



Financial Review of 3Q 2015

(Bloomberg: 2801 TT)

2015.10.30



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▶ Agenda

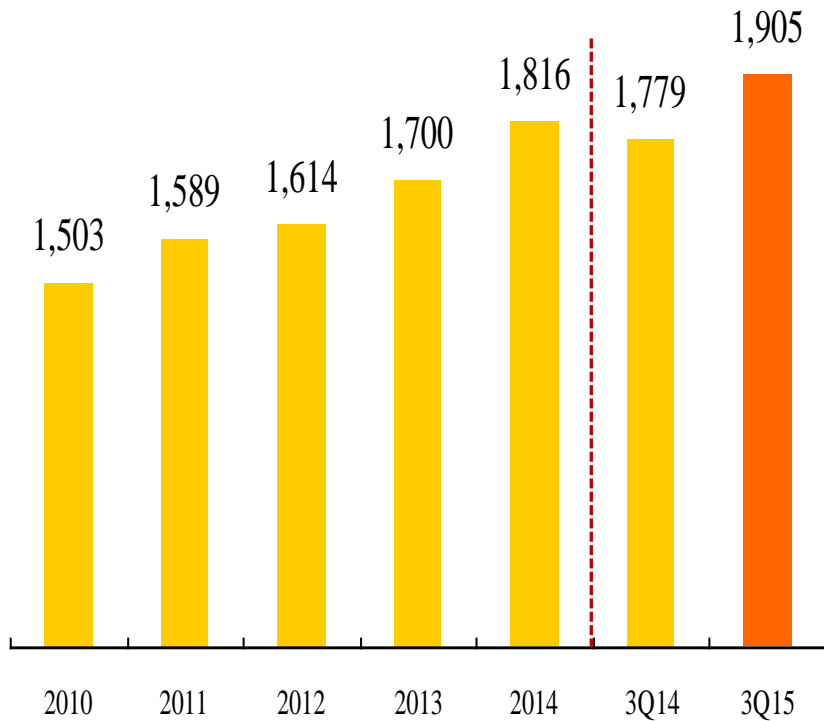
● Financial Performance

● Operating Results

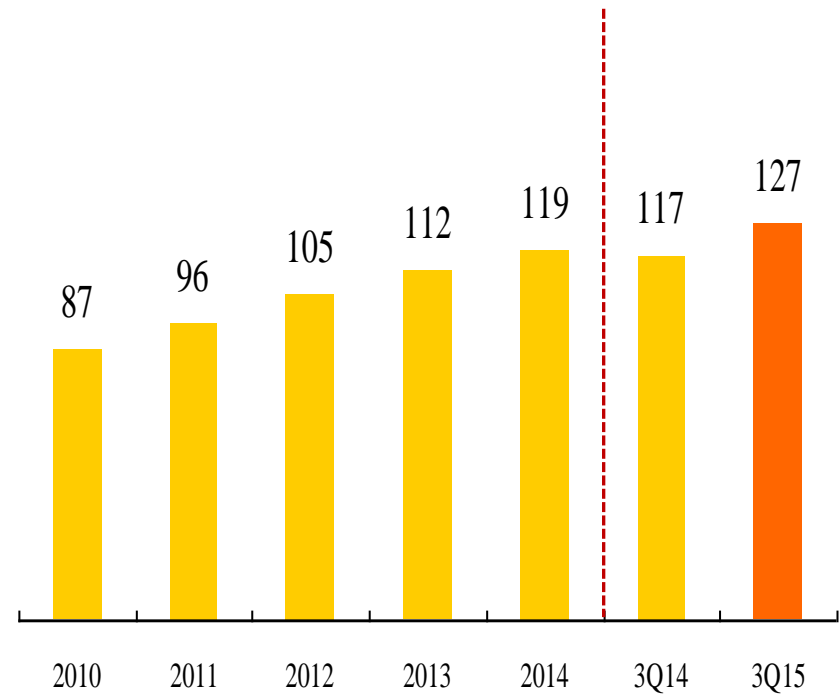
● Appendix

▶ Asset size and Net Worth

Asset size (in NT\$ bn)



Net Worth (in NT\$ bn)

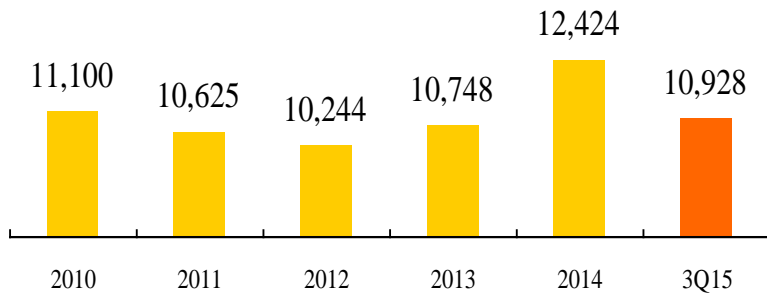


1. 2010 and 2011 figures were audited based on ROC GAAP, 3Q15 figure was preliminary based on IFRS. The others were audited based on IFRS.

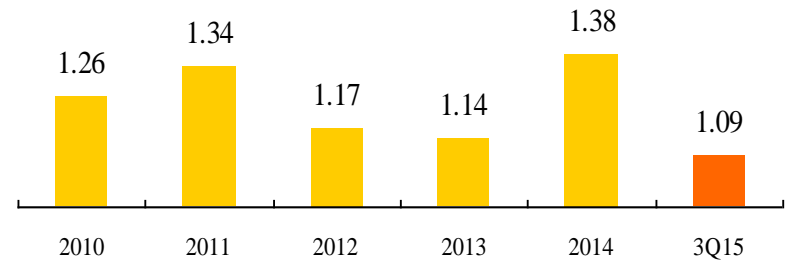
2. Consolidated base.

Financial Performance : profit over 10 bn. sustained 6 years

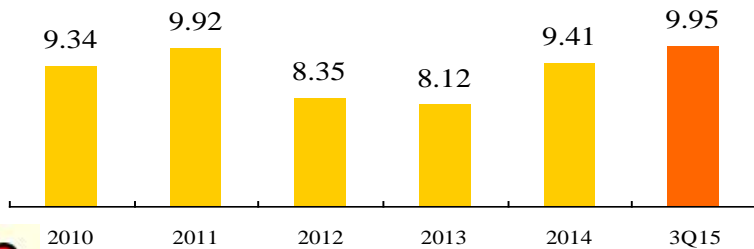
Net Income Before Tax (in NT\$ mn)



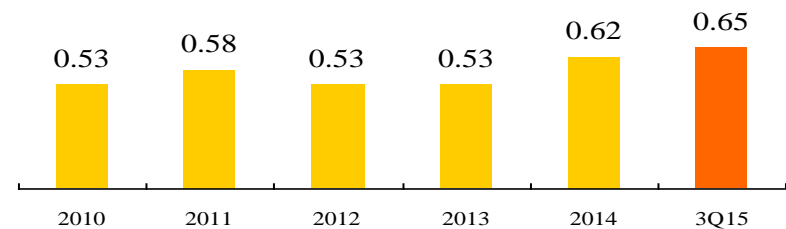
EPS



ROE



ROA



1. 2010 and 2011 figures were audited based on ROC GAAP, 3Q15 figure was preliminary based on IFRS. The others were audited based on IFRS.

2. ROE and ROA were after-tax and annualized figures.

3. Consolidated base.



▶ PPOP

(In NT\$ mn)	3Q14	3Q15	YoY(%)
PPOP	8,957	10,036	12.1%
Provision Expense	(493)	(681)	38.1%
Recovery	2,035	1,492	-26.7%
Income Before Tax	10,499	10,847	3.3%

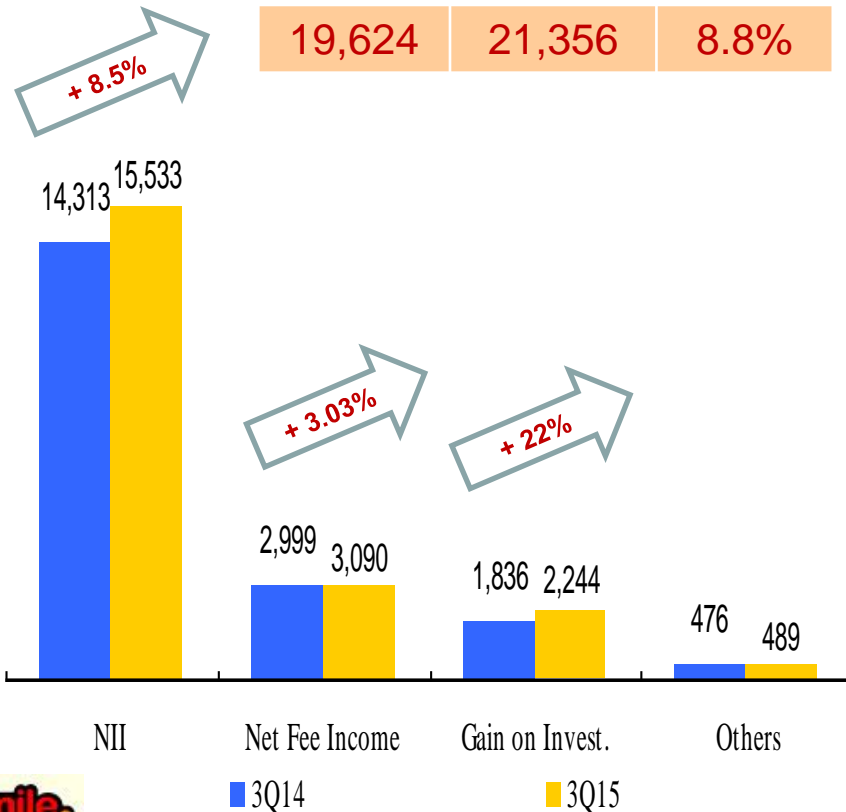


1. Stand-alone based and preliminary data for 3Q15.
2. PPOP means Pre-Provision Operating Profits.

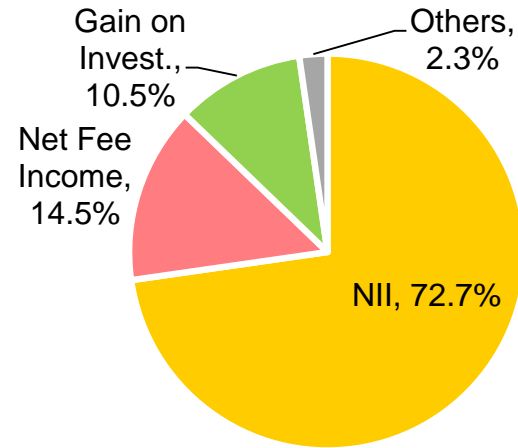
▶ Net Revenue

Net Revenue (in NT\$ mn)

3Q14	3Q15	YoY
19,624	21,356	8.8%



3Q15 Net Revenue breakdown



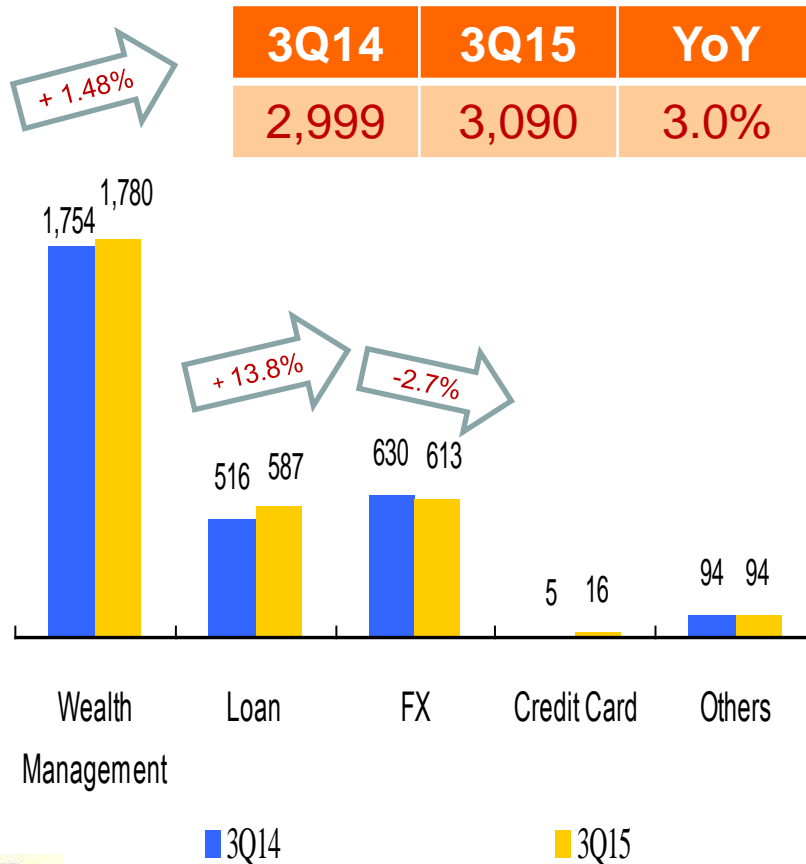
Highlights

- ★ NII YoY 8.5% mainly due to loan YoY 7.7%.
- ★ Gain on Invest. YoY 22% mainly due to contribution of the exchange gains and financial trading.

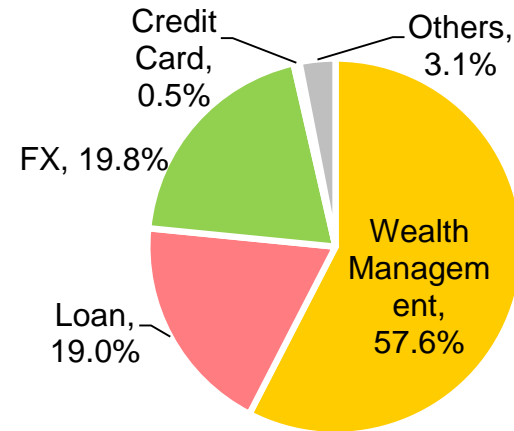
* Stand-alone based and preliminary data for 3Q15.

▶ Net Fee Income

Net Fee Income (in NT\$ mn)



3Q15 Net Fee Income breakdown



Highlights

★ Net Fee Income YoY 3% mainly due to loan YoY 13.8%.

* Stand-alone based and preliminary data for 3Q15.

▶ Agenda

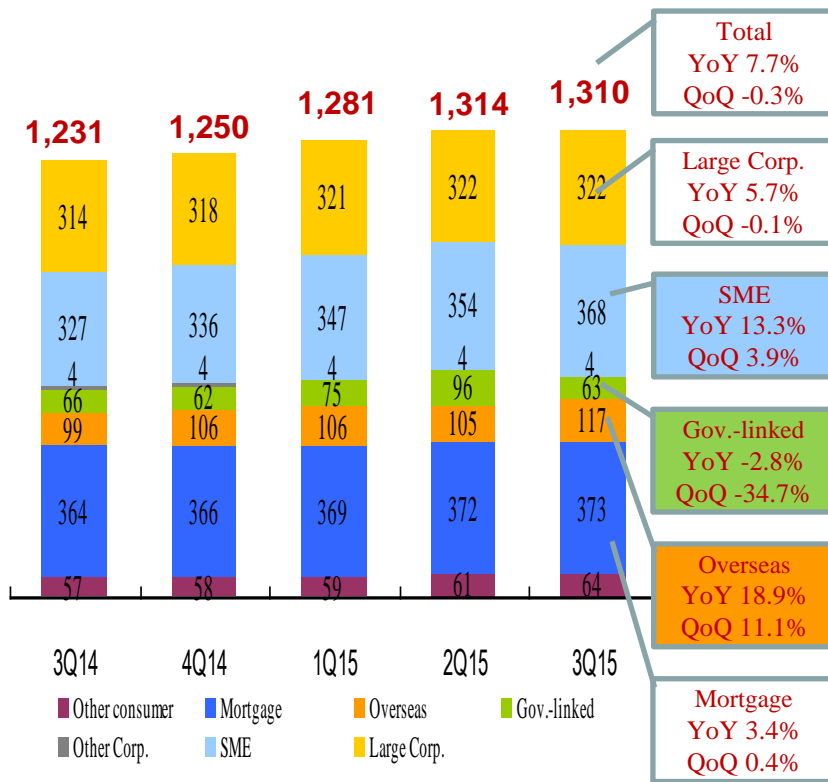
- Financial Performance

- **Operating Results**

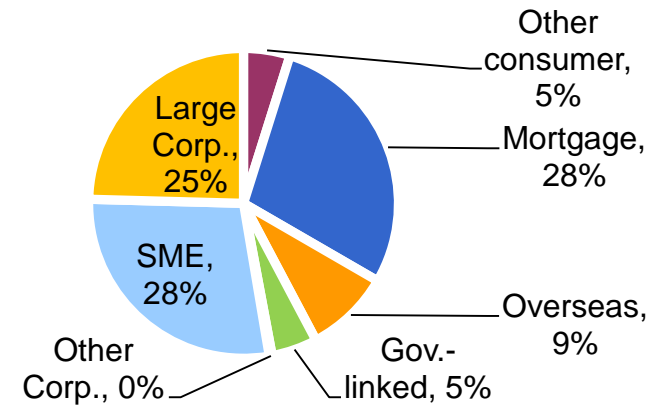
- Appendix

▶ Loan breakdown by customer

Quarterly loan balance (in NT\$ bn)



3Q15 loan breakdown by customer



Highlights

- ★ SME and overseas branches YoY over 13%.
- ★ Gov.-linked represented negative growth.

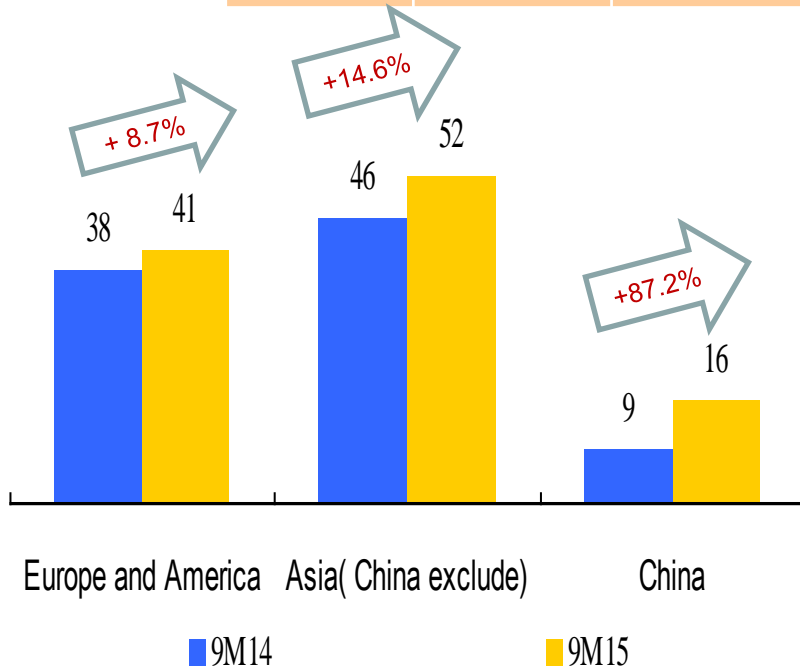
1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared to average of the first nine months in 2014 and 2015.



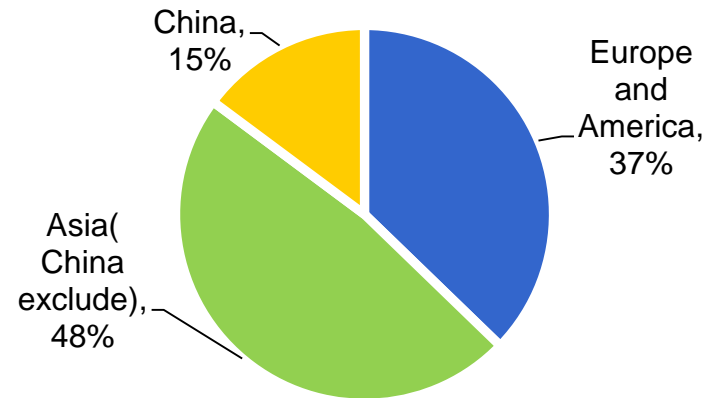
▶ Overseas Loan breakdown

Overseas loan balance (in NT\$ bn)

9M14	9M15	YoY
92	109	18.9%



3Q15 overseas loan breakdown by regions



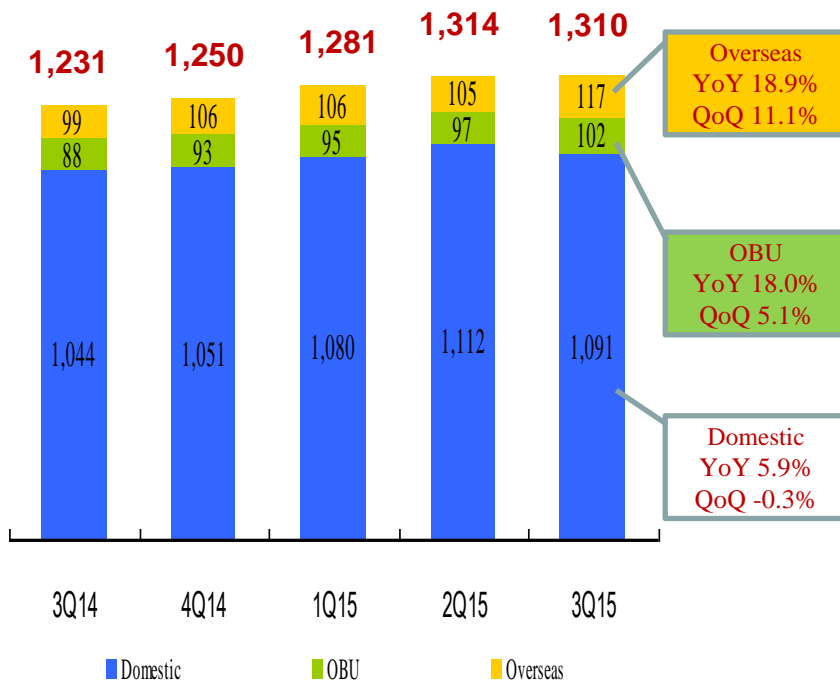
Highlights

- ★ With the increase of branch number in China, business scale continued to grow.

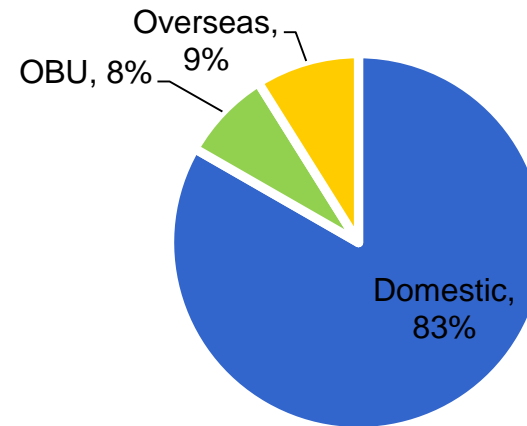
1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. The figures were the average of the first nine months.
3. Asia included HK branch.

▶ Loan breakdown by regions

Quarterly loan balance (in NT\$ bn)



3Q15 loan breakdown by regions



Highlights

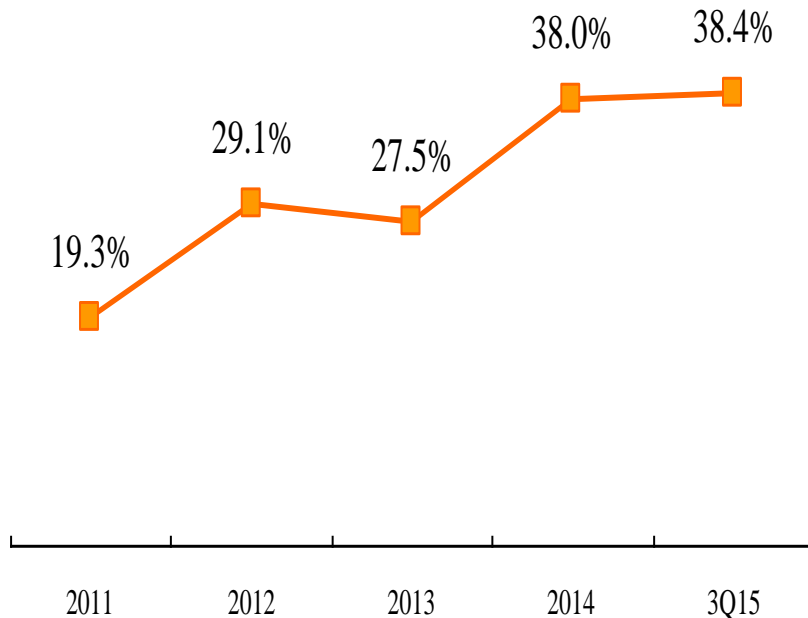
★ Overseas and OBU YoY over 18% increased Bank profit.

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2. Quarterly loan balance is single quarter average balance basis.
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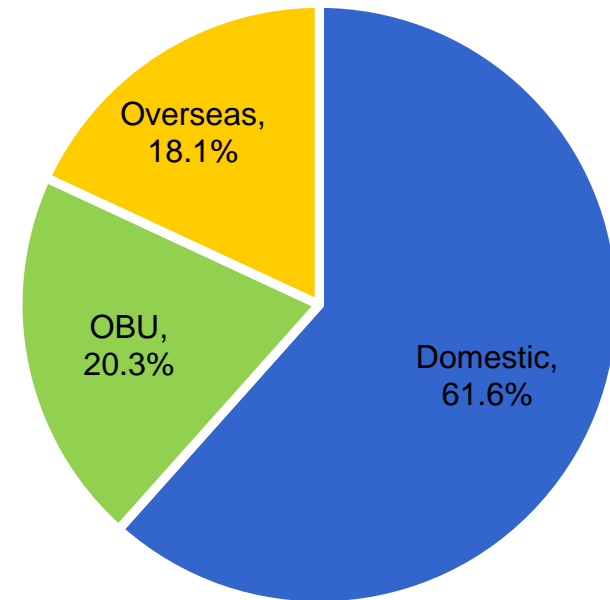


▶ Overseas & OBU PPOP yearly Grow

Overseas & OBU PPOP proportion



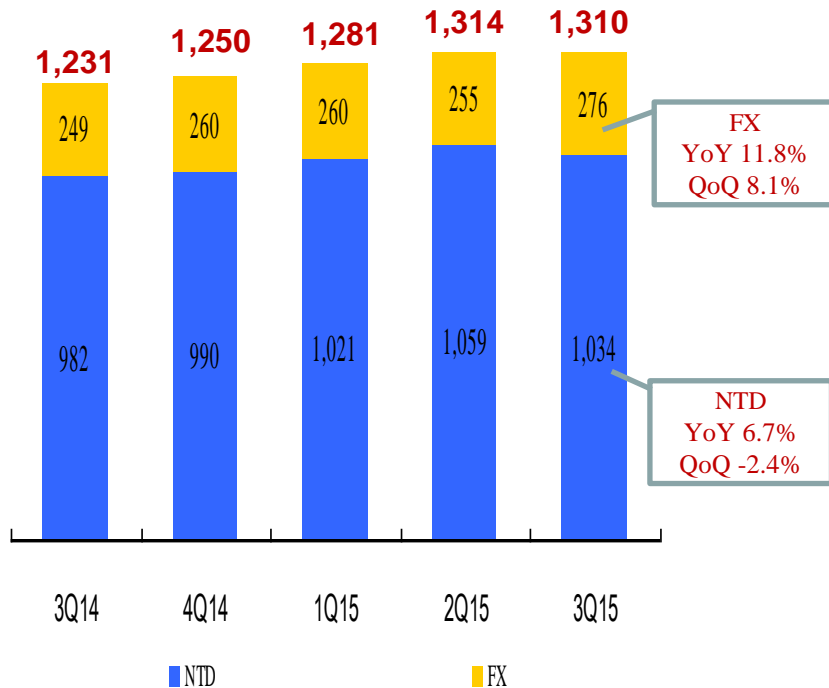
3Q15 PPOP breakdown



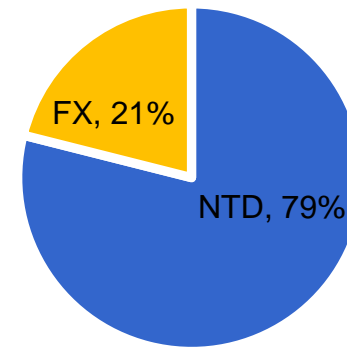
1. Stand-alone based and preliminary data for 3Q15.
2. PPOP means Pre-Provision Operating Profits.

▶ Loan breakdown by currency

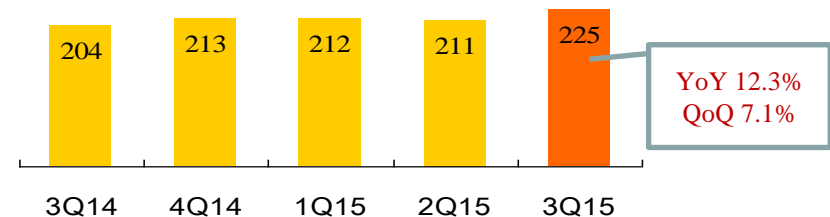
Quarterly loan balance (in NT\$ bn)



3Q15 loan breakdown by currency



Quarterly USD loan balance (in NT\$ bn)

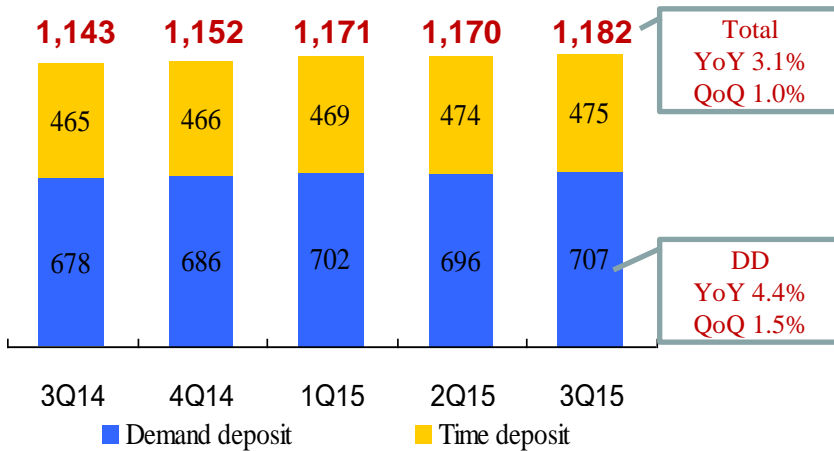


1. Loans included ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excluded overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
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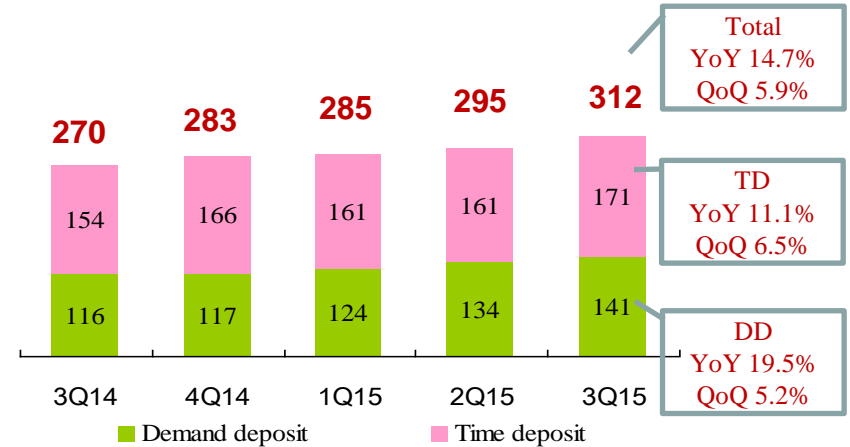


Deposit breakdown

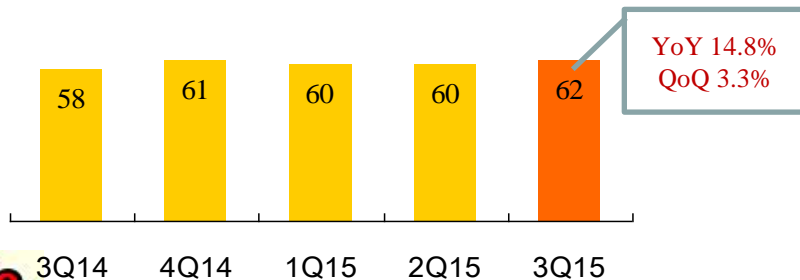
Quarterly NTD deposit balance (in NT\$ bn)



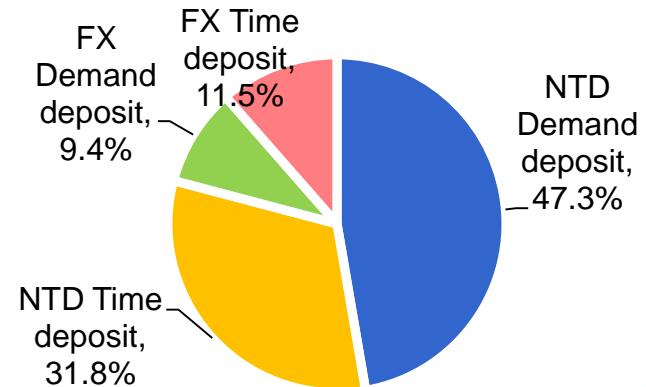
Quarterly FX deposit balance (in NT\$ bn)



Quarterly RMB deposit balance (in NT\$ bn)



3Q15 deposit breakdown by currency

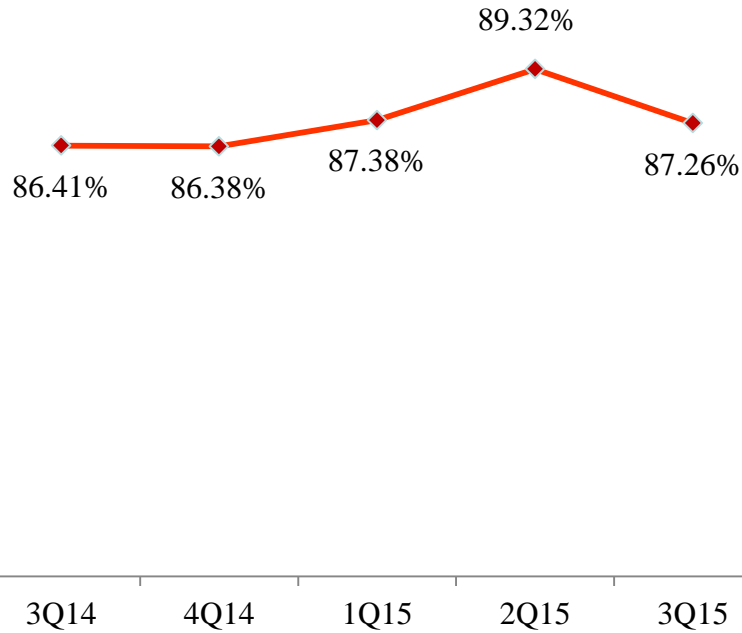


1. Quarterly loan balance is single quarter average balance basis.
 2. YoY is compared to average of the first nine months in 2014 and 2015.

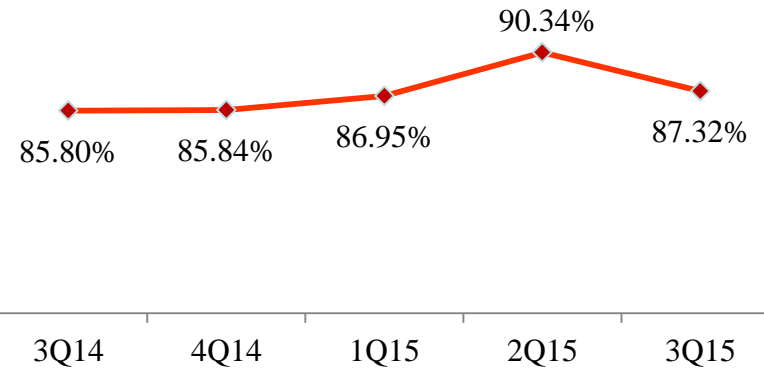


▶ LDR

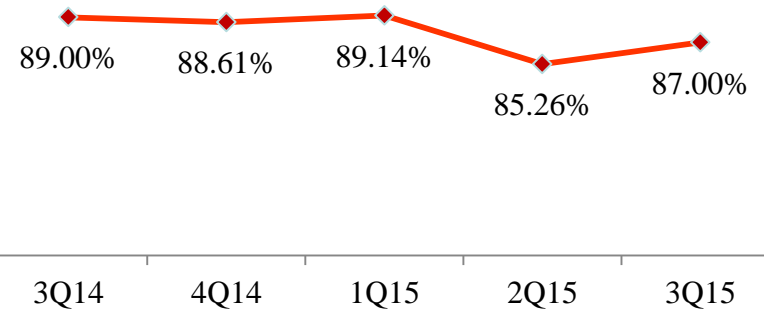
Total LDR



NTD LDR

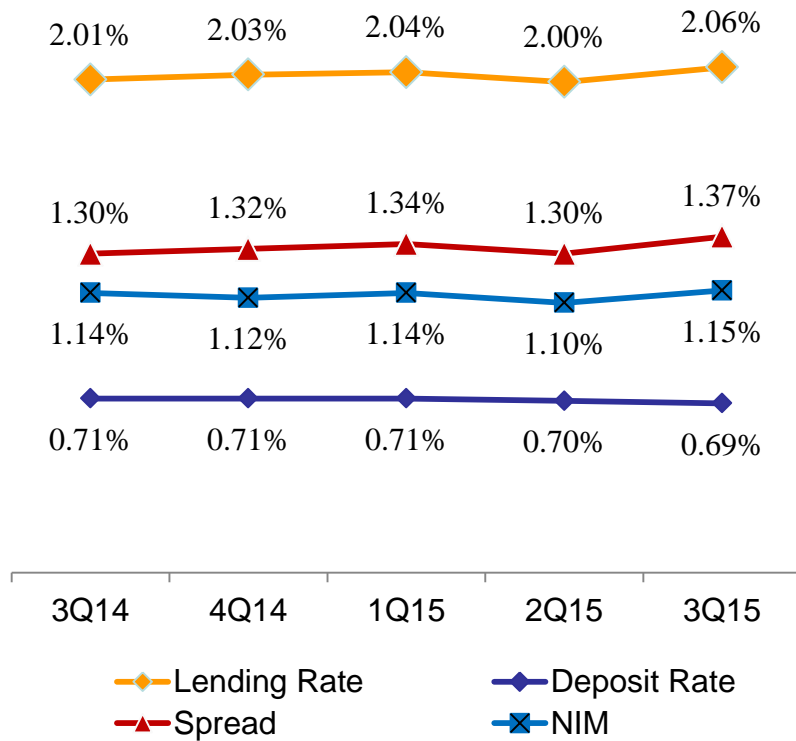


FX LDR

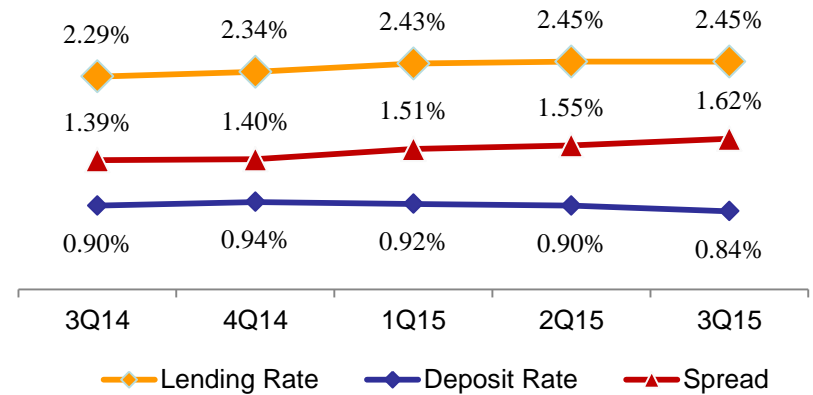


► Spread and NIM

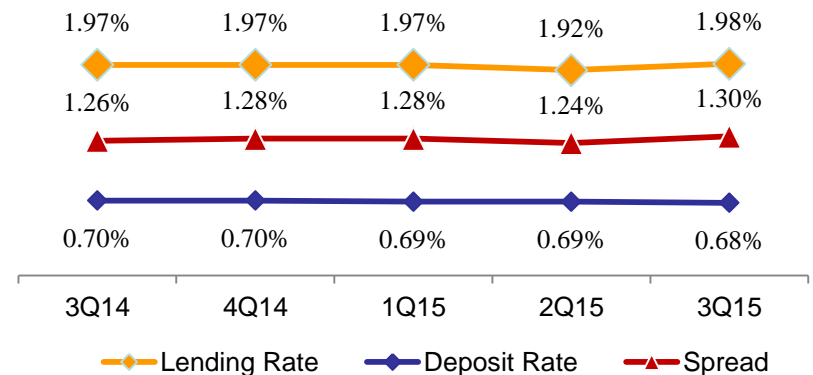
Quarterly total loan interest spread and NIM



Overseas & OBU loan interest spread*



Domestic loan interest spread*

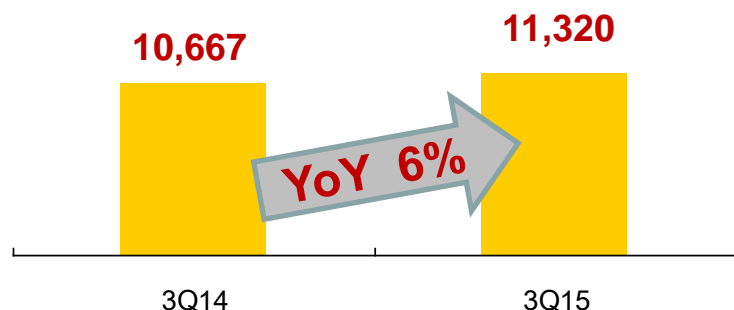


* Quarterly based.



► Cost-Income Ratio

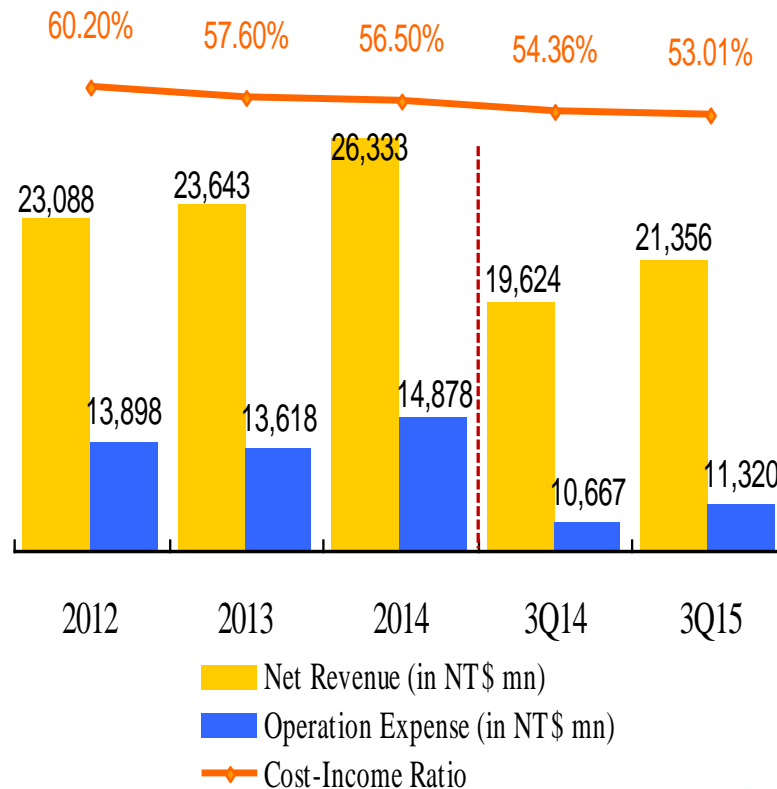
Operation Expense (in NT\$ mn)



Highlights

★ Business tax increased NT\$ 460 mn. in 3Q15 compared with 3Q14, resulted from the raise of 3 % business tax rate and CHB operating scale.

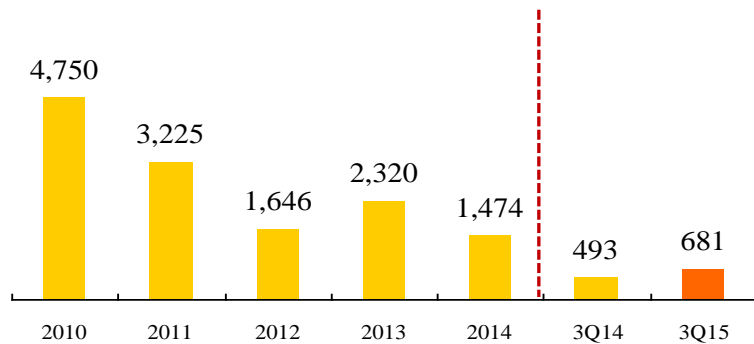
Cost-Income Ratio



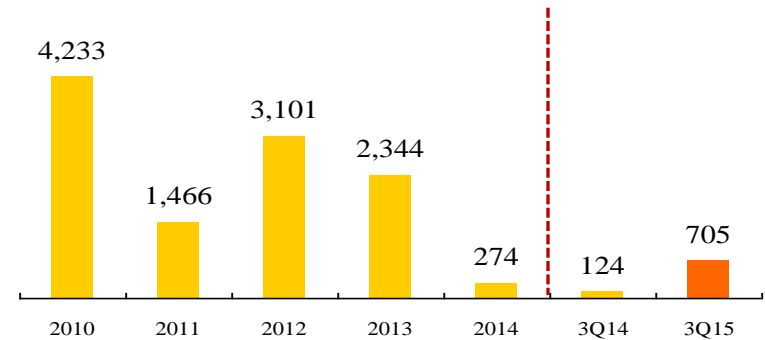
1. Stand-alone based and preliminary data for 3Q15.
2. 2012 figures were based on IFRS.

▶ Loan provision, write-off and recovery

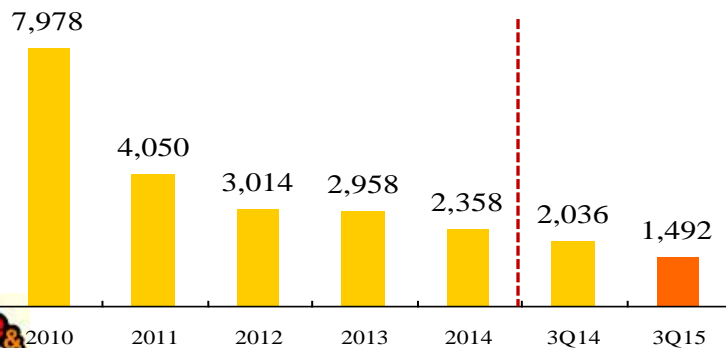
Provision (in NT\$ mn)



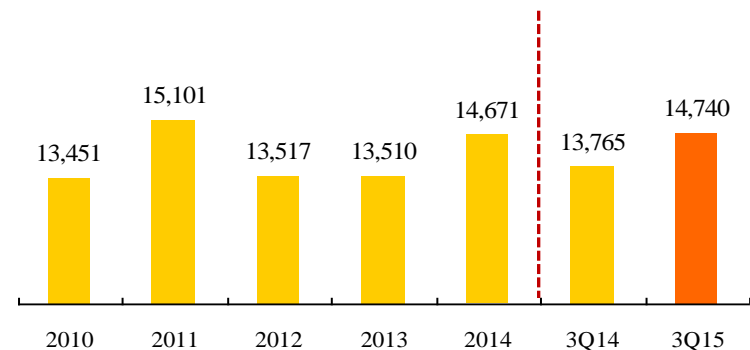
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)



Reserve (in NT\$ mn)

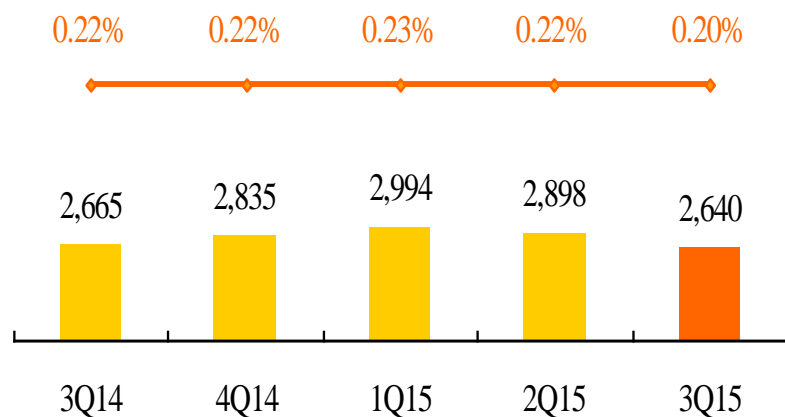


*Stand-alone based and preliminary data for 3Q15.



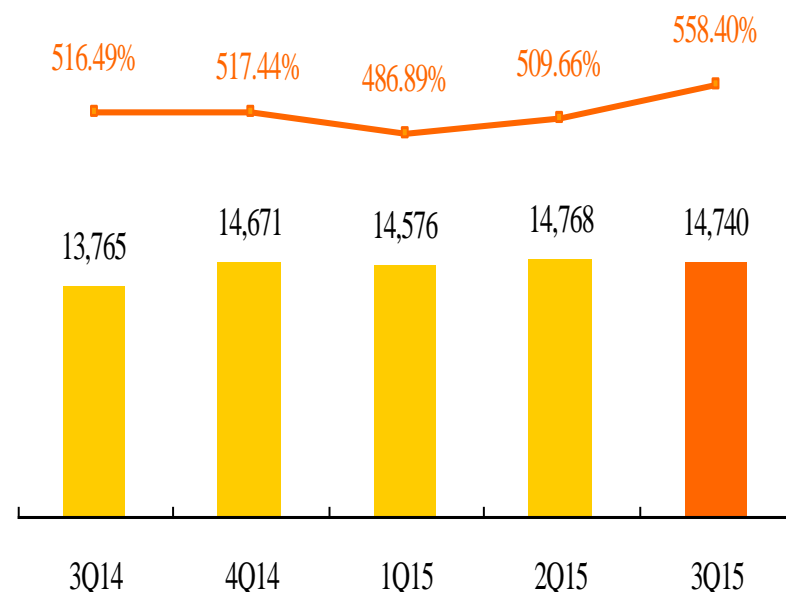
► NPL Ratio and Coverage Ratio

NPL Ratio



■ NPL Balance(in NT\$ mn) — NPL Ratio

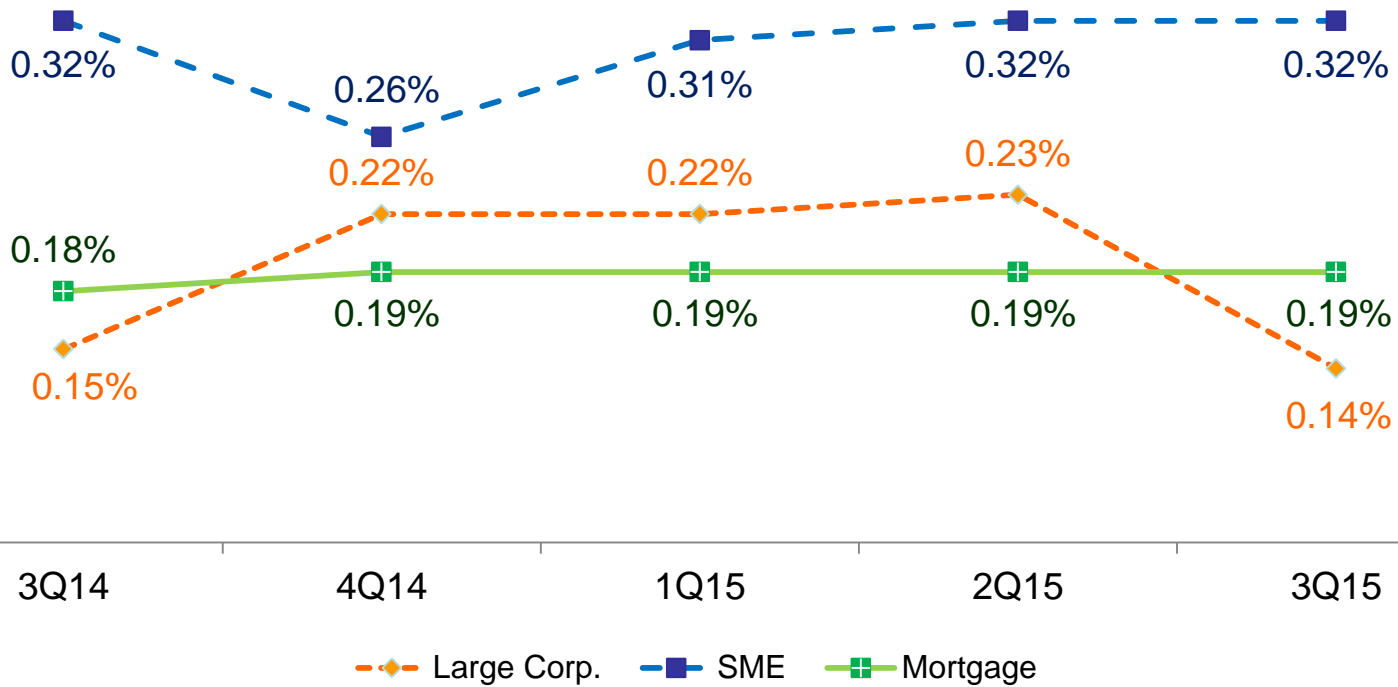
Coverage Ratio



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

▶ Asset quality remained stable

NPL Ratio for major customers



► Credit Rating & CAR

Credit Rating

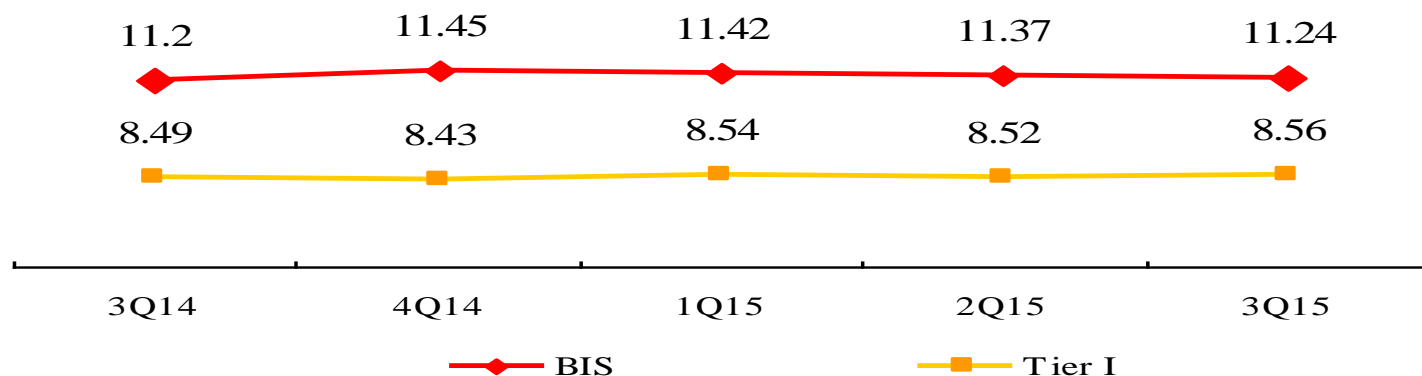
■ Moody's (Jun. 15 Review) :

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

■ S&P (Nov. 14 Review) :

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

Consolidated Capital Adequacy Ratio



*Preliminary data for 3Q15.

▶ Operating Results and Perspective

■ Develop diversified business

- Mortgage/ Large Corp. / SME → loan ↑
- Wealth Management → Fee Income ↑
- Investment → non-NII proportion ↑

■ Strengthen the core competence

- Escalate high-quality SME → spread ↑
- Expand overseas loan → strive for int'l syndicated loan → spread ↑ / Fee Income ↑

■ Expand Overseas Base

- China(in operating) → Kunshan (including Huaqiao), Dongguan and Fuzhou
- SE Asia → Vietnam/ Cambodia : seek the chance to apply
→ Myanmar : seize the opportunity

▶ Q&A



▶ Agenda

- Financial Performance

- Operating Results

- **Appendix**

CHB Consolidated Balance Sheets (in NT\$ mn)

	Year(IFRSs)			Quarter(IFRSs)					Period(IFRSs)			
	2013	2014	Change (%)	3Q14	4Q14	1Q15	2Q15	3Q15	Change (%)	3Q14	3Q15	Change (%)
Assets												
Cash and cash equivalents, due from the Central Bank and other banks	131,601	148,864	13.12%	144,681	148,864	130,025	141,564	162,334	14.67%	144,681	162,334	12.20%
Financial assets at fair value through profit or loss, net	60,001	37,826	-36.96%	33,311	37,826	38,627	40,281	54,498	35.29%	33,311	54,498	63.60%
Derivative financial assets for hedging	62	28	-55.79%	29	28	41	26	129	388.28%	29	129	348.54%
Available-for-sale financial assets, net	37,884	46,146	21.81%	46,356	46,146	57,660	67,903	62,338	-8.20%	46,356	62,338	34.48%
Held-to-maturity financial assets, net	226,989	183,637	-19.10%	184,330	183,637	188,565	194,204	199,923	2.94%	184,330	199,923	8.46%
Other financial assets, net	39,273	78,723	100.45%	80,811	78,723	46,138	46,129	40,551	-12.09%	80,811	40,551	-49.82%
Receivables, net	20,209	21,809	7.92%	23,186	21,809	18,832	20,163	19,658	-2.50%	23,186	19,658	-15.21%
Loans, net	1,142,867	1,259,367	10.19%	1,225,693	1,259,367	1,309,313	1,287,287	1,327,288	3.11%	1,225,693	1,327,288	8.29%
Property and equipment, net	23,935	23,823	-0.47%	23,768	23,823	23,768	23,019	22,292	-3.16%	23,768	22,292	-6.21%
Investment property, net	10,938	11,012	0.68%	11,014	11,012	11,011	11,675	12,538	7.39%	11,014	12,538	13.83%
Other assets	6,297	4,638	-26.34%	5,583	4,638	4,845	3,883	4,008	3.23%	5,583	4,008	-28.20%
Total Assets	1,700,056	1,815,873	6.81%	1,778,762	1,815,873	1,828,825	1,836,134	1,905,557	3.78%	1,778,762	1,905,557	7.13%
Liabilities												
Deposits and remittances	1,372,890	1,452,969	5.83%	1,414,184	1,452,969	1,457,412	1,485,056	1,501,579	1.11%	1,414,184	1,501,579	6.18%
Other liabilities	214,762	243,663	13.46%	247,675	243,663	249,394	227,495	276,738	21.65%	247,675	276,738	11.73%
Total Liabilities	1,587,652	1,696,632	6.86%	1,661,859	1,696,632	1,706,806	1,712,551	1,778,317	3.84%	1,661,859	1,778,317	7.01%
Stockholders' Equity												
Total Liabilities and Stockholders' Equity	1,700,056	1,815,873	6.81%	1,778,762	1,815,873	1,828,825	1,836,134	1,905,557	3.78%	1,778,762	1,905,557	7.13%

*Preliminary data for 3Q15.



CHB Consolidated Income Statements(in NT\$ mn)

	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2013	2014	Change (%)	3Q14	4Q14	1Q15	2Q15	3Q15	Change (%)	3Q14	3Q15	Change (%)
Interest Income	27,321	31,863	16.62%	8,177	8,140	8,069	8,134	8,434	3.69%	23,722	24,637	3.85%
Interest Expense	10,241	12,525	22.30%	3,128	3,116	3,027	3,019	3,056	1.20%	9,408	9,102	-3.26%
Net Interest Income	17,080	19,338	13.22%	5,049	5,024	5,042	5,115	5,378	5.12%	14,314	15,535	8.52%
Net Service fee and commissions income	4,145	4,700	13.37%	1,366	1,077	1,173	1,288	1,193	-7.37%	3,506	3,653	4.21%
Gains(losses) on financial assets and liabilities at fair value through profit or loss	1,065	875	-17.76%	321	51	391	313	-621	-298.14%	825	83	-89.88%
Realized gains(losses) of available-for-sale financial assets	246	119	-51.78%	87	24	31	34	214	525.95%	95	279	193.10%
Foreign exchange gains(losses)	739	987	33.43%	86	418	69	78	1,340	1617.88%	568	1,488	161.75%
Net Income excluding Interest Income	548	544	-0.64%	289	70	88	121	285	136.41%	474	494	4.31%
Net Revenues	23,823	26,563	11.50%	7,198	6,664	6,794	6,949	7,789	12.07%	19,782	21,532	8.85%
Reversed allowance for Bad-debt expenses and guarantee liability provisions	-638	-884	38.62%	-33	659	-284	-512	-13	-97.55%	-1,543	-810	-47.48%
Operating Expenses	13,713	15,023	9.55%	3,778	4,152	3,679	3,791	3,944	4.02%	10,754	11,414	6.14%
Employee Benefits	9,492	10,062	6.01%	2,445	2,645	2,414	2,457	2,564	4.35%	7,300	7,435	1.85%
Depreciation and amortization	668	715	7.07%	180	179	175	176	174	-1.57%	536	525	-2.01%
Other general and administrative expenses	3,553	4,246	19.49%	1,153	1,328	1,090	1,158	1,206	4.16%	2,918	3,454	18.38%
Income before income tax from continuing operations	10,748	12,424	15.60%	3,453	1,853	3,399	3,670	3,858	5.14%	10,571	10,928	3.38%
Income Tax Expense	1,930	1,527	-20.91%	308	69	517	615	596	-3.06%	1,457	1,730	18.71%
Net Income	8,818	10,897	23.58%	3,145	1,784	2,882	3,055	3,262	6.77%	9,114	9,198	0.93%
Basic EPS(NT\$)	1.14	1.38	23.21%	0.40	0.23	0.36	0.36	0.39	7.12%	1.15	1.09	-5.42%
Other comprehensive income	-586	590	-200.63%	-6	555	-104	90	394	337.53%	35	381	984.65%
Total comprehensive income for the period	8,232	11,487	39.54%	3,139	2,339	2,778	3,145	3,656	16.24%	9,149	9,579	4.71%

*Preliminary data for 3Q15.

