



**SKFH**

# **Q1 2017 Results Update**

**2017/5/18**

# Disclaimer

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Figures in this presentation and the presentation materials distributed herewith are preliminary numbers.

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# SKFH – Q1 2017 Overview

- Due to sharp exchange rate fluctuations, SKFH recorded consolidated after-tax loss of NT\$2.83bn for Q1 2017; consolidated comprehensive income was NT\$3.05bn. Shareholders' equity increased 2.5% YTD to NT\$124.38bn, and book value per share was NT\$12.40.
- Subsidiaries' core business remained solid.
  - SKL:
    - ◆ Fueled by strong demand for interest sensitive whole life products, FYP for Q1 2017 surged 34.5% YoY to NT\$28.23bn. Annualized cost of liabilities declined from 4.37% for 2016 to 4.34%.
    - ◆ Other comprehensive income was NT\$5.88bn. Shareholders' equity reached NT\$75.73bn, up 2.7% YTD.
  - SKB:
    - ◆ Net interest income and net fee income for Q1 2017 grew 4.3% and 4.5% YoY respectively. Consolidated after-tax profit was NT\$0.97bn.
    - ◆ Asset quality remained stable with NPL ratio of 0.26% and coverage ratio of 476.01%.
- Life insurance EV per share of SKFH was NT\$22.8 (not including net worth of bank and other subsidiaries)
  - EV of SKL increased NT\$12.9bn YoY to NT\$228.6bn.
  - V1NB was NT\$22.2bn, up 33% YoY.

# Financial Highlights – Q1 2017

	Q1 2016	Q1 2017	YoY Growth
NT\$m (except per share data), %			
Consolidated comprehensive income	-1,417	3,050	-315.2%
Consolidated net income	-2,563	-2,825	10.2%
First year premium (Insurance)	20,982	28,227	34.5%
Loans (Bank)	477,063	511,627	7.2%
Total assets (Consolidated)	2,971,139	3,177,154	6.9%
Shareholders' equity <sup>(1)</sup>	107,052	124,382	16.2%
ROA (unannualized)	-2.03%	-2.02%	
ROE (unannualized)	-2.43%	-2.38%	
Earnings per share	-0.26	-0.29	11.5%

Note:

(1) Consolidated shareholders' equity for Q1 2016 and Q1 2017 were NT\$121,716mn and NT\$138,513mn, respectively

# Net Income – Q1 2017

## Net income contribution

NT\$bn

Subsidiaries	Q1 2016	Q1 2017	YoY Growth
Shin Kong Life	-3.66	-3.93	7.3%
Shin Kong Bank	1.07	0.97	-9.3%
Shin Kong Investment Trust	0.01	0.01	-1.6%
Shin Kong Venture Capital International	0.00	0.01	107.6%
Shin Kong Property Insurance Agency	0.02	0.02	10.7%
Others <sup>(1)</sup>	-0.05	-0.01	-80.0%
<b>Net income <sup>(2)</sup></b>	<b>-2.61</b>	<b>-2.93</b>	<b>12.1%</b>

Note:

(1) Includes other income of SKFH, income taxes, and profit from MasterLink Securities

(2) Net income attributable to SKFH

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## SKL – Q1 2017 Overview

- As sharp exchange rate fluctuations drove up annualized hedging cost to 2.86%, consolidated after-tax loss for Q1 2017 was NT\$3.93bn; consolidated comprehensive income was NT\$1.96bn.
- Due to improvement in unrealized losses on available-for-sale financial assets, other comprehensive income reached NT\$5.88bn. Shareholders' equity was NT\$75.73bn, up 2.7% YTD.
- Fueled by strong demand for interest sensitive whole life products, FYP surged 34.5% YoY to NT\$28.23bn, securing market share of 8.1%.
- FX policies remained strategic focus in 2017 with sales of NT\$8.48bn, representing 30.0% of total FYP.
- FYPE amounted to NT\$11.17bn, up 18.9% YoY. Annualized cost of liabilities decreased from 4.37% for 2016 to 4.34%.
- Recurring yield before hedging for Q1 2017 was 3.51%. Positions in high-dividend yield stocks continued to increase since Q1, aiming at recurring income. Domestic cash dividend income expected to reach NT\$9.0bn for 2017, NT\$3.0bn higher YoY.

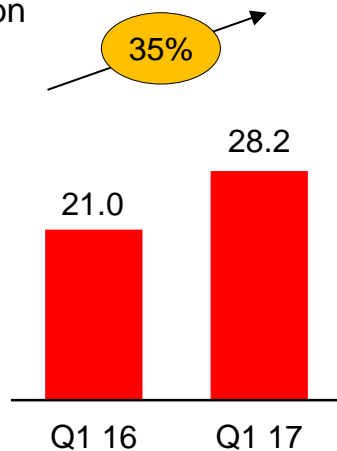


# Financial Highlights – Q1 2017

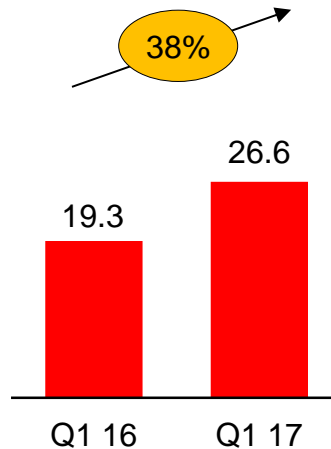
	Q1 2016	Q1 2017	YoY Growth
NT\$mn, %			
First year premium	20,982	28,227	34.5%
Total premium	53,373	64,721	21.3%
Investment income	14,125	14,379	1.8%
Consolidated net income	-3,660	-3,928	7.3%
Consolidated total assets	2,132,270	2,340,171	9.8%
Consolidated total shareholders' equity	62,136	75,728	21.9%
ROE (unannualized)	-5.78%	-5.26%	
ROA (unannualized)	-0.17%	-0.17%	

# First Year Premium – Q1 2017

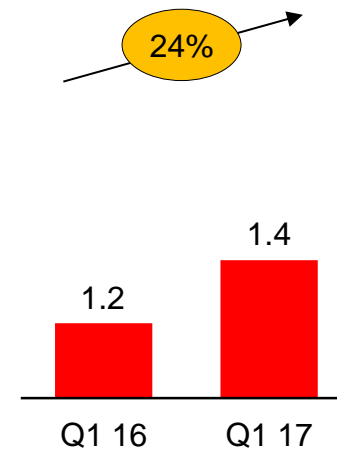
NT\$bn



Traditional



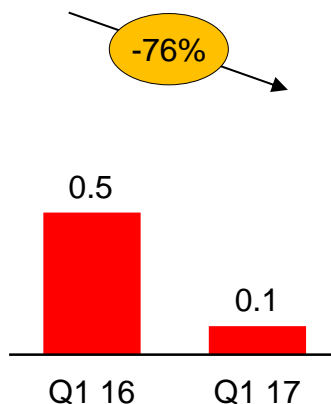
PA, Health and Group <sup>(1)</sup>



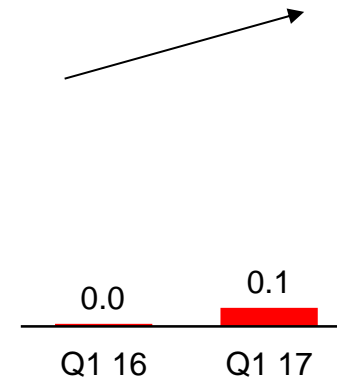
## Comments

- Driven by strong demand for interest sensitive whole life products, FYP surged 34.5% YoY to NT\$28.23bn. FYPE grew 18.9% YoY to NT\$11.17bn, and FYPE/FYP was 39.6%
- FX policies remained strategic focus in 2017 with sales of NT\$8.48bn, representing 30.0% of total FYP. Such products brought SKL stable interest spread with proper asset-liability match and no hedging cost
- FYP of health insurance reached NT\$0.83bn, 26.9% higher YoY
- Protection products and NTD/FX whole life policies to be promoted to grow VNB and lower cost of liabilities. Annualized cost of liabilities declined to 4.34%, 3 bps lower compared to 2016

Investment-linked



Interest-sensitive

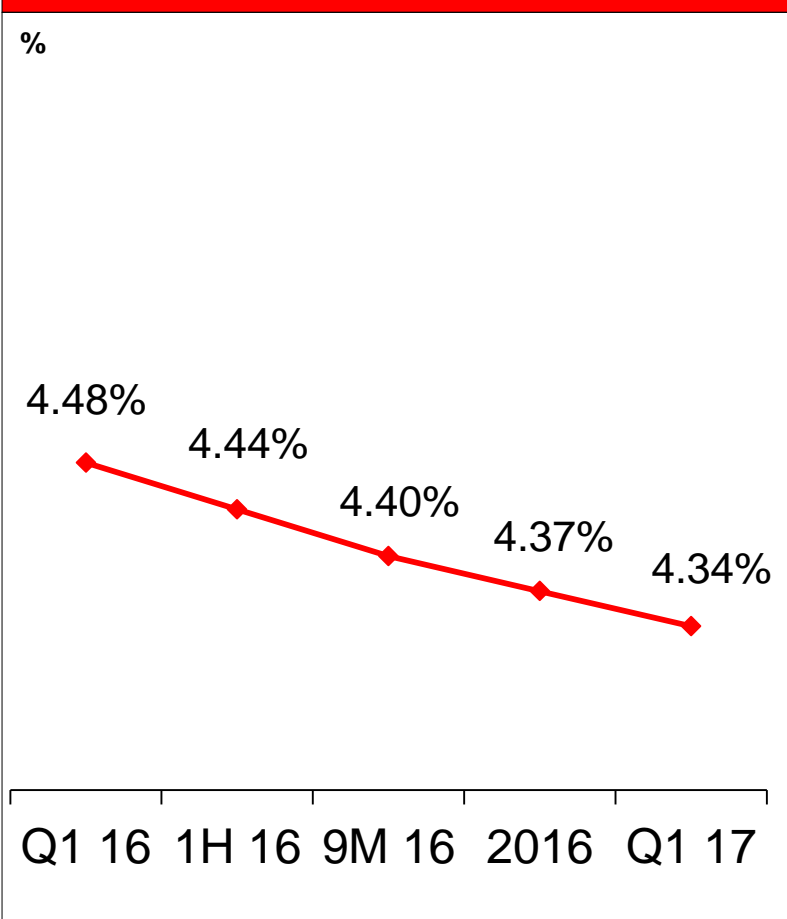


Note:

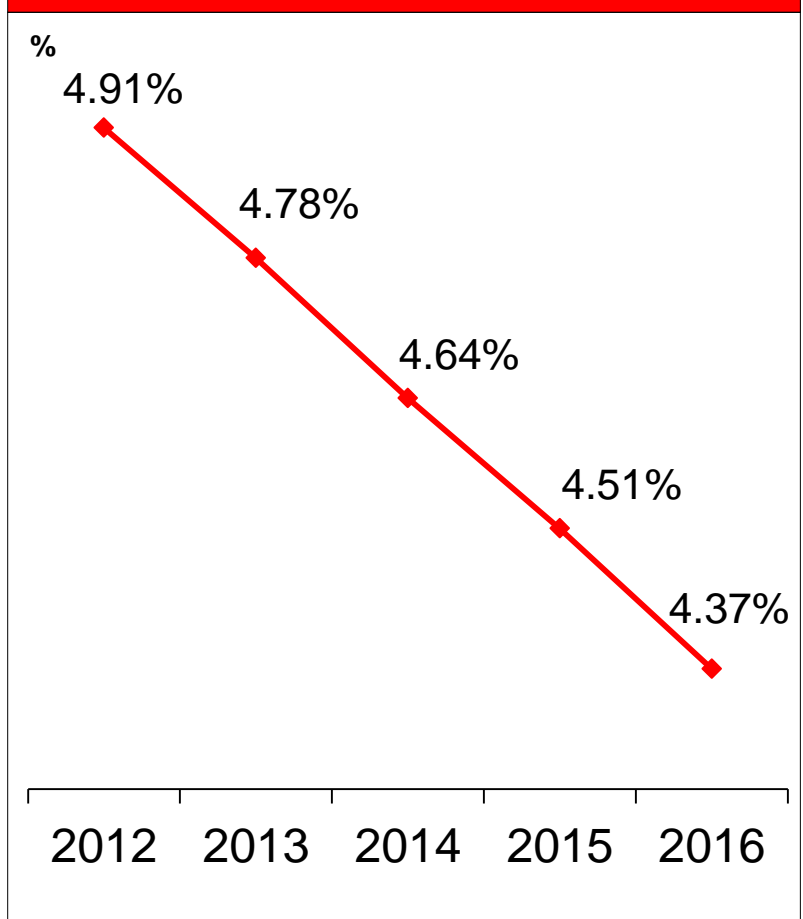
(1) Long-term disability Type A policies are classified as health insurance

# Cost of Liabilities

Cost of Liabilities (quarterly)

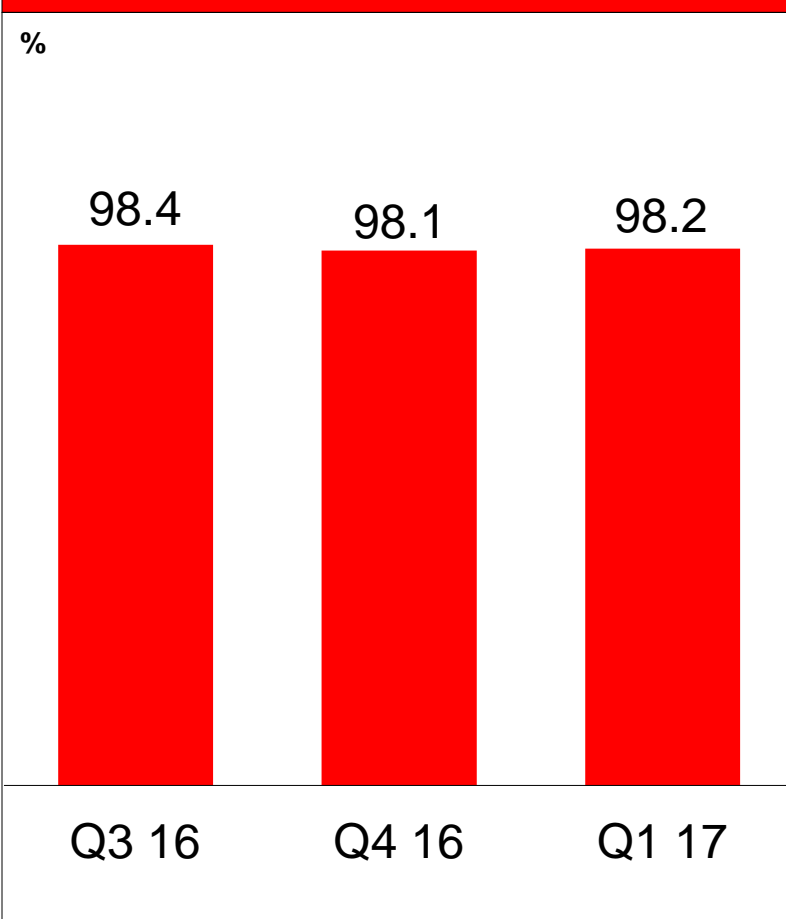


Cost of Liabilities (annual)

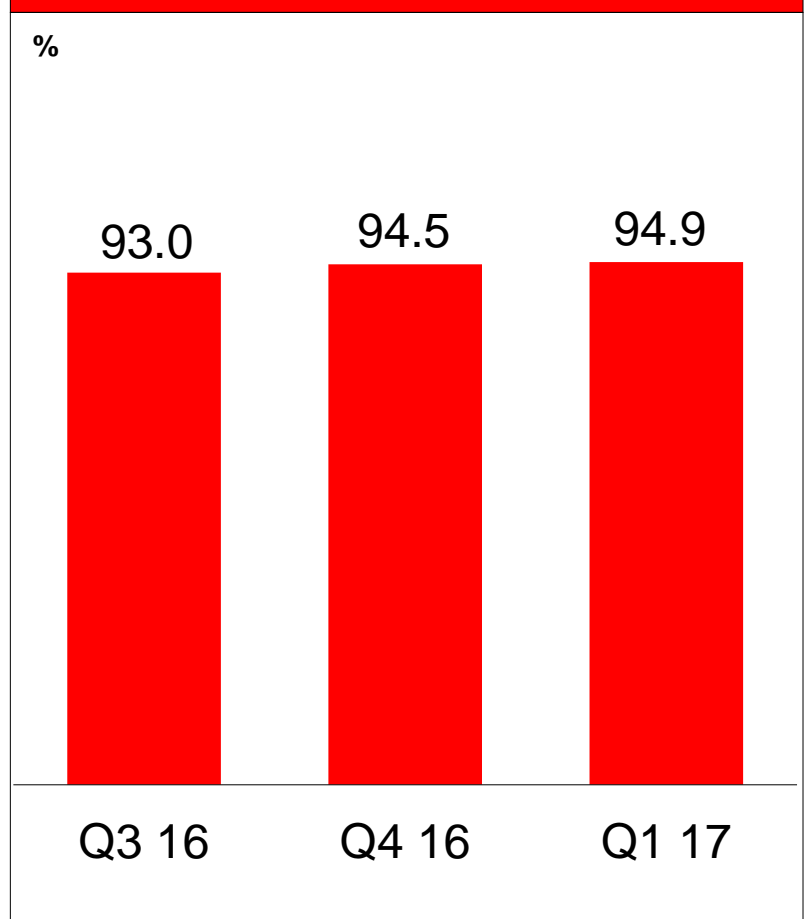


# Persistency Ratio

13 Month Persistency

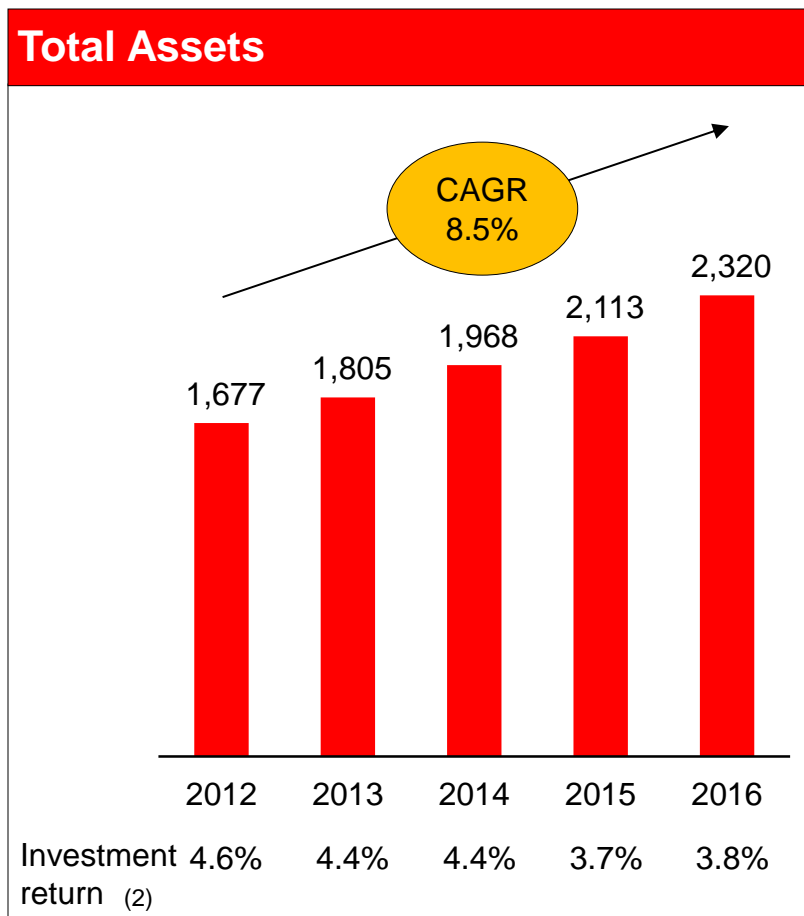


25 Month Persistency



# Investment Portfolio

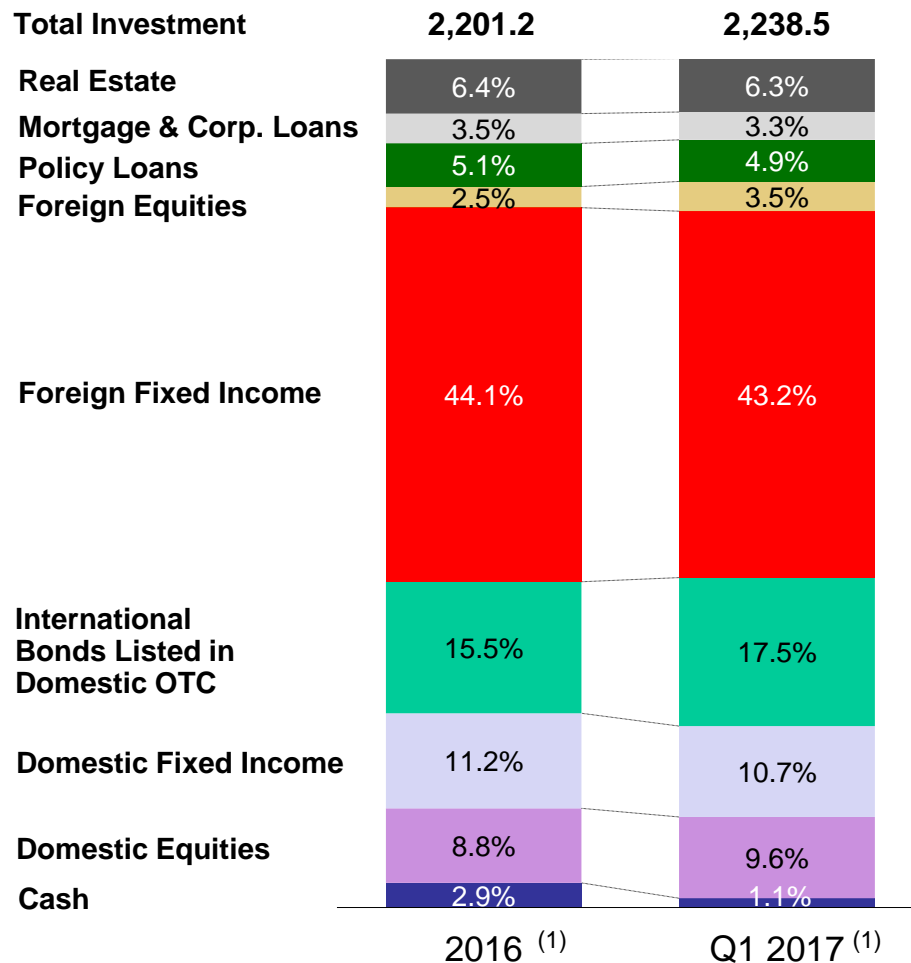
NT\$bn



Note:

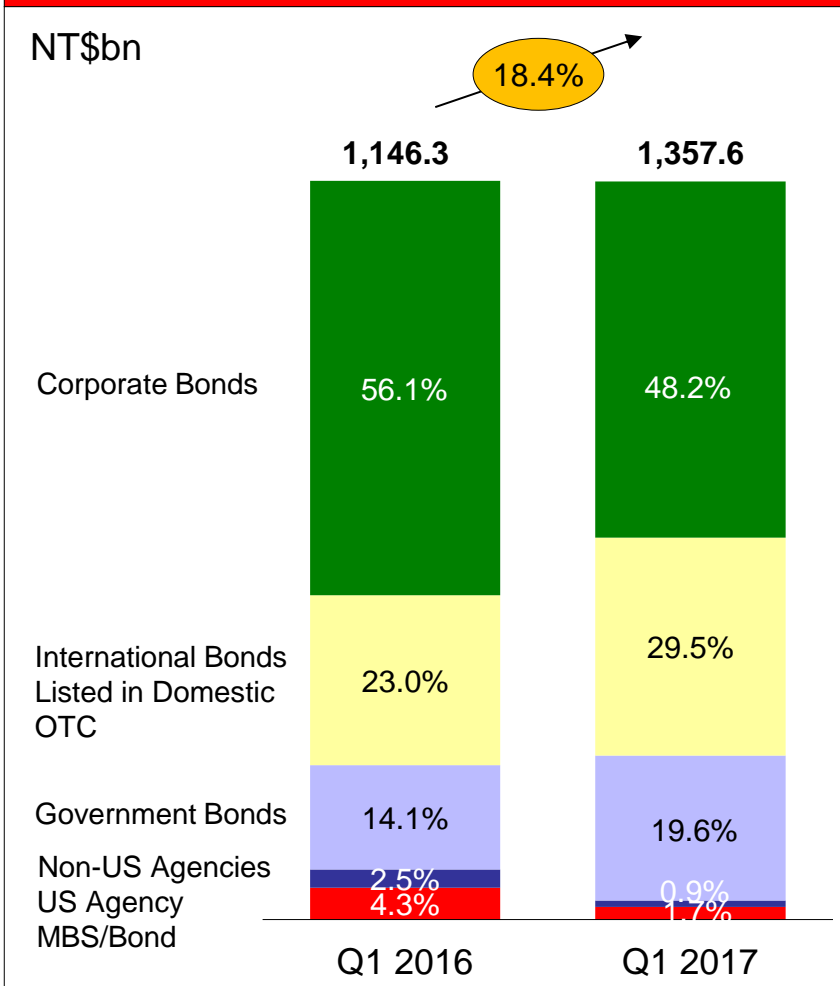
(1) Due to rounding, asset allocation figures may not add up to 100%

(2) Includes capital gains and FX hedging cost

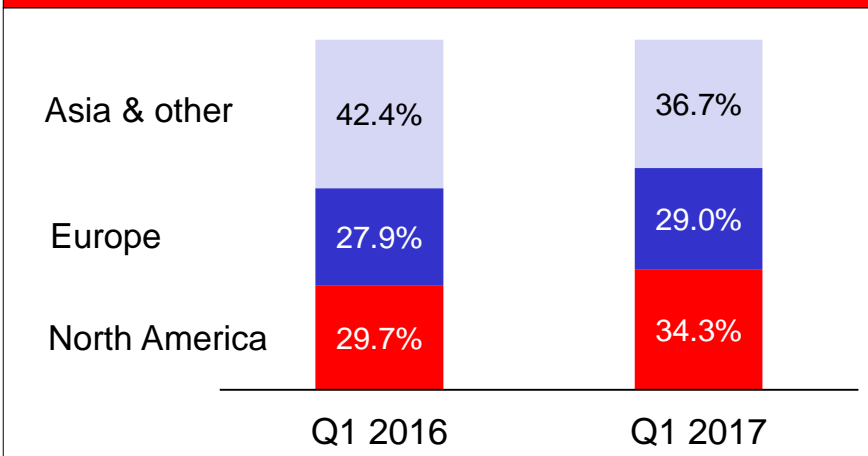


# Overseas Fixed Income

## Overseas Fixed Income Portfolio



## Overseas Fixed Income by Region



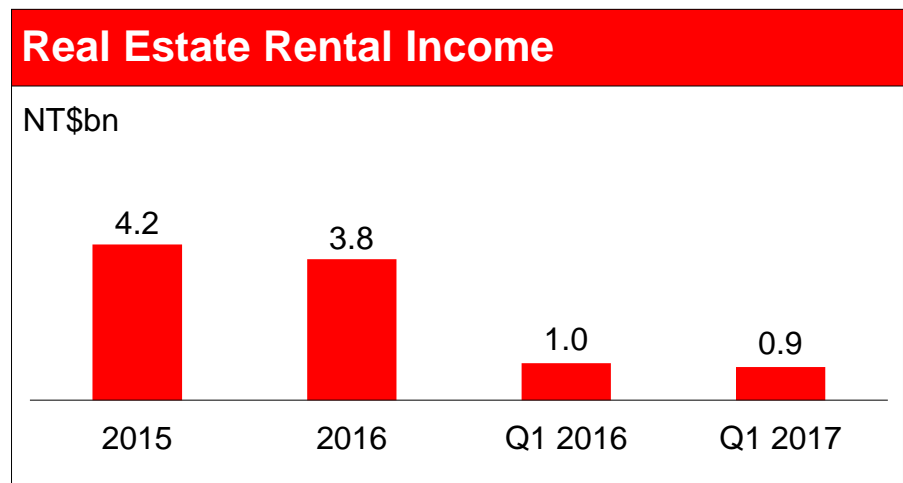
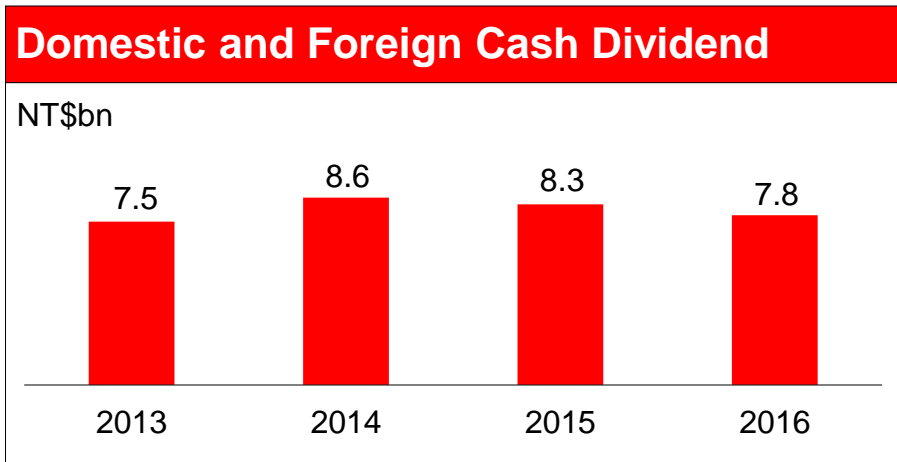
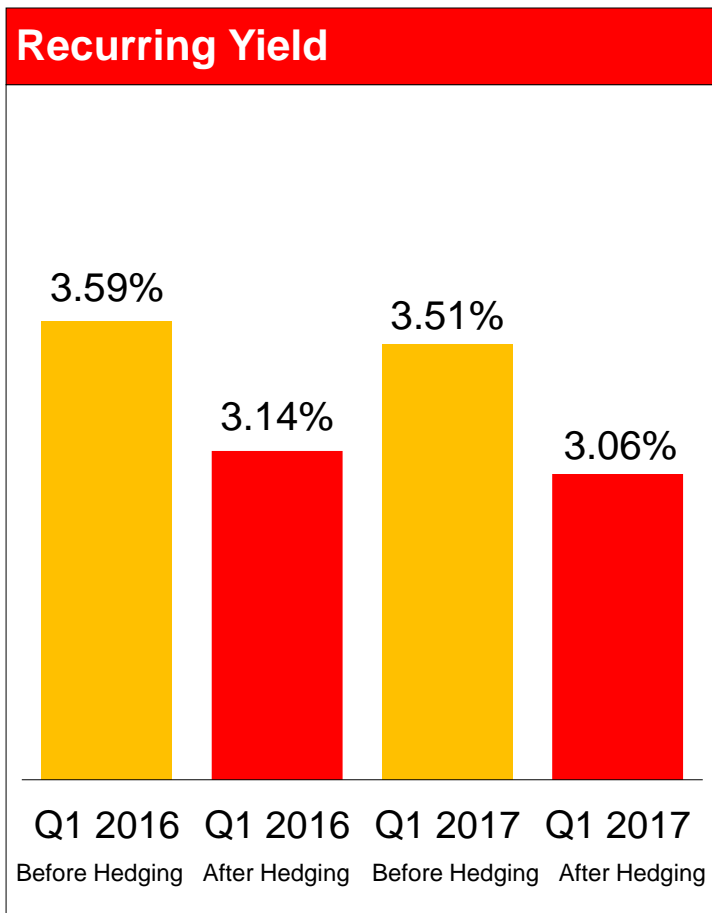
## Comments

- Overseas fixed income grew 18.4% YoY, mainly deployed in emerging market USD government bonds and international bonds listed in domestic OTC
- As of end of Q1 2017, SKL held international bonds of NT\$391.0bn. These bonds offer average yield before hedging of 4.5%, which after hedging is still significantly higher than domestic bonds
- SKL continues to invest in emerging market USD government bonds and overseas corporate bonds to enhance recurring income

Note:

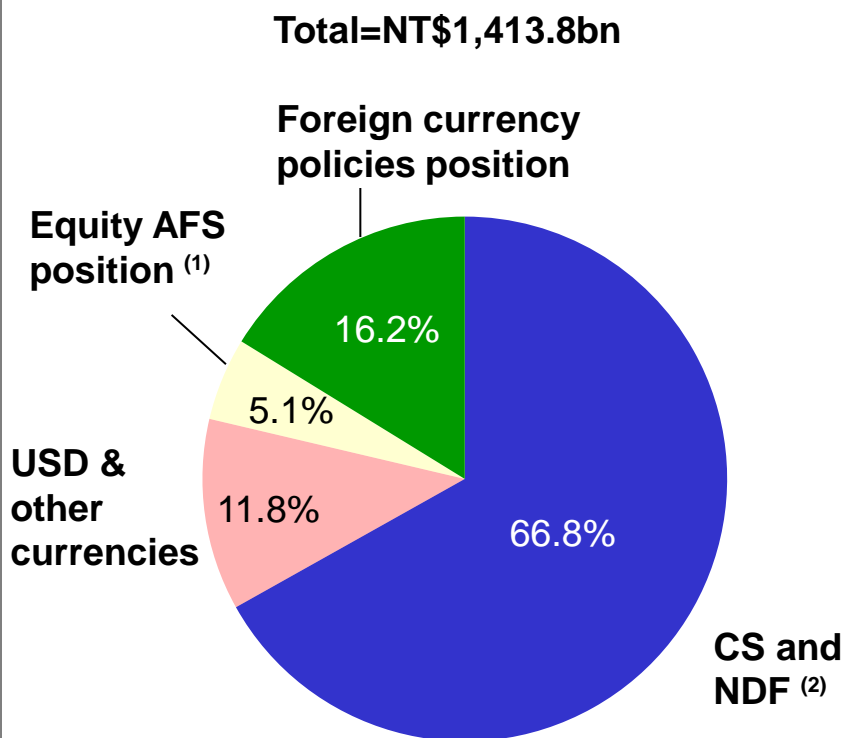
(1) Due to rounding, asset allocation figures may not add up to 100%

# Recurring Income



# Hedging Strategy

## Mix of Hedging Strategies Used



## Comments

- Annualized hedging cost for Q1 2017 was 2.86%; FX volatility reserve was NT\$2.0bn
- Hedging ratio was 83.1%, including CS, NDF, and naturally-hedged foreign currency policies position. Mid- to long-term target of hedging ratio ranges from 70% to 95% under stringent risk management
- Among traditional hedges, CS and NDF accounted for 63% and 37%, respectively
- AFS<sup>(1)</sup> position in foreign equities accounted for 5.1% and was not marked to market in income statement

Note:

(1) Available for sale position

(2) Currency swaps and non-delivery forwards



# Investment Strategy

## Strong ALM Discipline

- Develop Strategic Asset Allocation based on liability profile and capital budget
- Deploy funds from NTD policies in international bonds listed in domestic OTC and funds from FX policies in foreign bonds to enhance recurring yield

## Well-diversified Portfolio

- Diversification by asset class (equity, credit, currency, commodity, real estate)
- Achieve diversification and yield pick-up through overseas investments. Continue to deploy in investment grade bonds to increase interest income
- Control exposure to assets with higher volatility

## Cost-effective Currency Hedging

- Dynamically adjust FX hedging ratio. Mid- to long-term target of CS, NDF, and naturally-hedged foreign currency policies position together ranges from 70% to 95%
- Target hedging cost at 100 bps or below in the mid- to long-term

## Enhance Investment Risk Management

- Consider current situations and characteristics of asset and liability to effectively manage overall investment risks through stringent SAA and TAA plans
- Enhance VAR models under risk management system to cope with changes in financial markets and strictly manage market, credit and business risks

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## SKB – Q1 2017 Overview

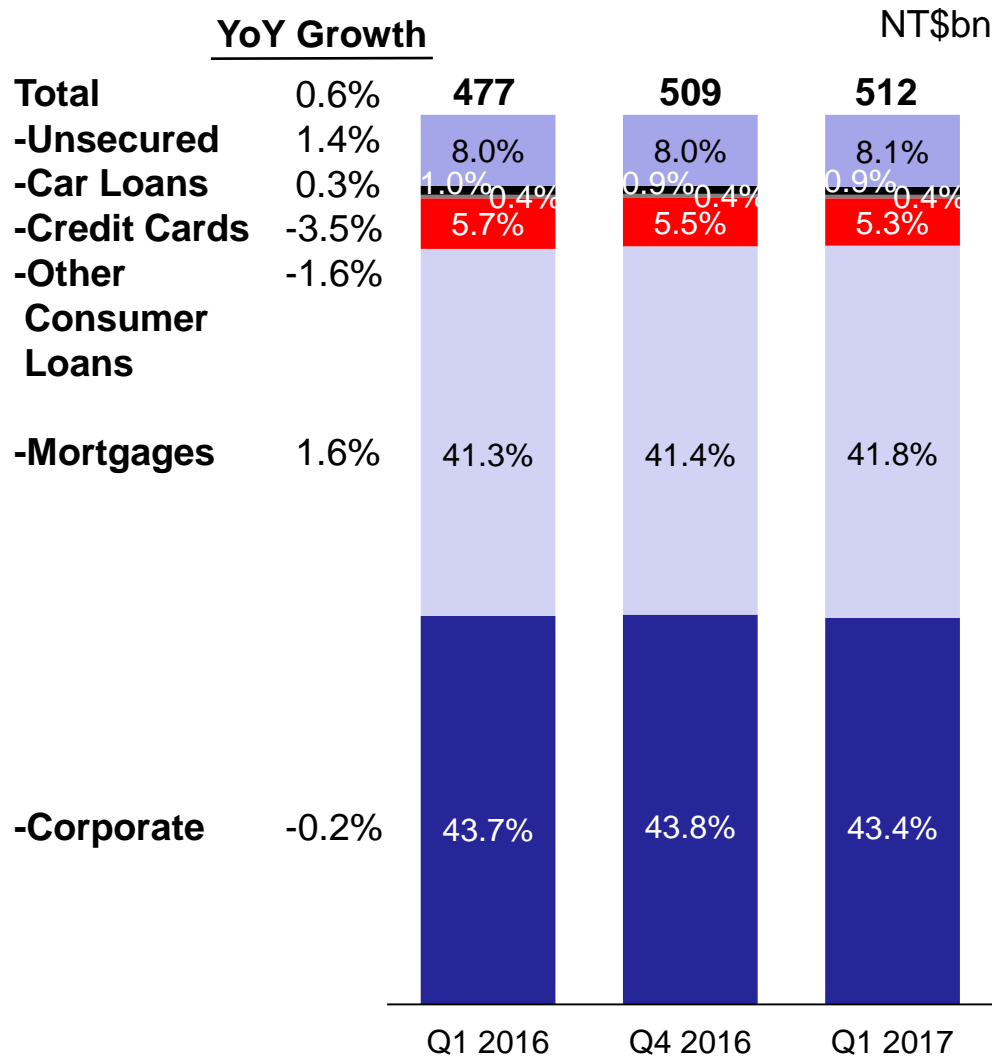
- Consolidated after-tax profit for Q1 2017 was NT\$0.97bn. Net interest income and net fee income increased 4.3% YoY and 4.5% YoY, respectively. Pre-provision operating income was NT\$1.68bn, up 7.5% YoY.
- Loan balance as of Q1 2017 was NT\$511.63bn, up 0.6% YTD. Loan expected to grow 6% in 2017.
- Benefited from loan-to-deposit ratio (incl. credit card balance) increasing to 77.0%, NIM improved 4 bps to 1.59%. Demand deposit ratio rose to 42.3%. NIS was 1.95%, similar to previous quarter.
- Income from wealth management for Q1 2017 was NT\$463mn, up 13.1% YoY, momentum came from sales in mutual fund and overseas securities. Promotional activities on bancassurance expanded to enhance fee income in second quarter.
- NPL ratio and coverage ratio were 0.26% and 476.01%, respectively, better than industry average. To adopt IFRS 9, provision expense for 2017 will be higher than previous year.

# Net Income – Q1 2017

	Q1 2016	Q1 2017	YoY Growth
NT\$mn, %			
Net interest income	2,619	2,731	4.3%
Net fee income	718	750	4.5%
Investment income and other income	210	212	0.7%
Operating expense	-1,987	-2,016	1.5%
Pre-provision operating income	1,560	1,677	7.5%
Provision expense	-290	-515	77.4%
Income tax benefit (expense)	-202	-193	-4.0%
<b>Consolidated Net Income</b>	<b>1,068</b>	<b>969</b>	<b>-9.3%</b>

Note: Total may not add up exactly due to rounding

# Loan Mix

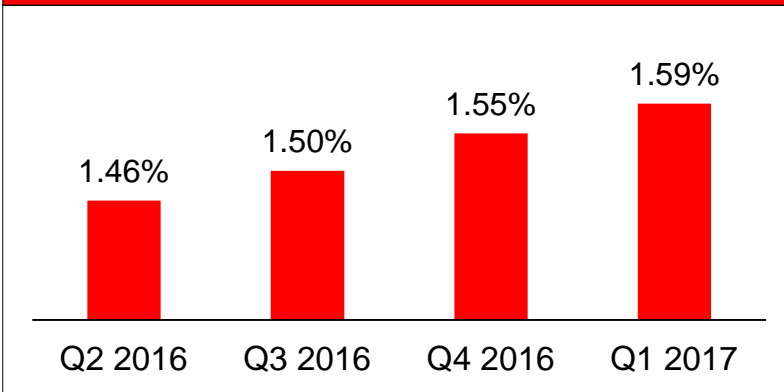


## Comments

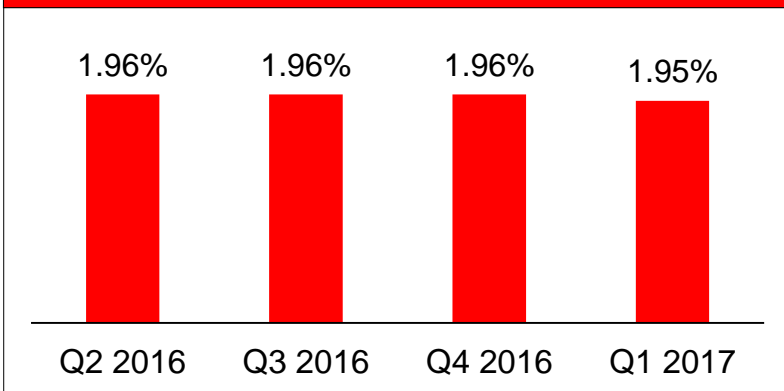
- Loan balance for Q1 2017 amounted to NT\$511.63bn, up 0.6% YTD. Growth mainly came from consumer loans, up 1.2% YTD
- To keep interest spread stable and increase interest income, SKB will continuously promote domestic and overseas corporate loans
- To control asset quality, overseas syndicated loans emphasize on enterprises with good credit ratings

# Interest Income

## Net Interest Margin



## Net Interest Spread

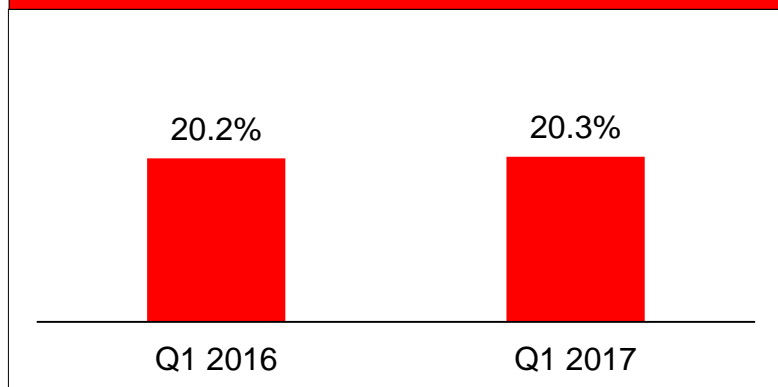


## Comments

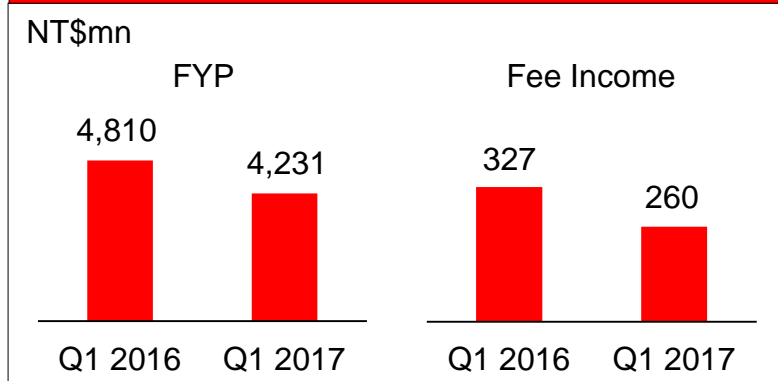
- With enhancement in loan-to-deposit ratio, NIM increased 4 bps QoQ to 1.59% in Q1
- NIS for Q1 was 1.95%, maintaining stable
- SKB will continue to:
  - Stably expand investments and loans to global corporates to sustain spread
  - Increase demand deposit to lower cost of funds
  - Continuously promote foreign deposit to expand overseas business

# Fee Income

## Net Fee Income / Total Income



## Bancassurance



## Fee Income Breakdown

NT\$m

Total =

981

990

FX, Trust & Others

20.7%

17.2%

WM (incl. Bancassurance)

40.0%

43.9%

Loan

12.8%

12.6%

Credit Card

26.5%

26.4%

Q1 2016

Q1 2017

Note: Due to rounding, fee income breakdown may not add up to 100%

# Wealth Management

## Wealth Management Income Breakdown

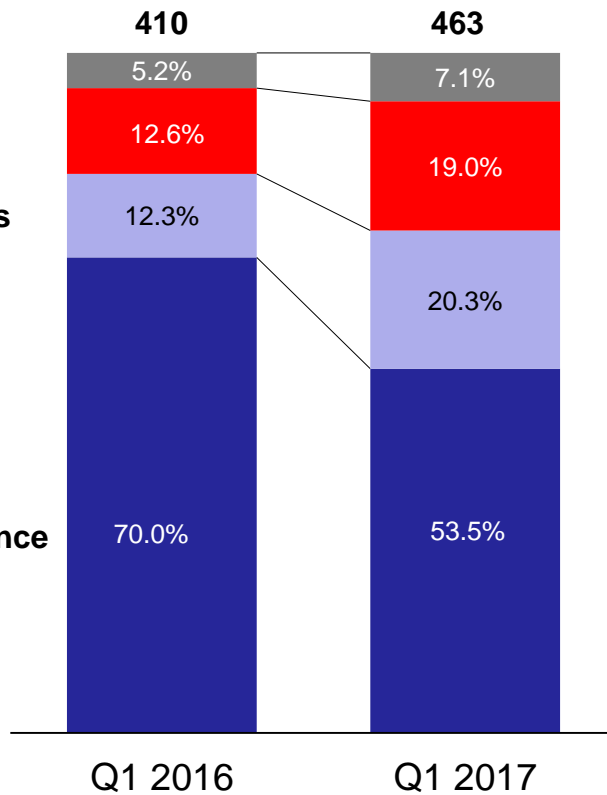
NT\$m

Total =  
Others

Overseas  
Securities

Mutual funds

Bancassurance



## Wealth Management Center



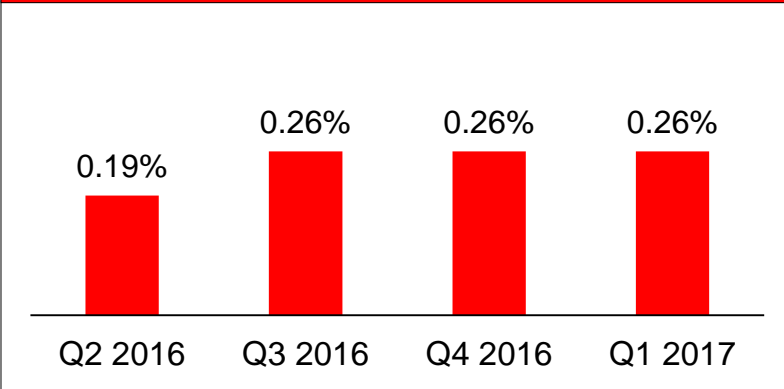
- Driven by strong sales in mutual fund and overseas securities, income from wealth management for Q1 2017 reached NT\$463mn, up 13.1% YoY
- SKB will strengthen sales in bancassurance during second quarter to boost fee income
- Increase foreign currency funds and expand clients base through promotional projects, including preferential time deposit and backflows of maturity payment in foreign currency policies

Note: Due to rounding, WM income breakdown may not add up to 100%

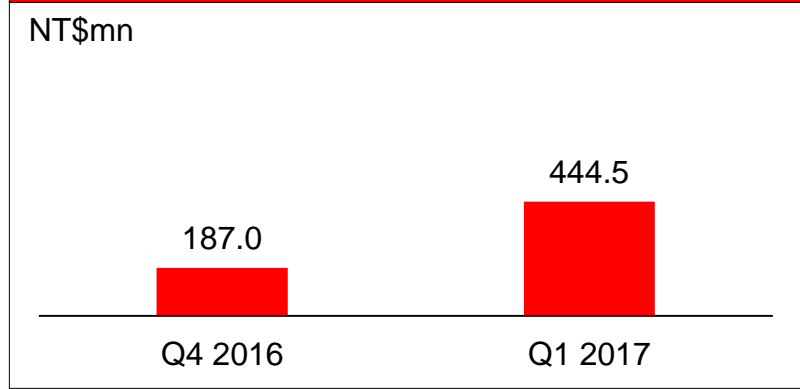


# Asset Quality

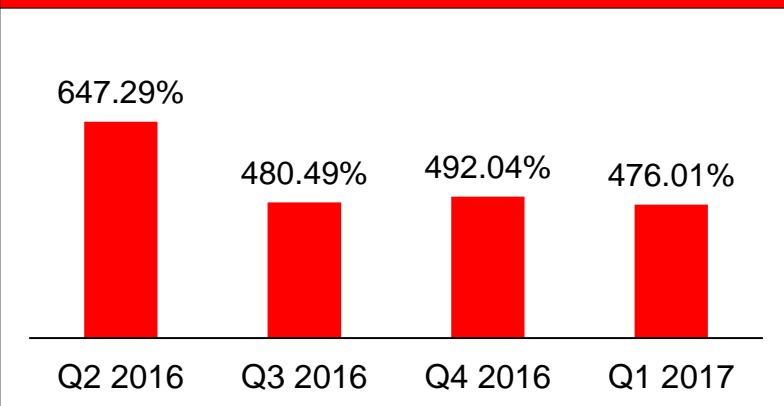
## NPL Ratio



## New NPL Generation



## Coverage Ratio



- New NPL generated in Q1 2017 was NT\$444mn, NT\$257mn higher than Q4 2016
- New NPL mostly came from one foreclosed case. Legal process completed in April with no loss incurred
- NPL ratio and coverage ratio for Q1 2017 were 0.26% and 476.01% respectively, better than industry average

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# SKL – EV & AV Results

Unit: NT\$bn

	2015.12	2016.12	YoY growth
In-force business investment yield	NTD 4.05%~5.10% USD 4.32%~6.09% Equivalent investment yield: 4.46% (rolling over to 2016: 4.50%)	NTD 3.91%~5.10% USD 4.45%~5.62% Equivalent investment yield: 4.42%	--
Future one year's new business investment yield	NTD 4.06%~5.10% USD 4.25%~5.68%	NTD 3.52%~5.10% USD 4.44%~5.62%	--
Adjusted NAV	164.8	159.5	-3%
VIF	121.4	138.7	14%
COC	70.6	69.6	-1%
EV	215.7	228.6	6%
EV / per share (SKL / SKFH)	37.2 / 21.1	39.4 / 22.8	--
V1NB	16.8	22.2	33%
AV – 5 years NB	273.8	316.1	15%
5-year AV / per share (SKL / SKFH)	47.2 / 26.8	54.5 / 31.5	--
AV – 20 years NB	349.8	421.0	20%
20-year AV / per share (SKL / SKFH)	60.3 / 34.2	72.6 / 42.0	--

Note: Based on SKL's outstanding shares of 5.80bn as of the end of 2016

Based on SKFH's outstanding shares of 10.03bn as of the end of 2016

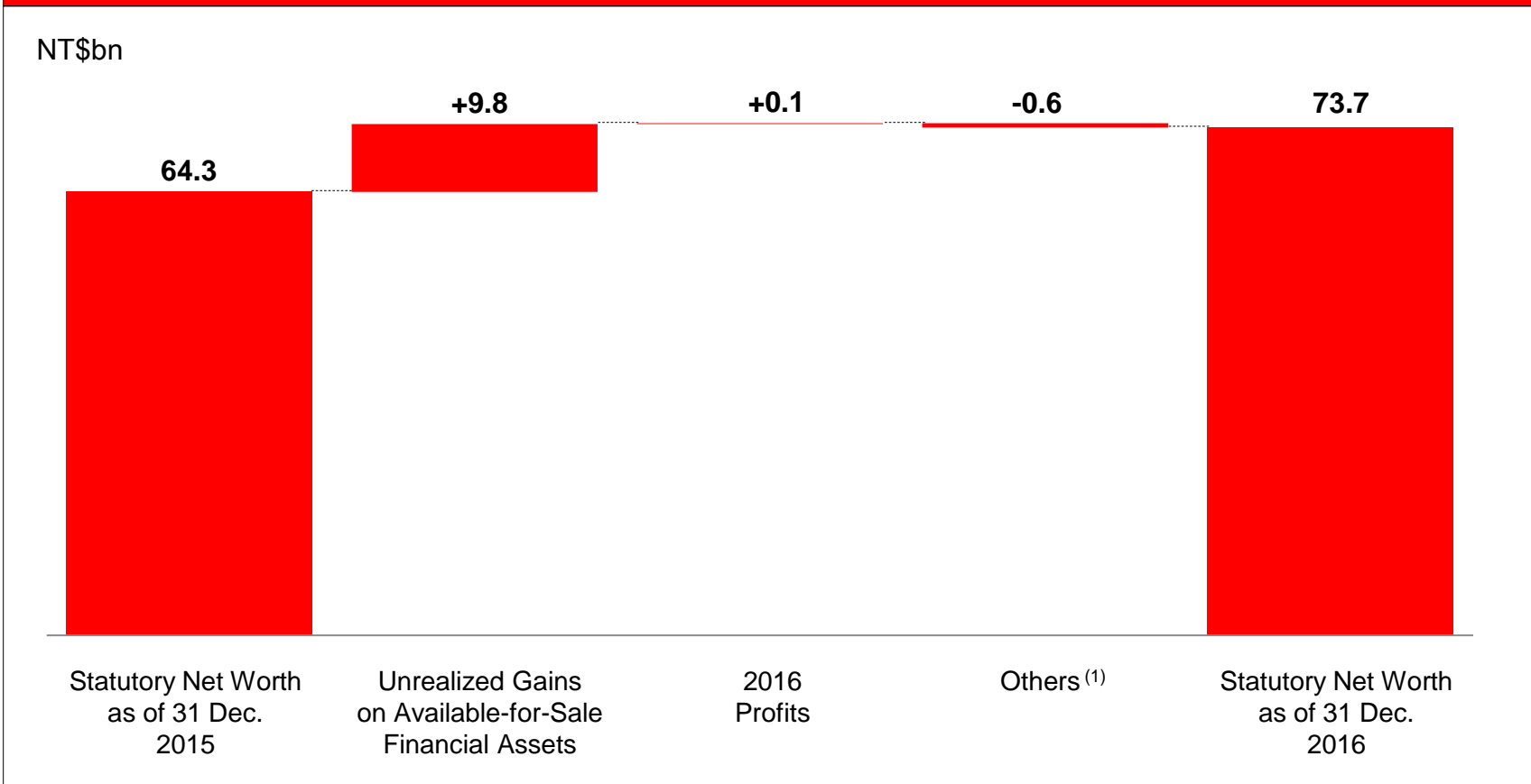
# SKL – Estimate of Embedded / Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec. 2016 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		<b>VIF</b> <b>NTD 3.91%~5.10%</b> <b>USD 4.45%~5.62%</b> <b>V1NB</b> <b>NTD 3.52%~5.10%</b> <b>USD 4.44%~5.62%</b> <b>RDR 10.5%</b>	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR -1.0%	RDR +1.0%
Adjusted NAV	159.5	159.5	<b>159.5</b>	159.5	159.5
VIF	93.5	180.7	<b>138.7</b>	159.1	122.4
Cost of Capital (COC)	72.0	67.4	<b>69.6</b>	65.1	73.3
<b>EV after COC</b>	<b>181.1</b>	<b>272.8</b>	<b>228.6</b>	<b>253.5</b>	<b>208.6</b>
<b>V1NB after COC</b>	<b>20.2</b>	<b>24.2</b>	<b>22.2</b>	<b>25.9</b>	<b>19.1</b>
AV (5 years NB)	260.5	368.1	<b>316.1</b>	355.5	283.9
AV (20 years NB)	355.7	482.3	<b>421.0</b>	477.8	374.3

Note: Figures may not add up exactly due to rounding

# SKL – Analysis of Change in Net Worth

**Changes between 31 Dec. 2015 and 31 Dec. 2016  
broken down by components**

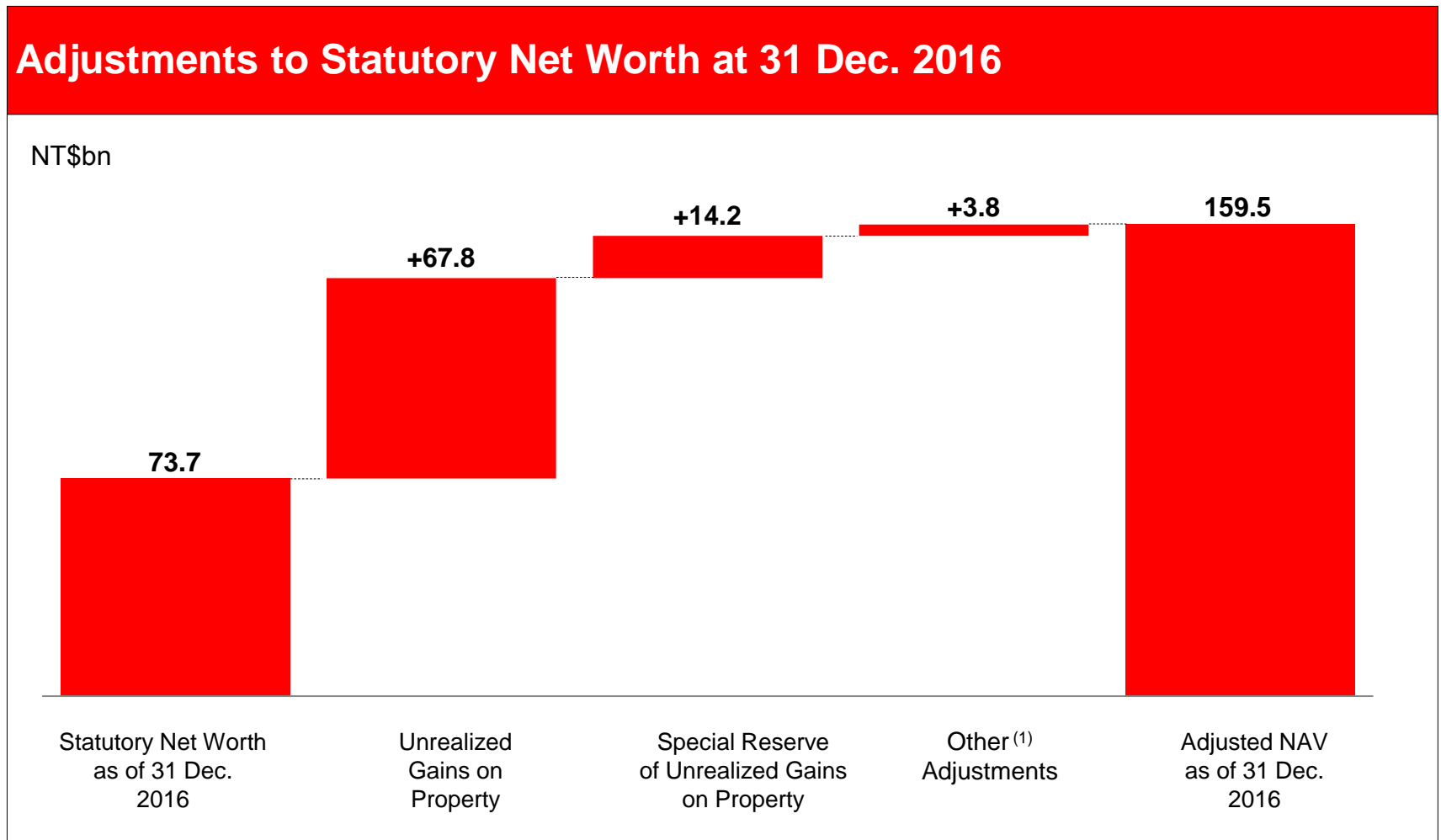


Note:

(1) Including remeasurement of defined benefit plans and other items

(2) Figures may not add up exactly due to rounding

# SKL – Adjusted NAV



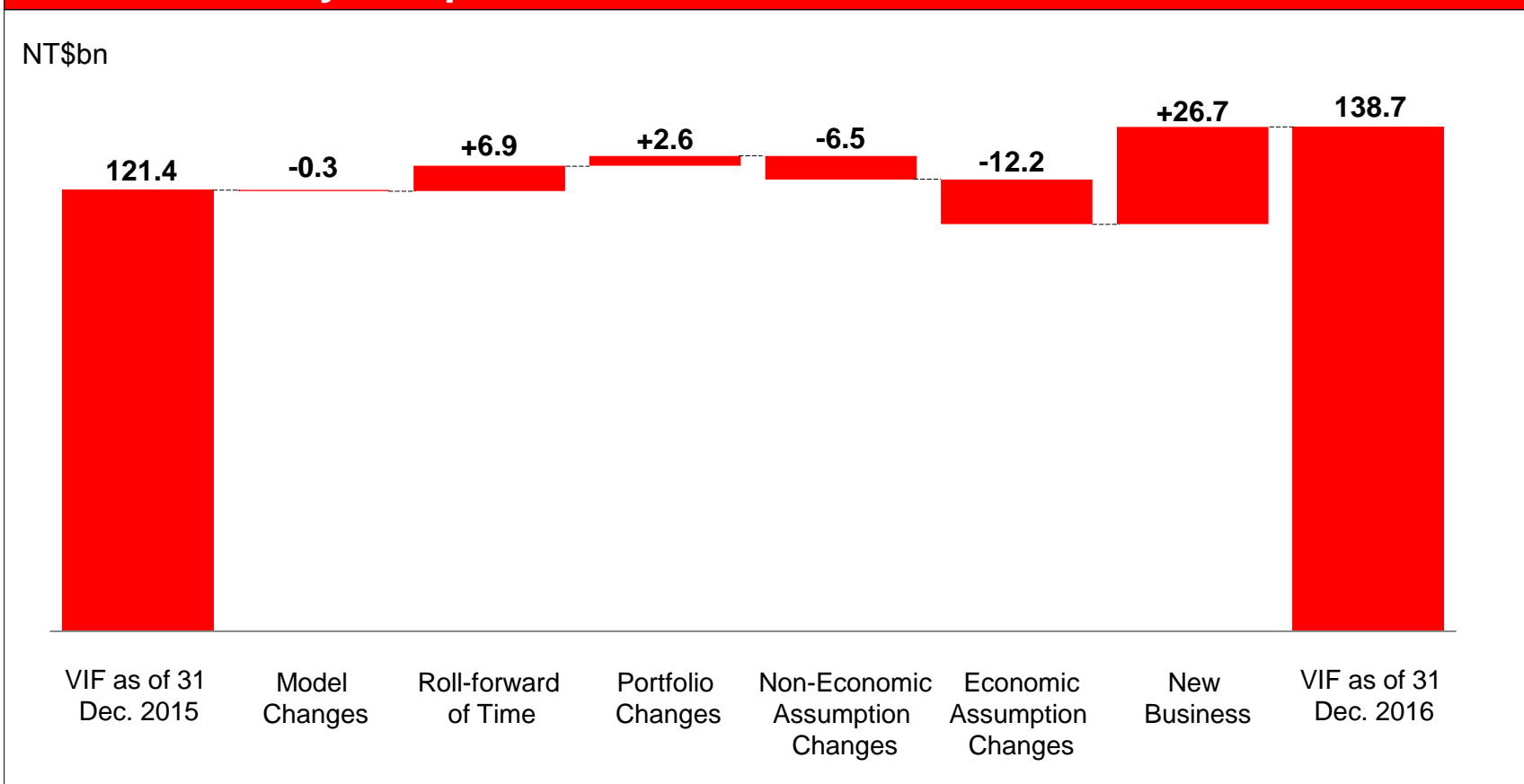
Note:

(1) Including foreign exchange volatility reserve and other items

(2) Figures may not add up exactly due to rounding

# SKL – Analysis of Change in VIF

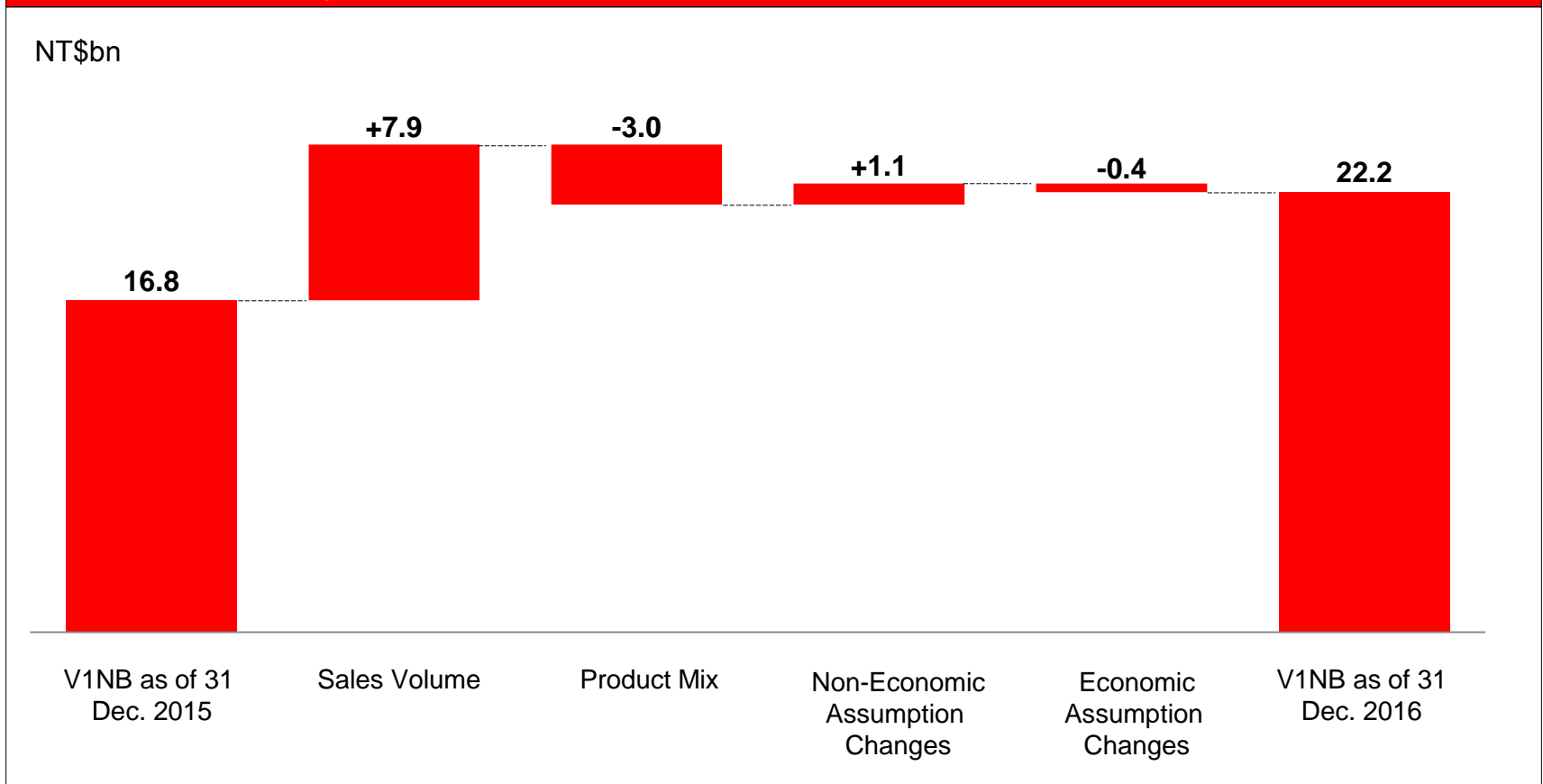
## Changes between 31 Dec. 2015 and 31 Dec. 2016 broken down by components



Note: Figures may not add up exactly due to rounding

# SKL – Analysis of Change in V1NB

## Changes between 31 Dec. 2015 and 31 Dec. 2016 broken down by components



Note: Figures may not add up exactly due to rounding



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# SP / RP Breakdown

NT\$bn

<b>Q1 2017 FYP</b>	<b>Single Premium</b>	<b>Regular Premium</b>	<b>Flexible Payment</b>	<b>Total</b>
Traditional	18.32	8.28		26.60
Investment-linked				
VUL / VA		0.01	0.10	0.11
Structured note	0.00			0.00
Interest sensitive				
Annuity / UL	0.00		0.07	0.07
PA, health and others <sup>(1)</sup>		1.44		1.44
<b>Total</b>	<b>18.32</b>	<b>9.74</b>	<b>0.17</b>	<b>28.23</b>
<b>Share</b>	<b>64.9%</b>	<b>34.5%</b>	<b>0.6%</b>	<b>100.0%</b>

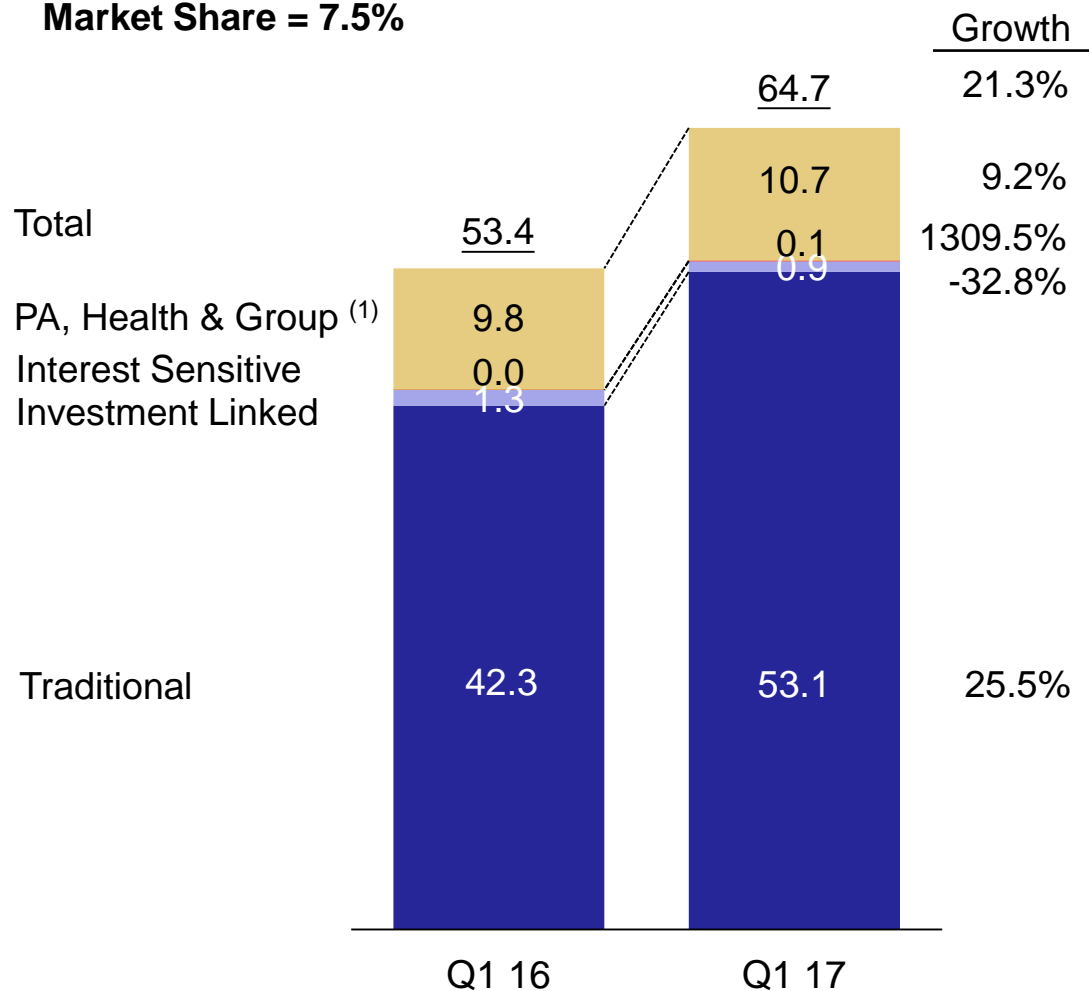
Note :

(1) Long-term disability Type A policies are classified as health insurance

# Total Premium – Q1 2017

NT\$bn

**Market Share = 7.5%**



## Comments

- Driven by FYP of traditional products up 37.5% YoY, total premium of traditional products grew 25.5% YoY, and overall total premium increased 21.3% YoY
- Total investment-linked premium declined 32.8% YoY, as sales focus remained on NTD/FX savings policies and protection products
- PA, Health & Group products grew steadily YoY

Note :

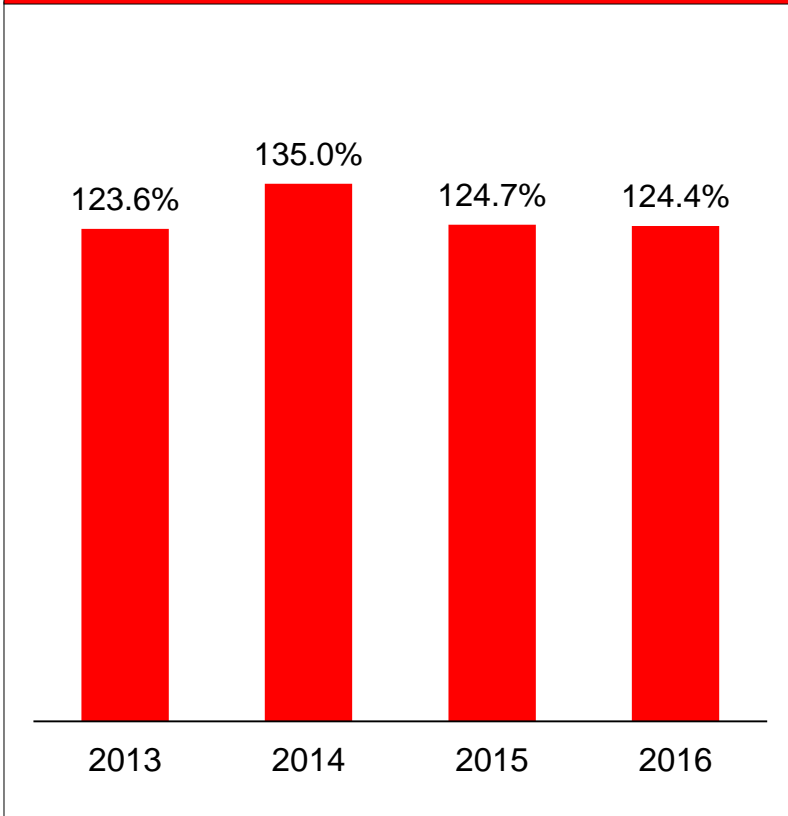
(1) Long-term disability Type A policies are classified as health insurance

# Contents

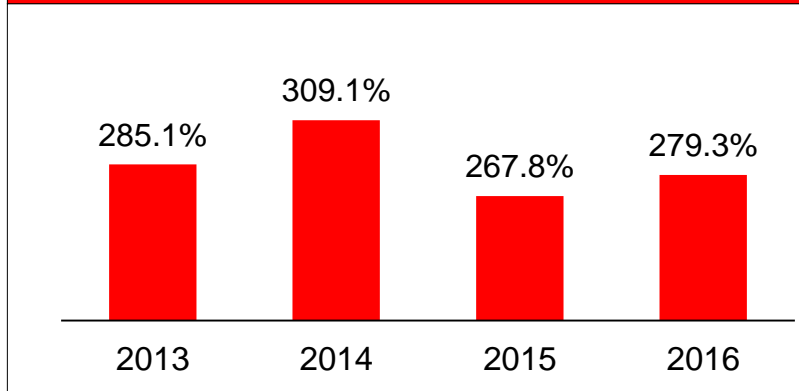
- I. SKFH
- II. Life Insurance Business
- III. Banking Business
- IV. Life's 2016 EV/AV Results
- V. Appendix
  - Life Premium Summary
  - **Capital Adequacy**

# Capital Adequacy

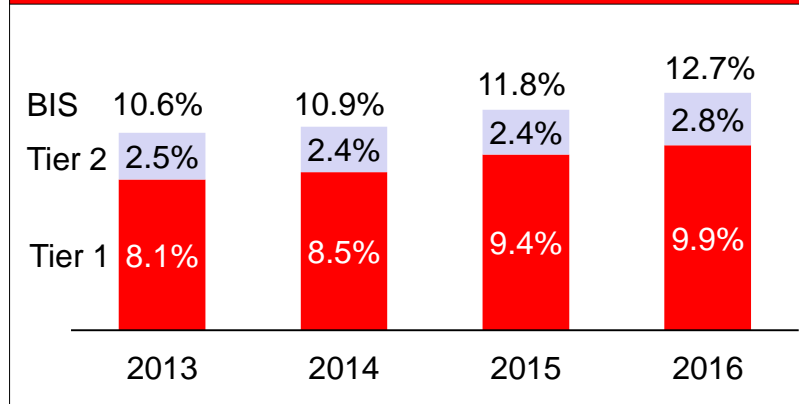
## CAR of SKFH



## RBC of SKL



## BIS of Shin Kong Bank





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**E-mail : [ir@skfh.com.tw](mailto:ir@skfh.com.tw)**

**Shin Kong Financial Holding**

## Financial Summary

(NT\$m)

<b>Income Statement Data</b>	<b>2016/2015</b>			<b>Q1 17/Q1 16</b>		
	<b>2015</b>	<b>2016</b>	<b>% change</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>% change</b>
Net interest income	(225)	(196)	-12.9%	(48)	(46)	-3.9%
Income from subsidiaries						
Shin Kong Life	143	126	-12.1%	(3,662)	(3,930)	7.3%
Shin Kong Bank	5,033	4,630	-8.0%	1,068	969	-9.3%
MasterLink Securities	513	135	-73.6%	22	49	126.1%
Shin Kong Investment Trust	16	86	454.0%	5	5	-1.6%
Shin Kong Venture Capital International	17	25	46.1%	4	9	107.6%
Shin Kong Property Insurance Agency	46	53	14.6%	15	17	10.7%
Total income from subsidiaries	5,768	5,055	-12.4%	(2,548)	(2,881)	13.1%
Other income	114	53	-53.2%	4	197	4838.4%
Administrative and general expenses	(243)	(224)	-7.5%	(54)	(56)	2.8%
Income tax benefit (expense)	366	122	-66.6%	35	(142)	-507.6%
Cumulative effect of changes in accounting principle	0	0		0	0	
Net income	5,780	4,810	-16.8%	(2,612)	(2,928)	12.1%
Other comprehensive income (loss), after tax	(5,455)	8,236	-251.0%	1,334	5,898	342.2%
Total comprehensive income (loss)	325	13,046	3914.8%	(1,278)	2,970	-332.5%

<b>Balance Sheet Data</b>	<b>2016/2015</b>			<b>Q1 17/Q1 16</b>		
	<b>2015</b>	<b>2016</b>	<b>% change</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>% change</b>
Long term investment	120,614	133,173	10.4%	118,889	136,146	14.5%
Total assets	2,963,071	3,157,673	6.6%	2,971,139	3,177,154	6.9%
Shareholders' equity (excl. minority)	108,330	121,397	12.1%	107,052	124,382	16.2%

Note:

(1) Numbers have not been reviewed by the auditors.

**Shin Kong Life**  
Financial Summary  
(NT\$m)

<b>Income Statement Data</b>	<b>2015</b>	<b>2016</b>	<b>2016/2015</b>		<b>Q1 17/Q1 16</b>	
			<b>% change</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>% change</b>
Premium income	222,780	260,759	17.0%	52,645	64,082	21.7%
Investment income						
Interest income	62,414	70,225	12.5%	17,139	18,525	8.1%
Gains on investments in securities	1,683	17,032	911.7%	(1,756)	4,956	-382.3%
Gains on real estate investments	12,927	3,811	-70.5%	995	945	-5.1%
FX	(7,595)	(14,850)	95.5%	(2,933)	(11,154)	280.2%
FX gain or loss	29,799	(28,598)	-196.0%	(22,170)	(69,389)	213.0%
Hedging	(37,394)	13,748	-136.8%	19,237	58,235	202.7%
FX Reserve	1,144	3,767	229.3%	679	1,106	62.8%
Impairment loss	242	(489)	-302.7%	0	0	
Total Investment income	70,815	79,496	12.3%	14,125	14,379	1.8%
Other operating income	1,860	1,675	-10.0%	362	354	-2.2%
Provisions for reserves						
Provisions	(259,600)	(301,824)	16.3%	(62,342)	(73,748)	18.3%
Recoveries	88,707	97,467	9.9%	18,979	21,631	14.0%
Total provisions for reserves, net	(170,892)	(204,356)	19.6%	(43,363)	(52,116)	20.2%
Insurance payments	(100,779)	(109,538)	8.7%	(22,272)	(25,328)	13.7%
Commission expenses	(7,977)	(13,247)	66.1%	(1,706)	(3,412)	100.0%
Separate account revenues	1,096	5,773	426.7%	2,455	891	-63.7%
Separate account expenses	(1,096)	(5,773)	426.7%	(2,455)	(891)	-63.7%
General and administrative expenses	(13,898)	(13,984)	0.6%	(3,316)	(2,947)	-11.1%
Other operating costs and expenses	(1,449)	(1,508)	4.1%	(396)	(555)	40.2%
Operating income	460	(703)	-252.7%	(3,921)	(5,544)	41.4%
Non-operating income and expenses	175	114	-34.9%	115	42	-64.0%
Income taxes	(486)	727	-249.7%	146	1,574	978.7%
Cumulative effect of changes in accounting principles	0	0		0	0	
Net income	150	138	-7.6%	(3,660)	(3,928)	7.3%
Other comprehensive income (loss)						
Exchange differences on translation of foreign operations financial statements	(0)	(2)	375.0%	1	(4)	-537.1%
Unrealized gains (losses) on available-for-sale financial assets	(5,238)	11,256	-314.9%	1,419	6,682	370.9%
Gains (losses) on effective portion of cash flow hedges	0	0		0	0	
Actuarial gains (losses) on defined benefit plans	(639)	(620)	-3.0%	0	0	
Share of other comprehensive income of associates and joint ventures accounted for using equity method	20	(12)	-161.4%	(13)	0	-100.0%
Income tax relating to components of other comprehensive income	519	(1,410)	-371.5%	(46)	(795)	1628.8%
Total comprehensive income (loss)	(5,188)	9,350	-280.2%	(2,299)	1,956	-185.1%

<b>Balance Sheet Data</b>	<b>2015</b>	<b>2016</b>	<b>2016/2015</b>		<b>Q1 17/Q1 16</b>	
			<b>% change</b>	<b>Q1 2016</b>	<b>Q1 2017</b>	<b>% change</b>
Total assets	2,113,486	2,319,734	9.8%	2,132,270	2,340,171	9.8%
Total shareholders' equity	64,435	73,772	14.5%	62,136	75,728	21.9%

Note:

(1) Numbers have not been reviewed by the auditors.



**Shin Kong Bank**  
Financial Summary  
(NT\$m)

Income Statement Data	2015	2016	2016/2015		Q1 17/Q1 16	
			% change	Q1 2016	Q1 2017	% change
Interest income	16,068	15,279	-4.9%	3,893	3,777	-3.0%
Interest expense	(5,704)	(4,590)	-19.5%	(1,275)	(1,046)	-18.0%
Net interest income	10,364	10,688	3.1%	2,619	2,731	4.3%
Fee income	4,123	4,258	3.3%	981	990	0.9%
Fee expense	(1,007)	(1,026)	1.9%	(264)	(241)	-8.8%
Net fee income	3,117	3,233	3.7%	718	750	4.5%
Gains on bill & securities	1,574	638	-59.5%	(36)	234	-748.5%
Gains on foreign exchange, net	97	96	-1.6%	192	(55)	-128.4%
Other gains or losses, net	272	95	-65.2%	54	33	-39.7%
Operating expense	(7,775)	(7,980)	2.6%	(1,987)	(2,016)	1.5%
Pre-provision income or loss	7,648	6,769	-11.5%	1,560	1,677	7.5%
Provision expense	(1,726)	(1,263)	-26.8%	(290)	(515)	77.4%
Income tax (expense) benefit	(890)	(876)	-1.6%	(202)	(193)	-4.0%
Net income	5,033	4,630	-8.0%	1,068	969	-9.3%
Other comprehensive income (loss)						
Exchange differences on translation of foreign operations financial statements	82	(14)	-117.5%	(11)	(7)	-35.2%
Unrealized gains (losses) on available-for-sale financial assets	24	(539)	-2371.0%	92	75	-18.4%
Actuarial gains and losses on defined benefit plans	(234)	(190)	-18.8%	0	0	
Income tax relating to components of other comprehensive income	40	32	-18.7%	0	0	
Other comprehensive income (loss), after tax	(89)	(712)	697.4%	81	68	-16.1%
Total comprehensive income (loss)	4,944	3,919	-20.7%	1,149	1,037	-9.8%

Balance Sheet Data	2015	2016	2016/2015		Q1 17/Q1 16	
			% change	Q1 2016	Q1 2017	% change
Total assets	788,387	782,380	-0.8%	785,551	761,383	-3.1%
Total shareholders' equity	45,779	49,197	7.5%	46,428	50,234	8.2%
Total loans, net <sup>(1)</sup>	479,668	501,315	4.5%	469,524	504,391	7.4%
Total deposits	679,593	686,883	1.1%	684,486	657,324	-4.0%

Operating Metrics	2015	2016	Q1 2016		Q1 2017	
Fee income ratio	20.2%	21.9%		20.2%		20.3%
Cost income ratio	50.0%	53.8%		55.8%		54.3%
Loan/deposit ratio (excl. credit card)	70.6%	73.0%		68.6%		76.7%
Loan/deposit ratio (incl. credit card)	70.9%	73.3%		68.9%		77.0%
Net interest margin	1.46%	1.50%		1.48%		1.59%
Net interest spread	1.93%	1.97%		1.98%		1.95%
Pre-provision earnings/assets	0.99%	0.86%		0.20%		0.22%
Pre-provision earnings/equity	17.56%	14.26%		3.38%		3.37%

Note:

(1) Excludes credit cards but include overdue receivables.

(2) Numbers have not been reviewed by the auditors.