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# The Shanghai Commercial & Savings Bank Ltd. Investor Conference 2023Q3

2023.11.22



 上海商業儲蓄銀行



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# Agenda

- Macro Economic and Financial Condition in 2023Q3
- Overview of 2023Q3 Business Development
- Overview of 2023Q3 Financial Performance
- Business Strategy Focus in 2024
- Appendix: Concise Balance Sheet & Income Statement (Standalone & Consolidated) 2023Q3

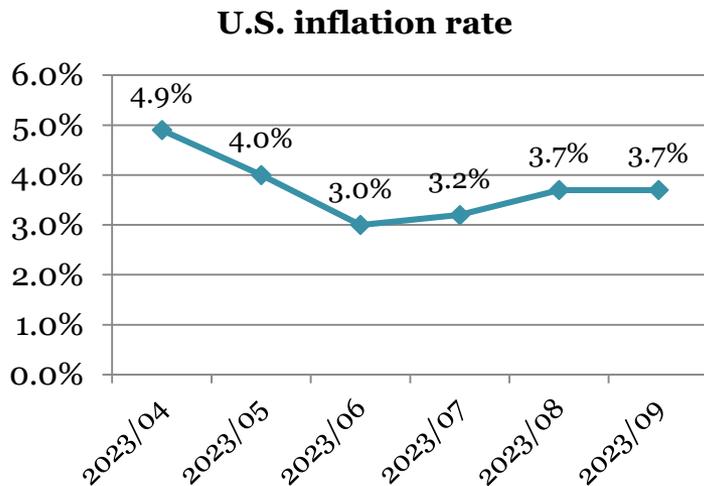


# Macro Economic and Financial Condition in 2023Q3

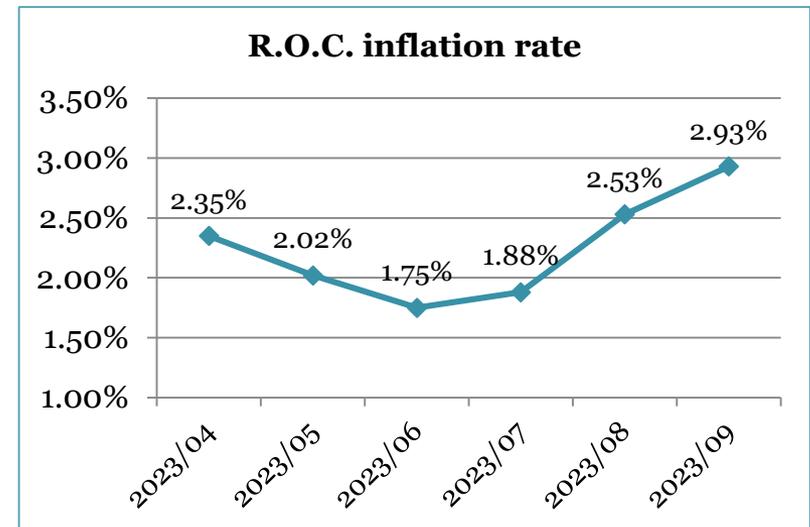


# Macro Economic and Financial Condition in 2023Q3

- Global inflation in 2023Q3 is slower than it in 2023Q1, but the inflationary pressure will continue to exist.



The consumer price index eased to 3.7% in September 2023 on an annual basis. However, there is still a gap from the target of 2% that the Federal Reserve will raise interest rates to facilitate the return of inflation.

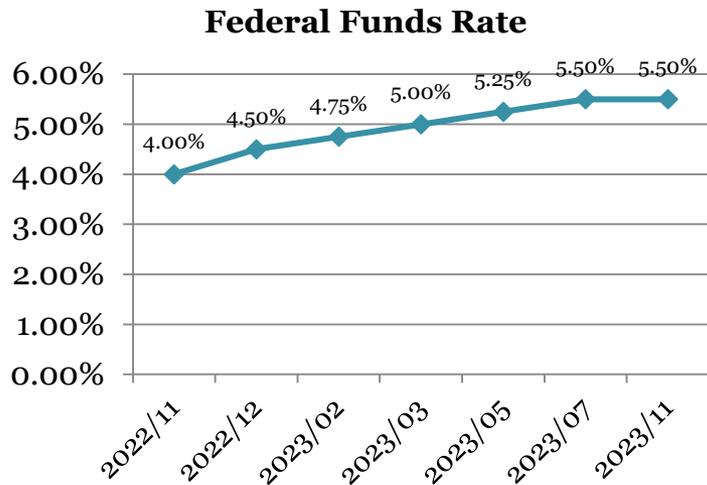


In 2023Q3, the average annual growth rate of Taiwan's consumer price index (CPI) was 2.36%, hit a new high in eight months.

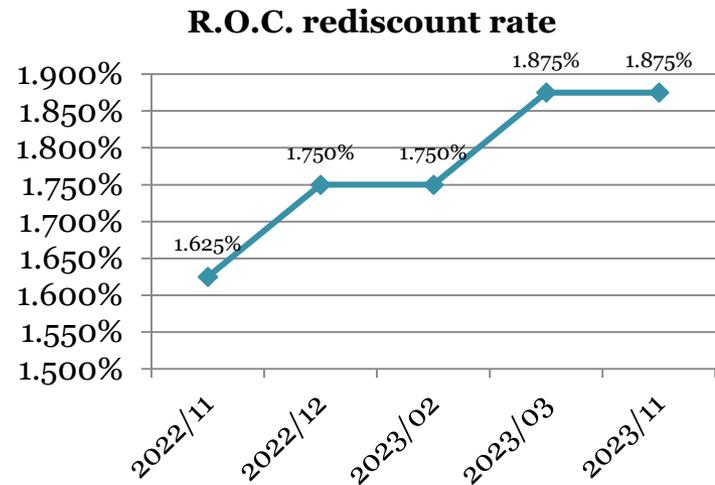


# Macro Economic and Financial Condition in 2023Q3

- The Fed and central banks of various countries all lift rates to curb inflation.



The U.S. Fed raised interest rates 4 times in 2023, totaling 1%, which is the 11th rate hike since the start of the rate hike cycle in March 2022. A total of 21 yards (5.25%) of interest rate hikes have been raised, the highest level since August 2007.

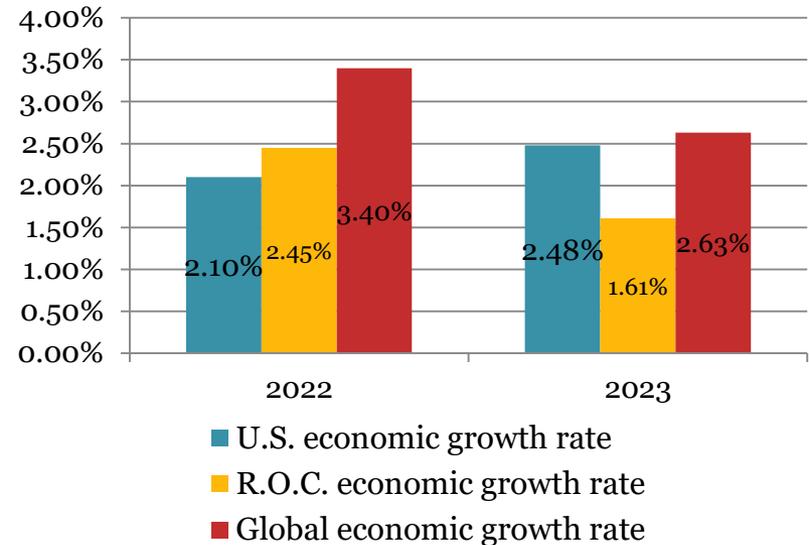
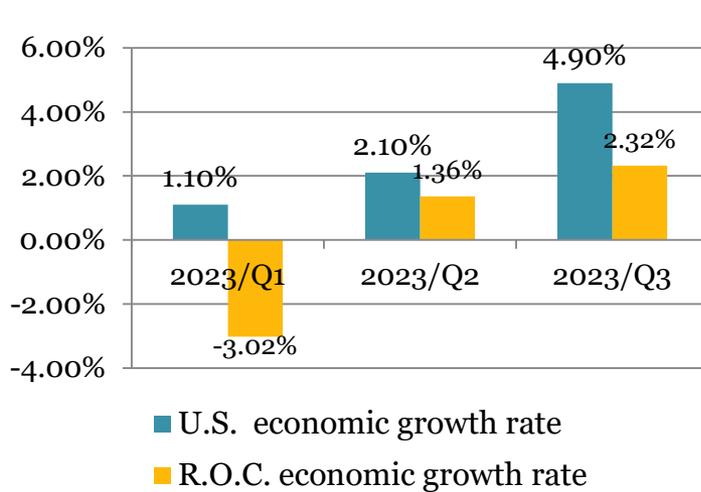


Central Bank of the Republic of China raised interest rates half quarter percent each in December 2022 and March 2023.



# Macro Economic and Financial Condition in 2023Q3

- The global economic trend is declining, coupled with the geopolitical deadlock, and the challenges for foreign trade-oriented growth economies are severe. Major research institutions have lowered their economic growth forecasts.



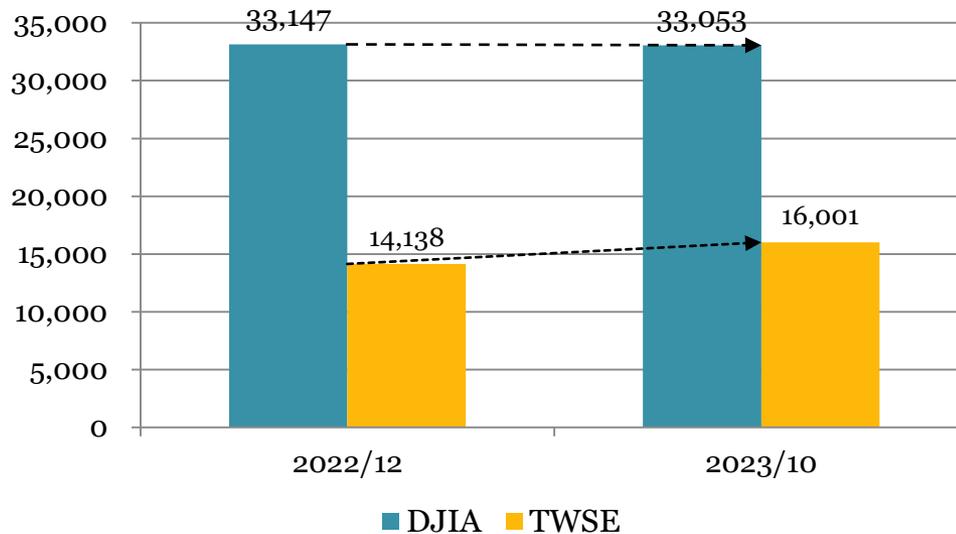
S&P predicted in October that the global economic growth rate in 2023 will be 2.63%, lower than the rate of 3.4% in 2022; the US economic growth rate in 2023 will be 2.48%, higher than the rate of 2.1% in 2022.

Economic growth rate of R.O.C. was projected to be 1.61% and 1.38% by DGBAS Executive Yuan and Chung-Hua Institution for Economic Research, lower than 2.45% in 2022. In Q1-Q3 of 2023, Taiwan's export trade declined by 13.78% year-on-year, and import trade declined by 19.74%.



# Macro Economic and Financial Condition in 2023Q3

- U.S. inflation slowed and interest rate hikes came to an end, major stock markets around the world rose slightly.



DJIA declined by 0.28% at the end of October 2023 compared with the end of 2022.

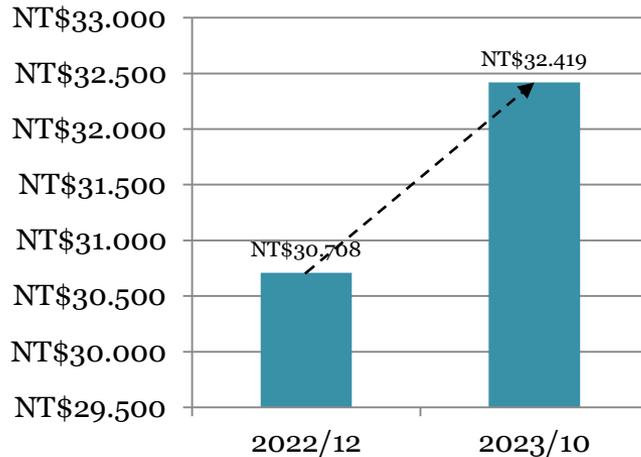
TWSE rose by 13.18% at the end of October 2023 compared with the end of 2022.



# Macro Economic and Financial Condition in 2023Q3

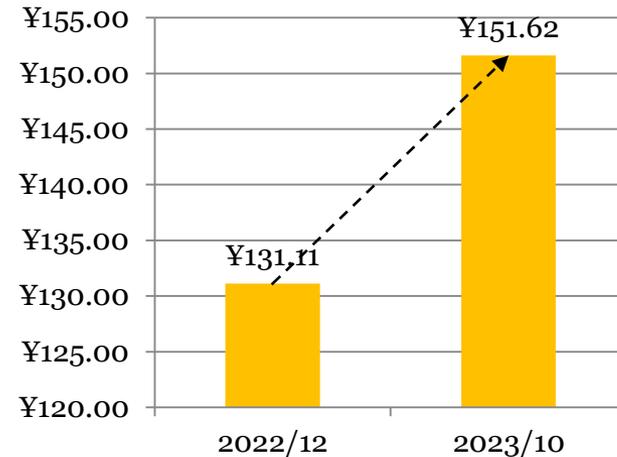
- U.S. bond yields remain high, supporting a stronger U.S. dollar and triggering a general weakening of non-U.S. currencies.

**Exchange rate of NTD to USD**



■ Exchange rate of NTD to USD

**Exchange rate of Yen to USD**



■ Exchange rate of Yen to USD

In October 2023, the exchange rate of New Taiwan dollars to USD was 32.419, went down by 5.28% compared with it in Dec. 2022.

In October 2023, the exchange rate of Japanese Yen to USD was 151.62, went down by 13.53% compared with it in Dec. 2022.



# Overview of 2023Q3 Business Development

## 2023 Core Strategies

Multiple Core Businesses Digitalization & Sustainable Development.

### 1. Speed up Digital-transformation

#### Digital Financial Management

- Continue to optimize online banking, mobile online banking APP and other related financial transaction platform systems to provide customers with the best transaction service experience, reduce operating costs, and increase the Bank's overall revenue.

#### Digital Currency

- In line with government policies, we have completed the first phase of the wholesale and the second phase of the universal retail payment scenario pilot plan. In the future, we will continue to cooperate with the policy in the next phase of the pilot plan, and continue to pay attention to the application of international digital currencies. Develop into an ecosystem suitable for digital currency.

#### Digitization of Corporate Finance

- We will continue to optimize corporate online banking and corporate mobile banking services, and plan to provide exclusive text customer service for corporate customers through Line official accounts, provide multi-channel one-to-many smart and convenient services through SmartRobot, and organize frequently asked questions into graphic cards. Processing and video formats, etc., guide customers to quickly obtain answers and provide the best user experience.

#### Financial Technology

- Cooperate with new startups to establish a digital technology innovation center (Cloud Space) in Neihu as a venue for internal cross-business team teams to co-create and cooperate with new startups. During the product planning stage, we use an agile approach to incremental development and Quickly respond to changes in the environment and market demands.

#### Precision Marketing

- With the customer as the center, we establish a precise marketing AI model and a situation room dashboard, and use data to drive marketing decisions to provide a customer experience with consistent products and customized services.

## 2. Promote Sustainable Development

### Sustainable Finance

- The Bank has formulated regulations such as the "Responsible Investment Measures" and the "Code of Due Diligence", and is committed to developing green finance, promoting responsible investment and due diligence, exerting the sustainable influence of the financial industry, and building a beautiful and sustainable financial ecosystem.

### Green Operation

- Introduce product carbon footprint checks, water resources management systems, and sustainable procurement management systems; replace high-energy-consuming equipment, build self-owned green buildings, introduce green electricity and renewable energy, and promote paperless operations and energy conservation and carbon reduction.

### Climate Change Adaptation

- Set limits on high climate risk assets, monitor high climate risk areas and high carbon emissions industries risk exposure, build a climate change risk management mechanism, prudently respond to the risks and opportunities of climate change, financial disclosure of climate-related risks, and sign the Equator Principles and SBTi.

### ESG Theme Concept

- In Q2 of 2023, the three banks of Shanghai, Hong Kong and Taiwan jointly held the [2023 Shanghai, Hong Kong and Taiwan ESG Global Sustainability Trends Online Lecture] event in the form of an online conference, and invited Swiss Patek Asset Management experts to share.

### Sustainable Development Engagement

- In September 2023, the "Shanghai Commercial and Savings Bank Sustainable Development Negotiation Measures" were adopted to strengthen the bank's emphasis on sustainable development and optimize the execution of the sustainable development engagement work.

## 3. Steady Business Development

### Corporate & Personal Banking

- Continue to carry out green credit, six core strategic industries, regional cluster industries, credit guarantees, small and medium-sized enterprises, foreign exchange and international finance.
- 112.09.06 Obtained the qualification of sustainable development bonds from the Taipei Exchange.
- Plan to launch sustainable development bonds (i.e. green bonds + social responsibility bonds) for credit extension of "green investment plans" and "social impact investment plans".

### Consumer Finance

- The high-asset business system module (R6 wealth management system) is under construction, aiming to optimize the systematization of high-asset customer admission/continuation/review/exit processes, reduce customer application waiting time for review, and eliminate the need for paper delivery work quality and efficiency.

### Capital Management

- Implement risk-based asset (RWA) limit management for business units and regional centers, increase the performance appraisal weight of branch development of low-cost capital handling fee income, strengthen the undertaking of low-risk assets and low-cost capital business, improve capital use efficiency, and improve capital appropriateness.

### Treasury Finance

- Upgrade the financial transaction system, strengthen the development of new customer groups for large customers, develop new financial products, financial operations, and TMU.

## 4. ESG performances & Awards

- SGS awarded our bank the ISO 46001:2019 Water Resources Efficiency Management System Certificate.
- Awarded the "Eldercare Financial Planning Consultant- Outstanding Talent" from the Trust Association.
- Awarded the eACH Debit Business Promotion and the eACH Accounting Business Promotion from the Clearing House.
- Awarded the "Best Financial Operation Performance", "Best Profitability" and "Best Financial Structure Progress".
- Awarded the Business Today's "17th Wealth Management Bank Evaluation" [First Place for Best Professional Team], [Second Place for Best Wealth Value-Added], [Third Place for Best Customer Trust] and [Best Third place in the High-end Customer Service].
- Awarded the Top 20 Enterprises in "Greater China Business Sustainability Index" by the Chinese University of Hong Kong.

## 4. ESG performances & Awards

- Awarded the "2021-2022 Operational Excellence" from Wells Fargo Bank, N.A. (Wells Fargo Bank).
- Awarded the "Best Service Quality" from Excellence Magazine.
- Included in the "Taiwan Premium Selection High Dividend 30 ETF" constituent stocks.
- Included in the "TIP HDMV Index" constituent stock.
- Included in the "Taiwan Governance 100-Index Companies" constituent stock.
- Included as a constituent stock of "TWSE RA Taiwan Employment Creation 99 Index" for 4 consecutive years.
- Included as a constituent stock of "TWSE RAFI® Taiwan High Compensation 100 Index" for five consecutive years.
- Awarded the "TCSA Platinum" of 2022 sustainability report.



# Overview of 2023Q3 Financial Performance



# 2023Q3 standalone operating results

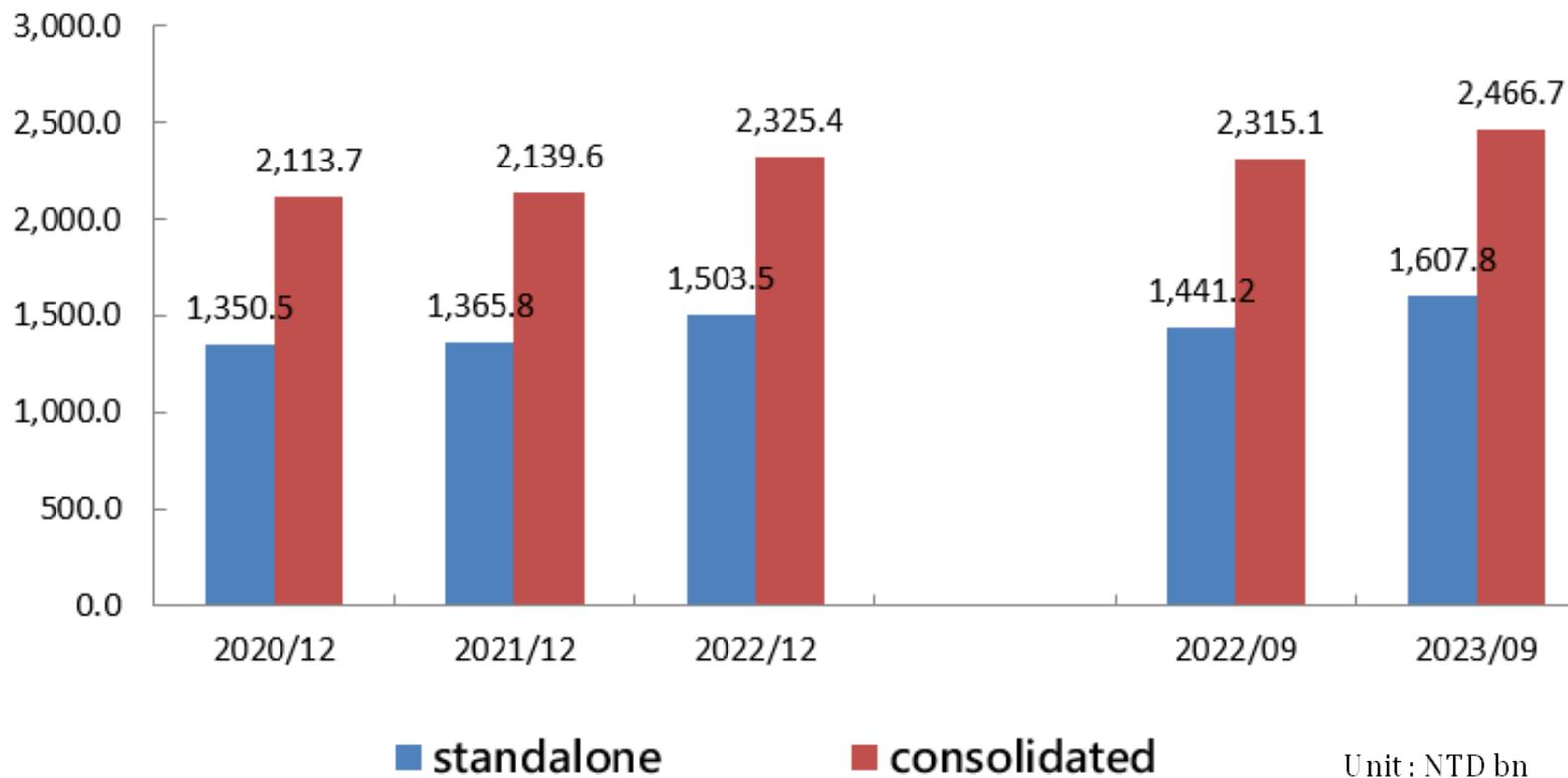
17

Unit: NTD

		2023Q3	2022Q3	Rate of change
<b>Profitability</b>	Net income	14.68bn	12.99bn	+13.03%
	EPS	3.03	2.91	+4.12%
	Annualized Pretax ROA	1.40%	1.39%	+0.01%
	Annualized Pretax ROE	12.41%	12.52%	-0.11%
<b>Safety</b>	NPL ratio	0.20%	0.24%	-0.04%
	Coverage ratio	715.22%	542.53%	+172.69%
<b>Liquidity</b>	Liquidity reserve ratio	31.66%	26.30%	+5.36%
	Loan to deposit ratio	68.59%	71.76%	-3.17%
<b>Capital Adequacy</b>	CET 1 capital ratio	11.42%	9.84%	+1.58%
	Tier 1 capital ratio	12.25%	10.59%	+1.66%
	BIS capital adequacy ratio	14.88%	13.69%	+1.19%



# Asset

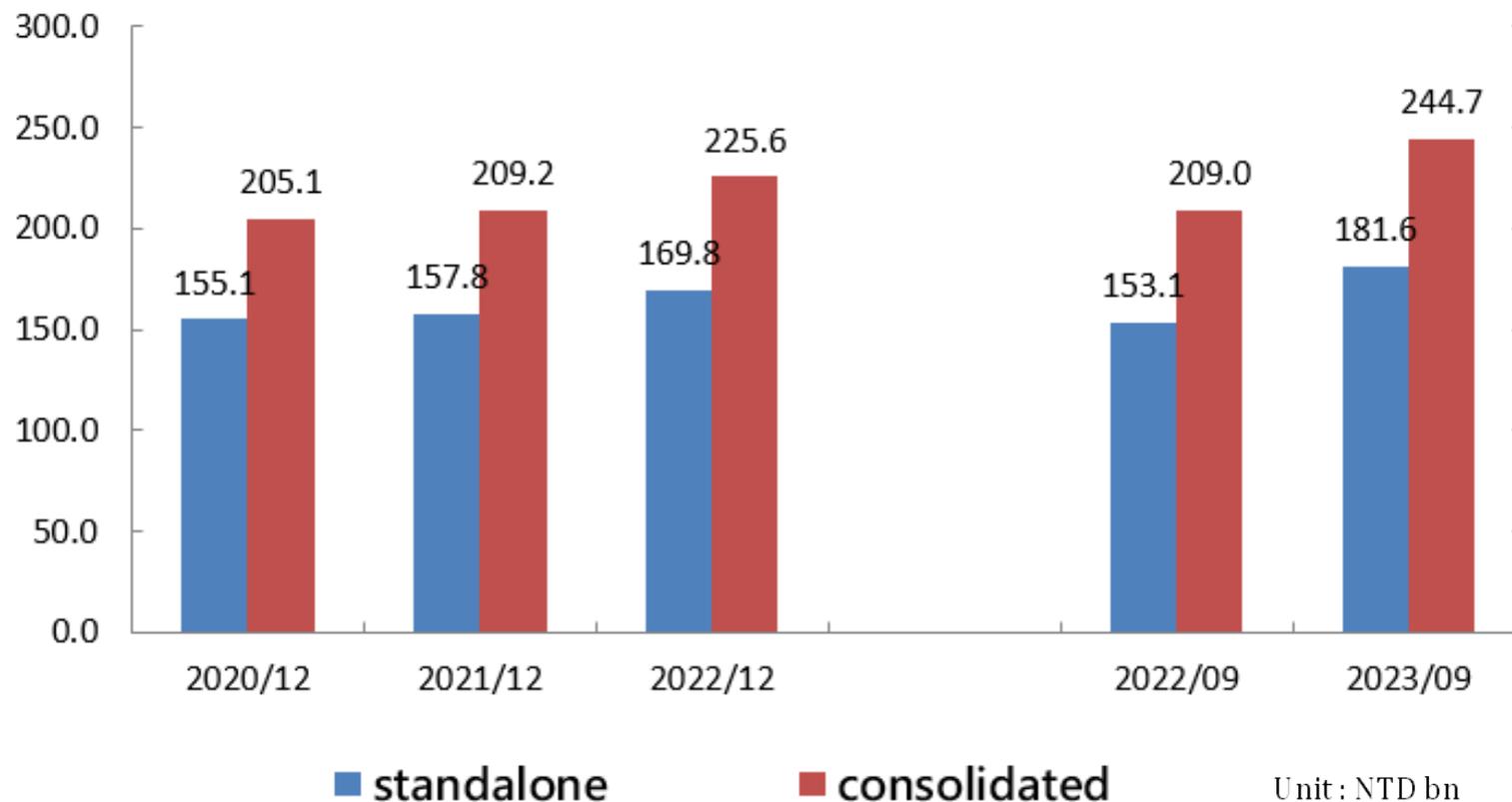


YoY comparison 2023/09 vs. 2022/09

	Amount	Growth rate
Standalone	+166.5bn	+11.6%
Consolidated	+151.5bn	+6.5%



# Equity

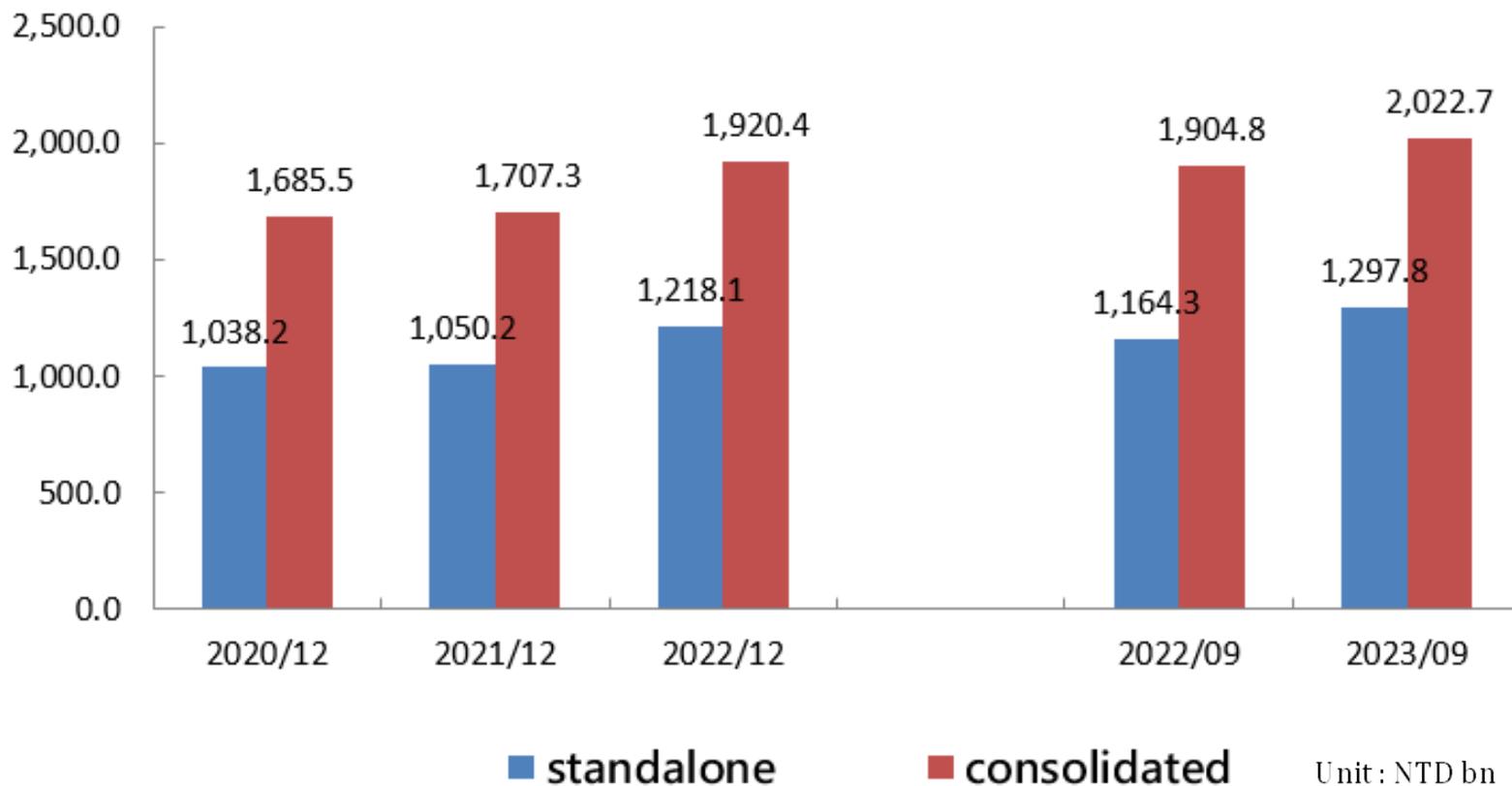


YoY comparison 2023/09 vs. 2022/09

	Amount	Growth rate
Standalone	+28.5bn	+18.6%
Consolidated	+35.7bn	+17.1%



# Deposit



YoY comparison 2023/09 vs. 2022/09

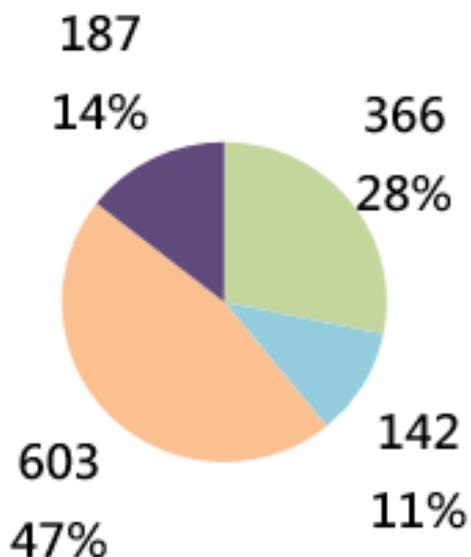
	Amount	Growth rate
Standalone	+133.4bn	+11.5%
Consolidated	+117.9bn	+6.2%



# Deposit breakdown

- Standalone

Unit : NTD bn



Total: NTD 1,298 bn

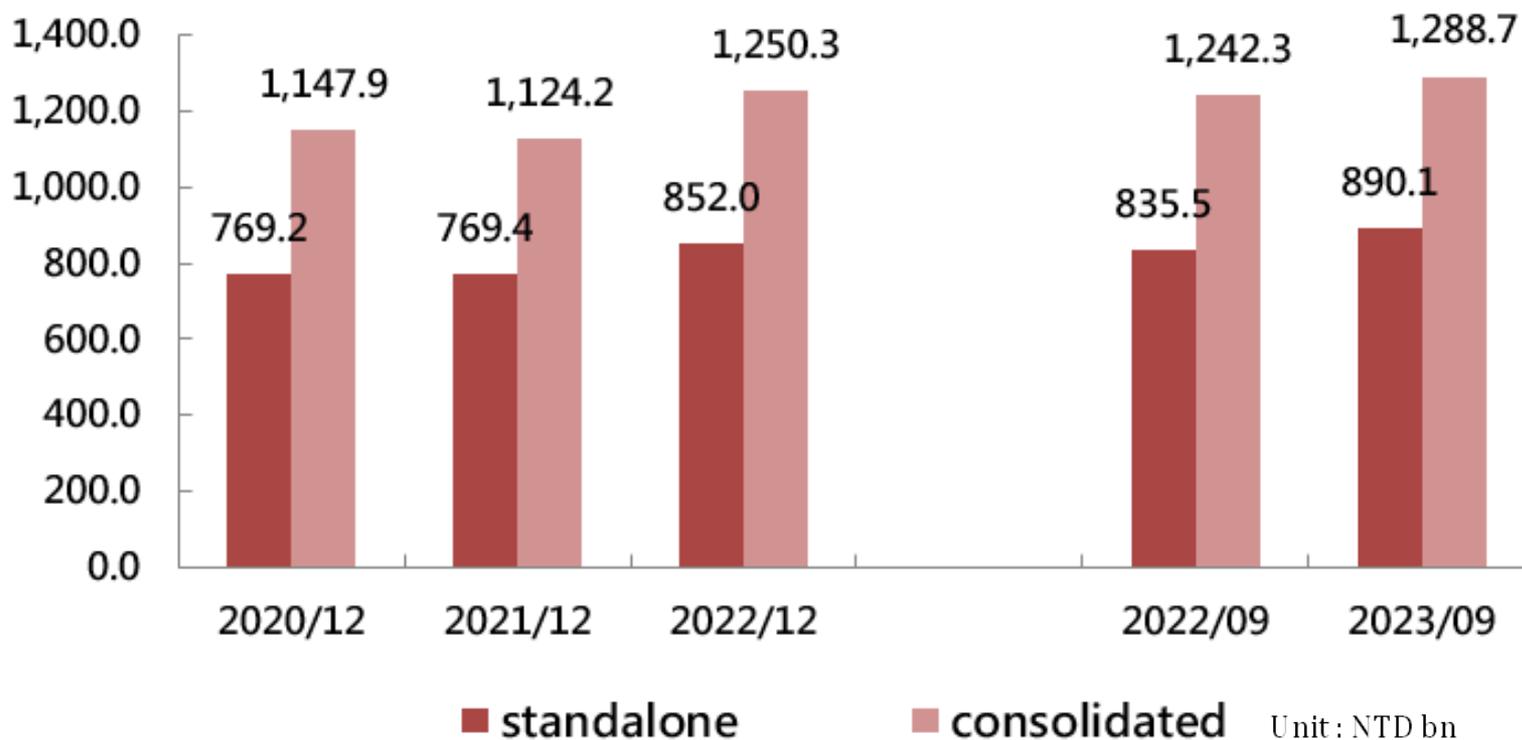
- TWD Demand
- FCY Demand
- TWD Time
- FCY Time

## YoY comparison

	Amount	Growth rate
TWD Demand	-10.1bn	-2.7%
FCY Demand	-49.1bn	-25.7%
TWD Time	+179.4bn	+42.4%
FCY Time	+13.2bn	+7.7%
<b>Total</b>	<b>+133.4bn</b>	<b>+11.5%</b>



# Loan



YoY comparison 2023/09 vs. 2022/09

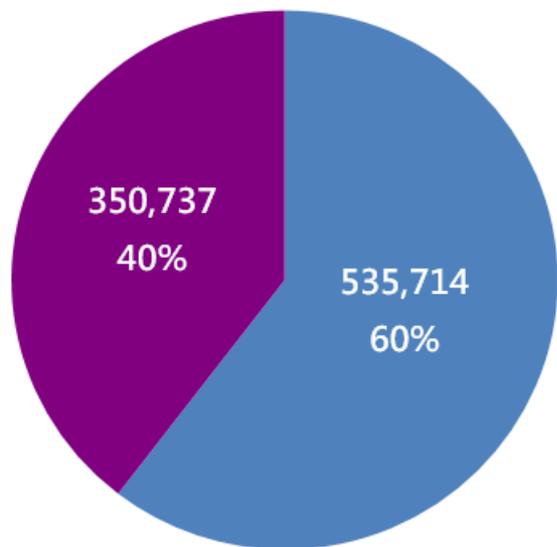
	Amount	Growth rate
Standalone	+54.6bn	+6.5%
Consolidated	+46.4bn	+3.7%

\*Inward/outward documentary bills and Non-performing loans are included.



# Loan breakdown by business

- Standalone (2023/09)



- Corporate banking
- Consumer banking

Unit: NTD mn

### YoY comparison

	Amount	Growth rate
Corporate banking	+14,428mn	+2.8%
Consumer banking	+40,908mn	+13.2%
<b>Total</b>	<b>+55,336mn</b>	<b>+6.7%</b>

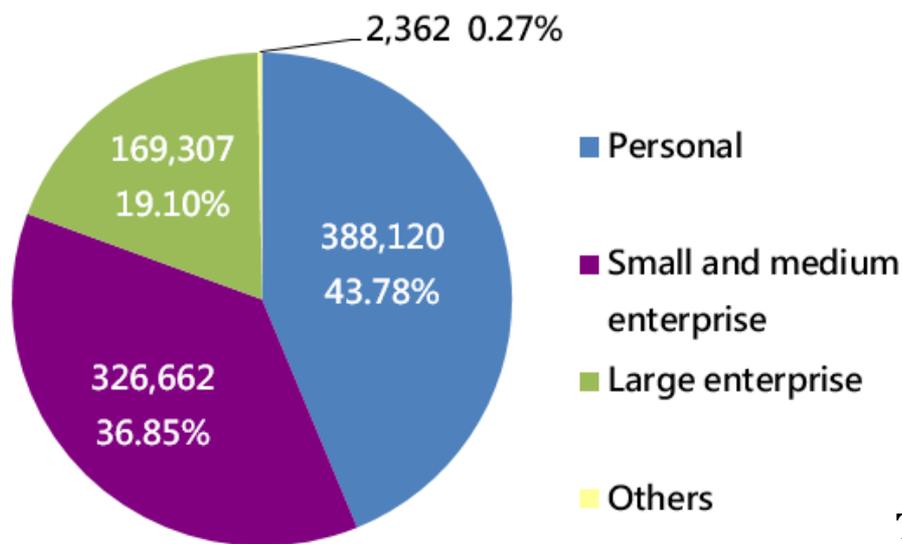
Total: NTD886,451mn\*

\*Inward/outward documentary bills and Non-performing loans are excluded.



# Loan breakdown by customer profile

## • Standalone (2023/09)



YoY comparison		
	Amount	Growth rate
Personal	+38,684mn	+11.1%
Small and medium enterprise	+3,179mn	+1.0%
Large enterprise	+14,920mn	+9.7%
Others	-1,447mn	-38.0%
<b>Total</b>	<b>+55,336mn</b>	<b>+6.7%</b>

Total: NTD886,451 mn\*

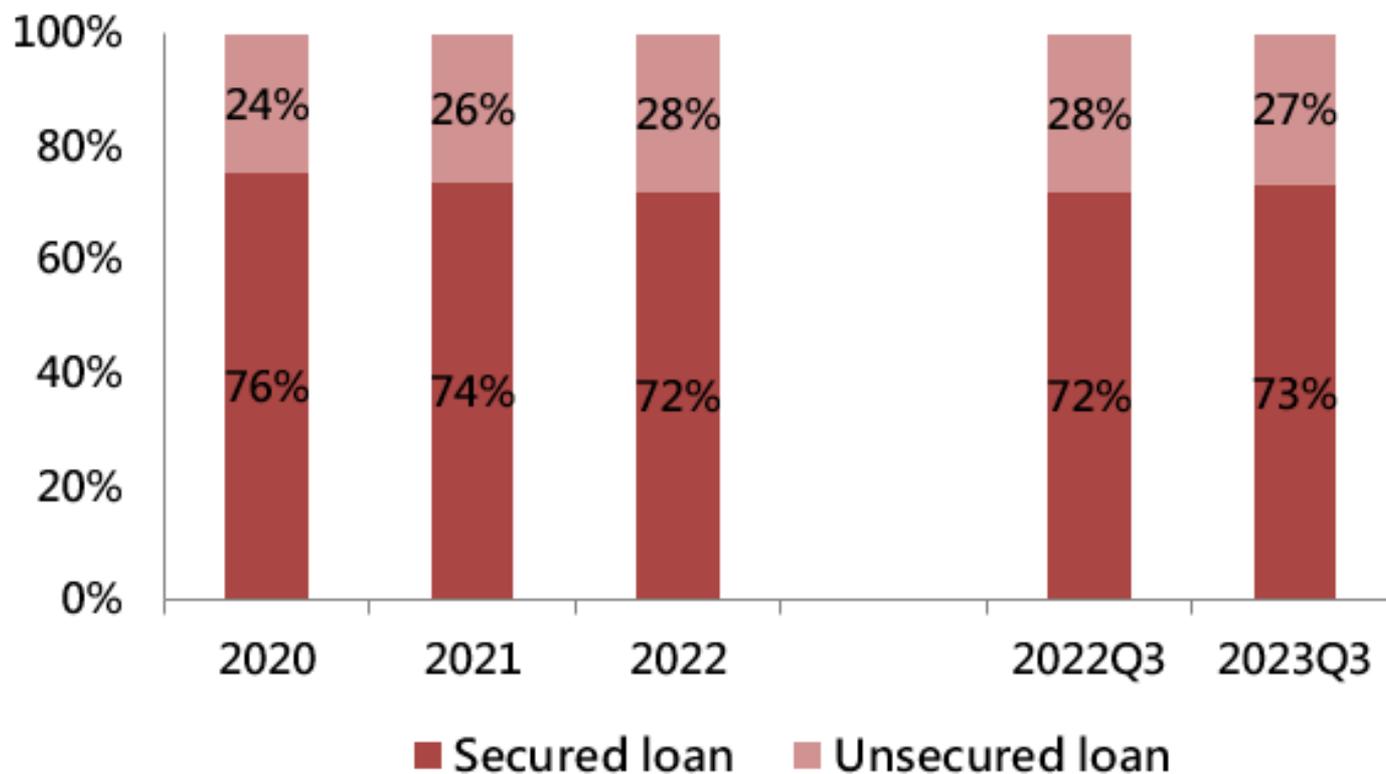
\*Inward/outward documentary bills and Non-performing loans are excluded.

Unit: NTD mn



# Loan breakdown by type

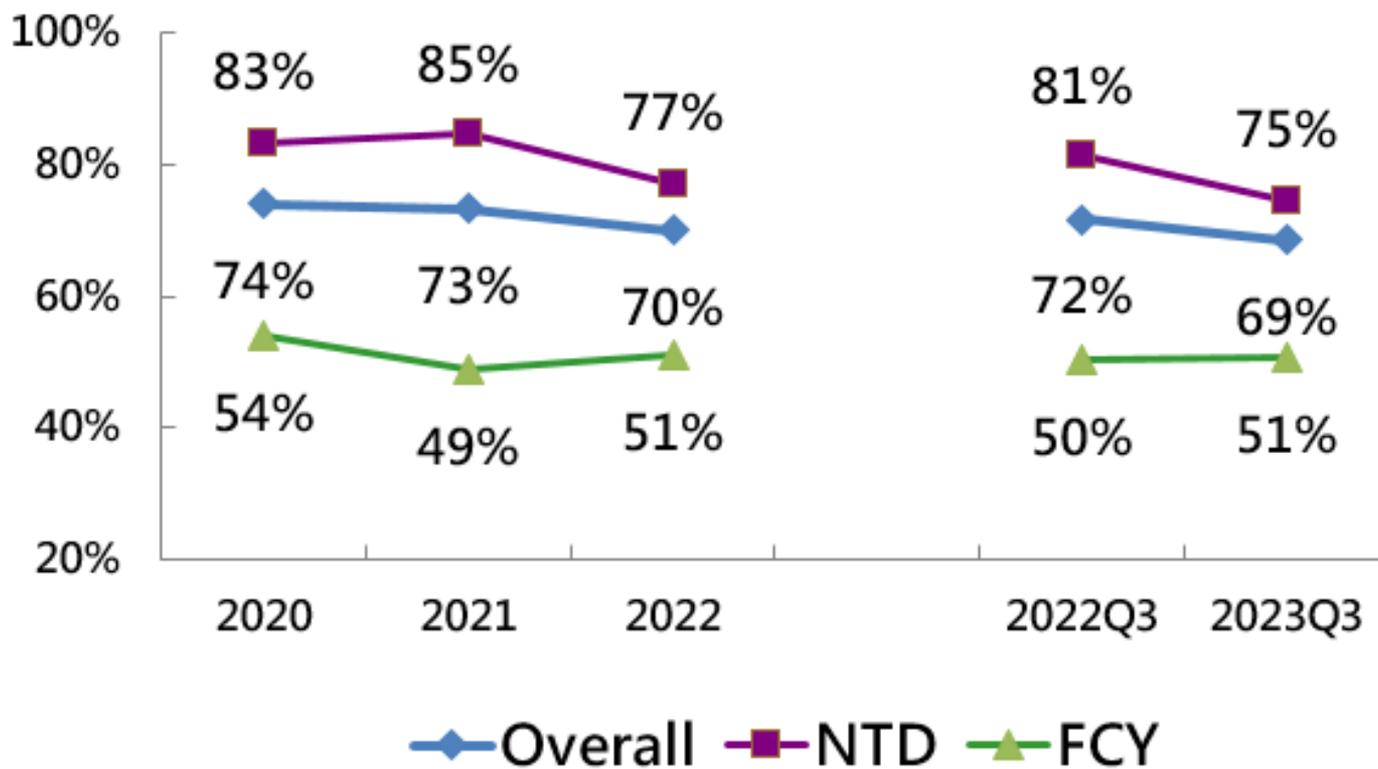
- Standalone





# Loan to deposit ratio

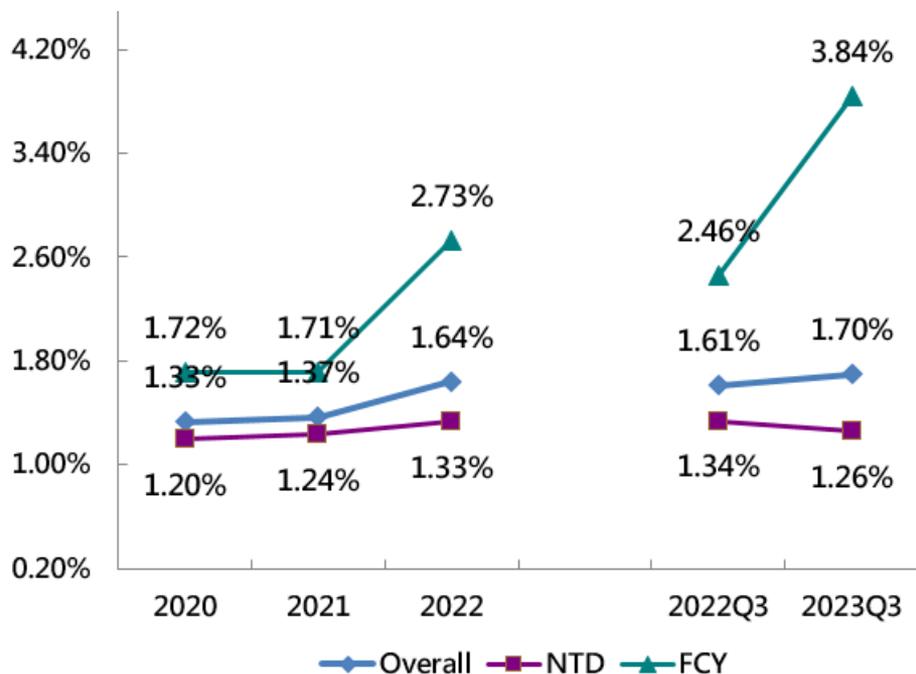
- Standalone



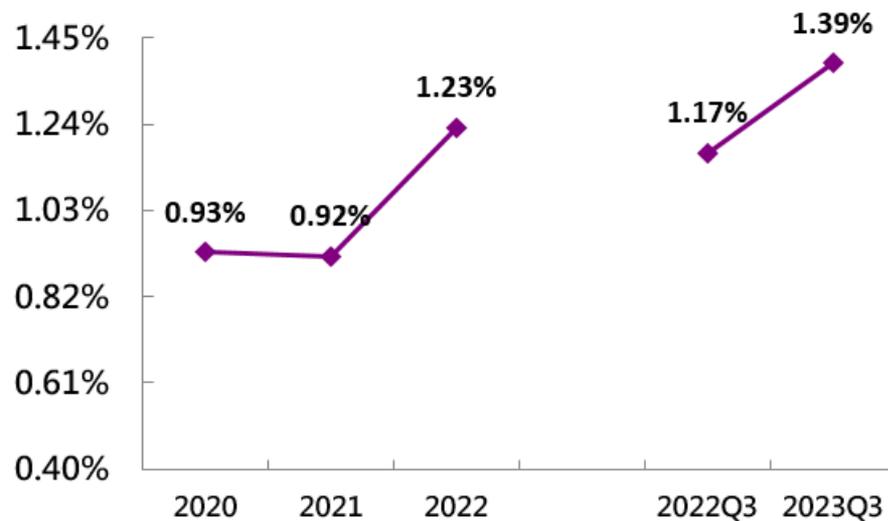


- Standalone

### Interest spread



### Net interest margin

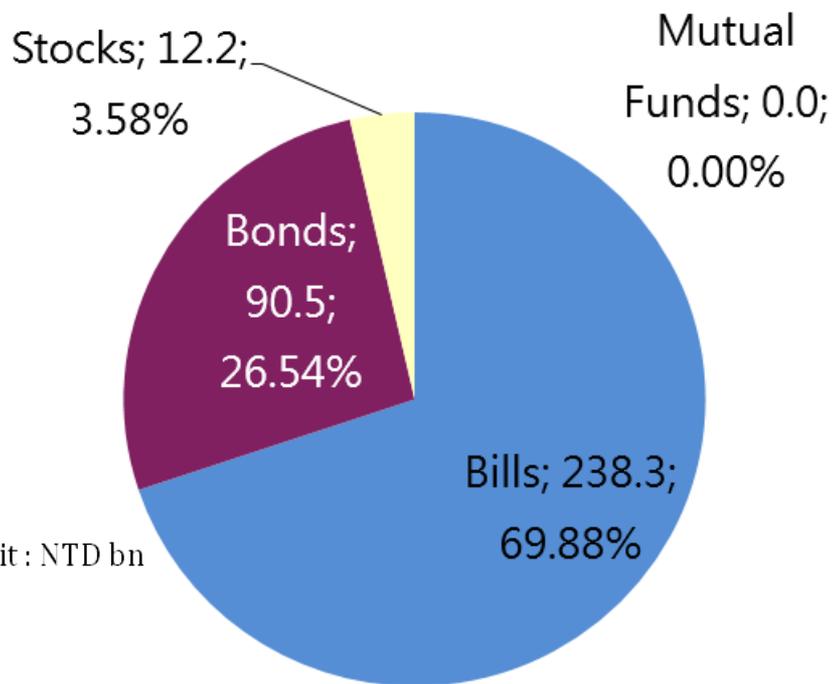




# Investment composition

## • Standalone(2023/09)

NTD investment



Unit: NTD bn

■ Bills ■ Bonds ■ Stocks ■ Mutual Funds

Note: Long-term equity investment NTD94.6bn excluded.

Total: NTD341bn

YoY comparison

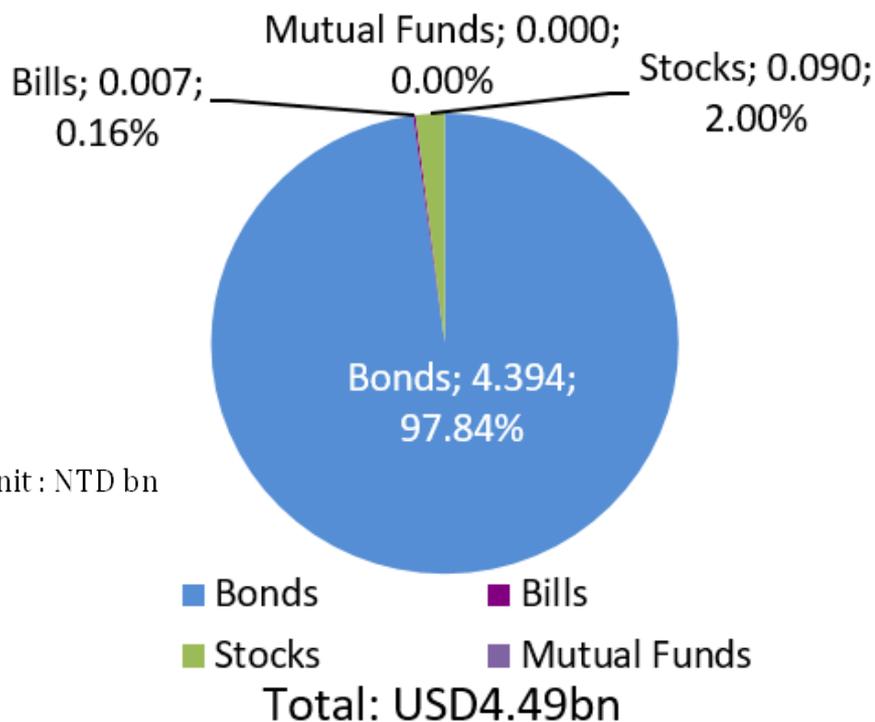
	Amount	Growth rate
Bills	+88bn	+58.9%
Bonds	+10bn	+13.0%
Stocks	+2bn	+15.1%
Mutual Funds	-0bn	-100.0%
Total	+100bn	+41.6%



# Investment composition

- Standalone(2023/09)

FCY investment(Unit : USD bn)

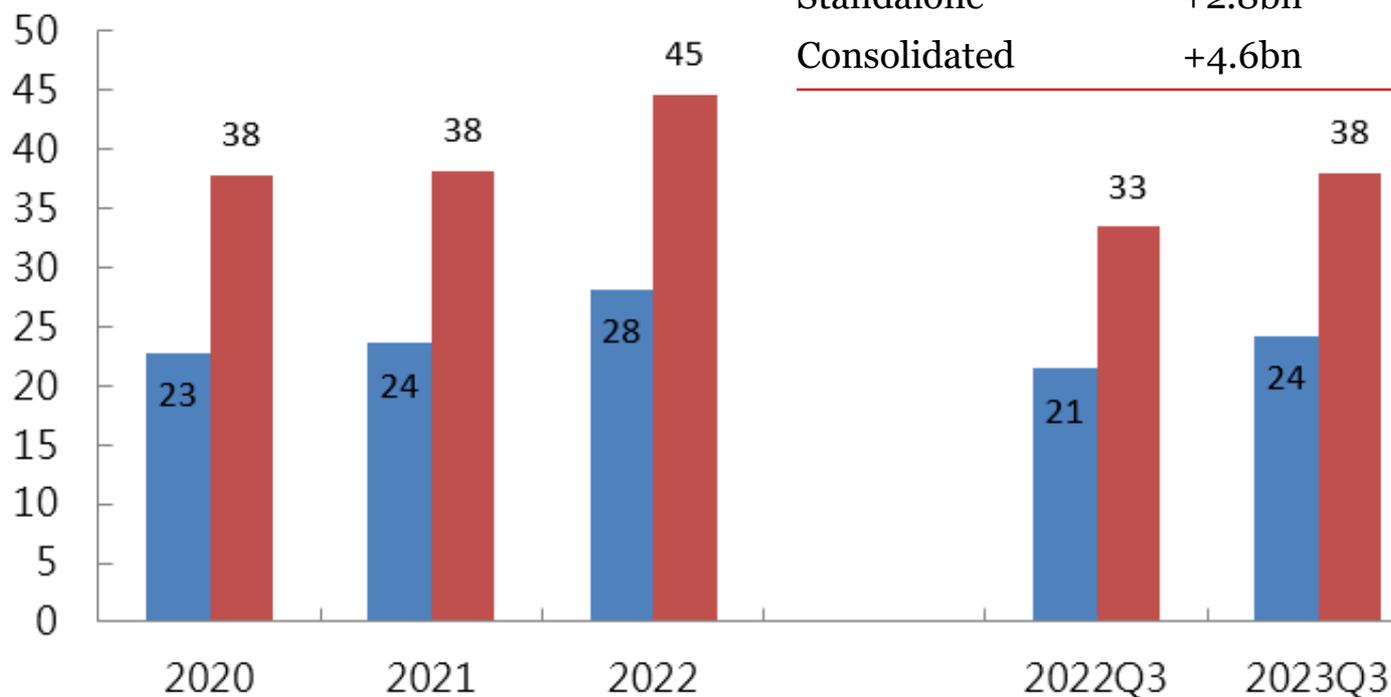


YoY comparison

	Amount	Growth rate
Bonds	+1.44bn	+48.7%
Bills	+0.01bn	+100.0%
Stocks	+0.09bn	+2150.0%
Mutual Funds	-0.00bn	-100.0%
<b>Total</b>	<b>+1.53bn</b>	<b>+51.7%</b>



# Net revenue



YoY comparison 2023/09 vs. 2022/09

	Amount	Growth rate
Standalone	+2.8bn	+12.9%
Consolidated	+4.6bn	+13.8%

Unit : NTD bn

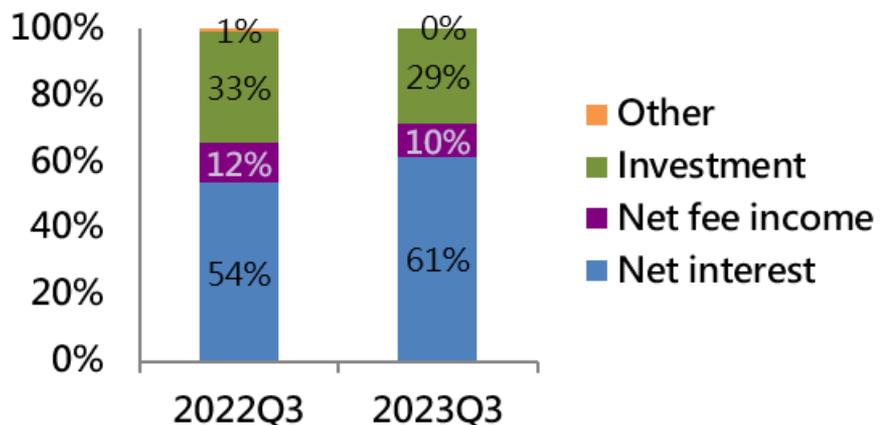
■ standalone

■ consolidated



# Net revenue breakdown

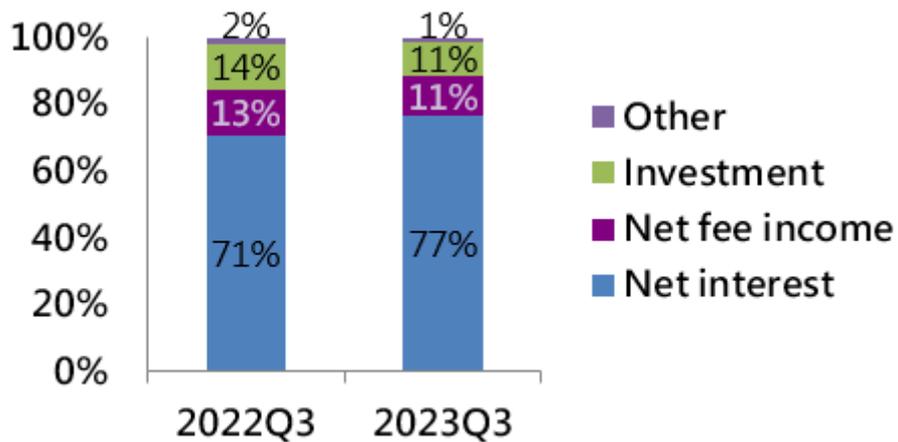
## • Standalone



YoY comparison

	Amount	Growth rate
Net interest	+3.4bn	+29.6%
Net fee income	-0.1bn	-5.7%
Investment	-0.2bn	-3.1%
Other	-0.3bn	-114.9%
Total	+2.8bn	+12.9%

## • Consolidated



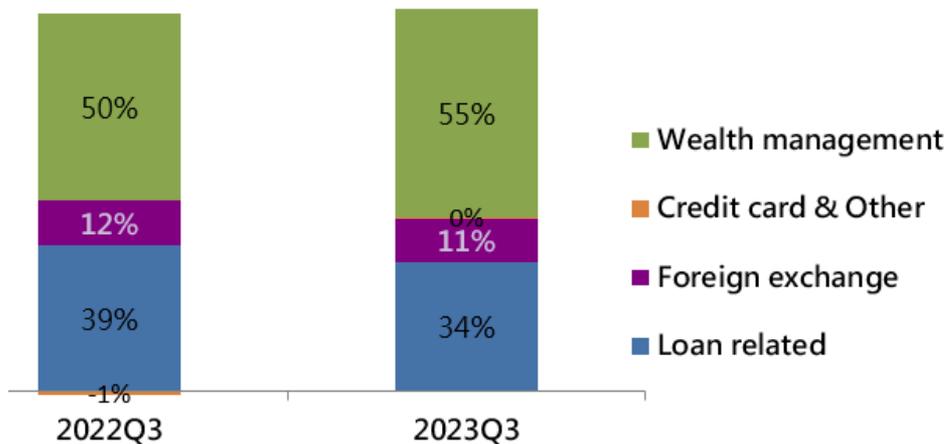
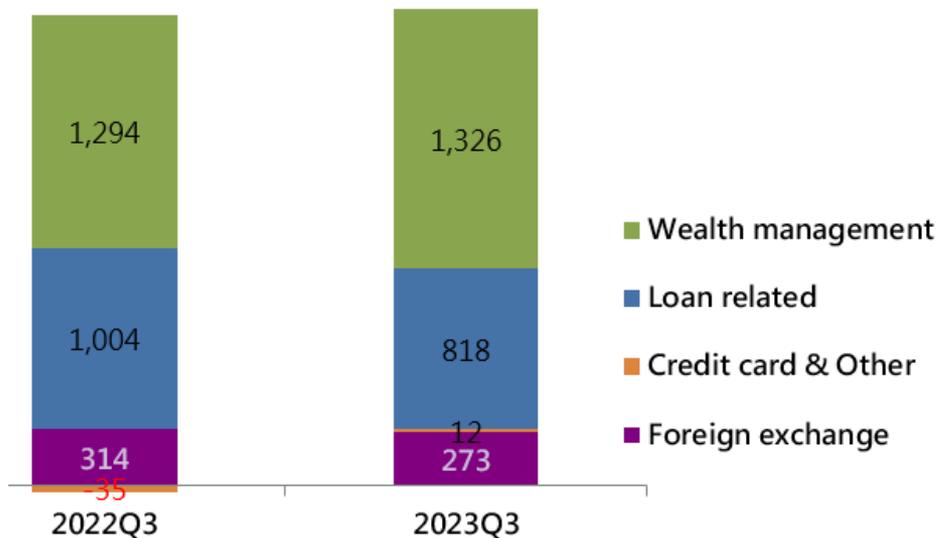
YoY comparison

	Amount	Growth rate
Net interest	+5.5bn	+23.1%
Net fee income	-0.1bn	-2.2%
Investment	-0.6bn	-12.0%
Other	-0.2bn	-29.6%
Total	+4.6bn	+13.8%



# Net fee income

## • Standalone

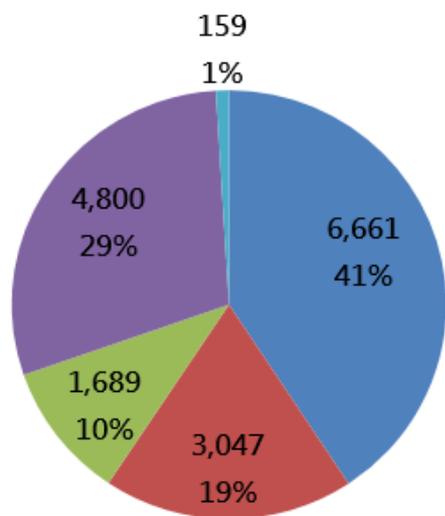


## YoY comparison

Business type	Amount	Growth rate
Loan related	-186mn	-18.5%
Foreign exchange	-41mn	-13.1%
Wealth management	+32mn	+2.5%
Credit card & Other	+47mn	+134.3%
<b>Total</b>	<b>-148mn</b>	<b>-5.7%</b>



## • Standalone(2023Q3)



Total: NTD16,356mn

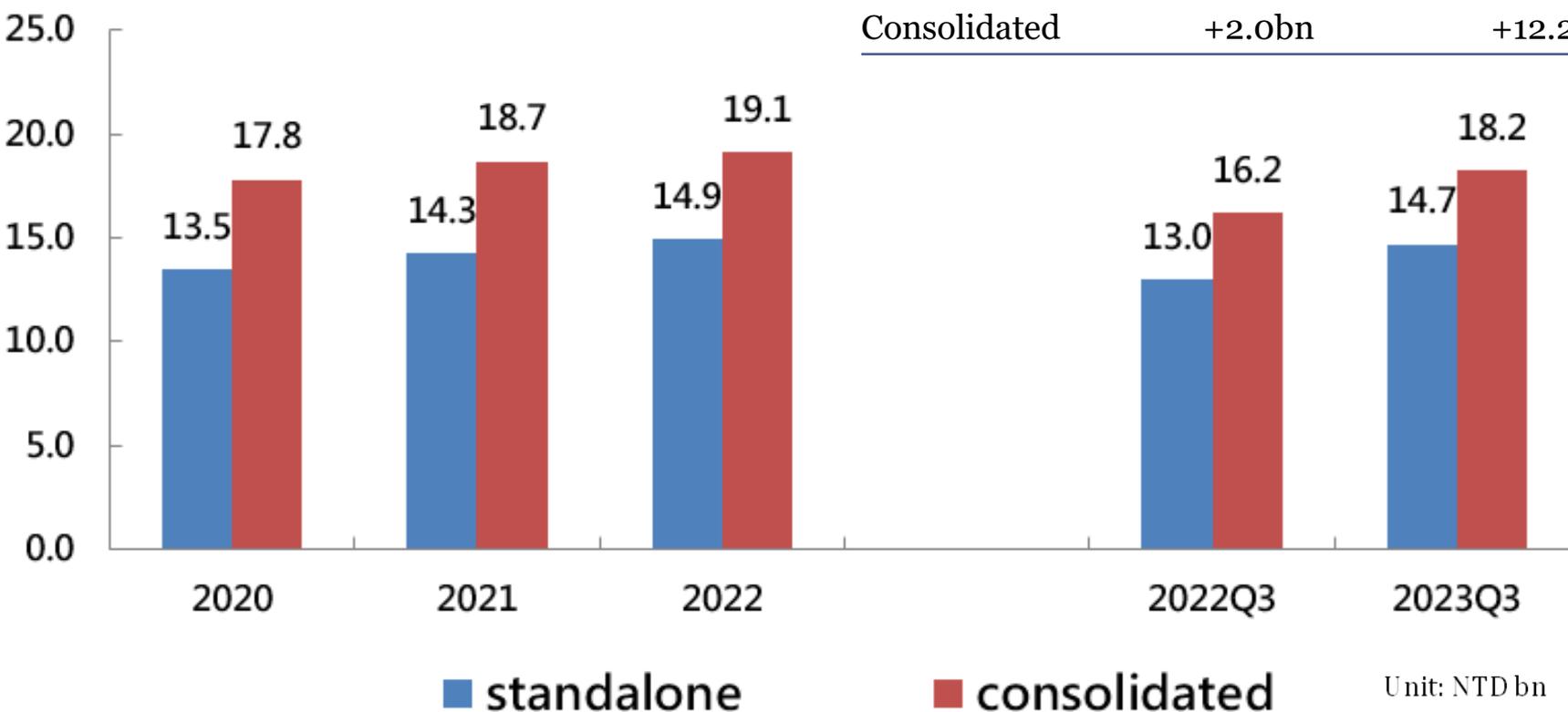
Unit: NTD mn

- DBU
- OBU
- Overseas branches
- SCB
- Other overseas subsidiaries

YoY comparison	
Amount	Growth rate
-305mn	-4.4%
+417mn	+15.9%
+1,301mn	+335.3%
+413mn	+9.4%
-63mn	-28.3%
<b>Total</b>	<b>+1,763mn</b>
	<b>+12.1%</b>



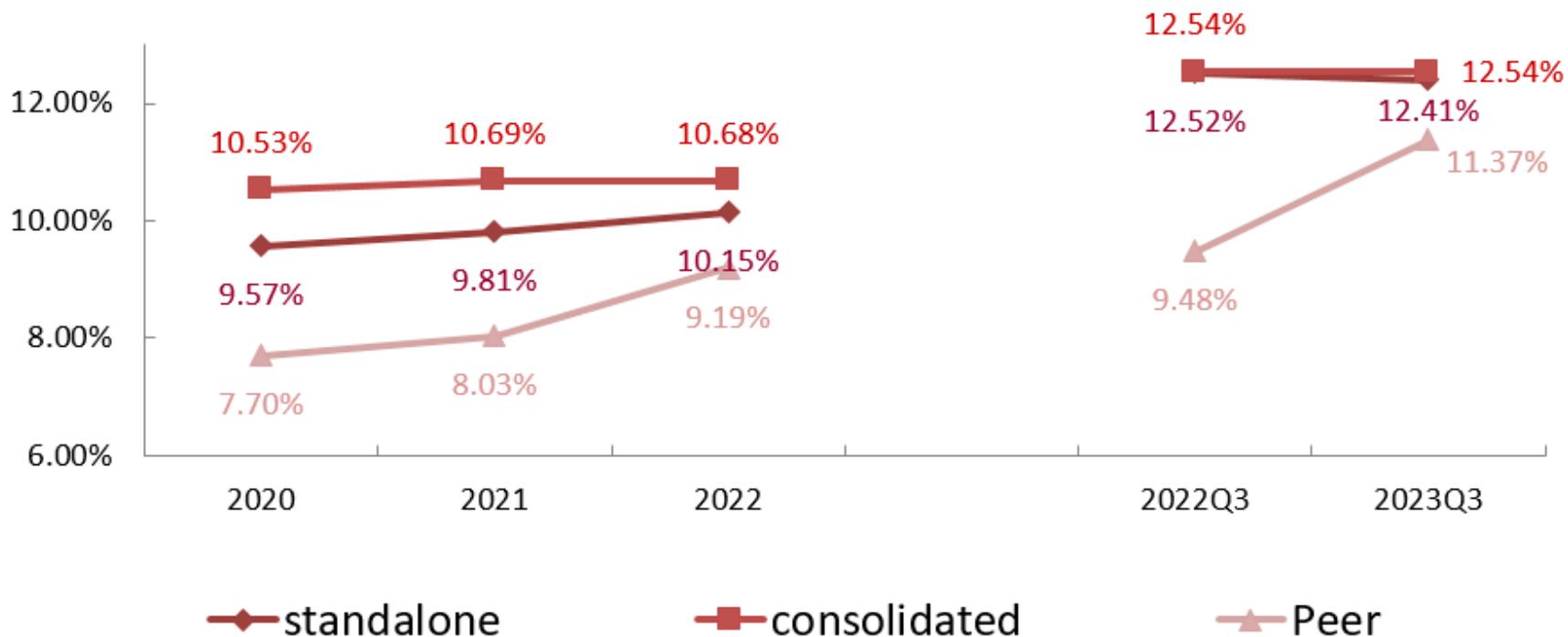
# Net income



YoY comparison 2023Q3 vs. 2022Q3		
	Amount	Growth rate
Standalone	+1.7bn	+13.0%
Consolidated	+2.0bn	+12.2%



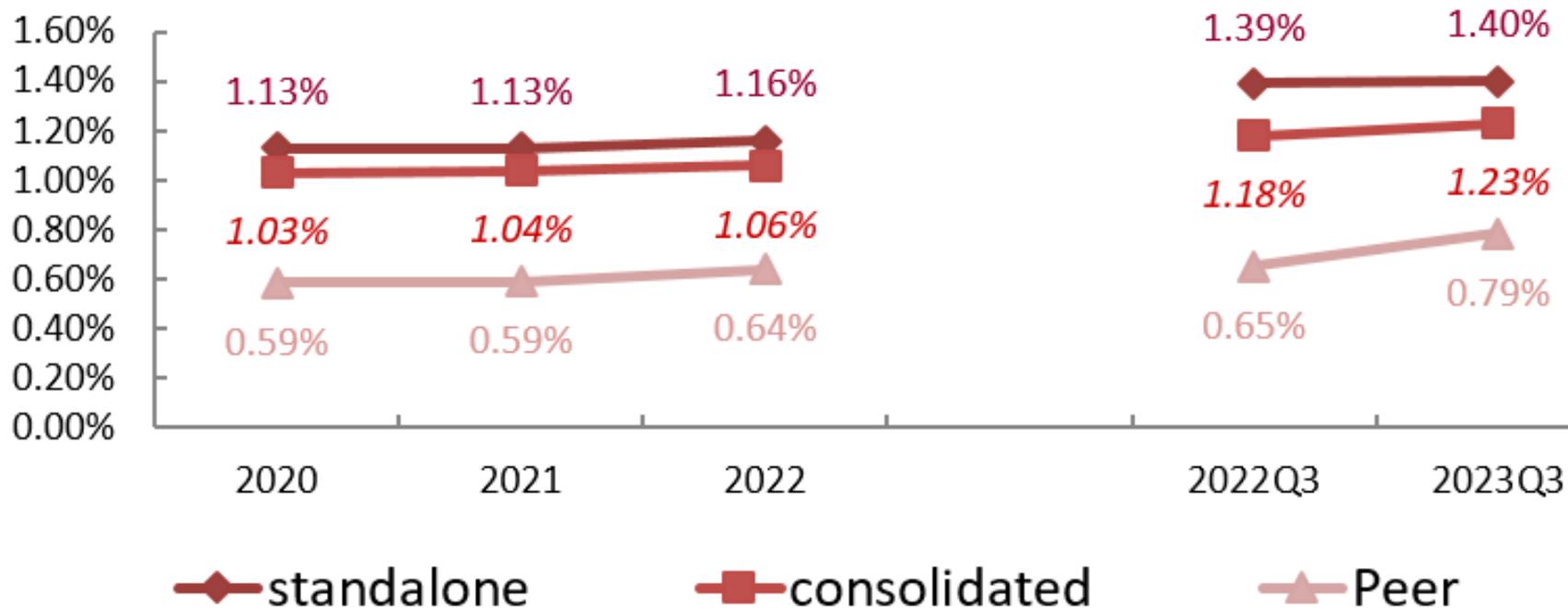
# Pretax ROE



\*2023Q3 vs. 2022Q3 has been annualized.



# Pretax ROA

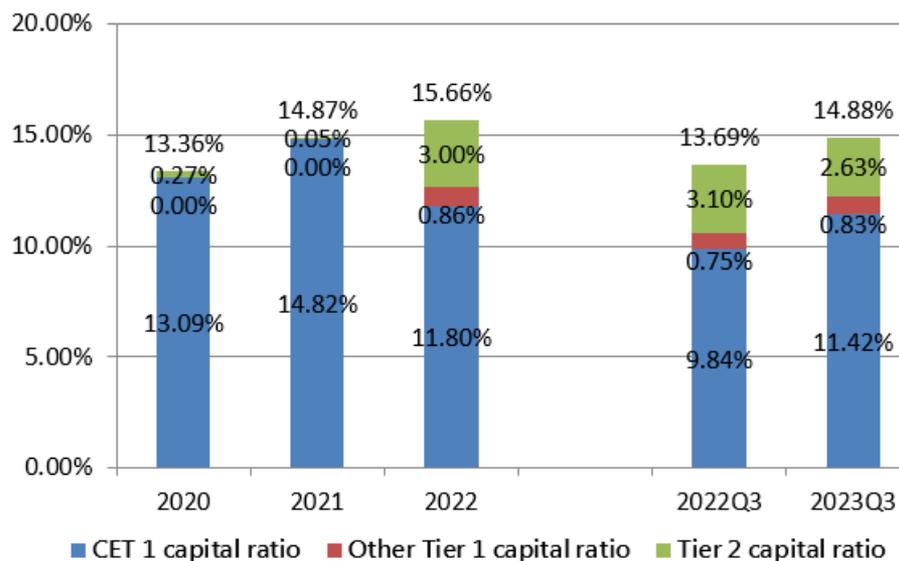


\* 2023Q3 vs. 2022Q3 has been annualized.

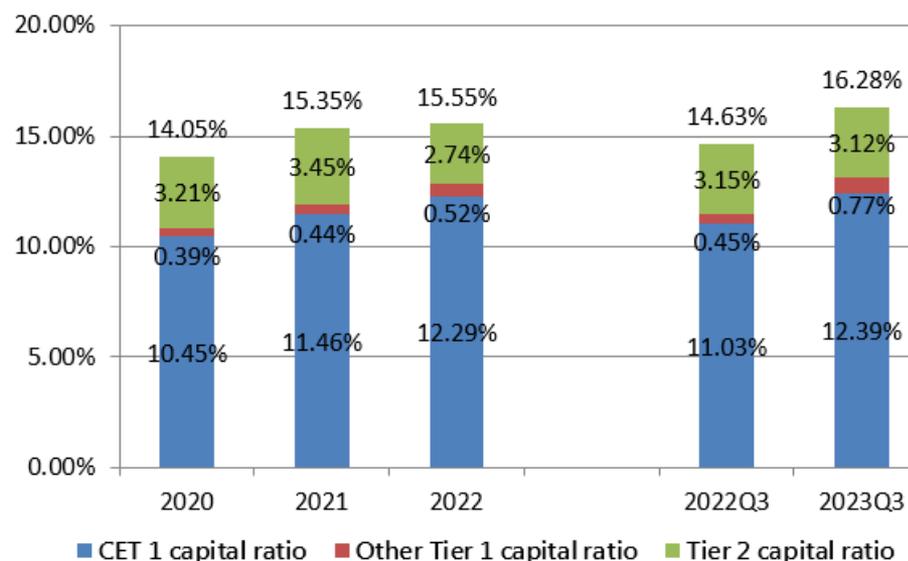


# Capital adequacy ratio

## • Standalone



## • Consolidated

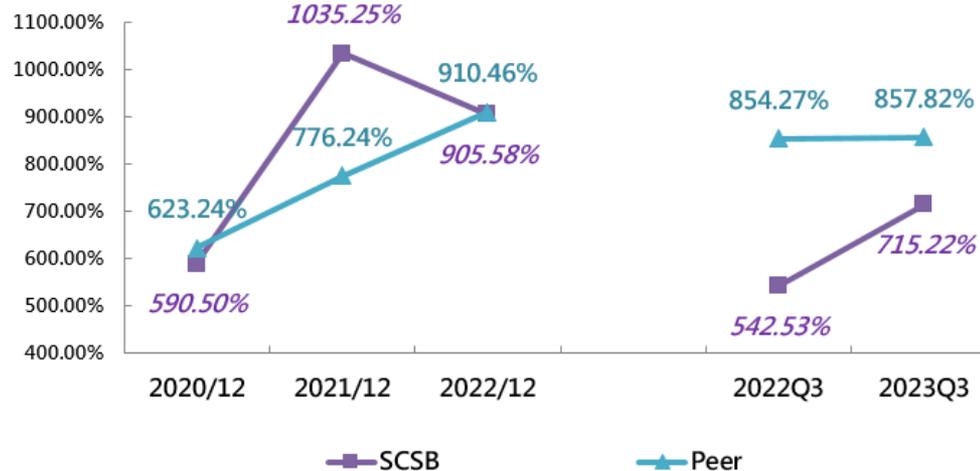
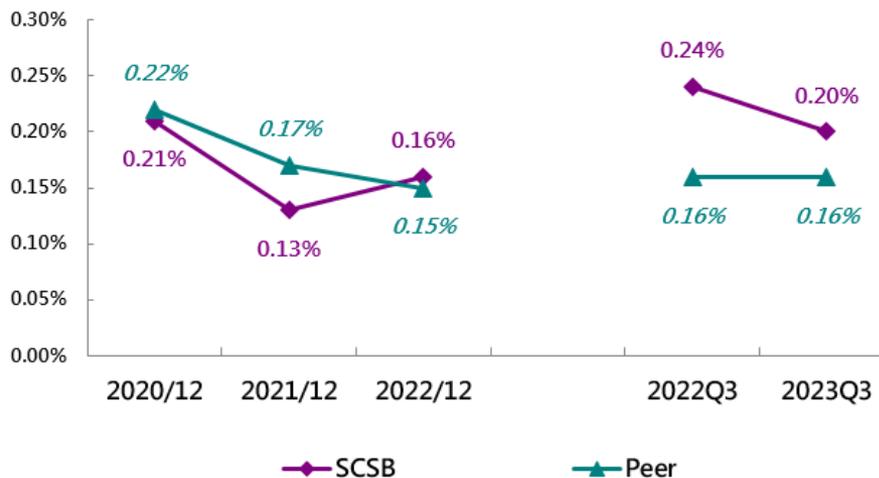




# Non-performing loan ratio & Coverage Ratio

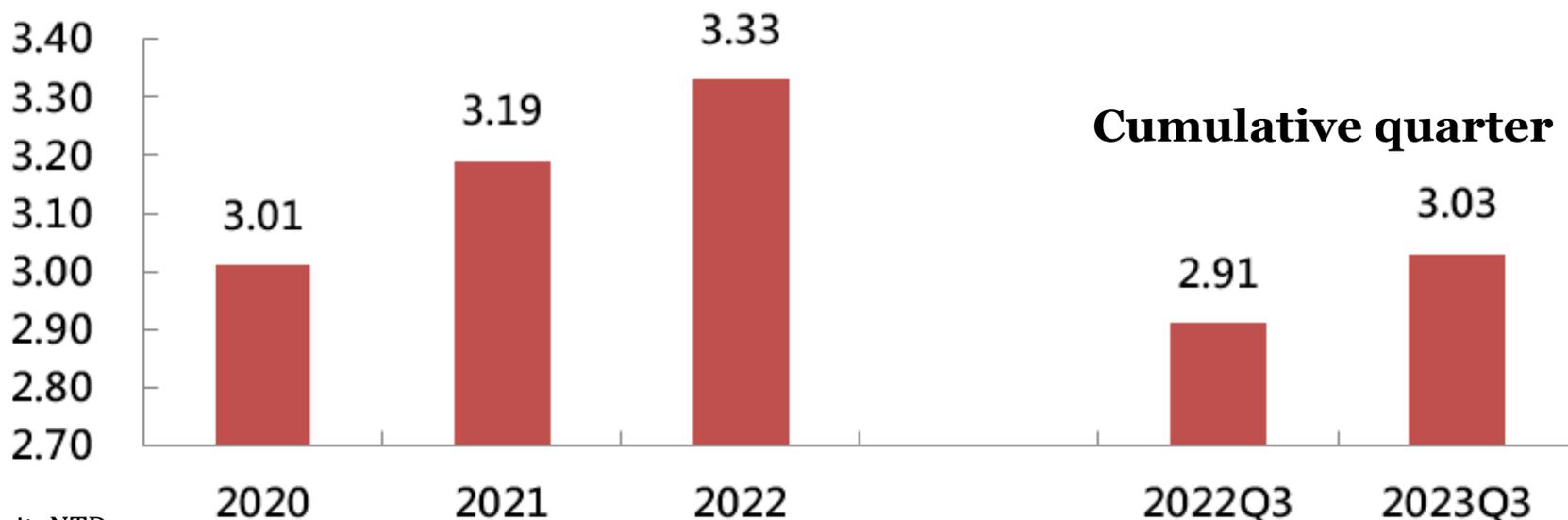
- Standalone-Non-performing loan ratio

- Standalone-Coverage Ratio





# Earning per share



Unit: NTD

	2020	2021	2022	-	2022Q3	2023Q3
Net worth Per Share	34.7	35.3	35.0	-	34.2	37.4
Avg. stock price	43.17	43.48	48.65	-	49.64	45.36



# 2023Q3 standalone financial performance

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Unit: NTD mn

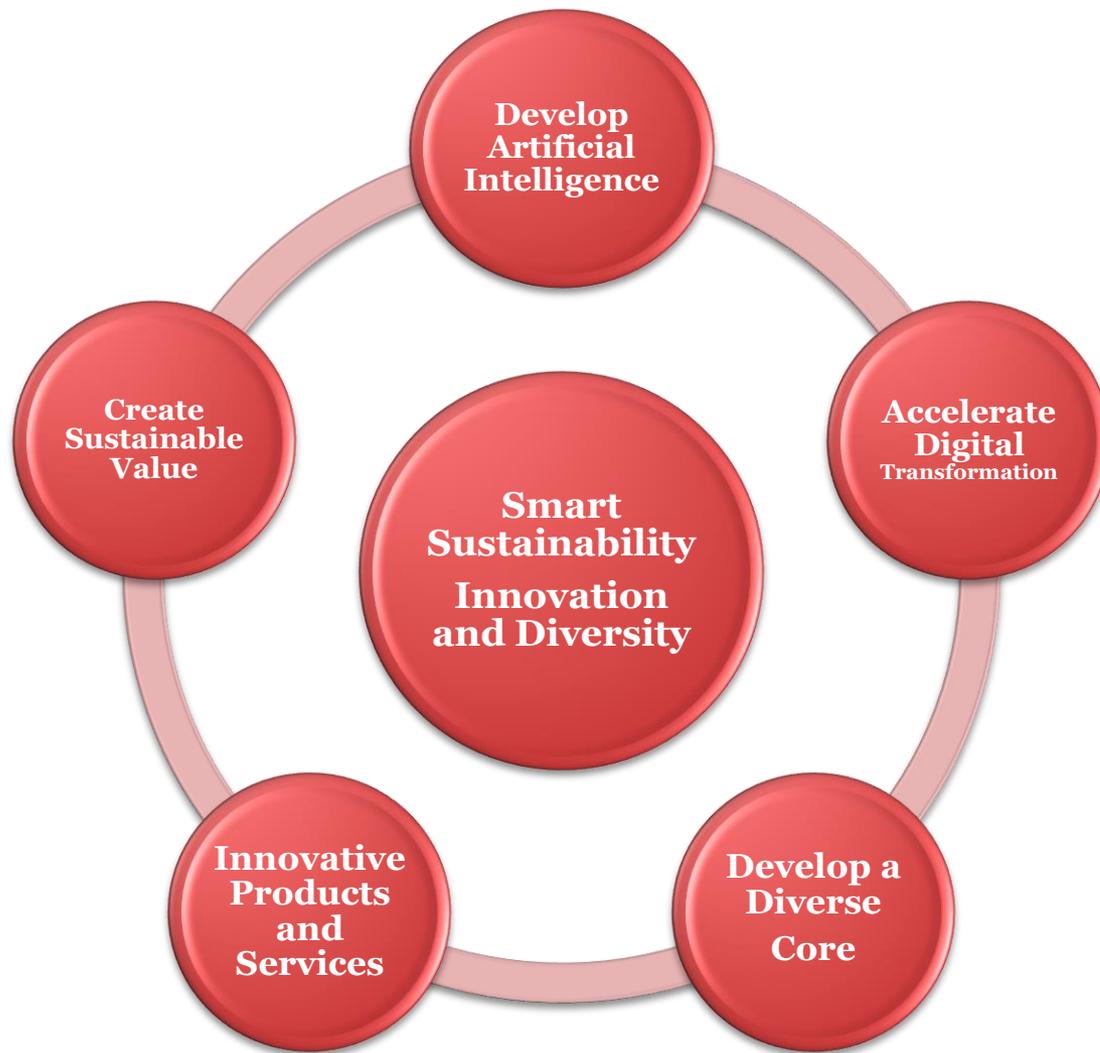
	2023Q3	2022Q3	YoY comparison
Total assets	1,607,760	1,441,245	+166,515(+11.6%)
Net worth	181,588	153,064	+28,524(+18.6%)
Net income	14,682	12,989	+1,693(+13.0%)
EPS (NTD)	3.03	2.91	+0.12
Pretax ROE (Annualized)	12.41%	12.52%	-0.11%
Pretax ROA (Annualized)	1.40%	1.39%	+0.01%
CAR	14.88%	13.69%	+1.19%
NPL ratio	0.20%	0.24%	-0.04%
Coverage ratio	715.22%	542.53%	+172.69%
Loan coverage ratio	1.41%	1.30%	+0.11%



# Business Strategy Focus in 2024



# Business Strategy Focus in 2024





# Business Strategy Focus in 2024

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## Overall Operations

- Integrity and steady operation, balanced and healthy growth, equal emphasis on operation and management, and sound financial business.

## Pathway Development

- Continue to expand in the Asia-Pacific, deepen the three-bank alliance, optimize cross-border finance, and improve the service network.

## Business Expansion

- Develop diversified cores, strengthen financial operations, deepen high-end financial management, and increase non-interest income.

## Customer Management

- We will treat customers fairly, deepen customer relationships, focus on high-quality customer groups, and promote integrated marketing.

## Digital Finance

- Make good use of smart technology to accelerate digital transformation, build scenario finance, and promote inclusive finance.



# Business Strategy Focus in 2024

## Information Technology

- Stabilize system maintenance, upgrade core systems, strengthen information utilization, and streamline information security management.

## Risk Management

- Optimize risk management, improve early warning capabilities, stabilize asset quality, and strengthen capital management.

## Human Resources

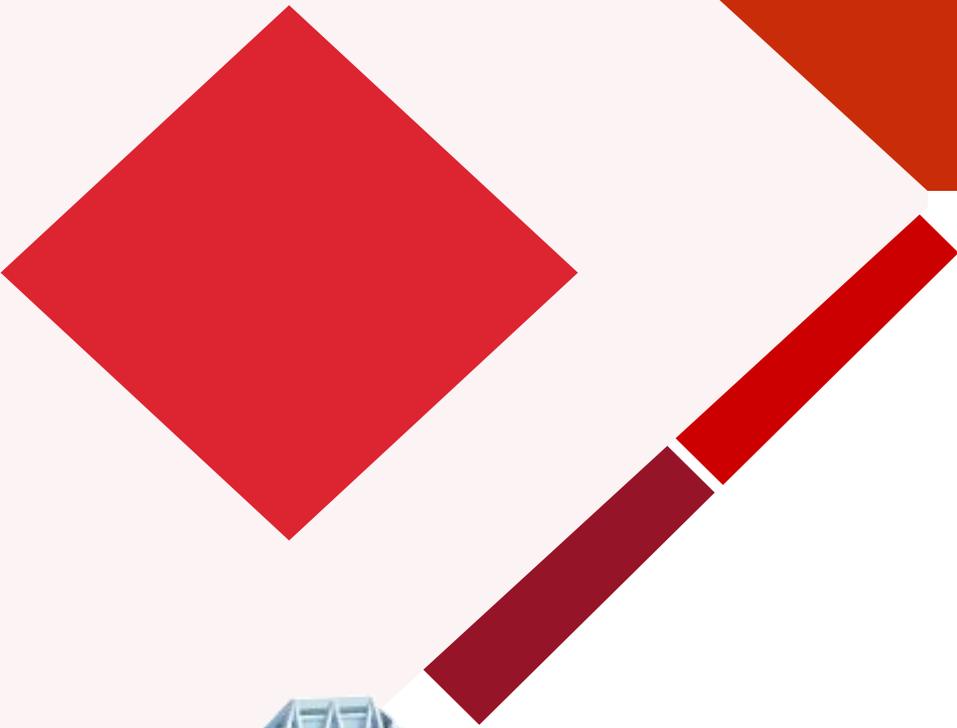
- Recruit diverse talents, strengthen core functions, reserve supervisors for succession, and cultivate human capital.

## Internal Management

- Improve internal control, implement three lines of defense, strengthen legal compliance culture, and implement money laundering prevention and control.

## Sustainable Development

- Practice responsible finance, promote sustainable finance, fulfill social responsibilities, and innovate sustainable value.



Thank you



 上海商業儲蓄銀行



Appendix:  
Concise Balance Sheet &  
Income Statement  
(Standalone & Consolidated)  
2023Q3



# Standalone balance sheet

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Unit: NTD bn

	2023.09.30	2022.09.30	YoY comparison	
Cash, CD, interbank deposits and RS	114.03	166.25	-52.22	-31%
Financial assets	577.83	417.47	+160.37	+38%
Discounts and loans, net	877.82	825.12	+52.70	+6%
Properties, net	14.06	12.78	+1.28	+10%
Other assets	24.02	19.63	+4.39	+22%
<b>Total assets</b>	<b>1,607.76</b>	<b>1,441.25</b>	<b>+166.51</b>	<b>+12%</b>
Due to the central bank and banks	15.50	12.91	+2.59	+20%
Deposits and remittances	1,297.99	1,164.80	+133.19	+11%
Bank debentures and financial liabilities	67.09	72.17	-5.09	-7%
Other liabilities	45.59	38.30	+7.30	+19%
<b>Total liabilities</b>	<b>1,426.17</b>	<b>1,288.18</b>	<b>+137.99</b>	<b>+11%</b>
<b>Shareholder's equity</b>	<b>181.59</b>	<b>153.06</b>	<b>+28.52</b>	<b>+19%</b>



# Standalone income statement

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Unit: NTD mn

	2023Q3	2022Q3	YoY comparison	
Net interest	14,868.70	11,474.32	+3,394.37	+30%
Net fee income	2,429.16	2,576.44	-147.28	-6%
Other income	6,906.64	7,389.32	-482.68	-7%
Net revenue	24,204.49	21,440.08	+2,764.41	+13%
Operating expense	6,946.84	6,147.88	+798.96	+13%
Profit before bad debt expense	17,257.65	15,292.20	+1,965.45	+13%
Bad debt expense	901.98	700.00	+201.98	+29%
Pretax profit	16,355.67	14,592.20	+1,763.47	+12%
Income tax	1,673.86	1,603.36	+70.50	+4%
Net income	14,681.81	12,988.84	+1,692.97	+13%
Earning per share (NTD)	3.03	2.91	0.12	+4%



# Consolidated balance sheet

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Unit: NTD bn

	2023.09.30	2022.09.30	YoY comparison	
Cash, CD, interbank deposits and RS	442.05	432.34	+9.71	+2%
Financial assets	682.00	591.20	+90.80	+15%
Discounts and loans, net	1,271.88	1,228.38	+43.50	+4%
Properties, net	30.72	28.84	+1.88	+7%
Other assets	40.03	34.38	+5.65	+16%
<b>Total assets</b>	<b>2,466.68</b>	<b>2,315.14</b>	<b>+151.54</b>	<b>+7%</b>
Due to the central bank and banks	45.92	53.29	-7.36	-14%
Deposits and remittances	2,022.95	1,905.25	+117.70	+6%
Bank debentures and financial liabilities	92.69	95.30	-2.61	-3%
Other liabilities	60.44	52.33	+8.11	+15%
<b>Total liabilities</b>	<b>2,222.00</b>	<b>2,106.17</b>	<b>+115.82</b>	<b>+5%</b>
<b>Shareholder's equity</b>	<b>244.68</b>	<b>208.97</b>	<b>+35.71</b>	<b>+17%</b>



# Consolidated income statement

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Unit: NTD mn

	2023Q3	2022Q3	YoY comparison	
Net interest	29,133.97	23,667.57	+5,466.40	+23%
Net fee income	4,433.95	4,531.58	-97.63	-2%
Other income	4,504.18	5,253.46	-749.27	-14%
Net revenue	38,072.10	33,452.60	+4,619.51	+14%
Operating expense	13,775.59	12,363.69	+1,411.90	+11%
Profit before bad debt expense	24,296.51	21,088.91	+3,207.60	+15%
Bad debt expense	2,182.55	1,416.25	+766.30	+54%
Pretax profit	22,113.96	19,672.66	+2,441.30	+12%
Income tax	3,898.08	3,443.90	+454.18	+13%
Net income	18,215.87	16,228.75	+1,987.12	+12%