

## Third Quarter 2020 Earnings Results

**SPH 9M20 EPS of NT\$ 0.82; ROE of 8.26%; Net Fee Income +29.7% YoY, Reaching a Record High in the Same Period of Previous Years**

【2020.11.18】

SinoPac Holdings (SPH) posted 3Q20 net revenues of NT\$10.81 billion (+10.4% QoQ) and 3Q20 net income of NT\$3.60 billion (+9.3% QoQ). The 9M20 net revenues reached NT\$29.38 billion (+5.2% YoY), and 9M20 net income amounted to NT\$9.25 billion (-2.8% YoY). SPH 9M20 earnings per share reached NT\$0.82, with an annualized return on equity (ROE) at 8.26% and a book value per share of NT\$13.38.

SPH 9M20 net interest income reached NT\$13.44 billion (+13.6% YoY), driven by robust loan growth. Thanks to thriving wealth management businesses by the bank and securities, SPH posted a 9M20 net fee income of NT\$11.13 billion (+29.7% YoY) and has a peaked record in history. The reduced 9M20 other net revenues were NT\$4.82 billion (-35.9% YoY) due to decreased capital gains of subsidiaries and fewer bank foreign exchange swap gains than the same period of the last year.

Bank SinoPac (BSP) 9M20 net revenues were NT\$21.51 billion (+1.5% YoY), and 9M20 net income amounted to NT\$7.64 billion (-3.3% YoY). While the net interest income and the net fee income grew at a double-digit pace, the net income growth was slightly less due to increased provision expense and PEM asset impairment. Total deposits for 3Q20 stood at NT\$1.58 trillion (+2.3% QoQ, +13.0% YTD), sustaining growth momentum. Due to robust growth in corporate loans, total loans reached NT\$1.15 trillion (+1.2% QoQ, +12.7% YTD). Because the deposit rates declined more than the loan rates, the 3Q20 spread was 1.22% (+3.6bps QoQ), and the 3Q20 NIM was 1.01% (+4.6bps QoQ). Therefore, the 3Q20 net interest income reached NT\$4.43 billion (+9.9% QoQ) and was the highest quarter ever. Thanks to strong wealth management momentum, BSP 9M20 net fee income reached NT\$ 5.73 billion (+12.5% YoY). BSP asset quality continued to improve, with an NPL ratio of 0.15% (-1bps QoQ, -7bps YoY) and an NPL coverage ratio of 891%. Reflecting on solid capital strength, BSP at the end of 3Q20 boasted a BIS ratio of 13.96%, a Tier 1 ratio of 11.30%, and a CET1 ratio of 9.97%.

SinoPac Securities (SPS) reported 9M20 net revenues of NT\$7.31 billion (+21.8% YoY) and a net income of NT\$1.96 billion (+40.0% YoY), which surpassed the total 2019 net income. The recurring income of NT\$6.54 billion (+41.0% YoY) demonstrated robust growth momentum because of the growing market transaction volume and continuous booming sub-brokerage business. SPS has been making a great effort to develop sub-brokerage business, and since August, the sub-brokerage market share of SPS improved to be No. 1 amongst the peers. The accumulated net wealth management fee income reached NT\$ 1.91 billion (+55.8% YoY) and demonstrated an effective wealth management transformation result as the securities.

SPH has well engaged in digital transformation to enhance customer experience and create revenues. The DAWHO digital account of BSP can link to the DAWHO TOU securities account opening, which facilitates securities trading and has become the top choice for the youth. By the end of this September, the digital account opening number reached 580 thousand, and our digital account market share was ranked No. 3 in Taiwan. The average ages of customers are 33, and 77% of them are new customers to BSP. Moreover, at the end of this September, the total demand account balance in DAWHO, including TWD and other currencies, reached NT\$ 60.1 billion while attracting the demands for mortgage loans, credit loans, credit cards, and wealth management. DAWHO TOU delivered the fastest account opening service in the industry while the Taiwan and overseas stock market trading account can be opened concurrently. The account number opening reached 42 thousand, and the accumulated transaction amount was approximately NT\$100 billion. Furthermore,

for the AI-based investment plans, which featured systematic investment plans, in this September, monthly active accounts were 12,855, and the monthly transaction amount reached NT\$ 208 million with constant growth momentum. In the coming future, SPH will continue to collaborate with subsidiaries via Fintech to provide convenient and competitive wealth management service and to create a win-win situation for customers and SPH.

## Operating Report

SPH 9M20 ROE of 8.26%; 3Q20 net revenues and net income both increased

NT\$Mn	3Q20	QoQ	YoY	9M20	YoY
Net Revenues	10,810	10.4%	18.3%	29,381	5.2%
Net Income	3,599	9.3%	21.6%	9,246	-2.8%

SPH net interest income grew because of constant loan growth and lower deposit cost; With a contribution by wealth management and brokerage fee income, 9M20 net fee income growth was nearly 30% YoY

NT\$Mn	3Q20	QoQ	YoY	9M20	YoY
Net Interest Income	4,765	9.7%	15.8%	13,437	13.6%
Net Fee Income	3,871	16.4%	29.5%	11,125	29.7%
Others	2,174	2.6%	6.8%	4,819	-35.9%

SPH assets surpassed NT\$ 2 tn for the first time as corporate loans and retail loans climbed; capital remained strong

- SPH 3Q total assets NT\$2.03 tn, +2.7% QoQ ; +11.5% YoY
- BSP 3Q total loans NT\$1.15 tn, +1.2% QoQ ; +8.0% YoY
- SPH 3Q CAR 116%; BSP consolidated BIS ratio 13.96%, Tier 1 ratio 11.30%

## Awards and Achievements

In the third quarter, SPH and its subsidiaries won 14 awards in total, which are listed below:

- SPH won Asia Responsible Enterprise Awards-Green Leadership and Health Promotion
- BSP won Asia Responsible Enterprise Awards-Social Empowerment and Investment in People
- BSP won Marketing & Brand Initiative of the Year, Technology & Operations Bank of the Year, and Service Innovation of the Year by *Asian Banking & Finance*
- BSP and SPS won Excellent Central Government Bonds Market Maker in 1H20 by TPEX
- SPS was honored with five awards by *Business Today Magazine* for the 14th Wealth Management Banks and Securities Firms Evaluation, namely, Best Wealth Management Securities Award–High Distinction, No 1 in Best Wealth Appreciation Award, No 2 in Best Securities Specialist Team Award, No 2 in Best in ESG Award, and No 3 in Best Smart Financial Management Award
- SPS won No 2 in Futures Introducing Broker Trading Volume Diamond Award in the 6th TAIEX Futures Diamond Award by TAIEX