



彰化銀行

# Financial Review 4Q 2020

(Bloomberg: 2801 TT)

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March 31, 2021



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# Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

# Operational Highlights (consolidated basis)

## Core Business

- Loans NT\$1,491 bn, +3.43% YoY,  
Corp. +3.10% YoY · Personal +14.67% YoY ·  
Overseas -12.37% YoY
- Deposits NT\$1,890 bn, +8.19% YoY,  
NTD Demand Deposit +12.77% YoY  
FX Demand Deposit +23.03% YoY

## Profitability

- Net Income Before Tax NT\$8.311 bn, -38.53% YoY
- EPS NT\$0.68 · ROA 0.32% · ROE 4.30%

## Asset Quality

- NPL ratio was 0.38%
- Coverage ratio was 334.66%

## Capital Adequacy Ratio

- BIS ratio was 14.53% · +0.39% YoY

1.YoY is compared with the average on fourth quarter of 2019 and 2020.

2.ROE and ROA are after-tax figures.

# Agenda

● Operational Highlights

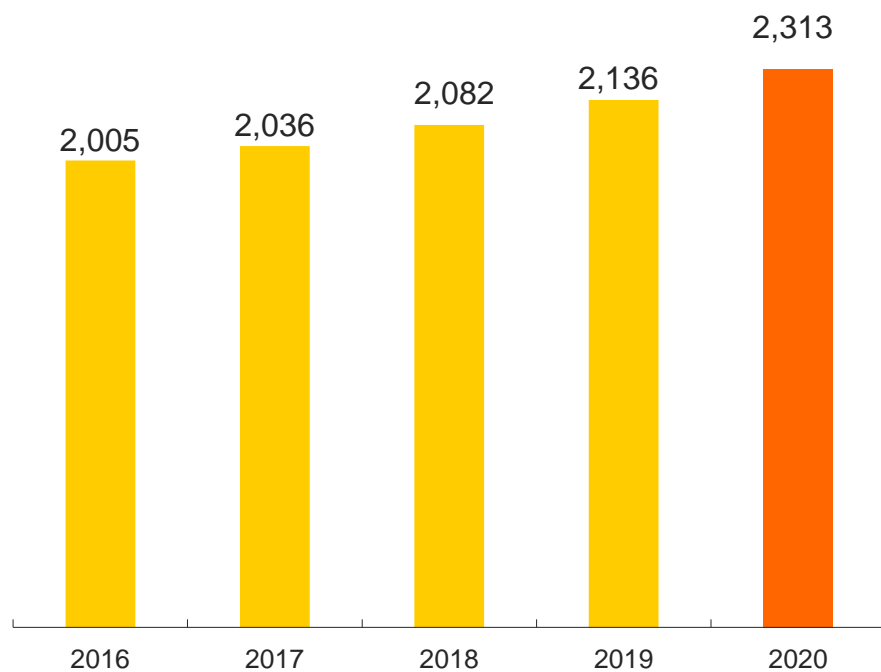
● **Financial Performance**

● Operating Results

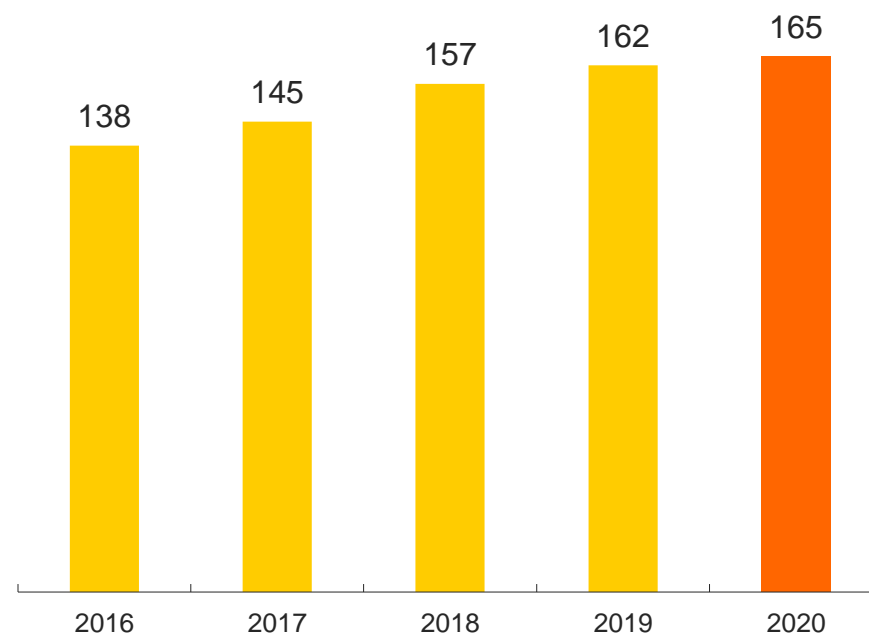
● Appendix

# Asset Size and Net Worth

**Asset Size** (in NT\$ bn)

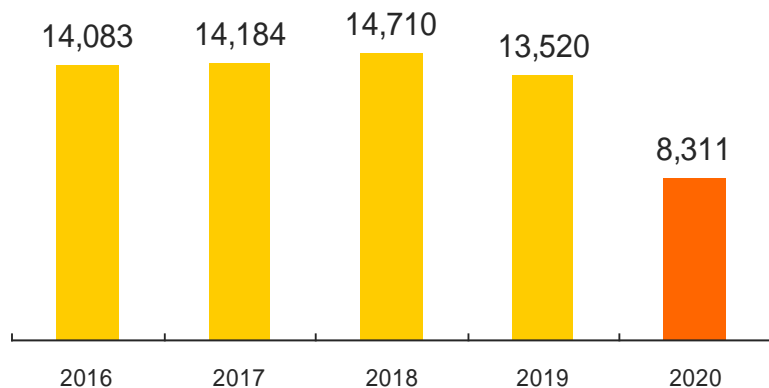


**Net Worth** (in NT\$ bn)

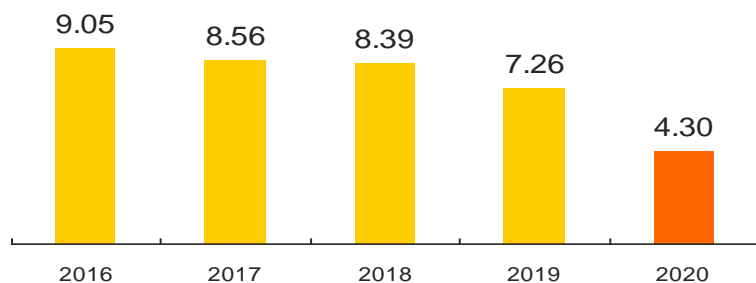


# Financial Performance

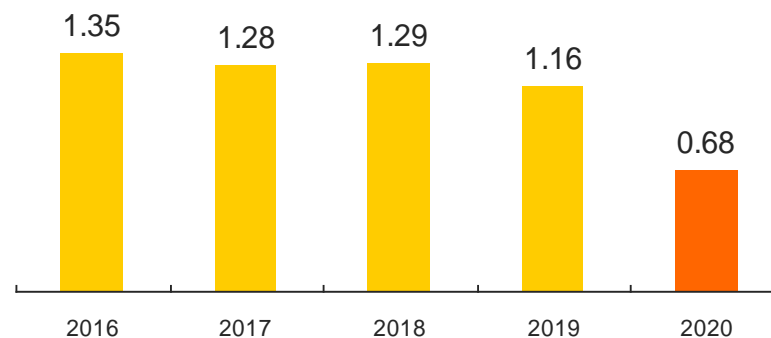
## Net Income Before Tax (in NT\$ mn)



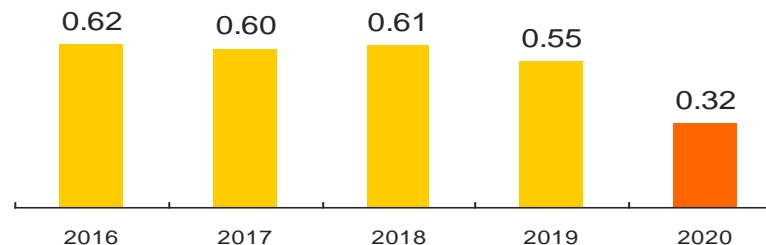
## ROE(%)



## EPS After tax (in NT\$)



## ROA(%)



\*ROE and ROA are after-tax figures.

# Comprehensive Income

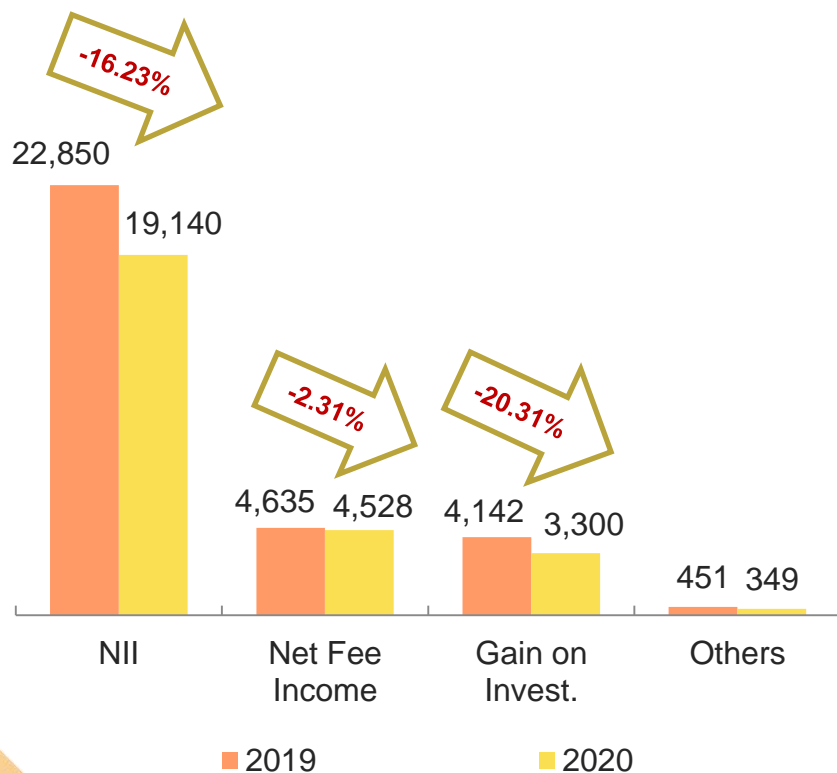
| (In NT\$ mn )              | 2019   | 2020   | YoY(%)   |
|----------------------------|--------|--------|----------|
| Net Revenue                | 32,078 | 27,317 | -14.84%  |
| Provision, Net             | 2,136  | 2,836  | 32.76%   |
| Operating Expense          | 16,422 | 16,170 | -1.53%   |
| Net Income Before Tax      | 13,520 | 8,311  | -38.53%  |
| Income Tax Expense         | 1,949  | 1,270  | -34.84%  |
| Net Income After Tax       | 11,572 | 7,041  | -39.15%  |
| Other Comprehensive Income | 369    | -230   | -162.37% |
| Total Comprehensive Income | 11,941 | 6,811  | -42.96%  |



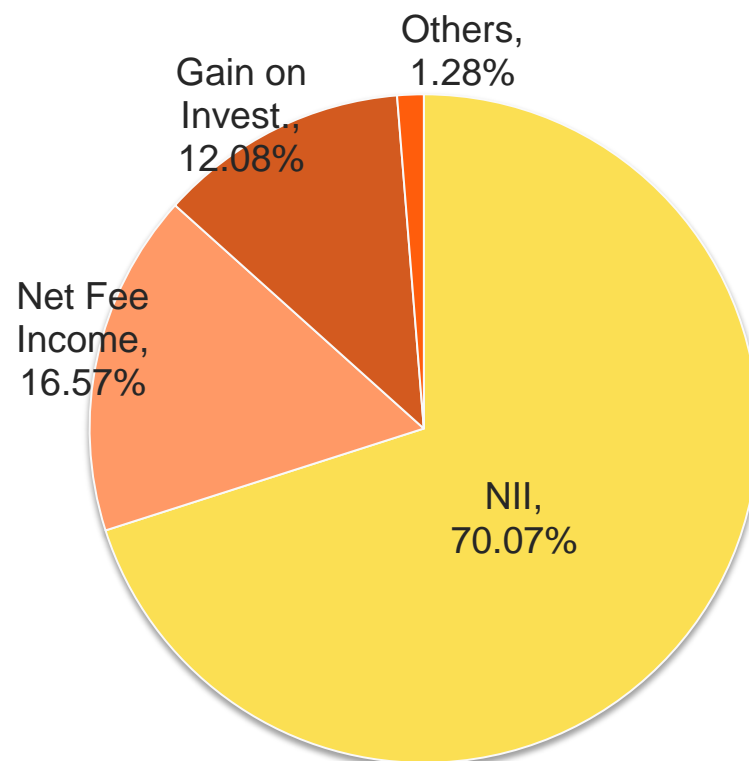
# Net Revenue

## Net Revenue (in NT\$ mn)

| 2019   | 2020   | YoY     |
|--------|--------|---------|
| 32,078 | 27,317 | -14.84% |



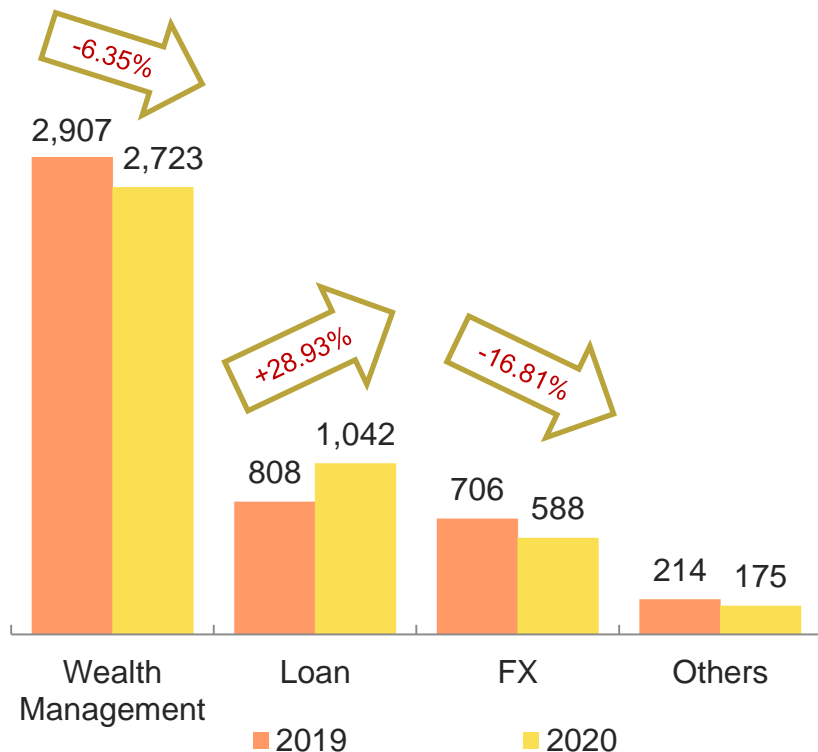
## 2020 Net Revenue Breakdown



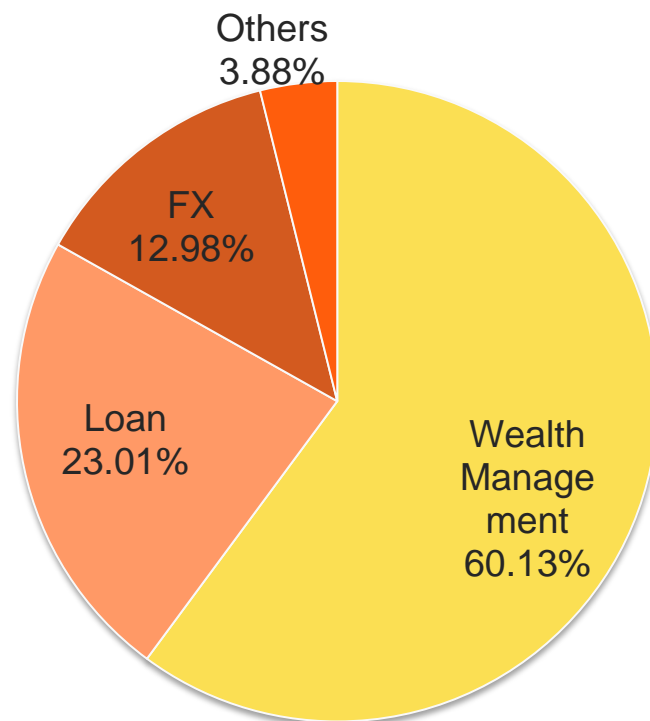
# Net Fee Income

## Net Fee Income (in NT\$ mn)

| 2019  | 2020  | YoY    |
|-------|-------|--------|
| 4,635 | 4,528 | -2.31% |



## 2020 Net Fee Income Breakdown



# Agenda

● Operational Highlights

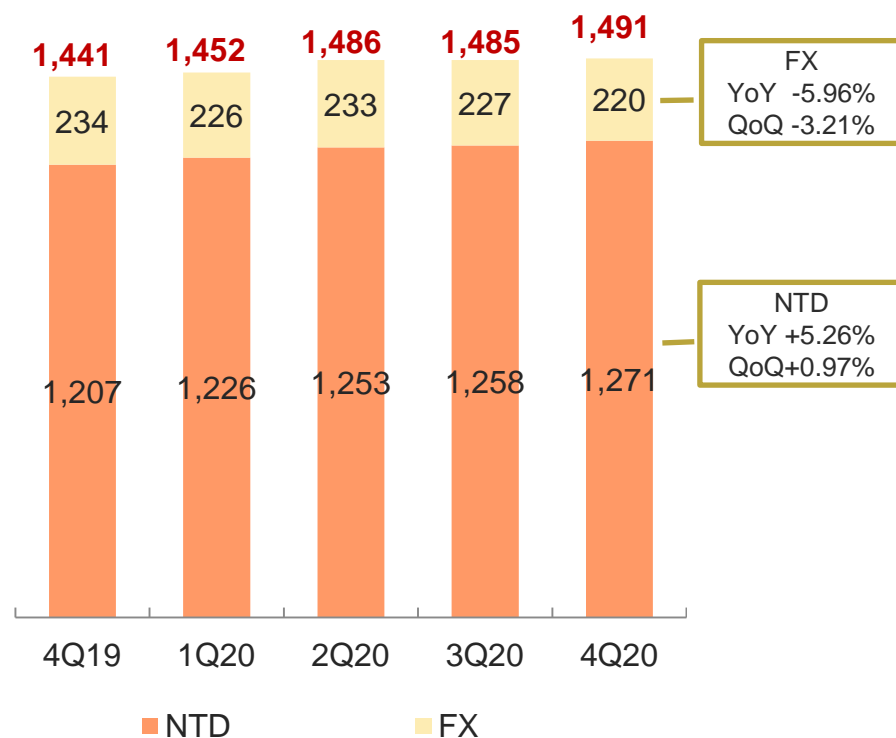
● Financial Performance

● **Operating Results**

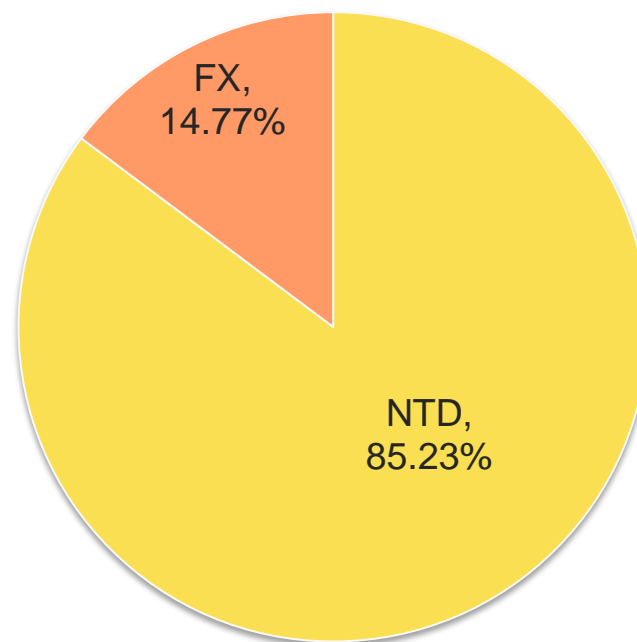
● Appendix

# Loan Breakdown by Currency

## Quarterly Loan Balance (in NT\$ bn)



## 4Q20 Loan Breakdown by Currency

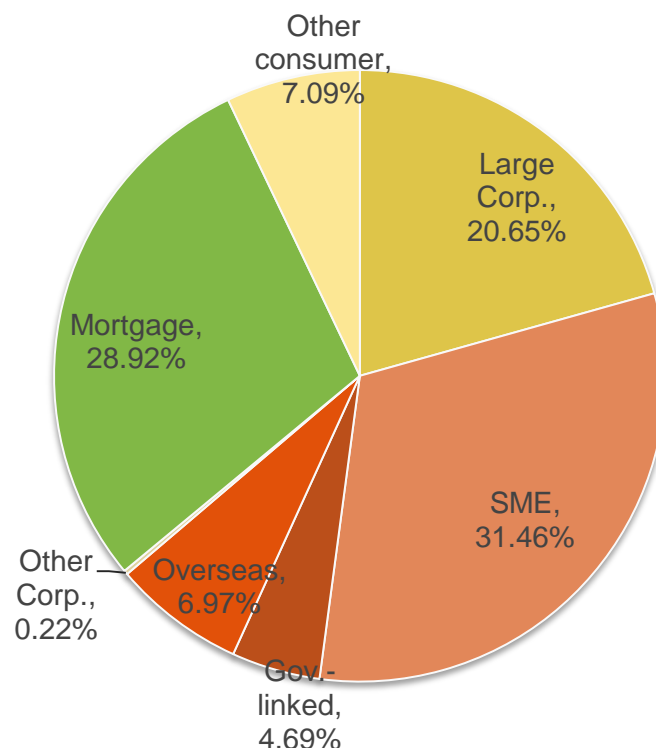
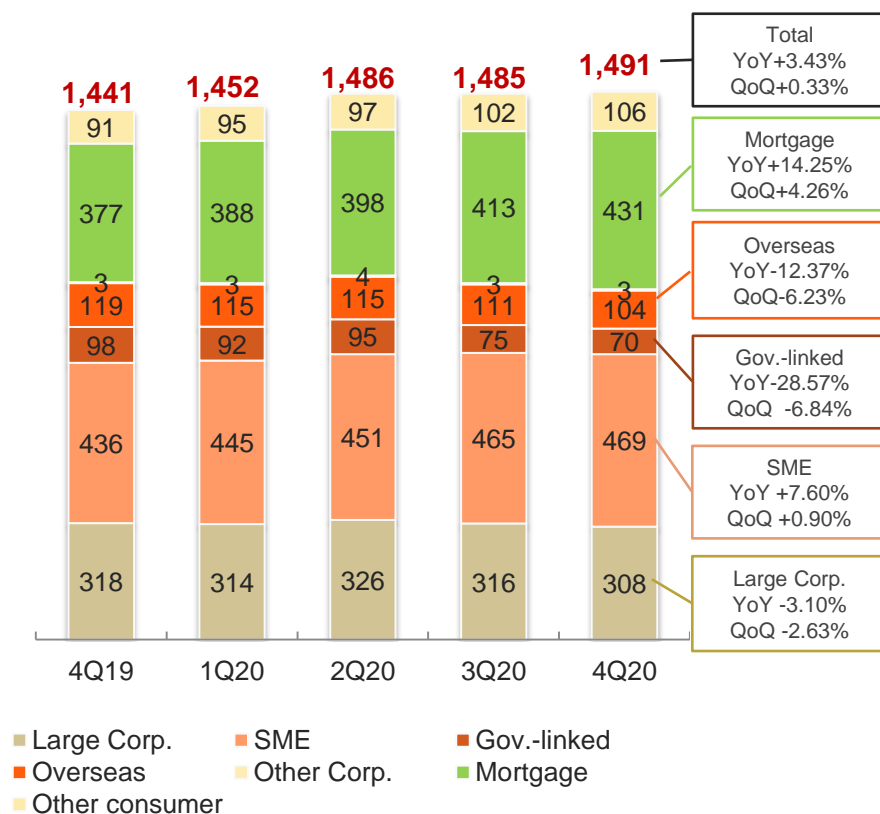


1. Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared with the average on fourth quarter of 2019 and 2020.

# Loan Breakdown by Customer

## Quarterly Loan Balance (in NT\$ bn)

## 4Q20 Loan Breakdown by Customer

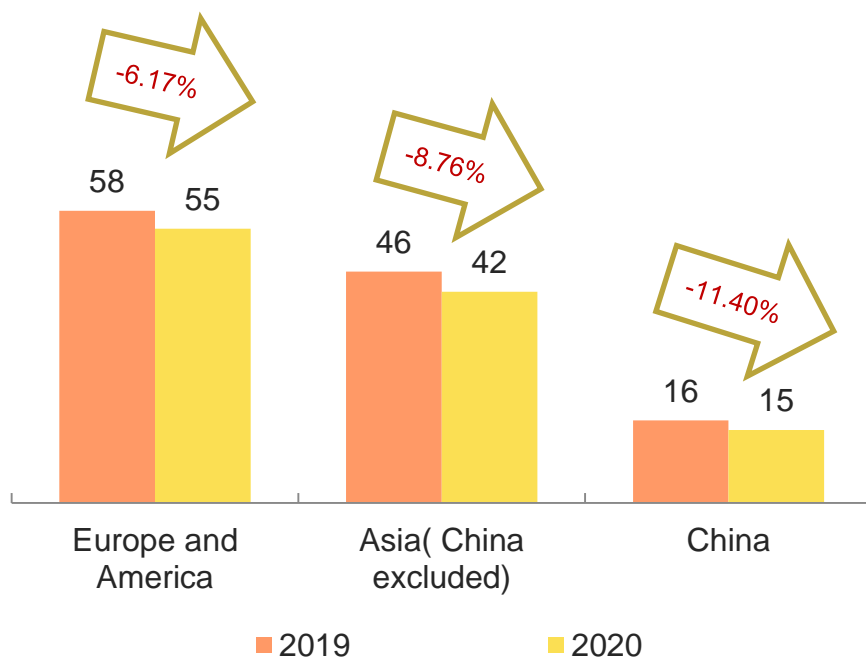


1. Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared with the average on fourth quarter of 2019 and 2020.

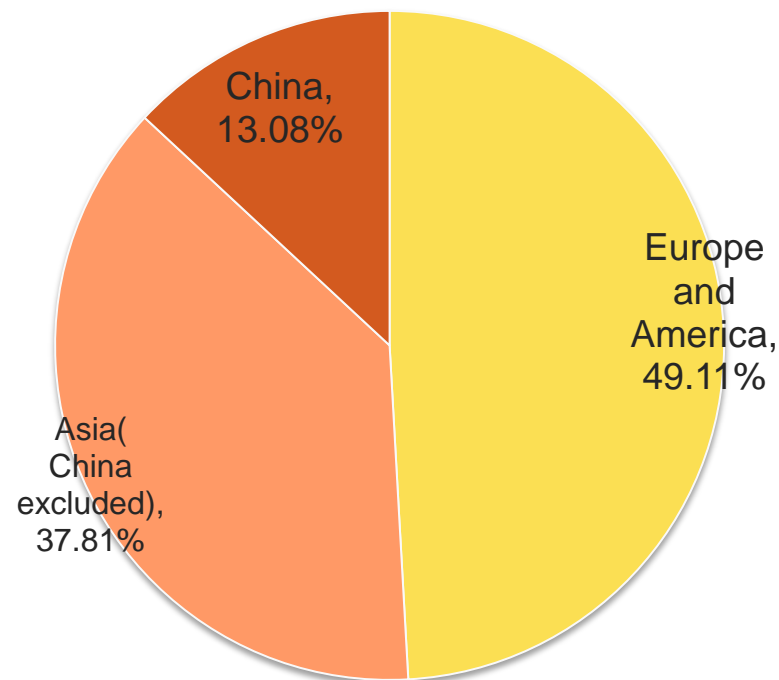
# Overseas Loan Breakdown by Regions

**Overseas Loan Balance** (in NT\$ bn)

| 2019 | 2020 | YoY    |
|------|------|--------|
| 121  | 111  | -7.87% |



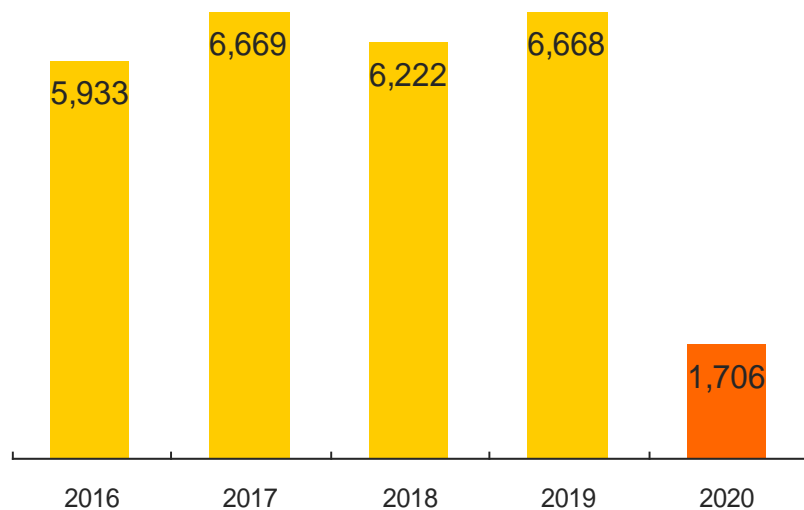
**2020 Overseas Loan Breakdown by Regions**



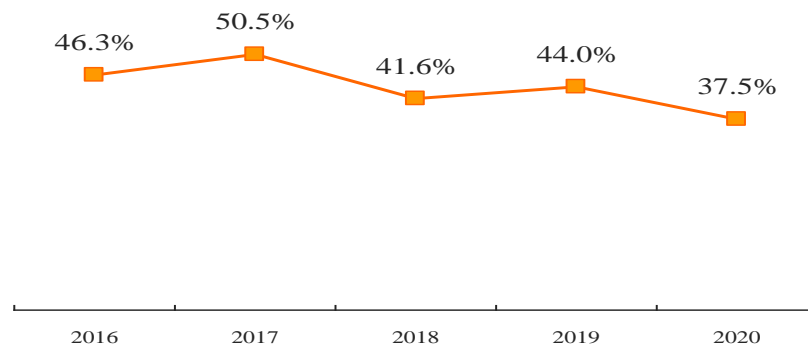
- 1.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
- 2.The figures are the average of twelve months.
- 3.Including China subsidiary.

# Overseas & OBU Performance

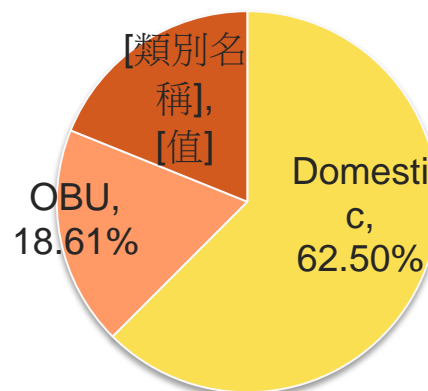
## Overseas & OBU Net Income Before Tax (in NT\$ mn)



## Overseas & OBU PPOP proportion

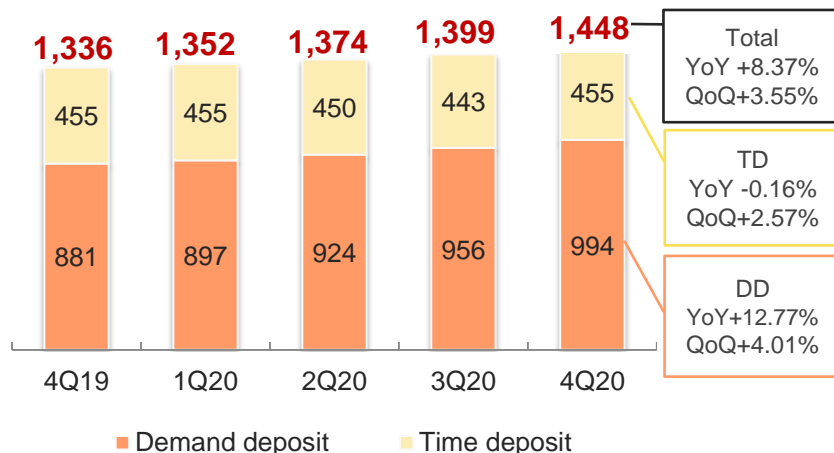


## 2020 PPOP Breakdown

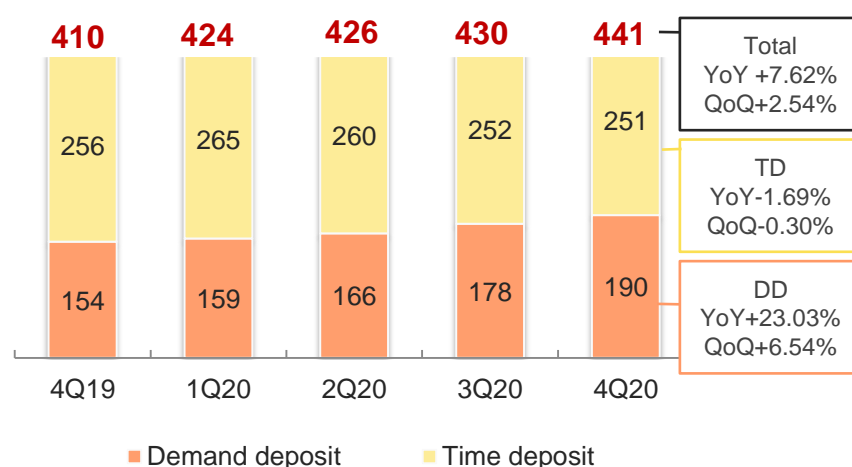


# Deposit Breakdown by Currency

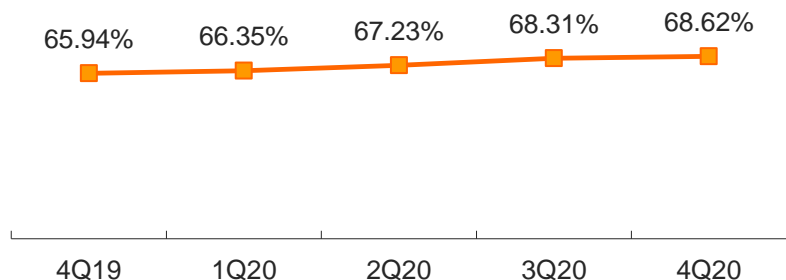
## Quarterly NTD Deposit Balance (in NT\$ bn)



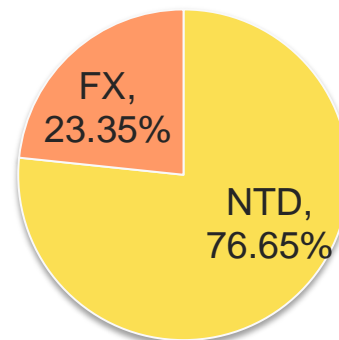
## Quarterly FX Deposit Balance (in NT\$ bn)



## Quarterly NTD Demand Deposit Proportion



## 4Q20 Deposit Breakdown by Currency

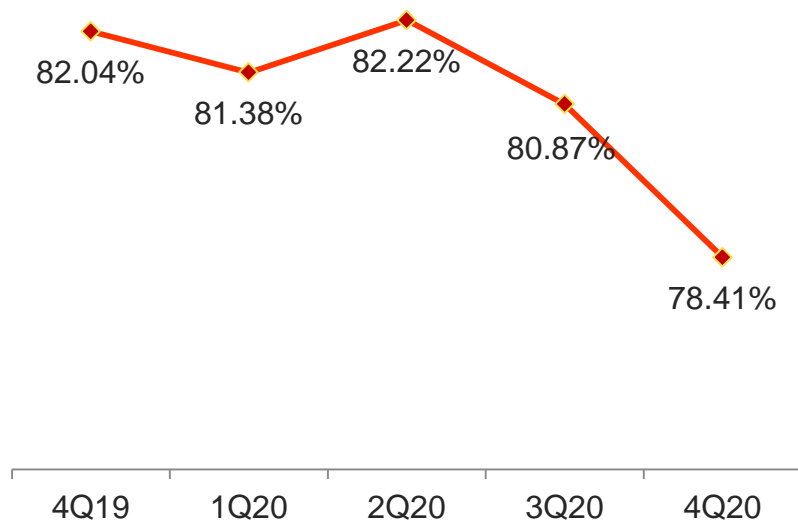


1. Quarterly deposit balance is single quarter average balance basis.  
 2. YoY is compared with the average on third quarter of 2019 and 2020.

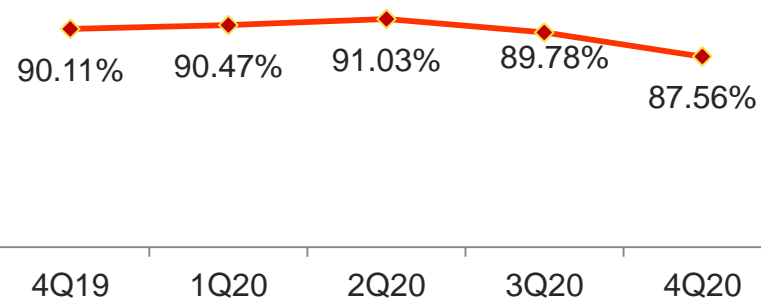


# LDR

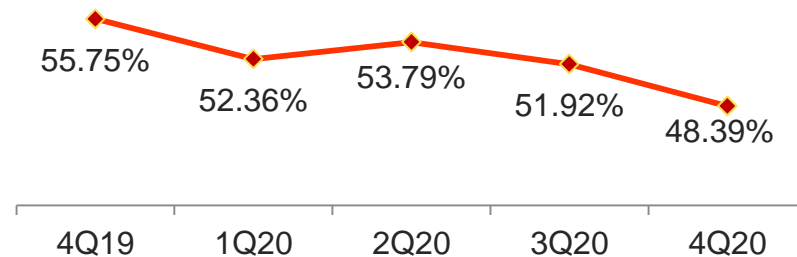
## Total LDR



## NTD LDR

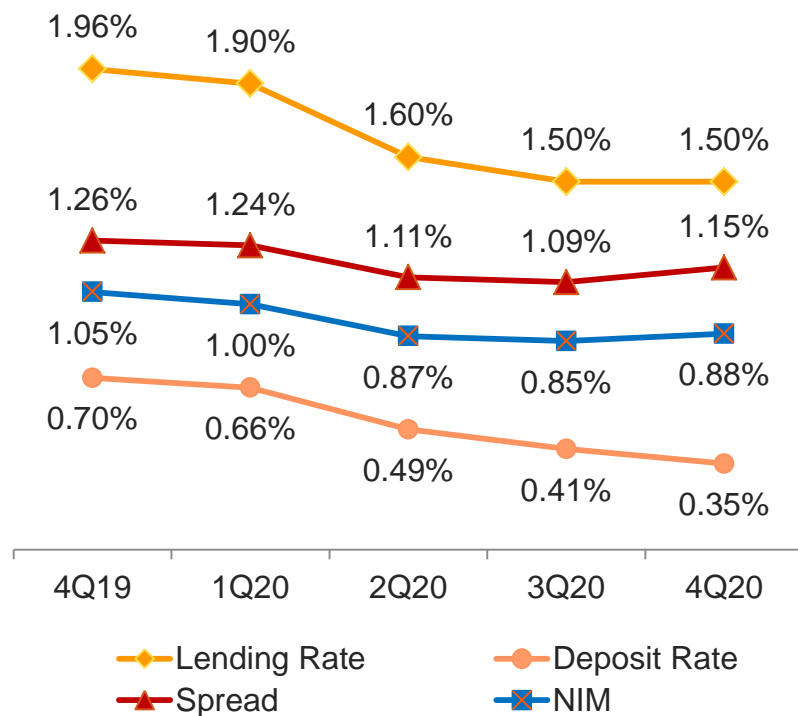


## FX LDR

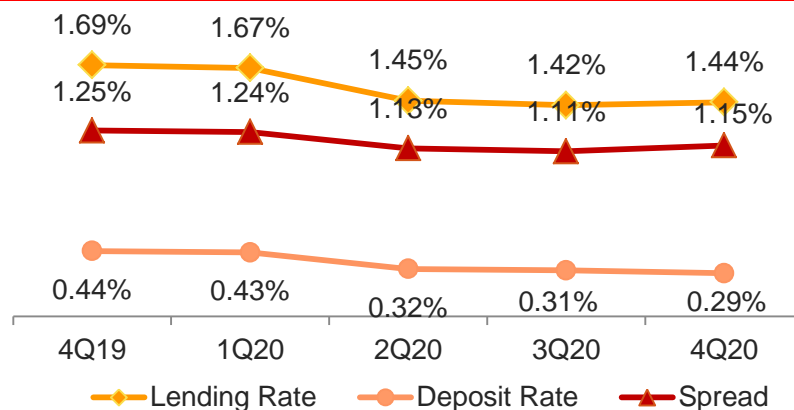


# Spread and NIM

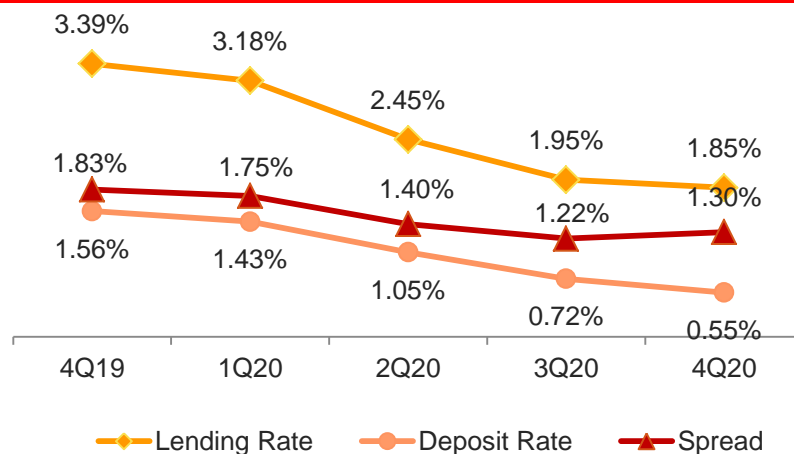
## Quarterly Total Loan to Deposit Spread and NIM



## NTD Loan to Deposit Spread



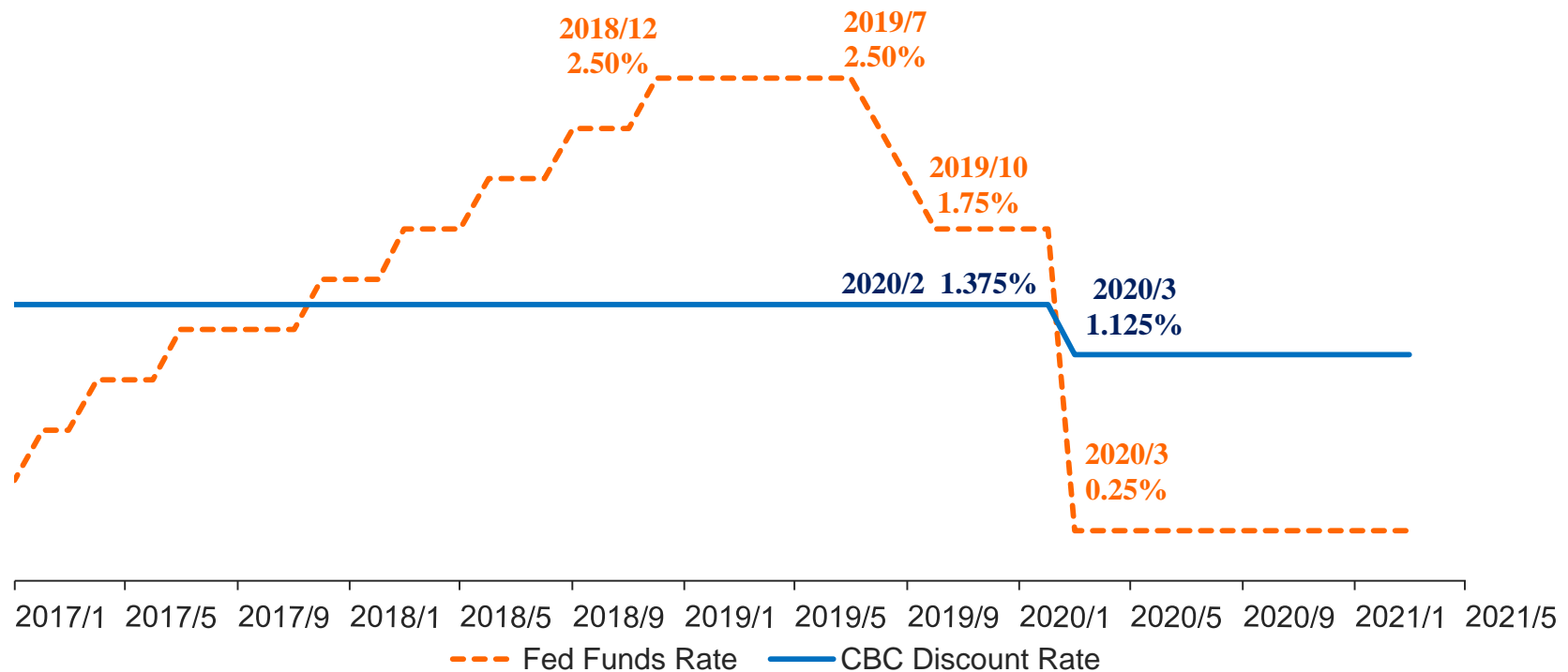
## FX Loan to Deposit spread



\*.IFRS and quarterly basis.

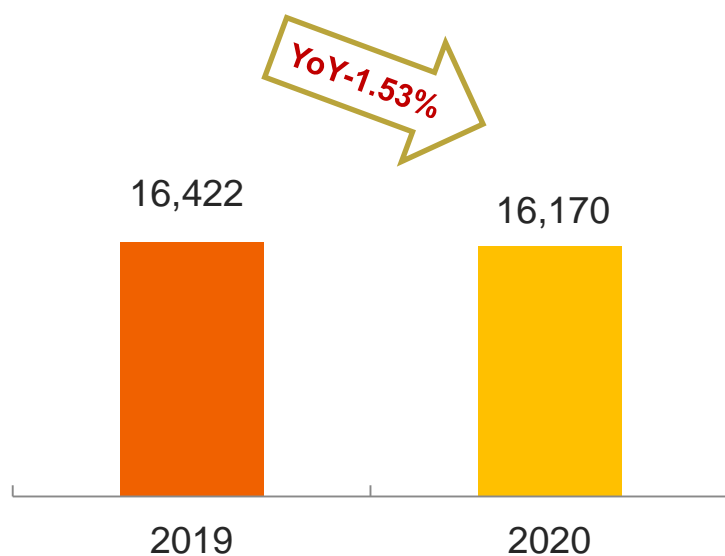
# Fed Funds Rate vs. CBC Discount Rate Trends

## Fed Funds Rate VS. CBC Discount Rate

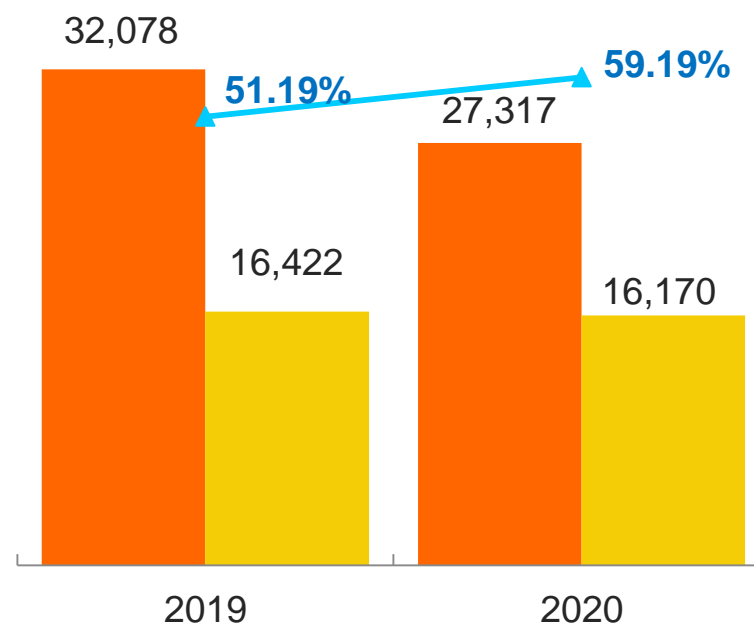


# Cost-Income Ratio

## Operating Expense (in NT\$ mn)



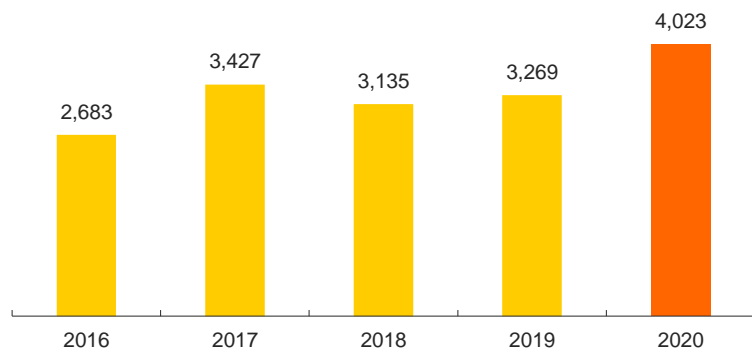
## Cost-Income Ratio



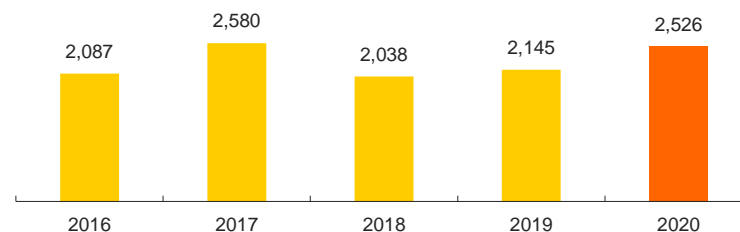
Net Revenue (in NT\$ mn)  
Operation Expense (in NT\$ mn)  
Cost-Income Ratio

# Loan Provision, Write-off and Recovery

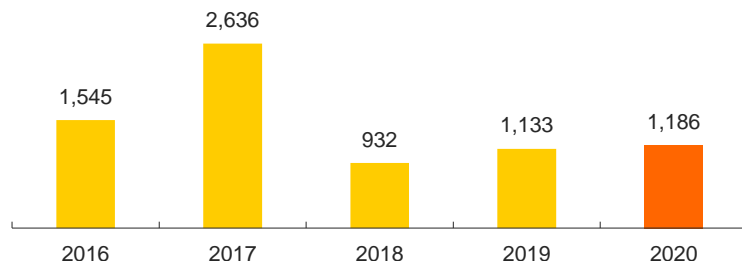
**Provision** (in NT\$ mn)



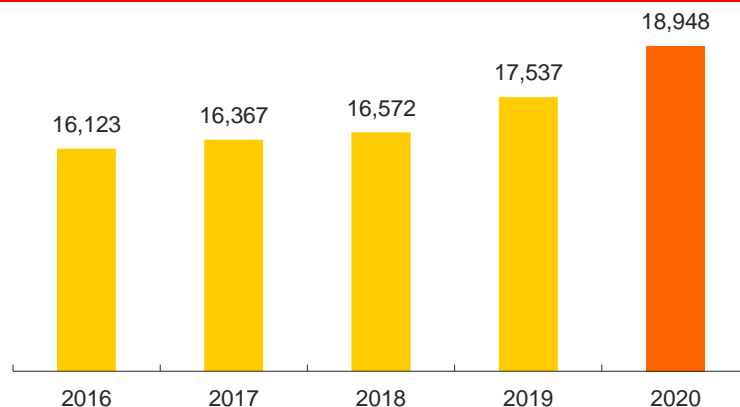
**Write-Off** (in NT\$ mn)



**Recovery** (in NT\$ mn)

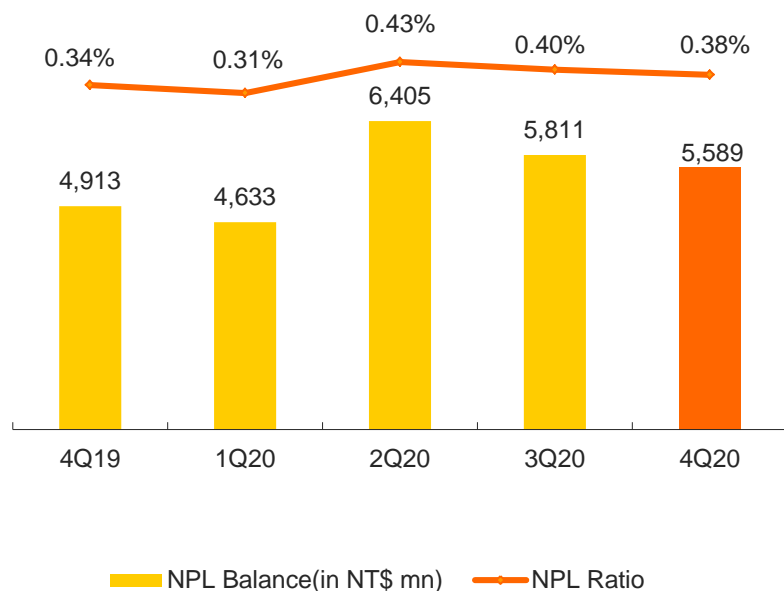


**Reserve** (in NT\$ mn)

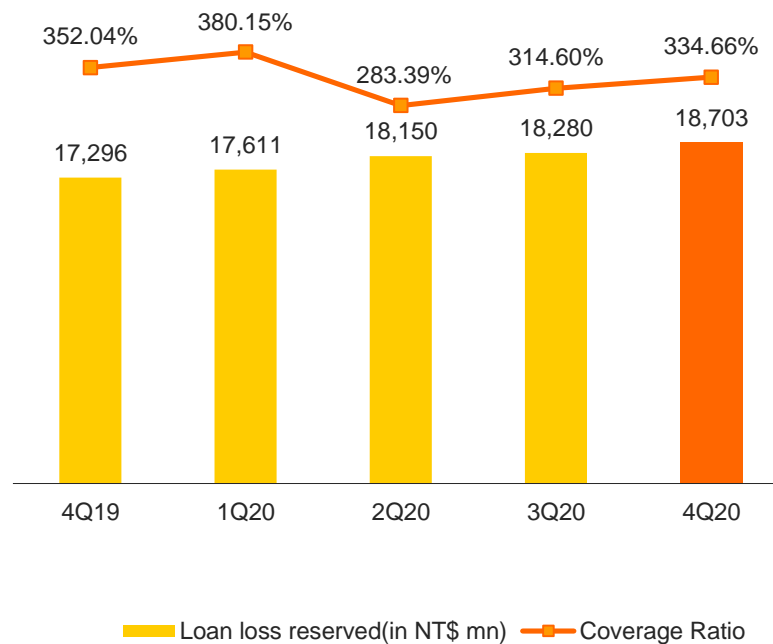


# NPL Ratio and Coverage Ratio

## NPL Ratio

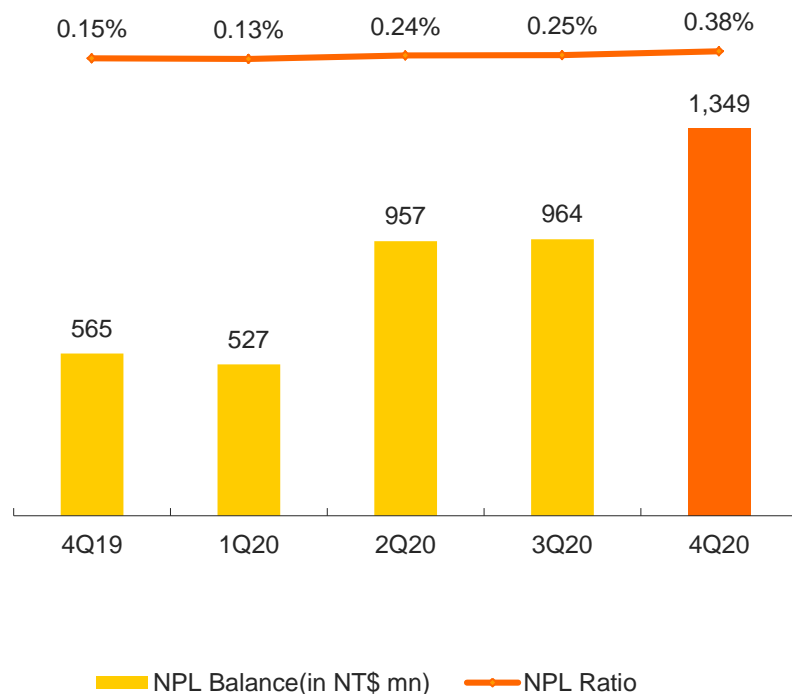


## Coverage Ratio

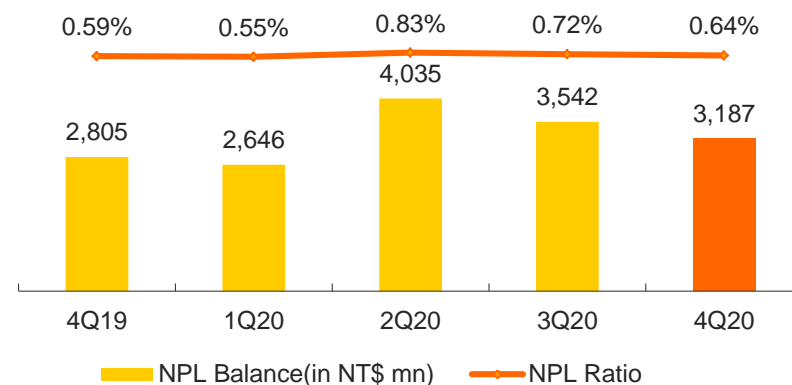


# Asset Quality

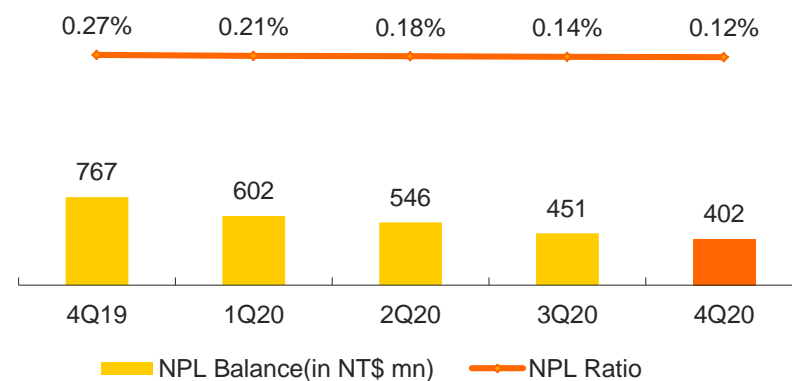
## Large Corp.



## SME



## Mortgage



# Credit Rating & CAR

## Credit Rating

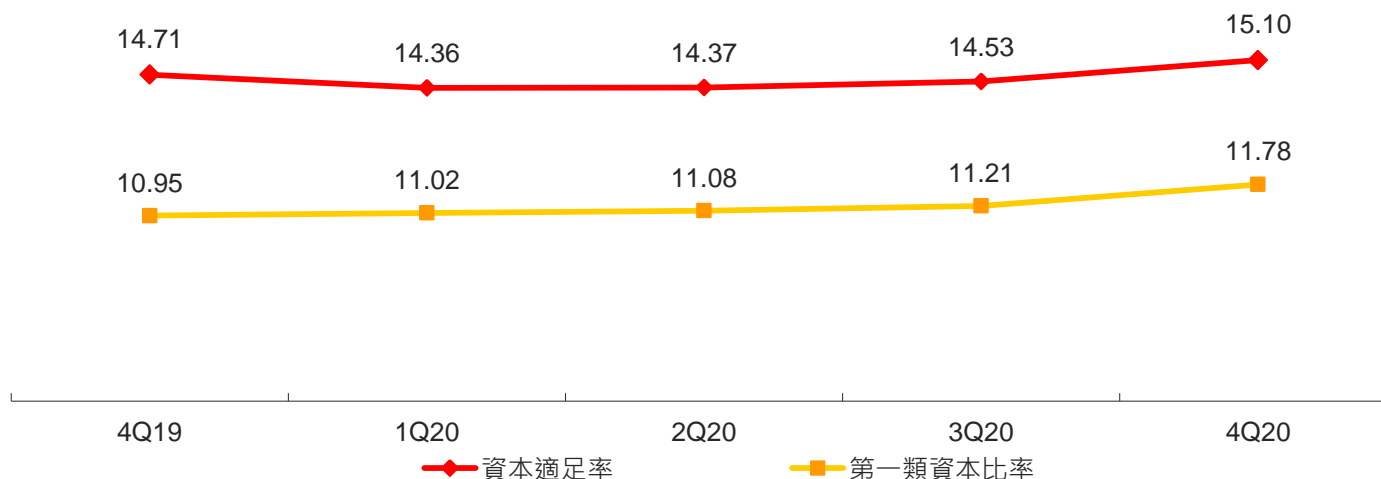
■ **Moody's** (2020/2,Review) :

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

■ **S&P** (2020/11,Review) :

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

## Capital Adequacy Ratio (%)





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## Expand the core business base and increase profitability

- Adjust the credit structure of Corporate finance, expand the customer base of SMEs and increase NIM.
- Focus on self-use residence loans, and increase market share in housing loans.
- Strive the business opportunities of the syndicated loans and enriching the syndicated fee into the earnings performance.
- Establish partnerships with customers, bonding into its money flow, and create a dimension partnership together.
- Continue to cooperate with gov. policies, such as “Trillion revitalization” to investing Taiwan, coordinate with the central bank's financing project to seize the business opportunities after the pandemic.

## Overseas expansion

- Deeply cultivate overseas niche markets, expand global strategic territory.
- Dynamically manage asset structure and focus on potential industries.
- Develop diversified overseas profit contributions and improve operational performance.
- Continue to cultivate outstanding overseas talents and balanced development of the banking business in all dimensions.

## Enhance the momentum in Wealth Management

- Assisting branches on profound customer cultivation and providing a wealth inheritance plan with aid from the high-asset service team.
- Developing diversified wealth management products; expanding aspects of asset planning; providing suitable products for target customers; strengthening wealth management's growth momentum.
- Improving financial operation efficiency with a flexible asset allocation strategy.

## Increasing the reach and breadth of digital financial services

- Provide a full range of digital financial services for online apply, such as digital deposits, credit cards, credit loans, funds, and other products by the new digital bank APP.
- Expand the service ecosystem and enhance competitiveness by third-party service providers with standardized technical specifications to quickly connect to the bank service.
- Plan to issue new credit cards and optimizing the process of online financial services to provide a convenient experience and services.
- Established an all-media customer service system to improve customer satisfaction.

## Legal compliance, risk control, internal control and internal audit

- Strengthen the legal compliance system and functions, monitor legal compliance risks, and ensure the system's effectiveness in establishing a legal compliance culture.
- Continuing to develop anti-Money Laundering policies and countering the Financing of Terrorism to strengthen relevant risk management mechanisms.
- Continue to improve the risk management mechanism to identify effectively, measure, monitor, and report various risks to ensure a stable operation.
- Continue to implement the three lines of defense of the internal control system to ensure effective internal control systems and implementation.

## Sustainable Governance

- Continue to promote various ESG (environmental, social, and governance) issues and strengthen information disclosure to implement sustainability goals.
- Provide green financial products and support the development of related industries.
- Ranked among the top 5% companies in the TWSE CG evaluation and top 4 in the financial and insurance industry.
- Award and rated of B (Management level) by CDP (Carbon Disclosure Project)



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Q&A



# Agenda

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● Financial Performance

● Operating Results

● Appendix

# BALANCE SHEETS(Consolidated)

| (in NT\$ mn)                                      | Year(IFRSs)      |                  |              | Quarter(IFRSs)   |                  |                  |                  |                  |              |
|---|------------------|------------------|--------------|------------------|------------------|------------------|------------------|------------------|--------------|
|   | 2019             | 2020             | Change%      | 4Q19             | 1Q20             | 2Q20             | 3Q20             | 4Q20             | Change%      |
| <b>Assets</b>                                     |                  |                  |              |                  |                  |                  |                  |                  |              |
| Cash & due from Banks                             | 199,336          | 262,192          | 31.53%       | 199,336          | 208,434          | 188,282          | 210,244          | 262,192          | 24.71%       |
| Financial assets at FVPL, net                     | 11,483           | 14,581           | 26.98%       | 11,483           | 19,466           | 15,475           | 22,100           | 14,581           | -34.02%      |
| Financial assets at FVOCI, net                    | 116,296          | 122,696          | 5.50%        | 116,296          | 106,589          | 112,222          | 116,512          | 122,696          | 5.31%        |
| Financial assets for hedging                      | 247              | 232              | -6.34%       | 247              | 302              | 288              | 262              | 232              | -11.70%      |
| Financial assets at amortized cost, net           | 276,059          | 345,283          | 25.08%       | 276,059          | 294,020          | 310,472          | 307,368          | 345,283          | 12.34%       |
| Receivables, net                                  | 23,201           | 21,481           | -7.41%       | 23,201           | 20,150           | 19,294           | 22,373           | 21,481           | -3.99%       |
| Loans, net  | 1,427,351        | 1,477,887        | 3.54%        | 1,427,351        | 1,469,115        | 1,491,585        | 1,463,346        | 1,477,887        | 0.99%        |
| Other financial assets, net                       | 40,134           | 25,591           | -36.24%      | 40,134           | 33,282           | 29,652           | 40,308           | 25,591           | -36.51%      |
| Property and equipment, net                       | 20,739           | 20,909           | 0.82%        | 20,739           | 20,672           | 20,658           | 20,682           | 20,909           | 1.10%        |
| Right-of-use asset                                | 1,620            | 1,519            | -6.24%       | 1,620            | 1,670            | 1,616            | 1,575            | 1,519            | -3.53%       |
| Investment property, net                          | 13,873           | 13,859           | -0.10%       | 13,873           | 13,871           | 13,869           | 13,868           | 13,859           | -0.06%       |
| Other assets                                      | 5,303            | 7,210            | 35.95%       | 5,303            | 6,025            | 6,096            | 6,248            | 7,210            | 15.41%       |
| <b>Total Assets</b>                               | <b>2,135,643</b> | <b>2,313,440</b> | <b>8.33%</b> | <b>2,135,643</b> | <b>2,193,595</b> | <b>2,209,511</b> | <b>2,224,887</b> | <b>2,313,440</b> | <b>3.98%</b> |
| <b>Liabilities</b>                                |                  |                  |              |                  |                  |                  |                  |                  |              |
| Due to banks                                      | 102,306          | 118,051          | 15.39%       | 102,306          | 120,633          | 132,971          | 113,808          | 118,051          | 3.73%        |
| Financial liabilities at FVPL                     | 4,247            | 7,294            | 71.72%       | 4,247            | 2,537            | 5,101            | 5,536            | 7,294            | 31.75%       |
| RP  | 1,547            | 1,227            | -20.72%      | 1,547            | 1,831            | 1,847            | 1,753            | 1,227            | -30.03%      |
| Payables  | 21,847           | 22,237           | 1.79%        | 21,847           | 23,286           | 30,982           | 29,131           | 22,237           | -23.66%      |
| Deposits and remittances                          | 1,765,948        | 1,917,987        | 8.61%        | 1,765,948        | 1,805,747        | 1,800,588        | 1,836,094        | 1,917,987        | 4.46%        |
| Bank notes payable                                | 55,521           | 61,351           | 10.50%       | 55,521           | 55,577           | 54,604           | 54,580           | 61,351           | 12.41%       |
| Provisions  | 5,341            | 5,316            | -0.46%       | 5,341            | 5,229            | 5,189            | 5,159            | 5,316            | 3.05%        |
| Lease liabilities                                 | 1,420            | 1,344            | -5.41%       | 1,420            | 1,476            | 1,426            | 1,402            | 1,344            | -4.19%       |
| Other liabilities                                 | 15,229           | 13,580           | -10.82%      | 15,229           | 15,139           | 14,721           | 13,841           | 13,580           | -1.89%       |
| <b>Total Liabilities</b>                          | <b>1,973,406</b> | <b>2,148,386</b> | <b>8.87%</b> | <b>1,973,406</b> | <b>2,031,454</b> | <b>2,047,430</b> | <b>2,061,303</b> | <b>2,148,386</b> | <b>4.22%</b> |
| <b>Stockholders' Equity</b>                       | <b>162,237</b>   | <b>165,054</b>   | <b>1.74%</b> | <b>162,237</b>   | <b>162,141</b>   | <b>162,081</b>   | <b>163,583</b>   | <b>165,054</b>   | <b>0.90%</b> |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>2,135,643</b> | <b>2,313,440</b> | <b>8.33%</b> | <b>2,135,643</b> | <b>2,193,595</b> | <b>2,209,511</b> | <b>2,224,887</b> | <b>2,313,440</b> | <b>3.98%</b> |

# STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

| (in NT\$ mm)   | Year(IFRSs)   |               |                | Quarter(IFRSs) |              |              |              |              |                |
|--|---------------|---------------|----------------|----------------|--------------|--------------|--------------|--------------|----------------|
|  | 2019          | 2020          | Change %       | 4Q19           | 1Q20         | 2Q20         | 3Q20         | 4Q20         | Change %       |
| Interest Income  | 39,190        | 29,816        | -23.92%        | 9,340          | 8,797        | 7,377        | 6,832        | 6,810        | -0.32%         |
| Interest Expense   | 16,341        | 10,676        | -34.67%        | 3,880          | 3,659        | 2,789        | 2,237        | 1,991        | -10.99%        |
| <b>Net Interest Income</b>                                 | <b>22,850</b> | <b>19,140</b> | <b>-16.23%</b> | <b>5,461</b>   | <b>5,137</b> | <b>4,588</b> | <b>4,596</b> | <b>4,820</b> | <b>4.87%</b>   |
| Net Service fee and commissions income                     | 4,635         | 4,528         | -2.31%         | 1,187          | 1,223        | 1,065        | 1,104        | 1,135        | 2.77%          |
| Gains(losses) on financial assets and liabilities at FVPL  | 1,837         | 1,648         | -10.27%        | 648            | 323          | 842          | 262          | 221          | -15.60%        |
| Realized gains of financial assets at FVOCI                | 1,365         | 1,219         | -10.71%        | 176            | 386          | 452          | 366          | 16           | -95.68%        |
| Gains(losses) on disposal of credit assets measured at AC  |               | 0             | -              | -              | -            | 0            | 0            | 0            | -              |
| Foreign exchange gains(losses)                             | 919           | 339           | -63.06%        | -75            | 235          | -2           | 65           | 41           | -36.77%        |
| Other miscellaneous net income                             | 473           | 443           | -6.42%         | 268            | 150          | 87           | 94           | 111          | 17.11%         |
| <b>Net income other than net interest income</b>           | <b>9,229</b>  | <b>8,177</b>  | <b>-11.40%</b> | <b>2,204</b>   | <b>2,317</b> | <b>2,445</b> | <b>1,892</b> | <b>1,523</b> | <b>-19.47%</b> |
| <b>Net Revenues and gains</b>                              | <b>32,078</b> | <b>27,317</b> | <b>-14.84%</b> | <b>7,665</b>   | <b>7,454</b> | <b>7,032</b> | <b>6,487</b> | <b>6,343</b> | <b>-2.23%</b>  |
| Credit loss provisions, net                                | 2,136         | 2,836         | 32.76%         | 432            | 572          | 845          | 970          | 449          | -53.67%        |
| <b>Operating Expenses</b>                                  | <b>16,422</b> | <b>16,170</b> | <b>-1.53%</b>  | <b>4,263</b>   | <b>3,783</b> | <b>4,070</b> | <b>3,962</b> | <b>4,356</b> | <b>9.96%</b>   |
| Employee Benefits expenses                                 | 10,868        | 10,808        | -0.55%         | 2,812          | 2,505        | 2,700        | 2,650        | 2,952        | 11.39%         |
| Depreciation and amortization expenses                     | 1,437         | 1,403         | -2.38%         | 355            | 354          | 350          | 352          | 346          | -1.53%         |
| Other general and administrative expenses                  | 4,117         | 3,960         | -3.82%         | 1,097          | 923          | 1,021        | 959          | 1,057        | 10.20%         |
| <b>Income before income tax from continuing operations</b> | <b>13,520</b> | <b>8,311</b>  | <b>-38.53%</b> | <b>2,970</b>   | <b>3,100</b> | <b>2,117</b> | <b>1,556</b> | <b>1,538</b> | <b>-1.18%</b>  |
| Income Tax Expense   | 1,949         | 1,270         | -34.84%        | 380            | 607          | 364          | 147          | 151          | 2.61%          |
| <b>Net Income</b>  | <b>11,572</b> | <b>7,041</b>  | <b>-39.15%</b> | <b>2,589</b>   | <b>2,493</b> | <b>1,753</b> | <b>1,409</b> | <b>1,386</b> | <b>-1.58%</b>  |
| Basic EPS(NT\$)  | 1.16          | 0.68          | -41.38%        | 0.26           | 0.25         | 0.17         | 0.14         | 0.12         | -14.29%        |
| Other comprehensive income                                 | 369           | -230          | -162.37%       | -265           | -2,589       | 2,181        | 93           | 84           | -10.03%        |
| <b>Total comprehensive income</b>                          | <b>11,941</b> | <b>6,811</b>  | <b>-42.96%</b> | <b>2,324</b>   | <b>-96</b>   | <b>3,934</b> | <b>1,502</b> | <b>1,471</b> | <b>-2.11%</b>  |



彰化銀行

THANK YOU

