



**SKFH**

# **Q1 2020 Results Update**

**2020/5/28**

# Disclaimer

This presentation and the presentation materials distributed herewith include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Shin Kong Financial Holding Company (“Shin Kong FHC”) expect or anticipate will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. Shin Kong FHC’s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control. In addition, Shin Kong FHC makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

Figures of Q1 2019 and Q1 2020 in this presentation and the presentation materials distributed herewith are reviewed numbers.

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# SKFH – Q1 2020 Overview

- SKFH recorded consolidated after-tax profit of NT\$6.67bn for Q1 2020, up 20.3% YoY; EPS was NT\$0.53. Consolidated shareholders' equity was NT\$149.72bn, and book value per share was NT\$11.81.
- Subsidiaries' core business remained robust.
  - Shin Kong Life:
    - ◆ Boosted by higher investment income and lower cost of liabilities, consolidated after-tax profit for Q1 2020 reached NT\$5.65bn, 46.7% higher YoY.
    - ◆ FX policies remained strategic focus with sales amounting to NT\$14.36bn, accounting for 70.0% of total FYP. Cost of liabilities declined 2 bps YTD to 3.95%.
  - Shin Kong Bank:
    - ◆ Consolidated after-tax profit for Q1 2020 was NT\$1.33bn, up 12.0% YoY.
    - ◆ Asset quality improved with NPL ratio falling to 0.19% and coverage ratio increasing to 663.43%.
  - MasterLink Securities:
    - ◆ Brokerage income grew 45.9% YoY to NT\$0.92bn. Market share was 3.54%, ranked 6th place.
    - ◆ Government bond secondary market trading and corporate bond underwriting remained top 3 ranking in industry.
- Life insurance EV per share of SKFH was NT\$23.3 (not including net worth of bank and other subsidiaries)
  - EV of SKL rose 19% YoY to NT\$292.7bn.
  - Supported by enhanced product mix, VIF increased 6% YoY to NT\$186.4bn, and V1NB grew 3% YoY to NT\$24.9bn.

# Financial Highlights – Q1 2020

	Q1 2019	Q1 2020	YoY Growth
NT\$m (except per share data), %			
Consolidated net income	5,544	6,667	20.3%
Consolidated comprehensive income	30,163	-45,574	-251.1%
First year premium (Insurance)	30,268	20,523	-32.2%
Loans (Bank)	575,429	614,894	6.9%
Consolidated total assets	3,778,577	3,997,400	5.8%
Shareholders' equity <sup>(1)</sup>	174,353	149,324	-14.4%
Consolidated ROA (unannualized)	0.15%	0.17%	
Consolidated ROE (unannualized)	3.47%	3.86%	
Earnings per share <sup>(2)</sup>	0.45	0.53	

Note:

- (1) Consolidated shareholders' equity for Q1 2019 and Q1 2020 were NT\$174,779mn and NT\$149,722mn, respectively
- (2) The after-tax earnings per share (EPS) for Q1 2019 and Q1 2020 would be NT\$0.60 and NT\$0.49, respectively, if the foreign exchange volatility reserve mechanism were not adopted
- (3) Reviewed numbers

# Net Income – Q1 2020

## Net income contribution

NT\$bn

Subsidiaries	Q1 2019	Q1 2020	YoY Growth
Shin Kong Life	3.84	5.64	47.0%
Shin Kong Bank	1.19	1.33	12.0%
MasterLink Securities	0.48	-0.35	-172.8%
Shin Kong Investment Trust	0.01	0.01	4.5%
Shin Kong Venture Capital International	0.01	-0.03	-359.6%
Shin Kong Property Insurance Agency	0.02	0.02	6.0%
Others <sup>(1)</sup>	-0.02	0.04	-
<b>Net income <sup>(2)</sup></b>	<b>5.53</b>	<b>6.66</b>	<b>20.4%</b>

Note:

- (1) Includes other income of SKFH and income taxes
- (2) Net income attributable to SKFH
- (3) Reviewed numbers

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# Shin Kong Life – Q1 2020 Overview

- Boosted by higher investment income and lower cost of liabilities, SKL posted consolidated after-tax profit of NT\$5.65bn for Q1 2020, 46.7% higher YoY.
- FYP for Q1 2020 reached NT\$20.52bn, representing market share of 8.1%. FYPE/FYP increased from 26.3% in Q1 2019 to 35.8%, driven by continued focus on regular-paid policies.
- FX policies remains marketing focus for the year. Sales of such policies for Q1 2020 amounted to NT\$14.36bn, accounting for 70.0% of total FYP.
- Cost of liabilities for Q1 2020 decreased 2 bps YTD from 3.97% to 3.95%.
- Annualized investment return for Q1 2020 was 4.41%, and recurring yield before hedging was 3.36%.



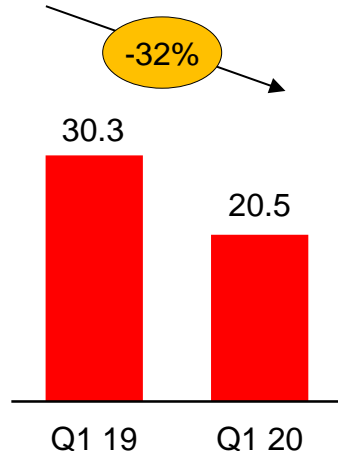
# Financial Highlights – Q1 2020

	Q1 2019	Q1 2020	YoY Growth
NT\$mn, %			
First year premium	30,268	20,523	-32.2%
Total premium	71,786	67,991	-5.3%
Investment income	29,596	31,714	7.2%
Consolidated net income	3,847	5,645	46.7%
Consolidated comprehensive income	27,562	-46,034	-267.0%
Consolidated total assets	2,799,314	2,975,574	6.3%
Consolidated total shareholders' equity	97,762	68,765	-29.6%
ROE (unannualized)	4.58%	6.15%	
ROA (unannualized)	0.14%	0.19%	

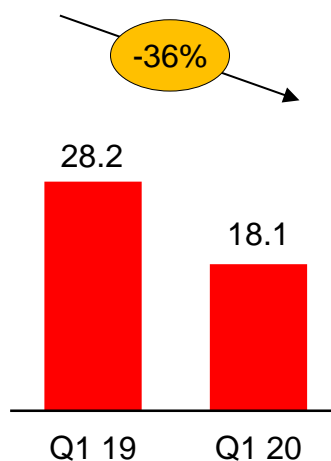
Note: Reviewed numbers

# First Year Premium – Q1 2020

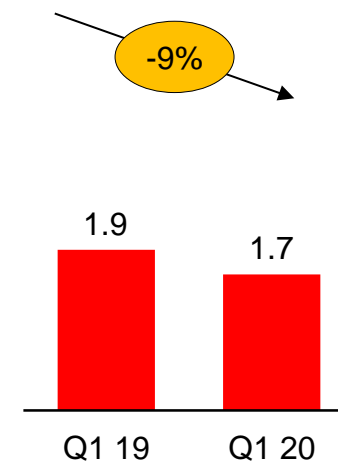
NT\$bn



Traditional <sup>(1)</sup>



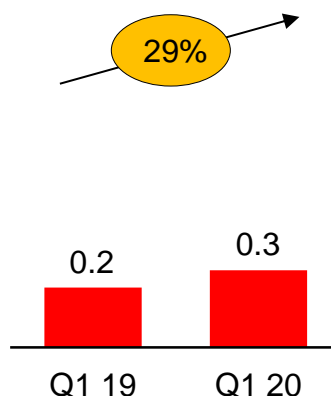
PA, Health and Group <sup>(2)</sup>



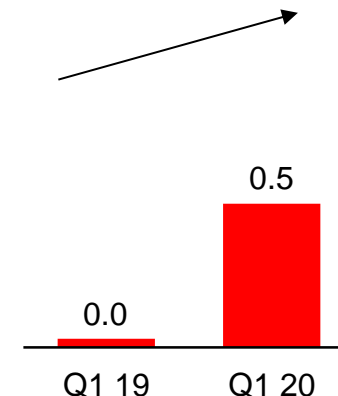
## Comments

- Due to adjustment in product mix, FYP for Q1 2020 fell 32.2% YoY to NT\$20.52bn. As share of regular premium increased from 40.0% in Q1 2019 to 65.5%, FYPE/FYP was 35.8%
- FX policies remained strategic focus in 2020. Sales in Q1 2020 amounted to NT\$14.36bn, accounting for 70.0% of total FYP
- Traditional products accounted for largest share of total FYP at 88.0%, driving down cost of liabilities to 3.95%, 2 bps lower YTD
- FX policies and protection products to be actively promoted in 2020 to control hedging cost, stabilize VNB and enhance CSM

Investment-linked



Interest-sensitive



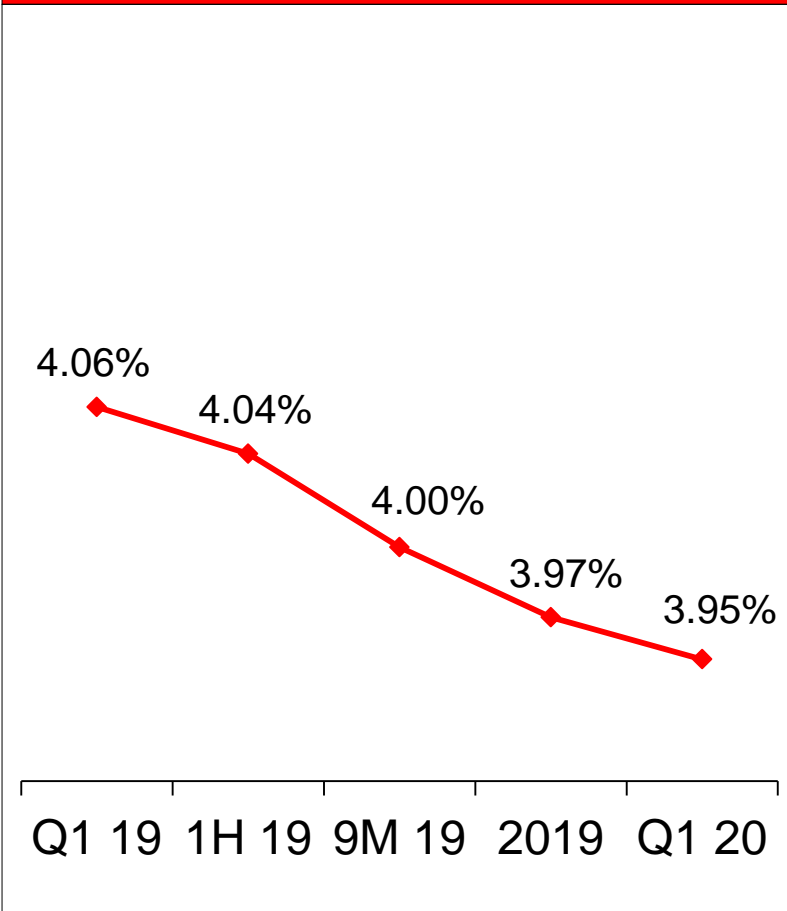
Note:

(1) Includes interest-sensitive life insurance

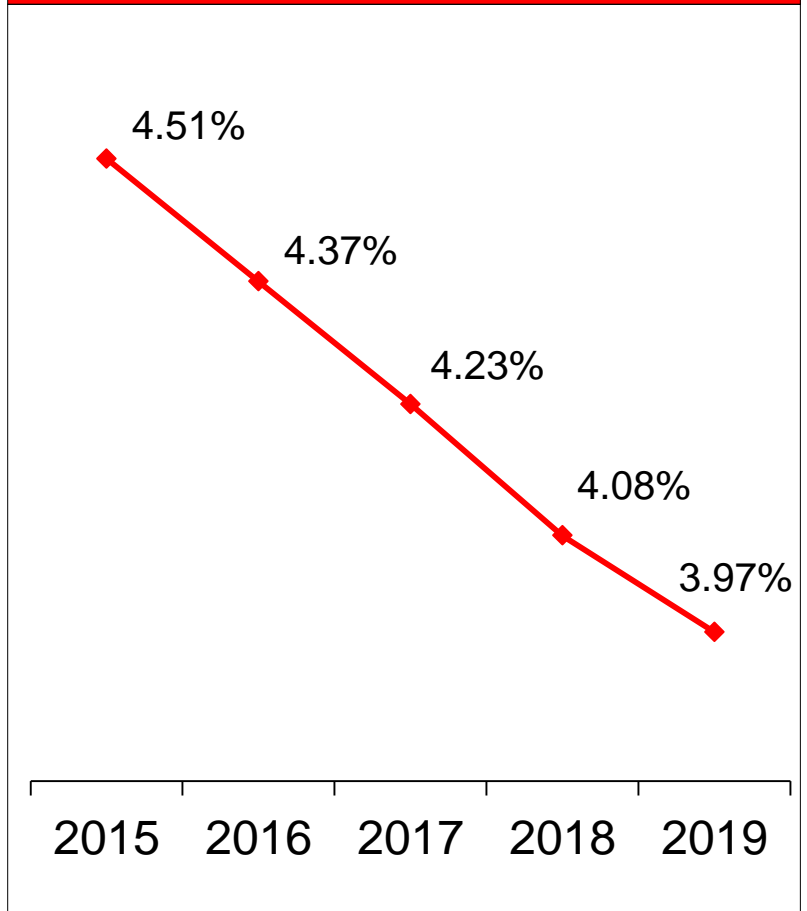
(2) Long-term disability policies are classified as health insurance

# Cost of Liabilities

Cost of Liabilities (quarterly)

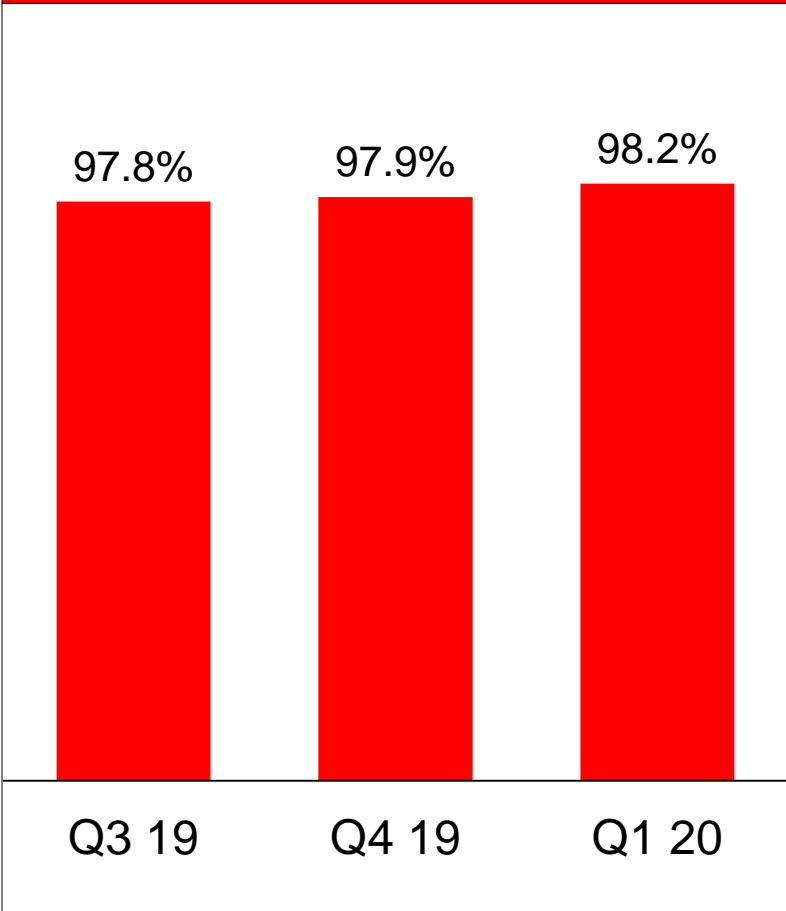


Cost of Liabilities (annual)

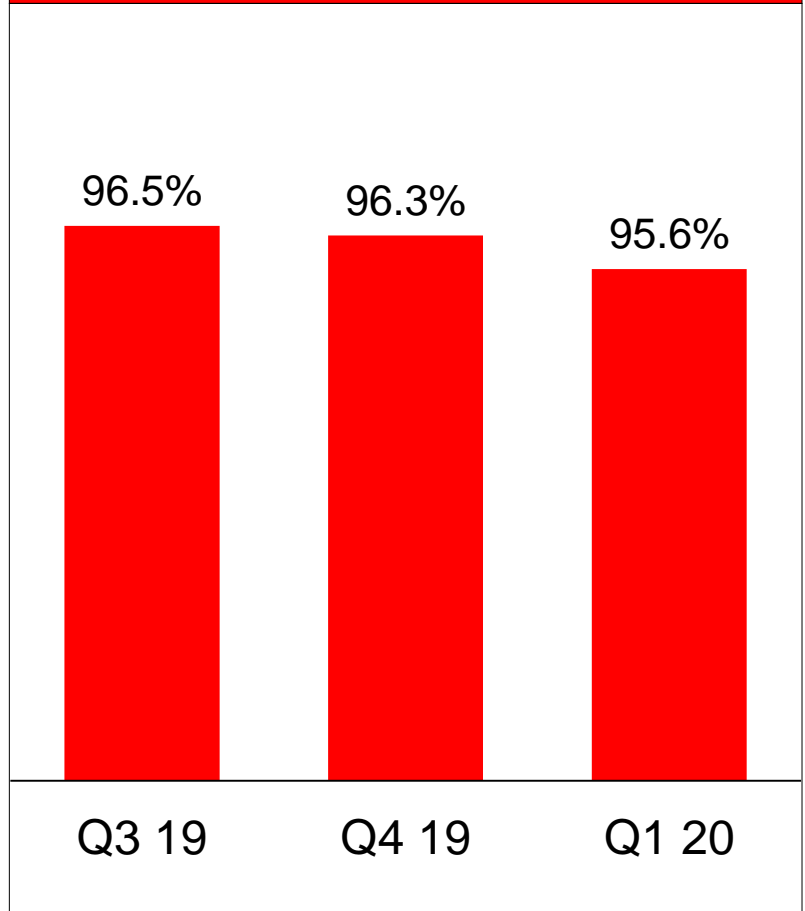


# Persistency Ratio

13 Month Persistency

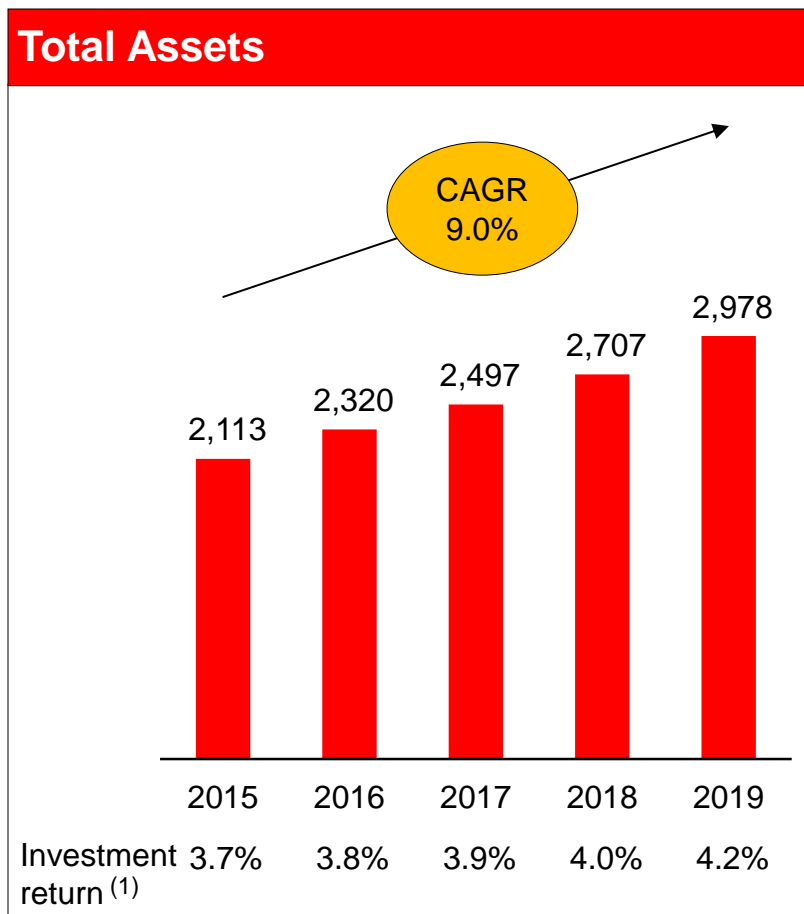


25 Month Persistency



# Investment Portfolio

NT\$bn

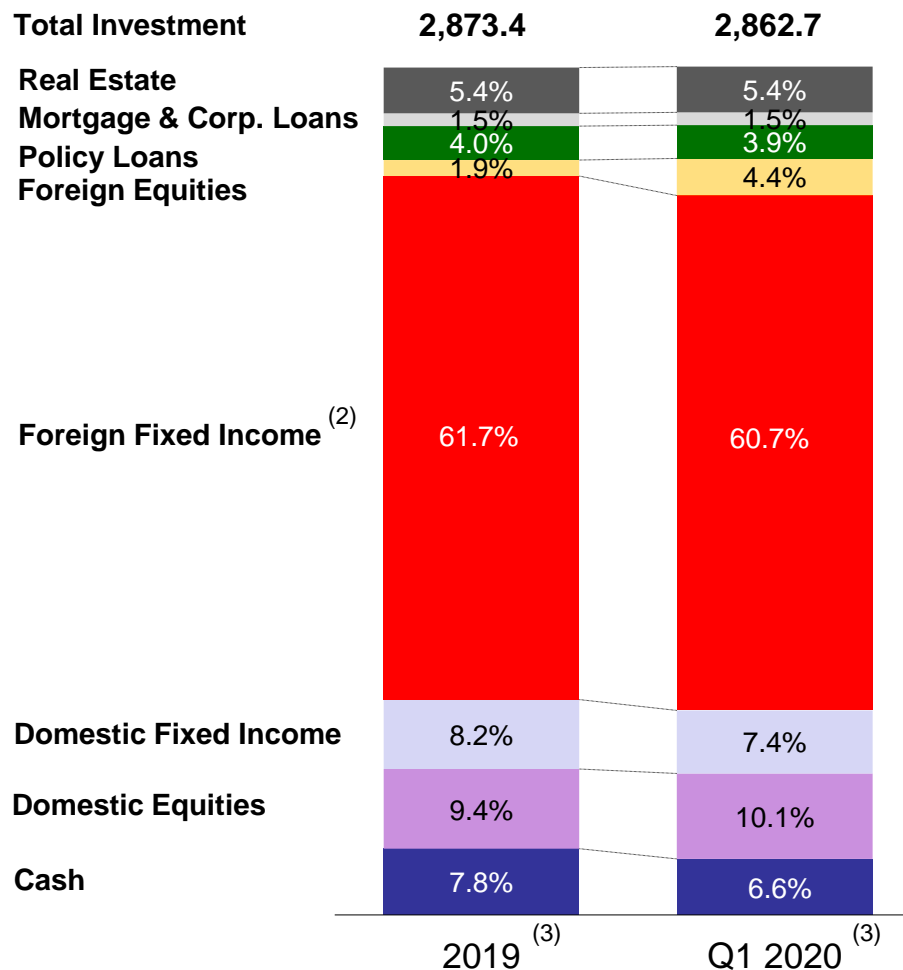


Note:

(1) Includes capital gains and FX hedging cost

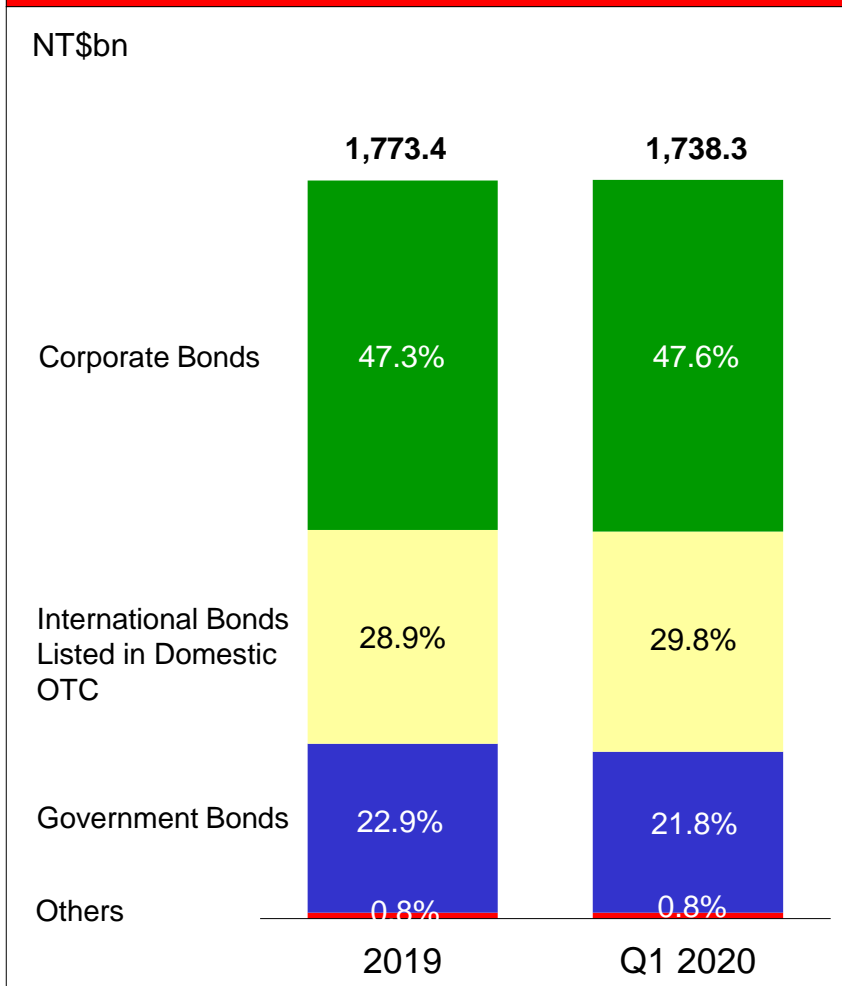
(2) Includes international bonds listed in domestic OTC

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

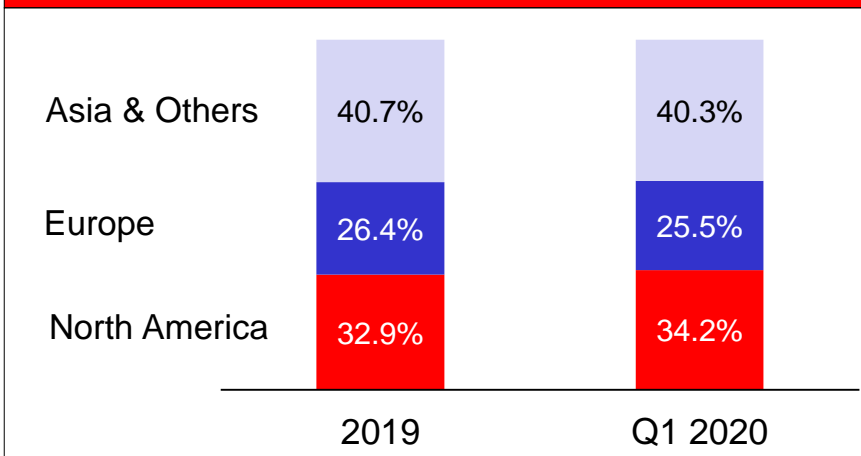


# Overseas Fixed Income

## Overseas Fixed Income Portfolio



## Overseas Fixed Income by Region

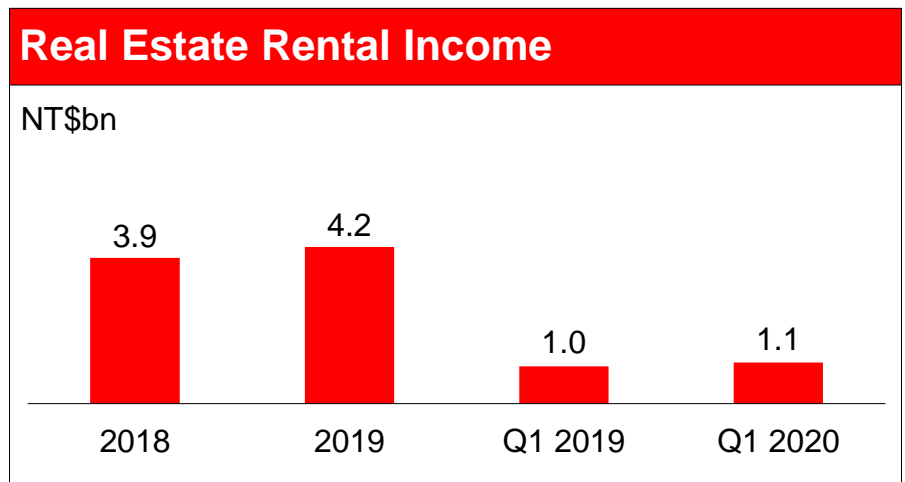
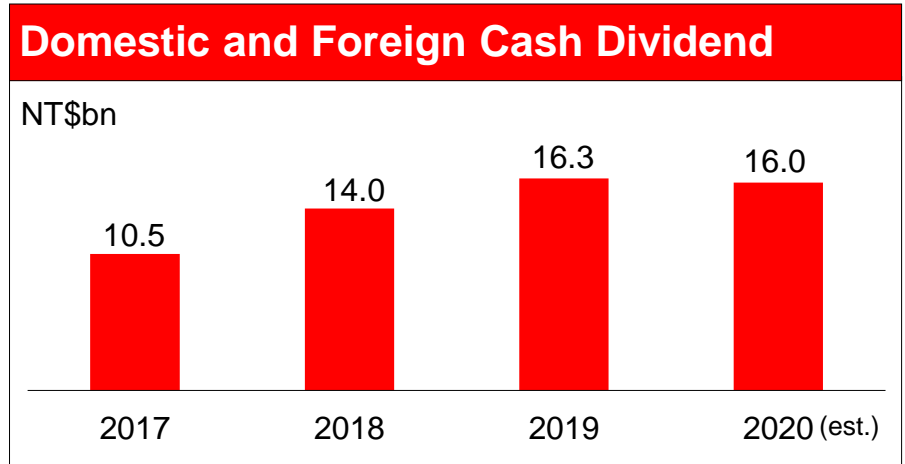
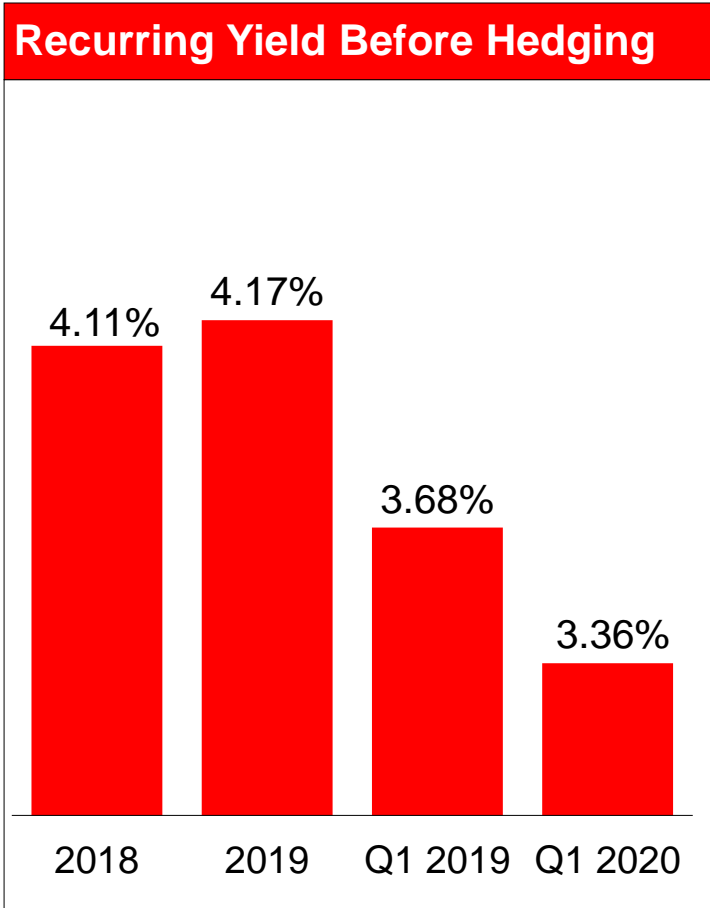


## Comments

- Overseas fixed income position mainly deployed in USD-denominated bonds
- Overseas fixed incomes mainly invested in North America and Europe, accounting for 59.7%
- SKL holds corporate bonds with stable credit quality across sectors, including communication, consumer, utilities and financials

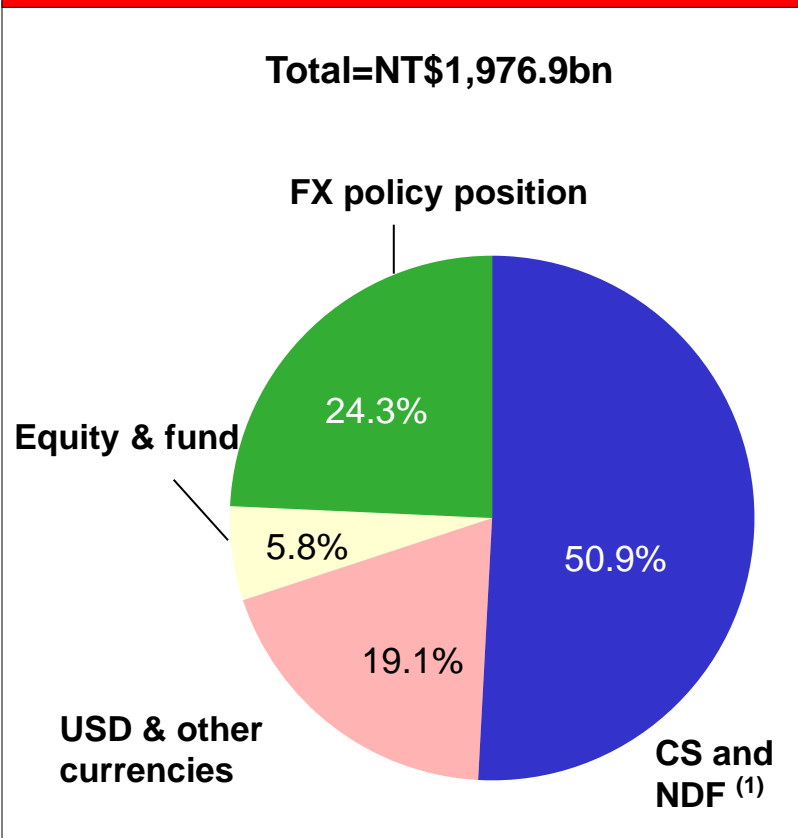
Note: Due to rounding, asset allocation figures may not add up to 100%

# Recurring Income



# Hedging Strategy

## Mix of Hedging Strategies Used

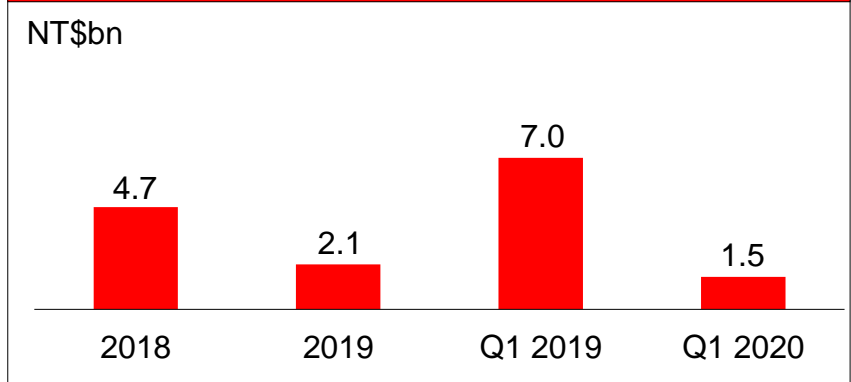


Note:

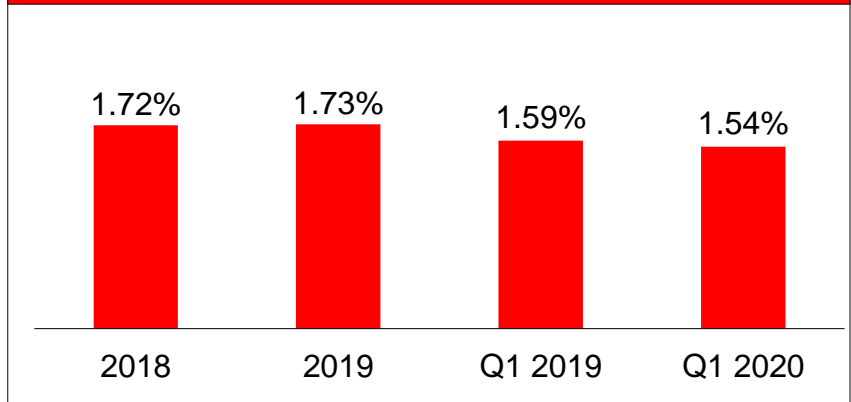
(1) Currency swaps and non-delivery forwards accounted for 63% and 37%, respectively

(2) Due to rounding, figures may not add up to 100%

## FX Volatility Reserve



## Hedging Cost





# Investment Strategy

## Strong ALM Discipline

- Sell policies with positive CSM to prepare for IFRS 17 adoption
- Develop Strategic Asset Allocation based on liability profile and capital budget

## 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 grow interest income
- Invest in low beta, high-dividend yield stocks classified as FVOCI, etc. for cash dividend income

## Cost-effective Currency Hedging

- Promote FX policies to control hedging cost and maintain recurring income
- Dynamically adjust FX hedging ratio

## 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
- Monitor market activities on a daily basis as well as strictly manage market, credit and business risks to cope rapidly with changes in financial markets

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## SKB – Q1 2020 Overview

- Driven by wealth management income and investment income growing 9.3% and 60.1% YoY, respectively, pre-provision operating income for Q1 2020 reached NT\$1.91bn, up 5.1% YoY. Consolidated net income for Q1 2020 was NT\$1.33bn, up 12.0% YoY.
- Wealth management income for Q1 2020 was NT\$0.61bn. Momentum contributed by mutual funds and overseas securities, with fee income up 59.5% and 108.7% YoY, respectively.
- Loan balance grew 1.5% YTD to NT\$614.89bn, with balanced growth in corporate and consumer loans, up 1.4% and 1.5% YTD, respectively. Demand deposits grew 3.9% YTD to NT\$343.03bn, mostly driven by securities settlement funds growing 7.8% YTD.
- Due to market competition and US Fed's rate cut, NIS and NIM for Q1 2020 lowered 2 bps and 1 bp QoQ, respectively, to 1.75% and 1.38%.
- Asset quality remained solid. NPL ratio was 0.19% and coverage ratio increased from 636.00% to 663.43%; both better than industry average.

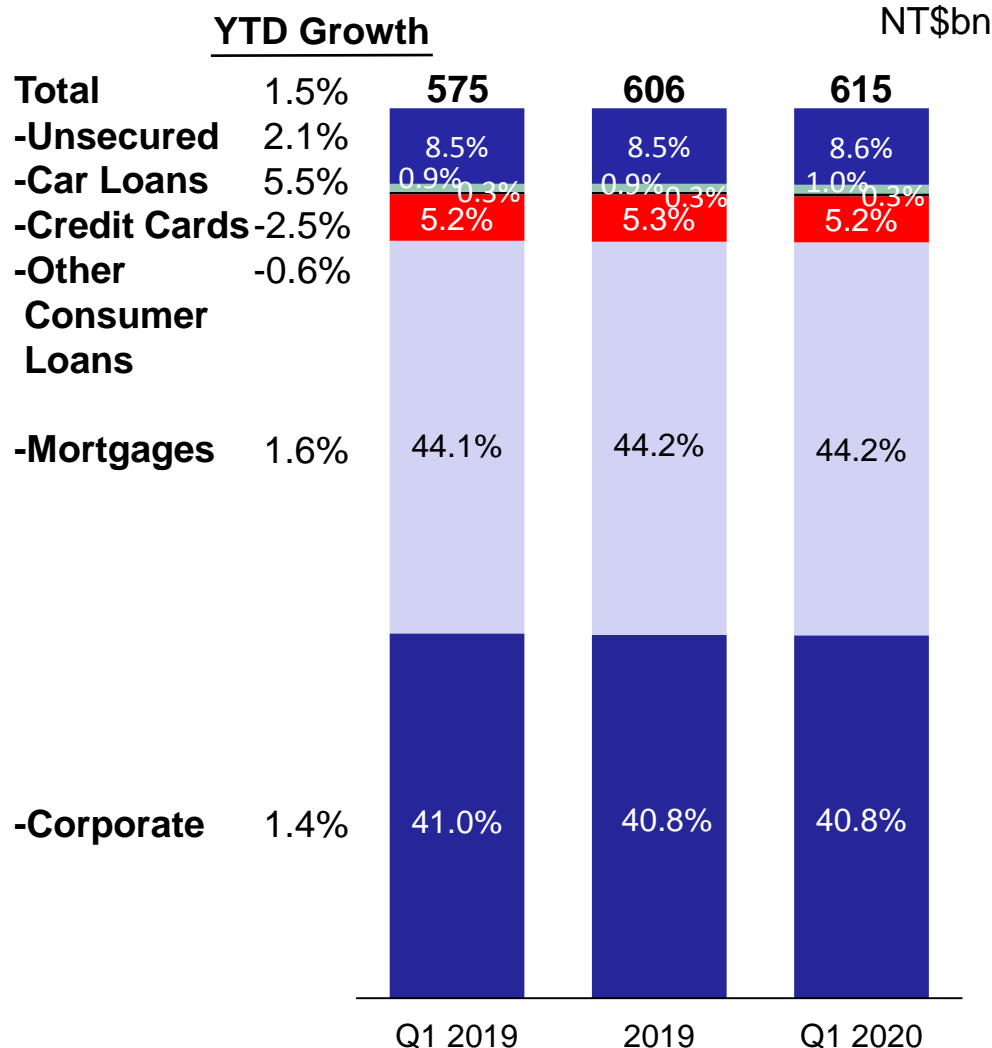
# Net Income – Q1 2020

	Q1 2019	Q1 2020	YoY Growth
NT\$m, %			
Net interest income	2,878	2,908	1.0%
Net fee income	814	820	0.6%
Investment income and other income	274	422	53.8%
Operating expense	-2,153	-2,243	4.2%
Pre-provision operating income	1,814	1,907	5.1%
Provision expense	-367	-381	3.8%
Income tax benefit (expense)	-256	-192	-24.9%
<b>Consolidated Net Income</b>	<b>1,191</b>	<b>1,334</b>	<b>12.0%</b>

Note:

- (1) Total may not add up exactly due to rounding
- (2) Reviewed numbers

# Loan Mix



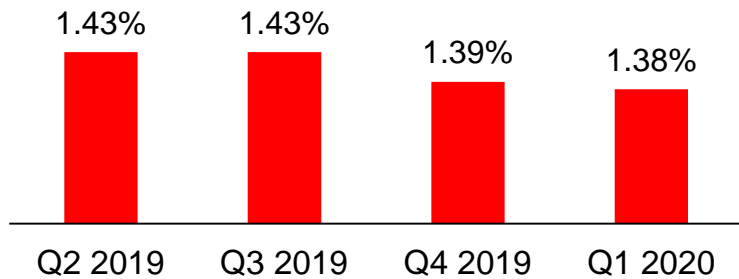
## Comments

- Loan balance as of Q1 2020 was NT\$614.89bn, up 1.5% YTD. Loan growth targeted at 6% for 2020
- Corporate loan growth primarily driven by domestic large corporate and SME loans, up 3.6% and 1.6% YTD, respectively
- Consumer loans grew 1.5% YTD. Momentum mainly came from mortgage loans, up 1.6% YTD

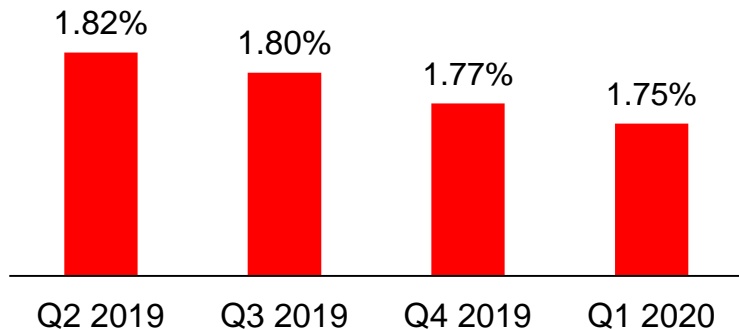
Note: Due to rounding, loan mix may not add up to 100%

# Interest Income

## Net Interest Margin



## Net Interest Spread



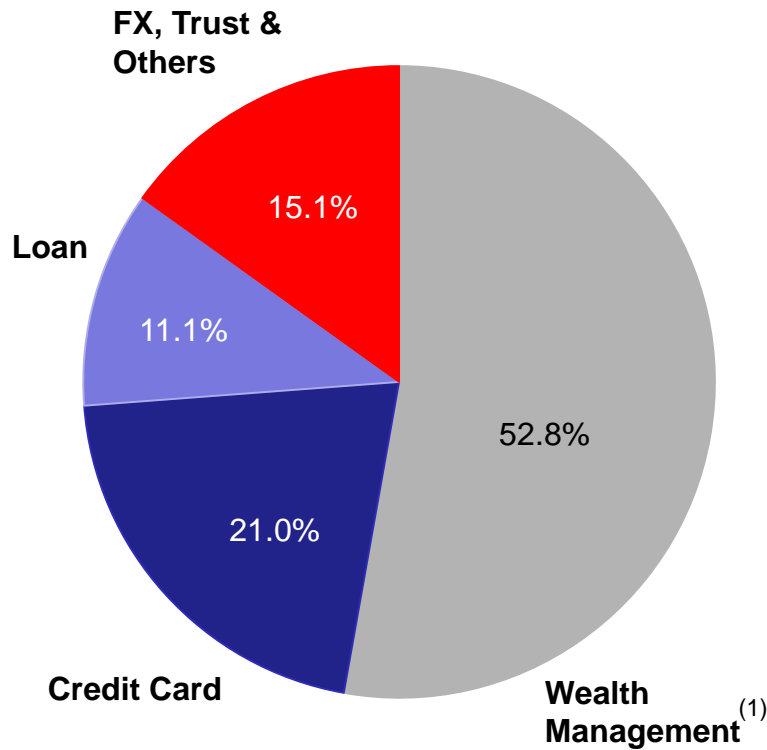
## Comments

- NIM and NIS for Q1 2020 were 1.38% and 1.75%, respectively
- Due to market competition and rate cuts, NIM and NIS expected to be lower than 2019
- SKB will continue to:
  - Increase demand deposits to lower cost of funds
  - Enhance fund utilization to stabilize interest spread
  - Continuously build up foreign currency deposits to expand wealth management and overseas business

# Fee Income

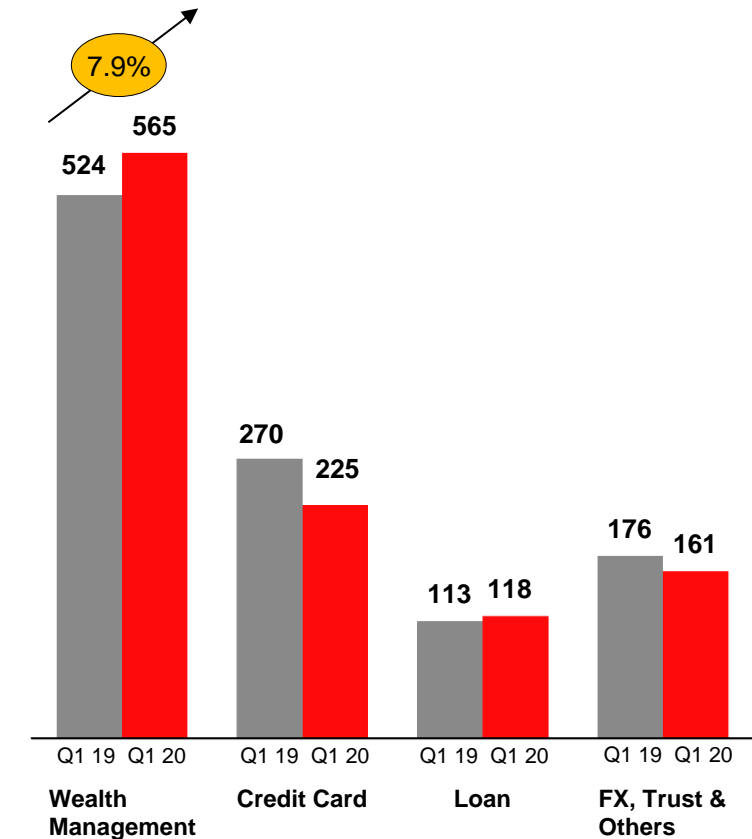
## Fee Income Breakdown

Total=NT\$1,069mn



## YoY Comparison

NT\$m



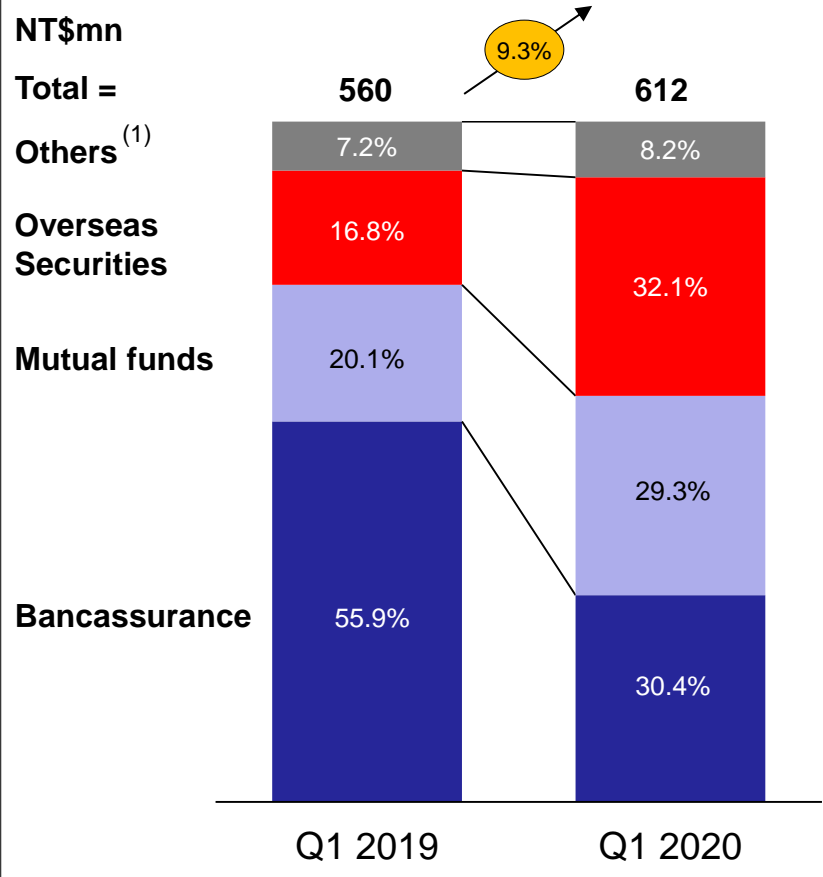
Note:

(1) Not including income from structured products and foreign exchange transactions

(2) Due to rounding, WM income breakdown may not add up to 100%

# Wealth Management

## Wealth Management Income Breakdown



## Wealth Management Center



- Wealth management income for Q1 2020 was NT\$0.61bn, up 9.3% YoY. Momentum contributed by mutual funds and overseas securities, with fee income up 59.5% and 108.7% YoY, respectively
- Investment products expected to remain sales focus in 2020, along with stable momentum of regular premium and FX insurance policies
- Intelligent robo-advisory launched in 2H 2020, and online marketing campaigns conducted for new funds and client base

Note:

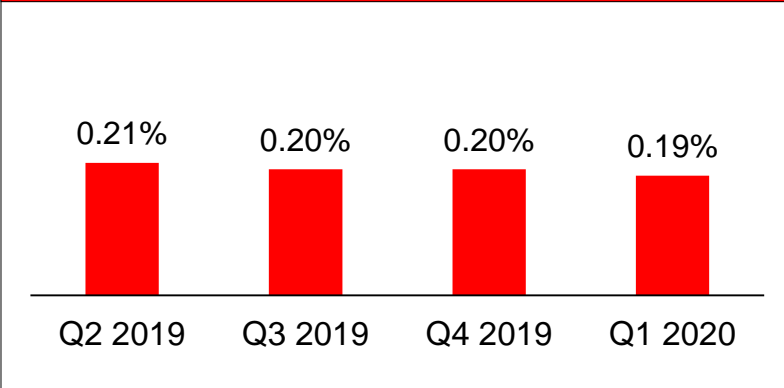
(1) Including income from structured products and foreign exchange transactions

(2) Due to rounding, WM income breakdown may not add up to 100%

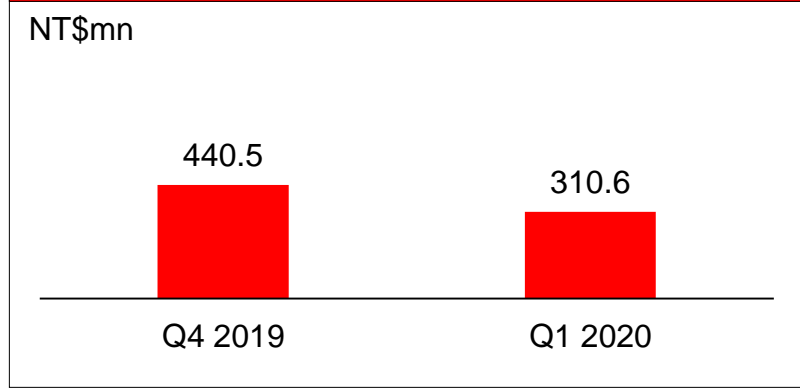


# Asset Quality

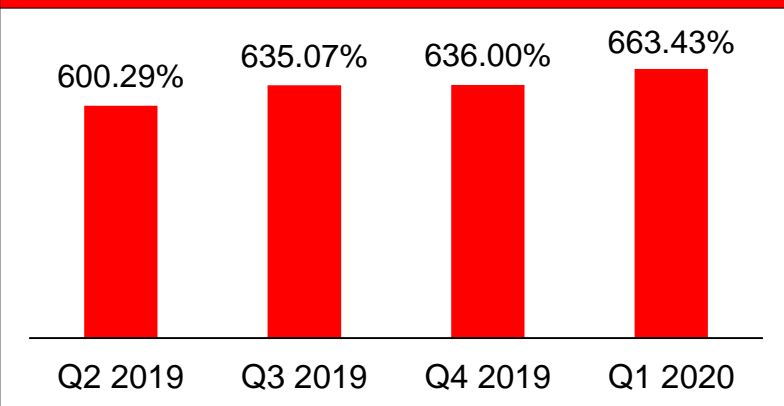
## NPL Ratio



## New NPL Generation



## Coverage Ratio



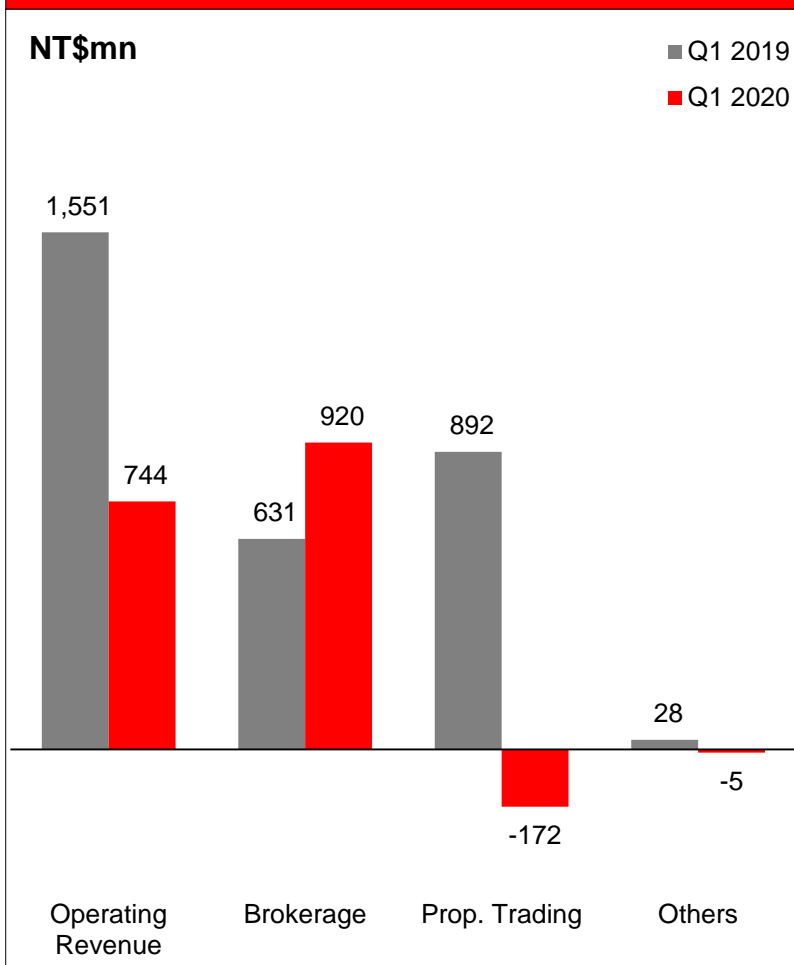
- Asset quality continued to improve. New NPL of only NT\$311mn generated in Q1 2020, NT\$130mn less than previous quarter
- NPL ratio and coverage ratio were 0.19% and 663.43%, respectively, better than industry average

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# MasterLink Securities – Q1 2020 Overview

## Operating Revenue Breakdown



Note: Total may not add up exactly due to rounding

## Market Share & Ranking

	Q1 19	Ranking	Q1 20	Ranking
Government Bond Secondary Market Trading	6.96%	2	6.01%	2
Corporate Bond Underwriting	8.63%	4	8.34%	3
Brokerage	3.56%	6	3.54%	6
Margin Loans	5.28%	7	5.16%	7

- As proprietary trading business impacted adversely by market volatility, operating revenue for Q1 2020 declined 52.0% YoY to NT\$0.74bn. Consolidated after-tax loss was NT\$0.35bn
- Brokerage income grew 45.9% YoY to NT\$0.92bn, driven by brokerage fee income up 50.7% YoY. Brokerage market share was 3.54%, ranked 6th place
- Government bond secondary market trading and corporate bond underwriting ranked top 3 in industry

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# SKL – EV & AV Results

Unit: NT\$bn

	2018.12	2019.12	YoY growth
In-force business investment yield	NTD 3.47%~5.00% USD 4.70%~5.60% Equivalent investment yield: 4.30% (rolling over to 2019 : 4.37%)	NTD 3.30%~4.62% USD 4.59%~5.09% Equivalent investment yield: 4.19%	--
Future one year's new business investment yield	NTD 3.34%~5.00% USD 4.43%~5.60%	NTD 3.12%~4.47% USD 4.13%~5.00%	--
Adjusted NAV	151.6	196.9	30%
VIF	176.2	186.4	6%
COC	81.5	90.6	11%
EV	246.3	292.7	19%
EV / per share (SKL / SKFH)	42.5 / 20.1	48.4 / 23.3	--
V1NB	24.1	24.9	3%
AV – 5 years NB	341.0	390.7	15%
5-year AV / per share (SKL / SKFH)	58.8 / 27.9	64.5 / 31.1	--
AV – 20 years NB	454.7	508.2	12%
20-year AV / per share (SKL / SKFH)	78.4 / 37.2	83.9 / 40.4	--

Note: Based on SKL's outstanding shares of 6.05bn as of the end of 2019 (5.80bn as of the end of 2018)

Based on SKFH's outstanding shares of 12.57bn as of the end of 2019 (12.23bn as of the end of 2018)

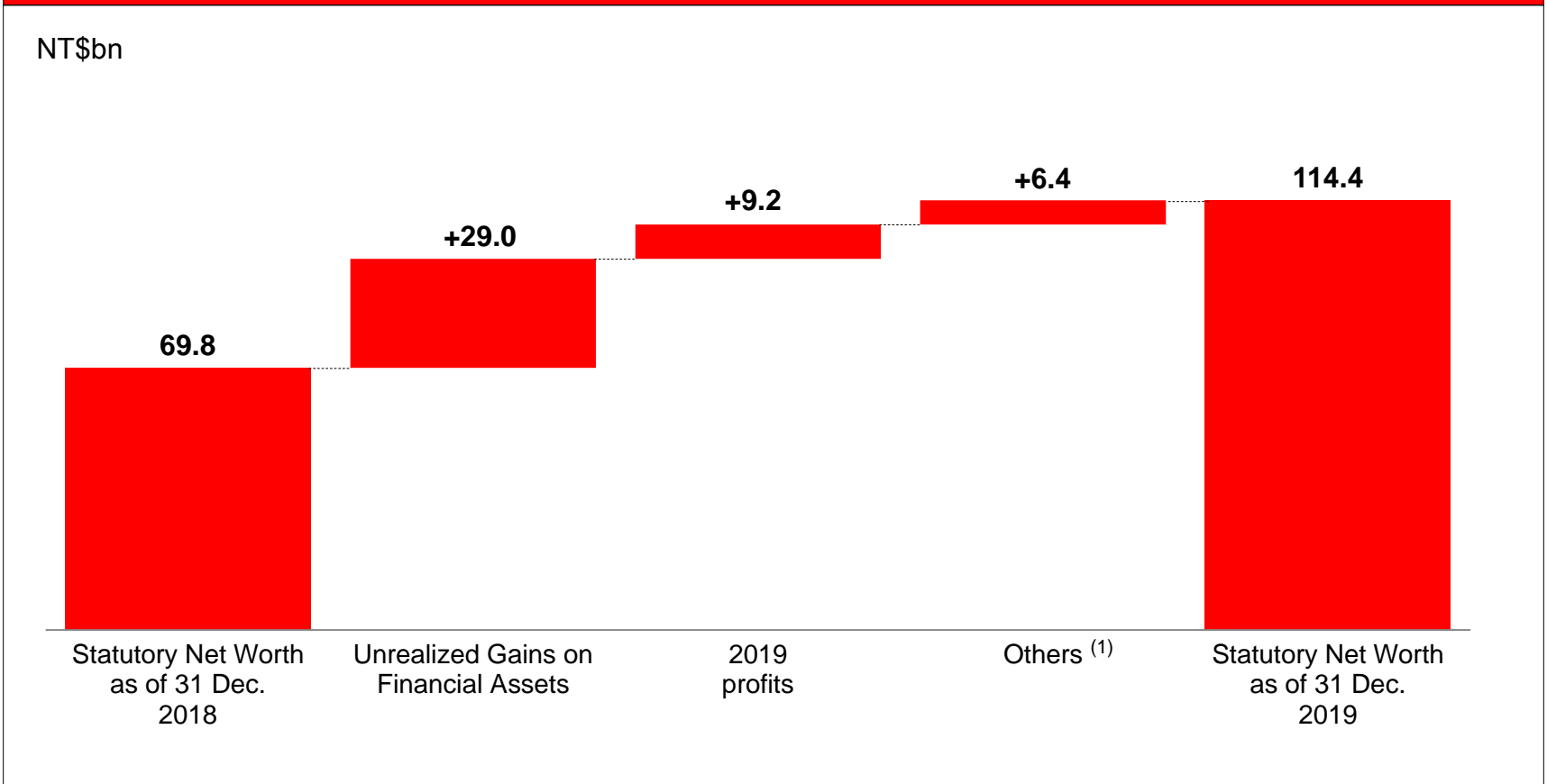
# SKL – Estimate of Embedded / Appraisal Value

Unit: NT\$bn Valn Date: 31 Dec. 2019 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		<b>VIF</b> NTD 3.30%~4.62% USD 4.59%~5.09% <b>V1NB</b> NTD 3.12%~4.47% USD 4.13%~5.00% RDR 10.5%	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR -1.0%	RDR +1.0%
Adjusted NAV	196.9	196.9	<b>196.9</b>	196.9	196.9
VIF	134.2	235.9	<b>186.4</b>	213.0	164.8
Cost of Capital (COC)	93.3	87.7	<b>90.6</b>	85.0	95.2
<b>EV after COC</b>	<b>237.9</b>	<b>345.1</b>	<b>292.7</b>	<b>325.0</b>	<b>266.5</b>
<b>V1NB after COC</b>	<b>23.7</b>	<b>25.8</b>	<b>24.9</b>	<b>28.1</b>	<b>22.2</b>
AV (5 years NB)	331.2	446.7	<b>390.7</b>	435.4	354.0
AV (20 years NB)	443.0	568.5	<b>508.2</b>	567.7	458.9

Note: Figures may not add up exactly due to rounding

# SKL – Analysis of Change in Net Worth

**Changes between 31 Dec. 2018 and 31 Dec. 2019  
broken down by components**

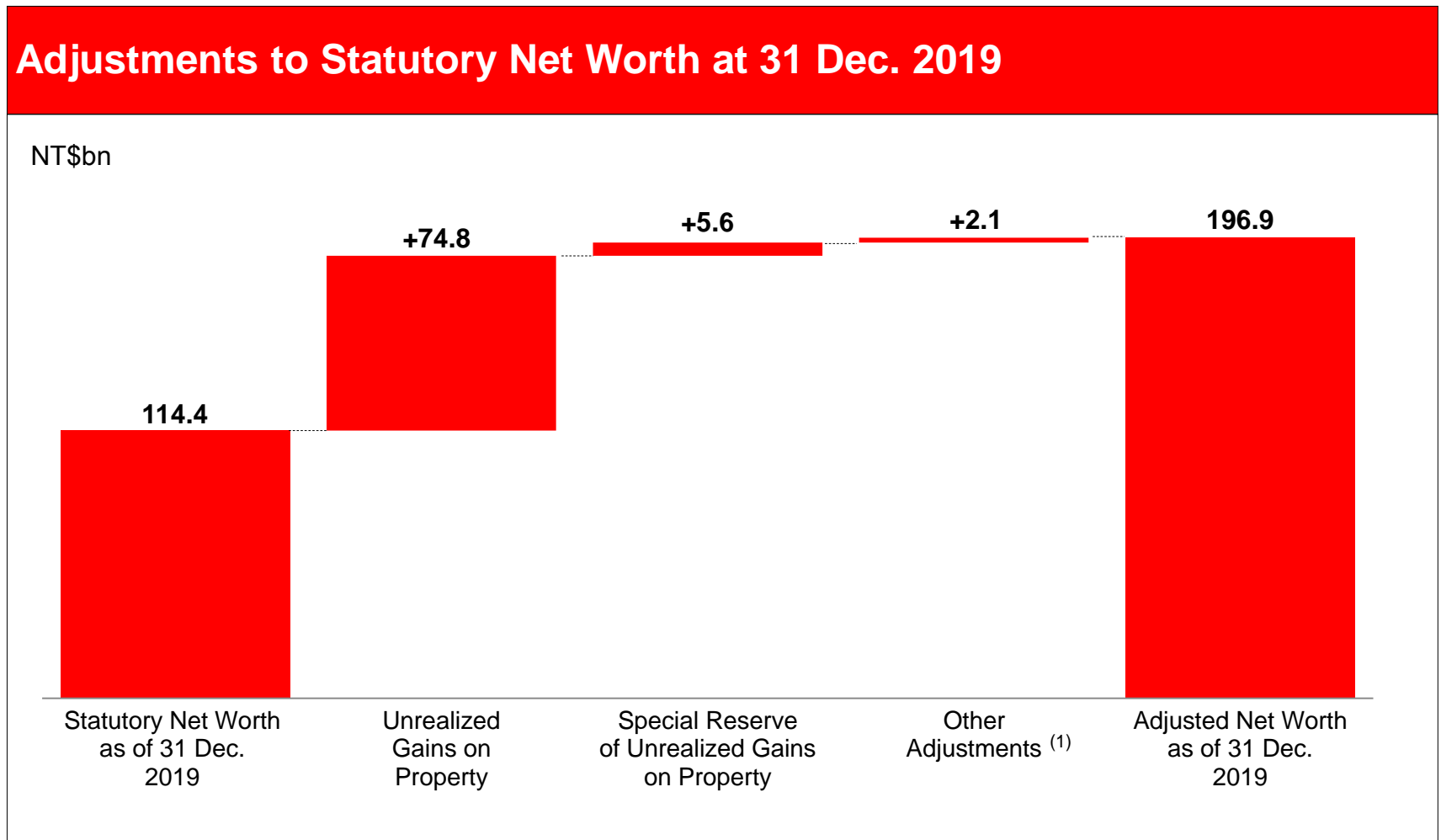


Note:

(1) Including capital injection and other items

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

# SKL – Adjusted NAV



Note:

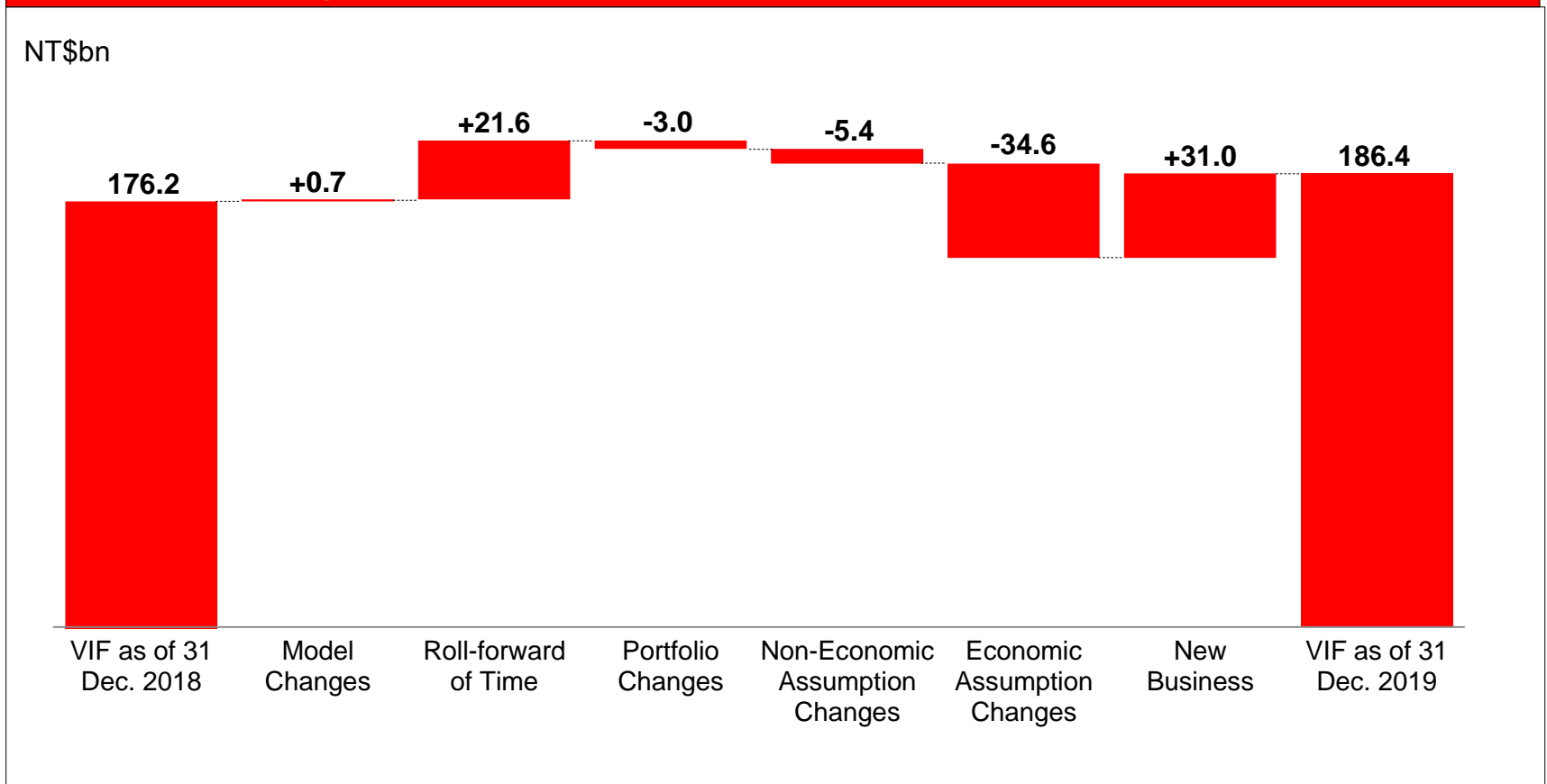
(1) Including foreign exchange volatility reserve and other items

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



# SKL – Analysis of Change in VIF

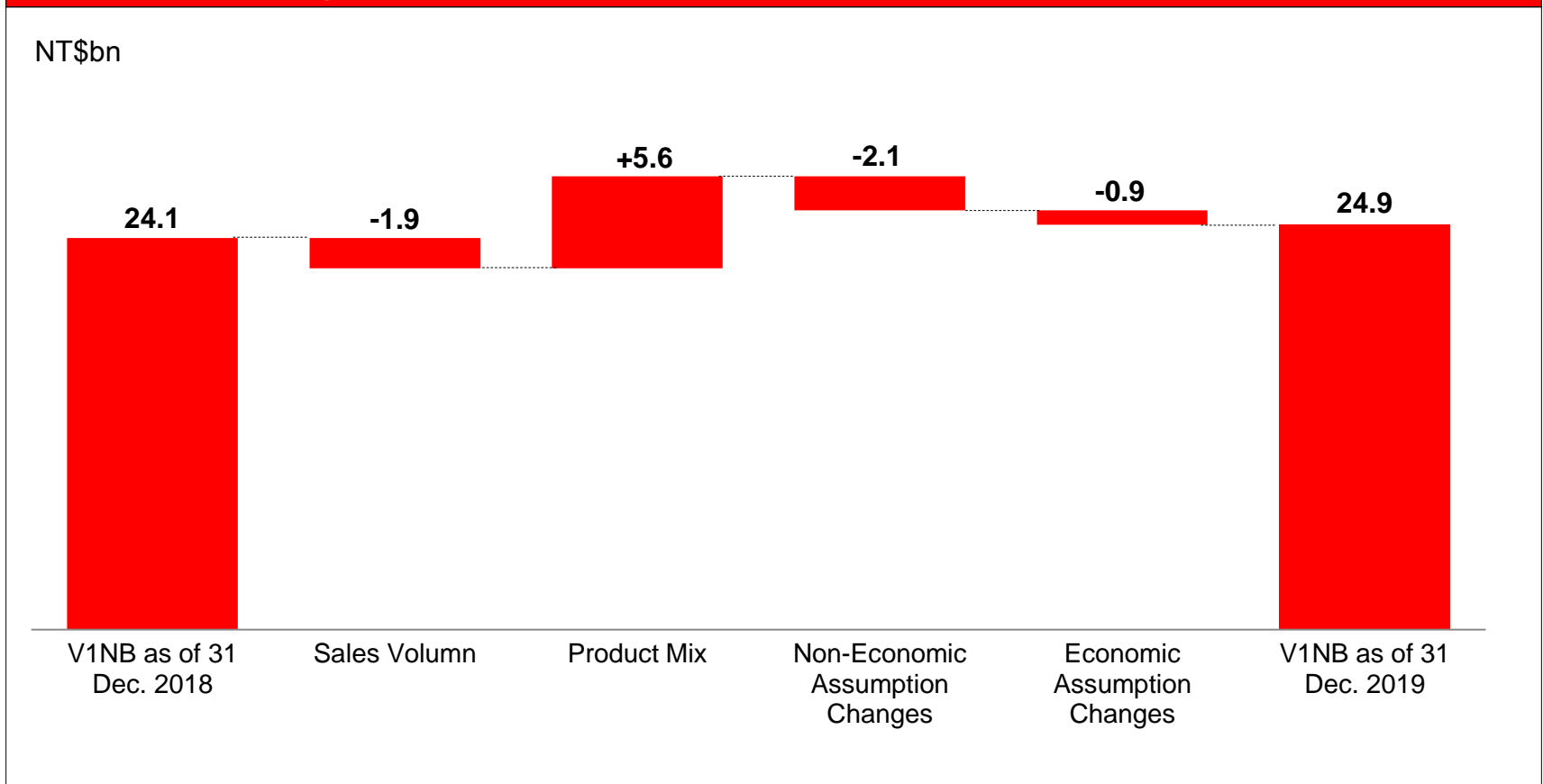
## Changes between 31 Dec. 2018 and 31 Dec. 2019 broken down by components



Note: Figures may not add up exactly due to rounding

# SKL – Analysis of Change in V1NB

**Changes between 31 Dec. 2018 and 31 Dec. 2019  
broken down by components**



Note: Figures may not add up exactly due to rounding

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# SP / RP Breakdown

NT\$bn

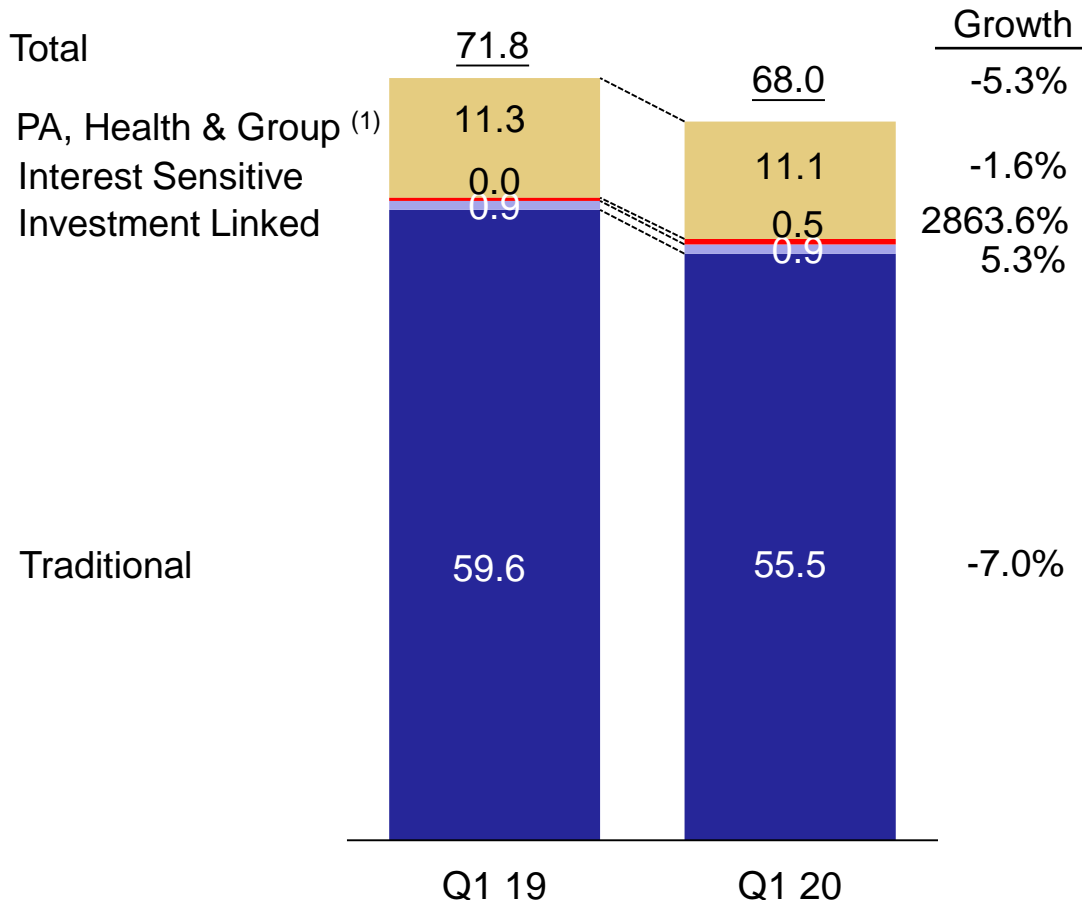
<b>Q1 2020 FYP</b>	<b>Single Premium</b>	<b>Regular Premium</b>	<b>Flexible Payment</b>	<b>Total</b>
Traditional	6.31	11.74		18.05
Investment-linked				
VUL / VA	0.01	0.01	0.25	0.27
Structured note				
Interest sensitive				
Annuity / UL	0.44		0.07	0.51
PA, health and others		1.69		1.69
<b>Total</b>	<b>6.76</b>	<b>13.44</b>	<b>0.32</b>	<b>20.52</b>
<b>Share</b>	<b>33.0%</b>	<b>65.5%</b>	<b>1.5%</b>	<b>100.0%</b>

Note: Total may not add up exactly due to rounding

# Total Premium – Q1 2020

NT\$bn

**Market Share = 8.3%**



## Comments

- Total premium fell 5.3% YoY, reflecting decline in FYP. However, renewal premium increased 14.3% YoY, driven by continued sales focus on regular-paid policies
- Total premium of FX policies for Q1 2020 reached NT\$28.68bn, up 16.4% YoY

Note:

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

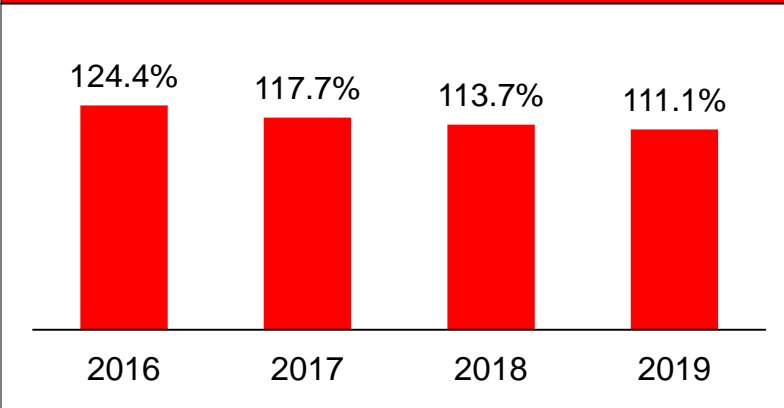
(2) Total may not add up exactly due to rounding

# Contents

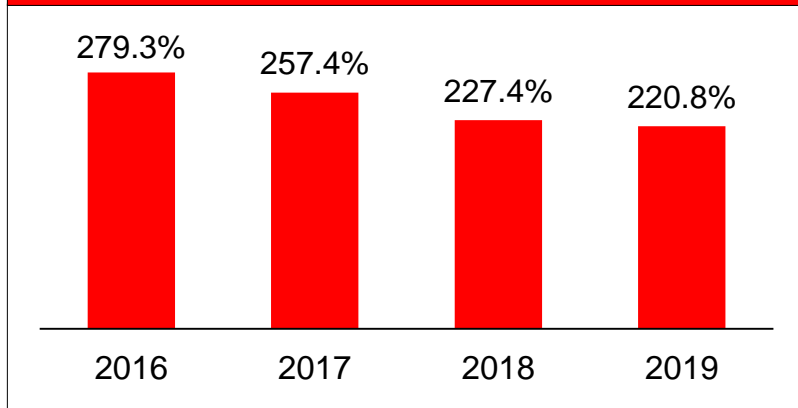
- I. SKFH
- II. Life Insurance Business
- III. Banking Business
- IV. Securities Business
- V. Life's 2019 EV/AV Results
- VI. Appendix
  - Life Premium Summary
  - **Capital Adequacy**

# Capital Adequacy

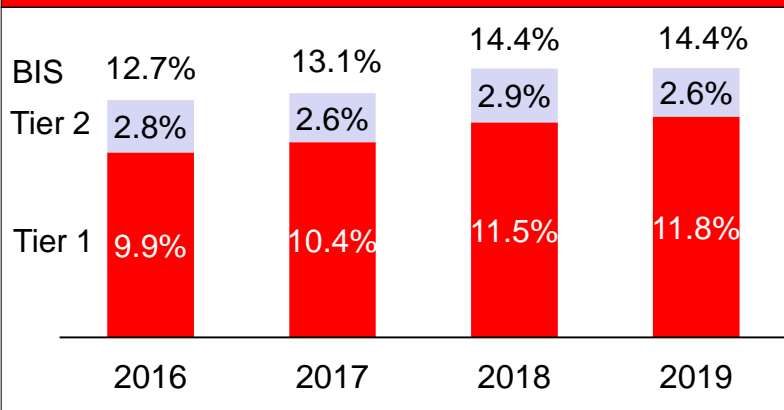
### CAR of SKFH



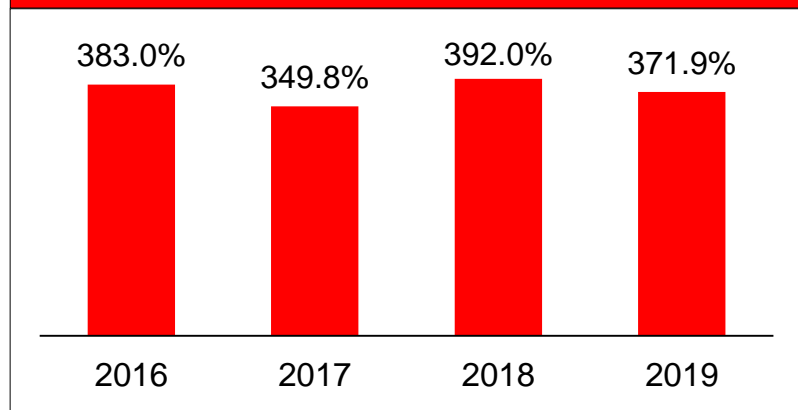
### RBC of Shin Kong Life



### BIS of Shin Kong Bank



### BIS of MasterLink Securities





**Website : [www.skfh.com.tw](http://www.skfh.com.tw)**

**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>2018</b>	<b>2019</b>	<b>2019/2018</b>		<b>Q1 20/Q1 19</b>	
			<b>%</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>%</b>
Net interest income	(135)	(143)	5.6%	(37)	(24)	-35.3%
Income from subsidiaries						
Shin Kong Life	5,207	9,186	76.4%	3,835	5,637	47.0%
Shin Kong Bank	5,215	5,523	5.9%	1,191	1,334	12.0%
MasterLink Securities	169	1,542	814.3%	480	(349)	-172.8%
Shin Kong Investment Trust	19	44	133.4%	7	7	4.5%
Shin Kong Venture Capital International	64	14	-77.7%	10	(25)	-359.6%
Shin Kong Property Insurance Agency	57	59	3.7%	17	18	6.0%
Total income from subsidiaries	10,731	16,368	52.5%	5,540	6,622	19.5%
Other income	49	93	89.7%	17	18	0.8%
Administrative and general expenses	(341)	(377)	10.7%	(74)	(112)	52.7%
Income tax benefit (expense)	(550)	621	-212.8%	85	154	81.6%
Net income	9,754	16,562	69.8%	5,532	6,658	20.4%
Other comprehensive income (loss), after tax	(46,022)	30,257	-165.7%	24,615	(52,230)	-312.2%
Total comprehensive income (loss)	(36,268)	46,819	-229.1%	30,147	(45,571)	-251.2%

<b>Balance Sheet Data</b>	<b>2018</b>	<b>2019</b>	<b>2019/2018</b>		<b>Q1 20/Q1 19</b>	
			<b>%</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>%</b>
Long term investment	155,694	207,477	33.3%	185,848	161,770	-13.0%
Total assets	3,648,467	3,981,134	9.1%	3,778,577	3,997,400	5.8%
Shareholders' equity (excl. non-controlling interest)	144,207	194,895	35.1%	174,353	149,324	-14.4%

Note:

(1) Numbers have been reviewed by the auditors.

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

Income Statement Data (Consolidated)			2019/2018		Q1 20/Q1 19	
	2018	2019	%	Q1 2019	Q1 2020	%
Premium income	300,491	311,482	3.7%	70,986	66,874	-5.8%
Investment income						
Interest income	85,365	93,560	9.6%	22,841	22,435	-1.8%
Gains on investments in securities	42,383	48,867	15.3%	12,987	17,983	38.5%
Gains on real estate investments	3,921	4,217	7.6%	1,028	1,063	3.5%
FX	(27,008)	(35,096)	29.9%	(5,040)	(8,068)	60.1%
FX gain or loss	35,028	(32,074)	-191.6%	6,383	4,552	-28.7%
Hedging	(62,037)	(3,022)	-95.1%	(11,424)	(12,620)	10.5%
FX Reserve	(2,183)	2,656	-221.7%	(2,293)	549	-123.9%
Expected credit losses or reversal of expected credit losses of investments	(374)	1,158	-409.4%	73	(2,247)	-3182.7%
Other investment impairment loss	(1,821)	-				
Total investment income	100,282	115,362	15.0%	29,596	31,714	7.2%
Other operating income	1,842	1,766	-4.1%	654	639	-2.3%
Provisions for reserves						
Provisions	(348,384)	(364,046)	4.5%	(82,798)	(80,513)	-2.8%
Recoveries	133,808	129,782	-3.0%	28,586	23,752	-16.9%
Total provisions for reserves, net	(214,576)	(234,264)	9.2%	(54,212)	(56,761)	4.7%
Insurance payments	(154,775)	(156,744)	1.3%	(35,252)	(31,650)	-10.2%
Commission expenses	(11,189)	(11,363)	1.6%	(3,007)	(2,592)	-13.8%
Separate account revenues	2,779	7,494	169.7%	3,531	(5,610)	-258.9%
Separate account expenses	(2,779)	(7,494)	169.7%	(3,531)	5,610	-258.9%
General and administrative expenses	(15,119)	(15,824)	4.7%	(3,441)	(3,509)	2.0%
Other operating costs and expenses	(2,375)	(3,361)	41.5%	(678)	(866)	27.8%
Operating income	4,583	7,055	53.9%	4,647	3,850	-17.1%
Non-operating income and expenses	(416)	149	-135.9%	(2)	(4)	128.7%
Income taxes	1,096	2,043	86.4%	(798)	1,798	-325.4%
Net income	5,263	9,247	75.7%	3,847	5,645	46.7%
Other comprehensive income (loss), after tax	(45,576)	29,118	-163.9%	23,715	(51,679)	-317.9%
Total comprehensive income (loss)	(40,313)	38,365	-195.2%	27,562	(46,034)	-267.0%
<b>Balance Sheet Data</b>	<b>2018</b>	<b>2019</b>	<b>2019/2018</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 20/Q1 19</b>
			%			%
Total assets	2,707,437	2,978,253	10.0%	2,799,314	2,975,574	6.3%
Total shareholders' equity	70,200	114,819	63.6%	97,762	68,785	-29.6%

Note:

(1) Numbers have been reviewed by the auditors.

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

Income Statement Data	2018	2019	2019/2018		Q1 20/Q1 19	
			%	Q1 2019	Q1 2020	%
Interest income	17,012	18,024	5.9%	4,415	4,436	0.5%
Interest expense	(5,188)	(6,304)	21.5%	(1,537)	(1,528)	-0.6%
Net interest income	11,824	11,720	-0.9%	2,878	2,908	1.0%
Fee income	4,241	4,642	9.4%	1,082	1,069	-1.2%
Fee expense	(1,029)	(1,099)	6.8%	(268)	(249)	-6.9%
Net fee income	3,212	3,543	10.3%	814	820	0.6%
Gains on bill & securities	149	616	312.6%	103	100	-2.9%
Gains on foreign exchange, net	870	628	-27.8%	155	312	101.9%
Other gains or losses, net	57	99	72.8%	17	10	-41.2%
Operating expense	(8,395)	(8,601)	2.4%	(2,153)	(2,243)	4.2%
Pre-provision income or loss	7,717	8,005	3.7%	1,814	1,907	5.1%
Provision expense	(1,482)	(1,313)	-11.4%	(367)	(381)	3.8%
Income tax (expense) benefit	(1,020)	(1,168)	14.6%	(256)	(192)	-24.9%
Net income	5,215	5,523	5.9%	1,191	1,334	12.0%
Other comprehensive income (loss), after tax	(341)	555	-262.8%	637	280	-56.1%
Total comprehensive income (loss)	4,875	6,078	24.7%	1,828	1,614	-11.7%

Balance Sheet Data	2018	2019	2019/2018		Q1 20/Q1 19	
			%	Q1 2019	Q1 2020	%
Total assets	871,072	939,842	7.9%	903,191	965,613	6.9%
Total shareholders' equity	59,534	65,122	9.4%	61,363	66,735	8.8%
Total loans, net <sup>(1)</sup>	559,021	597,428	6.9%	567,124	606,103	6.9%
Total deposits	741,670	815,013	9.9%	763,762	835,962	9.5%

Operating Metrics	2018	2019	Q1 2019	Q1 2020
Fee income ratio	19.9%	21.3%	20.5%	19.8%
Cost income ratio	51.8%	51.5%	54.0%	53.8%
Loan/deposit ratio (excl. credit card)	75.4%	73.3%	74.2%	72.5%
Loan/deposit ratio (incl. credit card)	75.6%	73.5%	74.5%	72.7%
Net interest margin	1.54%	1.44%	1.49%	1.38%
Net interest spread	1.94%	1.82%	1.86%	1.75%
ROAE	9.31%	8.86%	1.97%	2.02%
ROAA	0.62%	0.61%	0.13%	0.14%

Note:

(1) Excludes credit cards but include overdue receivables.

(2) Numbers have been reviewed by the auditors.

**MasterLink Securities**

## Financial Summary

(NT\$m)

<b>Income Statement Data (Consolidated)</b>	<b>2018</b>	<b>2019</b>	<b>2019/2018</b>		<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 20/Q1 19</b>	
			<b>%</b>	<b>%</b>			<b>%</b>	
Brokerage commissions and fees	2,642	2,343	-11.3%		486	733	50.7%	
Security lending income	82	129	57.4%		16	34	104.2%	
Underwriting commissions and fees	148	171	15.7%		15	40	167.1%	
Wealth management commissions and fees	21	25	16.8%		3	18	465.6%	
Gains (Loss) on securities and valuation	82	2,569	3038.5%		1,275	(614)	-148.1%	
Gains (Loss) on exchange-traded notes issued	-	0			0	0		
Gains (Loss) on warrants issued	595	180	-69.8%		(56)	(48)	-14.5%	
Gains (Loss) on derivative instruments	20	(973)	-5080.5%		(518)	306	-159.1%	
Stock affairs agent fees	55	53	-2.5%		13	13	-1.9%	
Interest income	1,398	1,366	-2.3%		321	320	-0.4%	
Other income	42	156	268.0%		(5)	(57)	1087.9%	
Total operating revenue	5,085	6,020	18.4%		1,551	744	-52.0%	
Fee expenses	(461)	(427)	-7.3%		(93)	(135)	45.0%	
Financial costs	(380)	(489)	28.4%		(114)	(117)	2.8%	
Other operating costs and expenses	(3,530)	(3,774)	6.9%		(864)	(941)	9.0%	
Total operating expenses	(4,372)	(4,690)	7.3%		(1,071)	(1,193)	11.4%	
Operating income	713	1,331	86.7%		480	(450)	-193.7%	
Non-operating gains or loss	160	342	114.1%		81	77	-4.8%	
Income tax (expense) benefit	(41)	(130)	213.6%		(81)	24	-129.1%	
Net income	831	1,542	85.7%		480	(349)	-172.8%	
Other comprehensive income (loss), after tax	156	616	295.2%		246	(794)	-422.3%	
Total comprehensive income (loss)	987	2,158	118.7%		726	(1,143)	-257.5%	

<b>Balance Sheet Data</b>	<b>2018</b>	<b>2019</b>	<b>2019/2018</b>		<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 20/Q1 19</b>	
			<b>%</b>	<b>%</b>			<b>%</b>	
Total assets	99,948	104,360	4.4%		111,923	108,026	-3.5%	
Total shareholders' equity	22,865	24,426	6.8%		23,590	23,283	-1.3%	

## Note:

(1) Numbers have been reviewed by the auditors.