SKFH Announces Results for 9M 2023

November 30, 2023, Taipei

Shin Kong Financial Holding Co., Ltd. ("Shin Kong", "SKFH", or the "Company", TWSE: 2888) announces consolidated results of the Company and its subsidiaries for the first nine months of 2023.

HIGHLIGHTS

- SKFH recorded a consolidated after-tax loss of NT$0.69bn for 9M 2023. Total group assets topped NT$4.9 trillion. Consolidated shareholders' equity increased 8.8% year-to-date to NT$230.75bn, and book value per share was NT$14.59.
- Shin Kong Life continued to promote foreign currency policies and high CSM products, with first year premium (FYP) reaching NT$30.25bn for 9M 2023 and first year premium equivalent (FYPE) increasing 6.7% year-on-year to NT$14.21bn. Consolidated shareholders' equity for 9M 2023 increased 6.2% year-to-date to NT$148.14bn, and equity-to-asset ratio was 4.12%.
- Shin Kong Bank sustained growth momentum over the past quarters and posted a consolidated after-tax profit of NT$5.22bn for 9M 2023, up 2.3% year-on-year. Asset quality remained benign with NPL ratio of 0.12% and coverage ratio of 1,125.04% for Q3 2023.
- MasterLink Securities capitalized on market trends and significantly boosted its proprietary trading income to NT$2.39bn for 9M 2023. Consolidated after-tax profit was NT$1.99bn. Brokerage market share was 3.47%, ranking 6th place in the industry.

SHIN KONG LIFE: FYPE GREW WITH MARKETING FOCUS ON STRATEGIC PRODUCTS

Shin Kong Life posted a consolidated after-tax profit of NT$3.43bn for Q3 2023, driven by reduced hedging cost and booking of cash dividends. Cumulative consolidated after-tax loss for 9M 2023 was down to NT$7.93bn. Consolidated shareholders' equity for 9M 2023 increased 6.2% year-to-date to NT$148.14bn, and equity-to-asset ratio was 4.12%.

Shin Kong Life has been focusing on foreign currency policies and high CSM products to control hedging cost, optimize asset liability matching and accumulate CSM. FYP reached NT$30.25bn, and FYP of foreign currency policies was NT$16.50bn, accounting for 54.6% of the total. FYPE

grew 6.7% YoY NT$14.21bn, and FYPE/FYP was 47.0%, beating the industry average.

Shin Kong Life holds overseas fixed incomes, deploying funds in corporate bonds with stable credit quality across sectors, including communication, consumer, utilities and financials. As of the end of Q3 2023, the company's overseas fixed incomes position was around NT$2.4 trillion, and the funds were mainly invested in investment grade corporate bonds. Annualized investment return after hedging for 9M 2023 was 3.04%, and recurring yield before hedging was 3.38%.

With deep commitments to ESG, Shin Kong Life has earned "Taiwan Top 100 Sustainable Model Enterprises Award", "Sustainability Reporting Gold Award" and numerous performance awards in 2023 Taiwan Corporate Sustainability Awards.

SHIN KONG BANK: DEPOSIT & LOAN STRUCTURE OPTIMIZED AND WEALTH MANAGEMENT BUSINESS MOMENTUM BOLSTERED

Spurred by investment income, total net revenue for 9M 2023 rose 7.4% year-on-year to NT$15.14bn. Consolidated net income for 9M 2023 increased 2.3% year-on-year to NT$5.22bn.

Shin Kong Bank continues optimizing its deposit and loan structure, and loan balance increased 2.5% year-on-year to NT$769.38bn, with consumer and SME loans growing prominently; the demand deposit ratio also increased from 41.5% in Q2 to 43.4% in Q3. Driven by growing LDR and improved fund utilization, NIM for Q3 2023 improved 3 bps quarter-on-quarter to 1.23%. NIS edged down 1 bp quarter-on-quarter to 1.66%.

Performance for wealth management business was impressive for Q3 2023. Favored by clients, bancassurance and mutual funds' fee income increased by 15.4% and 24.0% quarter-on-quarter, respectively, propelling total wealth management income to rise 8.0% year-on-year compared to 9M 2022 to NT$2.07bn. Fee income for 9M 2023 elevated 8.8% year-on-year to NT$3.64bn. Among all, credit card fee income increased 33.2% year-on-year to NT$1.10bn, with the help of domestic and overseas consumption recovery.

Solid asset quality maintained. NPL ratio remained at 0.12%, and coverage ratio increased from 1,121.94% in Q2 to 1,125.04% in Q3. Both ratios surpassed the industry average.

MASTERLINK SECURITIES: BUSINESS MOMENTUM STRENGTHENED AND INVESTMENT PERFORMANCE ENHANCED

Boosted by the increase in average daily market turnover, brokerage income for Q3 2023 grew 14.6% quarter-on-quarter; brokerage income for 9M 2023 reached NT$3.83bn. Brokerage market share was 3.47%, ranking 6th place in the industry. MasterLink Securities capitalized on market trends to greatly enhance investment income, delivering a consolidated after-tax profit of

NT$1.99bn for 9M 2023.

MasterLink Securities leverages technology to enhance service synergy, taking the lead in various digital services. MasterLink Securities won Gold Prize in the 2023 Digital Financial Award held by Commercial Times, reflecting recognition for its innovative achievements in digital financial services.

OUTLOOK

SKFH will continue to leverage the strengths of its subsidiaries, integrate group resources and develop cross-subsidiary synergies to maximize value for its shareholders. The Company's future development strategy will be guided by the following six main principles:

- Increase profit sources from high-value and new businesses
- Enhance profitability and strengthen capital adequacy
- Expand business scale and optimize asset structure of subsidiaries
- Deepen synergies of cross-selling
- Grow digital income and enhance digital performance
- Implement corporate governance and promote sustainable operation

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