

Bulletin:

Share Issue To Increase Capitalization Slightly For Shin Kong FHC And Core Entities

February 26, 2020

Taiwan Ratings Corp. said today that **Shin Kong Financial Holding Co. Ltd.'s** intended share issue could give a slight boost to the group's capitalization. The group's capital plan, announced Feb. 25, 2020, includes the issue of 420 million new common shares and 222 million preferred shares. The group intends to use the proceeds from the share issues to inject cash into its core insurance and banking units, **Shin Kong Life Insurance Co. Ltd.** and **Taiwan Shin Kong Commercial Bank Co. Ltd.**, respectively, to beef up their capital strength.

The capital plan does not alter our overall assessment of the group's capitalization, which mirrors our capital assessment for Shin Kong Life, given the insurer's dominant role in the group credit profile. While the total value of the issue proceeds remains subject to the pricing of the actual issuance, we estimate the likely proceeds will account for 6%-7% of the group's consolidated shareholders' equity in fiscal 2019. Therefore, the capital plan has no impact on our ratings or outlook on the group's individual entities.

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