

Taichung Commercial Bank

2017 Investor Conference

2018.4.30



Agenda :

- **Financial Highlights**
- **Achievements & Business Strategy**

Financial Highlights



Disclaimer

- **Financial numbers in this report may include preliminary unaudited numbers or management accounts.**
- **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 of financial instruments or any advice or recommendation respect to such securities or other financial instruments.**



Balance sheet (Consolidated)



NT\$ million		Yearly Results			YoY (2017 V.S. 2016)
		2015	2016	2017	
Assets :					
	Cash and due from banks	96,325	100,323	45,123	-55.02%
	Financial investment, net	68,017	77,742	159,651	105.36%
	Loans, net	391,084	425,166	430,858	1.34%
	A/R, net	6,653	9,802	13,658	39.34%
	LT investments, net	137	131	128	-2.29%
	Land, premises and equipments, net	9,272	9,437	9,388	-0.52%
	Others	4,143	4,502	4,218	-6.31%
Total assets		575,631	627,103	663,024	5.73%
Liabilities:					
	Deposits	504,864	539,809	566,095	4.87%
	Other liabilities	30,821	45,912	53,527	16.59%
Total liabilities		535,685	585,721	619,622	5.79%
Total stockholders' equity		39,946	41,382	43,402	4.88%
Total liabilities and stockholders' equity		575,631	627,103	663,024	5.73%



P&L (Consolidated)

NT\$ million	Yearly Results			YoY (2017 V.S. 2016)
	2015	2016	2017	
Operating income				
Net interest income	7,475	7,787	8,186	5.1%
Net fee income	2,043	2,272	2,449	7.8%
LT investment income	(4)	(6)	(3)	50.0%
Net trading income/(loss)	309	663	491	-25.9%
Asset impairment loss or reversal profit	39	106	(51)	-148.1%
Others	241	(29)	323	1213.8%
Total operating income	10,103	10,793	11,395	5.6%
Non interest expenses				
Operating expenses	(5,222)	(5,848)	(5,915)	1.1%
Pre-provision Profit	4,881	4,945	5,480	10.8%
Credit Loss Provisions, net	(744)	(801)	(1,125)	40.4%
Profit Before Income Tax	4,137	4,144	4,355	5.1%
Net Profit After Income Tax	3,477	3,515	3,633	3.4%



Summary ratios

		Yearly Results			YoY (2017 V.S. 2016)
		2015	2016	2017	
Per Share Data					
	EPS (after-tax) (NT\$)	1.14	1.09	1.1	0.92%
	DPS (NT\$)	0.67	0.72	【note】 0.70	-2.78%
	BVPS (NT\$)	12.55	12.78	13.18	3.13%
	Common shares outstanding(million share)	3,047	3,238	3,293	1.70%
Profitability					
	ROA (after-tax)(%)	0.63%	0.59%	0.57%	-0.02%
	ROE (after-tax)(%)	9.19%	8.64%	8.57%	-0.07%
Capital Adequacy(Individual)					
	Capital adequacy ratio(%)	11.15%	10.25%	12.01%	1.76%
	Tier 1 ratio(%)	9.49%	9.09%	10.98%	1.89%
	Common equity Tier 1 ratio(%)	9.39%	8.68%	9.25%	0.57%

【note】 Not recognized by meeting of shareholders.

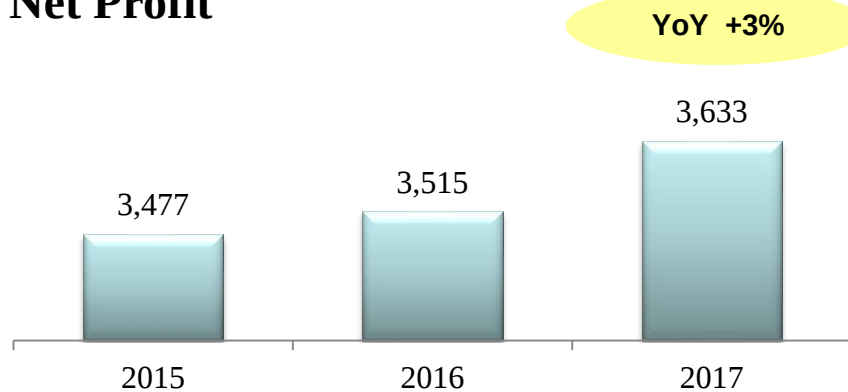


Summary ratios (continued)

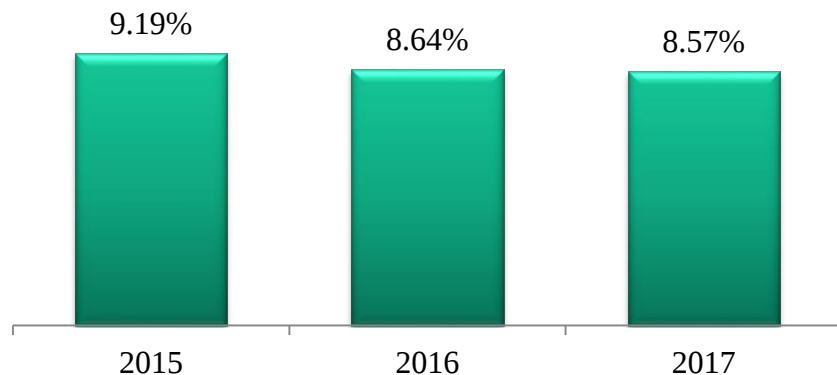
		Yearly Results			YoY
		2015	2016	2017	(2017 V.S. 2016)
Bank Growth Ratios					
	NII Growth	4.37%	4.18%	5.12%	0.94%
	Fee growth	-1.62%	11.18%	7.77%	-3.41%
	Net profit growth	-6.99%	1.09%	3.35%	2.26%
Bank Performance Ratios					
	Loan growth	1.91%	8.58%	1.35%	-7.23%
	Deposit growth	10.72%	6.92%	4.87%	-2.05%
	Loan-to-Deposit Ratio	78.69%	79.91%	77.22%	-2.69%
	NIM	1.32%	1.27%	1.28%	0.01%
	NII/Operation income	73.99%	72.16%	71.84%	-0.32%
	Fee/Operating income	20.23%	21.05%	21.49%	0.44%
	Cost-to-income ratio	51.69%	54.18%	51.91%	-2.27%
Asset Quality Ratios					
	NPLs/Total Loans	0.33%	0.58%	0.42%	-0.16%
	Reserve / Total Loans	1.58%	1.45%	1.46%	0.01%
	Reserve / NPLs	475.41%	248.94%	343.87%	94.93%

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

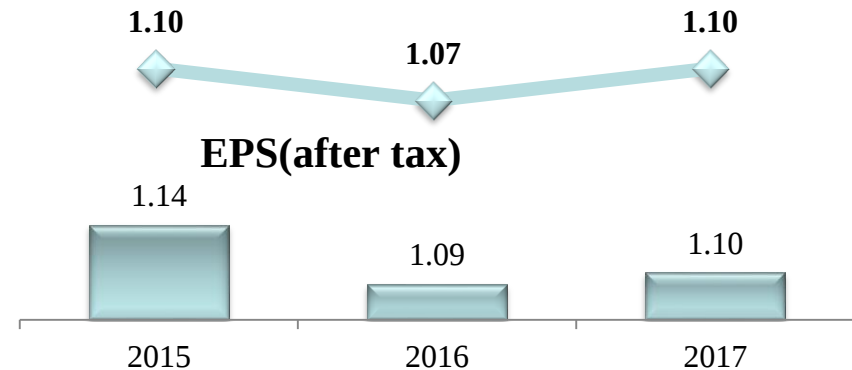
Net Profit



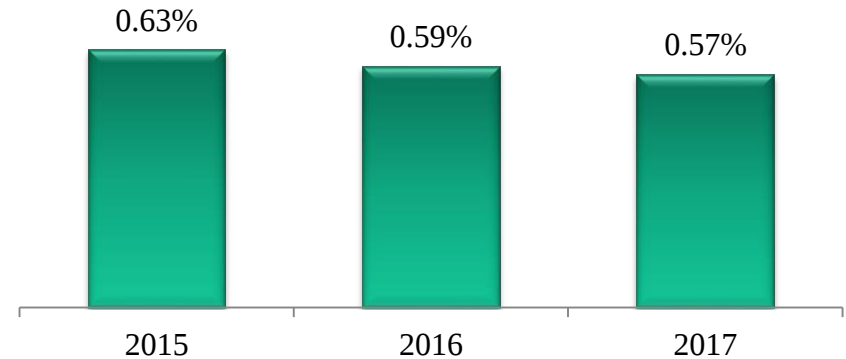
ROE(after tax)



Retroactively adjusted EPS



ROA(after tax)

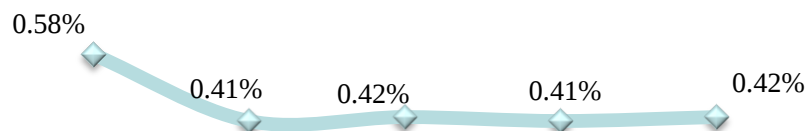




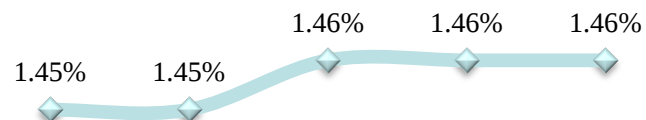
Asset quality (NT\$ Million, %)



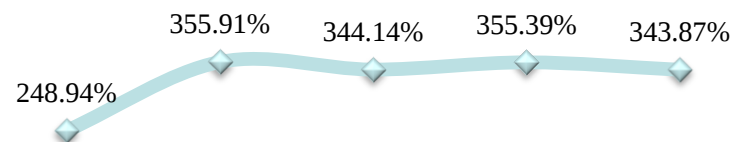
NPLs/Total Loans



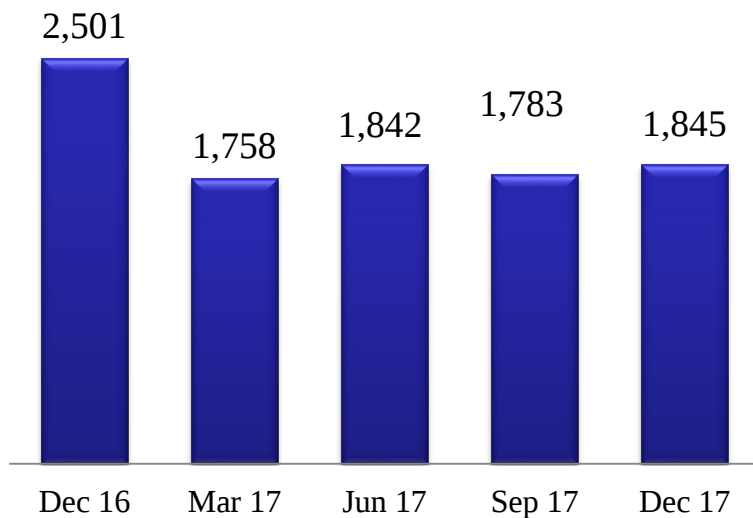
Reserve/Total Loans



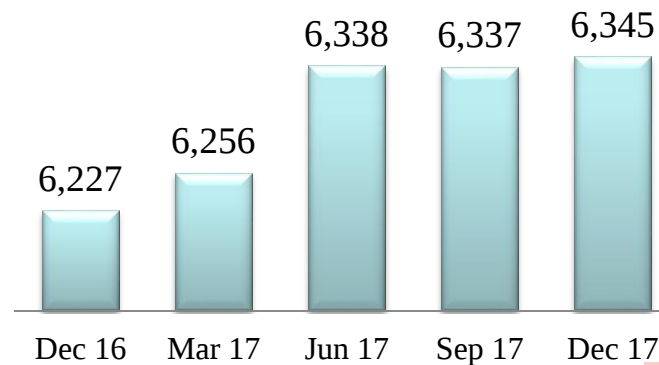
Reserve/NPLs



NPLs



Loan Reserve



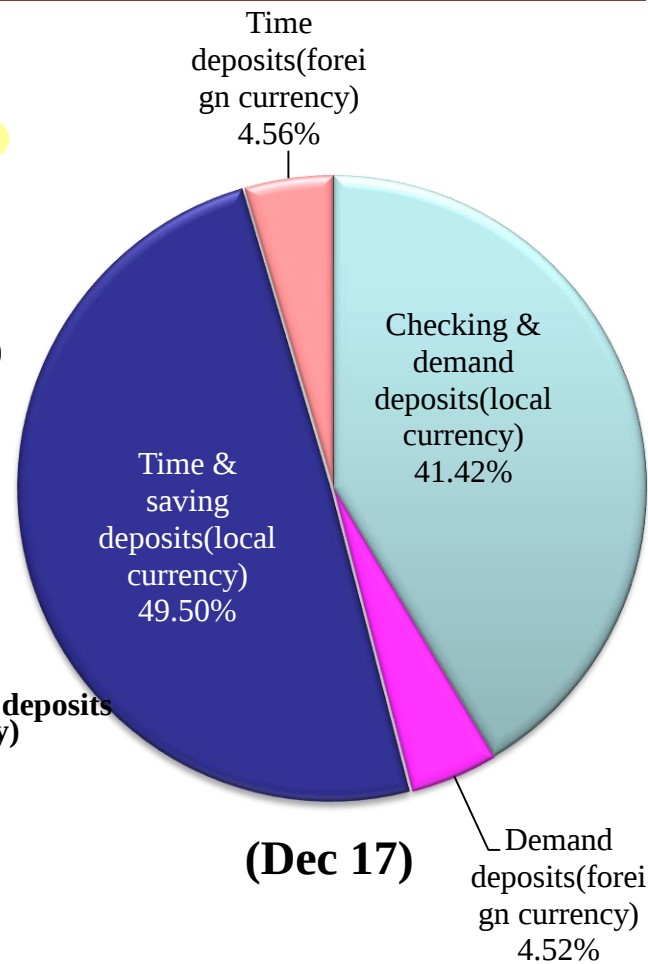
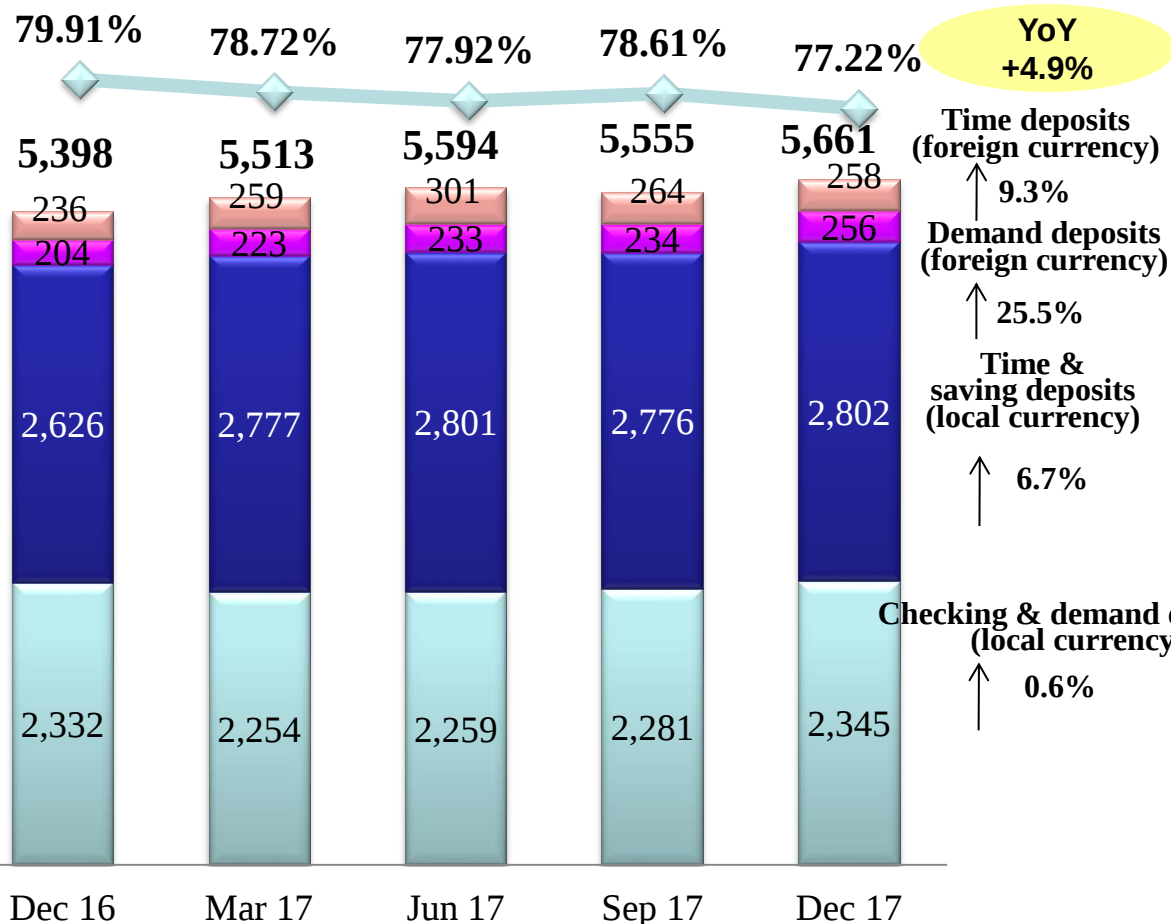
Deposit breakdown

NT\$ million		Yearly Results			YoY (2017 V.S. 2016)
		2015	2016	2017	
Checking 、 demand & savings					
	Checking & demand deposits	125,636	114,992	112,438	-2.22%
	Saving deposits	110,419	118,155	121,997	3.25%
Sub-total		236,055	233,147	234,435	0.55%
Time & savings					
	Time deposits (incl. CD)	85,322	120,491	134,125	11.32%
	Time saving deposits	139,369	142,156	146,105	2.78%
Sub-total		224,691	262,647	280,230	6.69%
Foreign currency deposits		44,081	43,979	51,414	16.91%
Remittances		37	36	16	-55.56%
Total deposits		504,864	539,809	566,095	4.87%



Deposit breakdown(NT\$ Hundred Million,%)

Loan-to-deposit ratio



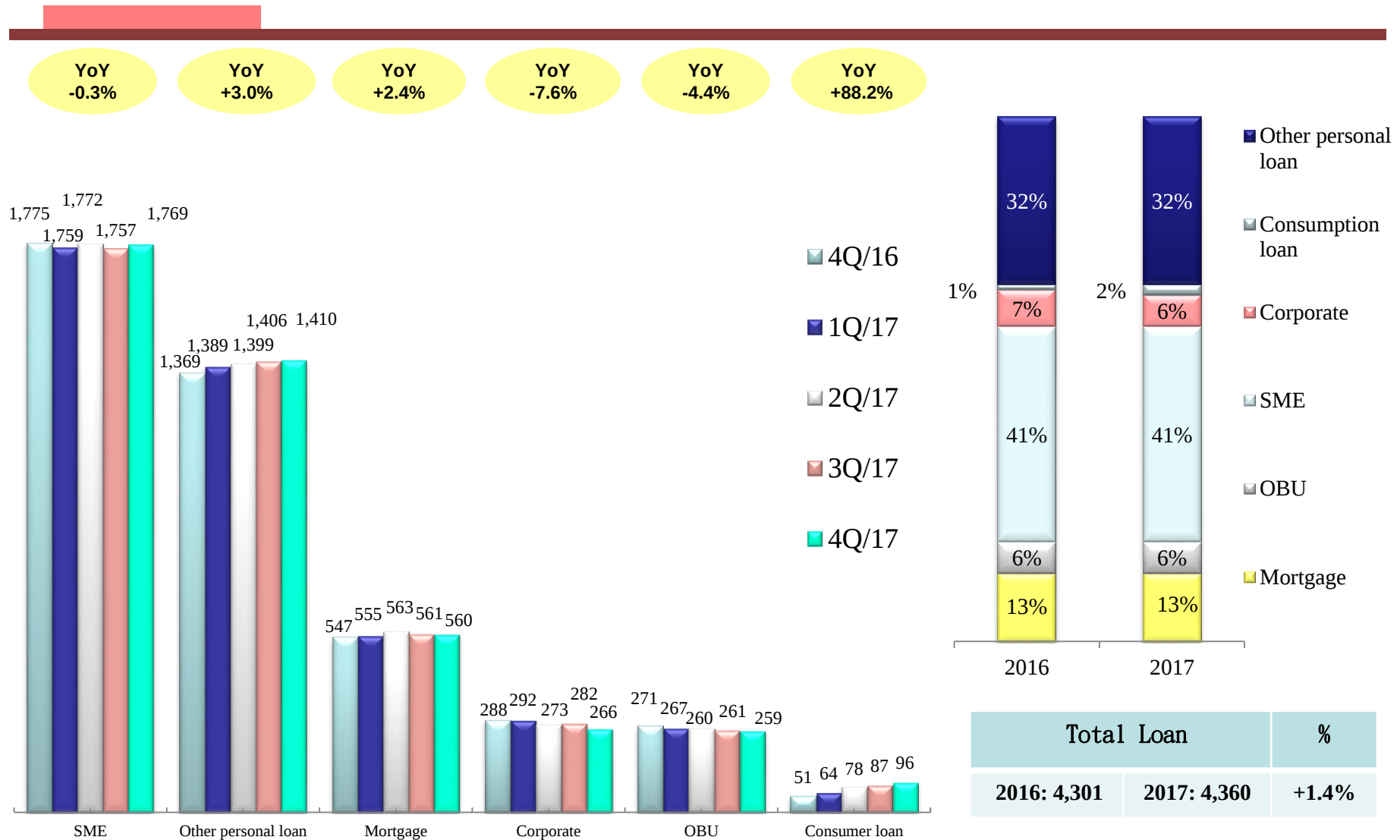
【Note】 At the end of Dec. 2017, the proportion of checking and demand deposits of local currency to total deposit of local currency was 45.6% .



Credit risk analysis

		Yearly Results			YoY (2017 V.S. 2016)
NT \$ million		2015	2016	2017	
By Industry					
	Personal loans	184,281	198,706	208,626	4.99%
	Manufacturer	76,805	88,364	92,453	4.63%
	Commerce	59,709	66,442	61,285	-7.76%
	Real estate	47,832	47,330	48,804	3.11%
	Construction industry	12,791	15,628	18,458	18.11%
	Others	32,895	36,590	36,374	-0.59%
Total		414,313	453,060	466,000	2.86%
By collateral					
	Non-secured loans	74,150	84,975	82,327	-3.12%
	Secured loans				
	By property	303,692	331,148	342,097	3.31%
	By letter of guarantee	18,269	17,463	17,531	0.39%
	Others	18,202	19,474	24,045	23.47%
Total		414,313	453,060	466,000	2.86%

Loan breakdown(NT\$ Hundred Million, %)



Net interest income & fee income

NII Breakdown

NT\$ million	Yearly Results			YoY (2017 V.S. 2016)
	2015	2016	2017	
Loan interest	10,078	9,802	10,212	4.18%
Other interest	1,513	1,671	1,866	11.67%
Interest expense	(4,116)	(3,686)	(3,892)	5.59%
Net interest income	7,475	7,787	8,186	5.12%

Fee Breakdown

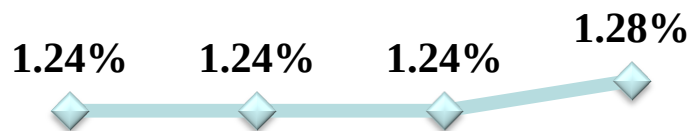
NT\$ million	Yearly Results			YoY (2017 V.S. 2016)
	2015	2016	2017	
Trust fee	539	557	770	38.24%
Brokerage fee	1,364	1,586	1,437	-9.39%
Loan fee	244	274	313	14.23%
Other fee	381	417	466	11.75%
Total fee income	2,528	2,834	2,986	5.36%



Net interest margin and interest-bearing asset

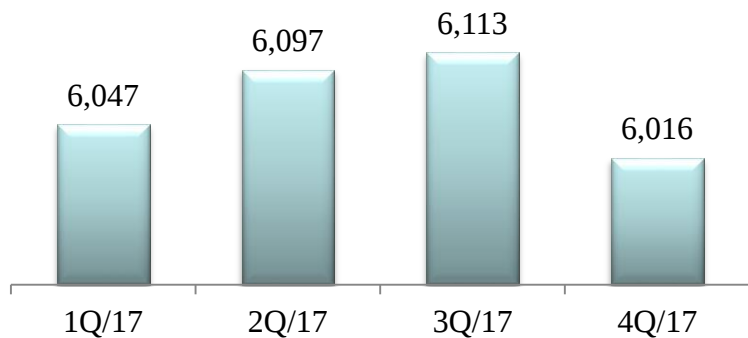
(NT\$ Hundred Million,%)

NIM



Average interest-bearing asset

QoQ -1.6%



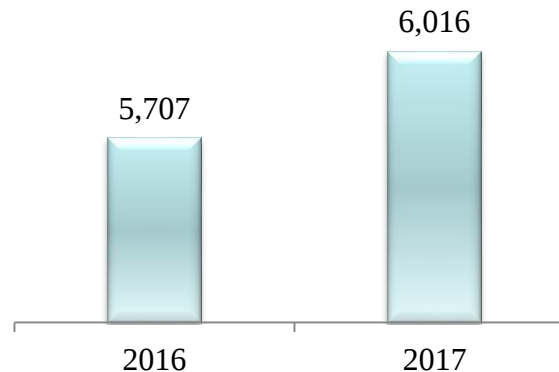
NIM



Average interest-bearing asset

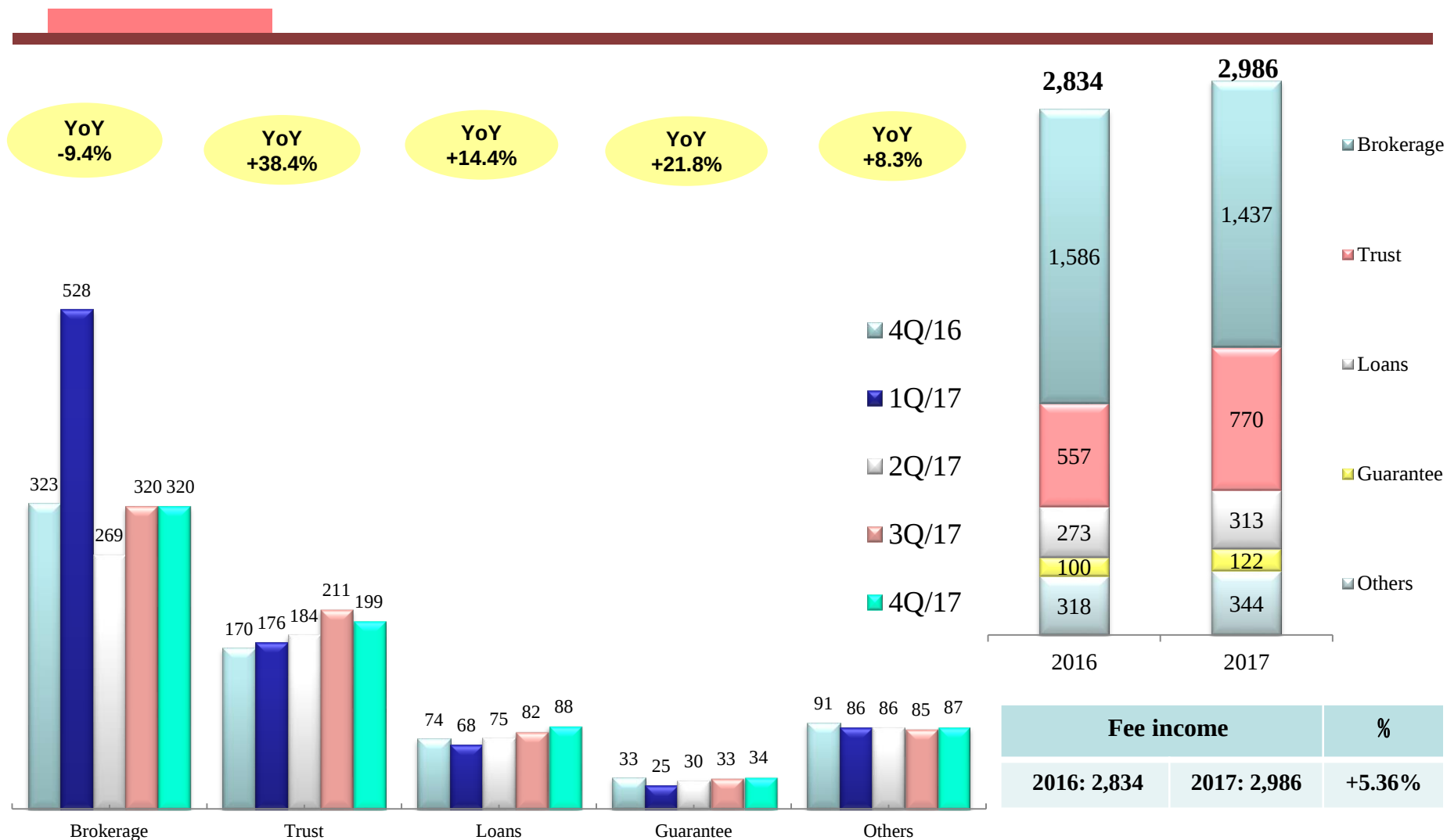
YoY +5.4%

Loan +250





Fee breakdown_(NT\$ Million, %)





Capital adequacy(%)



Consolidated

■ Tier I Capital Ratio

■ Tier II Capital Ratio

11.94%

2.15%

9.79%

2015

10.96%

1.61%

9.35%

2016

12.68%

1.53%

11.15%

2017

Individual

■ Tier I Capital Ratio

■ Tier II Capital Ratio

11.15%

1.66%

9.49%

2015

10.25%

1.16%

9.09%

2016

12.01%

1.03%

10.98%

2017



Achievements & Business Strategy



2017 Achievements



- **Acquiring financial technology patents of “Bank Counter’s ID Verification System” and “Automated Teller Machine Featuring Biometrics And Barcode Verifications.”**
- **Setting up the 81th branch, “Xingang Branch,” In Chiayi county. Acquired permission to set up “Yanchao Branch” In Kaohsiung city (under preparation). Richly cultivating and completing marketing channels in Taiwan.**
- **Winner of the joint credit information center “Golden Security Award” for three consecutive years, Shows recognition for our excellent work in credit information security control.**
- **Winner of the 2017 wealth management award “Best Customer Recommendation Bank” of Wealth Magazine, 2017 outstanding banks survey “Best Potential Prize,” “The 18th Golden Prize (Large Enterprise Group) Of The Top Ten Enterprises/Directors” , Etc.**



2018 Business Strategy



- **Maximize our benefits from our advantages in low funding costs and SME operations, Exploit benefits through business integration.**
- **Assuring the quality of our credit assets while increasing the scale steadily and firmly.**
- **Startup digital transformation in order to raise operating efficiency and bring in new customers.**
- **Strengthen the bond with our customers, Exploit benefits through the cooperation between parent and subsidiary companies.**
- **Carry out the capital management mechanism, Increase the overall risk-adjusted return.**
- **Start digital transformation Establishment of consumer promotion center instead of physical channel.**
- **Developing high-net-worth customer wealth management services**
- **Strive for the establishment of the very first foreign branch.**

Thanks for your listening.

