

Stock No : 2812

Taichung Commercial Bank 2023 Q1 Investor Conference



May 22, 2023

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TAICHUNG BANK

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Agenda

- Financial Highlights
- Financial Review
- Financial Information
- Appendix

2023 Q1 Financial Highlight

Profitability

- Net Profit after tax NT\$ 1.473 billion, 15.44% growth over the same period last year.
- EPS 0.29, 7.41% growth over the same period last year.

Asset quality

- NPL ratio 0.19%、NPL coverage ratio 679.93%.

Capital adequacy

- Consolidated : Self-assessed Capital Adequacy Ratio 16.17%、Tier I Capital Ratio 14.27%、Common Equity Ratio 12.26%.
- Parent Company Only : Self-assessed Capital Adequacy Ratio 16.32%、Tier I Capital Ratio 14.44%、Common Equity Ratio 12.42%.

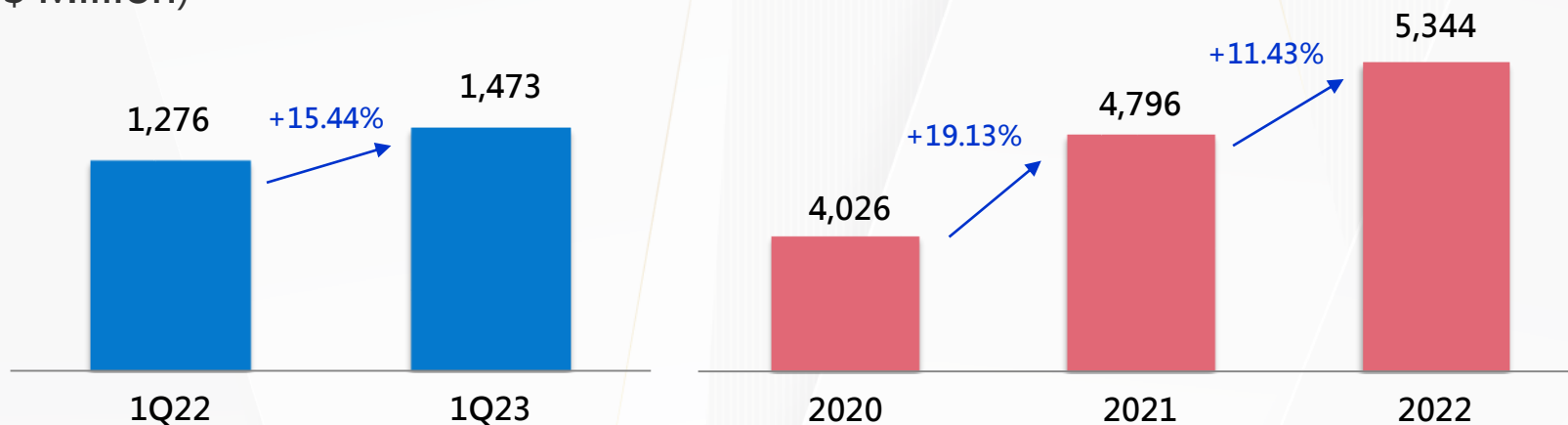
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Profitability

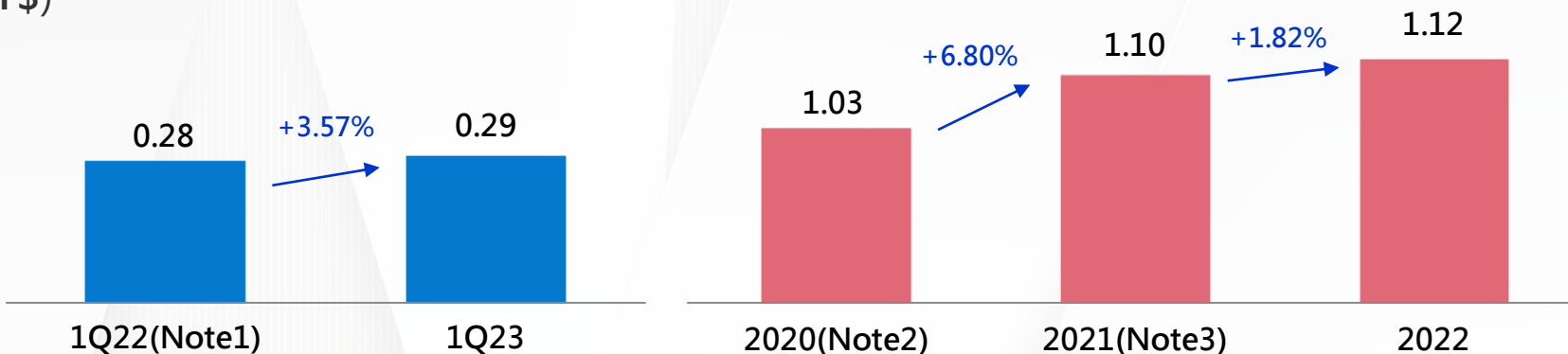
Net Profit

(NT\$ Million)



EPS

(NT\$)



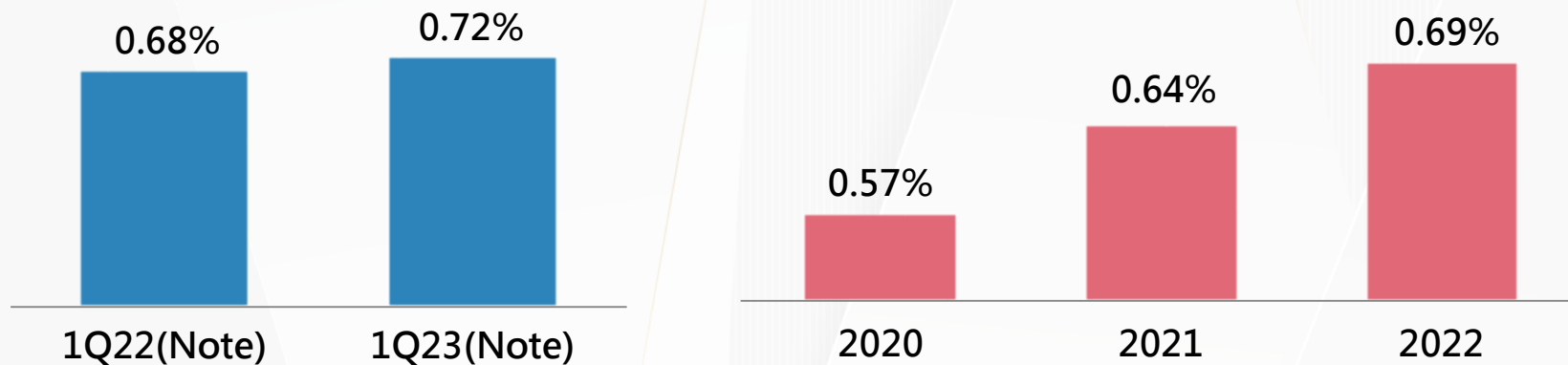
Note1 : The EPS in 2022Q1 Financial statement was 0.28. After been retroactive adjusted, the EPS of 2022Q1 was 0.27. The growth rate of EPS in 2023Q1 over 2022Q1 was 7.41%.

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%.

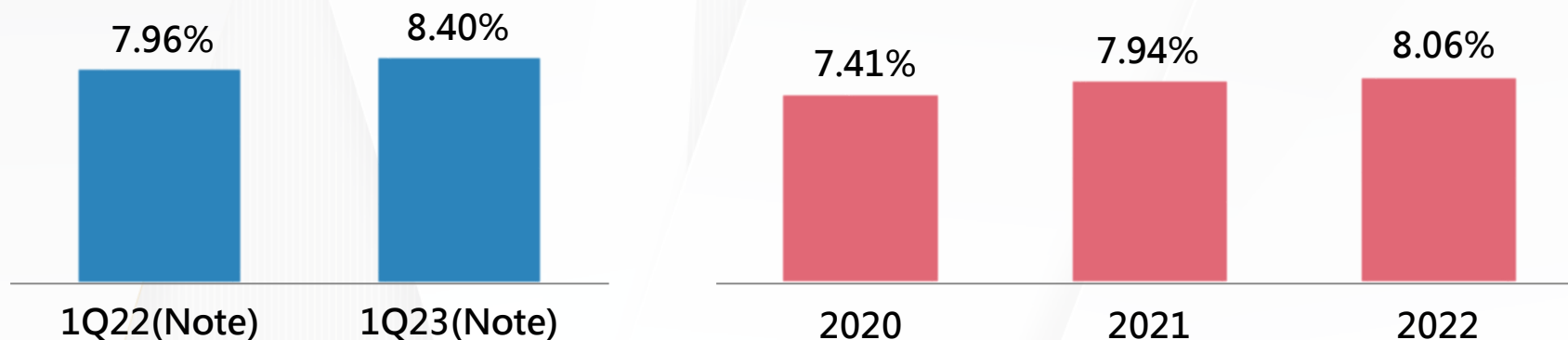
Note3 : The EPS in 2021 Financial statement was 1.10. After been retroactive adjusted, the EPS of 2021 was 1.05. The growth rate of EPS in 2022 over 2021 was 6.67%.

Profitability

ROA



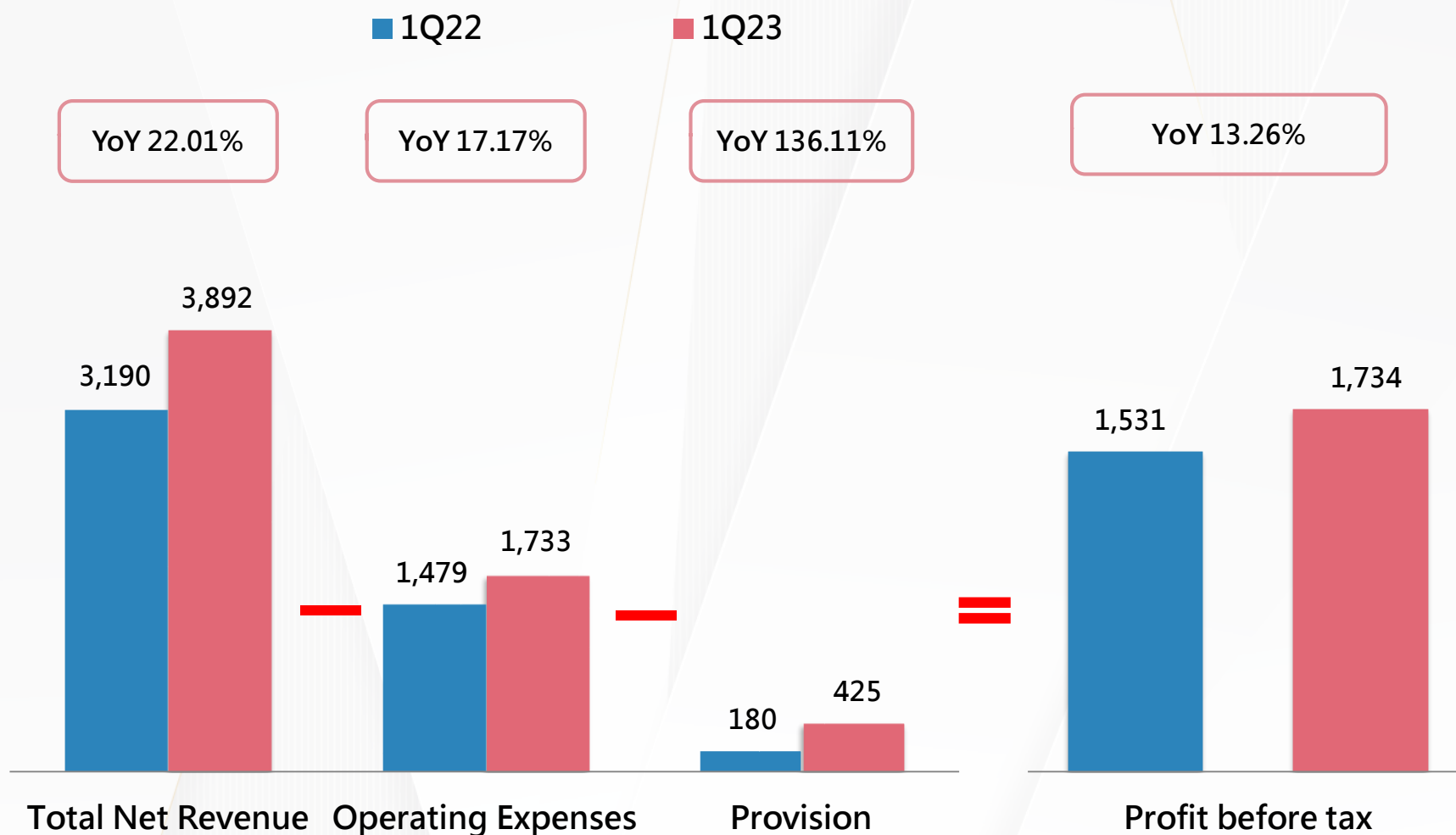
ROE



Note : ROE and ROA are annualized.

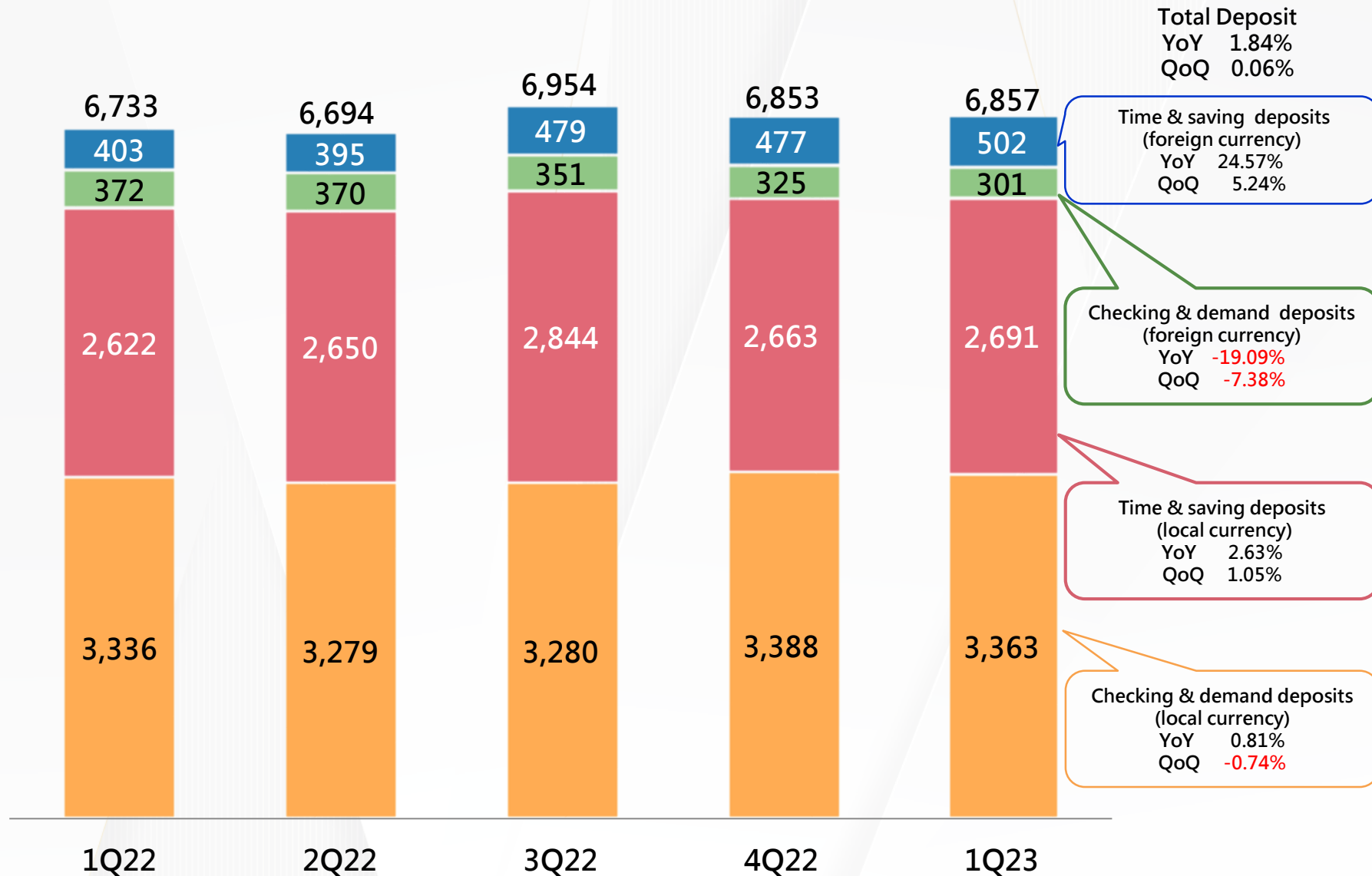
TCB's Change in Net Profit

(NT\$ Million)



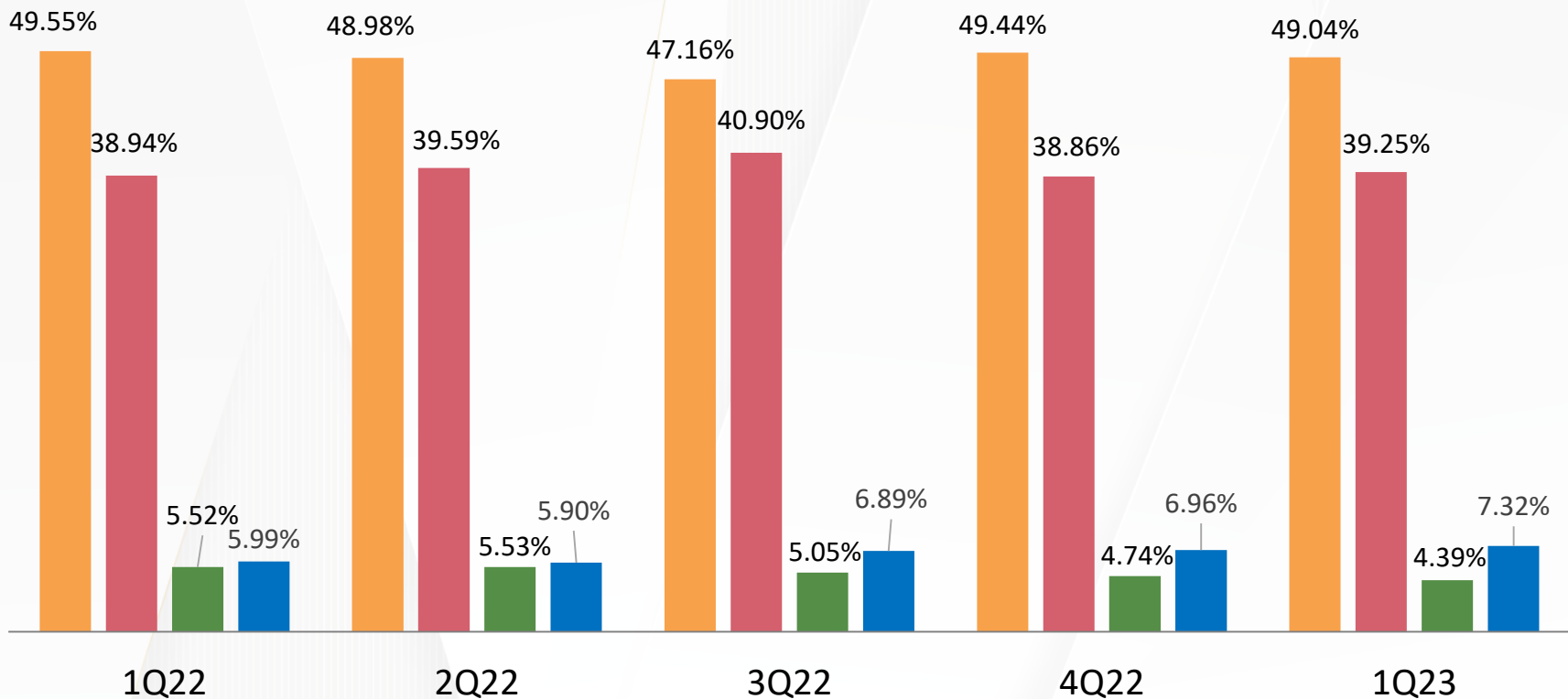
TCB's Deposit Breakdown

(NT\$ Hundred Million)



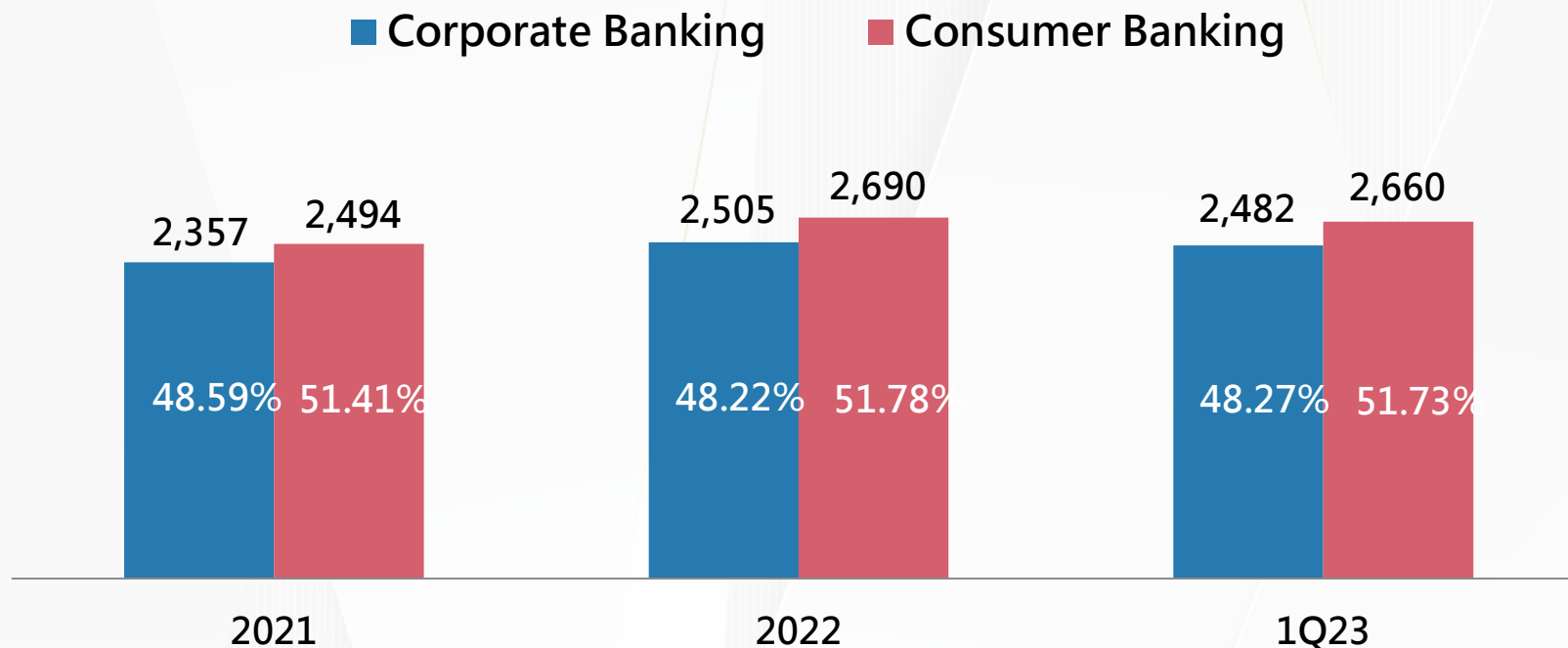
TCB's Deposit Structure

- Checking & demand deposits (local currency)
- Time & saving deposits (local currency)
- Checking & demand deposits (foreign currency)
- Time & saving deposits (foreign currency)



TCB ' s Loan Structure

(NT\$ Hundred Million)



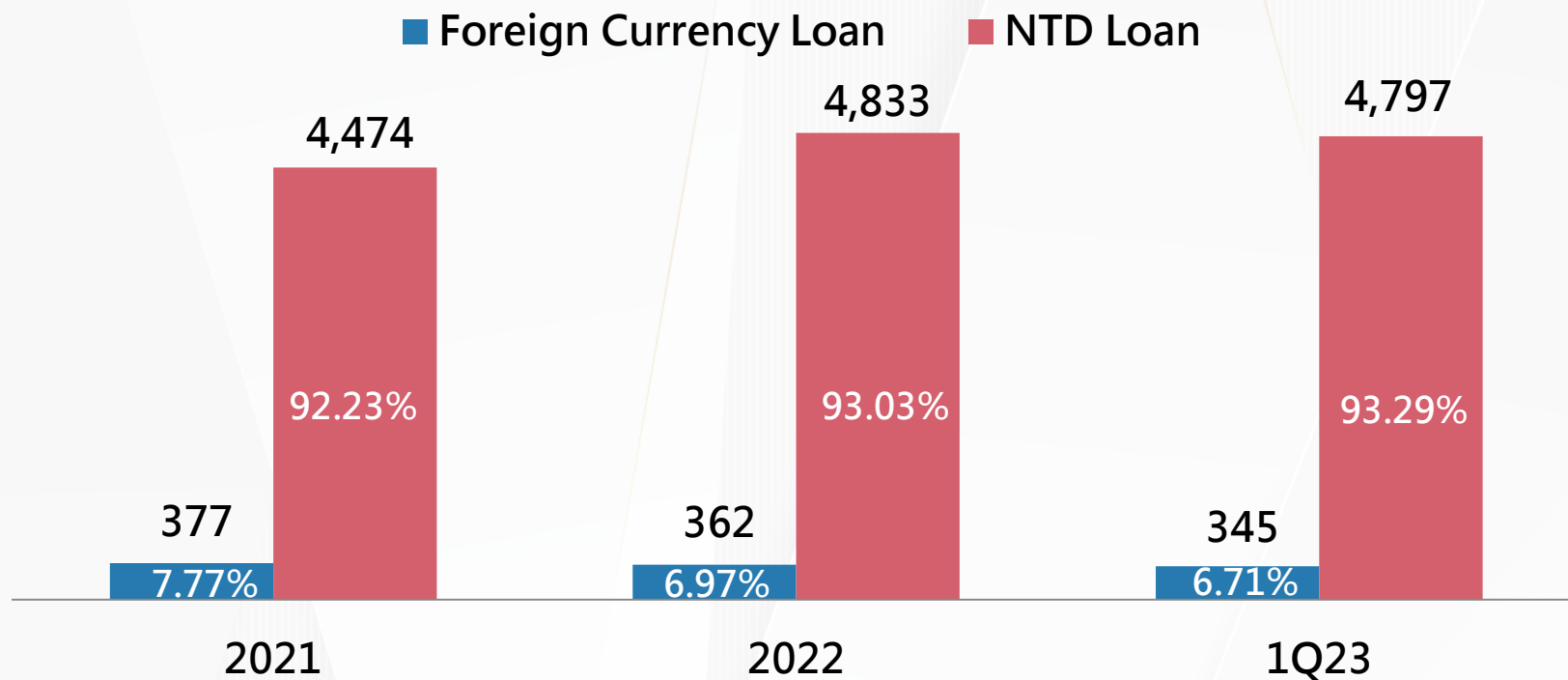
	2021	2022	1Q23	YTD
Corporate Banking	2,357	2,505	2,482	-0.92%
Consumer Banking	2,494	2,690	2,660	-1.12%
Total	4,851	5,195	5,142	-1.02%

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

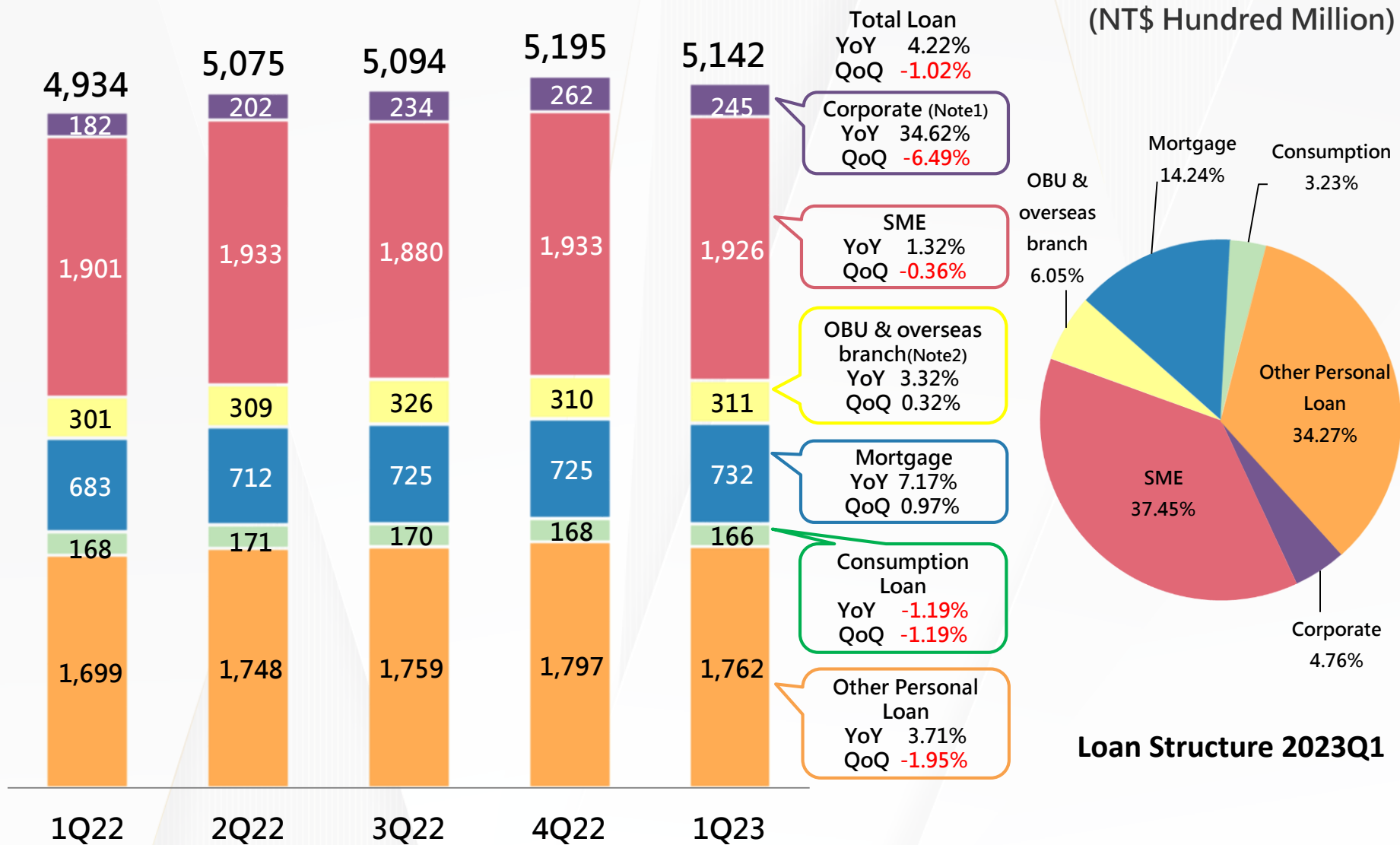


(NT\$ Hundred Million)



	2021	2022	1Q23	YTD
NTD Loan	4,474	4,833	4,797	-0.74%
Foreign Currency Loan	377	362	345	-4.70%
Total	4,851	5,195	5,142	-1.02%

TCB's Loan Breakdown



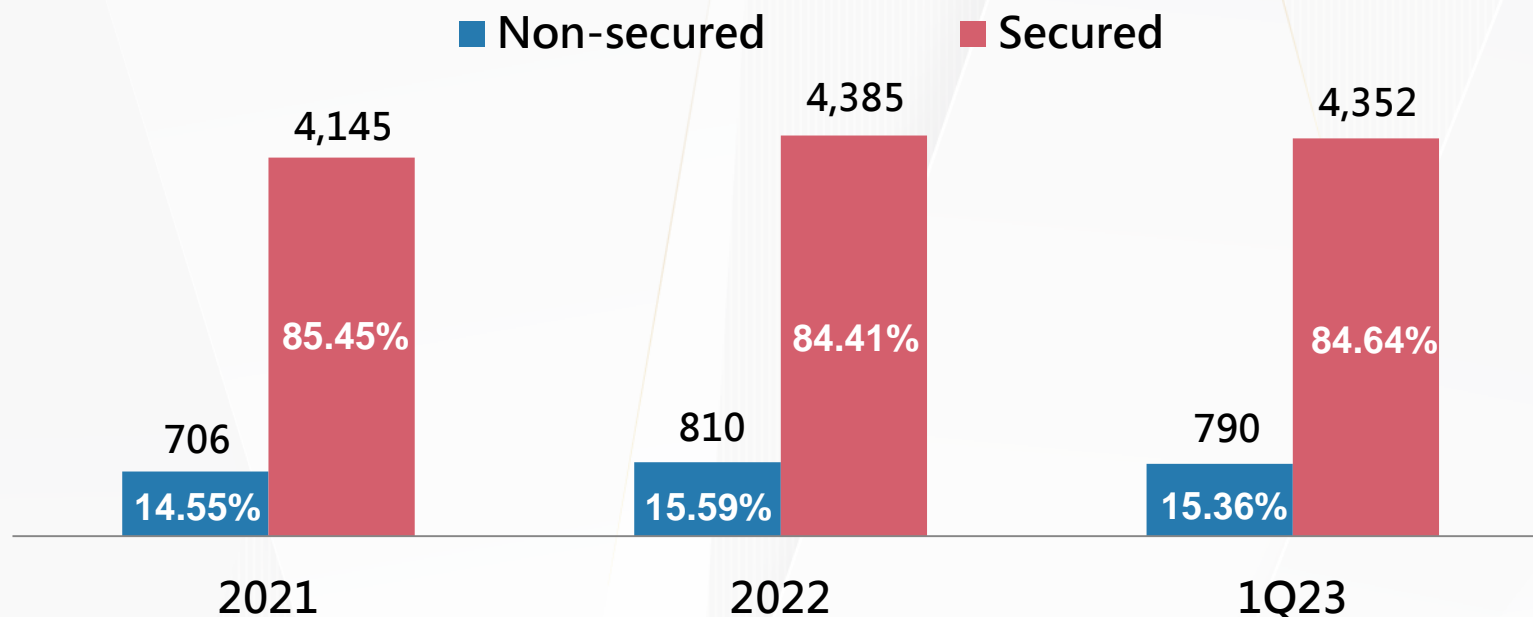
Note 1 : The balance of Corporate loan included government loans. (The balance in 2023Q1 was 2 billions in NT\$)

Note 2 : The loan balance of OBU & overseas branch in 2023Q1 were 26 billions and 5.1 billions in NT\$, respectively.

TCB's Loan Breakdown by Secured

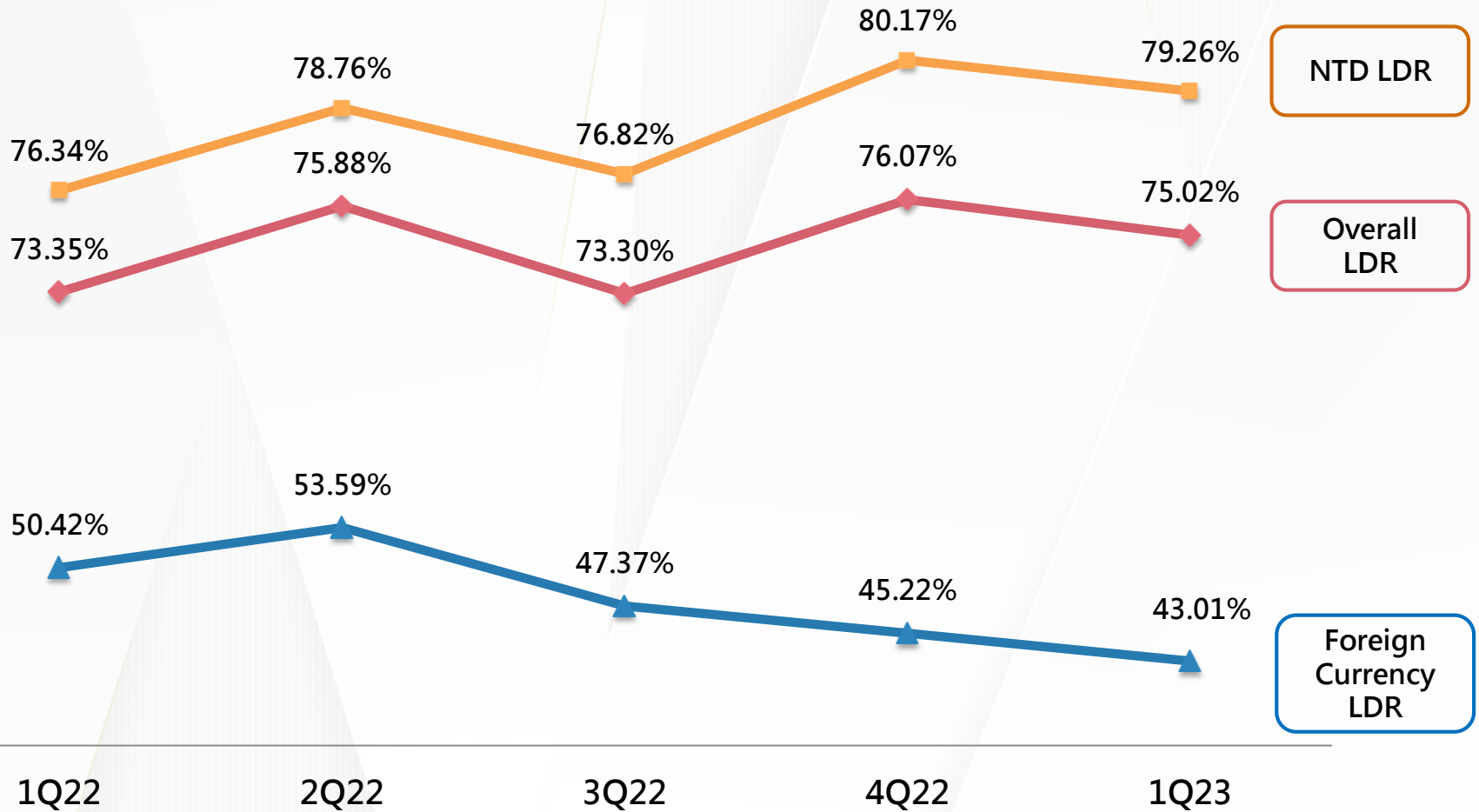


(NT\$ Hundred Million)

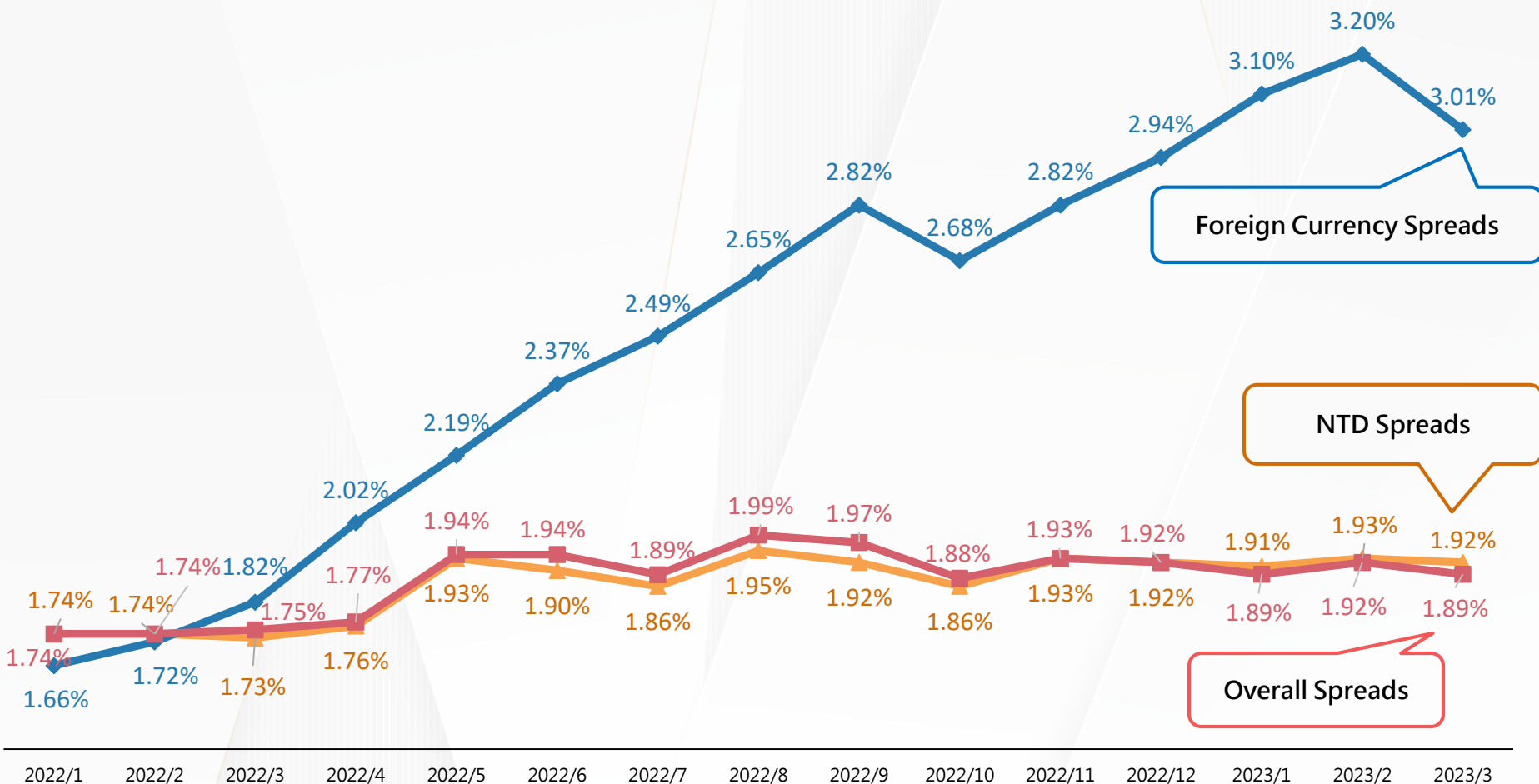


	2021	2022	1Q23	YTD
Non-secured	706	810	790	-2.47%
Secured	4,145	4,385	4,352	-0.75%
Secured by property	3,767	3,984	3,966	-0.45%
Secured by Letter of Guarantee	175	161	154	-4.35%
Others	203	240	232	-3.33%
Total	4,851	5,195	5,142	-1.02%

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



TCB 's Spreads



Note1 : Monthly Information.

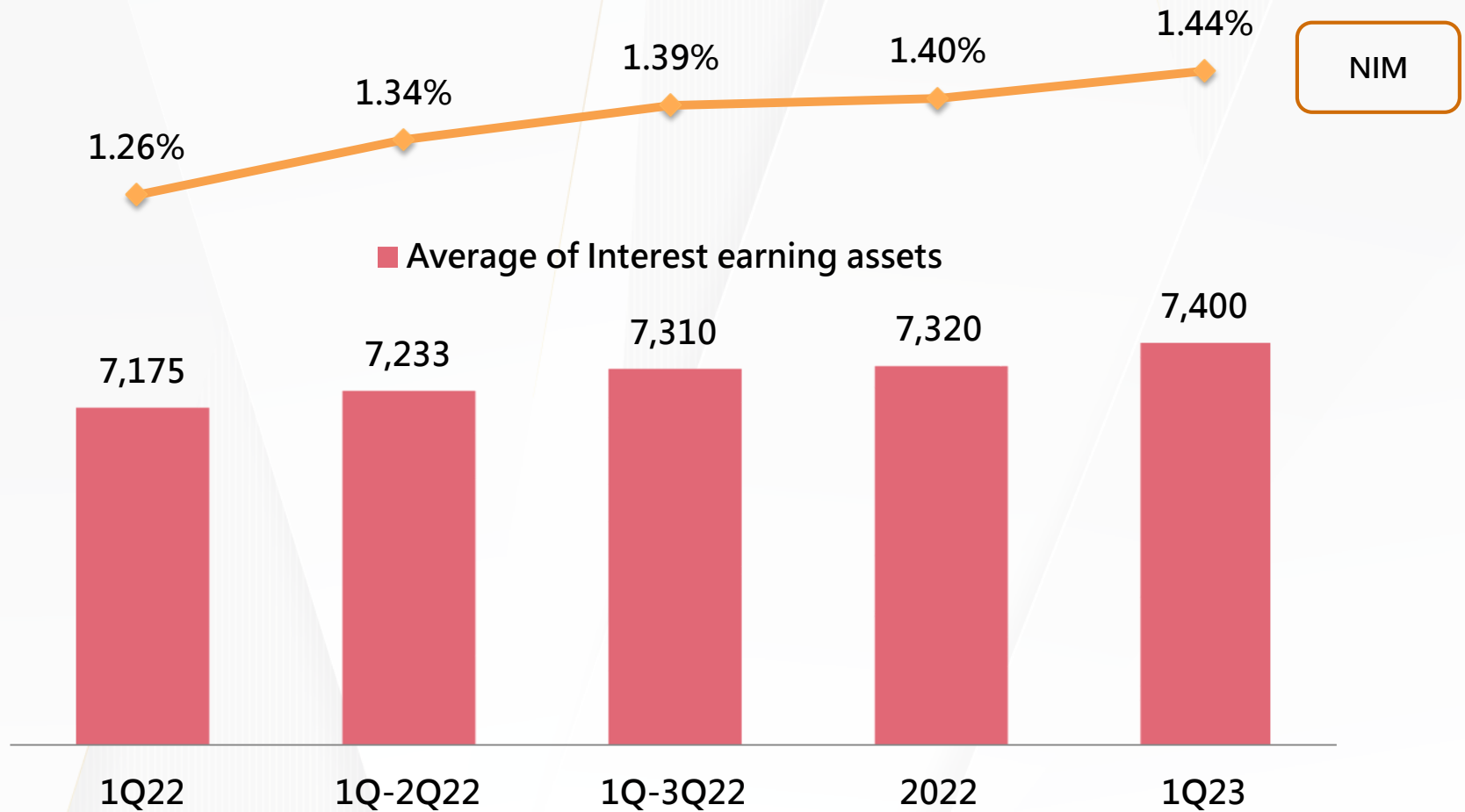
Note2 : The schedule of the Federal Reserve System adjusted target federal fund rates : 2022/3/17 raised 0.25%, 2022/5/4 raised 0.50%, 2022/6/16 raised 0.75%, 2022/7/28 raised 0.75%, 2022/9/22 raised 0.75%, 2022/11/3 raised 0.75% and 2022/12/15 raised 0.50%, 2023/2/17 raised 0.25%, 2023/3/23 raised 0.25%.

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%, 2022/9/22 raised 0.125% and 2022/12/15 raised 0.125%, 2023/3/23 raised 0.125%.

TCB 's Net Interest Margin(NIM)

(NT\$ Hundred Million)

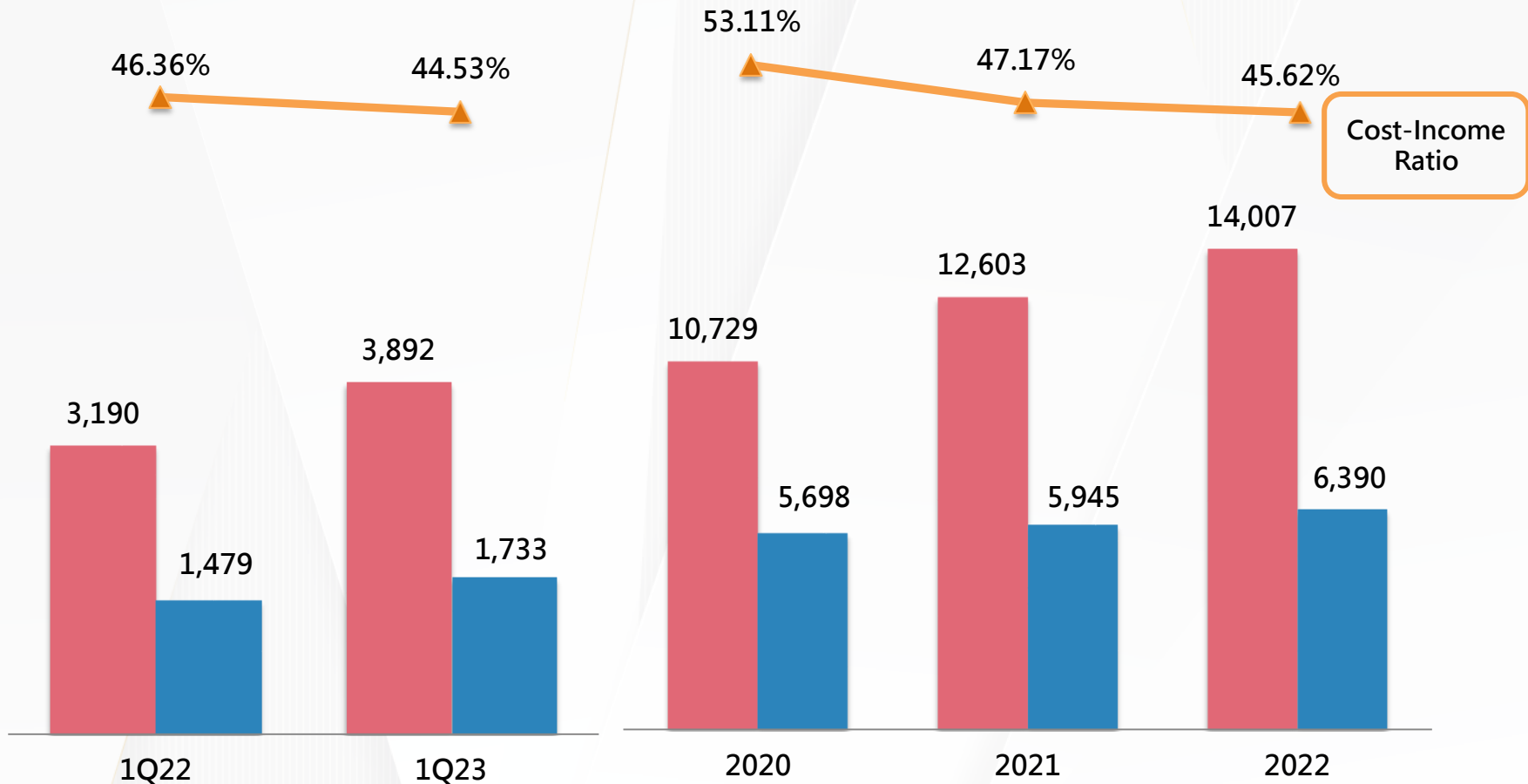
NIM & Average of Interest earning assets



TCB's Operating Expenses to Net Income

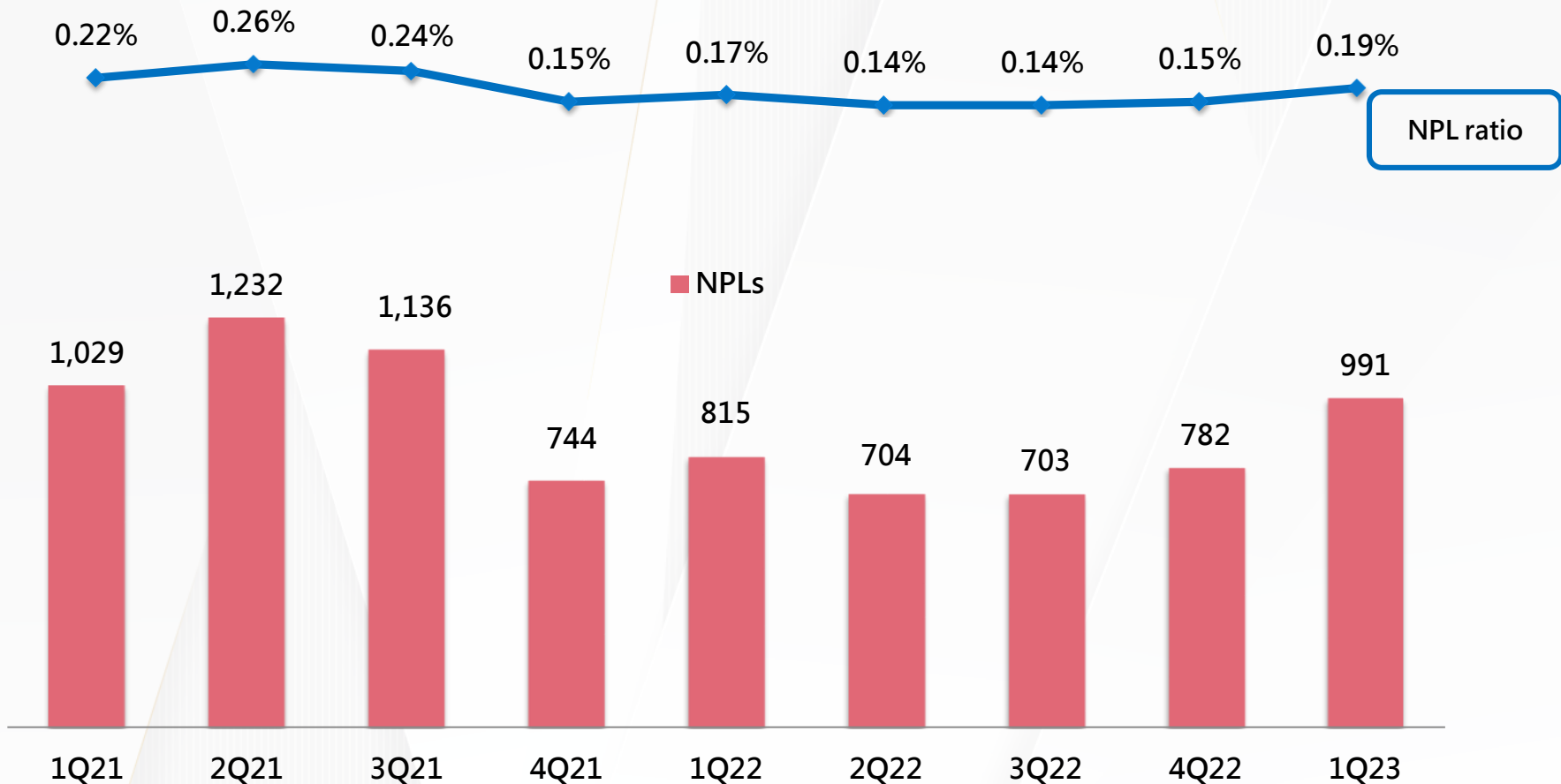
(NT\$ Million)

■ Net Income ■ Operating Expenses



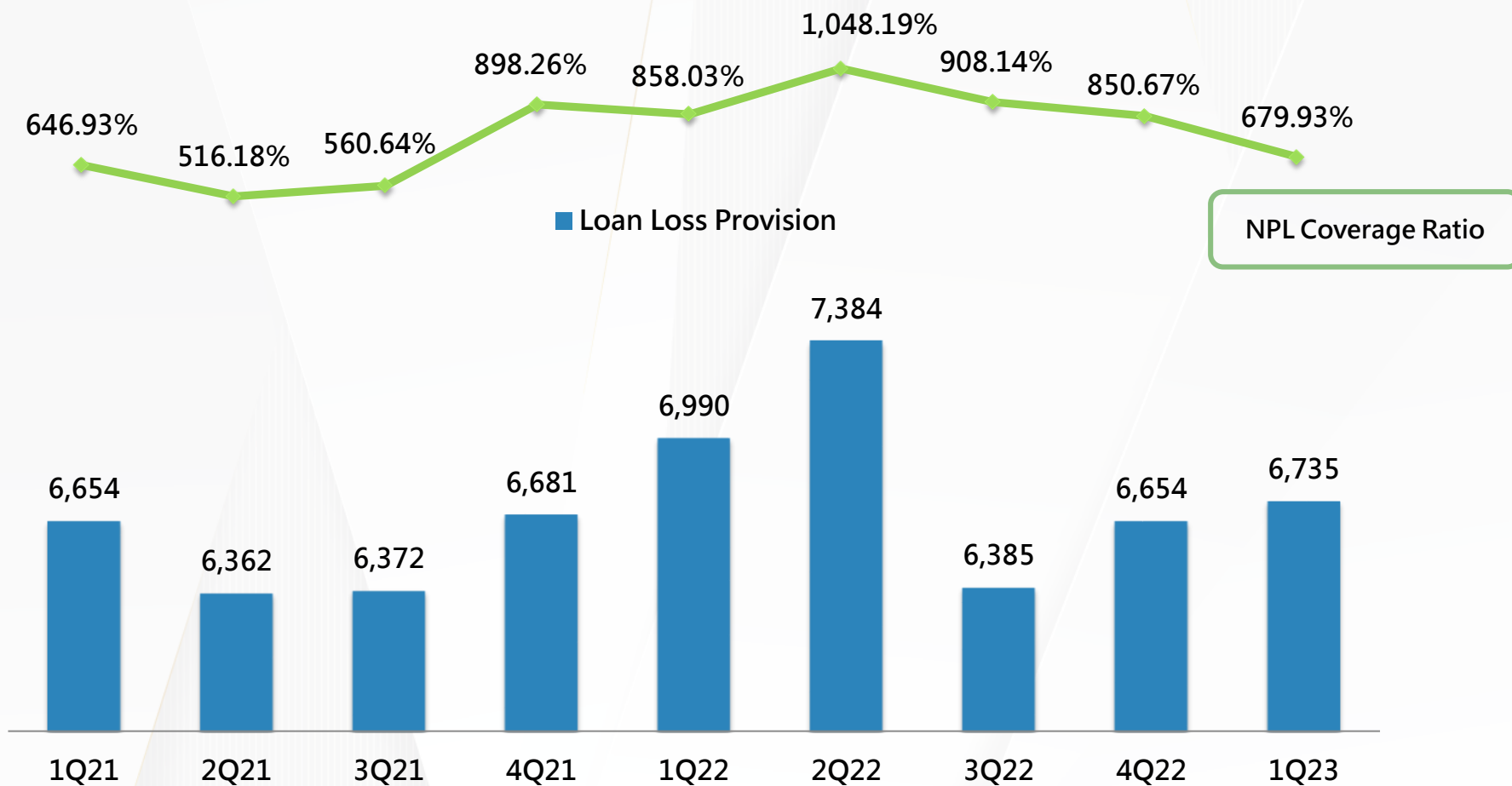
TCB's Asset quality

NPL ratio & NPLs

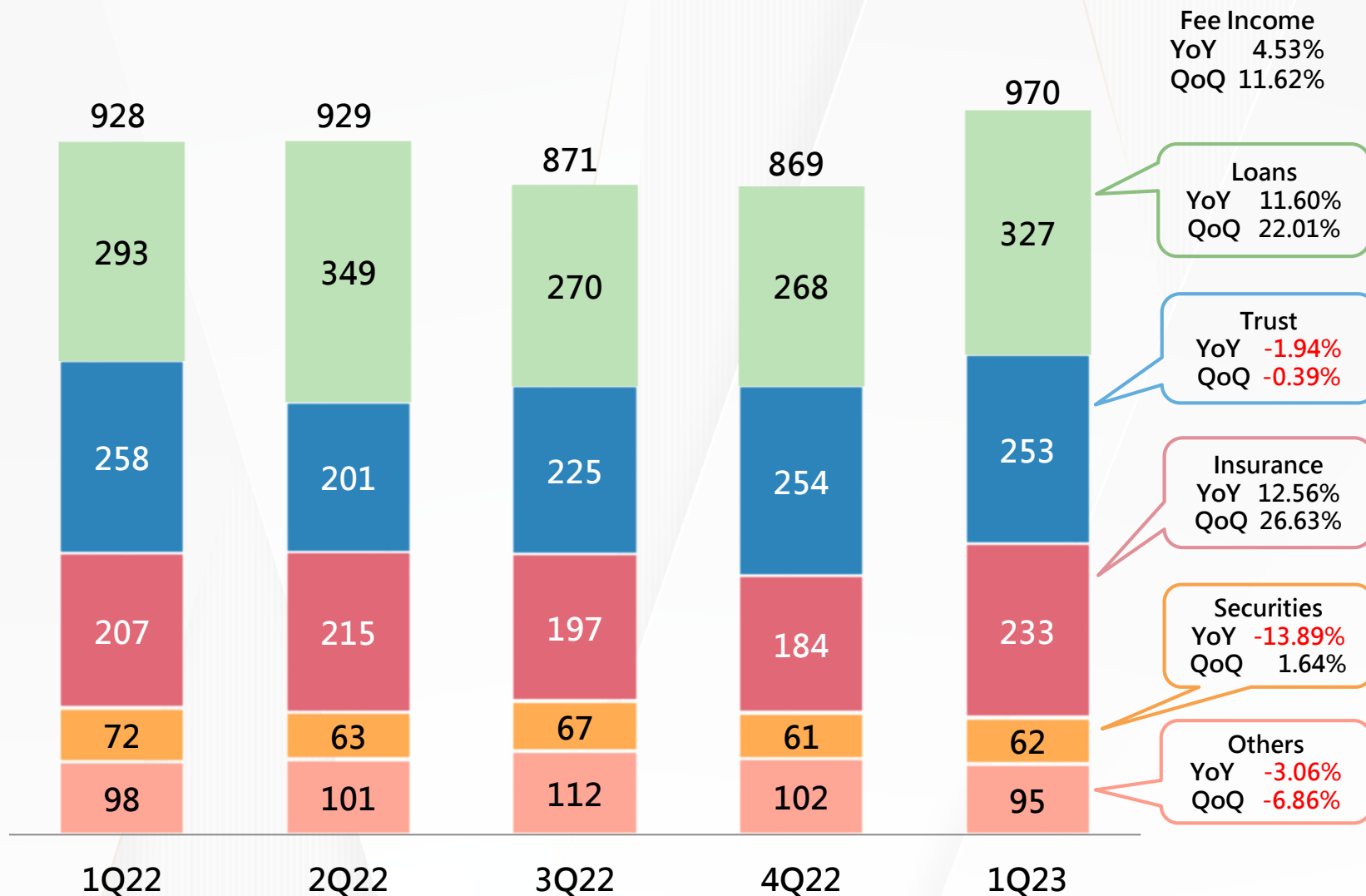


TCB's Asset quality

NPL Coverage Ratio & Loan Loss Provision



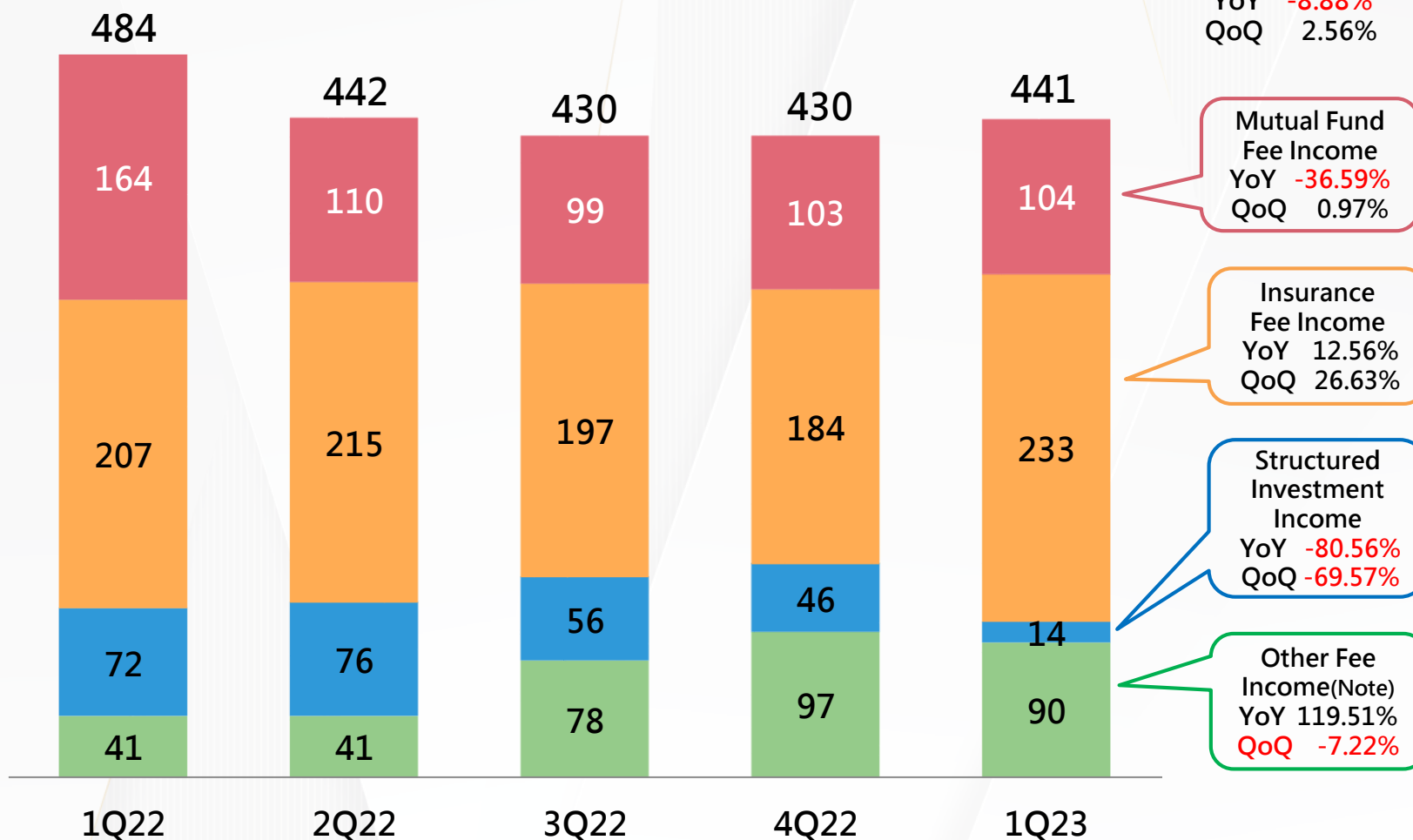
Fee Income Breakdown



Wealth Management Income

(NT\$ Million)

Total Income
YoY **-8.88%**
QoQ 2.56%



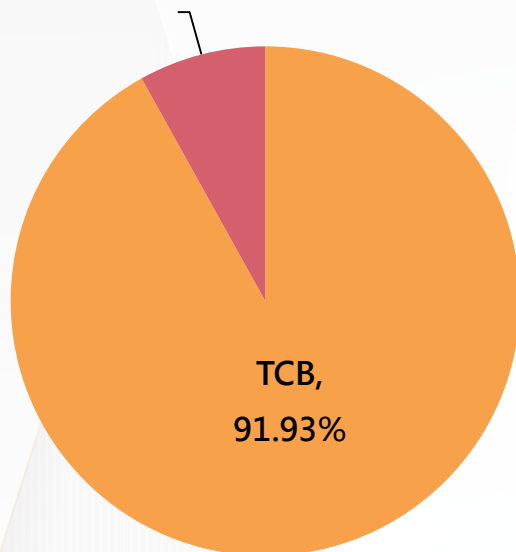
Note : Others are comprised of foreign bond, structured note, exchange traded fund , preferred stock, and etc.

Profit of Subsidiaries

(NT\$ Million)

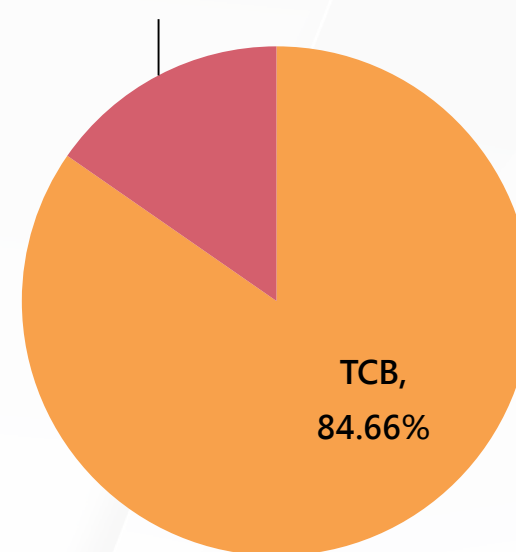
Net Profit after tax	1Q22	1Q23	YoY
TCB	1,173	1,247	6.31%
Subsidiaries	103	226	119.42%
Total	1,276	1,473	15.44%

Subsidiaries, 8.07%



2022Q1 Profit Breakdown

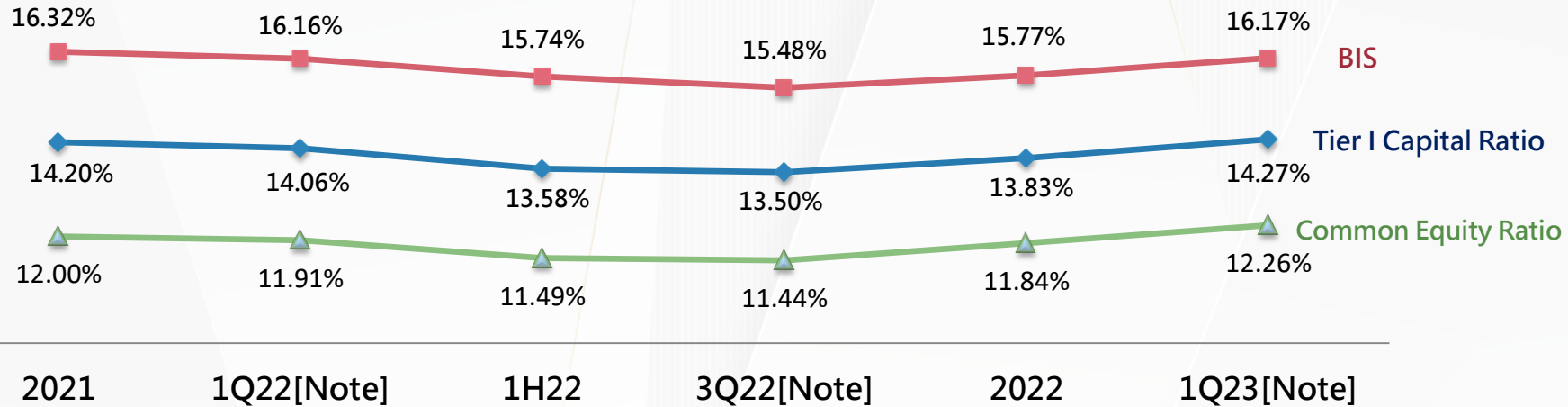
Subsidiaries, 15.34%



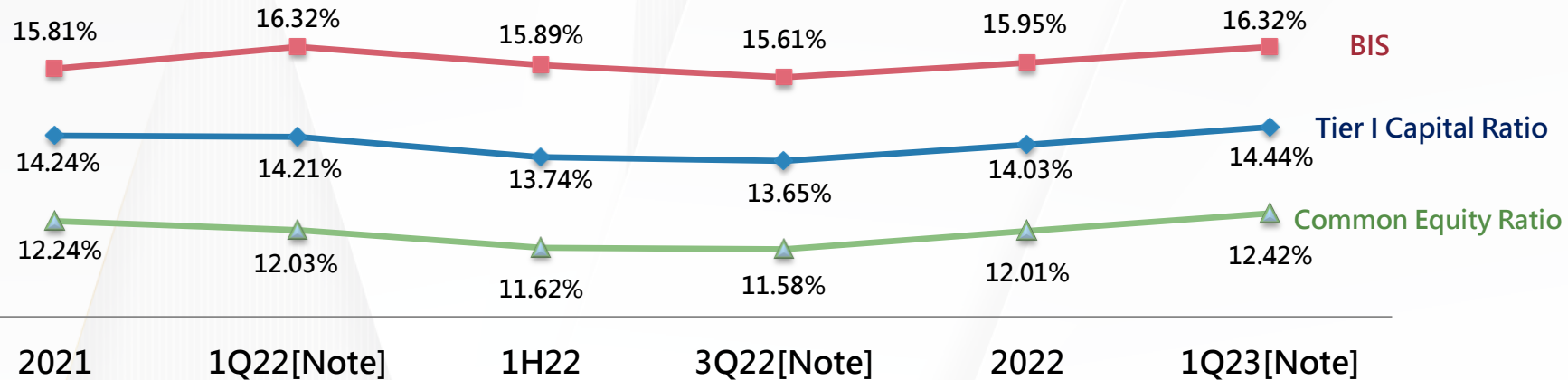
2023Q1 Profit Breakdown

Capital Adequacy

Consolidated



Parent Company Only



Note : Self-assessed

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Balance Sheets (Parent Company Only)



(NT\$ Million)

	2020	2021	2022	1Q23	YTD
Assets :					
Cash and due from banks	51,588	55,821	65,306	62,594	-4.15%
Financial investment, net	195,628	201,027	188,991	196,157	3.79%
Loans, net	455,442	478,441	512,879	507,496	-1.05%
A/R, net	3,546	3,176	3,245	3,579	10.29%
LT investments, net	5,440	6,064	6,043	6,279	3.91%
Properties and equipment , net	12,277	13,708	16,216	16,912	4.29%
Others	3,755	4,101	3,925	3,904	-0.54%
Total Assets	727,676	762,338	796,605	796,921	0.04%
Liabilities :					
Deposits	638,274	661,383	685,335	685,689	0.05%
Other liabilities	32,080	37,495	42,040	39,908	-5.07%
Total Liabilities	670,354	698,878	727,375	725,597	-0.24%
Total Equity	57,322	63,460	69,230	71,324	3.02%
Total Liabilities and Equity	727,676	762,338	796,605	796,921	0.04%

Statements of Comprehensive Income

(Parent Company Only)



(NT\$ Million)

	2020	2021	2022	1Q22	1Q23	YoY
Net Interest	7,848	8,696	10,221	2,272	2,633	15.89%
Service Fee Income, net	2,117	2,482	2,495	654	656	0.31%
Other Net Revenue	764	1,425	1,291	264	603	128.41%
Total Net Revenue	10,729	12,603	14,007	3,190	3,892	22.01%
Operating Expenses	(5,698)	(5,945)	(6,390)	(1,479)	(1,733)	17.17%
Pre-provision Profit	5,031	6,658	7,617	1,711	2,159	26.18%
Provision for Bad Debts	(366)	(1,204)	(1,145)	(180)	(425)	136.11%
Profit Before Income Tax	4,665	5,454	6,472	1,531	1,734	13.26%
Income Tax Expense	(639)	(658)	(1,128)	(255)	(261)	2.35%
Net Profit After Income Tax	4,026	4,796	5,344	1,276	1,473	15.44%
Other Comprehensive Income ^[Note]	448	88	(1,414)	(168)	621	469.64%
Total Comprehensive Income for the Year	4,474	4,884	3,930	1,108	2,094	88.99%

Note1 : 2022 Other Comprehensive Income NT\$ -1,414 million is mainly comprised of Unrealized (losses) gains on investments in debt instruments designated as at fair value through other comprehensive income NT\$ -1,390 million.

Note2 : 2023Q1 Other Comprehensive Income NT\$ 621 million is mainly comprised of Unrealized (losses) gains on investments in debt instruments designated as at fair value through other comprehensive income NT\$ 370 million and Unrealized (losses) gains on investments in equity instruments at fair value through other comprehensive income NT\$ 265 million.

Balance Sheets (Consolidated)

(NT\$ Million)

	2020	2021	2022	1Q23	YTD
Assets :					
Cash and due from banks	52,081	56,159	66,682	64,060	-3.93%
Financial investment, net	197,275	202,664	190,639	198,081	3.90%
Loans, net	456,541	479,806	514,113	508,772	-1.04%
A/R, net	13,484	14,352	14,435	15,819	9.59%
LT investments, net	163	165	172	172	-
Properties and equipment, net	12,333	13,755	16,256	16,950	4.27%
Others	4,893	5,777	5,666	5,478	-3.32%
Total Assets	736,770	772,678	807,963	809,332	0.17%
Liabilities :					
Deposits	636,589	659,116	683,104	683,601	0.07%
Other liabilities	42,859	50,102	55,629	54,408	-2.19%
Total Liabilities	679,448	709,218	738,733	738,009	-0.10%
Total Equity	57,322	63,460	69,230	71,323	3.02%
Total Liabilities and Equity	736,770	772,678	807,963	809,332	0.17%

Statements of Comprehensive Income (Consolidated)



(NT\$ Million)

	2020	2021	2022	1Q22	1Q23	YoY
Net Interest	8,279	9,278	10,775	2,418	2,757	14.02%
Service Fee Income, net	2,906	3,375	3,317	863	893	3.48%
Other Net Revenue	459	1,069	925	156	499	219.87%
Total Net Revenue	11,644	13,722	15,017	3,437	4,149	20.72%
Operating Expenses	(6,366)	(6,784)	(7,164)	(1,657)	(1,942)	17.20%
Pre-provision Profit	5,278	6,938	7,853	1,780	2,207	23.99%
Provision for Bad Debts	(519)	(1,369)	(1,253)	(218)	(438)	100.92%
Profit Before Income Tax	4,759	5,569	6,600	1,562	1,769	13.25%
Income Tax Expense	(733)	(773)	(1,256)	(286)	(296)	3.50%
Net Profit After Income Tax	4,026	4,796	5,344	1,276	1,473	15.44%
Other Comprehensive Income[Note]	448	88	(1,414)	(168)	621	469.64%
Total Comprehensive Income for the Year	4,474	4,884	3,930	1,108	2,094	88.99%

Note : The note is the same as P.27

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2023 Credit Rating

Date: March 31, 2023

Fitch Ratings	Long term	Short term	Outlook
National Rating	A (twn)	F1 (twn)	Stable
International Rating	BBB-	F3	Stable
Viability Rating		bbb-	

- **Dedicated to implementing intellectual property management; once again awarded a TIPS - Class A (2016 edition) certification by the Ministry of Economic Affairs' Industrial Development Bureau**

Taichung Bank aims to achieve all valuation targets and implement corporate governance and regulatory compliance. In pursuit of this, we introduced the TIPS system in 2021; since then, Taichung Bank has been awarded the TIPS – Class A (2016 edition) certification for two years in a row. Our efforts to promote intellectual property management have been recognized.

When an organization applies for TIPS certification, the review committee composed of impartial, objective, specialized, senior experts conducts written or on-site intellectual property management verification. Applicants that pass the Class A or higher verification are eligible for a certificate registering their TIPS verification, issued by the Ministry of Economic Affairs' Industrial Development Bureau, so as to demonstrate their capacity in intellectual property system management. In 2023, 93 enterprises received Class A certification in Taiwan.

- **Won a Green Credit Extension Promotion Award for outstanding financial institutions in SME credit guarantee financing**

In response to the Financial Supervisory Commission's Green Finance Action Plan 3.0, Taichung Bank is actively promoting green credit. After a review by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), we were given a Green Credit Extension Promotion Award for being an outstanding financial institution in providing credit guarantee financing to small and medium enterprises.

Environmental pollution and climate change are attracting attention from countries around the world; sustainable development has become the primary goal of the current global economic transformation. In recent years, Taichung Bank has been committed to promoting green finance. Through Taiwan SMEG, we have strengthened the breadth and depth of green credit. In addition to placing renewable energy facilities, we have also assisted in industrial transformation, promoted pollution prevention, promoted green building construction, and more. We have guided enterprises to put emphasis on environmental, social, and corporate governance (ESG) issues. Through our efforts, we help create virtuous cycles in which industries pursue sustainable development.

Thanks for your
listening!

