Stock Code: 5876 https://www.scsb.com.tw

# The Shanghai Commercial & Savings Bank Ltd. Investor Conference Operating Results of 2020 Q1



May 26, 2020





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# Agenda

- Macro Economic Condition
  - Business Strategy Focus
- Overview of 2020 Q1 Financial
   Performance & Business Development
- Appendix: Concise Balance Sheet & Income Statement (Standalone & Consolidated)



# Macro Economic Condition



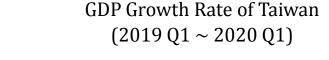


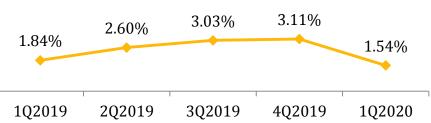
#### Macro Economic Condition

- Due to the impact of Covid-19 pandemic on global economy, in 2020 Q1 the GDP of the major economies declined.
- Private consumption in Taiwan was not as robust as expected, but import and export trades increased, resulting in Taiwan's GDP growth of 1.54% in 2020 Q1. It's the lowest in the past 16 quarters, but still better than most countries.
- The pandemic also affected earnings performance of Taiwanese banks in 2020 Q1. Pretax profit declined by 16.9% YoY, but increased by 9.0% QoQ. SCSB's consolidated pretax profit in 2020 Q1 increased by 2.5% YoY.

GDP Growth Rate of Major Economies (2020 Q1)

| USA   | CHINA | EUROZONE | JAPAN | НК    |
|-------|-------|----------|-------|-------|
| -4.8% | -6.8% | -3.8%    | -5.2% | -8.9% |





#### Pretax Profit of Taiwanese Banks



# 2019 standalone operating results

Unit: NT\$

|                     |               |                                    | 2019    | 2018    | Rate of change |
|---------------------|---------------|------------------------------------|---------|---------|----------------|
| ty                  | Net income    |                                    | 14.66bn | 13.71bn | +6.92%         |
| Profitability       | EPS           | Ranked 1 <sup>st</sup> among peers | 3.50    | 3.37    | +3.86%         |
| ofita               | Pretax ROA    | Ranked 3 <sup>rd</sup> among peers | 1.35%   | 1.39%   | -0.04%         |
| Pr                  | Pretax ROE    | Ranked 6 <sup>th</sup> among peers | 11.64%  | 12.41%  | -0.77%         |
| ety                 | NPL ratio     |                                    | 0.20%   | 0.25%   | -0.05%         |
| Safety              | NPL coverag   | e ratio                            | 641.09% | 539.06% | +102.03%       |
| Liquidity           | Liquidity res | serve ratio                        | 32.90%  | 33.65%  | -0.75%         |
| Liqu                | Loan to depo  | osit ratio                         | 74.08%  | 75.92%  | -1.84%         |
| al<br>acy           | CET 1 capita  | l ratio                            | 13.82%  | 13.61%  | +0.21%         |
| Capital<br>adequacy | Tier 1 capita | l ratio                            | 13.82%  | 13.61%  | +0.21%         |
| C:<br>  ade         | BIS capital a | dequacy ratio                      | 14.56%  | 14.41%  | +0.15%         |





# Business Strategy Focus





# 2020 Business Strategy Focus

#### Medium Term Development Strategies

- Cultivate TaiwanDeeply
- Connect Greater
   China Area
- Expand Business Globally

# Strategic Themes in 2020

- Smart Banking
- Innovation & Sustainability



# 2020 Q1 Business Strategy Focus

Integrate RMs of 4 business lines, deepen relationships with core value customers, and increase business growth momentum

Increase market share, broaden cross-border, credit guarantee and mortgage business, and strengthen wealth management & treasury marketing

Develop digital banking, accelerate digitalization of business and services, and promote digital penetration rate and transaction proportion

Deploy channels in Greater China Area, prepare to open Wu-Xi branch, and deepen business cooperation among three Shanghai Banks

Cultivate deeply Asia-Pacific region, inject more capital into our Cambodian subsidiary AMK and acquire full operating control

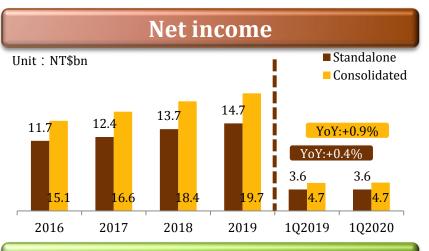
Strengthen internal control & compliance, optimize risk management, keep advancing ESG, and promote corporate image



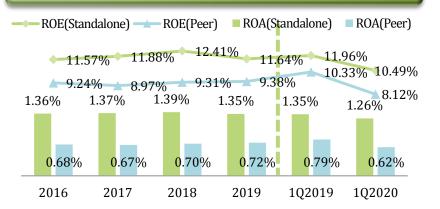
# Poverview of 2020 Q1 Financial Performance & Business Development

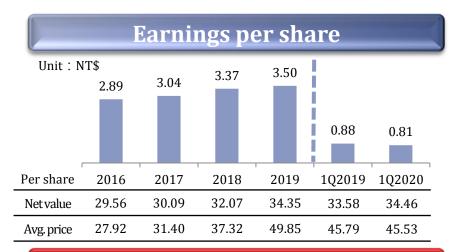


# Earnings performance



#### Pretax ROE · Pretax ROA







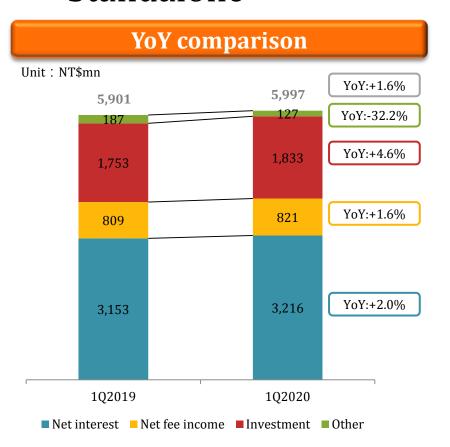


Note: 2019 dividend distribution is awaiting approval at the Annual General Shareholders' Meeting.

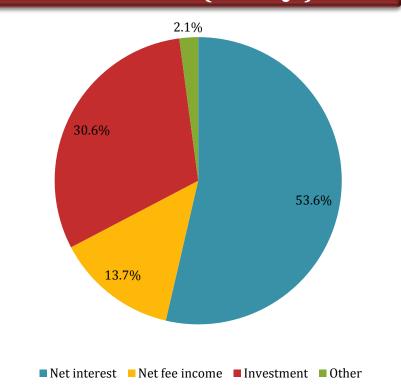


# Net revenue

#### Standalone



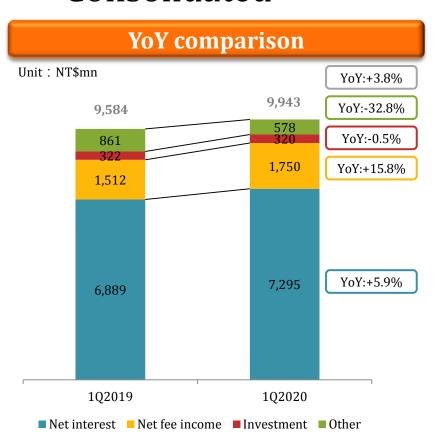
#### Breakdown(2020 Q1)



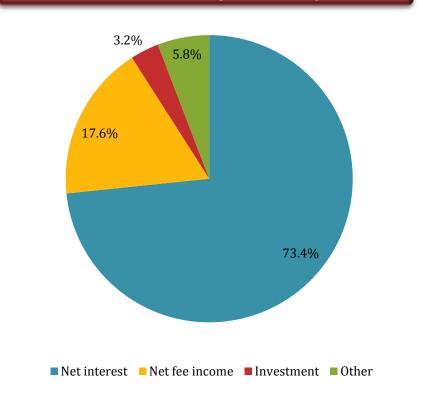


# Net revenue

#### Consolidated



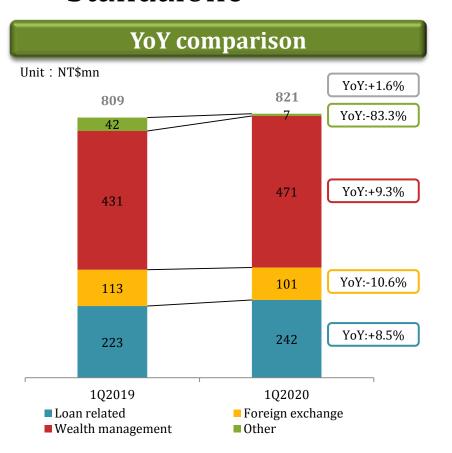
#### Breakdown(2020 Q1)





# Net fee income

#### Standalone



# Breakdown(2020 Q1) 0.8% 29.5% 57.4% 12.3%



Foreign exchange

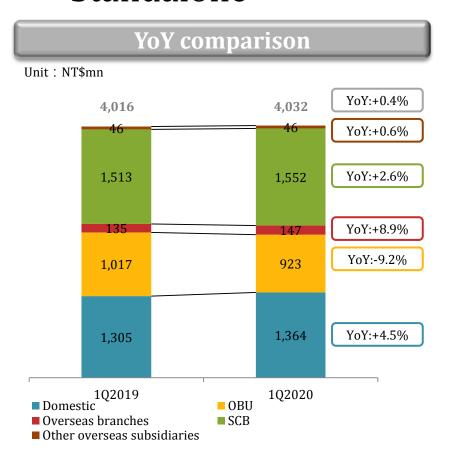
Other

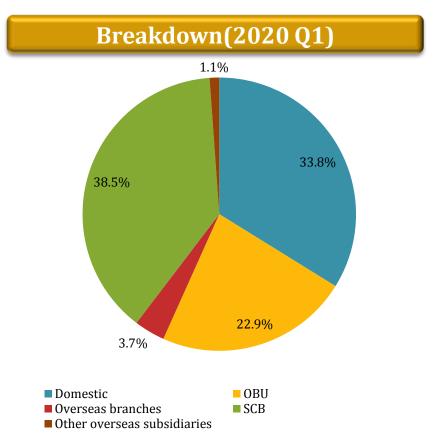
■ Loan related

■ Wealth management

# Pretax profit

#### Standalone





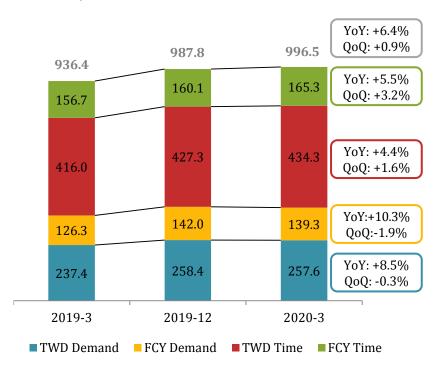


# Deposit

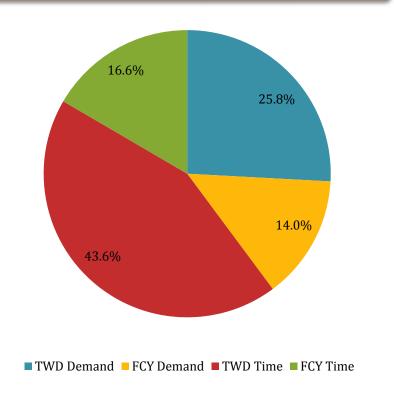
#### Standalone

#### YoY & QoQ comparison

Unit: NT\$bn



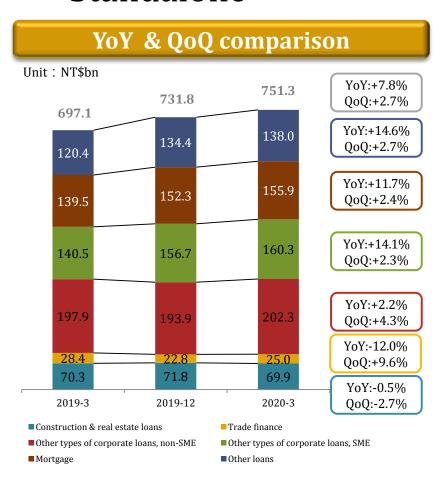
#### Breakdown(2020-3)





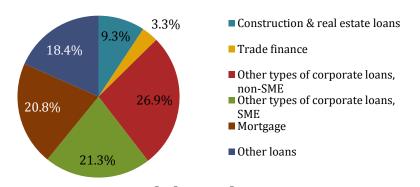
### Loan

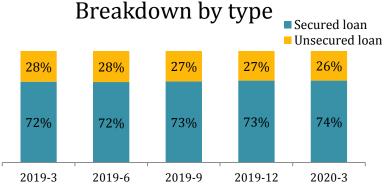
#### Standalone



#### Breakdown

#### Breakdown by usage(2020-3)



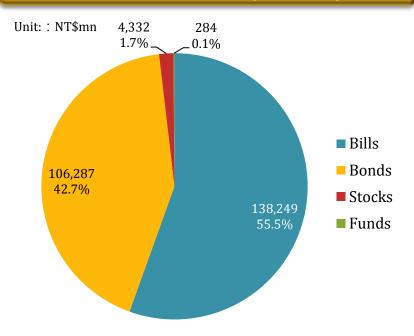




# Investment composition

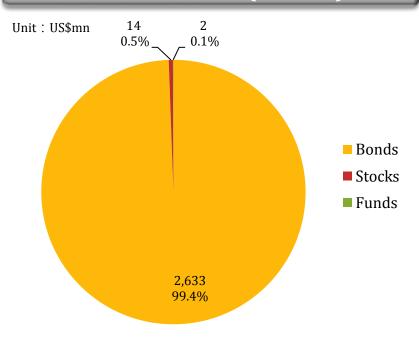
#### Standalone

#### NTD investment(2020-3)



Total: NT\$249,152mn

#### FCY investment(2020-3)



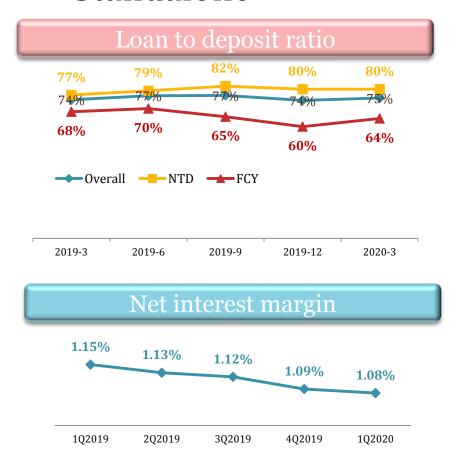
Total: US\$2,649mn

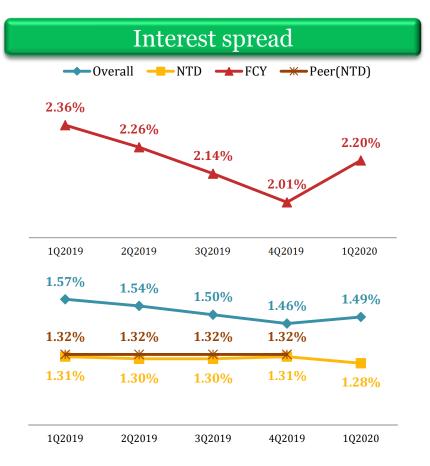
Note: Long-term equity investment NT\$78.5bn excluded.



# LDR, Spread and NIM

#### Standalone







# Asset quality

#### Standalone

2019-3

2019-6

#### **NPL & NPL ratio →**SCSB → Peer 0.25% 0.24% 0.24% 0.23% 0.21% 0.24% 0.24% 0.24% 0.20% 0.20% Unit: NT\$mn 1,798 1,726 1,666 1,516 1,491

2019-9

2019-12

2020-3

#### Loan loss reserve & coverage ratio



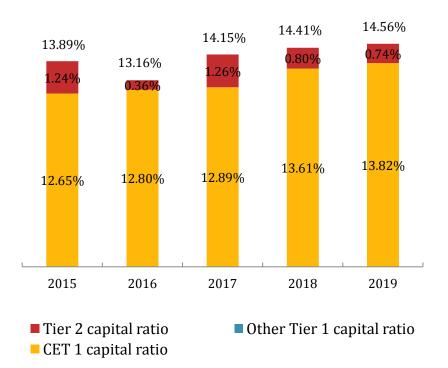




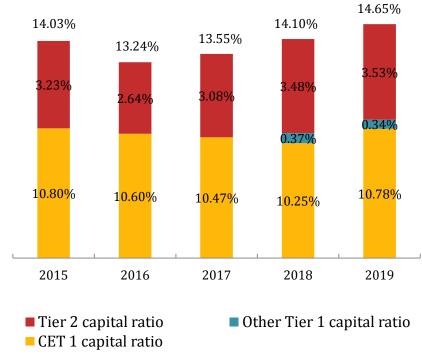


# Capital adequacy ratio

#### Standalone



#### Consolidated







### Standalone financial review

Unit: NT\$mn

|                     | 2020-3    | 2019-3    | YoY comparison  |
|---------------------|-----------|-----------|-----------------|
| Total assets        | 1,290,903 | 1,210,661 | +80,242(+6.6%)  |
| Net worth           | 154,026   | 137,355   | +16,671(+12.1%) |
| Net income          | 3,600     | 3,586     | +14(+0.4%)      |
| EPS (NTD)           | 0.81      | 0.88      | -0.07           |
| Pretax ROE*         | 10.49%    | 11.96%    | -1.48%          |
| Pretax ROA*         | 1.26%     | 1.35%     | -0.09%          |
| CAR**               | 14.56%    | 14.41%    | +0.15%          |
| NPL ratio           | 0.20%     | 0.24%     | -0.04%          |
| NPL coverage ratio  | 628.87%   | 561.84%   | +67.03%         |
| Loan coverage ratio | 1.27%     | 1.34%     | -0.07%          |

<sup>\*</sup> Annualized



<sup>\*\*</sup>Figures of last quarter

# Thank you





Concise Balance Sheet & Income Statement
(Standalone & Consolidated)





## Standalone balance sheet

Unit: NT\$bn

|   | 2020.3.31 | 2019.3.31 | YoY com | nparison |
|---|-----------|-----------|---------|----------|
| Cash, CD, interbank deposits and RS       | 128.9     | 126.4     | +2.5    | +2%      |
| Financial assets                          | 395.1     | 371.5     | +23.6   | +6%      |
| Discounts and loans, net                  | 742.4     | 688.4     | +54.0   | +8%      |
| Properties, net                           | 12.9      | 12.6      | +0.3    | +2%      |
| Other assets                              | 11.6      | 11.7      | -0.1    | -1%      |
| Total assets                              | 1,290.9   | 1,210.7   | +80.2   | +7%      |
| Due to the central bank and banks         | 21.6      | 18.4      | +3.2    | +17%     |
| Deposits and remittances                  | 996.6     | 937.1     | +59.5   | +6%      |
| Bank debentures and financial liabilities | 84.3      | 82.0      | +2.3    | +3%      |
| Other liabilities                         | 34.4      | 35.7      | -1.3    | -4%      |
| Total liabilities                         | 1,136.9   | 1,073.3   | +63.6   | +6%      |
| Shareholder's equity                      | 154.0     | 137.4     | +16.6   | +12%     |
|   |           |           |         |          |



# Standalone income statement

Unit: NT\$mn

|                                | 1Q2020 | 1Q2019 | YoY com | parison |
|--------------------------------|--------|--------|---------|---------|
| Net interest                   | 3,216  | 3,153  | +63     | +2.0%   |
| Net fee income                 | 821    | 809    | +12     | +1.6%   |
| Other income                   | 1,960  | 1,939  | +21     | +1.1%   |
| Net revenue                    | 5,997  | 5,901  | +96     | +1.6%   |
| Operating expense              | 1,815  | 1,735  | +80     | +4.6%   |
| Profit before bad debt expense | 4,182  | 4,166  | +16     | +0.4%   |
| Bad debt expense               | 150    | 150    | -0      | -0.0%   |
| Pretax profit                  | 4,032  | 4,016  | +16     | +0.4%   |
| Income tax                     | 432    | 430    | +2      | +0.6%   |
| Net income                     | 3,600  | 3,586  | +14     | +0.4%   |
| Earning per share (NTD)        | 0.81   | 0.88   | -0.07   |         |





# Consolidated balance sheet

Unit: NT\$bn

|   | 2020.3.31 | 2019.3.31 | YoY com | parison |
|---|-----------|-----------|---------|---------|
| Cash, CD, interbank deposits and RS       | 282.0     | 273.9     | +8.1    | +3%     |
| Financial assets                          | 627.2     | 573.8     | +53.4   | +9%     |
| Discounts and loans, net                  | 1,131.5   | 1,042.8   | +88.7   | +9%     |
| Properties, net                           | 29.6      | 29.2      | +0.4    | +2%     |
| Other assets                              | 24.3      | 23.3      | +1.0    | +4%     |
| Total assets                              | 2,094.6   | 1,943.0   | +151.6  | +8%     |
| Due to the central bank and banks         | 74.2      | 66.1      | +8.1    | +12%    |
| Deposits and remittances                  | 1,660.4   | 1,539.8   | +120.6  | +8%     |
| Bank debentures and financial liabilities | 105.6     | 100.3     | +5.3    | +5%     |
| Other liabilities                         | 49.1      | 50.3      | -1.2    | -2%     |
| Total liabilities                         | 1,889.4   | 1,756.5   | +132.9  | +8%     |
| Shareholder's equity                      | 205.2     | 186.5     | +18.7   | +10%    |



# Consolidated income statement

Unit: NT\$mn

|                                | 1Q2020 | 1Q2019 | YoY comp | oarison |
|--------------------------------|--------|--------|----------|---------|
| Net interest                   | 7,295  | 6,889  | +406     | +5.9%   |
| Net fee income                 | 1,750  | 1,512  | +238     | +15.8%  |
| Other income                   | 898    | 1,183  | -285     | -24.0%  |
| Net revenue                    | 9,943  | 9,584  | +359     | +3.8%   |
| Operating expense              | 3,707  | 3,610  | +97      | +2.7%   |
| Profit before bad debt expense | 6,236  | 5,974  | +262     | +4.4%   |
| Bad debt expense               | 329    | 209    | +120     | +57.2%  |
| Pretax profit                  | 5,907  | 5,765  | +142     | +2.5%   |
| Income tax                     | 1,158  | 1,059  | +99      | +9.4%   |
| Net income                     | 4,749  | 4,705  | +44      | +0.9%   |

