

Taichung Commercial Bank 2023 Q3 Investor Conference



NOV. 20, 2023

股票代碼：2812

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- Financial Highlights
- Financial Review
- Financial Information
- Appendix

Profitability

- Net Profit after tax NT\$4.906billions, 24.36% growth over the same period last year.
- EPS 0.94, 18.99% growth over the same period last year.

Asset quality

- NPL ratio 0.19% 、 NPL coverage ratio 691.46%.

Capital adequacy

- Consolidated : Self-assessed Capital Adequacy Ratio 15.48% 、 Tier I Capital Ratio 13.62% 、 Common Equity Ratio 11.75%.
- Individual : Self-assessed Capital Adequacy Ratio 15.74% 、 Tier I Capital Ratio 13.89% 、 Common Equity Ratio 11.98%.

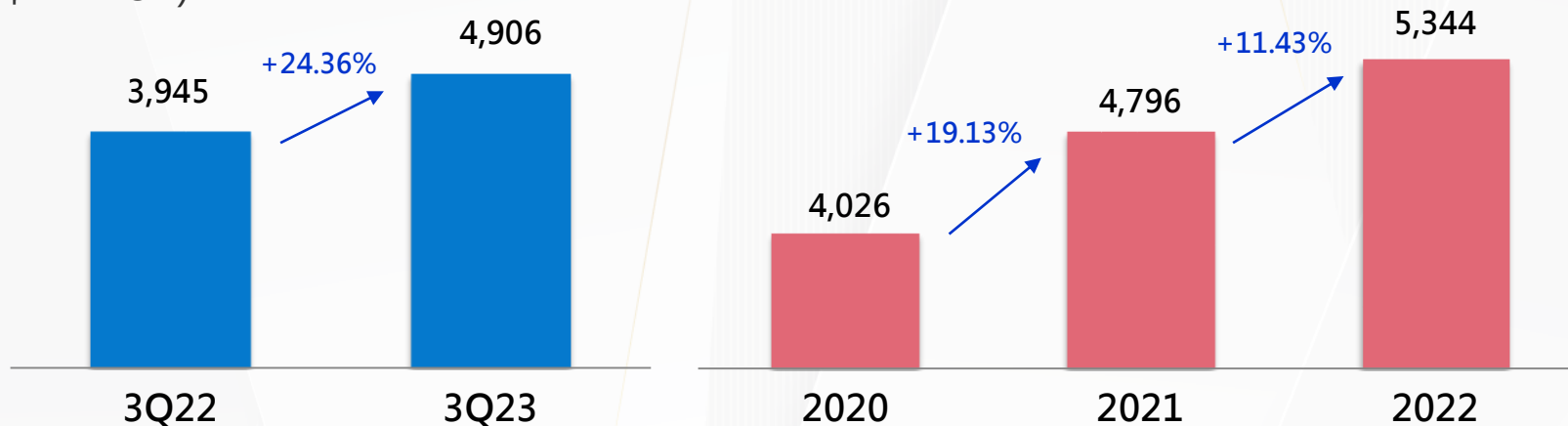
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Profitability

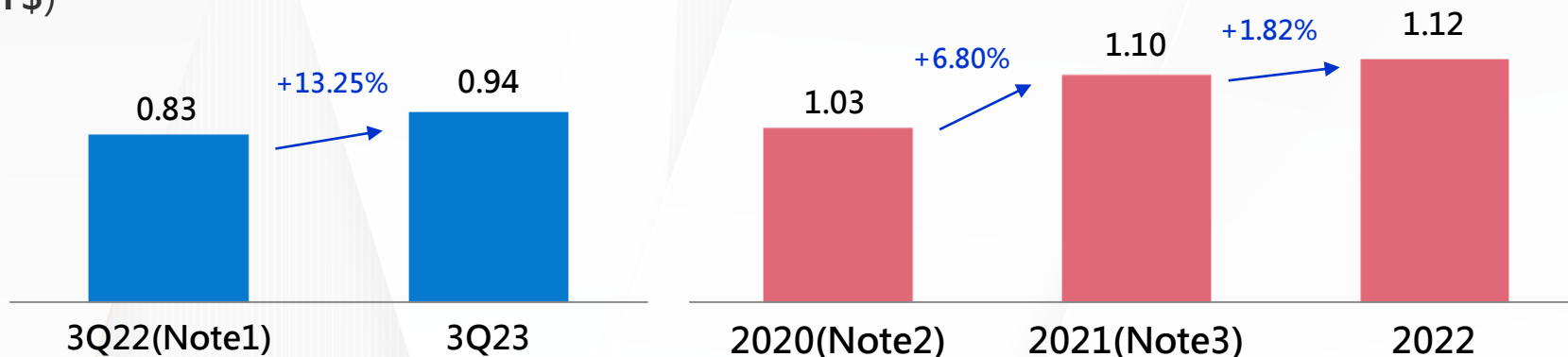
Net Profit

(NT\$ Million)



EPS

(NT\$)



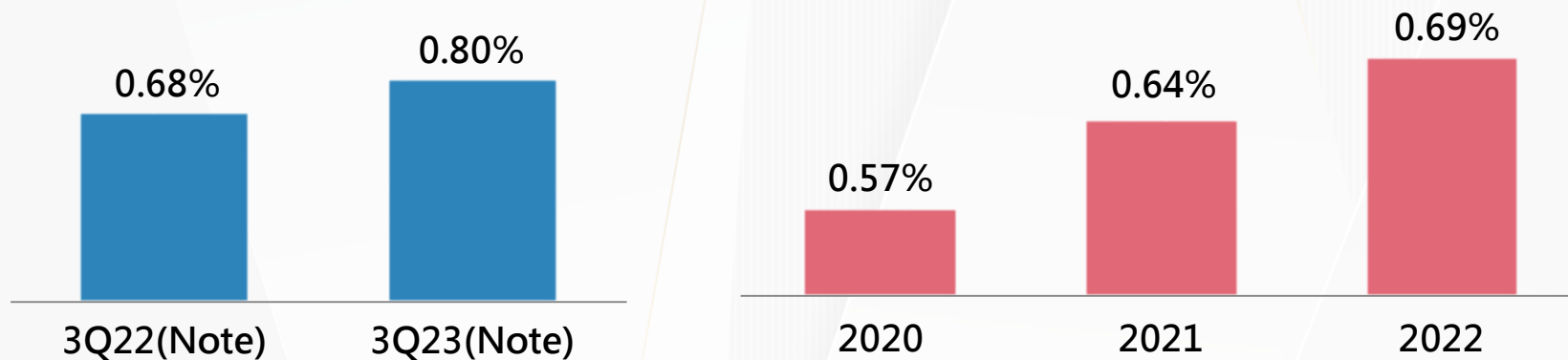
Note1 : The EPS in 2022Q3 Financial statement was 0.83. After been retroactive adjusted, the EPS of 2022Q3 was 0.79. The growth rate of EPS in 2023Q3 over 2022Q3 was 18.99%.

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%.

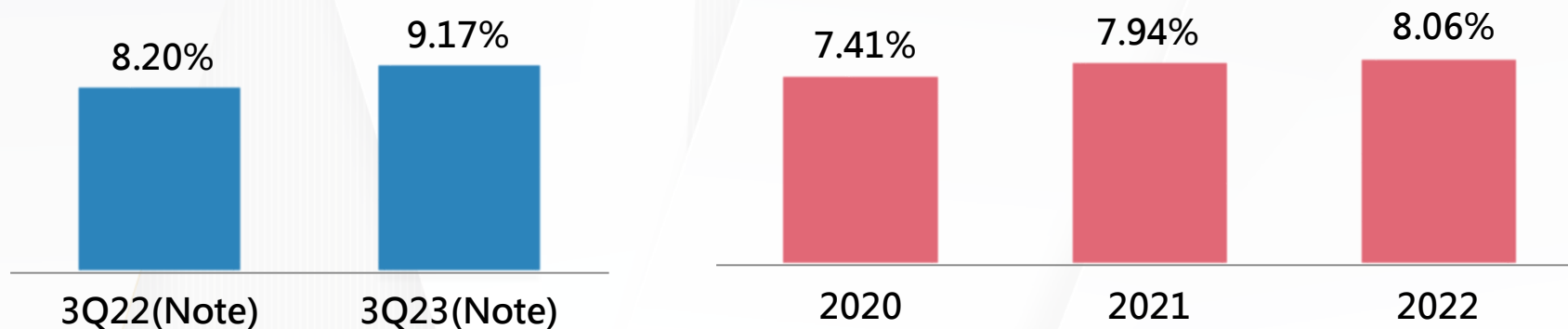
Note3 : The EPS in 2021 Financial statement was 1.10. After been retroactive adjusted, the EPS of 2021 was 1.05. The growth rate of EPS in 2022 over 2021 was 6.67%.

Profitability

ROA



ROE

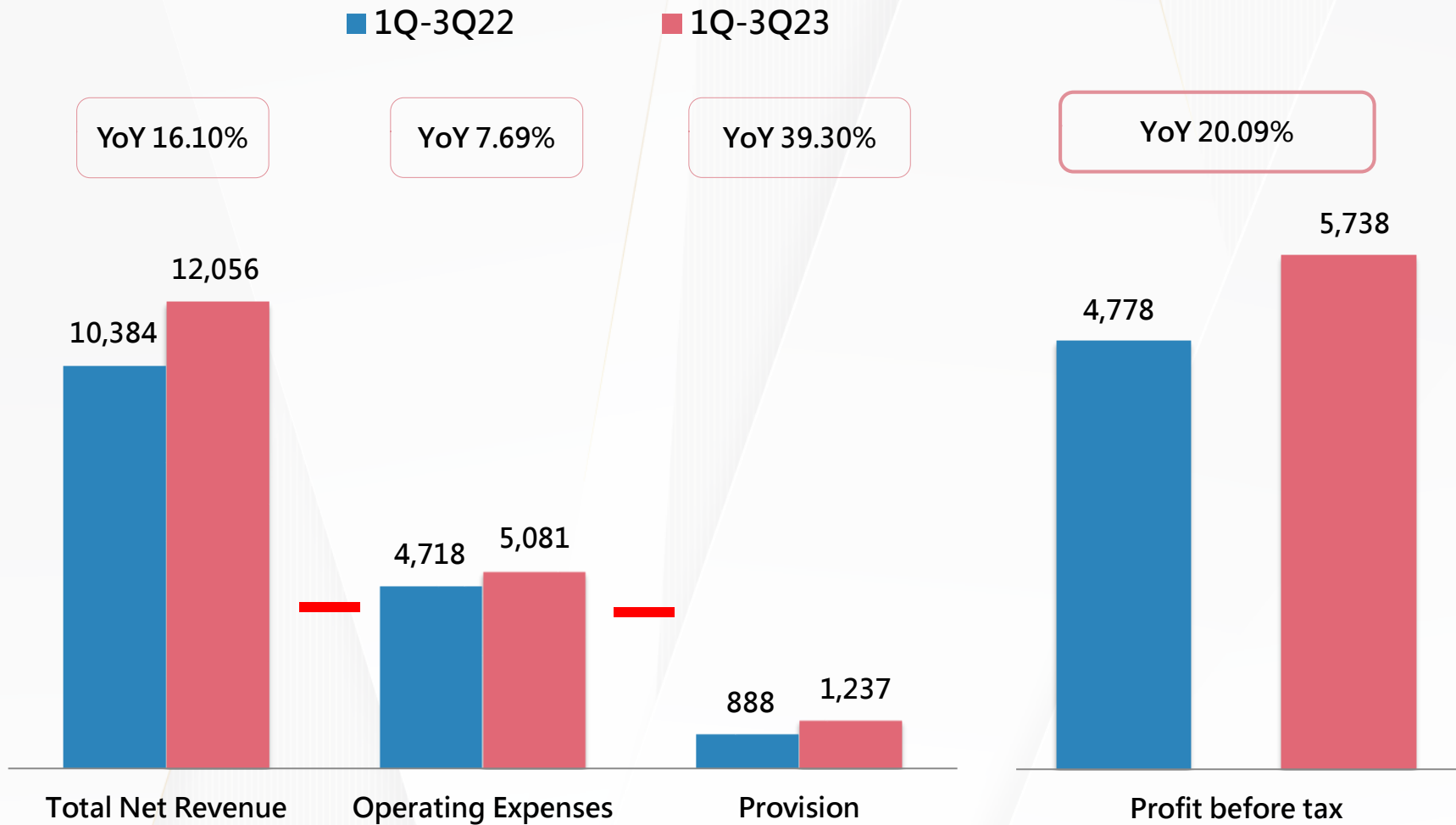


Note : ROE and ROA are annualized.

TCB's Change in Net Profit



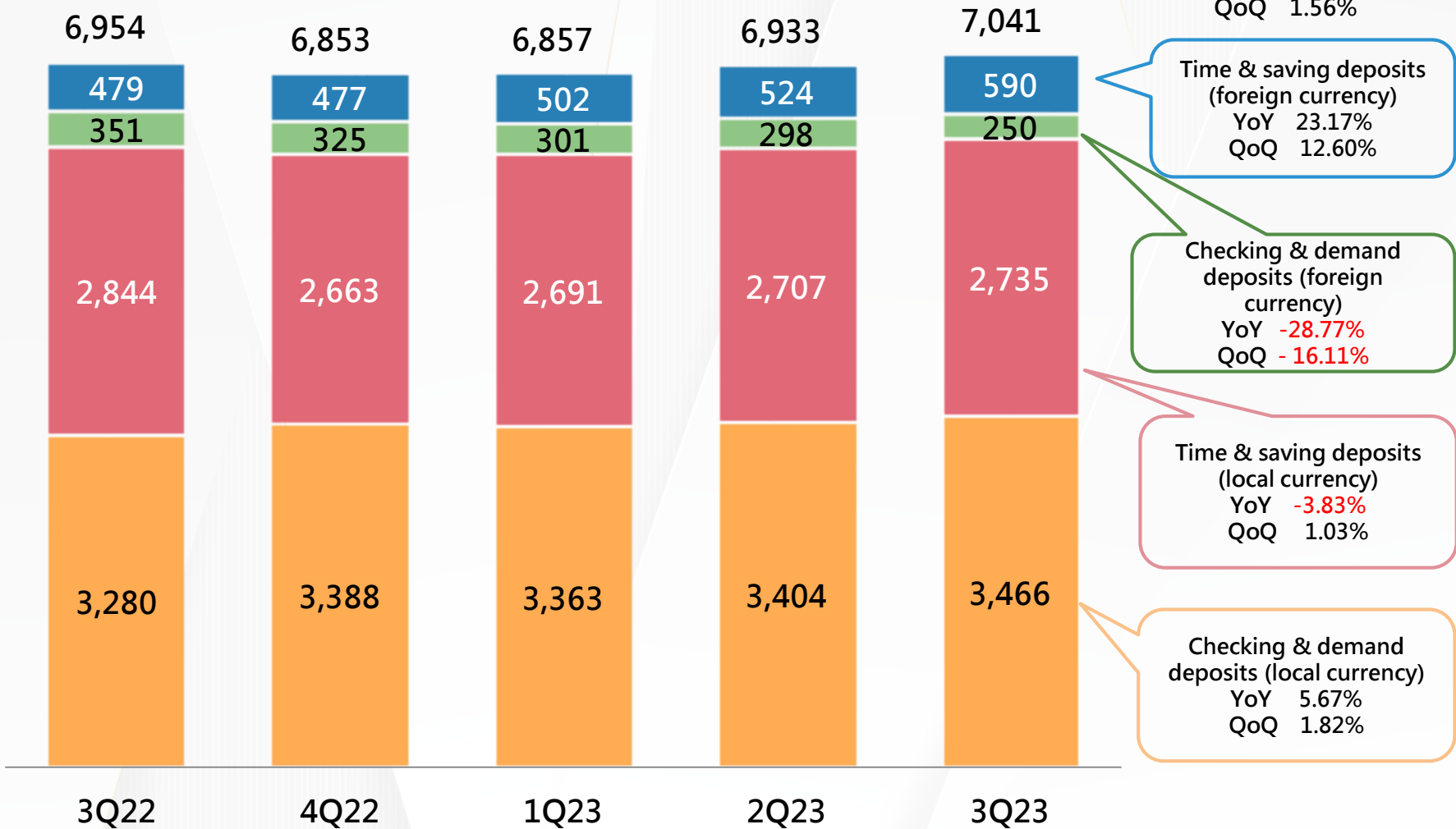
(NT\$ Million)



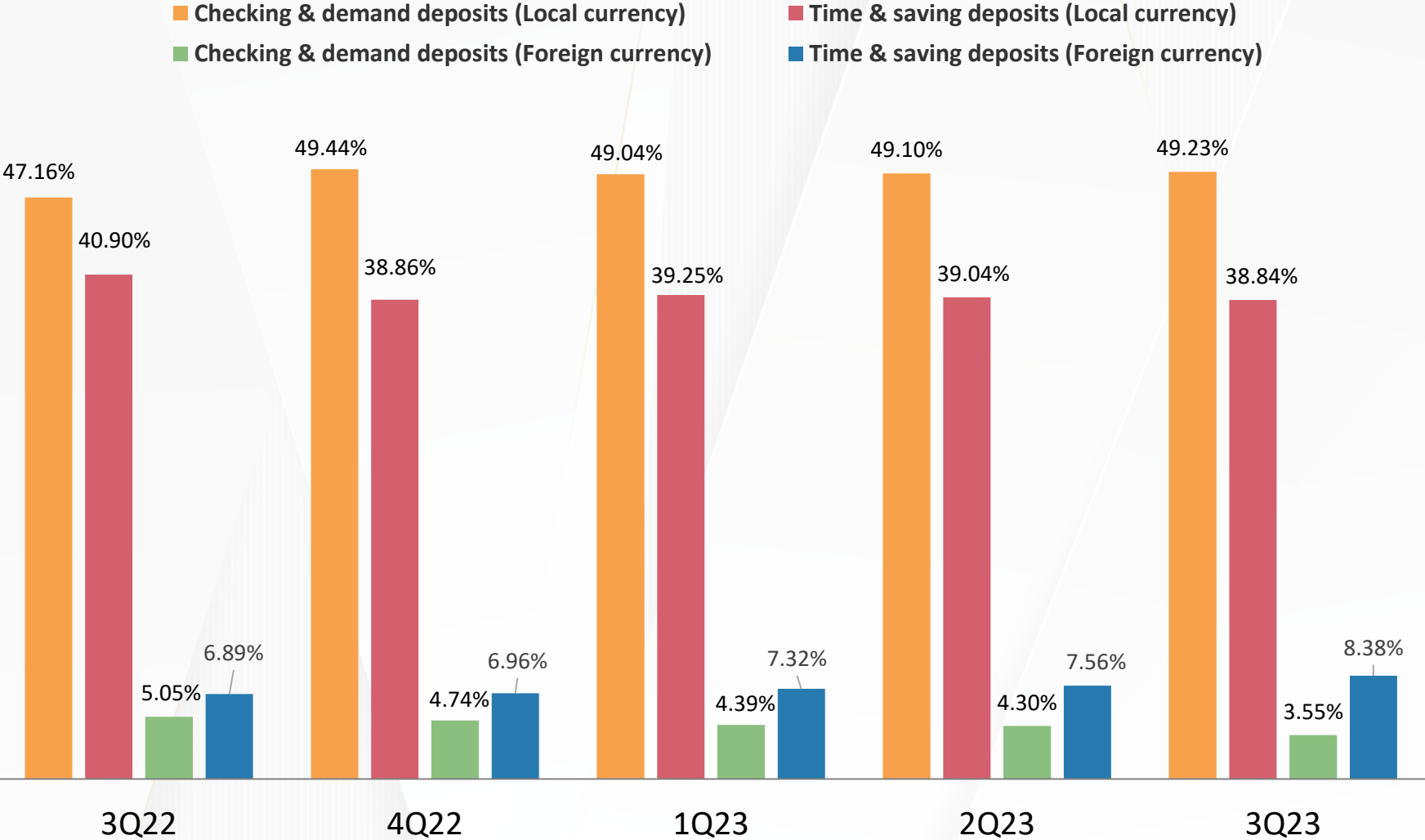
TCB 's Deposit Breakdown

(NT\$ Hundred Million)

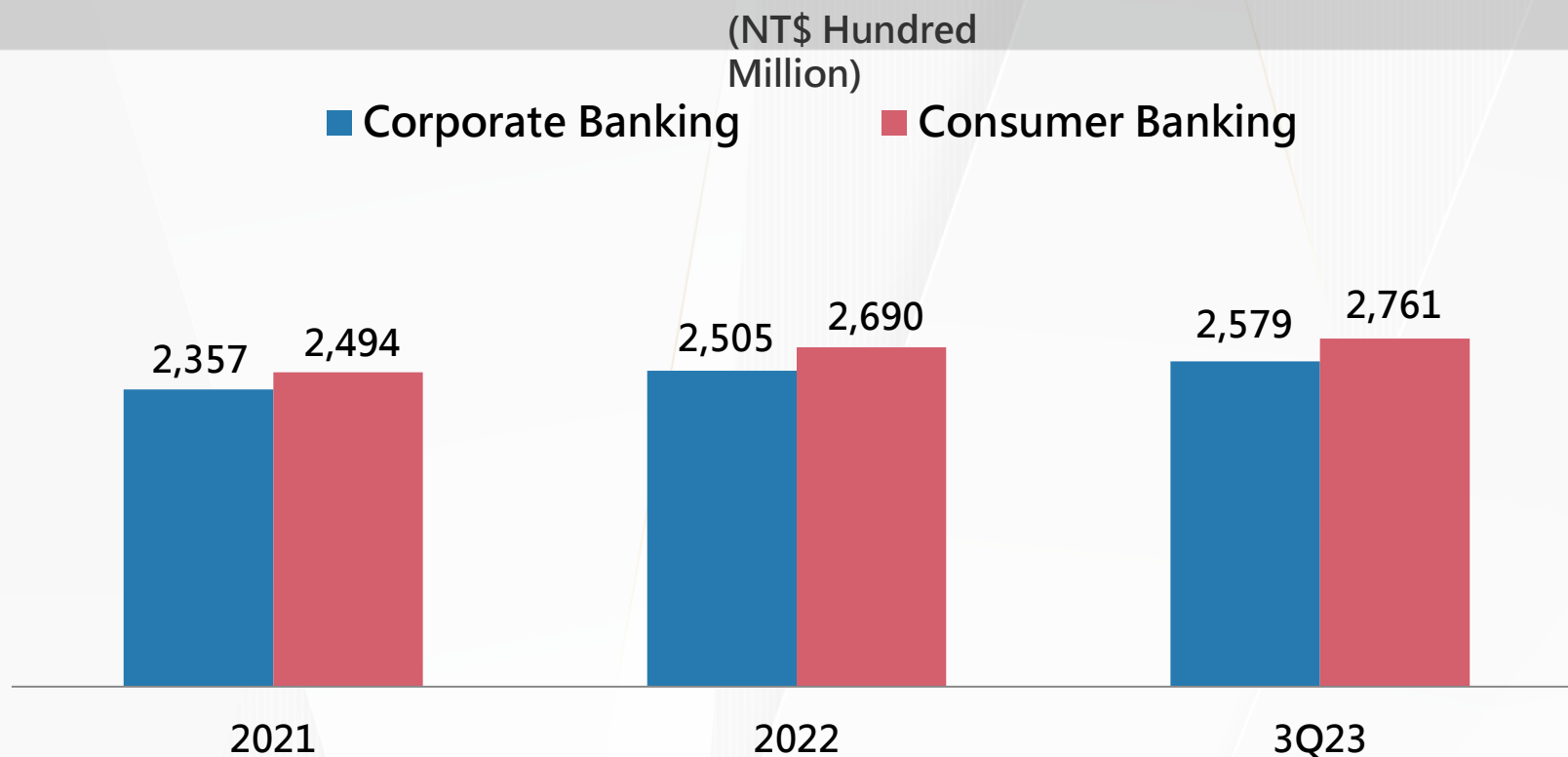
- Time & saving deposits (Foreign currency)
- Time & saving deposits (Local currency)
- Checking & demand deposits (Foreign currency)
- Checking & demand deposits (Local currency)



TCB 's Deposit Structure



TCB 's Loan Structure



	2021	2022	3Q23	YTD
Corporate Banking	2,357	2,505	2,579	2.95%
Consumer Banking	2,494	2,690	2,761	2.64%
Total	4,851	5,195	5,340	2.79%

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

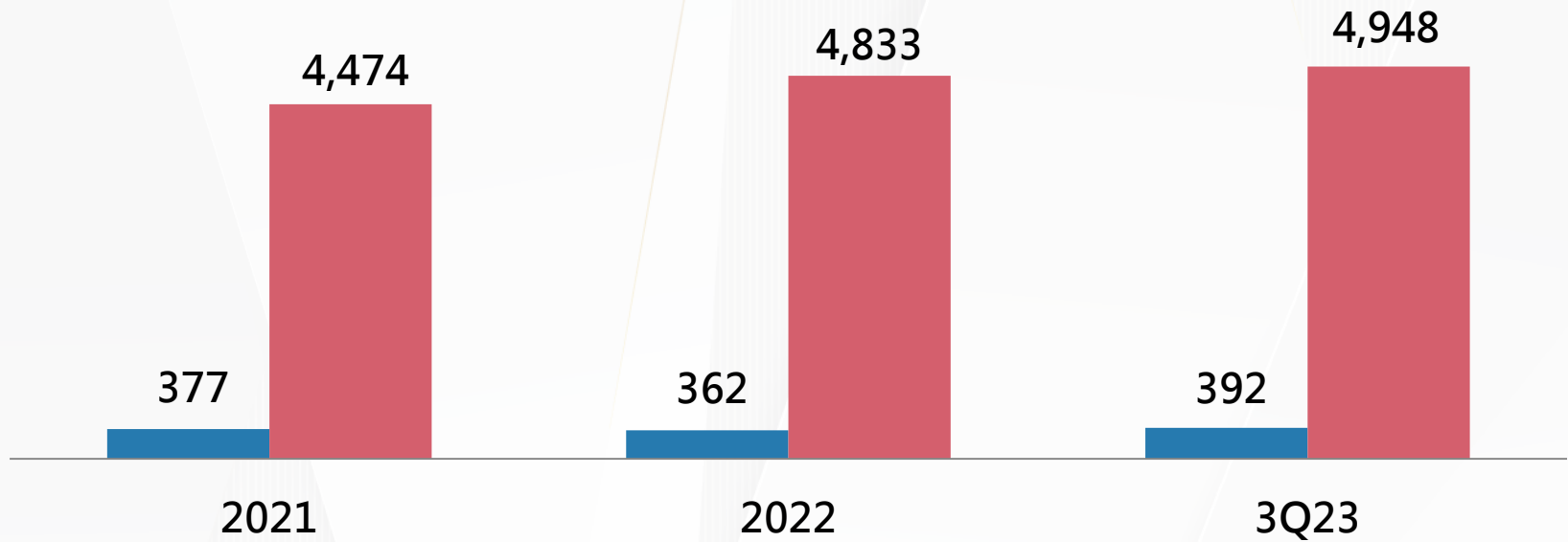


台中銀行



(NT\$ Hundred Million)

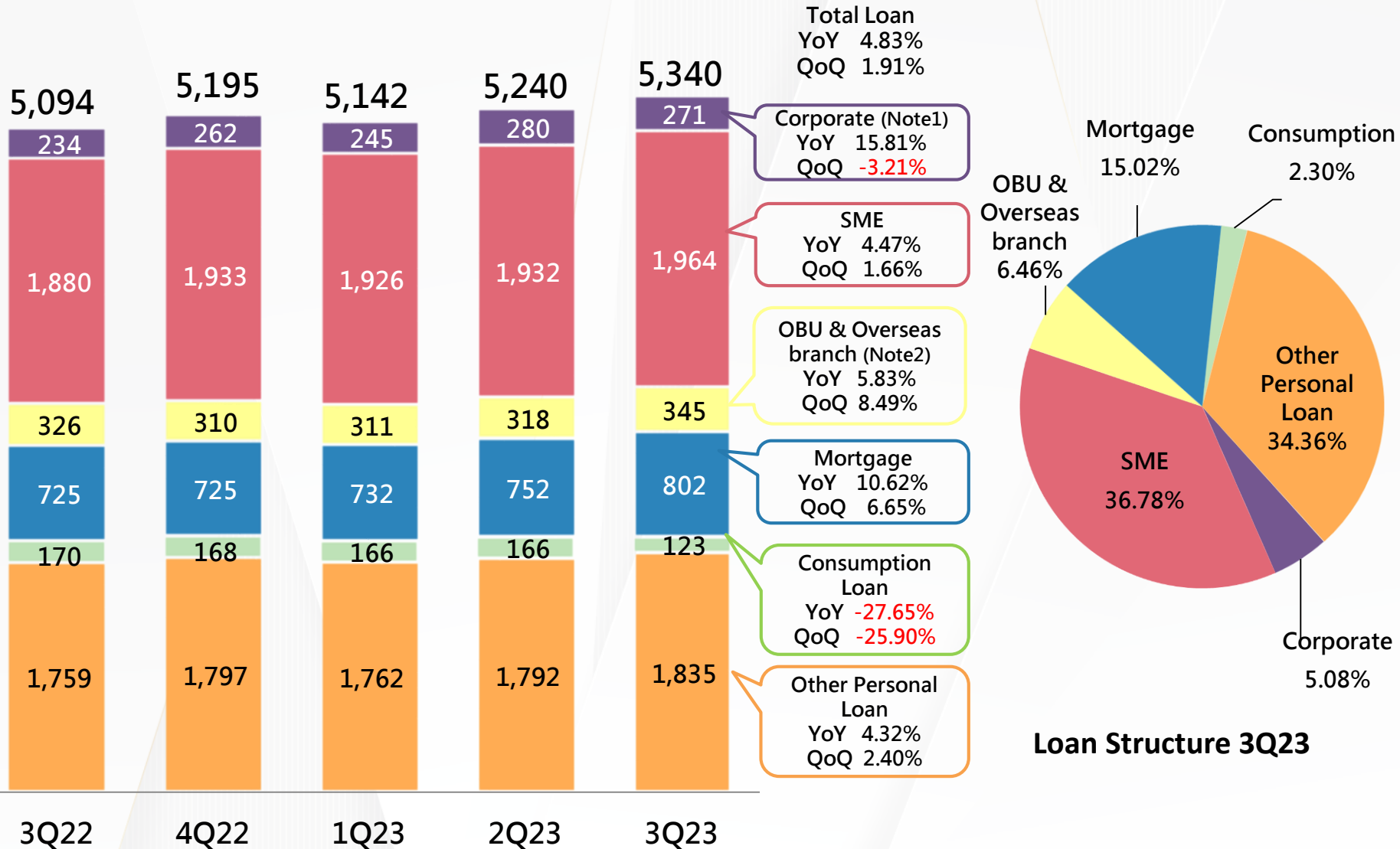
■ Foreign Currency Loan ■ NTD Loan



	2021	2022	3Q23	YTD
NTD Loan	4,474	4,833	4,948	2.38%
Foreign Currency Loan	377	362	392	8.29%
Total	4,851	5,195	5,340	2.79%

TCB 's Loan Breakdown

(NT\$ Hundred Million)



Note 1 : The balance of Corporate loan included government loans. (The balance in 2023Q3 was 1.061 billions in NT\$)

Note 2 : The loan balance of OBU & overseas branch in 2023Q3 were 27.9 billions and 6.6 billions in NT\$, respectively.

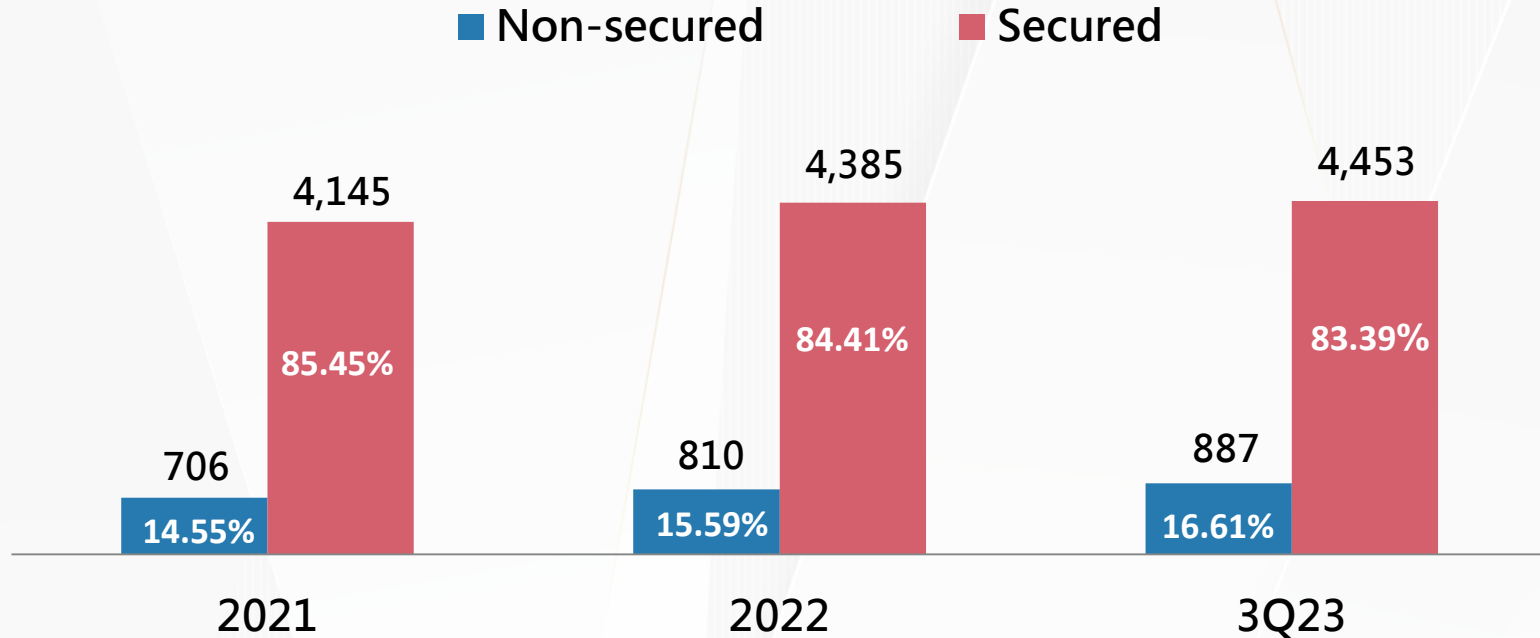
TCB 's Loan Breakdown by Secured



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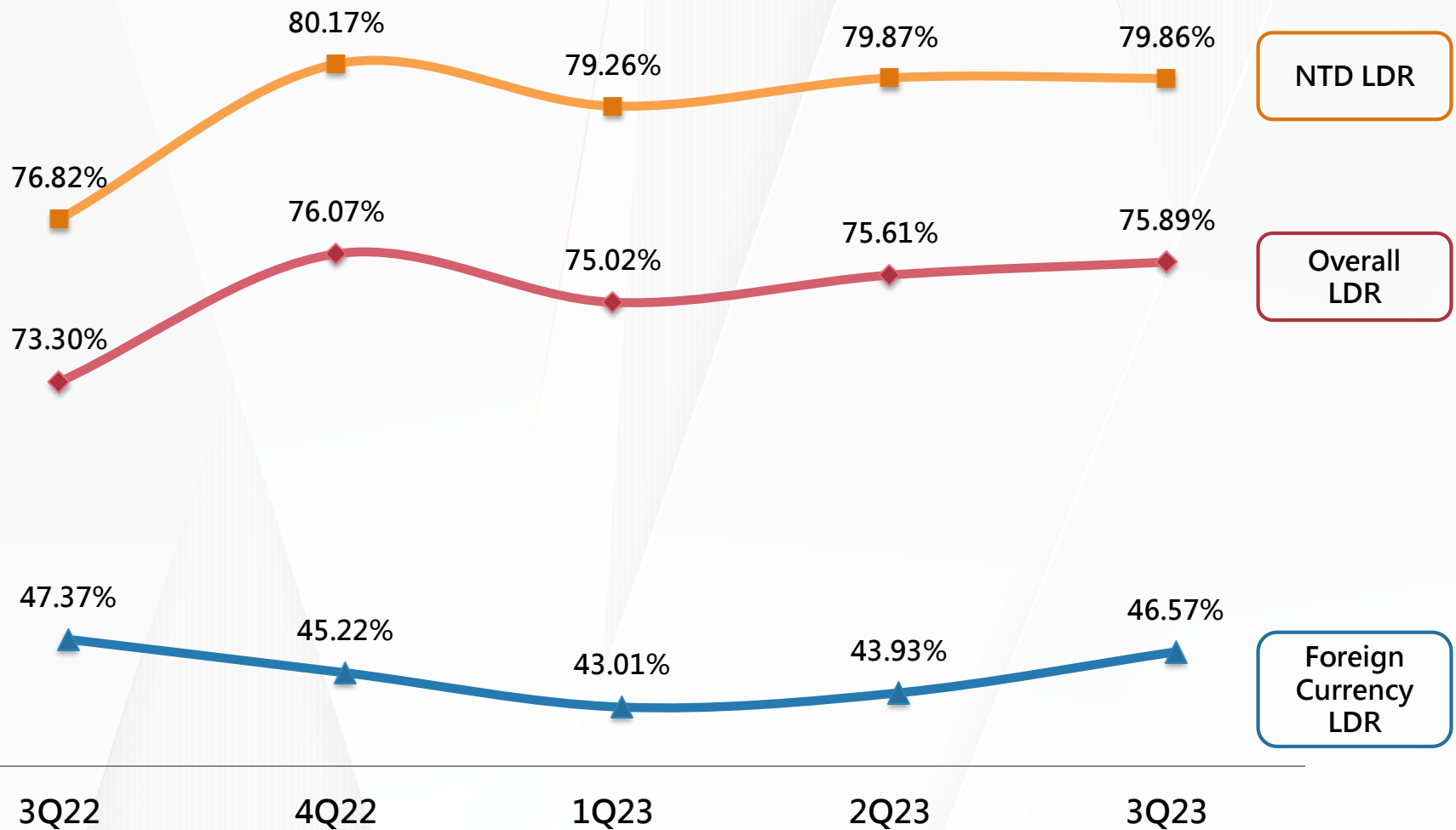


(NT\$ Hundred Million)

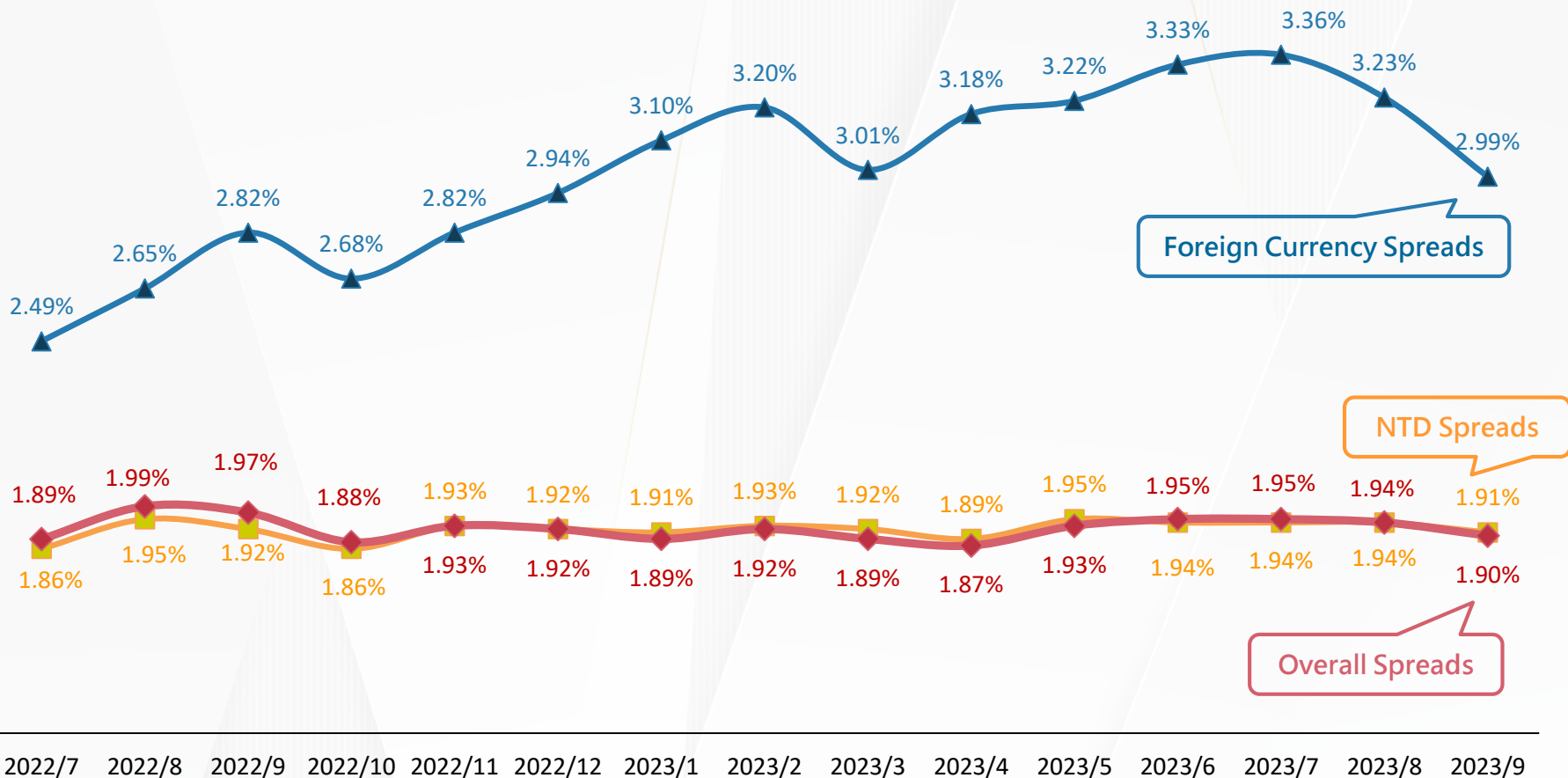


	2021	2022	3Q23	HoH
Non-secured	706	810	887	9.51%
Secured	4,145	4,385	4,453	1.55%
Secured by property	3,767	3,984	4,061	1.93%
Secured by Letter of Guarantee	175	161	162	0.62%
Others	203	240	230	-4.17%
Total	4,851	5,195	5,340	2.79%

TCB's Loan to Deposit Ratio(LDR)



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%, 2022/12/15 raised 0.50%,
 2023/2/2 raised 0.25%, 2023/3/23 raised 0.25%, 2023/5/4 raised 0.25%, 2023/7/27 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%, 2022/12/15 raised 0.125%, 2023/3/23 raised 0.125%.

TCB's Net Interest Margin(NIM)

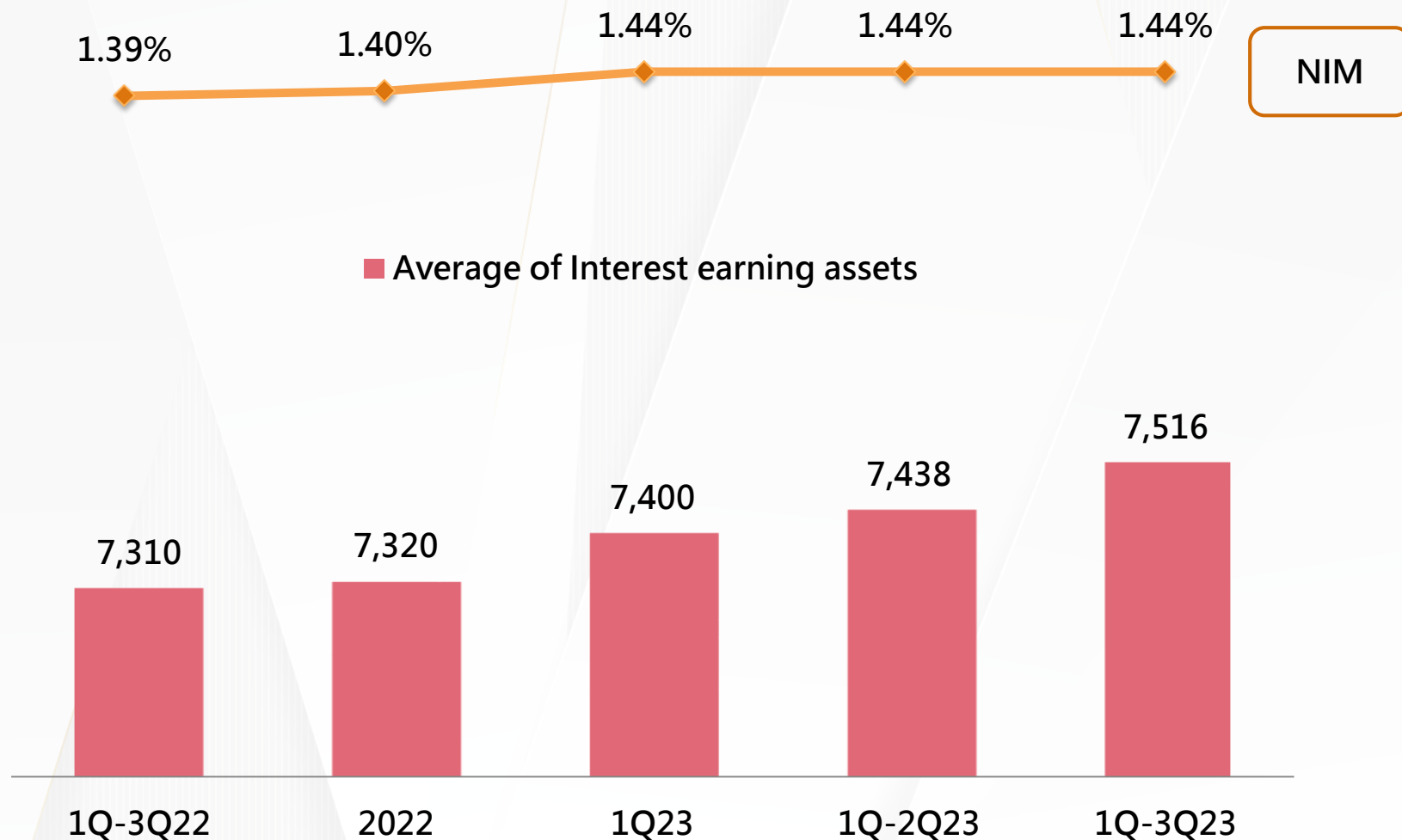


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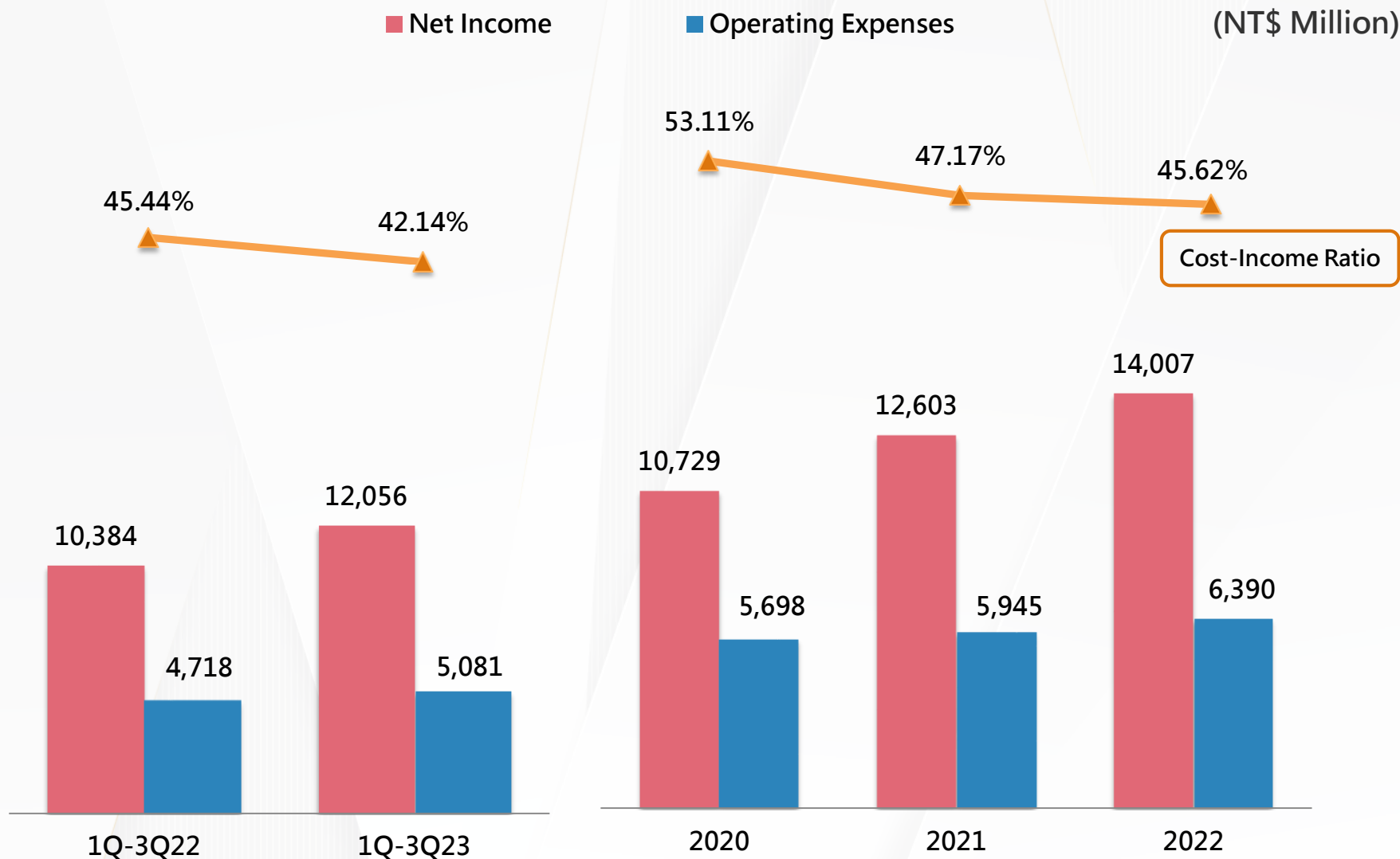


(NT\$ Hundred Million)

NIM & Average of Interest earning assets



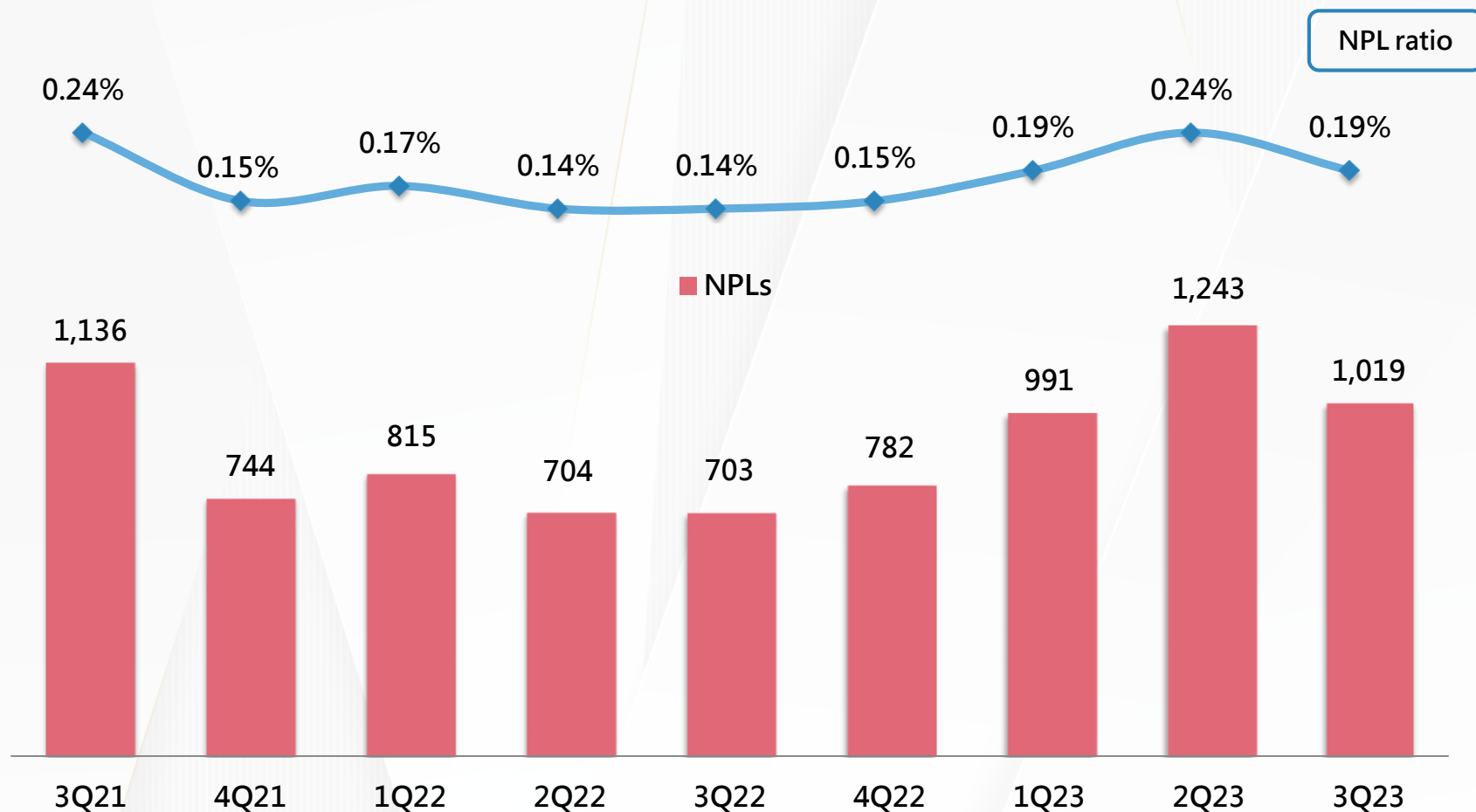
TCB's Operating Expenses to Net Income 台中銀行 |



TCB 's Asset quality

(NT\$ Million)

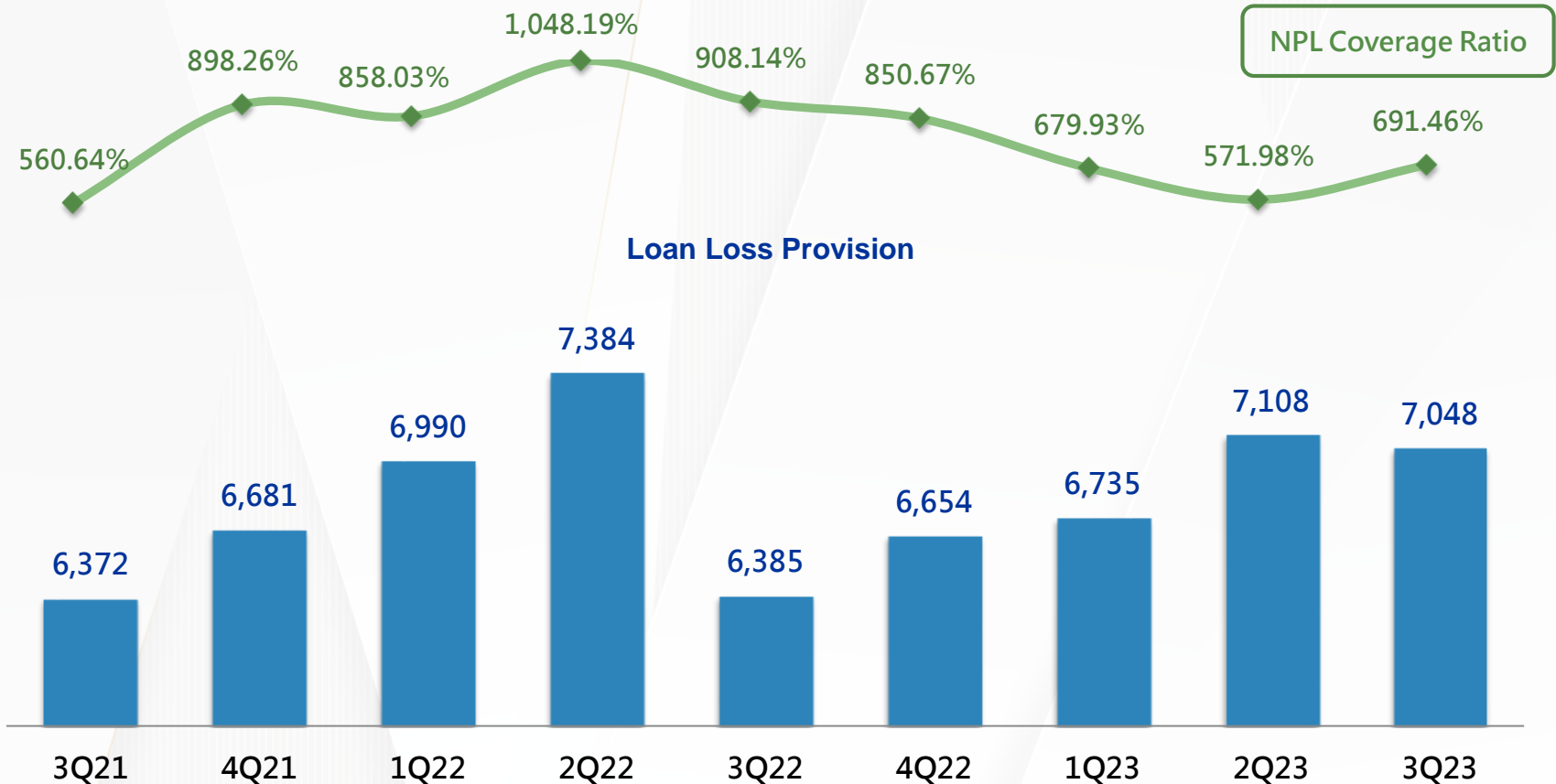
NPL ratio & NPLs



TCB's Asset quality

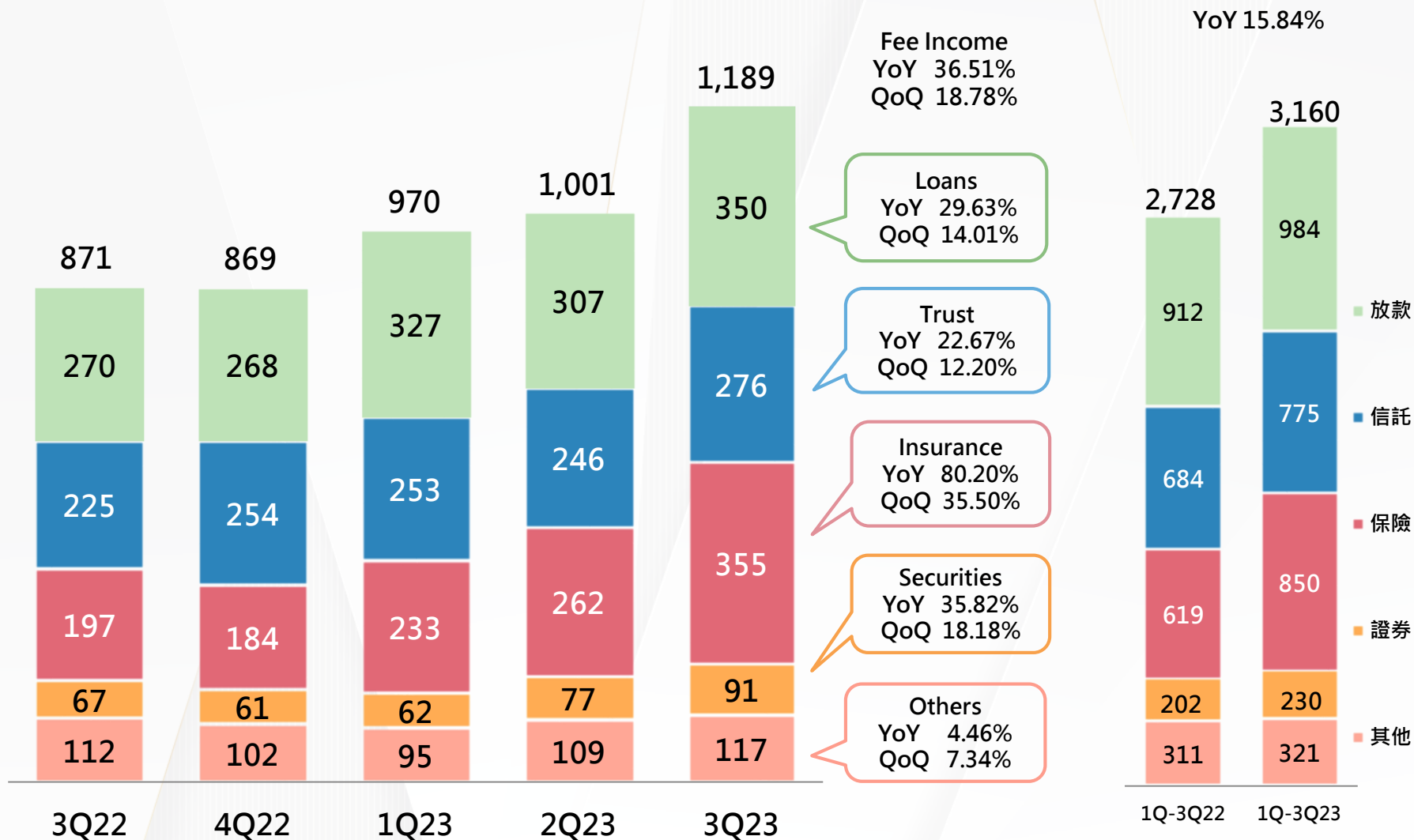
(NT\$ Million)

NPL Coverage Ratio & Loan Loss Provision



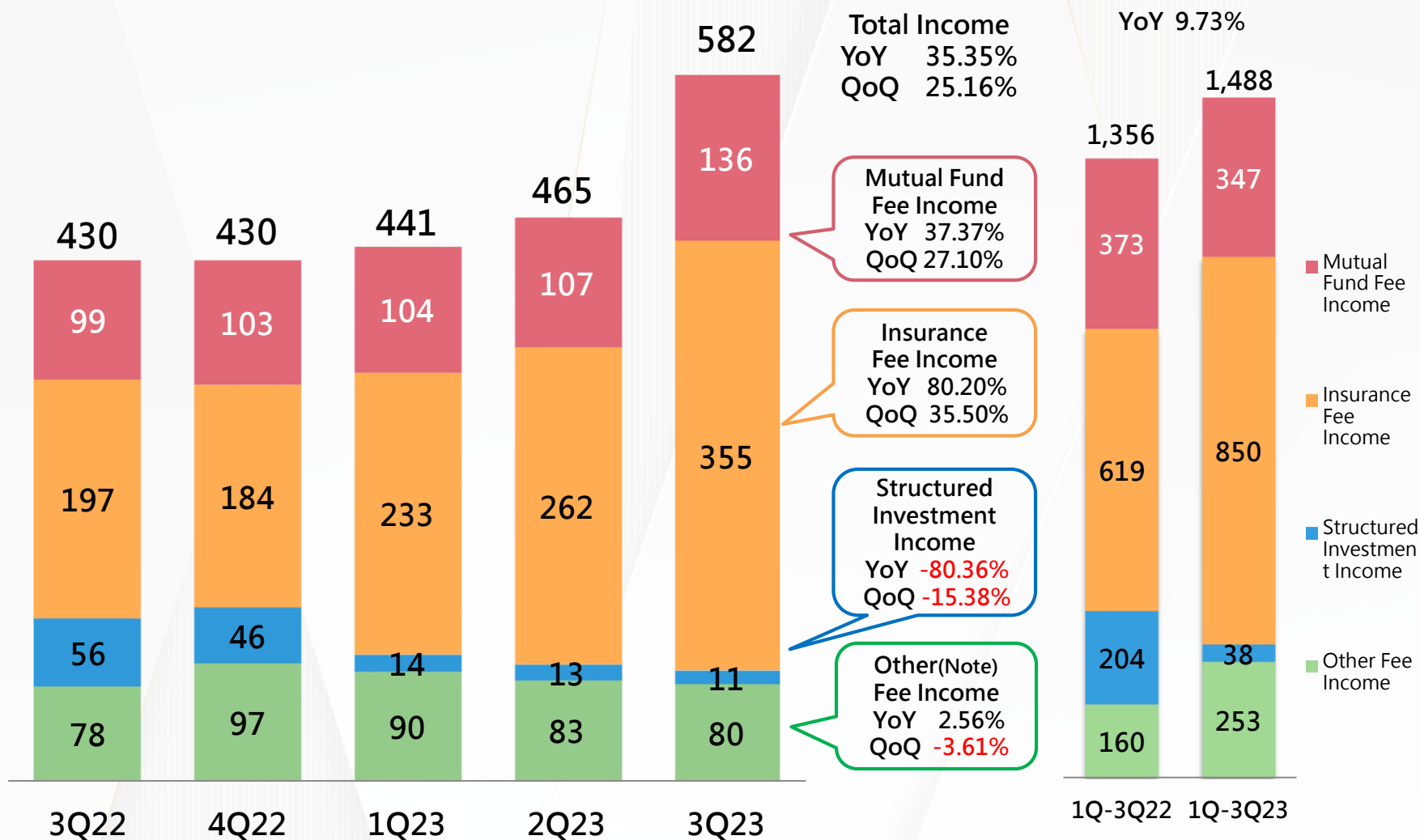
Fee Income Breakdown

(NT\$ Million)



Wealth Management Income 台中銀行

(NT\$ Million)

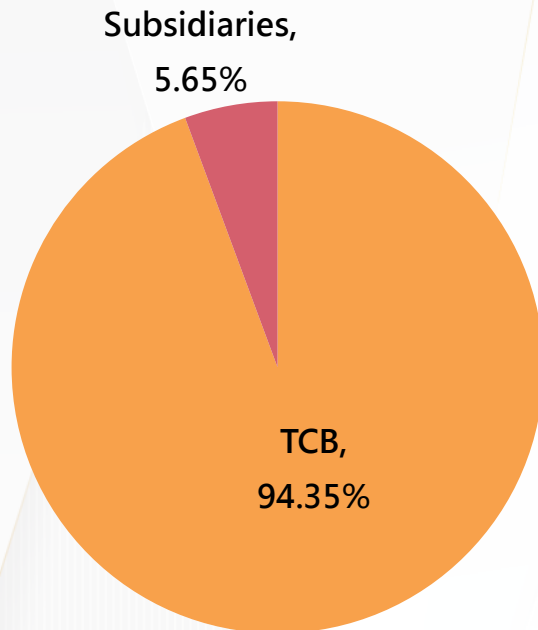


Note : Others are comprised of foreign bond, structured note, exchange traded fund , preferred stock, and etc.

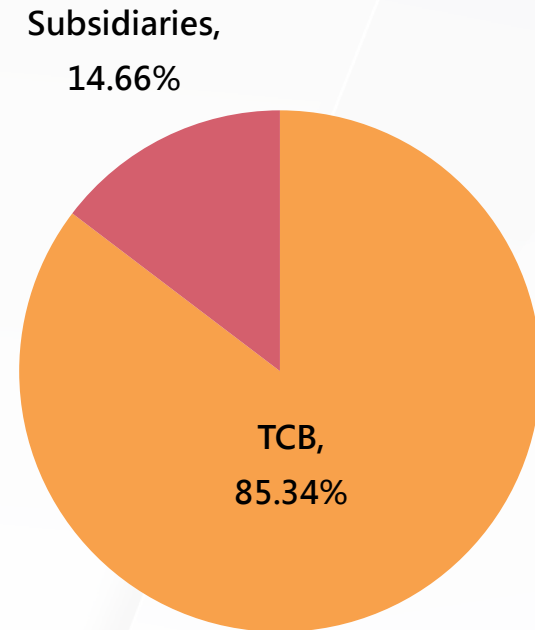
Profit of Subsidiaries

(NT\$ Million)

Net Profit after Tax	3Q22	3Q23	YoY
TCB	3,722	4,187	12.49%
Subsidiaries	223	719	222.42%
Total	3,945	4,906	24.36%



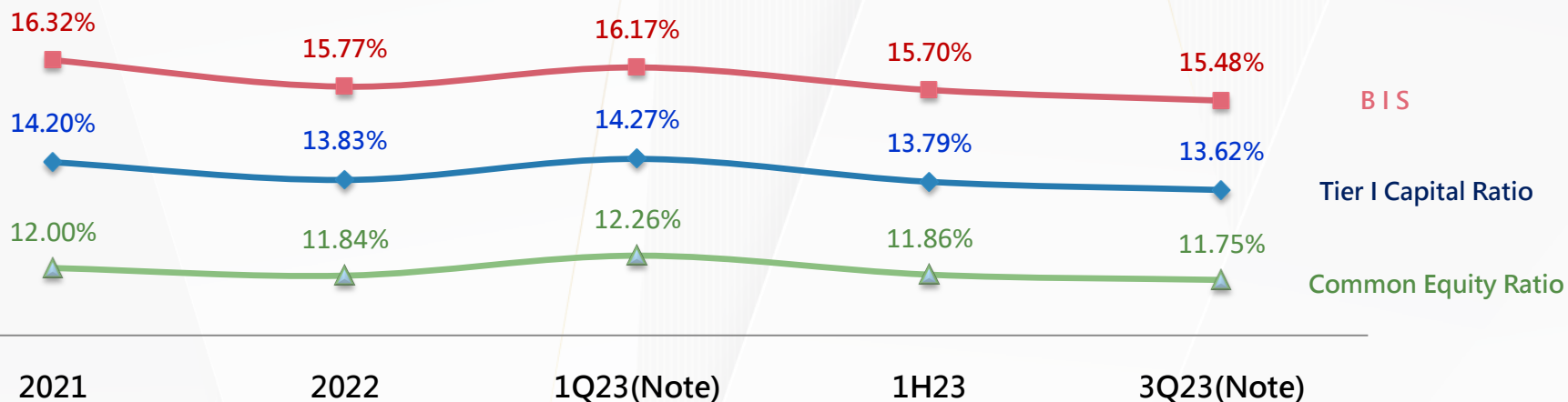
3Q22 Profit Breakdown



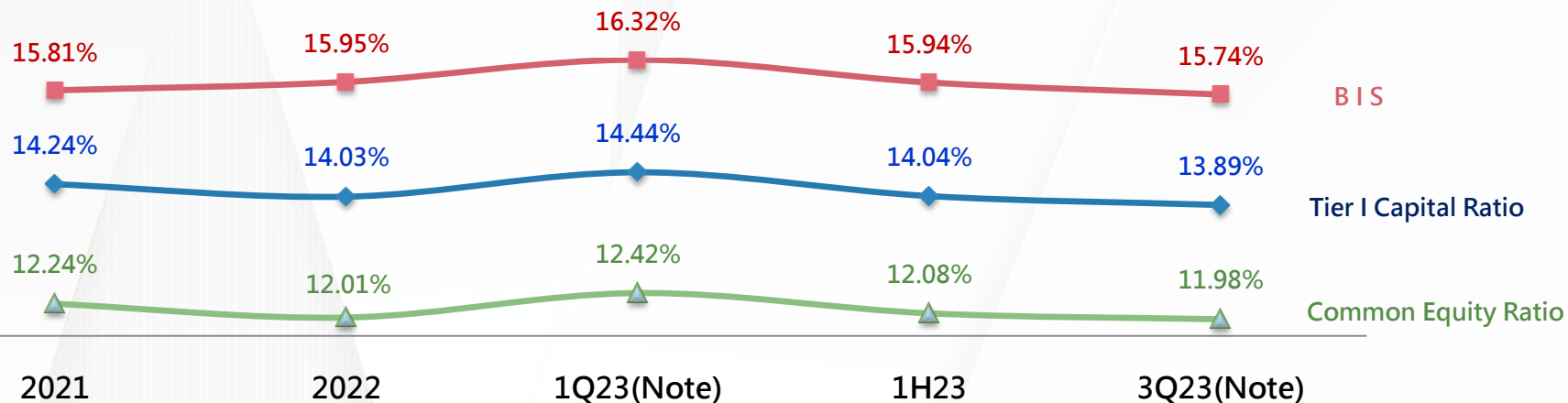
3Q23 Profit Breakdown

Capital Adequacy

Consolidated



Individual



Note : Self-assessed

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Balance Sheets (Parent Company Only)



(NT\$ Million)

	2020	2021	2022	3Q23	YTD
Assets :					
Cash and due from banks	51,588	55,821	65,306	54,033	-17.26%
Financial investment, net	195,628	201,027	188,991	214,171	13.32%
Loans, net	455,442	478,441	512,879	527,010	2.76%
A/R, net	3,546	3,176	3,245	4,062	25.18%
LT investments, net	5,440	6,064	6,043	6,555	8.47%
Properties and equipment, net	12,277	13,708	16,216	17,592	8.49%
Others	3,755	4,101	3,925	3,900	-0.64%
Total Assets	727,676	762,338	796,605	827,323	3.86%
Liabilities :					
Deposits	638,274	661,383	685,335	704,114	2.74%
Other liabilities	32,080	37,495	42,040	49,910	18.72%
Total Liabilities	670,354	698,878	727,375	754,024	3.66%
Total Equity	57,322	63,460	69,230	73,299	5.88%
Total Liabilities and Equity	727,676	762,338	796,605	827,323	3.86%

Statements of Comprehensive Income 台中銀行 |

(Parent Company Only)

(NT\$ Million)

	2020	2021	2022	1Q-3Q22	1Q-3Q23	YoY
Net Interest	7,848	8,696	10,221	7,592	8,050	6.03%
Service Fee Income, net	2,117	2,482	2,495	1,886	1,978	4.88%
Other Net Revenue	764	1,425	1,291	906	2,028	123.84%
Total Net Revenue	10,729	12,603	14,007	10,384	12,056	16.10%
Operating Expenses	(5,698)	(5,945)	(6,390)	(4,718)	(5,081)	7.69%
Pre-provision Profit	5,031	6,658	7,617	5,666	6,975	23.10%
Provision for Bad Debts	(366)	(1,204)	(1,145)	(888)	(1,237)	39.30%
Profit Before Income Tax	4,665	5,454	6,472	4,778	5,738	20.09%
Income Tax Expense	(639)	(658)	(1,128)	(833)	(832)	-0.12%
Net Profit After Income Tax	4,026	4,796	5,344	3,945	4,906	24.36%
Other Comprehensive Income [Note]	448	88	(1,414)	(1,443)	668	146.29%
Total Comprehensive Income for the Year	4,474	4,884	3,930	2,502	5,574	122.78%

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 : 2022Q3 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 Sheets (Consolidated)

(NT\$ Million)

	2020	2021	2022	3Q23	YTD
Assets :					
Cash and due from banks	52,081	56,159	66,682	54,801	-17.82%
Financial investment, net	197,275	202,664	190,639	215,439	13.01%
Loans, net	456,541	479,806	514,113	528,371	2.77%
A/R, net	13,484	14,352	14,435	21,423	48.41%
LT investments, net	163	165	172	173	0.58%
Properties and equipment, net	12,333	13,755	16,256	17,625	8.42%
Others	4,893	5,777	5,666	5,445	-3.90%
Total Assets	736,770	772,678	807,963	843,277	4.37%
Liabilities :					
Deposits	636,589	659,116	683,104	701,610	2.71%
Other liabilities	42,859	50,102	55,629	68,368	22.90%
Total Liabilities	679,448	709,218	738,733	769,978	4.23%
Total Equity	57,322	63,460	69,230	73,299	5.88%
Total Liabilities and Equity	736,770	772,678	807,963	843,277	4.37%

Statements of Comprehensive Income

(Consolidated)



台中銀行



(NT\$ Million)

	2020	2021	2022	1Q-3Q22	1Q-3Q23	YoY
Net Interest	8,279	9,278	10,775	8,015	8,528	6.40%
Service Fee Income, net	2,906	3,375	3,317	2,523	2,861	13.40%
Other Net Revenue	459	1,069	925	612	1,559	154.74%
Total Net Revenue	11,644	13,722	15,017	11,150	12,948	16.13%
Operating Expenses	(6,366)	(6,784)	(7,164)	(5,289)	(5,740)	8.53%
Pre-provision Profit	5,278	6,938	7,853	5,861	7,208	22.98%
Provision for Bad Debts	(519)	(1,369)	(1,253)	(982)	(1,319)	34.32%
Profit Before Income Tax	4,759	5,569	6,600	4,879	5,889	20.70%
Income Tax Expense	(733)	(773)	(1,256)	(934)	(983)	5.25%
Net Profit After Income Tax	4,026	4,796	5,344	3,945	4,906	24.36%
Other Comprehensive Income [Note]	448	88	(1,414)	(1,443)	668	146.29%
Total Comprehensive Income for the Year	4,474	4,884	3,930	2,502	5,574	122.78%

Note : The note is the same as P.27

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Opening of the Vietnam Office: Advancement of the ASEAN Development to provide comprehensive services to Taiwanese businessmen

- The Bank has deeply developed the Malaysian market in the past to respond to the New Southbound Policy of our government. The existing Labuan Branch did not fear the impacts of the COVID-19 pandemic, and the Penang Marketing Office in Northern Malaysia and the Kota Kinabalu Marketing Office in East Malaysia were also established one after the other. This makes the Bank the first Taiwan-funded bank with a presence in those regions to play a solid role in supporting the development of Chinese and Taiwanese businesspeople and companies in Malaysia. We have also actively extended our reach to Vietnam, establishing the Ho Chi Minh Representative Office in June 2023. With the Labuan Branch and the three Malaysian regional marketing offices, this brings the Bank to five bases of operations in the ASEAN region. This will help us grasp local financial information and potential business opportunities, as well as help us provide comprehensive financial services for Taiwanese businesspeople and companies entering the ASEAN region.
- On September 5, the Bank held a banquet to celebrate the opening of the representative office in Ho Chi Minh City. Nearly 200 guests, including Chief Supervision Officer of the central bank of Vietnam Đỗ Xuân Trung; Director General of the Taipei Economic and Cultural Office in Ho Chi Minh City Han Kuo-yao and representatives of Taiwanese enterprises and businesses, came to congratulate the opening of the office.



Opening of Toufen Branch: Extending Channels and Providing High-Quality Financial Services

□ The Toufen Branch of the Bank has officially opened on 7 September, 2023 and a ribbon-cutting ceremony for its grand launch was held on September 14, 2012. With financial fraud rampant recently, Taichung Bank especially invited the Toufen Police Precinct's Miaoli Fraud-Fighting Squad to conduct anti-fraud education the same day, helping the public access information on fraud detection any time and avoid fraud.



□ With unique arts displays inside the branch, the Toufen branch is designed to be a place full of artistic atmosphere, which not only provides customers with a full range of financial services, but also integrates art and finance in an elegant banking venue, making it a centre for cultural and artistic exchange in the Toufen region.

□ In order to properly fulfill our corporate social responsibility for friendly finance, the Bank has set up a number of disability-friendly service facilities for customers in each branch. These include accessible counters, voice-activated ATMs, Braille books for the visually impaired, and more. In addition, the Bank has also cooperated with the Deaf Association in providing video-based sign language interpretation. All this helps customers with disabilities enjoy a more comfortable and convenient service experience.

Sparing no effort to support athletics: Cooperation, Endeavor, and achieve victory together

- The Bank has long-term sponsored the national swimmer Wang Guan Min, "Taiwan Butterfly King", who won the silver medal in the 200-meter butterfly at the Chengdu World University Games in August 2023, and the silver medal in the 200-meter butterfly at the 19th Asian Games Hangzhou in September, achieving a dazzling performance. The Bank has sponsored Wang for three years in a row. By giving resource support, the Bank becomes a strong backing for athletes, helping them to focus wholeheartedly on their practice and competitions.
- In addition, the Bank has sponsored many athletic competitions for a long time: The Chinese Taipei Volleyball Association's different international volleyball meets; the Chinese Taipei Archery Association's Enterprise Archery League; the Top Speed TKOC All Star Karting Challenge Race; the Chen Chung-kuang Cultural and Educational Foundation's Chung-kuang Cup Youth Baseball Championship; the Taiwan Indigenous Baseball Development Association's Care Cup Baseball Tournament; the Taiwan's Rice Heaven Tianzhong Marathon; and more. By sponsoring diverse athletic events, we help enrich the lives of the people of Taiwan.



Giving away refurbished computers: Changing the lives of rural students and disadvantaged groups through love and technology

- Adhering to the spirit of corporate social responsibility and the concepts of environmental protection and sustainable management, the Bank donated 15 refurbished computers to the Ministry of Justice's Li Zhi High School on September 28, 2023, Teacher's Day. All the refurbished computers donated were carefully sorted, updated, and tested repeatedly, to ensure that both performance and stability were in good condition. By giving the computers new life and allowing resources to be activated and reused, we maximize their use value. Li Zhi High School will also use the donated computers to create a technical and vocational certification testing location on the campus. In addition to providing students with digital learning tools to strengthen their own skills, it also saves students the trouble of having to go to other counties or cities to take certification exams. We hope to help the students march toward a better future, and go into their ideal vocations once they complete school.
- The Bank has actively fulfilled our corporate social responsibilities in recent years by continuing to donate refurbished computers to rural schools, children and family support centers, and other organizations. We hope by doing so to achieve effective and sustainable use of resources, while assisting rural schools and disadvantaged groups, and reducing digital learning gaps between urban and rural areas. This creates a win-win for the environment, enterprise, society as a whole, and disadvantaged groups. It also creates a good example for others to follow.



Care for employees and salary adjustment: Attracting talent and retaining employees to build an outstanding team

- ❑ The Bank conducted a "Major Recruitment Programme" in June and August this year, which attracted a large number of new entrants and job changers to apply for the job. In order to provide a better salary package to encourage newcomers to join the Bank, beginning in October, the starting salary for new recruits has been increased to \$36,000, representing a 12% salary rise, besides, lunch is provided on normal working days at \$2400 per person per month, so employees need not worry about the cost for lunch.
- ❑ The Bank's business operation has achieved excellent results in recent years, attaching great importance to the salary structure, which is of utmost concern to employees. After completing a bank-wide salary adjustment in May this year, a structural salary adjustment was conducted in October, with more than 1,200 people receiving the opportunity for salary increase, coupled with an employee shareholding trust system that exceeds the industry's standards, it makes the Bank's salary level compare no less in comparison among the industry.
- ❑ In addition to regular salary optimization, the Bank also attaches great importance to each employee's long-term working experience and career development by providing diversified and comprehensive on-the-job training and clear career planning. Every year, we continue to select outstanding employees through talent echelon training, IDP and other mechanisms to provide them with exceptional promotions. Employees also get the opportunity to be assigned to overseas branches to expand their horizons.

Taichung Bank's 70th anniversary: Celebrating our 70th anniversary together with gratitude, creating the future through our collective efforts and public welfare sustainability

- Celebrating the 70th anniversary, the Bank held the "70 Years of Thanksgiving, Creating the Future" Charity Carnival at the Central Stadium of Shuinan Central Park in Taichung, combining exciting performances, cultural and creative crafts, family entertainment, creative catering, themed bazaars, concerts, and fireworks shows, etc. Also, employees and family members of Taichung Bank's subsidiaries and affiliates, VIPs, customers, and local residents were invited to merrily celebrate Taichung Bank's 70th birthday.
- With the theme of public welfare and charity, we specially invited the Eden Social Welfare Foundation in combination with the Barrier-Free Living Festival - a wheelchair performance by a disability dance troupe kicked off the event. Moreover, participants were given the opportunity to experience the life through disability experiential activities, allowing them to put themselves in a different shoes. Besides, a blood donation center was in placed to contribute to Taiwan's blood bank. This year, we have collected more than 11,000 bags of blood, making a total of more than 68,000 bags of blood over the past 6 years.



Financial knowledge advocacy: Sparing no effort to prevent fraud, deter fraud, and protect people's assets

- In face of rampant fraud syndicates with constantly new tricks, in order to protect the public's assets, we have built rigorous anti-fraud protection through two-pronged approach. To actively respond to the Financial Supervisory Commission's "National 368 Townships Anti-fraud Activity," we have been holding anti-fraud campaigns in Changhua, Yunlin and Chiayi in conjunction with local police departments to raise public awareness of fraud.



- From January to September this year, the Bank blocked 93 fraudulent transactions amounting to more than \$40 million. Timely awards have also been given to those who have been successfully deter fraud, with more than a hundred employees receiving such awards. Not only does the Bank provide the financial products and services with the utmost professionalism, we work collaboratively to protect customers' property, and we properly fulfill our responsibilities for social welfare at the same time. In addition, the Bank has recently joined the Project Eagle Eye fraud detection and prevention alliance, formed by the public sector and peers in the financial sector. Through Project Eagle Eye, we hope to draw upon support and experience from peers and strengthen identification of suspicious transactions, build a joint defensive front with peers in finance and police agencies, and provide the public with a more secure financial environment. Together, we can help stem the flood of fraud.

Won a third Quality Award in the Commercial Times' Digital Information Security Awards

□ The Bank is committed to implementing the five core concepts that the financial industry is entrusted with: Services, Products, Expertise, Customers, and Public Welfare. With our brand spirit of “We Do Our Best for You”, we also provide a full range of digital financial services and have built a common information security culture. In compliance with the competent authority’s information security action plan, we have created a robust information security system. For this, we won the honor of a third Quality Award in the Commercial Times’ Digital Information Security Awards.



□ The Bank has planned out our information security blueprint in accordance with the CSF framework of the National Institute of Standards and Technology (NIST). As part of this, we have implemented a defense-in-depth information service architecture, covering the aspects of personnel, data, software, and networks. We continue to correct and improve vulnerabilities and risks, using the PDCA quality management cycle and regular information security testing, data preservation mechanisms, offensive and defensive drills, etc. We also joined organizations such as the Financial Information Sharing and Analysis Center (F-ISAC), the Taiwan Computer Emergency Response Team and Coordination Center (TWCERT), and the Computer Security Incident Response Team (CSIRT). Through our membership in these organizations, we share intelligence, jointly defend information security, give support for drills, conduct information security education and training, and cooperate in other ways to effectively enhance the in-depth protection capacity of information security.

Thanks for your
listening!



台中銀行

TAICHUNG BANK

用心 關懷 璀璨 其中

