



彰化銀行

Financial Review 2021

(Bloomberg: 2801 TT)

March 25, 2022



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Economic Outlook

- **Geopolitical risks increase the uncertainties of the global economy**
 1. Advanced countries has loosened epidemic prevention, indicating that the impact will gradually fade.
 2. The fiscal relief measures and the wave of monetary easing will end, and the Federal Reserve approves first interest rate hike, so the global economic growth will tend to moderate.
 3. Geopolitical risks continue to rise, coupled with the tightening of global supply chains that increase inflationary pressures and global economic growth concerns.
- **Commodity exports continue to grow, and domestic demand recovers, so the domestic business operations will revive steadily.**
 1. Benefiting from the digital and emerging technology business opportunities and Taiwanese businessmen returning to Taiwan to expand domestic production capacity, the economic growth rate this year is expected to be revised up to 4.42%.
 2. The conflict between Ukraine and Russia has led to a surge in international raw materials such as oil, natural gas, and grain. In addition, the domestic economy, real estate, and consumption also remain hot topics. Therefore, this year's domestic traditional industries are still booming.
 3. Central banks worldwide, including Taiwan, have started raising interest rates, which will help improve bank interest margins and the growth of businesses. This year, financial industry operations expecting to remain positive.

Sustainable Performance

STEP - Sustainability Plan

- ✓ S=SASB
- ✓ T=TCFD
- ✓ EP=Equator Principles

Recent Performance:

● Governance

1. Establish an intellectual property (trademark) management system, which has been affirmed and passed the TIPS A-level verification, to improve the intellectual property risk protection capability.
2. The CSR report has padded the double certification by the third-party verification agency of AA1000 and assurance standard and SASB standard.

● Social

1. The Bank won the National Award for Excellent Workplace Health and is committed to creating a high-quality and healthy workplace to protect employees.
2. The Bank has long been concerned about the disadvantaged elderly. We deeply understand the needs through its front-line services and actively respond to charitable donations and volunteer activities.
3. The Bank actively respond to the FSC Trust 2.0 plan and alliance with long-term care centers from different industries to assist the elderly in their retirement with an all-round trust package plan.

● Environmental

1. Introduced the international standard ISO 46001 Water resource efficiency management system, verified by the British Standards Institute (BSI).
2. The Bank's first green building - Beimen Branch has been renovated and is expected to be completed in the first half of 2023.

Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

Operational Highlights (consolidated basis)

Core Business

- Loans NT\$1,550 bn, +4.85% YoY,
Corp. +3.94% YoY · Personal +14.14% YoY ·
Overseas -13.00% YoY
- Deposits NT\$2,030 bn, +13.31% YoY,
NTD Demand Deposit +12.03% YoY
FX Demand Deposit +19.43% YoY

Profitability

- Net Income After Tax NT\$8.804 bn, +25.04% YoY
- EPS NT\$0.84 · ROA 0.36% · ROE 5.23%

Asset Quality

- NPL ratio was 0.33% · -0.05%YoY
- Coverage ratio was 386.90% · +52.24%YoY

Capital Adequacy Ratio

- BIS ratio was 15.69% · +0.59% YoY

*ROE and ROA are after-tax figures.

Agenda

● Operational Highlights

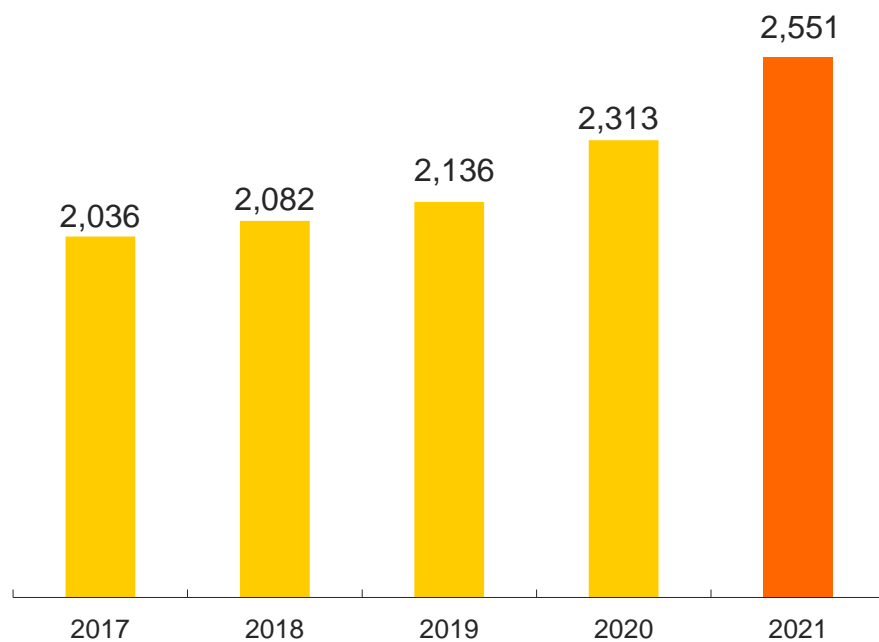
● **Financial Performance**

● Operating Results

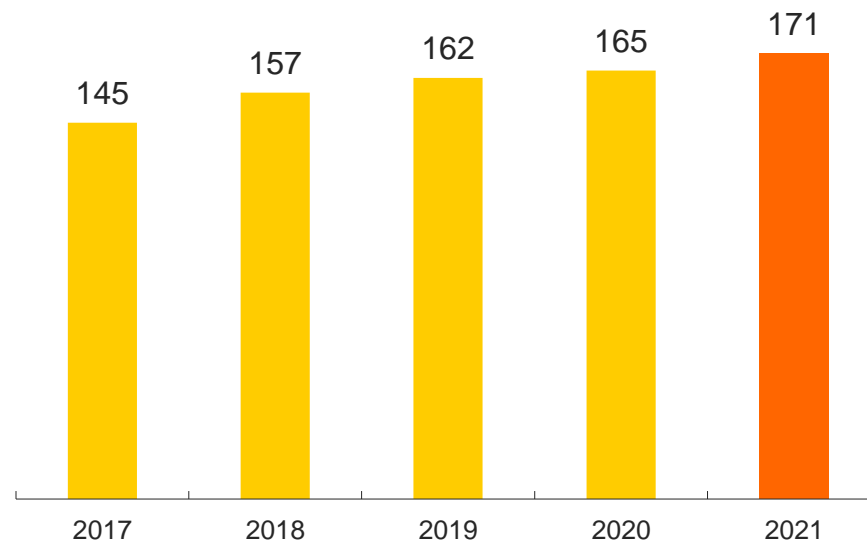
● Appendix

Asset Size and Net Worth

Asset Size (in NT\$ bn)

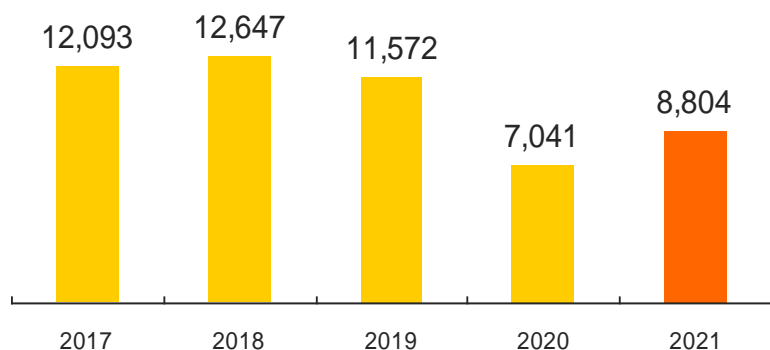


Net Worth (in NT\$ bn)

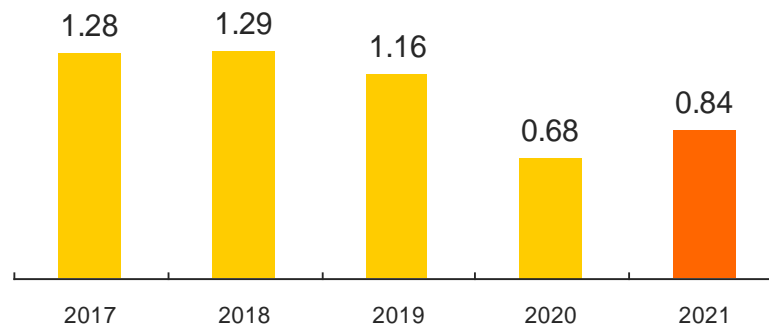


Financial Performance

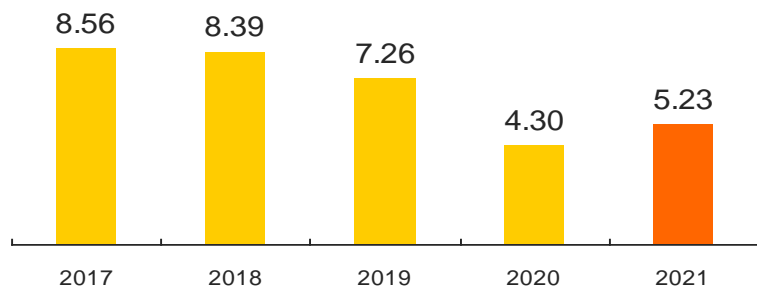
Net Income After Tax (in NT\$ mn)



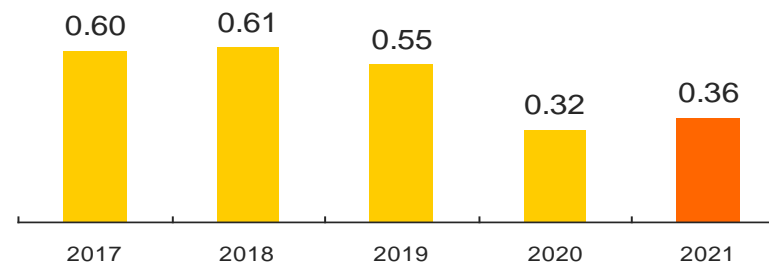
EPS After tax (in NT\$)



ROE(%)



ROA(%)



*ROE and ROA are after-tax figures.

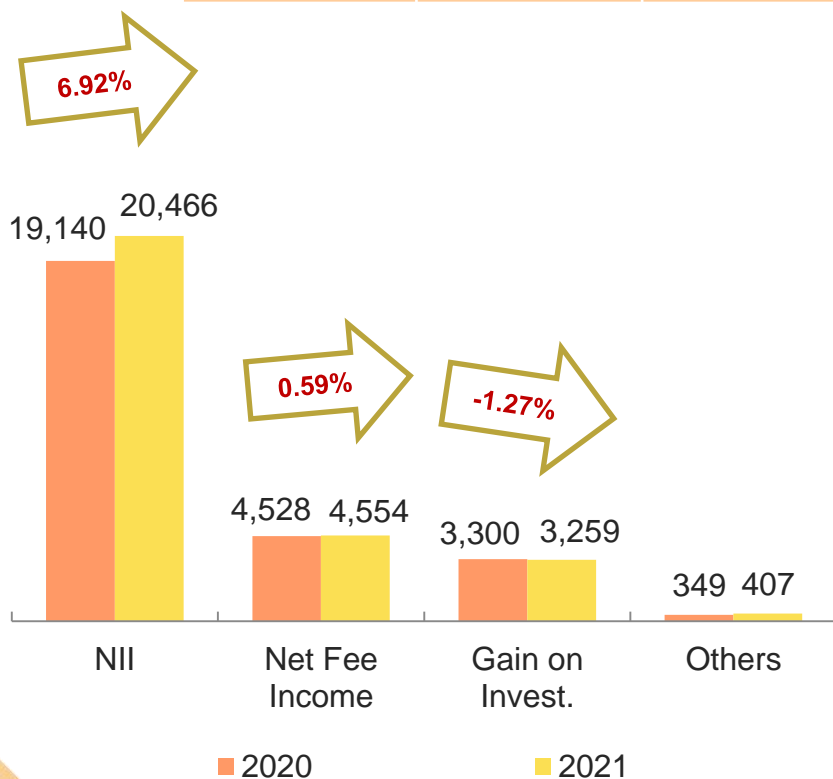
Comprehensive Income

(In NT\$ mn)	2020	2021	YoY(%)
Net Revenue	27,317	28,686	5.01%
Provision, Net	2,836	1,794	-36.75%
Operating Expense	16,170	16,772	3.72%
Net Income Before Tax	8,311	10,120	21.78%
Income Tax Expense	1,270	1,317	3.70%
Net Income After Tax	7,041	8,804	25.04%
Other Comprehensive Income	-230	1,333	679.20%
Total Comprehensive Income	6,811	10,137	48.84%

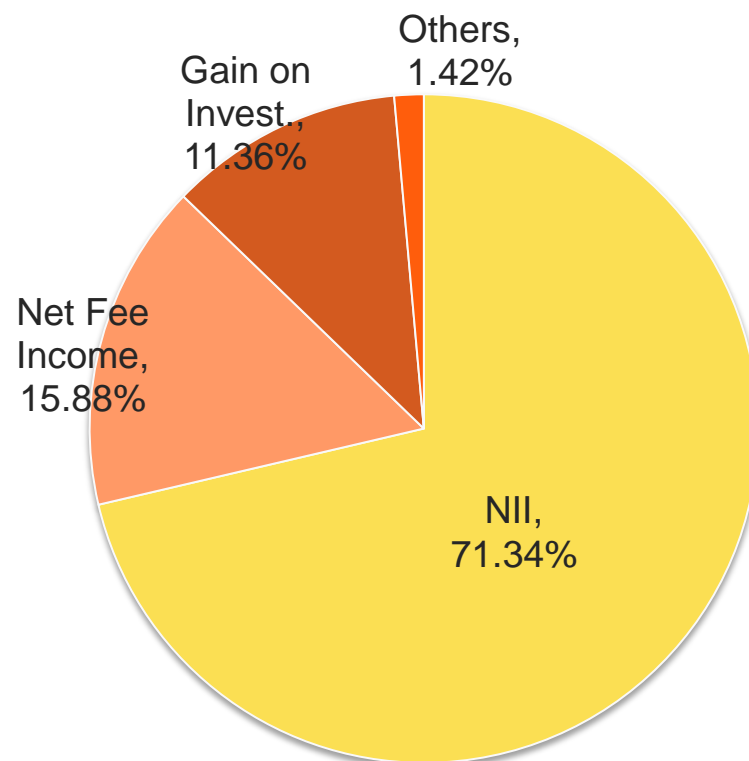
Net Revenue

Net Revenue (in NT\$ mn)

2020	2021	YoY
27,317	28,686	5.01%



2021 Net Revenue Breakdown

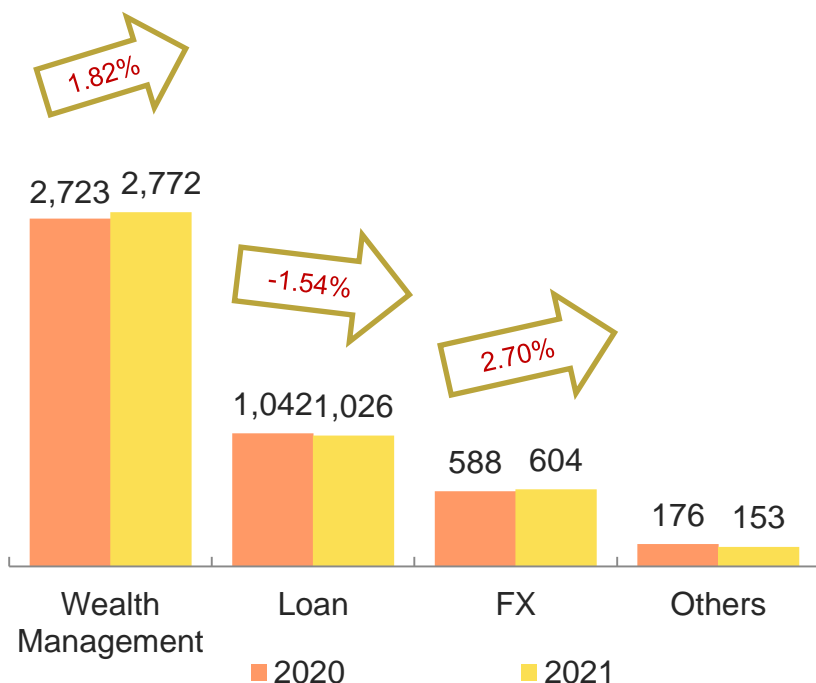
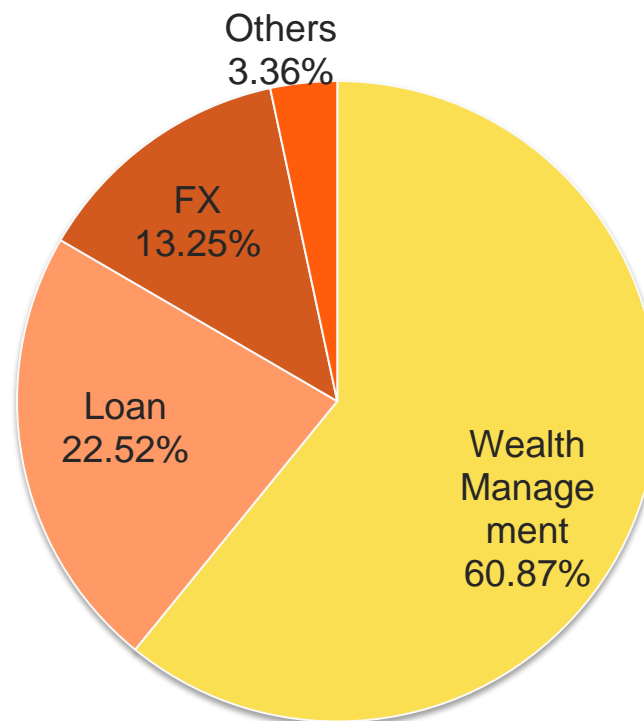


Net Fee Income

Net Fee Income (in NT\$ mn)

2020	2021	YoY
4,528	4,554	0.59%

2021 Net Fee Income Breakdown



Agenda

● Operational Highlights

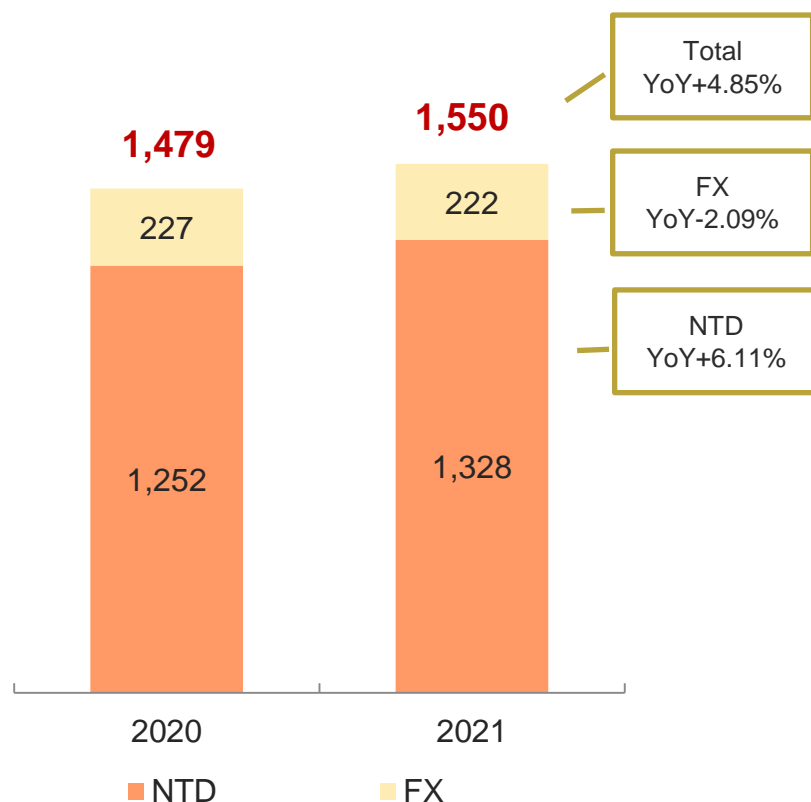
● Financial Performance

● **Operating Results**

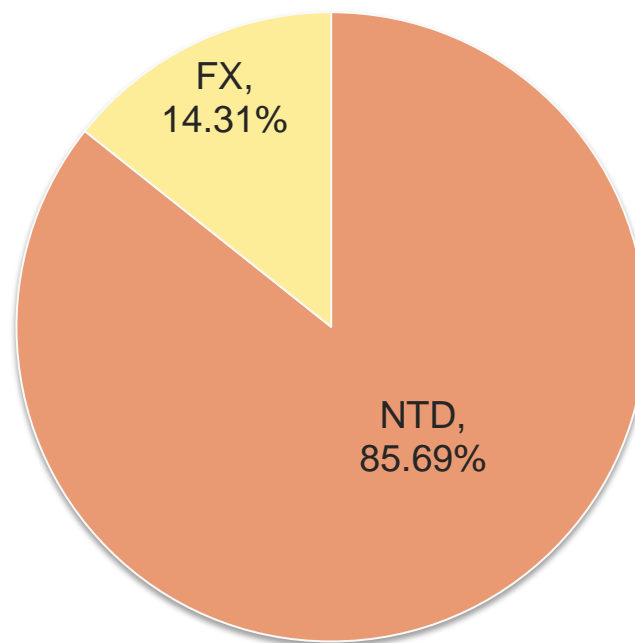
● Appendix

Loan Breakdown by Currency

Quarterly Loan Balance (in NT\$ bn)



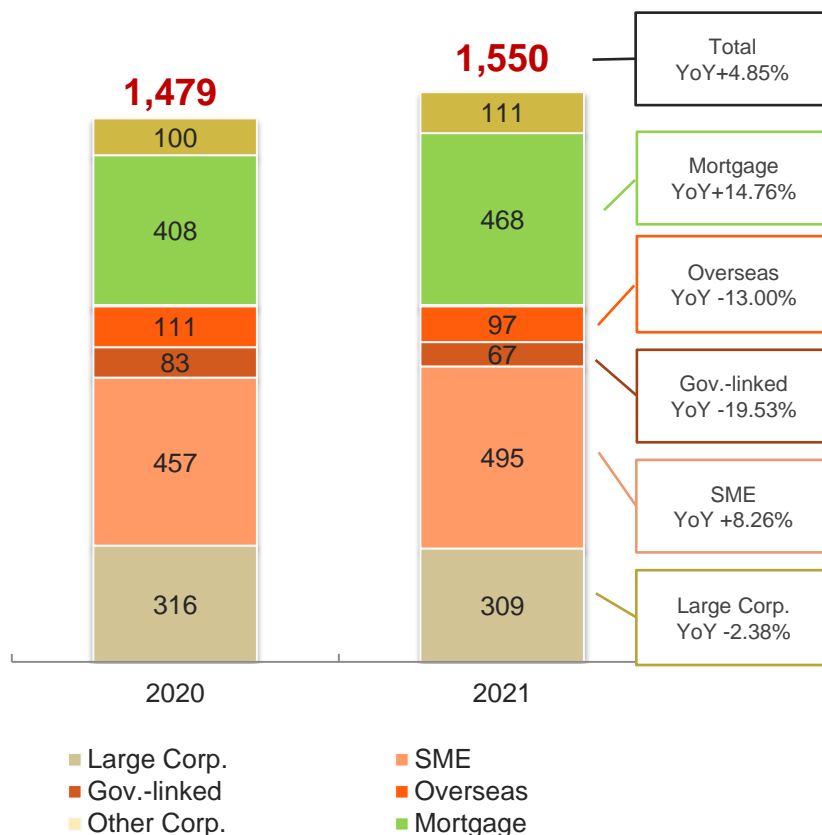
2021 Loan Breakdown by Currency



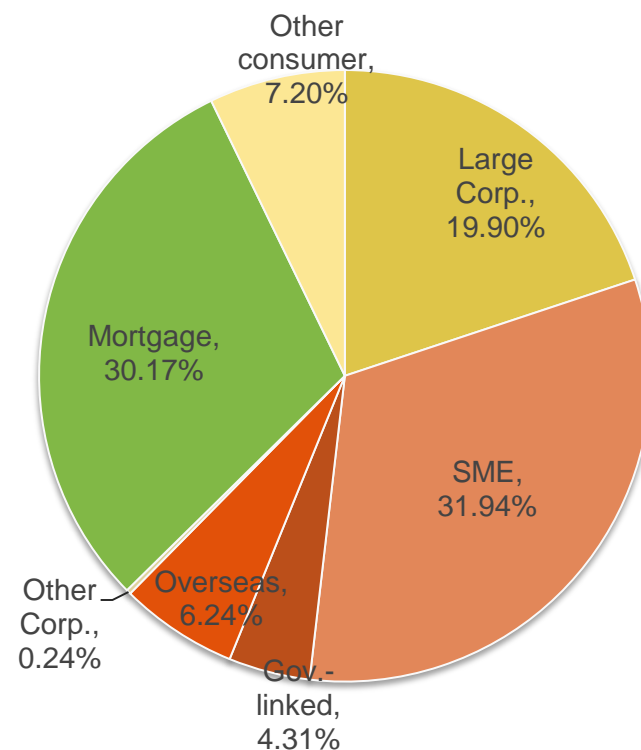
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Loan Breakdown by Customer

Quarterly Loan Balance (in NT\$ bn)



2021 Loan Breakdown by Customer

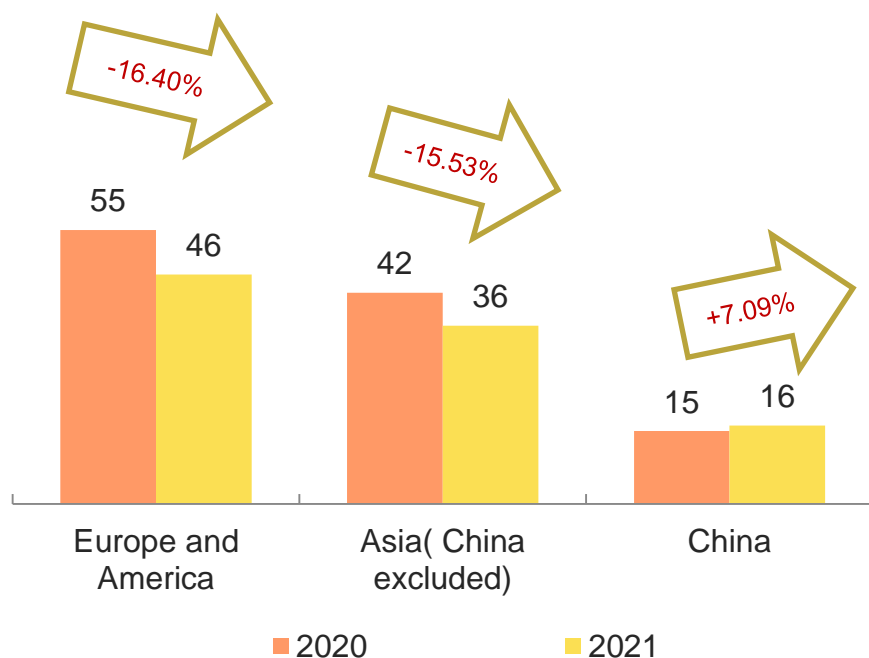


*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

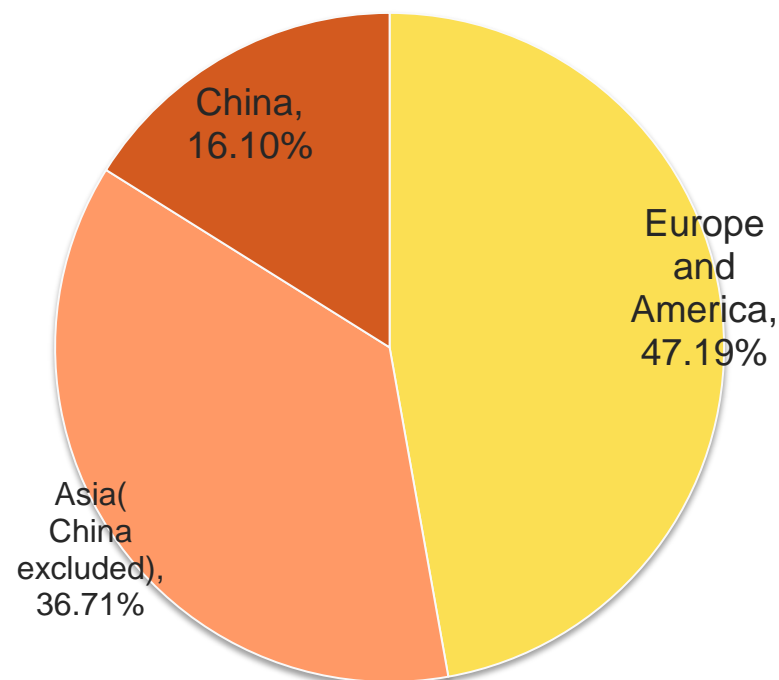
Overseas Loan Breakdown by Regions

Overseas Loan Balance (in NT\$ bn)

2020	2021	YoY
111	97	-13.00%



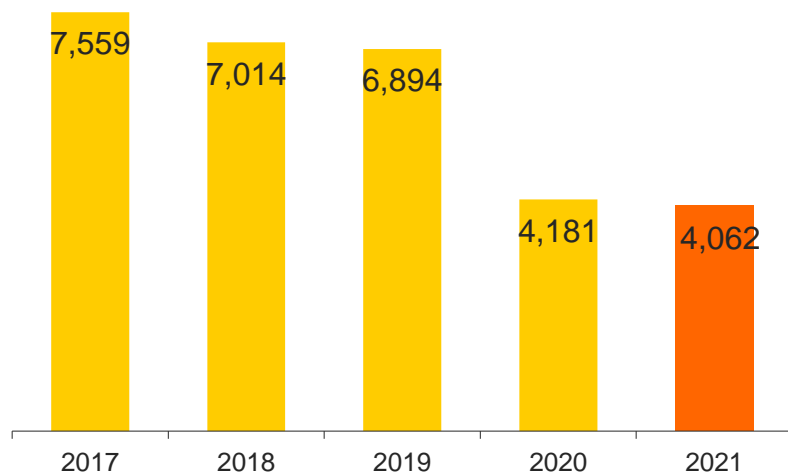
2021 Overseas Loan Breakdown by Regions



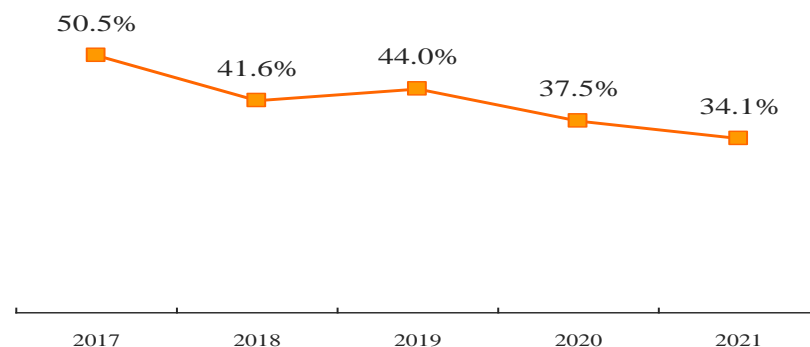
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Overseas & OBU Performance

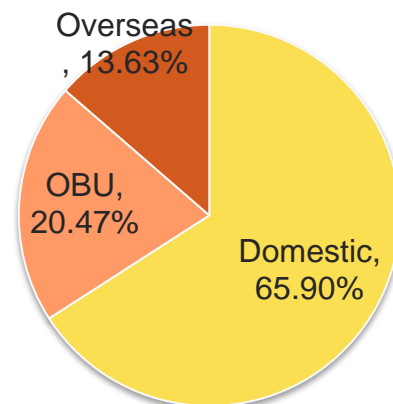
Overseas & OBU
Net Income After Tax (in NT\$ mn)



Overseas & OBU
PPOP proportion

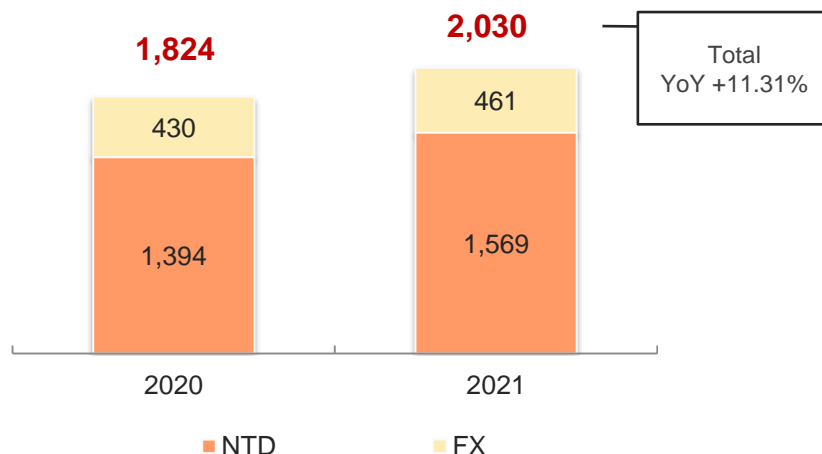


2021 PPOP Breakdown

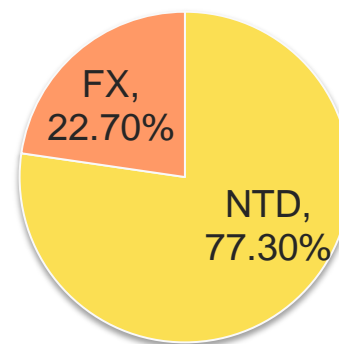


Deposit Breakdown by Currency

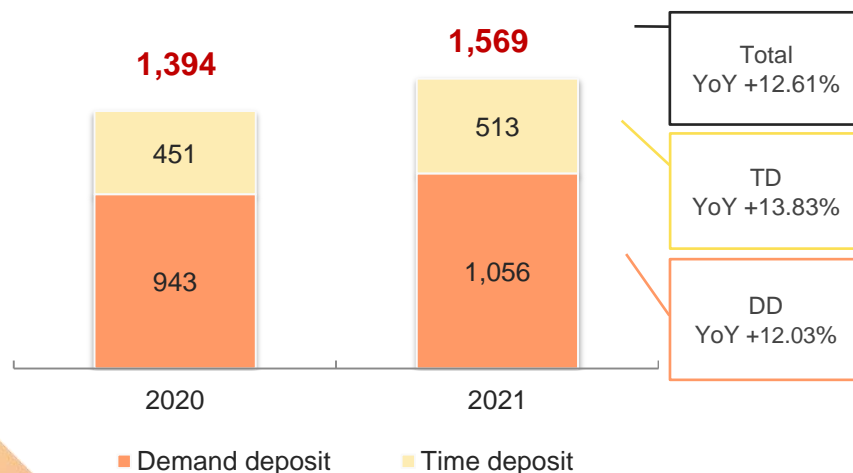
Deposit Balance (in NT\$ bn)



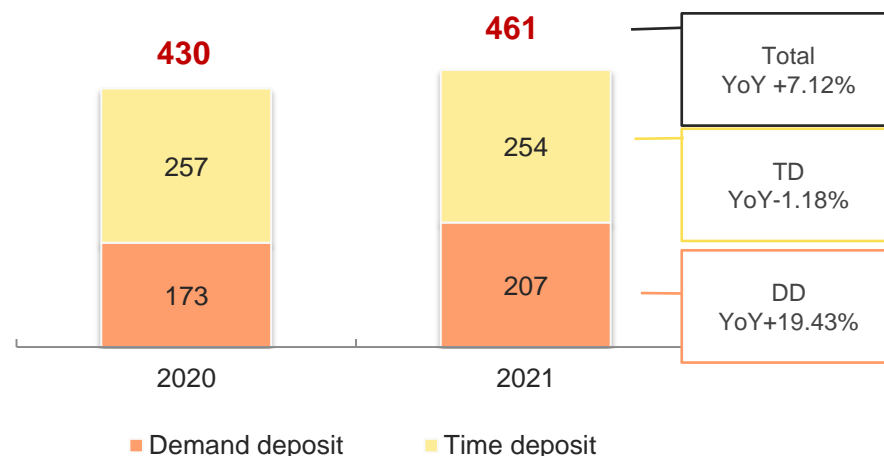
2021 Deposit Breakdown by Currency



NTD Deposit Balance (in NT\$ bn)

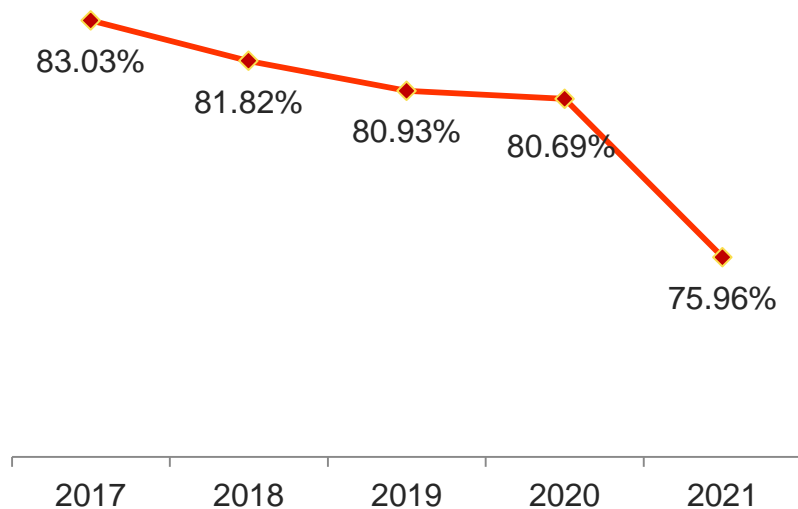


FX Deposit Balance (in NT\$ bn)

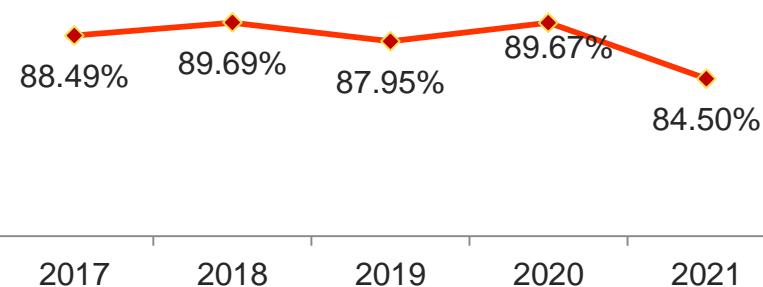


LDR

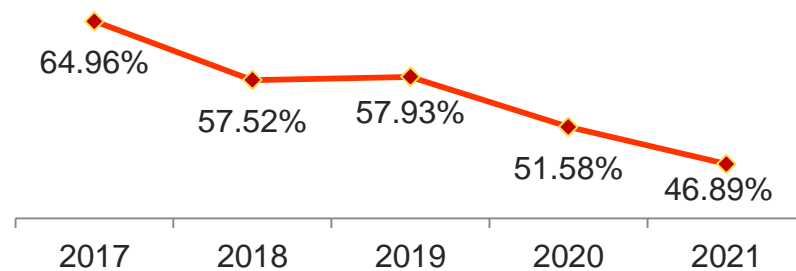
Total LDR



NTD LDR

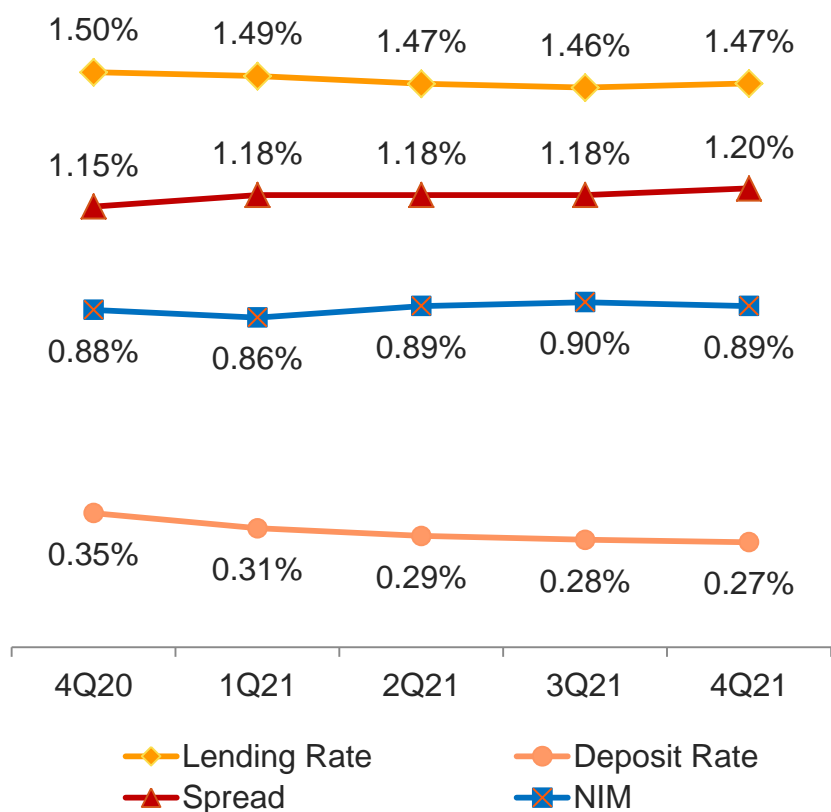


FX LDR

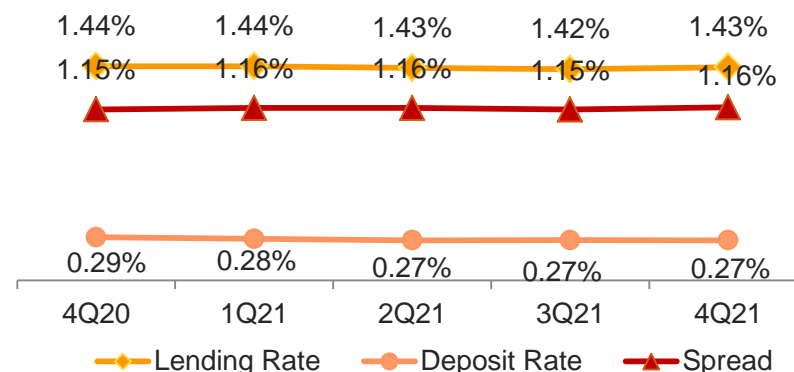


Spread and NIM

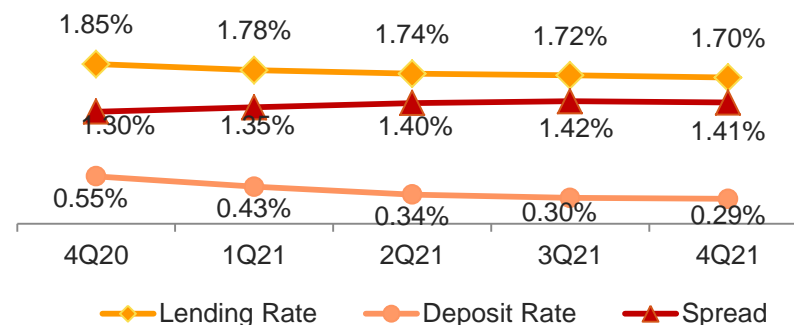
Quarterly Total Loan to Deposit Spread and NIM



NTD Loan to Deposit Spread



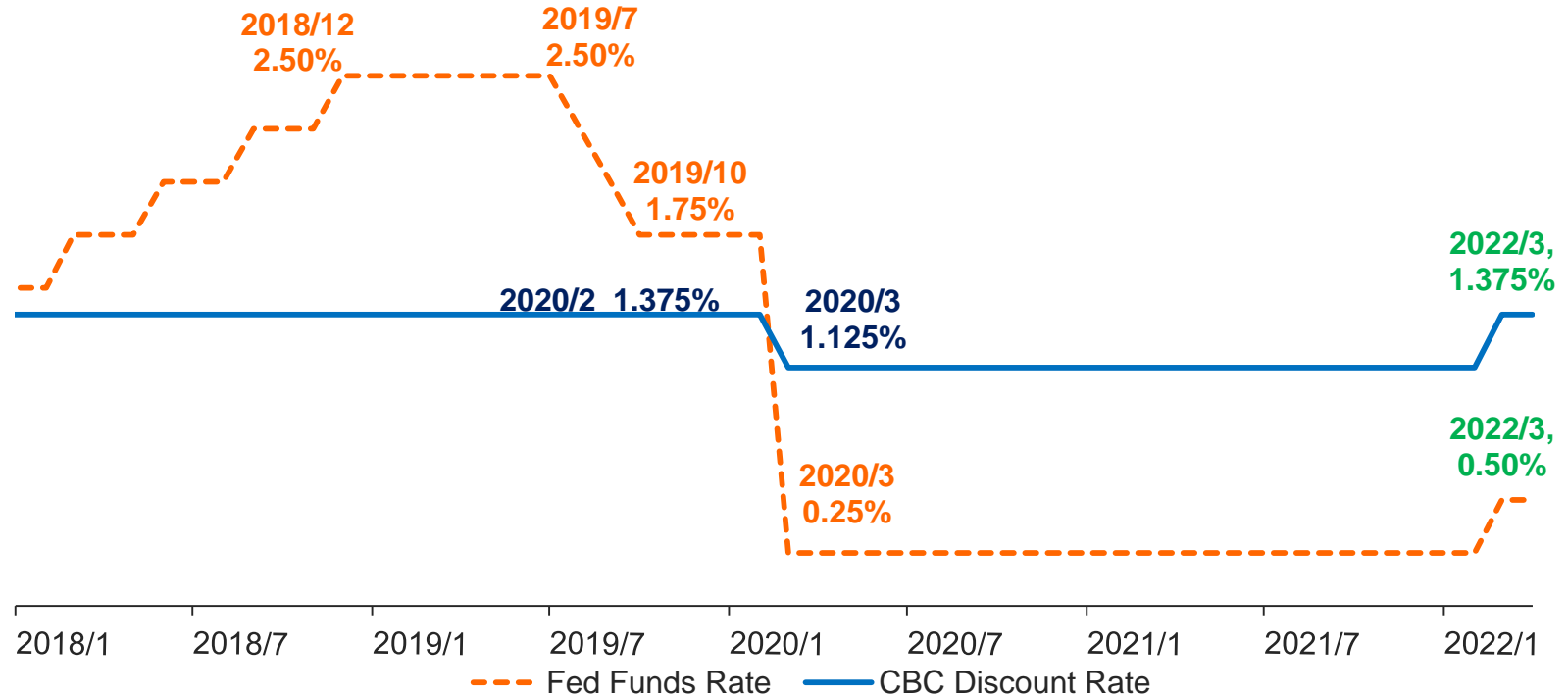
FX Loan to Deposit spread



*.IFRS and quarterly basis.

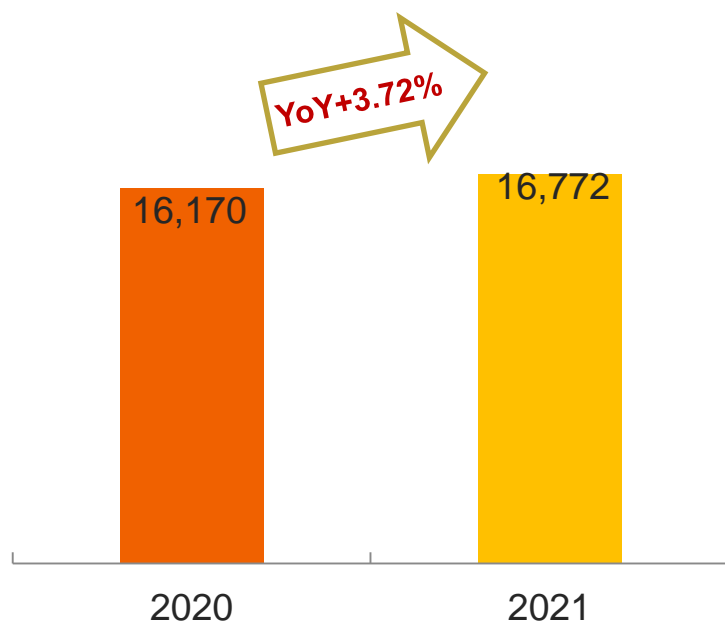
Fed Funds Rate vs. CBC Discount Rate Trends

Fed Funds Rate VS. CBC Discount Rate

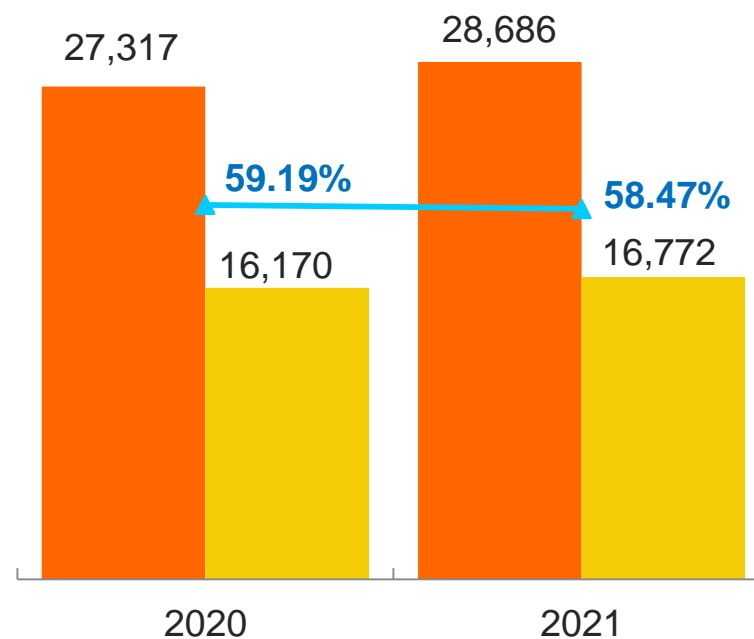


Cost-Income Ratio

Operating Expense (in NT\$ mn)



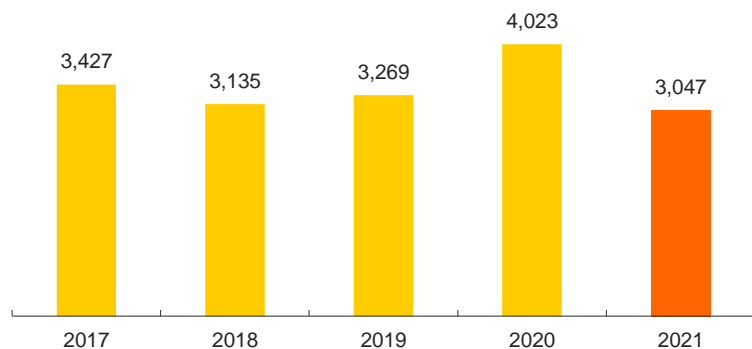
Cost-Income Ratio



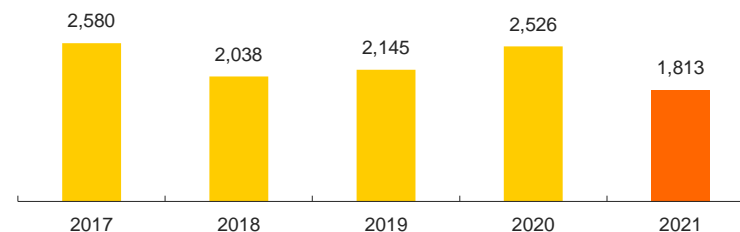
- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

Loan Provision, Write-off and Recovery

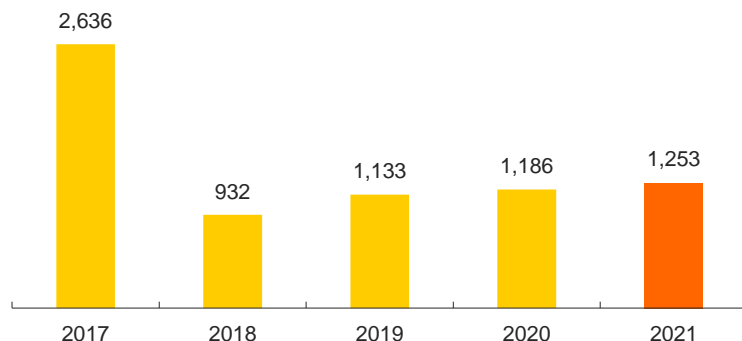
Provision (in NT\$ mn)



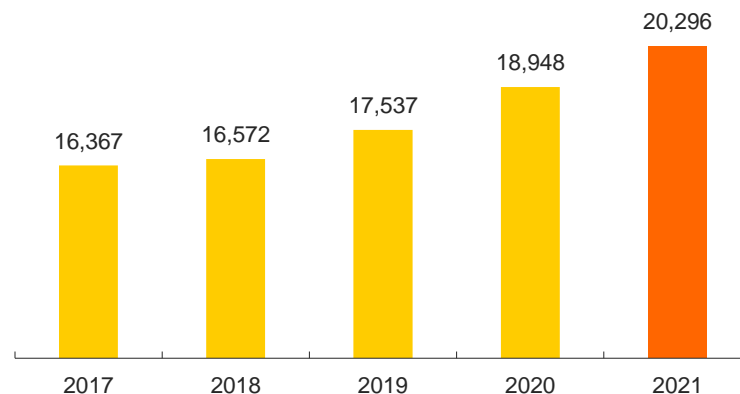
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

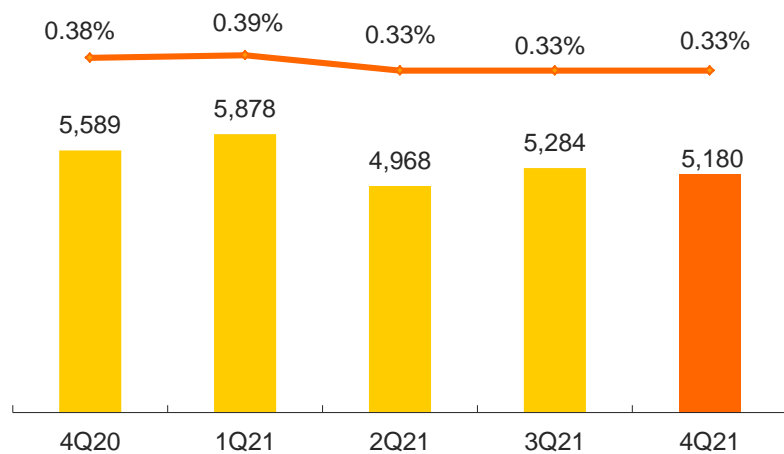


Reserve (in NT\$ mn)



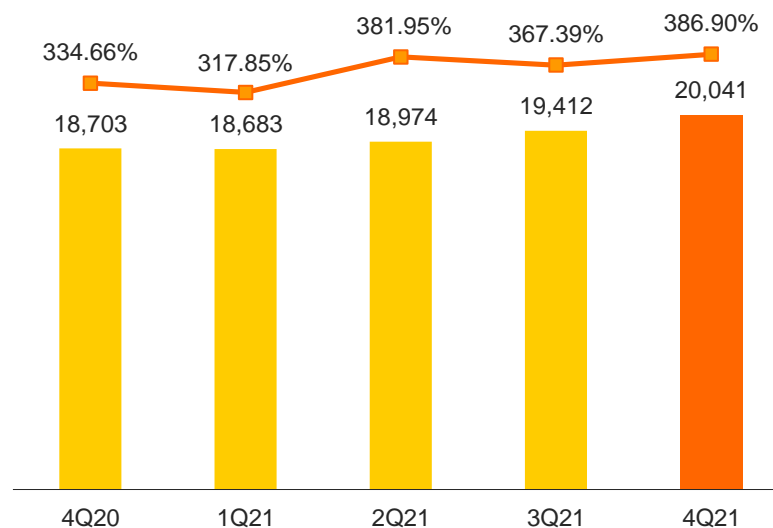
NPL Ratio and Coverage Ratio

NPL Ratio



■ NPL Balance(in NT\$ mn) — NPL Ratio

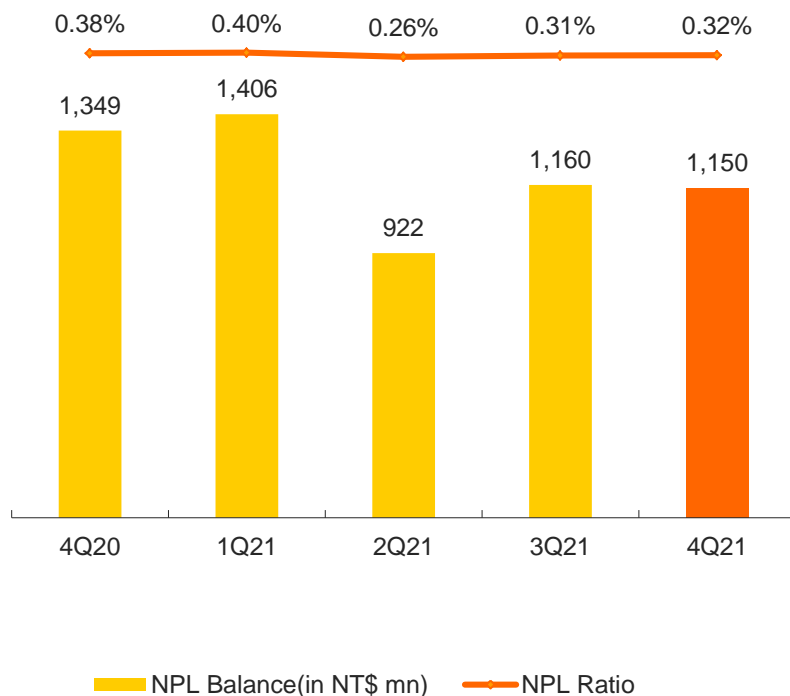
Coverage Ratio



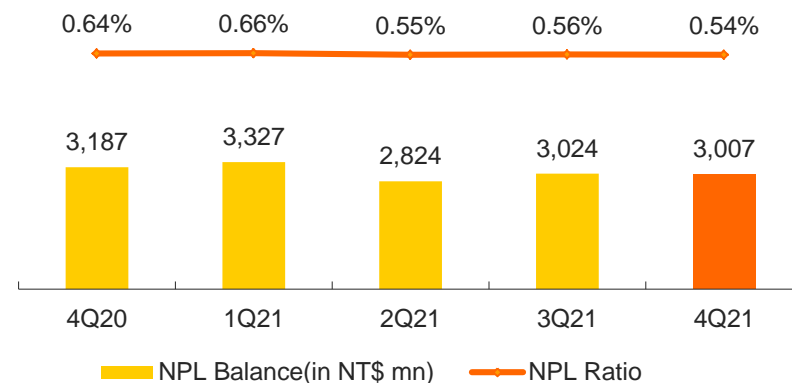
■ Loan loss reserved(in NT\$ mn) — Coverage Ratio

Asset Quality

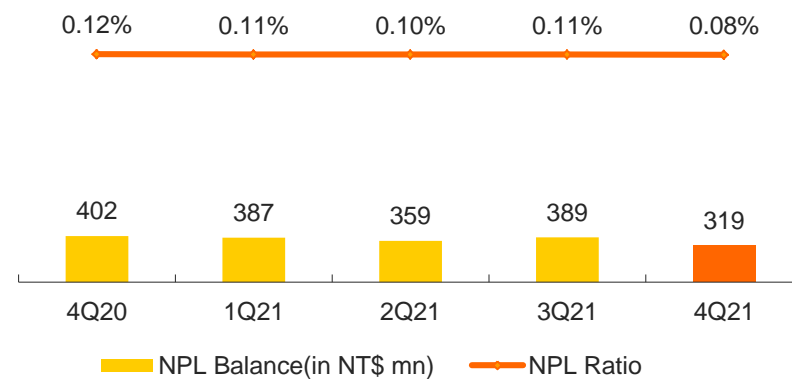
Large Corp.



SME



Mortgage



Credit Rating & CAR

Credit Rating

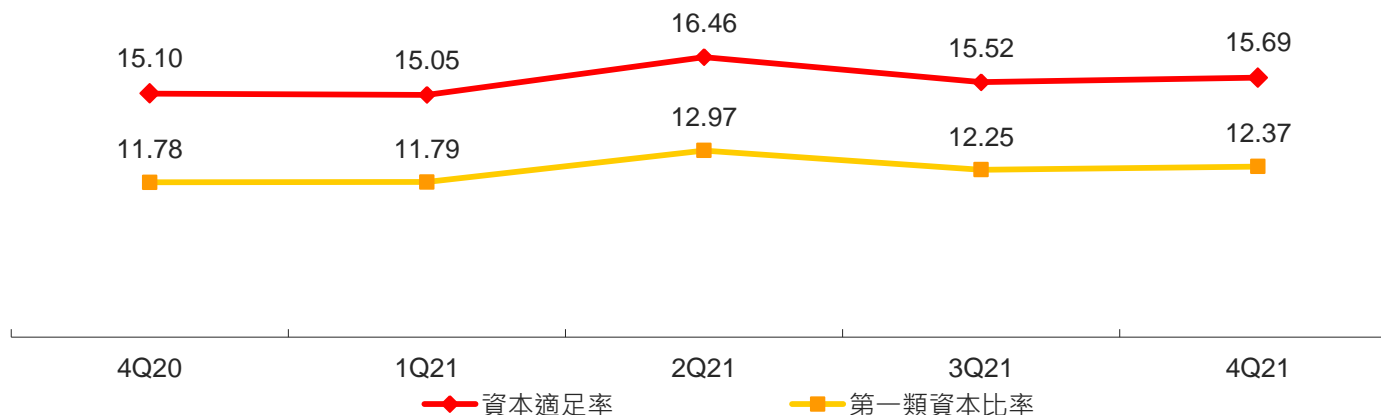
■ **Moody's** (2022/3,Review) :

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

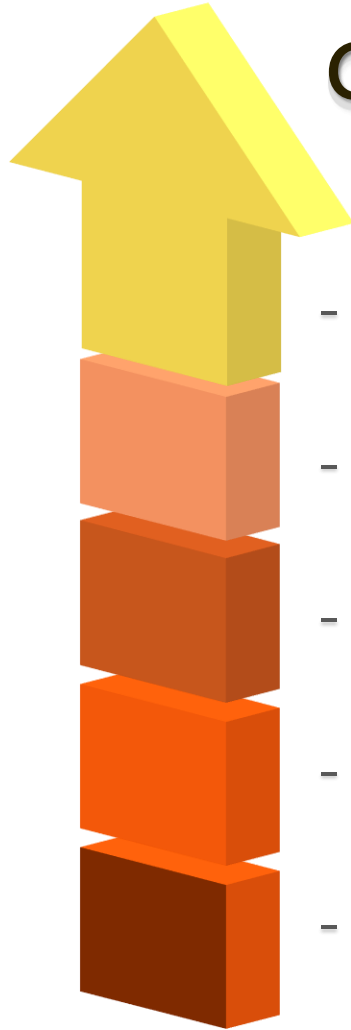
■ **S&P** (2021/11,Review) :

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

Capital Adequacy Ratio (%)



Operating Strategy



Customer-oriented, Integrity and Sustainability

- Optimize income and asset structure, and actively increase profits
- Deploy digital transformation and build a financial ecosystem
- Deepen legal compliance and implement three lines of defense for internal control
- Practice fair hospitality and commit to developing green finance
- Improve information and operational efficiency, and strengthen information security governance



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Q&A



Agenda

● Operational Highlights

● Financial Performance

● Operating Results

● Appendix

BALANCE SHEETS(Consolidated)

(in NT\$ mn)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2020	2021	Change%	4Q20	1Q21	2Q21	3Q21	4Q21	Change%	4Q20	4Q21	Change%
Assets												
Cash & due from Banks	262,192	290,702	10.87%	262,192	249,587	249,272	207,147	290,702	40.34%	262,192	290,702	10.87%
Financial assets at FVPL, net	14,581	56,612	288.24%	14,581	59,373	52,866	26,335	56,612	114.97%	14,581	56,612	288.24%
Financial assets at FVOCI, net	122,696	174,195	41.97%	122,696	146,741	156,439	180,153	174,195	-3.31%	122,696	174,195	41.97%
Financial assets for hedging	232	147	-36.42%	232	203	190	182	147	-19.09%	232	147	-36.42%
Financial assets at amortized cost, net	345,283	405,256	17.37%	345,283	363,688	349,151	378,296	405,256	7.13%	345,283	405,256	17.37%
Receivables, net	21,481	22,929	6.74%	21,481	23,572	23,198	25,621	22,929	-10.51%	21,481	22,929	6.74%
Loans, net	1,477,887	1,554,775	5.20%	1,477,887	1,499,269	1,523,351	1,576,518	1,554,775	-1.38%	1,477,887	1,554,775	5.20%
Other financial assets, net	25,591	3,858	-84.93%	25,591	21,654	20,673	3,378	3,858	14.18%	25,591	3,858	-84.93%
Property and equipment, net	20,909	20,979	0.34%	20,909	20,871	20,852	20,887	20,979	0.44%	20,909	20,979	0.34%
Right-of-use asset	1,519	1,942	27.79%	1,519	1,654	1,973	1,984	1,942	-2.17%	1,519	1,942	27.79%
Investment property, net	13,859	13,852	-0.05%	13,859	13,857	13,855	13,854	13,852	-0.01%	13,859	13,852	-0.05%
Other assets	7,210	5,860	-18.73%	7,210	6,793	6,102	5,341	5,860	9.71%	7,210	5,860	-18.73%
Total Assets	2,313,440	2,551,106	10.27%	2,313,440	2,407,263	2,417,922	2,439,698	2,551,106	4.57%	2,313,440	2,551,106	10.27%
Liabilities												
Due to banks	118,051	99,889	-15.38%	118,051	121,999	111,912	106,480	99,889	-6.19%	118,051	99,889	-15.38%
Financial liabilities at FVPL	7,294	3,150	-56.81%	7,294	3,011	3,470	1,807	3,150	74.36%	7,294	3,150	-56.81%
RP	1,227	1,373	11.92%	1,227	1,555	1,433	1,450	1,373	-5.30%	1,227	1,373	11.92%
Payables	22,237	36,770	65.35%	22,237	27,280	33,710	46,900	36,770	-21.60%	22,237	36,770	65.35%
Deposits and remittances	1,917,987	2,167,441	13.01%	1,917,987	2,003,175	2,026,264	2,044,107	2,167,441	6.03%	1,917,987	2,167,441	13.01%
Bank notes payable	61,351	51,278	-16.42%	61,351	60,224	51,318	51,311	51,278	-0.06%	61,351	51,278	-16.42%
Provisions	5,316	4,694	-11.70%	5,316	5,123	4,931	4,917	4,694	-4.53%	5,316	4,694	-11.70%
Lease liabilities	1,344	1,770	31.78%	1,344	1,481	1,789	1,822	1,770	-2.81%	1,344	1,770	31.78%
Other liabilities	13,580	13,287	-2.16%	13,580	15,999	13,279	12,657	13,287	4.98%	13,580	13,287	-2.16%
Total Liabilities	2,148,386	2,379,654	10.76%	2,148,386	2,239,846	2,248,106	2,271,450	2,379,654	4.76%	2,148,386	2,379,654	10.76%
Stockholders' Equity	165,054	171,452	3.88%	165,054	167,417	169,816	168,247	171,452	1.91%	165,054	171,452	3.88%
Total Liabilities and Stockholders' Equity	2,313,440	2,551,106	10.27%	2,313,440	2,407,263	2,417,922	2,439,698	2,551,106	4.57%	2,313,440	2,551,106	10.27%

STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

(in NT\$ mm)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2020	2021	Change%	4Q20	1Q21	2Q21	3Q21	4Q21	Change%	2,020	2,021	Change%
Interest Income	29,816	27,492	-7.79%	6,810	6,674	6,737	7,003	7,078	1.08%	29,816	27,492	-7.79%
Interest Expense	10,676	7,026	-34.19%	1,991	1,867	1,727	1,718	1,714	-0.20%	10,676	7,026	-34.19%
Net Interest Income	19,140	20,466	6.92%	4,820	4,807	5,010	5,285	5,364	1.49%	19,140	20,466	6.92%
Net Service fee and commissions income	4,528	4,554	0.59%	1,135	1,204	1,077	1,114	1,160	4.16%	4,528	4,554	0.59%
Gains(losses) on financial assets and liabilities at FVPL	1,648	1,238	-24.90%	221	316	388	237	296	25.30%	1,648	1,238	-24.90%
Realized gains of financial assets at FVOCI	1,219	1,483	21.67%	16	195	408	861	20	-97.66%	1,219	1,483	21.67%
Gains(losses) on disposal of credit assets measured at AC	0	0	-	0	-	-	-	0	-	0	0	-
Foreign exchange gains(losses)	339	495	45.75%	41	183	59	168	84	-49.97%	339	495	45.75%
Other miscellaneous net income	443	450	1.75%	111	190	48	93	119	28.45%	443	450	1.75%
Net income other than net interest income	8,177	8,220	0.53%	1,523	2,088	1,981	2,472	1,680	-32.04%	8,177	8,220	0.53%
Net Revenues and gains	27,317	28,686	5.01%	6,343	6,895	6,990	7,757	7,044	-9.19%	27,317	28,686	5.01%
Credit loss provisions, net	2,836	1,794	-36.75%	449	576	364	456	399	-12.45%	2,836	1,794	-36.75%
Operating Expenses	16,170	16,772	3.72%	4,356	3,941	4,126	4,394	4,311	-1.89%	16,170	16,772	3.72%
Employee Benefits expenses	10,808	11,409	5.56%	2,952	2,688	2,812	3,081	2,827	-8.24%	10,808	11,409	5.56%
Depreciation and amortization expenses	1,403	1,420	1.26%	346	253	363	356	449	26.13%	1,403	1,420	1.26%
Other general and administrative expenses	3,960	3,943	-0.43%	1,057	900	952	957	1,134	18.56%	3,960	3,943	-0.43%
Income before income tax from continuing operations	8,311	10,120	21.78%	1,538	2,378	2,500	2,907	2,334	-19.72%	8,311	10,120	21.78%
Income Tax Expense	1,270	1,317	3.70%	151	433	279	300	305	1.47%	1,270	1,317	3.70%
Net Income	7,041	8,804	25.04%	1,386	1,946	2,222	2,607	2,029	-22.16%	7,041	8,804	25.04%
Basic EPS(NT\$)	0.68	0.84	23.53%	0.12	0.19	0.21	0.25	0.19	-24.00%	0.68	0.84	23.53%
Other comprehensive income	-230	1,333	679.20%	84	417	178	-438	1,176	-368.70%	-230	1,333	679.20%
Total comprehensive income	6,811	10,137	48.84%	1,471	2,363	2,399	2,169	3,205	47.75%	6,811	10,137	48.84%



彰化銀行

THANK YOU

