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## Dah Sing Financial Holdings Announces 2022 Annual Results

*Resilient Performance Despite  
Challenging Economic Conditions*

### Highlights

#### Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders down **10%** y-o-y to **HK\$1,171 million**
- *Excluding the gain on the termination of the former bancassurance distribution agreement and the impairment provision on Bank of Chongqing (“BOCQ”) attributable to an update to the valuation model in 2022, normalised profit attributable to shareholders down **6%** y-o-y to **\$1,235 million***
- General insurance business mainly impacted by reduced contribution from investments
- Earnings per share: **HK\$3.67**
- Final dividend per share: **HK\$0.81**

#### Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders down **3%** y-o-y to **HK\$1,609 million**
- *Excluding the gain on the termination of the former bancassurance distribution agreement and the impairment provision on BOCQ attributable to an update to the valuation model in 2022, normalised profit attributable to shareholders up **2%** y-o-y to **\$1,695 million***
- Net interest margin at **1.85%**
- Net interest income up **11%** y-o-y to **HK\$4,383 million**
- Net fee and commission income up **88%** y-o-y at **HK\$2,249 million**
- Net trading and other income down **20%** y-o-y to **HK\$194 million**
- Total operating income up **27%** y-o-y to **HK\$6,826 million**
- Credit quality weakened with impaired loan ratio at **1.86%**
- Credit impairment losses up **115%** y-o-y to **HK\$803 million**
- Operating profit after credit impairment losses up **51%** y-o-y to **HK\$3,007 million**
- Profit contribution from BOCQ down **6%** y-o-y to **HK\$657 million**
- Impairment loss on investment in BOCQ increased **132%** y-o-y to **HK\$1,683 million**
- Robust capital position with total capital adequacy ratio of **19.3%**, Common Equity Tier 1 ratio of **15.2%** and Tier 1 ratio of **15.9%**
- Earnings per share: **HK\$1.14**
- Annualised return on average shareholders’ funds at **5.4%**
- Final dividend per share: **HK\$0.29**

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) today announced its annual results for 2022. Profit attributable to shareholders fell by **10%** year-on-year to **HK\$1,171 million**, impacted primarily by the reduced contribution from investments of its general insurance business. Earnings per share for the year amounted to **HK\$3.67**. The Board of Directors recommended a final dividend of **HK\$0.81** per share, representing a total dividend of **HK\$1.14** for the full year. (2021: HK\$1.06 per share).

Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356) reported a **3%** year-on-year decrease in profit attributable to shareholders to **HK\$1,609 million** for the year. Earnings per share were **HK\$1.14**. The Board of Directors recommended a final dividend of **HK\$0.29** per share, representing a total dividend of **HK\$0.39** for the full year. (2021: HK\$0.34 per share).

The results of DSFH and DSBG reflected the gain of HK\$1,299 million on the termination of the former bancassurance distribution agreement among Dah Sing Bank, Tahoe Life Insurance Company Limited and Tahoe Services Limited, and the impairment provision on the investment in BOCQ of HK\$1,385 million attributable to an update to the valuation model in 2022. Excluding the impact of these two items, **DSFH’s** profit attributable to shareholders fell **6%** year-on-year to **HK\$1,235 million**, whereas **DSBG’s** profit attributable to shareholders increased **2%** to **HK\$1,695 million**.

The Hong Kong economy faced significant challenges in 2022 as the relapse of COVID cases in Hong Kong and the Mainland China prolonged disruptions to domestic and cross-border economic activities. Global inflationary pressures and rising interest rates further weakened market sentiment and demand. Total exports of goods fell by 13.9%, while private consumption expenditure for the year fell by a modest 1% notwithstanding the Hong Kong government’s disbursement of consumption vouchers in the second half of 2022.

DSBG’s net interest margin widened **13 bps** to a full year average of **1.85%** and contributed to an **11%** year-on-year increase in net interest income to **HK\$4,383 million**. The improvement in its NIM was attributed to yield improvements in its interest earning assets which offset the rise in funding cost during the year.

Its net fee and commission income grew by **88%** to **HK\$2,249 million**, mainly reflecting the earlier mentioned gain on the termination of the former bancassurance distribution agreement which offset the weakness in investment-related fee income. Excluding this gain, net fee and commission income fell **29%**. Meanwhile, its net trading and other income declined **20%** year-on-year to **HK\$194 million**, impacted by the reduced contribution from its funding swap activities during the year.

Gross advances to customers and trade bills fell by a mild **5.6%** compared to the previous year given weak overall market loan demand. DSBG increased its credit provisioning significantly as economic conditions deteriorated during the year and credit quality weakened. Its impaired loan ratio rose to **1.86%** at the end of 2022, and its credit impairment losses rose **115%** year-on-year to **HK\$803 million**. As a result, its operating profit after credit impairment losses registered a **51%** increase year-on-year to **HK\$3,007 million**.

The profit contribution from its associated company Bank of Chongqing for the period fell **6%** year-on-year to **HK\$657 million**. Meanwhile, DSBG updated certain inputs used in the valuation model of its investment in BOCQ to reflect the latest developments in economic conditions. This resulted in a significant increase in the impairment provisions made against BOCQ by **132%** year-on-year to **HK\$1,683 million** in 2022. This accounting item is not a cash expense and has no impact on DSBG's capital adequacy or cash flow.

Separately, Dah Sing Bank announced in January 2023 a new exclusive bancassurance partnership with Sun Life Hong Kong Limited which it targets to become fully operational in the second half of this year. This will enable it to resume service to customers in the life insurance segment.

The Group's general insurance business registered a moderate year-on-year increase in gross premiums written. Nevertheless, the unit reported lower profitability due mainly to a reduced contribution from investments, and a modest decrease in net premium earned due to more selective and cautious underwriting. At the end of 2022, its float (or insurance reserves) grew to **HK\$744 million** from HK\$608 million in the previous year. During the year, the business continued to rebalance its Hong Kong portfolio of products and segments for diversified and sustainable underwriting profits, with focus on mortgage guarantee schemes and engineering related products as well as those targeting mid-size corporates and SMEs.

"With the lifting of all COVID-related measures and Mainland China's focus on economic growth and recovery in 2023, we hope Hong Kong may see a gradual improvement in its business environment this year. However, uncertainties in the near-term economic outlook remain, not least with further interest rate rises, global recessionary pressures and worsening of geopolitical tensions. The Group will prioritise its disciplined approach to monitoring loan quality and controlling credit cost within a manageable level," said Mr. Derek Wong, Managing Director of DSFH and DSBG.

"The Group remains focussed on business opportunities in Hong Kong and the Greater Bay Area, and we are making steady progress in our strategic expansion plan in the region through organic growth as well as our strategic alliance with The Norinchukin Bank. We firmly believe that with our three banks headquartered in Hong Kong, Macau and Shenzhen, respectively, we are well-positioned to take advantage of the growth in this area in the long run," 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](http://www.dahsing.com/html/en/about_us/financial.html)