

May 2020

1Q20 Performance Review

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1. Business Overview

CDF – 1Q20 Results

1Q20 net loss of NT\$488mn due to global market volatility amid the COVID-19 Pandemic

CDF

- Affected by global market volatility due to the COVID-19 pandemic, CDF posted 1Q20 net loss of NT\$488mn
- To mitigate the impact of COVID-19, the Group has been conducting a comprehensive inventory review of the asset quality of its credit and investment portfolio and has increased the frequency of evaluation and monitoring. In addition, CDF is abiding by the government's anti-pandemic policy, fulfilling its corporate social responsibility

China Life¹

- China Life's 1Q20 net income was NT\$4,459mn; CDF recognized an investment gain of NT\$1,198mn from China Life in 1Q20
- Driven by product mix enhancement, VNB margin grew to 32%
- Focused on regular premium products, renewal premium increased 59% YoY

KGI Bank

- With stable growth in net interest income and net fee income, KGI Bank's core revenue increased by 12% YoY. KGI Bank recorded 1Q20 net income of NT\$565mn due to the impact of financial market fluctuations on trading
- Continued to optimize deposit structure to reduce funding costs; while stabilizing interest income through adjustments of loan pricing and loan mix in response to rate cuts
- With a capital adequacy ratio of 13.63%, capital structure has remained stable; with a NPL ratio of 0.17% at end-1Q20, which compares favorably with the peer average of 0.24%, KGI Bank's asset quality is intact

KGI Securities

- KGI Securities posted 1Q20 net income of NT\$71mn on increased brokerage revenue. KGI Securities will strictly monitor risks and grasp investment opportunities amid fluctuations in global stocks and bonds and FINI Taiex sell-offs
- With its leadership as a regional brokerage in Asia, KGI Securities has continued to rationalize its regional footprint
- As of end-1Q20, KGI Securities Investment Trust had NT\$162.8bn in assets under management (AUM), up 174% YoY and ranked 7th among peers

CDIB Capital Group

- CDIB Capital Group posted 1Q20 net loss of NT\$1,717mn due to unrealized mark-to-market valuation loss. With investment valuations falling and small-/mid-sized venture capital exiting the market, CDIB Capital is actually in a better position to engage targets at reasonable prices
- Following CDF's capital allocation plan, CDIB Capital continues to monetize assets; the board meeting in April resolved to launch a public tender for CDF's headquarters building
- Continuing with its push for asset management business, CDIB Capital Group reported AUM of NT\$37.5bn as of end-1Q20

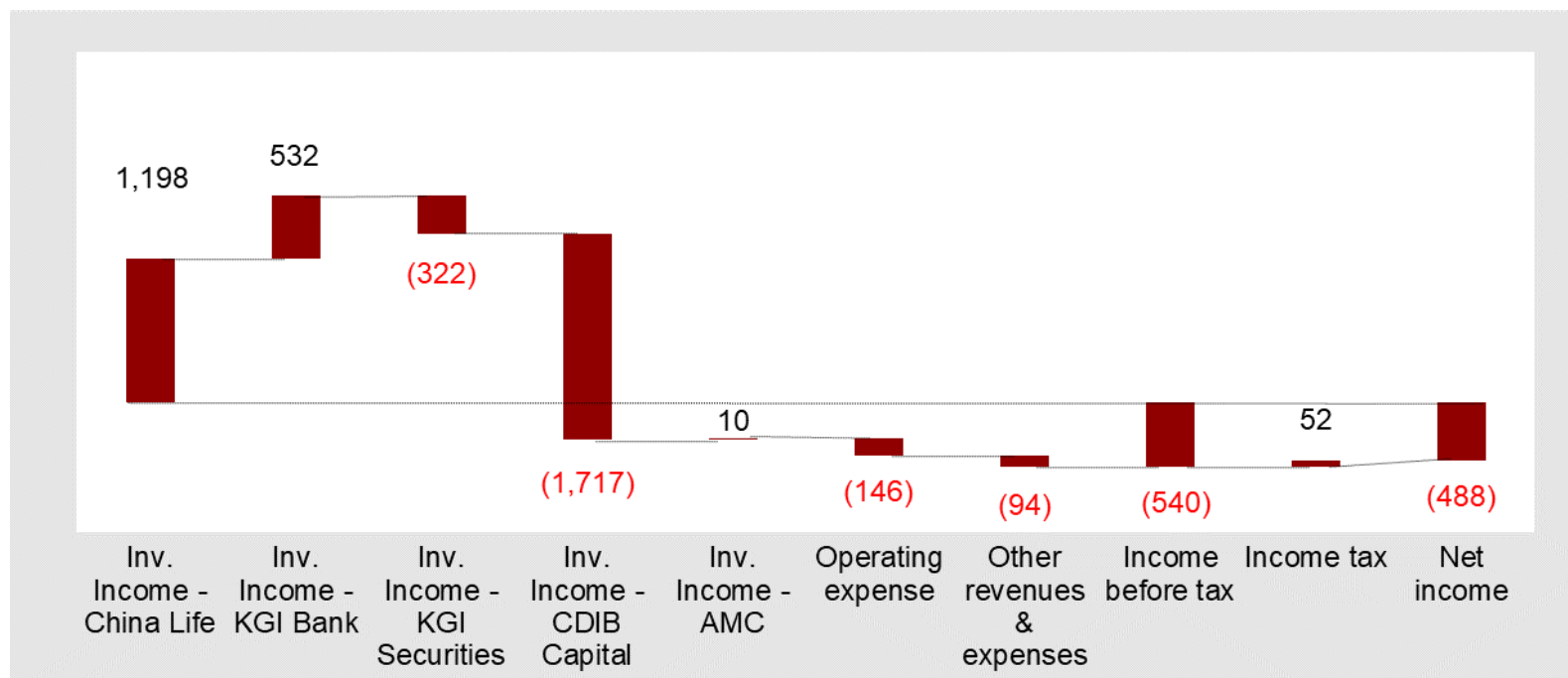
Note: 1. CDF, together with KGI Securities, owns 34.82% of China Life; 2. All figures contained within are not audited or reviewed by any accountant or any independent expert

CDF – 1Q20 Net Profit

Profit contribution by subsidiary

China Life Contributed Most Profit in 1Q20 Among Subsidiaries

Profit contribution by subsidiary under CDF, NT\$m



Note: 1. CDF's net income excludes income attributable to non-controlling interests; 2. Investment income from KGI Bank, KGI Securities and China Life has been adjusted for the purchase price allocation; 3. China Life's net profit in 1Q20 was NT\$4.46bn, of which CDF recognized an investment income of NT\$1.20bn, adjusted for the purchase price allocation and the recognition of investment income on a pro-rata basis

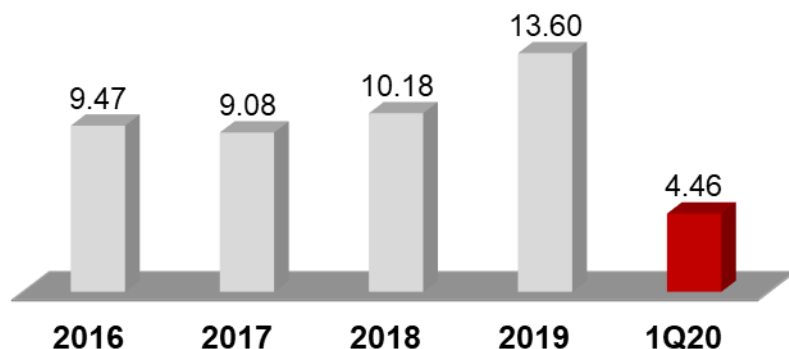
2. China Life

China Life – Performance Highlights

Net profit up 59% YoY to NT\$4.46bn in 1Q20, translating into EPS of NT\$1.0

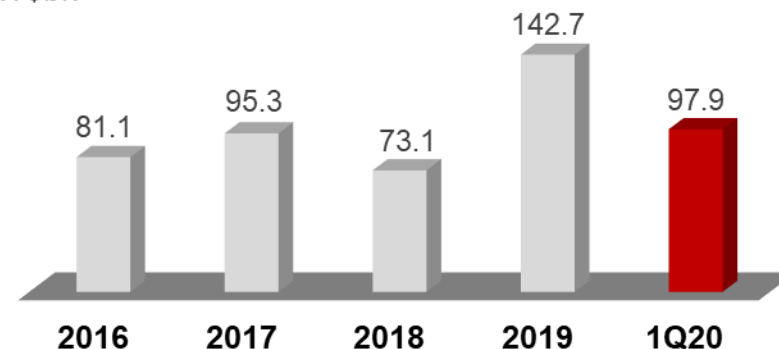
Net Profits

NT\$bn



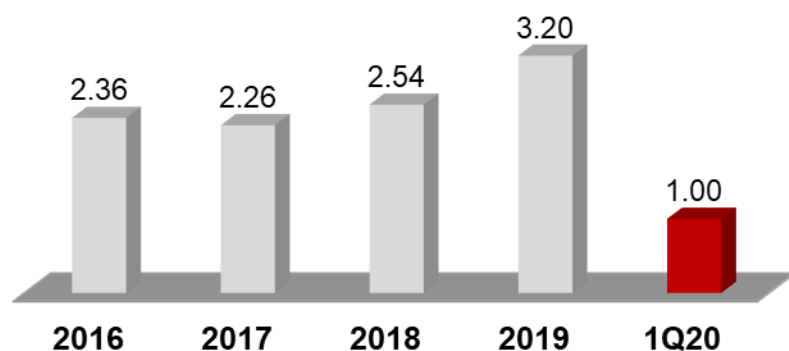
Shareholders' Equity

NT\$bn

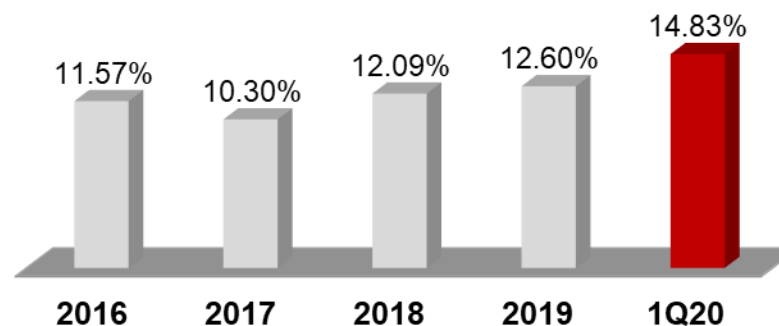


Earnings per Share

NT\$bn



Return on Equity

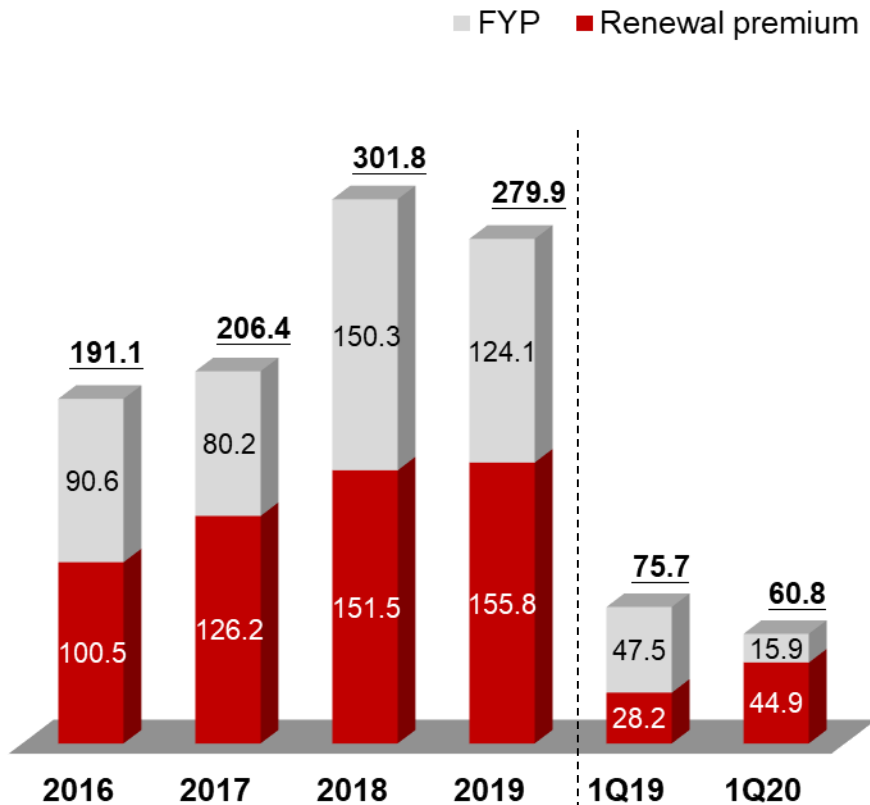


China Life – Performance Highlights

VNB margin increased to 32% in 1Q20, driven by continuous product mix enhancement

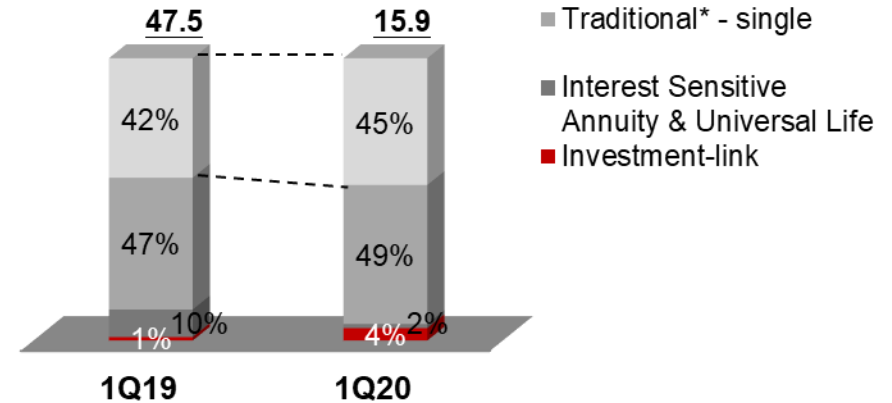
Total Premium

NT\$bn



FYP Product Mix

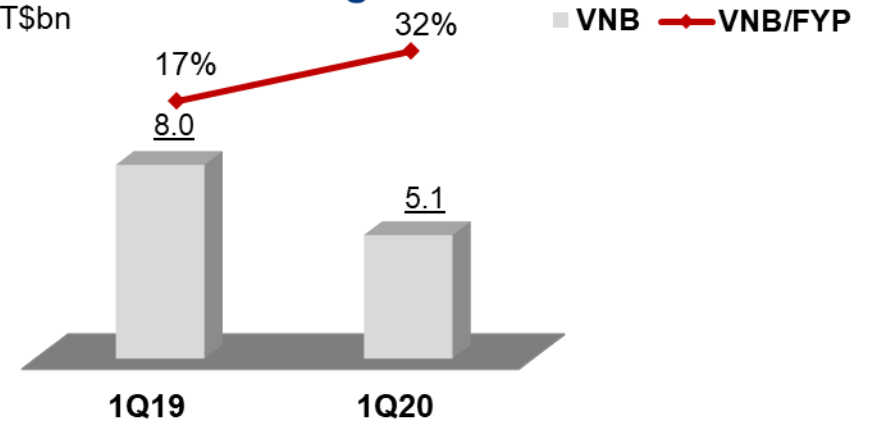
NT\$bn



* Traditional: incl. traditional life, interest sensitive life, health & accident

VNB and VNB Margin

NT\$bn

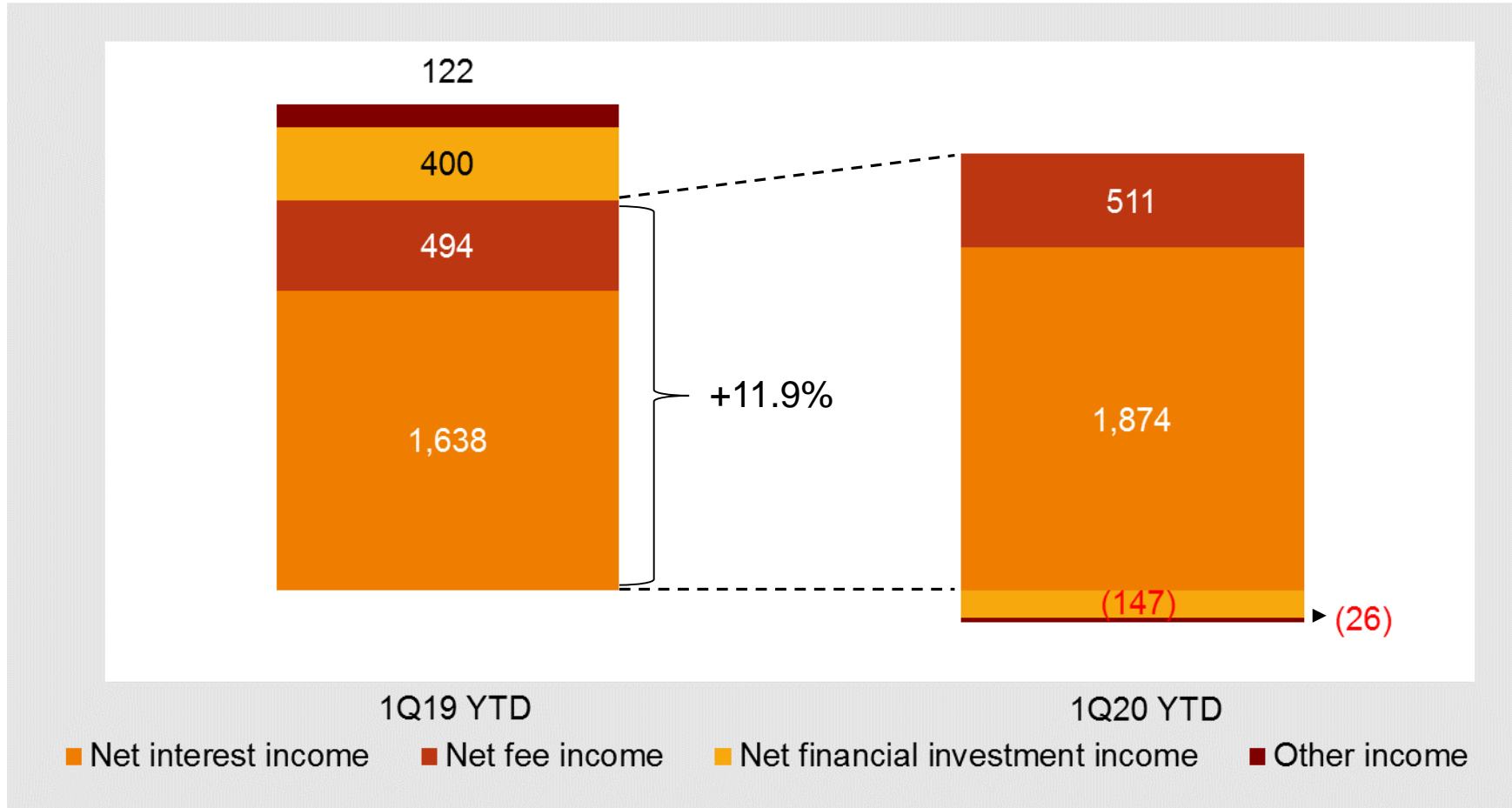


3. KGI Bank

KGI Bank – Profitability

Investment income was affected by financial market volatility, but core income has grown steadily

Net profit, NT\$bn ; YoY change, percent

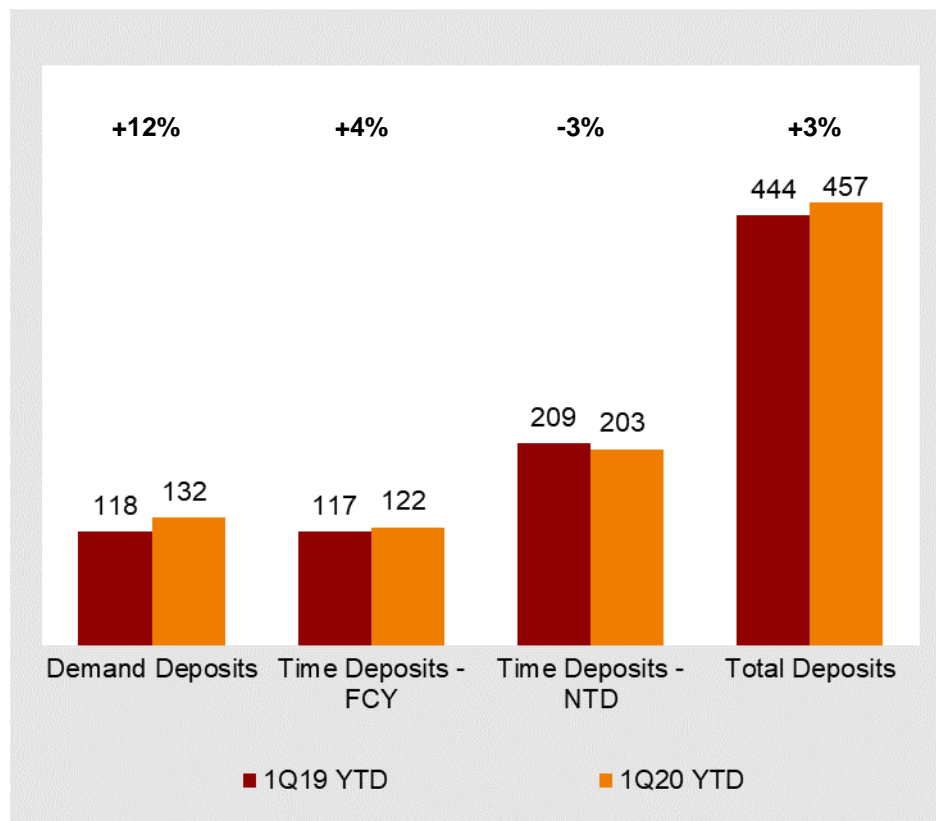


KGI Bank – Deposits & Loan Mix

Adjustments to deposit & loan structure to improve operation quality

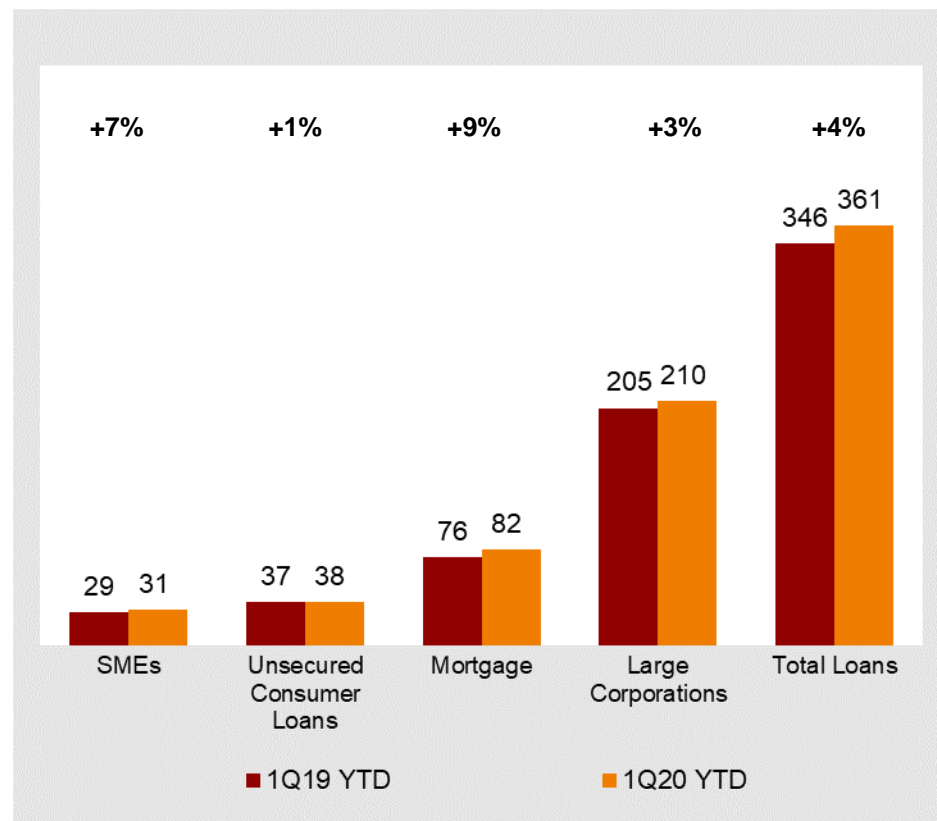
Deposit Mix

Total deposits, NT\$bn; YoY change, percent



Loan Mix

Total loans, NT\$bn; YoY change, percent

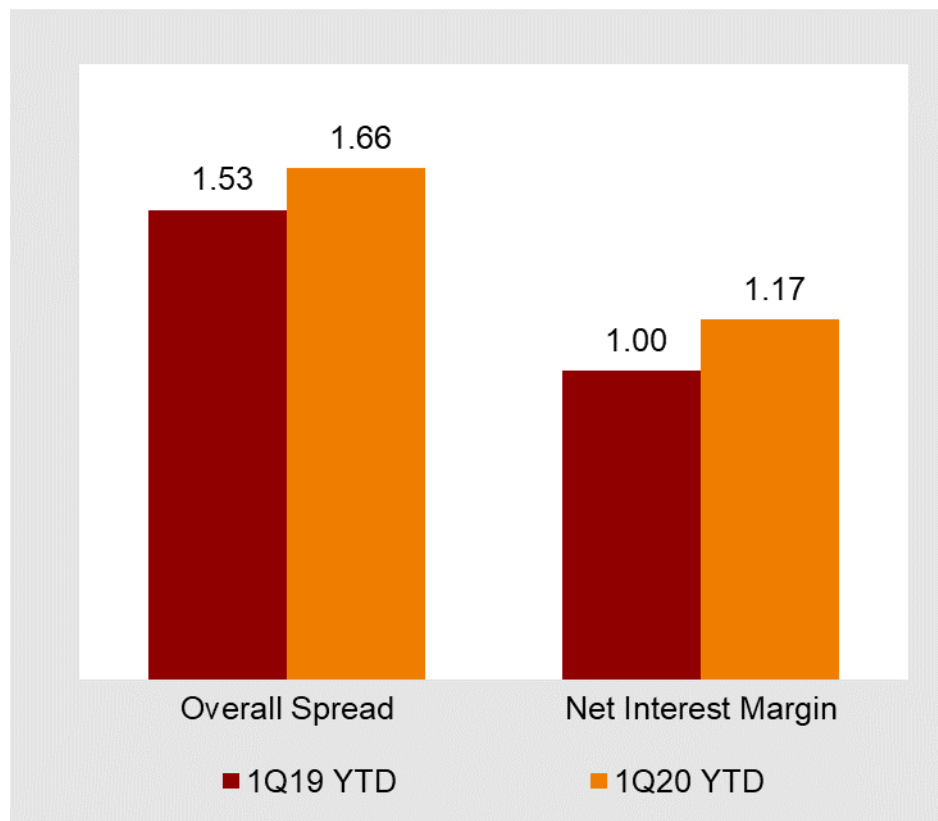


KGI Bank – Interest Spread and Asset Quality

Adjustments to deposit & loan structure have increased overall spread; asset quality remains intact

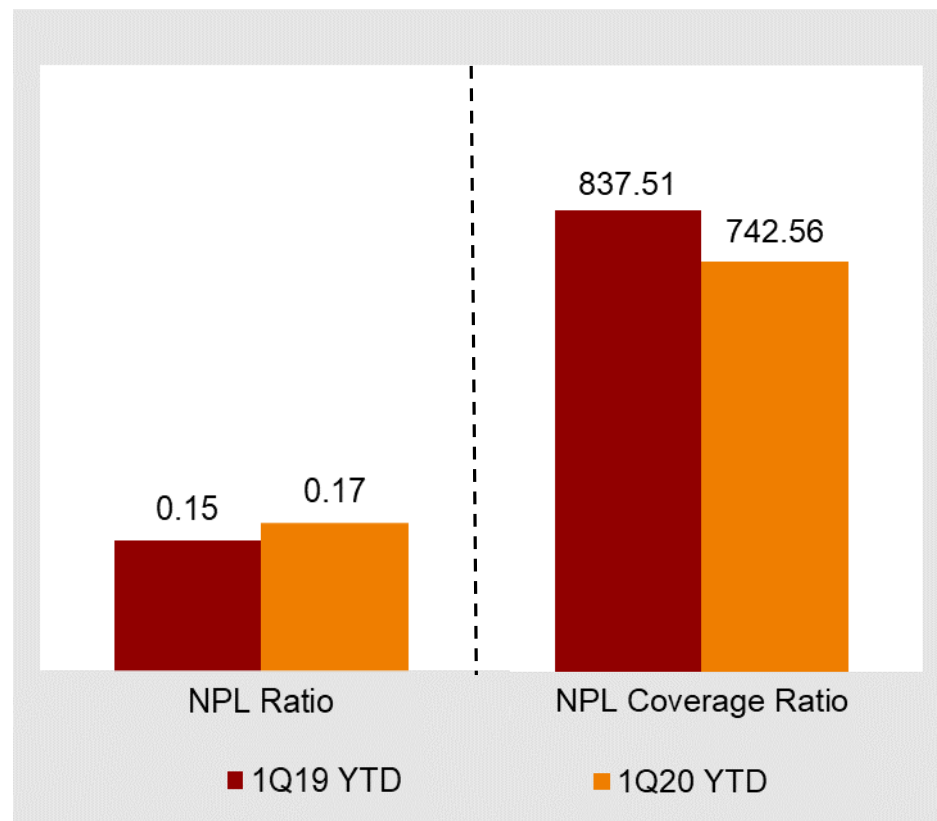
Interest Spread and Interest Margin

Interest spread and net interest margin, percent



NPL Ratio and NPL Coverage Ratio

NPL ratio and NPL coverage ratio, percent

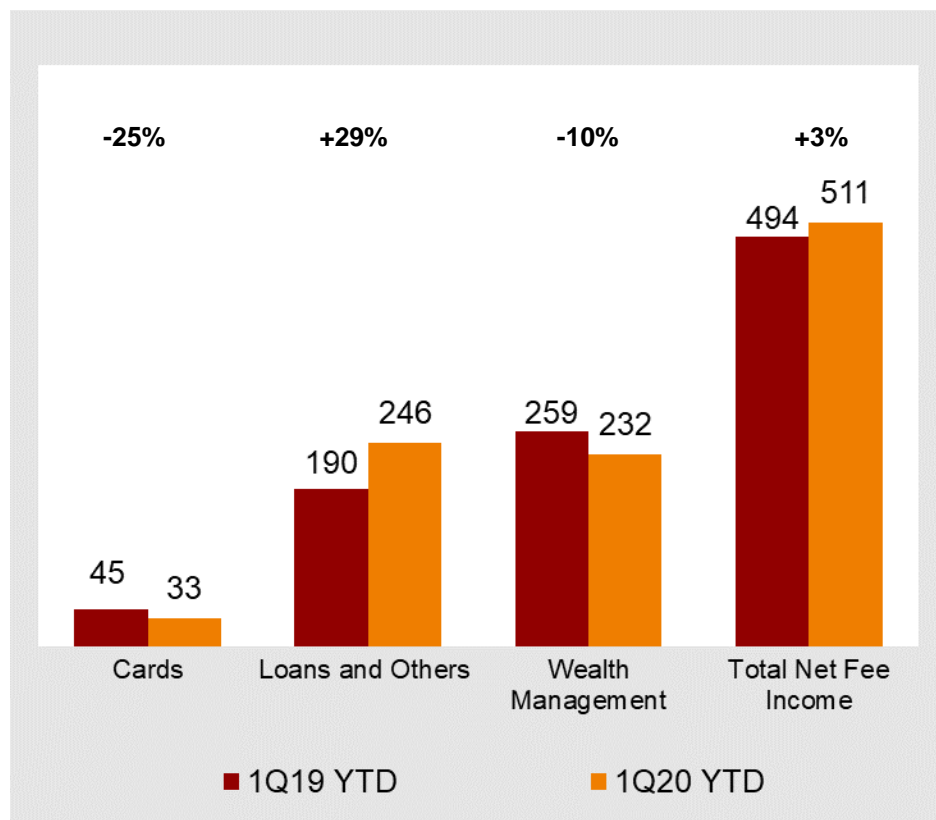


KGI Bank – Net Fee Income

Continue to strengthen contribution of net fee income

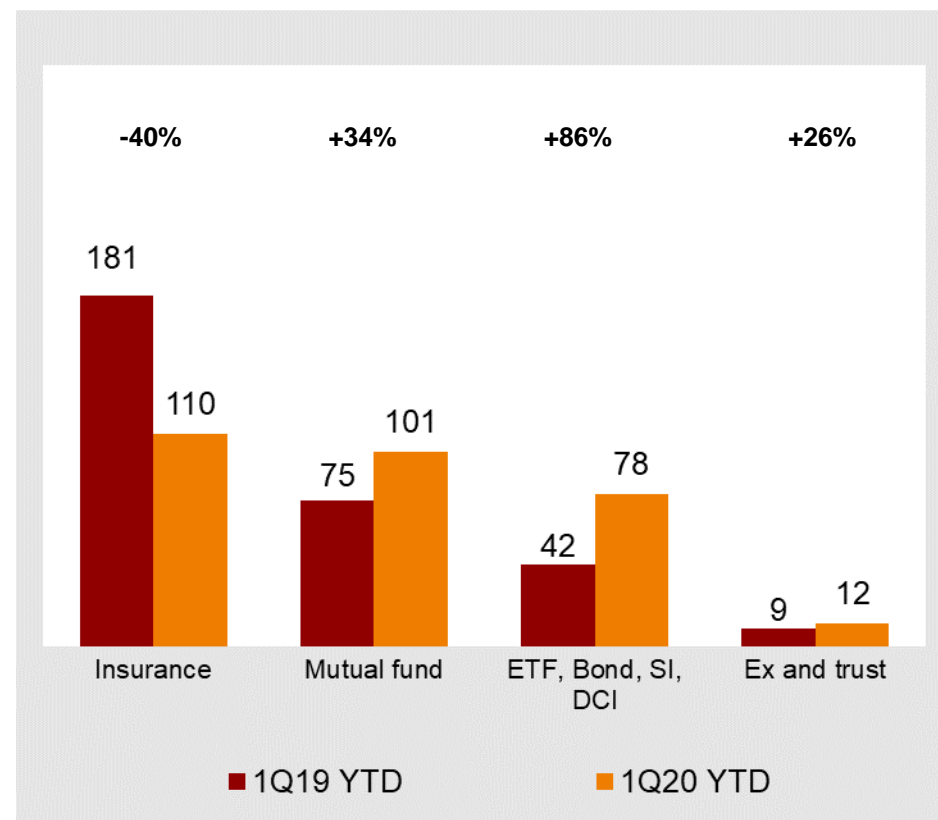
Net Fee Income Mix

Net fee income mix, NT\$m; YoY change, percent



Wealth Management Fee Income Mix

Wealth management fee income mix, NT\$m; YoY change, percent



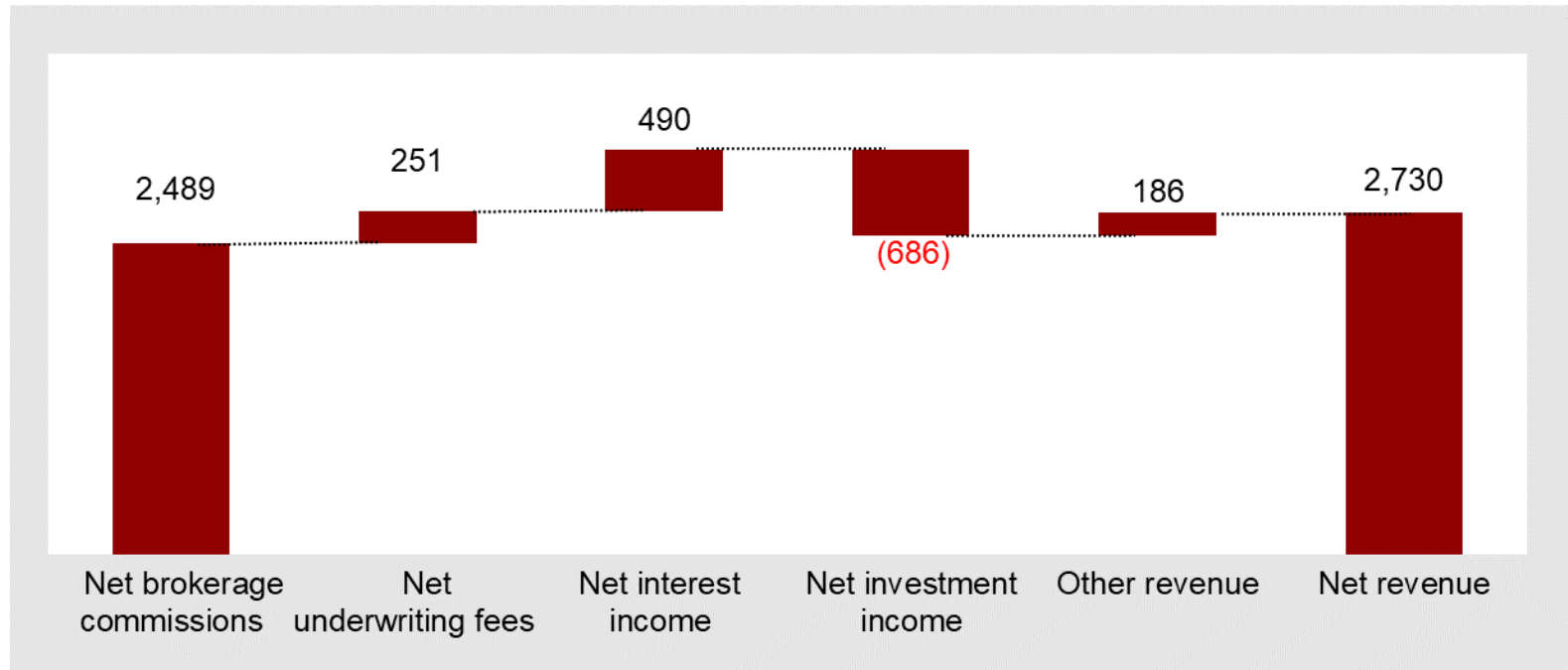
4. KGI Securities

KGI Securities – Net Revenue

Brokerage commissions were main revenue driver

Brokerage Commissions were KGI Securities' Main Revenue Driver in 1Q20

Net revenue breakdown, NT\$mn



KGI Securities – Net Revenue (Cont'd)

Brokerage business remained major income source

1Q20 Profit was Driven by Net Brokerage Commissions

(NT\$m)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Net brokerage commissions	6,208	7,733	8,556	7,541	1,663	1,937	2,021	1,920	2,489
Net underwriting fees	1,041	920	728	685	107	173	168	237	251
Net fees & commissions	7,248	8,652	9,284	8,226	1,770	2,110	2,189	2,157	2,740
Net interest income	1,899	1,869	1,836	1,847	294	443	544	565	490
Net investment income	3,368	6,699	1,733	3,013	1,055	438	461	1,060	(686)
Other revenue	1,050	1,609	493	1,670	381	237	518	534	186
Total net revenue	13,565	18,830	13,347	14,756	3,499	3,228	3,713	4,317	2,730

Note: The figures above included the contribution from overseas subsidiaries

KGI Securities – Profit Breakdown

Continue to optimize regional business

Profit Breakdown by Geographical Location

(NT\$m)	2016	2017 ¹	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Taiwan	3,201	7,227	2,932	4,835	1,047	1,281	1,250	1,256	5
Overseas	(718)	850	833	1,218	361	297	313	247	66
Hong Kong ²	(1,044)	571	479	878	255	229	230	164	231
Thailand	327	279	354	340	106	68	83	83	(165)
Total	2,484	8,078	3,765	6,053	1,408	1,578	1,564	1,503	71

(% of total profits)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Taiwan	128.9	89.5	77.9	79.9	74.3	81.2	80.0	83.6	7.2
Overseas									
Hong Kong ²	(42.1)	7.1	12.7	14.5	18.1	14.5	14.7	10.9	325.4
Thailand	13.2	3.5	9.4	5.6	7.5	4.3	5.3	5.5	(232.6)

Note: 1. Including a one-off valuation gain of NT\$3,834mn associated with KGI Securities' stake in China Life in 3Q17; 2. Including Singapore and Indonesia subsidiaries

KGI Securities – Brokerage & Margin Loans

Brokerage business provides a stable recurring income source

Breakdown of Brokerage Commissions by Client Segment (Taiwan Only)

(NT\$m)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Retail	2,196	3,226	3,501	2,980	618	727	785	851	905
Institutional	459	491	566	602	137	168	153	144	186
Total	2,655	3,717	4,067	3,582	754	896	938	995	1,092
Stock Brokerage Market share (%)	8.3	8.3	8.2	8.2	8.6	8.7	8.0	7.6	7.9
Margin Loan Market share (%)	8.6	8.4	8.0	7.2	7.3	7.2	7.2	7.1	7.3
Average daily market turnover	99,322	138,032	166,046	156,312	145,046	153,849	155,920	168,549	208,785

Wealth Management (Taiwan Only)

(NT\$m)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Trust Balance	25,086	27,054	23,852	28,320	23,379	24,044	24,174	28,320	26,325

KGI Securities – Investment Portfolio

Portfolio valuation was affected by market movement

(% of total)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Fixed-income	56.3	65.9	75.4	71.8	72.6	74.1	75.6	71.8	69.5
Corporate bond & financial debenture	37.9	40.0	54.6	57.6	53.6	61.5	61.8	57.6	57.4
Convertible bond	7.3	7.4	3.6	4.1	3.4	3.0	3.2	4.1	4.0
Government bond	11.1	18.4	17.1	10.1	15.6	9.6	10.6	10.1	8.2
Stocks	38.5	26.4	15.5	17.8	18.5	16.5	14.8	17.8	12.7
Others	5.2	8.1	9.1	10.4	8.9	9.4	9.6	10.4	17.8
Total market value (NT\$m)	60,709	56,979	60,432	86,982	66,745	67,469	83,593	86,982	74,021

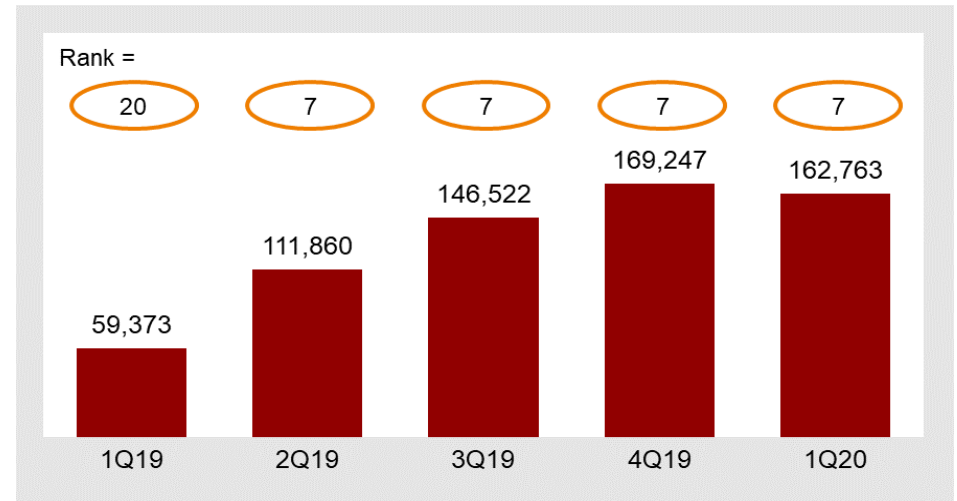
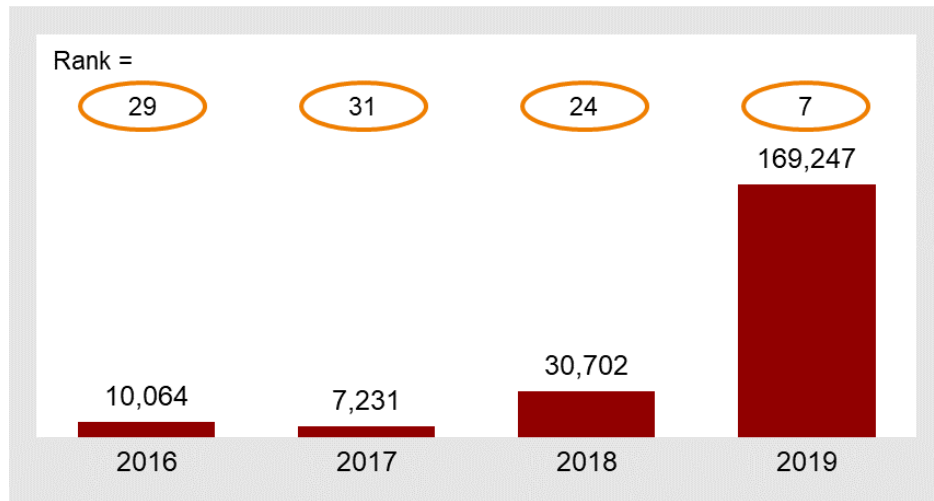
Note: 1. Includes hedged position for warrants; 2. Excludes overseas subsidiaries' balance

KGI SITE – Asset Under Management

KGI SITE's AUM growing steadily

KGI SITE's AUM has Risen to 7th in Ranking

AUM of mutual funds, NT\$m



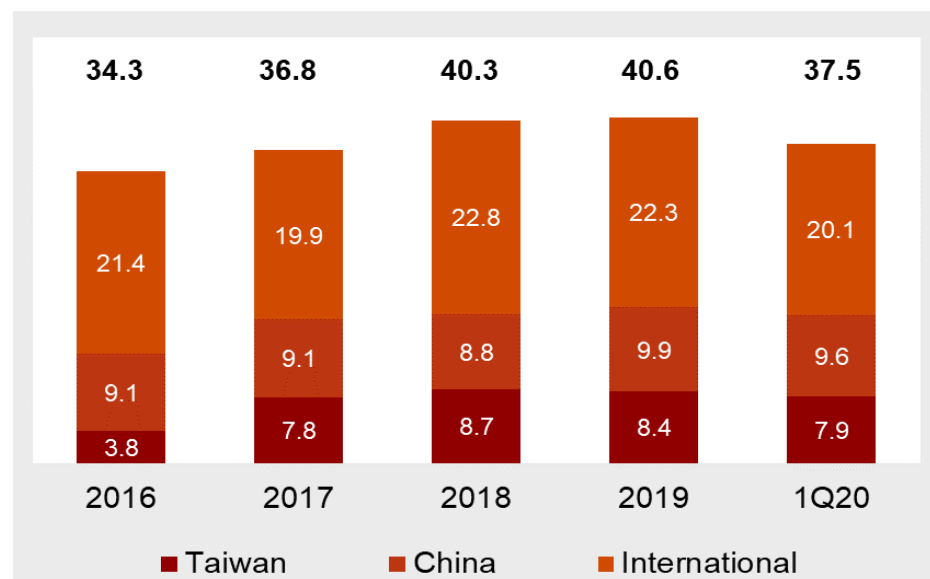
5. CDIB Capital Group

CDIB Capital Group – Focusing On Asset Management

Continue to raise thematic funds

Asset Management AUM¹

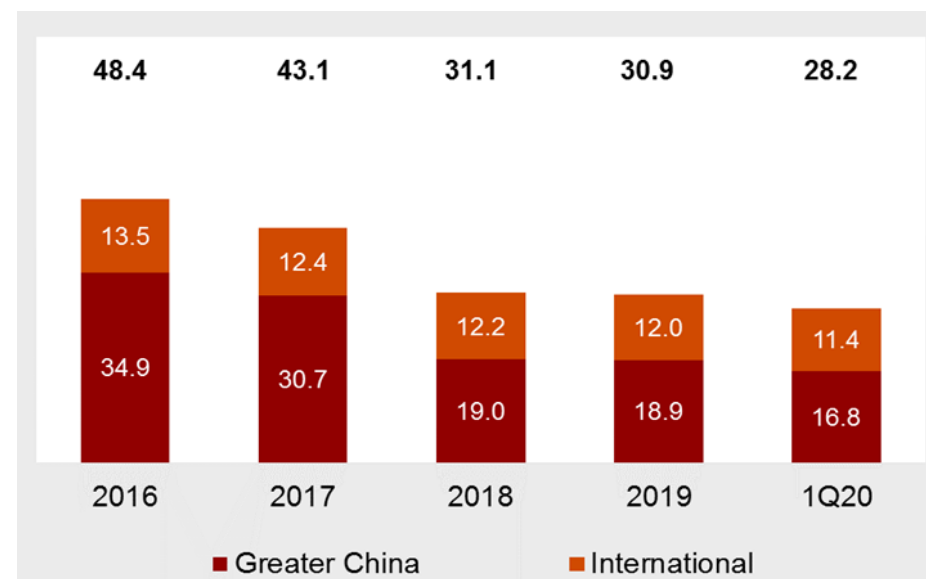
NT\$bn



Note 1 : AUM includes unfunded commitments and market value of current portfolios, converted to NTD based on year-end FX rate

Principal Investment

NT\$bn



CDIB Capital Group – Asset Management

Asset management portfolio covers entire spectrum of investing

Region	Fund name	Fund size	Vintage year	Share-holding ¹	Investment Target
Taiwan	Creative Fund	NT\$1,500mn	2013	39.8%	Digital content, fashion brands, media and creative tourism
	Healthcare Fund	NT\$1,750mn	2014	34.3%	Channels and service providers of medical and healthcare-related industries
	Growth Fund	NT\$4,540mn	2017	25.6%	Technology and manufacturing companies that intend to focus on “smart” and “green” technologies
	Innovation Fund ²	NT\$1,290mn	2017	23.3%	Cloud service, mobile internet and e-commerce platforms
	Ali Fund	US\$100mn	2016	0.0%	Supporting Taiwanese entrepreneurs who intend to distribute products and services via Alibaba’s ecosystem
Greater China	Hua Nan Fund	RMB1,000mn	2014	35.0%	Digital content, consumption and healthcare
	Hua Dong Fund	RMB1,000mn	2015	30.0%	Consumption, intelligent machinery, environmental protection, communications and internet
	CDIB Yida Healthcare Fund	RMB710mn	2019	32.0%	Pharmaceuticals, medical equipment, healthcare consulting/ goods and services channels
Inter-national	Asia Partners Fund	US\$405mn	2014	24.7%	Taiwanese, South Korean and US companies in Asia-Pacific region that seek long-term prospects in China
	Funds Partners Fund	US\$169mn	2015	0.0%	International private equity fund and portfolio
	Global Opportunities Fund	US\$136mn	2018	18.4%	Market leading high-growth companies, mainly in North America and Asia Pacific

Note: 1. Ownership percentage of CDIB Capital Group and its subsidiaries; 2. Including the parallel fund “CDIB Capital Innovation Accelerator (Cayman) Limited” with fund size of NT\$450mn

CDIB Capital Group – Principal Investment

Balanced & diversified investment strategy

Market Value - Greater China Portfolio

(% of total, percent)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Listed	25.5	34.1	9.7	7.9	9.0	8.6	8.5	7.9	6.9
Emerging	8.9	7.3	5.1	4.6	5.5	5.8	4.4	4.6	3.3
Unlisted	65.6	58.6	85.2	87.5	85.5	85.6	87.1	87.5	89.8
Total market value (NT\$m)	34,866	30,702	18,962	18,877	20,531	19,680	19,560	18,877	16,843

Market Value - International Portfolio

(% of total, percent)	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	1Q20
Principal investment – Listed	10.9	12.4	7.0	6.0	9.2	8.1	6.4	6.0	7.1
Principal investment – Unlisted	47.1	37.2	40.8	40.0	38.9	43.3	42.8	40.0	42.7
Third-party funds	42.1	50.4	52.2	54.0	51.9	48.6	50.8	54.0	50.3
Total market value (NT\$m)	13,489	12,368	12,183	11,983	12,659	14,273	13,083	11,983	11,379

6. Financial Highlights

Financial Snapshots – CDF

Four core business engines provide diversified earning sources

CDF (consolidated)	2016	2017	2018	2019
Total assets (NT\$bn)	892.2	2,392.5	2,717.8	3,027.3
Total net worth (NT\$bn)	167.1	249.2	223.6	296.5
Total assets/ net worth (X)	5.3	9.6	12.2	10.2
Net profits (NT\$bn) ¹	5.9	11.7	7.9	12.8
EPS (NT\$/ share)	0.40	0.80	0.54	0.88
Book value per share (NT\$/ share)	11.17	11.60	10.97	12.85
Cash dividend per share (NT\$/ share)	0.50	0.60	0.30	N/A ³
Adjusted ROAE (%) ²	3.6	7.1	4.7	7.4
ROAA (%)	0.7	0.8	0.5	0.7

Note: 1. Net profits exclude non-controlling interests; 2. Adjusted ROAE excludes non-controlling interests ; 3. Cash dividend per share shall be disclosed upon board resolution

Financial Snapshots – China Life

Deliver solid operating results along with continuous growth in total assets

China Life (consolidated)	2016	2017	2018	2019
First-year premium (NT\$bn)	90.6	80.2	150.3	124.1
Total premium (NT\$bn)	191.1	206.4	301.8	279.9
Investment income (NT\$bn)	47.1	47.4	52.6	67.2
Net profits (NT\$bn)	9.5	9.1	10.2	13.6
EPS (NT\$/ share)	2.36	2.26	2.54	3.20
Total assets (NT\$bn)	1,323.7	1,465.7	1,711.4	2,000.2
Total net worth (NT\$bn)	81.1	95.3	73.1	142.7
ROAE (%)	11.6	10.3	12.1	12.6
ROAA (%)	0.8	0.7	0.6	0.7

Note: CDF, together with KGI Securities, owns 34.28% of China Life

Financial Snapshot – KGI Bank

Improving profit source

KGI Bank (consolidated)	2016	2017	2018	2019
Total assets (NT\$bn)	572.1	590.1	683.3	666.3
Total net worth (NT\$bn)	58.9	61.4	58.6	64.4
Total assets/ net worth (X)	9.7	9.6	11.7	10.3
Net profits (NT\$bn) ¹	3.8	3.2	2.2	3.6
EPS (NT\$/ share)	0.83	0.69	0.47	0.78
Book value per share (NT\$/ share)	12.79	13.33	12.72	13.98
CAR ratio (%)	13.2	14.2	13.4	15.4
ROAE (%)	6.6	5.3 ²	3.6 ³	5.9
ROAA (%)	0.7	0.5	0.3	0.5

Note: 1. Net profits exclude non-controlling interests; 2. The adjusted ROAE, which excluded the impact derived from the reduction of deferred tax asset (NT1.2bn), rose to 7.3% in 2017; 3. The adjusted ROAE, which excluded the impact derived from the reduction of deferred tax asset (NT0.6bn), rose to 4.6% in 2018

Financial Snapshots – KGI Securities

Leading securities firm in Taiwan with extensive network presence

KGI Securities (consolidated)	2016	2017	2018	2019
Total assets (NT\$bn)	274.4	277.0	277.5	335.1
Total net worth (NT\$bn)	63.6	62.0	61.8	70.7
Total assets/ net worth (X)	4.3	4.5	4.5	4.7
Net profits ¹ (NT\$bn)	2.5	8.2	3.8	6.1
EPS (NT\$/ share)	0.68	2.48	1.16	1.87
Book value per share (NT\$/ share)	17.22	19.42	18.02	20.79
CAR ratio (%)	329.0	296.0	327.0	336.0
ROAE (%)	3.9	13.3	6.1	8.6
ROAA (%)	0.9	2.9	1.4	1.8

Note: 1. Net profits exclude non-controlling interests

Financial Snapshots – CDIB Capital Group

Leading merchant bank in Taiwan with focus on private equity

CDIB Capital Group (consolidated)	2016	2017	2018	2019
Total assets (NT\$bn)	73.2	55.3	50.4	45.5
Total net worth (NT\$bn)	70.1	53.1	47.8	42.8
Total assets/ net worth (X)	1.0	1.0	1.1	1.1
Net profits ¹ (NT\$bn)	1.5	3.4	2.3	2.2
EPS (NT\$/ share)	0.71	1.63	1.13	1.09
Book value per share (NT\$/ share)	33.99	25.95	23.36	20.91
ROAE (%)	2.1	5.5	4.5	5.0
ROAA (%)	2.0	5.2	4.3	4.7

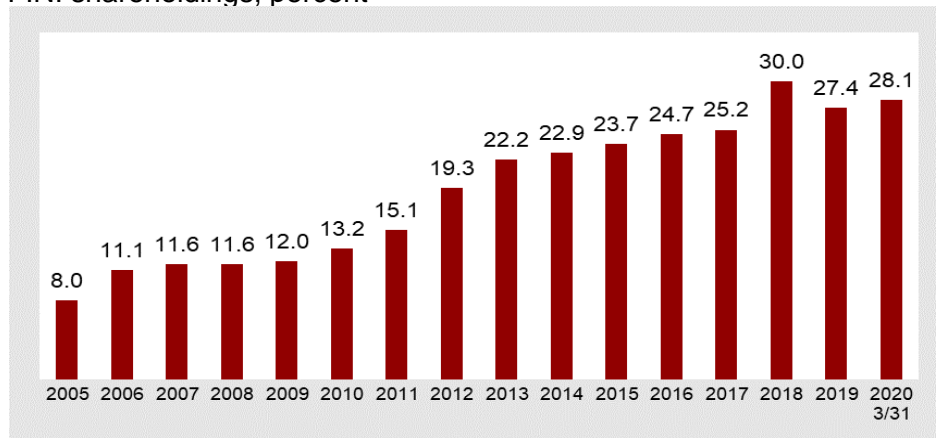
Note: 1. Net profits exclude non-controlling interests

CDF Shareholding Structure

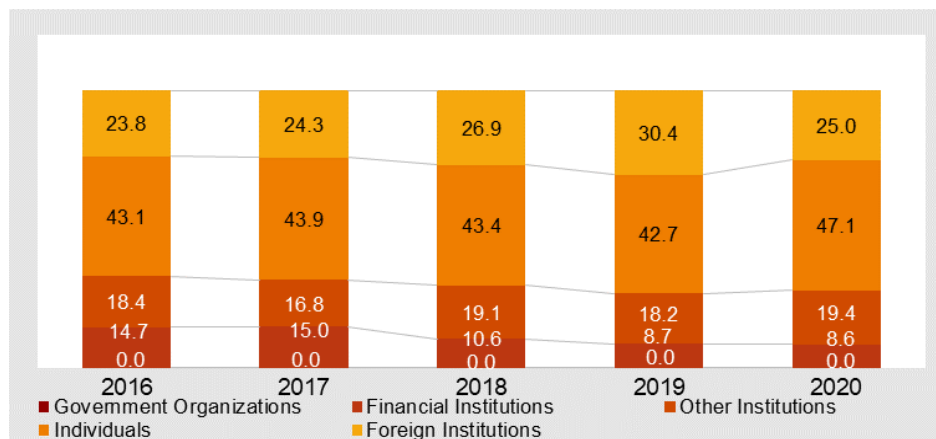
FINI holdings 28.1%

Steadily Increasing FINI Holdings

FINI shareholdings, percent



Source: Taiwan Stock Exchange



Note: Based on data collected before General Shareholders Meeting

Top 10 Shareholders of CDF

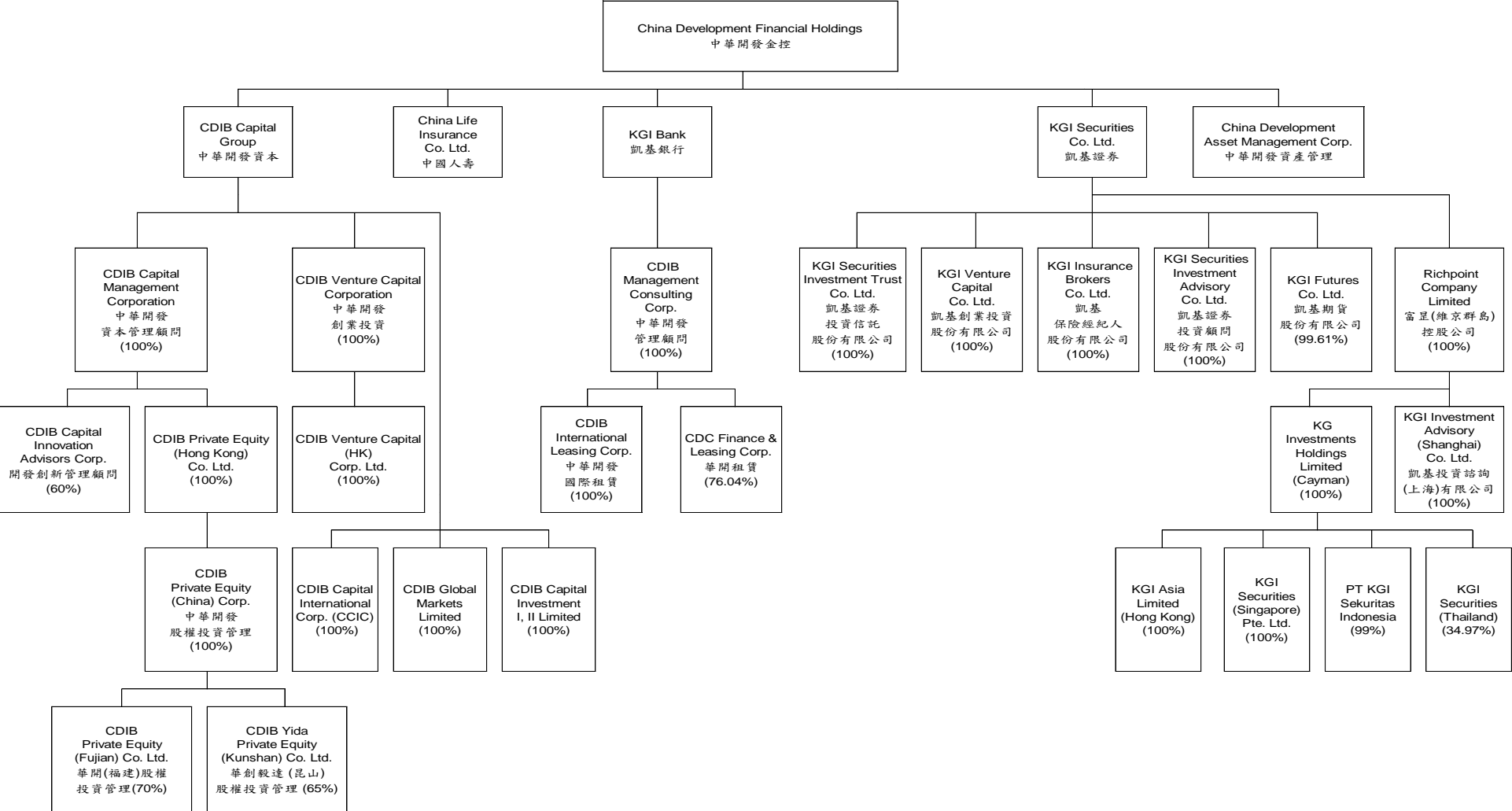
As of March 31, 2020

1.	China Life Insurance Co., Ltd.	3.76%
2.	Shin Wen Investment Co., Ltd.	3.21%
3.	Jing Kwan Investment Co., Ltd.	2.78%
4.	Bank of Taiwan Co., Ltd.	1.92%
5.	Cathay Life Insurance Co., Ltd.	1.79%
6.	Government of Singapore	1.70%
7.	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.50%
8.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	1.46%
9.	CTBC Bank Trust Account for KGI Securities	1.45%
10.	Norges Bank	1.42%
	Total	20.99%

Note: Shareholding percentage will be updated after the registration date of the Regular Shareholders' Meeting and ex-dividend each year

China Development Financial

Organizational Structure



7. Q&A