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Hong Kong, 28 March 2024

## Dah Sing Financial Holdings Announces 2023 Annual Results

*Stable Business Performance and Profitability*

*Despite Challenging Operating Environment*

### Highlights

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

- Profit attributable to shareholders up **30%** y-o-y to **HK\$1,592 million**
- General insurance business net profit after tax increased **116%** y-o-y to **HK\$145 million**
- Earnings per share: **HK\$4.99**, up from HK\$3.83
- Final dividend per share: **HK\$1.64**

#### Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders up **16%** y-o-y to **HK\$1,860 million**
- Net interest margin at **2.01%** (up 16 basis points)
- Net interest income up **10%** y-o-y to **HK\$4,815 million**
- Net fee and commission income down **61%** y-o-y at **HK\$867 million** (or **up 1%**, excluding the HK\$1,394 million one-off gain in 2022\*)
- Net trading income and other income up **21%** y-o-y to **HK\$234 million**
- Total operating income down **13%** y-o-y to **HK\$5,916 million** (or **up 9%**, excluding the HK\$1,394 million one-off gain in 2022\*)
- Credit impairment losses down **9%** y-o-y to **HK\$731 million**
- Profit contribution from Bank of Chongqing (“BOCQ”) up **5%** y-o-y to **HK\$689 million**
- Impairment loss on investment in BOCQ down **67%** y-o-y to **HK\$552 million**
- Robust capital position with total capital adequacy ratio of **21.2%**, Common Equity Tier 1 ratio of **16.2%** and Tier 1 ratio of **16.9%**
- Earnings per share: **HK\$1.32**, up from HK\$1.14
- Annualised return on average shareholders’ funds at **6.0%**, up from 5.4%
- Final dividend per share: **HK\$0.49**

\* The HK\$1,394 million one-off gain was recognised upon termination of the previous bancassurance distribution agreement in 2022. Excluding the one-off gain, the operating profit after credit impairment losses of DSBG rose by **25%** y-o-y, while DSFH’s operating profit after credit impairment losses was up **34%** from the previous year.

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; Stock Code: 0440) today announced its annual results for 2023. Profit attributable to shareholders increased by **30%** year-on-year to **HK\$1,592 million**, primarily due to higher asset yields, partly offset by the increase in funding cost, and lower impairment loss on the investment in BOCQ. Earnings per share for the year amounted to **HK\$4.99**. The Board of Directors recommended a final dividend of **HK\$1.64** per share, representing a total dividend of **HK\$2.00** for the full year. (2022: HK\$1.14 per share).

Dah Sing Banking Group Limited (“DSBG”; Stock Code: 2356) reported a **16%** year-on-year increase in profit attributable to shareholders to **HK\$1,860 million** for the year. Earnings per share were **HK\$1.32**. The Board of Directors recommended a final dividend of **HK\$0.49** per share, representing a total dividend of **HK\$0.60** for the full year. (2022: HK\$0.39 per share).

Economic conditions in Hong Kong remained challenging in 2023. The post-COVID economic recovery was weaker than expected against the backdrop of higher interest rates and subdued external demand. Meanwhile, the economy of China remained weak in part due to its property sector. Sluggish loan growth and high credit costs posed yet another year of challenges for banks in Hong Kong. Despite the market headwinds, the Group achieved moderate growth in its core businesses, along with increases in earnings per share.

DSBG’s net interest margin widened **16 bps** to a full year average of **2.01%**, helped by higher yields on its interest earning assets and careful management of its deposit costs. The improvement in its net interest margin contributed to a **10%** year-on-year increase in its net interest income to **HK\$4,815 million**.

Net fee and commission income recorded a modest increase of **1%** as compared to the previous year if the HK\$1,394 million one-off gain recognised upon termination of the previous bancassurance distribution agreement in 2022 was excluded. Net trading income and other income increased by **21%** year-on-year to **HK\$234 million**, driven by higher interest margin and robust customer business during the year.

Gross advances to customers and trade bills rose moderately by **4%** compared to the previous year as overall market loan demand remained weak. Credit impairment losses reduced by **9%** year-on-year, mainly driven by the lower credit impairment losses recorded by the Corporate Banking and Macau Banking segments and the reversal of a prior charge in the Treasury and Global Markets segment, which were partly offset by the higher credit impairment losses recorded by the Personal Banking and China Banking segments as compared to the previous year. Excluding the one-off gain, the operating profit after credit impairment losses of DSBG rose by **25%** year-on-year, while DSFH’s operating profit after credit impairment losses was up **34%** from the previous year.

The profit contribution from its associated company Bank of Chongqing (“BOCQ”) for the period rose **5%** year-on-year to **HK\$689 million**. Provision for impairment made against BOCQ during the period fell by **67%** to **HK\$552 million**, compared to the larger base in the same period in 2022 when the update to the valuation model of this investment led to an impairment provision of approximately HK\$1,683 million. This accounting item is not a cash expense and has no impact on DSBG’s capital adequacy or cash flow.

During the period, DSBG announced two significant developments which were expected to help the long-term growth of its core businesses. These included its 15-year exclusive bancassurance partnership with Sun Life Hong Kong Limited which was launched in July 2023, and the official opening of its new Shenzhen Branch in August 2023. The latter marked Dah Sing Bank's achievement as the first foreign bank to operate under a "dual operating licence" in China, with the new Shenzhen Branch operating under its headquarters in Hong Kong, in addition to DSBG's locally incorporated wholly-owned bank, Dah Sing Bank (China) Limited.

The Group's general insurance business reported a growth of **7%** year-on-year in gross premiums written, underpinned by disciplined underwriting. The performance of its investment portfolio was strong for the year with a return on investment of more than **15%**. As a whole, its net profit after tax increased by **116%** year-on-year to **HK\$145 million**.

"In 2023, the Group focused on protecting and strengthening our business franchise. Notwithstanding the challenging operating environment, our core businesses remained resilient, and we were able to deliver stable business performance and profitability. The uncertainty of the near-term economic outlook heightened our focus on how we monitored and provisioned for our loan portfolio. The Group will maintain a disciplined approach to monitoring credit quality and controlling credit cost within a manageable level," said Mr. Derek Wong, Managing Director of DSFH and DSBG.

"With our resources focused on Hong Kong, Macau and the Greater Bay Area, we look forward to tapping the opportunities in the region to grow our business and generate value for our shareholders 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 64 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)