

First Quarter 2020 Earnings Results

SPH 1Q20 EPS of NT\$ 0.21; ROE of 6.43%; Quarterly Net Fee Income Reached a Record High

【2020.5.26】

SinoPac Holdings (SPH) posted 1Q20 net revenues of NT\$8.78 billion (+4.5% QoQ, -10.2%YoY) and 1Q20 net income of NT\$2.35 billion (-20.6% QoQ, -37.3%YoY). SPH reported 1Q20 earnings per share of NT\$0.21, with an annualized return on equity (ROE) at 6.43% and a book value per share of NT\$12.95.

SPH 1Q20 net interest income reached NT\$4.33 billion (+1.3% QoQ, +12.2% YoY), driven by enlarged loans and lower deposit costs. Thanks to thriving wealth management businesses, SPH posted a 1Q20 net fee income of NT\$3.93 billion (+80.8% QoQ, +28.0% YoY). The other revenues were NT\$0.53 billion (-73.2% QoQ, -81.6% YoY), of which capital gains were mainly affected by the volatile capital markets due to the COVID-19 pandemic.

Bank SinoPac (BSP) 1Q20 net revenues totaled NT\$7.46 billion (+21.4%QoQ, -1.2% YoY), and 1Q20 net income reached NT\$2.62 billion (+9.2% QoQ, -16.1% YoY). Total deposits for 1Q20 stood at NT\$1.47 trillion (+5.2% QoQ, +14.6% YoY), maintaining growth momentum. Due to robust growth in corporate loans, total loans reached NT\$1.09 trillion (+6.6% QoQ, +8.9% YoY). The 1Q20 spread was 1.27% (+4.6bps QoQ, -3.3bps YoY), and the 1Q20 NIM was 1.00% (+2.4bps QoQ, -3.8bps YoY). BSP asset quality continued to improve, with an NPL ratio of 0.19% (-2bps QoQ, -4bps YoY) and an NPL coverage ratio of 696%. Furthermore, as of the end of 1Q20, BSP boasted strong capital with a BIS ratio of 14.21%, a Tier 1 ratio of 11.73%, and a CET1 ratio of 10.56%.

SinoPac Securities (SPS) reported 1Q20 net revenues of NT\$1.57 billion (-27.6% QoQ, -13.5% YoY) and the net income of NT\$0.11 billion (-79.1% QoQ, -73.4% YoY). The stable recurring income of NT\$1.77 billion (+2.2% QoQ, +35.2% YoY) maintained growth momentum because of the booming brokerage business and sub-brokerage business. However, overall profits declined due to the valuation loss of operating securities. Moreover, the sub-brokerage business of SPS was ranked the top two in the Taiwan market, which led SPS 1Q20 net fee income from wealth management to reach NT\$0.56 billion (+28.6% QoQ, +77.1% YoY).

In 2019, SPH initiated five major themes for business strategies, and the fifth theme focuses on strengthening corporate governance, sustainable development, and risk management. After rehauling our corporate governance improvements and efforts, the TWSE 2019 Corporate Governance Evaluation ranked SPH in the top 5% of 901 Taiwanese listed companies. Regarding other ESG activities, SPH passed the ISO 50001 Energy Management System Certification Audit in December 2019, and BSP signed the Equator Principles in February 2020. In the SPH 2019 CSR Report, we will outline our TCFD reporting framework to strengthen information transparency. Going forward, SPH will continue upholding the vision of "Fulfillment of a Beautiful Life Through Finance" while enhancing the corporate governance and corporate social responsibility.

Operating Report

SPH 1Q20 ROE 6.43%; the net income decline was due to capital market volatility; the core income grew QoQ and YoY

NT\$Mn	1Q20	QoQ	YoY
Net Revenues	8,783	4.5%	-10.2%
Net Income	2,354	-20.6%	-37.3%

SPH 1Q20 net fee income was boosted by wealth management and corporate loan businesses; the net interest income was driven by loan increase and lower deposit cost

NT\$Mn	1Q20	QoQ	YoY
Net Interest Income	4,329	1.3%	12.2%
Net Fee Income	3,928	80.8%	28.0%
Others	525	-73.2%	-81.6%

SPH assets grew as mortgage loans, SME loans, and investments increased; capital remained healthy

- SPH 1Q total assets NT\$1.92 tn, +4.5% QoQ; +12.1% YoY
- BSP 1Q total loans NT\$1.09 tn, +6.6% QoQ; +8.9% YoY
- SPH 1Q CAR 116%; BSP consolidated BIS ratio 14.21%, Tier 1 ratio 11.73%

Awards and Achievements

- The TWSE 2019 Corporate Governance Evaluation ranked SPH in the top 5% of 901 Taiwanese listed companies.
- SPH is certified to the standard ISO50001 Energy Management System and is recognized again for its sound energy performance efforts and commitments by the British Standards Institution (BSI).
- In February 2020, BSP signed the Equator Principles and became the 102nd Equator Principle Financial Institution in the world.
- BSP was honored with five awards by Refinitiv for Top CNH (SPOT) Entity-2019, Trading Innovation Award 2019, Top Asian NDF Entity 2019, Top Asian NDF Trader-2019, and Top CNH (SPOT) Trader-2019.
- BSP won the Excellent Market Maker for Central Government Bonds Award bestowed by Taipei Exchange (TPEx) for its excellent bid/ask quote and trade performance.
- SPS won the TPEx Market Awards 2019 and was named Top 3 in Warrants Issuers Awards bestowed by TPEx.
- SinoPac Investment Trust Company won two BENCHMARK Fund of the Year Award, including Outstanding Performance in the Greater China Equity and Outstanding Performance in the Consumer Goods & Services Sector.