



SKFH

Q1 2021 Results Update

2021/5/27

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 2020 and Q1 2021 in this presentation and the presentation materials distributed herewith are reviewed numbers.

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SKFH – Q1 2021 Overview

- SKFH recorded consolidated after-tax profit of NT\$9.44bn for Q1 2021, up 23.7% YoY; EPS was NT\$0.72. Consolidated shareholders' equity reached NT\$231.38bn, and book value per share was NT\$17.34.
- Subsidiaries' core business remained robust.
 - Shin Kong Life:
 - ◆ Boosted by higher investment income and lower cost of liabilities, SKL posted consolidated after-tax profit of NT\$6.87bn for Q1 2021, up 2.2% YoY.
 - ◆ FYPE was NT\$4.20bn, and FYPE/FYP increased to 38.2% in Q1 2021. Cost of liabilities declined 3 bps YTD to 3.80%.
 - Shin Kong Bank:
 - ◆ Net interest income and net fee income for Q1 2021 grew 3.0% and 9.2% YoY, respectively. Consolidated after-tax profit was NT\$1.52bn, up 13.7% YoY.
 - ◆ Asset quality remained solid with NPL ratio at 0.19% and coverage ratio at 712.77%.
 - MasterLink Securities:
 - ◆ Operating revenue for Q1 2021 grew 206.7% YoY to NT\$2.28bn, and consolidated net income reached NT\$0.90bn.
 - ◆ Brokerage market share was 3.39%, ranked 7th place in industry.
- Life insurance EV per share of SKFH was NT\$23.2 in 2020 (not including net worth of bank and other subsidiaries)
 - EV of SKL rose 6% YoY to NT\$309.4bn.
 - Supported by enhanced product mix, VIF increased 3% YoY to NT\$192.5bn, and V1NB was NT\$20.1bn.

Financial Highlights – Q1 2021

	Q1 2020 ⁽¹⁾	Q1 2021	YoY Growth
NT\$m (except per share data), %			
Consolidated net income	7,628	9,439	23.7%
Consolidated comprehensive income	-44,549	-10,831	-75.7%
First year premium (Insurance)	20,523	10,997	-46.4%
Loans (Bank)	614,894	665,823	8.3%
Consolidated total assets	4,047,334	4,444,273	9.8%
Shareholders' equity ⁽²⁾	192,975	230,968	19.7%
Consolidated ROA (unannualized)	0.19%	0.21%	
Consolidated ROE (unannualized)	3.54%	3.99%	
Earnings per share ⁽³⁾	0.61	0.72	

Note:

- (1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model
- (2) Consolidated shareholders' equity for Q1 2020 and Q1 2021 were NT\$193,374mn and NT\$231,378mn, respectively
- (3) The after-tax earnings per share (EPS) for Q1 2020 and Q1 2021 would be NT\$0.57 and NT\$0.65, respectively, if the foreign exchange volatility reserve mechanism were not adopted
- (4) Reviewed numbers

Net Income – Q1 2021

Net income contribution

NT\$bn

Subsidiaries	Q1 2020 ⁽¹⁾	Q1 2021	YoY Growth
Shin Kong Life	6.60	6.85	3.9%
Shin Kong Bank	1.34	1.52	13.7%
MasterLink Securities	-0.35	0.90	-
Shin Kong Investment Trust	0.01	0.01	61.8%
Shin Kong Venture Capital International	-0.03	0.02	-
Shin Kong Property Insurance Agency	0.02	0.02	-2.9%
Others ⁽²⁾	0.03	0.11	266.7%
Net income ⁽³⁾	7.62	9.43	23.7%

Note:

- (1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model
- (2) Includes other income of SKFH and income taxes
- (3) Net income attributable to SKFH
- (4) Reviewed numbers

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Shin Kong Life – Q1 2021 Overview

- Boosted by higher investment income and lower cost of liabilities, SKL posted consolidated after-tax profit of NT\$6.87bn for Q1 2021, up 2.2% YoY. Consolidated shareholders' equity reached NT\$149.77bn, and equity-to-asset ratio was 4.59%.
- FYP for Q1 2021 declined 46.4% YoY to NT\$11.00bn, while FX policies and value-focused products remained sales focus. FYPE reached NT\$4.20bn; FYPE/FYP increased from 35.8% in Q1 2020 to 38.2% in Q1 2021.
- To obtain stable interest spreads and better asset-liability matching, NT\$8.50bn of FX policies sold in Q1 2021, accounting for 77.3% of total FYP.
- Cost of liabilities for Q1 2021 decreased 3 bps YTD from 3.83% to 3.80%.
- Annualized investment return for Q1 2021 was 4.31%, and recurring yield before hedging was 3.05%.

Financial Highlights – Q1 2021

	Q1 2020 ⁽¹⁾	Q1 2021	YoY Growth
NT\$mn, %			
First year premium	20,523	10,997	-46.4%
Total premium	67,991	57,718	-15.1%
Investment income	32,711	33,550	2.6%
Consolidated net income	6,722	6,870	2.2%
Consolidated comprehensive income	-44,892	-11,050	-75.4%
Consolidated total assets	3,028,334	3,294,943	8.8%
Consolidated total shareholders' equity	114,784	149,774	30.5%
ROE (unannualized)	4.90%	4.43%	
ROA (unannualized)	0.22%	0.21%	

Note:

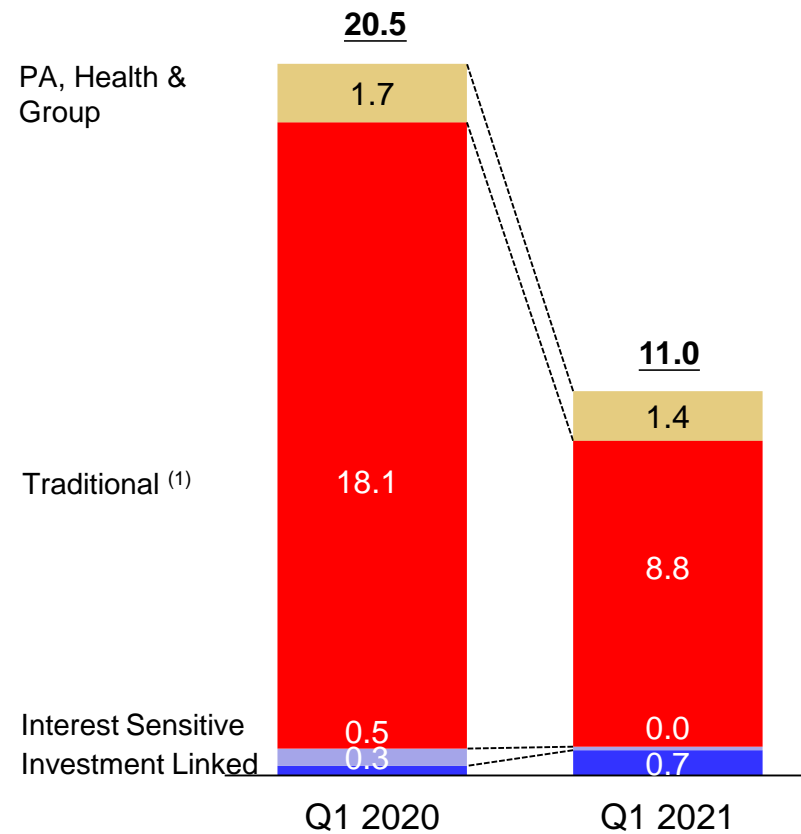
(1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model

(2) Reviewed numbers

Product Mix – Q1 2021

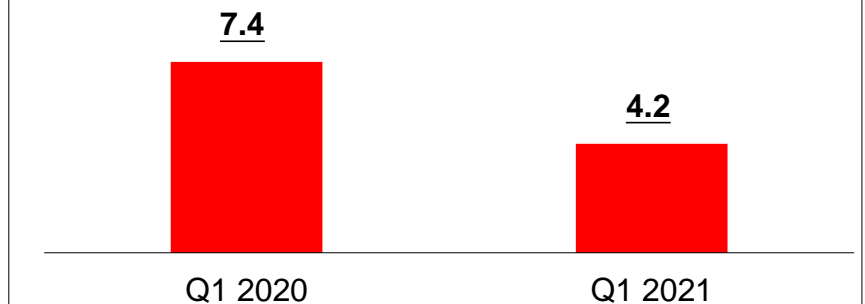
First Year Premium (FYP)

NT\$bn



First Year Premium Equivalent (FYPE)

NT\$bn



Comments

- As product strategy remained value-driven, FYP for Q1 2021 fell 46.4% YoY to NT\$11.00bn. FYPE/FYP increased from 35.8% in Q1 2020 to 38.2% in Q1 2021
- Sales of FX policies amounted to NT\$8.50bn, accounting for 77.3% of total FYP
- Cost of liabilities decreased 3 bps YTD to 3.80%
- FX policies and value-focused products to be actively promoted for stable interest spreads, VNB margin and CSM

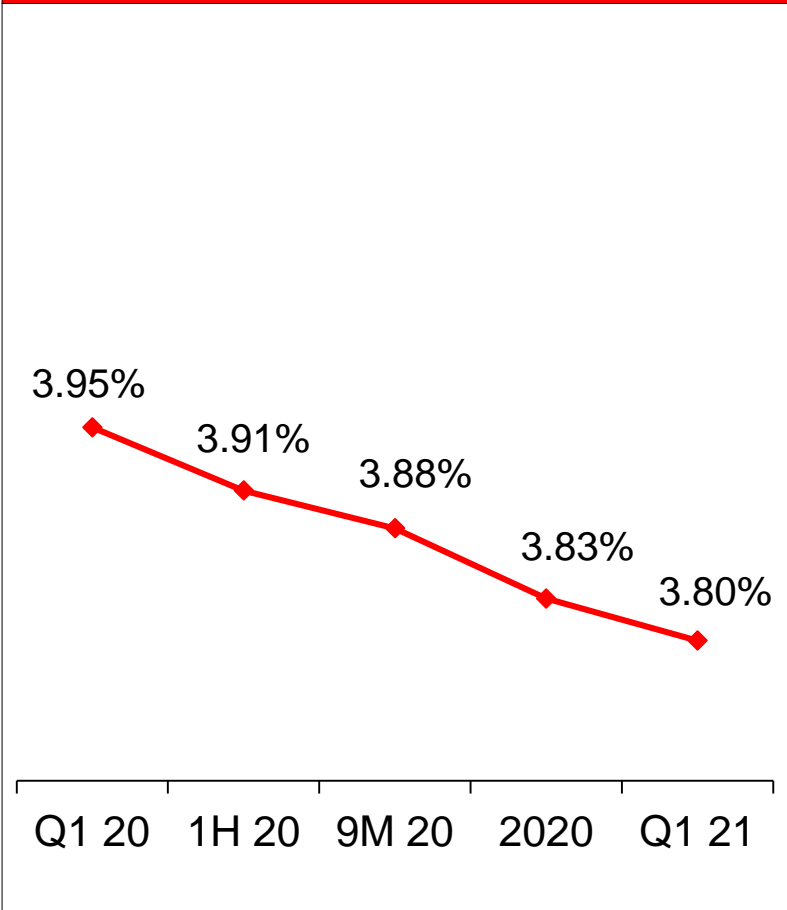
Note:

(1) Includes interest-sensitive life insurance

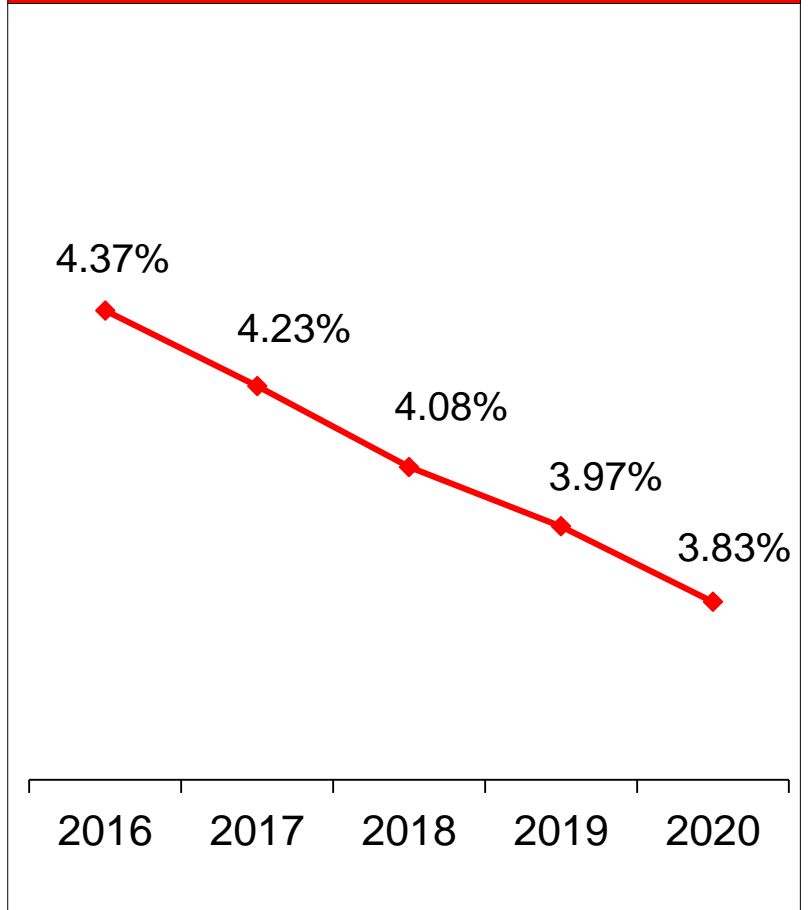
(2) Total may not add up exactly due to rounding

Cost of Liabilities

Cost of Liabilities (quarterly)



Cost of Liabilities (annual)



Persistency Ratio

13 Month Persistency

98.3% 98.5% 98.6%

Q3 20

Q4 20

Q1 21

25 Month Persistency

95.6% 95.9% 96.7%

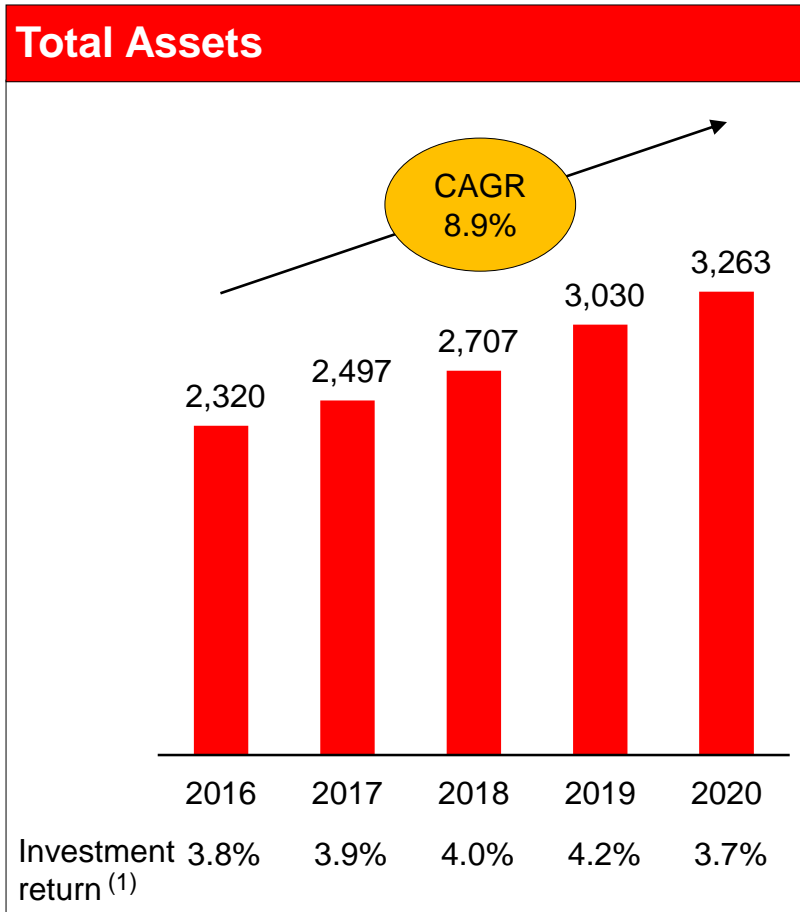
Q3 20

Q4 20

Q1 21

Investment Portfolio

NT\$bn

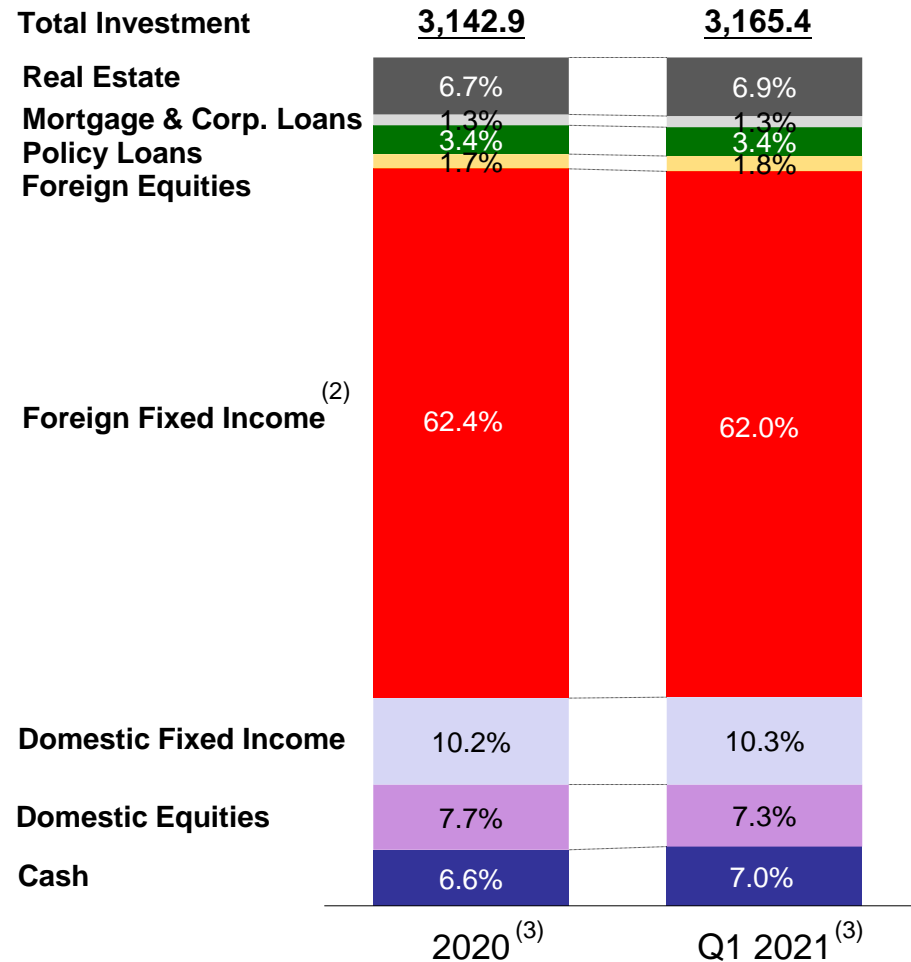


Note:

(1) Includes capital gains and FX hedging cost

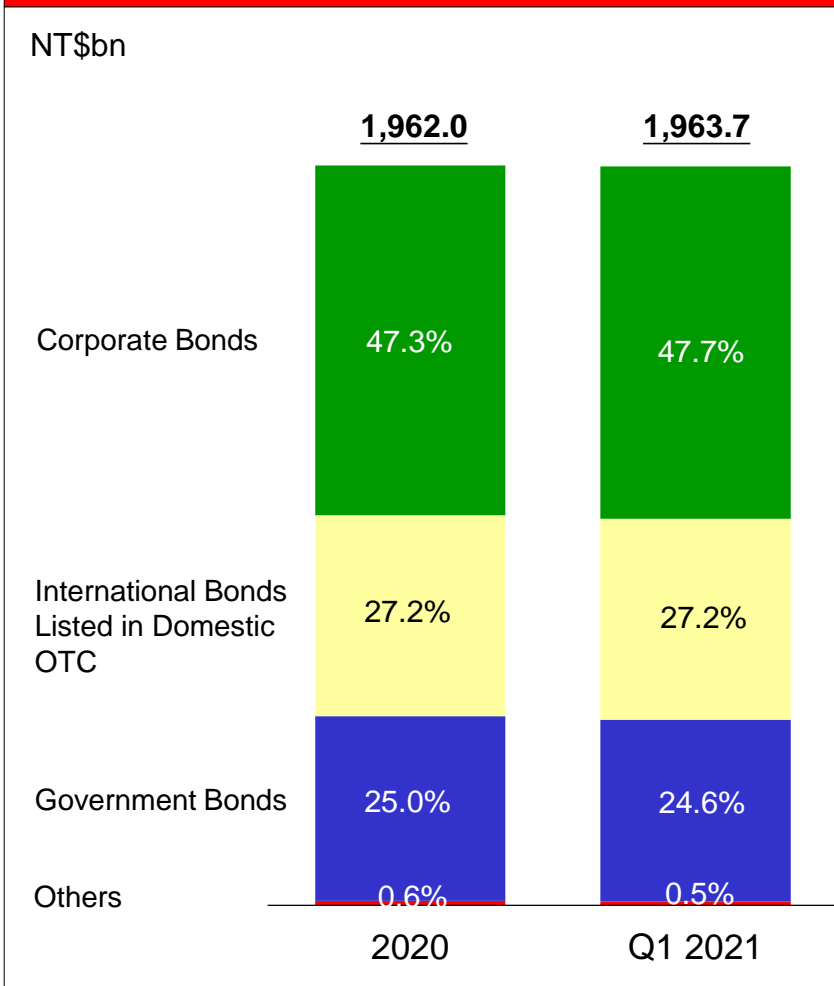
(2) Includes international bonds listed in domestic OTC

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

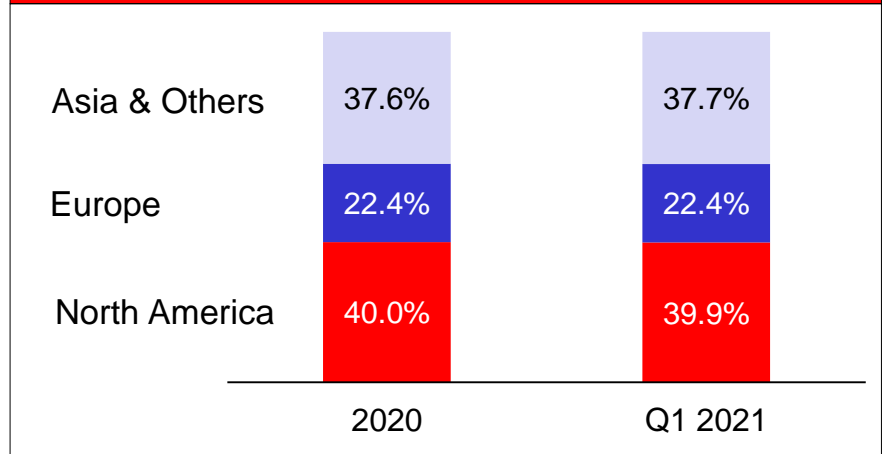


Overseas Fixed Income

Overseas Fixed Income Portfolio



Overseas Fixed Income by Region



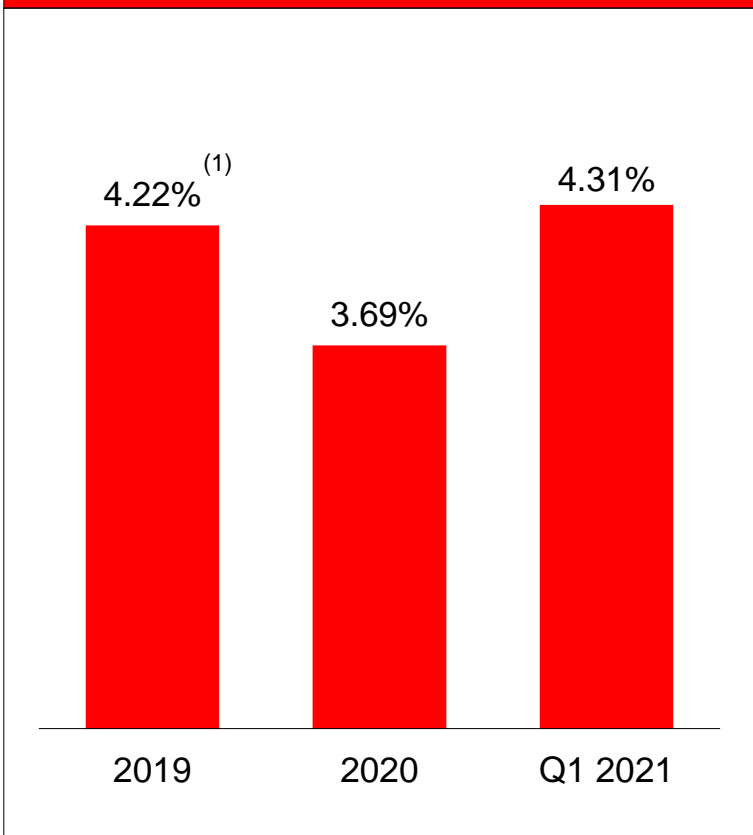
Comments

- Overseas fixed income position mainly deployed in USD-denominated bonds
- Overseas fixed incomes mainly invested in North America and Europe, accounting for 62.3%
- SKL holds corporate bonds with stable credit quality across sectors, including communication, consumer, utilities and financials

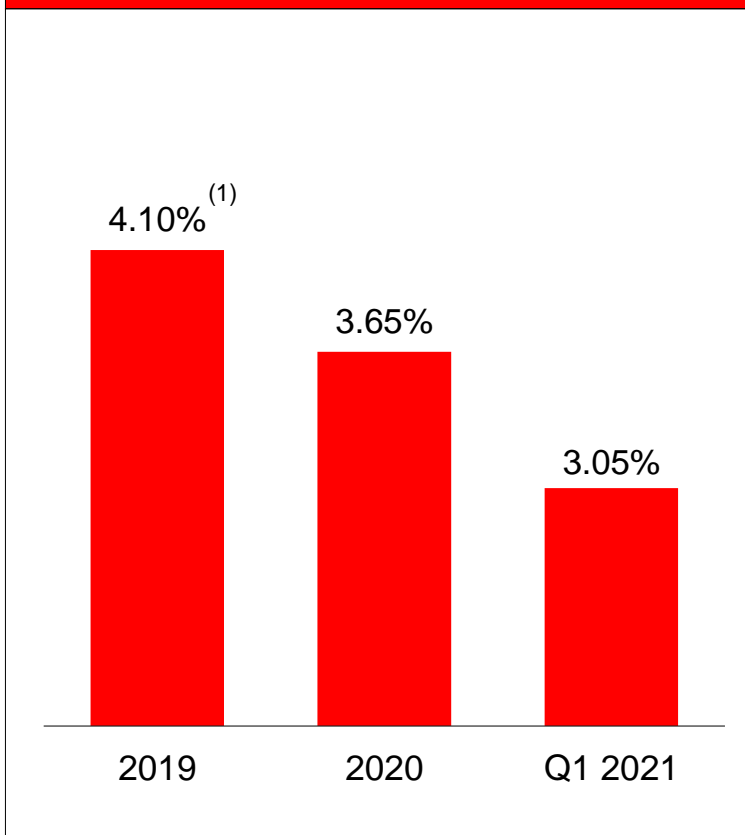
Note: Due to rounding, asset allocation figures may not add up to 100%

Investment Performance

Investment Return After Hedging



Recurring Yield Before Hedging

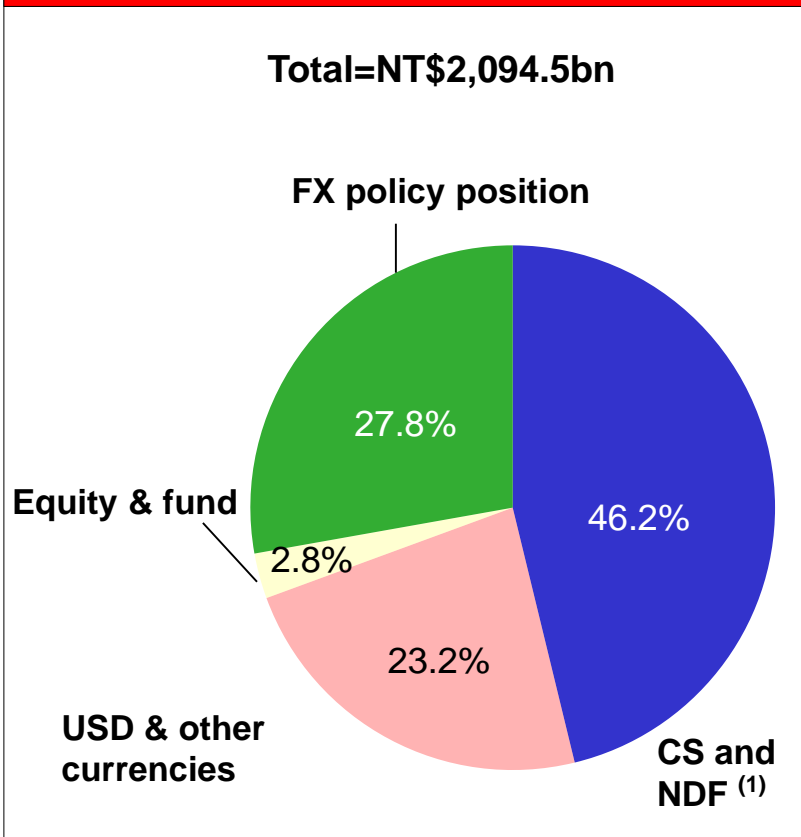


Note:

(1) Figure was restated to reflect adoption of fair value model for investment property

Hedging Strategy

Mix of Hedging Strategies Used

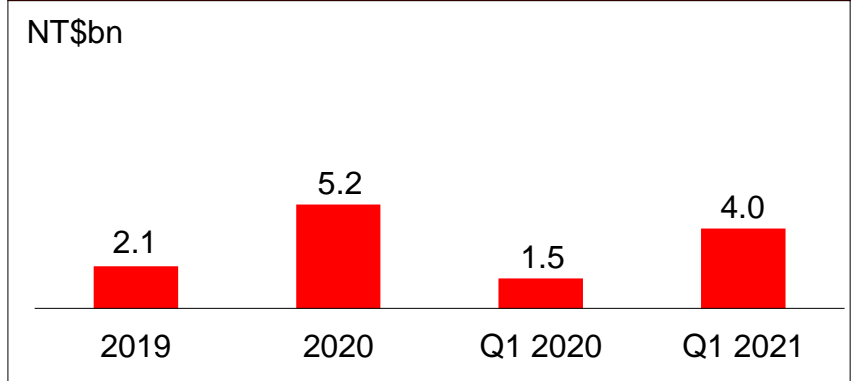


Note:

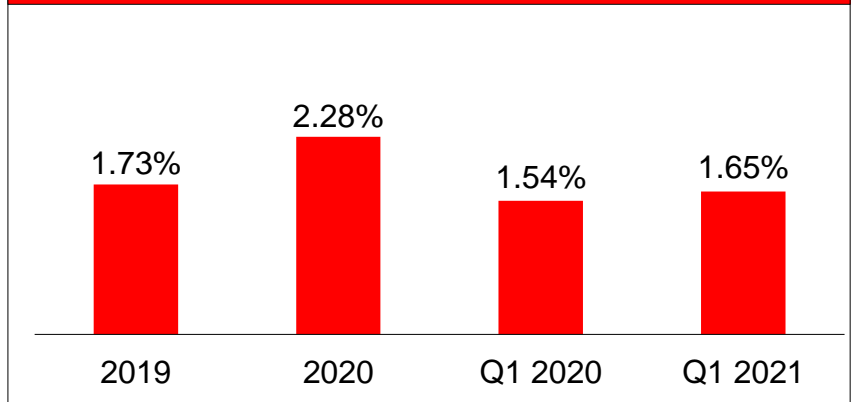
(1) Currency swaps and non-delivery forwards accounted for 58% and 42%, respectively

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

FX Volatility Reserve



Hedging Cost



Investment Strategy

Strong ALM Discipline

- Accumulate CSM to prepare for IFRS 17 adoption
- Promote value-focused products and emphasize policy quality to cumulate fundamental incomes of mortality and expense gains
- Develop an appropriate asset-liability matching mechanism and assess regularly asset-liability matching risks with rigorous indicators

Well-diversified Portfolio

- Diversification by asset class (equity, credit, currency, commodity, real estate, loan)
- Achieve diversification and yield pick-up through overseas investments. Continue to deploy in investment grade bonds to grow interest income
- Invest in outperforming equities

Cost-effective Currency Hedging

- Allocate funds from FX policies in assets denominated in original foreign currencies and flexibly adjust hedging ratio through proxy basket
- Build up FX volatility reserve to enhance flexibility in hedging strategy

Enhance Investment Risk Management

- Implement annual asset allocation plan and manage overall investment risks effectively
- Monitor market activities on daily basis as well as strictly manage market, credit and business risks to cope rapidly with changes in financial markets

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Shin Kong Bank – Q1 2021 Overview

- Driven by net fee income up 9.2% YoY and investment income up 19.0% YoY, pre-provision operating income grew 8.3% YoY to NT\$2.07bn; consolidated net income for Q1 2021 was NT\$1.52bn, up 13.7% YoY.
- Wealth management income for Q1 2021 was NT\$0.68bn, up 10.3% YoY. Momentum mainly contributed by mutual funds, with fee income up 52.4% YoY.
- Loan balance grew 1.9% YTD to NT\$665.82bn, primarily driven by mortgage and other consumer loans, up 3.6% and 3.1% YTD, respectively.
- Deposit balance grew 3.7% YTD to NT\$943.99bn. Funds actively attracted by developing securities settlement accounts, balance of which grew 7.4% YTD. Demand deposit ratio increased from 44.6% to 45.3% in Q1 2021, reducing funding cost.
- NIM and NIS both increased 1 bp QoQ to 1.25% and 1.65%, separately. With improved deposit structure and steady loan growth, net interest income grew 3.0% YoY.
- Asset quality continued to be solid. NPL ratio remained at 0.19% and coverage ratio increased from 672.48% to 712.77%, both better than industry average.

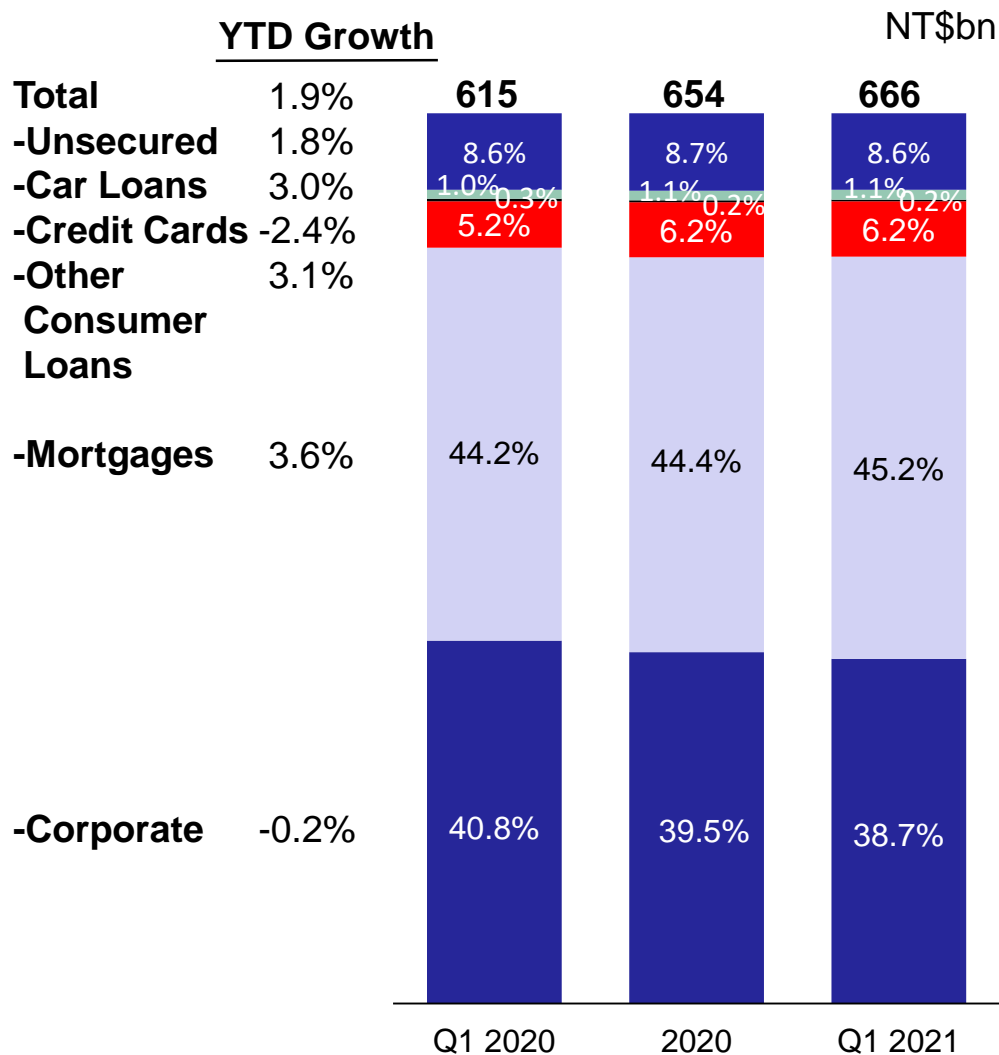
Net Income – Q1 2021

	Q1 2020 ⁽¹⁾	Q1 2021	YoY Growth
NT\$m, %			
Net interest income	2,908	2,994	3.0%
Net fee income	820	895	9.2%
Investment income and other income	422	505	19.5%
Operating expense	-2,240	-2,326	3.8%
Pre-provision operating income	1,909	2,068	8.3%
Provision expense	-381	-351	-8.0%
Income tax benefit (expense)	-193	-198	2.8%
Consolidated Net Income	1,336	1,519	13.7%

Note:

- (1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model
- (2) Total may not add up exactly due to rounding
- (3) Reviewed numbers

Loan Mix



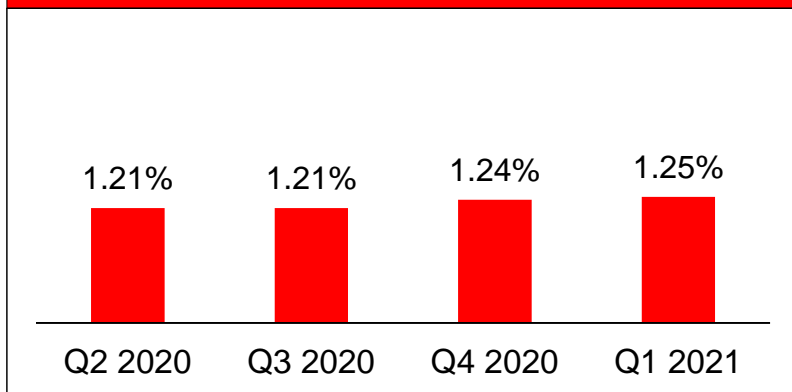
Comments

- Loan balance increased 1.9% YTD to NT\$665.82bn; loan growth targeted at 8% for 2021
- Consumer loans increased 3.3% YTD, with mortgage and other consumer loans up 3.6% and 3.1% YTD, respectively

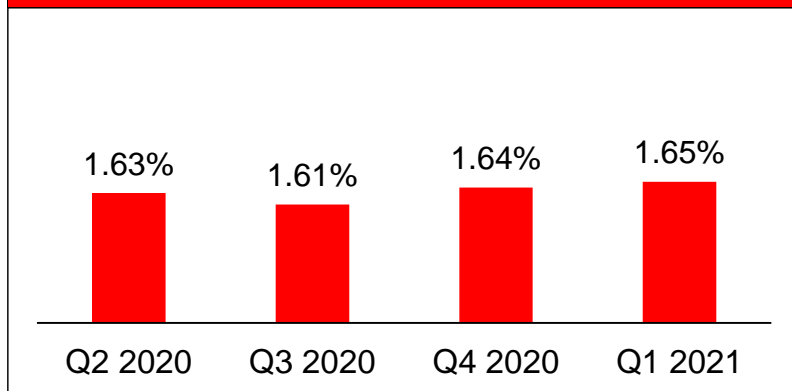
Note: Due to rounding, loan mix may not add up to 100%

Interest Income

Net Interest Margin



Net Interest Spread



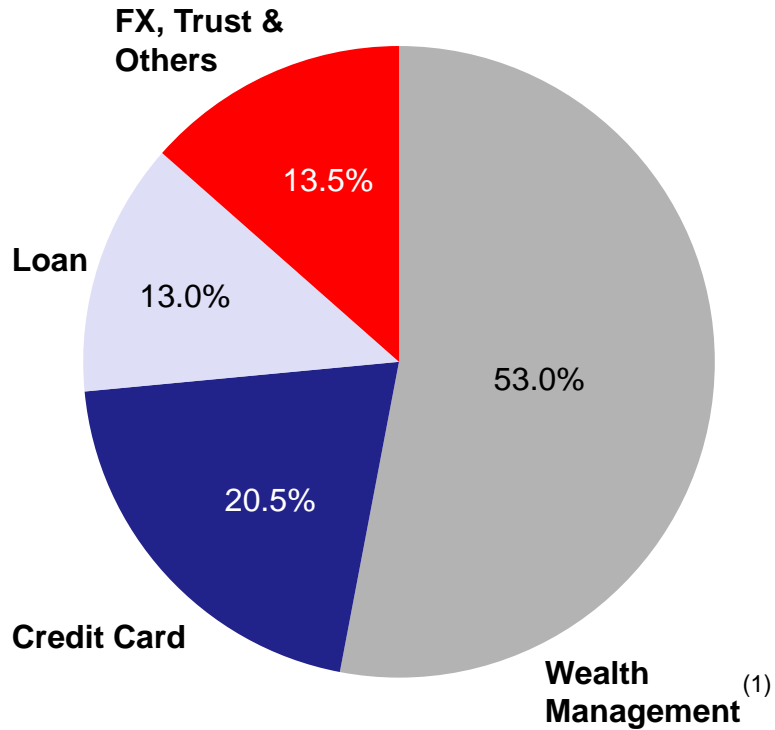
Comments

- As deposit rates steadily repriced downward and demand deposit ratio increased, NIM and NIS both increased 1 bp QoQ to 1.25% and 1.65%
- SKB will continue to:
 - Increase securities settlement funds and demand deposits to lower funding cost
 - Enhance fund utilization to stabilize interest spread
 - Continuously build up foreign currency deposits to expand wealth management and overseas business

Fee Income

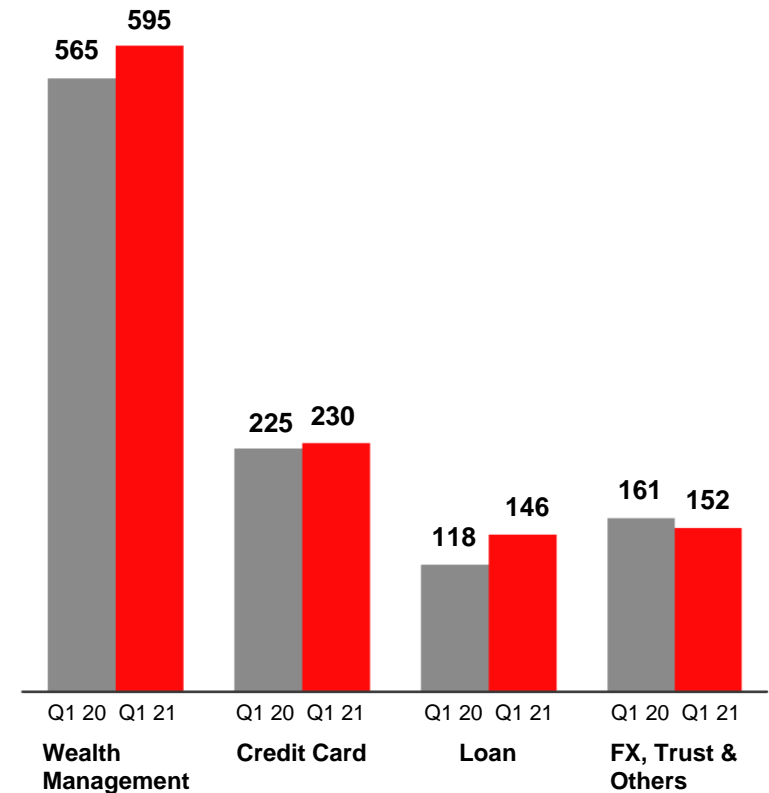
Fee Income Breakdown

Total=NT\$1,122mn



YoY Comparison

NT\$m



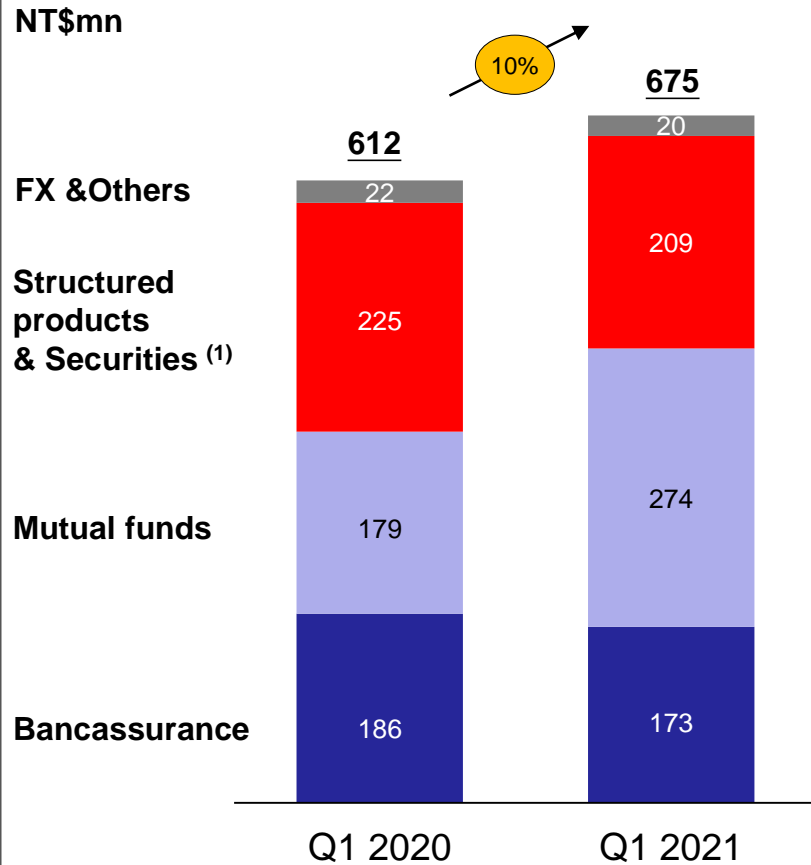
Note:

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

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

Wealth Management

Wealth Management Income Breakdown



Wealth Management Center



- Wealth management income for Q1 2021 was NT\$0.68bn, up 10.3% YoY. Momentum contributed by mutual funds, with fee income up 52.4% YoY
- Investment products expected to remain sales focus, along with stable momentum from regular premium and FX insurance policies
- Intelligent robo-advisory launched to improve customer experience, and online marketing campaigns conducted for new funds and client base; AUM grew 2.5% YTD

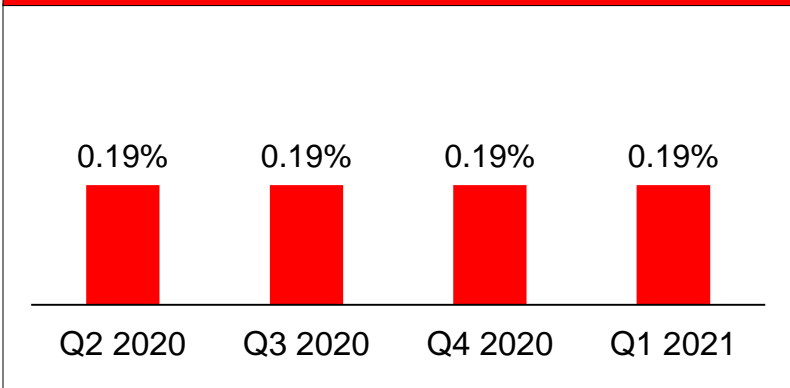
Note:

(1) Including income from structured investments(SI), structured notes(SN) and overseas securities

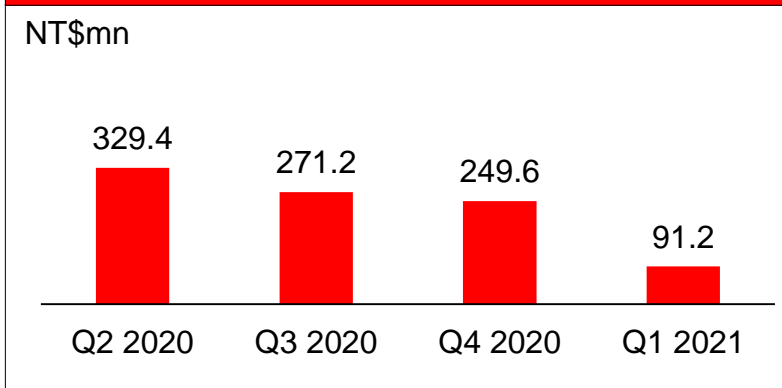
(2) Due to rounding, WM income breakdown may not add up to 100%

Asset Quality

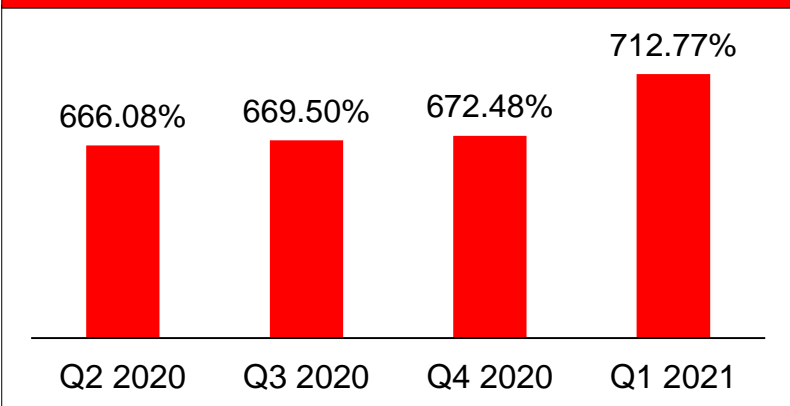
NPL Ratio



New NPL Generation



Coverage Ratio



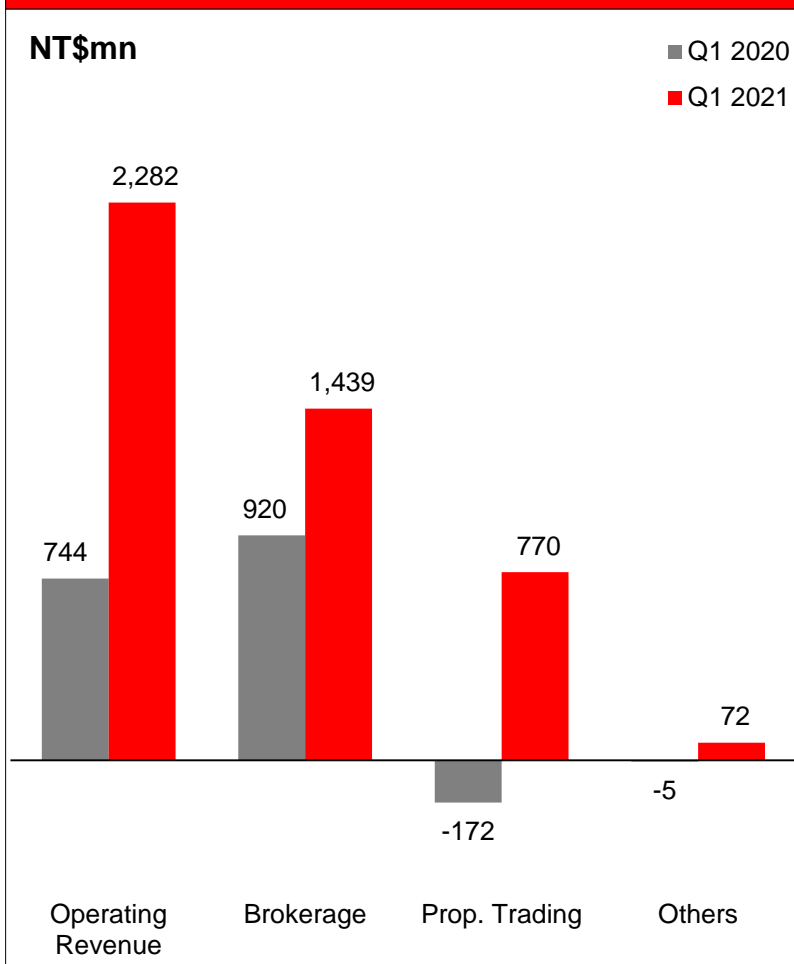
- New NPL generated in Q1 2021 was only NT\$91mn, NT\$158mn less than previous quarter
- NPL ratio and coverage ratio were 0.19% and 712.77%, respectively, better than industry average

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MasterLink Securities – Q1 2021 Overview

Operating Revenue Breakdown



Note: Total may not add up exactly due to rounding

Market Share & Ranking

	Q1 20	Ranking	Q1 21	Ranking
Government Bond Secondary Market Trading	6.01%	2	6.68%	2
Brokerage	3.54%	6	3.39%	7
Margin Loans	5.16%	7	5.43%	7

- Operating revenue for Q1 2021 grew 206.7% YoY to NT\$2.28bn, and consolidated net income reached NT\$0.90bn
- Brokerage income increased 56.4% YoY to NT\$1.44bn, driven by brokerage fee income up 62.1% YoY
- Proprietary trading income amounted to NT\$0.77bn, driven by disposal gains from equities and related securities, up NT\$0.47bn YoY
- In April, MasterLink Securities approved for high-net-worth business and US qualified intermediary (QI) license, expanding business opportunities

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SKL – EV & AV Results

Unit: NT\$bn

	2019.12	2020.12	YoY growth
In-force business investment yield	NTD 3.30%~4.62% USD 4.59%~5.09% Equivalent investment yield: 4.19% (rolling over to 2020 : 4.27%)	NTD 3.00%~4.47% USD 4.10%~4.93% Equivalent investment yield: 3.91%	--
Future one year's new business investment yield	NTD 3.12%~4.47% USD 4.13%~5.00%	NTD 2.57%~4.32% USD 3.79%~4.82%	--
Adjusted NAV	196.9	208.1	6%
VIF	186.4	192.5	3%
COC	90.6	91.1	1%
EV	292.7	309.4	6%
EV / per share (SKL / SKFH)	48.4 / 23.3	46.4/23.2	--
V1NB	24.9	20.1	-19%
AV – 5 years NB	390.7	392.0	0%
5-year AV / per share (SKL / SKFH)	64.5 / 31.1	58.8/29.4	--
AV – 20 years NB	508.2	508.8	0%
20-year AV / per share (SKL / SKFH)	83.9 / 40.4	76.4/38.2	--

Note: Based on SKL's outstanding shares of 6.66bn as of the end of 2020 (6.05bn as of the end of 2019)

Based on SKFH's outstanding shares of 13.32bn as of the end of 2020 (12.57bn as of the end of 2019)

SKL – Estimate of Embedded / Appraisal Value

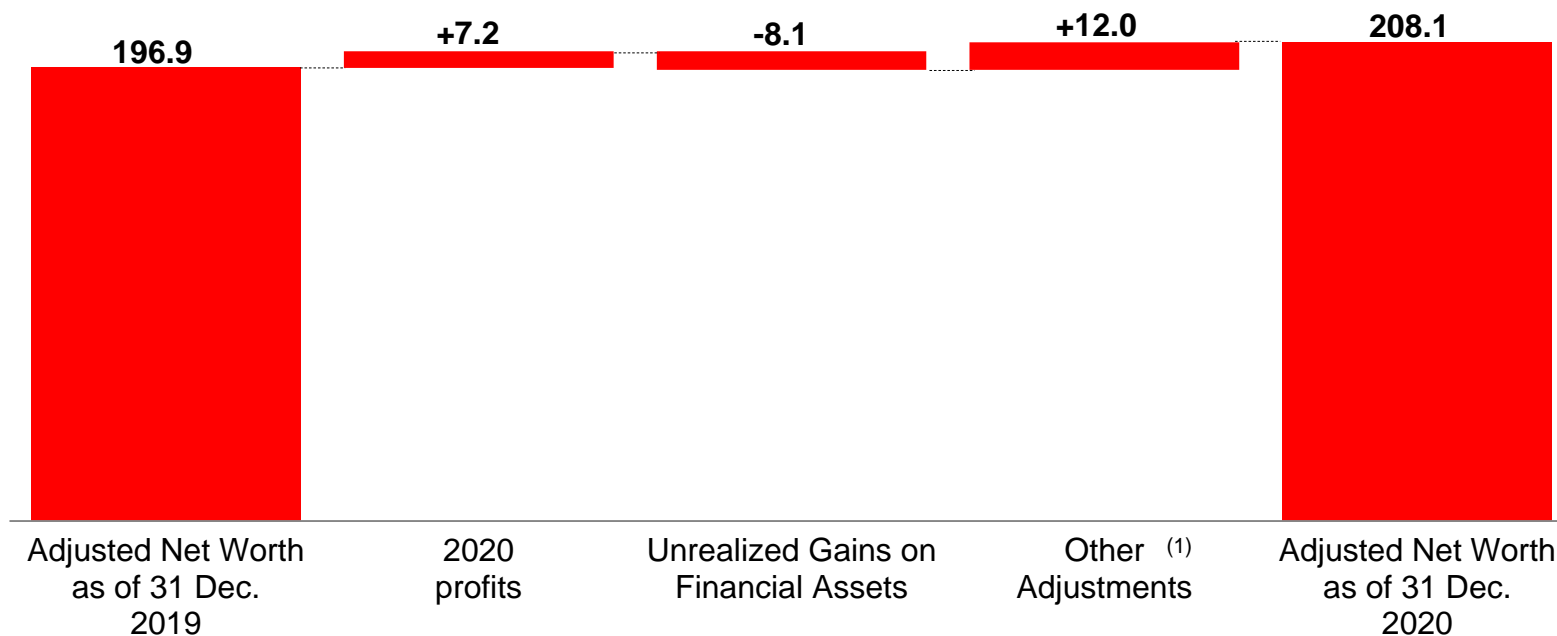
Unit: NT\$bn Valn Date: 31 Dec. 2020 Solvency Basis: 200% RBC			Base Case Scenario		
	All else equal except		VIF NTD 3.00%~4.47% USD 4.10%~4.93% V1NB NTD 2.57%~4.32% USD 3.79%~4.82% RDR 9.50%	All else equal except	
	Inv Return -0.25%	Inv Return +0.25%		RDR -1.0%	RDR +1.0%
Adjusted NAV	208.1	208.1	208.1	208.1	208.1
VIF	125.2	254.5	192.5	223.3	168.0
Cost of Capital (COC)	94.4	88.5	91.1	84.3	96.7
EV after COC	238.8	374.1	309.4	347.1	279.4
V1NB after COC	19.2	20.8	20.1	22.7	18.0
AV (5 years NB)	317.7	459.5	392.0	440.1	353.2
AV (20 years NB)	429.2	580.4	508.8	571.7	457.6

Note: Figures may not add up exactly due to rounding

SKL – Analysis of change in Adjusted NAV

Changes between 31 Dec. 2019 and 31 Dec. 2020 broken down by components

NT\$bn



% of change	3.6%	-4.1%	6.1%	5.6%
Cumulative	3.6%	-0.5%	5.6%	

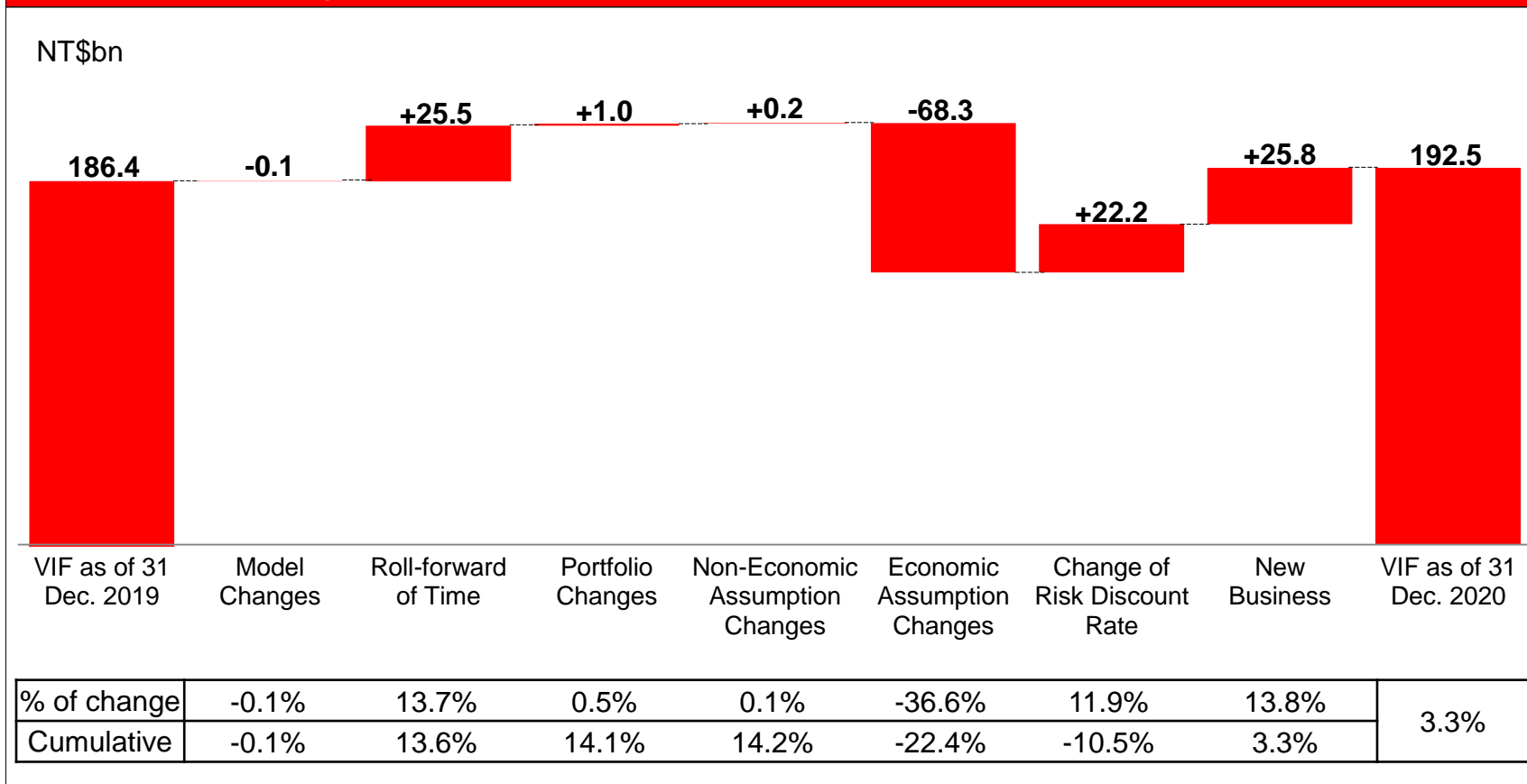
Note:

(1) Including capital injection and other items

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

SKL – Analysis of Change in VIF

Changes between 31 Dec. 2019 and 31 Dec. 2020 broken down by components

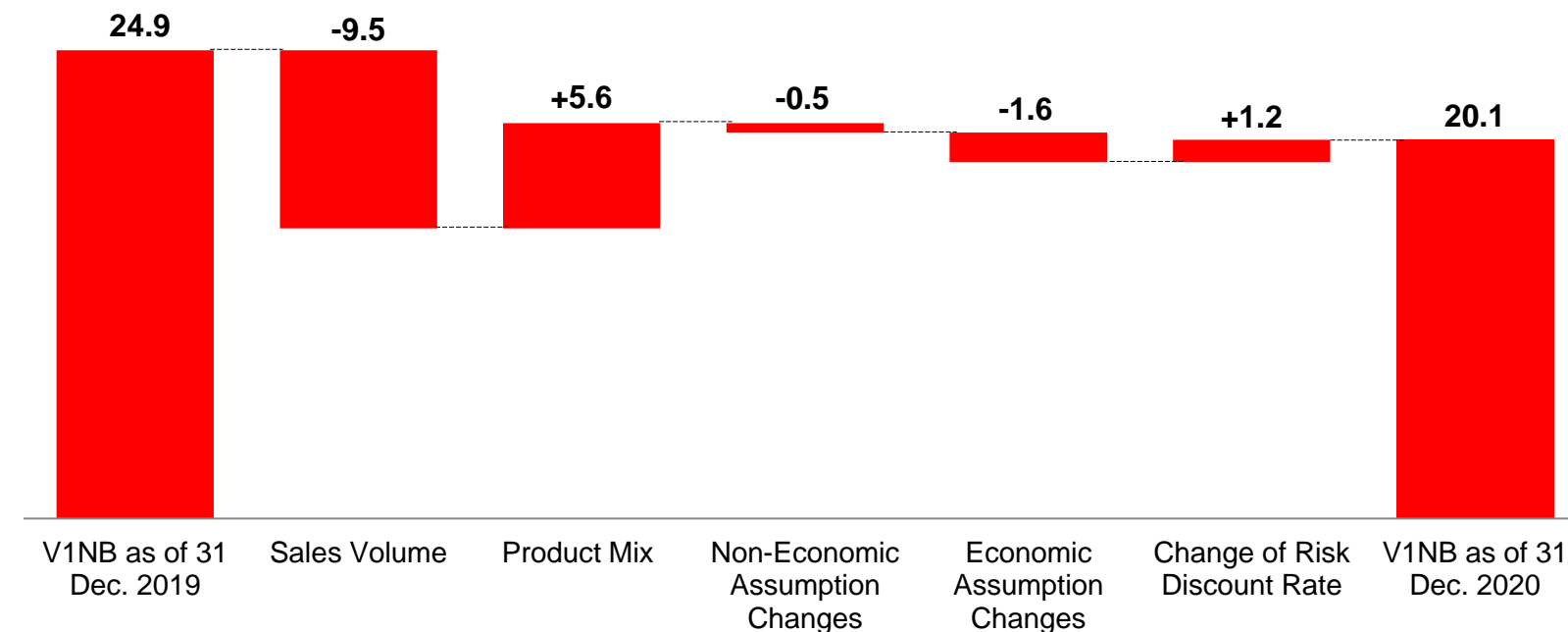


Note: Figures may not add up exactly due to rounding

SKL – Analysis of Change in V1NB

Changes between 31 Dec. 2019 and 31 Dec. 2020 broken down by components

NT\$bn



% of change	-38.1%	22.5%	-2.0%	-6.3%	4.8%	-19.1%
Cumulative	-38.1%	-15.6%	-17.6%	-23.9%	-19.1%	

Note: Figures may not add up exactly due to rounding

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SP / RP Breakdown

NT\$bn

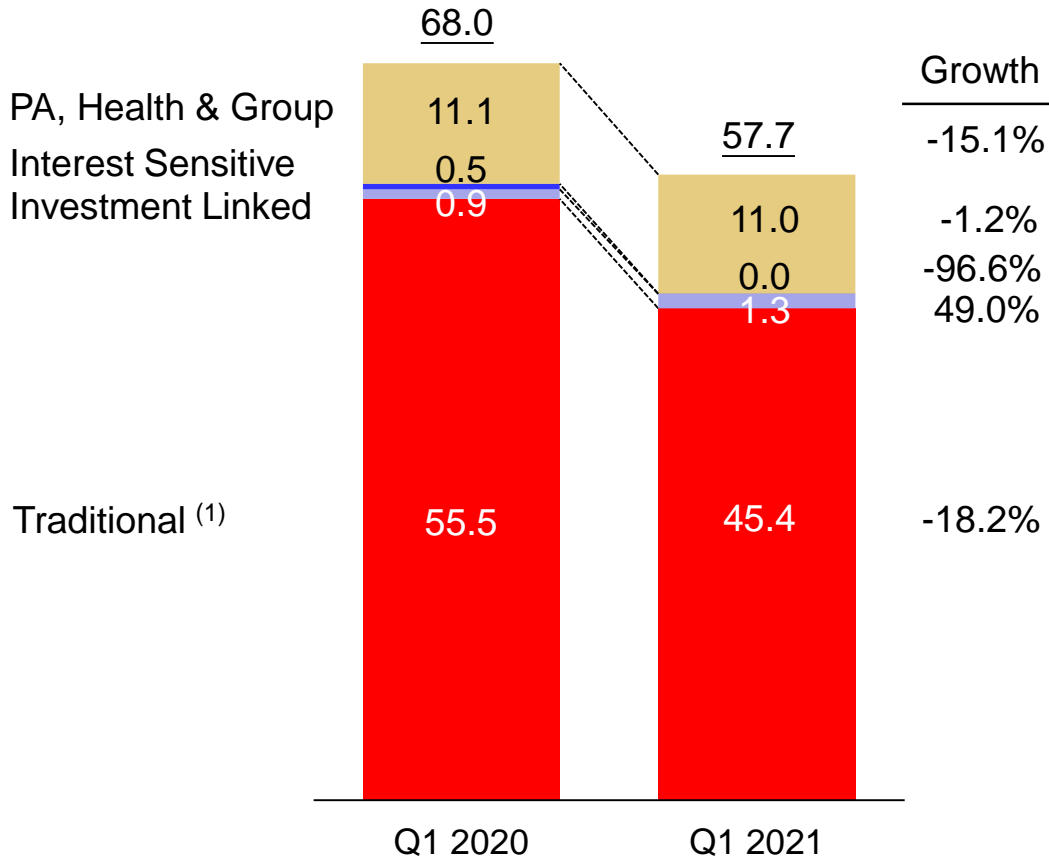
Q1 2021 FYP	Single Premium	Regular Premium	Flexible Payment	Total
Traditional	5.82	3.00		8.82
Investment-linked				
VUL / VA	0.37	0.02	0.34	0.73
Structured note				
Interest sensitive				
Annuity / UL	0.01		0.00	0.01
PA, health and others		1.44		1.44
Total	6.20	4.46	0.34	11.00
Share	56.4%	40.5%	3.1%	100.0%

Note: Total may not add up exactly due to rounding

Total Premium – Q1 2021

NT\$bn

Market Share = 7.4%



Comments

- Total premium for Q1 2021 fell 15.1% YoY, due to lower FYP, down by 46.4% YoY
- Total premium of FX policies for Q1 2021 reached NT\$23.91bn, accounting for 41.4% of total

Note:

(1) Includes interest-sensitive life insurance

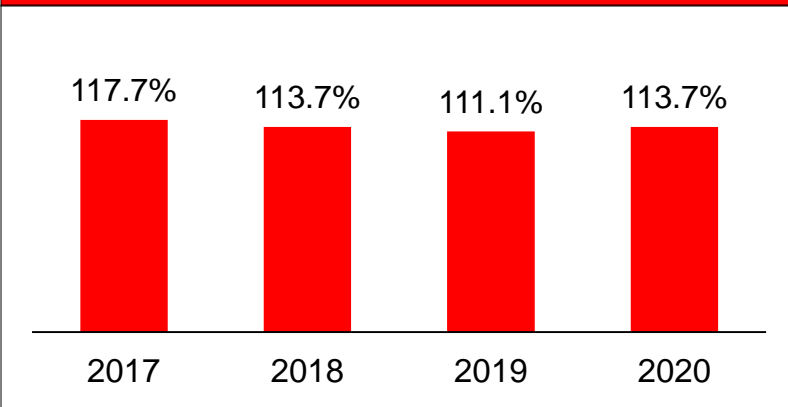
(2) Total may not add up exactly due to rounding

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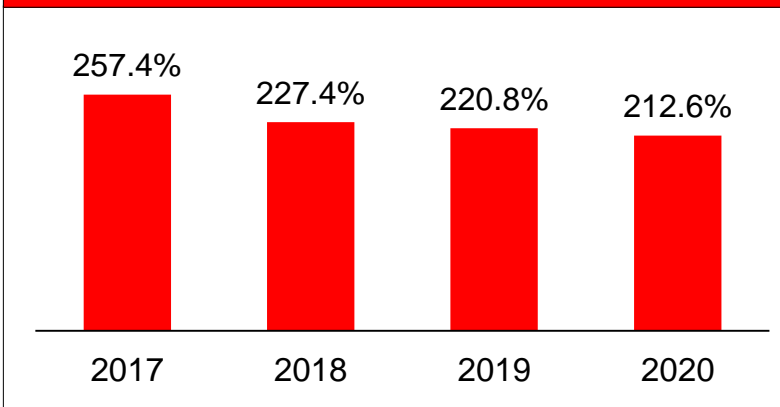
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Capital Adequacy

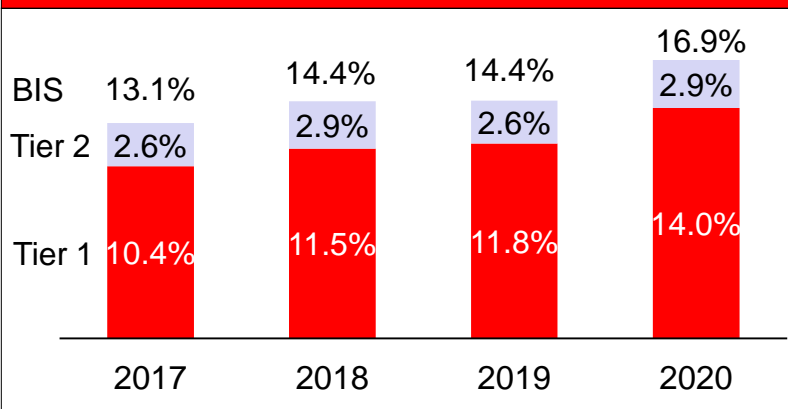
CAR of SKFH



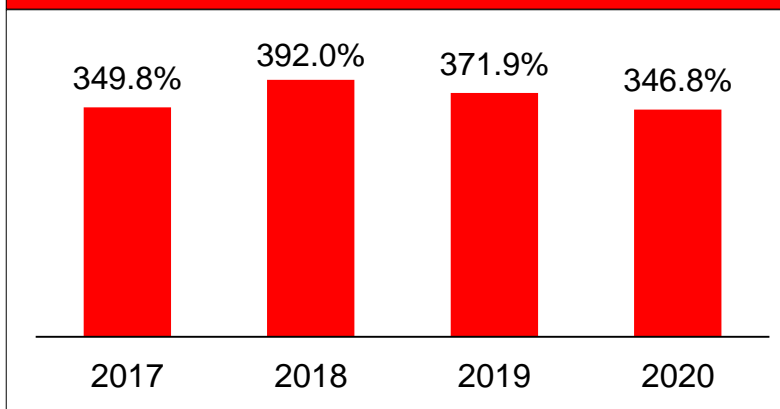
RBC of Shin Kong Life



BIS of Shin Kong Bank



BIS of MasterLink Securities





Website : www.skfh.com.tw

E-mail : ir@skfh.com.tw

Shin Kong Financial Holding

Financial Summary

(NT\$mn)

Income Statement Data	2019 ⁽¹⁾	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Net interest income	(143)	(120)	-16.3%	(24)	(35)	50.2%
Income from subsidiaries						
Shin Kong Life	12,447	7,018	-43.6%	6,596	6,852	3.9%
Shin Kong Bank	5,531	5,938	7.4%	1,336	1,519	13.7%
MasterLink Securities	1,544	1,902	23.2%	(349)	898	-357.1%
Shin Kong Investment Trust	44	51	14.4%	7	12	61.8%
Shin Kong Venture Capital International	14	(66)	-564.4%	(25)	24	-195.2%
Shin Kong Property Insurance Agency	59	68	15.6%	18	18	-2.9%
Total income from subsidiaries	19,639	14,912	-24.1%	7,583	9,322	22.9%
Other income	93	(15)	-116.1%	(7)	9	-230.0%
Administrative and general expenses	(377)	(431)	14.4%	(88)	(122)	38.4%
Income tax benefit (expense)	621	40	-93.6%	154	251	62.9%
Net income	19,833	14,386	-27.5%	7,619	9,425	23.7%
Other comprehensive income (loss), after tax	30,347	(7,153)	-123.6%	(52,165)	(20,268)	-61.1%
Total comprehensive income (loss)	50,180	7,233	-85.6%	(44,546)	(10,843)	-75.7%

Balance Sheet Data	2019 ⁽¹⁾	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Long term investment	250,103	256,470	2.5%	205,421	246,160	19.8%
Total assets	4,029,814	4,357,124	8.1%	4,047,334	4,444,273	9.8%
Shareholders' equity (excl. non-controlling interest)	237,521	241,181	1.5%	192,975	230,968	19.7%

Note:

(1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model.

(2) Numbers have been reviewed by the auditors.

Shin Kong Life

Financial Summary

(NT\$m)

Income Statement Data (Consolidated)	2019 ⁽¹⁾	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Premium income	311,482	294,297	-5.5%	66,874	56,272	-15.9%
Investment income						
Interest income	93,560	89,091	-4.8%	22,435	22,073	-1.6%
Gains on investments in securities	48,867	62,613	28.1%	17,983	17,934	-0.3%
Gains on real estate investments	6,539	6,455	-1.3%	2,060	2,197	6.6%
FX	(35,096)	(42,920)	22.3%	(8,068)	(9,652)	19.6%
FX gain or loss	(32,074)	(72,635)	126.5%	4,552	203	-95.5%
Hedging	(3,022)	29,715	-1083.3%	(12,620)	(9,855)	-21.9%
FX Reserve	2,656	(3,082)	-216.0%	549	1,195	117.8%
Expected credit losses or reversal of expected credit losses of investments	1,158	(50)	-104.3%	(2,247)	(197)	-91.2%
Total Investment income	117,683	112,108	-4.7%	32,711	33,550	2.6%
Other operating income	1,766	1,818	2.9%	639	728	13.9%
Provisions for reserves						
Provisions	(364,046)	(354,650)	-2.6%	(80,513)	(71,562)	-11.1%
Recoveries	129,782	123,402	-4.9%	23,752	31,124	31.0%
Total provisions for reserves, net	(234,264)	(231,247)	-1.3%	(56,761)	(40,438)	-28.8%
Insurance payments	(156,744)	(150,201)	-4.2%	(31,650)	(38,582)	21.9%
Commission expenses	(11,363)	(8,525)	-25.0%	(2,592)	(1,384)	-46.6%
Separate account revenues	7,494	5,180	-30.9%	(5,610)	1,883	-133.6%
Separate account expenses	(7,494)	(5,180)	-30.9%	5,610	(1,883)	-133.6%
General and administrative expenses	(14,630)	(14,337)	-2.0%	(3,193)	(2,781)	-12.9%
Other operating costs and expenses	(3,361)	(3,753)	11.7%	(866)	(656)	-24.2%
Operating income	10,570	159	-98.5%	5,163	6,710	30.0%
Non-operating income and expenses	149	172	15.2%	(4)	(11)	225.7%
Income taxes	1,967	6,907	251.1%	1,563	172	-89.0%
Net income	12,686	7,238	-42.9%	6,722	6,870	2.2%
Other comprehensive income (loss), after tax	29,208	(7,899)	-127.0%	(51,614)	(17,921)	-65.3%
Total comprehensive income (loss)	41,895	(661)	-101.6%	(44,892)	(11,050)	-75.4%
Balance Sheet Data	2019 ⁽¹⁾	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Total assets	3,029,626	3,262,887	7.7%	3,028,334	3,294,943	8.8%
Total shareholders' equity	159,676	160,281	0.4%	114,784	149,774	30.5%

Note:

(1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model.

(2) Numbers have been reviewed by the auditors.

Shin Kong Bank

Financial Summary

(NT\$m)

Income Statement Data	2019	2020	2020/2019		Q1 2021	Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾		%	%
Interest income	18,024	16,314	-9.5%	4,436	4,006	-9.7%	
Interest expense	(6,304)	(5,068)	-19.6%	(1,528)	(1,012)	-33.8%	
Net interest income	11,720	11,246	-4.0%	2,908	2,994	3.0%	
Fee income	4,642	4,270	-8.0%	1,069	1,122	5.0%	
Fee expense	(1,099)	(906)	-17.6%	(249)	(227)	-9.0%	
Net fee income	3,543	3,364	-5.1%	820	895	9.2%	
Gains on bill & securities (incl. foreign exchange, net)	1,244	2,262	81.8%	412	490	19.0%	
Other gains or losses, net	99	77	-22.2%	10	14	42.5%	
Operating expense	(8,601)	(9,117)	6.0%	(2,240)	(2,326)	3.8%	
Pre-provision income or loss	8,005	7,832	-2.2%	1,909	2,068	8.3%	
Provision expense	(1,313)	(1,158)	-11.8%	(381)	(351)	-8.0%	
Income tax (expense) benefit	(1,168)	(737)	-36.9%	(193)	(198)	2.8%	
Net income	5,523	5,937	7.5%	1,336	1,519	13.7%	
Other comprehensive income (loss), after tax	555	420	-24.2%	280	(2,662)	-1050.2%	
Total comprehensive income (loss)	6,078	6,357	4.6%	1,616	(1,143)	-170.7%	

Balance Sheet Data	2019	2020	2020/2019		Q1 2021	Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾		%	%
Total assets	939,842	1,040,251	10.7%	965,786	1,084,936	12.3%	
Total shareholders' equity	65,122	69,696	7.0%	66,890	68,708	2.7%	
Total loans, net ⁽¹⁾	597,428	644,470	7.9%	606,103	656,398	8.3%	
Total deposits	815,013	910,101	11.7%	835,962	943,991	12.9%	

Operating Metrics	2019	2020	Q1 2020 ⁽¹⁾	Q1 2021
Fee income ratio	21.3%	19.8%	19.8%	20.4%
Cost income ratio	51.5%	53.5%	53.8%	52.7%
Loan/deposit ratio (excl. credit card)	73.3%	70.8%	72.5%	69.5%
Loan/deposit ratio (incl. credit card)	73.5%	71.0%	72.7%	69.7%
Net interest margin	1.44%	1.26%	1.38%	1.25%
Net interest spread	1.82%	1.65%	1.75%	1.65%
ROAE	8.86%	8.81%	2.02%	2.19%
ROAA	0.61%	0.60%	0.14%	0.14%

Note:

(1) Numbers were restated to reflect changes in accounting policy with respect to subsequent measurement of investment property from cost model to fair value model.

(2) Excludes credit cards but include overdue receivables.

(3) Numbers have been reviewed by the auditors.

MasterLink Securities

Financial Summary

(NT\$m)

Income Statement Data (Consolidated)	2019	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Brokerage commissions and fees	2,343	3,580	52.8%	733	1,187	62.1%
Security lending income	129	136	5.5%	34	37	8.7%
Underwriting commissions and fees	171	271	58.4%	40	29	-27.3%
Wealth management commissions and fees	25	44	76.3%	18	21	22.3%
Gains (Loss) on securities and valuation	2,569	3,055	18.9%	(614)	1,466	-338.9%
Gains (Loss) on exchange-traded notes issued	0	(0)	-188.9%	0	(1)	-227.3%
Gains (Loss) on warrants issued	180	(181)	-200.5%	(48)	(296)	521.0%
Gains (Loss) on derivative instruments	(973)	(1,184)	21.8%	306	(501)	-263.7%
Stock affairs agent fees	53	53	0.5%	13	13	2.0%
Interest income	1,366	1,127	-17.5%	320	300	-6.3%
Other income	156	60	-61.6%	(57)	26	-146.0%
Total operating revenue	6,020	6,962	15.6%	744	2,282	206.7%
Fee expenses	(427)	(560)	31.1%	(135)	(160)	18.9%
Financial costs	(489)	(268)	-45.1%	(117)	(34)	-71.0%
Other operating costs and expenses	(3,774)	(4,339)	15.0%	(941)	(1,198)	27.3%
Total operating expenses	(4,690)	(5,167)	10.2%	(1,193)	(1,392)	16.7%
Operating income	1,331	1,795	34.9%	(449)	889	-297.8%
Non-operating gains or loss	342	355	4.0%	77	82	6.3%
Income tax (expense) benefit	(130)	(254)	95.2%	24	(70)	-398.8%
Net income	1,542	1,896	22.9%	(349)	901	-357.9%
Other comprehensive income (loss), after tax	616	275	-55.4%	(794)	308	-138.8%
Total comprehensive income (loss)	2,158	2,171	0.6%	(1,143)	1,209	-205.7%

Balance Sheet Data	2019	2020	2020/2019		Q1 21/Q1 20	
			%	Q1 2020 ⁽¹⁾	Q1 2021	%
Total assets	104,360	127,529	22.2%	108,036	137,718	27.5%
Total shareholders' equity	24,426	25,797	5.6%	23,277	27,092	16.4%

Note:

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(2) Numbers have been reviewed by the auditors.