



Proactive Behavior, Agile Response, Innovative Thinking



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# Today's Presenter

## CHAIRMAN **Paul C.D. LEI**

- **Chairman**  
Central Deposit Insurance Corporation
- **Advisor**  
International Cooperation and Development Fund
- **Acting Chairman**  
Bank of Kaohsiung
- **Director General of the Finance Bureau**  
Kaohsiung City Government
- **Advisor**  
Central Bank of the Republic of China (Taiwan)
- **Assistant Director General**  
Foreign Exchange Department  
Central Bank of the Republic of China (Taiwan)
- **Executive Director**  
Central American Bank for Economic Integration



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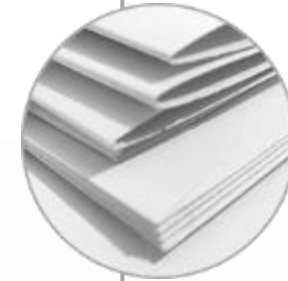
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Company Introduction &  
Corporate Governance

# A Comprehensive Financial Group

- Founded in Dec, 2011
- Ticker: 5880.TT

## Latest Period Credit Ratings

	LT	ST	Outlook
S&P Global	BBB	A-2	Stable
Taiwan Ratings	twAA-	twA-1+	Stable

### Core Business

Bank



Life Insurance



### Full Fledged Diversification

Bills

Securities

Investments

Venture Capital

Asset Management

Leasing

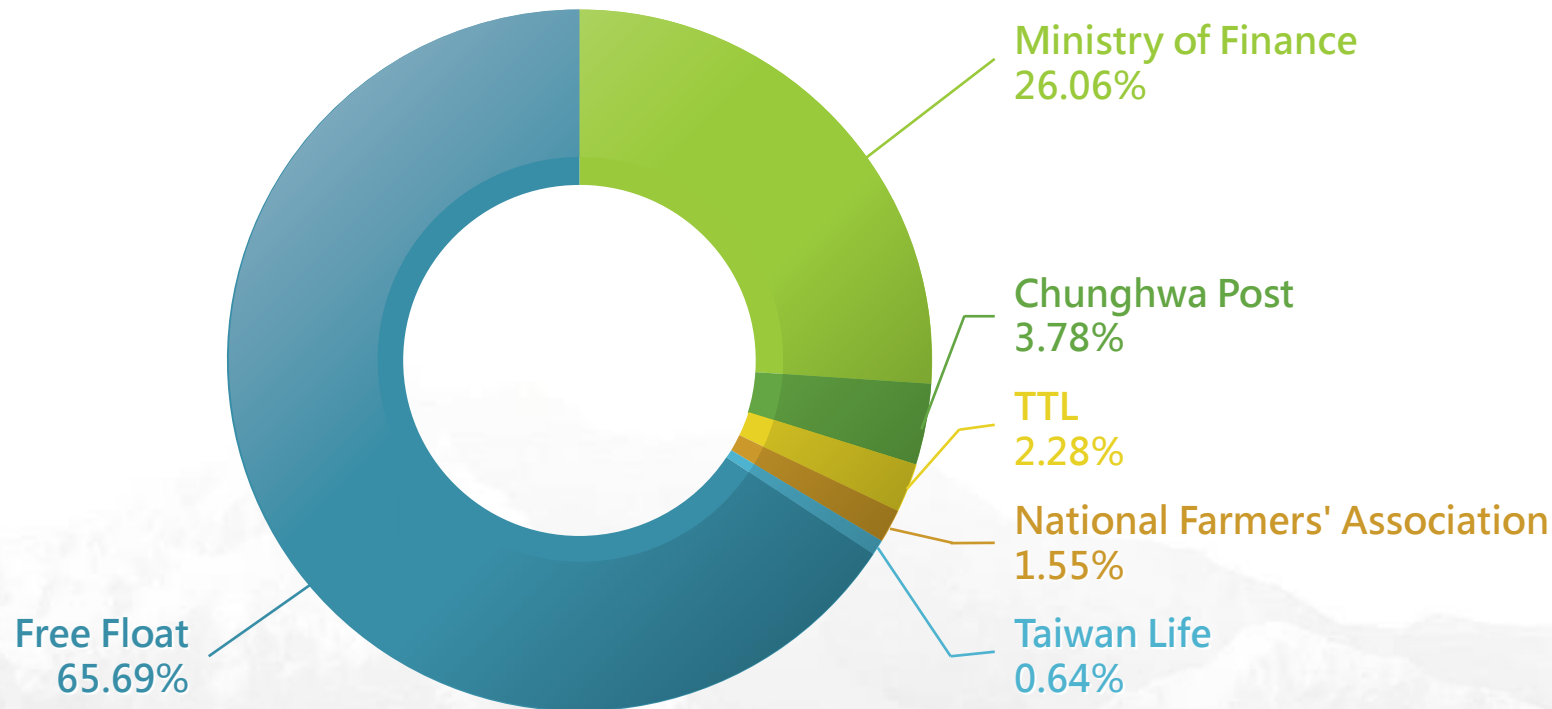


# International Footprints





# Stable Shareholding Structure



## DIVIDEND POLICY

1. Aiming at continuous and profitability expansion, as well as to be in line with the provisions of laws, the Company adopts a residual dividend policy. In principle, the distribution of annual shareholders dividend and bonus shall be in the range of 30 to 100% of the distributable earnings of the current year, subject to the Board and AGM' s approval.
2. Shareholders dividend and bonus may be distributed in cash and/or by stock, provided the cash dividend shall not be less than 10% of the total dividends. The Company may retain the earnings if the cash dividend is less than NT\$0.1 per share.



Company Introduction &  
Corporate Governance

# Management Team



Paul C.D. **LEI** CHAIRMAN

Appointed as TCFH and TCB-Bank's Chairman in 2017. Mr. Lei also serves as the Director of Central Bank of the Republic of China (Taiwan), Chief Director of Trust Association of R.O.C, Executive Director of The Bankers Association of R.O.C, Director of Taiwan Futures Exchange, Supervisor of Securities & Futures Institute



Mei Tsu, **CHEN** PRESIDENT

Ms. Chen joined TCB-Bank in 2006 and has since been in charge of the asset management division, business development division, and has served as board secretary. She has also been the EVP of several business units of the group and has sit on the board of life insurance, securities and investment subsidiaries of TCFH.



Chun Long, **CHOU**  
EXECUTIVE VP



Tso Cheng, **SU**  
EXECUTIVE VP



Kuan Cheyi, **CHEN**  
CHIEF COMPLIANCE OFFICER





# Strong Corporate Governance

## Strong Core Business



- TCB-Bank awarded the 9<sup>th</sup> Taiwan Academy of Banking and Finance Award "Best Trust Award"
- TCB-Life awarded "The Asset Triple A Insurance Awards in 2018"

## Stringent Compliance



- Consecutively ranked as the top 20% companies for 5 years in the "Taiwan Corporate Governance Evaluation"
- Bank, Life Insurance and Securities units of the Group all signed and follow the "Stewardship Principles for Institutional Investors"

## Always Giving Something Back



- Crowed as the strongest propeller for enterprise lending to enterprises in the "5+2 Industrial Innovation Plan" with a balance of NT\$473,862mn domestically
- Supports the green energy industry by providing better financing terms
- TCB-Bank issues charitable credit card that cashes back to minority groups
- Sponsors baseball, table tennis, and badminton players more than NT\$100mn every year to cultivate professional athletes and to plan for them their retirement plans

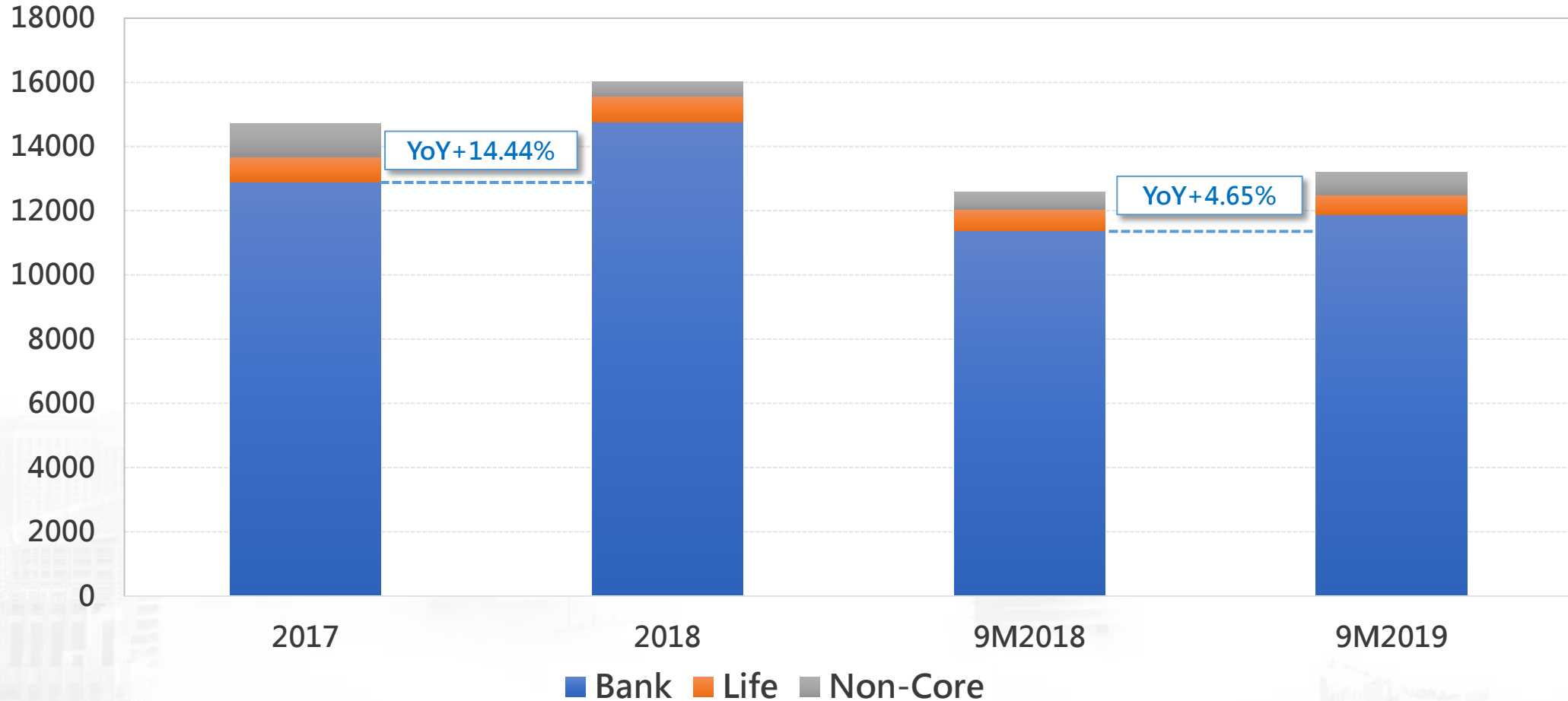
## International Recognition



- Been included in FTSE4Good Index Series, emerging market, for 4 times
- An index stock of TWSE CG 100 Index, Taiwan HC 100 Index, and Taiwan Employment Creation 99 Index



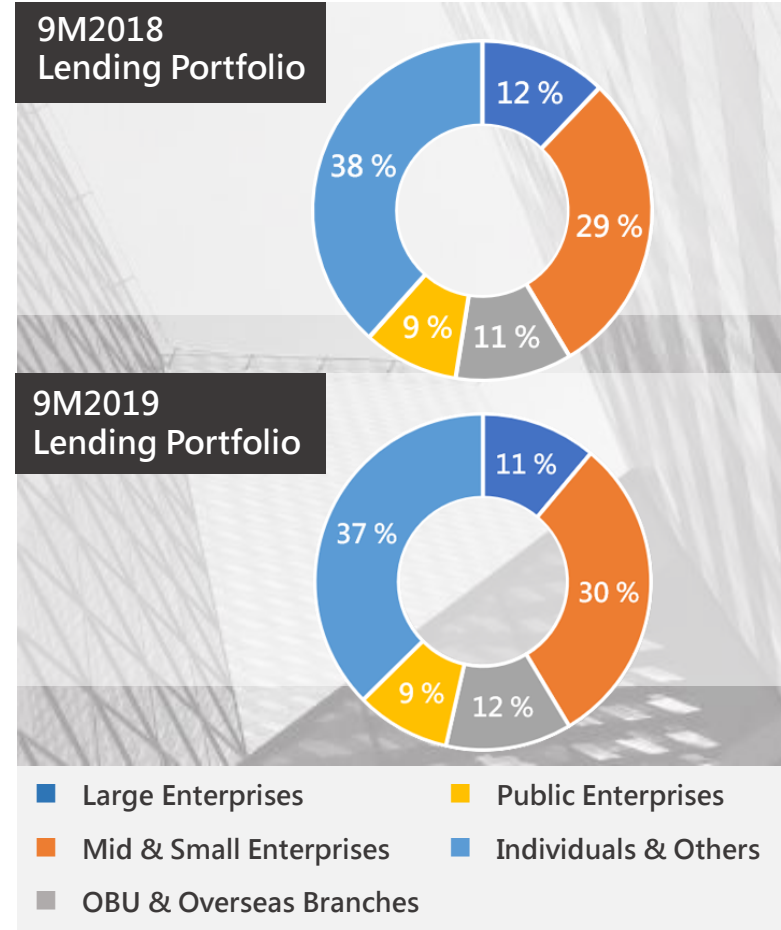
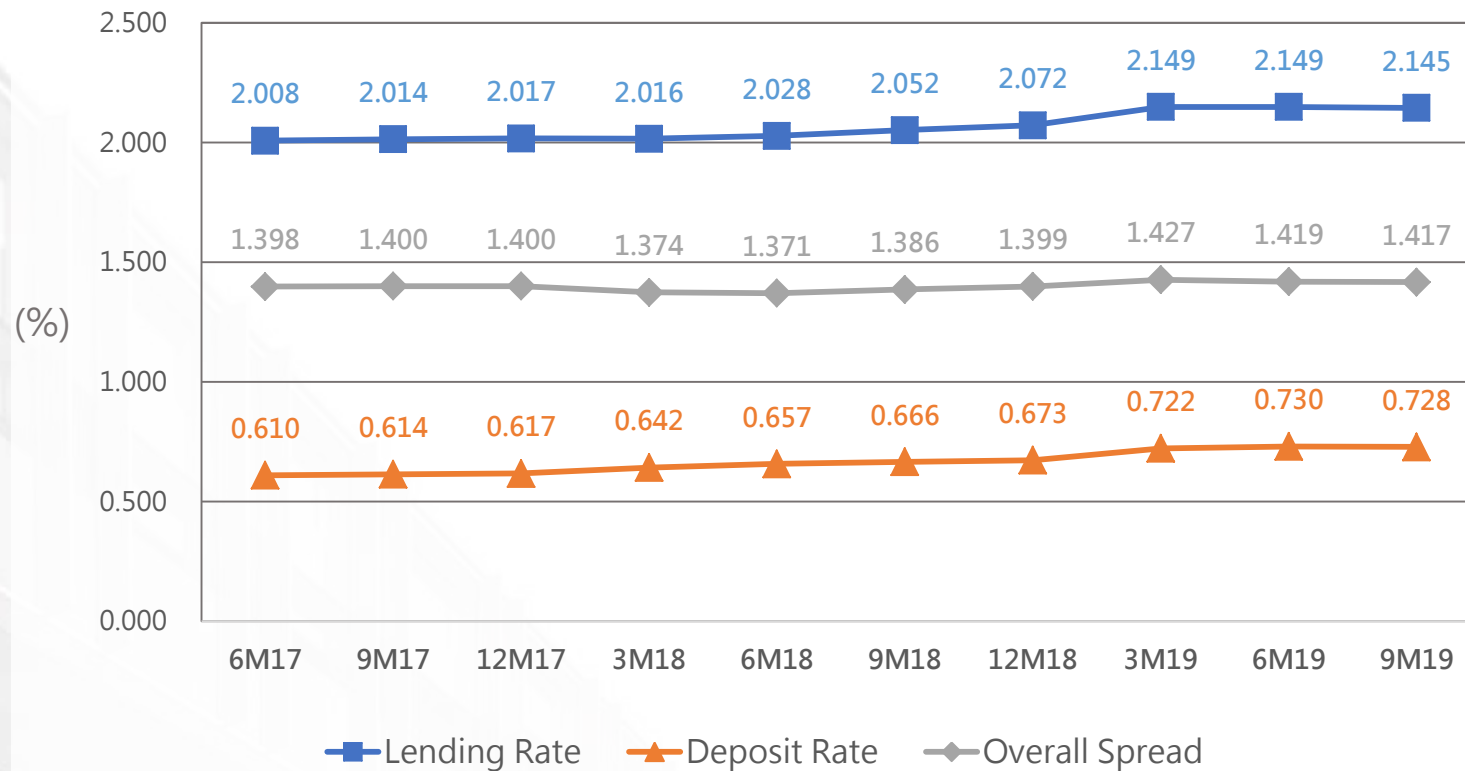
# Core Business Profitability Continues to Grow





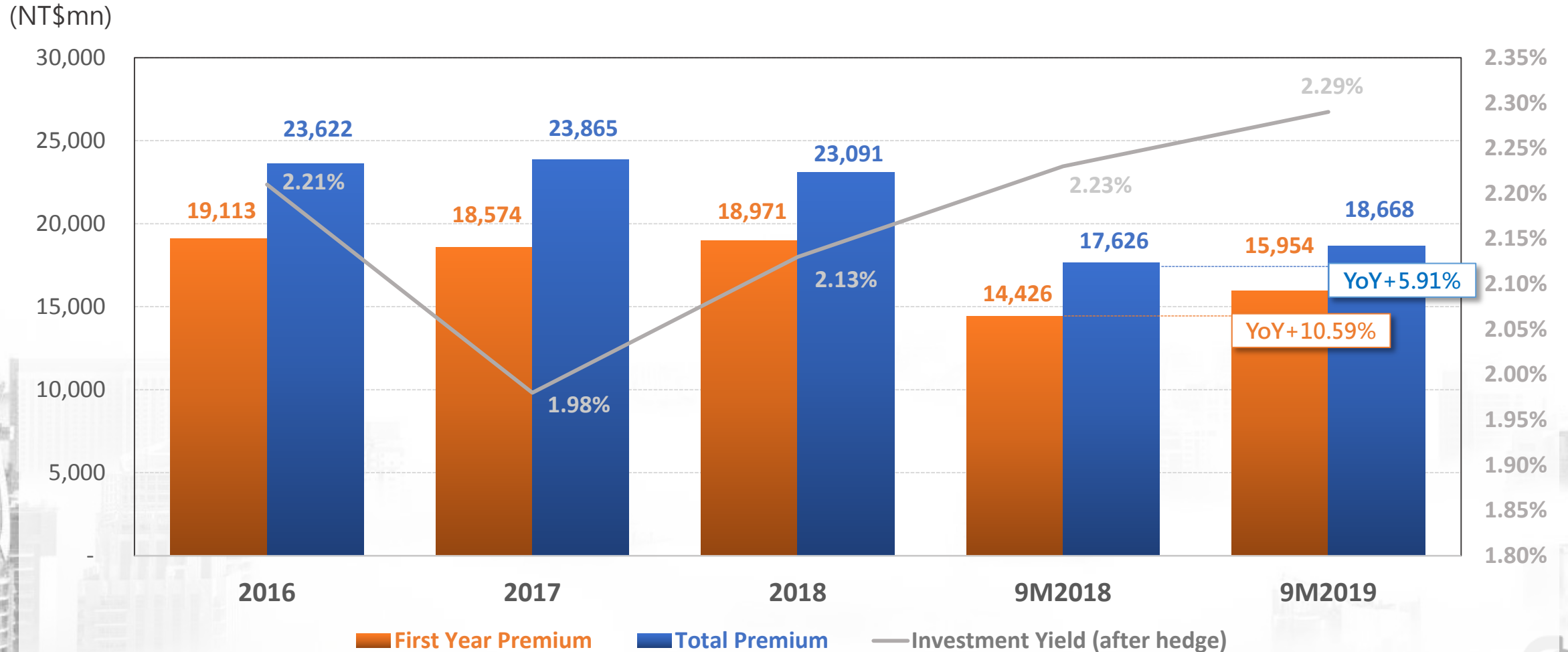
# Steady Increase of Lending and Interest Rate Spreads

- Increase in lending mainly contributed by double digit growth of OBU and overseas branches
- Bank's overall spread for 2019 YTD outperforms historical numbers





# Life As The Second Largest Growth Driver





## Successful Execution of Its Two Pronged Strategy

	2017	2018	9M2019
YoY Increase of Balance of Loans	1.90%	2.91%	4.56%
YoY Increase of Bank Fee Income	-5.47%	4.41%	1.97%
YoY Increase of Bank NIM	2.86%	4.72%	0.83%
Average Group ROA (after tax, annualized, consolidated)	0.44%	0.46%	0.49%
Average Group ROE (after tax, annualized, consolidated)	7.28%	7.66%	8.11%
Retroactively Adjusted Group EPS (NT\$)	1.11	1.21	1.00

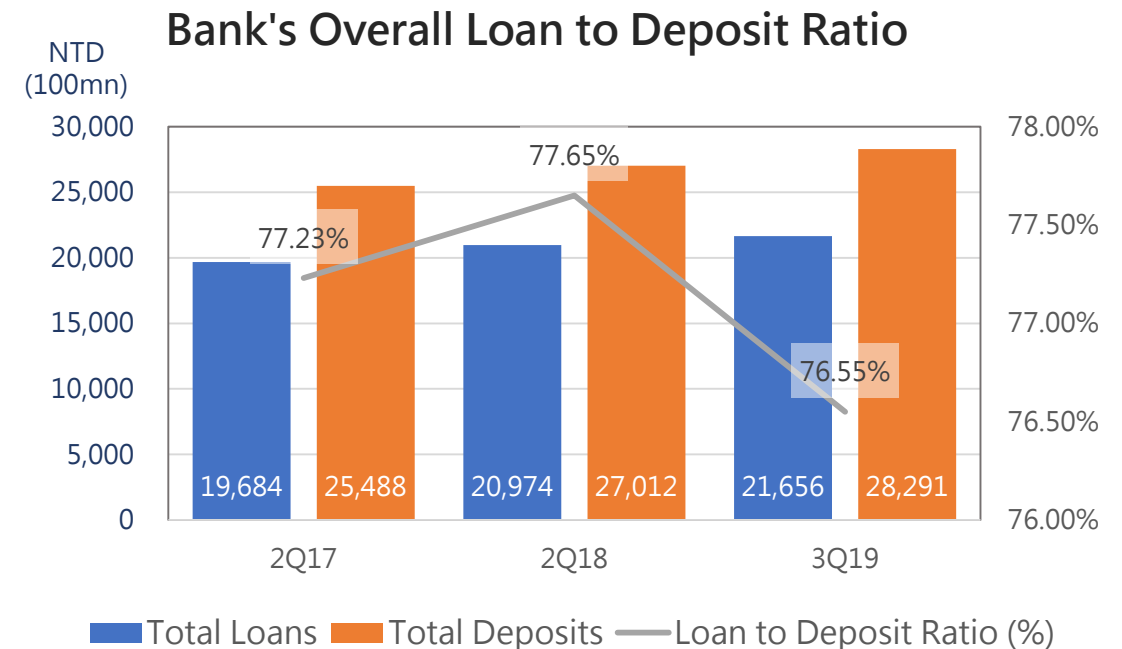




## Strong in Capital And A Conservative B/S

- Healthy loan to deposit ratio throughout the years
- CAR and Tier 1 ratio stand high as Company continues to focus on and prioritize strong capitalization and assets benign in quality; Bank issued non-cumulative perpetual subordinated debts for a total amount of NT\$5bn in 2018

	2017	2018	9M2019
NPL Ratio	0.34%	0.28%	0.32%
Bank's common equity Tier 1 ratio	10.32%	10.74%	10.88%
Bank's CAR	13.44%	13.59%	13.43%
Group's CAR	128.21%	122.27%	112.91%
Bank's coverage ratio	366.39%	448.38%	383.00%
DLR	109.04%	110.12%	112.60%
Reserve/NPL	109.41%	111.45%	107.55%





## 4 Pillars of Governance As A D-SIB Company

Focus on: (1) Core Business, (2) Assets Quality Remains Benign, and (3) CAR

### Expand Profitability

1. Adjust business strategies, diversify sources of income
2. Increase income from light RWA business, for example wealth management

### Accelerate Capital Accumulation

1. Rapid accumulation of capital achieved by rapid accumulation of earnings
2. Increase of earnings to be faster than the increase of risk weighted assets

### Allocated Risk-Weighted Assets Limit

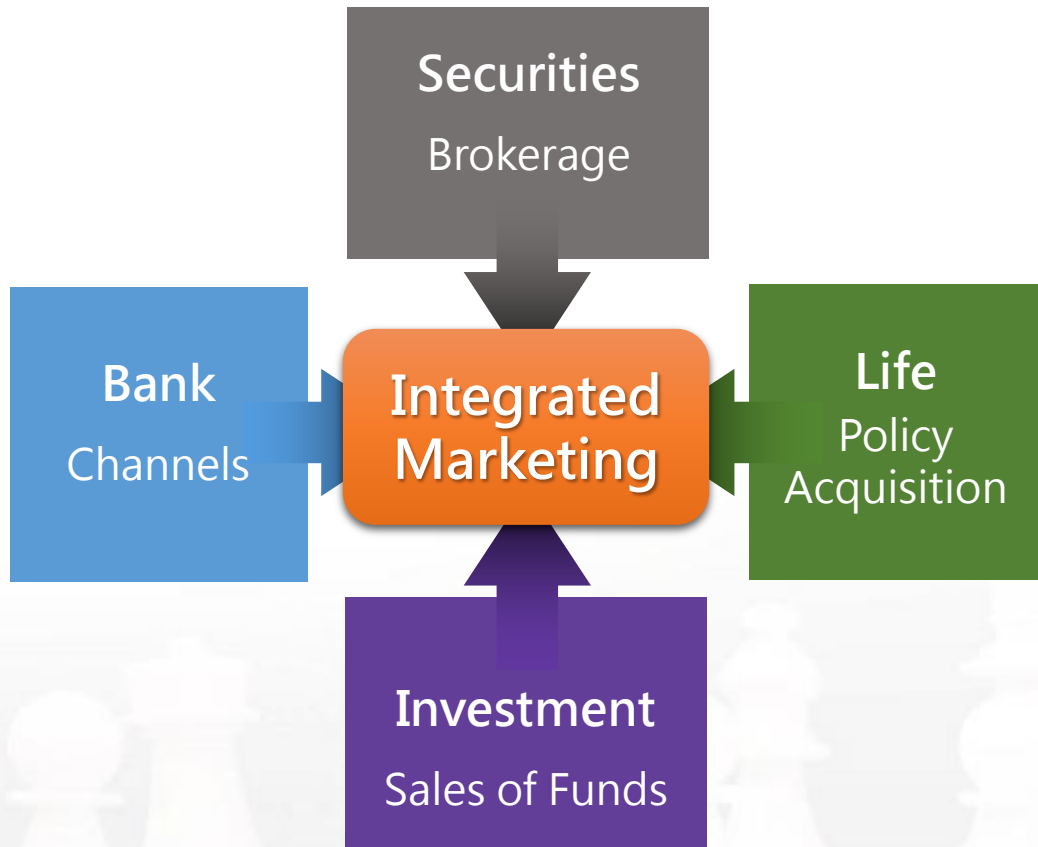
1. Based on each business units RORAC, setting RWA limit
2. Monitor RWA allocations monthly

### Lifting Capital Adequacy

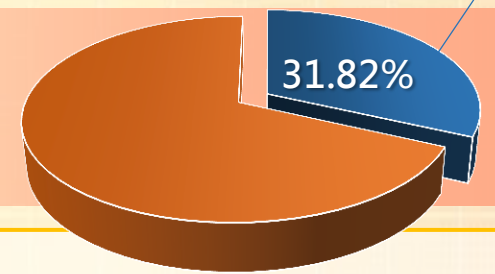
1. Capital increase by retained earning
2. Issuance of non-cumulative perpetual subordinated debts for lifting capital adequacy



# We Grow As A Group



Bank OBU and overseas branches contribution as of total 2018FY EBIT



Foreign currency fund pooling to expand, deposit mix to improve, and cost of capital to go down	Aggressive overseas expansion to increase OBU contribution
Deepen the connections of each business unit to leverage different channels and product offerings	Increasing lending for small and mid enterprises to boost industry innovation Focus on real estate investment management, financing facilities for urban renewal and reconstruction of unsafe and old buildings





# Win-Win Policy Cooperation Strategy



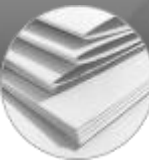


## Diversifying and Linking Up With The World

- **Invest in Fintech :**
  - ✓ Introduce digital signature and smart contracts that make digital data immutable to traditional auditing process and continues to evaluate other fintech opportunities
  - ✓ Introduce mobile apps for new policy initiation and management
  - ✓ Life insurance policies secured by blockchain smart contracts and a service management platform API established
- **Started an IFRS 17 team to timely respond to new changes:**
  - ✓ No immediate impact identified as fair value of insurance contract liabilities now stands lower than lawfully required provision balance while CAR and net assets ratio stand higher
  - ✓ IFRS 17 team is in charge of reviewing data across systems and accounting cycles to make sure the Company stays alert to any exposure

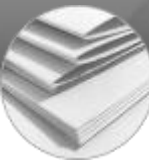






# Simplified Consolidated Balance Sheet

in NT\$ million or %	Yearly Comparison			2017				2018				2019				YoY Comparison		
	2017	2018	Change	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Change	9M2018	9M2019	Change
<b>Total assets</b>	3,411,539	3,508,288	2.84%	3,310,314	3,329,285	3,354,752	3,411,539	3,443,501	3,513,571	3,502,390	3,508,288	3,613,693	3,649,488	3,680,903	0.86%	3,502,390	3,680,903	5.10%
<b>Total liabilities</b>	3,206,043	3,295,814	2.80%	3,108,077	3,130,723	3,151,674	3,206,043	3,233,116	3,307,620	3,291,098	3,295,814	3,392,933	3,431,062	3,458,524	0.80%	3,291,098	3,458,524	5.09%
<b>Total equity</b>	205,496	212,474	3.40%	202,237	198,562	203,078	205,496	210,385	205,951	211,292	212,474	220,760	218,426	222,379	1.81%	211,292	222,379	5.25%
Attributable to owners of TCFHC	201,152	208,274	3.54%	198,301	194,482	198,879	201,152	206,081	201,765	206,894	208,274	215,920	213,366	217,105	1.75%	206,894	217,105	4.94%
Non-controlling interests	4,344	4,200	-3.31%	3,936	4,080	4,199	4,344	4,304	4,186	4,398	4,200	4,840	5,060	5,274	4.23%	4,398	5,274	19.92%
<b>Capital Stock</b>	122,027	125,688	3.00%	118,473	118,473	122,027	122,027	122,027	122,027	125,688	125,688	125,688	125,688	129,458	3.00%	125,688	129,458	3.00%



## Financial Performance Summary of Subsidiaries

(Unit: in NTD mn; %)	TCB	TCS	TCBF	CAM	TCSITE	TCVC	TCB Life
Assets	3,442,008	28,718	52,822	7,172	480	1,032	152,421
Equity	223,113	5,344	6,634	3,256	405	1,006	10,318
NI	11,896	279	355	170	28	58	625
9M 2019 EPS	1.23	0.59	0.78	0.60	0.93	0.58	0.93
ROA (after tax, annualized)	0.47%	1.38%	0.93%	3.28%	8.40%	7.79%	0.57%
ROE (after tax, annualized)	7.33%	7.16%	7.35%	6.83%	9.57%	7.92%	9.04%

As of Sep, 2019