



彰化銀行

Financial Review

2Q 2021

(Bloomberg: 2801 TT)

August 31, 2021



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Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

Operational Highlights (consolidated basis)

Core Business

- Loans NT\$1,529 bn, +2.92% YoY,
Corp. +1.75% YoY · Personal +15.33% YoY ·
Overseas -18.24% YoY
- Deposits NT\$1,992 bn, +10.64% YoY,
NTD Demand Deposit +12.80% YoY
FX Demand Deposit +16.95% YoY

Profitability

- Net Income Before Tax NT\$4.879 bn, -6.48% YoY
- EPS NT\$0.40 · ROA 0.18% · ROE 2.49%

Asset Quality

- NPL ratio was 0.33%
- Coverage ratio was 381.95%

Capital Adequacy Ratio

- BIS ratio was 16.46% · +2.09% YoY

1.YoY is compared with the average on second quarter of 2020 and 2021.

2.ROE and ROA are after-tax figures.

Agenda

● Operational Highlights

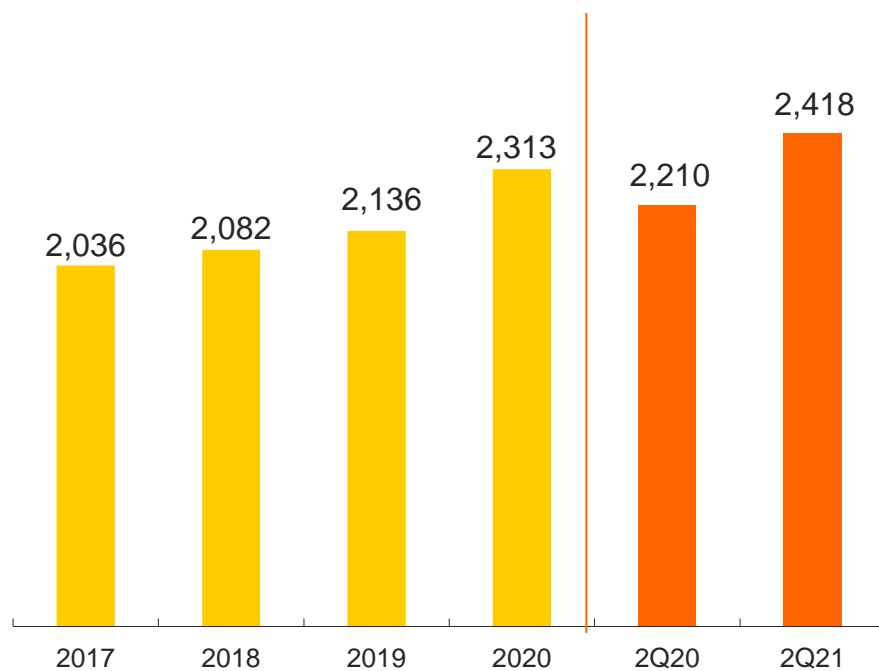
● **Financial Performance**

● Operating Results

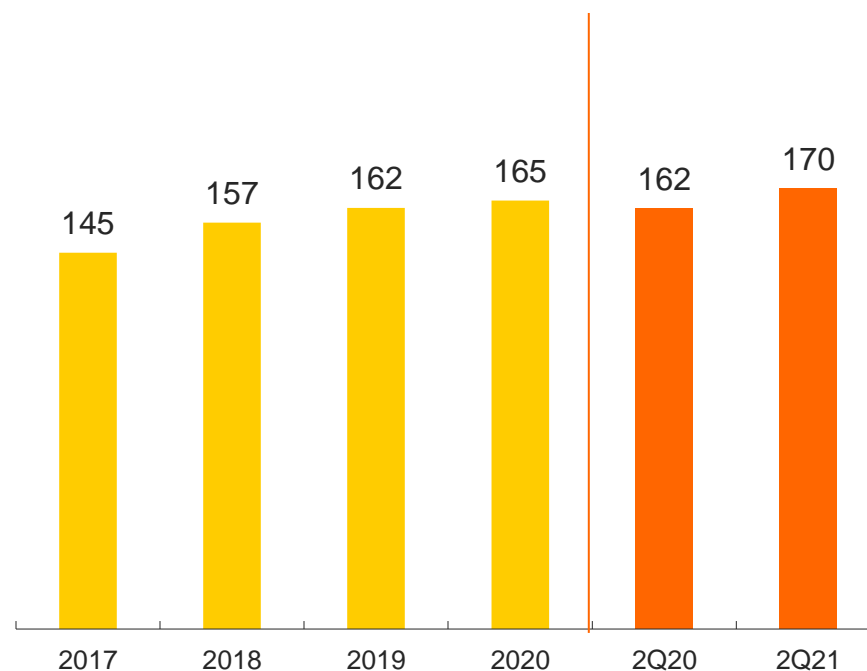
● Appendix

Asset Size and Net Worth

Asset Size (in NT\$ bn)

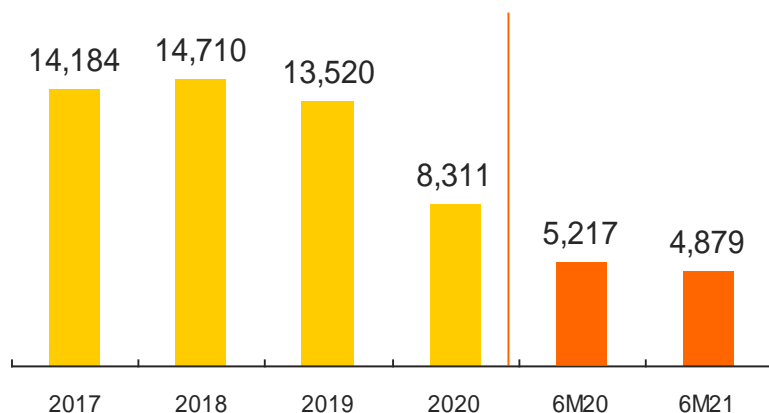


Net Worth (in NT\$ bn)

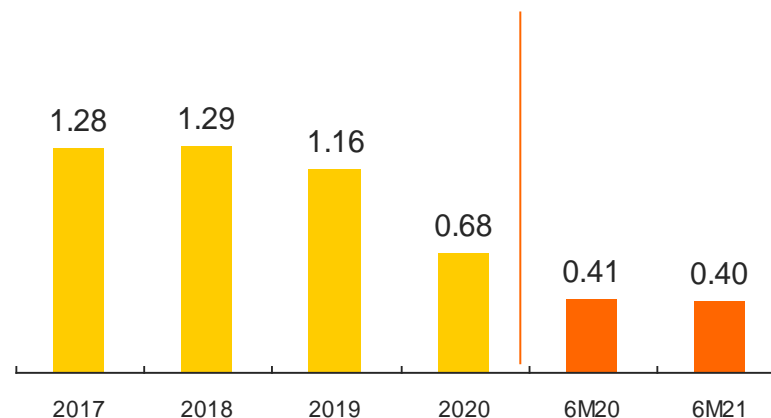


Financial Performance

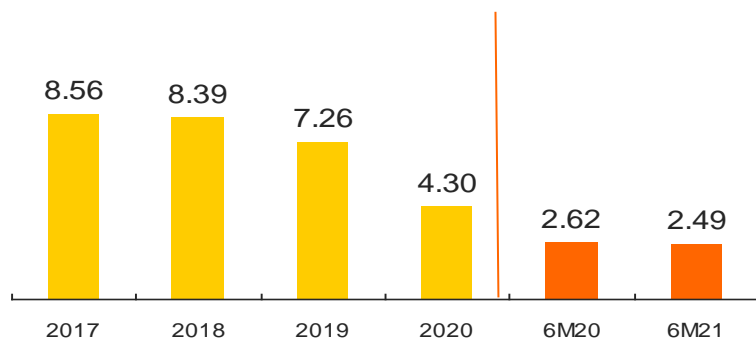
Net Income Before Tax (in NT\$ mn)



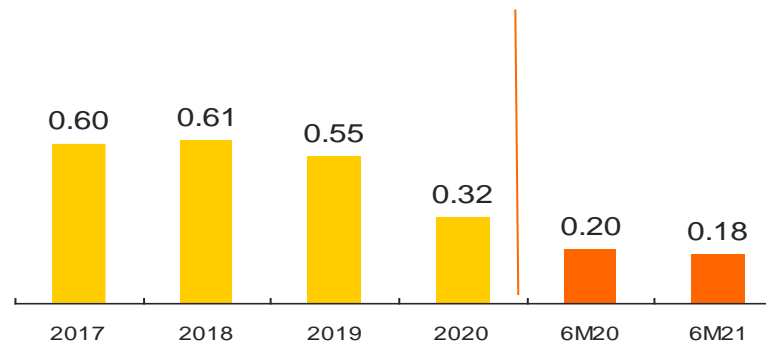
EPS After tax (in NT\$)



ROE(%)



ROA(%)



*ROE and ROA are after-tax figures.

Comprehensive Income

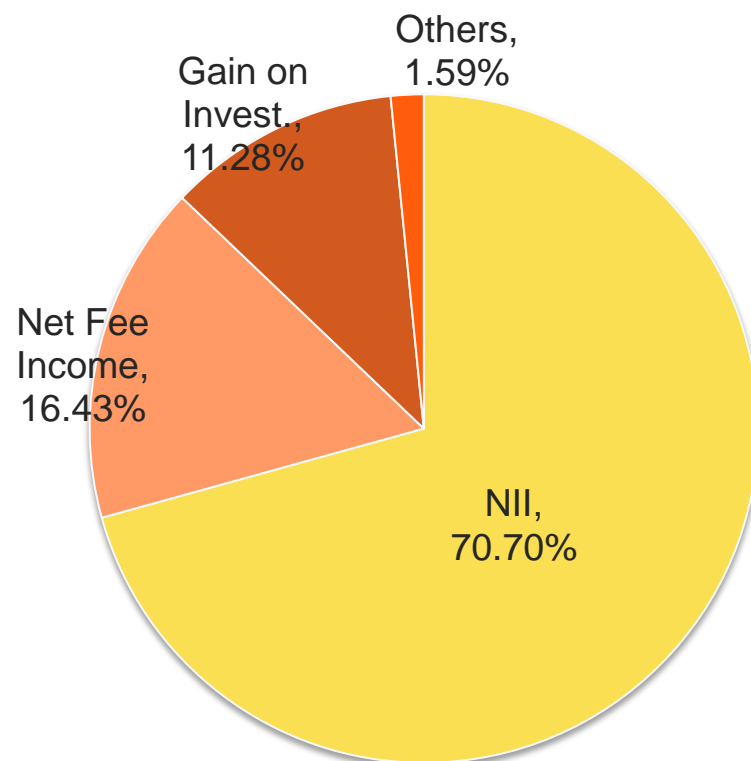
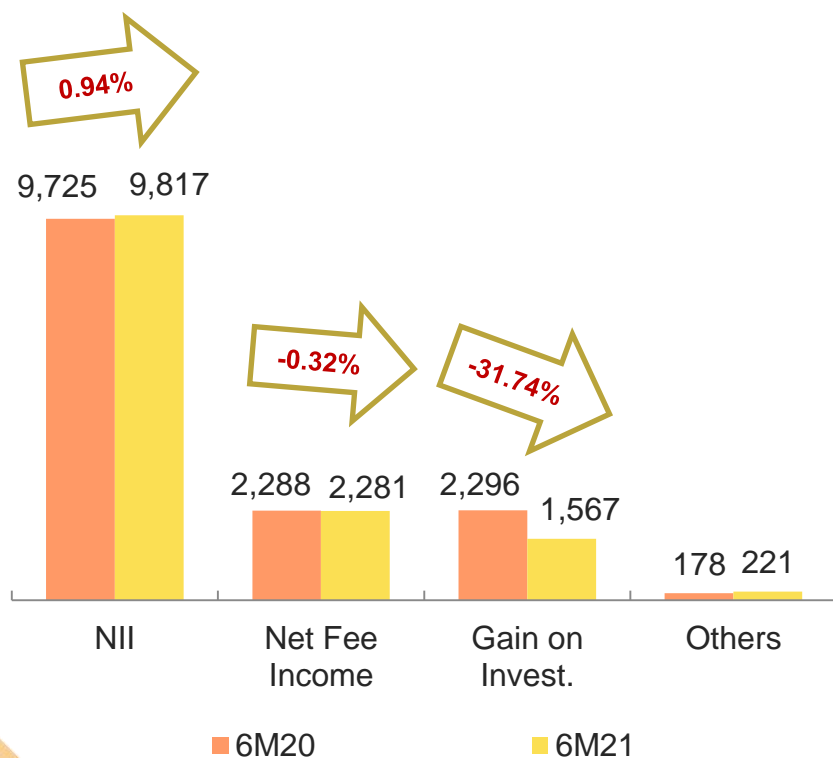
(In NT\$ mn)	6M20	6M21	YoY(%)
Net Revenue	14,487	13,885	-4.15%
Provision, Net	1,417	939	-33.71%
Operating Expense	7,853	8,067	2.73%
Net Income Before Tax	5,217	4,879	-6.48%
Income Tax Expense	971	711	-26.74%
Net Income After Tax	4,246	4,167	-1.84%
Other Comprehensive Income	-408	595	245.92%
Total Comprehensive Income	3,838	4,763	24.09%

Net Revenue

Net Revenue (in NT\$ mn)

6M20	6M21	YoY
14,487	13,885	-4.15%

6M21 Net Revenue Breakdown

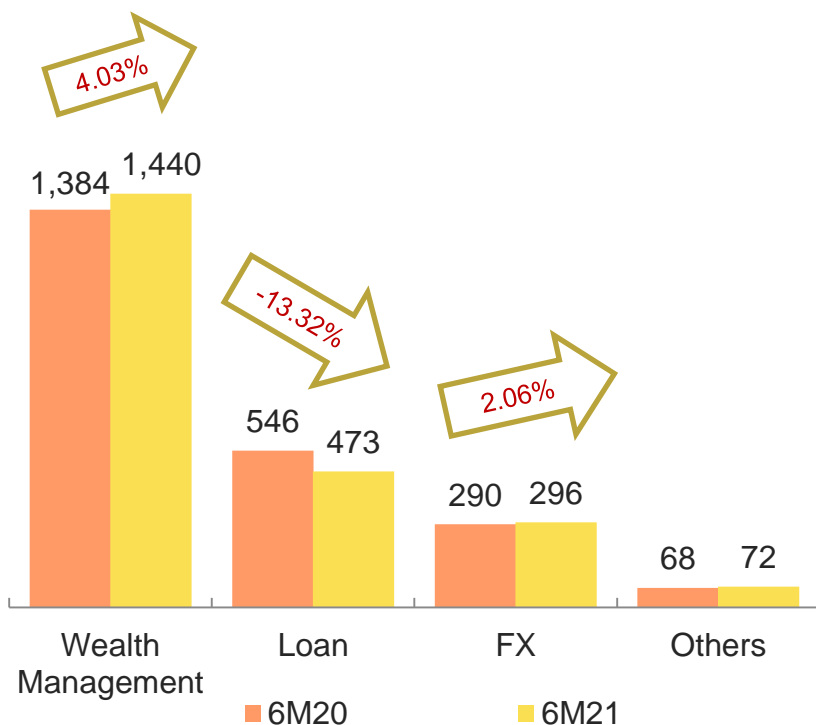
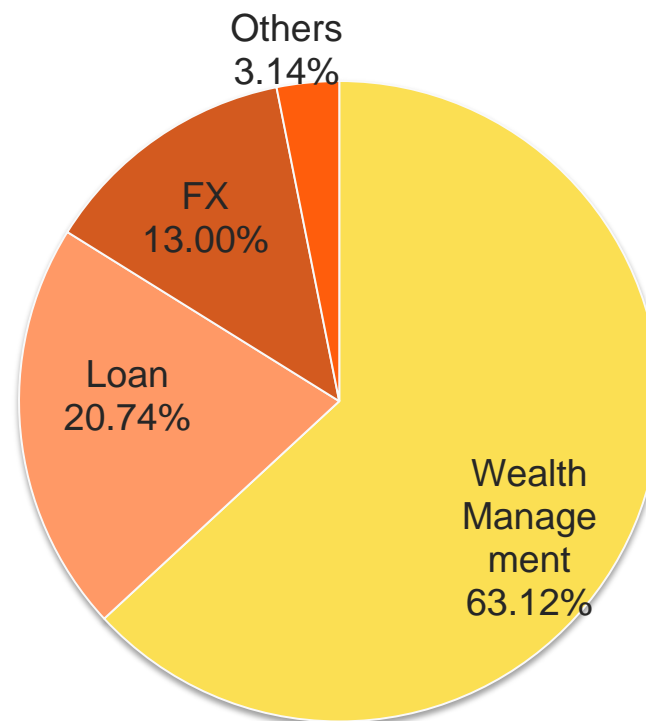


Net Fee Income

Net Fee Income (in NT\$ mn)

6M20	6M21	YoY
2,288	2,281	-0.32%

6M21 Net Fee Income Breakdown



Agenda

● Operational Highlights

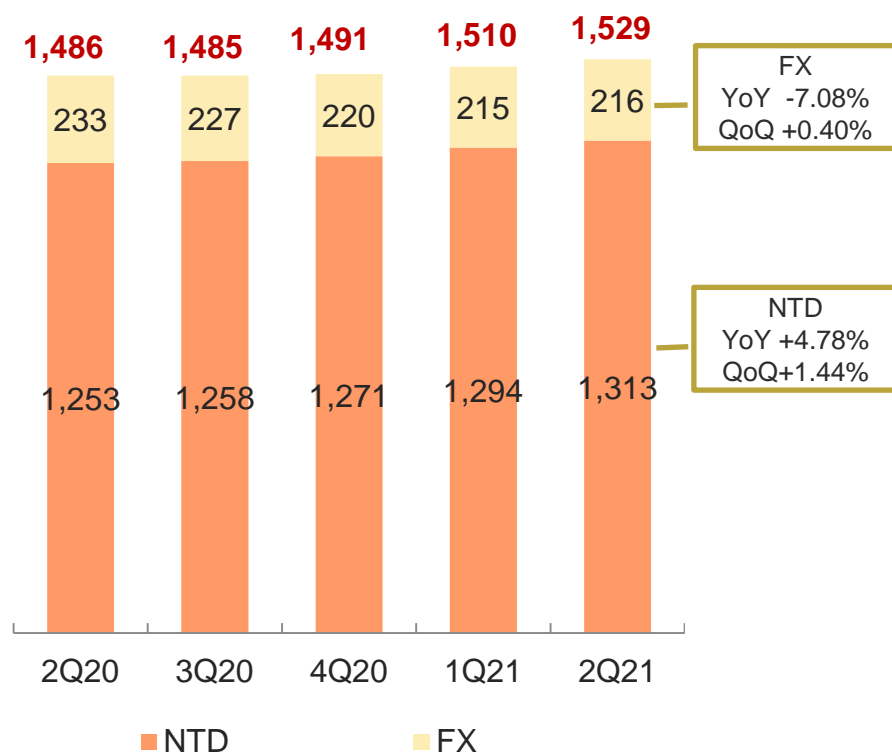
● Financial Performance

● **Operating Results**

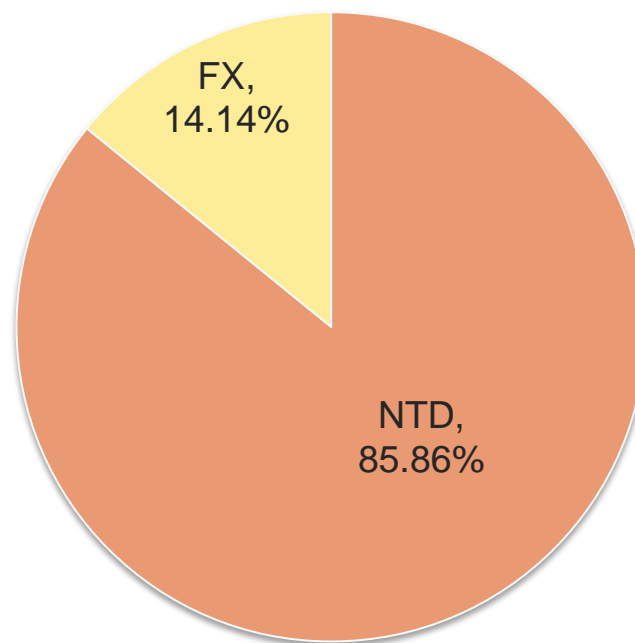
● Appendix

Loan Breakdown by Currency

Quarterly Loan Balance (in NT\$ bn)



2Q21 Loan Breakdown by Currency

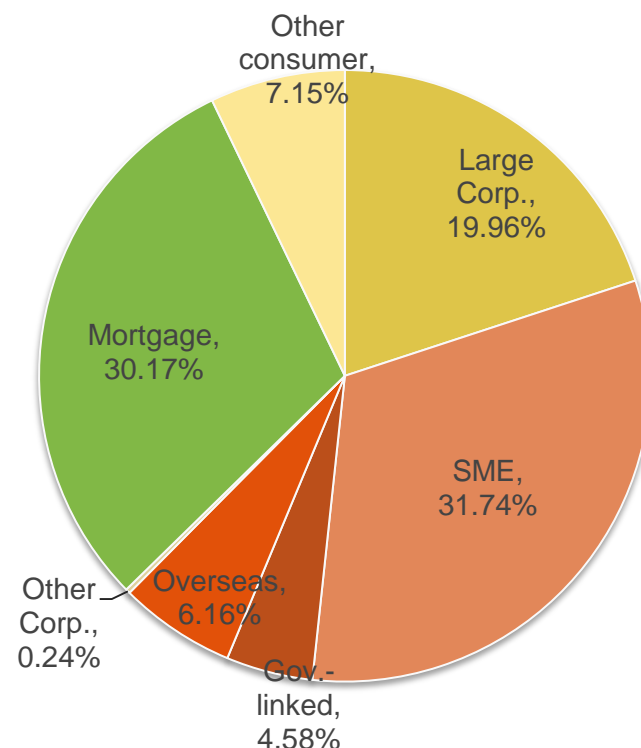
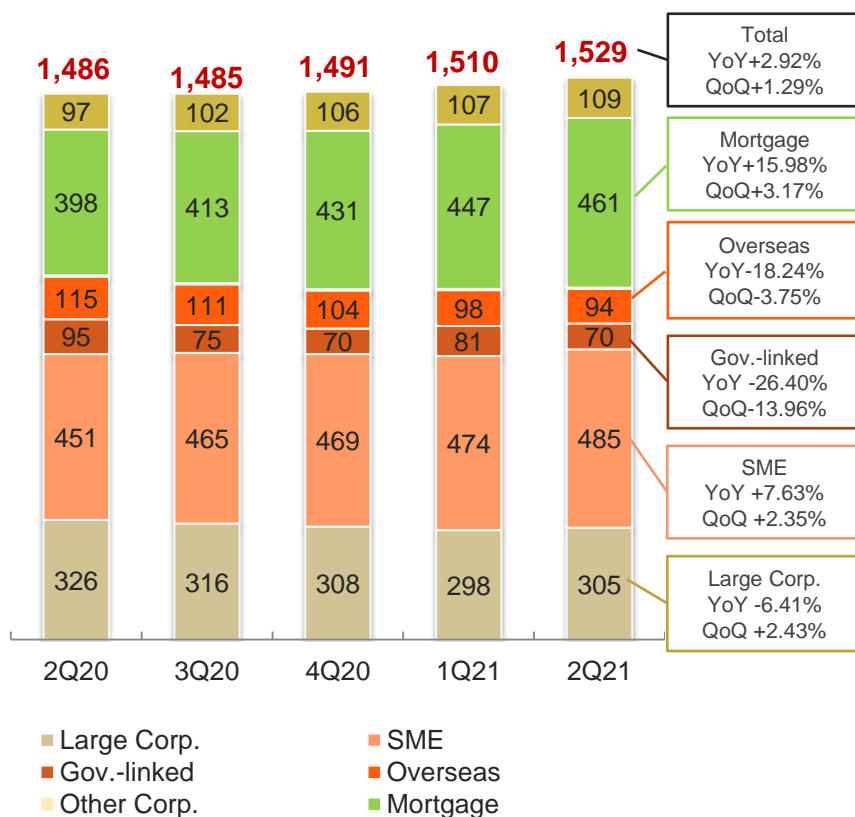


1. Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
2. Quarterly loan balance is single quarter average balance basis.
3. YoY is compared with the average on second quarter of 2020 and 2021.

Loan Breakdown by Customer

Quarterly Loan Balance (in NT\$ bn)

2Q21 Loan Breakdown by Customer

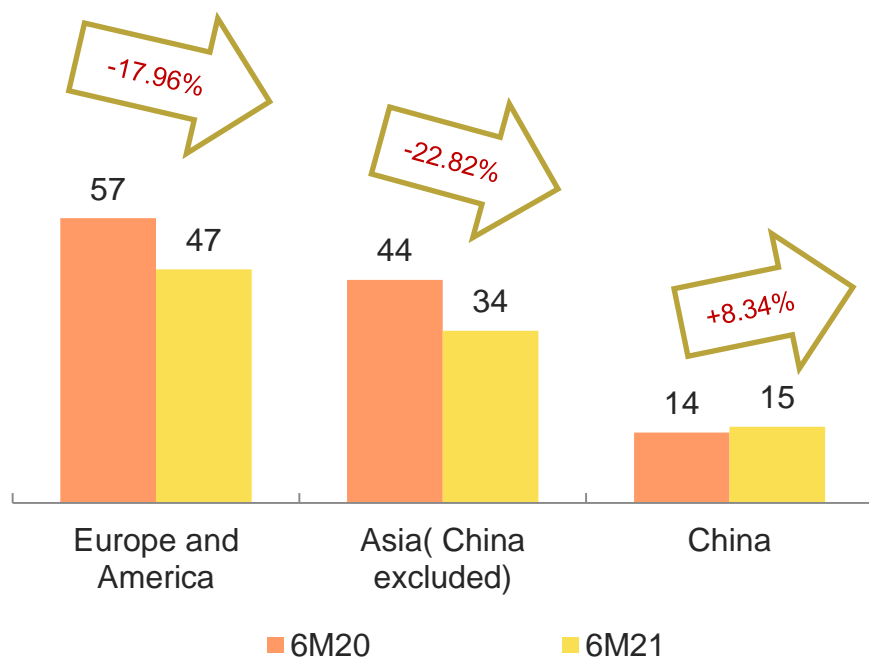


1. Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
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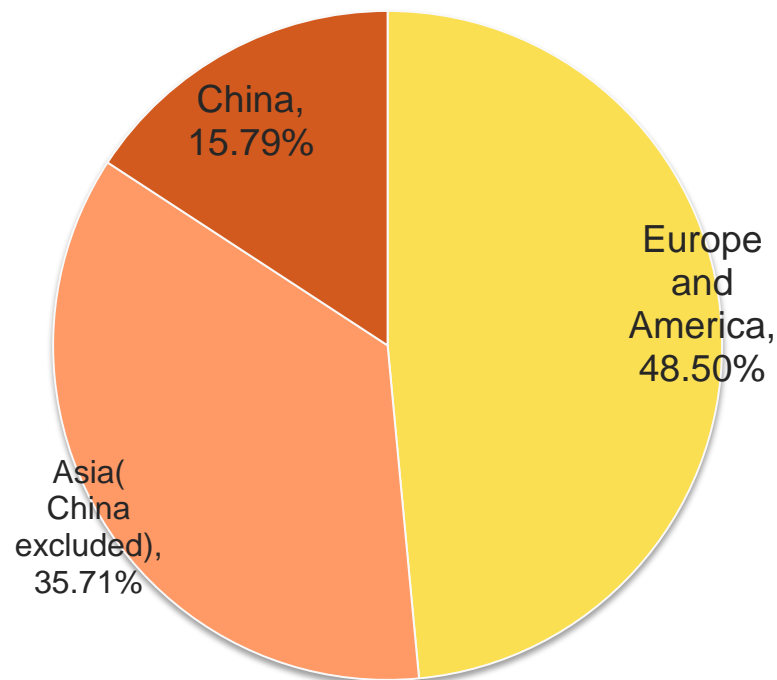
Overseas Loan Breakdown by Regions

Overseas Loan Balance (in NT\$ bn)

6M20	6M21	YoY
115	96	-16.64%



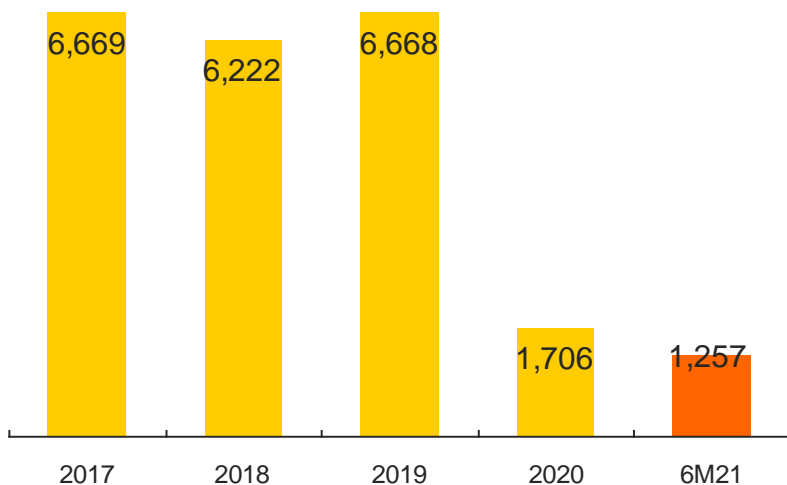
6M21 Overseas Loan Breakdown by Regions



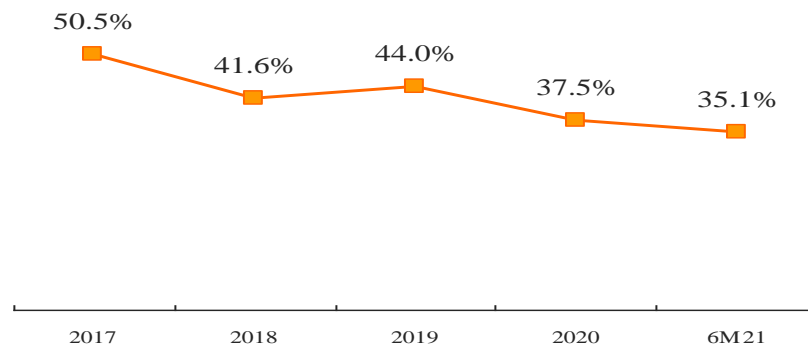
- 1.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.
- 2.The figures are the average of six months.
- 3.Including China subsidiary.

Overseas & OBU Performance

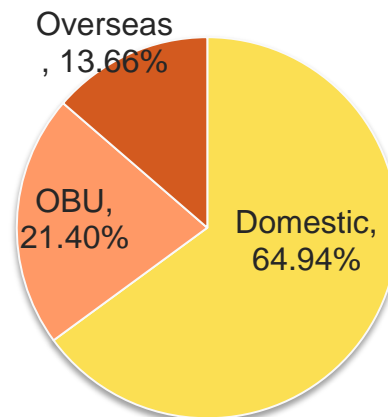
Overseas & OBU Net Income Before Tax (in NT\$ mn)



Overseas & OBU PPOP proportion

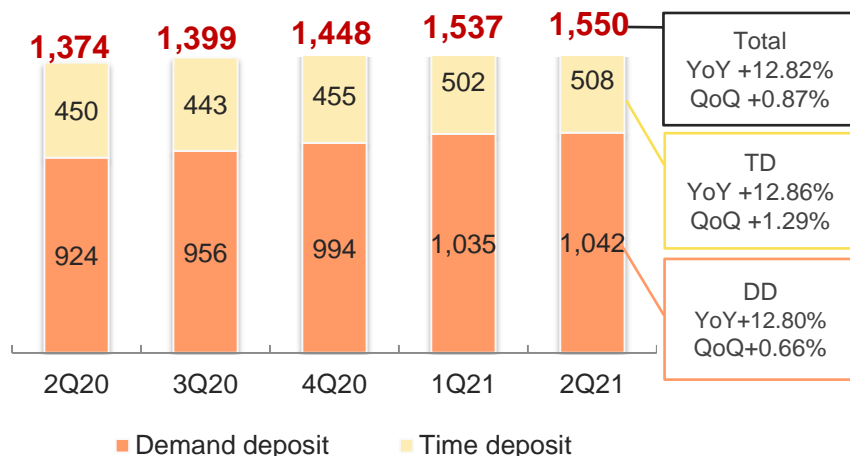


6M21 PPOP Breakdown

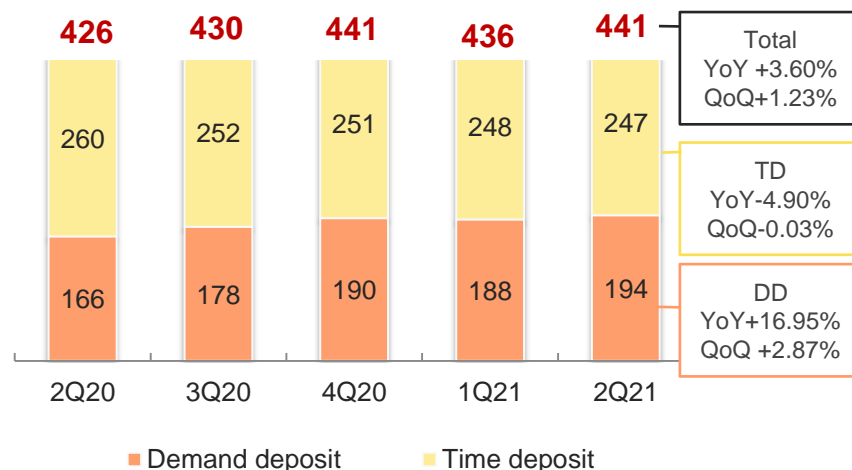


Deposit Breakdown by Currency

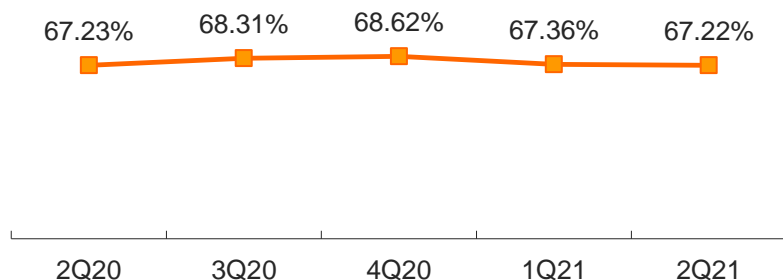
Quarterly NTD Deposit Balance (in NT\$ bn)



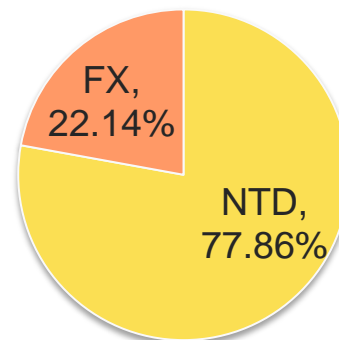
Quarterly FX Deposit Balance (in NT\$ bn)



Quarterly NTD Demand Deposit Proportion



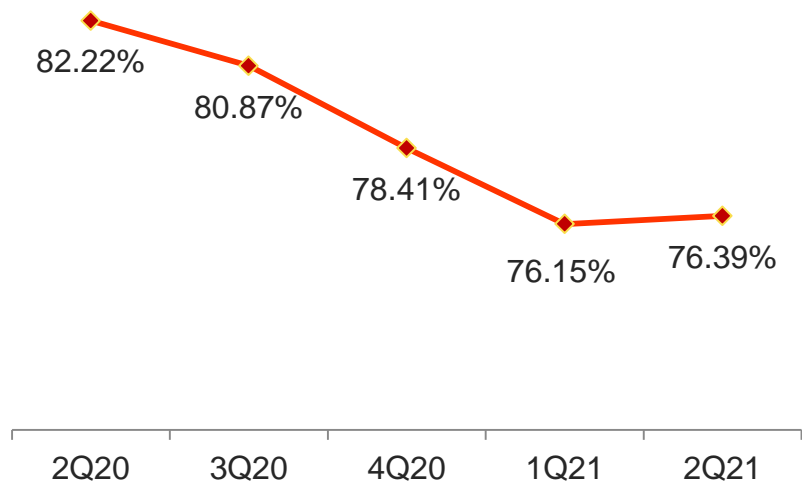
2Q21 Deposit Breakdown by Currency



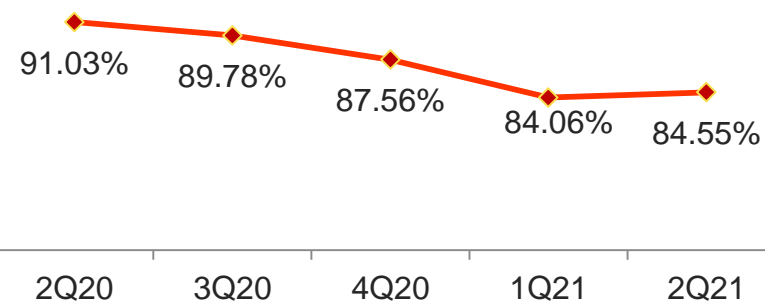
1. Quarterly deposit balance is single quarter average balance basis.
2. YoY is compared with the average on second quarter of 2020 and 2021.

LDR

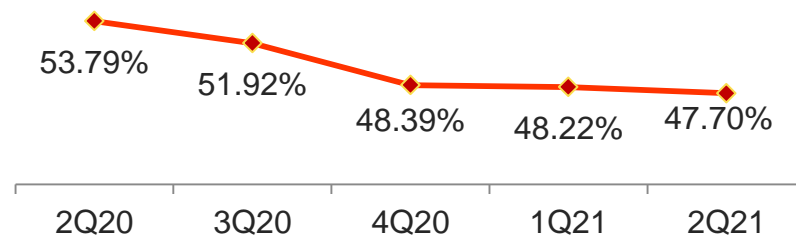
Total LDR



NTD LDR

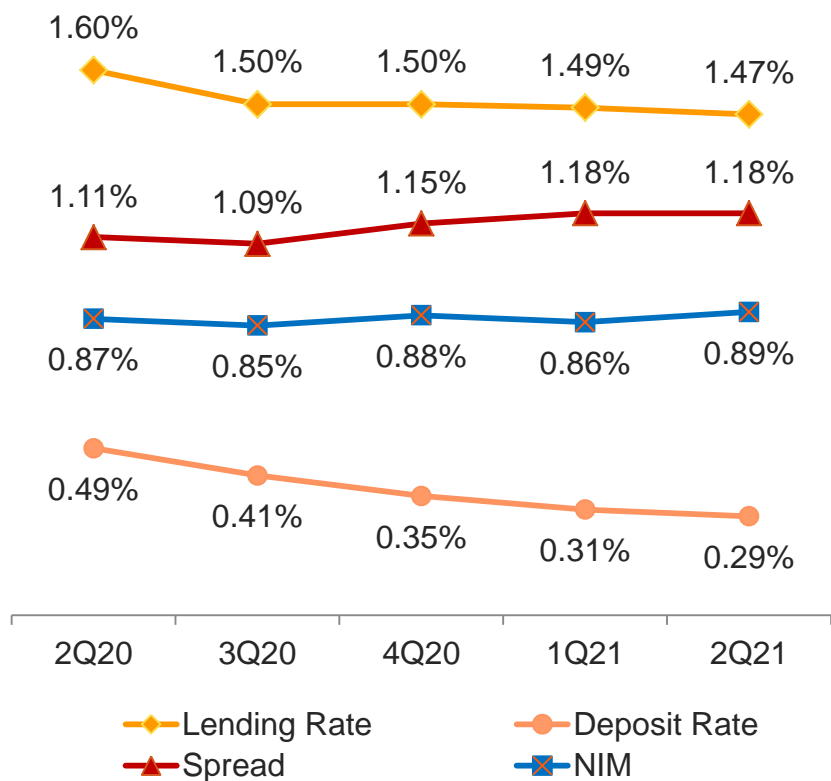


FX LDR

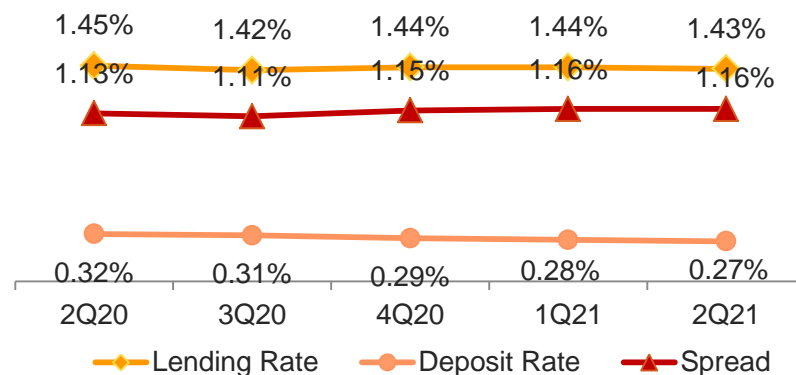


Spread and NIM

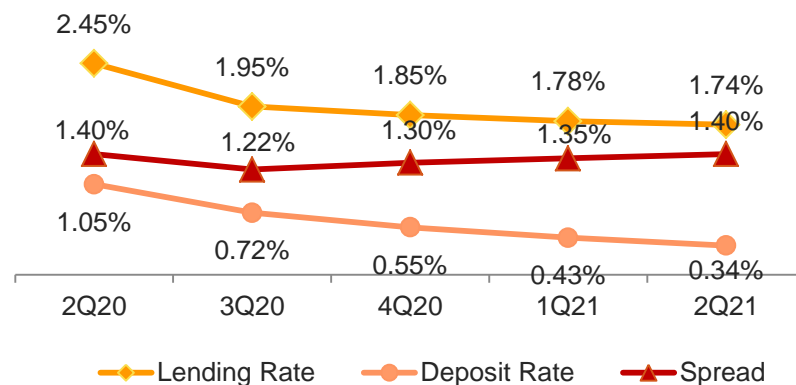
Quarterly Total Loan to Deposit Spread and NIM



NTD Loan to Deposit Spread



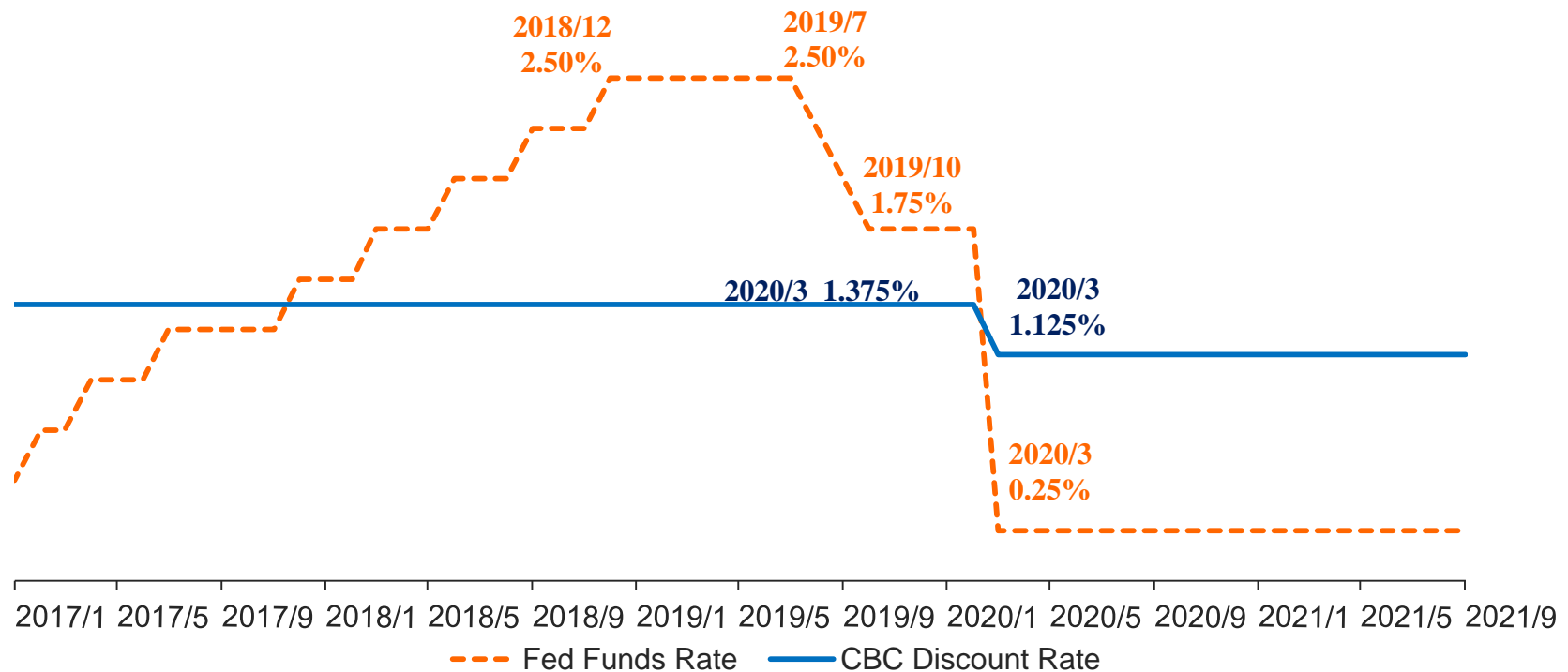
FX Loan to Deposit spread



*.IFRS and quarterly basis.

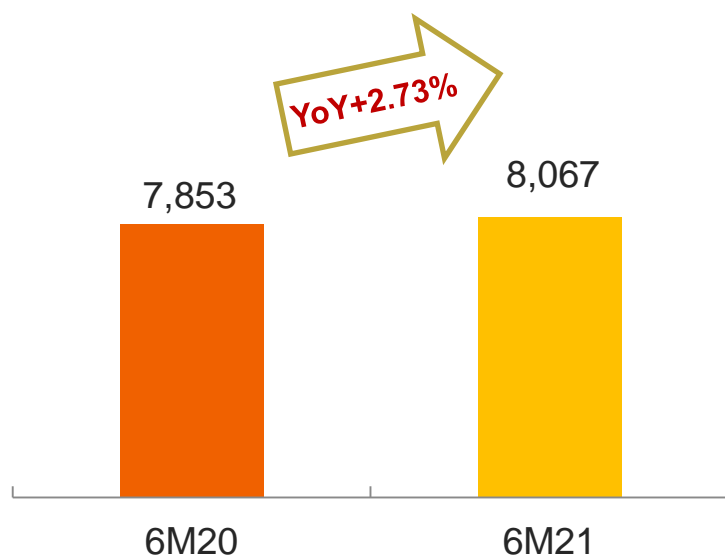
Fed Funds Rate vs. CBC Discount Rate Trends

Fed Funds Rate VS. CBC Discount Rate

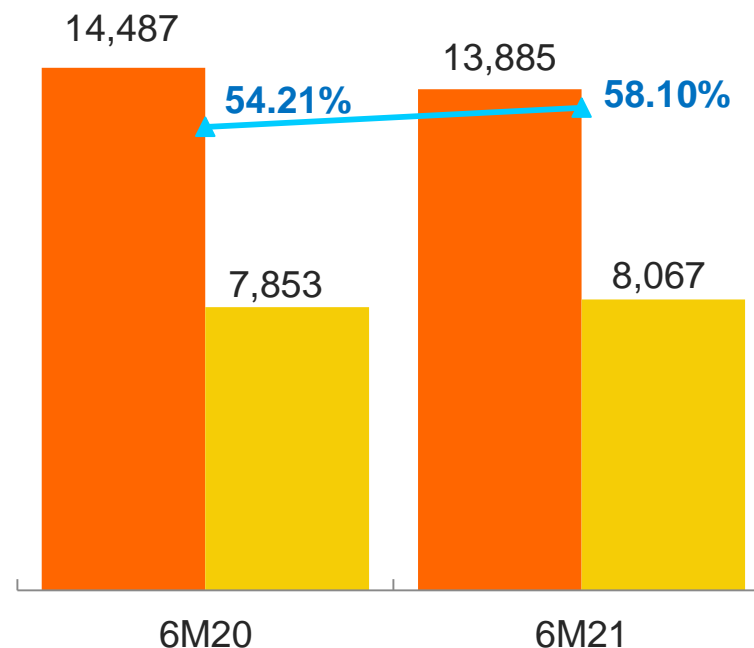


Cost-Income Ratio

Operating Expense (in NT\$ mn)



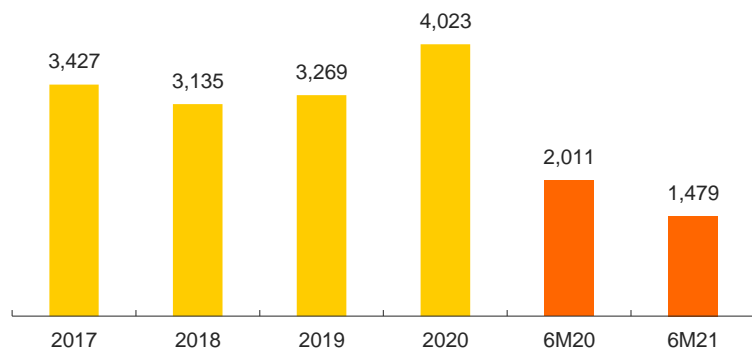
Cost-Income Ratio



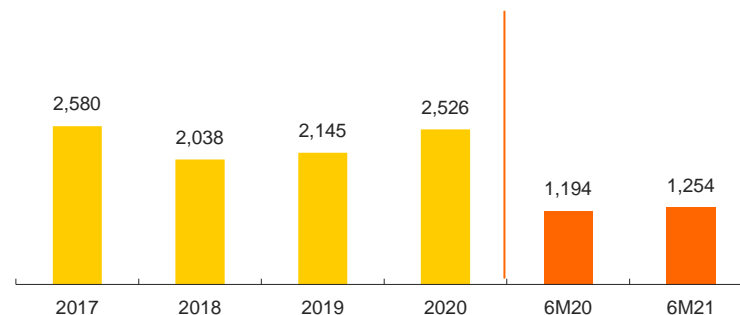
- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

Loan Provision, Write-off and Recovery

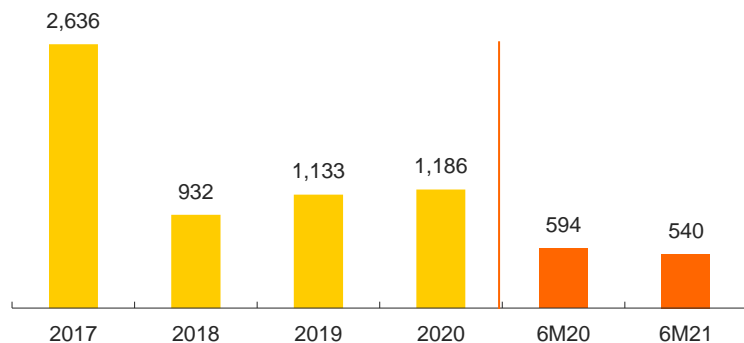
Provision (in NT\$ mn)



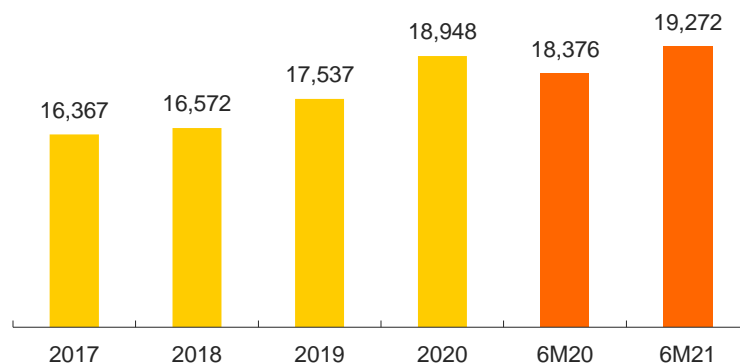
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

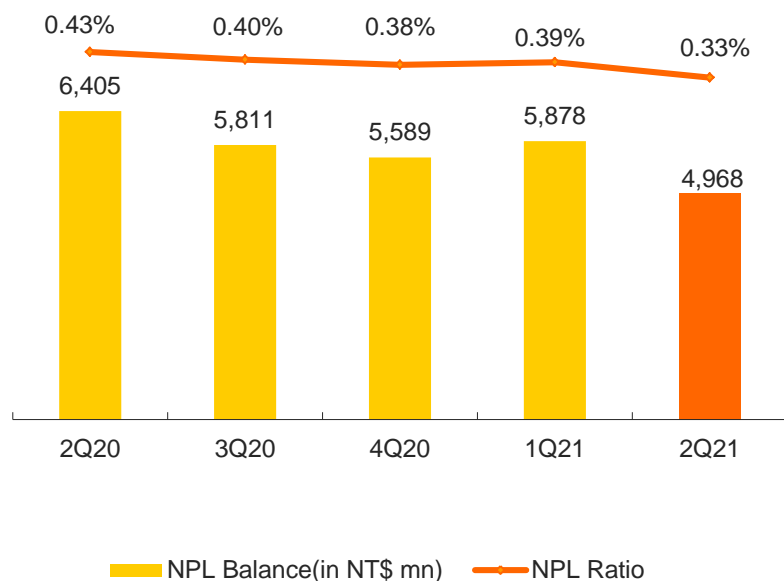


Reserve (in NT\$ mn)

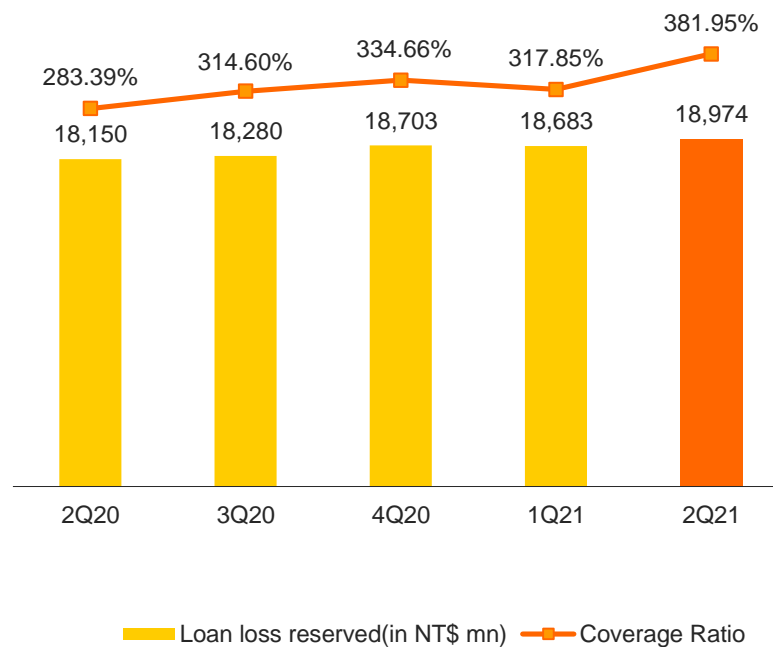


NPL Ratio and Coverage Ratio

NPL Ratio

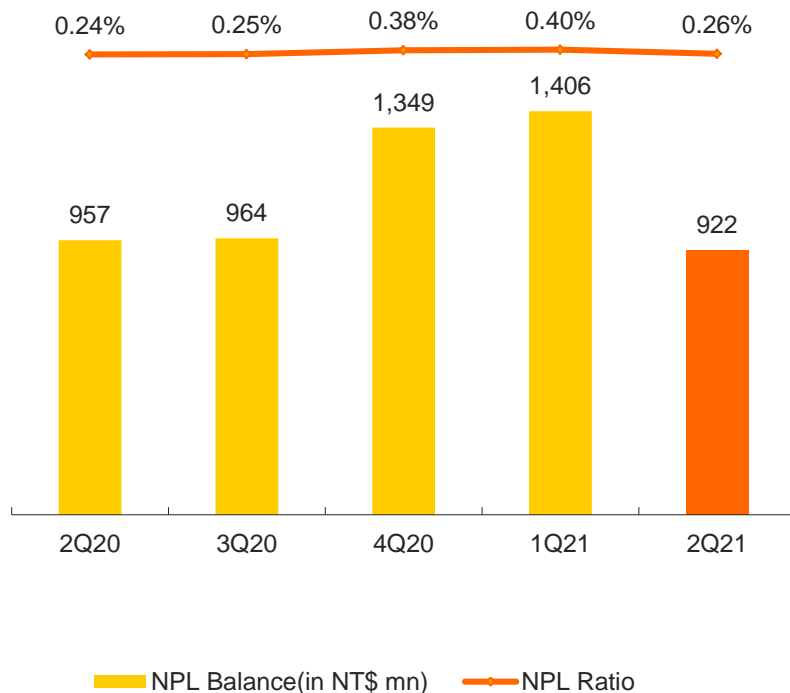


Coverage Ratio

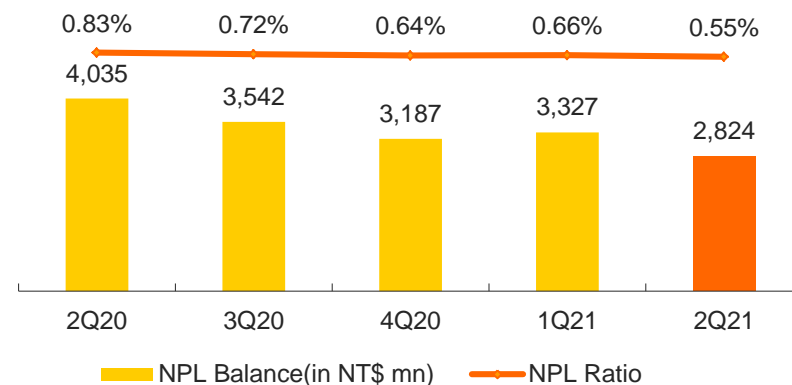


Asset Quality

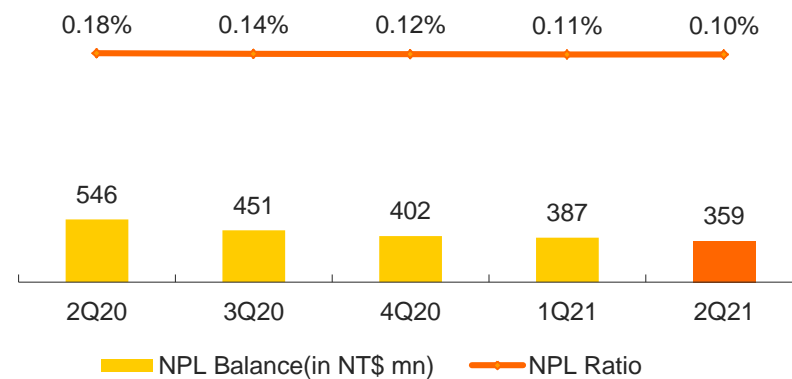
Large Corp.



SME



Mortgage



Credit Rating & CAR

Credit Rating

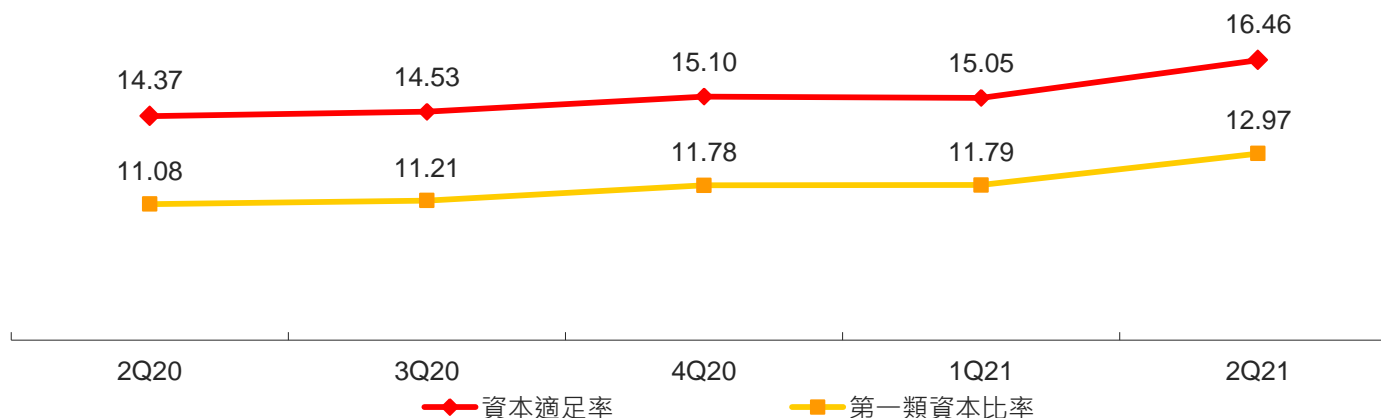
■ **Moody's** (2021/5,Review) :

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

■ **S&P** (2021/4,Review) :

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

Capital Adequacy Ratio (%)



Operational Perspective

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.
- Become a supporter of TCFD (Task Force on Climate-Related Financial Disclosures) and provide green financial products and support the development of related industries.
- Ranked among the top 6~20% companies in the TWSE CG evaluation and awarded as the “Model” in the Banking Sector of the 1st 2021 Taiwan Sustainable Investment Award.
- Award and rated of B (Management level) by CDP (Carbon Disclosure Project)



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Q&A



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● Operating Results

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BALANCE SHEETS(Consolidated)

(in NT\$ mn)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2019	2020	Change%	2Q20	3Q20	4Q20	1Q21	2Q21	Change%	2Q20	2Q21	Change%
Assets												
Cash & due from Banks	199,336	262,192	31.53%	188,282	210,244	262,192	249,587	249,272	-0.13%	188,282	249,272	32.39%
Financial assets at FVPL, net	11,483	14,581	26.98%	15,475	22,100	14,581	59,373	52,866	-10.96%	15,475	52,866	241.61%
Financial assets at FVOCI, net	116,296	122,696	5.50%	112,222	116,512	122,696	146,741	156,439	6.61%	112,222	156,439	39.40%
Financial assets for hedging	247	232	-6.34%	288	262	232	203	190	-6.23%	288	190	-33.84%
Financial assets at amortized cost, net	276,059	345,283	25.08%	310,472	307,368	345,283	363,688	349,151	-4.00%	310,472	349,151	12.46%
Receivables, net	23,201	21,481	-7.41%	19,294	22,373	21,481	23,572	23,198	-1.59%	19,294	23,198	20.23%
Loans, net	1,427,351	1,477,887	3.54%	1,491,585	1,463,346	1,477,887	1,499,269	1,523,351	1.61%	1,491,585	1,523,351	2.13%
Other financial assets, net	40,134	25,591	-36.24%	29,652	40,308	25,591	21,654	20,673	-4.53%	29,652	20,673	-30.28%
Property and equipment, net	20,739	20,909	0.82%	20,658	20,682	20,909	20,871	20,852	-0.09%	20,658	20,852	0.94%
Right-of-use asset	1,620	1,519	-6.24%	1,616	1,575	1,519	1,654	1,973	19.33%	1,616	1,973	22.08%
Investment property, net	13,873	13,859	-0.10%	13,869	13,868	13,859	13,857	13,855	-0.01%	13,869	13,855	-0.10%
Other assets	5,303	7,210	35.95%	6,096	6,248	7,210	6,793	6,102	-10.18%	6,096	6,102	0.09%
Total Assets	2,135,643	2,313,440	8.33%	2,209,511	2,224,887	2,313,440	2,407,263	2,417,922	0.44%	2,209,511	2,417,922	9.43%
Liabilities												
Due to banks	102,306	118,051	15.39%	132,971	113,808	118,051	121,999	111,912	-8.27%	132,971	111,912	-15.84%
Financial liabilities at FVPL	4,247	7,294	71.72%	5,101	5,536	7,294	3,011	3,470	15.24%	5,101	3,470	-31.97%
RP	1,547	1,227	-20.72%	1,847	1,753	1,227	1,555	1,433	-7.82%	1,847	1,433	-22.42%
Payables	21,847	22,237	1.79%	30,982	29,131	22,237	27,280	33,710	23.57%	30,982	33,710	8.80%
Deposits and remittances	1,765,948	1,917,987	8.61%	1,800,588	1,836,094	1,917,987	2,003,175	2,026,264	1.15%	1,800,588	2,026,264	12.53%
Bank notes payable	55,521	61,351	10.50%	54,604	54,580	61,351	60,224	51,318	-14.79%	54,604	51,318	-6.02%
Provisions	5,341	5,316	-0.46%	5,189	5,159	5,316	5,123	4,931	-3.76%	5,189	4,931	-4.99%
Lease liabilities	1,420	1,344	-5.41%	1,426	1,402	1,344	1,481	1,789	20.81%	1,426	1,789	25.44%
Other liabilities	15,229	13,580	-10.82%	14,721	13,841	13,580	15,999	13,279	-17.00%	14,721	13,279	-9.79%
Total Liabilities	1,973,406	2,148,386	8.87%	2,047,430	2,061,303	2,148,386	2,239,846	2,248,106	0.37%	2,047,430	2,248,106	9.80%
Stockholders' Equity	162,237	165,054	1.74%	162,081	163,583	165,054	167,417	169,816	1.43%	162,081	169,816	4.77%
Total Liabilities and Stockholders' Equity	2,135,643	2,313,440	8.33%	2,209,511	2,224,887	2,313,440	2,407,263	2,417,922	0.44%	2,209,511	2,417,922	9.43%

STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

(in NT\$ mm)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2019	2020	Change%	2Q20	3Q20	4Q20	1Q21	2Q21	Change%	6M20	6M21	Change%
Interest Income	39,190	29,816	-23.92%	7,377	6,832	6,810	6,674	6,737	0.94%	16,173	13,411	-17.08%
Interest Expense	16,341	10,676	-34.67%	2,789	2,237	1,991	1,867	1,727	-7.49%	6,448	3,595	-44.25%
Net Interest Income	22,850	19,140	-16.23%	4,588	4,596	4,820	4,807	5,010	4.22%	9,725	9,817	0.94%
Net Service fee and commissions income	4,635	4,528	-2.31%	1,065	1,104	1,135	1,204	1,077	-10.53%	2,288	2,281	-0.32%
Gains(losses) on financial assets and liabilities at FVPL	1,837	1,648	-10.27%	842	262	221	316	388	22.69%	1,166	705	-39.55%
Realized gains of financial assets at FVOCI	1,365	1,219	-10.71%	452	366	16	195	408	109.58%	837	602	-28.06%
Gains(losses) on disposal of credit assets measured at AC		0	-	0	0	0	-	-	-	0	-	-
Foreign exchange gains(losses)	919	339	-63.06%	-2	65	41	183	59	-67.60%	233	242	3.92%
Other miscellaneous net income	473	443	-6.42%	87	94	111	190	48	-74.55%	238	239	0.45%
Net income other than net interest income	9,229	8,177	-11.40%	2,445	1,892	1,523	2,088	1,981	-5.14%	4,762	4,069	-14.56%
Net Revenues and gains	32,078	27,317	-14.84%	7,032	6,487	6,343	6,895	6,990	1.38%	14,487	13,885	-4.15%
Credit loss provisions, net	2,136	2,836	32.76%	845	970	449	576	364	-36.79%	1,417	939	-33.71%
Operating Expenses	16,422	16,170	-1.53%	4,070	3,962	4,356	3,941	4,126	4.70%	7,853	8,067	2.73%
Employee Benefits expenses	10,868	10,808	-0.55%	2,700	2,650	2,952	2,688	2,812	4.59%	5,205	5,500	5.67%
Depreciation and amortization expenses	1,437	1,403	-2.38%	350	352	346	253	363	43.52%	704	615	-12.62%
Other general and administrative expenses	4,117	3,960	-3.82%	1,021	959	1,057	900	952	5.79%	1,944	1,852	-4.72%
Income before income tax from continuing operations	13,520	8,311	-38.53%	2,117	1,556	1,538	2,378	2,500	5.12%	5,217	4,879	-6.48%
Income Tax Expense	1,949	1,270	-34.84%	364	147	151	433	279	-35.55%	971	711	-26.74%
Net Income	11,572	7,041	-39.15%	1,753	1,409	1,386	1,946	2,222	14.17%	4,246	4,167	-1.84%
Basic EPS(NT\$)	1.16	0.68	-41.38%	0.17	0.14	0.12	0.19	0.21	10.53%	0.41	0.40	-2.44%
Other comprehensive income	369	-230	-162.37%	2,181	93	84	417	178	-57.35%	-408	595	245.92%
Total comprehensive income	11,941	6,811	-42.96%	3,934	1,502	1,471	2,363	2,399	1.54%	3,838	4,763	24.09%



彰化銀行

THANK YOU

