



Financial Review of 3Q 2016

(Bloomberg: 2801 TT)

2016.11.29



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▶ Agenda

● **Operations Highlight**

● Financial Performance

● Operating Results

● Appendix

▶ Operations Highlight

Steady growth of Core Business

Loans increases YoY 4.3%
Deposits increases YoY 4.9%

Continuous new-high of Profitability

Net Income increases YoY 1.3%
PPOP increases YoY 16.4%

Excellent control of Cost Efficiency

Cost-Income Ratio is in decreasing trend

Stable Quality of Loan Asset

NPL ratio is 0.26%, lower 0.03% than Avg.

▶ Agenda

● Operations Highlight

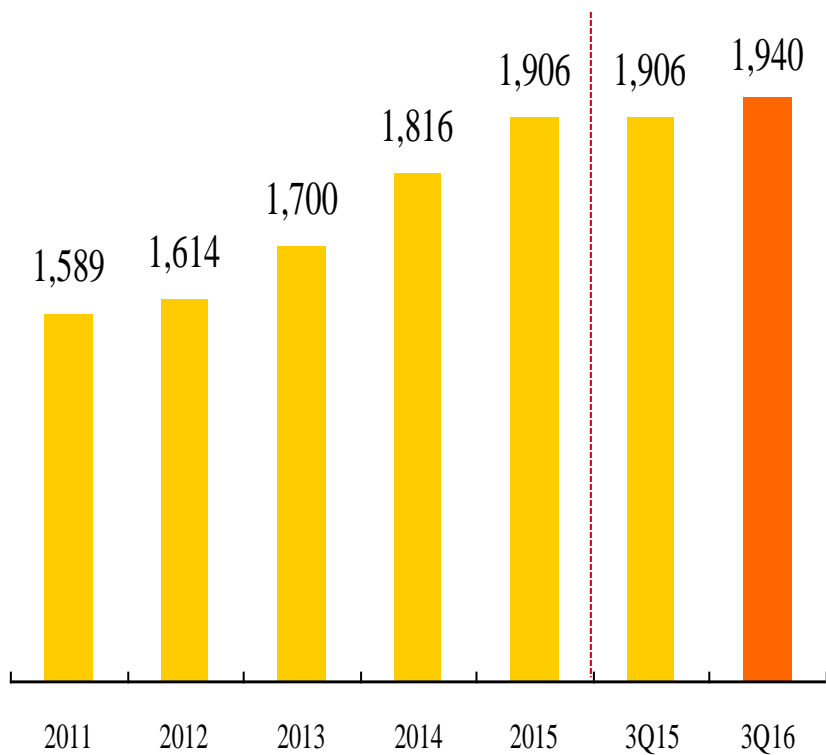
● **Financial Performance**

● Operating Results

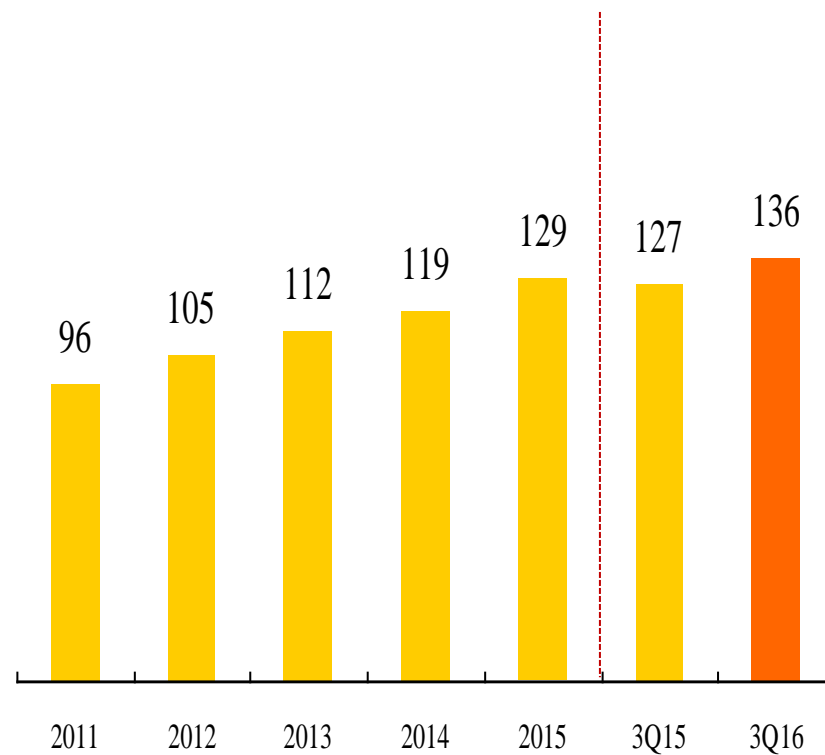
● Appendix

▶ Asset size and Net Worth

Asset size (in NT\$ bn)



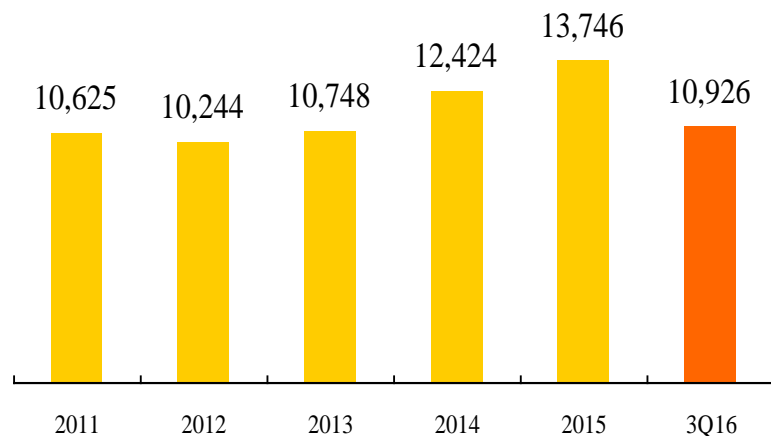
Net Worth (in NT\$ bn)



1. 2011 figures were audited based on ROC GAAP, the others year figures were audited based on IFRS.
2. 3Q15 and 3Q16 figures were reviewed based on IFRS.

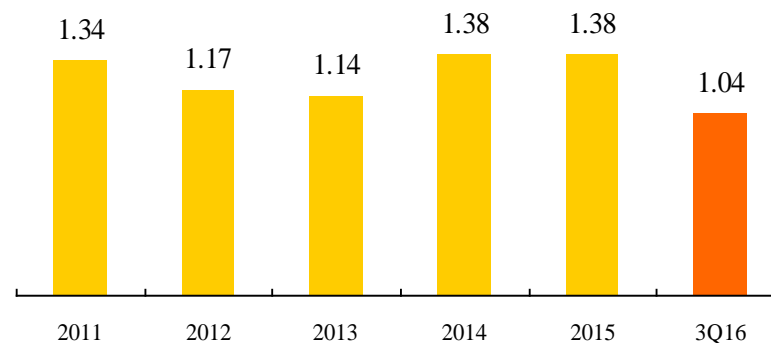
▶ Financial Performance

Net Income Before Tax (in NT\$ mn)

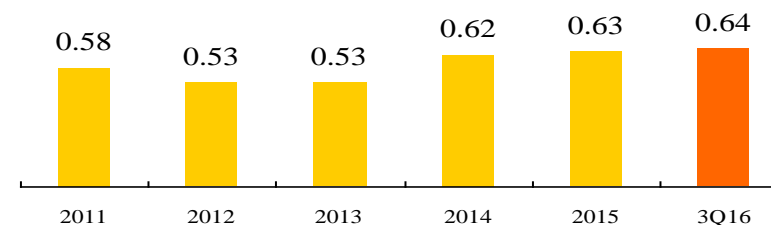
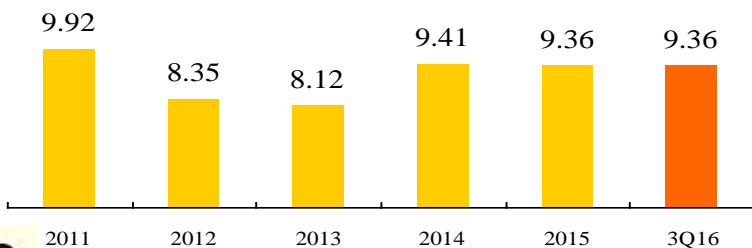


ROE

EPS After tax



ROA



1. 2011 figures were audited based on ROC GAAP, the others year figures were audited based on IFRS.
2. 3Q15 and 3Q16 figures were reviewed based on IFRS.
3. ROE and ROA were after-tax figures and annualized figures.

▶ PPOP

(In NT\$ mn)	3Q15	3Q16	YoY(%)
PPOP	10,118	11,782	16.4%
Provision Expense	(681)	(1,747)	156.5%
Recovery	1,491	891	-40.2%
Net Income Before tax	10,928	10,926	-0.0%
Income Tax Expense	1,730	1,610	-6.9%
Net Income After tax	9,198	9,316	1.3%

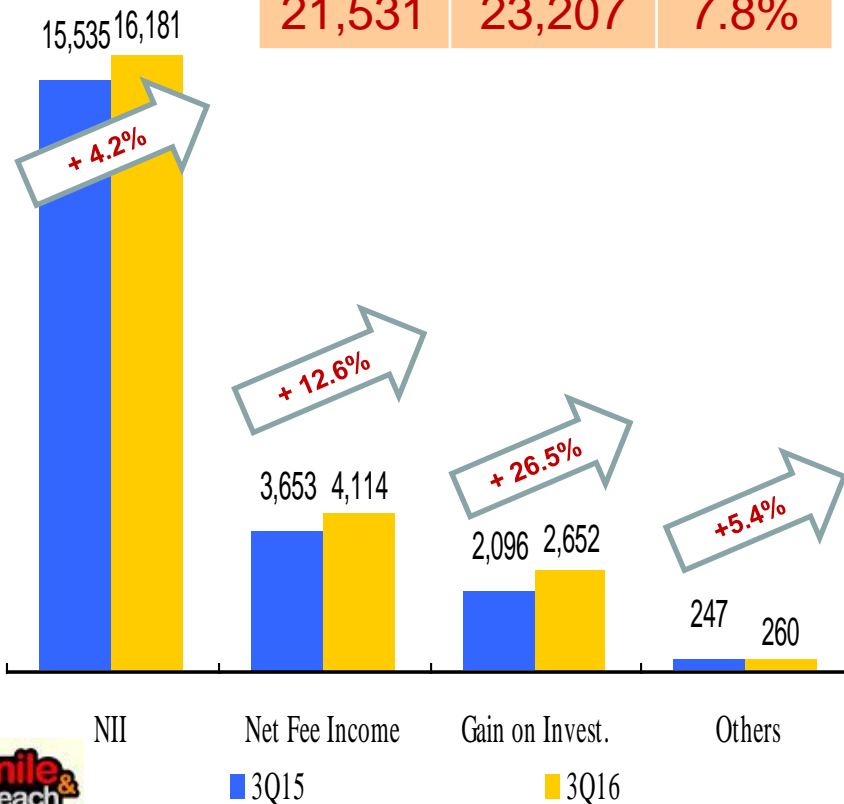
1.PPOP means Pre-Provision Operating Profits.



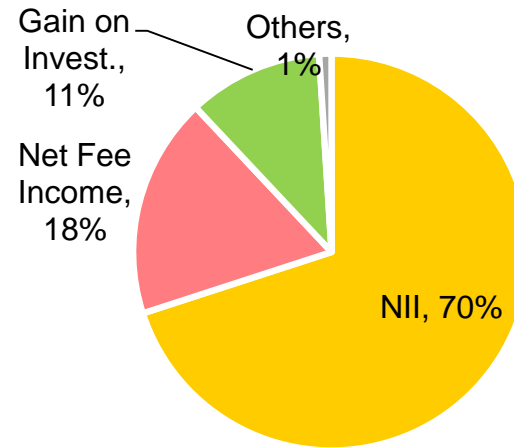
▶ Net Revenue

Net Revenue (in NT\$ mn)

3Q15	3Q16	YoY
21,531	23,207	7.8%



3Q16 Net Revenue breakdown

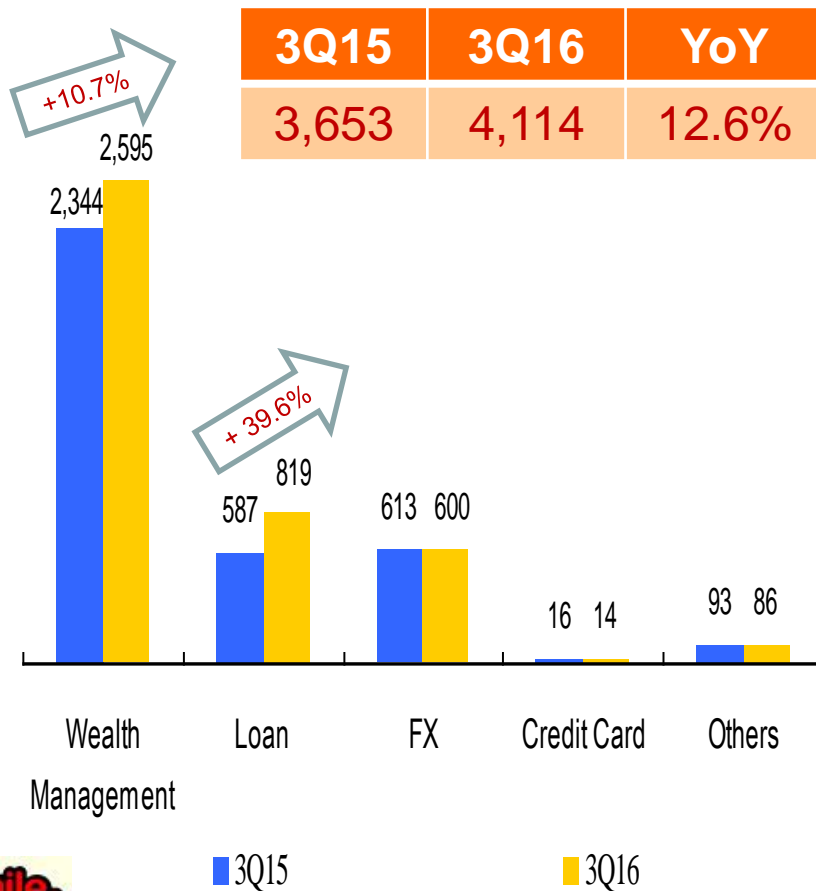


Highlights

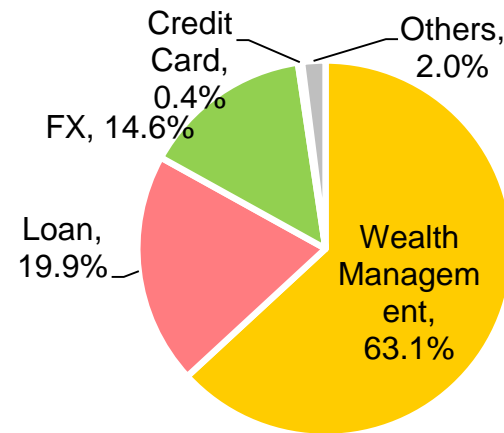
★ Net Fee Income and Gain on Invest. YoY up to double-digit growth..

▶ Net Fee Income

Net Fee Income (in NT\$ mn)



3Q16 Net Fee Income breakdown



Highlights

★ Net Fee Income YoY 12.6% mainly due to W/M YoY 10.7% and loan YoY 39.6%.

▶ Agenda

● Operations Highlight

● Financial Performance

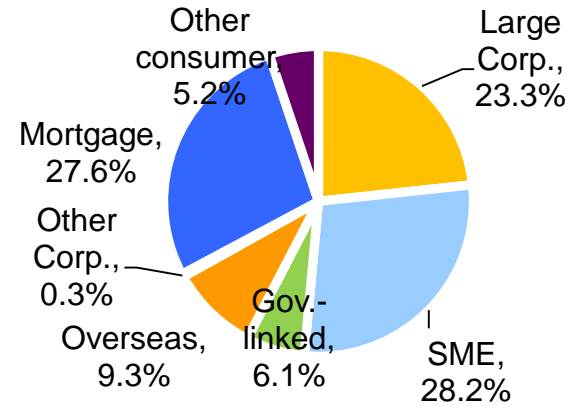
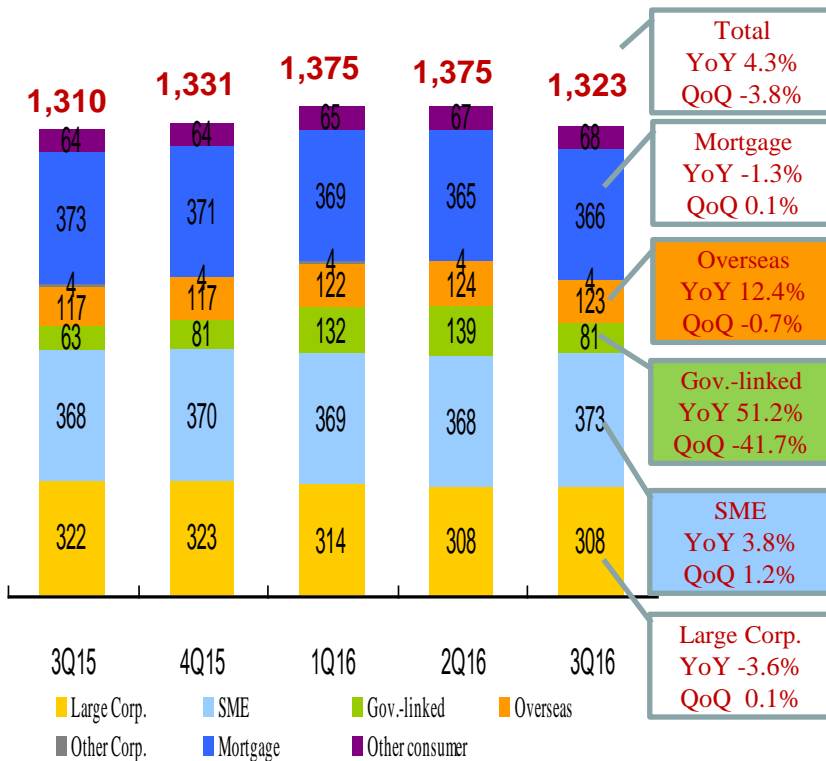
● **Operating Results**

● Appendix

▶ Loan breakdown by customer

Quarterly loan balance (in NT\$ bn)

3Q16 loan breakdown by customer



Highlights

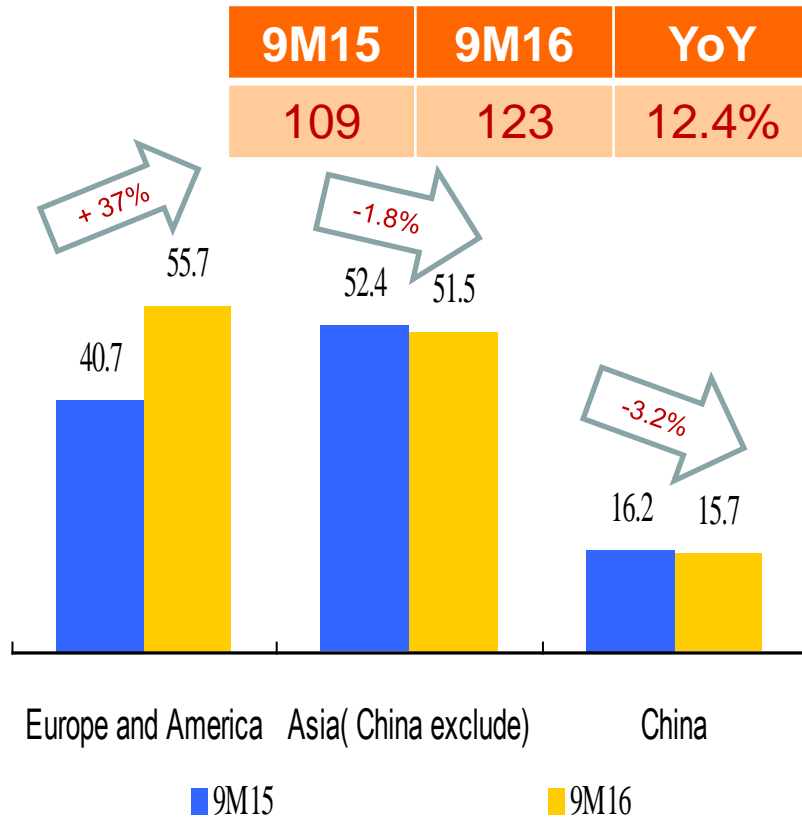
★ overseas branches YoY up to double-digit growth.

1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared to average of the first nine months in 2015 and 2016.

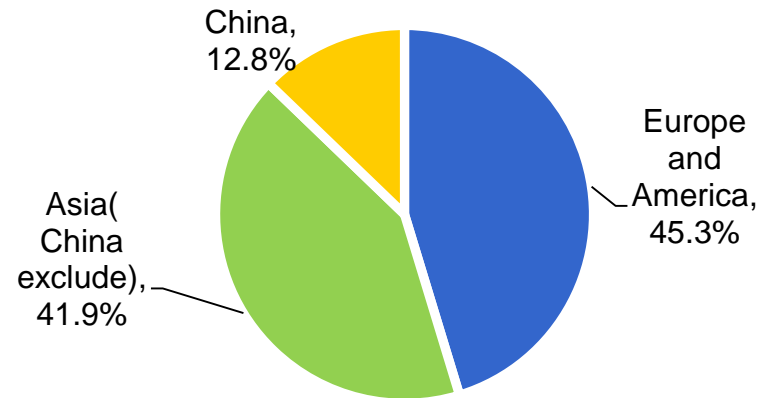


▶ Overseas Loan breakdown

Overseas loan balance (in NT\$ bn)



3Q16 overseas loan breakdown by regions



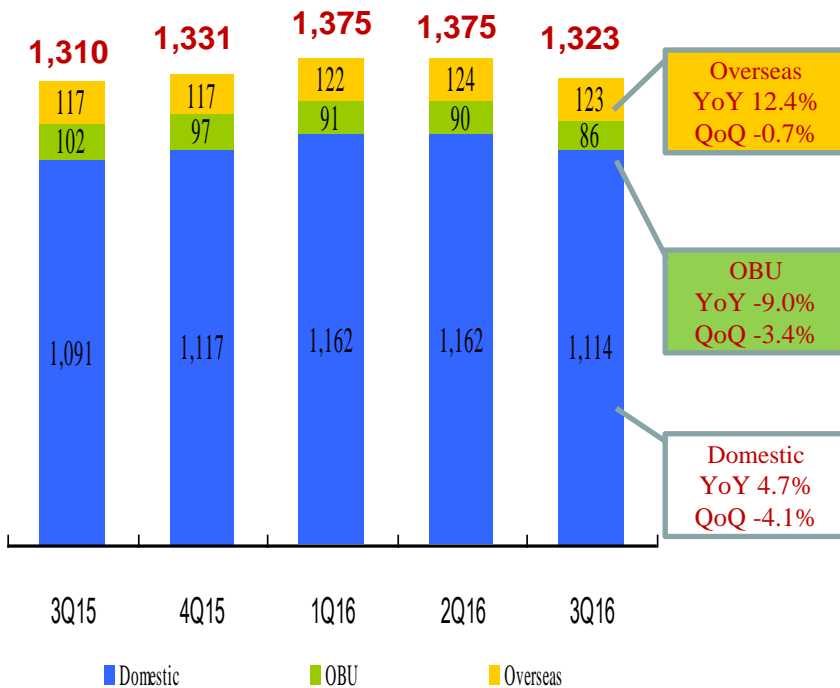
Highlights

- ★ Loans from European and American branches grew highly, while Asia and the mainland China declined slightly.

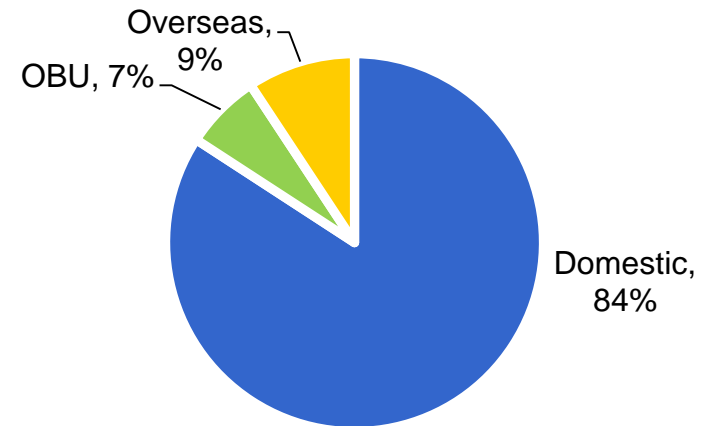
1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. The figures were the average of the first six months.
3. Asia included HK branch.

▶ Loan breakdown by regions

Quarterly loan balance (in NT\$ bn)



3Q16 loan breakdown by regions



Highlights

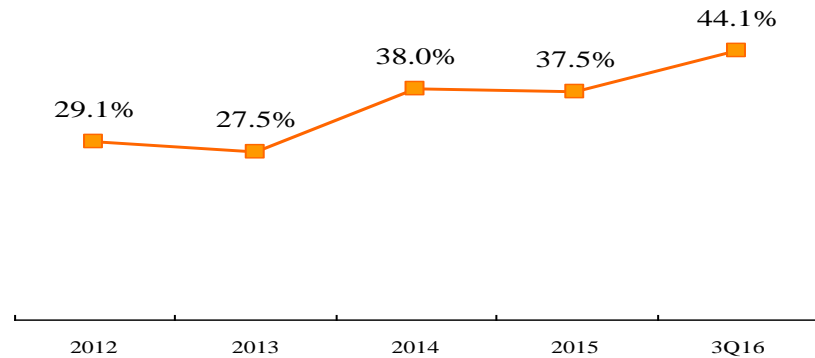
★ Overseas YoY over 12% increased Bank profit.

1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared to average of the nine months in 2015 and 2016.



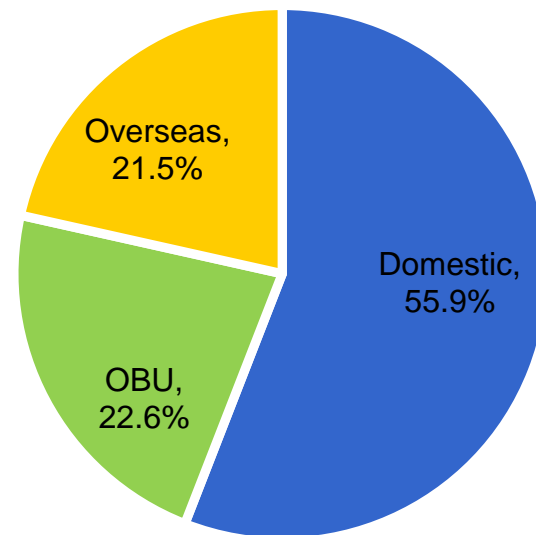
▶ Overseas & OBU PPOP yearly Grow

Overseas & OBU PPOP proportion

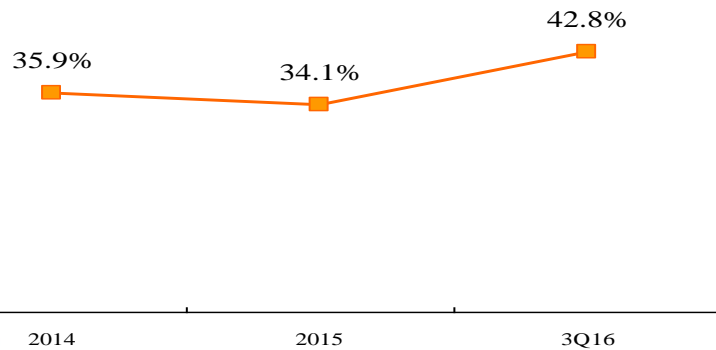


1.PPOP means Pre-Provision Operating Profits.

3Q16 PPOP breakdown



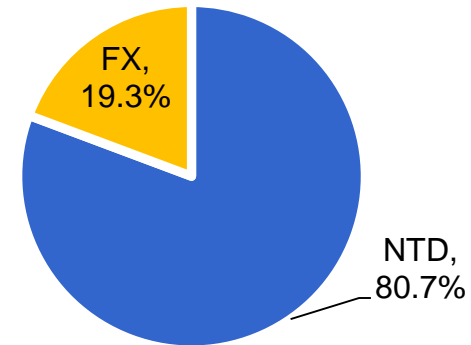
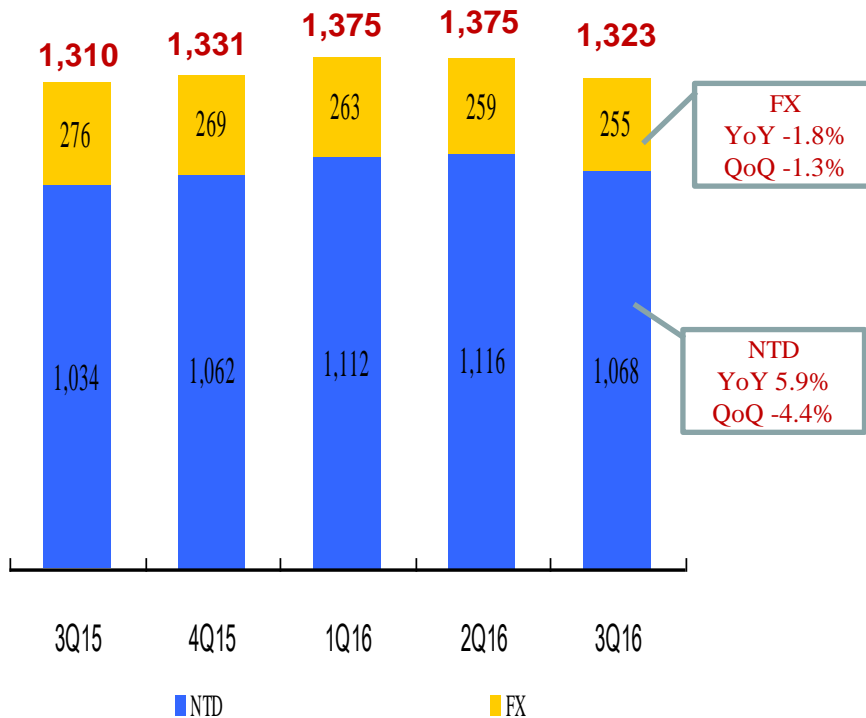
Overseas & OBU Income Before Tax proportion



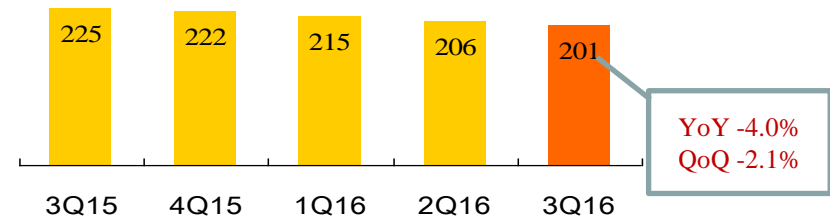
▶ Loan breakdown by currency

Quarterly loan balance (in NT\$ bn)

3Q16 loan breakdown by currency



Quarterly USD loan balance (in NT\$ bn)

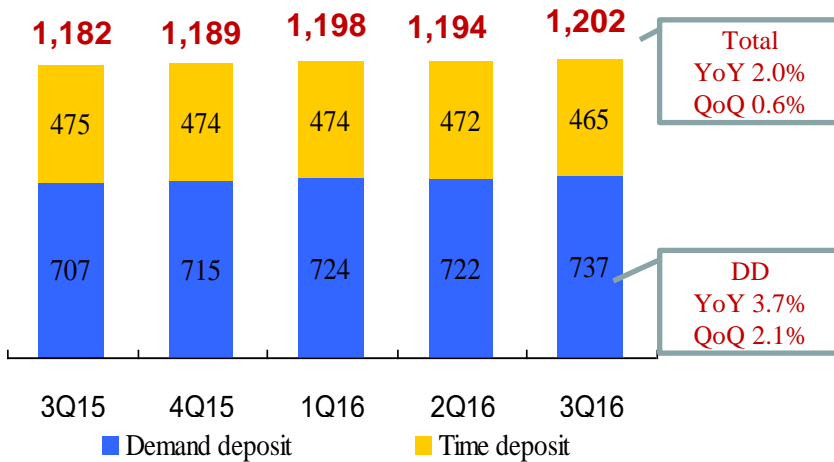


- Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
- Quarterly loan balance is single quarter average balance basis.
- YoY is compared to average of the nine months in 2015 and 2016.

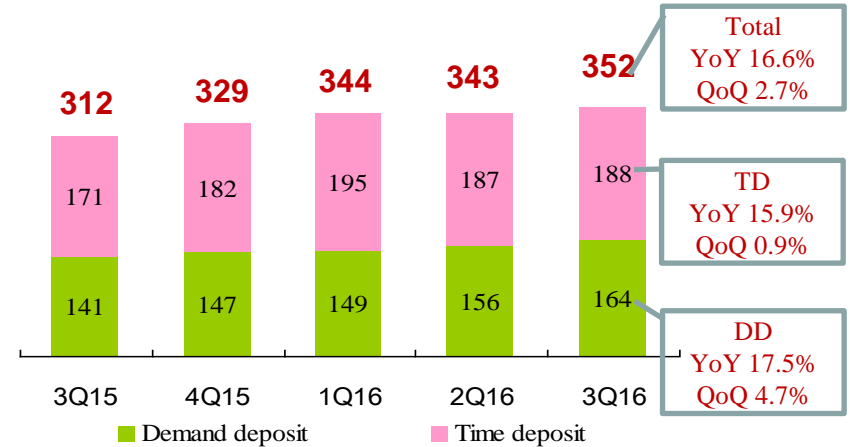


Deposit breakdown

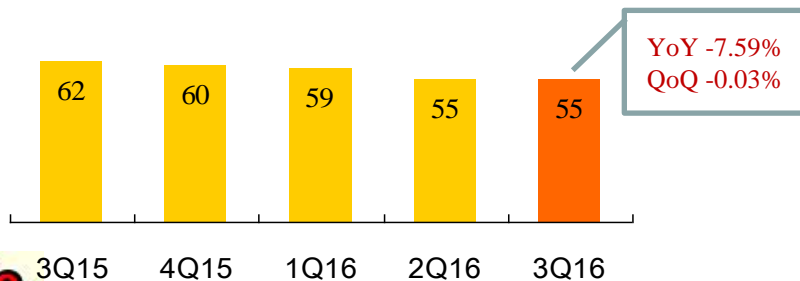
Quarterly NTD deposit balance (in NT\$ bn)



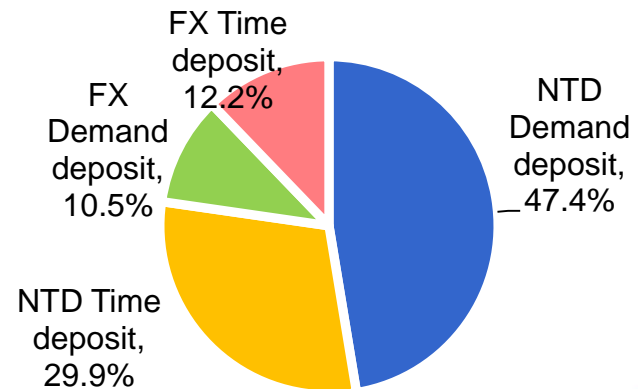
Quarterly FX deposit balance (in NT\$ bn)



Quarterly RMB deposit balance (in NT\$ bn)



3Q16 deposit breakdown by currency

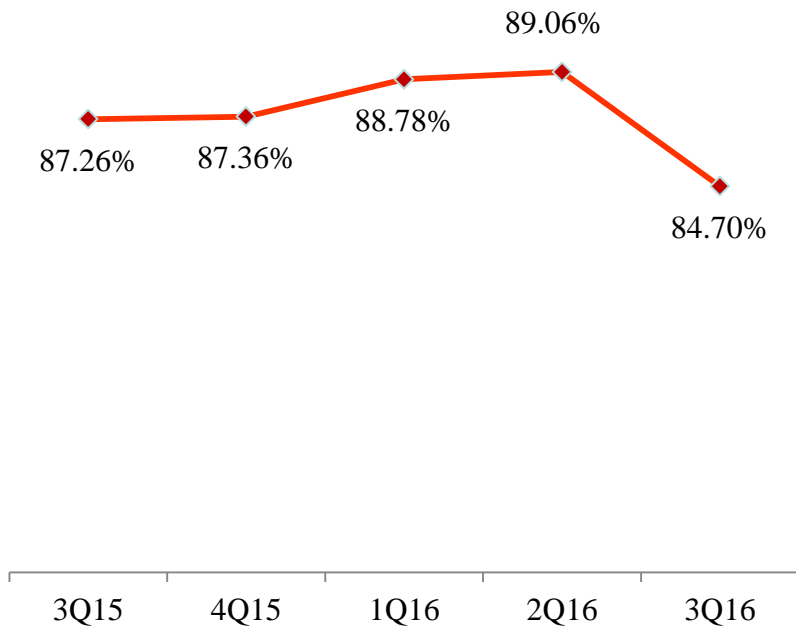


1. Quarterly loan balance is single quarter average balance basis.
2. YoY is compared to average of the nine months in 2015 and 2016.

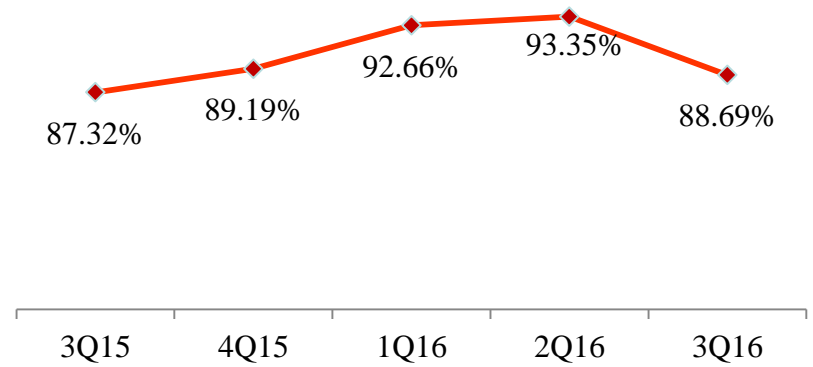


▶ LDR

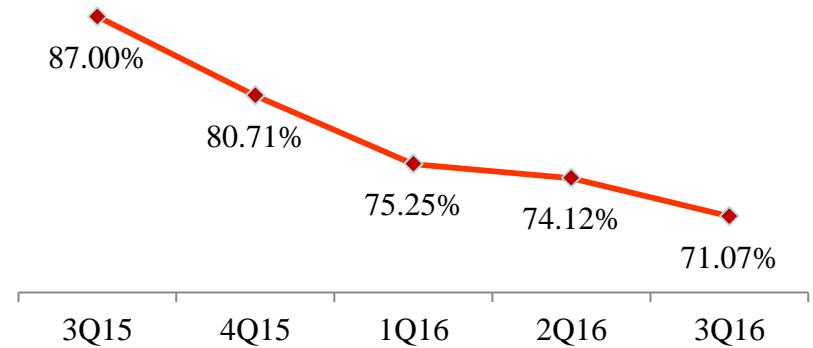
Total LDR



NTD LDR

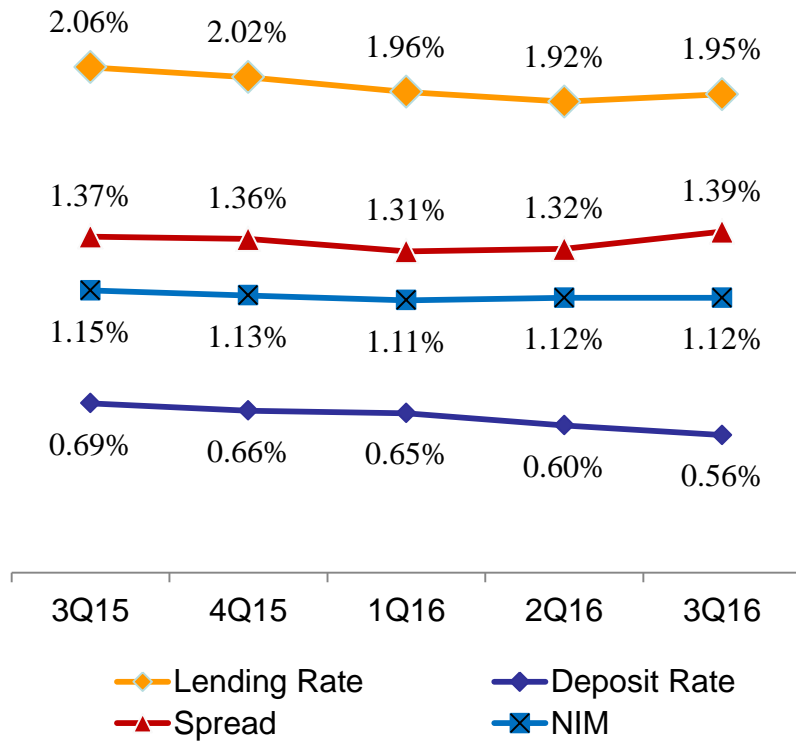


FX LDR

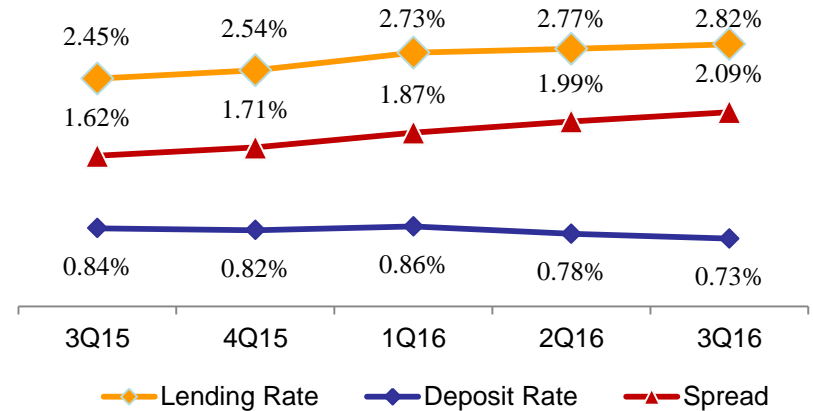


► Spread and NIM

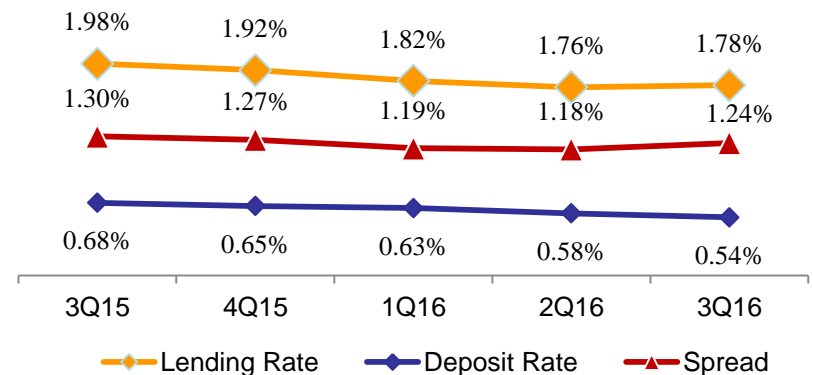
Quarterly total loan interest spread and NIM



Overseas & OBU loan interest spread*



Domestic loan interest spread*

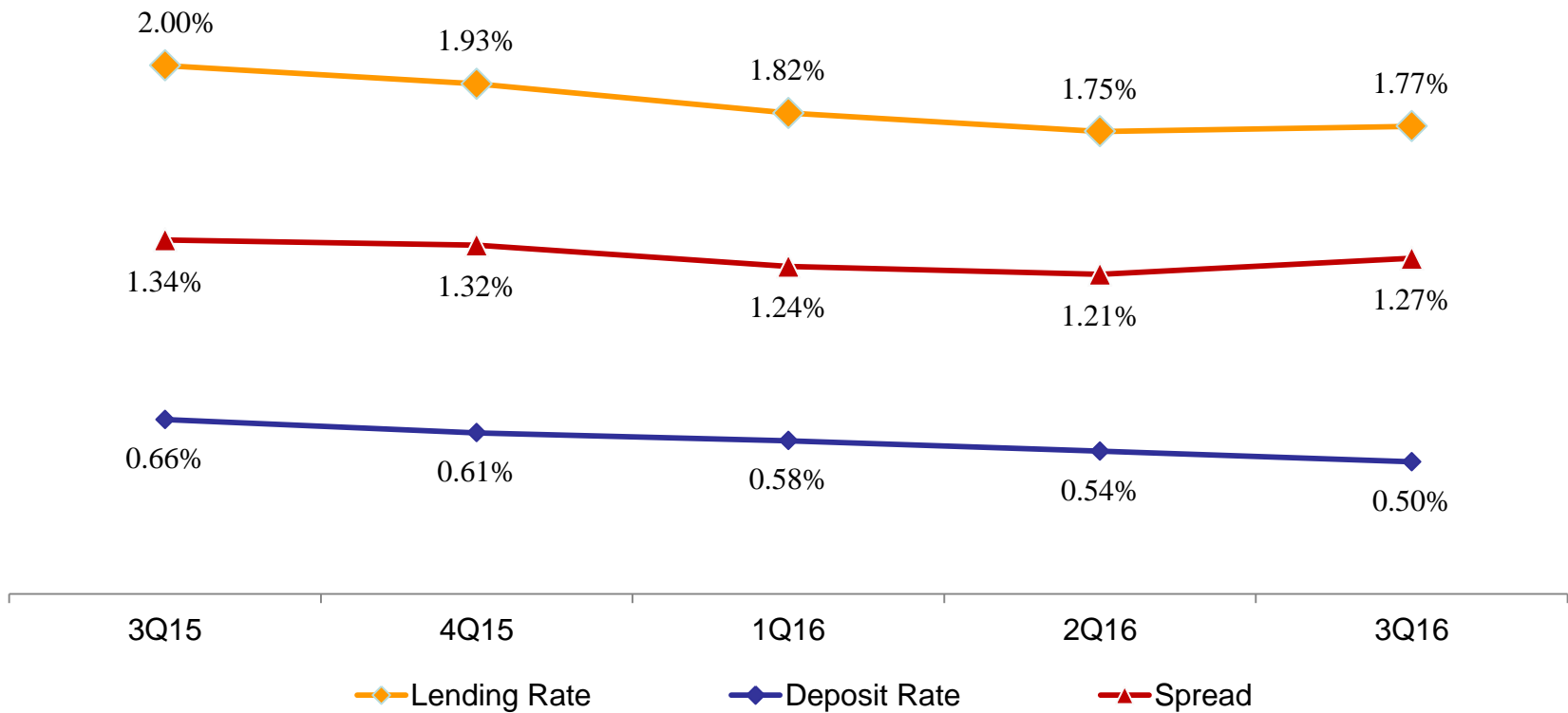


* Quarterly based.



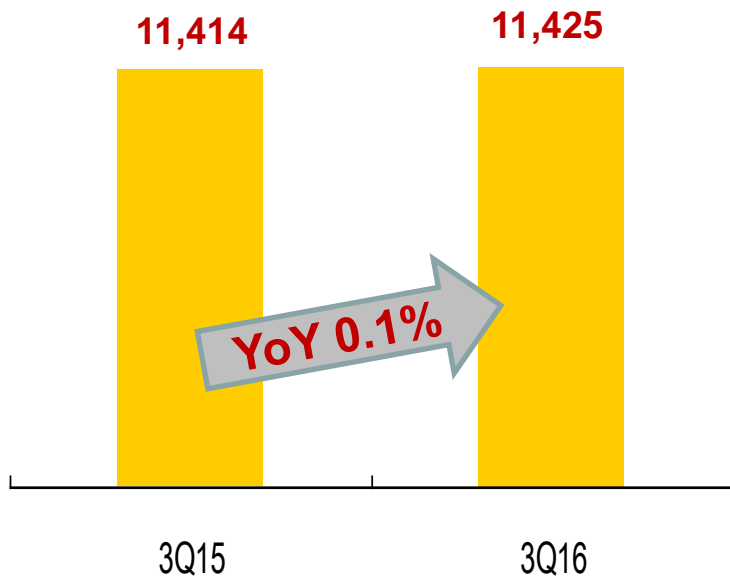
CBC cut interest rates impact NTD spreads

Quarterly NTD loan interest spread and NIM

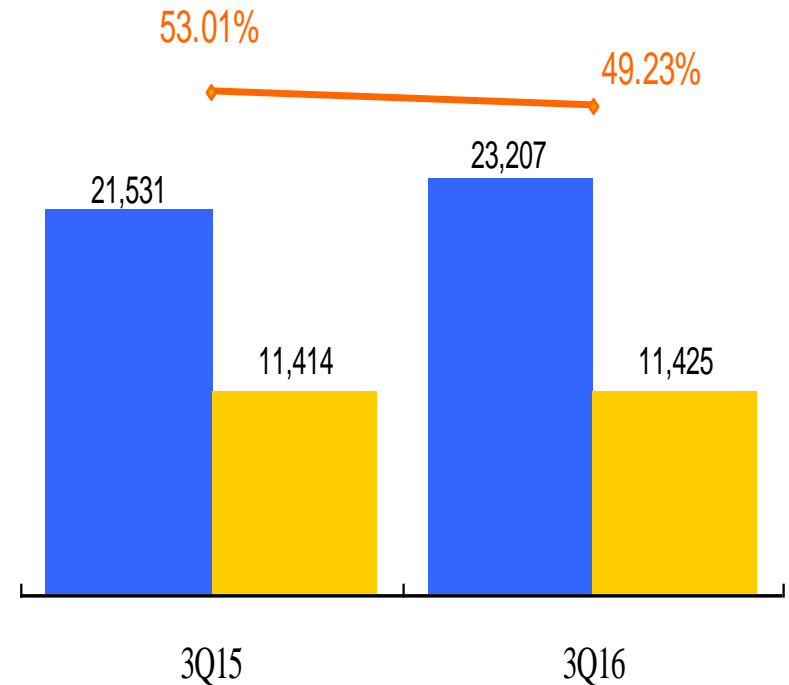


► Cost-Income Ratio

Operating Expense (in NT\$ mn)



Cost-Income Ratio

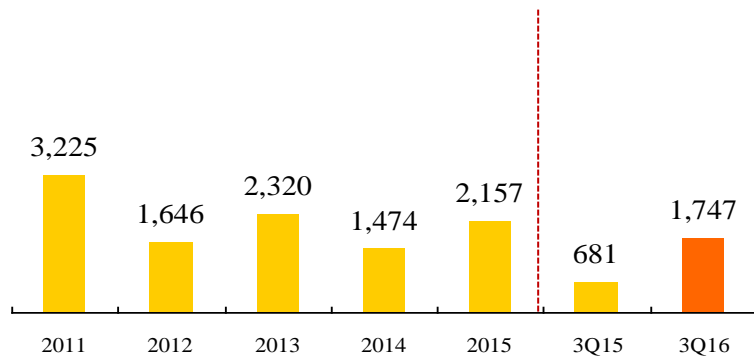


- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

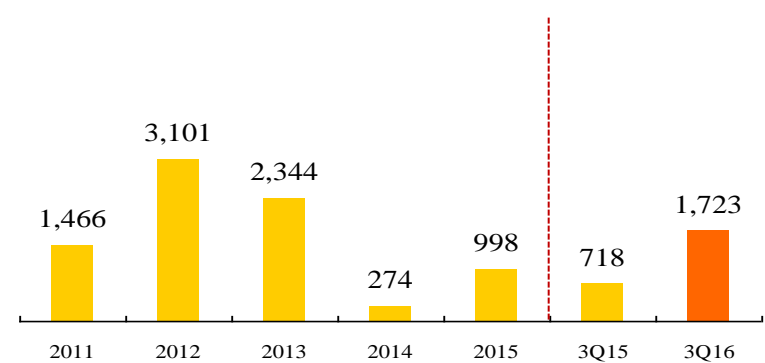


▶ Loan provision, write-off and recovery

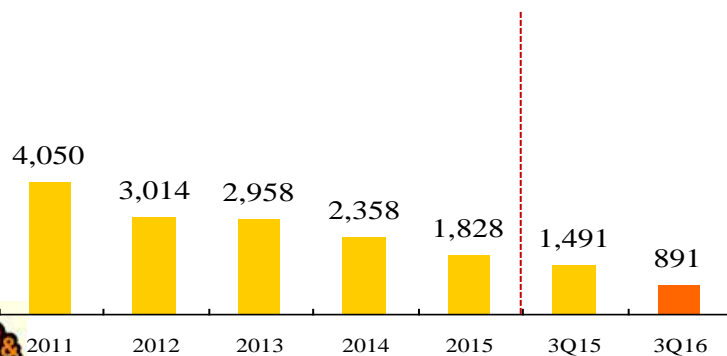
Provision (in NT\$ mn)



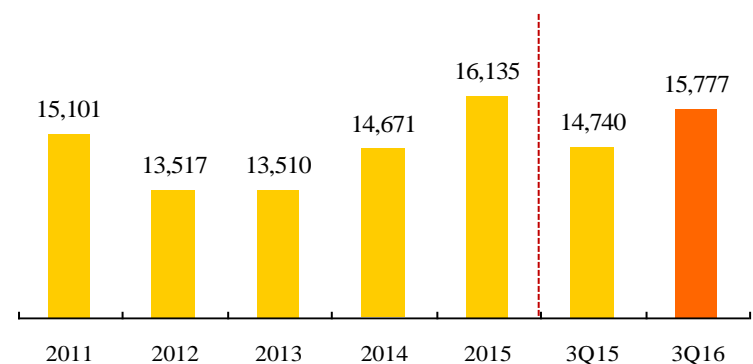
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

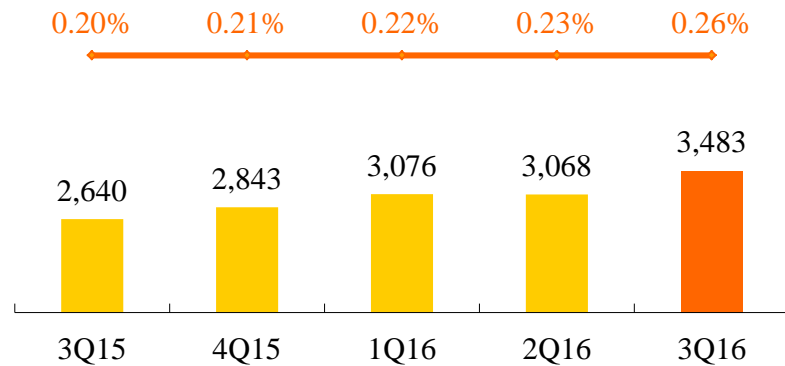


Reserve (in NT\$ mn)



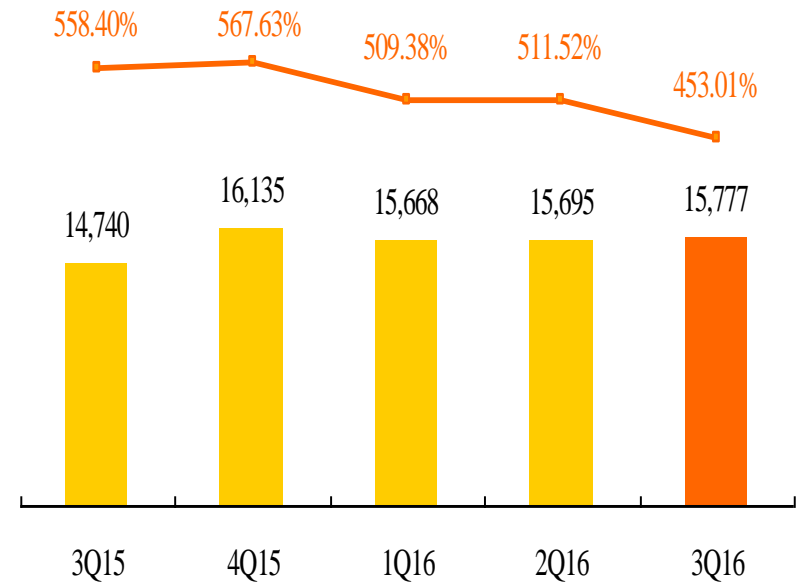
► NPL Ratio and Coverage Ratio

NPL Ratio



■ NPL Balance(in NT\$ mn) — NPL Ratio

Coverage Ratio

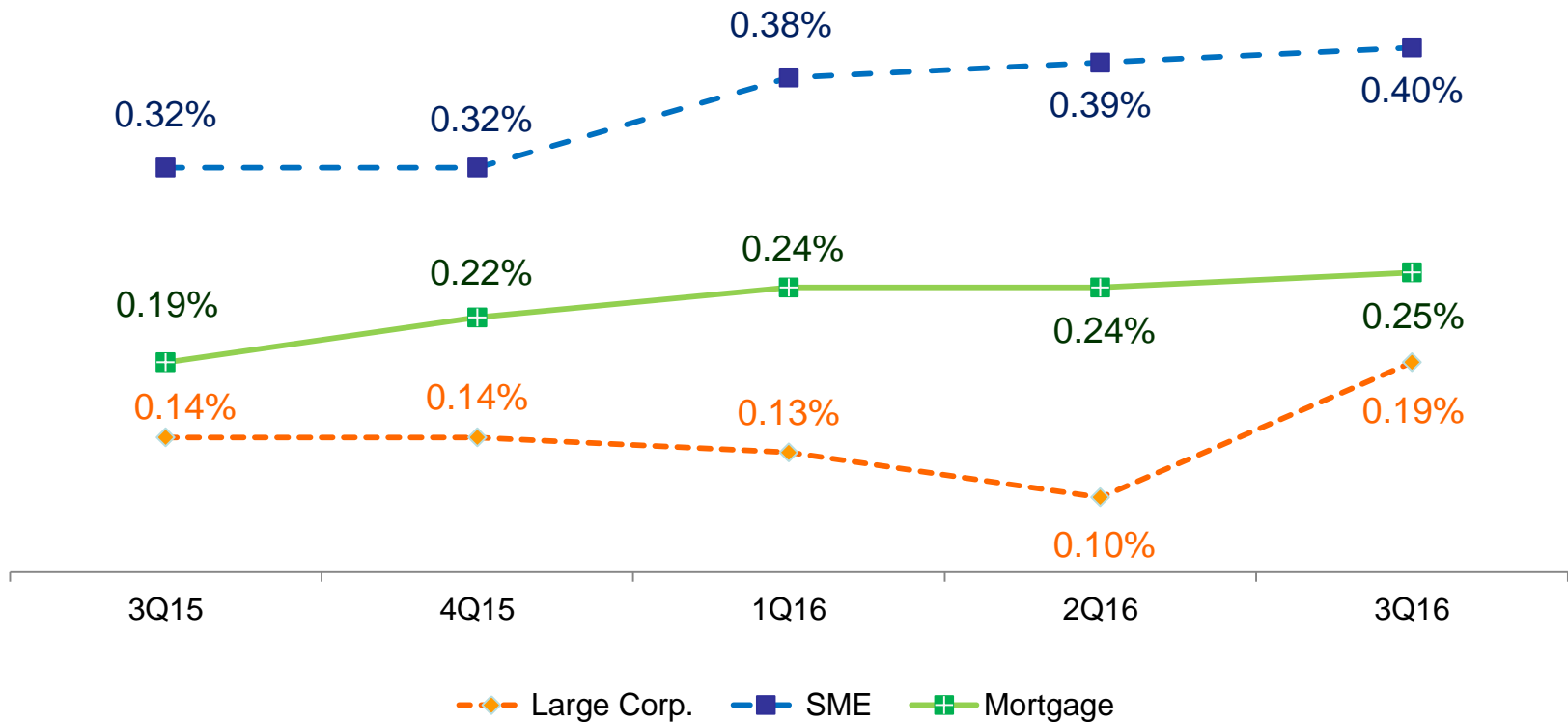


■ Loan loss reserved(in NT\$ mn) — Coverage Ratio



▶ Asset quality remained stable

NPL Ratio for major customers



▶ Credit Rating & CAR

Credit Rating

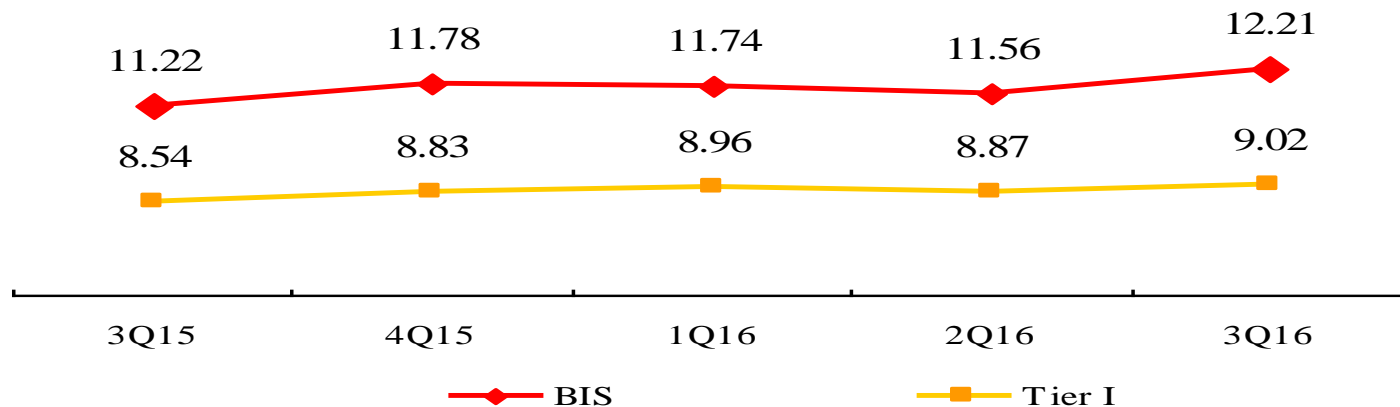
■ **Moody's** (Jan. 16 Review) :

- Long Term Rating : A2
- Short Term Rating : P-1
- Outlook : Stable

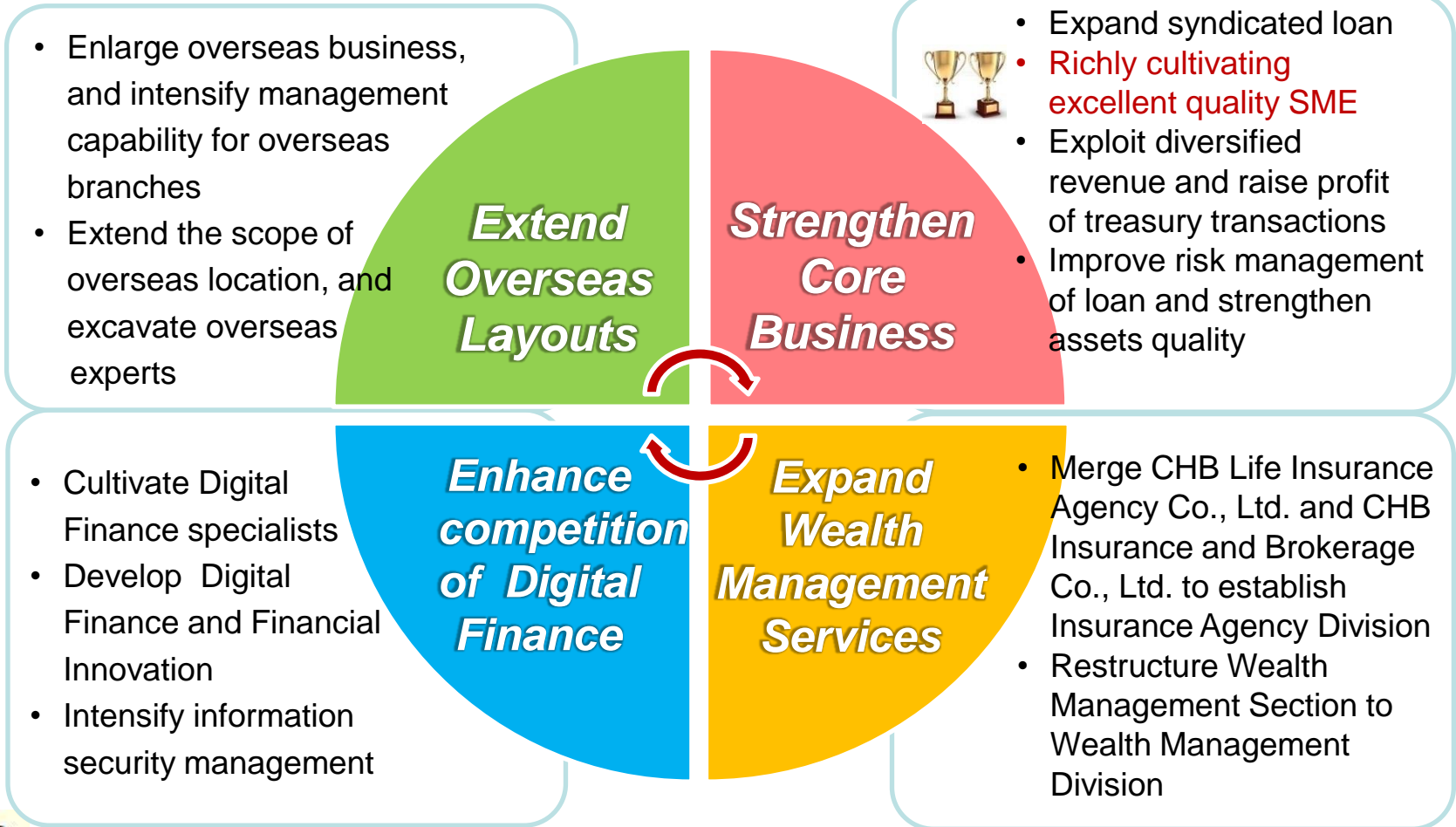
■ **S&P** (Nov. 15 Review) :

- Long Term Rating : BBB+
- Short Term Rating : A-2
- Outlook : Stable

Capital Adequacy Ratio



▶ Operation Perspective



▶ Q&A



▶ Agenda

● Operations Highlight

● Financial Performance

● Operating Results

● Appendix

CHB Balance Sheets (in NT\$ mn)

	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2014	2015	Change %	3Q15	4Q15	1Q16	2Q16	3Q16	Change %	3Q15	3Q16	Change %
Assets												
Cash and cash equivalents, due from the Central Bank and other banks	148,864	177,880	19.49%	162,334	177,880	186,305	202,901	237,754	17.18%	162,334	237,754	46.46%
Financial assets at fair value through profit or loss, net	37,826	43,519	15.05%	54,498	43,519	41,920	37,192	42,531	14.36%	54,498	42,531	-21.96%
Derivative financial assets for hedging	28	193	598.54%	129	193	211	256	235	-8.20%	129	235	82.17%
Available-for-sale financial assets, net	46,146	67,415	46.09%	62,338	67,415	69,145	74,313	75,335	1.38%	62,338	75,335	20.85%
Held-to-maturity financial assets, net	183,637	205,777	12.06%	199,923	205,777	199,281	193,148	204,426	5.84%	199,923	204,426	2.25%
Other financial assets, net	78,723	31,748	-59.67%	40,551	31,748	29,426	16,789	23,966	42.75%	40,551	23,966	-40.90%
Receivables, net	21,809	19,729	-9.54%	19,658	19,729	17,575	21,904	19,454	-11.19%	19,658	19,454	-1.04%
Loans, net	1,259,367	1,321,934	4.97%	1,327,288	1,321,934	1,366,066	1,335,636	1,298,881	-2.75%	1,327,288	1,298,881	-2.14%
Property and equipment, net	23,823	22,253	-6.59%	22,292	22,253	22,144	22,034	20,803	-5.59%	22,292	20,803	-6.68%
Investment property, net	11,012	12,537	13.84%	12,538	12,537	12,535	12,548	13,755	9.62%	12,538	13,755	9.71%
Other assets	4,638	3,272	-29.45%	4,008	3,272	3,481	3,359	3,346	-0.39%	4,008	3,346	-16.52%
Total Assets	1,815,873	1,906,257	4.98%	1,905,557	1,906,257	1,948,089	1,920,080	1,940,486	1.06%	1,905,557	1,940,486	1.83%
Liabilities												
Deposits and remittances	1,452,969	1,547,740	6.52%	1,501,579	1,547,740	1,556,483	1,552,896	1,565,173	0.79%	1,501,579	1,565,173	4.24%
Other liabilities	243,663	229,042	-6.00%	276,738	229,042	258,476	234,211	239,382	2.21%	276,738	239,382	-13.50%
Total Liabilities	1,696,632	1,776,782	4.72%	1,778,317	1,776,782	1,814,959	1,787,107	1,804,555	0.98%	1,778,317	1,804,555	1.48%
Stockholders' Equity												
Total Liabilities and Stockholders' Equity	1,815,873	1,906,257	4.98%	1,905,557	1,906,257	1,948,089	1,920,080	1,940,486	1.06%	1,905,557	1,940,486	1.83%

CHB Income Statements(in NT\$ mn)

	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2014	2015	Change %	3Q15	4Q15	1Q16	2Q16	3Q16	Change %	3Q15	3Q16	Change %
Interest Income	31,862	32,992	3.55%	8,434	8,355	8,280	8,137	7,982	-1.90%	24,637	24,399	-0.97%
Interest Expense	12,524	12,076	-3.58%	3,056	2,974	2,917	2,733	2,568	-6.04%	9,102	8,218	-9.71%
Net Interest Income	19,338	20,916	8.16%	5,378	5,381	5,363	5,404	5,414	0.19%	15,535	16,181	4.16%
Net Service fee and commissions income	4,537	4,918	8.40%	1,192	1,265	1,100	1,603	1,411	-11.98%	3,653	4,114	12.62%
Gains(losses) on financial assets and liabilities at fair value through profit or loss	875	407	-53.49%	-621	324	829	409	475	16.14%	83	1,713	1963.86%
Realized gains(losses) of available-for-sale financial assets	119	280	135.29%	214	1	86	46	202	339.13%	279	334	19.71%
Foreign exchange gains(losses)	987	1,647	66.87%	1,341	159	-171	88	41	-53.41%	1,488	-42	-102.82%
Other non-interest income	545	1,502	175.60%	285	1,008	441	101	365	261.39%	493	907	83.98%
Net Income excluding Interest Income	7,063	8,754	23.94%	2,411	2,757	2,285	2,247	2,494	10.99%	5,996	7,026	17.18%
Net Revenues	26,401	29,670	12.38%	7,789	8,138	7,648	7,651	7,908	3.36%	21,531	23,207	7.78%
Reversed allowance for Bad-debt expenses and guarantee liability provisions	-884	330	-137.33%	-14	1,140	-52	525	383	-27.12%	-810	856	-205.58%
Operating Expenses	14,861	15,594	4.93%	3,944	4,180	3,732	3,913	3,780	-3.40%	11,414	11,425	0.10%
Employee Benefits	9,899	10,202	3.06%	2,564	2,767	2,475	2,602	2,537	-2.50%	7,434	7,614	2.43%
Depreciation and amortization	715	702	-1.82%	174	177	179	179	180	0.56%	525	538	2.48%
Other general and administrative expenses	4,247	4,690	10.43%	1,206	1,236	1,078	1,132	1,063	-6.10%	3,455	3,273	-5.27%
Income before income tax from continuing operations	12,424	13,746	10.64%	3,859	2,818	3,968	3,213	3,745	16.57%	10,928	10,926	-0.01%
Income Tax Expense	1,527	2,103	37.72%	598	373	574	537	499	-7.08%	1,730	1,610	-6.94%
Net Income	10,897	11,643	6.85%	3,261	2,445	3,394	2,676	3,246	21.32%	9,198	9,316	1.29%
Basic EPS(NT\$)	1.38	1.38	-0.14%	0.39	0.27	0.40	0.30	0.36	20.00%	1.03	1.04	0.97%
Other comprehensive income	590	172	-70.85%	395	-209	262	126	-289	-329.37%	381	99	-74.02%
Total comprehensive income for the period	11,487	11,815	2.86%	3,656	2,236	3,656	2,802	2,957	5.55%	9,579	9,415	-1.71%