

Press Release

25 March 2015

Dah Sing Financial Holdings Announces 2014 Annual Results
Record profit and highest ROE since the Financial Crisis

Highlights

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders increased by 15.2% y-o-y to HK\$1,727 million
- Basic earnings per share: HK\$5.29
- Return on equity increased from 9.3% to 9.7%
- Final dividend per share: HK\$0.95
- Net interest income of HK\$3,293 million, an increase of 6% y-o-y
- Net fee and commission income of HK\$746 million, an increase of 19.8% y-o-y
- Insurance profit increased by 14% with steady premium income growth
- Cost to income ratio reduced from 52.7% to 51.7%

Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders increased by 15.8% y-o-y to HK\$2,034 million
- Basic earnings per share: HK\$1.49
- Return on equity reached 11% for the first time since the Financial Crisis
- Final dividend per share: HK\$0.26
- Net interest margin remained stable at 1.76%
- Net interest income recorded HK\$2,990 million, an increase of 6.9% y-o-y
- Net fee and commission income recorded HK\$832 million, an increase of 18.5% y-o-y
- Stronger capital position after rights issue and new issue of sub debt in 1H14 with overall capital adequacy ratio (“CAR”) of 16.3%, and a core equity tier 1 CAR of 11.4%
- Prudent loan-to-deposit ratio of 70.8% as at 31 December 2014
- Core operating earnings from wholly owned businesses steadily strengthening

Dah Sing Financial Holdings Limited (“DSFH” or the “Group”; SEHK: 0440) announced today its annual results for the year ended 31 December 2014. Profit attributable to shareholders increased by 15.2% to a record of HK\$1,727 million for the year, mainly driven by strong growth in net fee and commission income and trading income, with overall operating income growth running ahead of the increase in expenses over the year.

Basic earnings per share for the year ended 31 December 2014 was HK\$5.29, an increase of 9.3% as compared to the basic earnings per share in 2013 (restated after adjusting for the effect of the 2014 rights issue). After a steady contribution from Bank of Chongqing (“BOCQ”) and higher loan impairment charges, the improved performance resulted in a higher return on equity, reaching 9.7%, the highest level since the Financial Crisis. The Board of Directors proposed a final dividend of HK\$0.95 per share (2013: HK\$0.91 per share).

DSBG’s profit attributable to shareholders increased by 15.8% to HK\$2,034 million for the year ended 31 December 2014. Basic earnings per share was HK\$1.49, an increase of 10.4% compared to the basic earnings per share in 2013 (restated after adjusting for the effect of the 2014 rights issue). The Board of Directors proposed a final dividend of HK\$0.26 per share (2013: HK\$ 0.24 per share).

As at 31 December 2014, DSBG’s gross advances to customers were HK\$105.2 billion and total deposits from customers were HK\$142.6 billion, up 7.4% and 9.8% respectively as compared to 31 December 2013. The loan-to-deposit ratio decreased mildly to 70.8% as at 31 December 2014, down 1.3% compared to 31 December 2013.

DSBG’s net interest income continued to grow. For the year ended 31 December 2014, net interest income grew by 6.9% to HK\$2,990 million due mainly to growth in assets whilst net interest margin reduced mildly by 3 basis points to 1.76%. Net fee and commission income grew by 18.5% to HK\$832 million, driven largely by improvements in wealth management and bancassurance revenues, increases in the sales of treasury products to customers, securities services and general banking related fees.

DSBG’s share of profit from BOCQ recorded a slower growth of 4.1%, mainly due to the dilution of DSBG’s shareholding in the bank following its listing in Hong Kong in late 2013.

The growth in earnings, coupled with the new capital raised in the rights issue in the first half of 2014, contributed to an improvement in DSBG’s capital ratios. As at 31 December 2014, DSBG’s consolidated Core Equity Tier 1 CAR and Overall CAR improved to 11.4% and 16.3% respectively.

DSFH's insurance business reported strong growth in net premium and other insurance income, and a higher investment income, due mainly to appreciation of both bond and equity prices during the year. Net insurance premium and other insurance income increased by 34.9% to HK\$2,239 million. The improved operating income led to overall increase in total operating income net of insurance claims by 10.6% from HK\$4,179 million to HK\$4,623 million, ahead of the increase in operating expenses of 8.5%.

"In 2014, we continued to build on the good performance in 2013, making progress on the execution of the medium term strategy we adopted in 2011. We experienced growth in all of our core revenue lines during the year and delivered the highest ever core profit attributable to shareholders, with an encouraging improvement in return on equity for both DSBG and DSFH." said Mr. Harold Wong, Group General Manager of DSFH and Managing Director and Chief Executive of DSBG. "While we are somewhat cautious on the outlook for 2015, we will remain focused and continue to invest in our core businesses. We believe that there are still ample opportunities for growth in the medium term in our key banking and insurance businesses, as the economies of Hong Kong, Macau and the Mainland become more integrated."

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, 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, Limited holds a 17% interest in the Bank of Chongqing, which is one of the leading city commercial banks in Chongqing, the largest city in Western China.

Dah Sing Bank, Limited long term credit ratings are "A3" (Moody's) and "BBB+" (Fitch).

- END -