Executive Officer of DSFH. “Business

conditions over the past year were somewhat better-than-expected, as concerns over the Eurozone and a potential slowdown in the Mainland eased in the second half. Against this backdrop, our profitability improved significantly. Our Hong Kong banking business reported strong earnings growth, and our investment in Bank of Chongqing again made a meaningful contribution to our results.”

In its banking business, Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356), profit attributable to shareholders increased by 29% to HK\$1,411 million. Earnings per share was HK\$1.14, an increase of 28% compared to 2011. The board of directors proposed a final dividend of HK\$0.23 per share (2011: HK\$0.20 per share).

In 2012, driven mainly by Commercial Banking related businesses, loans grew by 6.6%, (including trade bills, by 9.8%) over 2011, while deposits grew by 6.5% over the previous year. As of 31 December 2012, DSBG’s total gross advances to customers were HK\$86.2 billion and total deposits were HK\$123.7billion. Its loan-to-deposit ratio was 69.7% as of 31 December 2012, a 0.3% increase from the year before.

During the year, Dah Sing Bank’s capital position remained strong, with a consolidated capital adequacy ratio of 14.9% and a core capital adequacy ratio of 10.3% as of 31 December 2012.

DSBG’s net interest income was up by 14.9% to HK\$2,204 million due to both volume increases and an improved net interest margin (“NIM”). The sequential improvement in NIM was particularly encouraging, with NIM increasing from 1.47% in the first half of 2012 to 1.60% in the second half. The sequential increase was driven largely by lower deposit costs, resulting from improved market liquidity and a sharp focus on deposit cost management, and higher asset yields, in part due to upward repricing of loan products.

The higher NIM and lower funding costs contributed to the bottom line of personal banking and commercial banking segments, and the commercial banking segment reported a 35% year-over-year increase. Excluding the impact of the write back of provisions relating to settlement of Lehman Brothers Minibond cases in 2011, the personal banking segment experienced a healthy year-over-year increase in normalized profit.

Net fee and commission income grew by 23.4% to HK\$472 million, driven largely by improvements in wealth management and bancassurance revenues, increases in sales of treasury products, securities services and general banking related fees.

DSBG's treasury business doubled its profit compared with the prior year, due to improved net interest income, trading income and fee and commission income. The business focus was on high-grade securities and improved trading and fee income due to expansion of products and services provided to its customers.

DSBG's overseas banking business, which includes the operations and investment in both the Mainland and Macau, recorded a 31% growth in bottom line. Driven by a generally robust Chinese economy, the contribution from BOCQ grew by 39% compared to 2011, and Dah Sing Bank (China) continued to report a small profit in 2012.

DSFH's insurance business reported a 24% reduction in net insurance premium and other income, due mainly to changes in rates, whilst gross premium income was slightly higher than 2011. New business volume was at a similar level to 2011 following efforts to move from lower value shorter-dated products to higher value longer-term products, which we believe will be in the longer term interests of the Company.

Impacted by the effect of the write back of certain provisions relating to settlement of Lehman Minibond cases in 2011, operating expenses of DSFH increased by 20.1%. Excluding the impact of these operating expense provisions, normalized operating expenses grew by a high single digit percentage in 2012.

Mr. Harold Wong, Group General Manager of DSFH and Managing Director and Chief Executive Officer of DSBG, commented on the Group's outlook for 2013, "Overall, we made significant progress in 2012, with growth in our core business, broadly in line with the strategy developed by the current management team in 2011 and adopted by the Board. While we do not like making market forecasts based on global or macro factors, we are cautiously optimistic about the key markets in which we operate for the coming year. We will continue to implement the medium term strategy for our banking business, including the continued development of our Mainland and Macau operations, in addition to our core Hong Kong hub. With our solid foundation and strong capital position, we are well positioned to see continued growth in 2013. I am thankful for the dedication and focus of my colleagues in strategy implementation, as we strive to transform our businesses under the new management team in the medium term."

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).