



彰化銀行

Financial Review 2022Q1

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June 29, 2022



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Economic Outlook

Economic climate and growth rate showed moderate trend

- The expansion of economic sanctions against Russia by Western countries has caused food prices and global energy to remain high, increasing inflation.
- The accelerated rate hikes by central banks globally may expose the risk of resource constraints and capital outflows in emerging and developing countries.
- With the gradual unblocking in China, it should be able to drive private consumption and export momentum, but still need to pay attention to the epidemic.
- With the global pursuit of "Carbon Neutrality", the new energy and electric vehicle-related industries should usher in an opportunity for growth in the future.

The domestic economy is growing steadily and expects to continue to recover

- Due to the surge in demand in the semiconductor industry, most domestic semiconductor companies are still optimistic about their operations. However, it still needs to pay attention to the inventory level.
- Affected by the Ukrainian-Russian war and the expansion of fiscal expenditures by major countries, the prices of international raw materials such as oil, natural gas, fertilizer, and grain will remain high.
- Affected by the interest rate hike and the government launching successive control measures on the housing market, the real estate boom should cool down.
- The domestic epidemic is repeated, and the recovery of the tourism, hospitality, and food service industries will not be as good as expected.

Sustainable Performance

Governance

- Evaluated as 5% among Taiwan listed companies / Top 4 among Taiwan listed financial and insurance companies in the 8th Corporate Governance Evaluation.
- Official adoption of the Equator Principles and becoming a member of the Equator Principles Association on April 22.
- Launched the "Sustainable Performance Linked Credit Loan Project" to encourage enterprises to "control GHG emissions", "carbon reduction", "energy consumption", etc.,
- Published the TCFD report in Chinese and English versions and continued to strengthen disclosure and communication on climate change issues to strengthen diverse communication with stakeholders and practice corporate sustainability.

Social

- Taking the concept of fostering the development of sports and inheriting the spirit of sportsmen as the starting point, the "CHB Archery Team" was established, recruiting archery masters to join.
- 53 bilingual branches have been established in North, Central, and South Taiwan, providing friendly bilingual financial services and enhancing international competitiveness.

Environmental

- Actively participate in climate change issues and introduced the TCFD framework in 2020, also joined the TCFD initiative in 2021 then officially became a signatory supporter of TCFD in July 2021.
- Through the compliance of Sustainable Procurement (ISO20400) and the verification of Water efficiency management systems (ISO46001), the internal resource and energy management efficiency have been improved.
- In line with the policy of urban renewal and urban redevelopment, the older buildings are rebuilt with green construction methods. It can be friendly to the environment while accelerating the activation of our own assets.

Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

Operational Highlights (consolidated basis)

Core Business

- Loans NT\$1,605 bn, +6.30% YoY,
Corp. +10.21% YoY · Personal +10.96% YoY ·
Overseas +2.27% YoY
- Deposits NT\$2,205 bn, +11.75% YoY,
NTD Deposit + 7.99% YoY
FX Deposit +25.02% YoY

Profitability

- Net Income After Tax NT\$2.377 bn, +22.16% YoY
- EPS NT\$0.23 · ROA 0.09% · ROE 1.38%

Asset Quality

- NPL ratio was 0.29% · -0.10%YoY
- Coverage ratio was 422.05% · +104.2%YoY

Capital Adequacy Ratio

- BIS ratio was 14.84% · -0.21% YoY

*ROE and ROA are after-tax figures.

Agenda

● Operational Highlights

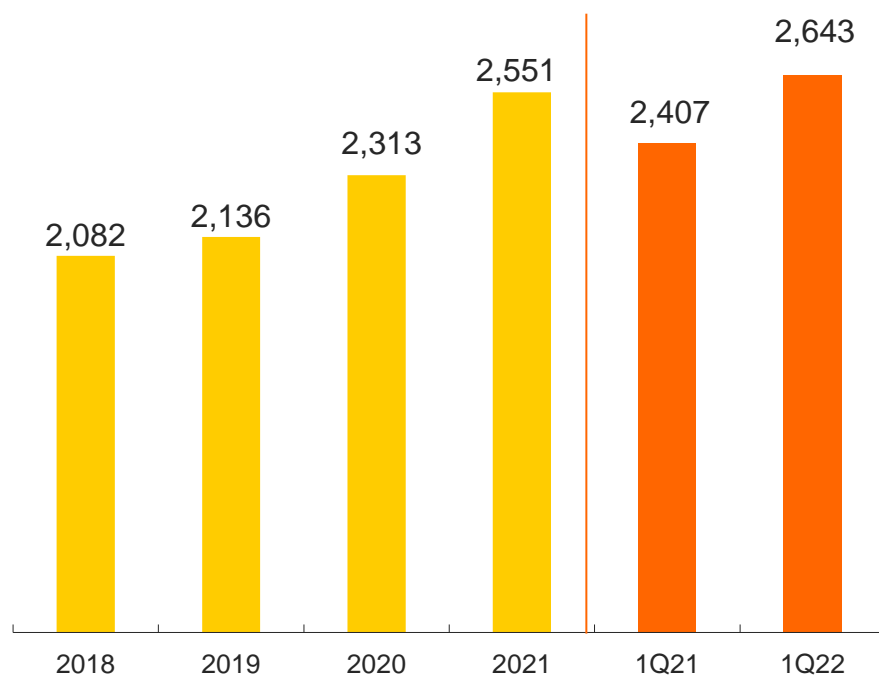
● **Financial Performance**

● Operating Results

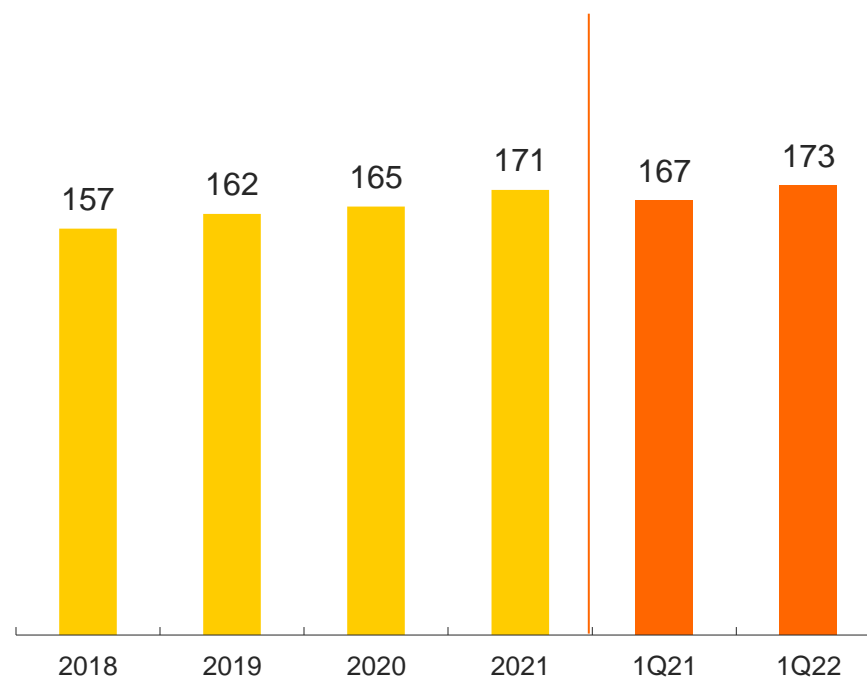
● Appendix

Asset Size and Net Worth

Asset Size (in NT\$ bn)

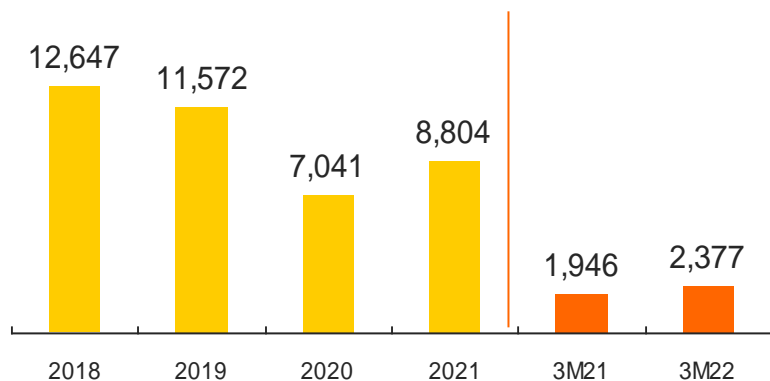


Net Worth (in NT\$ bn)

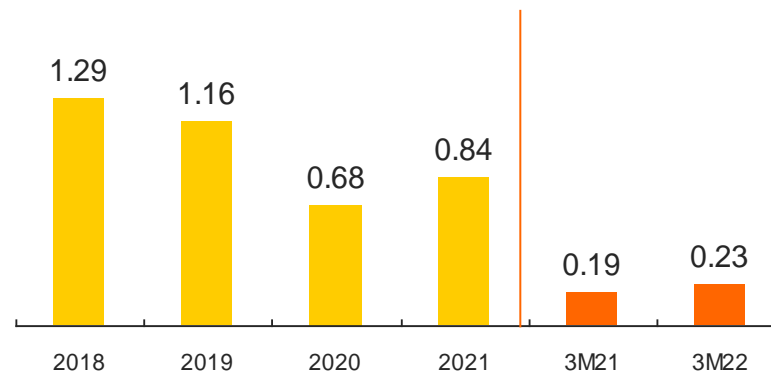


Financial Performance

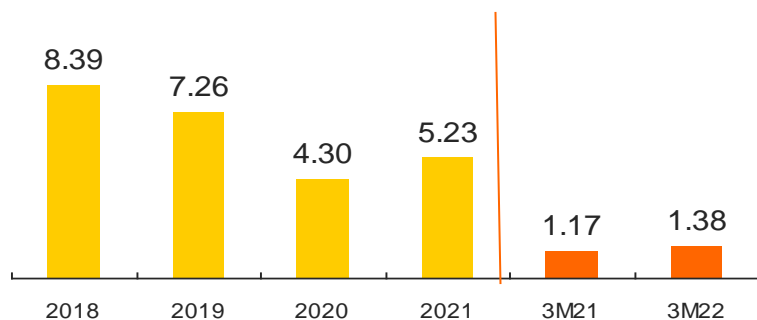
Net Income After Tax (in NT\$ mn)



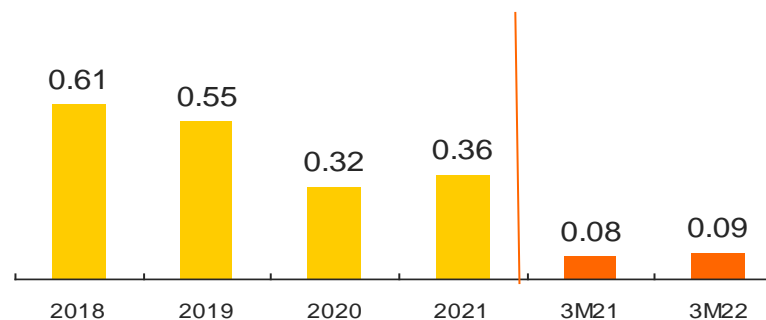
EPS After tax (in NT\$)



ROE(%)



ROA(%)



*ROE and ROA are after-tax figures.

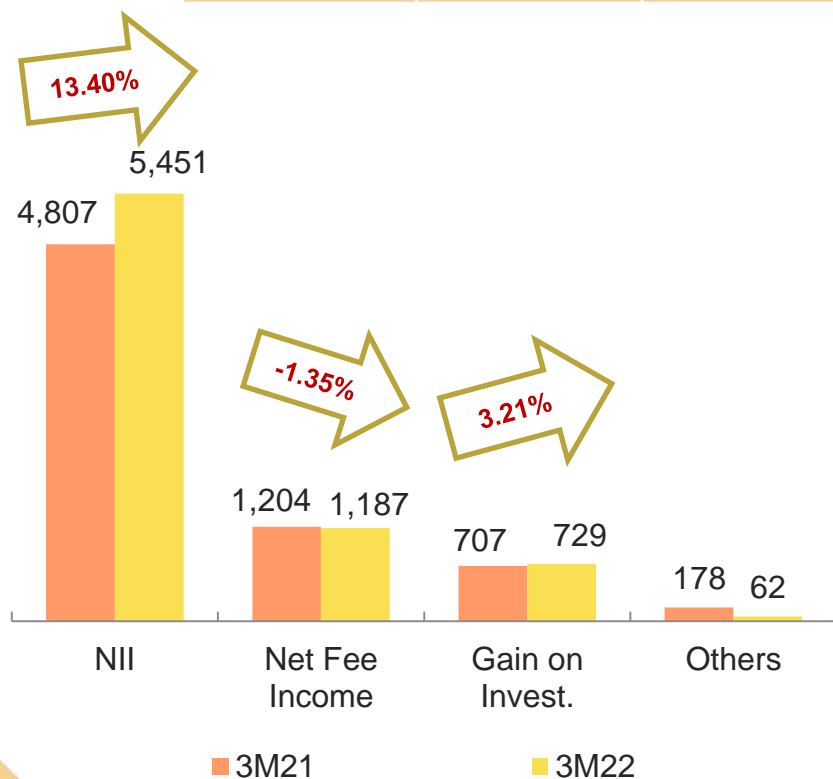
Comprehensive Income

(In NT\$ mn)	3M21	3M22	YoY(%)
Net Revenue	6,895	7,430	7.76%
Provision, Net	576	557	-3.17%
Operating Expense	3,941	4,054	2.87%
Net Income Before Tax	2,378	2,818	18.50%
Income Tax Expense	433	441	2.02%
Net Income After Tax	1,946	2,377	22.16%
Other Comprehensive Income	417	-764	-283.21%
Total Comprehensive Income	2,363	1,613	-31.75%

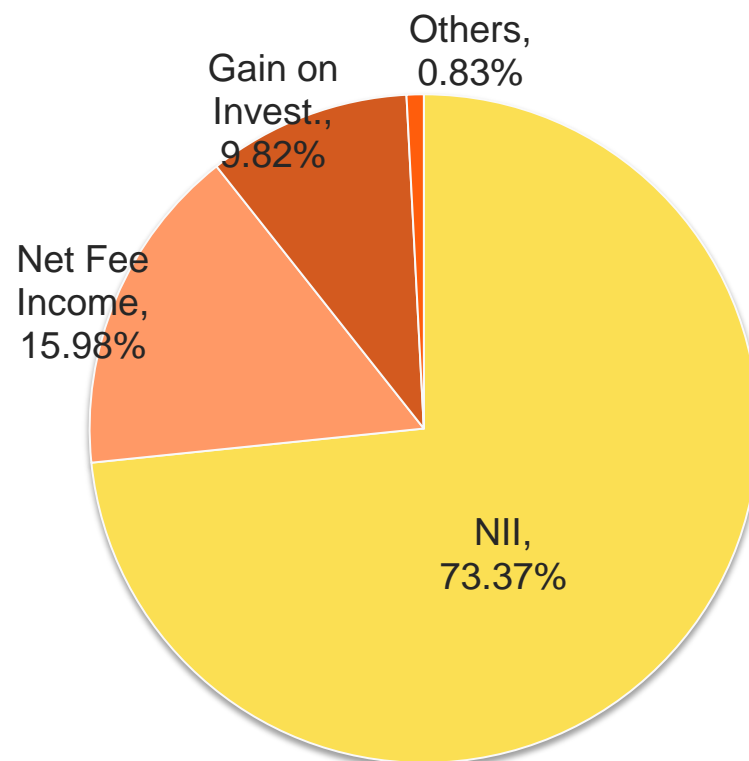
Net Revenue

Net Revenue (in NT\$ mn)

3M21	3M22	YoY
6,895	7,430	7.76%



3M22 Net Revenue Breakdown

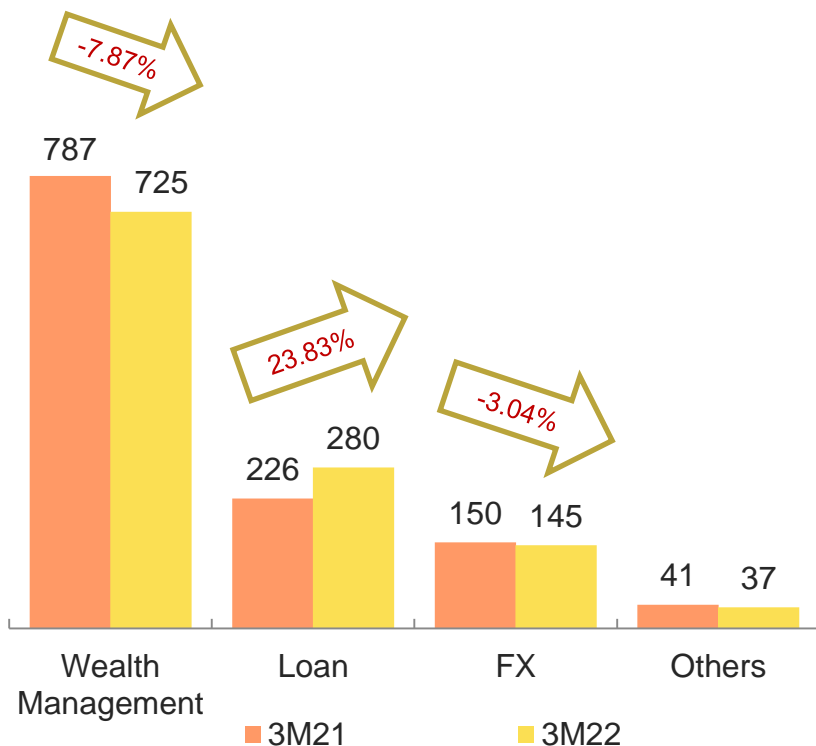
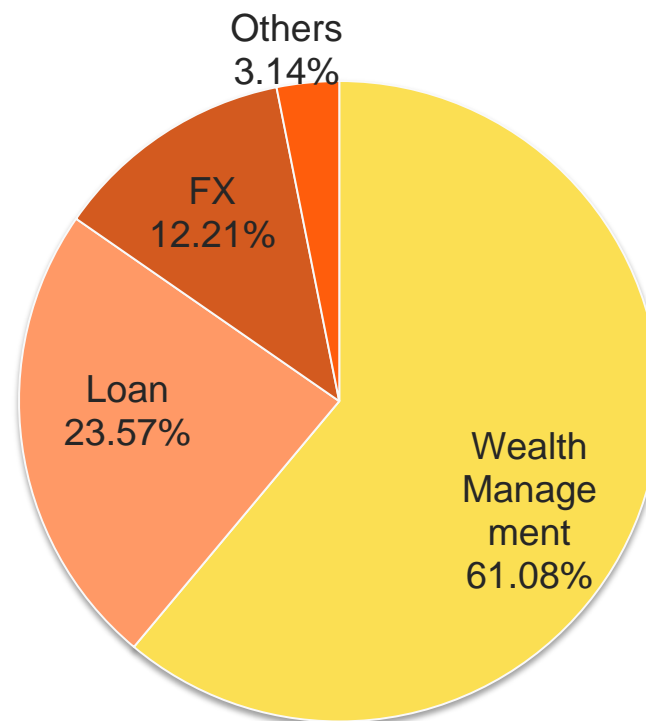


Net Fee Income

Net Fee Income (in NT\$ mn)

3M21	3M22	YoY
1,204	1,187	-1.35%

3M22 Net Fee Income Breakdown



Agenda

● Operational Highlights

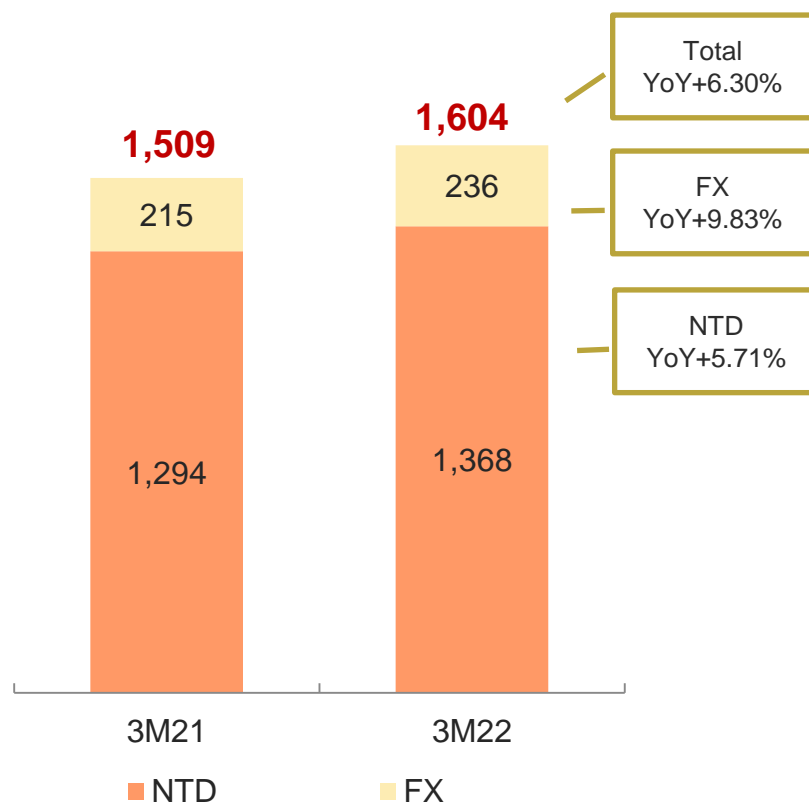
● Financial Performance

● **Operating Results**

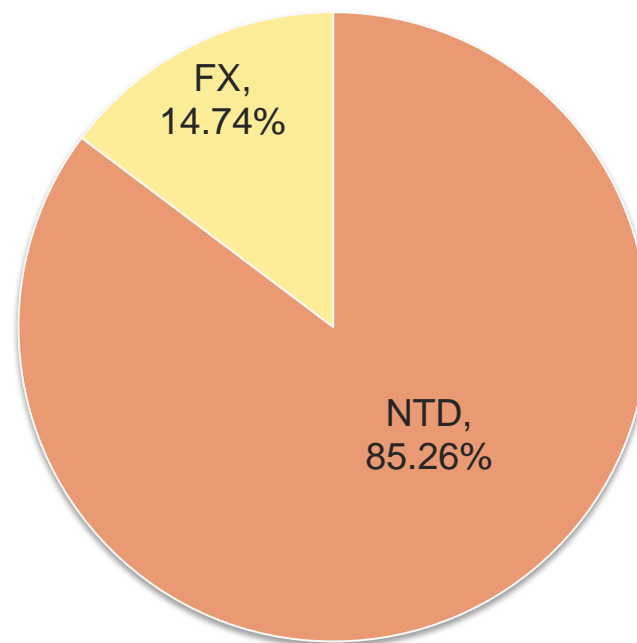
● Appendix

Loan Breakdown by Currency

Quarterly Loan Balance (in NT\$ bn)



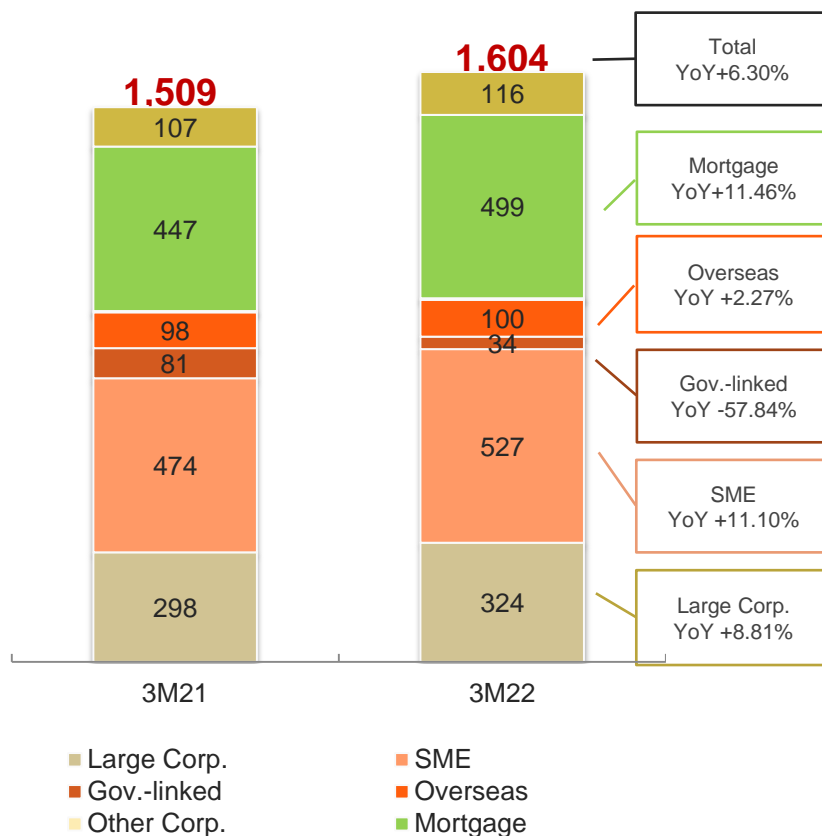
3M22 Loan Breakdown by Currency



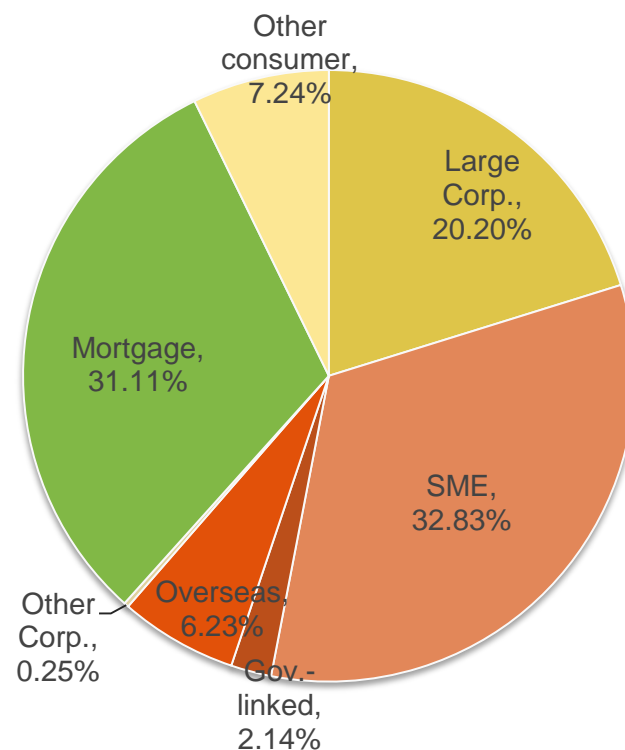
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Loan Breakdown by Customer

Quarterly Loan Balance (in NT\$ bn)



3M22 Loan Breakdown by Customer

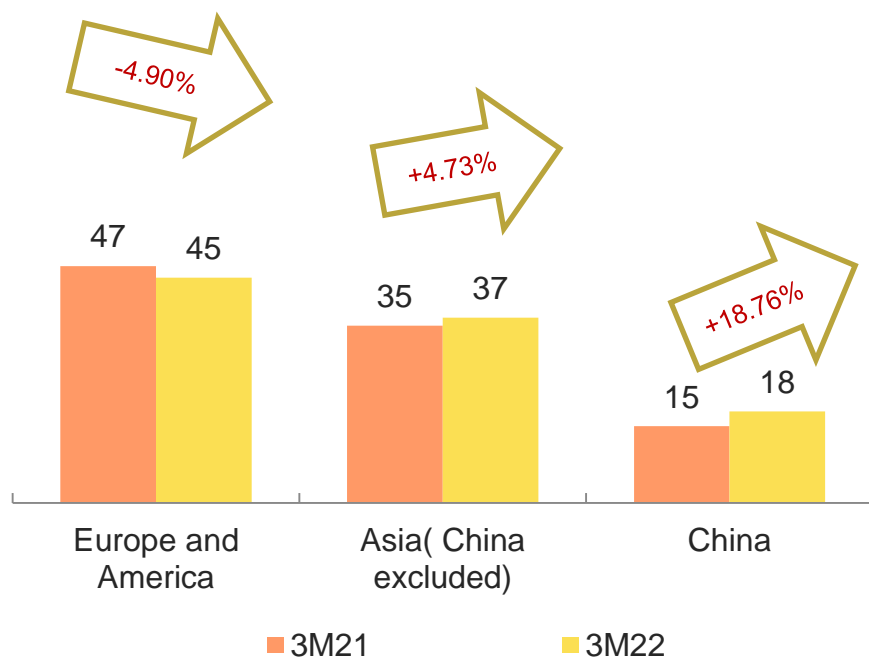


*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

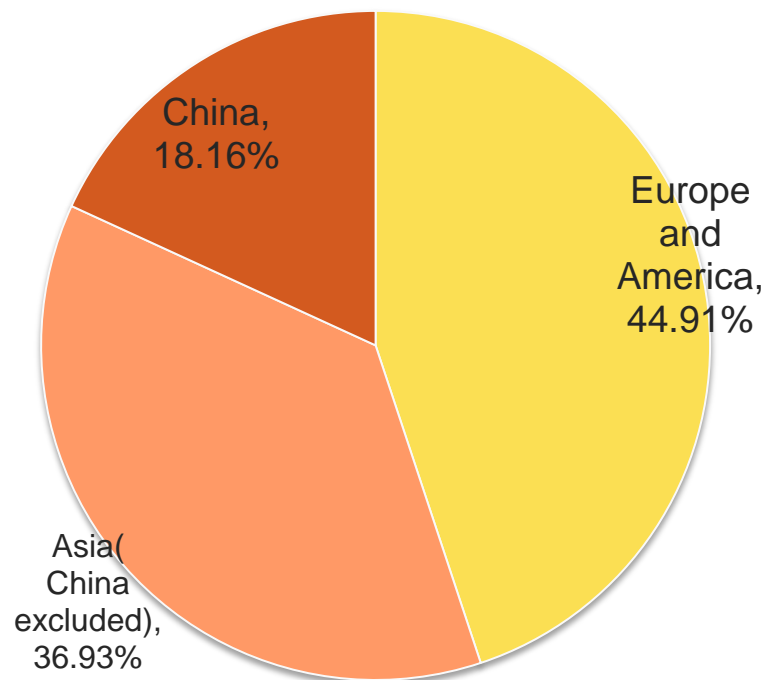
Overseas Loan Breakdown by Regions

Overseas Loan Balance (in NT\$ bn)

3M21	3M22	YoY
98	100	+2.27%



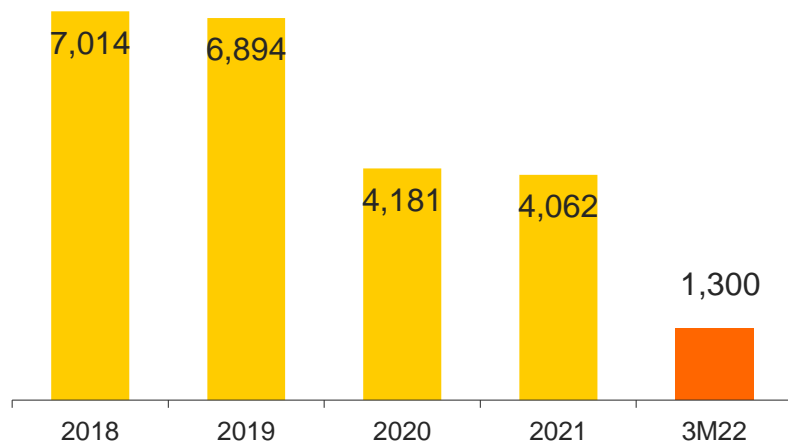
3M22 Overseas Loan Breakdown by Regions



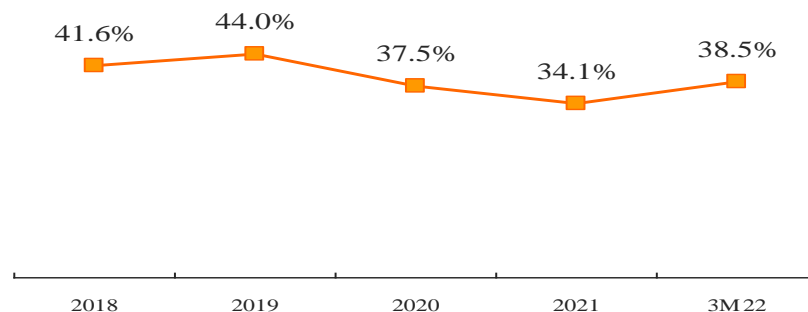
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Overseas & OBU Performance

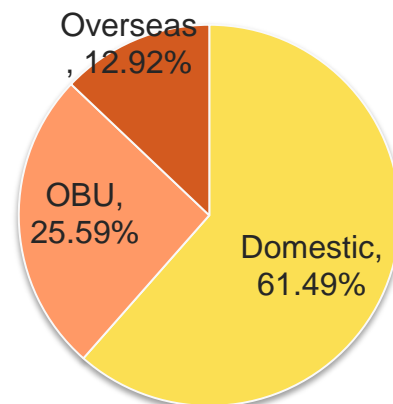
Overseas & OBU Net Income After Tax (in NT\$ mn)



Overseas & OBU PPOP proportion

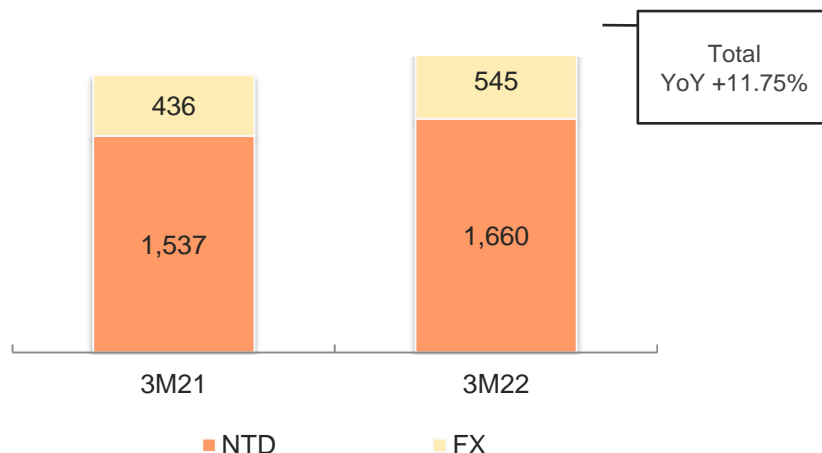


3M22 PPOP Breakdown

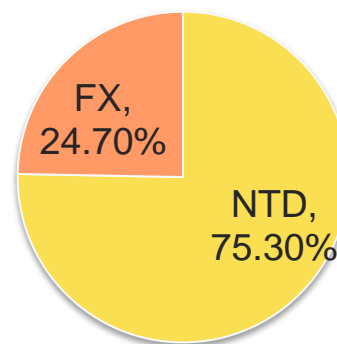


Deposit Breakdown by Currency

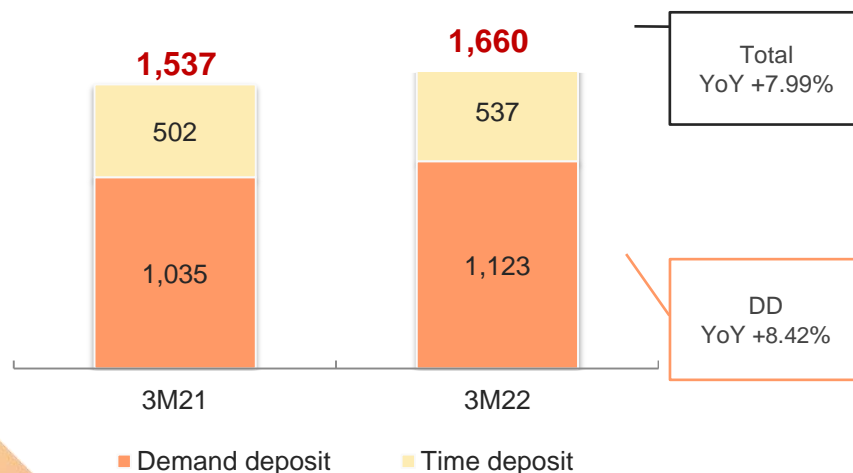
Deposit Balance (in NT\$ bn)



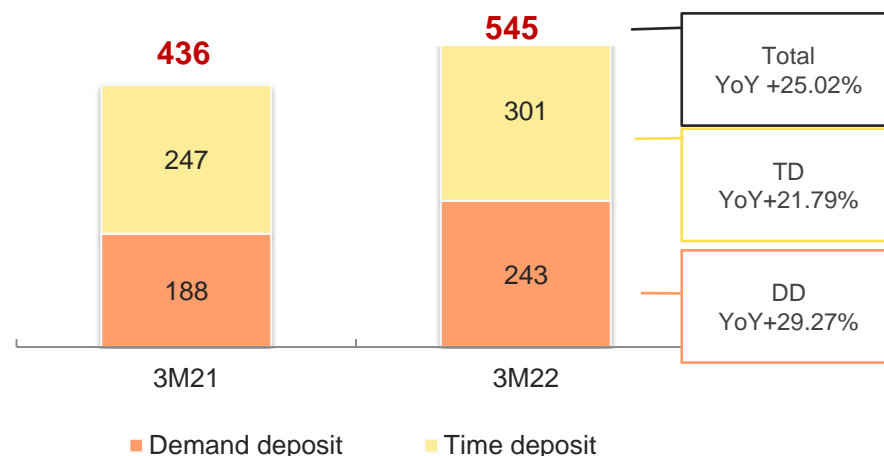
3M22 Deposit Breakdown by Currency



NTD Deposit Balance (in NT\$ bn)

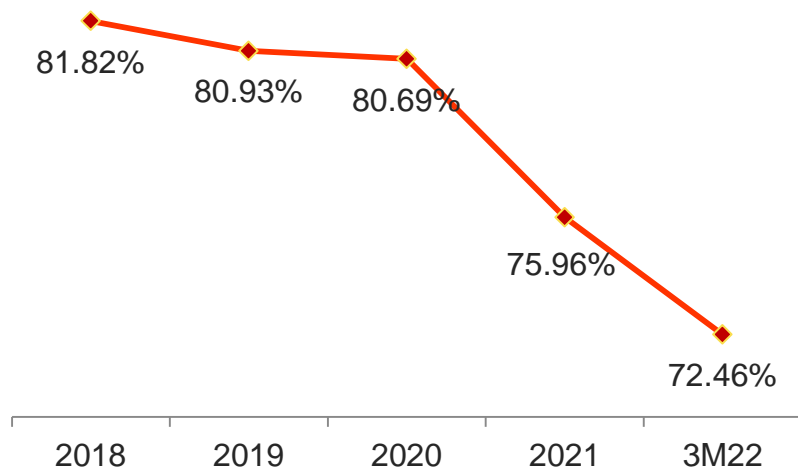


FX Deposit Balance (in NT\$ bn)

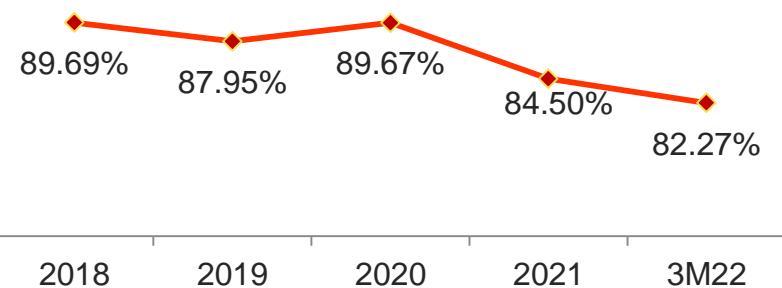


LDR

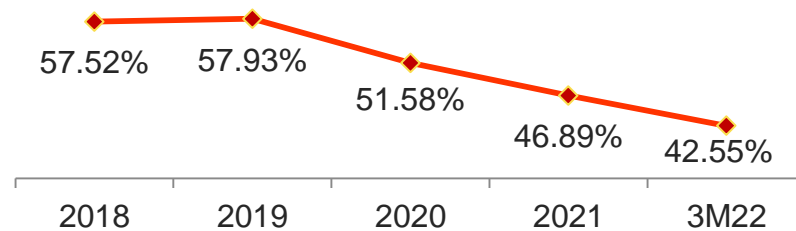
Total LDR



NTD LDR

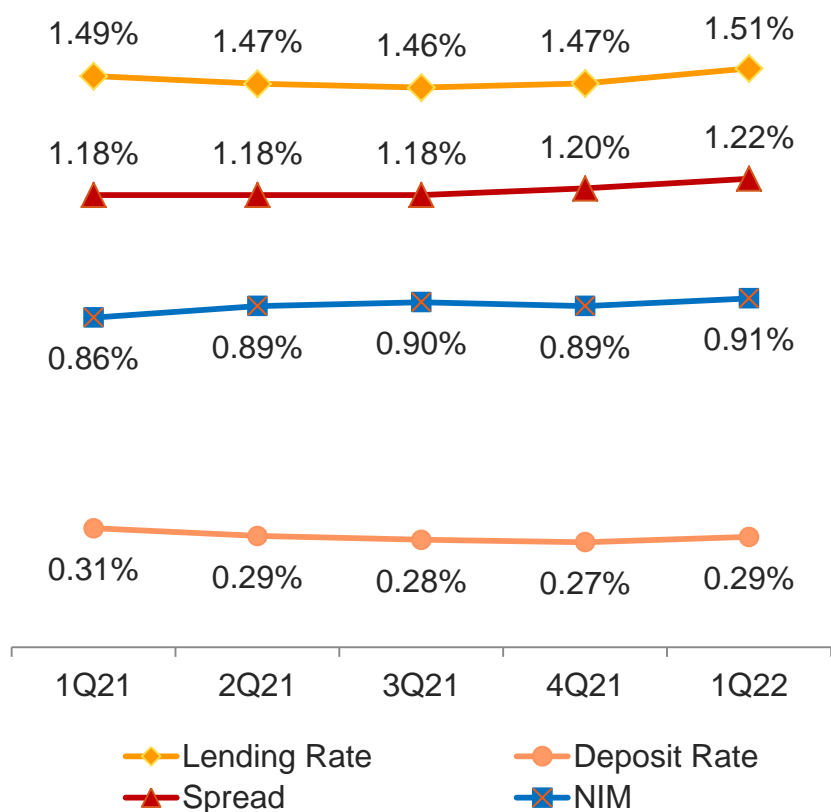


FX LDR

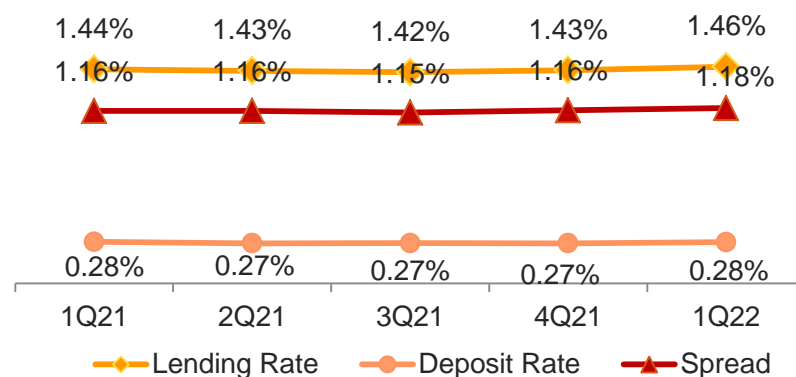


Spread and NIM

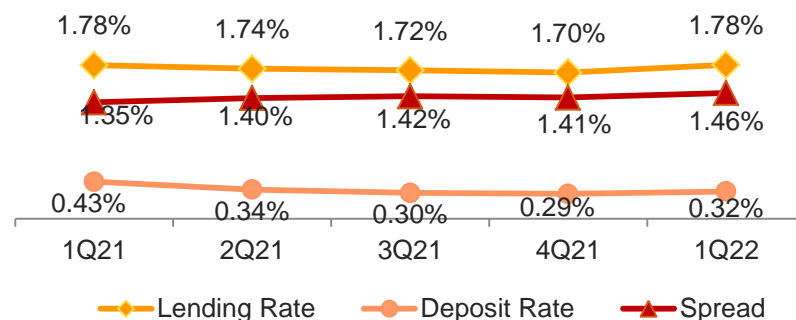
Quarterly Total Loan to Deposit Spread and NIM



NTD Loan to Deposit Spread



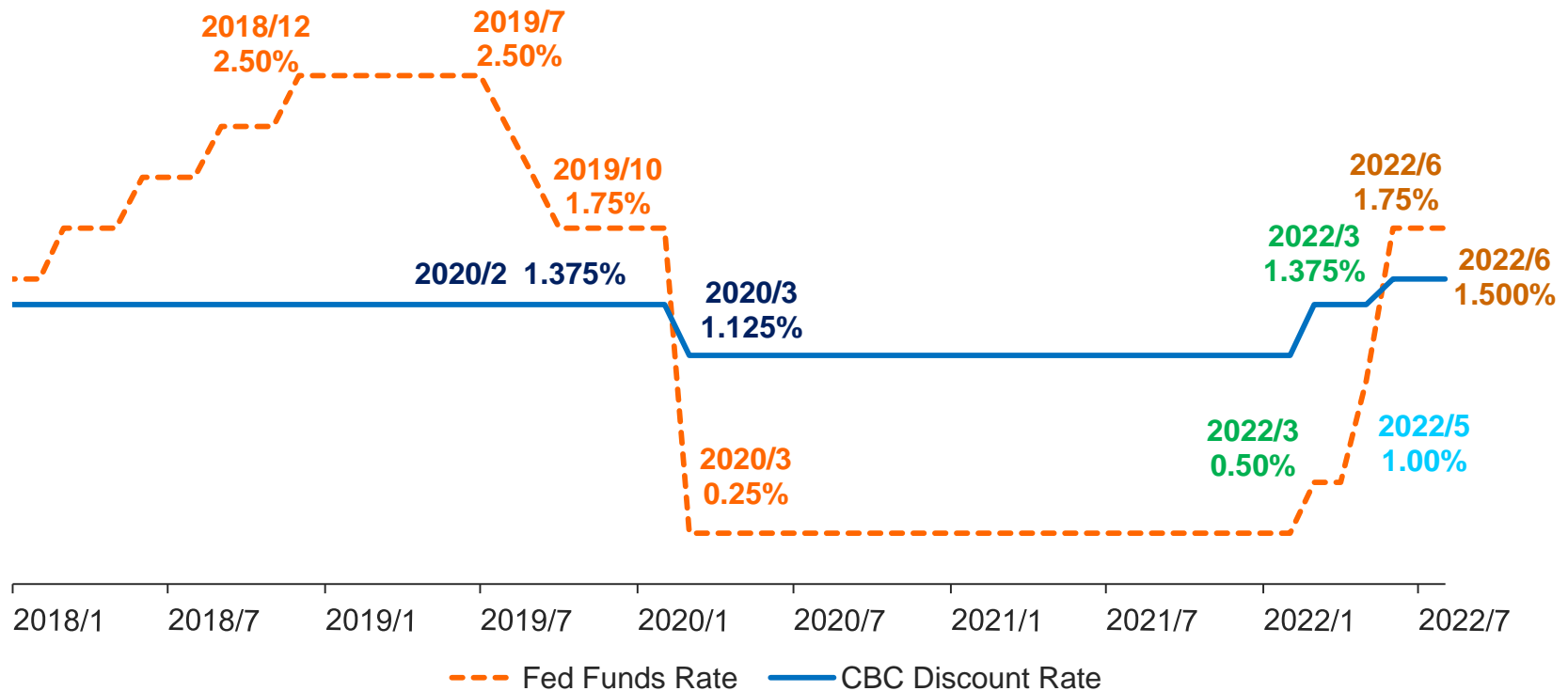
FX Loan to Deposit spread



*.IFRS and quarterly basis.

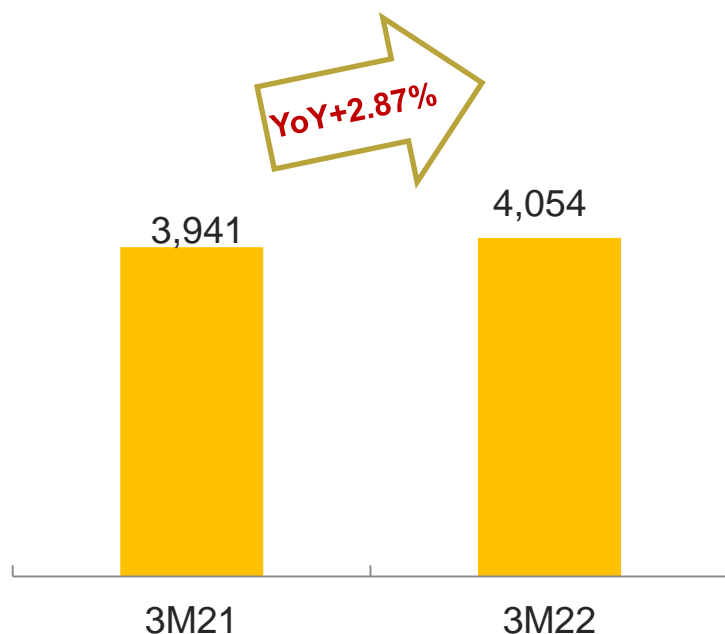
Fed Funds Rate vs. CBC Discount Rate Trends

Fed Funds Rate VS. CBC Discount Rate

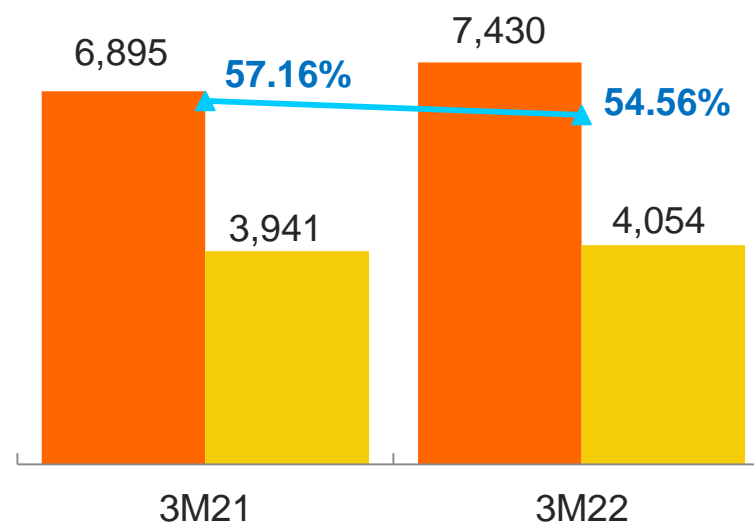


Cost-Income Ratio

Operating Expense (in NT\$ mn)



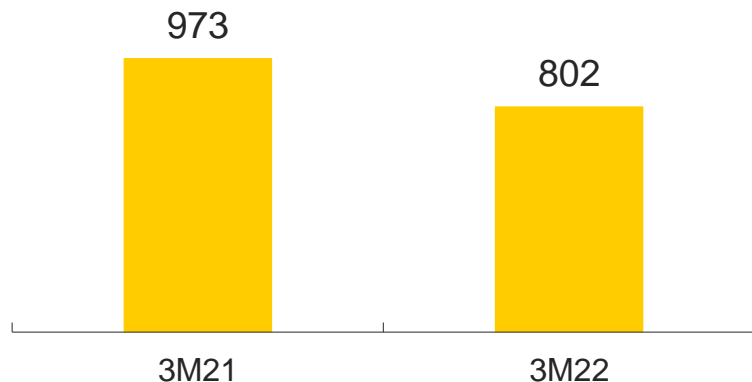
Cost-Income Ratio



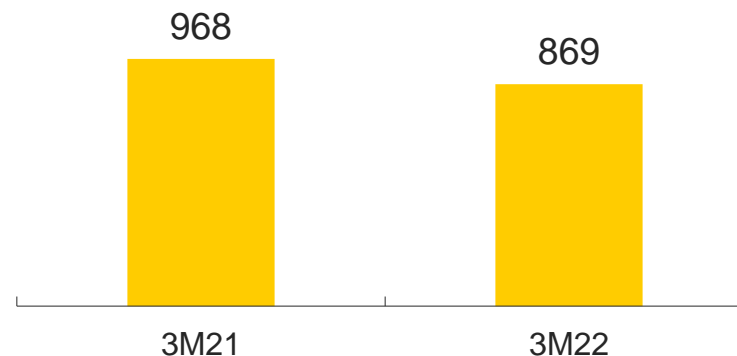
- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

Loan Provision, Write-off and Recovery

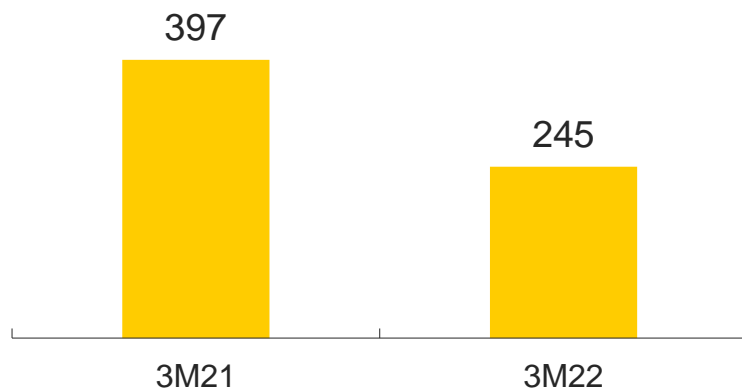
Provision (in NT\$ mn)



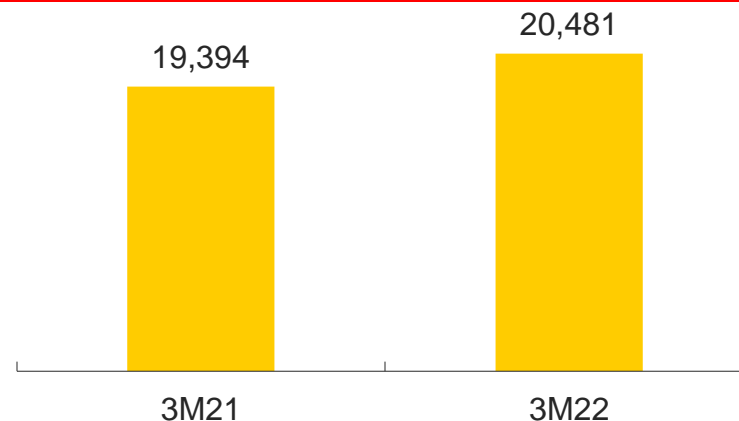
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

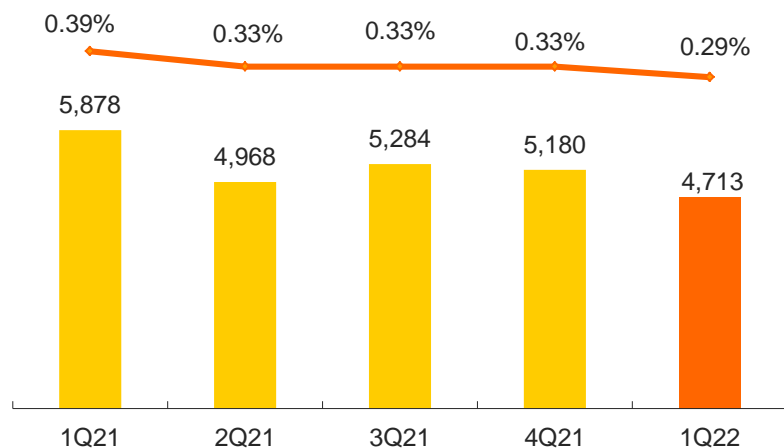


Reserve (in NT\$ mn)



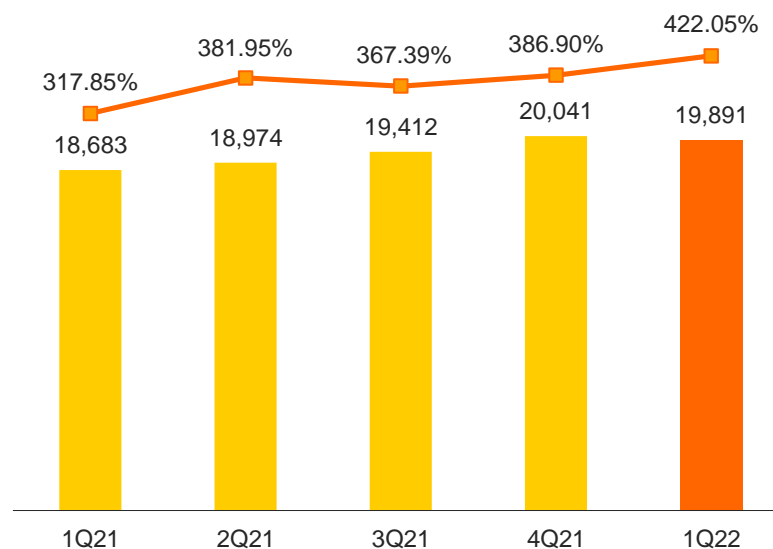
NPL Ratio and Coverage Ratio

NPL Ratio



■ NPL Balance(in NT\$ mn) —◆— NPL Ratio

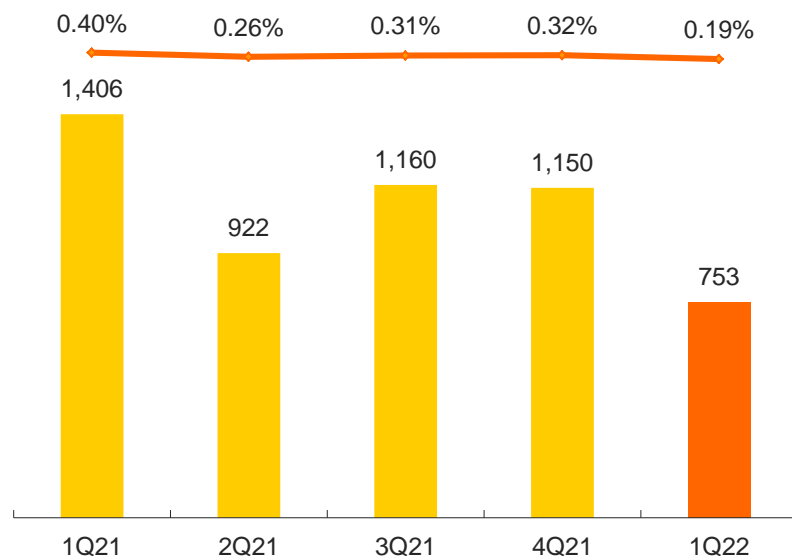
Coverage Ratio



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

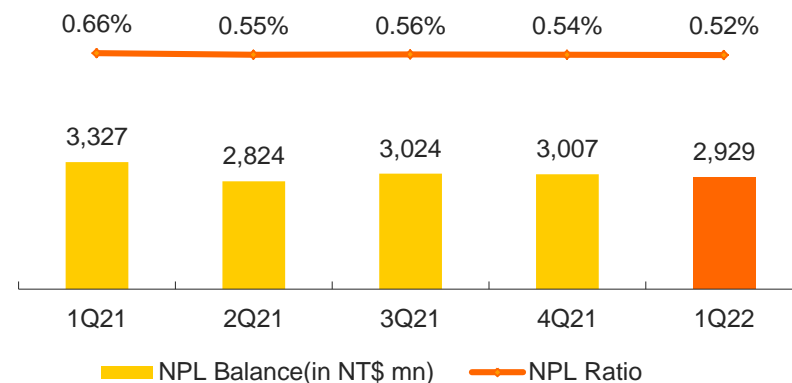
Asset Quality

Large Corp.



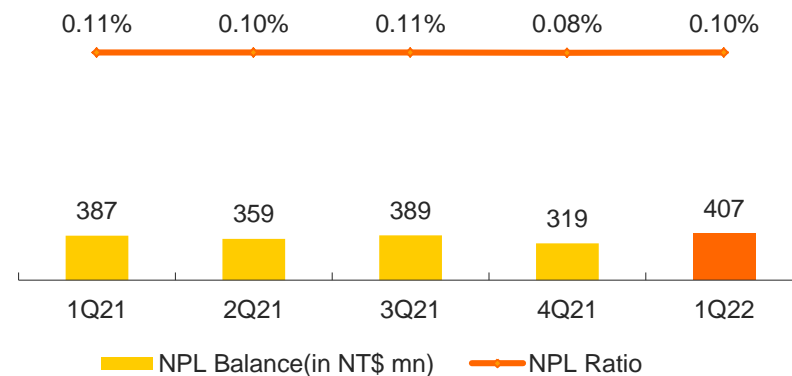
■ NPL Balance(in NT\$ mn) — NPL Ratio

SME



■ NPL Balance(in NT\$ mn) — NPL Ratio

Mortgage



■ NPL Balance(in NT\$ mn) — NPL Ratio

Credit Rating & CAR

Credit Rating

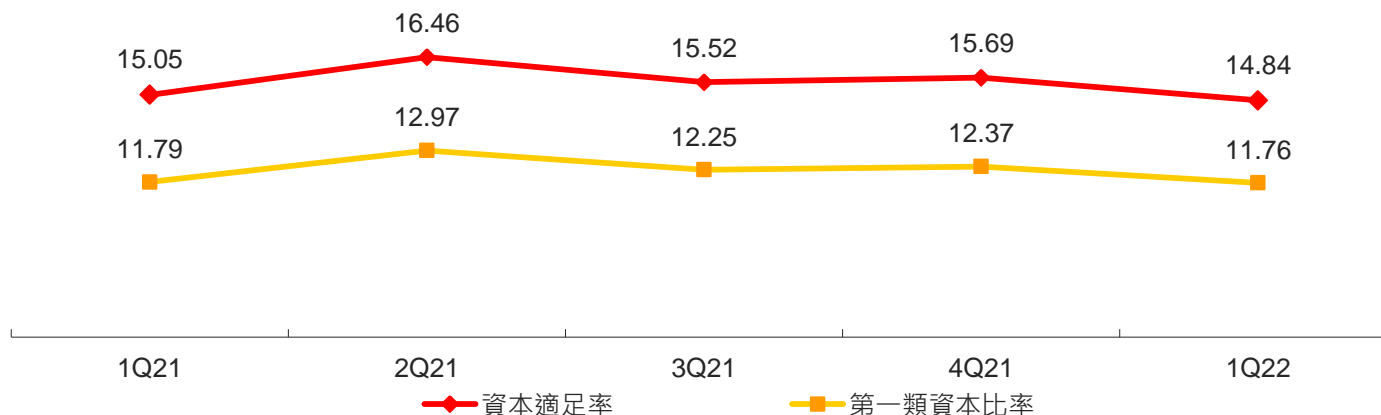
■ **Moody's** (2022/3,Review) :

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

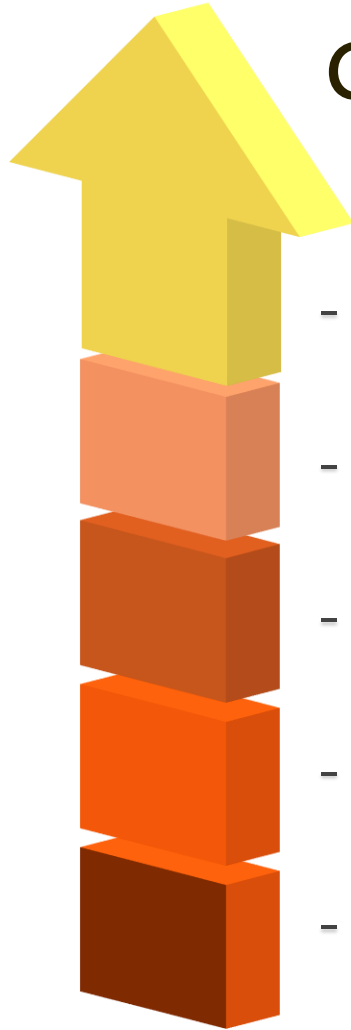
■ **S&P** (2022/5,Review) :

- Long Term Rating : A-
- Short Term Rating : A-1
- Outlook : Stable

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%	1Q21	2Q21	3Q21	4Q21	1Q22	Change%	1Q21	1Q22	Change%
Assets												
Cash & due from Banks	262,192	290,702	10.87%	249,587	249,272	207,147	290,702	244,781	-15.80%	249,587	244,781	-1.93%
Financial assets at FVPL, net	14,581	56,612	288.24%	59,373	52,866	26,335	56,612	87,639	54.81%	59,373	87,639	47.61%
Financial assets at FVOCI, net	122,696	174,195	41.97%	146,741	156,439	180,153	174,195	198,358	13.87%	146,741	198,358	35.18%
Financial assets for hedging	232	147	-36.42%	203	190	182	147	0	-100.00%	203	0	-100.00%
Financial assets at amortized cost, net	345,283	405,256	17.37%	363,688	349,151	378,296	405,256	419,119	3.42%	363,688	419,119	15.24%
Receivables, net	21,481	22,929	6.74%	23,572	23,198	25,621	22,929	21,024	-8.31%	23,572	21,024	-10.81%
Loans, net	1,477,887	1,554,775	5.20%	1,499,269	1,523,351	1,576,518	1,554,775	1,625,463	4.55%	1,499,269	1,625,463	8.42%
Other financial assets, net	25,591	3,858	-84.93%	21,654	20,673	3,378	3,858	2,398	-37.83%	21,654	2,398	-88.92%
Property and equipment, net	20,909	20,979	0.34%	20,871	20,852	20,887	20,979	21,062	0.39%	20,871	21,062	0.91%
Right-of-use asset	1,519	1,942	27.79%	1,654	1,973	1,984	1,942	1,914	-1.41%	1,654	1,914	15.76%
Investment property, net	13,859	13,852	-0.05%	13,857	13,855	13,854	13,852	13,850	-0.01%	13,857	13,850	-0.05%
Other assets	7,210	5,860	-18.73%	6,793	6,102	5,341	5,860	7,201	22.88%	6,793	7,201	5.99%
Total Assets	2,313,440	2,551,106	10.27%	2,407,263	2,417,922	2,439,698	2,551,106	2,642,810	3.59%	2,407,263	2,642,810	9.78%
Liabilities												
Due to banks	118,051	99,889	-15.38%	121,999	111,912	106,480	99,889	163,577	63.76%	121,999	163,577	34.08%
Financial liabilities at FVPL	7,294	3,150	-56.81%	3,011	3,470	1,807	3,150	5,889	86.94%	3,011	5,889	95.56%
RP	1,227	1,373	11.92%	1,555	1,433	1,450	1,373	1,563	13.88%	1,555	1,563	0.56%
Payables	22,237	36,770	65.35%	27,280	33,710	46,900	36,770	26,201	-28.74%	27,280	26,201	-3.95%
Deposits and remittances	1,917,987	2,167,441	13.01%	2,003,175	2,026,264	2,044,107	2,167,441	2,195,620	1.30%	2,003,175	2,195,620	9.61%
Bank notes payable	61,351	51,278	-16.42%	60,224	51,318	51,311	51,278	51,264	-0.03%	60,224	51,264	-14.88%
Provisions	5,316	4,694	-11.70%	5,123	4,931	4,917	4,694	4,621	-1.56%	5,123	4,621	-9.80%
Lease liabilities	1,344	1,770	31.78%	1,481	1,789	1,822	1,770	1,747	-1.34%	1,481	1,747	17.96%
Other liabilities	13,580	13,287	-2.16%	15,999	13,279	12,657	13,287	19,263	44.97%	15,999	19,263	20.41%
Total Liabilities	2,148,386	2,379,654	10.76%	2,239,846	2,248,106	2,271,450	2,379,654	2,469,745	3.79%	2,239,846	2,469,745	10.26%
Stockholders' Equity	165,054	171,452	3.88%	167,417	169,816	168,247	171,452	173,065	0.94%	167,417	173,065	3.37%
Total Liabilities and Stockholders' Equity	2,313,440	2,551,106	10.27%	2,407,263	2,417,922	2,439,698	2,551,106	2,642,810	3.59%	2,407,263	2,642,810	9.78%

STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

(in NT\$ mm)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2020	2021	Change%	1Q21	2Q21	3Q21	4Q21	1Q22	Change%	3M21	3M22	Change%
Interest Income	29,816	27,492	-7.79%	6,674	6,737	7,003	7,078	7,305	3.20%	6,674	7,305	9.45%
Interest Expense	10,676	7,026	-34.19%	1,867	1,727	1,718	1,714	1,854	8.14%	1,867	1,854	-0.73%
Net Interest Income	19,140	20,466	6.92%	4,807	5,010	5,285	5,364	5,451	1.63%	4,807	5,451	13.40%
Net Service fee and commissions income	4,528	4,554	0.59%	1,204	1,077	1,114	1,160	1,187	2.38%	1,204	1,187	-1.35%
Gains(losses) on financial assets and liabilities at FVPL	1,648	1,238	-24.90%	316	388	237	296	260	-12.31%	316	260	-17.82%
Realized gains of financial assets at FVOCI	1,219	1,483	21.67%	195	408	861	20	142	602.20%	195	142	-27.21%
Gains(losses) on disposal of credit assets measured at AC	0	0	-	-	-	-	0	-2	-5644.83%	-	-2	#DIV/0!
Foreign exchange gains(losses)	339	495	45.75%	183	59	168	84	333	295.30%	183	333	81.93%
Other miscellaneous net income	443	450	1.75%	190	48	93	119	58	-51.15%	190	58	-69.46%
Net income other than net interest income	8,177	8,220	0.53%	2,088	1,981	2,472	1,680	1,978	17.78%	2,088	1,978	-5.25%
Net Revenues and gains	27,317	28,686	5.01%	6,895	6,990	7,757	7,044	7,430	5.48%	6,895	7,430	7.76%
Credit loss provisions, net	2,836	1,794	-36.75%	576	364	456	399	557	39.72%	576	557	-3.17%
Operating Expenses	16,170	16,772	3.72%	3,941	4,126	4,394	4,311	4,054	-5.95%	3,941	4,054	2.87%
Employee Benefits expenses	10,808	11,409	5.56%	2,688	2,812	3,081	2,827	2,672	-5.48%	2,688	2,672	-0.59%
Depreciation and amortization expenses	1,403	1,420	1.26%	253	363	356	449	366	-18.43%	253	366	44.92%
Other general and administrative expenses	3,960	3,943	-0.43%	900	952	957	1,134	1,015	-10.49%	900	1,015	12.82%
Income before income tax from continuing operations	8,311	10,120	21.78%	2,378	2,500	2,907	2,334	2,818	20.74%	2,378	2,818	18.50%
Income Tax Expense	1,270	1,317	3.70%	433	279	300	305	441	44.72%	433	441	2.02%
Net Income	7,041	8,804	25.04%	1,946	2,222	2,607	2,029	2,377	17.14%	1,946	2,377	22.16%
Basic EPS(NT\$)	0.68	0.84	23.53%	0.19	0.21	0.25	0.19	0.23	21.05%	0.19	0.23	21.05%
Other comprehensive income	-230	1,333	679.20%	417	178	-438	1,176	-764	-165.00%	417	-764	-283.21%
Total comprehensive income	6,811	10,137	48.84%	2,363	2,399	2,169	3,205	1,613	-49.68%	2,363	1,613	-31.75%



彰化銀行

THANK YOU

