

For Immediate Release

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Dah Sing Financial Holdings Announces 2021 Annual Results

Encouraging Recovery in Profitability

Benefiting from Improvements in Broader Economy and Credit Quality

Highlights

Dah Sing Financial Holdings ("DSFH")

- Profit attributable to shareholders up **13%** y-o-y to **HK\$1,308 million**
- Modest growth in gross premium income
- Float (i.e. insurance reserves) up **4.5%** y-o-y to **HK\$668 million**
- Earnings per share: **HK\$4.09**
- Final dividend per share: **HK\$0.73**

Dah Sing Banking Group ("DSBG")

- Profit attributable to shareholders up **11%** y-o-y to **HK\$1,658 million**
- Net interest margin at **1.72%**
- Net interest income up **7%** y-o-y to **HK\$3,944 million**
- Net fee and commission income up **1%** y-o-y at **HK\$1,197 million**
- Net trading and other income down **35%** y-o-y to **HK\$243 million**
- Total operating income up **3%** y-o-y to **HK\$5,384 million**
- Credit quality improved with impaired loan ratio at **0.97%**
- Credit impairment losses down **42%** y-o-y to **HK\$373 million**
- Operating profit after credit impairment losses up **12.5%** y-o-y to **HK\$1,990 million**
- Profit contribution from BOCQ down **2%** y-o-y to **HK\$698 million**
- Impairment loss on investment in BOCQ increased **37%** y-o-y to **HK\$726 million**
- Robust capital position with total capital adequacy ratio of **18.1%**, Common Equity Tier 1 ratio of **14.2%** and Tier 1 ratio of **14.7%**
- Earnings per share: **HK\$1.18**
- Annualised return on average shareholders' funds improved to **5.7%**
- Final dividend per share: **HK\$0.24**

Dah Sing Financial Holdings Limited ("DSFH" or "the Group"; SEHK: 0440) today announced its annual results for 2021. Profit attributable to shareholders increased by **13%** year-on-year to **HK\$1,308 million**, benefiting from the notable recovery of the Hong Kong's economy in 2021. Earnings per share for the year amounted to **HK\$4.09**. The Board of Directors recommended a final dividend of **HK\$0.73** per share, representing a total dividend of **HK\$1.06** for the full year. (2020: HK\$0.94 per share).

Dah Sing Banking Group Limited ("DSBG"; SEHK: 2356) reported an **11%** year-on-year increase in profit attributable to shareholders to **HK\$1,658 million** for the year. Earnings per share was **HK\$1.18**. The Board of Directors recommended a final dividend of **HK\$0.24** per share, representing a total dividend of **HK\$0.34** for the full year. (2020: HK\$0.30 per share).

The Hong Kong economy enjoyed a notable recovery in 2021 after two successive years of recession, supported by the robust performance of manufacturing exports. The Hong Kong government's stimulus package to jump-start the economy also prompted an improvement in local private consumption. As a result, gross domestic product grew by 6.4% year-on-year while unemployment fell to 3.9% in December. The improvements in the broader economy enabled the Group's banking business to stage an encouraging recovery in 2021.

DSBG's operating profit after credit impairment losses grew by a healthy **12.5%** year-on-year to **HK\$1,990 million**. Its net interest margin improved **9 bps** to **1.72%** on a full-year basis as a result of effective funding cost management. This, coupled with modest loan growth, resulted in a **7%** year-on-year increase in net interest income to **HK\$3,944 million**.

Its net fee and commission income grew by a mild **1%** year-on-year to **HK\$1,197 million** as the growth in investment-related fee income was offset by the fall in fee and commission income from its insurance distribution business. Meanwhile, its net trading and other income fell mainly due to the reversal of funding swap income arising from a lower HKD/USD interest rate differential.

Another key contributor to DSBG's performance was the sharp reduction in credit impairment losses as a result of better-than-expected customer resilience and improvements in overall credit quality. Credit impairment losses fell sharply by **42%** year-on-year while impaired loan ratio improved by **17 bps** to **0.97%** compared to the end of 2020. Nonetheless, credit risk remained under tight control given continuing headwinds related to the Covid-19 pandemic as well as to concerns over developments in the real estate sector in Mainland China.

The profit contribution from its associated company Bank of Chongqing for the period fell **2%** year-on-year to **HK\$698 million**. Impairment charge made for the year rose significantly to **HK\$726 million** based on its semi-annual Value in Use assessment but had no cash effect nor impact on DSBG's capital adequacy.

As at the end of December 2021, Dah Sing Bank's total consolidated capital adequacy ratio was strong at **18.1%**, with Common Equity Tier 1 ratio at **14.2%** and Tier 1 ratio at **14.7%**.

The Group's general insurance business reported a modest increase in gross premium income as the market regained some momentum in the third quarter of 2021. Including the results of investments recorded in other comprehensive income, its general insurance business continued to generate respectable total comprehensive income for the Group. At the end of 2021, its float (or insurance reserves) grew by **4.5%** year-on-year to **HK\$668 million** as the business strives to increase this revolving pool of funds over time. During the year, more resources were placed on new product development as part of the Group's efforts to enhance its overall general insurance business model. The Group plans to grow and rebalance its portfolio over time to more profitable lines and segments to strive for stable and sustainable underwriting profits.

"Hong Kong's economy delivered an encouraging performance in 2021, but a full recovery will be difficult until the Covid-19 pandemic comes under control, allowing local and cross-border businesses as well as inbound tourism to return to normal. Risks remain high both globally and locally, and we are paying close attention to developments in the real estate market in China, rising interest rates and global inflationary pressures, and uncertainties from heightening global geopolitical conflicts," said Mr. Derek Wong, Managing Director of DSFH and DSBG.

"The Group shall continue to focus on strengthening our business franchise, paying close attention to improving the competitiveness of our products and services. Furthermore, with the combined strengths of our three banks headquartered in Hong Kong, Macau and Shenzhen, respectively, we believe we are well-positioned to take advantage of the growth in the Greater Bay Area in the long run. Meanwhile, as the Group celebrates our 75th anniversary later this year, we will be reaffirming our long-term commitment to our customers and to the Hong Kong community," Mr. Wong concluded.

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