

Taishin Financial Holding Co., Ltd at a Glance: 1H23



Company Profile

Taishin Financial Holding Co., Ltd (TFHC) is a bank-centric financial holding company. The flagship subsidiary, Taishin International Bank (TSIB), contributes the majority of the Group's revenue. In June 2021, TFHC completed its acquisition of 100% of Prudential Life Insurance of Taiwan (POT) and subsequently renamed the company "Taishin Life Insurance Co., Ltd" (TS Life), thus fulfilling the Group's universal banking strategy. In addition to commercial banking, securities, and life insurance, TFHC's other subsidiaries operate in diversified financial business segments that include venture capital, investment trusts, investment advisory, asset management, and leasing activities.

Distribution Networks

- TSIB: 101 branches in Taiwan and 5 overseas branches in Hong Kong, Singapore, Tokyo, Brisbane, and Labuan. One marketing office is in operation in Kuala Lumpur, and representative offices have been established in Ho Chi Minh City, Yangon, Shanghai, and Bangkok.
- Taishin Securities (TSS): 12 branches in Taiwan. In April 2023, TSS established "Taishin Futures Co., Ltd" to further develop its futures brokerage business.
- TS Life: 19 service offices in Taiwan.

ESG Developments and Recognitions

- TFHC has been listed as a constituent of the DJSI World and DJSI Emerging Markets indices since 2018 and has maintained an "AA" MSCI ESG Rating since 2020. TFHC has supported the Task Force on Climate-related Financial Disclosures since 2019, and TFHC's science-based net-zero targets received official validation from the SBTi in July 2022. In January 2023, TFHC was added to the 2023 Bloomberg Gender Equality Index (GEI).
- TSIB has been a signatory to the Equator Principles since 2019.

Business Highlights

- In 1H23, TFHC delivered a net income after tax of NT\$8.9bn (vs. NT\$4.5bn in 1H22) (YoY+98.4). If excluding MTM adjustment of contingent consideration (NT\$1.2bn) on the POT acquisition in 1H22, YoY growth is 57%.
- Net interest income (NII) (NT\$12.8bn) grew 3.7% YoY, on the back of steady loan growth. NII accounted for 48.7% of total revenue (when excluding TS Life's financial results).
- Net fee income (NFI) (NT\$7.2bn) declined by 2.2% YoY and accounted for 27.3% of total revenue (when excluding TS Life's financial results). The 1H23 YoY decline decreased significantly from 1Q23's YoY figure of -14.3%. While Wealth Management NFI YoY growth was curtailed by market volatility, the credit card business saw NFI YoY growth of 9.4%, spurred by better consumption. TSS' 1H23 NFI grew 7.6% YoY, on the back of recoveries in both brokerage and underwriting.
- Trading and other income (NT\$5.9bn) increased by 273.3% YoY and accounted for 24.0% of total revenue (when excluding TS Life's financial results). The increase in 1H23 was boosted by strong FX Swap income and MTM gains from Taishin Venture Capital's equity positions.

Loan, Deposit, and Asset Quality of TSIB

- As at June 30th, 2023, TSIB's total loan reached NT\$1,504bn, an increase of 6.5% YoY, supported by stable growth in 2Q23 from both corporate and retail. Total deposit reached NT\$2,091bn, an increase of 16.7% YoY, with CASA of 53.6%.
- Overall NPL ratio remained benign at 0.12%. NPL Coverage ratio stayed above 1000%.

Capital

- As at June 30th, 2023, TFHC's CAR was at 132.3%. TSIB's CET1%, Tier1%, and BIS% were 10.7%, 12.4%, and 14.6%, respectively.
- TSS' CAR was at 301%, and TS Life's RBC was at 338%.

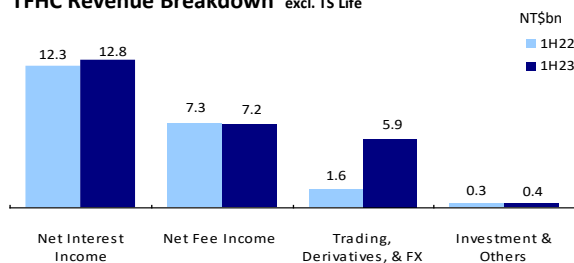
Non-Bank Subsidiaries Highlights

- TSS' 1H23 net income after tax was NT\$0.9bn (vs. NT\$0.2bn in 1H22), an increase of 283% YoY, boosted by higher trading income in 1H23. TSS' brokerage business market share remained stable at 2.2% in 1H23.
- TS Life posted a strong 2Q23 QoQ rebound in net income after tax (an increase of NT\$234mn), with its 1H23 FYP market share increasing to 1.86% (from 1.7%) and the FYP ranking advancing to 12th (from 14th) YTD. The cost of liability decreased to 3.85% (vs. 3.96% in 1H22).

	1H23	1H22
TFHC		
Total Revenue (NT\$bn)	27.3	21.1
PPOP (NT\$bn)	11.5	7.0
Net Income (NT\$bn)	8.9	4.5
EPS ¹ (NT\$)	0.63	0.29
ROE ¹	9.94%	4.77%
ROA	0.62%	0.35%
Total Asset (NT\$bn)	2,974	2,634
Capital Adequacy ratio	132.3%	119.2%
TSIB		
Total Revenue (NT\$bn)	22.8	19.4
PPOP (NT\$bn)	10.2	8.0
Net Income (NT\$bn)	8.0	6.1
Total Loan (NT\$bn)	1,504	1,412
Total Deposit (NT\$bn)	2,091	1,792
BIS%	14.6%	14.6%
Tier 1%	12.4%	122.0%
Cost / Income ratio	55.5%	58.9%

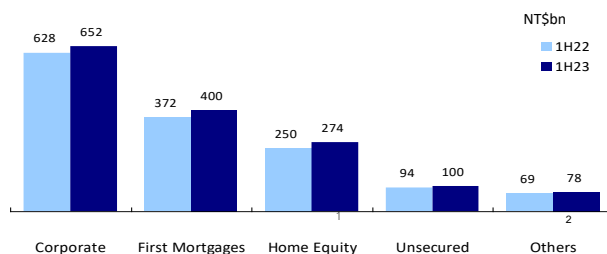
Note: EPS and ROE are calculated for common shares only.

TFHC Revenue Breakdown excl. TS Life



Note: If adjusting swap income from funding activities and income from selling structured investment products, NII +16.7% YoY; NFI +0.3% YoY; and Trading, Derivatives, & FX +214.3% YoY.

TSIB Loan



Notes:

- Home equity loan is in first-lien position on the property.
- "Others" includes auto loans, second mortgages, retail SME, and other consumer products.

Credit Ratings

		Rating	Outlook
TFHC	Fitch Rating	BBB	Stable
	S&P	BBB	Stable
TSIB	Fitch Rating	BBB+	Stable
	S&P	BBB+	Stable