



Merger of Taishin FHC and Shin Kong FHC
(TS Financial Holding Co., Ltd.)

Merger of Equals
Shared Responsibility, Shared Future Upside

April 2025

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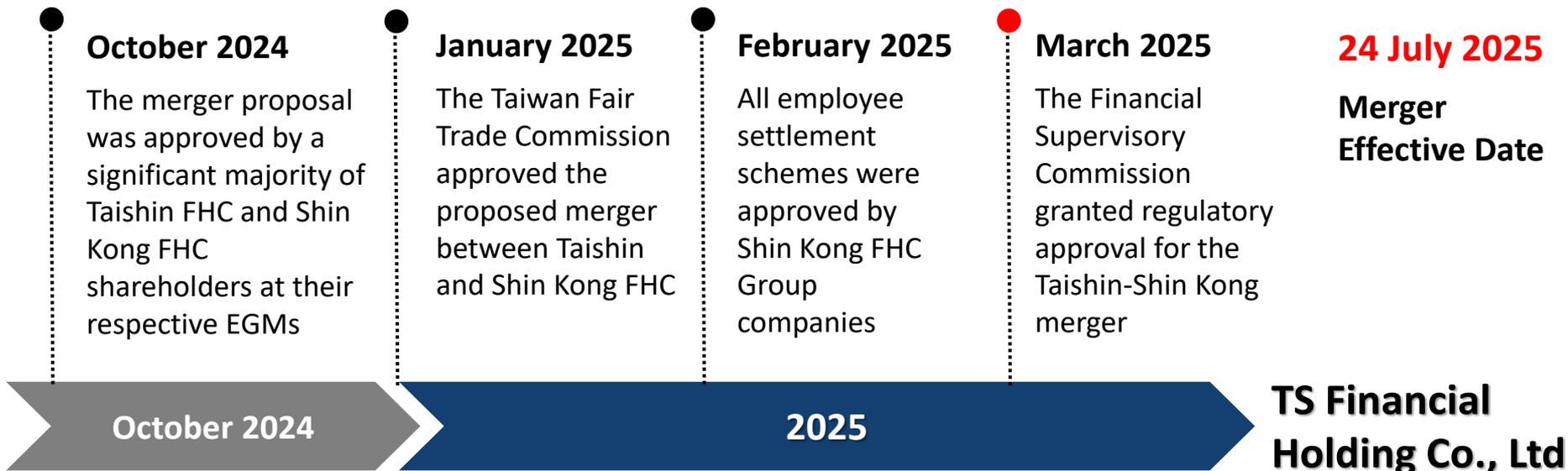
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Table of Contents

Part 1	Transaction Overview	3
Part 2	Transformation in Market Share and Business Composition	6
Part 3	Continued Capital Strength	16
Appendix :	Details on Preferred Shares	19

PART 1: Transaction Overview

Major Transaction Milestones



Consolidation of major subsidiaries to be completed within 2 years
(Major subsidiary business segments: Bank, Life Insurance, Securities, and Investment Trust)

The current term of Taishin's board of directors will continue until June 30, 2027.

“Merger of Equals” Terms

Transaction Terms

- Taishin and Shin Kong will undergo a “**merger of equals**,” whereby Taishin will be the surviving entity, and Shin Kong will be delisted and dissolved after the completion of the merger
- On the merger effective date, Taishin will issue **0.6720 common shares** and **0.175 H-class preferred shares** in exchange for each Shin Kong common share
 - Each H-class preferred share has a face value of NT\$10 and an annual dividend yield of 1.665%. The H-class preferred shares will be **redeemed at the issue price in 3 years**
- Taishin will issue G-class preferred shares in exchange for Shin Kong A-class and B-class preferred shares
 - The rights and obligations of Taishin’s G-class shares will be the same as the existing Shin Kong A-class and B-class shares

Shares Issued on Effective Date

	# of shares (m)	Issue price per share
Common shares	11,890	Closing price on the day before merger effective date
G-class preferred	295	NT\$45
H-class preferred	3,096	NT\$10

Post-Merger Shareholder Mix (indicative)

	# of shares (m)	Shareholding %
Taishin	12,976	52%
Shin Kong	11,890	48%
TS Financial Holdings	24,866	100%

PART 2: Transformation in Market Share and Business Composition

Key Highlights

1

Enlarged Scale Brings Stability and Market Competitiveness

- TS FHC will become the fourth largest financial institution in Taiwan by total assets
- Three major subsidiaries will rank in the top 5 of their respective sectors:
 - Customer's "bank of choice" with expansion in deposit, loan, and credit card spending, and complementary retail/SME customer base
 - Top-3 life insurer with a stronger channel mix
 - Top-4 security company with comprehensive strengths

2

Highly Complementary Business Segments

- Synergies between core operations broadens market coverage
- 3 key pillars: bank, life insurance, and securities creates a diversified revenue stream
- Banking and life insurance business accounts for approximately half each of the combined entity's operation

3

Enhanced Business Scope and Synergies

- Optimizes resource utilization and drives growth potential across banking, insurance, and securities divisions
- Expands customer base, improves market-share ranking, and increases customer AUM
- Reinforces cross-selling and strengthens both product development and marketing capabilities

4

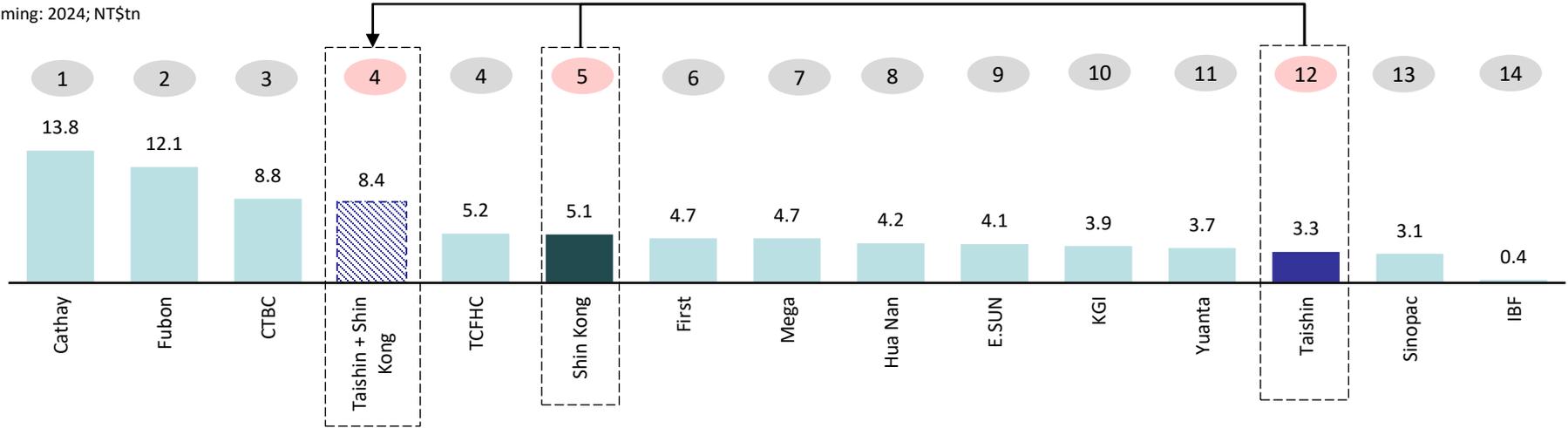
Expanded Life Insurance Profitability and Strengthened Capital Position

- Post-merger combined life insurance profitability will be supported by IFRS 17 implementation and additional PPA amortization resulting from AC position
- Shin Kong Life's RBC ratio has reached 221% by the end of 2024 and its ICS ratio is estimated to exceed 150% upon ICS adoption in 2026; further support from near and long-term capital reinforcements will solidify TS FHC's strong capital position

FHC: Enlarging asset size and market capitalization post-merger, becoming a leader on TWSE and amongst FHCs

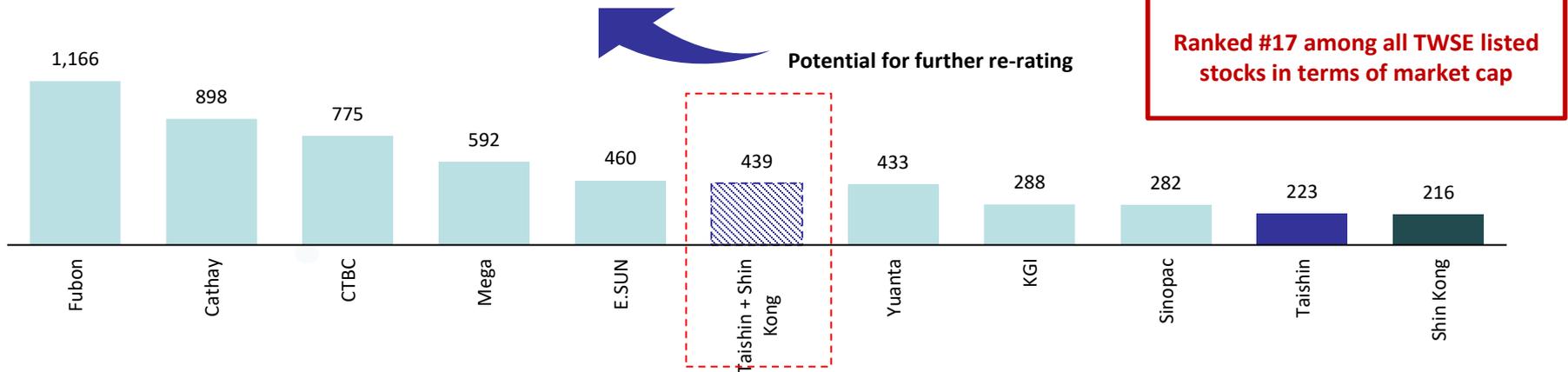
FHC total assets (post-merger #4)

Timing: 2024; NT\$tn



FHC market cap (post-merger #6)

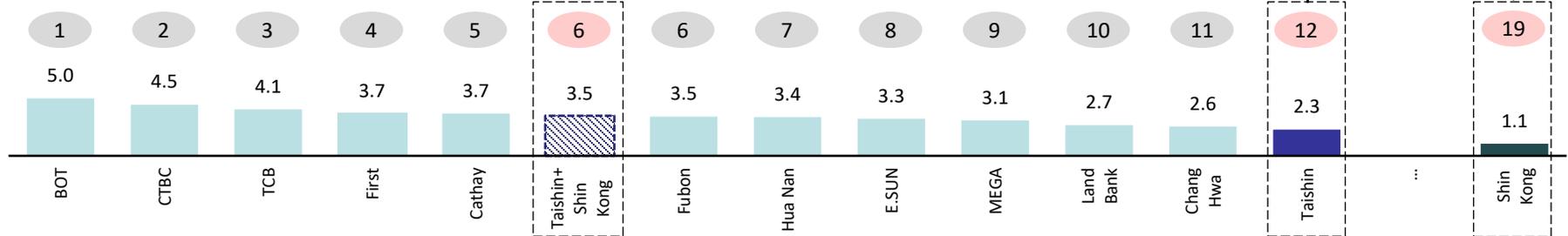
NT\$bn



Banking: Expansion in deposit, loan, and credit card spending; becoming the customer's "bank of choice"

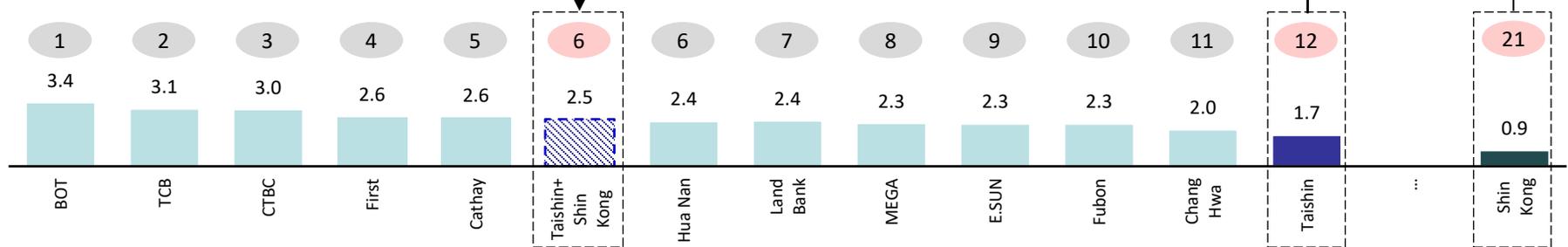
Bank deposit (post merger: ranked #6)

As of 2024; NT\$tn



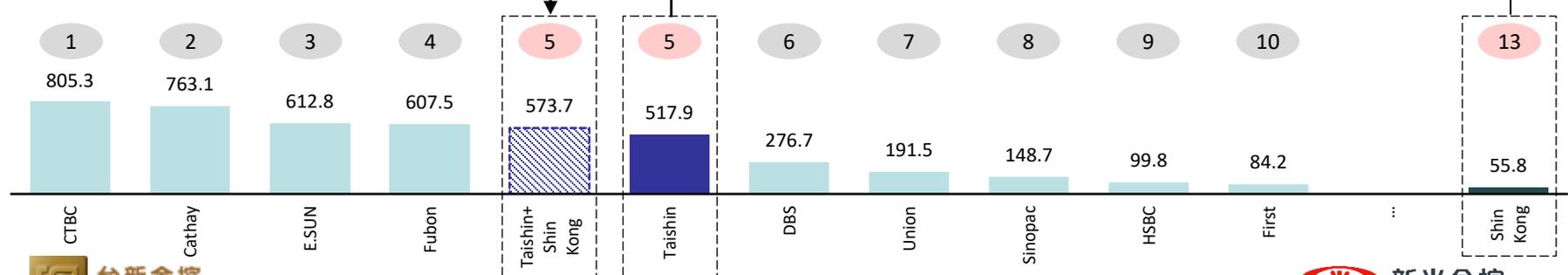
Bank loan (post merger: ranked #6)

As of 2024; NT\$tn



Credit card spending (post merger: ranked #5)

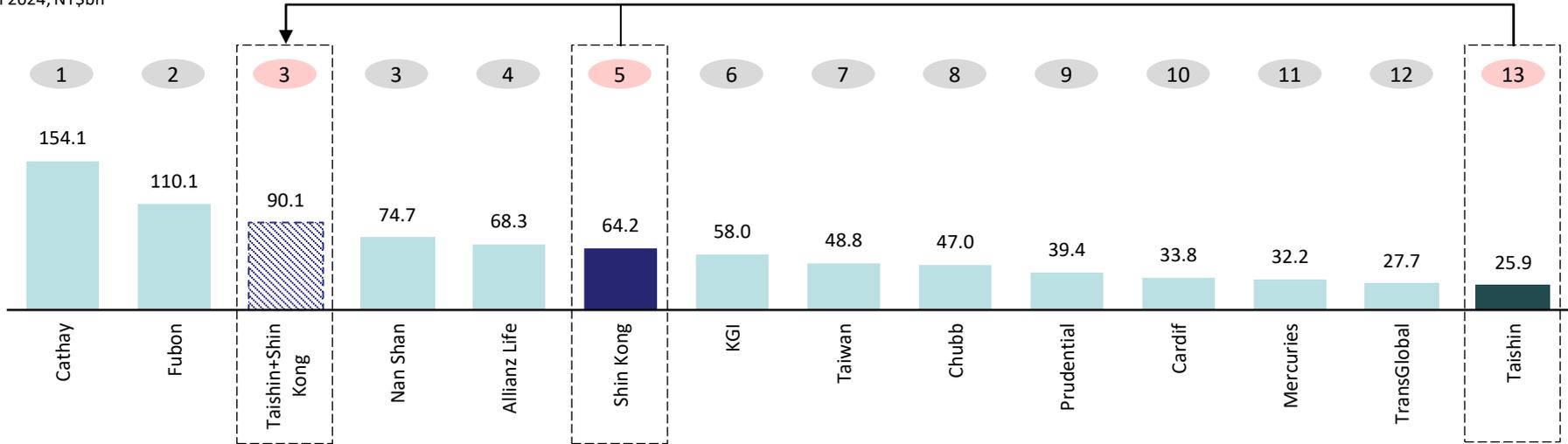
In 2024; NT\$bhn



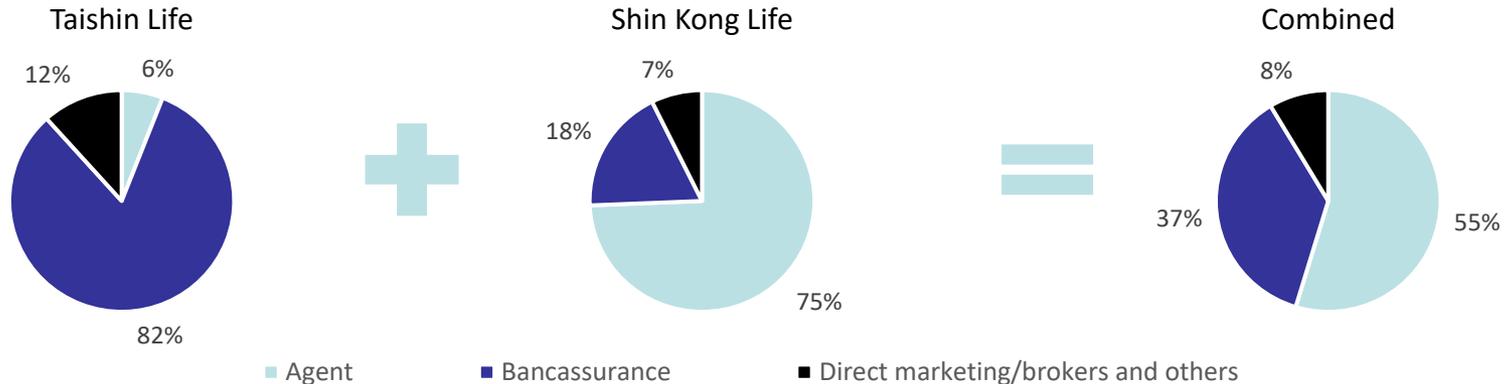
Insurance: Becoming a top-3 life insurer with a stronger channel mix

First Year Premium (FYP) (post merger: ranked #3)

In 2024; NT\$bn



2024 FYP breakdown by channel



Securities: Becoming a top-4 security company with comprehensive strengths

Brokerage market share (post merger: ranked #4 by accumulated trading amount)

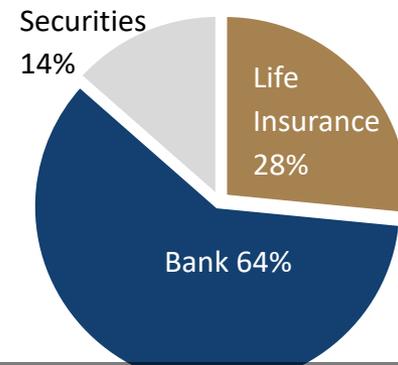
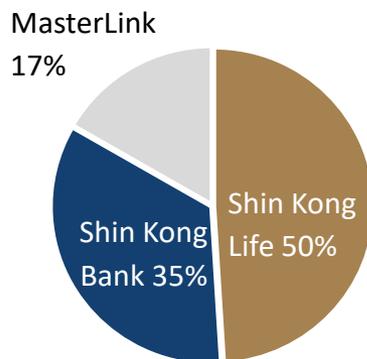
In 2024; %



Business segment	Taishin - Ranking	MasterLink - Ranking	Post Merger - Ranking ¹
Brokerage	#16	#11	#4
Equity Underwriting (IPO & SPO)	#2	#10	#2
Stock Transfer Agent	#4	#12	#3
Bond underwriting	--	#5	#5

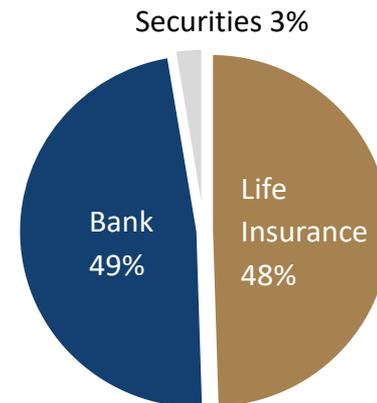
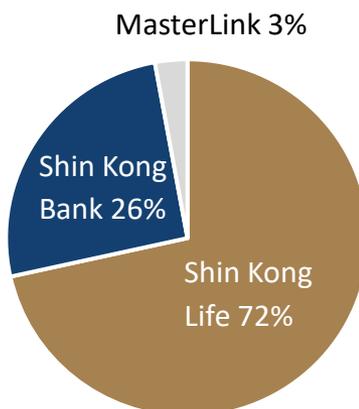
Highly Complementary Business Segments

Net Income



Purchase price allocation (PPA) arising from the merger will be amortized into life insurance P&L from 2026

Total Assets



Enhanced Business Scope and Synergies

Extending customer base and increasing AUM

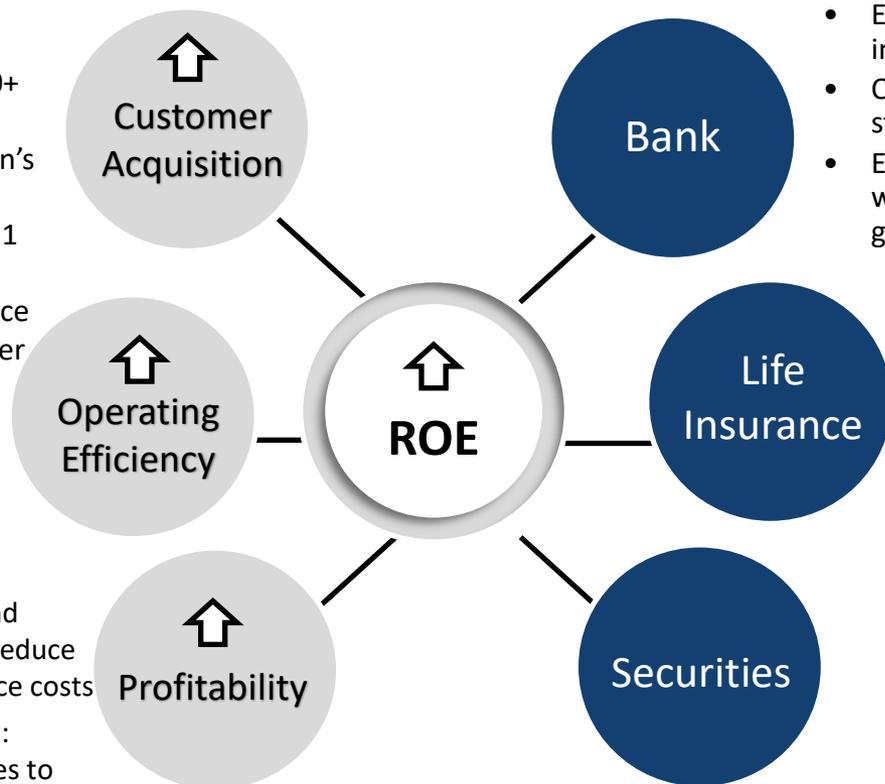
- Strong distribution channels: 200+ bank branches, 50+ securities offices, and 14,000+ insurance agents
- Strong digital capacity: Taishin's digital bank, Richart, has 4.3 million accounts, ranking No.1 in Taiwan
- Online-to-Offline (O2O) service synergy will enhance customer satisfaction, grow consumer base, and increase AUM

Improved operational efficiency

- IT & technology optimization: consolidation of IT systems and integration of data center to reduce infrastructure and maintenance costs
- Branch network consolidation: eliminate overlapping branches to reduce cost, maintenance, and utility expenses

Reinforcing cross-selling and strengthening product development and marketing capabilities

- Increase cross-selling of products to enhance customer penetration and contribution



Steady growth in core revenues

- Expanding asset size and increasing market share
- Optimizing asset and liability structure
- Enhancing sales effectiveness in wealth management and growing share of wallet

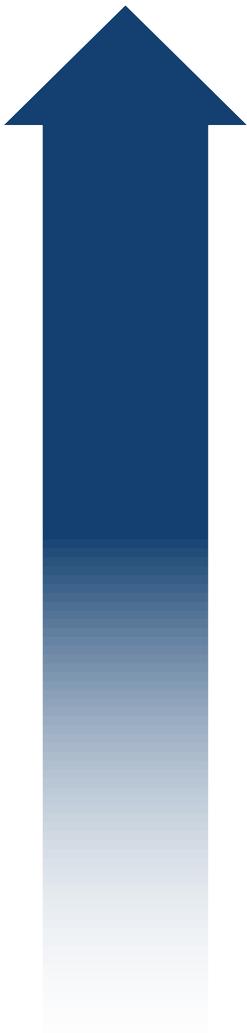
Reducing profit volatility

- Strengthening asset and liability management
- Transforming policy sales structure
- Active accumulation of CSMs
- From 2026, amortizing the difference between the fair value and the book value arising from the merger into life insurance P&L

Increasing market share

- Post-merger brokerage market share will be 5.5%, ranking in the top 4 in Taiwan
- Post-merger underwriting business will be ranked in the top 5 in Taiwan

Expanded Life Insurance Profitability



Positive impact on earnings at the time of IFRS 17 adoption

- Strong Revenue Support: At the time of IFRS 17 adoption, CSM balance is expected to be well above NT\$100bn
- Reduction in Cost: Cost of liability is expected to decrease by 0.75% after IFRS 17 adoption

Post-life subsidiary consolidation, PPA amortization resulting from AC position will be released into profit

- As of the end of 2024, the difference between the fair market value and the book value of Shin Kong's AC position was approximately NT\$656bn
- As the fair market value is the major basis for the merger, the difference will be amortized into profit over the life of the AC position
- This amortization will serve as another source of buffer for the post-merger profit of the life subsidiary

Strengthened Capital Position in Life Insurance

Shin Kong

- By the end of 2024, Shin Kong Life RBC Ratio reached 221%
- Shin Kong Life's ICS ratio is estimated to exceed 150% upon ICS adoption in 2026

Taishin

- By the end of 2024, Taishin Life RBC Ratio reached 347%
- Taishin Life's ICS ratio is estimated to exceed 350% upon ICS adoption in 2026

01

Near-term Capital Reinforcements

- Over NT\$7 billion in dividends have been paid by Shin Kong Bank and Masterlink to Shin Kong FHC, which could further support life insurance capital if needed.
- Shin Kong is preparing for overseas subordinated debt issuance arrangements

02

New Foreign Exchange Valuation Reserves

Both Taishin and Shin Kong implemented new foreign exchange valuation reserves to reinforce their capital positions

03

Consistent Profitability

- Continued benefits from IFRS 17 implementation and new foreign exchange
- PPA amortization resulting from the merger provides additional stable earning buffers.

04

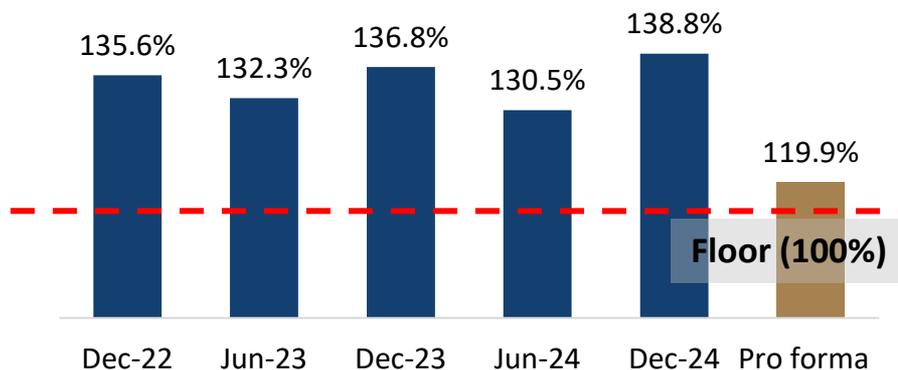
Taishin's Support

- Taishin delivered net income after tax of NT\$20bn in 2024
- As of the end of 2024, Taishin had more than NT\$20bn cash on hand

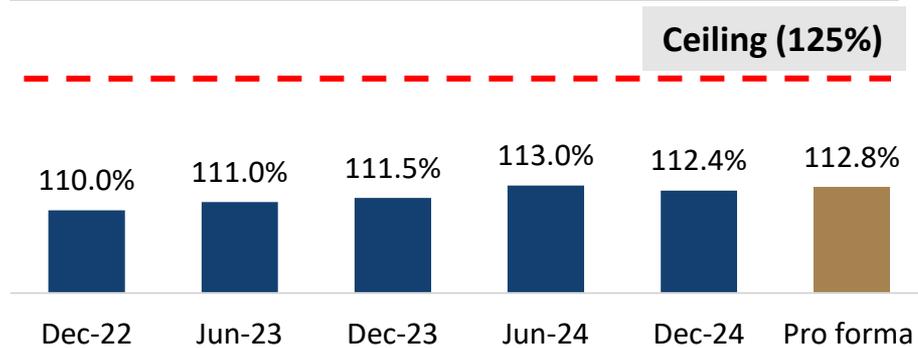
PART 3: Continued Capital Strength

Capital Position Bolstered with Sufficient Buffer

Taishin FHC CAR



Taishin FHC DLR



- After disposing of most of its shares in CHB, Taishin's CAR and DLR have remained at very healthy levels
- As of December 2024, Taishin had more than NT\$20bn cash on hand
- Pro-forma CAR of **119.9%** and DLR of **112.8%** provide sufficient buffer to comply with regulatory requirements
- Pro-forma capital adequacy ratios at each of the FHC, Bank, Life Insurance, and Securities levels will remain healthy after the merger

Pro-forma Capital Adequacy Ratios

FHC	Legal requirement	Taishin FHC (Dec 2024, audited)	Shin Kong FHC (Dec 2024, audited)	Pro-forma ratio
	Capital Adequacy Ratio (CAR)	≥ 100%	138.8%	112.6%
Double Leverage Ratio (DLR)	≤125%	112.4%	105.4%	112.8%
Debt-To-Equity Ratio (D/E)		22.5%	7.6%	22.5%

Bank	Legal requirement	Taishin Bank (Dec 2024, audited)	Shin Kong Bank (Dec 2024, audited)	Pro-forma ratio
	Common Equity Tier 1 Ratio (CET1)	≥ 9.5%	11.95%	10.49%
Tier 1 Capital Ratio (T1)	≥11.0%	13.61%	13.00%	13.41%
Bank of International Settlement Ratio (BIS)	≥13.0%	15.52%	15.12%	15.39%

Life Insurance	Legal requirement	Taishin Life (Dec 2024, audited)	Shin Kong Life (Dec 2024, audited)	Pro-forma ratio
	Risk Based Capital (RBC)	≥ 200%	349%	221%

Securities	Legal requirement	Taishin Securities (Dec 2024, audited)	MasterLink Securities (Dec 2024, audited)	Pro-forma ratio
	Capital Adequacy Ratio (CAR)	≥ 150%	281%	357%

Note: Calculations based on 2024 financials. Pro-forma ratios make reference to Taishin's closing share price of NT\$18.5 as of 11 September 2024 to calculate implied equity levels

Appendix : Details on Preferred Shares

Preferred Shares

Name	Class E (I)	Class E (II)	Class F	Class G (I)	Class G (II)	Class H
Issue Date	2016/12/28	2018/11/30	2022/7/21	Merger Effective Date		
Issue Shares	500 million	300 million	300 million	75 million	222 million	3.1 billion
Issue Price	NT\$ 50	NT\$ 50	NT\$ 17.65	NT\$ 45	NT\$ 45	NT\$ 10
Dividend Yield	4.8725%	3.80%	3.70%	3.80%	4%	1.665%
	7 Years IRS1.34%+3.5325%	7 Years IRS1.1%+2.7%	10 Years IRS1.3%+2.4%	7 Years IRS0.72%+3.08%	7 Years IRS0.68%+3.32%	
Dividend Yield Reset Date	2030/12/28	2025/11/30	2032/7/21	2026/9/27	2027/9/1	-
Tenor	-	-	-	-	-	Three Years
Sequence of Earnings Distribution	1	2	5	3	4	6
Cumulative	-	-	-	-	-	Cumulative
Priority of the company's remaining assets claim	Priority over ordinary shares	Priority over ordinary shares	1:1 CHB Shares	Priority over ordinary shares	Priority over ordinary shares	Priority over ordinary shares
Conversion right	-	-	1:1 CHB Shares	-	-	-
Preemptive rights of new shares for capital raising	Y	Y	Y	Y	Y	Y
Callable or Convertible Time	Callable from 2023/12/28 at issue price	Callable from 2025/11/30 at issue price	Convertible from 2029/07/21 at issue price	Callable from 2026/9/27 at issue price	Callable from 2027/9/1 at issue price	NA