

Stock No : 2812

Taichung Commercial Bank 2022 Half Year Investor Conference



2022.8.29

Disclaimer

- ◆ This presentation is provided by Taichung Commercial Bank(TCB). Users should read this material in conjunction with all other public financial and operational information filed to the competent authorities by TCB. While we endeavor to provide accurate, complete and consistent information herein, TCB makes no guarantee or warranties as to the accuracy or correctness of all the material contained. After this presentation is released to the public, we undertake no obligation to update any relevant data to reflect any change hereafter.
- ◆ Users should also notice that this presentation may contain forward-looking statements. Statements that are not historical facts, including statements relating to the implementation of strategic initiatives, future business development and economic performance are forward-looking statements. By their nature, forward-looking statements involve uncertainties, risks, assumptions and other factors that could cause actual developments and results to differ materially from our statement in this presentation. These factors include, but not limited to, regulatory developments, competitive conditions, technological developments, general economic conditions and management changes.
- ◆ The information, statements or opinions in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation respect to such securities or other financial instruments. TCB and its affiliates representatives, no matter for their negligence or any other reasons, should not be liable for any loss or damages arising from the use of or interpretation by others of information contained within this presentation or any matter related to this document.



Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

2022 Half Year Financial Highlight 台中銀行 TAICHUNG BANK

Profitability

- Net Profit after tax NT\$ 2.61 billions, 14.50% growth over the same period last year.
- EPS 0.55, 5.77% growth over the same period last year.

Asset quality

- NPL ratio 0.14%、NPL coverage ratio 1,048.19%.

Capital adequacy

- Consolidated : Capital Adequacy Ratio 15.74%、Tier I Capital Ratio 13.58%、Common Equity Ratio 11.49%.
- Individual : Capital Adequacy Ratio 15.89%、Tier I Capital Ratio 13.74%、Common Equity Ratio 11.62%.

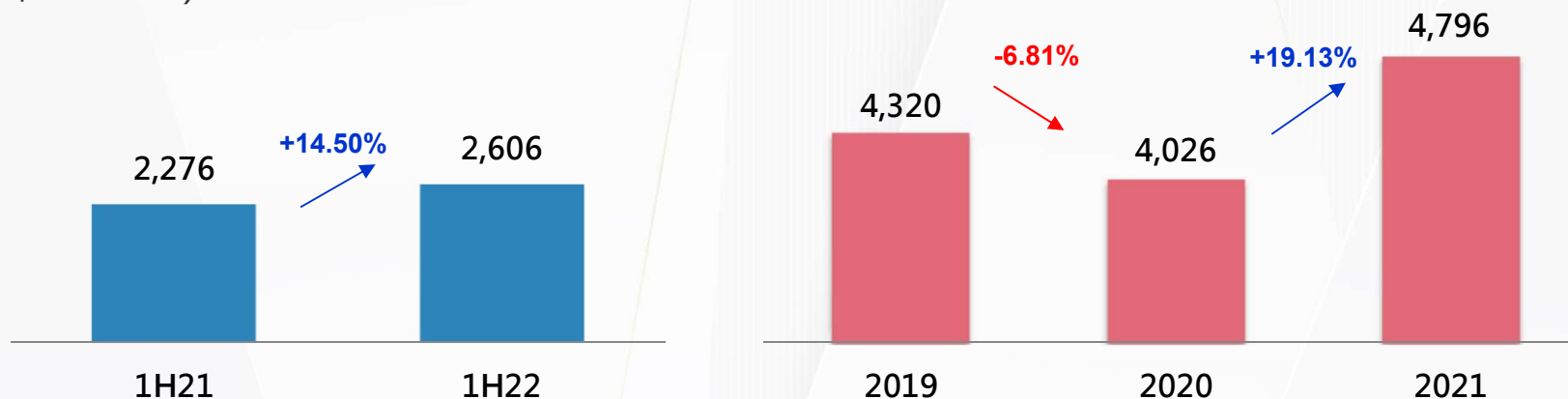
Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

Profitability

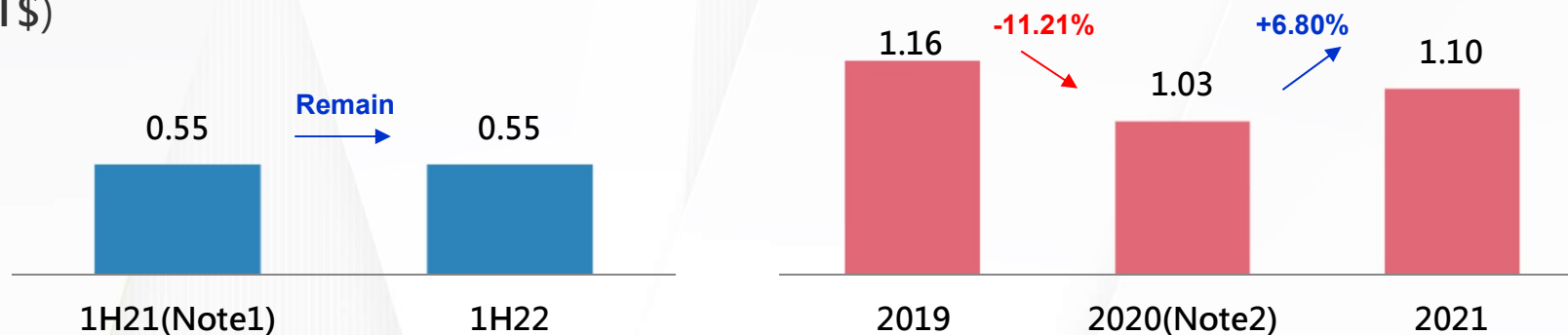
Net Profit

(NT\$ Million)



EPS

(NT\$)



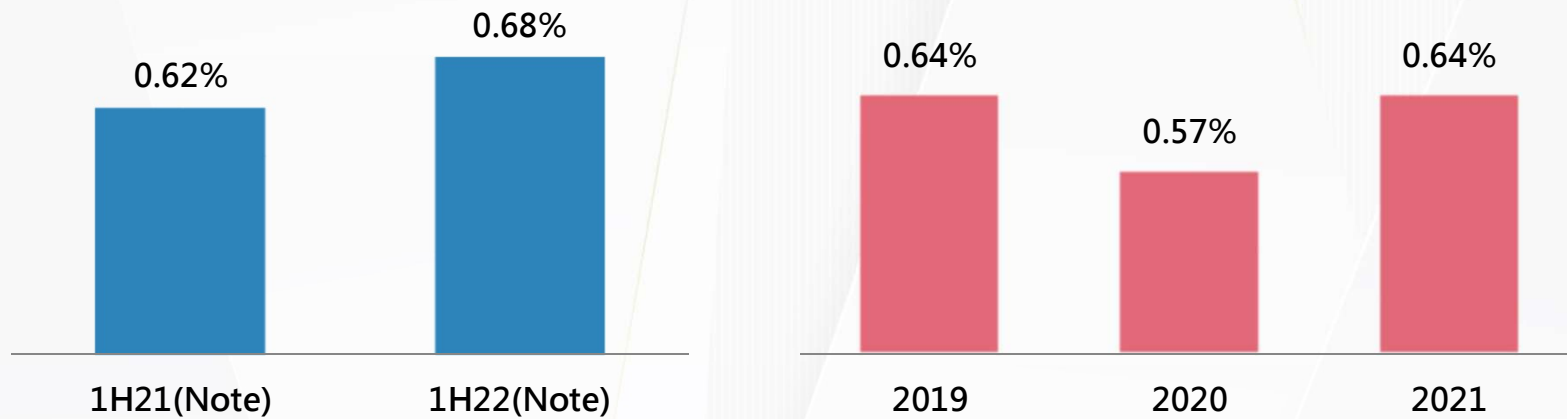
Note1 : The EPS in 2021Q2 Financial statement was 0.55. After been retroactive adjusted, the EPS of 2021Q2 was 0.52. The growth rate of EPS in 2022Q2 over 2021Q2 was 5.77%.

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%.

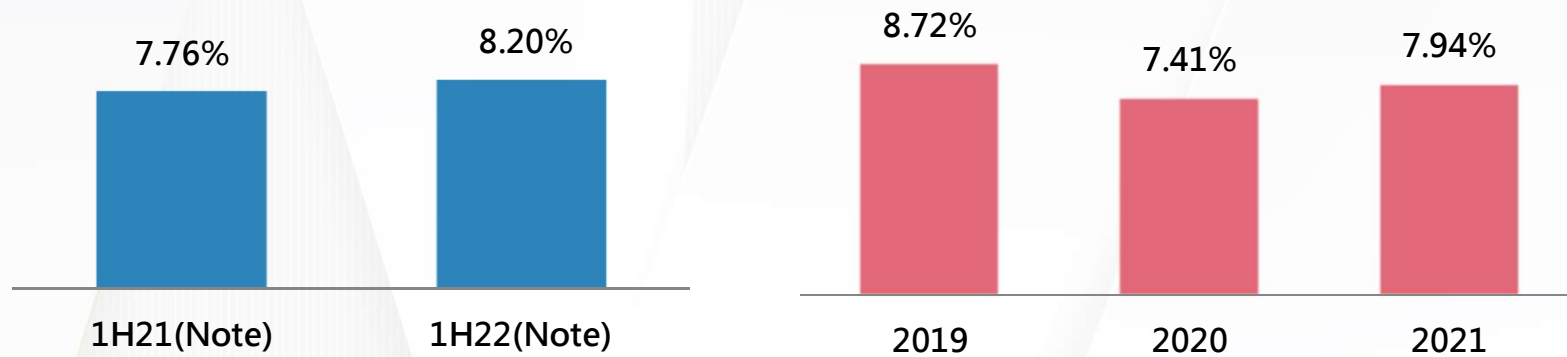
Profitability



ROA



ROE

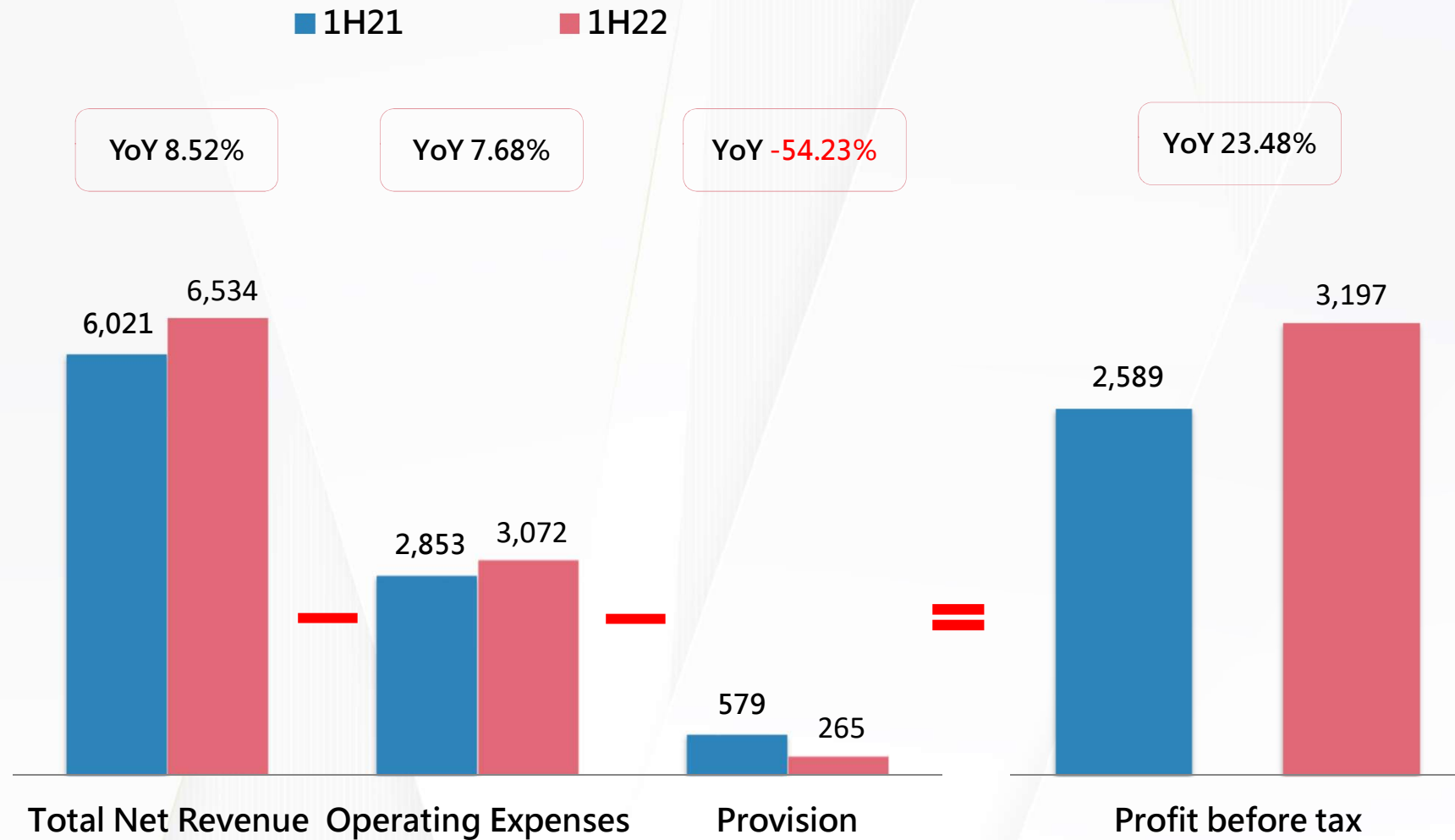


Note : ROE and ROA are annualized.

TCB 's Change in Net Profit

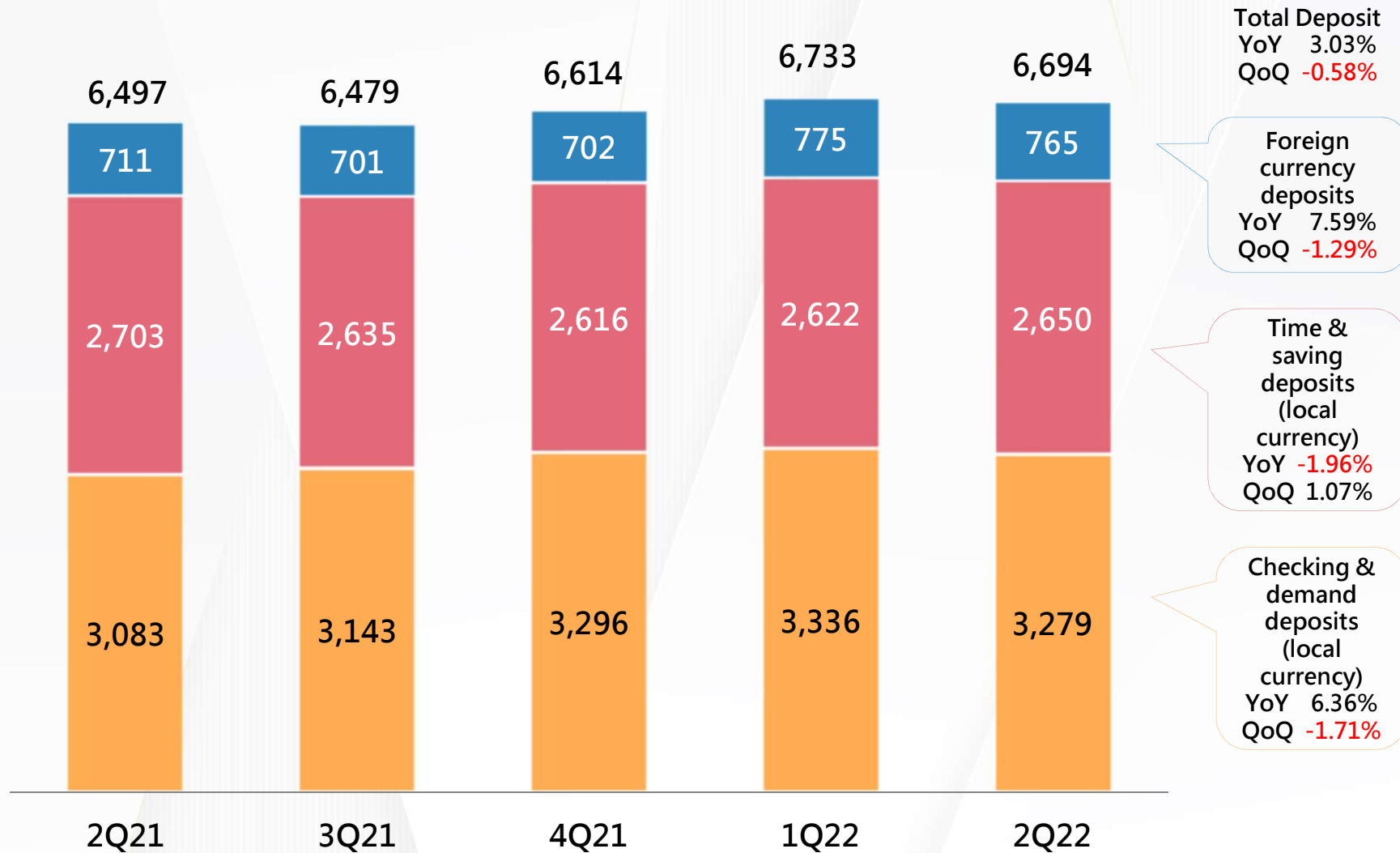


(NT\$ Million)

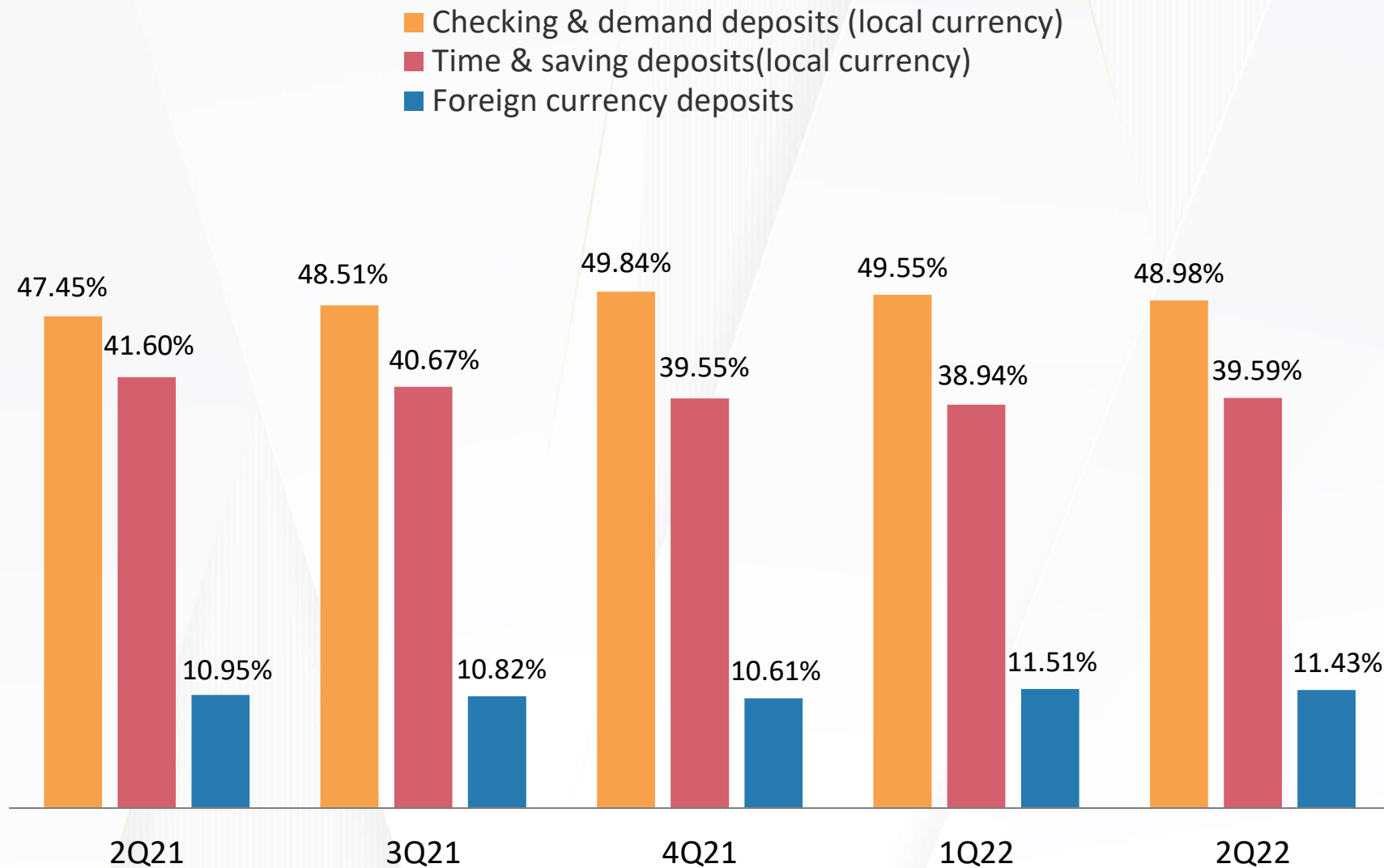


TCB 's Deposit Breakdown

(NT\$ Hundred Million)



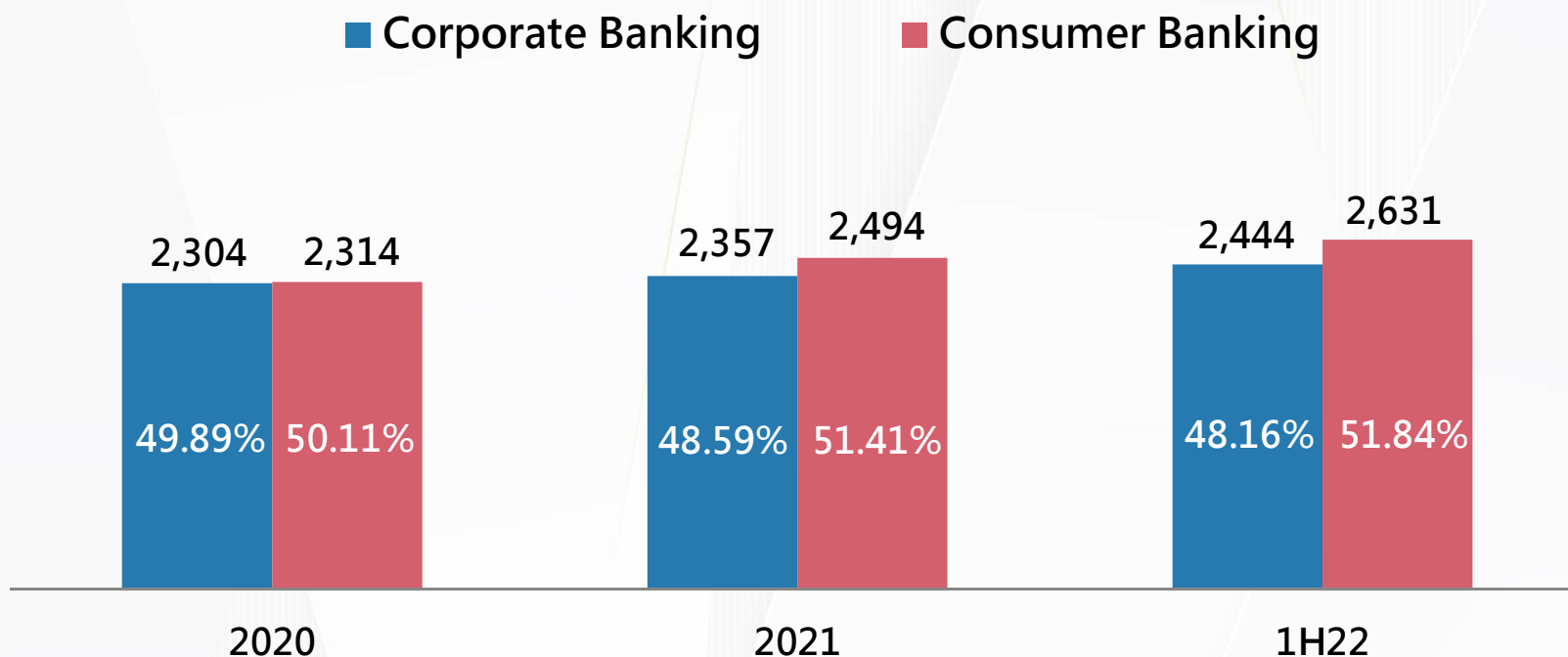
TCB 's Deposit Structure



TCB ' s Loan Structure



(NT\$ Hundred Million)



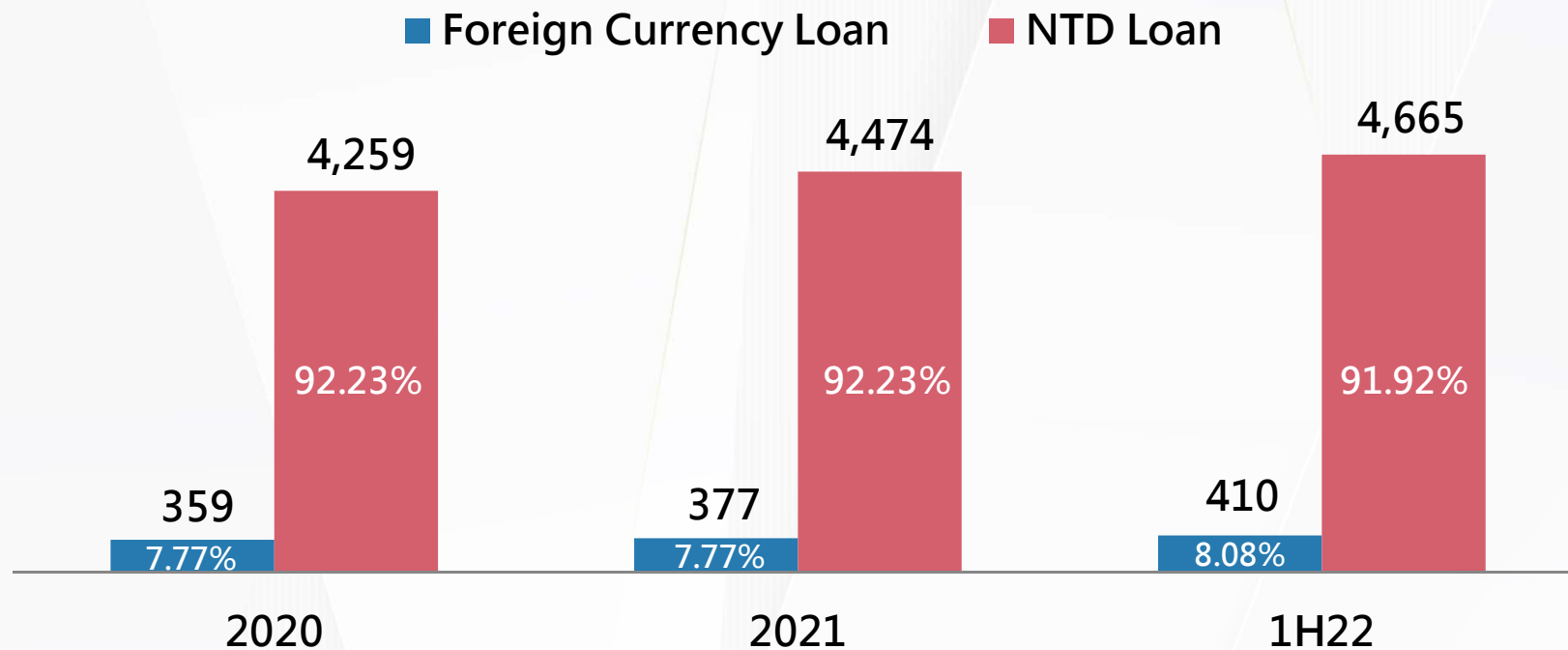
	2020	2021	1H22	YTD
Corporate Banking	2,304	2,357	2,444	3.69%
Consumer Banking	2,314	2,494	2,631	5.49%
Total	4,618	4,851	5,075	4.62%

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)

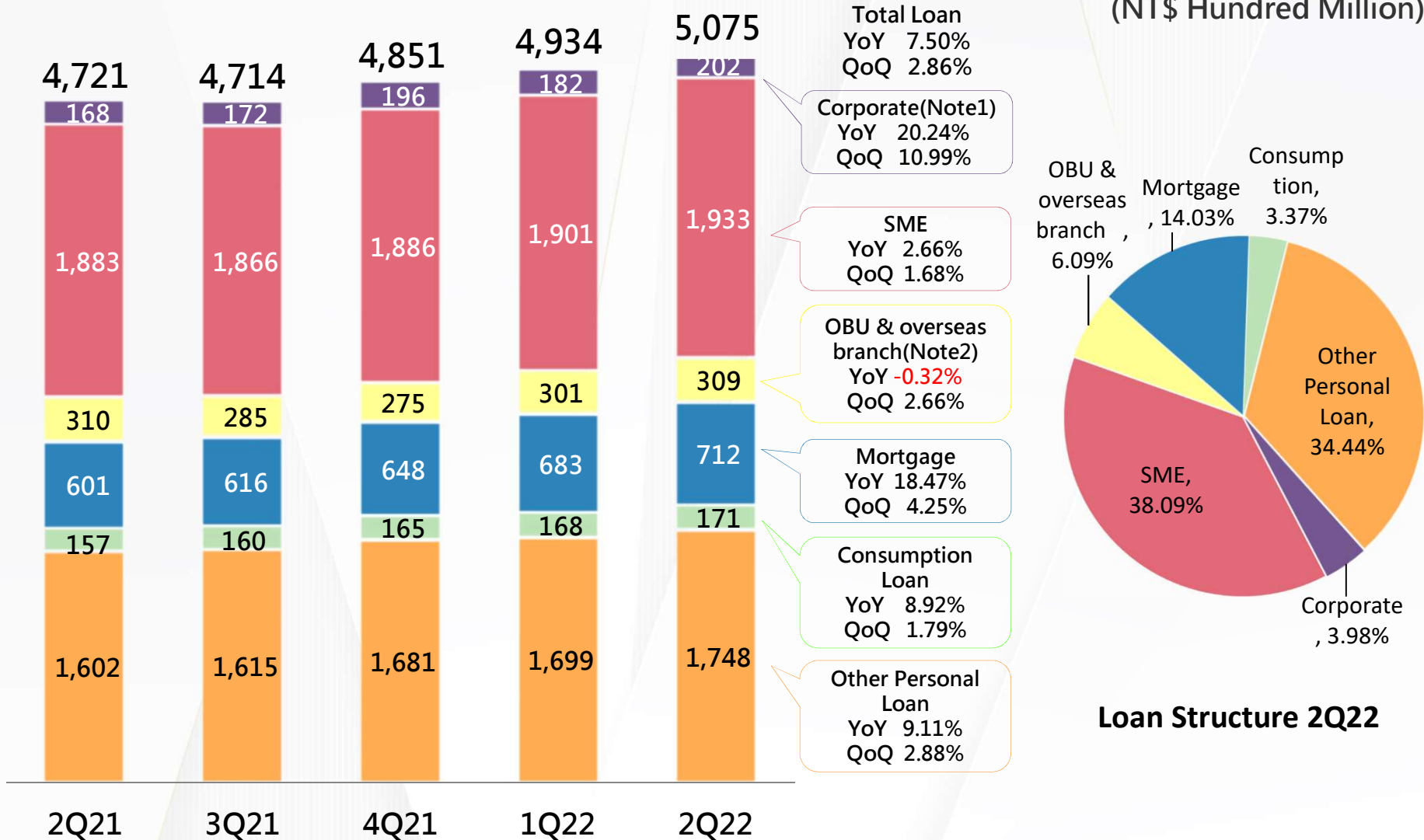


	2020	2021	1H22	HoH
NTD Loan	4,259	4,474	4,665	4.27%
Foreign Currency Loan	359	377	410	8.75%
Total	4,618	4,851	5,075	4.62%

TCB 's Loan Breakdown



(NT\$ Hundred Million)



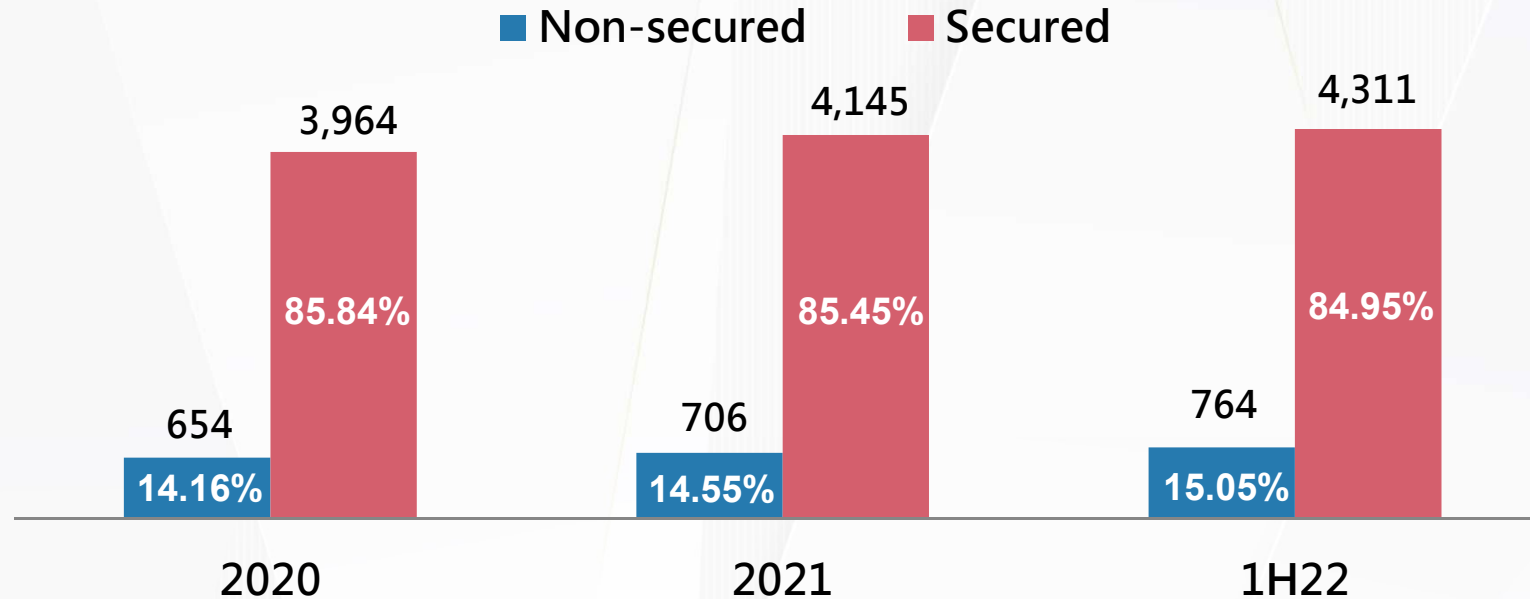
Note 1 : The balance of Corporate loan included government loans.

Note 2 : The loan balance of OBU & overseas branch were 27.6 billions and 3.3 billions in NT\$,respectively.

TCB 's Loan Breakdown by Secured 台中銀行

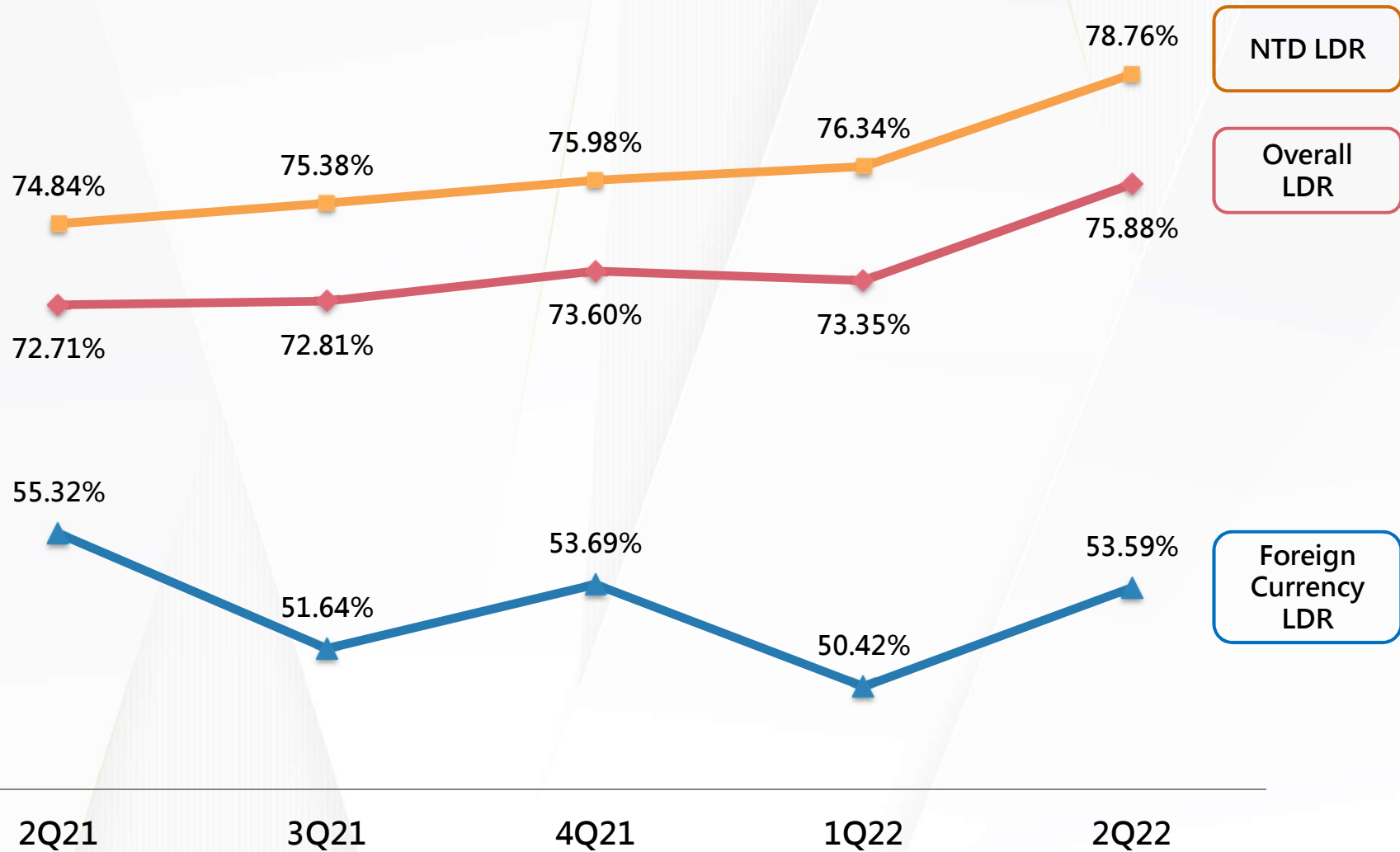
TAICHUNG BANK

(NT\$ Hundred Million)

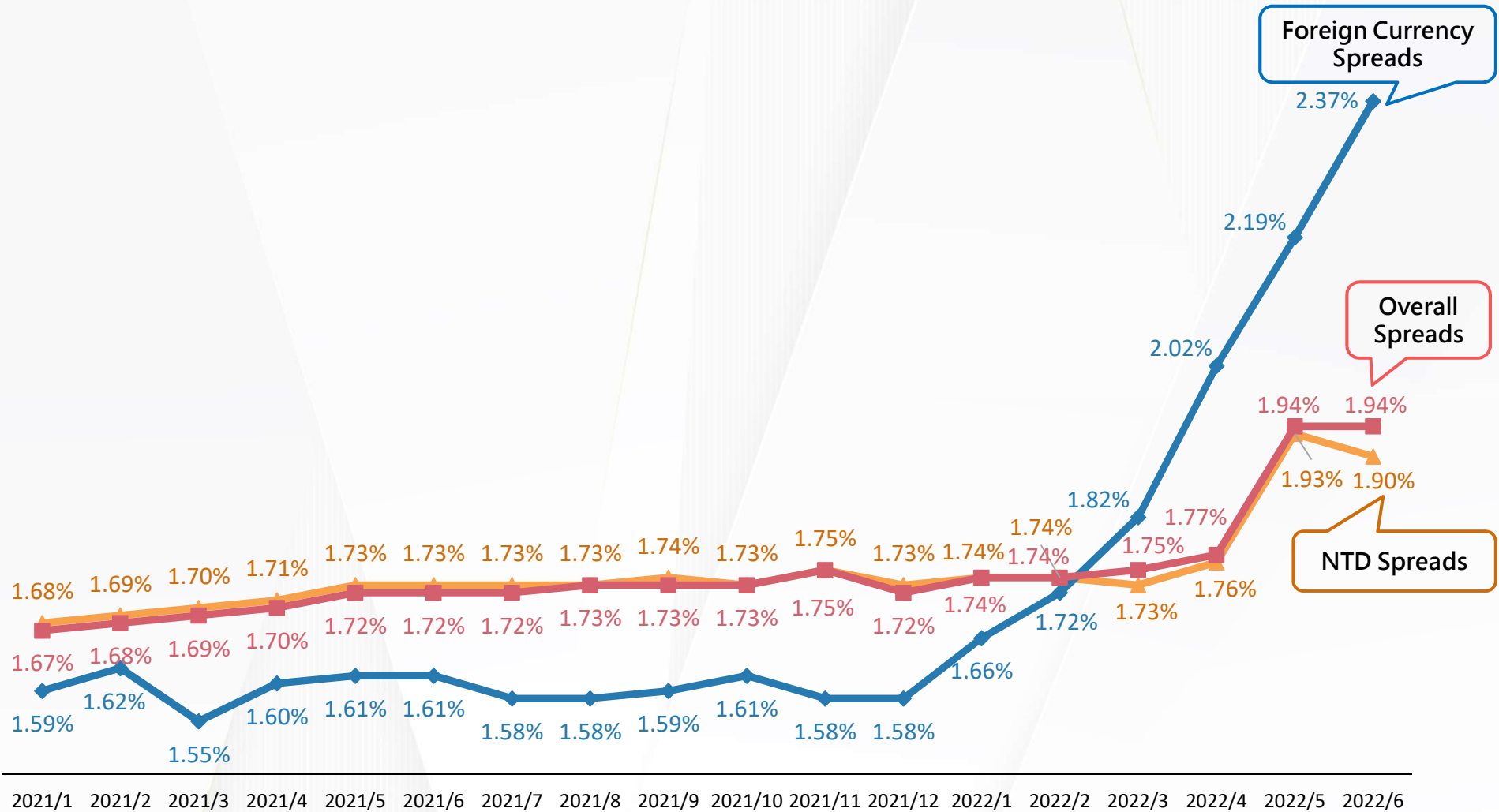


	2020	2021	1H22	HoH
Non-secured	654	706	764	8.22%
Secured	3,964	4,145	4,311	4.00%
Secured by property	3,622	3,767	3,931	4.35%
Secured by Letter of Guarantee	166	175	169	-3.43%
Others	176	203	211	3.94%
Total	4,618	4,851	5,075	4.62%

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% and 2022/6/16 raised 0.75%.

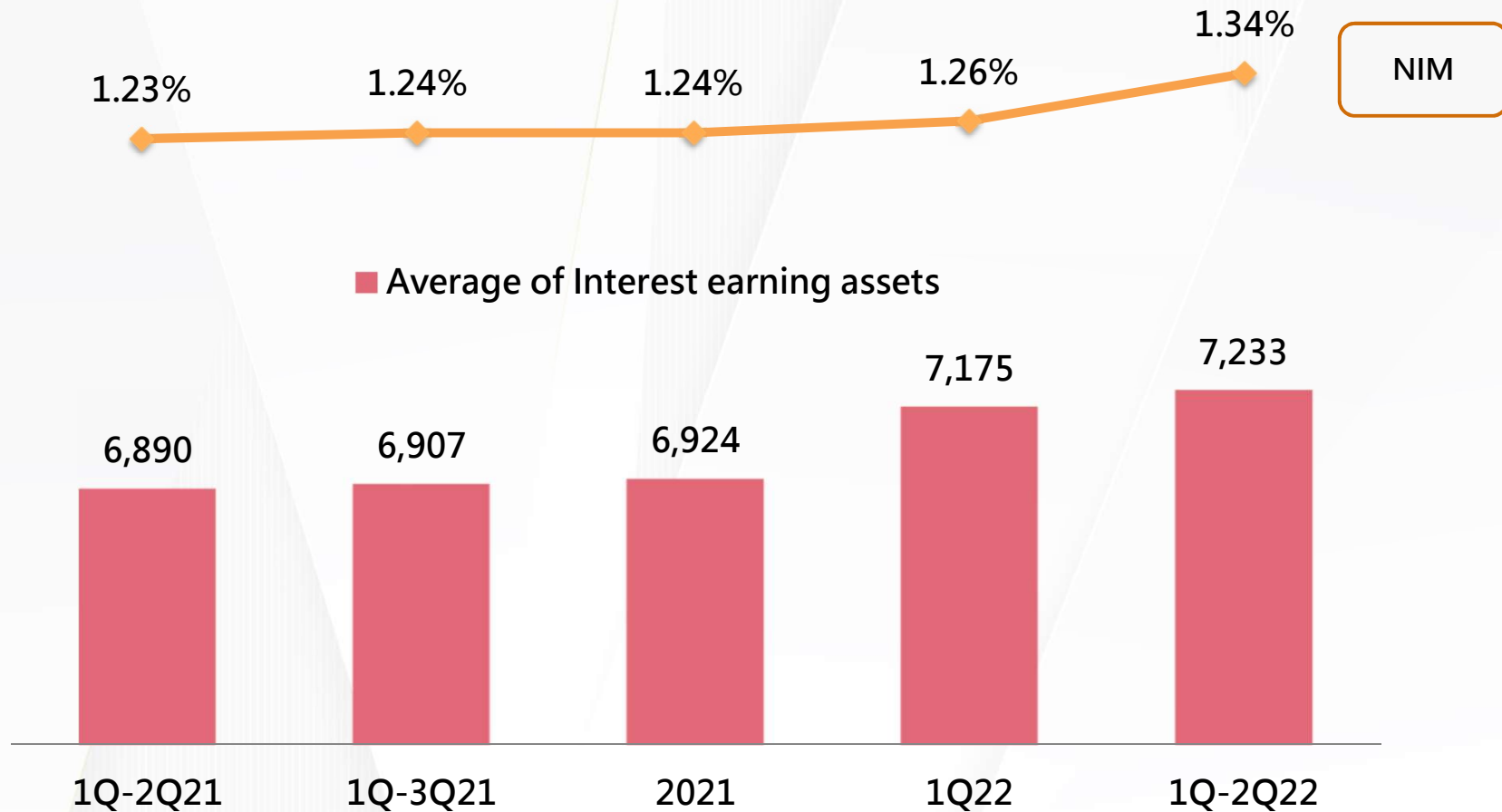
Note3 : The schedule of Central Bank of the Republic of China (Taiwan) adjusted CBC rates : 2022/3/17 raised 0.25% and 2022/6/16 raised 0.125%.

TCB 's Net Interest Margin(NIM)



(NT\$ Hundred Million)

NIM & Average of Interest earning assets



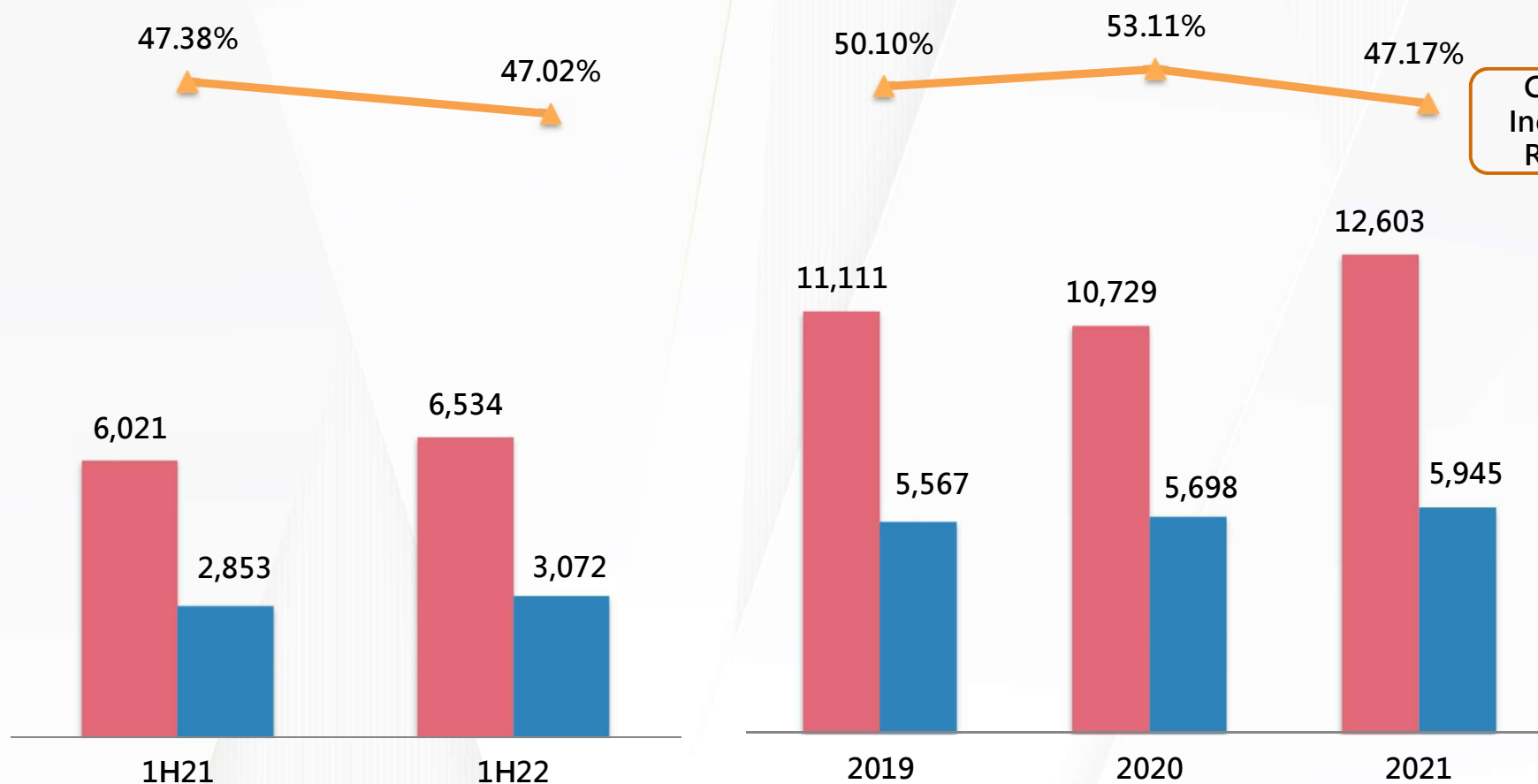
TCB's Operating Expenses to Net Income



(NT\$ Million)

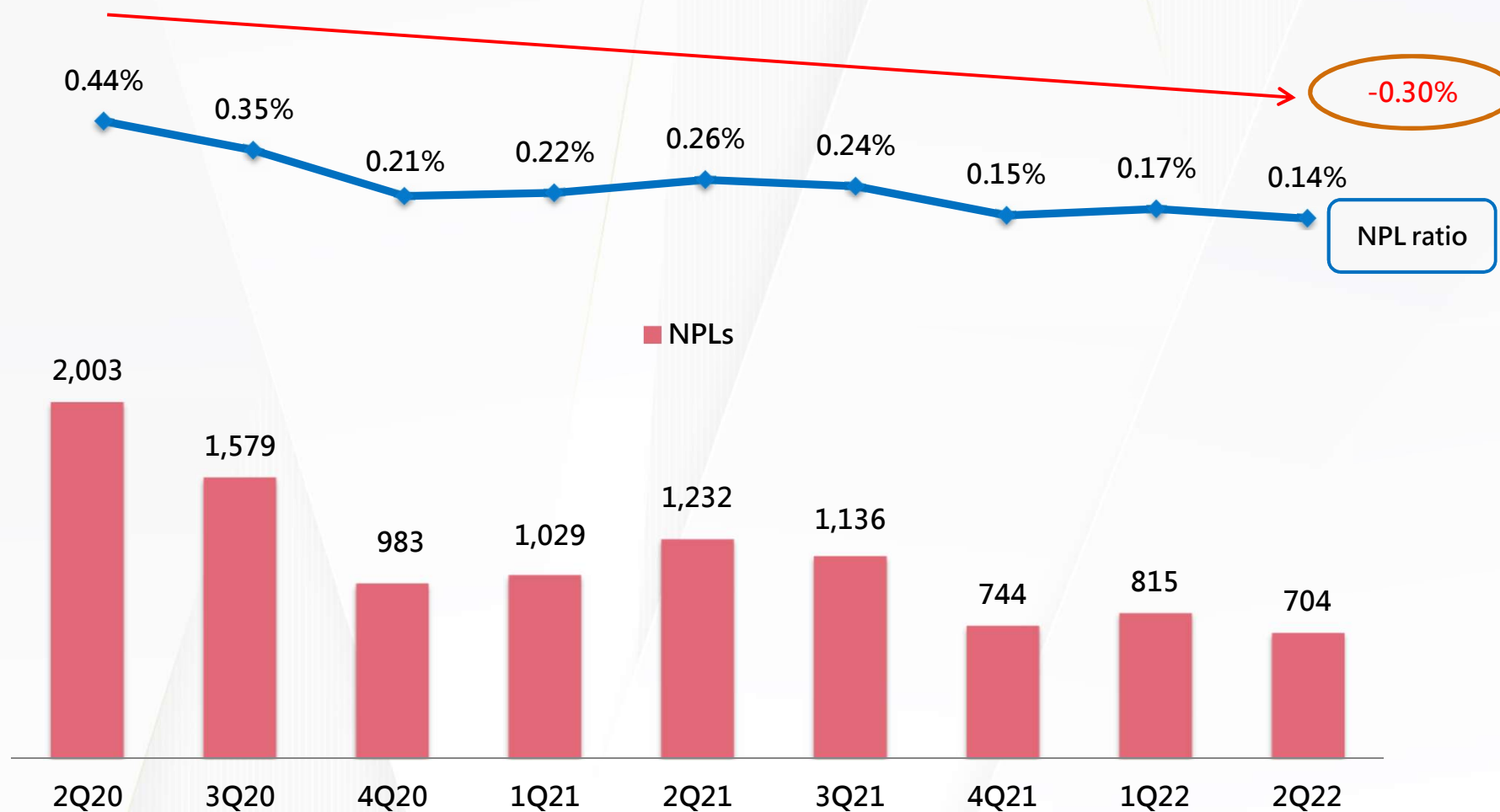
■ Net Income ■ Operating Expenses

Cost-
Income
Ratio



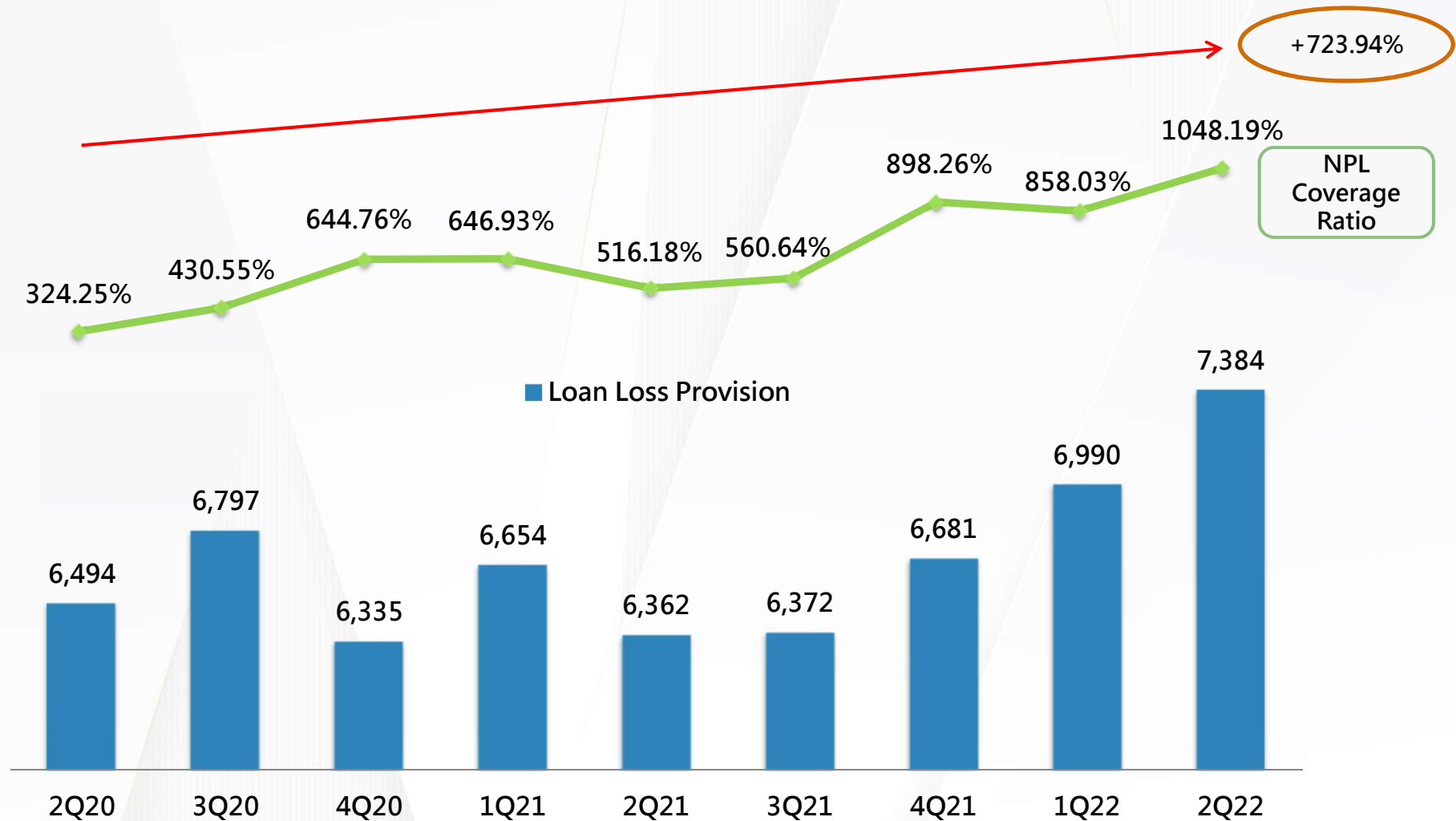
TCB 's Asset quality

NPL ratio & NPLs



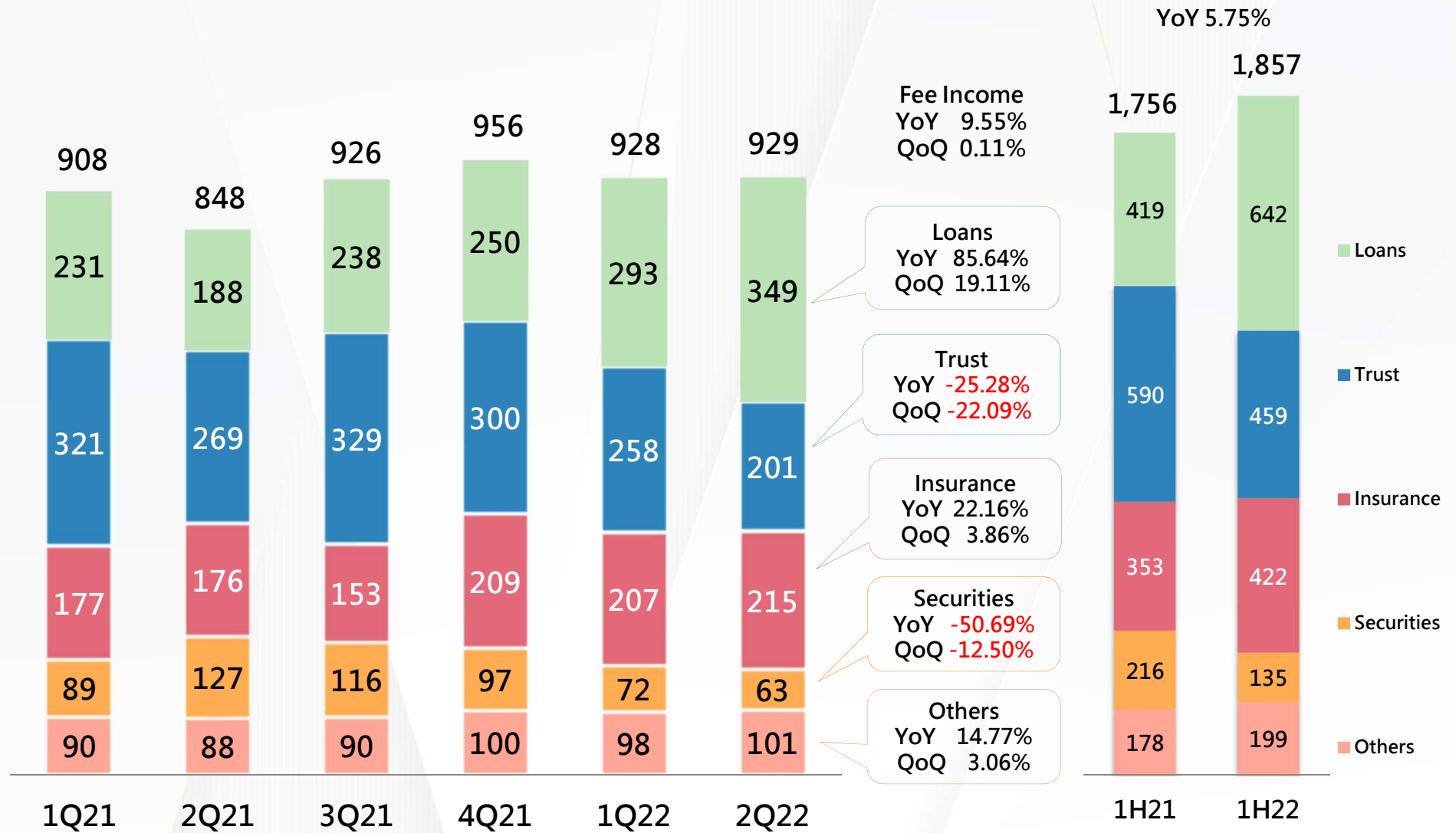
TCB 's Asset quality

NPL Coverage Ratio & Loan Loss Provision



Fee Income Breakdown

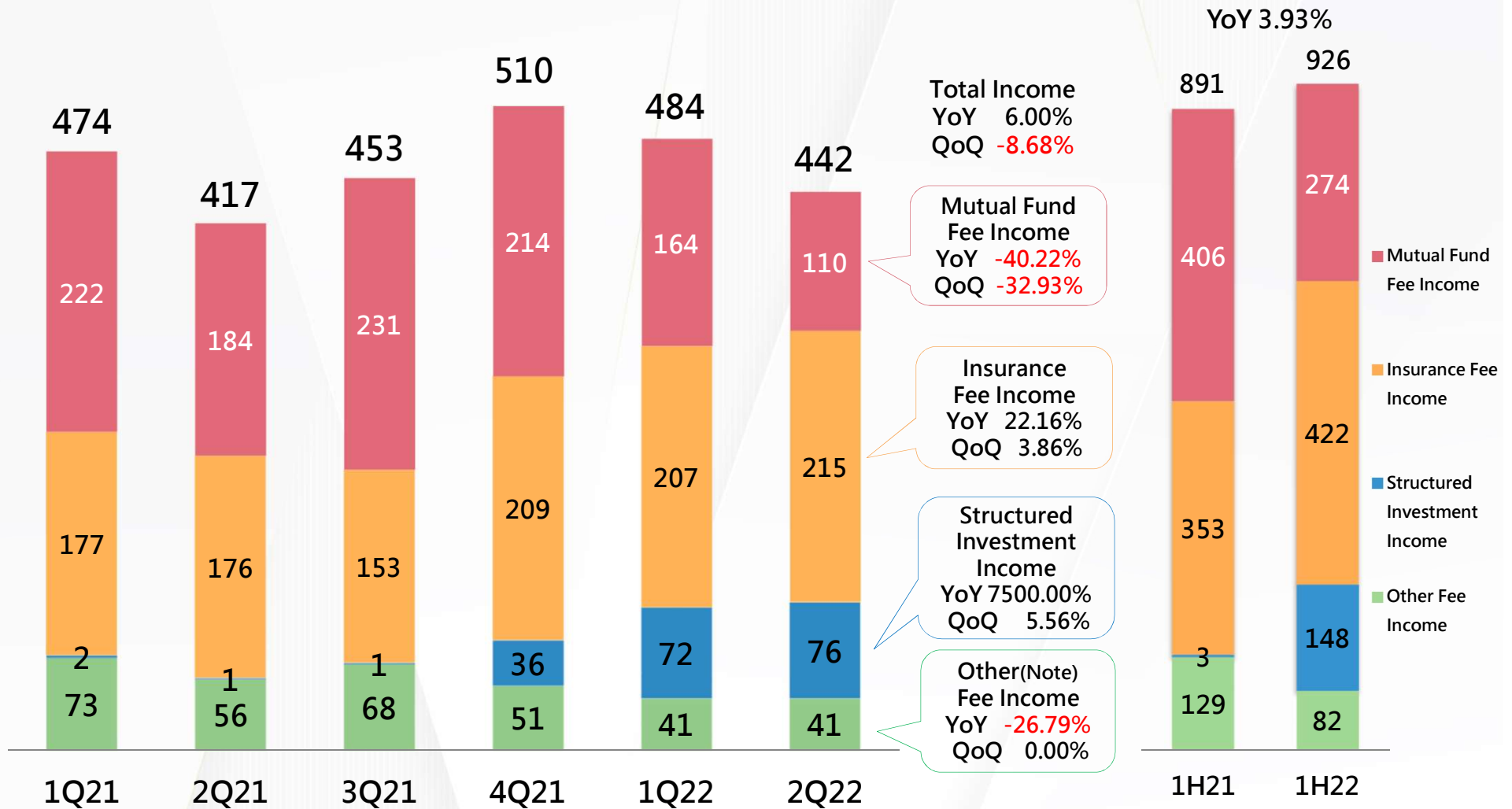
(NT\$ Million)  台中銀行
TAICHUNG BANK



Wealth Management Income



(NT\$ Million)



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

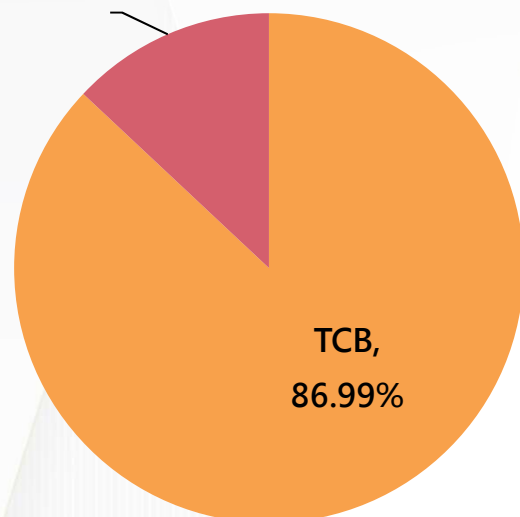
Profit of Subsidiary to TCB



(NT\$ Million)

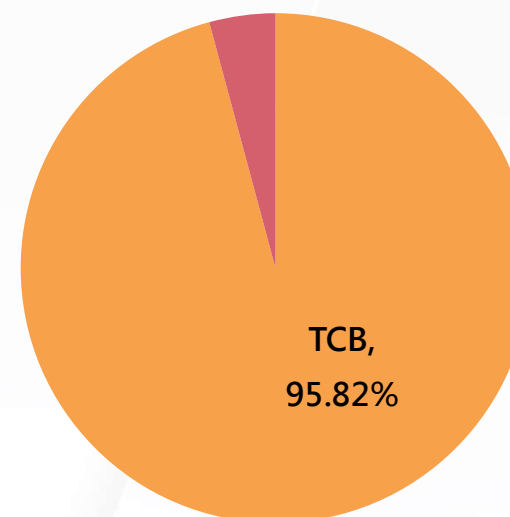
Net Profit after tax	1H21	1H22	YoY
TCB	1,980	2,497	26.11%
Subsidiary	296	109	-63.18%
Total	2,276	2,606	14.50%

Subsidiary of TCB,
13.01%



1H21 Profit Breakdown

Subsidiary of TCB,
4.18%

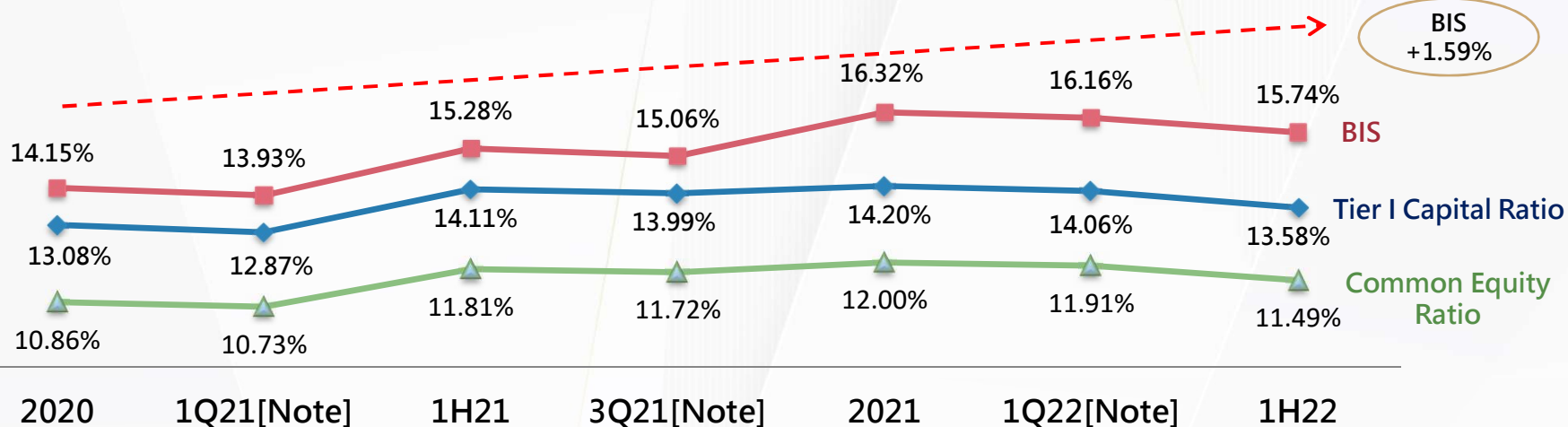


1H22 Profit Breakdown

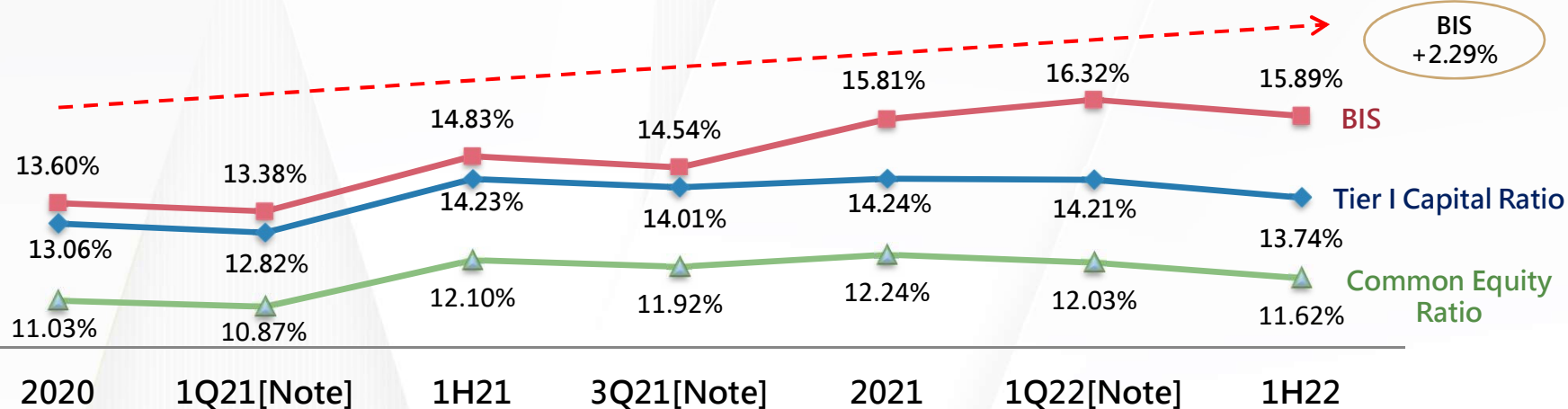
Capital Adequacy



Consolidated



Individual



Note : Self-assessed

Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

Balance Sheet (Individual)



(NT\$ Million)

	2019	2020	2021	1H22	YTD
Assets :					
Cash and due from banks	44,134	51,588	55,821	49,080	-12.08%
Financial investment, net	173,347	195,628	201,027	192,482	-4.25%
Loans, net	434,469	455,442	478,441	500,161	4.54%
A/R, net	4,064	3,546	3,176	3,026	-4.72%
LT investments, net	5,491	5,440	6,064	5,790	-4.52%
Properties and equipment , net	10,620	12,277	13,708	14,828	8.17%
Others	2,898	3,755	4,101	4,003	-2.39%
Total Assets	675,023	727,676	762,338	769,370	0.92%
Liabilities :					
Deposits	584,866	638,274	661,383	669,443	1.22%
Other liabilities	38,848	32,080	37,495	36,185	-3.49%
Total Liabilities	623,714	670,354	698,878	705,628	0.97%
Total Equity	51,309	57,322	63,460	63,742	0.44%
Total Liabilities and Equity	675,023	727,676	762,338	769,370	0.92%

P&L (Individual)



(NT\$ Million)

	2019	2020	2021	1H21	1H22	YoY
Net Interest	7,902	7,848	8,696	4,285	4,854	13.28%
Service Fee Income, net	1,926	2,117	2,482	1,191	1,299	9.07%
Other Net Revenue	1,283	764	1,425	545	381	-30.09%
Total Net Revenue	11,111	10,729	12,603	6,021	6,534	8.52%
Operating Expenses	(5,567)	(5,698)	(5,945)	(2,853)	(3,072)	7.68%
Pre-provision Profit	5,544	5,031	6,658	3,168	3,462	9.28%
Provision for Bad Debts	(477)	(366)	(1,204)	(579)	(265)	-54.23%
Profit Before Income Tax	5,067	4,665	5,454	2,589	3,197	23.48%
Income Tax Expense	(747)	(639)	(658)	(313)	(591)	88.82%
Net Profit After Income Tax	4,320	4,026	4,796	2,276	2,606	14.50%
Other Comprehensive Income[Note]	153	448	88	311	(1,190)	-482.64%
Total Comprehensive Income for the Year	4,473	4,474	4,884	2,587	1,416	-45.26%

Note : 1H22 Other Comprehensive Income NT\$ -1,190 million is mainly comprised of Unrealized (losses) gains on investments in debt instruments designated as at fair value through other comprehensive income NT\$ -1,176 million.

Balance Sheet (Consolidated)



(NT\$ Million)

	2019	2020	2021	1H22	YTD
Assets :					
Cash and due from banks	45,237	52,081	56,159	49,946	-11.06%
Financial investment, net	174,356	197,275	202,664	193,993	-4.28%
Loans, net	435,398	456,541	479,806	501,484	4.52%
A/R, net	12,820	13,484	14,352	14,463	0.77%
LT investments, net	157	163	165	171	3.64%
Properties and equipment, net	10,684	12,333	13,755	14,873	8.13%
Others	4,037	4,893	5,777	4,933	-14.61%
Total Assets	682,689	736,770	772,678	779,863	0.93%
Liabilities :					
Deposits	583,322	636,589	659,116	667,885	1.33%
Other liabilities	48,058	42,859	50,102	48,236	-3.72%
Total Liabilities	631,380	679,448	709,218	716,121	0.97%
Total Equity	51,309	57,322	63,460	63,742	0.44%
Total Liabilities and Equity	682,689	736,770	772,678	779,863	0.93%

P&L(Consolidated)



(NT\$ Million)

	2019	2020	2021	1H21	1H22	YoY
Net Interest	8,351	8,279	9,278	4,563	5,144	12.73%
Service Fee Income, net	2,913	2,906	3,375	1,627	1,723	5.90%
Other Net Revenue	831	459	1,069	400	178	-55.50%
Total Net Revenue	12,095	11,644	13,722	6,590	7,045	6.90%
Operating Expenses	(6,273)	(6,366)	(6,784)	(3,282)	(3,445)	4.97%
Pre-provision Profit	5,822	5,278	6,938	3,308	3,600	8.83%
Provision for Bad Debts	(615)	(519)	(1,369)	(673)	(336)	-50.07%
Profit Before Income Tax	5,207	4,759	5,569	2,635	3,264	23.87%
Income Tax Expense	(887)	(733)	(773)	(359)	(658)	83.29%
Net Profit After Income Tax	4,320	4,026	4,796	2,276	2,606	14.50%
Other Comprehensive Income[Note]	153	448	88	311	(1,190)	-482.64%
Total Comprehensive Income for the Year	4,473	4,474	4,884	2,587	1,416	-45.26%

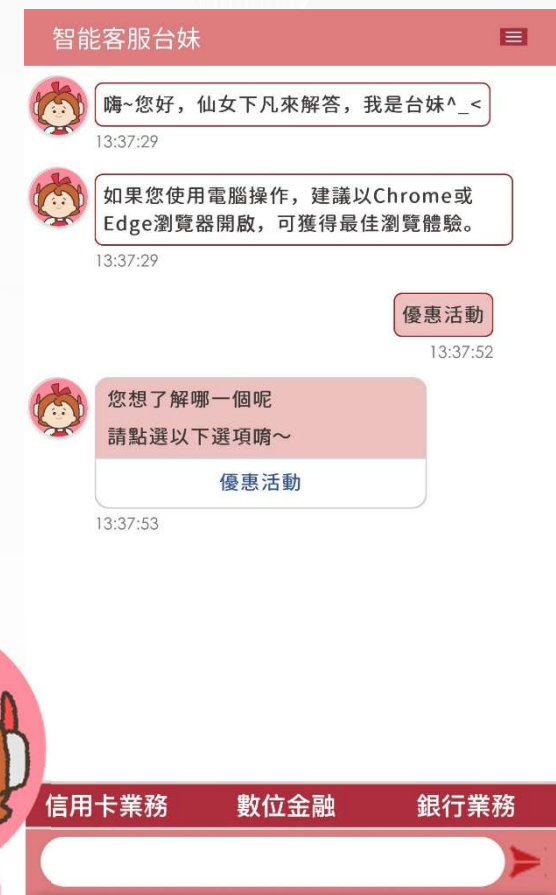
Note : The note is the same as P.27

Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

Re-evolution of Customer Service With the Debut of the Smart Tai Mei

- In order to improve service quality; to respond to the trend towards digitization of financial services; and to quickly answer customer's real-time inquiries, the Bank has launched the chatbot agent "Smart Tai Mei". Through the Bank's service channels such as the main website, online banking, and mobile banking app, customers may click on the "Smart Tai Mei" avatar to open a dialog window - 24 hours a day. Questions can be asked at any time, and a live text service agent is also available every Monday to Friday from 9:00 am to 6:00 pm.
- The "Smart Tai Mei" has knowledge in three fields: deposits; credit cards; and digital finance. In addition, credit card account inquiry service is provided. After entering an ID number, the system will send an OTP verification code to the customer's mobile phone, and the customer will be able query credit card statements, available balance, bonus points, and re-sending e-statements at any time.



Friendly Financial Services Upgraded; Adding Voice ATMs for the Visually Impaired



- In order to meet the needs of visually impaired customers, provide more convenient and friendly financial services, and implement the principle of fair hospitality and care for disadvantaged groups, the Bank has set up 20 voice ATMs throughout Northern, Central and Southern Taiwan. These provide a more user-friendly environment and functions for our visually impaired customers to operate with peace of mind and to facilitate transfer and withdrawal of funds, thus further upgrading the Bank's friendly financial services.
- The Bank recognizes the necessity of providing visually impaired customers with easy access to our voice ATMs. In line with our annual replacement plan, the Bank plans to increase the number of voice ATMs to 85 in the next five years. This will enable our visually impaired customers to experience safer, more convenient, and friendlier inclusive financial services at ATMs.



Focusing on Climate Change; Signing on as a Supporter of the TCFD Initiative

□ Signing on as a TCFD Supporter

- The Bank has signed on as a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) in June 2022. The Bank is actively responding to the risks and opportunities brought about by climate change, and continues paying attention to climate change issues.

□ TCFD Disclosure

- The Bank implements effective management of climate change through the Sustainable Development Execution Team, and applies climate risk- and opportunity- governance to the management of corporate operations. At present, in accordance with the TCFD team's recommendations, the Bank has presented the four cores – governance; strategy; risk management; and indicators & goals – in our 2021 Sustainability Report.

□ Greenhouse Gas Inventory Report

- The Bank began to issue our Greenhouse Gas Inventory Report in 2018. Through external verification in the BSI Greenhouse Gas Inventory, the Bank inventoried our head office buildings (Minquan Building and Minzu Building), South Taichung Branch (including dormitory), and Staff Training Center (including Taiping Branch), which are mainly used as office buildings and server space. The Bank also continues complying with the government's green energy development policy by adding solar photovoltaic systems to the top floors of some buildings. The Bank does all this to implement low-carbon operations and environmental sustainability, and continues to strengthen our focus on ESG issues.





Thanks for your
listening!

