



# THE SHANGHAI COMMERCIAL & SAVINGS BANK PRE-LISTING PERFORMANCE PREPARATION

2018.9.17

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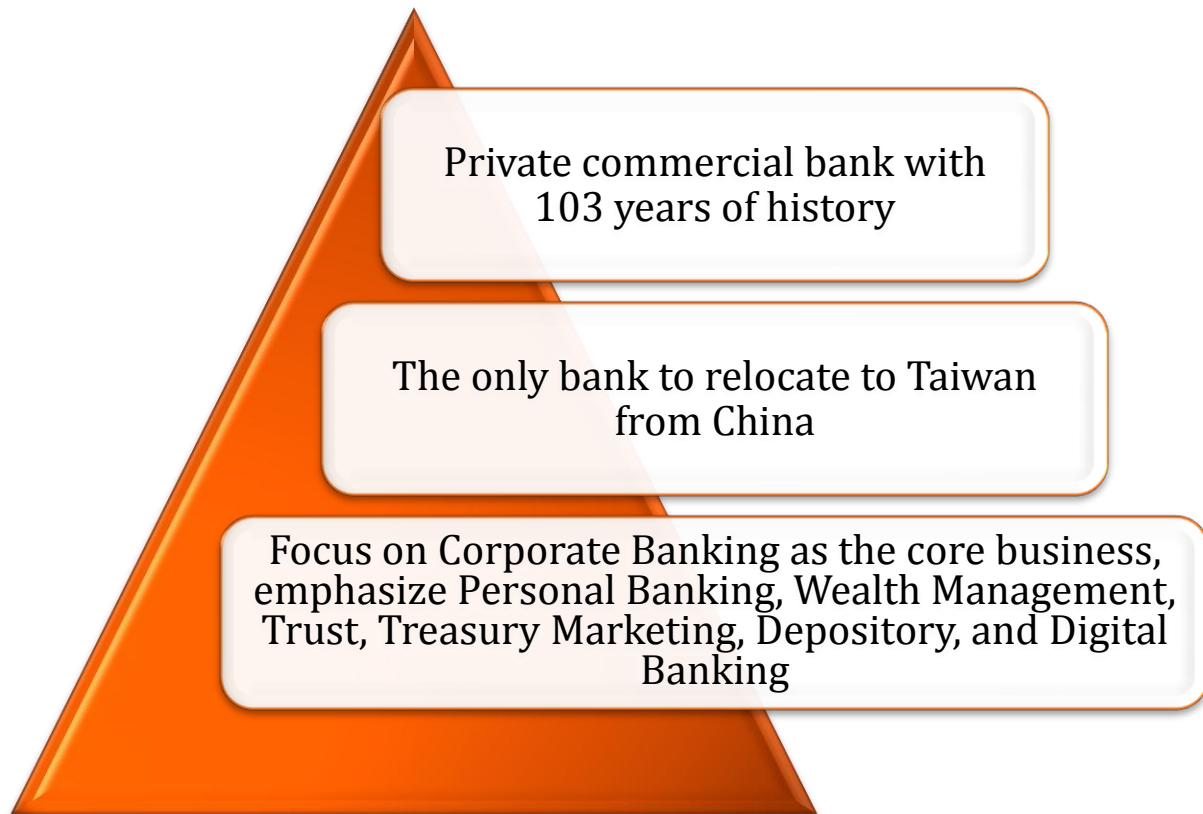
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## OUTLINE OF BRIEFING

- 1 • Company Profile
- 2 • Industry Development
- 3 • Financial Performance
- 4 • Potential Risks
- 5 • Corporate Governance
- 6 • Corporate Social Responsibility
- 7 • Business Strategy and Future Development

# 1. COMPANY PROFILE

## ○ Company Characteristics



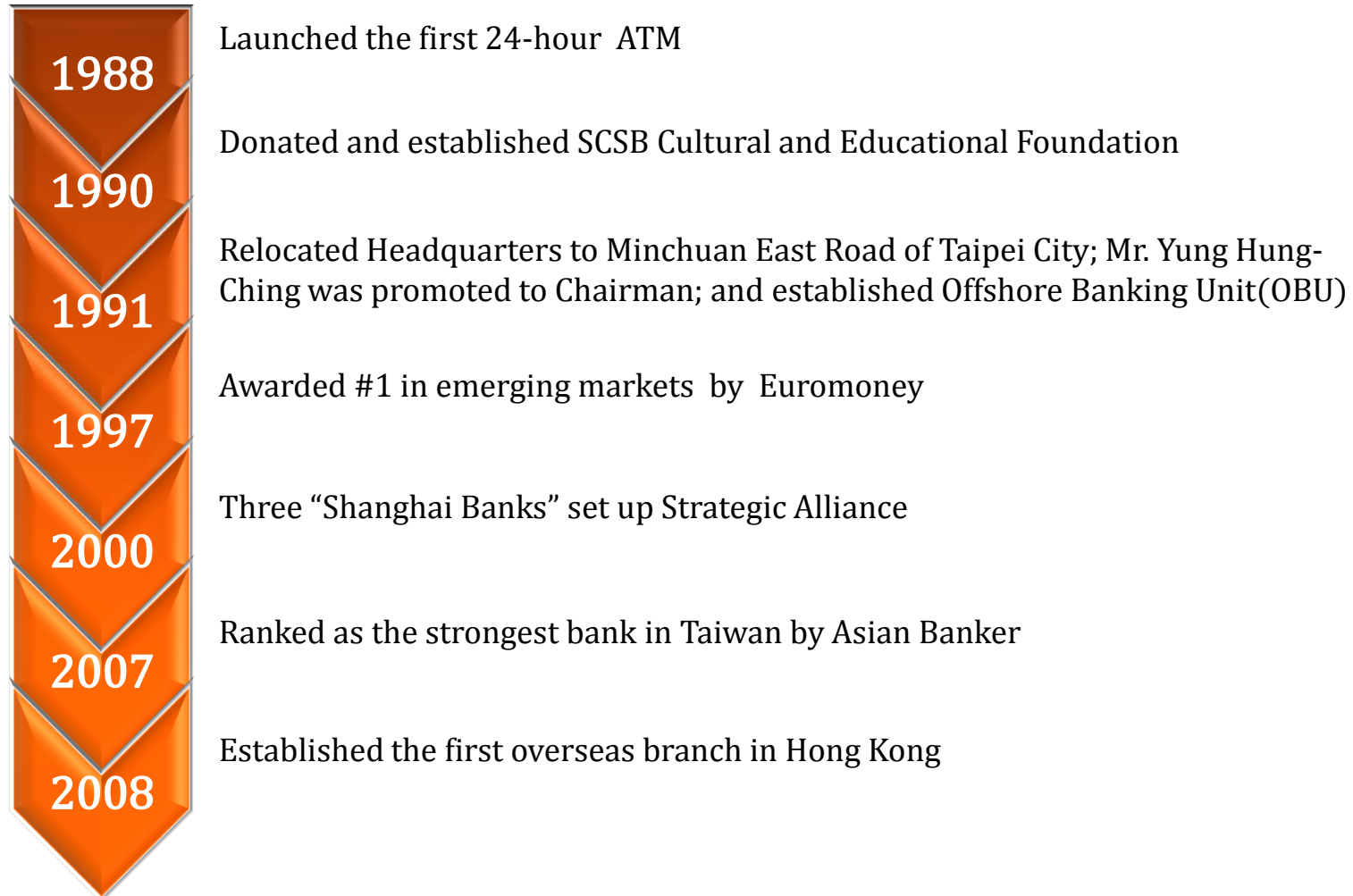
# 1. COMPANY PROFILE

## ○ Milestones (1)



# 1. COMPANY PROFILE

## ○ Milestones (2)



# 1. COMPANY PROFILE

## ○ Milestones (3)



# 1. COMPANY PROFILE

## ○ Mission and Vision

### Mission

- Talent development
- Utilize information technology
- Provide the best products and service to customers in the Asia-Pacific
- Prioritize shareholder rights and pursue best market value

### Vision

- Be the best Chinese Bank in the Asia-Pacific



# 1. COMPANY PROFILE

## ○ Executive Management Team



### Chairman Yung Hung-Ching

- Graduated from University of Shanghai
- Chairman of the Board of Directors of the Company and Director of Shanghai Commercial Bank
- Served as Director and Vice Chairman of the Company



### Managing Director Lee Ching-Yen

- Masters in Business Administration from Northwestern University
- Managing Director of the Company and Chairman of the Board of Directors of Shanghai Commercial Bank
- Served as Chairman of the Board of Director of Singapore Airlines



### Managing Director Chen Yih-Ping

- Masters from University of Denver
- Managing Director of the Company and Director of Shanghai Commercial Bank
- Served as Senior Executive VP and President of the Company



### Independent Managing Director Lee Yung-San

- PhD Economics from University of Wisconsin
- Independent Managing Director of the Company
- Served as Minister of Finance, Chairman of Changhua Bank, Chairman of The International Commercial Bank of China



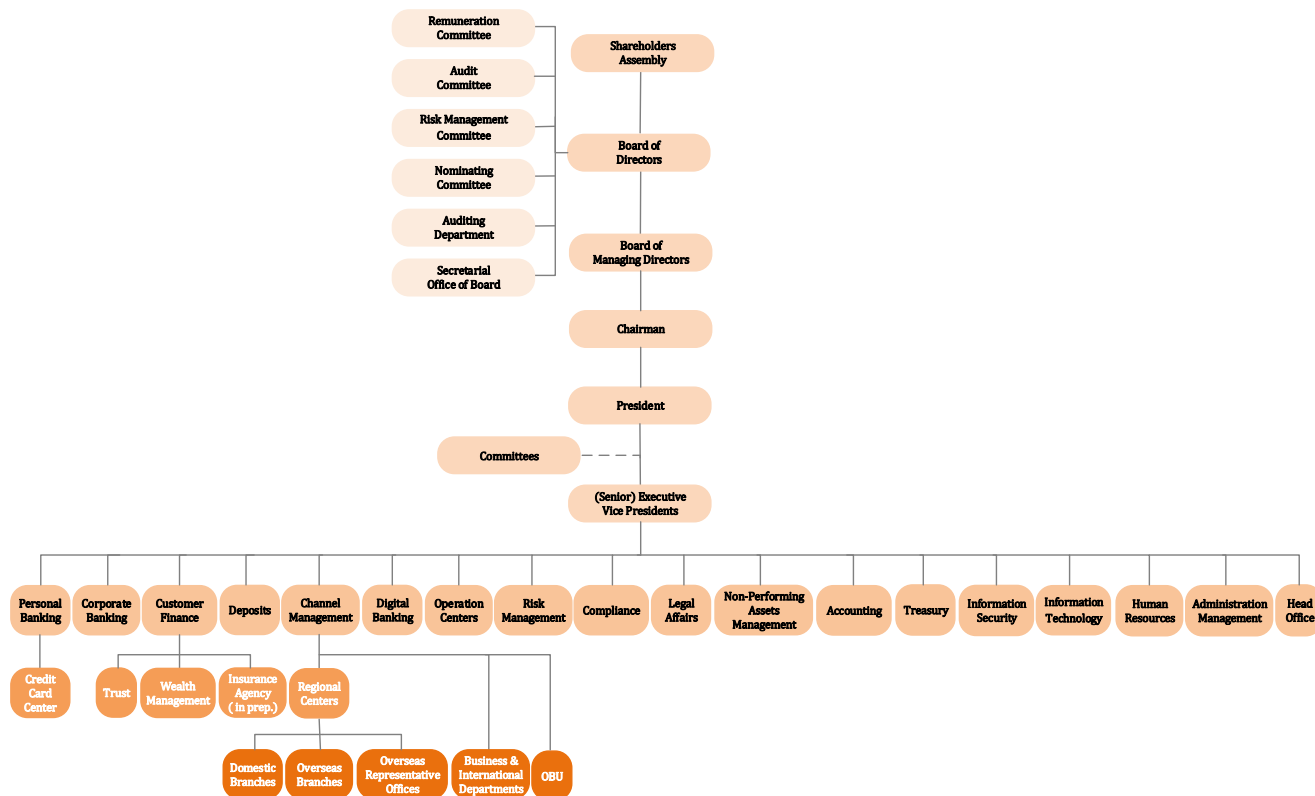
### President Chen Shan-Chung

- Graduated from Soochow University
- Director and President of the company
- Served as Branch Manager, Deputy Executive VP, Senior Executive VP of the Company

# 1. COMPANY PROFILE

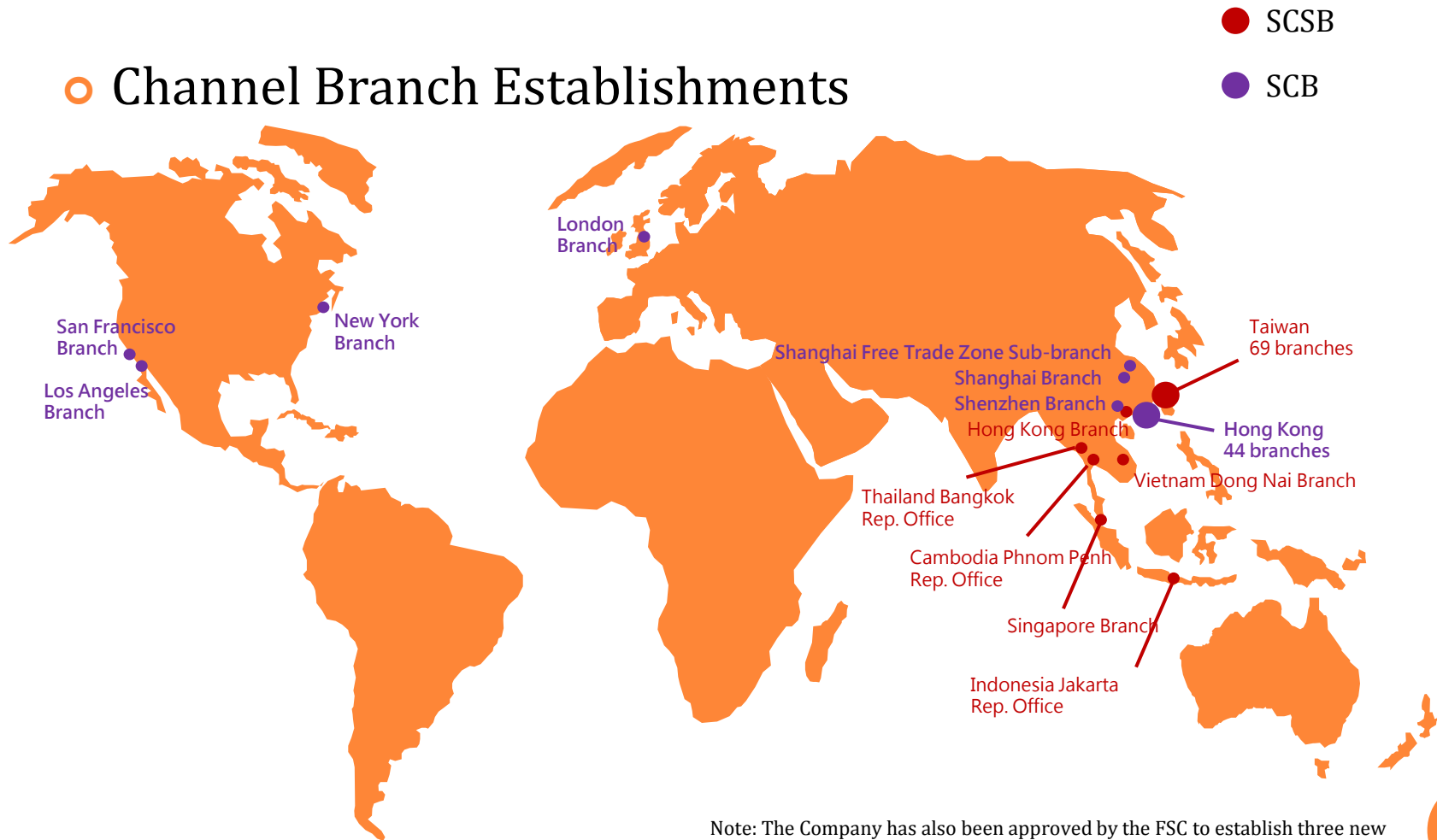
## ○ Organization

- Five major Strategic Business Units team up with Channel Management to develop business; implement corporate governance, enhance in internal control, compliance and logistical support.



# 1. COMPANY PROFILE

## Channel Branch Establishments



Note: The Company has also been approved by the FSC to establish three new domestic branches and apply for a Wuxi Branch in the Mainland China.

# 1. COMPANY PROFILE

## ○ Market Evaluation

Ranked as 263th of top 1000 world banks by the UK “The Banker”

Ranked as 134th of top 500 Asian banks by “The Asian Banker”

Taiwan Rating domestic long-term credit rating twAA

S&P International long-term credit rating BBB+

Fitch domestic long-term credit rating AA (twn)  
International long-term credit rating A-

## 2. INDUSTRY DEVELOPMENT

### ○ Industry Status

Additionally, banking industry is a highly regulated with strict threshold of getting license.

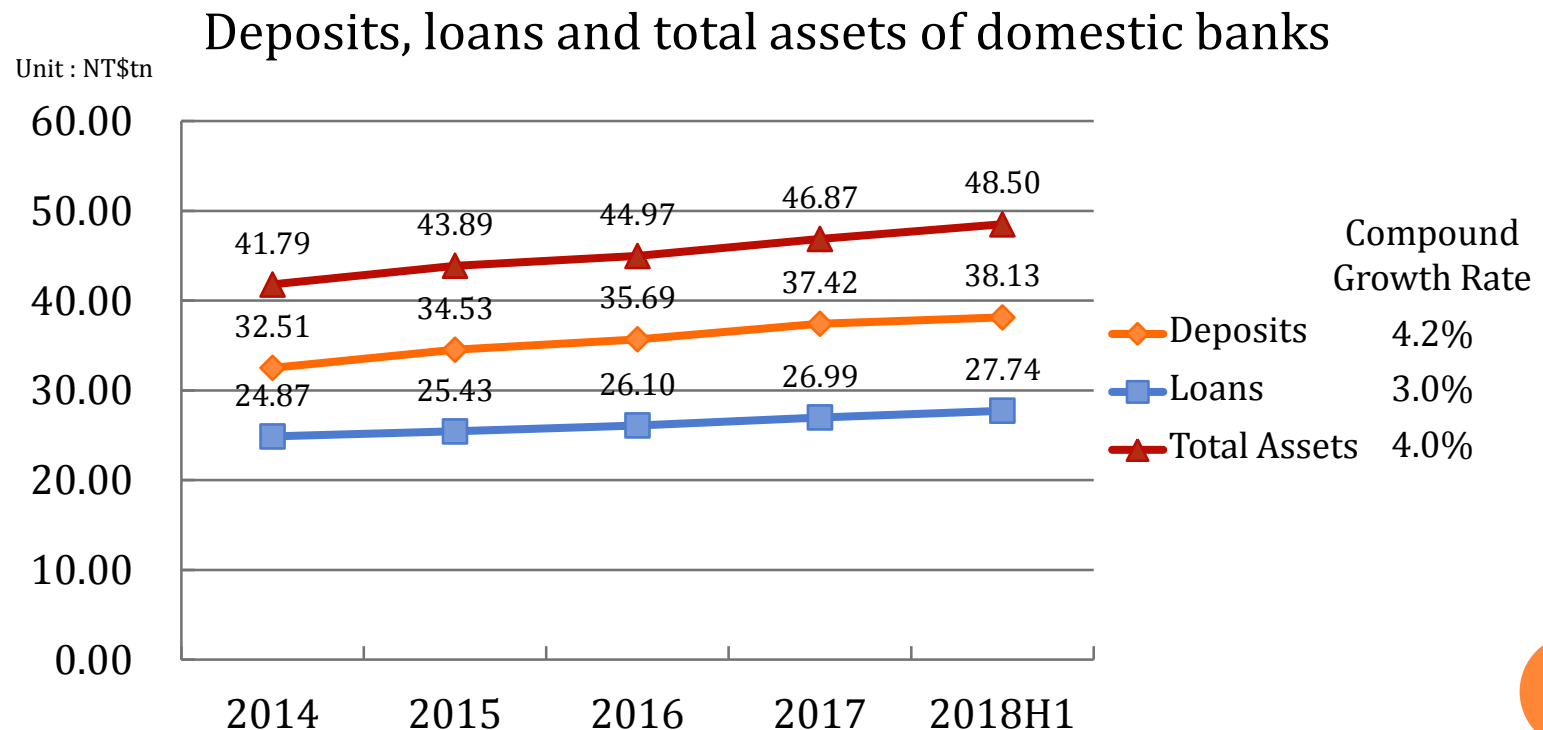
37 indigenous banks with 3,408 domestic, and 146 foreign bank branches in Taiwan, resulting a long-standing issue on over banking.

FSC will plan 2 internet-only banks to be established.

## 2. INDUSTRY DEVELOPMENT

### ○ Industry Scale

Deposits, loans and assets under management show steady growth



## 2. INDUSTRY DEVELOPMENT

### ○ Industry Competition

Excessive liquidity, declining LDR, narrowing interest spread

#### LDR and interest spread of domestic banks

Unit : NT\$tn

	2014Q4	2015Q4	2016Q4	2017Q4	2018Q2
Average LDR	78.2%	74.7%	73.4%	73.1%	73.0%
Excessive Deposits	6.9	8.6	9.4	9.9	10.2
Interest Spread (NT)	1.44%	1.44%	1.37%	1.36%	1.34%

## 2. INDUSTRY DEVELOPMENT

### ○ Operational Efficiency

Domestic banks have stable profits, good asset quality and capital adequacy

#### Operational efficiency of domestic banks

Unit : NT\$100mn

	2014	2015	2016	2017	2018H1
Profit before income tax	3,201	3,196	3,001	3,059	1,765
Profit growth rate	24.2%	-0.2%	-6.1%	2.0%	*9.5%
ROE (before income tax)	11.7%	10.6%	9.2%	9.0%	#10.0%
NPL Ratio	0.25%	0.23%	0.27%	0.28%	0.28%
CAR	12.4%	12.9%	13.3%	14.2%	@14.2%

\*annual changes #annualized figures @figure of Mar. 2018



## 2. INDUSTRY DEVELOPMENT

### ○ Market Position ( 2018.6 ) - Non-consolidated

Unit : NT\$mnn

Item	Amount	Growth rate	Market share	Market growth rate
Total assets	NT\$1,144,836	7.13%	2.36%	6.48%
Net worth	122,634	0.09%	3.45%	2.38%
Deposits	869,243	6.00%	2.30%	4.39%
Foreign currency deposits	278,658	3.31%	3.01%	8.55%
Credit	715,479	8.63%	2.49%	4.94%
Loans	668,616	8.35%	2.41%	5.06%
Corporate loans	545,773	7.49%	2.76%	5.47%
Consumer loans	122,843	12.36%	1.54%	4.06%
Loans to SME	203,488	5.65%	3.24%	7.17%
Guarantee	46,863	12.69%	5.00%	1.38%
Loans at OBU & overseas units*	158,921	15.78%	3.99%	6.88%
Advances on imp/exp balances	8,381	31.57%	16.16%	15.95%
Import letters of credit accumulated	US\$1,053	10.98%	4.33%	9.38%
Export negotiation accumulated	1,456	14.27%	6.02%	10.01%

\*figure of Mar. 2018 Sources : FSC & CBC

## 2. INDUSTRY DEVELOPMENT

### ○ Outlook

The growing economy provides an optimal environment for the development of the banking industry.

The government encourages New Southbound policy to support overseas branches establishment.

Banks can apply for the establishment of domestic branches to promote financial inclusion.

Increasing operating cost resulting from the increasing requirements for corporate governance, internal control, anti-money laundry & combating the financing of terrorism, information security, and consumer protection as stipulated by regulations and laws.

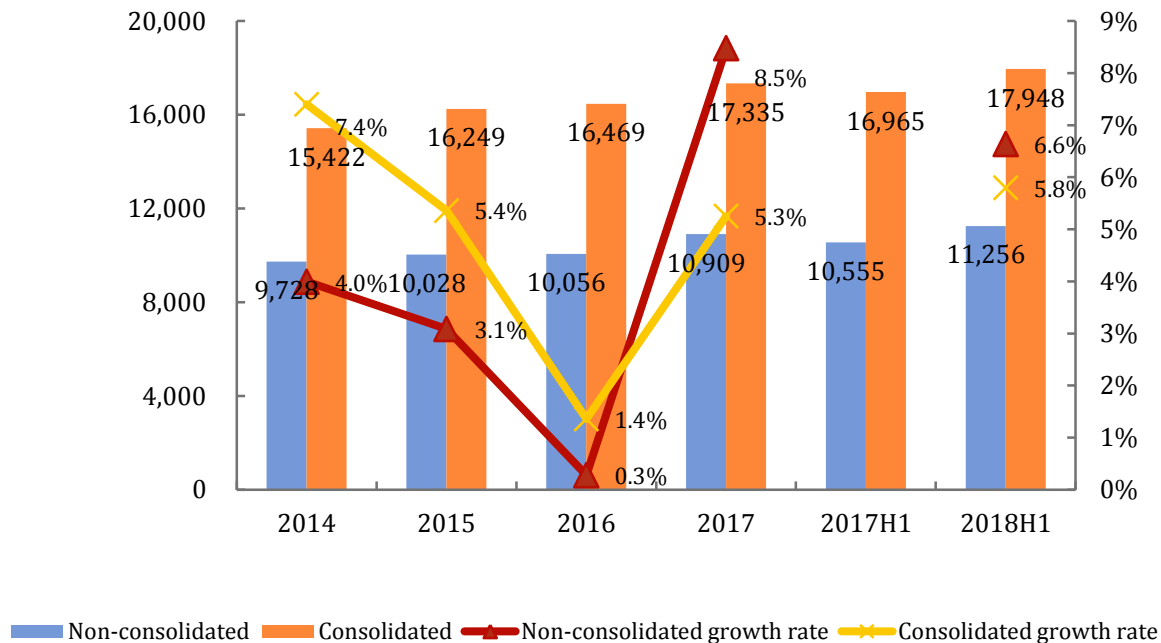
Continued Financial industry consolidation, 2 internet-only banks licenses are expected to be released by regulator in near future.

FinTech grows rapidly and widely utilized by financial industry.

### 3. FINANCIAL PERFORMANCE

#### ○ Asset

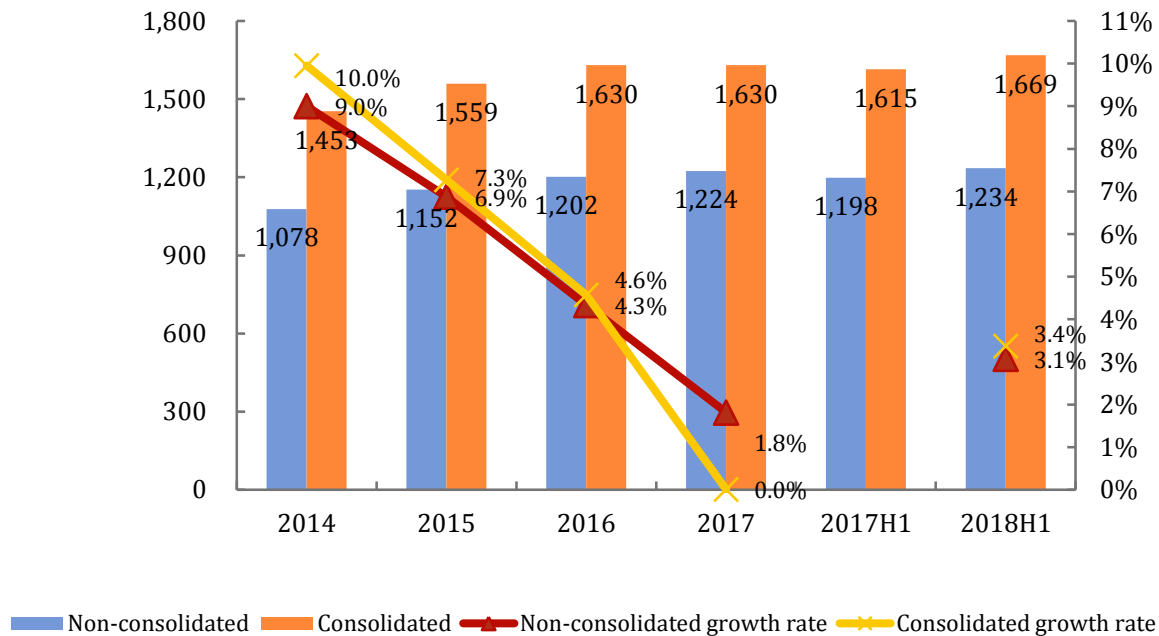
Unit : NT\$100mn



### 3. FINANCIAL PERFORMANCE

#### ○ Net Worth

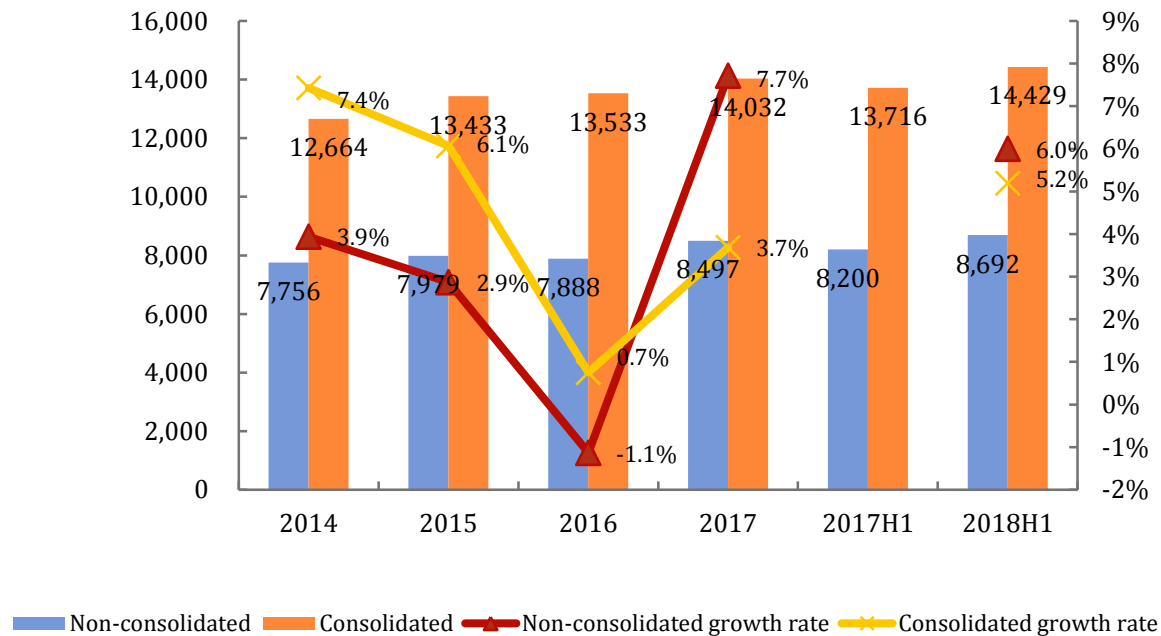
Unit : NT\$100mn



### 3. FINANCIAL PERFORMANCE

#### ○ Scale of Deposits

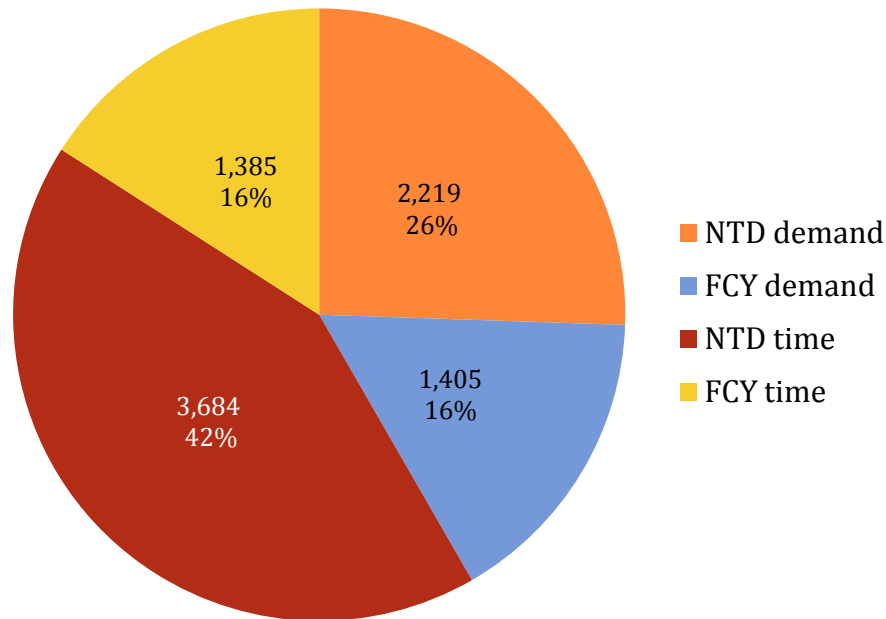
Unit : NT\$100mn



### 3. FINANCIAL PERFORMANCE

#### ○ Structure of Deposits ( 2018.6 ) - Non-consolidated

Total : NT\$869.2bn

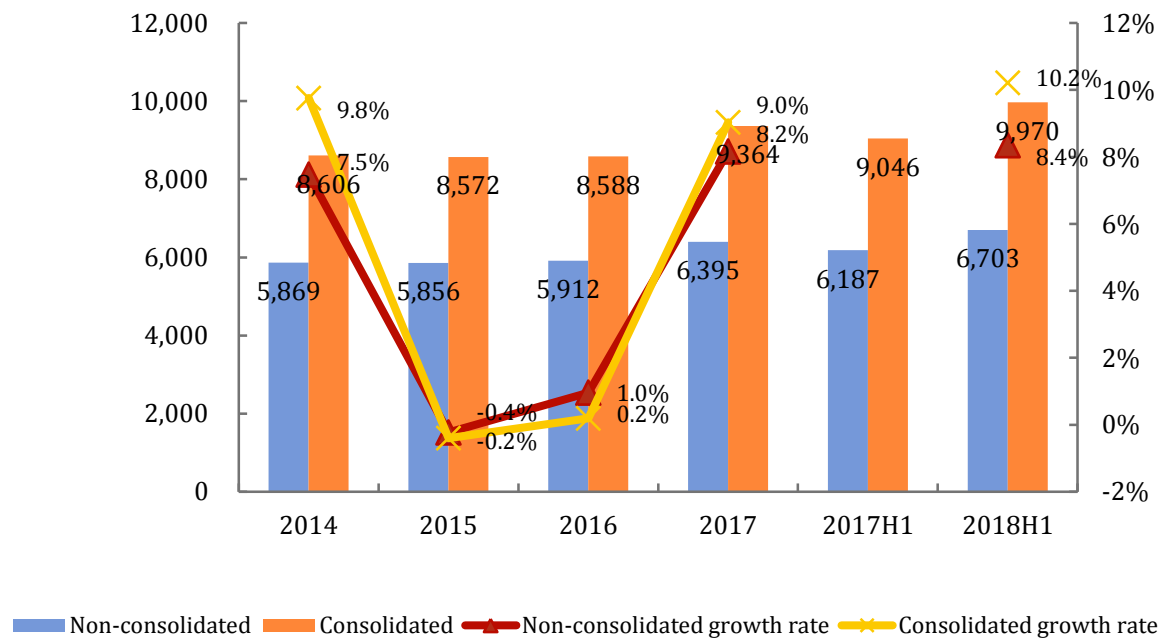


Unit : NT\$100mn

### 3. FINANCIAL PERFORMANCE

#### ○ Scale of Loans

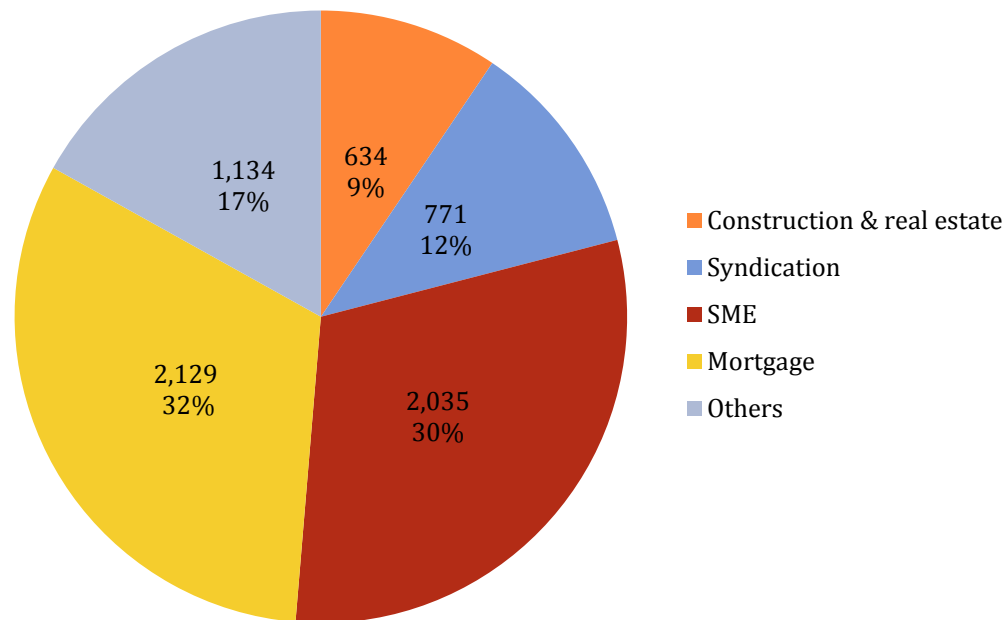
Unit : NT\$100mn



### 3. FINANCIAL PERFORMANCE

#### ○ Structure of Loans ( 2018.6 ) - Non-consolidated

Total : NT\$670.3bn

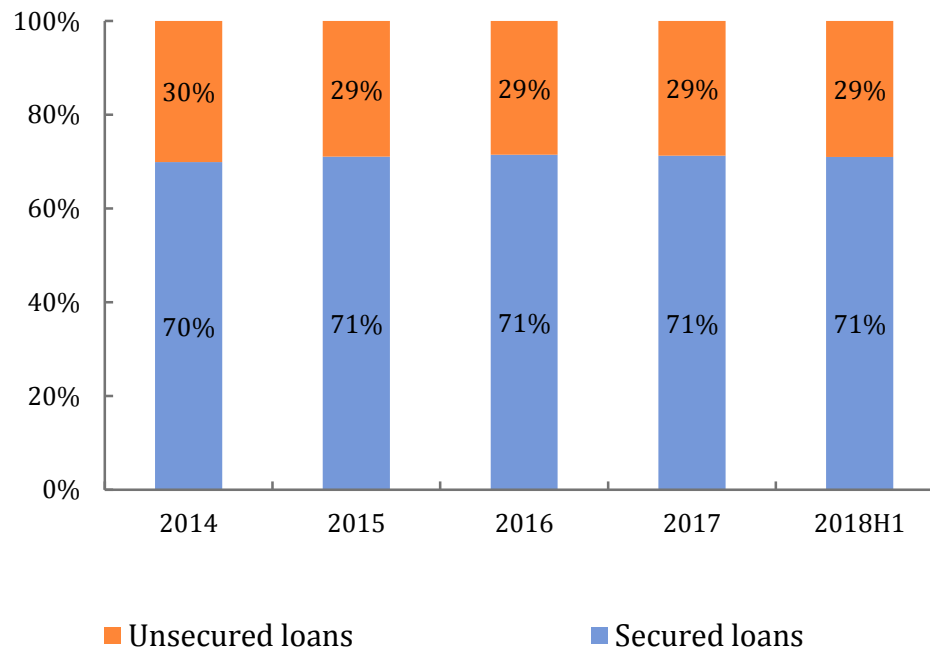


Unit : NT\$100mn



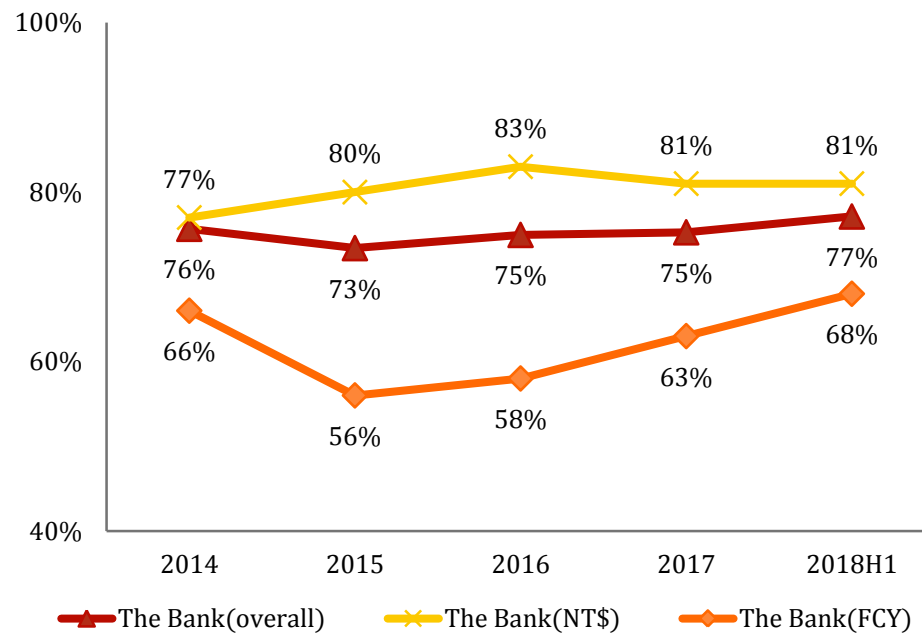
### 3. FINANCIAL PERFORMANCE

#### ○ Structure of Loans - Non-consolidated



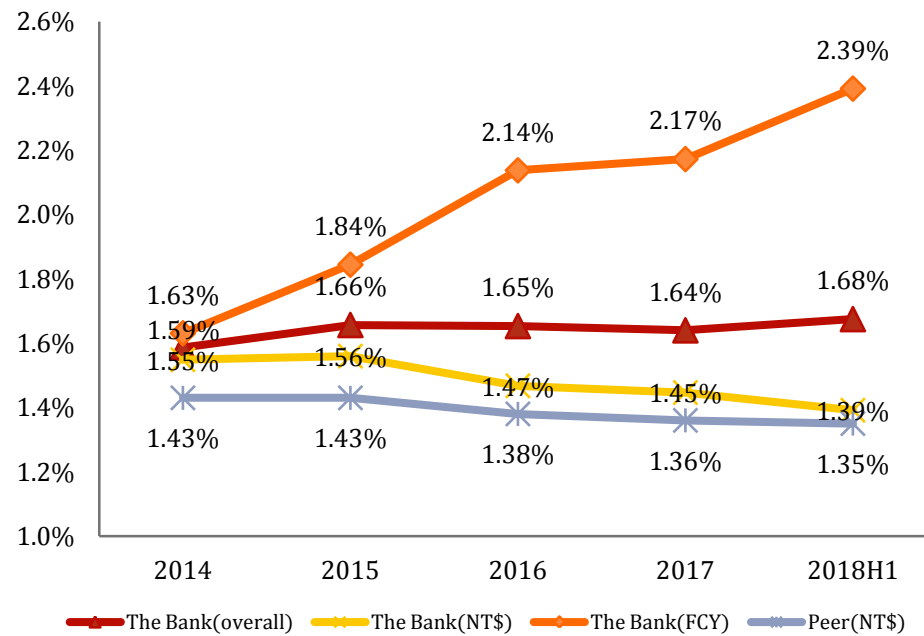
### 3. FINANCIAL PERFORMANCE

#### ○ LDR



### 3. FINANCIAL PERFORMANCE

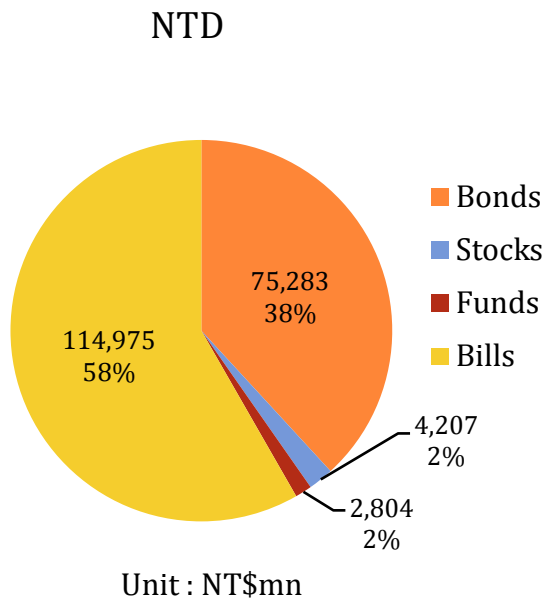
#### ○ Interest Spreads



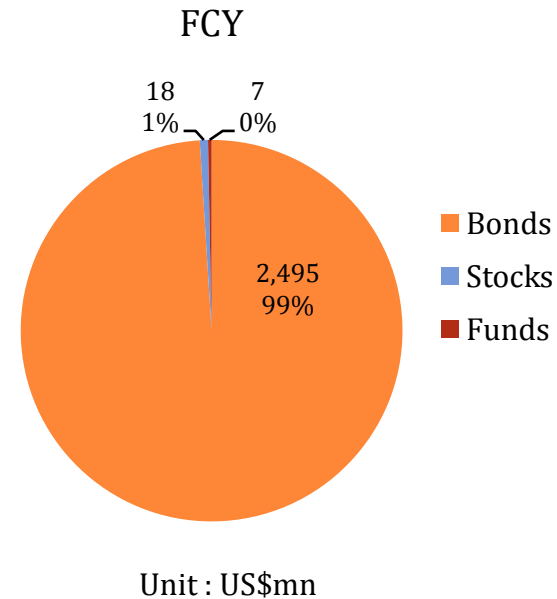
### 3. FINANCIAL PERFORMANCE

#### Investment ( 2018.6 ) - Non-consolidated

Total : NT\$197,269mn



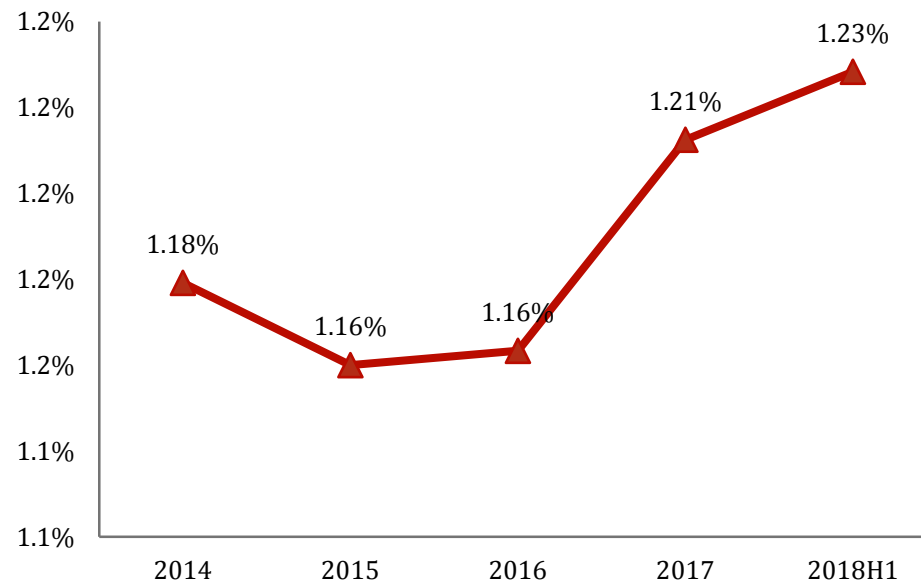
Total : US\$2,520mn



Note: Not including long-term equity investment NT\$64.3bn

### 3. FINANCIAL PERFORMANCE

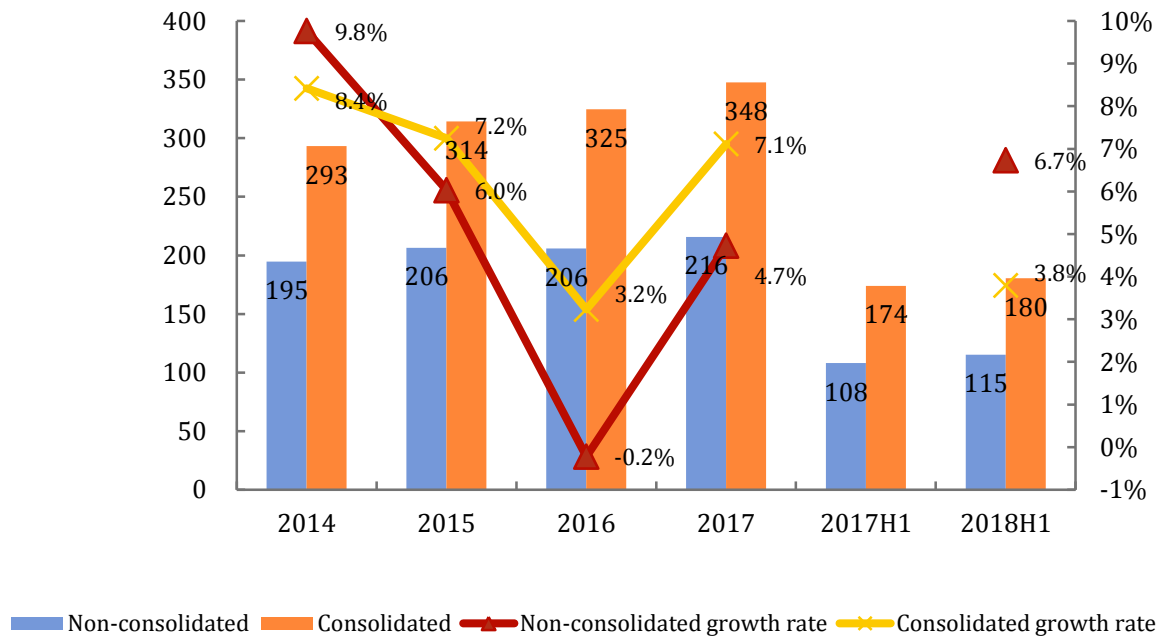
- NIM - Non-consolidated



### 3. FINANCIAL PERFORMANCE

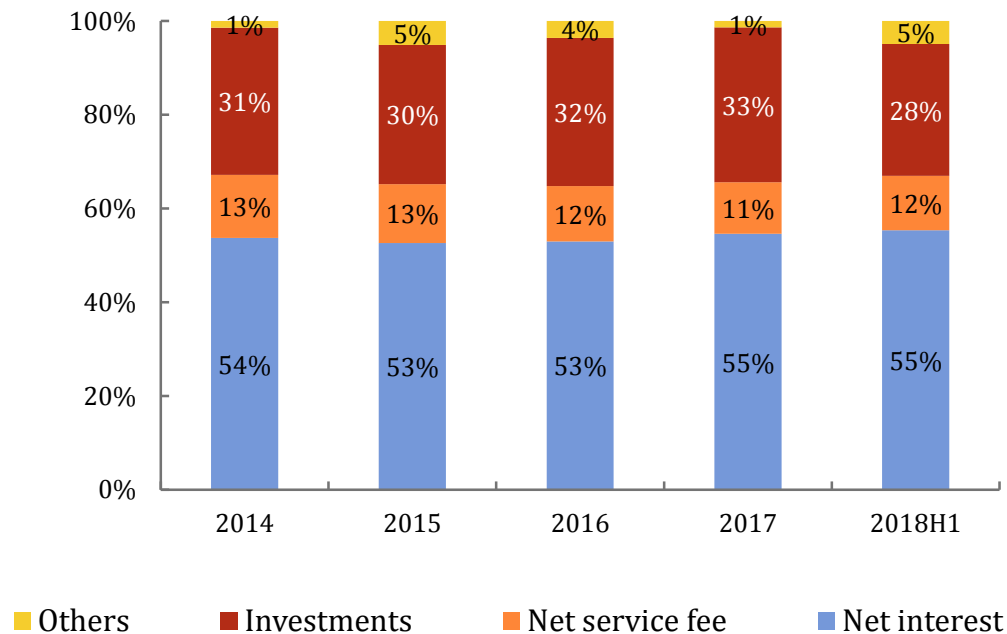
#### ○ Scale of Net Revenue

Unit : NT\$100mn



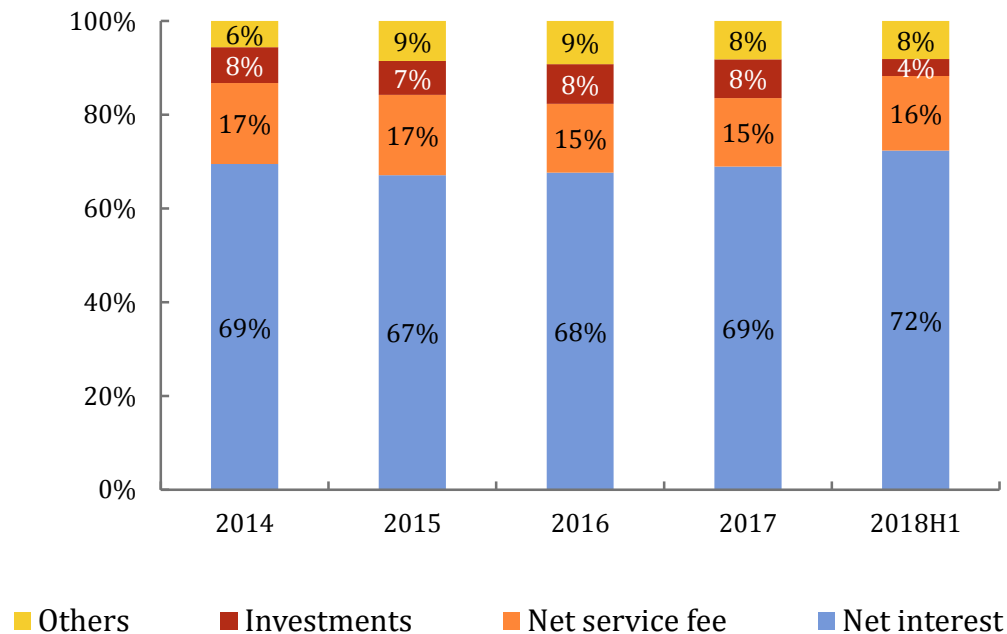
### 3. FINANCIAL PERFORMANCE

#### ○ Structure of Net Revenue - Non-consolidated



### 3. FINANCIAL PERFORMANCE

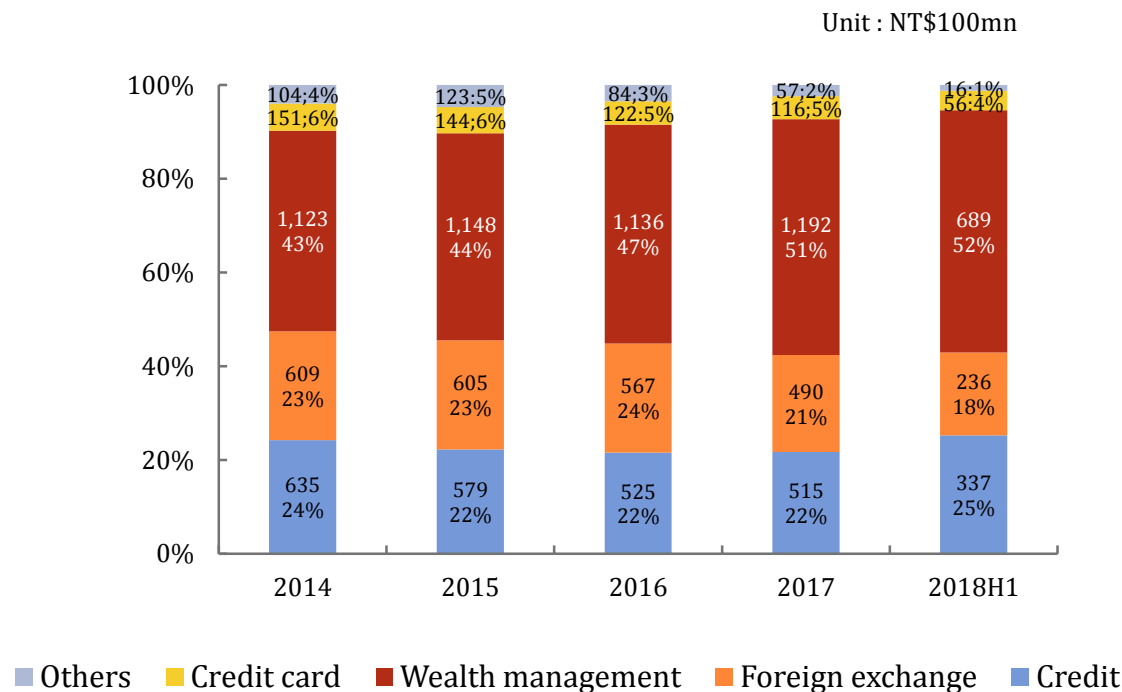
#### ○ Structure of Net Revenue - Consolidated





### 3. FINANCIAL PERFORMANCE

#### ○ Structure of Net Service Fee Incomes - Non-consolidated



### 3. FINANCIAL PERFORMANCE

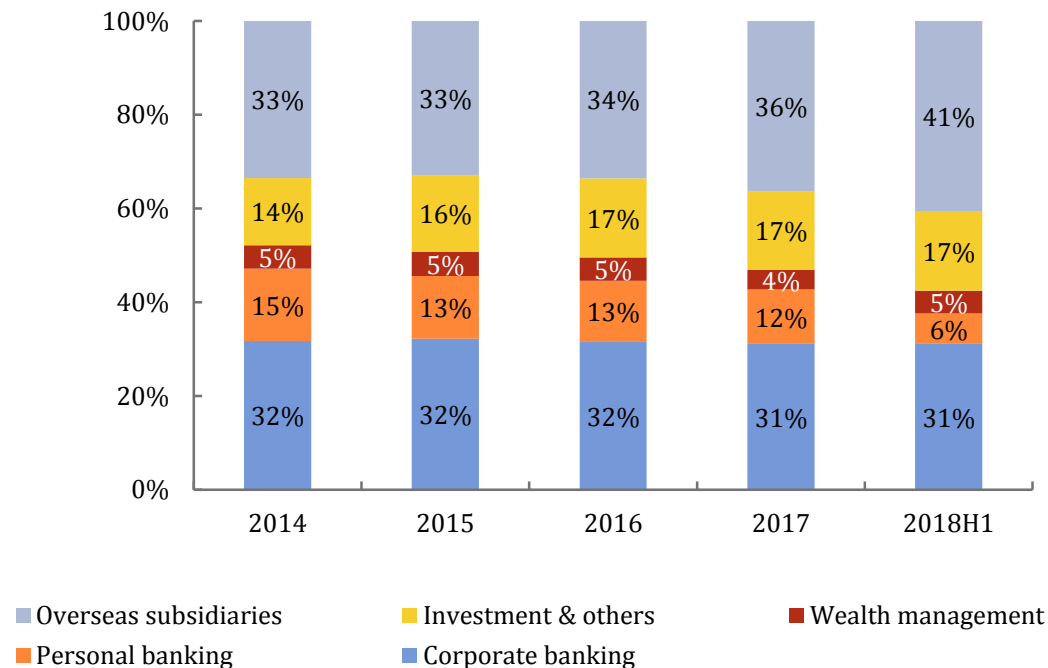
#### ○ Profitability (2018H1) - Non-consolidated

Unit : NT\$mn

Item	2018H1	2017H1	YoY	
Net Revenue	11,528	10,800	727	6.7%
Provision	300	270	30	11.1%
Operating Expenses	3,411	3,259	152	4.7%
Profit before income tax	7,817	7,272	546	7.5%
Net Income	6,650	6,224	426	6.8%
Cost Income Ratio	32.2%	32.7%	-0.5%	

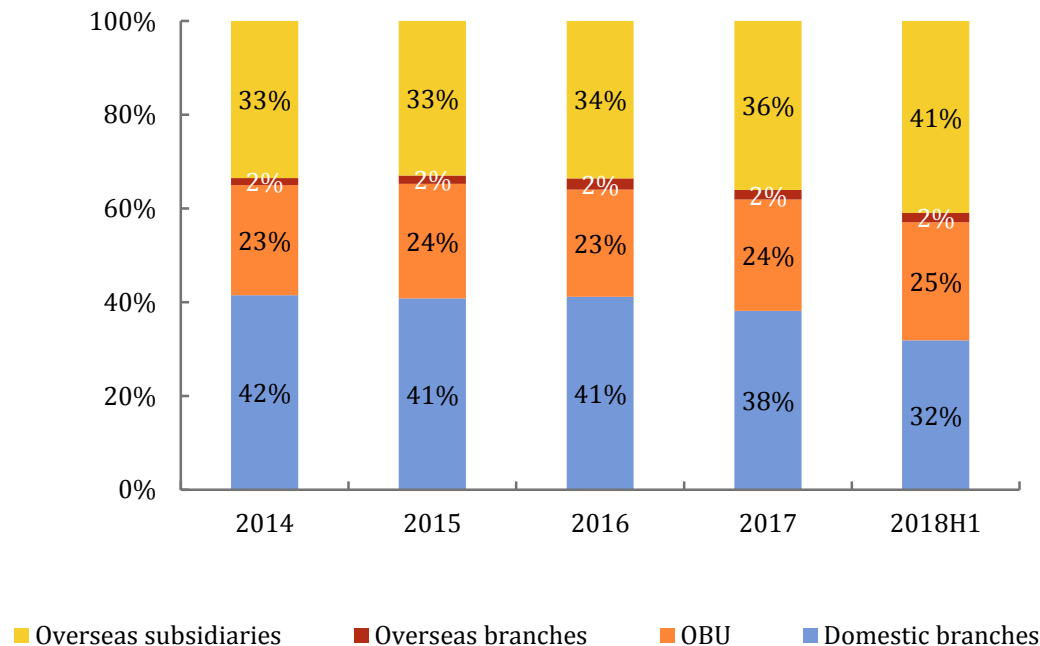
### 3. FINANCIAL PERFORMANCE

- Structure of Profit before income tax - Non-consolidated
  - by Business



### 3. FINANCIAL PERFORMANCE

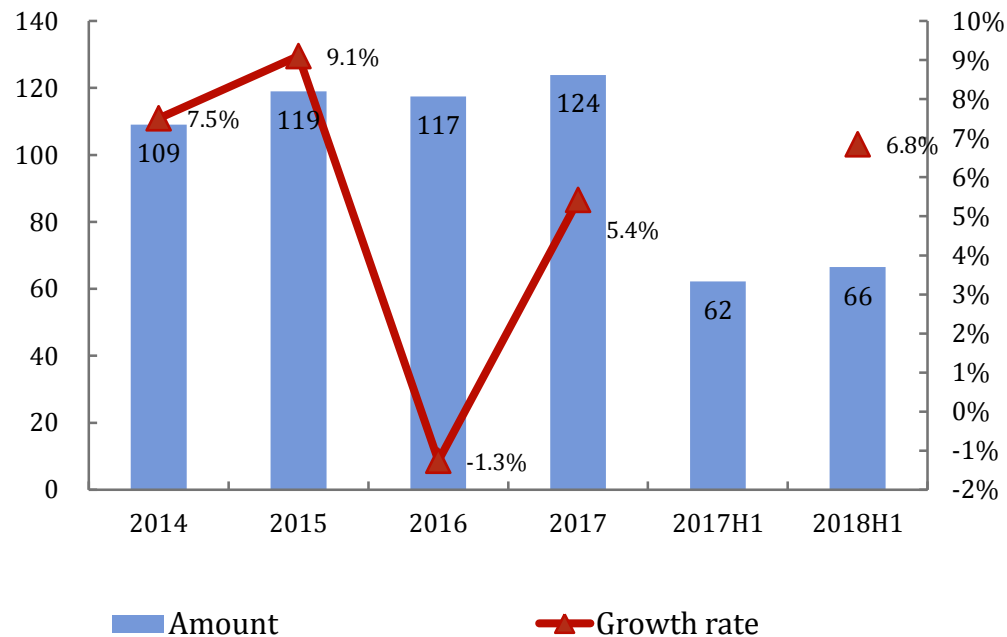
- Structure of Profit before income tax - Non-consolidated
  - by Region



### 3. FINANCIAL PERFORMANCE

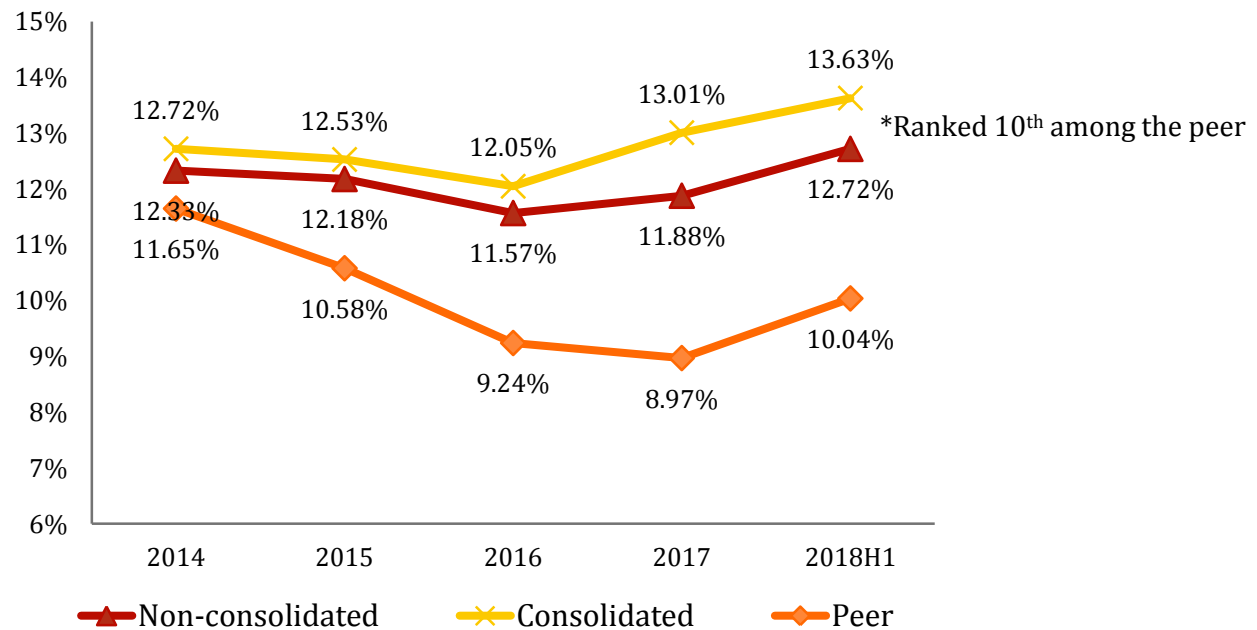
#### ○ Net Income - Non-consolidated

Unit : NT\$100mn



### 3. FINANCIAL PERFORMANCE

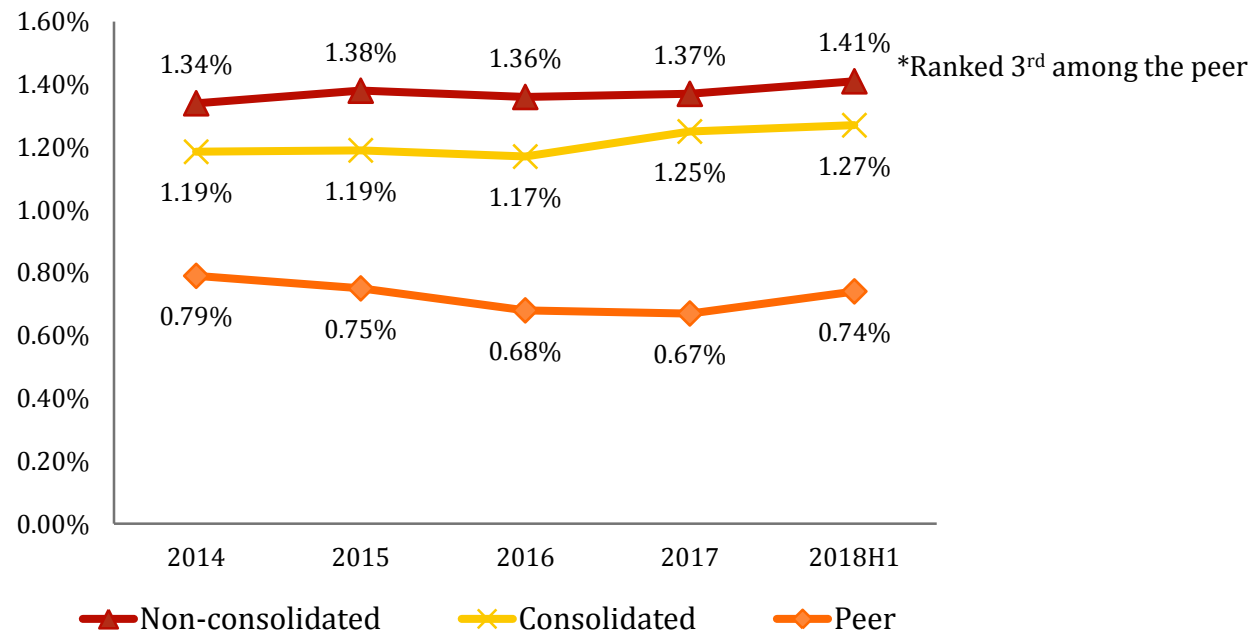
#### ○ ROE (before income tax)



\*2018H1 data has been annualized

### 3. FINANCIAL PERFORMANCE

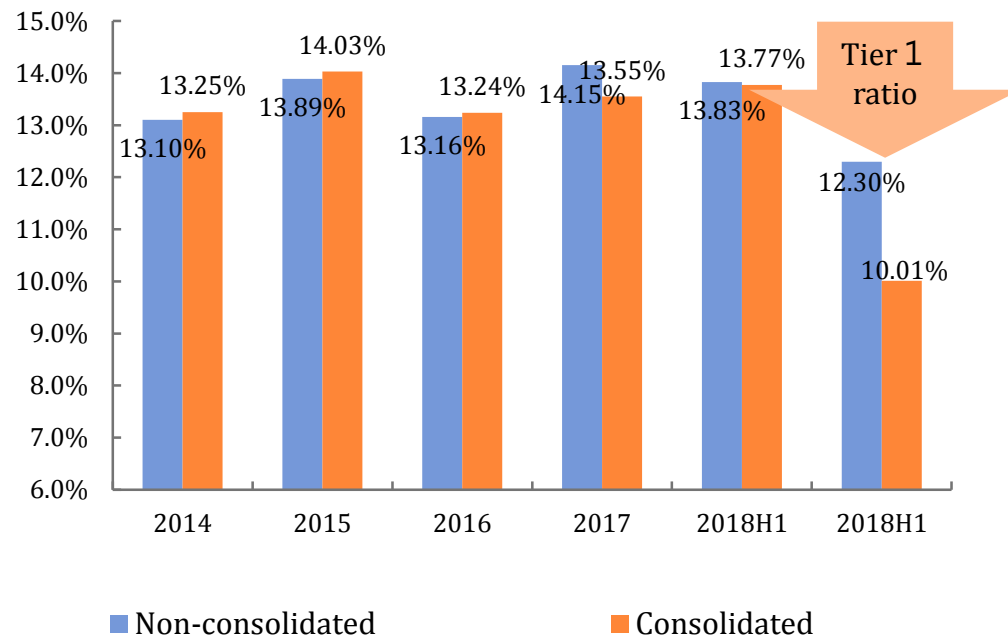
#### ○ ROA (before income tax)



\*2018H1 data has been annualized

### 3. FINANCIAL PERFORMANCE

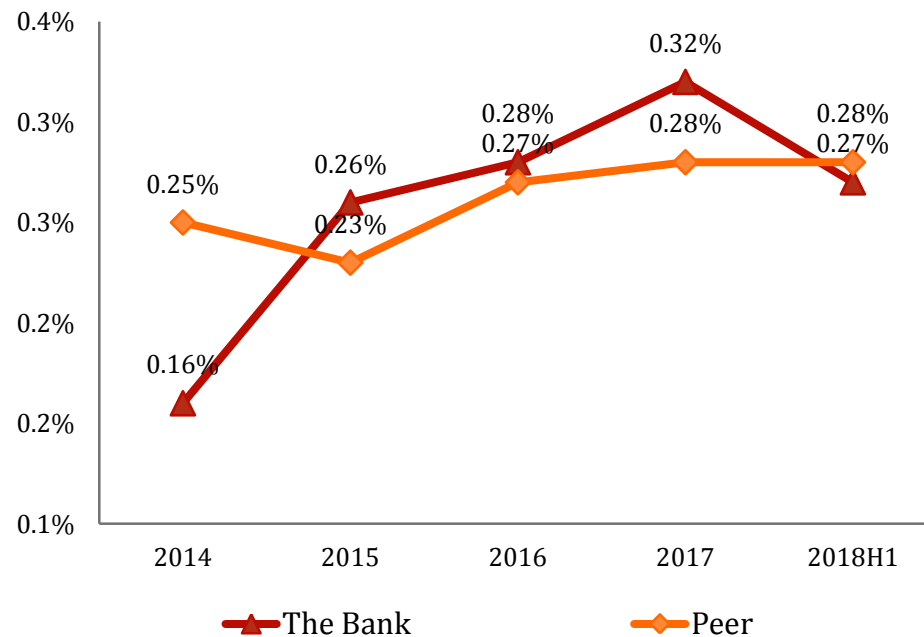
#### ○ CAR





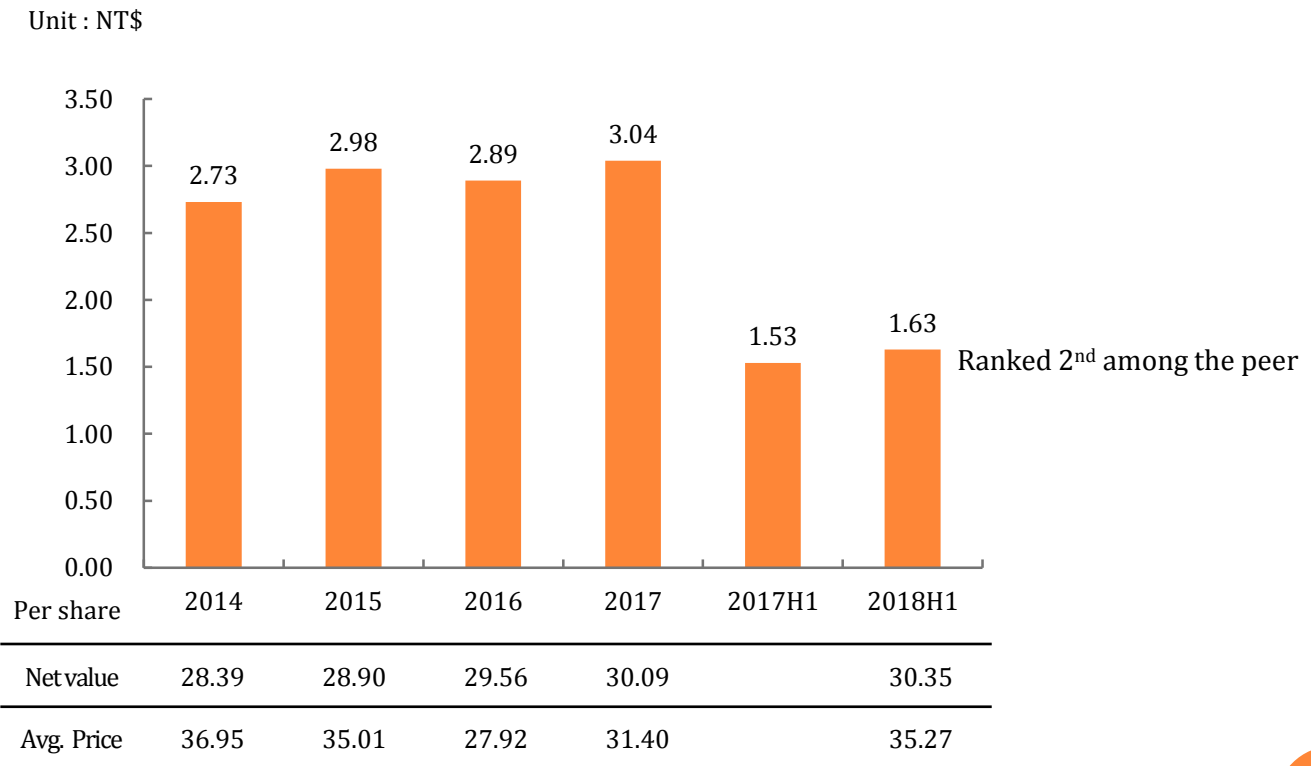
### 3. FINANCIAL PERFORMANCE

#### ○ NPL Ratio



### 3. FINANCIAL PERFORMANCE

#### ○ EPS



### 3. FINANCIAL PERFORMANCE

#### ○ Dividend Distribution

Unit : NT\$

	2013	2014	2015	2016	2017
Cash dividend	1.50	1.50	1.50	1.50	1.80
Stock dividend	0.25	0.50	0.20	0.00	0.00
Total	1.75	2.00	1.70	1.50	1.80
Cash dividend yield	n.a.	4.06%	4.28%	5.37%	5.73%

Registered on the ESB on Sep. 25, 2014

### 3. FINANCIAL PERFORMANCE

#### ○ Financial Highlights (2018H1)

Unit : NT\$mnn

	2017	2018H1	2017H1	YoY
Total assets	1,090,880	1,125,582	1,055,514	70,068 ( 6.6% )
Net worth	122,410	123,440	119,762	3,678 ( 3.1% )
Net income	12,385	6,650	6,224	426 ( 6.8% )
EPS (NT\$)	3.04	1.63	1.53	0.10
ROE (before income tax)	11.88%	12.72%	12.12%	0.60%
ROA (before income tax)	1.37%	1.41%	1.41%	0.00%
CAR	14.15%	13.83%	13.08%	0.75%
NPL ratio	0.32%	0.27%	0.34%	-0.07%
Coverage ratio	451.22%	506.17%	428.14%	78.03%
Provision-to-loan ratio	1.46%	1.36%	1.47%	-0.11%

#### 1. Year ended of 2017:

Consolidated total assets NT\$1,733.4bn, ranked 12<sup>th</sup> compared with financial holding companies

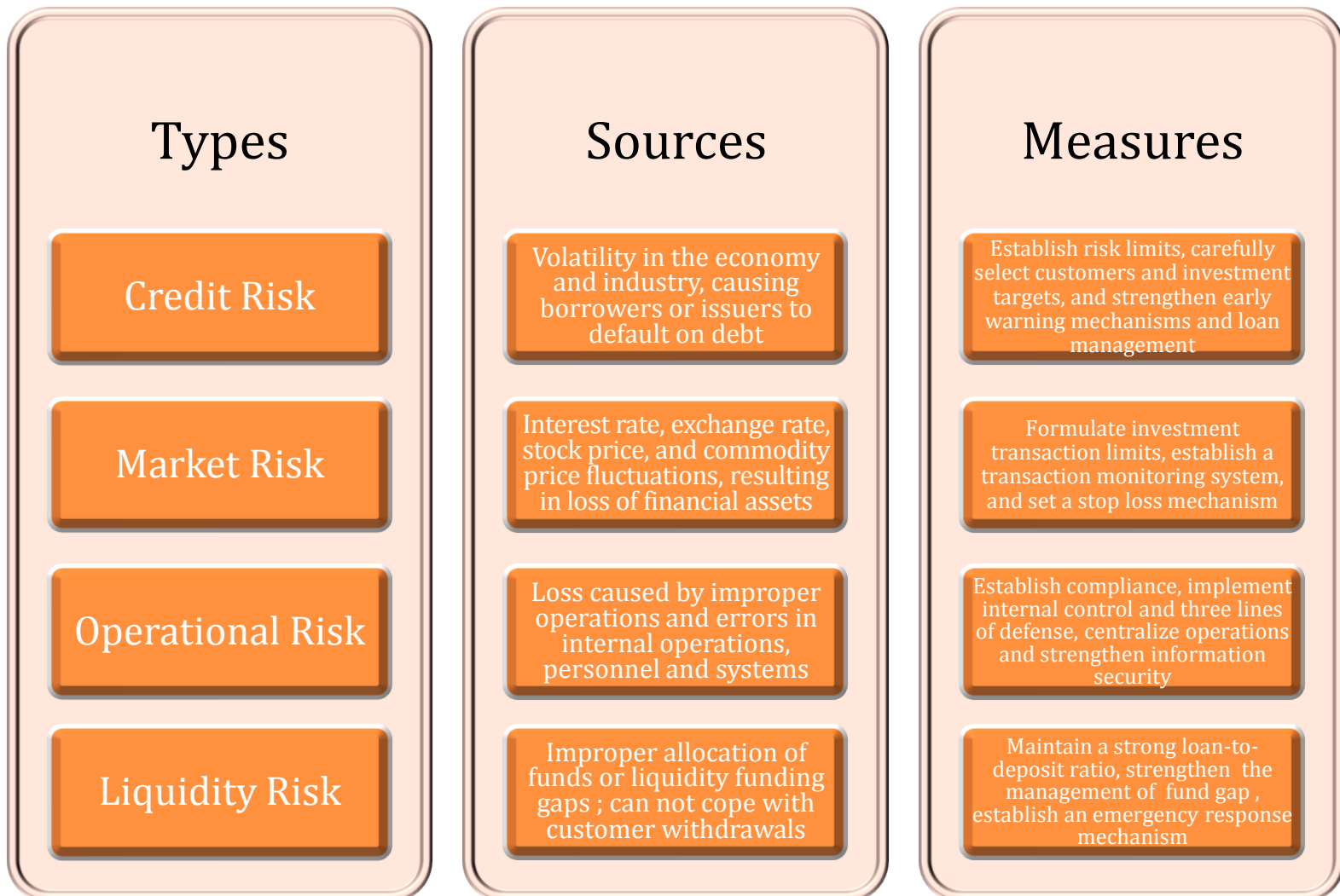
Consolidated net worth NT\$163bn, ranked 10<sup>th</sup> compared with financial holding companies

EPS NT\$3.04, ranked 3<sup>rd</sup> compared with financial holding companies

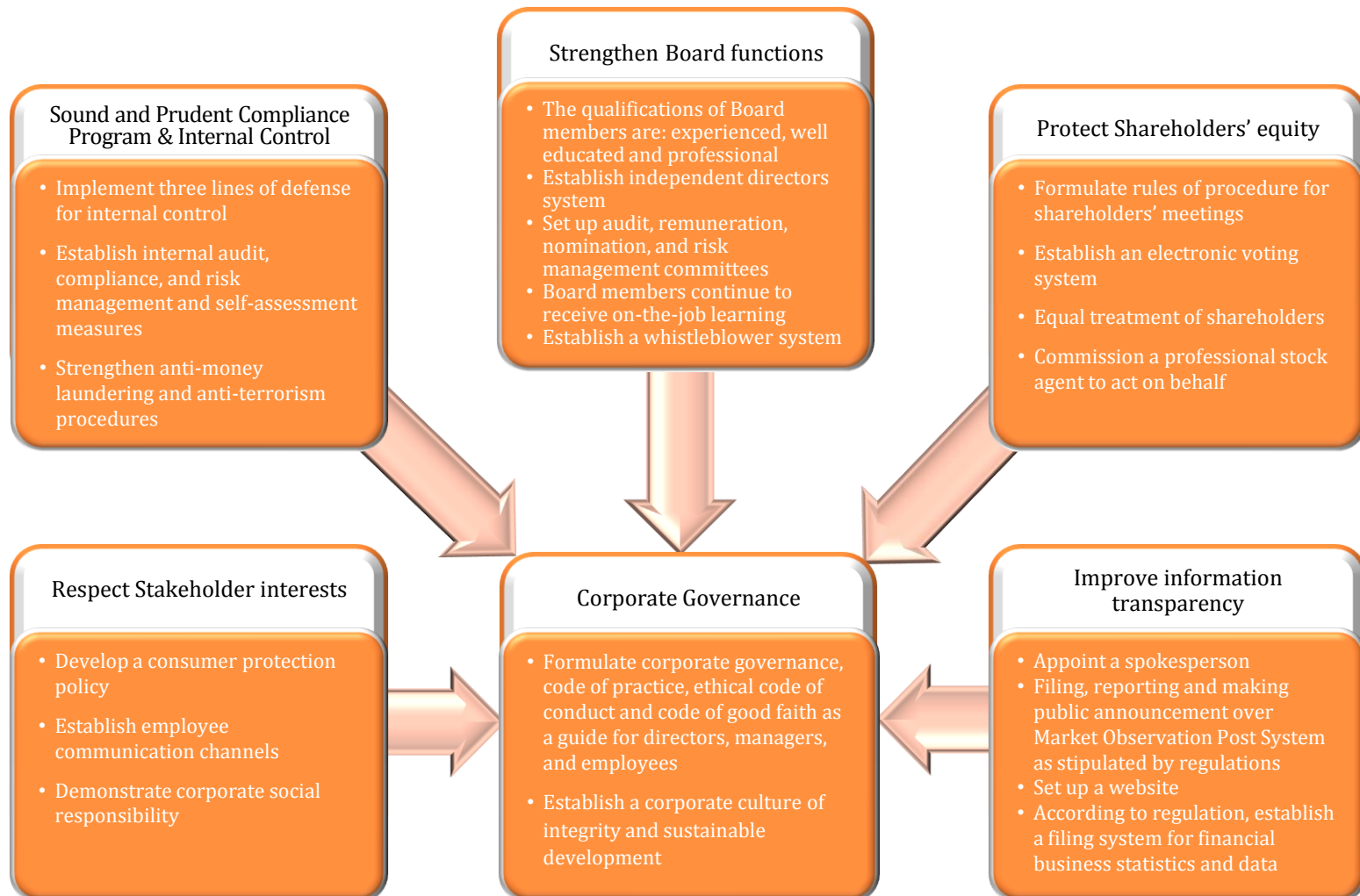
#### 2. As of December 31, 2017: NVPS NT\$30.09, Avg. price per share NT\$31.40

As of June 30, 2018: NVPS NT\$30.35, Avg. price per share NT\$35.27

## 4. POTENTIAL RISKS

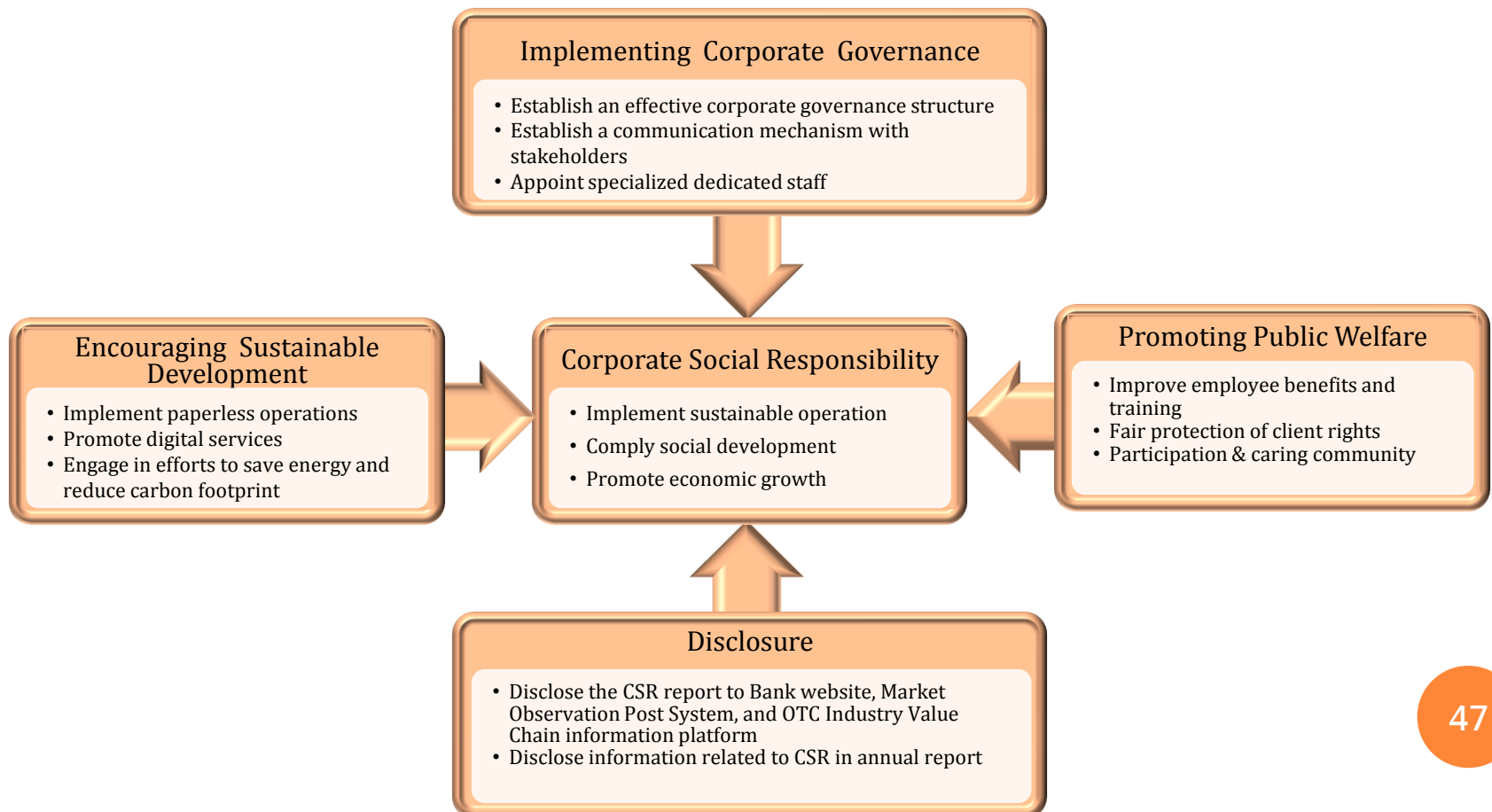


## 5. CORPORATE GOVERNANCE



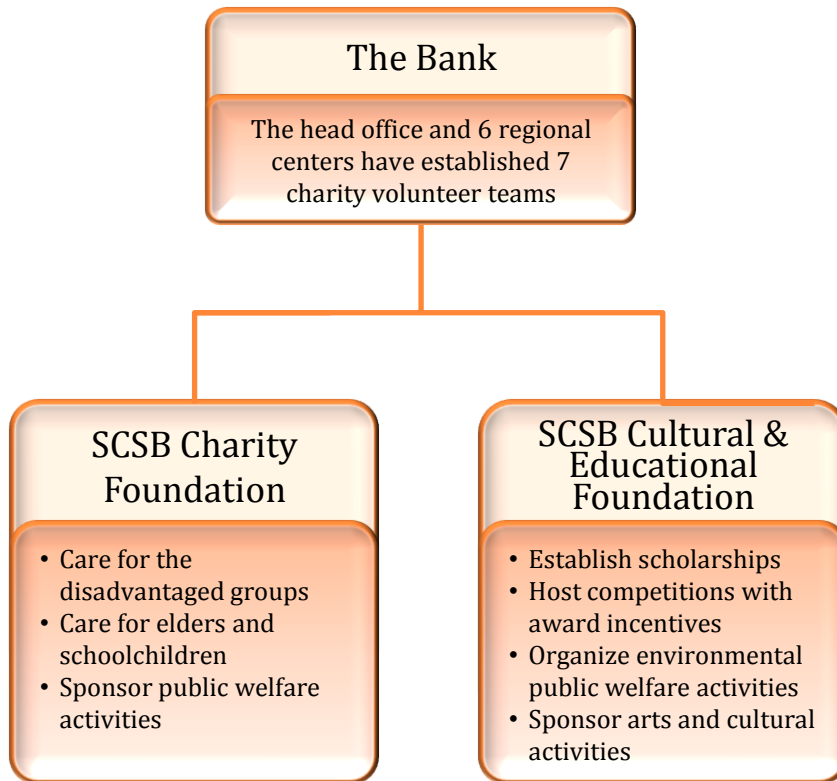
## 6. CORPORATE SOCIAL RESPONSIBILITY

### ○ Fulfilling Corporate Social Responsibility



## 6. CORPORATE SOCIAL RESPONSIBILITY

### ○ Community Participation - Public Welfare



#### Awards:

- The Bank
  - ◆ The Best Corporate Social Responsibility Award (Honorable Mention) of the 7<sup>th</sup> Best Practice Award by Taiwan Academy of Banking and Finance
  - ◆ Awarded in the “School and Community Financial Literacy Campaign” for the 8<sup>th</sup> year consecutively, winning 1<sup>st</sup> place in 2013 and 2014.
- Cultural & Educational Foundation
  - ◆ Silver Medal of the 10<sup>th</sup> Wenxin Award of the Ministry of Culture
  - ◆ Social Education Charity Award of Ministry of Education
  - ◆ The 11<sup>th</sup> Wenxin Award of the Ministry of Culture
  - ◆ Excellence Group Award of Tourism Bureau



## 7. BUSINESS STRATEGY AND FUTURE DEVELOPMENT

### Continue Expanding Channels

- Set up 3 new branches by end of June 2019
- Apply to set up a new branch at WuXi of Jiangsu Province of China
- In line with Government's new Southbound Strategy, we continue to look for opportunities for M&A, Joint-stock or set up new branch

### Strengthen Digital Banking

- Strengthen the application of financial technology and the scope of digital financial services
- Promote e-payments and cross-border payments
- Provide intelligent financial services using artificial intelligence and blockchain

### Increase Scale and Scope of Business

- Strengthen foreign exchange, cross-strait finance, and competitive advantage in SME clients
- Cooperate with government policies to promote the "5+2" product line
- Strengthen consumer banking including mortgages
- Increase the scale and proportion of demand deposits

## 7. BUSINESS STRATEGY AND FUTURE DEVELOPMENT

Increase fee  
income from  
retail banking

- Diversification of wealth management products, and enlarge scale of wealth management
- Consolidate two insurance subsidiaries
- Improve financial investment and strengthen treasury marketing

Deepen &  
broaden  
relationship with  
core customers

- Encourage all Business Units to share customer resources and offer integrated banking services and products to core customers
- Streamline cross-selling and customers' contribution to the Bank
- Aggressively develop potential customers, and expand customer base of valued clients

Internal control,  
compliance and  
risk management

- Continue to strengthen policies on internal control, compliance, anti-money laundering and combating the financing of terrorism (AML/CFT)
- Optimize risk management and utilize the early warning system
- Strengthen information security and client protection

THANK YOU FOR LISTENING  
QUESTIONS AND SUGGESTIONS