

Stock No : 2812

Taichung Commercial Bank 2022 Q3 Investor Conference



2022.12.26

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Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

2022 Q3 Financial Highlight



Profitability

- Net Profit after tax NT\$ 3.95 billions, 10.60% growth over the same period last year.
- EPS 0.83, 6.41% growth over the same period last year.

Asset quality

- NPL ratio 0.14%、NPL coverage ratio 908.14%.

Capital adequacy

- Consolidated : Self-assessed Capital Adequacy Ratio 15.48%、Tier I Capital Ratio 13.50%、Common Equity Ratio 11.44%.
- Individual : Self-assessed Capital Adequacy Ratio 15.61%、Tier I Capital Ratio 13.65%、Common Equity Ratio 11.58%.

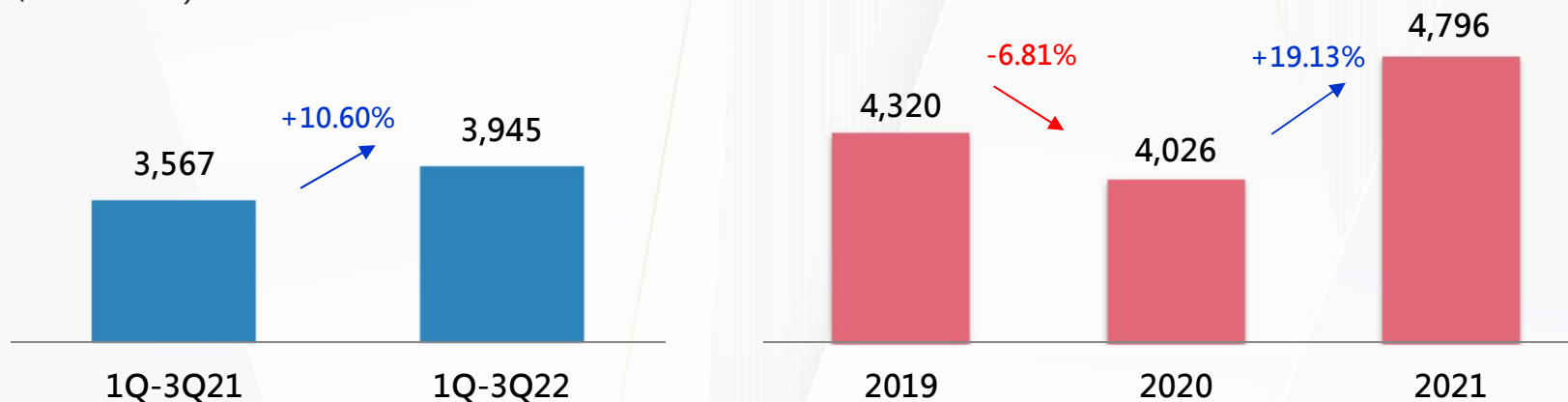
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Profitability

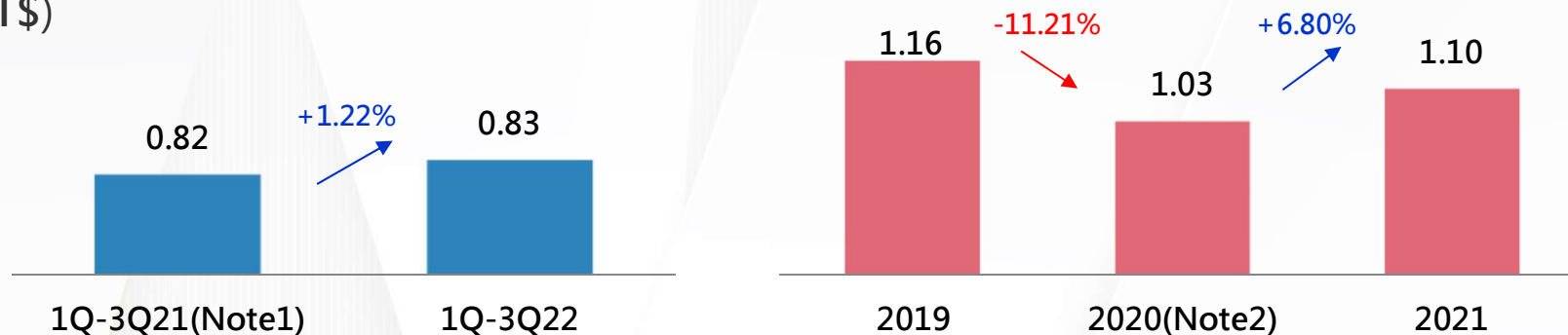
Net Profit

(NT\$ Million)



EPS

(NT\$)



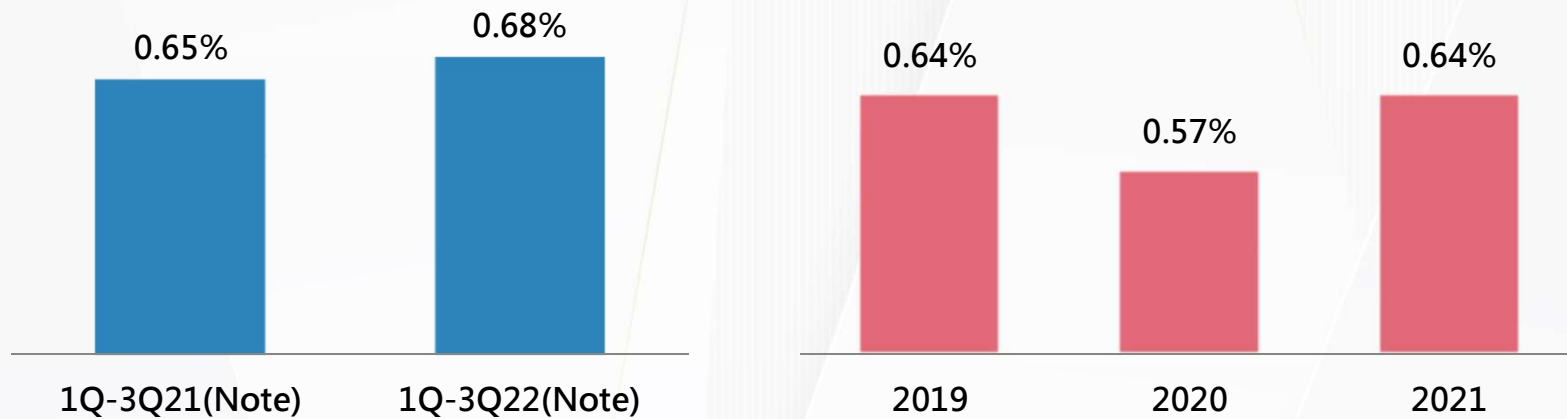
Note1 : The EPS in 2021Q3 Financial statement was 0.82. After been retroactive adjusted, the EPS of 2021Q3 was 0.78. The growth rate of EPS in 2022Q3 over 2021Q3 was 6.41%.

Note2 : The EPS in 2020 Financial statement was 1.03. After been retroactive adjusted, the EPS of 2020 was 0.98. The growth rate of EPS in 2021 over 2020 was 12.24%.

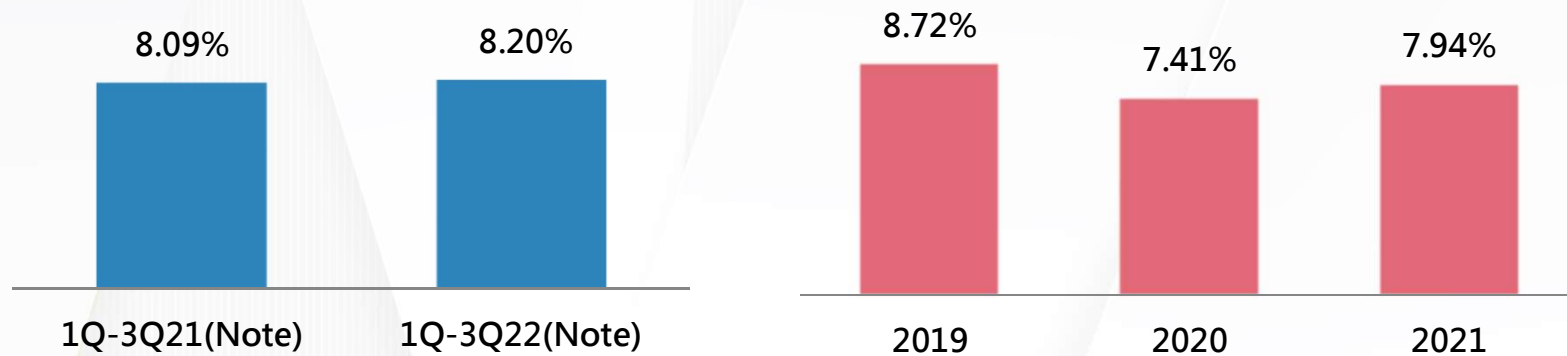
Profitability



ROA



ROE

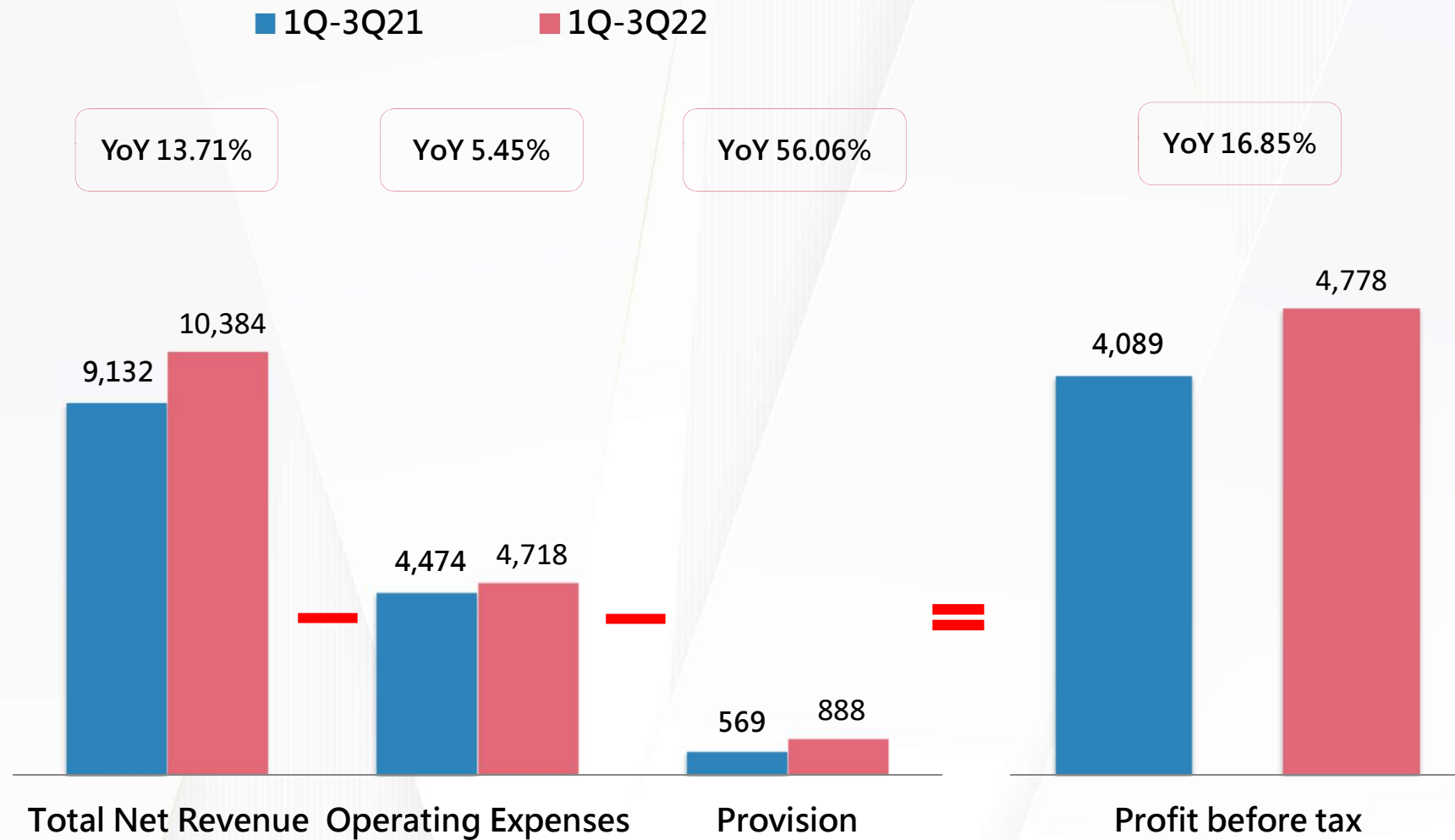


Note : ROE and ROA are annualized.

TCB 's Change in Net Profit

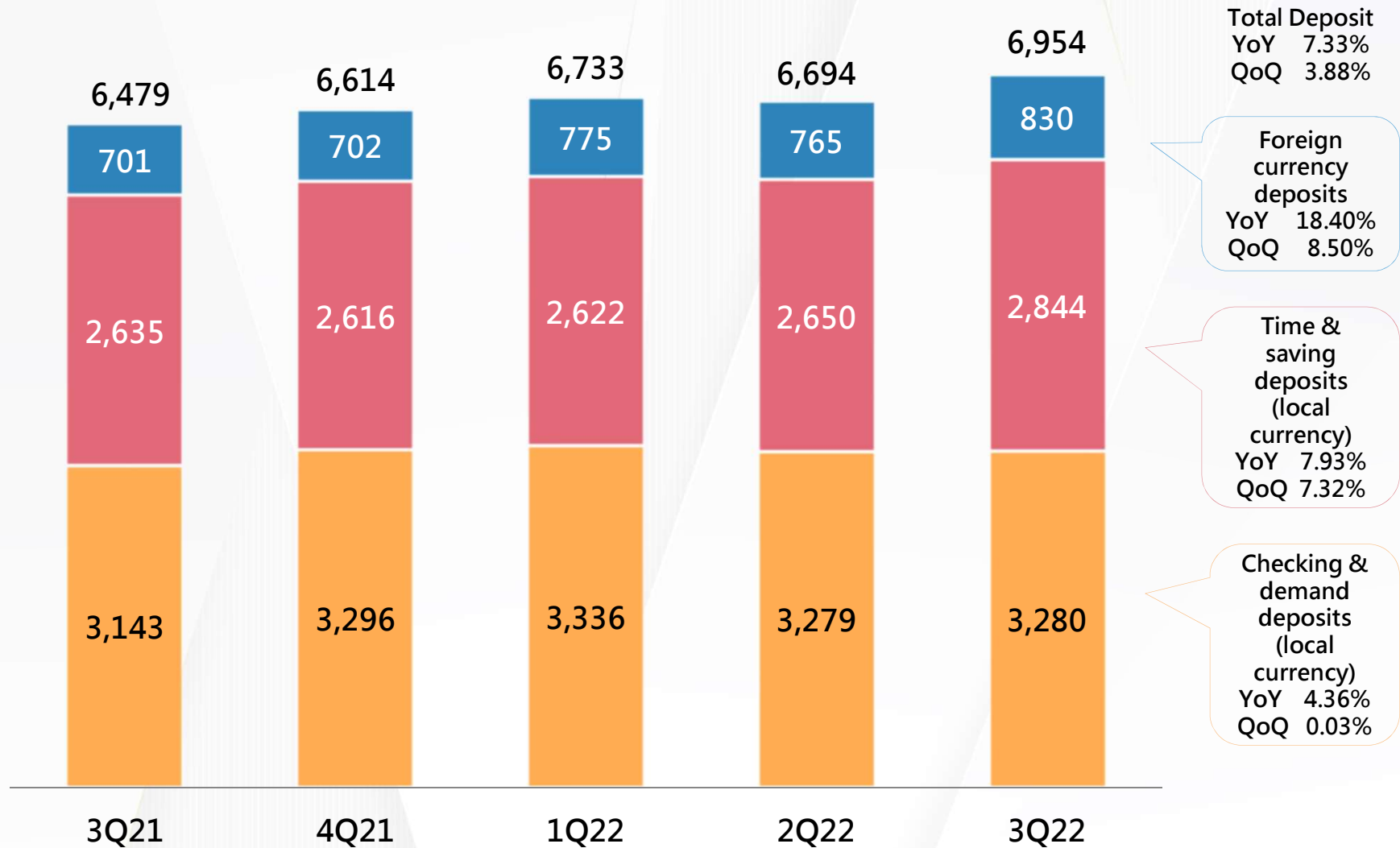


(NT\$ Million)

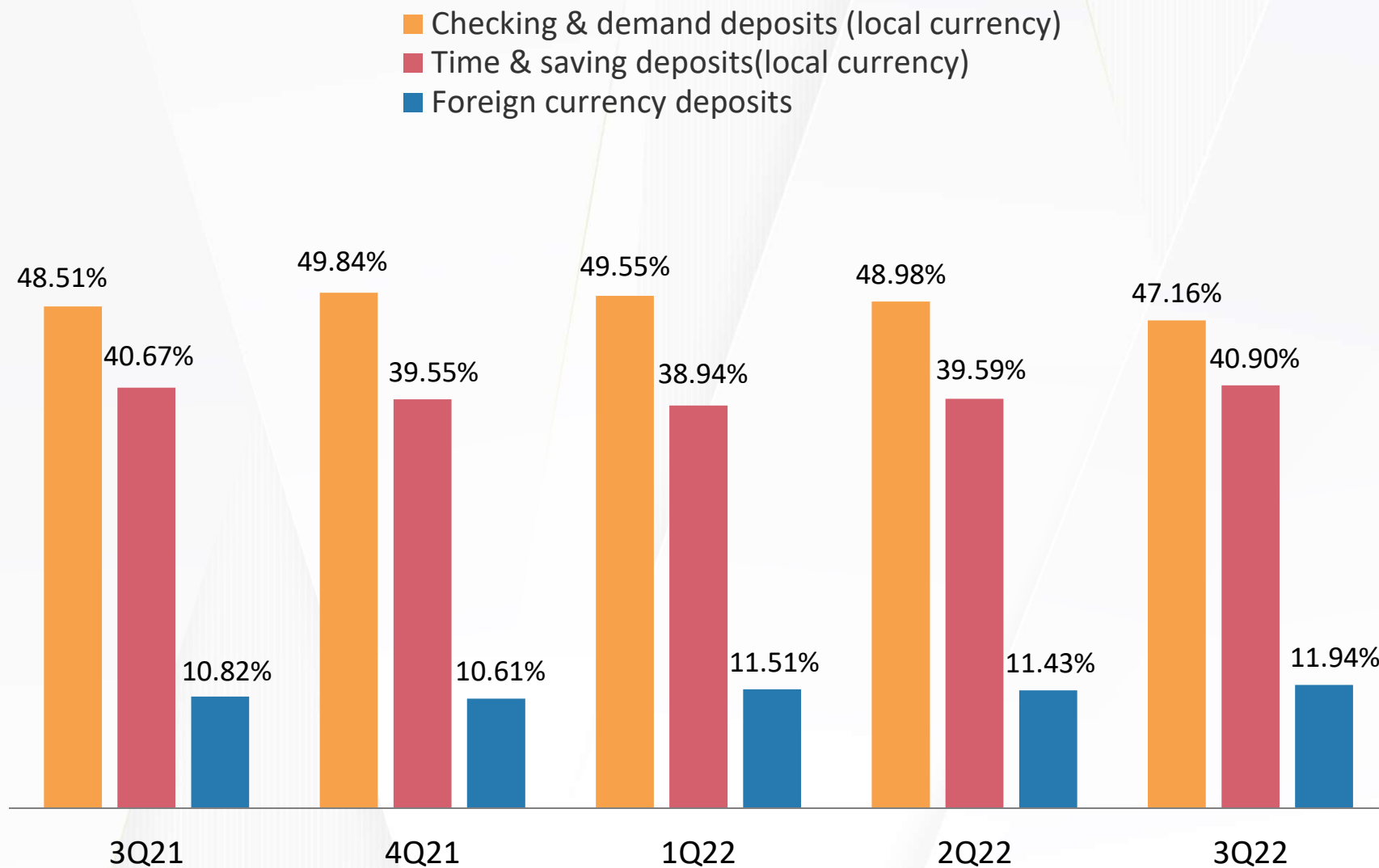


TCB 's Deposit Breakdown

(NT\$ Hundred Million)



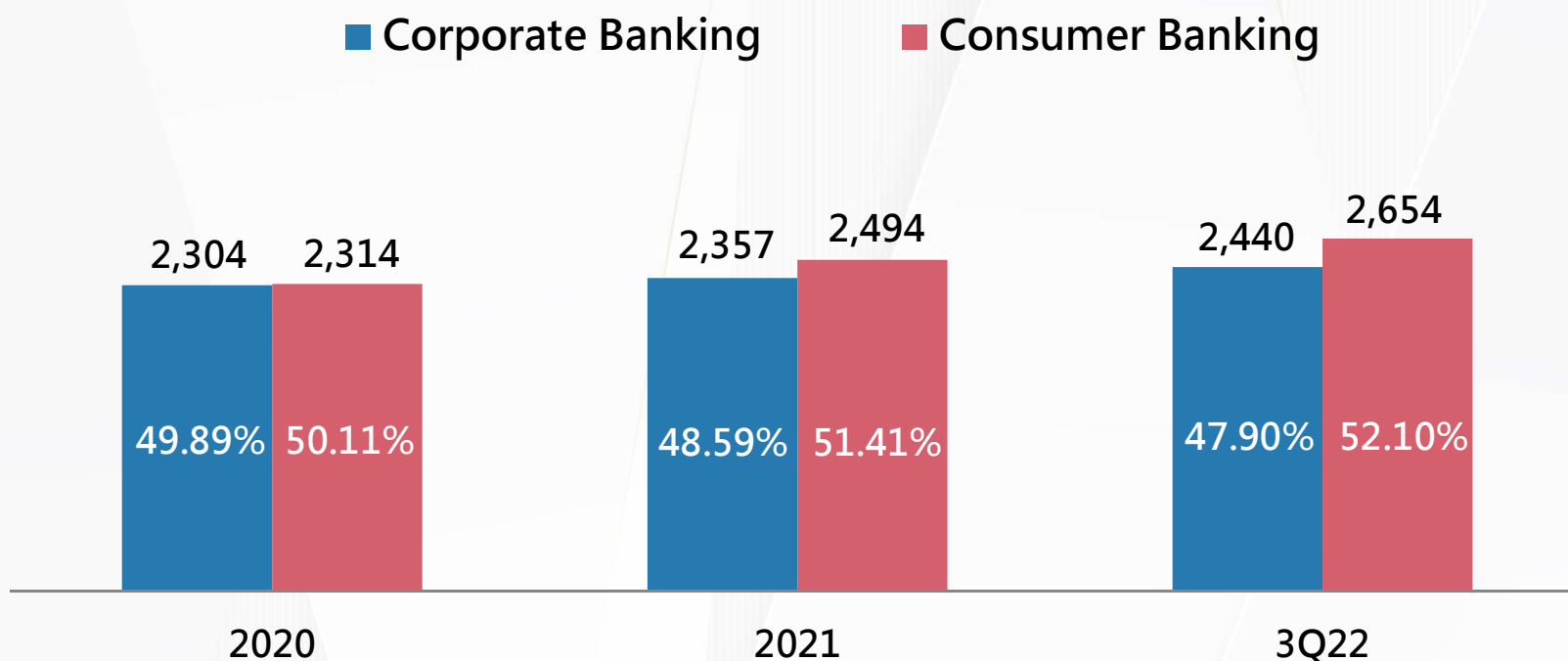
TCB 's Deposit Structure



TCB ' s Loan Structure



(NT\$ Hundred Million)



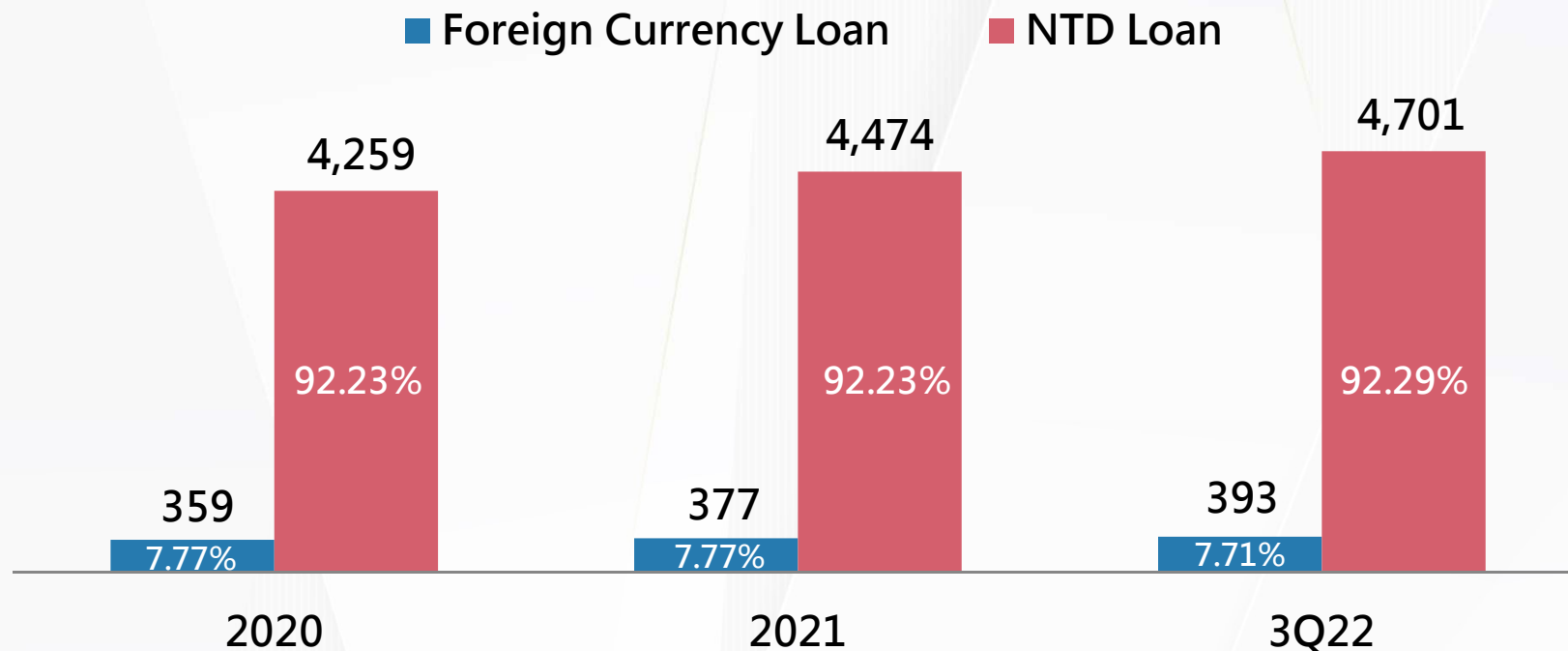
	2020	2021	3Q22	YTD
Corporate Banking	2,304	2,357	2,440	3.52%
Consumer Banking	2,314	2,494	2,654	6.42%
Total	4,618	4,851	5,094	5.01%

Note : The classification of Corporate Banking and Consumer Banking is based on the asset quality classification from the Article 16 in "Regulations Governing the Preparation of Financial Reports by Public Banks" .

TCB 's Loan Structure by Currency



(NT\$ Hundred Million)

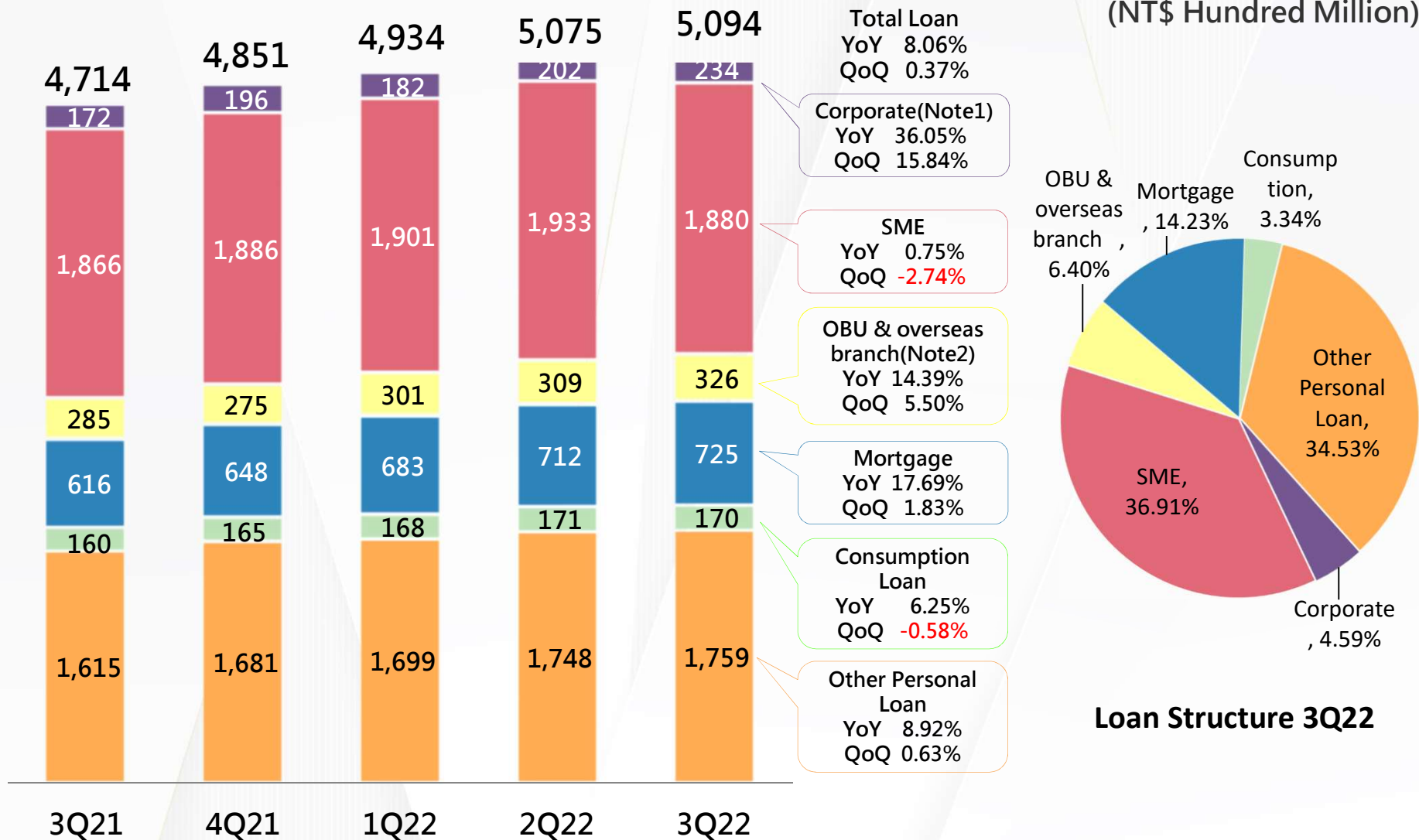


	2020	2021	3Q22	YTD
NTD Loan	4,259	4,474	4,701	5.07%
Foreign Currency Loan	359	377	393	4.24%
Total	4,618	4,851	5,094	5.01%

TCB 's Loan Breakdown



(NT\$ Hundred Million)



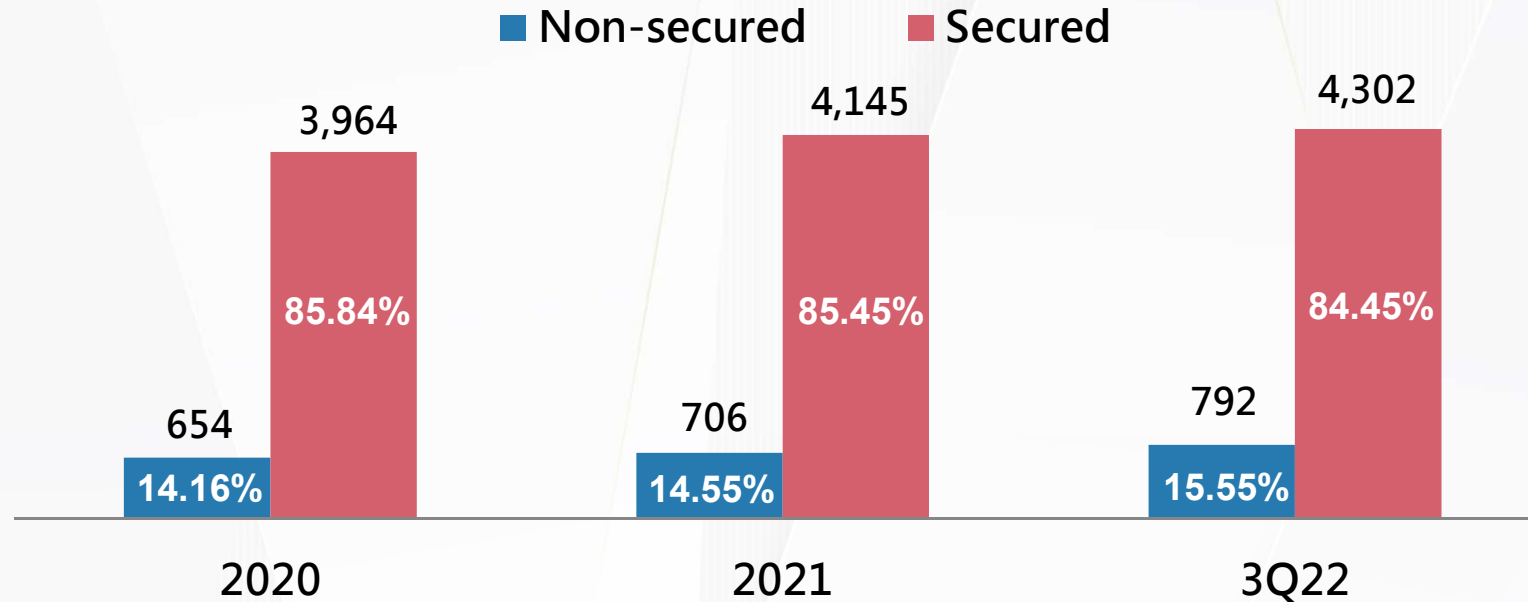
Note 1 : The balance of Corporate loan included government loans.

Note 2 : The loan balance of OBU & overseas branch were 28.5 billions and 4.1 billions in NT\$,respectively.

TCB 's Loan Breakdown by Secured 台中銀行

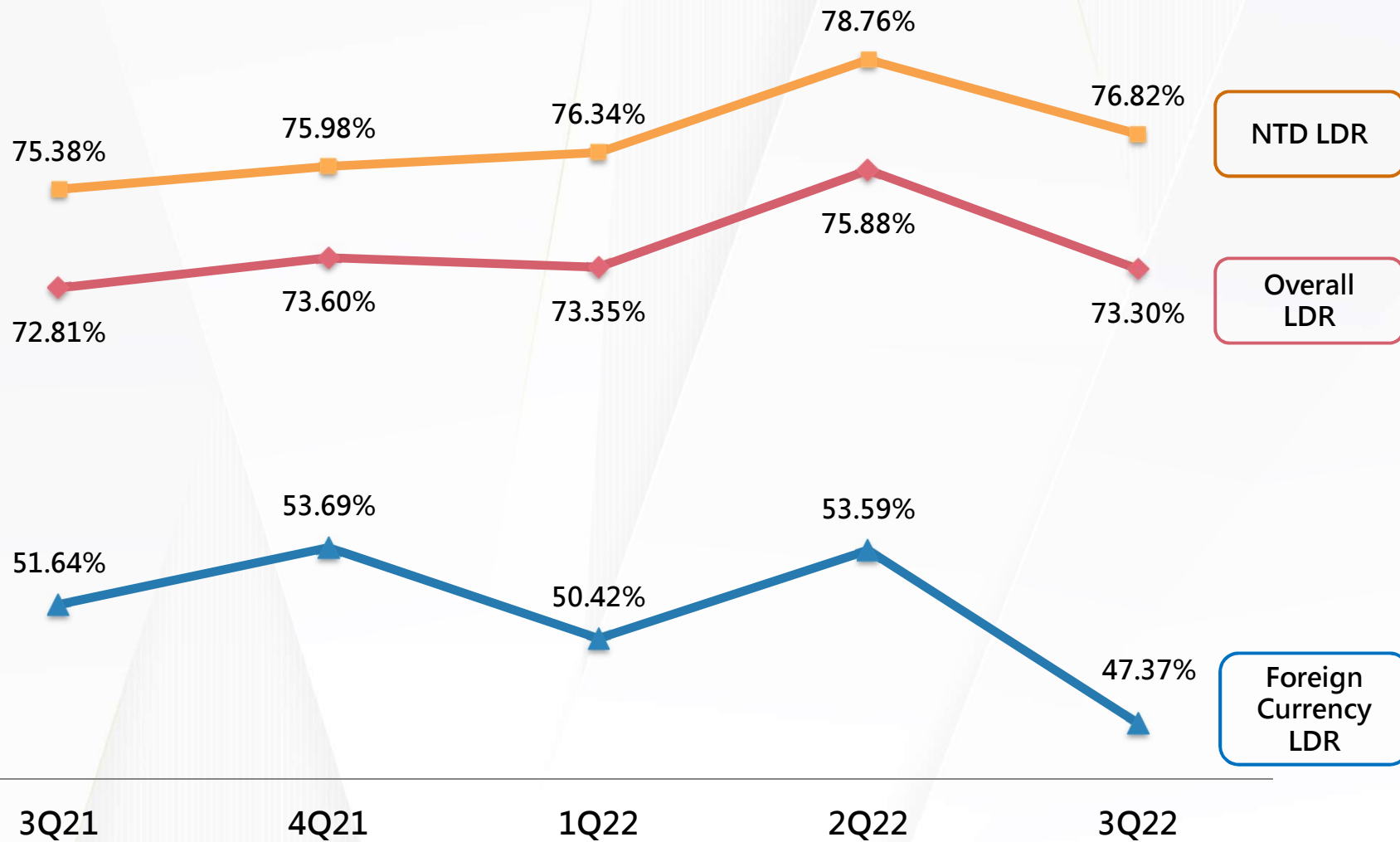
TAICHUNG BANK

(NT\$ Hundred Million)

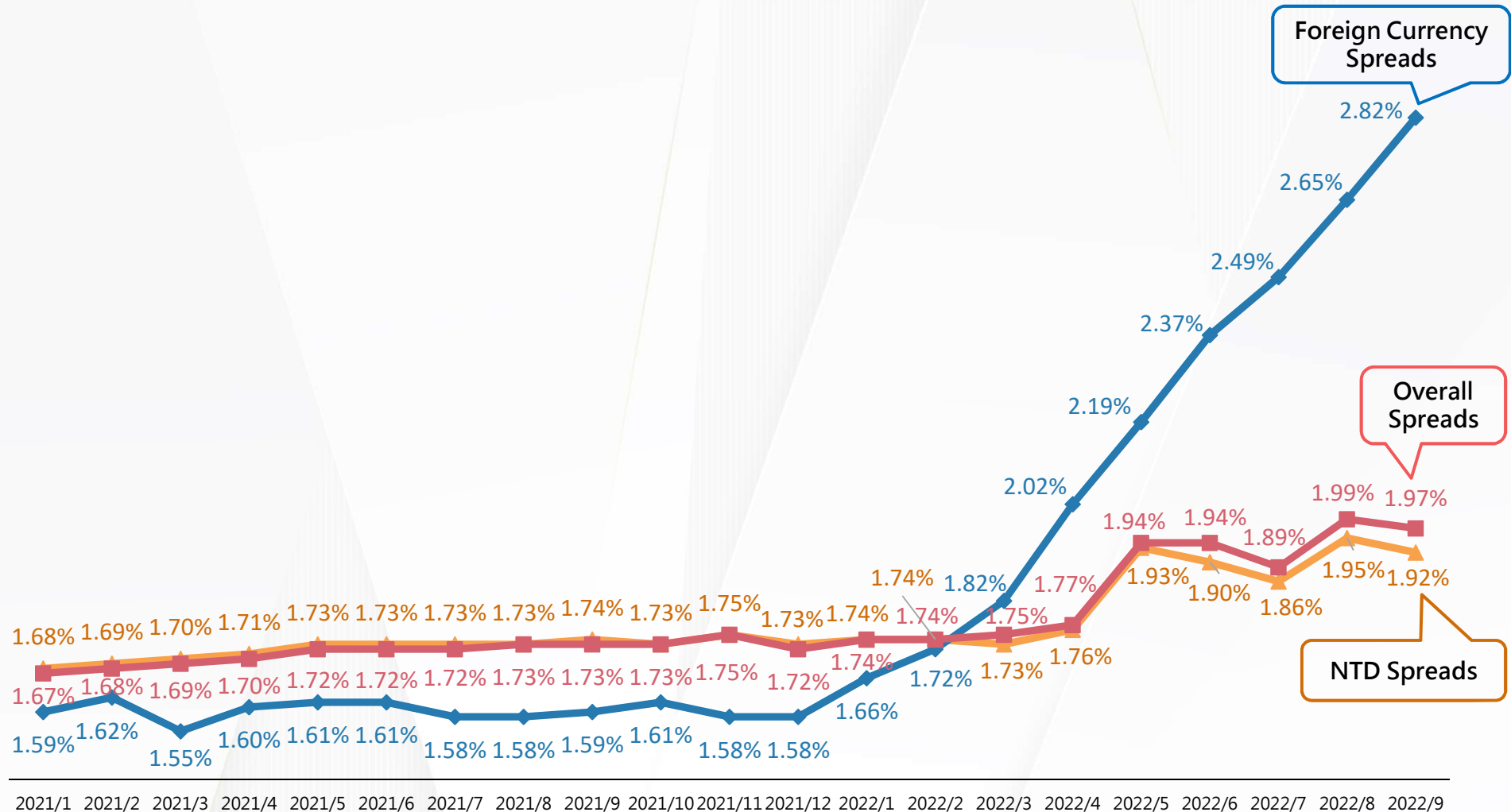


	2020	2021	3Q22	YTD
Non-secured	654	706	792	12.18%
Secured	3,964	4,145	4,302	3.79%
Secured by property	3,622	3,767	3,913	3.88%
Secured by Letter of Guarantee	166	175	163	-6.86%
Others	176	203	226	11.33%
Total	4,618	4,851	5,094	5.01%

TCB's Loan to Deposit Ratio(LDR) 台中銀行 TAICHUNG BANK



TCB 's Spreads



Note1 : Monthly Information.

Note2 : The schedule of the Federal Reserve System adjusted target federal fund rates : 2022/3/17 raised 0.25%, 2022/5/4 raised 0.50%, 2022/6/16 raised 0.75%, 2022/7/28 raised 0.75% and 2022/9/22 raised 0.75%.

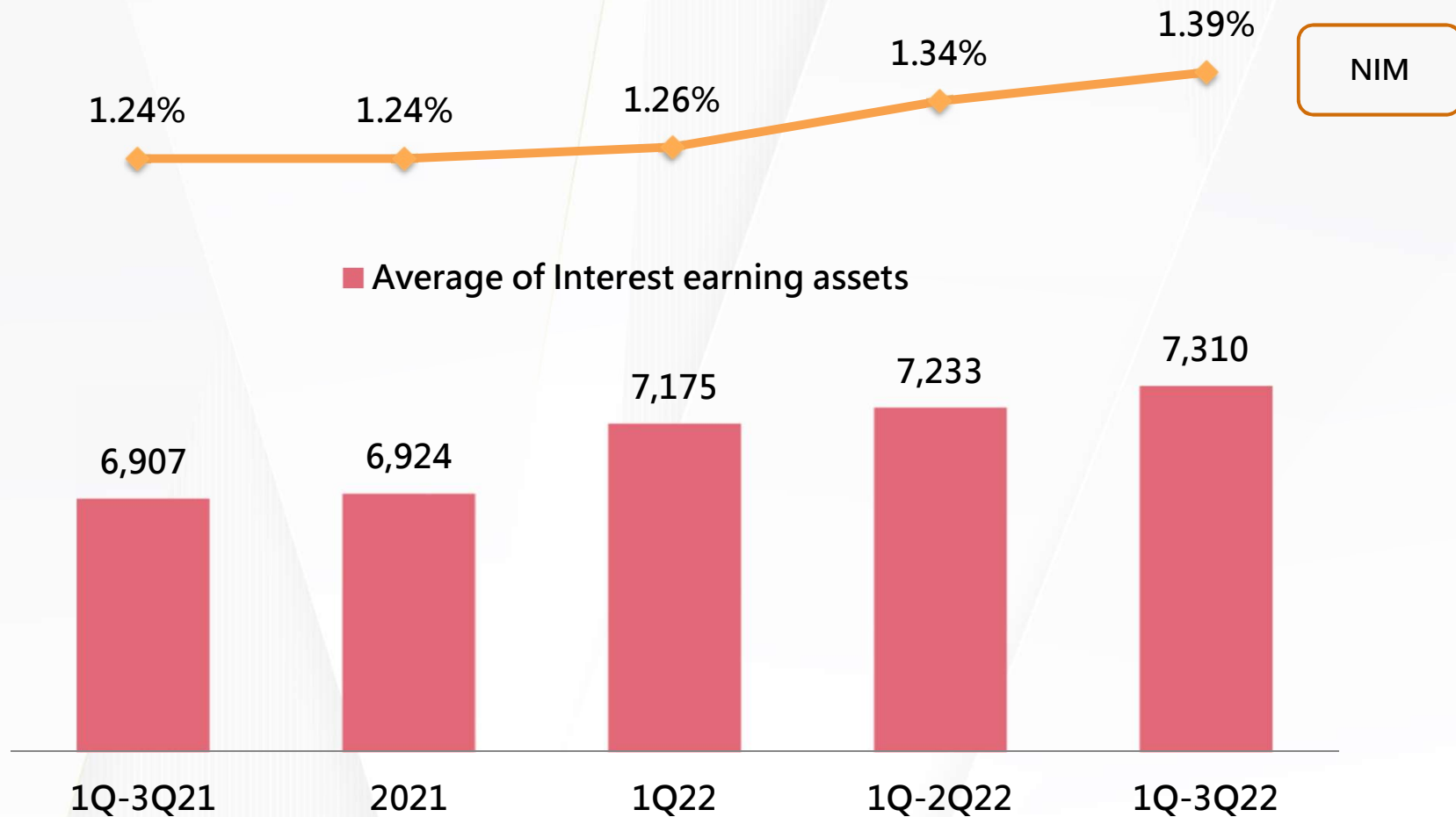
Note3 : The schedule of Central Bank of the Republic of China (Taiwan) adjusted CBC rates : 2022/3/17 raised 0.25%, 2022/6/16 raised 0.125% and 2022/9/22 raised 0.125%.

TCB 's Net Interest Margin(NIM)



(NT\$ Hundred Million)

NIM & Average of Interest earning assets

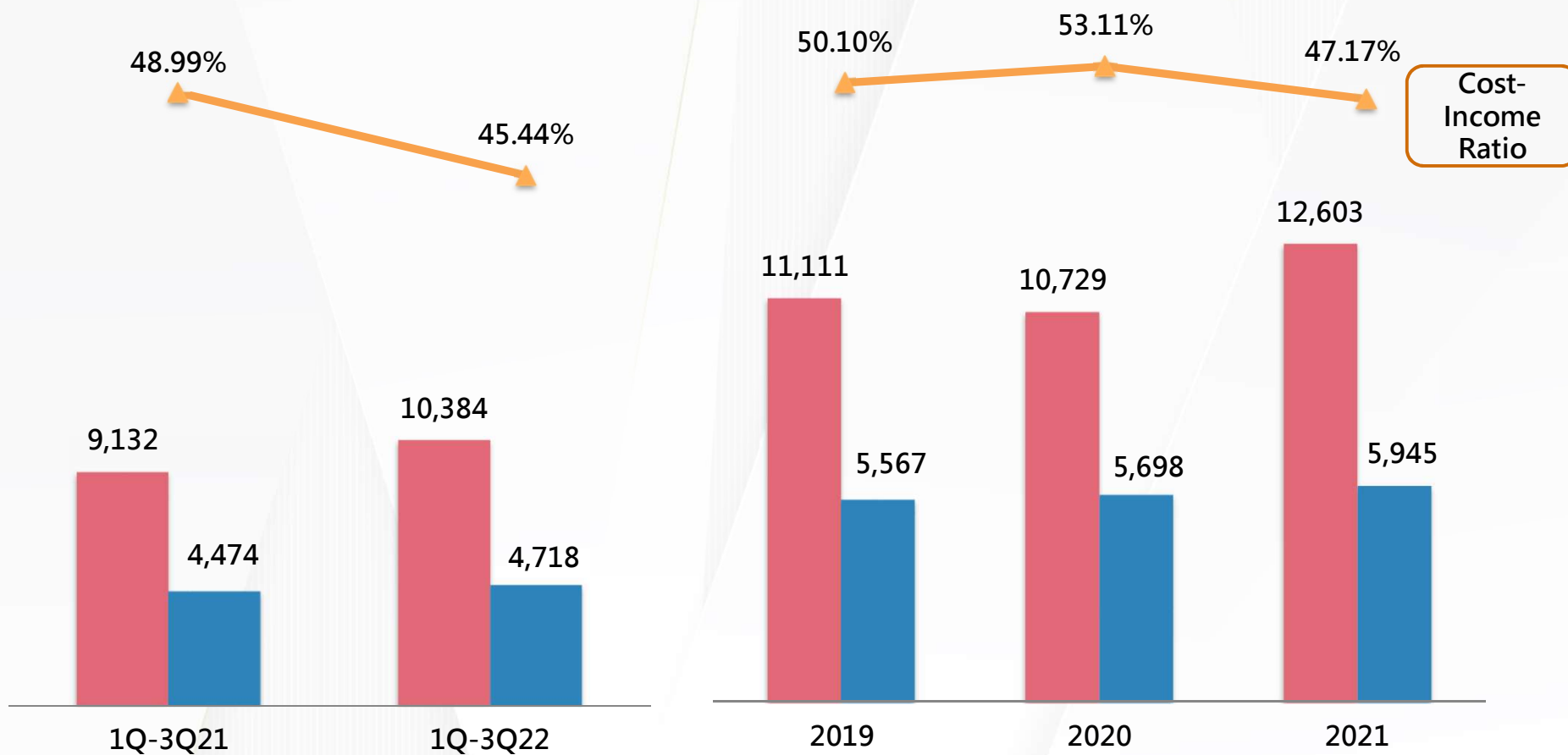


TCB's Operating Expenses to Net Income



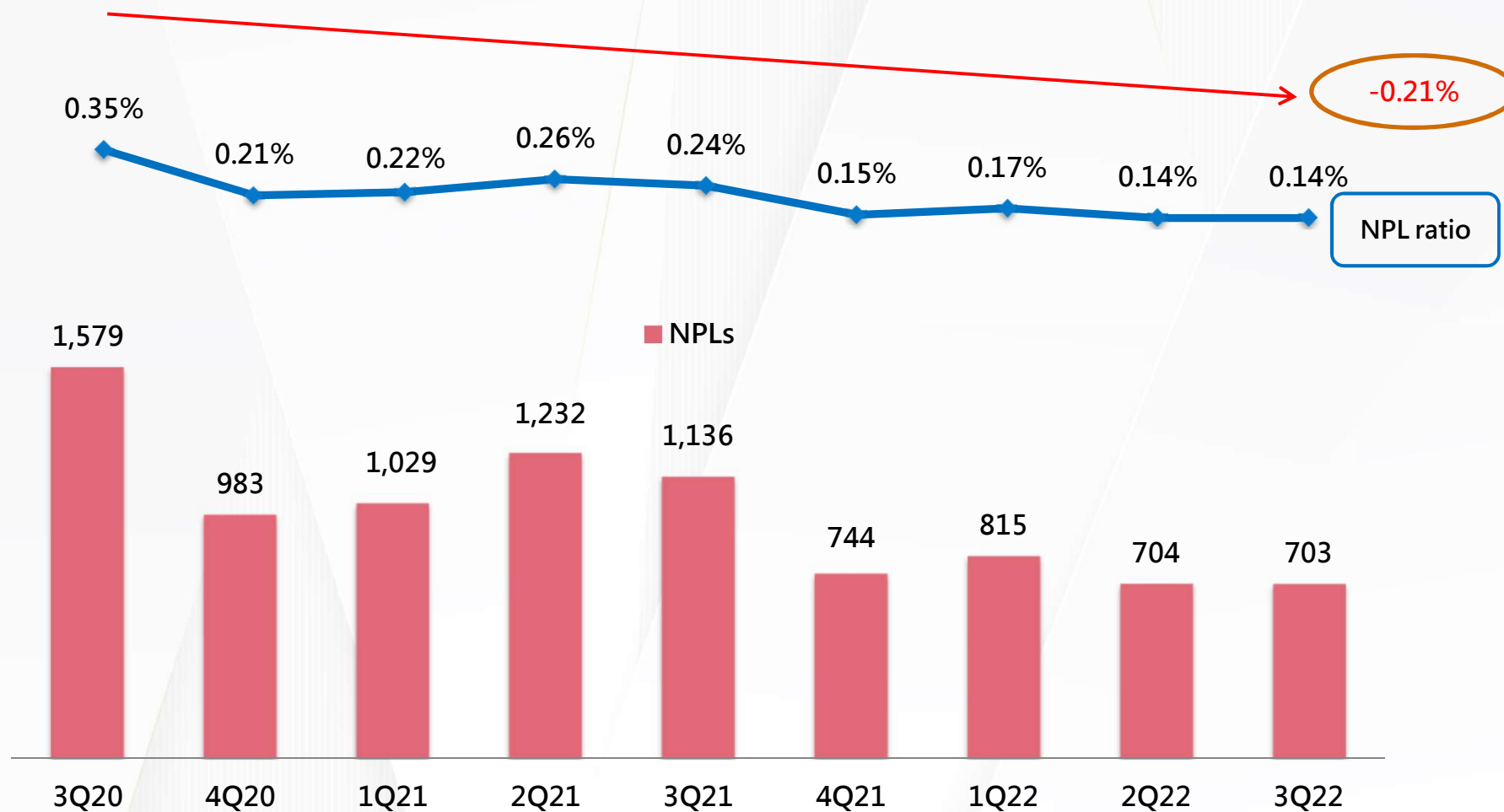
(NT\$ Million)

■ Net Income ■ Operating Expenses



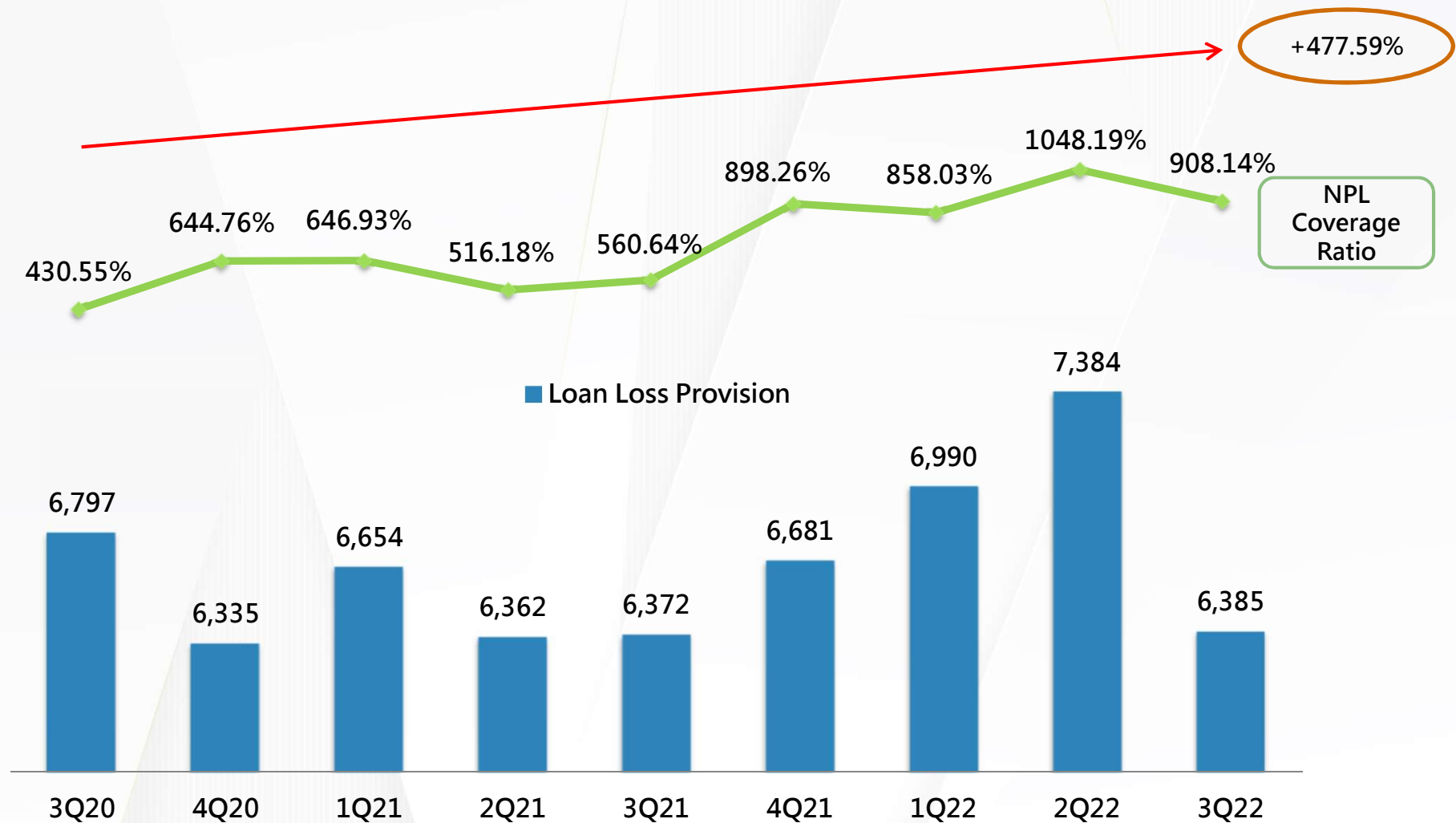
TCB's Asset quality

NPL ratio & NPLs



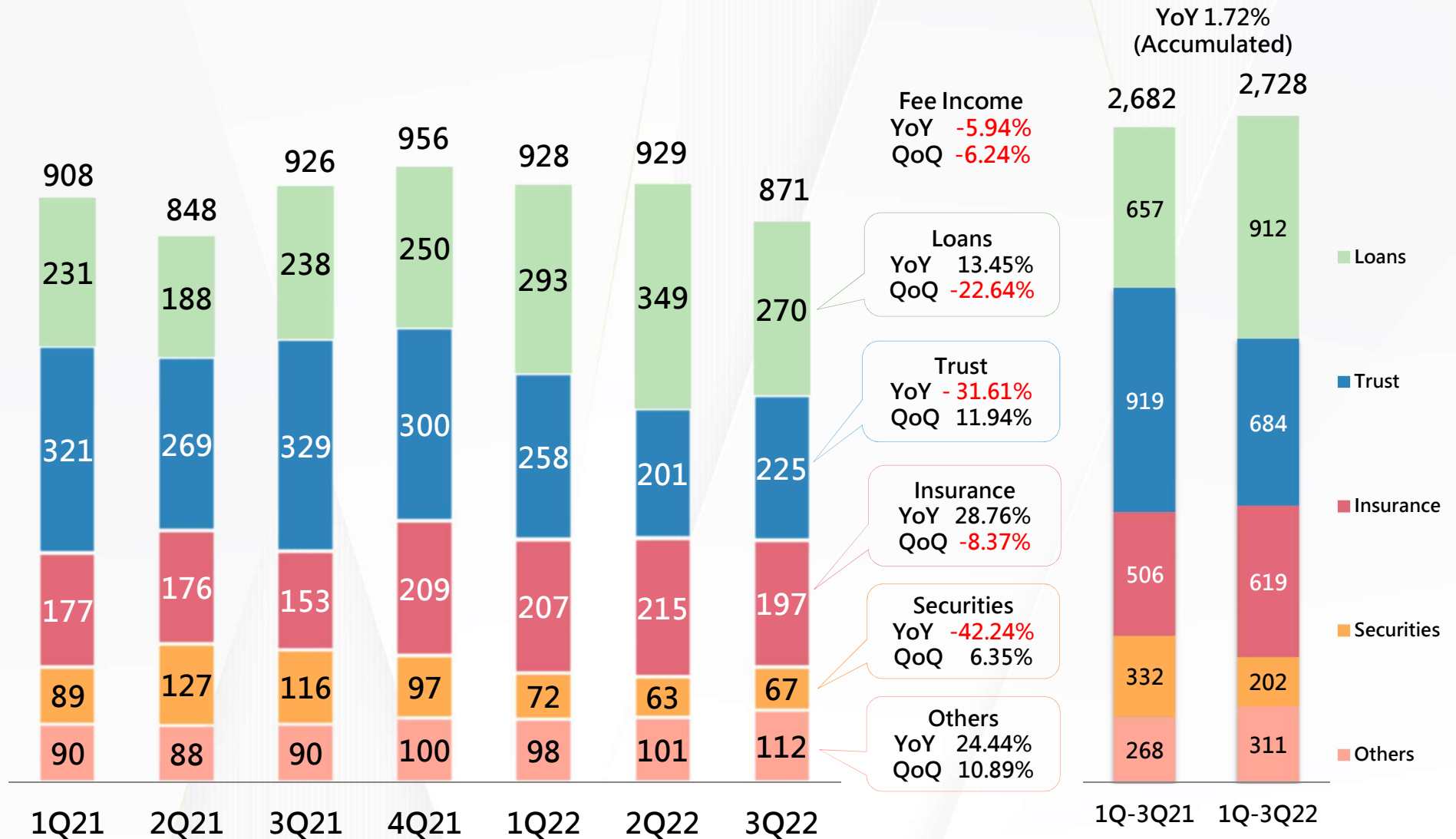
TCB 's Asset quality

NPL Coverage Ratio & Loan Loss Provision



Fee Income Breakdown

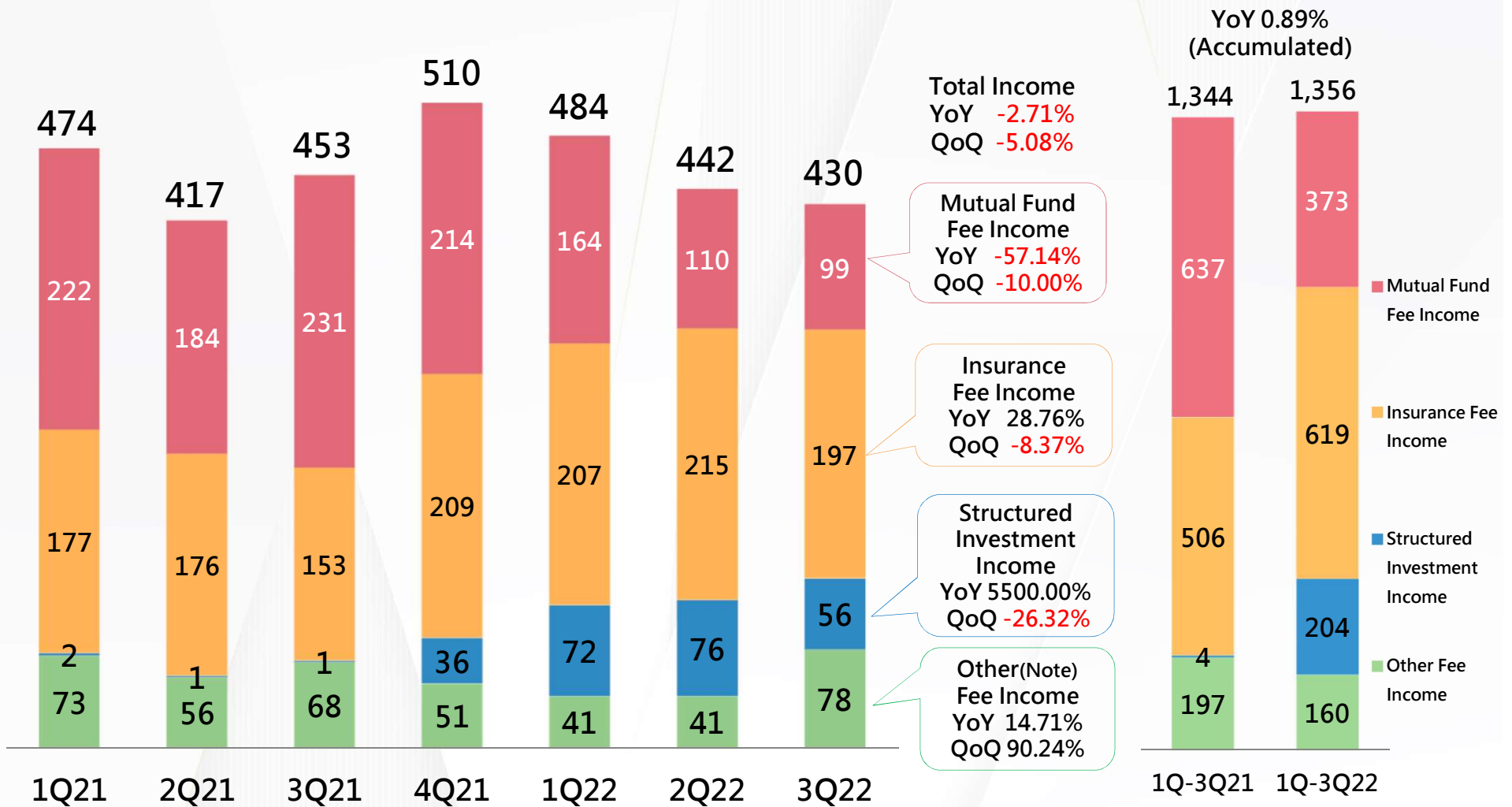
(NT\$ Million)  台中銀行
TAICHUNG BANK



Wealth Management Income



(NT\$ Million)



Note : Others are comprised of foreign bond, structured note, exchange traded fund , preferred stock, and etc.

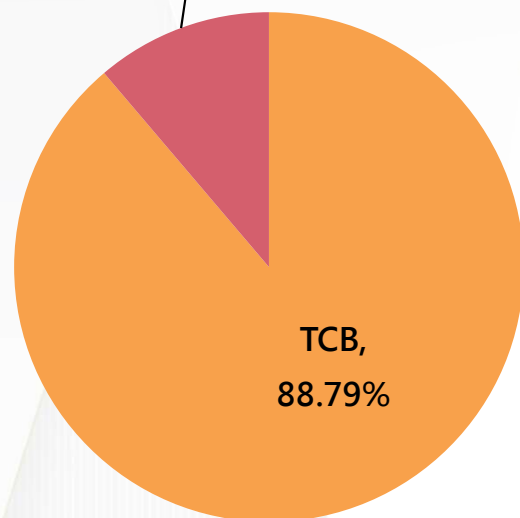
Profit of Subsidiary to TCB



(NT\$ Million)

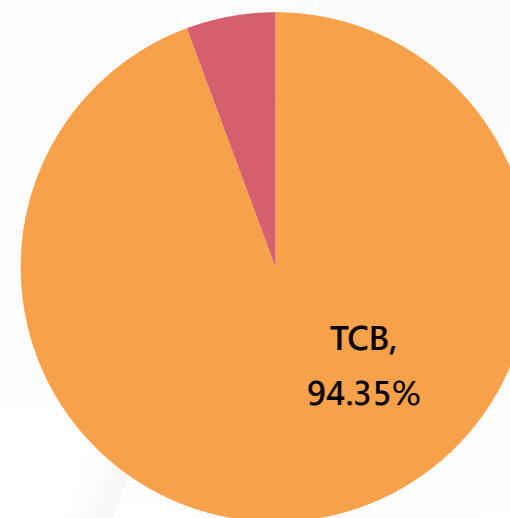
Net Profit after tax	1Q-3Q21	1Q-3Q22	YoY
TCB	3,167	3,722	17.52%
Subsidiary	400	223	-44.25%
Total	3,567	3,945	10.60%

Subsidiary of TCB,
11.21%



1Q-3Q21 Profit Breakdown

Subsidiary of TCB,
5.65%

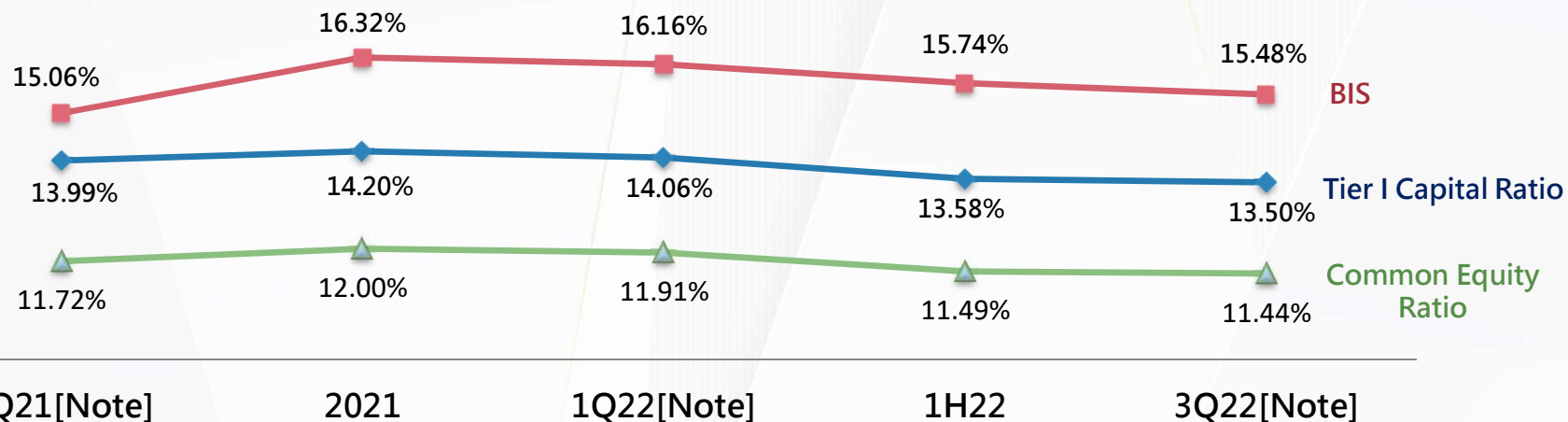


1Q-3Q22 Profit Breakdown

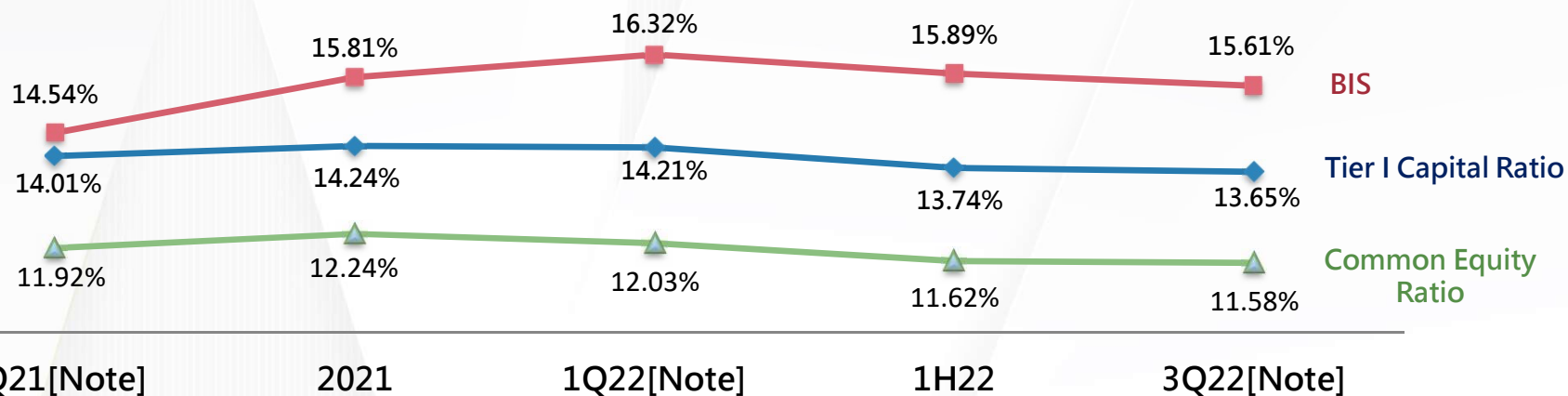
Capital Adequacy



Consolidated



Individual



Note : Self-assessed

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Balance Sheet (Individual)



(NT\$ Million)

	2019	2020	2021	3Q22	YTD
Assets :					
Cash and due from banks	44,134	51,588	55,821	59,099	5.87%
Financial investment, net	173,347	195,628	201,027	203,640	1.30%
Loans, net	434,469	455,442	478,441	503,067	5.15%
A/R, net	4,064	3,546	3,176	3,336	5.04%
LT investments, net	5,491	5,440	6,064	5,939	-2.06%
Properties and equipment , net	10,620	12,277	13,708	15,498	13.06%
Others	2,898	3,755	4,101	4,315	5.22%
Total Assets	675,023	727,676	762,338	794,894	4.27%
Liabilities :					
Deposits	584,866	638,274	661,383	695,388	5.14%
Other liabilities	38,848	32,080	37,495	34,679	-7.51%
Total Liabilities	623,714	670,354	698,878	730,067	4.46%
Total Equity	51,309	57,322	63,460	64,827	2.15%
Total Liabilities and Equity	675,023	727,676	762,338	794,894	4.27%

P&L (Individual)



(NT\$ Million)

	2019	2020	2021	1Q-3Q21	1Q-3Q22	YoY
Net Interest	7,902	7,848	8,696	6,480	7,592	17.16%
Service Fee Income, net	1,926	2,117	2,482	1,842	1,886	2.39%
Other Net Revenue	1,283	764	1,425	810	906	11.85%
Total Net Revenue	11,111	10,729	12,603	9,132	10,384	13.71%
Operating Expenses	(5,567)	(5,698)	(5,945)	(4,474)	(4,718)	5.45%
Pre-provision Profit	5,544	5,031	6,658	4,658	5,666	21.64%
Provision for Bad Debts	(477)	(366)	(1,204)	(569)	(888)	56.06%
Profit Before Income Tax	5,067	4,665	5,454	4,089	4,778	16.85%
Income Tax Expense	(747)	(639)	(658)	(522)	(833)	59.58%
Net Profit After Income Tax	4,320	4,026	4,796	3,567	3,945	10.60%
Other Comprehensive Income[Note]	153	448	88	300	(1,443)	-581.00%
Total Comprehensive Income for the Year	4,473	4,474	4,884	3,867	2,502	-35.30%

Note : 1Q-3Q22 Other Comprehensive Income NT\$ -1,443 million is mainly comprised of Unrealized (losses) gains on investments in debt instruments designated as at fair value through other comprehensive income NT\$ -1,245 million.

Balance Sheet (Consolidated)



(NT\$ Million)

	2019	2020	2021	3Q22	YTD
Assets :					
Cash and due from banks	45,237	52,081	56,159	60,057	6.94%
Financial investment, net	174,356	197,275	202,664	205,305	1.30%
Loans, net	435,398	456,541	479,806	504,307	5.11%
A/R, net	12,820	13,484	14,352	14,262	-0.63%
LT investments, net	157	163	165	168	1.82%
Properties and equipment, net	10,684	12,333	13,755	15,538	12.96%
Others	4,037	4,893	5,777	5,882	1.82%
Total Assets	682,689	736,770	772,678	805,519	4.25%
Liabilities :					
Deposits	583,322	636,589	659,116	693,693	5.25%
Other liabilities	48,058	42,859	50,102	46,998	-6.20%
Total Liabilities	631,380	679,448	709,218	740,691	4.44%
Total Equity	51,309	57,322	63,460	64,828	2.16%
Total Liabilities and Equity	682,689	736,770	772,678	805,519	4.25%

P&L(Consolidated)



(NT\$ Million)

	2019	2020	2021	1Q-3Q21	1Q-3Q22	YoY
Net Interest	8,351	8,279	9,278	6,911	8,015	15.97%
Service Fee Income, net	2,913	2,906	3,375	2,487	2,523	1.45%
Other Net Revenue	831	459	1,069	580	612	5.52%
Total Net Revenue	12,095	11,644	13,722	9,978	11,150	11.75%
Operating Expenses	(6,273)	(6,366)	(6,784)	(5,115)	(5,289)	3.40%
Pre-provision Profit	5,822	5,278	6,938	4,863	5,861	20.52%
Provision for Bad Debts	(615)	(519)	(1,369)	(696)	(982)	41.09%
Profit Before Income Tax	5,207	4,759	5,569	4,167	4,879	17.09%
Income Tax Expense	(887)	(733)	(773)	(600)	(934)	55.67%
Net Profit After Income Tax	4,320	4,026	4,796	3,567	3,945	10.60%
Other Comprehensive Income[Note]	153	448	88	300	(1,443)	-581.00%
Total Comprehensive Income for the Year	4,473	4,474	4,884	3,867	2,502	-35.30%

Note : The note is the same as P.27

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Innovation financial technology for better customer experience

- ◆ In response to the expansion and innovation in the field of financial technology, the Bank has kept pace with the times and continued to cultivate in the field of financial technology, and won the “2021 eFCS Specific Write-off Processing Business Promotion Award” given by Taiwan Clearing House for the business promotion of financial institutions.
- ◆ In addition to offering multiple channels such as branch counters, convenient stores, ATMs, online banking and credit cards, the Bank has added another payment channel. Starting from October 2021, we have connected to Taiwan Clearing House’s Enhanced Financial Collection System (eFCS) platform on tuition and miscellaneous fees. Customers only need to select their usual mobile payment method (such as iPASS MONEY) without installing an additional app to scan a three-segment barcode on their bill and complete the payment process. The Bank will continue to expand its mobile payment channels in the future to provide customers with more convenient payment methods without breakpoints.



Seeking progress while maintaining stability, braving the pandemic, and internationalizing business development



- ◆ The Bank was honored and recognized with two grand prizes: the “New Southbound Countries Credit Guarantee Funding Amount Growth Excellence Award” given by the Overseas Credit Guarantee Fund (Taiwan) and the “COVID-19 Credit Guarantee Scheme Excellence Award” from the Overseas Community Affairs Council.
- ◆ During COVID-19’s global spread, the Bank has continued to cooperate with the government in the New Southbound Policy and assist Taiwanese enterprises in expanding their overseas business among New Southbound countries, helping to respond to changing trends in global economy and trade. Through the overseas credit guarantee fund financing guarantee mechanism, we support overseas Taiwanese enterprises by providing them with funds needed for operation, helping them survive the impacts of COVID-19.
- ◆ The Bank has always maintained a close service partnership with enterprises. Ever since the 2018 establishment of the Labuan Branch and Kuala Lumpur Marketing Office, the Bank has continued expanding its overseas footprint to strengthen our services for and meet the financing needs of local Taiwanese business owners. We established the first Taiwan-funded bank in Penang, West Malaysia and Kota Kinabalu, East Malaysia respectively, and we keep moving towards the development of a global financial landscape.



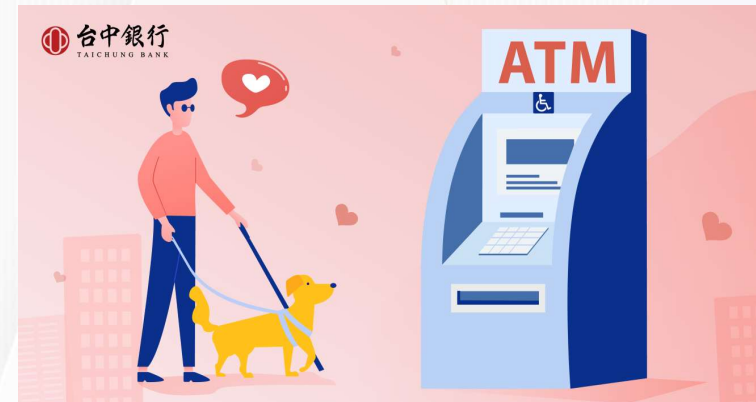
Caring with sincerity and practicing sustainable value

- ◆ From September 2 to October 15, 2022, the Bank organized its 5th “Caring with Heart and Spreading Love” blood donation event in cooperation with the Taichung Blood Center and in conjunction with efforts from our branches in central Taiwan to practice sustainable value, lasting life and everlasting love, so as to build up an environment with more care for society.
- ◆ During the drive, we collected more than 10,000 bags of blood, and nearly 52,000 bags of blood have been collected over the past five years. We hope that by holding blood event year after year, not only can we alleviate the insufficient blood inventory, but the public will pay more attention to blood donations, so the public welfare implementation will be more multi-oriented towards increasing diversity and enhanced inclusiveness, fulfilling corporate social responsibilities and contributing our share of our endeavors to everyone’ s health.
- ◆ In addition to actively organizing various corporate social responsibility activities, the Bank also responds to the promotion of dementia-friendly policies initiated by the competent authority. All of our 82 branches joined the “Dementia-Friendly Organization” this year. We even encourage our staff to become “Dementia-Friendly Angels,” providing appropriate assistance and service to exert its influence on corporate social responsibility and to create a friendly financial system.



Enhancing treating customers fairly, achieving financial inclusion

- ◆ In order to serve underprivileged groups as well as implement pandemic prevention and reduce contact, we continue to add voice-activated ATM services for the visually impaired, allowing our visually impaired friends to bring their own wired headsets to complete multiple functions. In addition, to protect privacy and account security, a special “transaction screen masking” function is provided so that visually impaired friends can operate ATMs with more security.
- ◆ Starting from October 26, 2022, not only the Chinese and English interfaces, but our ATMs across Taiwan have added interface services in 5 additional languages, including Japanese, Korean, Indonesian, Thai and Vietnamese, providing multi-language operation interfaces for 6 commonly used functions such as withdrawals, deposits, transfers, balance enquiries, password changes and cash advances to meet the needs of different customer groups such as new immigrants, foreign migrant workers, and tourists.





Thanks for your
listening!

