

## Fourth Quarter 2020 Earnings Results

### SPH 2020 EPS of NT\$ 1.08; ROE of 8.02%; Net Interest Income, Net Fee Income, and Net Revenues Reaching Record Highs

【2021.03.11】

SinoPac Holdings (SPH) posted 4Q20 net revenues of NT\$9.63 billion (-10.9% QoQ) and 4Q20 net income of NT\$2.97 billion (-17.3% QoQ). The 2020 net revenues reached NT\$39.01 billion (+7.4% YoY), and 2020 net income amounted to NT\$12.20 billion (-2.2% YoY). SPH 2020 earnings per share reached NT\$1.08, with an annualized return on equity (ROE) at 8.02% and a book value per share of NT\$13.83.

SPH 2020 net interest income reached a historical high at NT\$18.54 billion (+15.1% YoY), driven by robust loan growth. Thanks to thriving brokerage and sub-brokerage businesses by the securities arm, SPH posted a 2020 net fee income of NT\$14.07 billion (+30.9% YoY) and has a peaked record in history.

Bank SinoPac (BSP) 2020 net revenues were NT\$27.98 billion (+2.4% YoY), and 2020 net income amounted to NT\$9.78 billion (-5.0% YoY). Due to better loan portfolio structures and improved CASA ratio, the deposit rates declined more than the loan rates. As a result, the 4Q20 spread was 1.30% (+7.9bps QoQ), and the 4Q20 NIM was 1.03% (+1.9 bps QoQ). As the loan demand momentum and invested securities grew fast, the 4Q20 and 2020 net interest income was the highest quarter and a record-high year, respectively. Thanks to strong wealth management momentum, BSP 2020 net fee income also reached a record high. BSP asset quality continued to improve, with an NPL ratio of 0.14% and an NPL coverage ratio of 962%. After adopting LTV rules at the end of 2020, BSP boasted a BIS ratio of 16.02%, a Tier 1 ratio of 12.91%, and a CET1 ratio of 11.41%.

SinoPac Securities (SPS) reported 2020 net revenues of NT\$10.18 billion (+24.6% YoY) and a net income of NT\$2.82 billion (+48.0% YoY), which was the second-highest on record. The recurring income of NT\$8.90 billion (+39.6% 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 the sub-brokerage business, and the sub-brokerage market share of SPS was ranked top two amongst the Taiwanese peers. The 2020 sub-brokerage fee income reached NT\$ 2.11 billion (+68.7% YoY) and accounted for 29% of total fee income.

In 2020, SPH also made significant progress in sustainable development. Firstly, SPH elected the first-ever female chairperson of a Taiwanese private financial holdings company. Regarding risk management, we have adopted the TCFD framework to identify medium- to long-term climatic risks and opportunities, their potential impacts, and our planned response measures. Concerning strengthening information disclosure, our 2019 CSR report adopted the IR, TCFD, and SASB frameworks, which clearly state our three sustainability commitments, as well as our 2025 goals, which are linked to the United Nations' Sustainable Development Goals. BSP, SPS, and SinoPac SITC have signed the Stewardship Principles for Institutional Investors and published stewardship reports. Moreover, BSP signed the Equator Principles in 2020 to adopt responsible lending management. As of December 31, 2020, BSP's total outstanding loans for solar power financing were approximately NT\$39.7 billion (+60.0% YoY). With 4,830 power plants and an installed capacity of 1,423 MW, BSP's market share was approximately 27%.

In addition, SPH garnered a host of external accolades for its sustainable governance performance in 2020. SPH was ranked in the top 5% of 901 TWSE listed companies in the 2019 TWSE Corporate Governance Evaluation. SPH also won the Elite Awards for the Best ESG and was honored with *The Asset's* Best ESG-Platinum Award. Furthermore, we received an A- in our first year participating in the CDP survey. Looking ahead, SPH will continue to optimize sustainable governance and fulfill our corporate social responsibilities.

## Operating Report

SPH 2020 ROE of 8.02%; 2020 net revenues reached a record high

NT\$Mn	4Q20	QoQ	YoY	12M20	YoY
Net Revenues	9,629	-10.9%	14.6%	39,006	7.4%
Net Income	2,968	-17.3%	0.1%	12,204	-2.2%

SPH and BSP 2020 net interest income and net fee income reached record highs; Wealth management fee income of BSP and SPS retained strong growth momentum

NT\$Mn	4Q20	QoQ	YoY	12M20	YoY
Net Interest Income	5,104	7.1%	19.4%	18,539	15.1%
Net Fee Income	2,935	-24.3%	35.0%	14,065	30.9%
Others	1,590	-26.6%	-18.7%	6,402	-32.5%

SPH assets continued to deliver solid growth; Adopting LTV rules in 4Q20, BSP further enhanced its capital strength

- SPH 4Q total assets NT\$2.14 tn, +5.4% QoQ ; +17.0% YoY
- BSP 4Q total loans NT\$1.17 tn, +0.9% QoQ; +13.7% YoY
- SPH 4Q CAR 132%; BSP consolidated BIS ratio 16.02%, Tier 1 ratio 12.91%

## Awards and Achievements

In the fourth quarter, SPH and its subsidiaries won 40 awards in total, and some are listed below:

- SPH was honored with three 2020 Taiwan Corporate Sustainability Awards by Taiwan Institute for Sustainable Energy, namely, TOP50 Corporate Sustainability Awards, Corporate Sustainability Report Silver Award-Finance and Insurance and Best Practice - Information Security Award
- SPH won Best Companies to Work for in Asia Awards 2020 by HR Asia
- SPH won the Best ESG Award, and BSP won Best Digital Finance Award at Taiwan Banking and Finance Best Practice Awards
- BSP won Top Solar Awards - the Financial Services Provider by Bureau of Energy, Ministry of Economic Affairs and was the only financial company winner for the five consecutive years
- BSP and SPS won Best Bank for Investment Solutions, FX, Top sell-side firms in the secondary market-corporate bonds-TWD and other seven awards by *The Asset* due to the outstanding performance in FX, fixed income, and traders