



Proactive Behavior, Agile Response, Innovative Thinking

Analyst Meeting Financial Review of 2019 Q4



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Today's Host

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



Contents

Company Introduction & Corporate Governance P5 - P9



- 5 - A Comprehensive Financial Group
- 6 - International Footprints
- 7 - Stable Shareholding Structure
- 8 - Management Team
- 9 - Strong Corporate Governance

Profitability & Capital Allocation P10 – P15



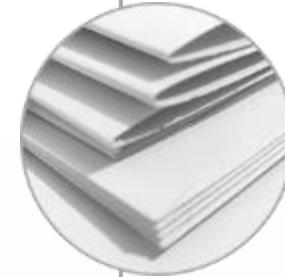
- 10 – Holding and Core Business Profitability Continues to Grow
- 11 - Steady Increase of Lending And Interest Rate Spreads
- 12 – TCB Life As The Second Largest Growth Driver
- 13 - Successful Execution of The Two Pronged Strategy
- 14 - Strong in Capital And A Stable B/S
- 15 - 4 Pillars of Governance As A D-SIB Bank

Growth Strategy P16 – P18



- 16 -We Grow As A Group
- 17 - Win-Win Policy Cooperation Strategy
- 18 - Diversifying and Linking Up With The World

Appendix P20 – P22



- 20 - Consolidated Income Statement
- 21 - Simplified Balance Sheet
- 22 – Financial Performance Summary



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

Investment Trust

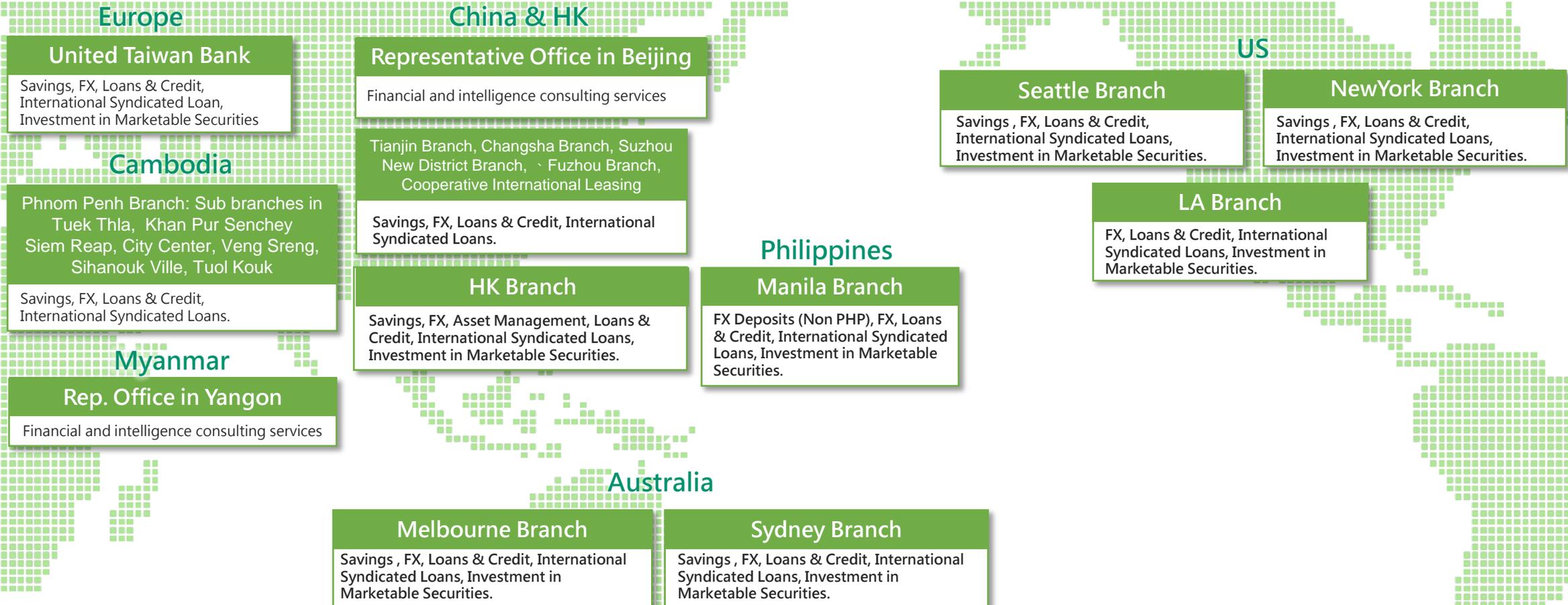
Venture Capital

Asset Management

Leasing

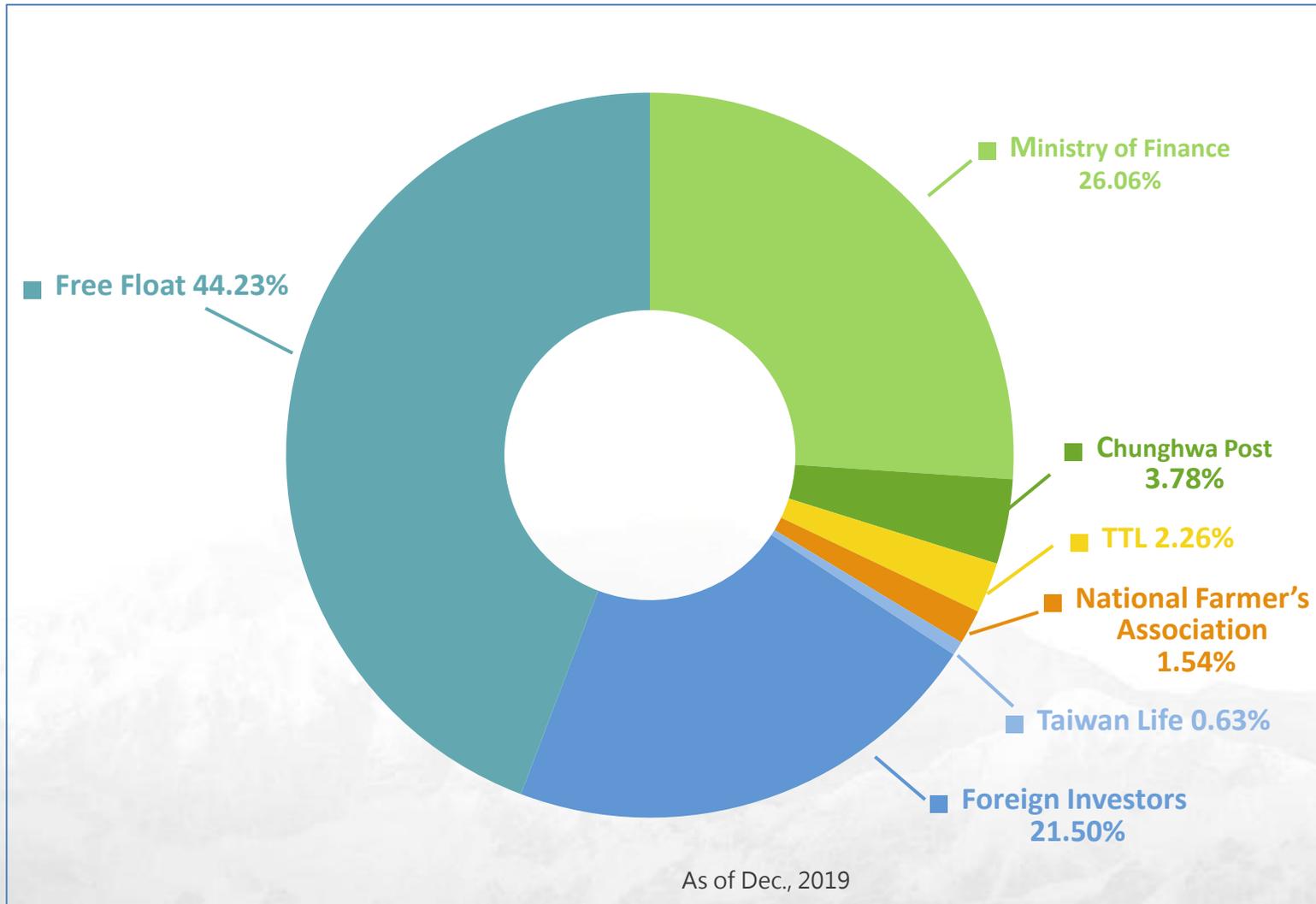


International Footprints





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.



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



Peter J.W., **KEN**
CHIEF COMPLIANCE OFFICER



Strong Corporate Governance

Strong Core Business



- TCB-Bank awarded the 9th Taiwan Academy of Banking and Finance Award "Best Trust Award"
- TCB-Life awarded "The Asset Triple A Insurance Awards in 2018"
- TCB-Life awarded "Outstanding Performance under the Program for Improving Insurance Protection for the People"

Stringent Compliance



- Enhance the structure of legal compliance: Chairman of the board hosted the Compliance Committee and added subsidiary company's presidents as membership to strengthen lateral communication.
- Compliance Committee was held on 17 Dec. 2019 to fulfill Legal Compliance by top-down approach and bottom up feedback function.

Always Giving Something Back



- Promote Lending Program in 5+2 Industrial Innovation Industry, with a balance of NT\$462,160 mn on Dec. 31th, 2019, ranked No.1 among domestic banks
- Strive for sustainable environment. In 2018, the headquarter building awarded "The Green Building Silver Certification" . Meanwhile, TCB-Bank continuously supports development of green energy technology industry to obtain financing and awarded the "Special Award in Green Energy Technology Industry "by FSC
- Hold charity events and donate to disadvantaged groups
- Long-term cultivation of sports talents, TCB-Bank awarded "Gold Award " and "Long-Term Sponsorship Award" in sponsorship category, along with "Gold Award" in promotion category

International Recognition



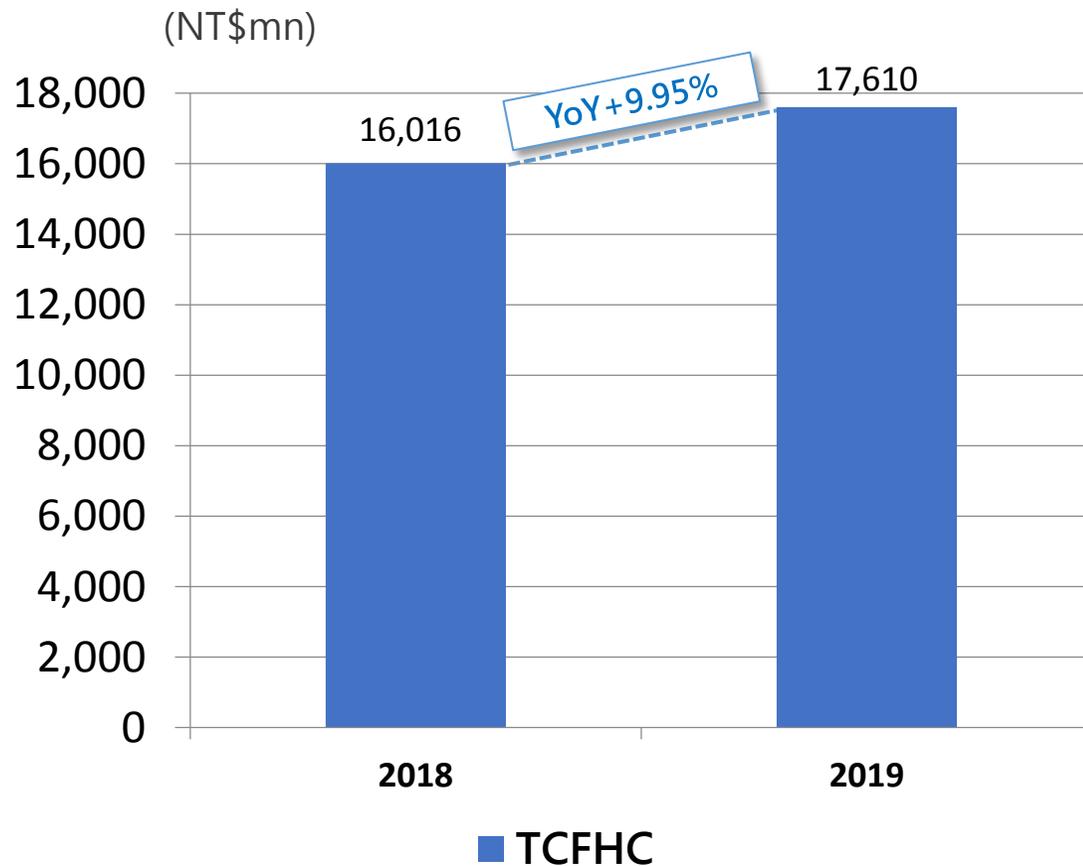
- Being included in FTSE4Good Index Series, emerging market, for 5 times
- An index stock of TWSE CG 100 Index, Taiwan HC 100 Index, and Taiwan Employment Creation 99 Index
- TCB-Bank Passed ISO Double Certification, becoming a benchmark of international environment sustainable enterprise



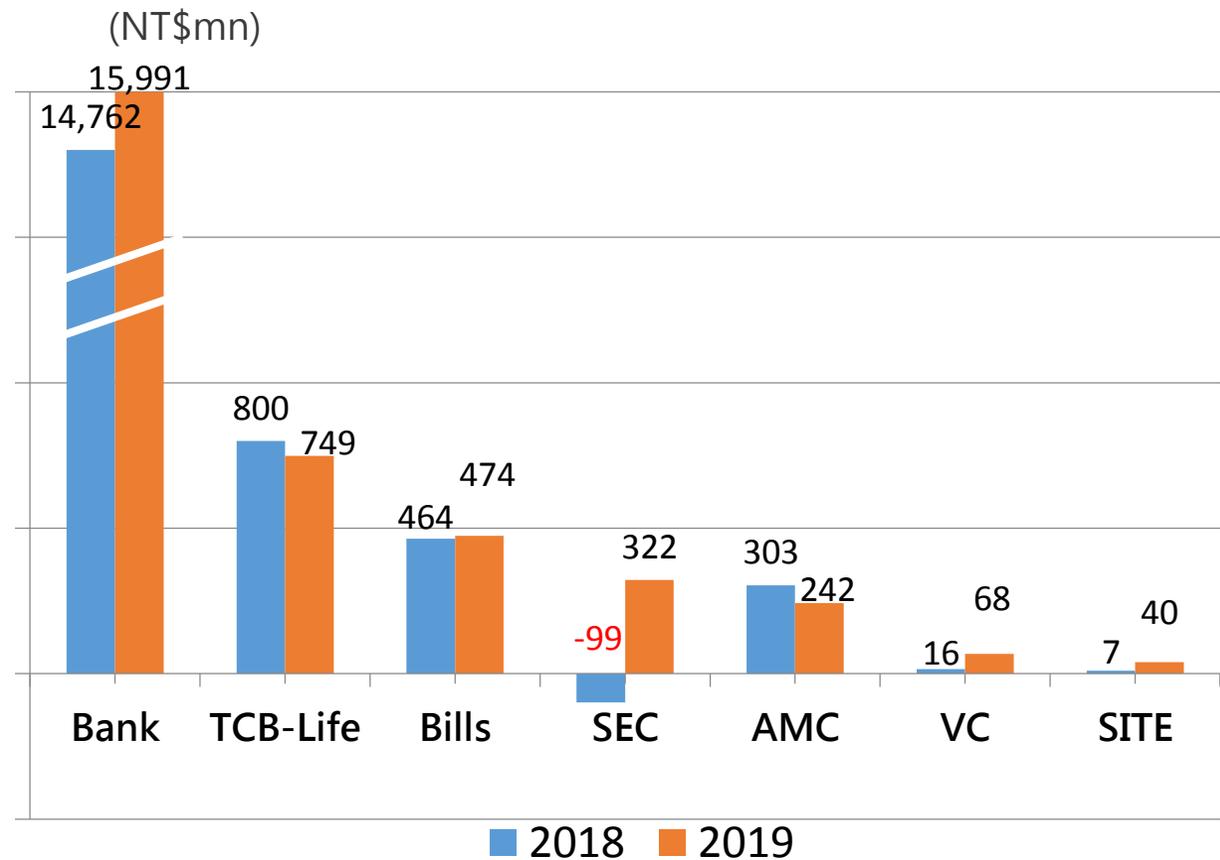
Holding and Core Business Profitability Continue to Grow

HOLDING AND CORE BANKING BUSINESS PROFITABILITY CONTINUES TO GROW

TCFHC' s Consolidated Net Income



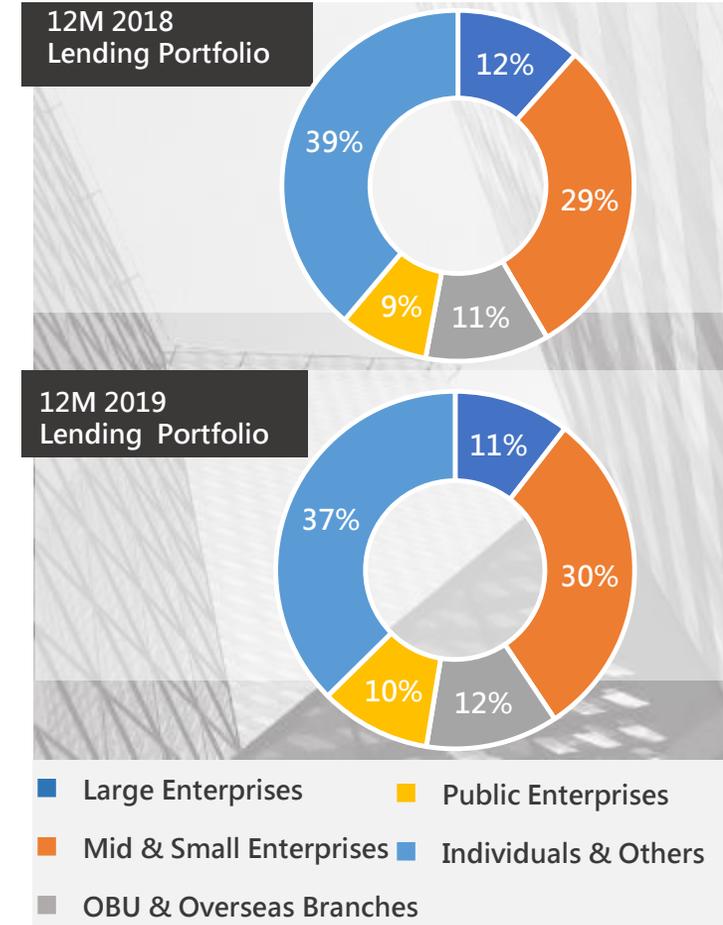
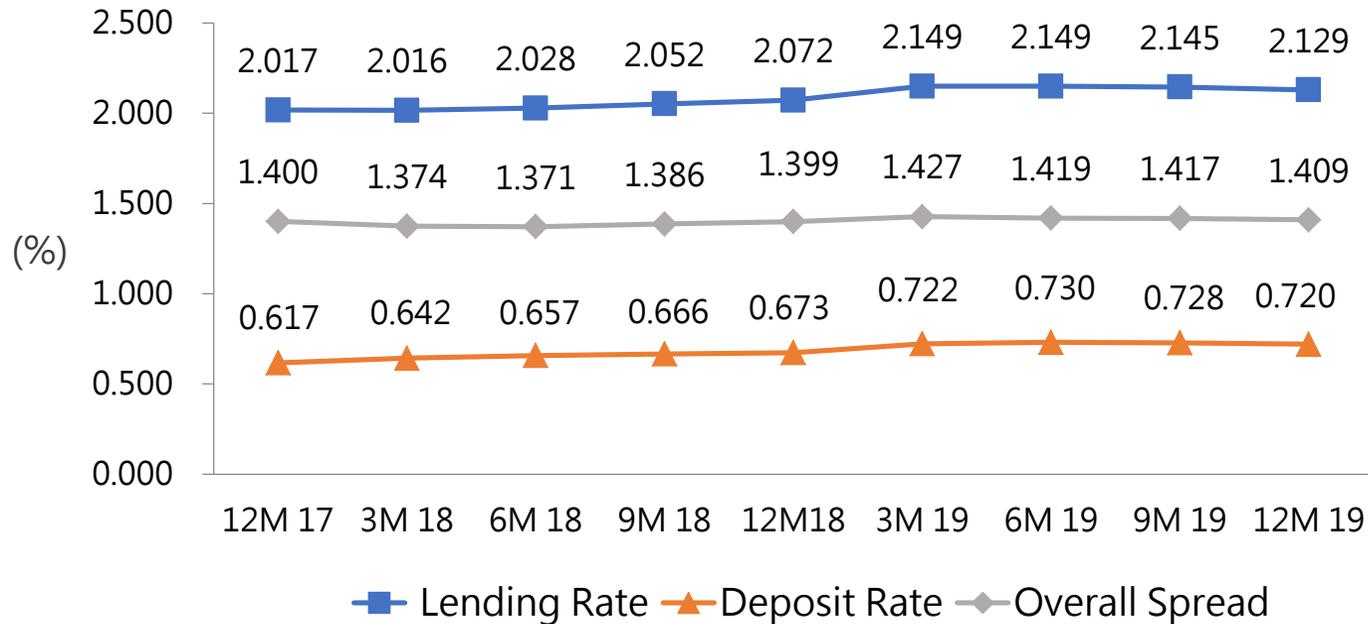
Profit Contribution of Each Subsidiary





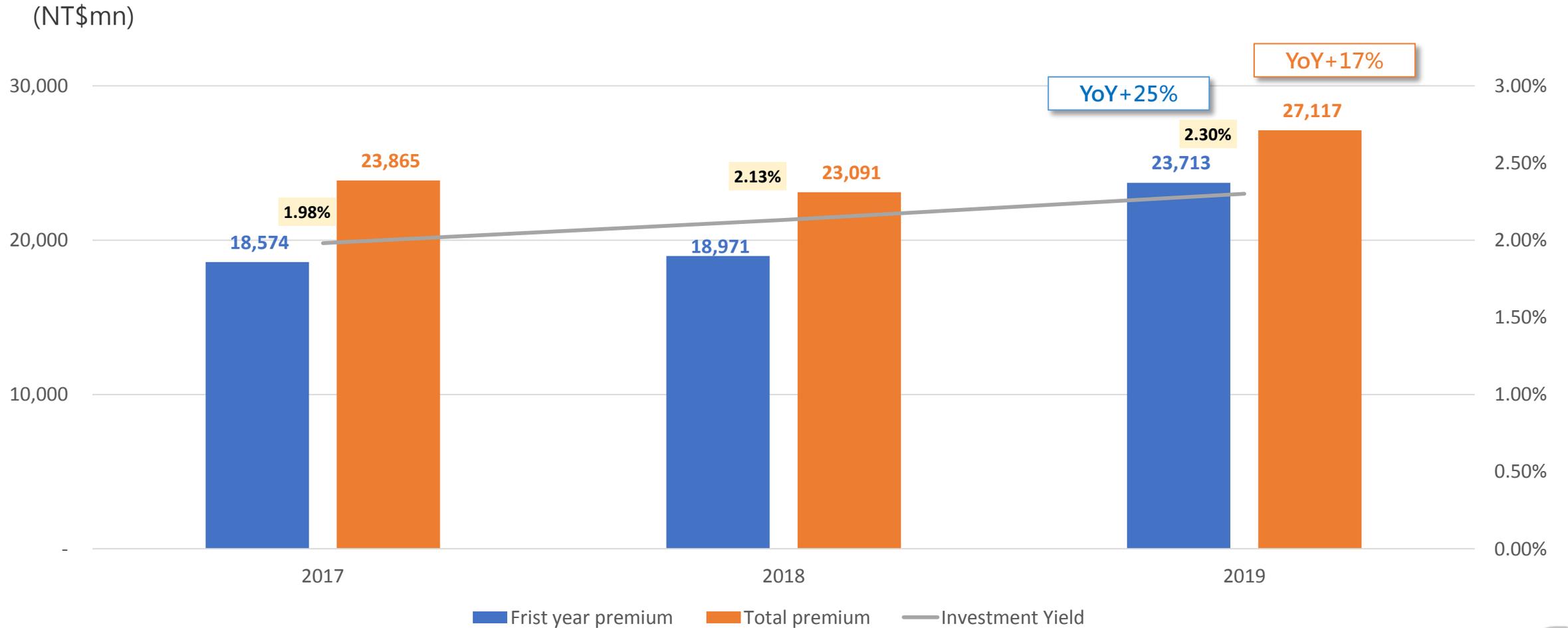
Steady Increase of Lending and Interest Rate Spreads

- Increase in lending mainly contributed by SME , OBU and Overseas branches.
- Bank's overall spread for 2019 steady increased





Life As The Second Largest Growth Driver





Successful Execution of Its Two Pronged Strategy

	2017	2018	2019
YoY Increase of Balance of Loans of Bank	1.90%	2.91%	6.40%
YoY Increase of Bank Fee Income	-5.47%	4.41%	5.84%
YoY Increase of Bank NIM	2.86%	4.72%	0.98%
Group ROA (after tax, consolidated)	0.44%	0.46%	0.49%
Group ROE (after tax, consolidated)	7.28%	7.66%	8.02%
Group Retroactively Adjusted Group EPS (NT\$)	1.11	1.21	1.33

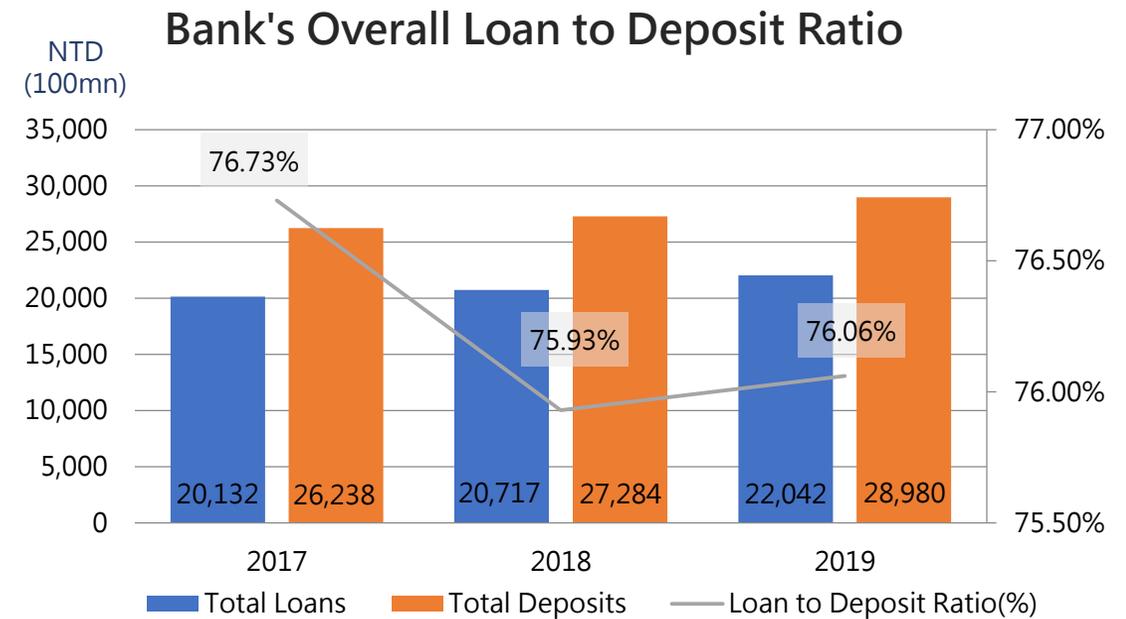




Strong in Capital And A Conservative B/S

- Healthy loan to deposit ratio throughout the years
- Bank continues to focus on and prioritize strong capitalization and assets quality; Bank issued non-cumulative perpetual subordinated debts for a total amount of NT\$10bn in 2019

	2017	2018	2019
NPL Ratio	0.34%	0.28%	0.25%
Bank's common equity Tier 1 ratio	10.32%	10.74%	11.14%
Bank's CAR	13.44%	13.59%	13.56%
Group's CAR	128.21%	122.27%	114.88%
Bank's coverage ratio	366.39%	448.38%	498.81%
Holding's DLR	109.04%	110.12%	112.40%
Reserve/NPL	109.41%	111.45%	107.54%





4 Pillars of Governance As A D-SIB Bank

Focusing on Core Business, Assets Quality, and 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

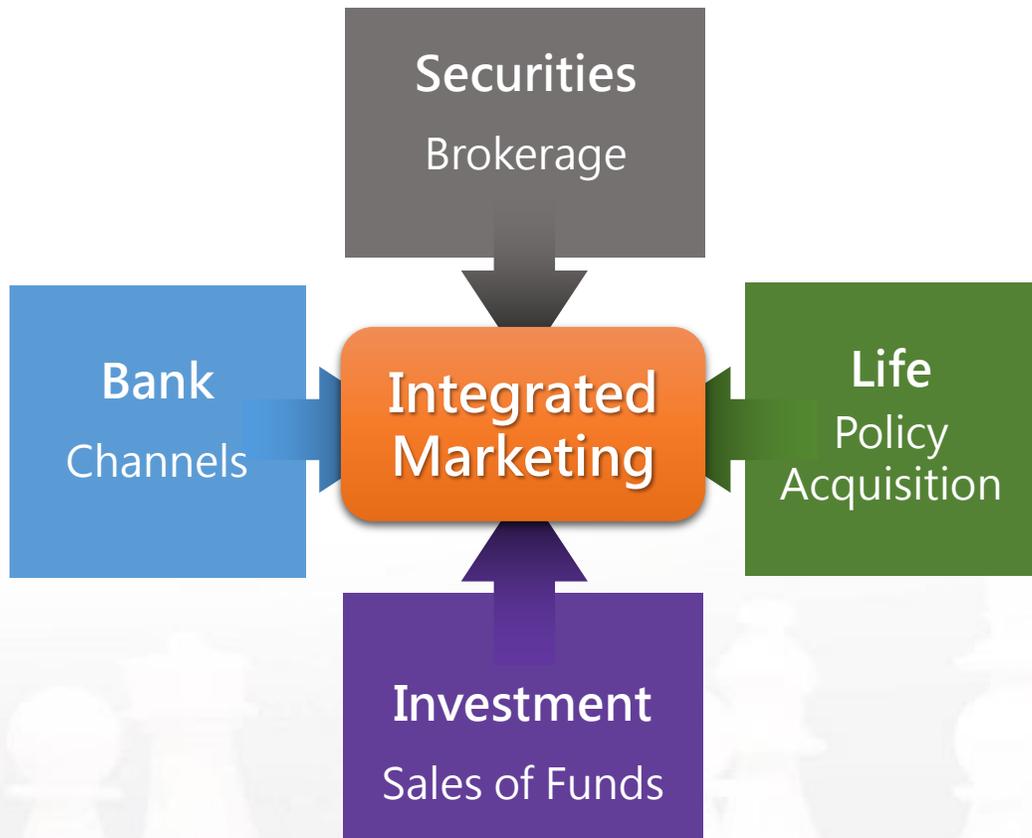
1. Based on each business units RORAC, setting RWA limit
2. Planning to develop advanced risk measurement technology by applying LTV and IRB approach

Lifting Capital Adequacy

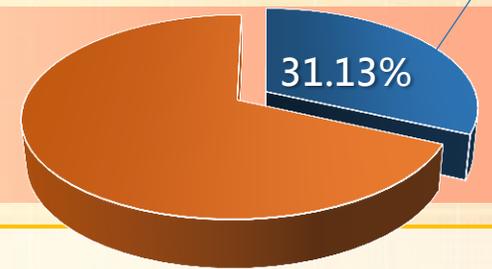
1. Capital increase by retained earning
2. Issuance of non-cumulative perpetual subordinated debts for lifting capital adequacy



We Grow As A Group



Bank OBU and overseas branches contribution as of total 2019 FY 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

- Special task force
- Loan project
- Cross-Selling synergies



- Employee stock ownership trust
- Donation
- Charity marathon
- Emergency and minority aid



- Agile creativity and data science application
- Highlight customer experience and digital transformation strategy
- Provide diversified payment solutions for merchants



- Continue to expand overseas footprints
- Overseas credit guarantee fund



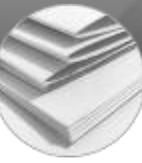
- Reverse mortgage loan
- Lohas policies



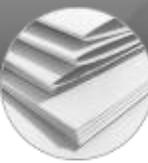
Diversifying and Linking Up With The World

- **Advanced in Fintech service :**
 - ✓ AI driven applications in diversity aspects: Biometric, data science, social marketing, and chatbots
 - ✓ Develop “Open Banking” services to reach potential customers
 - ✓ Acquiring business includes multifunctional EDC ,Taiwan Pay EMV QR code, Apple Pay, Google Pay, Samsung Pay and AliPay
- **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 TCB-Life stays alert to any exposure





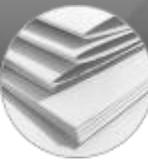
Q & A



Consolidated Income Statement

UNIT: in NT\$ million, NT\$, or %

	Yearly Comparison			2017				2018				2019			
	2018	2019(p)	Change	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(p)
Interest revenue	57,145	60,903	6.58%	12,903	13,046	13,614	13,607	13,806	14,364	14,698	14,277	14,914	15,365	15,186	15,438
Interest expense	(22,037)	(25,101)	-13.90%	(4,581)	(4,607)	(4,761)	(4,855)	(5,074)	(5,444)	(5,706)	(5,813)	(6,238)	(6,423)	(6,372)	(6,068)
Net Income of Interest	35,108	35,802	1.98%	8,322	8,439	8,853	8,752	8,732	8,920	8,992	8,464	8,676	8,942	8,814	9,370
Net Non-Interest Income	11,765	13,254	12.66%	2,601	3,131	3,312	3,218	3,564	1,645	3,121	3,435	3,534	2,944	3,360	3,416
Service fee and commission income, net	6,472	6,872	6.18%	1,396	1,546	1,786	1,646	1,601	1,549	1,695	1,627	1,608	1,764	1,676	1,824
Insurance income, net	150	(480)	-120.00%	637	199	150	203	253	(314)	81	130	24	(345)	(152)	(7)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	3,248	2,898	-10.78%	(1,062)	593	336	129	509	1,649	412	678	2,164	1,043	865	(1,174)
Gains on derecognition of financial assets at amortized cost, net	0	19	-	-	-	-	-	0	0	0	0	1	0	18	0
Gains on disposal of investment properties	1	18	1700.00%	0	0	16	0	0	0	1	0	0	0	2	16
Realized gains on available-for-sale financial assets	-	-	-	205	266	563	278	-	-	-	-	-	-	-	-
Realized gains on financial assets at fair value through other comprehensive income gains (losses)	1,861	2,407	29.34%	-	-	-	-	374	396	788	303	323	572	1,245	267
Foreign exchange gains (losses), net	(918)	1,739	289.43%	1,446	364	474	901	841	(1,876)	250	(133)	(286)	(307)	(242)	2,574
Reversal of impairment gains (losses) on assets	(18)	(20)	-11.11%	8	0	(1)	0	0	1	(8)	(11)	4	(7)	(15)	(2)
Share of gains of associates and joint ventures accounted for using the equity method	11	10	-9.09%	3	0	2	0	3	1	9	(2)	3	6	1	0
Loss on reclassification of overlay approach	381	(719)	-288.71%	-	-	-	-	(8)	49	(112)	452	(351)	51	(89)	(330)
Gains on financial assets carried at cost, net	-	-	-	0	186	97	0	-	-	-	-	-	-	-	-
Other noninterest gains, net	577	510	-11.61%	(32)	(23)	(111)	61	(9)	190	5	391	44	167	51	248
Total net revenues and gains other than interest	46,873	49,056	4.66%	10,923	11,570	12,165	11,970	12,296	10,565	12,113	11,899	12,210	11,886	12,174	12,786
Bad-debt expenses and provision for losses on commitment and guarantees	(4,355)	(4,118)	5.44%	(714)	(868)	(865)	(2,774)	(1,595)	(22)	(774)	(1,964)	(1,575)	(893)	(698)	(952)
Net change in reserves for insurance liabilities	978	1,523	55.73%	(535)	23	145	27	(76)	565	370	119	203	623	529	168
Operating expenses	(25,115)	(25,746)	-2.51%	(5,728)	(6,146)	(6,131)	(6,260)	(6,074)	(6,111)	(6,397)	(6,533)	(6,022)	(6,361)	(6,455)	(6,908)
Employee benefits	(16,335)	(16,796)	-2.82%	(3,858)	(4,149)	(3,967)	(3,784)	(4,022)	(4,022)	(4,156)	(4,135)	(3,983)	(4,198)	(4,210)	(4,405)
Depreciation and amortization expenses	(1,339)	(1,890)	-41.15%	(279)	(272)	(269)	(339)	(340)	(338)	(335)	(326)	(449)	(465)	(473)	(503)
General and administrative expenses	(7,441)	(7,060)	5.12%	(1,591)	(1,725)	(1,895)	(2,137)	(1,712)	(1,751)	(1,906)	(2,072)	(1,590)	(1,698)	(1,772)	(2,000)
Income before income tax	18,381	20,715	12.70%	3,946	4,579	5,314	2,963	4,551	4,997	5,312	3,521	4,816	5,255	5,550	5,094
Income tax expense	(2,365)	(3,105)	-31.29%	(451)	(615)	(725)	(299)	(708)	(746)	(816)	(95)	(750)	(826)	(827)	(702)
Net income	16,016	17,610	9.95%	3,495	3,964	4,589	2,664	3,843	4,251	4,496	3,426	4,066	4,429	4,723	4,392
Other comprehensive income	(2,396)	6,187	358.22%	261	1,376	(73)	(246)	(1,567)	570	845	(2,244)	4,211	2,766	(770)	(20)
Total comprehensive income	13,620	23,797	74.72%	3,756	5,340	4,516	2,418	2,276	4,821	5,341	1,182	8,277	7,195	3,953	4,372
Net income attributable to:															
Owners of TCFHC	15,618	17,234	10.35%	3,377	3,845	4,480	2,616	3,713	4,153	4,384	3,368	3,934	4,325	4,647	4,328
Non-controlling interests	398	376	-5.53%	118	119	109	48	130	98	112	58	132	104	76	64
Total comprehensive income attributable to:															
Owners of TCFHC	13,745	22,408	63.03%	3,623	5,067	4,397	2,273	2,401	4,835	5,129	1,380	7,637	6,873	3,739	4,159
Non-controlling interests	(125)	1,389	1211.20%	133	273	119	145	(125)	(14)	212	(198)	640	322	214	213
EPS (after tax, NT\$)	1.21	1.33	9.92%	0.26	0.29	0.35	0.21	0.29	0.32	0.34	0.26	0.31	0.33	0.36	0.33



Simplified Consolidated Balance Sheet

In NT \$ million or %	Yearly Comparison			2017				2018				2019			
	2018	2019(p)	Change	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4(p)
Total assets	3,508,288	3,740,219	6.61%	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	3,740,219
Total liabilities	3,295,814	3,513,468	6.60%	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	3,513,468
Total equity	212,474	226,751	6.72%	202,237	198,562	203,078	205,496	210,385	205,951	211,292	212,474	220,760	218,426	222,379	226,751
Attributable to owners of TCFHC	208,274	221,264	6.24%	198,301	194,482	198,879	201,152	206,081	201,765	206,894	208,274	215,920	213,366	217,105	221,264
Non-controlling interests	4,200	5,487	30.64%	3,936	4,080	4,199	4,344	4,304	4,186	4,398	4,200	4,840	5,060	5,274	5,487
Capital Stock	125,688	129,458	3.00%	118,473	118,473	122,027	122,027	122,027	122,027	125,688	125,688	125,688	125,688	129,458	129,458



Financial Performance Summary of Holding and Subsidiaries

(Unit: in NTD min; %)	TCFHC	TCB	TCS	TCBF	CAM	TCSITE	TCVC	TCB Life
Assets	3,740,219	3,504,565	22,721	53,004	7,554	491	1,048	160,736
Equity	226,751	226,871	5,384	6,760	3,319	417	1,029	10,750
NI	17,610	15,991	322	474	242	40	68	749
2019 EPS (NTD)	1.33	1.65	0.68	1.04	0.86	1.32	0.68	1.12
ROA (after tax)	0.49%	0.47%	1.34%	0.93%	3.40%	8.72%	6.76%	0.49%
ROE (after tax)	8.02%	7.33%	6.16%	7.28%	7.23%	10.01%	6.90%	7.94%

As of Dec., 2019