



Financial Review of 2Q 2016

(Bloomberg: 2801 TT)

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▶ Agenda

● **Operations Highlight**

● Financial Performance

● Operating Results

● Appendix

▶ Operations Highlight

Steady growth of Core Business

Loans increases YoY 6.0%
Deposits increases YoY 5.4%

Continuous new-high of Profitability

EBT increases YoY 1.6%
PPOP increases YoY 22%

Excellent control of Cost Efficiency

Cost-Income Ratio is in decreasing trend

Stable Quality of Loan Asset

NPL ratio is 0.23%, lower 0.04% than Avg.

▶ Agenda

● Operations Highlight

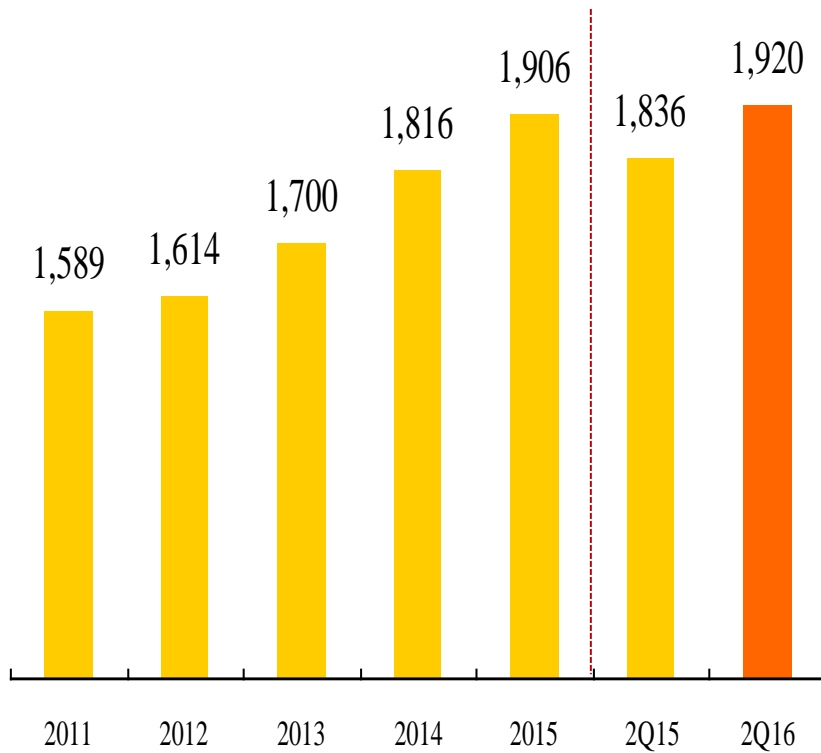
● **Financial Performance**

● Operating Results

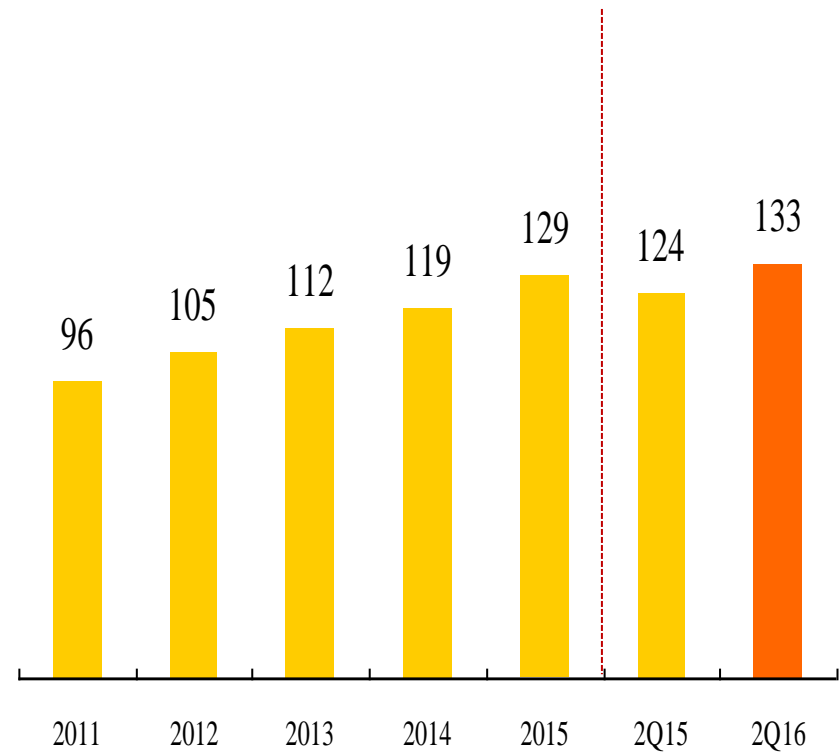
● Appendix

▶ Asset size and Net Worth

Asset size (in NT\$ bn)



Net Worth (in NT\$ bn)

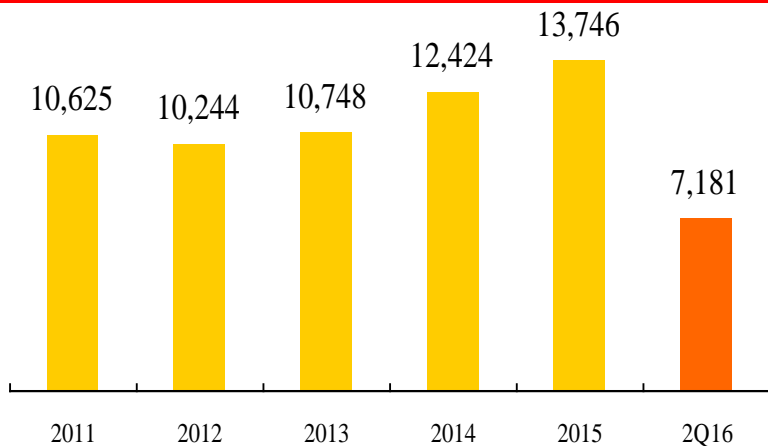


1.2011 figures were audited based on ROC GAAP, the others were audited based on IFRS.

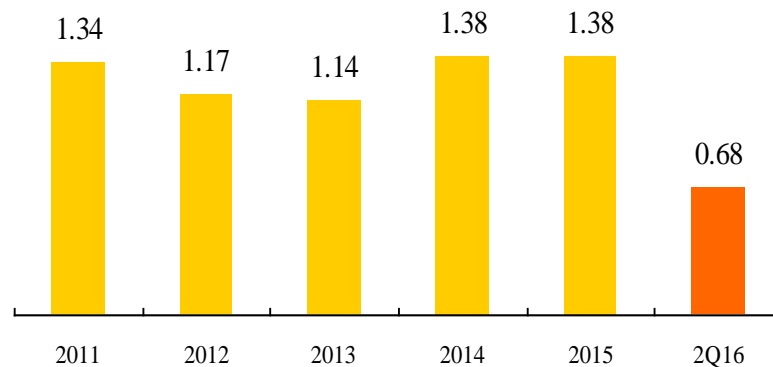


► Financial Performance

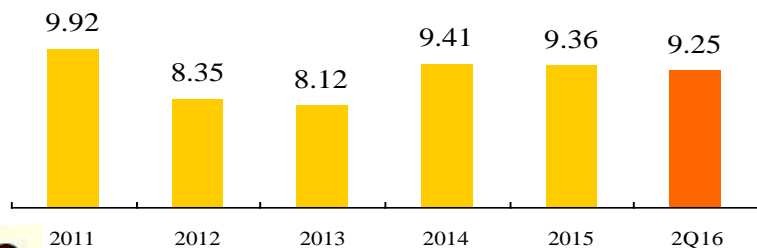
Net Income Before Tax (in NT\$ mn)



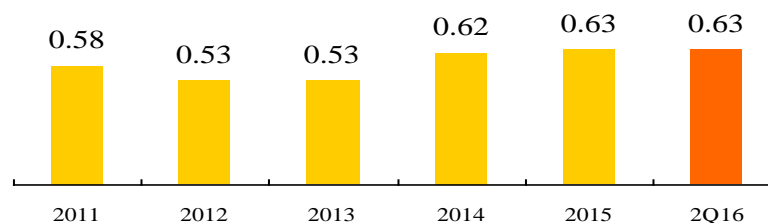
EPS



ROE



ROA



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



▶ PPOP

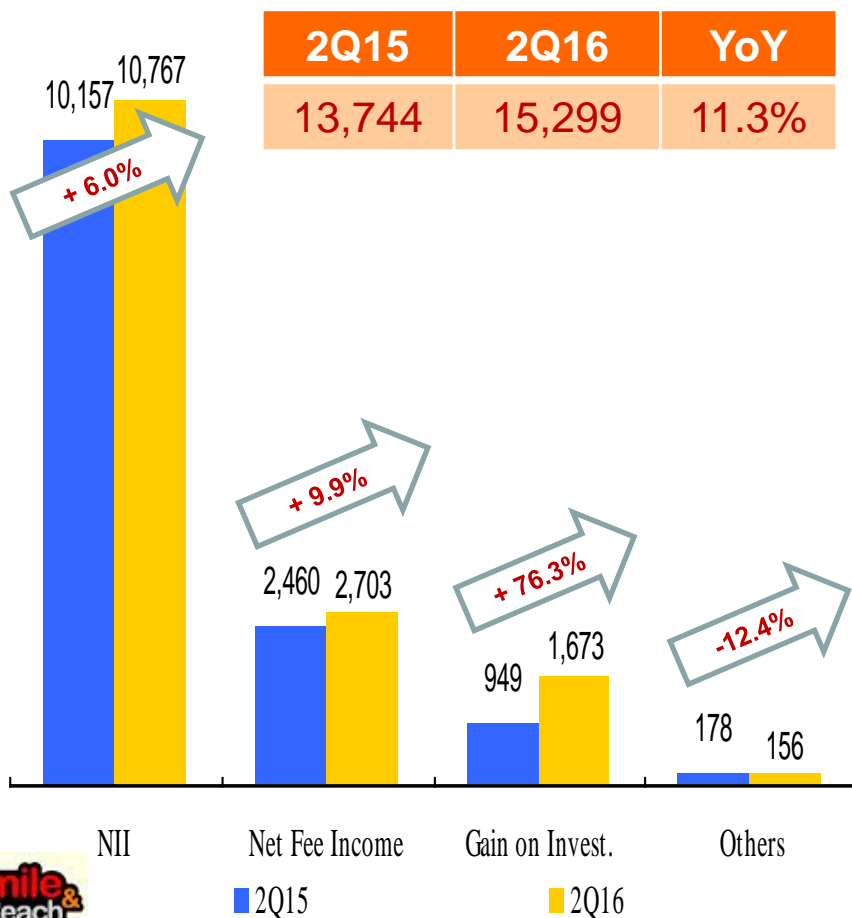
(In NT\$ mn)	2Q15	2Q16	YoY(%)
PPOP	6,273	7,654	22.0%
Provision Expense	(500)	(953)	90.6%
Recovery	1,296	480	-63.0%
Income Before Tax	7,069	7,181	1.6%



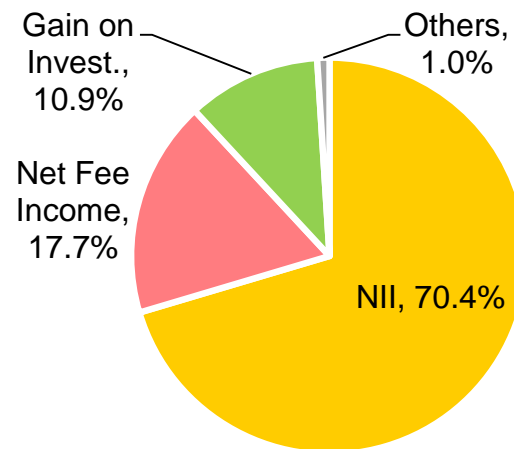
1.PPOP means Pre-Provision Operating Profits.

▶ Net Revenue

Net Revenue (in NT\$ mn)



2Q16 Net Revenue breakdown

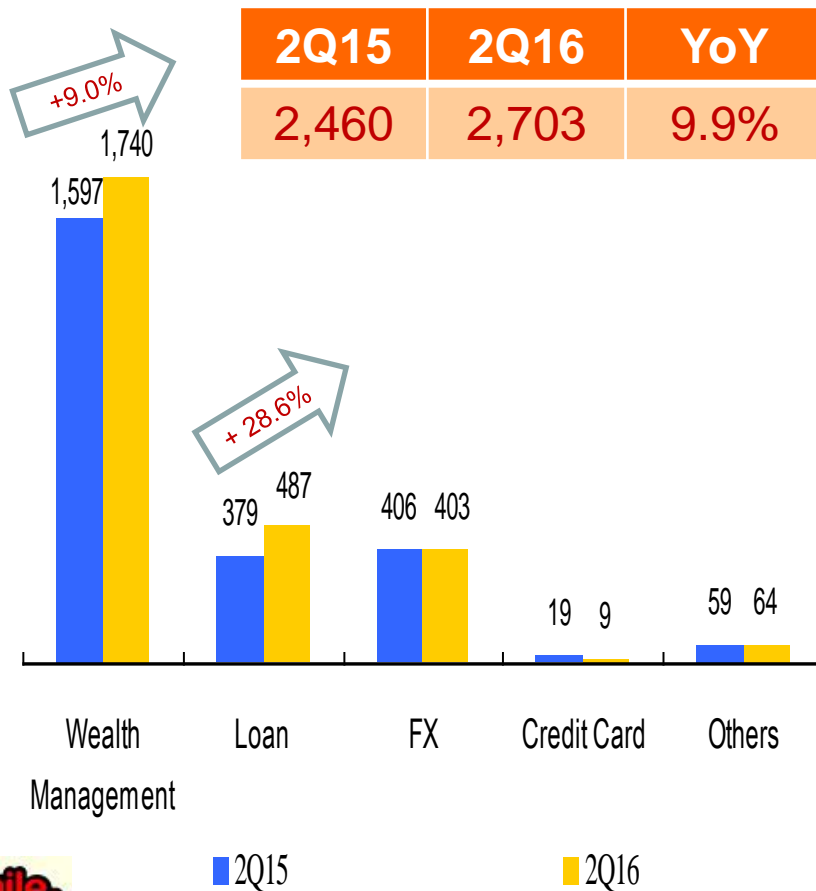


Highlights

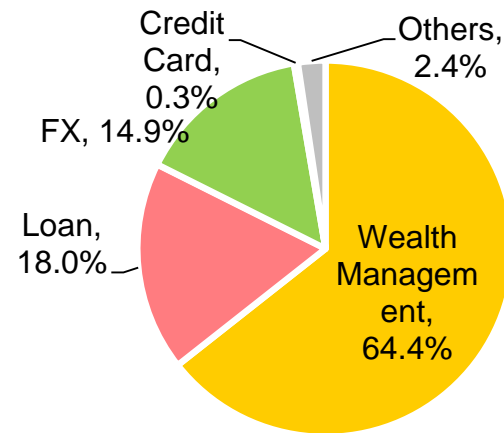
- ★ NII YoY 6% mainly due to loan YoY 6%.
- ★ Gain on Invest. YoY 76.3% mainly due to the contribution of financial trading and dividend revenue.

▶ Net Fee Income

Net Fee Income (in NT\$ mn)



2Q16 Net Fee Income breakdown



Highlights

★ Net Fee Income YoY 9.9% mainly due to W/M YoY 9% and loan YoY 28.6%.

▶ Agenda

● Operations Highlight

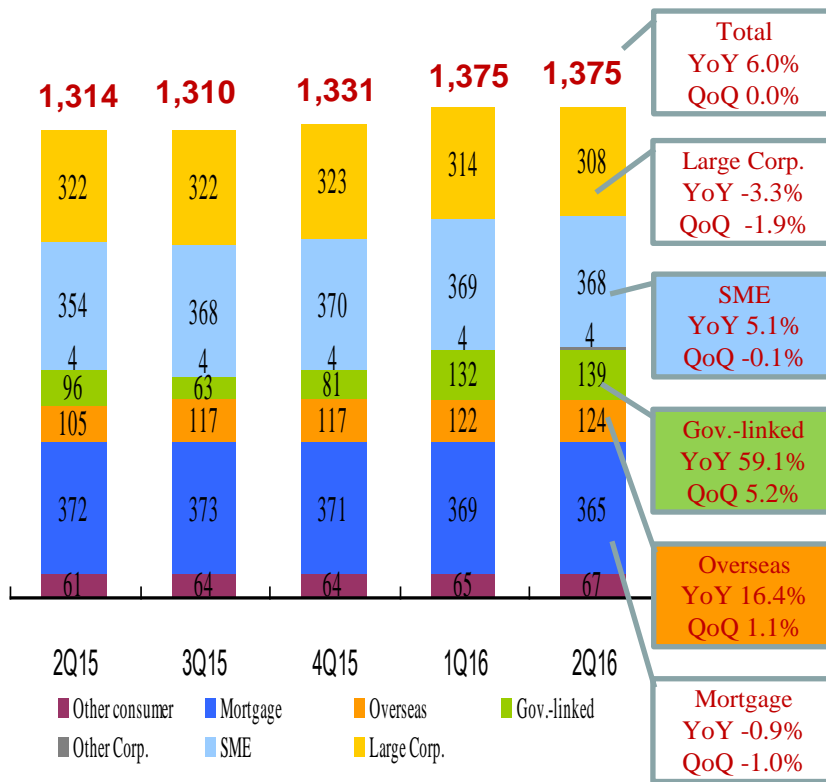
● Financial Performance

● **Operating Results**

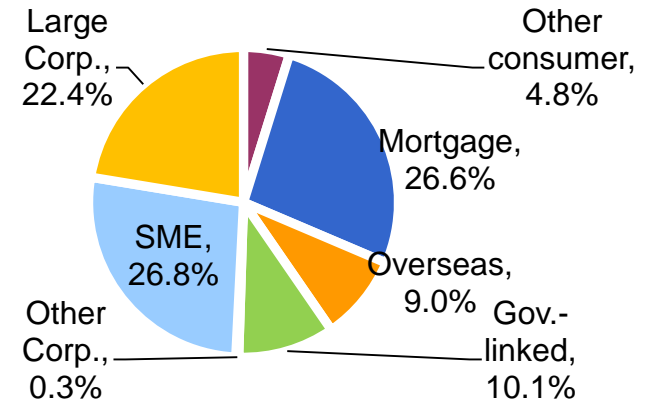
● Appendix

▶ Loan breakdown by customer

Quarterly loan balance (in NT\$ bn)



2Q16 loan breakdown by customer



Highlights

★ overseas branches YoY over 16%.

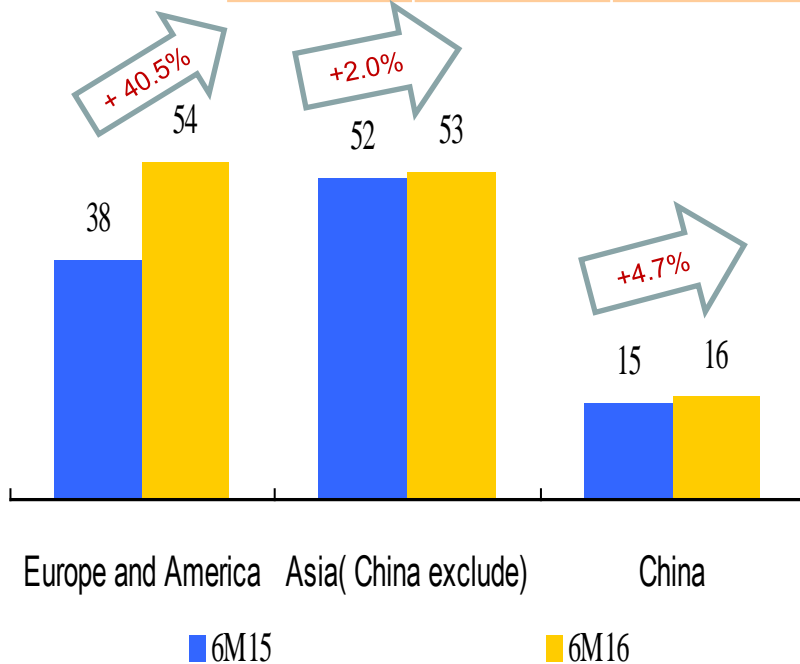
1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared to average of the first six months in 2015 and 2016.



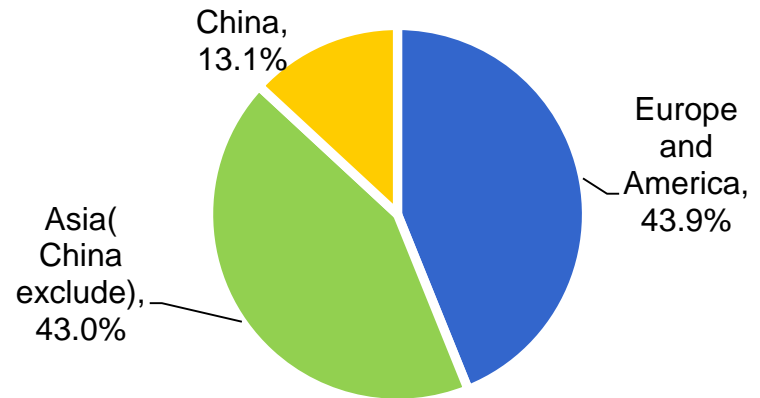
▶ Overseas Loan breakdown

Overseas loan balance (in NT\$ bn)

6M15	6M16	YoY
106	123	16.4%



2Q16 overseas loan breakdown by regions



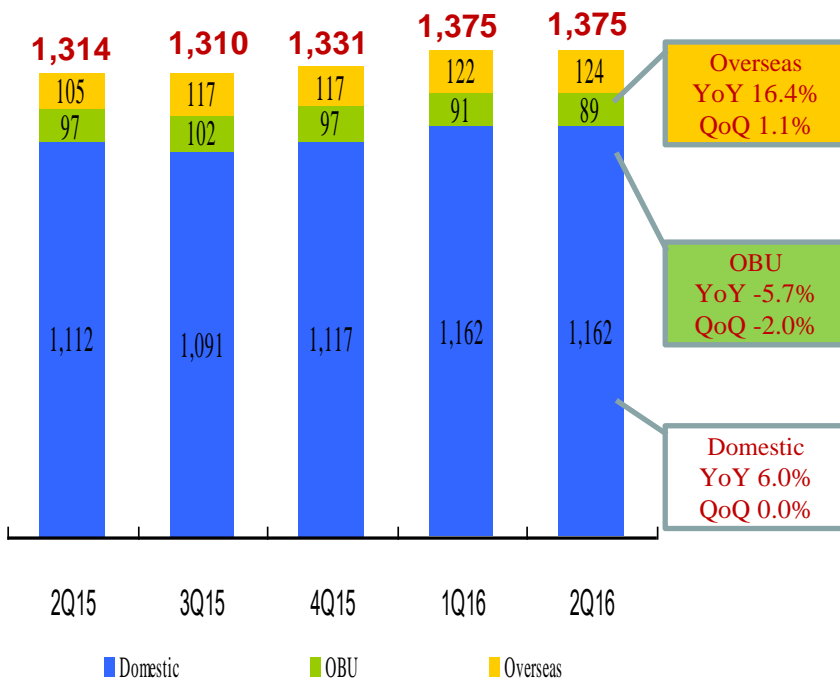
Highlights

- ★ Loans from European and American branches grow beyond mainland China.

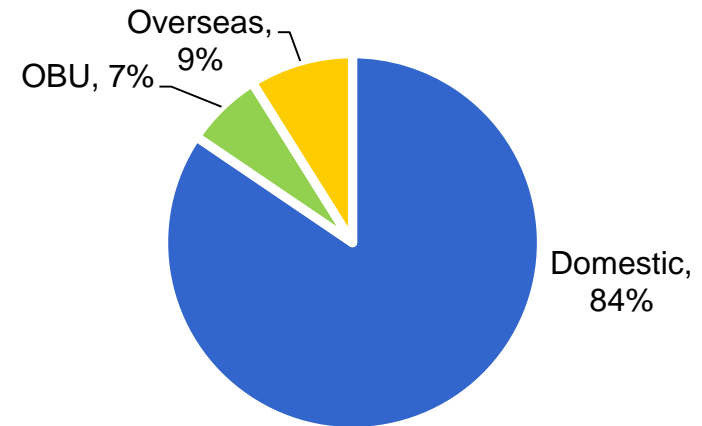
- Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
- The figures were the average of the first six months.
- Asia included HK branch.

▶ Loan breakdown by regions

Quarterly loan balance (in NT\$ bn)



2Q16 loan breakdown by regions



Highlights

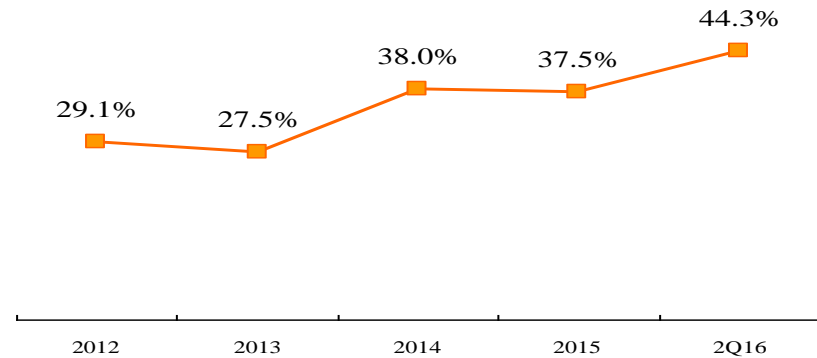
★ Overseas YoY over 16% increased Bank profit.

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.
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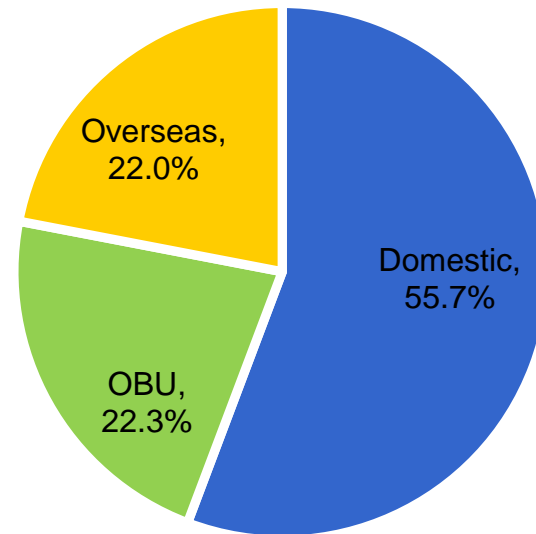
▶ Overseas & OBU PPOP yearly Grow

Overseas & OBU PPOP proportion

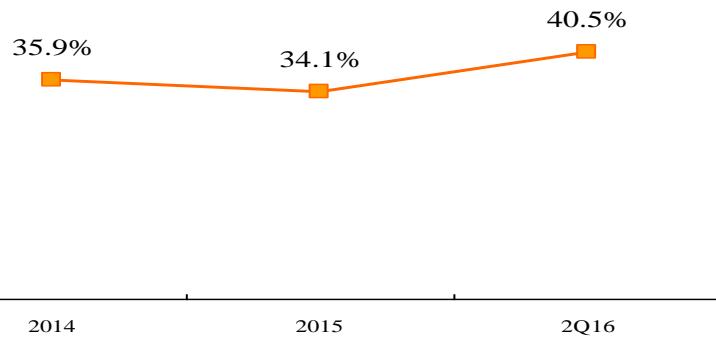


1.PPOP means Pre-Provision Operating Profits.

2Q16 PPOP breakdown

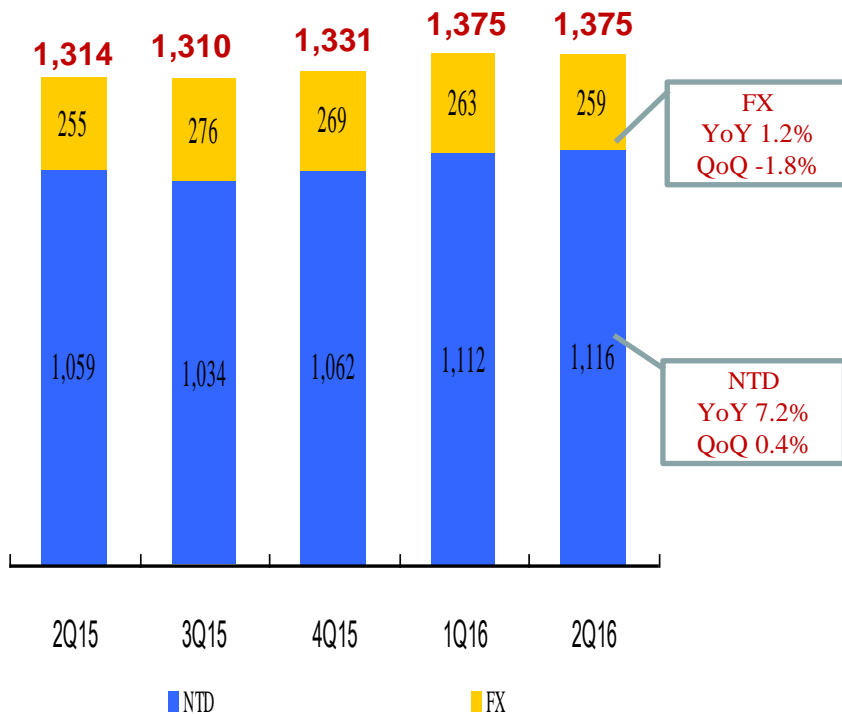


Overseas & OBU Income Before Tax proportion

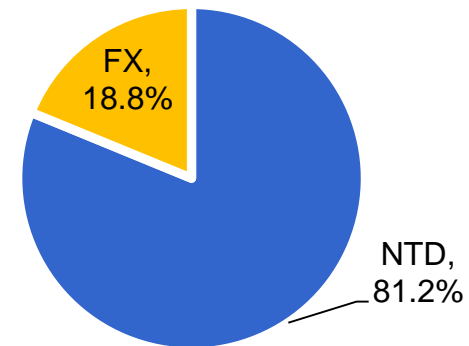


▶ Loan breakdown by currency

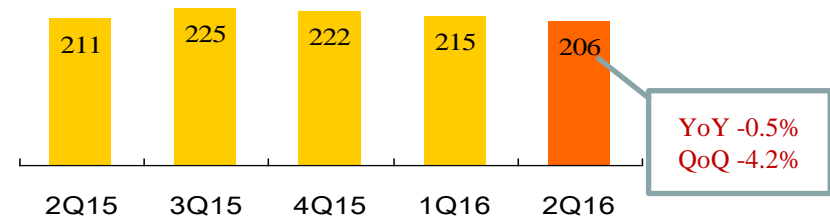
Quarterly loan balance (in NT\$ bn)



2Q16 loan breakdown by currency



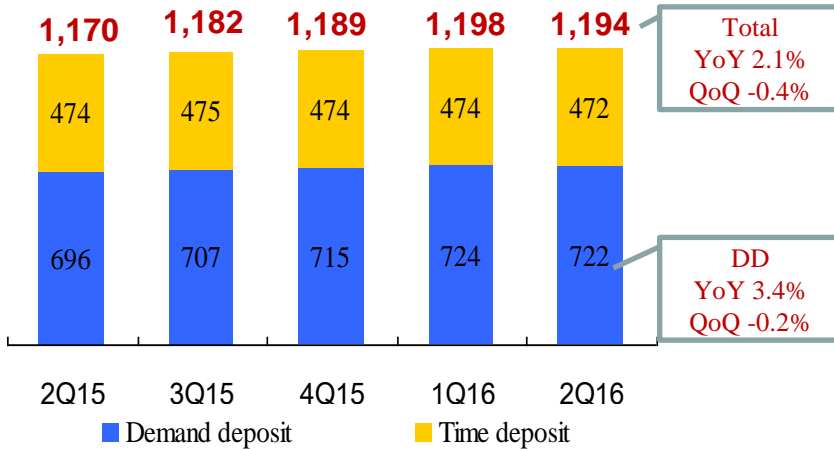
Quarterly USD loan balance (in NT\$ bn)



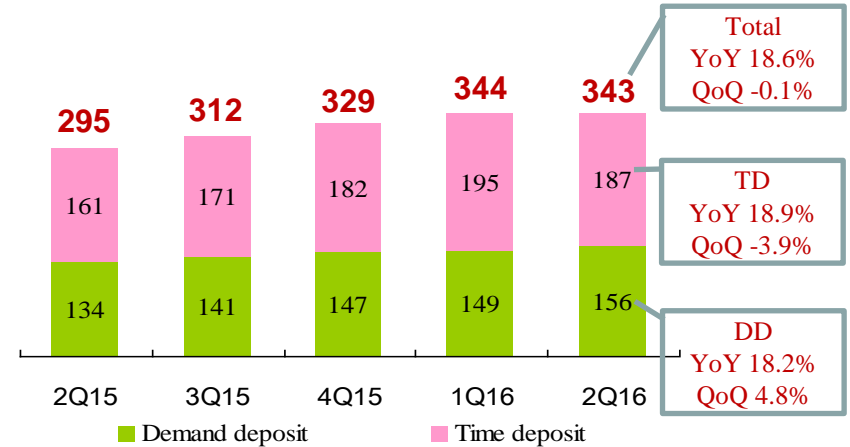
- Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
- Quarterly loan balance is single quarter average balance basis.
- YoY is compared to average of the six months in 2015 and 2016.

Deposit breakdown

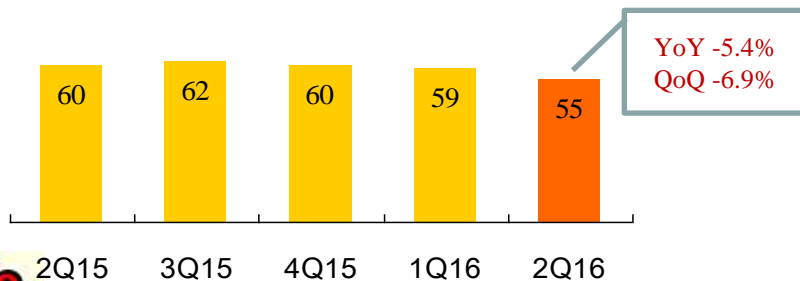
Quarterly NTD deposit balance (in NT\$ bn)



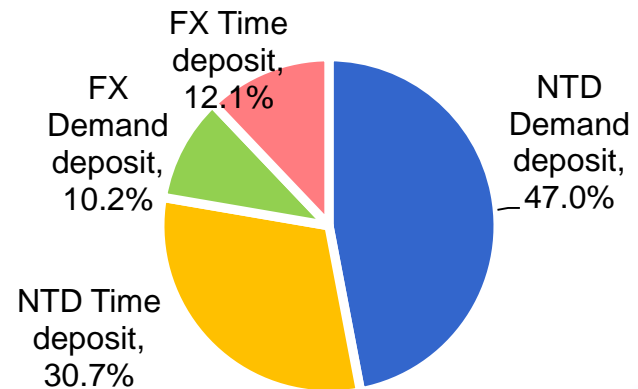
Quarterly FX deposit balance (in NT\$ bn)



Quarterly RMB deposit balance (in NT\$ bn)



2Q16 deposit breakdown by currency

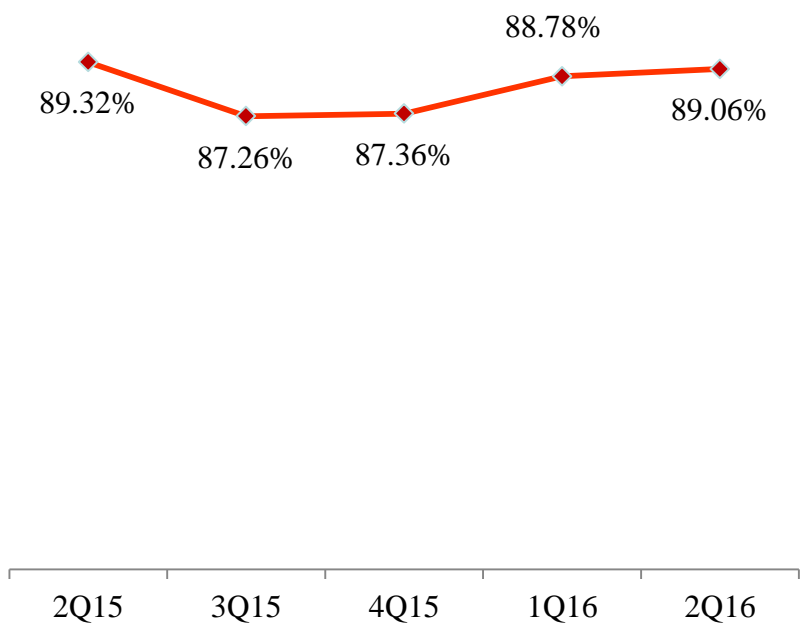


1. Quarterly loan balance is single quarter average balance basis.
 2. YoY is compared to average of the six months in 2015 and 2016.

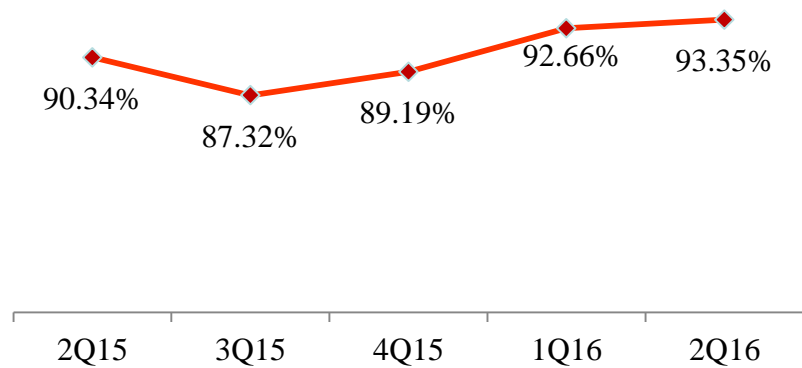


▶ LDR

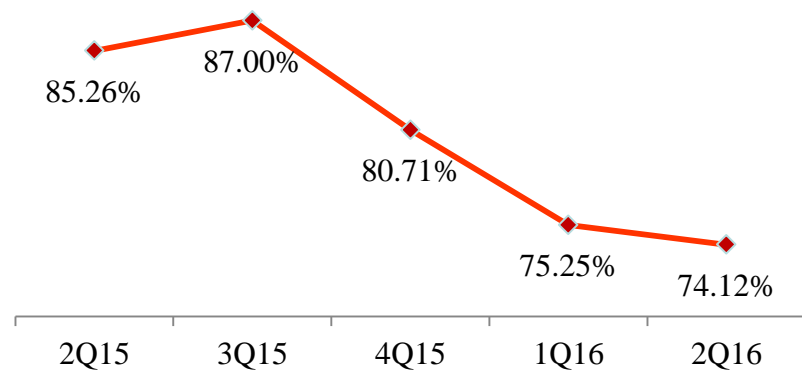
Total LDR



NTD LDR

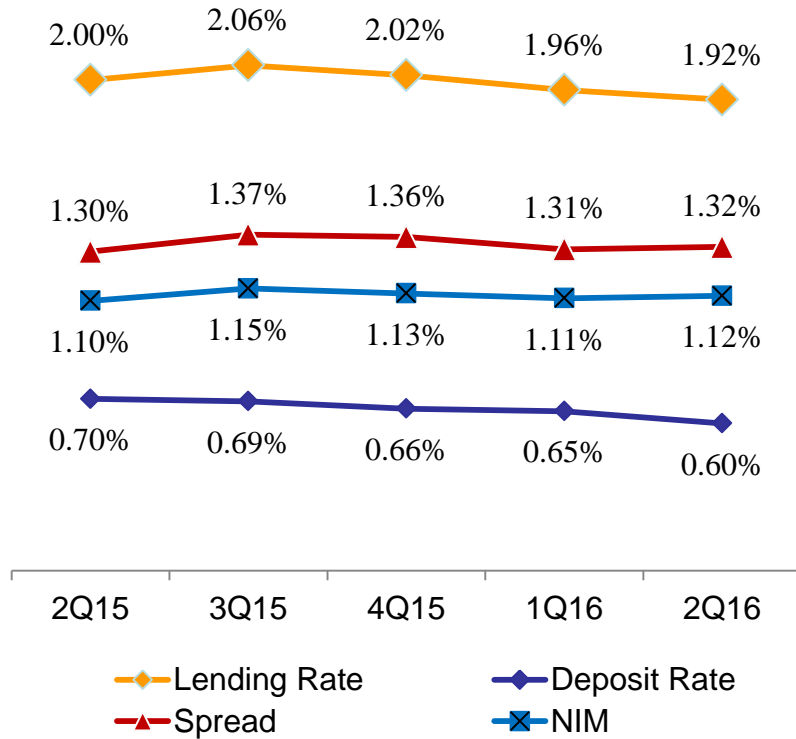


FX LDR

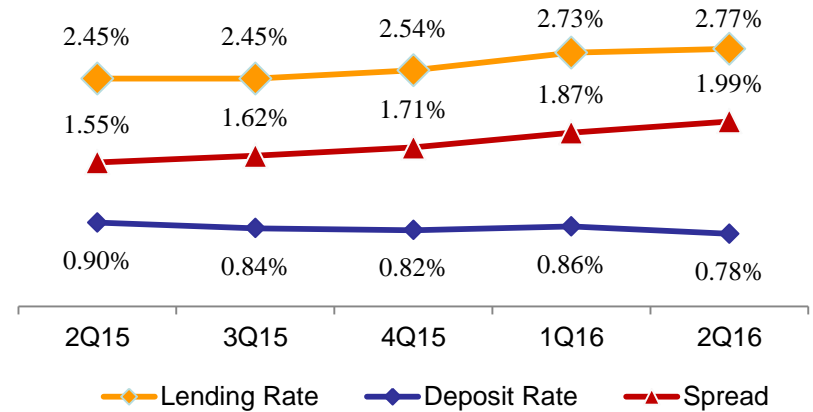


► Spread and NIM

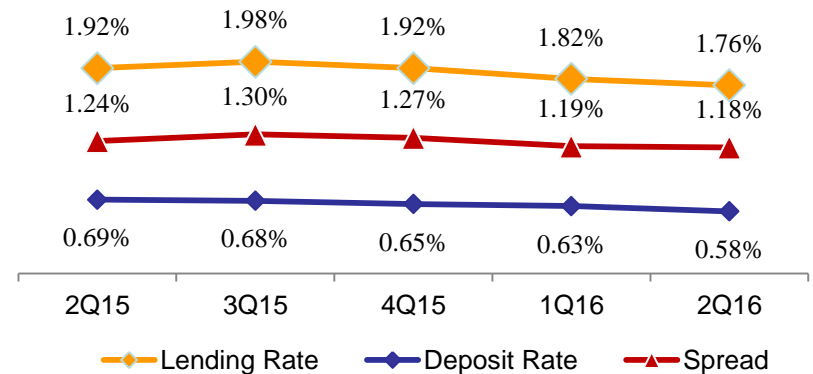
Quarterly total loan interest spread and NIM



Overseas & OBU loan interest spread*



Domestic loan interest spread*

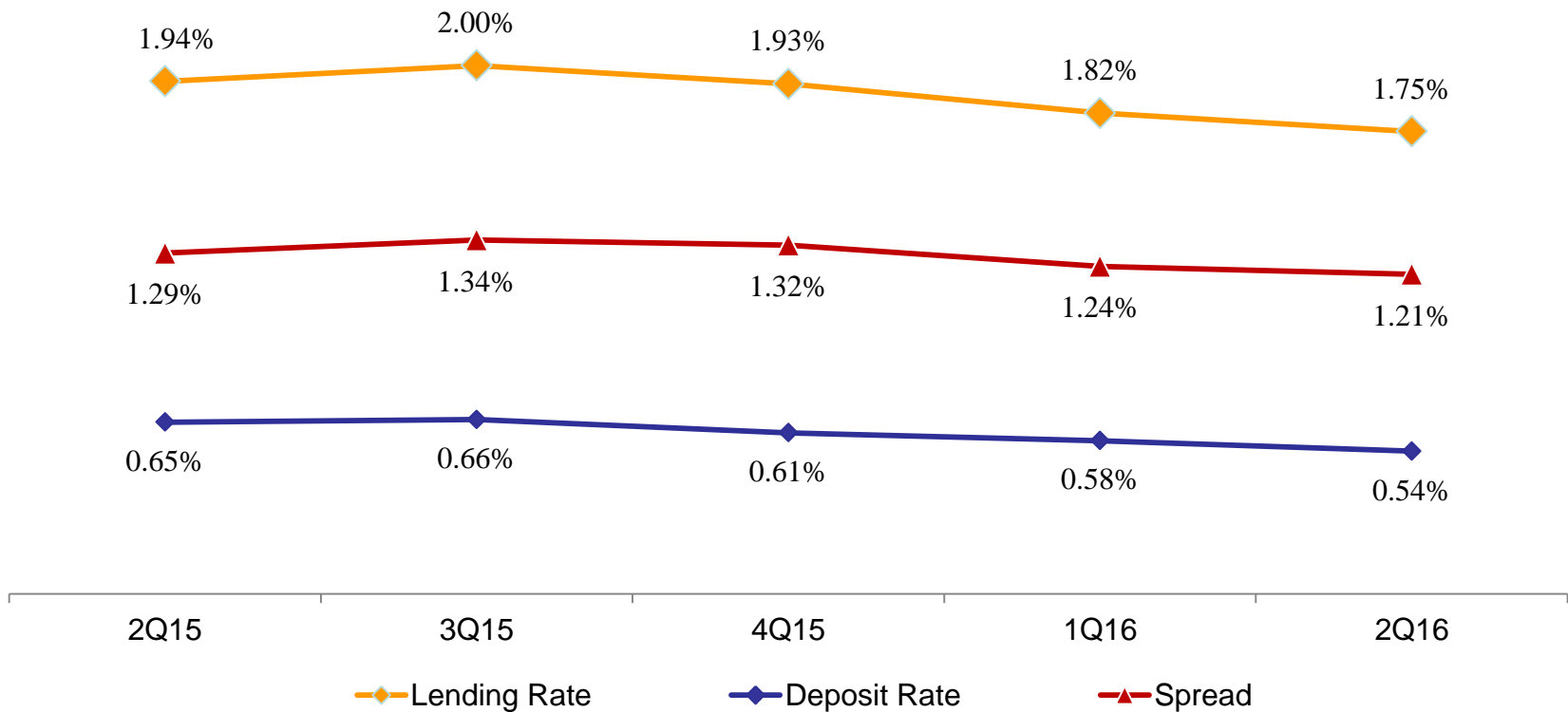


* Quarterly based.



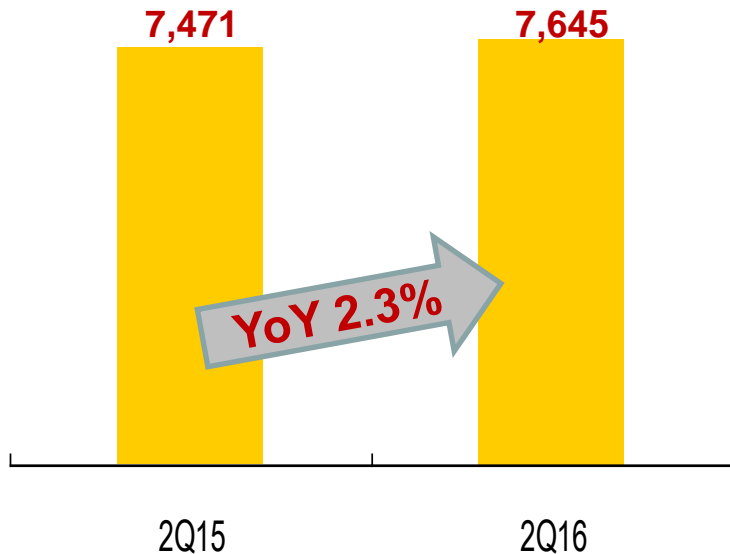
CBC cut interest rates impact NTD spreads

Quarterly NTD loan interest spread and NIM

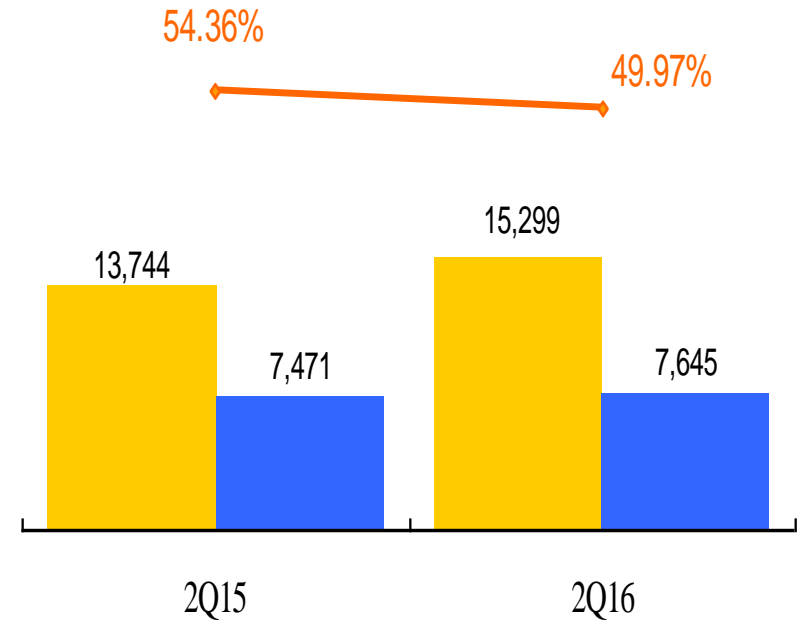


► Cost-Income Ratio

Operating Expense (in NT\$ mn)



Cost-Income Ratio

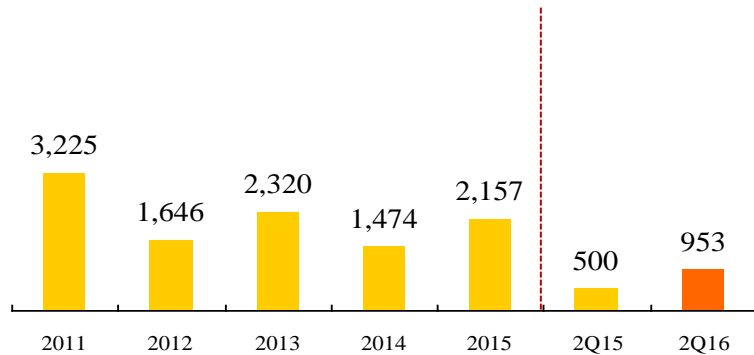


- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

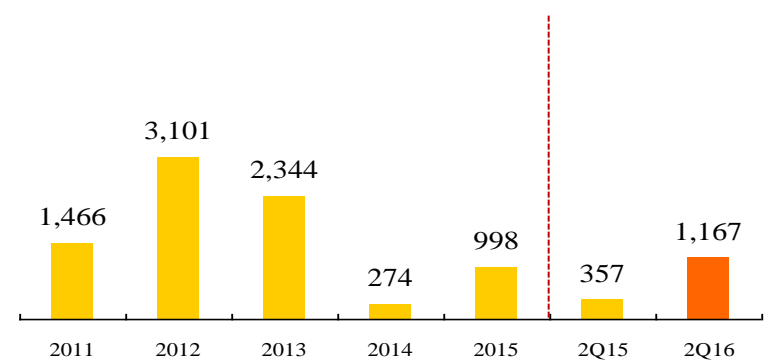


▶ Loan provision, write-off and recovery

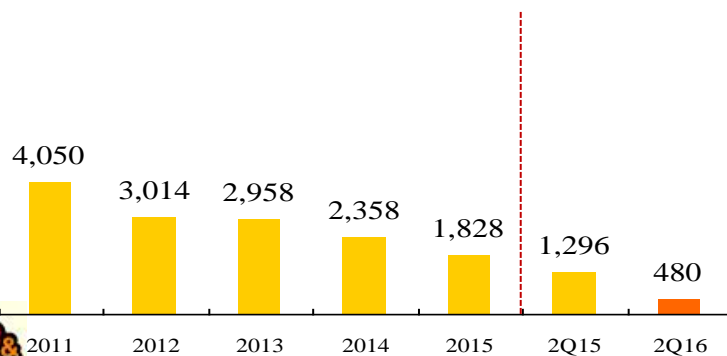
Provision (in NT\$ mn)



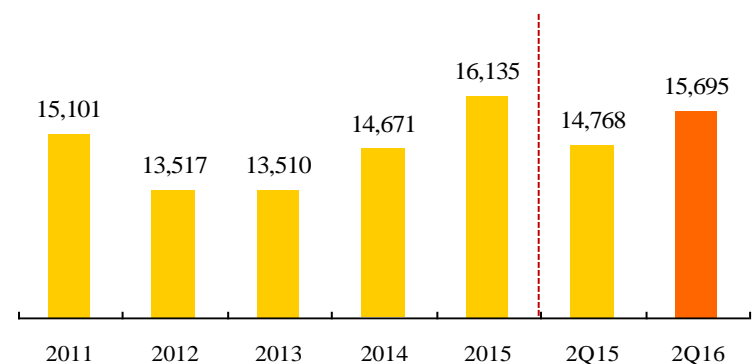
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

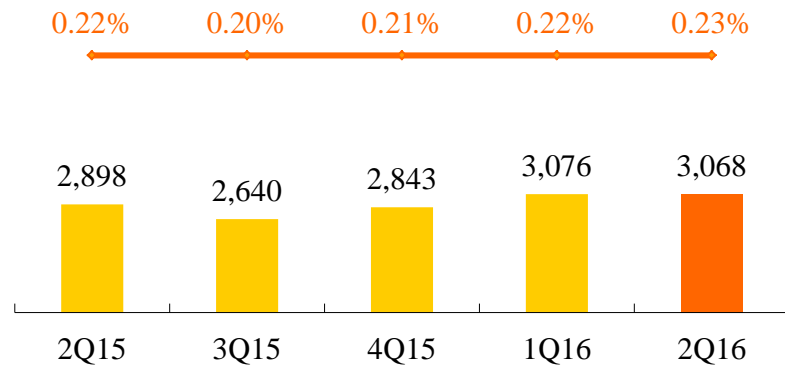


Reserve (in NT\$ mn)



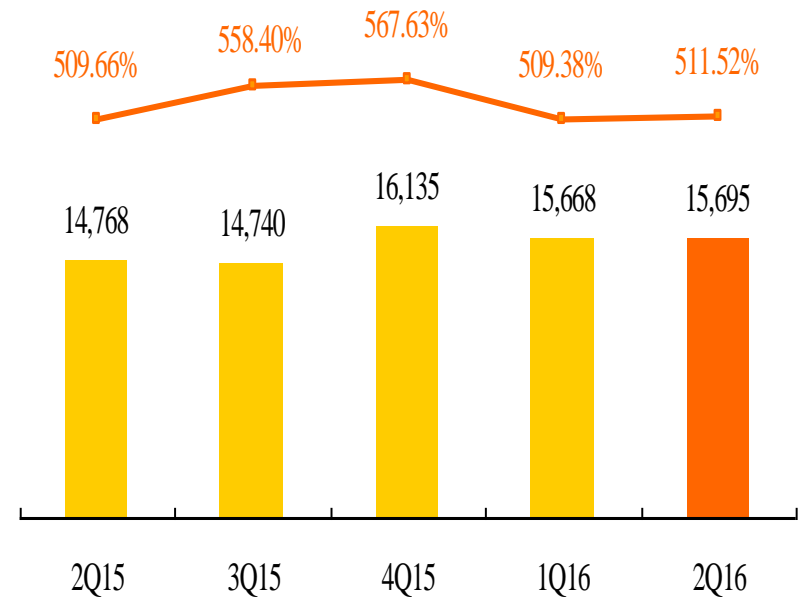
► NPL Ratio and Coverage Ratio

NPL Ratio



■ NPL Balance(in NT\$ mn) — NPL Ratio

Coverage Ratio

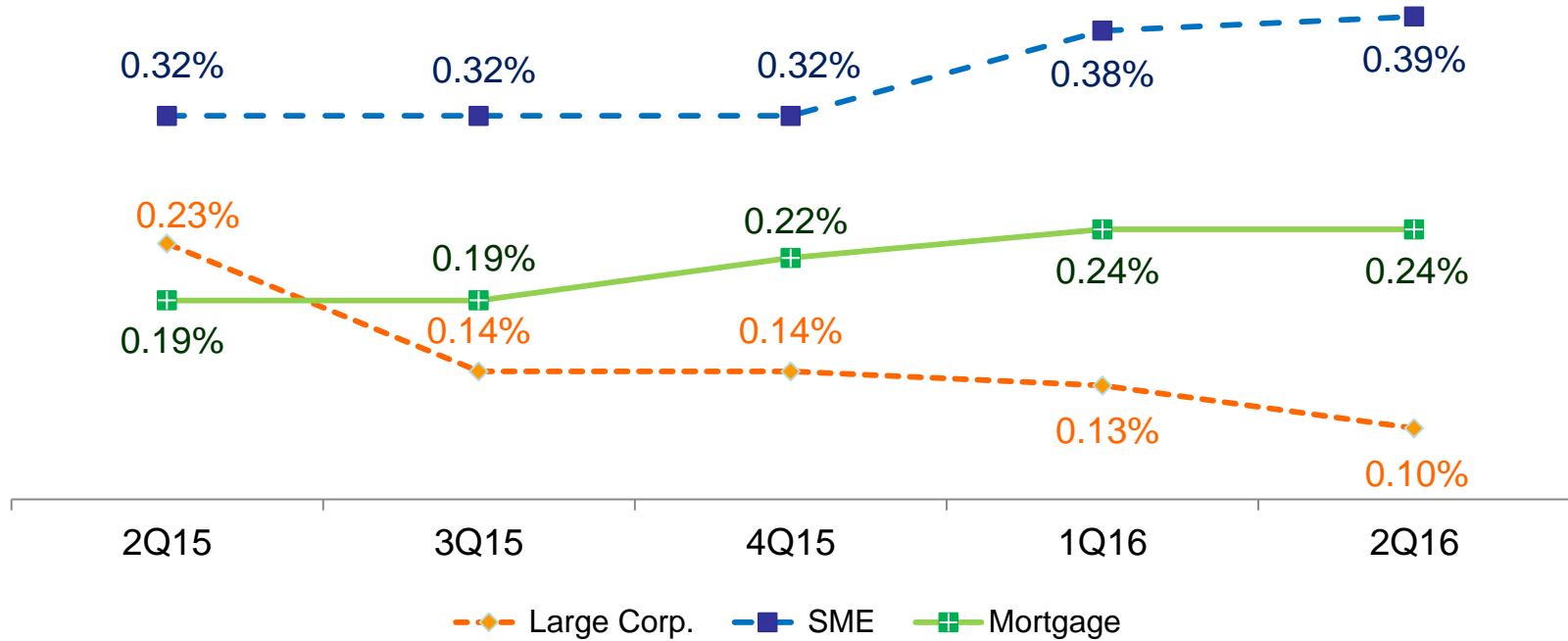


■ Loan loss reserved(in NT\$ mn) — Coverage Ratio



▶ Asset quality remained stable

NPL Ratio for major customers



▶ Credit Rating & CAR

Credit Rating

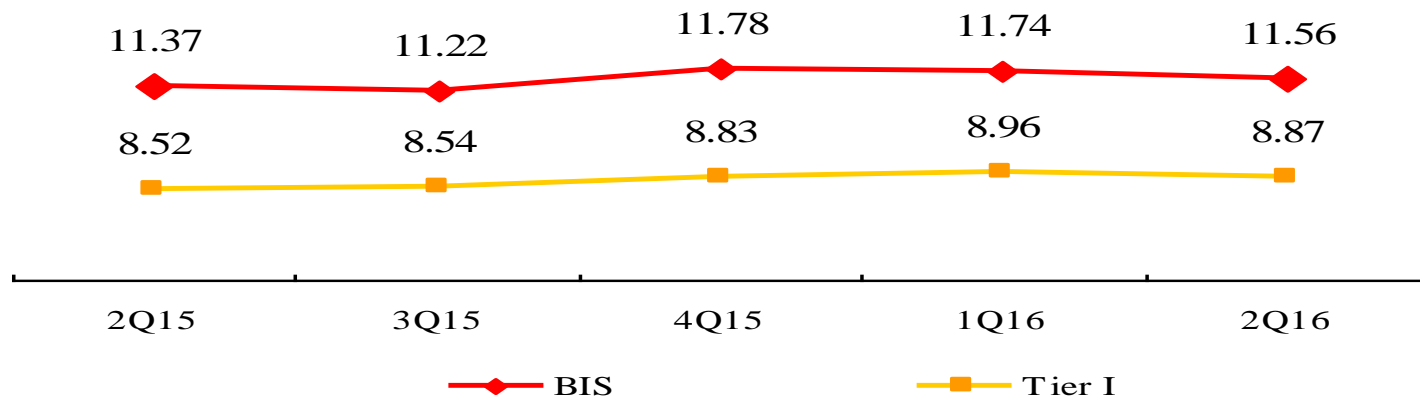
■ **Moody's** (Jan. 16 Review) :

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

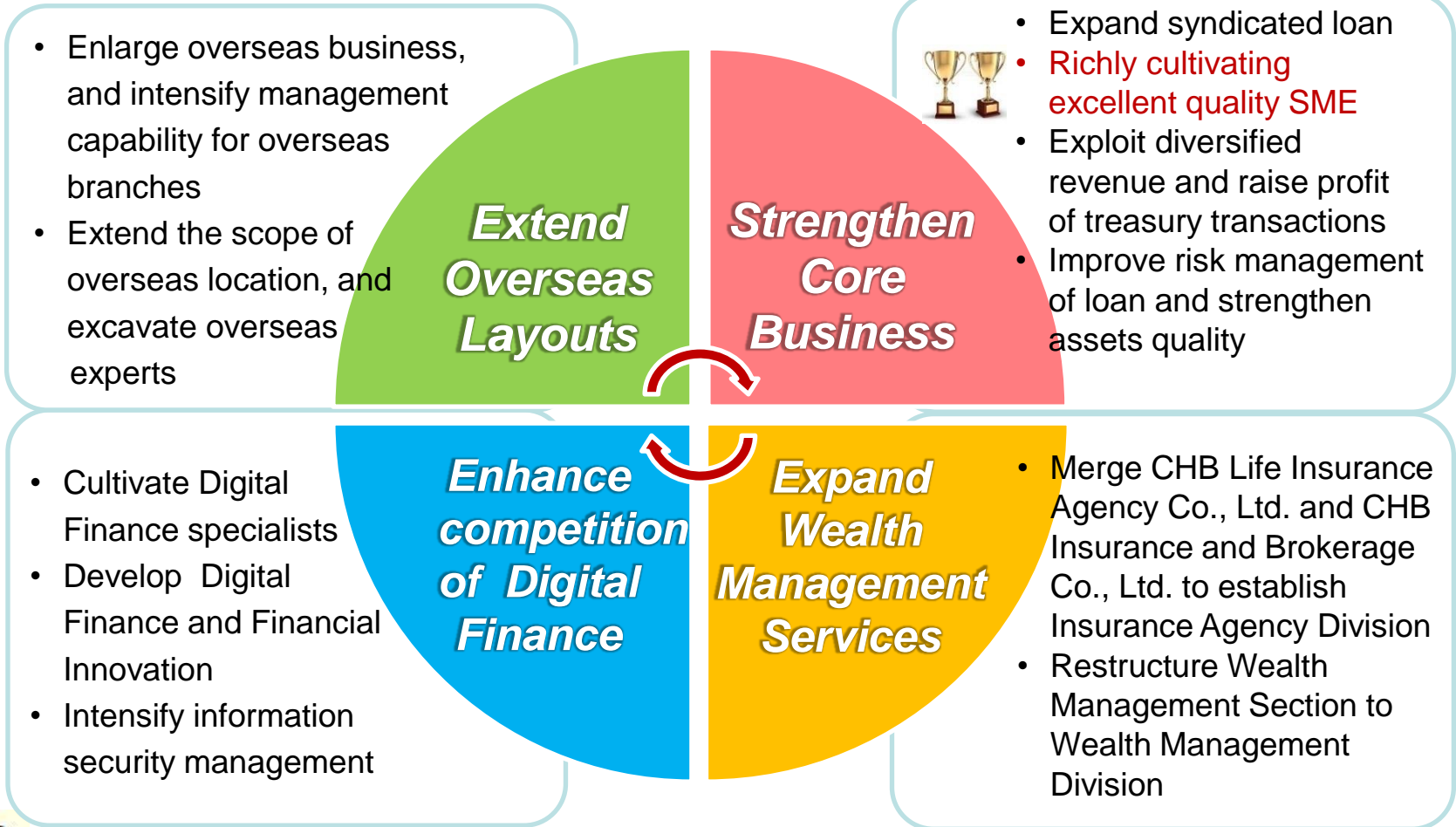
■ **S&P** (Nov. 15 Review) :

- 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 %	2Q15	3Q15	4Q15	1Q16	2Q16	Change %	2Q15	2Q16	Change %
Assets												
Cash and cash equivalents, due from the Central Bank and other banks	148,864	177,880	19.49%	141,565	162,334	177,880	186,305	202,901	8.91%	141,565	202,901	43.33%
Financial assets at fair value through profit or loss, net	37,826	43,519	15.05%	40,281	54,498	43,519	41,920	37,192	-11.28%	40,281	37,192	-7.67%
Derivative financial assets for hedging	28	193	598.54%	26	129	193	211	256	21.33%	26	256	884.62%
Available-for-sale financial assets, net	46,146	67,415	46.09%	67,903	62,338	67,415	69,145	74,313	7.47%	67,903	74,313	9.44%
Held-to-maturity financial assets, net	183,637	205,777	12.06%	194,204	199,923	205,777	199,281	193,148	-3.08%	194,204	193,148	-0.54%
Other financial assets, net	78,723	31,748	-59.67%	46,129	40,551	31,748	29,426	16,789	-42.95%	46,129	16,789	-63.60%
Receivables, net	21,809	19,729	-9.54%	20,163	19,658	19,729	17,575	21,904	24.63%	20,163	21,904	8.63%
Loans, net	1,259,367	1,321,934	4.97%	1,287,287	1,327,288	1,321,934	1,366,066	1,335,636	-2.23%	1,287,287	1,335,636	3.76%
Property and equipment, net	23,823	22,253	-6.59%	23,019	22,292	22,253	22,144	22,034	-0.50%	23,019	22,034	-4.28%
Investment property, net	11,012	12,537	13.84%	11,675	12,538	12,537	12,535	12,548	0.10%	11,675	12,548	7.48%
Other assets	4,638	3,272	-29.45%	3,882	4,008	3,272	3,481	3,359	-3.50%	3,882	3,359	-13.47%
Total Assets	1,815,873	1,906,257	4.98%	1,836,134	1,905,557	1,906,257	1,948,089	1,920,080	-1.44%	1,836,134	1,920,080	4.57%
Liabilities												
Deposits and remittances	1,452,969	1,547,740	6.52%	1,485,056	1,501,579	1,547,740	1,556,483	1,552,896	-0.23%	1,485,056	1,552,896	4.57%
Other liabilities	243,663	229,042	-6.00%	227,495	276,738	229,042	258,476	234,211	-9.39%	227,495	234,211	2.95%
Total Liabilities	1,696,632	1,776,782	4.72%	1,712,551	1,778,317	1,776,782	1,814,959	1,787,107	-1.53%	1,712,551	1,787,107	4.35%
Stockholders' Equity												
Total Liabilities and Stockholders' Equity	1,815,873	1,906,257	4.98%	1,836,134	1,905,557	1,906,257	1,948,089	1,920,080	-1.44%	1,836,134	1,920,080	4.57%



CHB Income Statements(in NT\$ mn)

	Year(IFRSs)			Quarter(IFRSs)					Period(IFRSs)			
	2014	2015	Change %	2Q15	3Q15	4Q15	1Q16	2Q16	Change %	2Q15	2Q16	Change %
Interest Income	31,862	32,992	3.55%	8,134	8,434	8,355	8,280	8,137	-1.73%	16,203	16,417	1.32%
Interest Expense	12,524	12,076	-3.58%	3,019	3,056	2,974	2,917	2,733	-6.31%	6,046	5,650	-6.55%
Net Interest Income	19,338	20,916	8.16%	5,115	5,378	5,381	5,363	5,404	0.76%	10,157	10,767	6.01%
Net Service fee and commissions income	4,537	4,918	8.40%	1,287	1,192	1,265	1,100	1,603	45.73%	2,460	2,703	9.88%
Gains(losses) on financial assets and liabilities at fair value through profit or loss	875	407	-53.49%	313	-621	324	829	409	-50.66%	704	1,238	75.85%
Realized gains(losses) of available-for-sale financial assets	119	280	135.29%	34	214	1	86	46	-46.51%	65	132	103.08%
Foreign exchange gains(losses)	987	1,647	66.87%	78	1,341	159	-171	88	-151.46%	147	-83	-156.46%
Net Income excluding Interest Income	545	1,502	175.60%	123	285	1,008	441	101	-77.10%	211	542	156.87%
Net Revenues	26,401	29,670	12.38%	6,950	7,789	8,138	7,648	7,651	0.04%	13,744	15,299	11.31%
Reversed allowance for Bad-debt expenses and guarantee liability provisions	-884	330	-137.33%	-512	-14	1,140	-52	525	-1109.62%	-796	473	-159.42%
Operating Expenses	14,861	15,594	4.93%	3,792	3,944	4,180	3,732	3,913	4.85%	7,471	7,645	2.33%
Employee Benefits	9,899	10,202	3.06%	2,457	2,564	2,767	2,475	2,602	5.13%	4,871	5,077	4.23%
Depreciation and amortization	715	702	-1.82%	177	174	177	179	179	0.00%	352	358	1.70%
Other general and administrative expenses	4,247	4,690	10.43%	1,158	1,206	1,236	1,078	1,132	5.01%	2,248	2,210	-1.69%
Income before income tax from continuing operations	12,424	13,746	10.64%	3,670	3,859	2,818	3,968	3,213	-19.03%	7,069	7,181	1.58%
Income Tax Expense	1,527	2,103	37.72%	615	598	373	574	537	-6.45%	1,132	1,111	-1.86%
Net Income	10,897	11,643	6.85%	3,055	3,261	2,445	3,394	2,676	-21.15%	5,937	6,070	2.24%
Basic EPS(NT\$)	1.38	1.38	-0.14%	0.36	0.39	0.27	0.40	0.30	-25.00%	0.66	0.68	3.03%
Other comprehensive income	590	172	-70.85%	90	395	-209	262	126	-51.91%	-14	388	-2871.43%
Total comprehensive income for the period	11,487	11,815	2.86%	3,145	3,656	2,236	3,656	2,802	-23.36%	5,923	6,458	9.03%