



Taiwan Business Bank

Financial Review of 2015Q4

2016.3.25

(Investor Conference)

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Operations Review of 2015

Record Profits

✓ Profits hit new record

Pre-tax income, net Income, net service fee income, deposits & loans volume And FX volumes soared to record level.

✓ Strong net service fee income growth

Strong income growth was attributed to net service fee income which grew 27.06% YoY.

Focused on Niche Market

✓ Concentrated on policy finance

1. Twelve projects loans rank first in nationwide market share.
2. Received 4 awards in SMEs Loans from the Ministry of Economic Affairs.
3. Received 2 awards in SMEs Loans and Cultural Creative Industry Loans from Financial Supervisory Commission.

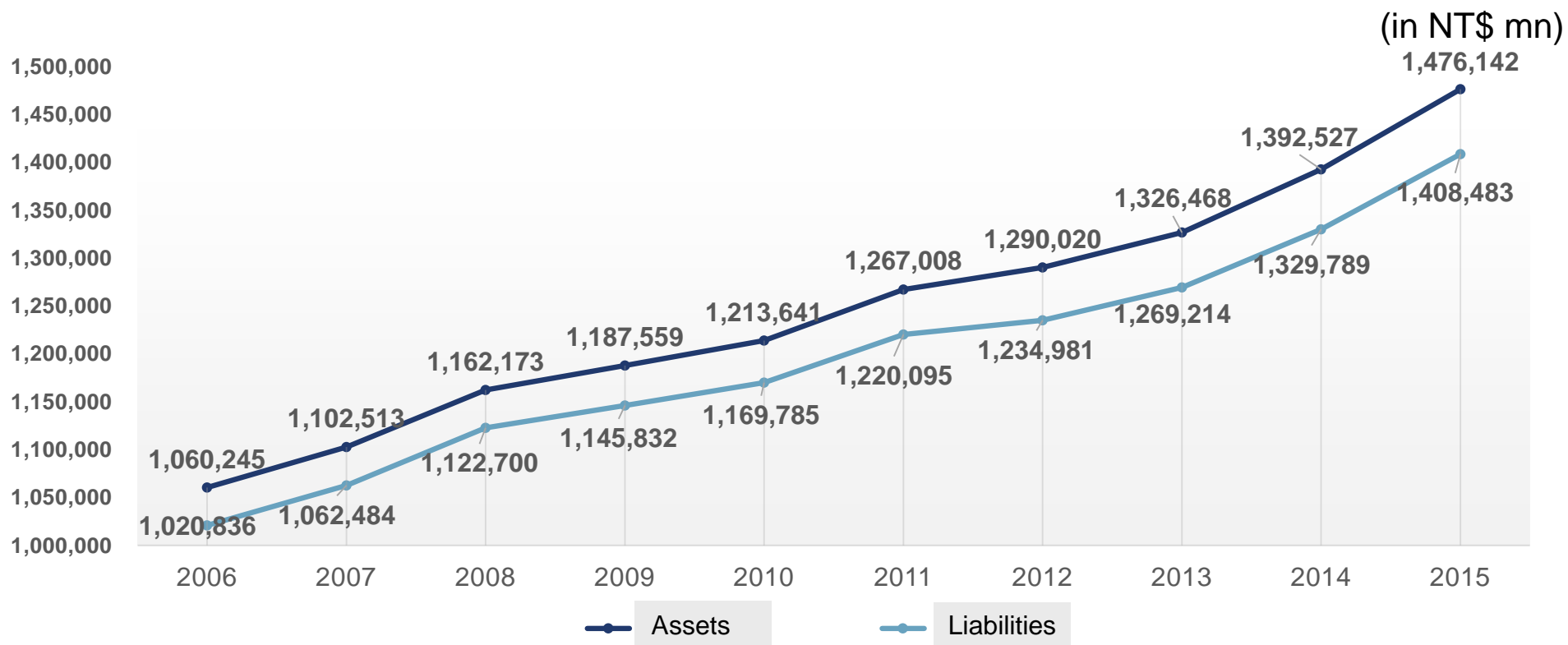
Solid Governance

✓ Transparent corporate governance

1. Ranks among top 5% in Corporate Governance Assessment conducted by Taiwan Stock Exchange.
2. The only government-owned bank rated “A++” for 7 consecutive years for transparency & disclosure by Securities & Futures Institute.

Financial Performance

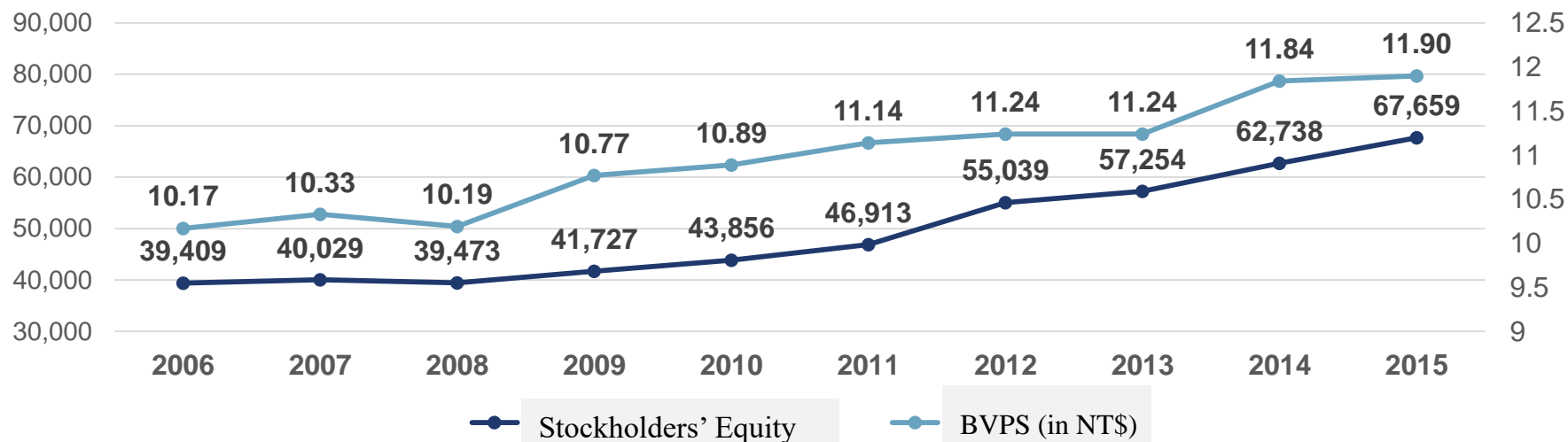
Assets and Liabilities size



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Assets | 1,060,245 | 1,102,513 | 1,162,173 | 1,187,559 | 1,213,641 | 1,267,008 | 1,290,020 | 1,326,468 | 1,392,527 | 1,476,142 |
| Liabilities | 1,020,836 | 1,062,484 | 1,122,700 | 1,145,832 | 1,169,785 | 1,220,095 | 1,234,981 | 1,269,214 | 1,329,789 | 1,408,483 |

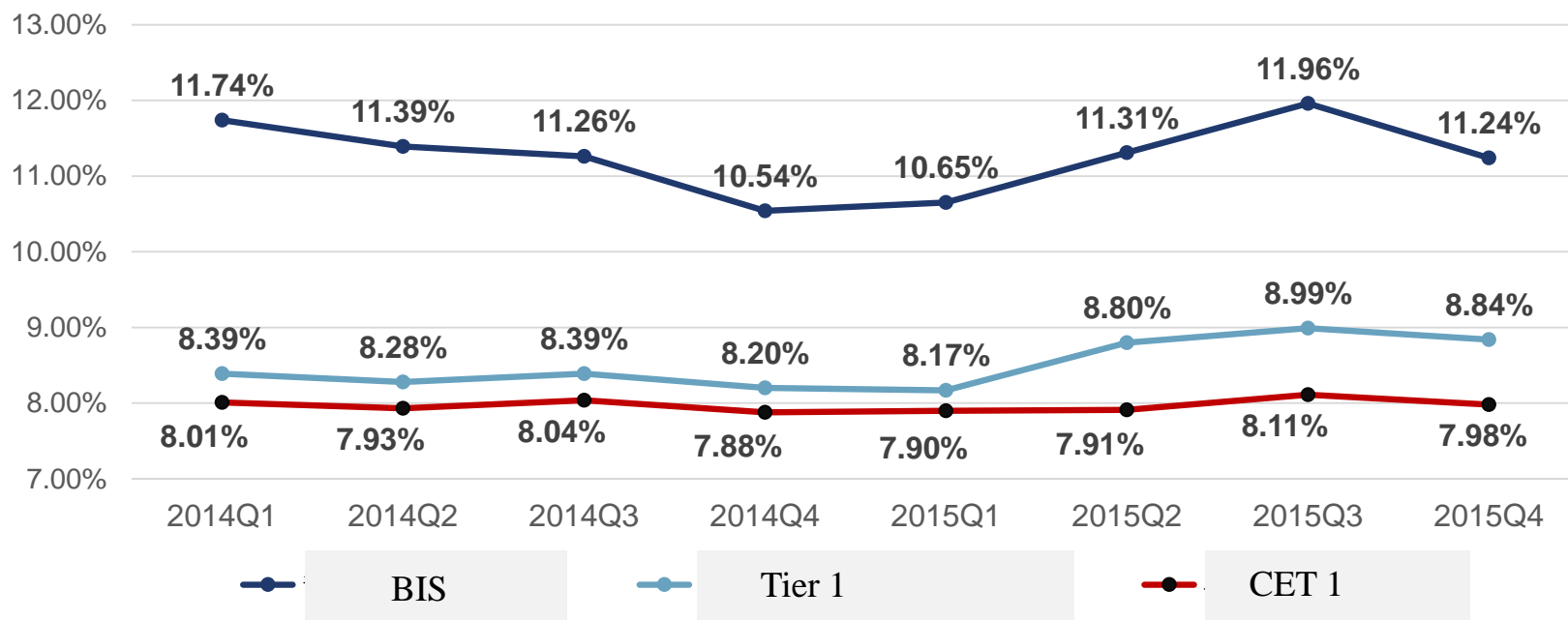
Stockholders' Equity

(in NT\$ mn)



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Stockholders' Equity | 39,409 | 40,029 | 39,473 | 41,727 | 43,856 | 46,913 | 55,039 | 57,254 | 62,738 | 67,659 |
| Common Stock | 38,736 | 38,736 | 38,736 | 38,736 | 40,285 | 42,098 | 48,982 | 50,941 | 52,979 | 56,847 |
| BVPS (in NT\$) | 10.17 | 10.33 | 10.19 | 10.77 | 10.89 | 11.14 | 11.24 | 11.24 | 11.84 | 11.90 |

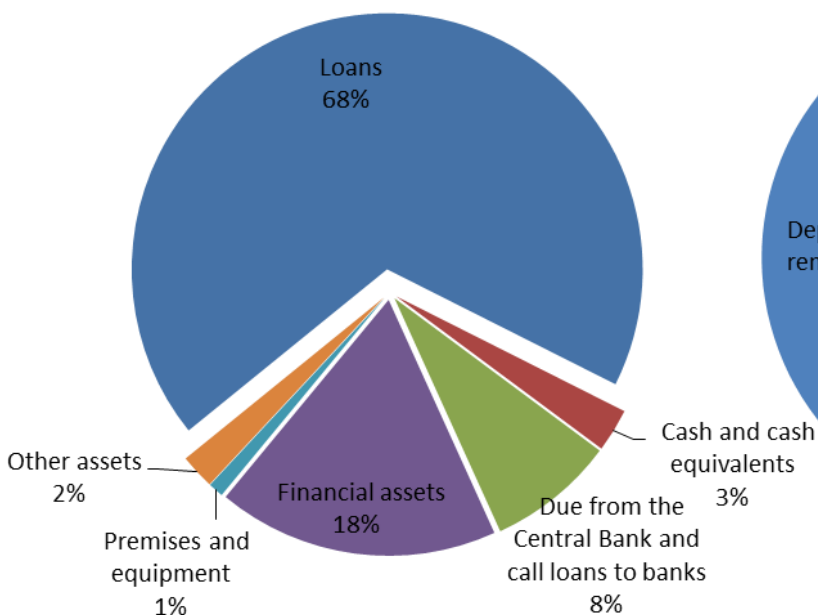
Capital Adequacy Ratio



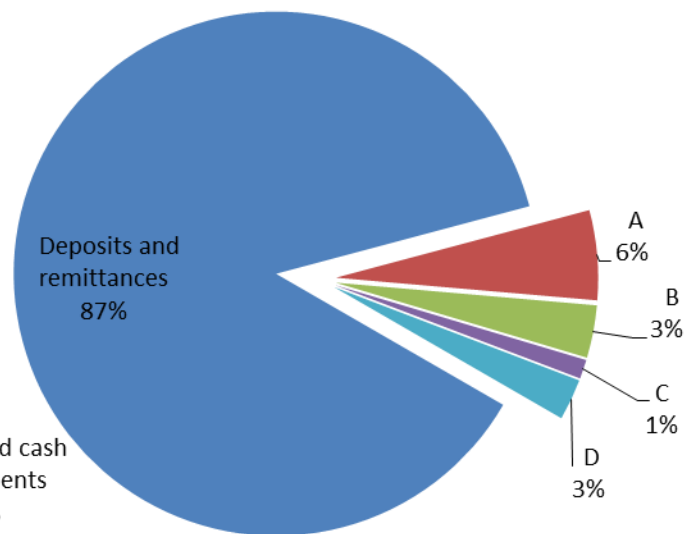
| | 2014Q1 | 2014Q2 | 2014Q3 | 2014Q4 | 2015Q1 | 2015Q2 | 2015Q3 | 2015Q4 |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|
| BIS | 11.74% | 11.39% | 11.26% | 10.54% | 10.65% | 11.31% | 11.96% | 11.24% |
| Tier 1 Ratio | 8.39% | 8.28% | 8.39% | 8.20% | 8.17% | 8.80% | 8.99% | 8.84% |
| CET1 | 8.01% | 7.93% | 8.04% | 7.88% | 7.90% | 7.91% | 8.11% | 7.98% |

Assets、Liabilities and Stockholders' Equity(2015)

Assets

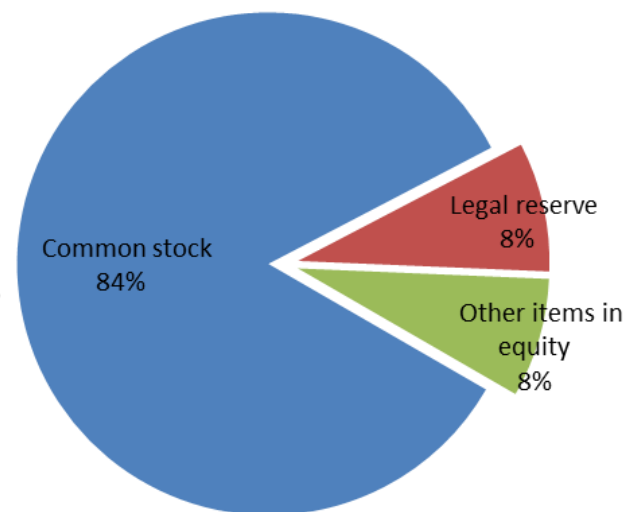


Liabilities



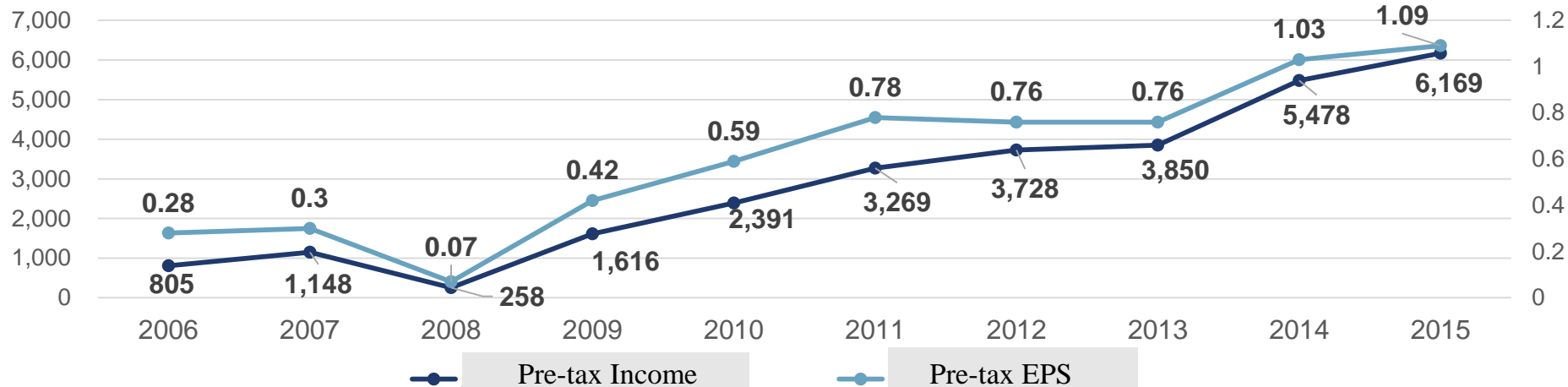
- A : Deposits from the Central Bank and other banks 6%
- B : Financial debentures 3%
- C : Financial liabilities 1%
- D : Other liabilities 3%

Stockholders' Equity



Income and EPS Growth

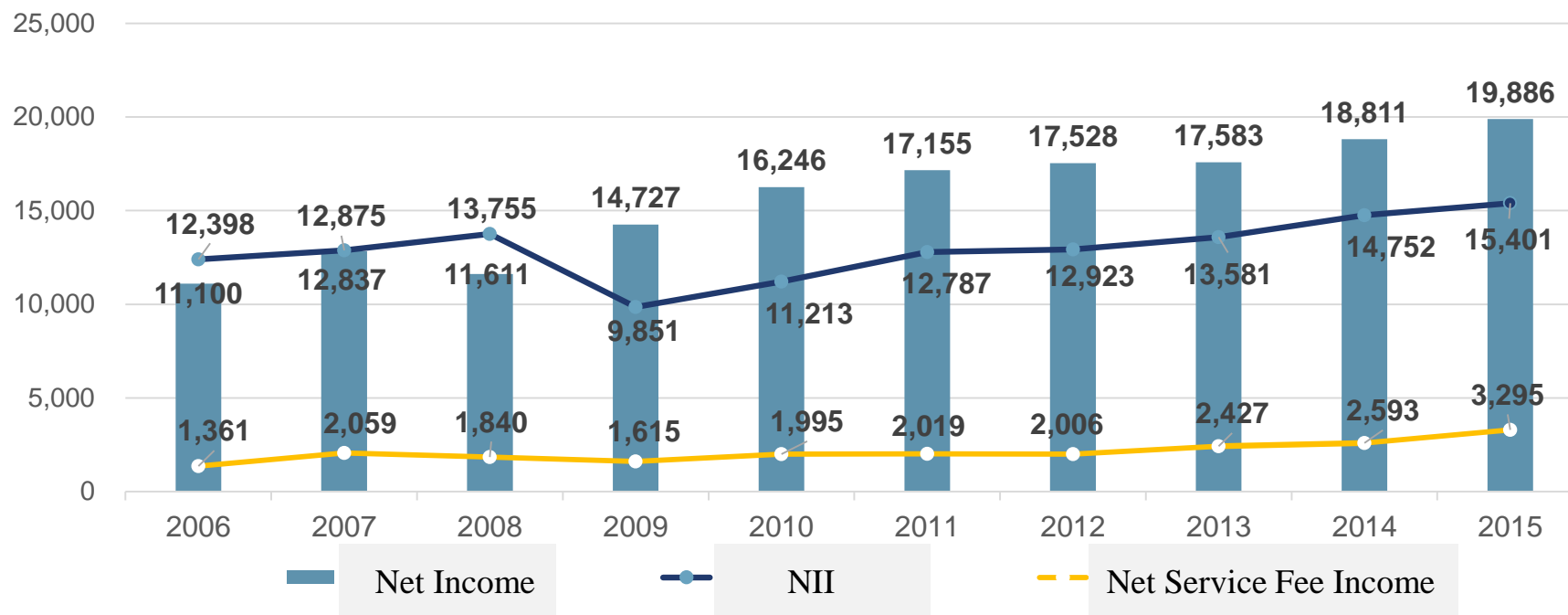
(in NT\$ mn)



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------|------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| Pre-tax Income | 805 | 1,148 | 258 | 1,616 | 2,391 | 3,269 | 3,728 | 3,850 | 5,478 | 6,169 |
| Net Income | 800 | 1,048 | 94 | 1,432 | 2,006 | 2,978 | 3,404 | 3,610 | 5,315 | 5,113 |
| Pre-tax EPS (in NT\$) | 0.28 | 0.30 | 0.07 | 0.42 | 0.59 | 0.78 | 0.76 | 0.76 | 1.03 | 1.09 |
| EPS (in NT\$) | 0.21 | 0.27 | 0.02 | 0.37 | 0.50 | 0.71 | 0.70 | 0.71 | 1.00 | 0.90 |
| Pre-tax ROE(%) | 2.33 | 2.89 | 0.65 | 3.98 | 5.59 | 7.20 | 7.31 | 6.86 | 9.13 | 9.46 |
| Pre-tax ROA(%) | 0.08 | 0.11 | 0.02 | 0.14 | 0.20 | 0.26 | 0.29 | 0.29 | 0.40 | 0.43 |

Net Income Breakdown

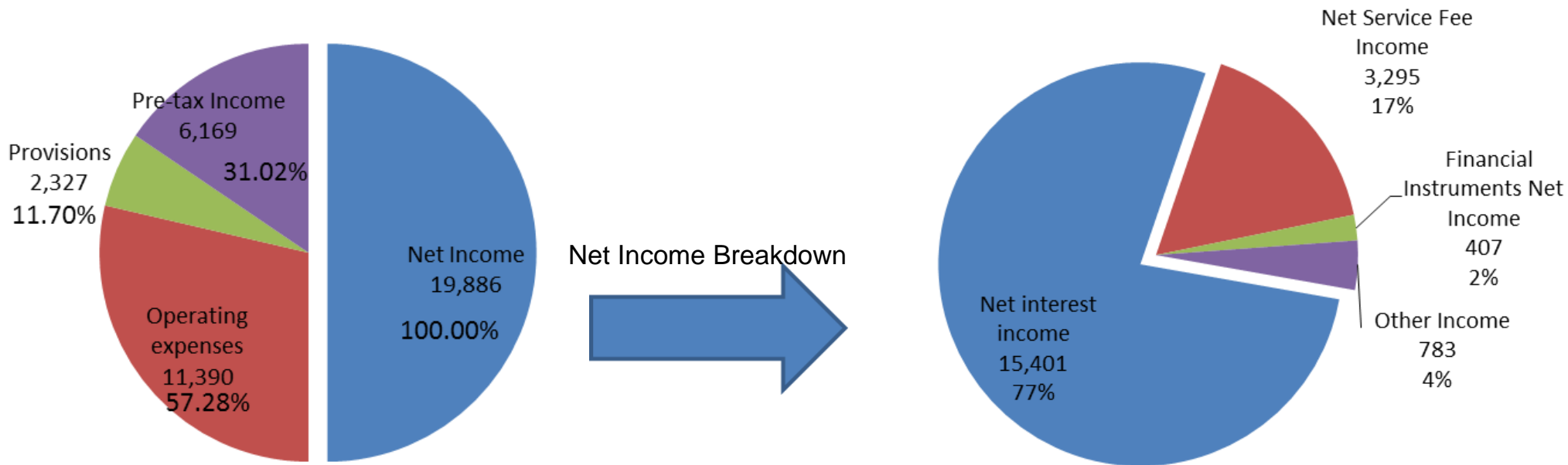
(in NT\$ mn)



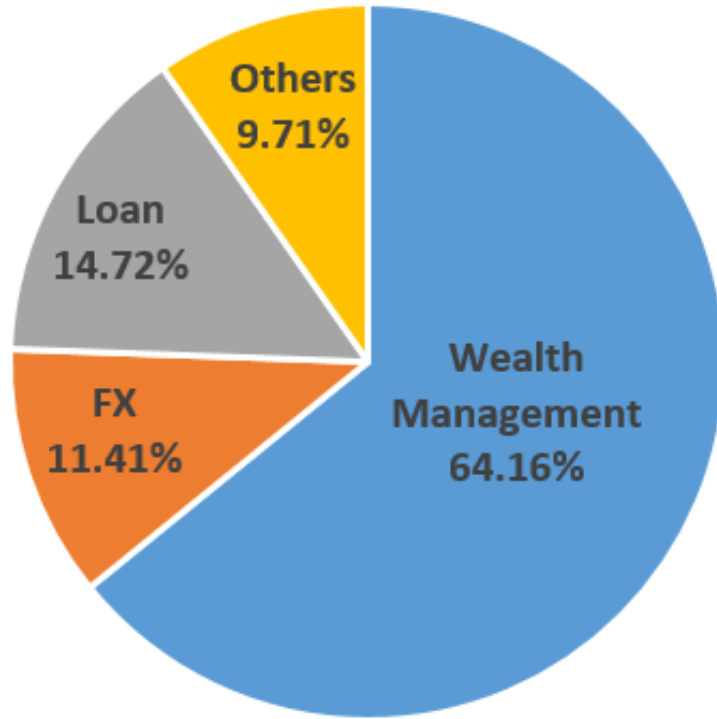
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Income | 11,100 | 12,837 | 11,611 | 14,727 | 16,246 | 17,155 | 17,528 | 17,583 | 18,811 | 19,886 |
| Net Interest Income | 12,398 | 12,875 | 13,755 | 9,851 | 11,213 | 12,787 | 12,923 | 13,581 | 14,752 | 15,401 |
| Net Service Fee Income | 1,361 | 2,059 | 1,840 | 1,615 | 1,995 | 2,019 | 2,006 | 2,427 | 2,593 | 3,295 |

Net Income Breakdown (2015)

(in NT\$ mn)



Net Service Fee Income Breakdown(2015)

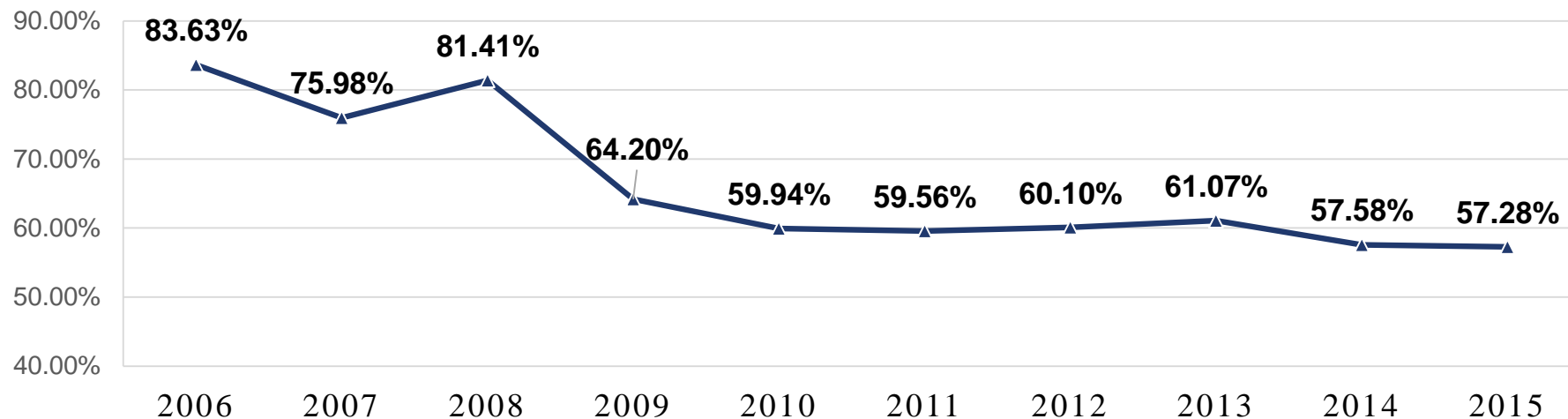


Business Strategy

1. Net service fee income made up 17% of the total net income in 2015.
2. TBB will make use of the high quality of our workforce to proactively expand wealth management business in 2016.

Operating Expenses

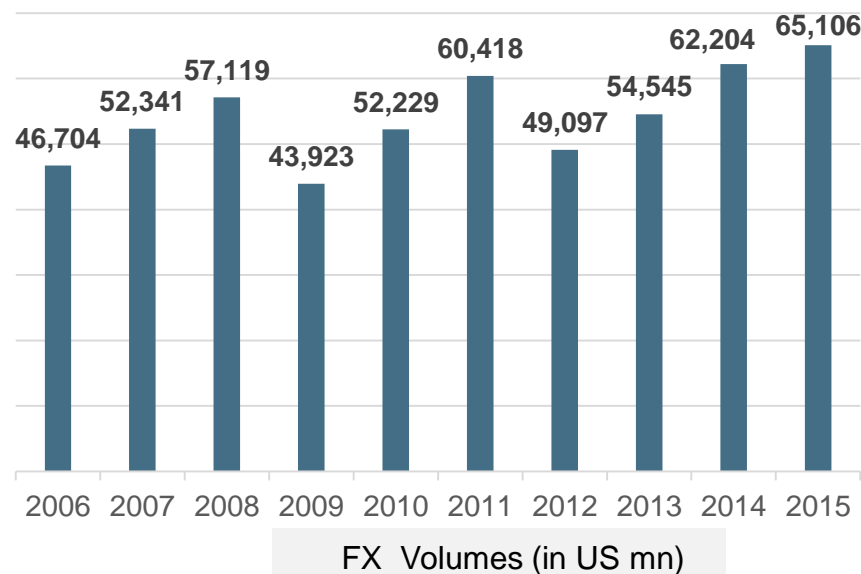
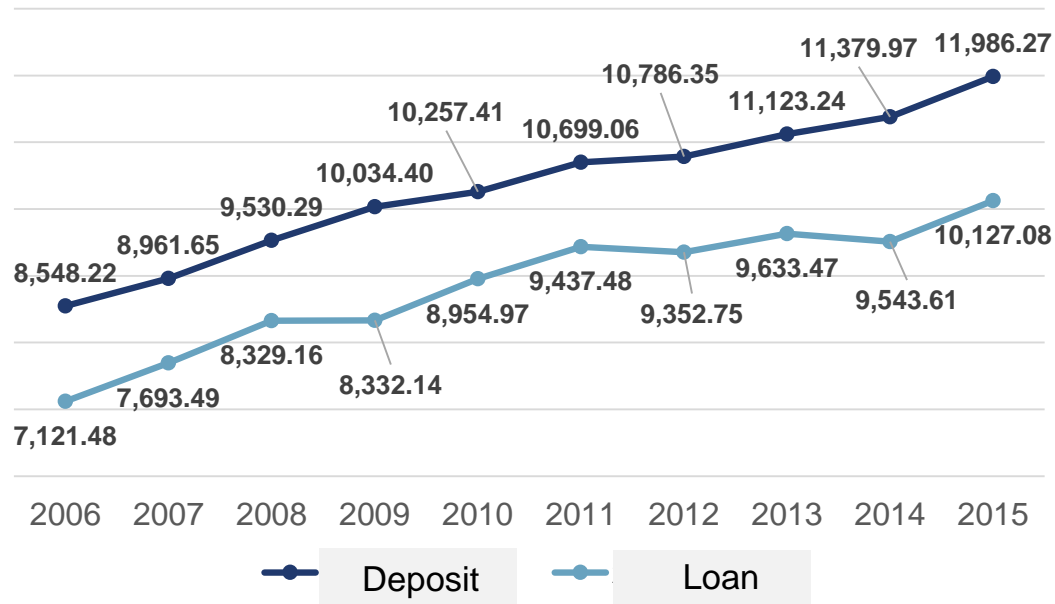
(in NT\$ mn)



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Income | 11,100 | 12,837 | 11,611 | 14,727 | 16,246 | 17,155 | 17,528 | 17,583 | 18,811 | 19,886 |
| Operating Expenses | 9,283 | 9,753 | 9,452 | 9,455 | 9,738 | 10,218 | 10,535 | 10,738 | 10,831 | 11,390 |
| percentage % | 83.63 | 75.98 | 81.41 | 64.20 | 59.94 | 59.56 | 60.10 | 61.07 | 57.58 | 57.28 |

Operating Results

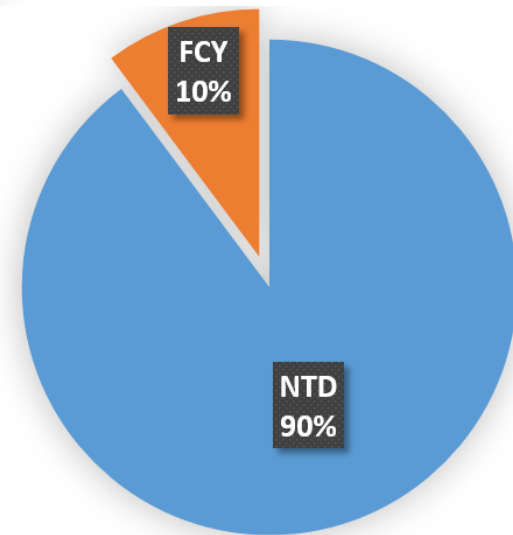
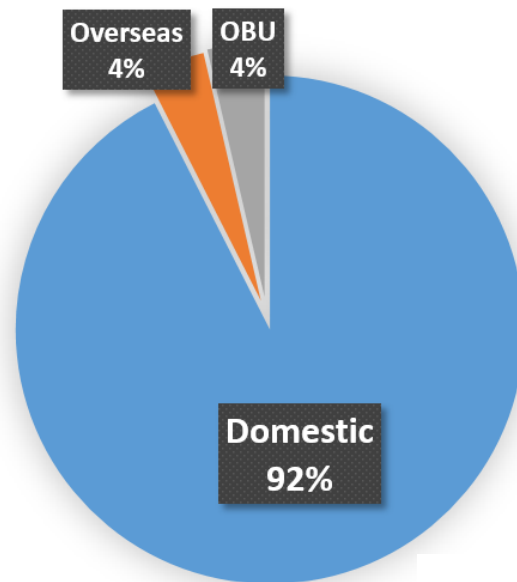
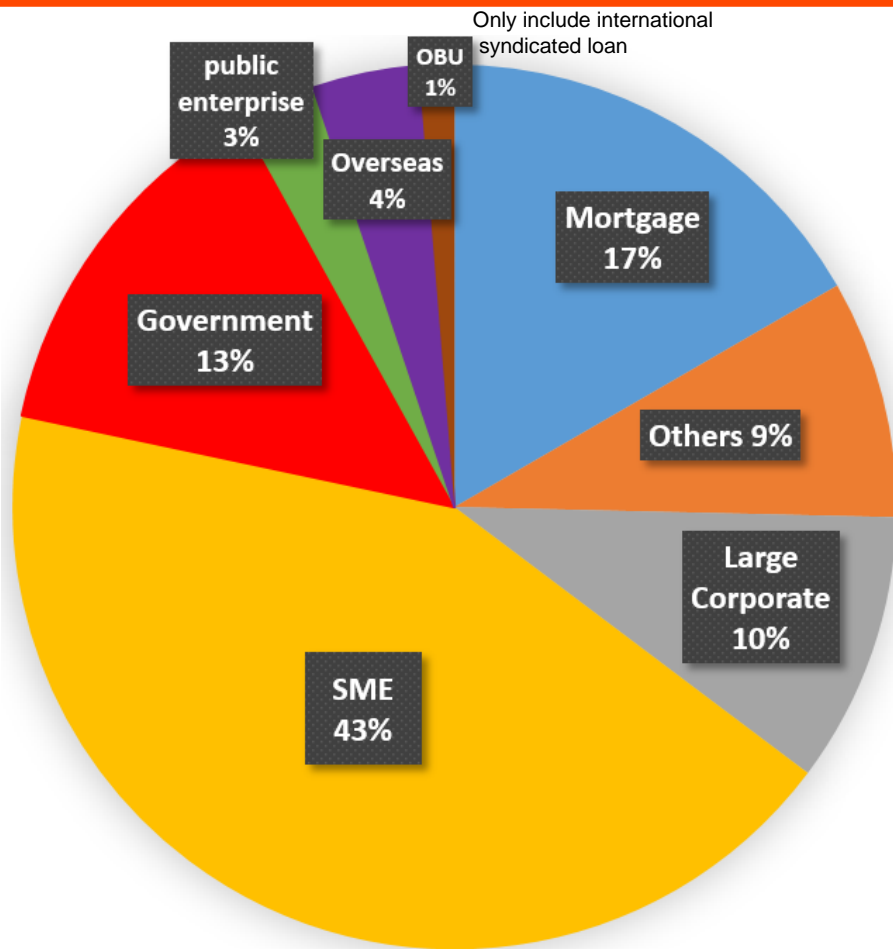
Loan 、 Deposit and FX Volumes



(in 100 NT\$ mn)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Deposit | 8,548.22 | 8,961.65 | 9,530.29 | 10,034.40 | 10,257.41 | 10,699.06 | 10,786.35 | 11,123.24 | 11,379.97 | 11,986.27 |
| Loan | 7,121.48 | 7,693.49 | 8,329.16 | 8,332.14 | 8,954.97 | 9,437.48 | 9,352.75 | 9,633.47 | 9,543.61 | 10,127.08 |
| FX Volumes (in US mn) | 46,704 | 52,341 | 57,119 | 43,923 | 52,229 | 60,418 | 49,097 | 54,545 | 62,204 | 65,106 |

Loan Breakdown (2015)



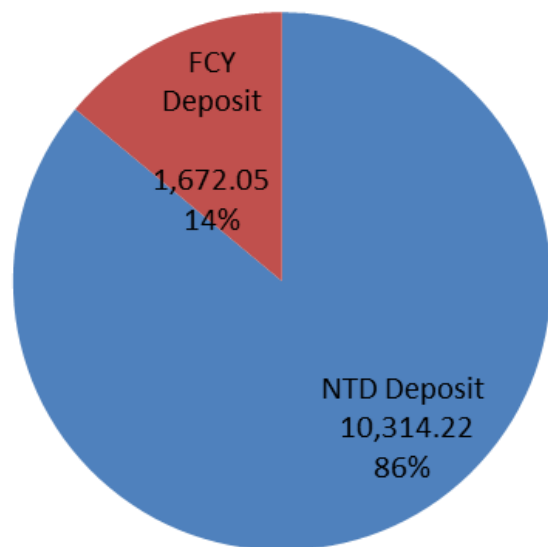
Goal and Strategy

Rearrange the structure of loans and switch from less profitable government loans to more profitable business including SMEs loans, retail loans and overseas loans to acquire steady growth of the loan business.

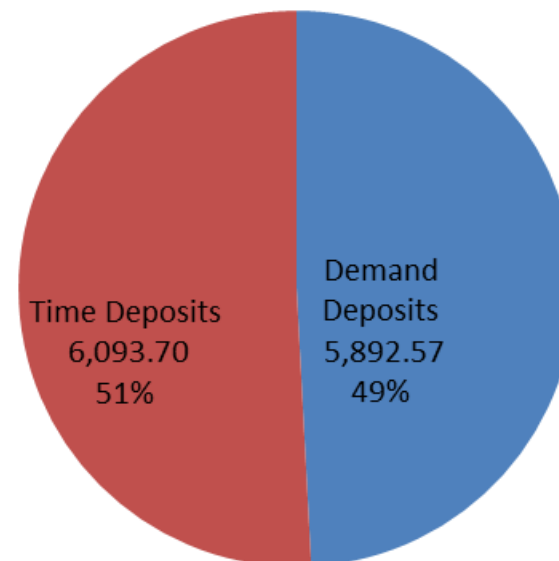
Deposit Breakdown (2015)

(in 100 NT\$ mn)

By Currency

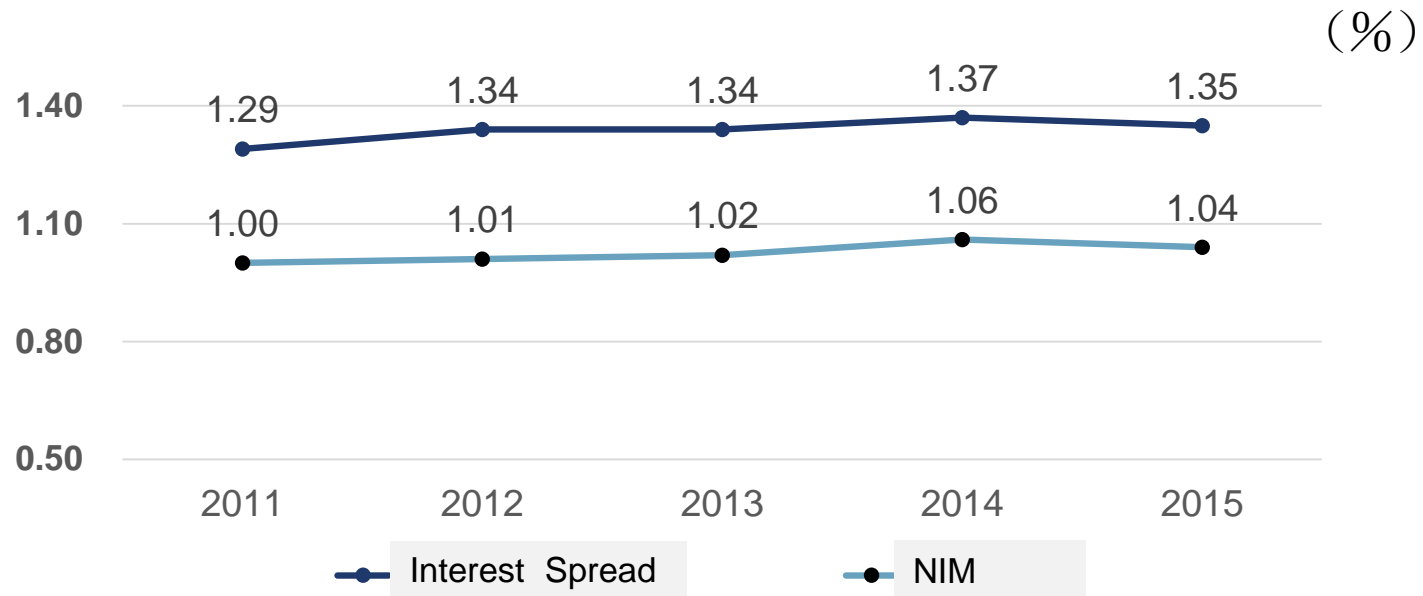


By Period



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Demand Deposits Rate | 40.60% | 40.68% | 37.03% | 39.74% | 44.48% | 46.34% | 46.97% | 47.82% | 48.80% | 49.16% |

Interest Spread and NIM



| | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------|------|------|------|------|------|
| Interest Spread | 1.29 | 1.34 | 1.34 | 1.37 | 1.35 |
| NTD Spread | 1.23 | 1.29 | 1.31 | 1.37 | 1.33 |
| FCY Spread | 1.80 | 1.78 | 1.63 | 1.50 | 1.53 |
| NIM | 1.00 | 1.01 | 1.02 | 1.06 | 1.04 |

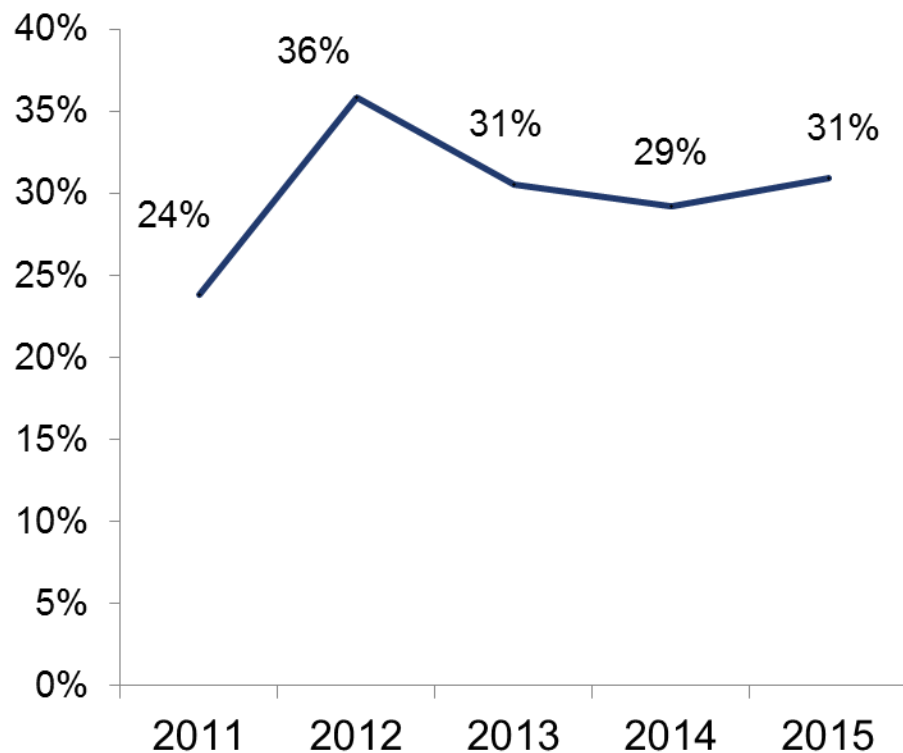
Overseas Branches

TBB has 6 overseas branches, and the Yangon Representative Office, TBB International Leasing Co., Ltd. and TBB (Cambodia) Microfinance Institution Plc..

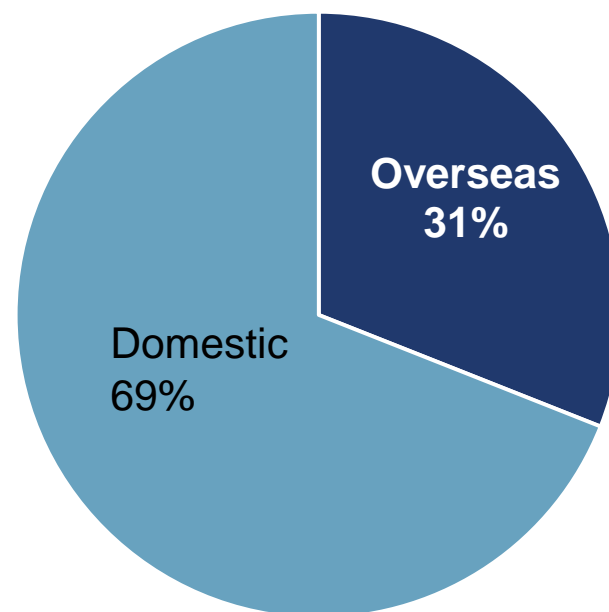


Overseas Income

Overseas & OBU income before tax proportion

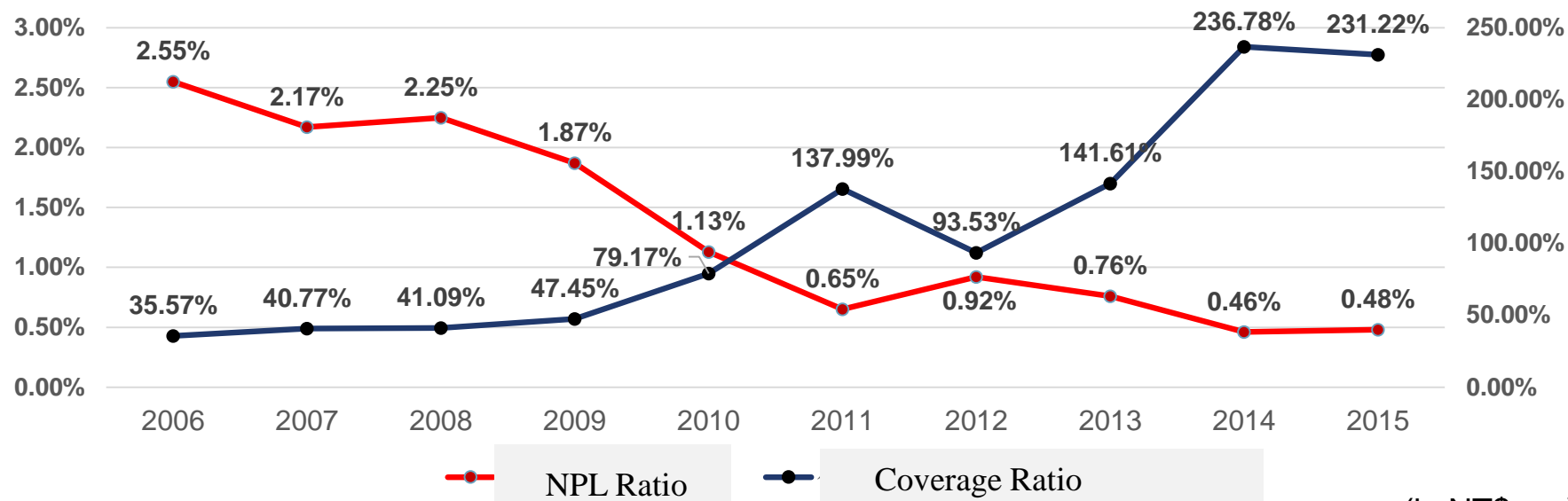


2015 income before tax breakdown



Asset Quality

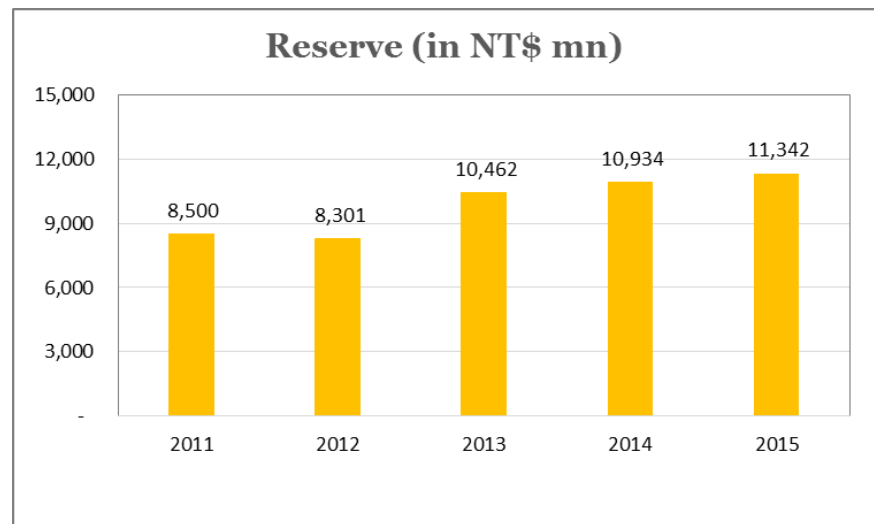
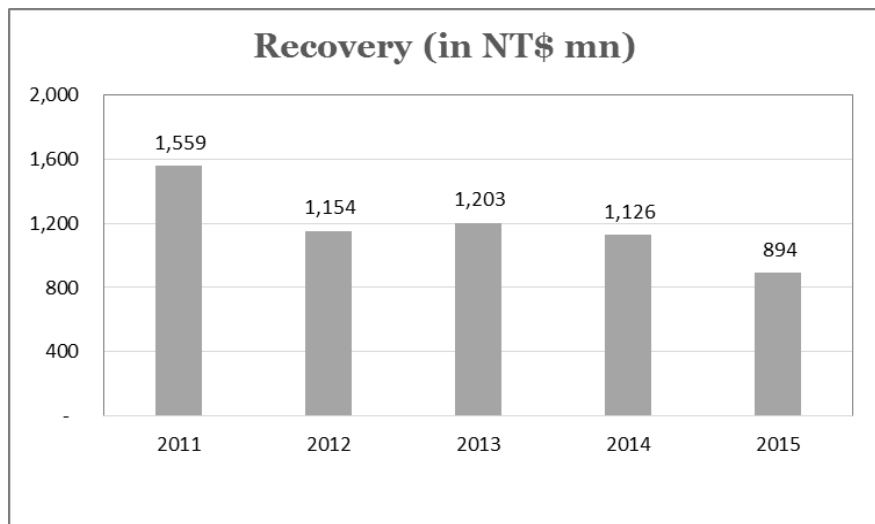
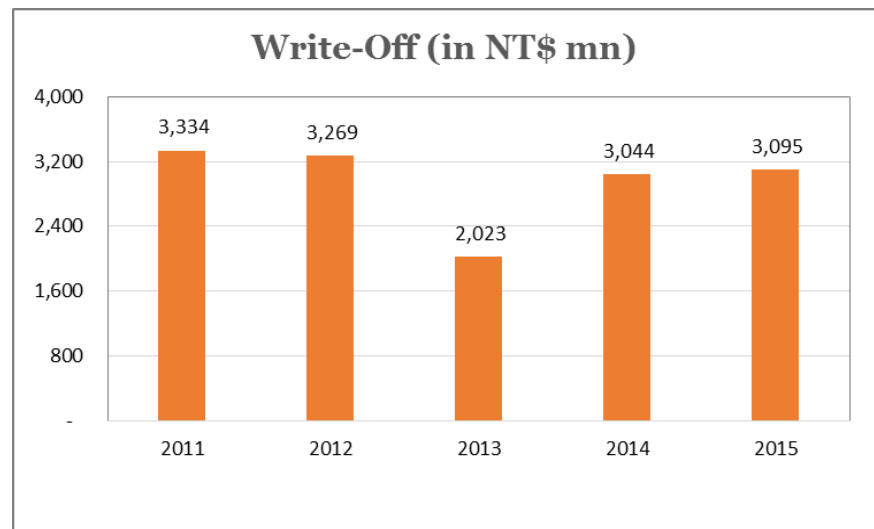
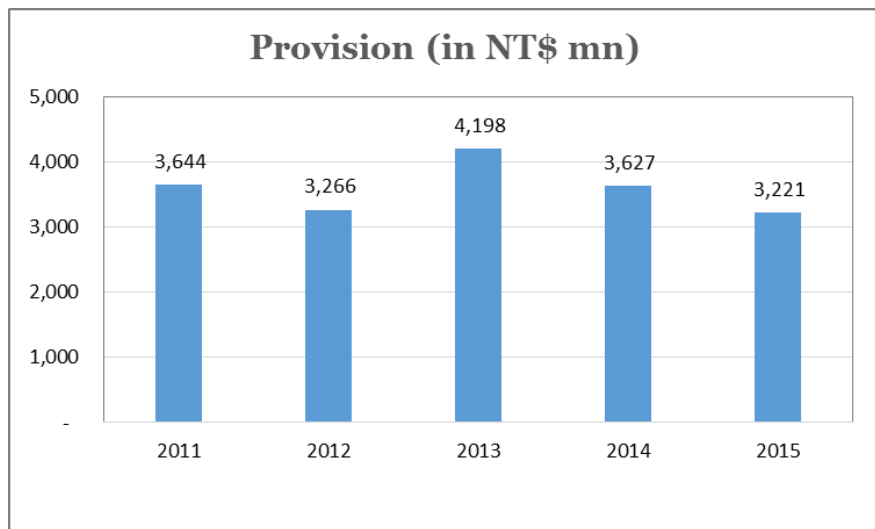
NPL Ratio、Coverage Ratio



(in NT\$ mn)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------|--------|--------|--------|--------|--------|---------|--------|---------|---------|---------|
| NPL | 19,267 | 18,283 | 20,143 | 17,248 | 10,526 | 6,159 | 8,876 | 7,388 | 4,618 | 4,905 |
| NPL Ratio | 2.55% | 2.17% | 2.25% | 1.87% | 1.13% | 0.65% | 0.92% | 0.76% | 0.46% | 0.48% |
| Coverage Ratio | 35.57% | 40.77% | 41.09% | 47.45% | 79.17% | 137.99% | 93.53% | 141.61% | 236.78% | 231.22% |

Provision、Write-Off and Recovery



Credit Rating

Credit Rating

Taiwan Ratings

(Jan 15, 2016)

- **Short-term Rating** : twA-1
- **Long-term Rating** : twA+
- **Outlook** : **Positive**

Highlight

The asset quality, includes both capital structure and profit ability, is improving. The outlook of credit rating became POSITIVE.

Operational Objectives and Business Highlights

Operational Objectives

Enhance Profitability

- Focus on loans for industrial Park companies, cultural creative industry, SMEs and loans in foreign currencies.
- Increase spread between deposits and loans.
- Boost wealth management.

Expand Overseas Markets

- Strengthen the capital and functions of OBU and overseas branches.
- Inculcate international financial expertise in potential personnel.

Develop e-Banking

- Upgrade in infrastructure and software of IT system.
- Help employees adapt to the era of digital banking.

Strength Risk Management

- Lower credit risk.
- Expedite write-offs, reduce NPL ratio, and augment coverage ratio.

Bring forth Efficacious Human Resources

- Provide intensive training in profitable arenas.
- Help employees accommodate themselves to the more competitive sectors.

Fulfill Social Responsibilities

- Reduce carbon emission.
- Participate in philanthropic activities.
- Improve investor relations.
- Better corporate governance.
- Further advance disclosure and transparency.

The Five Business Highlights

- ◆ Increase the value of physical branches channel

- ◆ In response to the trend of digital banking, plan smart branches, mobile credit card, mobile payment, mobile APP, and etc.

Integrate online and offline services

- ◆ Emphasize our niche market of specializing in the comprehensive services in the financing of SMEs.

- ◆ Utilize our advantage in our industrial park customers to foster the business of foreign exchange, trust, and wealth management.

Focus on strength business

- ◆ Develop strategic alliance with other financial institutions in the areas of insurance, mutual funds and other wealth management in order to provide all-around products.

Enhance strategic alliance

- ◆ Develop strategic alliance with other professions such as e-commerce to form the necessary ingredients of digital banking.

Expand overseas channels

- ◆ Expand the presence of TBB not only in mature markets such as New York and Tokyo but also in emerging markets such as Myanmar and Cambodia.

Grasp the aging opportunities

- ◆ Launch products that combine the services of mortgages, trust and annuities that give comprehensive services to retirees

Thank you

