

Stock No : 2812

Taichung Commercial Bank

2018 Investor Conference

2019.3.15

 台中銀行 夢想的重量 陪你一起扛



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2018 Achievements

Exploit our market abroad, The branch of Labuan officially



In order to open new southbound market , we invited Director-general of Labuan FSA Danial Mah Abdullah who hosted the opening ceremony of Labuan Branch on October 22 2018. The next day, we held the grand opening of Kuala Lumpur Marketing Office.



After establishing our first overseas branch in Malaysia, our horizons were certainly broadened. We provide financial services to compatriot business, not only to meet our customer's needs but also to increase overseas income.

 **台中銀行** 夢想的重量 陪你一起扛



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Financial Review



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Appendix

2018 Financial Highlight

Profitability

Net Profit after tax 40 billions , 10.32% growth over the same period last year ◦
EPS 1.18, 7.27% growth over the same period last year ◦

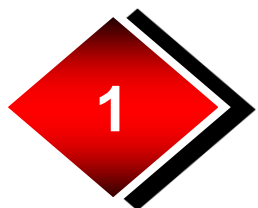
Asset quality

NPL rate 0.45% 、 Allowance for bad debt coverage rate 317.95% ◦

Capital adequacy

Consolidated : Capital Ratio 13.01% 、 Tier I Capital Ratio 11.79% ◦
Individual : Capital Ratio 12.35% 、 Tier I Capital Ratio 11.65% ◦

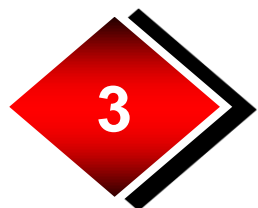
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Financial Highlights



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Appendix

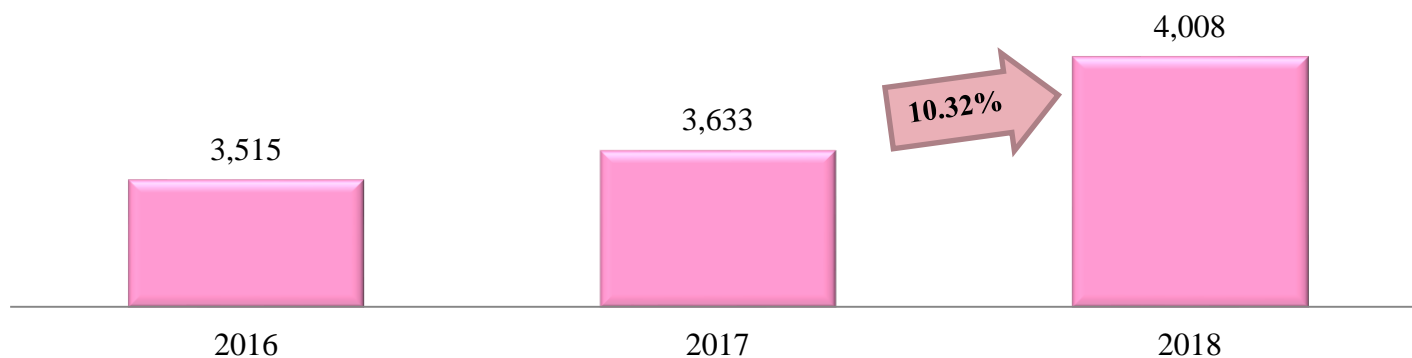


Financial Review (NT\$ Million)

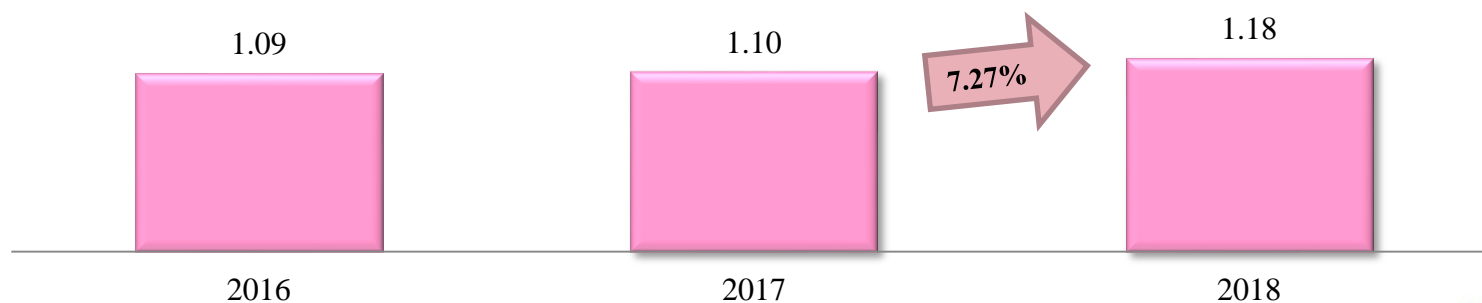
	2016	2017	2018	YoY
Common stock capital	32,381	32,932	35,255	7.05%
Total Equity	41,382	43,402	47,824	10.19%
Total Asset	622,549	656,490	684,159	4.21%
PPOP	4,773	5,217	5,049	-3.22%
Net income after tax	3,515	3,633	4,008	10.32%
EPS(dollar)	1.09	1.10	1.18	7.27%
Net asset value of each share	12.78	13.18	13.57	2.96%
ROA	0.59%	0.57%	0.60%	0.03%
ROE	8.64%	8.57%	8.79%	0.22%
Total Deposit	541,243	567,256	589,243	3.88%
Total Loans	430,072	435,953	458,216	5.11%
LDR	79.61%	77.04%	77.92%	0.88%
NPL	0.58%	0.42%	0.45%	0.03%
NPL Coverage Ratio	248.94%	343.87%	317.95%	-25.92%
Loan Coverage Ratio	1.45%	1.46%	1.43%	-0.03%
Capital Ratio	10.25%	12.01%	12.35%	0.34%
Tier I Capital Ratio	9.09%	10.98%	11.65%	0.67%
Leverage Ratio	6.25%	7.13%	7.80%	0.67%

Profitability (NT\$ Million, NT\$,%)

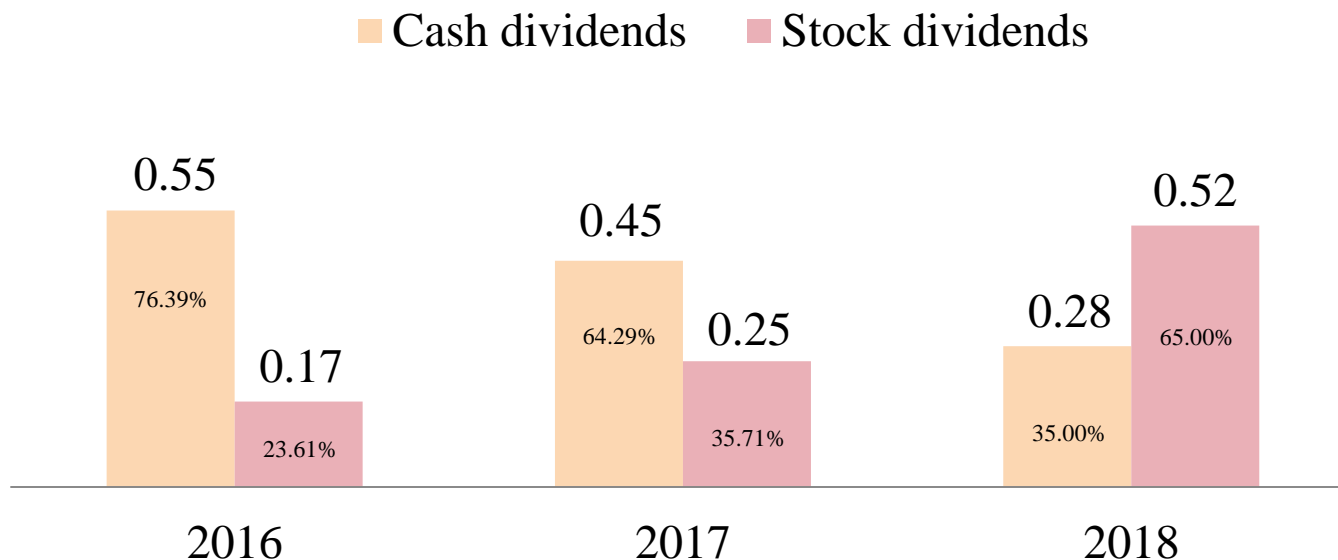
Net Profit



EPS(After tax)



Proposal for the distribution of earnings (NTD)

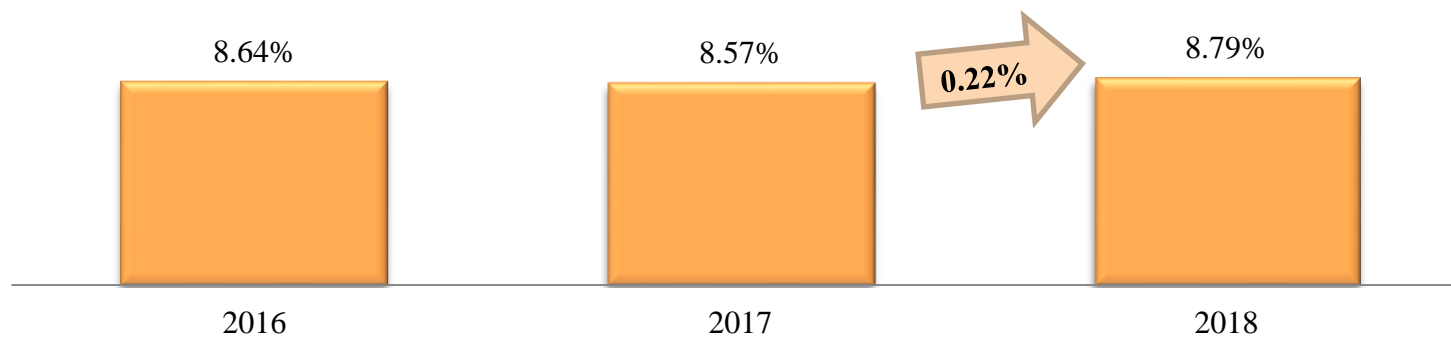


	2016	2017	2018
Dividend Per Share	0.72	0.70	0.80
Cash dividends	0.55	0.45	0.28
Stock dividends	0.17	0.25	0.52

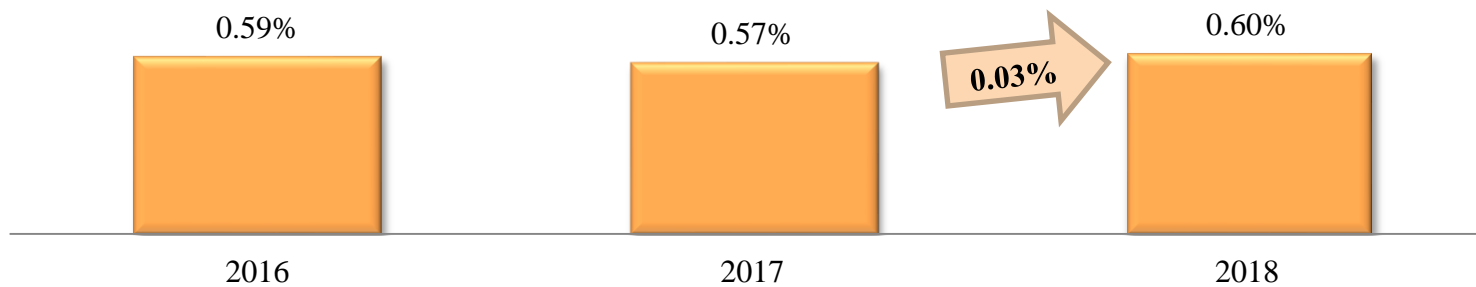
Note : The proposal for the distribution of earnings in 2018 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 28, 2019.

Profitability (NT\$ Million, NT\$,%)

ROE(After tax)



ROA(After tax)



Change in Net Profit (NT\$ Million)

2017

2018

2017

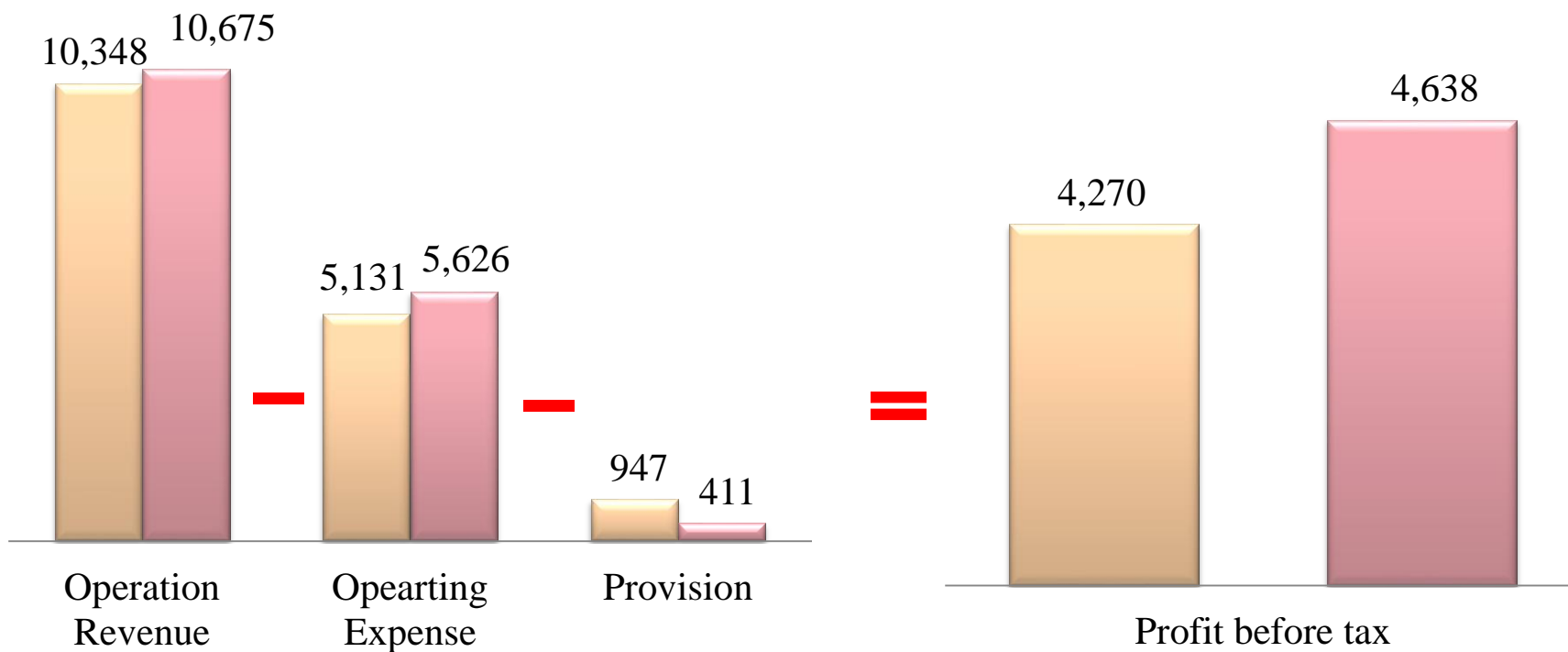
2018

YoY 3.16%

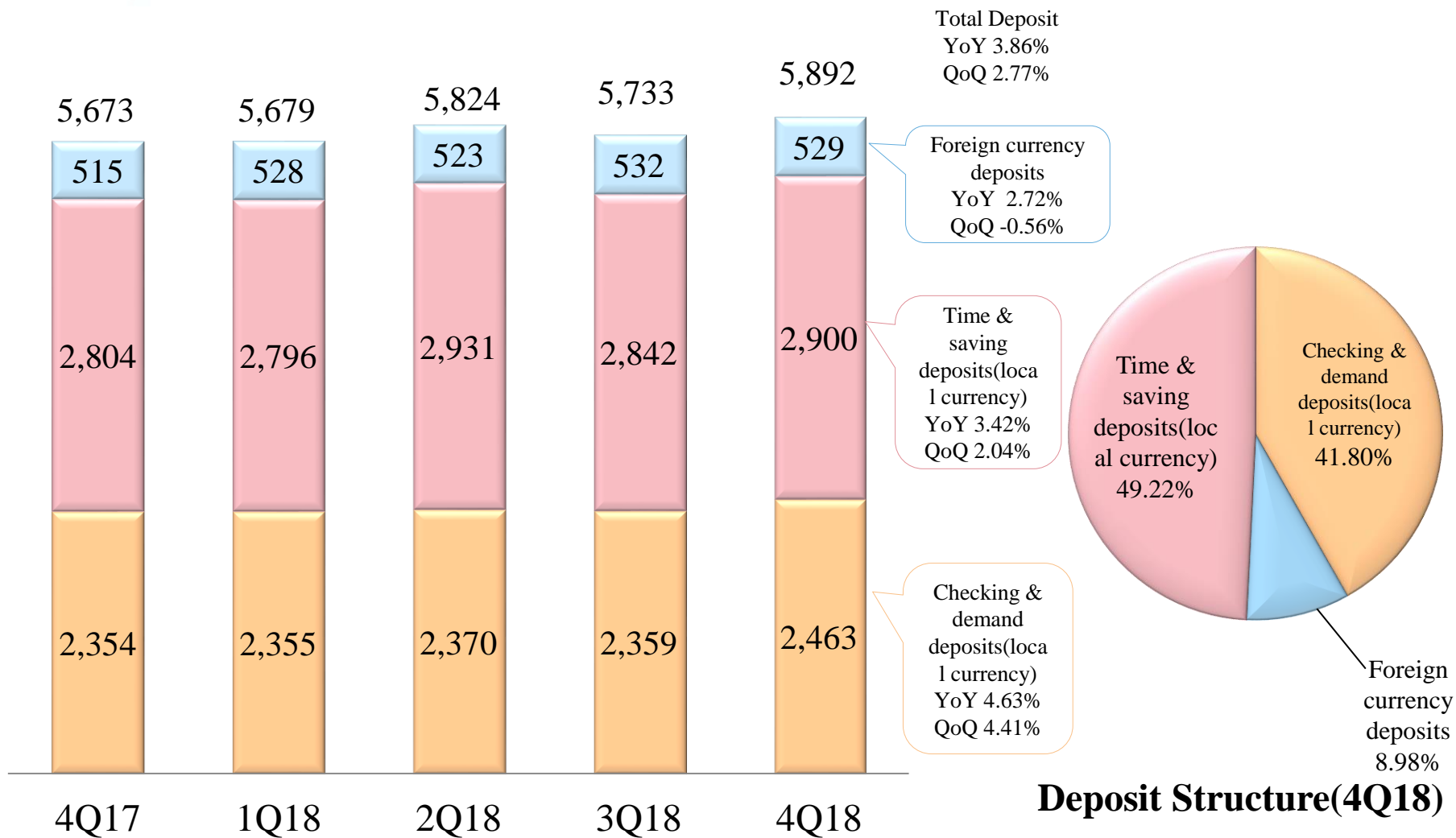
YoY 9.65%

YoY -56.60%

YoY 8.62%

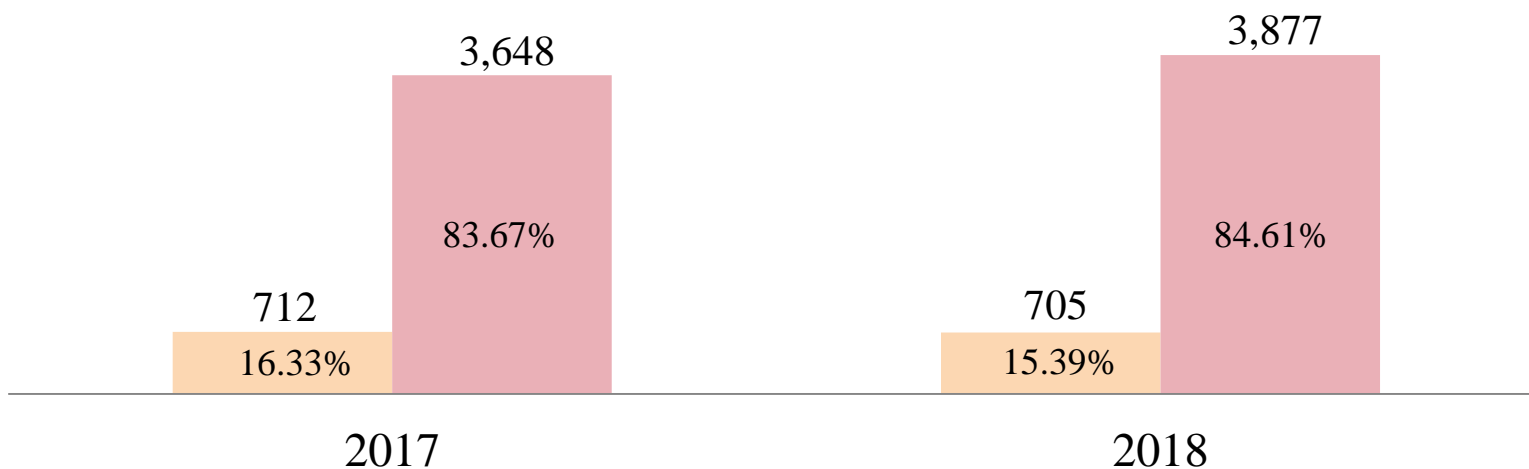


Deposit breakdown (NT\$ Hundred Million,%)



Loan breakdown (NT\$ Hundred Million, %)

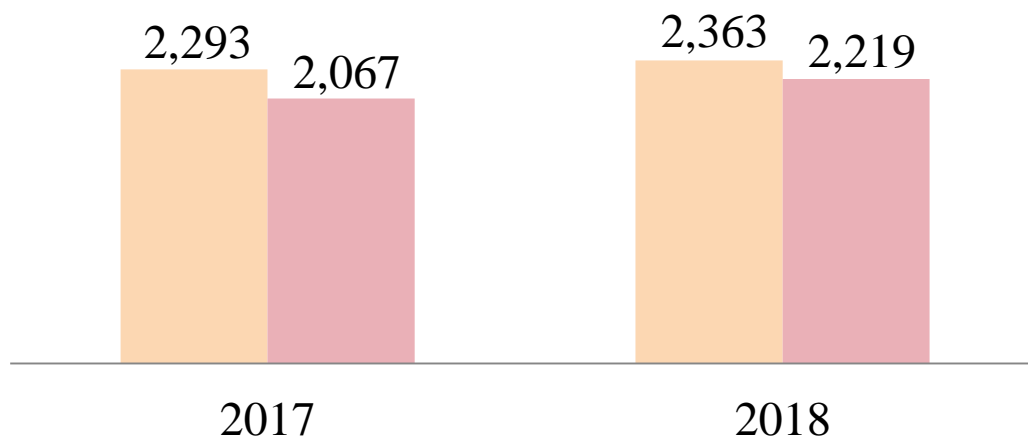
■ Non-secured ■ Secured



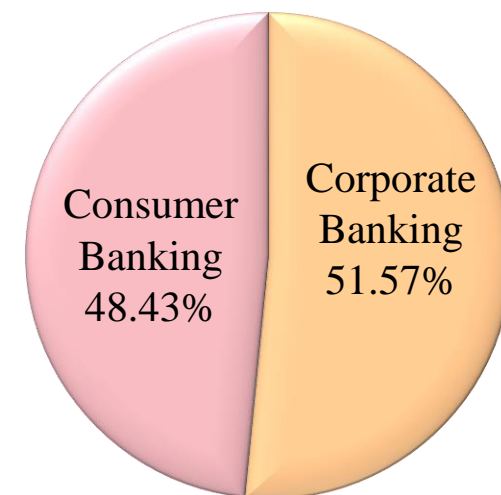
	2017	2018	YoY
By collateral			
Non-secured	712	705	-0.98%
Secured	3,648	3,877	6.28%
Secured by property	3,321	3,536	6.47%
Secured by Letter of Guarantee	170	164	-3.53%
Others	157	177	12.74%
Total	4,360	4,582	5.09%

Loan Structure (NT\$ Hundred Million, %)

■ Corporate Banking ■ Consumer Banking



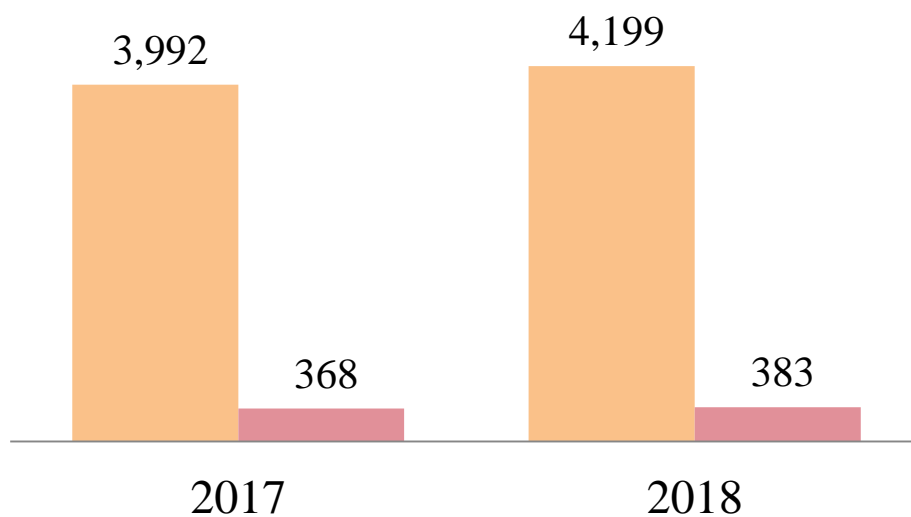
Loan Structure (2018)



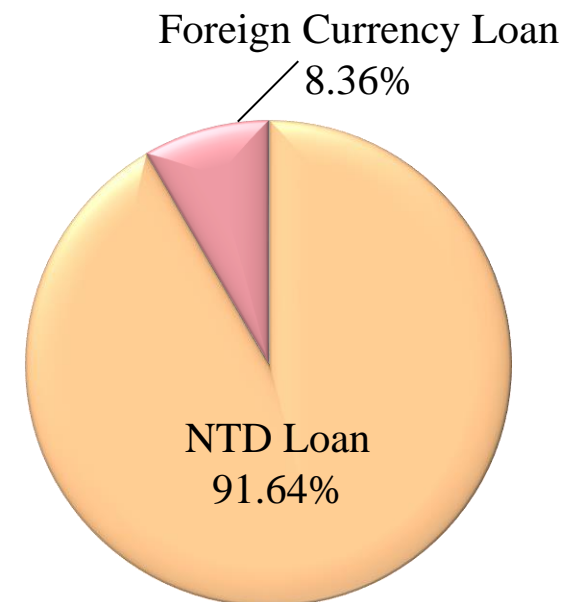
	2017	2018	YoY
Corporate Banking	2,293	2,363	3.05%
Consumer Banking	2,067	2,219	7.35%
Total	4,360	4,582	5.09%

Loan Structure By Currency (NT\$ Hundred Million, %)

■ NTD Loan ■ Foreign Currency Loan

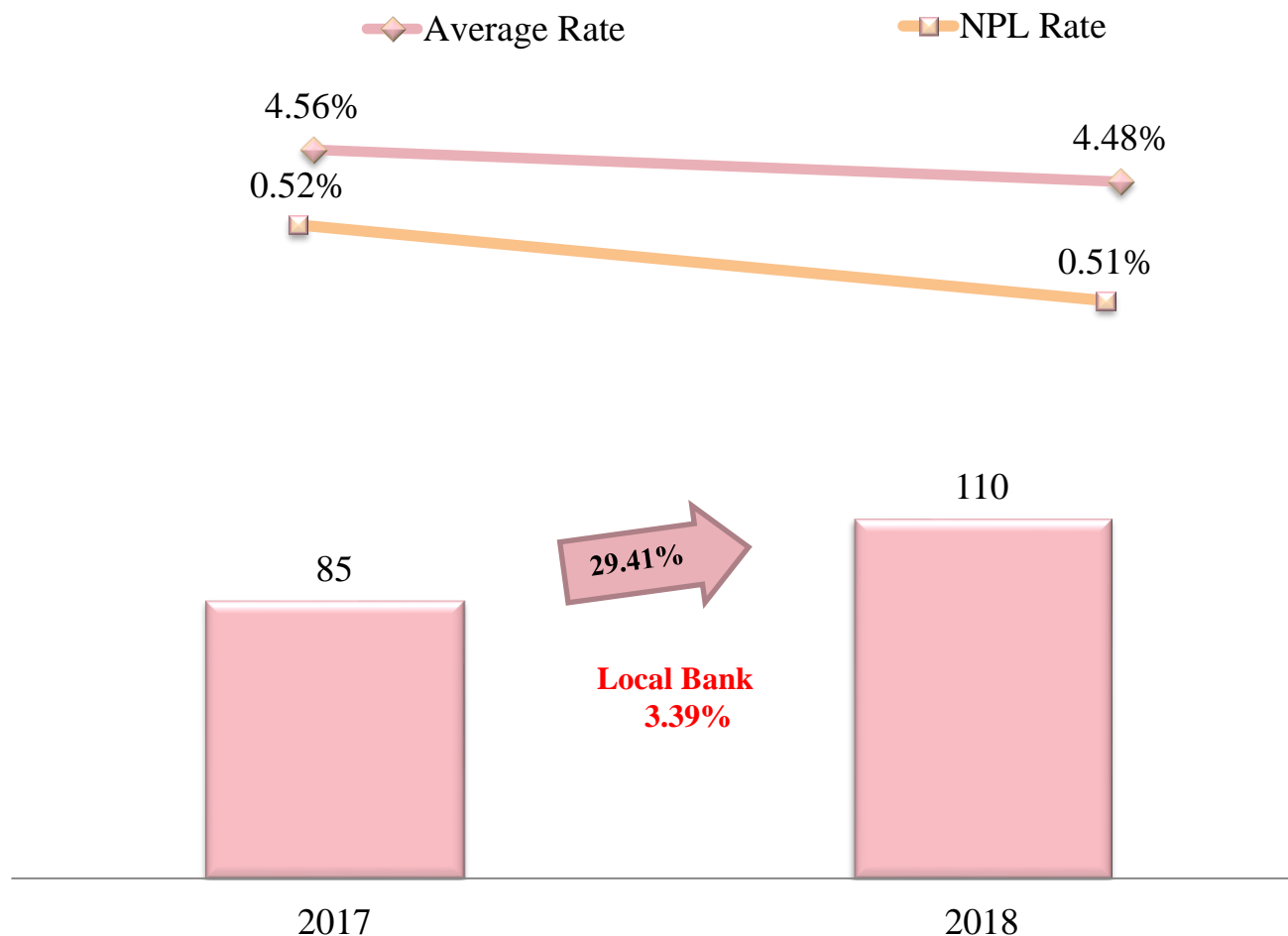


Loan by Currency 2018



	2017	2018	YoY
NTD Loan	3,992	4,199	5.19%
Foreign Currency Loan	368	383	4.08%
Total	4,360	4,582	5.09%

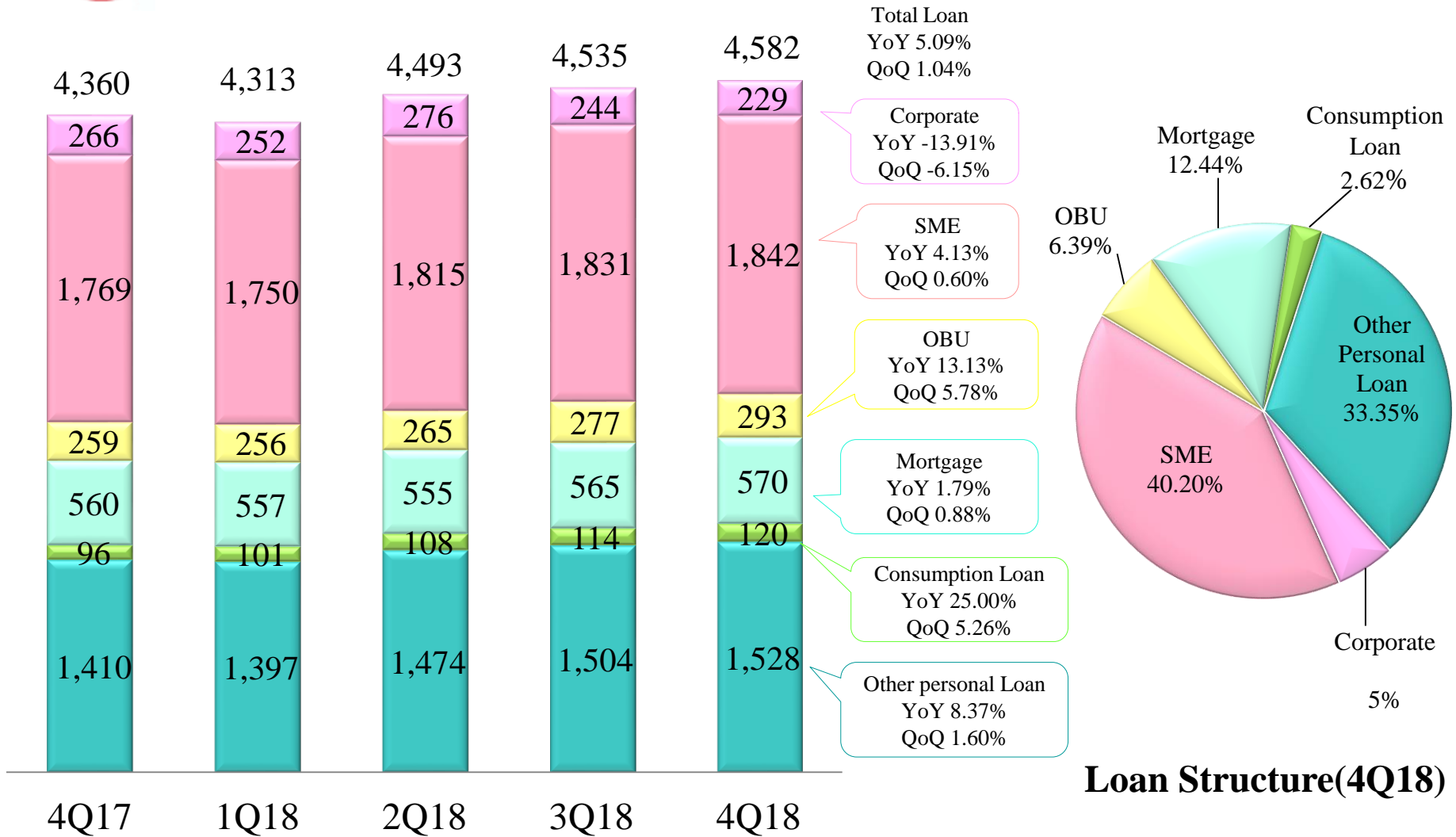
Consumer Banking-Consumption loans (NT\$ Hundred Million)



Note : Customption loans are not contain residential mortgage loans 、 loan of cash card 、 credit card and debit card.



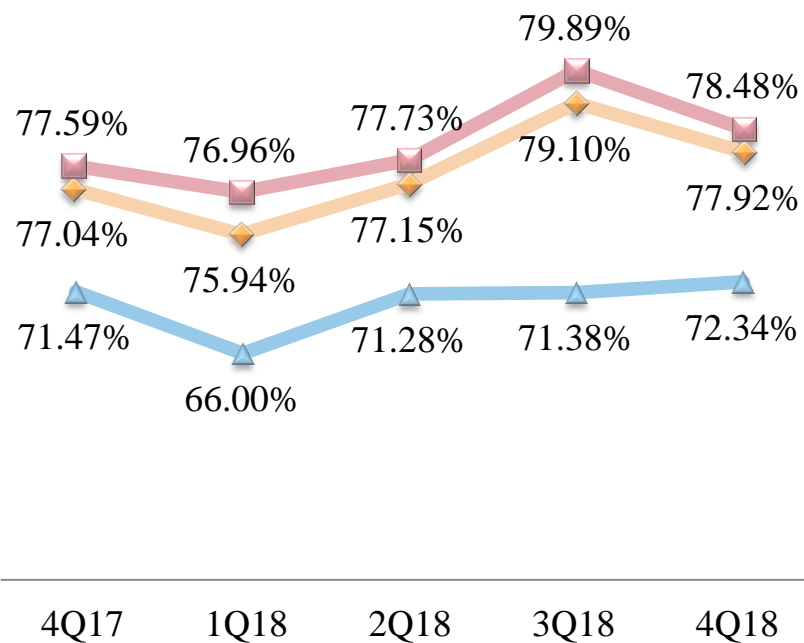
Loan breakdown (NT\$ Hundred Million, %)



LDR and Spreads

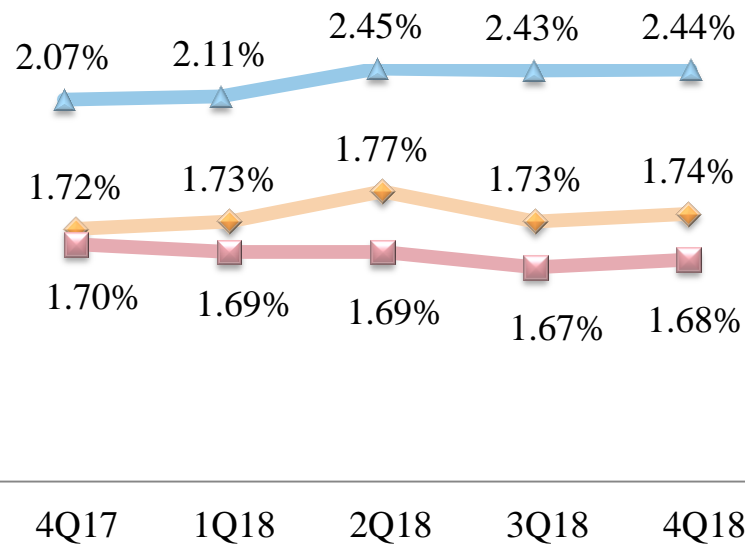
LDR

Overall LDR NTD LDR FCY LDR



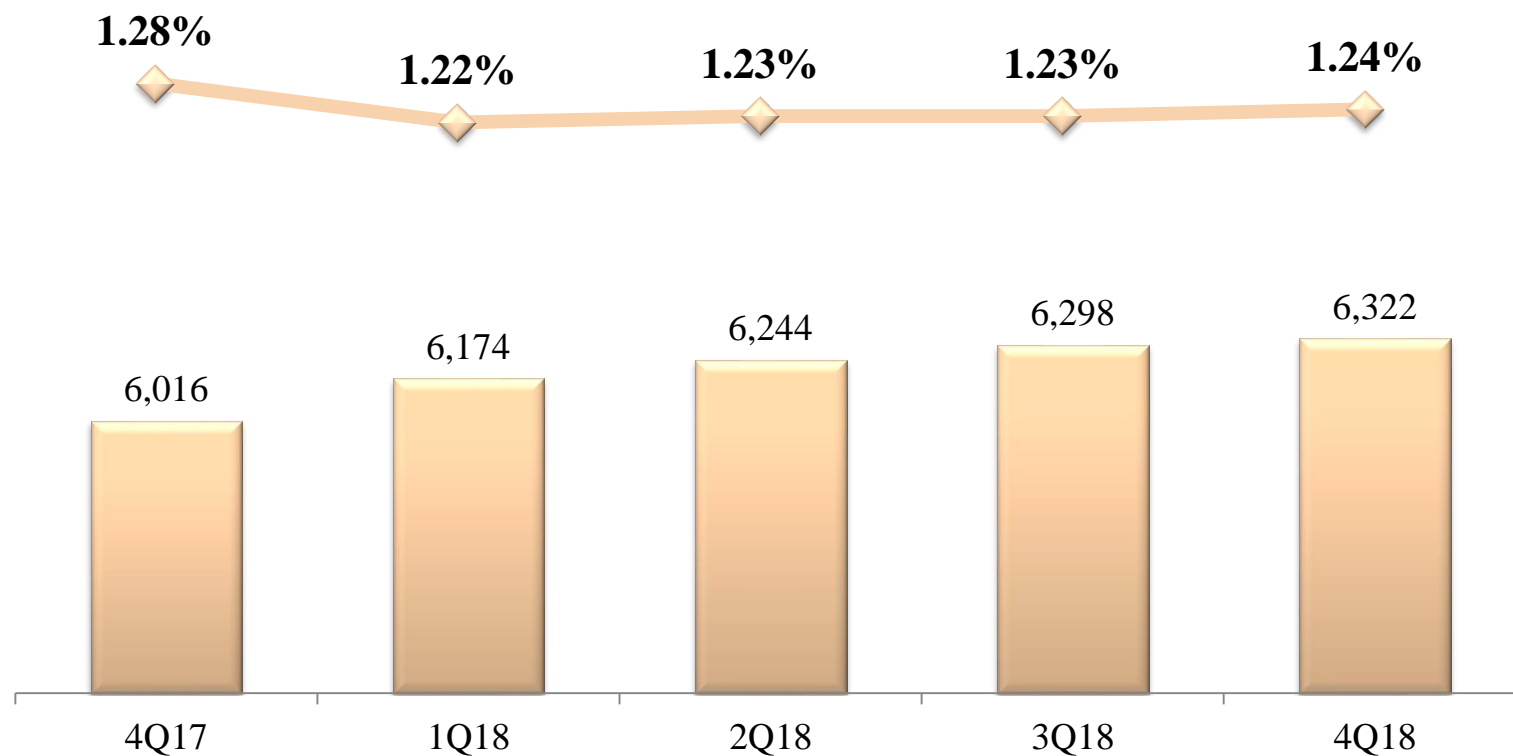
Spreads

Overall spread NTD spread FCY spread



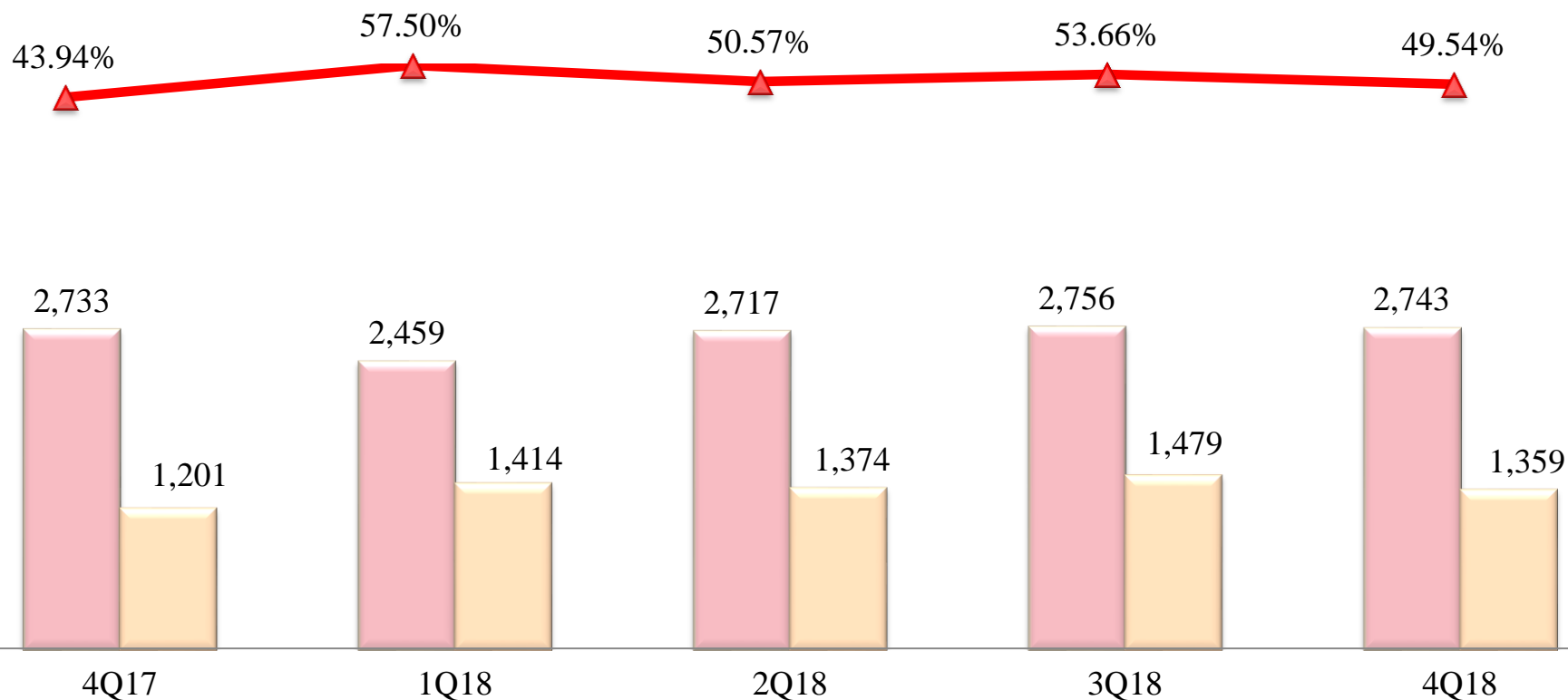
TCB Bank's NIM (NT\$ Hundred million, %)

NIM and interest earning assets



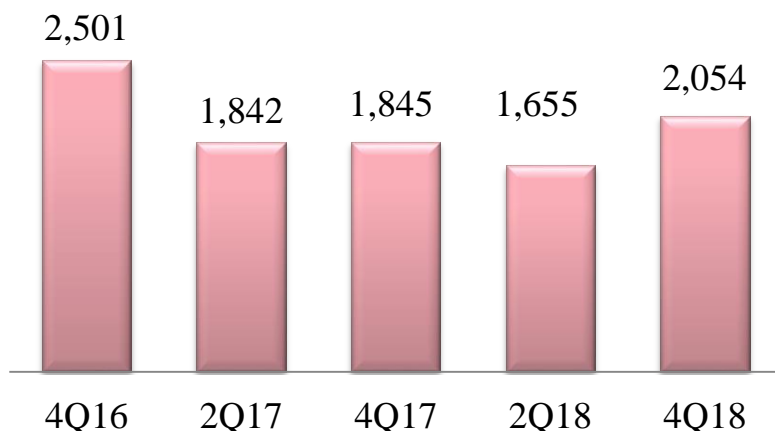
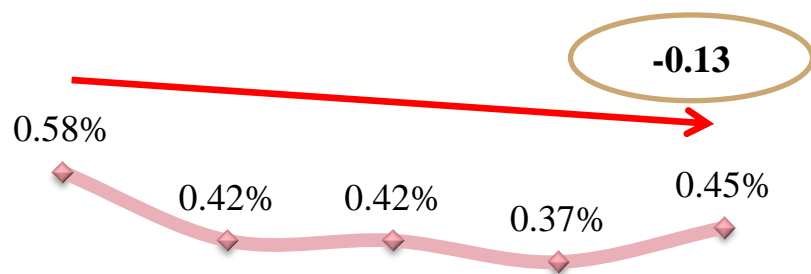
Operating Expenses to Net Income (NT\$ million)

■ Net Income ■ Operating Expenses ▲ Cost-Benefit Ratio

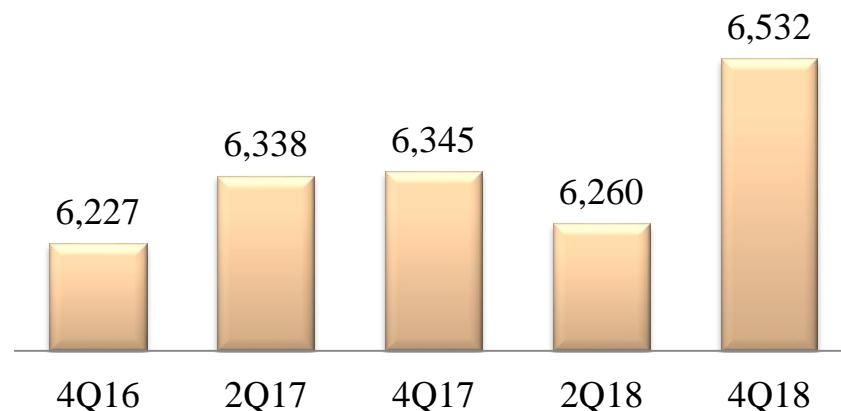
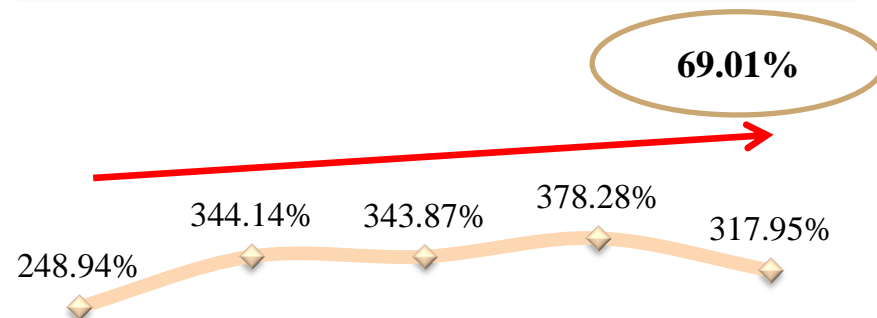


Asset quality (NT\$ Million, %)

NPLs/Total Loans & NPLs



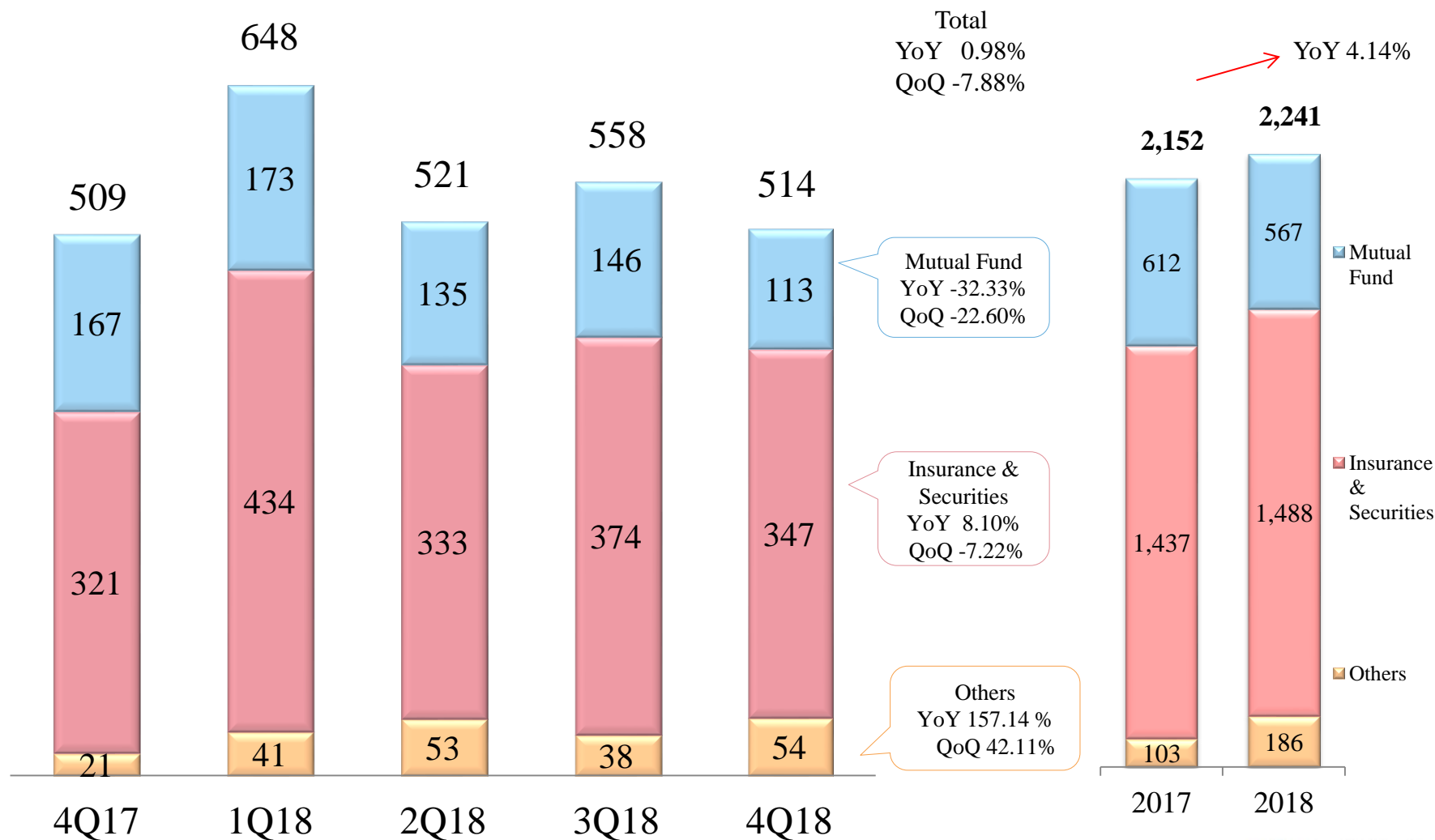
Reserve/NPLs & Loan Reserve



Fee Income Breakdown (NT\$ Million, %)

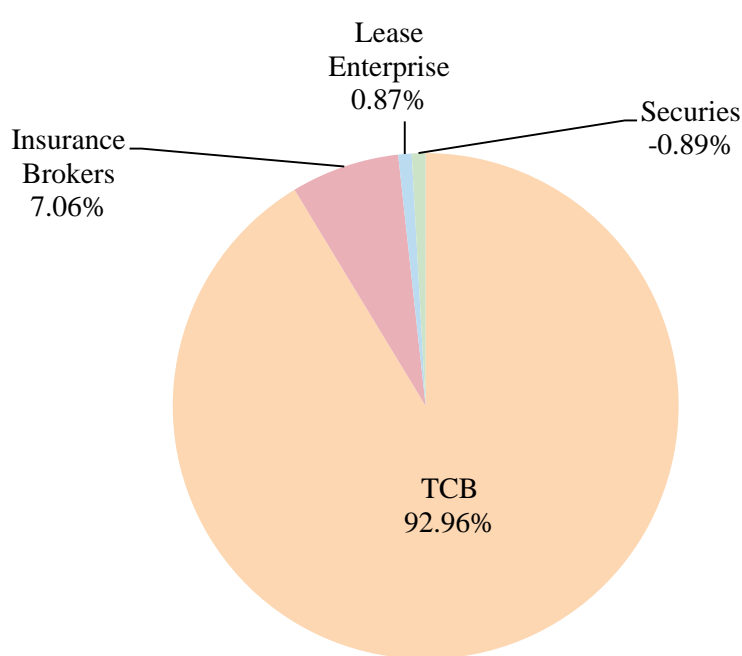


Wealth Management fee income(NT\$ Million)

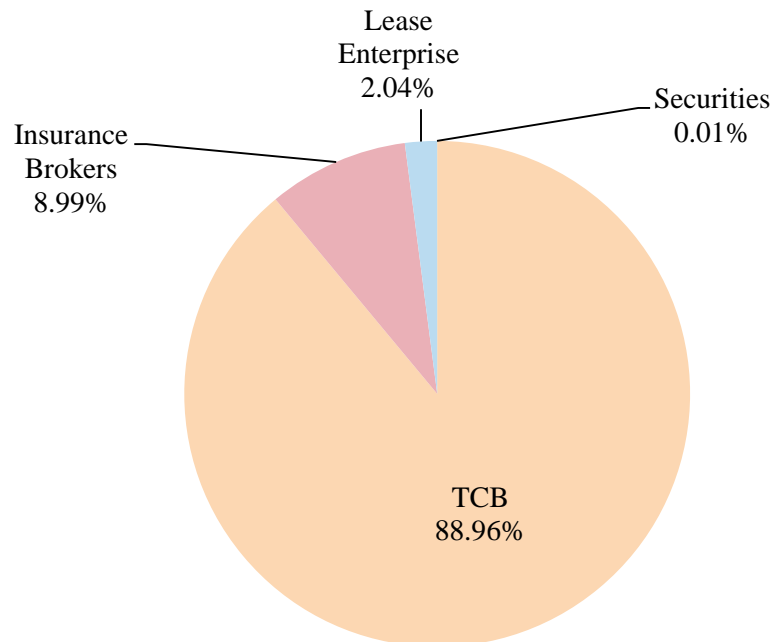


Profit of Subsidiary to TCB (NT\$ Million)

Net Profit after tax	Taichung Commercial Bank Co.	Taichung Bank Insurance Brokers Co., Ltd.	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Securities Co., Ltd.	Total
2017	3,378	256	32	(33)	3,633
2018	3,565.8	360	82	0.2	4,008

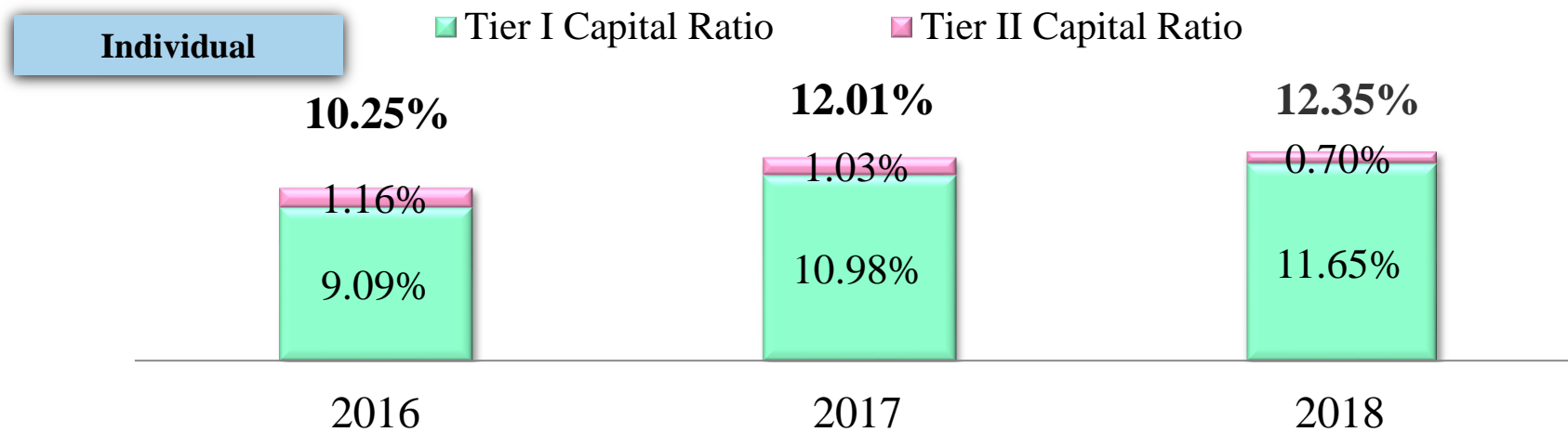
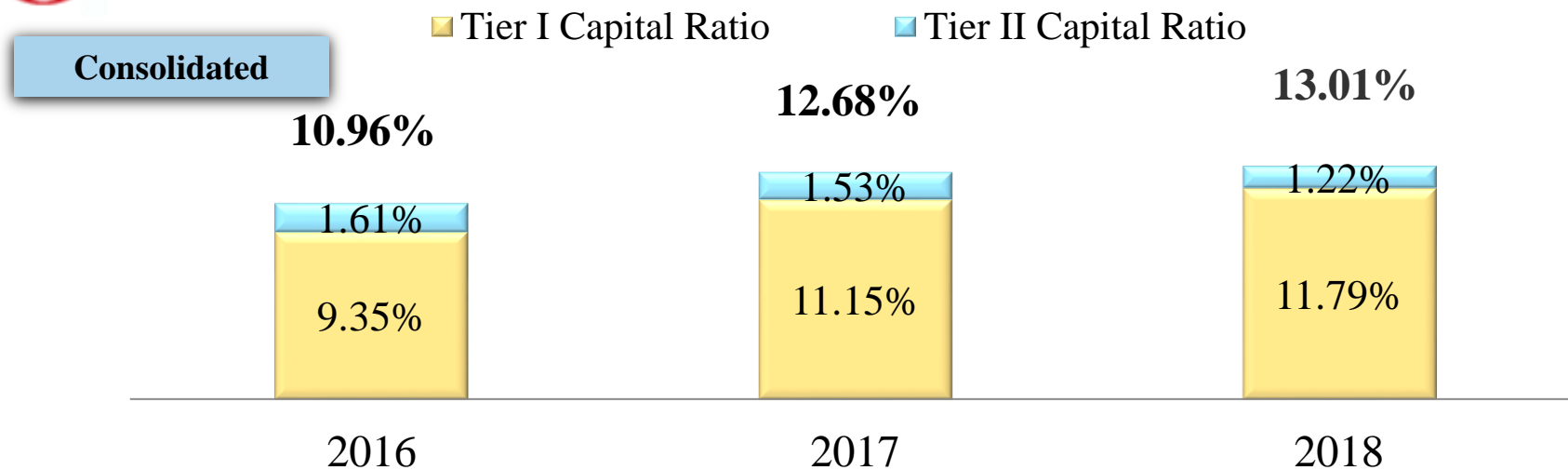


2017 Profit Breakdown



2018 Profit Breakdown

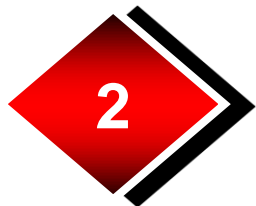
Capital adequacy (%)



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Balance Sheet (Individual)

NT\$ Million	2016	2017	2018	YoY
Assets :				
Cash and due from banks	99,539	44,066	46,740	6.07%
Financial investment, net	77,450	158,984	163,891	3.09%
Loans, net	423,901	429,656	451,729	5.14%
A/R, net	4,075	6,329	5,028	-20.56%
LT investments, net	4,498	4,735	5,225	10.35%
Land, premises and equipment, net	9,372	9,296	9,368	0.77%
Others	3,714	3,424	2,178	-36.39%
Total assets	622,549	656,490	684,159	4.21%
Liabilities :				
Deposits	541,243	567,256	589,243	3.88%
Other Liabilities	39,924	45,832	47,092	2.75%
Total Liabilities	581,167	613,088	636,335	3.79%
Total stockholders' equity	41,382	43,402	47,824	10.19%
Total liabilities and stockholders' equity	622,549	656,490	684,159	4.21%

P&L (Individual)

NT\$: Million	2016	2017	2018	YoY
Net interest income	7,499	7,823	7,991	2.15%
Net fee income	1,294	1,554	1,793	15.38%
Others	985	971	891	-8.24%
Total Operating Income	9,778	10,348	10,675	3.16%
Operating expenses	(5,005)	(5,131)	(5,626)	9.65%
Pre-provision Profit	4,773	5,217	5,049	-3.22%
Credit Loss Provisions, net	(690)	(947)	(411)	-56.60%
Profit Before Income Tax	4,083	4,270	4,638	8.62%
Tax Fee	(568)	(637)	(630)	-1.10%
Net Profit After Income Tax	3,515	3,633	4,008	10.32%
Other Profits	(487)	168	34	-79.76%
Current period other comprehensive income	3,028	3,801	4,042	6.34%

Balance Sheet (Consolidated)

NT\$ Million	2016	2017	2018	YoY
Assets :				
Cash and due from banks	100,323	45,123	47,644	5.59%
Financial investment, net	77,742	159,651	165,027	3.37%
Loans, net	425,166	430,858	452,595	5.05%
A/R, net	9,802	13,658	12,781	-6.42%
LT investments, net	131	128	153	19.53%
Land, premises and equipment, net	9,437	9,388	9,447	0.63%
Others	4,502	4,218	3,185	-24.49%
Total assets	627,103	663,024	690,832	4.19%
Liabilities :				
Deposits	539,809	566,095	587,968	3.86%
Other Liabilities	45,912	53,527	55,040	2.83%
Total Liabilities	585,721	619,622	643,008	3.77%
Total stockholders' equity	41,382	43,402	47,824	10.19%
Total liabilities and stockholders' equity	627,103	663,024	690,832	4.19%

P&L(Consolidated)

NT\$: Million	2016	2017	2018	YoY
Net interest income	7,787	8,186	8,434	3.03%
Net fee income	2,272	2,449	2,846	16.21%
Others	734	760	409	-46.18%
Total Operating Income	10,793	11,395	11,689	2.58%
Operating expenses	(5,848)	(5,915)	(6,457)	9.16%
Pre-provision Profit	4,945	5,480	5,232	-4.53%
Credit Loss Provisions, net	(801)	(1,125)	(472)	-58.04%
Profit Before Income Tax	4,144	4,355	4,760	9.30%
Tax Fee	(629)	(722)	(752)	4.16%
Net Profit After Income Tax	3,515	3,633	4,008	10.32%
Other Profits	(487)	168	34	-79.76%
Current period other comprehensive income	3,028	3,801	4,042	6.34%

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2018 Achievements

- Long-term credit rating 2018 A-(tw) and the outlook is stable.
- Establishing the branches which located in Xindian Dist ,New Taipei city and Zuoying Dist Kaoshiung city.
- Quality improvement for operation and credit risk reduction by centralization of loan disbursement.
- Connected to sales channel with completed the establishment of the “North Taiwan Consumer Banking Center” “South Taiwan Consumer Banking Center” and “Central Taiwan Consumer Banking Center”.
- Cooperated with the mobile payment platform(JKO PAY ACCOUNT LINK SERVICE)
- Setting “Customer Complaint Group ” to receive the complaint for implementation of “the principle of treating clients fairly” and emphasizing on protection of financial consumers.





2018 Operating result

- Participate in cooperation with a consortium of FISC (Financial Information Service Co.) to introduce “electronic bank confirmation” with block-chain.
- Winner of the joint credit information center “Golden Security Award” for four consecutive years and “Golden Inquiry award Award” Shows recognition for our excellent work in credit information security control.
- Winner of the overseas credit guarantee fund(TAIWAN) “2018The the Excellence Award Of Financing Amount Growth to New Southbound Policy target countries”
- Winner of the 2018 wealth management award “Best Digital Wealth Management ” and “Best Video Marketing ” of Wealth Magazine.
- Winner of the 2018 outstanding banks survey “Best service Prize” .
- Winner of the 2019 Taipei Golden Eagle Micro-Movie Festival “Most Popular Presence Award ”and “Filming Creativity Outstanding Award ” for promoting the idea and activities of corporate social responsibility (CSR),we filmed micro-movie to advocate the 2018 blood donation activity that we organized.



2019 Business Strategy

- **Strengthen risk management. Compliance with the law.**
- **Leverage advantages. Expanding business.**
- **Improving the quality of personnel. Encouraging innovation.**
- **Digital financial environment. Sophisticated serving.**



Thank You for listening.

