

Press Release

22 March 2017

**Dah Sing Financial Holdings Announces 2016 Annual Results**  
Steady performance from banking operations

**Highlights**

Dah Sing Financial Holdings (“DSFH”)

- Profit attributable to shareholders decreased by 2.9% y-o-y to HK\$1,892 million
- Earnings per share: HK\$5.65
- Return on equity: 9.0%
- Final dividend per share: HK\$1.03
- Net interest income of HK\$3,657 million, an increase of 9.1% y-o-y
- Net fee and commission income of HK\$832 million, a decrease of 8.3% y-o-y
- Insurance business’s net profit decreased to HK\$294 million

Dah Sing Banking Group (“DSBG”)

- Profit attributable to shareholders decreased by 2.5% y-o-y to HK\$2,145 million
- Earnings per share: HK\$1.53
- Return on equity: 9.7%
- Final dividend per share: HK\$0.28
- Net interest margin rose to 1.98% from 1.83%
- Net interest income of HK\$3,638 million, an increase of 9.0% y-o-y
- Net fee and commission income of HK\$836 million, a decrease of 8.1% y-o-y
- Strengthened capital position with total capital adequacy ratio (“CAR”) of 18.3%, and a Common Equity Tier 1 ratio (“CET1”) of 12.7%
- Prudent loan to deposit ratio of 70.8% as at 31 December 2016
- Profit attributable to shareholders in the second half of the year being similar to that in the first half
- Dah Sing Bank, Limited (“DSB”) will celebrate its 70th anniversary

Dah Sing Financial Holdings Limited (“DSFH” or “the Group”; SEHK: 0440) announced today its annual results for the year ended 31 December 2016. Profit attributable to shareholders decreased by approximately 2.9% to HK\$1,892 million for the year. The overall performance was driven mainly by fairly stable earnings from our banking operations.

Earnings per share for the year ended 31 December 2016 was HK\$5.65. DSFH generated a return on equity of 9.0%. The board of directors proposed a final dividend of HK\$1.03 per share (2015: HK\$1.00 per share).

Dah Sing Banking Group Limited’s (“DSBG”; SEHK: 2356) profit attributable to shareholders decreased by approximately 2.5% to HK\$2,145 million for the year ended 31 December 2016. Basic earnings per share was HK\$1.53, decreasing slightly from HK\$1.57 for the financial year of 2015. DSBG generated a return on equity of 9.7% and a return on assets of 1.1%. The board of directors proposed a final dividend of HK\$0.28 per share (2015: HK\$0.27 per share).

As at 31 December 2016, DSBG’s gross advances to customers were about HK\$114 billion and customer deposits were about HK\$154 billion, up 3.7% and 2.0% respectively as compared to 31 December 2015. The loan to deposit ratio remained prudent at 70.8% as at 31 December 2016.

For the year ended 31 December 2016, net interest income grew by 9.0% to HK\$3,638 million mainly due to an improvement in net interest margin from 1.83% to 1.98%. The margin widened due in part to the effective management of deposit and funding costs, as interest rates generally remained low in 2016 until Federal Reserve in the US raised short term interest rates towards the end of the year. Net fee and commission income was down by 8.1% mainly due to a weaker performance from our commercial banking and treasury activities and customer securities trading in a soft market, although other retail banking fees were stable, whilst commissions from our bancassurance and wealth management businesses increased over the prior year.

Our overseas banking business reported a higher profit as a whole, due to improved performance from our wholly-owned subsidiaries, Banco Comercial de Macau and Dah Sing Bank (China) Limited, despite a reduction in the contribution from our associate Bank of Chongqing (“BOCQ”). The reduction in the contribution from BOCQ was due to the dilution in our shareholding to approximately 14.7% in 2016 from approximately 17.0% in 2015, after the completion of BOCQ’s share placement towards the end of 2015.

As at 31 December 2016, DSB’s CET1 ratio was 12.7%, 0.5% higher than the prior year, driven by slower asset growth and higher retained earnings. Total capital adequacy ratio strengthened to 18.3%, compared with 16.7% as at the end of 2015.

Credit costs overall were up for the year, led mainly by increases in loan impairments in our Hong Kong based commercial banking business due to financial difficulties experienced by some SME borrowers, especially those with exposures to the Mainland market, and in our retail banking business driven mainly by increases in volumes of unsecured personal loans. Overall impairment charges dropped half on half, reflecting a stabilisation in the underlying asset quality of our loan portfolio during the second half.

DSFH's overall net insurance premium income was slightly higher than 2015 due mainly to high levels of persistency, as well as new sales during the course of the year. Overall, new business sales were slightly lower for the year, with an improved performance from bancassurance business being offset by lower sales from agency force. Against a very strong profit performance in 2015, the net profit from the insurance business was lower, but was still respectable at HK\$294 million.

"We are pleased to see the steady performance in our core operating businesses, despite generally sluggish market conditions in 2016. The foundations of our banking business have been strengthened over the year with continued investments in our franchise, people, capital and infrastructure. We will focus on capturing opportunities to grow our various lines of business whilst remaining prudent in managing risks. It is vital that we continue to build our brand and improve our products and services to meet the needs of our customers." said Mr. Harold Wong, Group General Manager of DSFH and Managing Director and Chief Executive of DSBG.

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### **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 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 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. DSB holds a strategic 14.7% interest in Bank of Chongqing, which is the leading city commercial bank in Chongqing, the largest city in Western China.

DSB's long term ratings are "A3" (Moody's) and "BBB+" (Fitch).