大新金融集團有限公司
DAH SING FINANCIAL HOLDINGS LIMITED

大新銀行集團有限公司
DAH SING BANKING GROUP LIMITED
大新銀行有限公司及豐明銀行有限公司之控股公司
The holding company of Dah Sing Bank, Limited and MEVAS Bank Limited

Press Release 21 March 2012

Dah Sing Financial Holdings announces FY 2011 annual results

Stable profits and investments in core businesses
lay foundations for medium term growth

Highlights

- Profit attributable to shareholders: HK$1,010 million
- Earnings per share: HK$3.45
- Final dividend per share: HK$0.78
- Strong capital position, with a consolidated capital adequacy ratio (CAR) of 15.2%, and a core CAR of 10.5%
- Stable net interest income of HK$2,186 million, while increased funding costs caused a contraction in net interest margin to 1.41%
- Improved net fee and commission income of HK$383 million
- Strong performance in banking business with 14% and 16% increase in loans and deposits in 2011 respectively
- Maintained a prudent loan-to-deposit ratio of 69.4% as of 31 December 2011
- Insurance business reported net profit of HK$328 million
- Strong contribution from Bank of Chongqing, which continues to achieve growth in profitability

Dah Sing Financial Holdings Limited ("DSFH" or the "Group"; SEHK: 0440) announced today its annual results for the year ended 31 December 2011. Stable net interest income and improved net fee & commission income resulted in profit attributable to shareholders of HK$1,010 million, up 0.3% compared to 2010.

Earnings per share for the year ended 31 December 2011 was HK$3.45, a 6% decrease compared to FY2010 due to the increased number of shares in issue following the rights issue in 2010. The board of directors proposed a final dividend of HK$0.78 per share (2010: HK$0.86 per share).

“We are pleased that we were able to achieve growth in DSFH’s core businesses,” said Mr. Derek Wong, Managing Director and Chief Executive Officer of DSFH. “The past year included a number of macro challenges including a slow-down in growth, increased pressure on funding costs and the debt crisis in Europe. Despite the volatile global markets, we increased profit in our insurance business and volume in our banking business.”

In its banking business, Dah Sing Banking Group Limited (“DSBG”; SEHK: 2356), profit attributable to shareholders increased to HK$1,078 million, or by 0.4% over FY 2010. Earnings per share was HK$0.88, a reduction of 4.3% compared to 2010 due to the increased number of shares in issue following the rights issue in 2010. The board of director proposed a final dividend of HK$0.2 per share (2010: HK$0.2 per share).

During 2011, loan growth was encouraging, up 14%, driven mainly by Mainland China related trade finance, while deposits grew by 16% over the previous year. As at 31 December 2011, DSBG’s total gross advances to customers were HK$82.6 billion and total deposits from customers were HK$113.4 billion. Its loan-to-deposit ratio was 69.4% as at 31 December 2011, a 1.1% decrease from the year before.

Throughout the year, DSBG’s capital position remained strong, with a consolidated capital adequacy ratio of 15.2% and a core capital adequacy ratio of 10.5% as at 31 December 2011.

While business volume grew, DSBG’s net interest income was stable at HK$1,919 million due to net interest margin (“NIM”) contraction over the year. NIM saw a year-on-year decrease due largely to increased funding costs.

The tighter NIM and higher funding costs impacted the bottom line of both DSBG’s commercial and personal banking segments, which experienced a 20% and a 35% year-on-year decrease respectively. Both business segments still saw improvements in 2011. The commercial banking segment grew its loan book largely due to demand from China, while expanded wealth management and securities trading services led to an improved non-interest income for the personal banking segment.

DSBG’s treasury business turned from a segmental loss into a profit with an improved risk adjusted return. The business focus was on high-grade securities and improved trading and fee income due to expansion of products and services provided to its customers.

DSBG’s overseas banking business includes the operations and investment in both the Mainland and Macau. For 2011, the contribution from BOCQ grew by 42% compared to the previous year. Despite an increase in credit costs in the first half, Dah Sing Bank (China) reported a small overall profit in FY 2011.

DSBG continued to expand its branch network in the Pearl River Delta. The new Guangzhou branch opened in June 2011.

DSFH’s insurance business saw meaningful growth as net profit increased by 5% over FY 2010 to HK$328 million, driven by its life assurance operations in Hong Kong. Gross premium income increased by 8% to HK$1.97 billion, with bancassurance the driver of new sales.

With new business growth, DSFH continued investing in its business by growing its headcount in the first half of the year. This expansion, along with other business investments such as branch refurbishments, led to a 17.7 % increase in operating costs over FY 2010.

Mr. Harold Wong, Group General Manager of DSFH and Managing Director and Chief Executive Officer of DSBG, commented on the Group’s outlook for 2012, “While the market continues to present challenges, DSFH will strive to provide integrated services in Hong Kong, Mainland China and Macau to our customers. We have invested to grow our core businesses and are confident that our Group will make further progress in 2012.”

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 four banking subsidiaries (Dah Sing Bank, MEVAS Bank, Banco Comercial de Macau and Dah Sing Bank (China) Limited), providing banking and financial services through a network of about 70 establishments in Hong Kong, Macau and the Mainland, and a securities trading company. Dah Sing Bank holds a strategic 20% interest in Bank of Chongqing, which is the leading city commercial bank in Chongqing, the largest city in Western China.

Dah Sing Bank’s long term ratings are “A3” (Moody’s) and “BBB+” (Fitch).