



彰化銀行

Financial Review 2022Q3

(Bloomberg: 2801 TT)

November 21, 2022



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Economic Outlook

Global trade momentum faces a bigger-than-expected slowdown as inflation and rate hike pressures.

- The IMF announced that the global economic growth rate for 2022 will drop to 3.2%, and the current forecast for 2023 is 2.7%.
- Due to the high inflation, the central banks of major countries accelerated interest rate hikes in the second half of the year. At the same time, the strong dollar led to the phenomenon of currency devaluation and increased the risk of debt defaults in various countries.
- China 's Zero-COVID policy and the local real estate market continue to sluggish, making the economy more conservative.

Domestic consumption will be the key to Taiwan's economic recovery.

- The epidemic's negative effects are gradually diminishing, coupled with the gradual loosening of border controls, and the recovery of people's willingness to consume will drive the continued consumption momentum.
- The energy of the home economy and long-distance demand has weakened. In addition, the sales of smartphones are not as good as expected, so the electronics industry has entered the stage of inventory adjustment. Although the advanced manufacturing process in the foundry industry can still maintain a high growth trend, the mature process may face the risk of a sharp downward economic revision.
- Container shipping has also faced downward pressure on the previously high freight rates under the deterioration of global consumer demand.
- The still optimistic industries are mainly the solar energy and auto parts industries, which benefit from carbon neutrality, air transportation, and other initiatives driven by the relaxation of border controls in various countries.

Sustainable Performance

Governance

- Official adoption of the Equator Principles and becoming a member of the Equator Principles Association on April 22.
- Formally signed to join the Organization-Science Based Targets initiative (SBTi), becoming the first government-own bank to commit to setting carbon reduction targets by the SBTi.
- Evaluated as 5% among Taiwan listed companies / Top 4 among Taiwan listed financial and insurance companies in the 8th Corporate Governance Evaluation.
- The bank has won the Banking for Women Initiative of the Year in Taiwan for two consecutive years by Asian Banking & Finance Retail Banking Award.
- 2022 Best Corporate Bank by International Finance Awards and Best CSR Bank for for two consecutive years.

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.
- Sponsored the "2022 CHB National Youth Cup Football Championship" organized by the Football Association.

Environmental

- Changhua Branch carried out a carbon neutral branch transformation plan, successfully reduced carbon emissions by 26.7%, including purchased carbon rights with the Gold Standard, and passed the verification of the PAS 2060 carbon neutral standard, and became the first carbon neutral branch of the Bank.
- 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.
- Organized the "Cherish Resources, Protect the Earth" beach cleaning volunteer activity and the results of beach cleaning completed 634 kilograms of waste.

Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

Operational Highlights (consolidated basis)

Core Business

- Loans NT\$1,658 bn,+7.84% YoY,
Corp.+11.54% YoY · Personal +7.88% YoY ·
Overseas +18.66% YoY
- Deposits NT\$2,231 bn,+11.01% YoY,
NTD Deposit + 6.00% YoY
FX Deposit +28.40% YoY

Profitability

- Net Income After Tax NT\$85.21bn,+25.77% YoY
- EPS NT\$0.80 · ROA 0.32% · ROE 5.04%

Asset Quality

- NPL ratio was 0.21% · -0.12%YoY
- Coverage ratio was 576.07% · +208.68%YoY

Capital Adequacy Ratio

- BIS ratio was 13.58%

*ROE and ROA are after-tax figures.

Agenda

● Operational Highlights

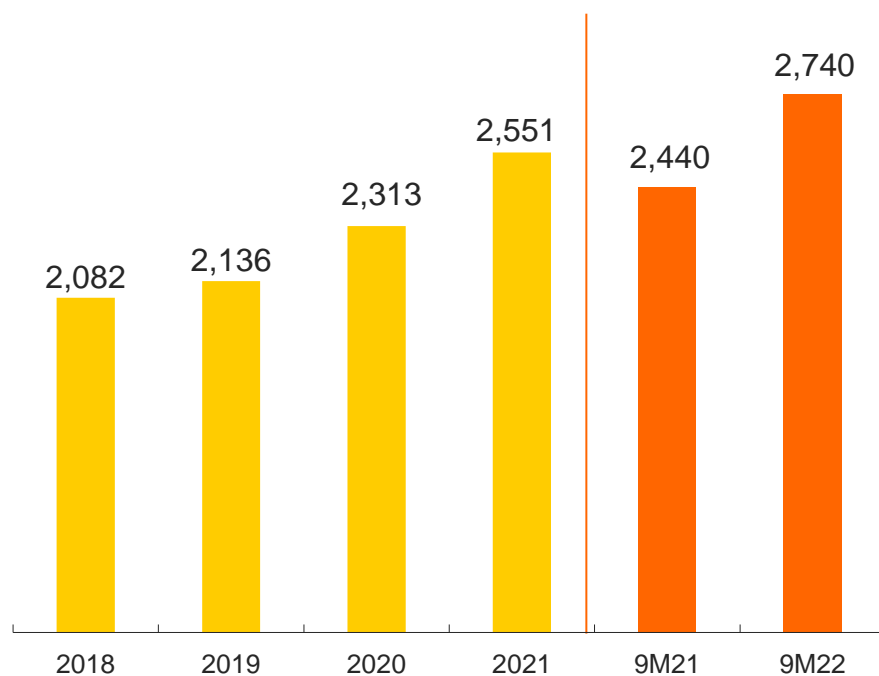
● **Financial Performance**

● Operating Results

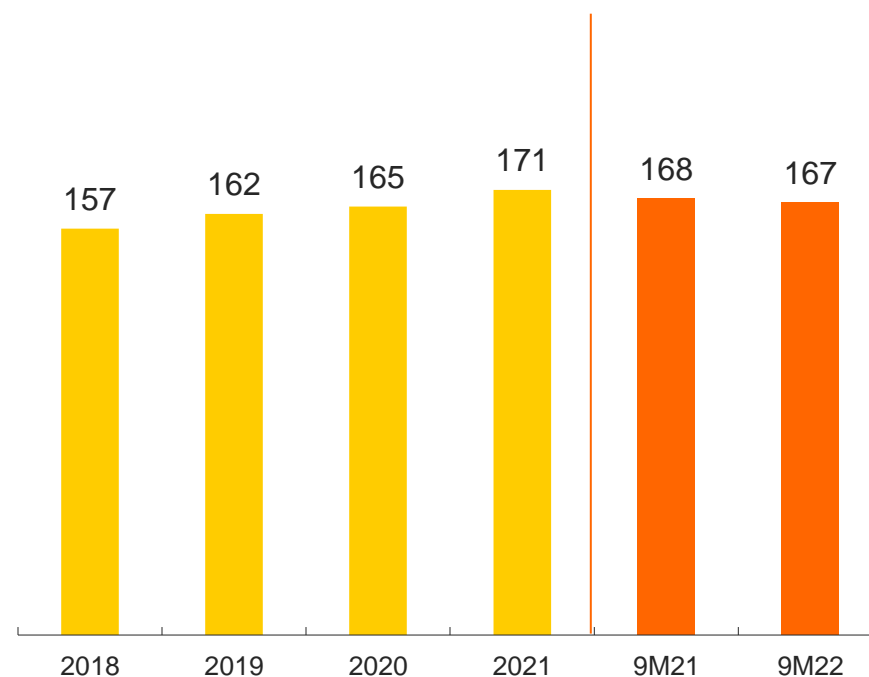
● Appendix

Asset Size and Net Worth

Asset Size (in NT\$ bn)

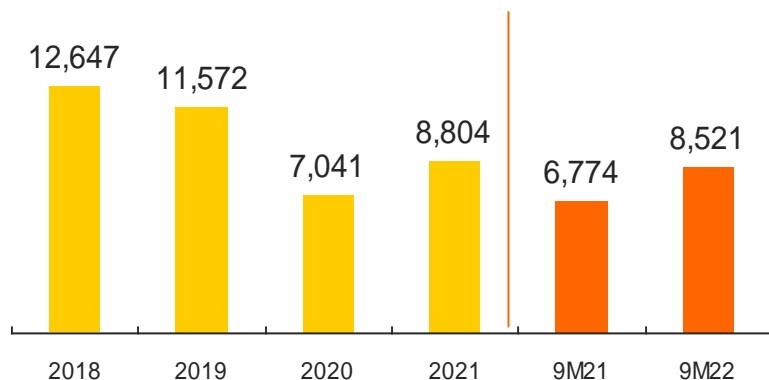


Net Worth (in NT\$ bn)

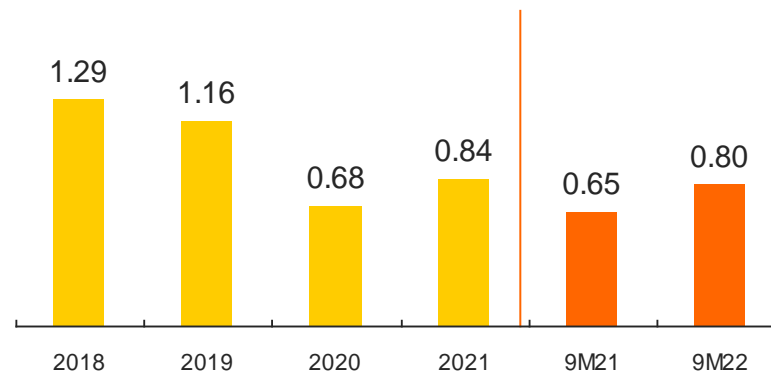


Financial Performance

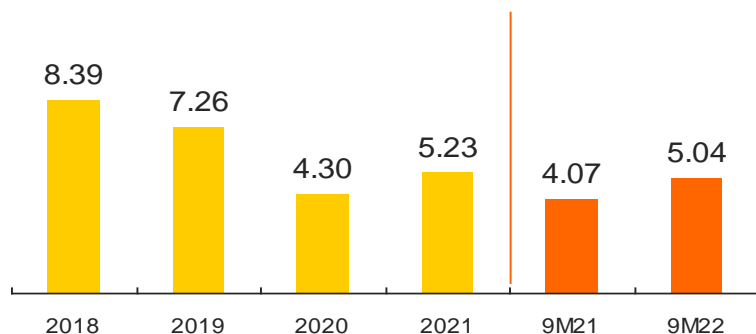
Net Income After Tax (in NT\$ mn)



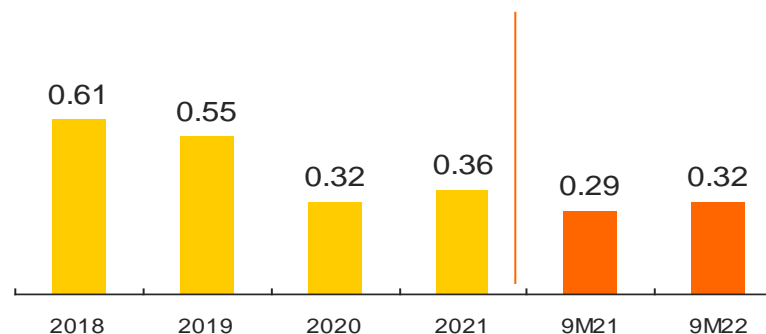
EPS After tax (in NT\$)



ROE(%)



ROA(%)



*ROE and ROA are after-tax figures.

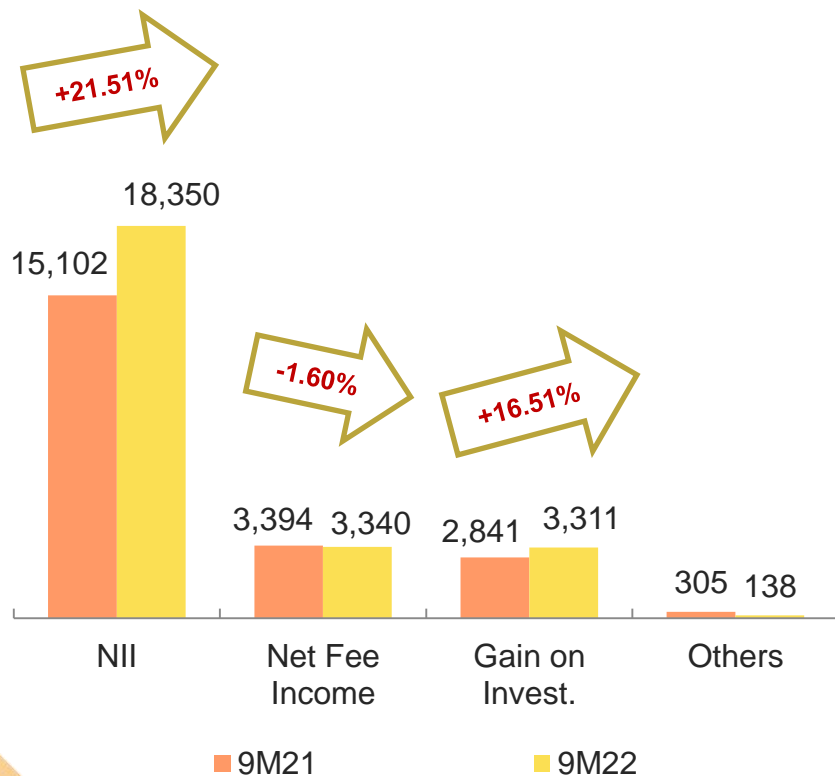
Comprehensive Income

(In NT\$ mn)	9M21	9M22	YoY(%)
Net Revenue	21,642	25,139	16.16%
Provision, Net	1,395	2,138	53.28%
Operating Expense	12,461	13,028	4.55%
Net Income Before Tax	7,786	9,972	28.08%
Income Tax Expense	1,012	1,452	43.50%
Net Income After Tax	6,774	8,521	25.77%
Other Comprehensive Income	157	-8,050	-5,211.68%
Total Comprehensive Income	6,932	470	-93.22%

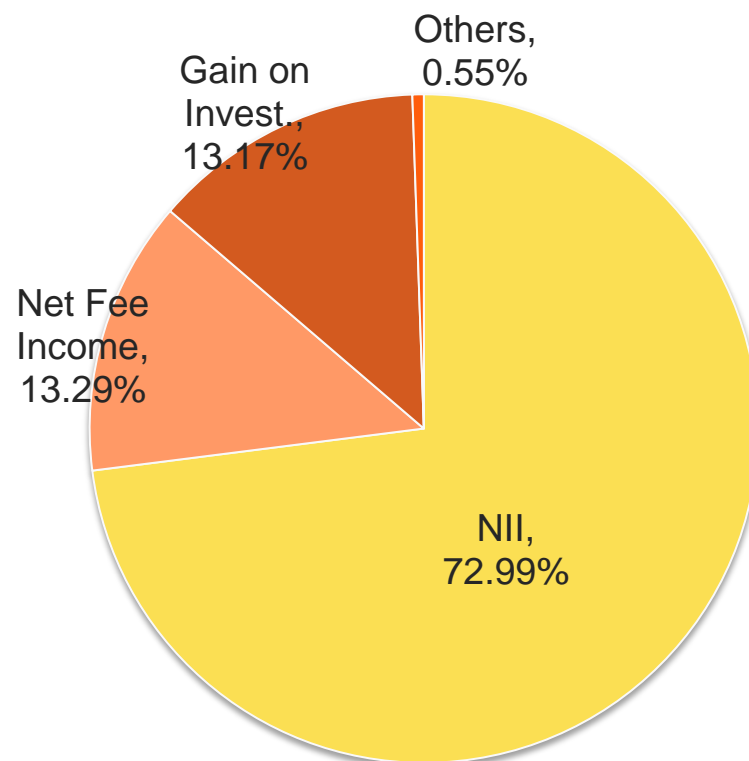
Net Revenue

Net Revenue (in NT\$ mn)

9M21	9M22	YoY
21,642	25,139	16.16%



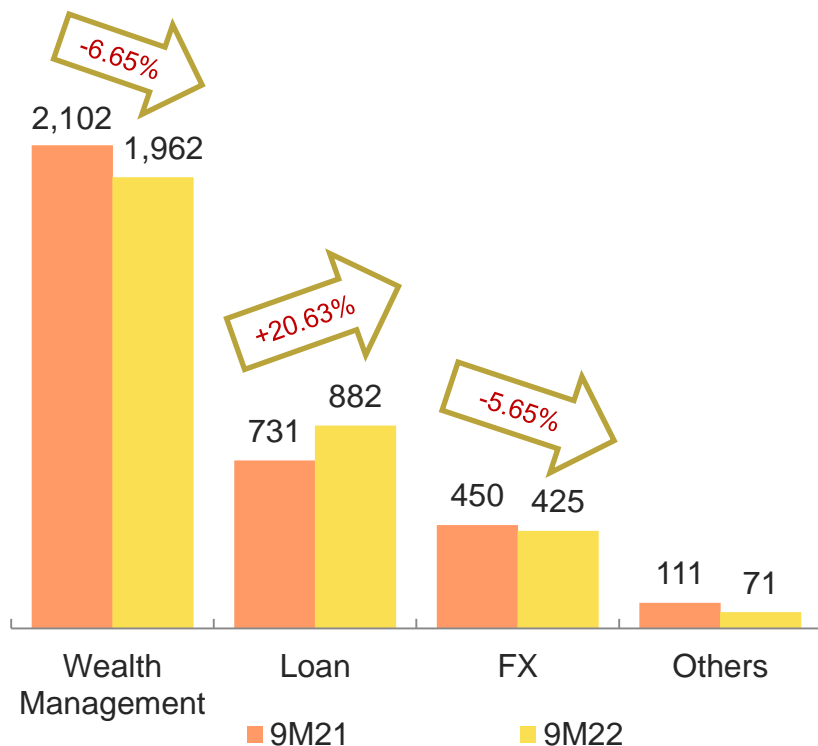
9M22 Net Revenue Breakdown



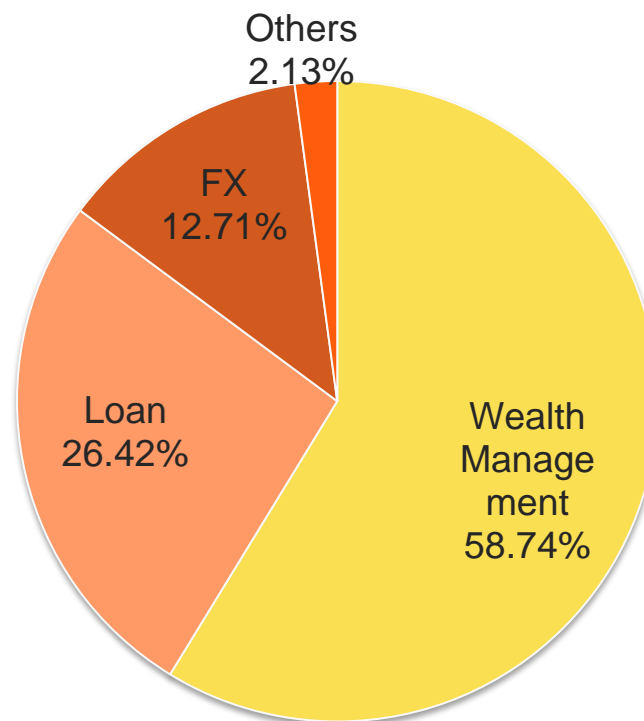
Net Fee Income

Net Fee Income (in NT\$ mn)

9M21	9M22	YoY
3,394	3,340	-1.60%



9M22 Net Fee Income Breakdown



Agenda

● Operational Highlights

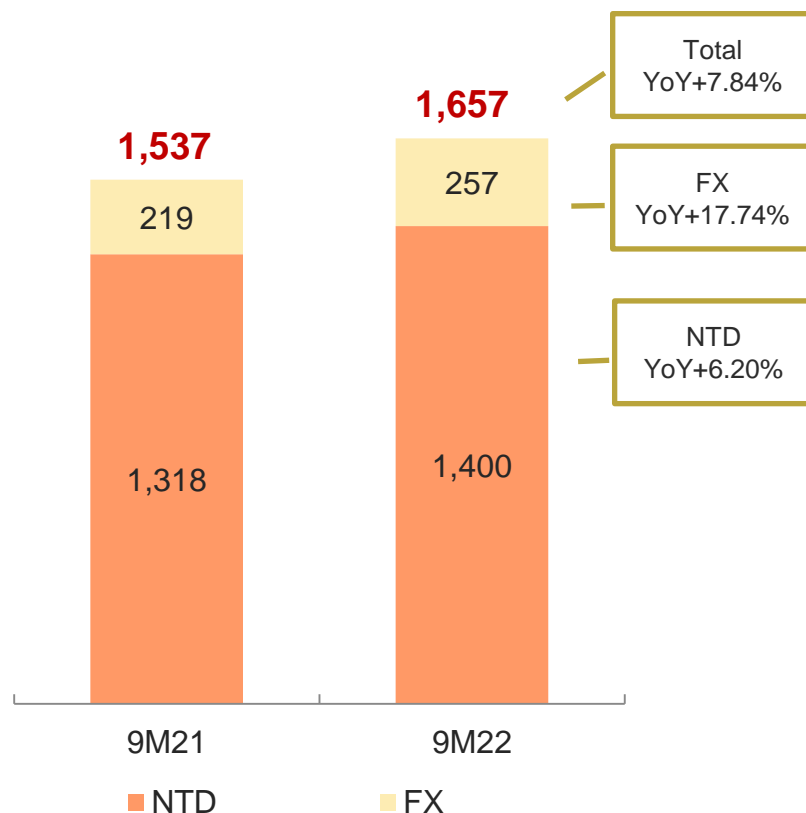
● Financial Performance

● **Operating Results**

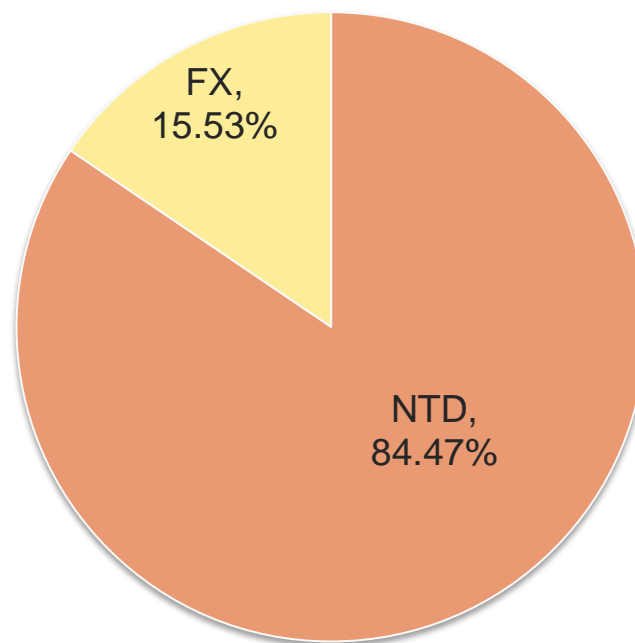
● Appendix

Loan Breakdown by Currency

Quarterly Loan Balance (in NT\$ bn)



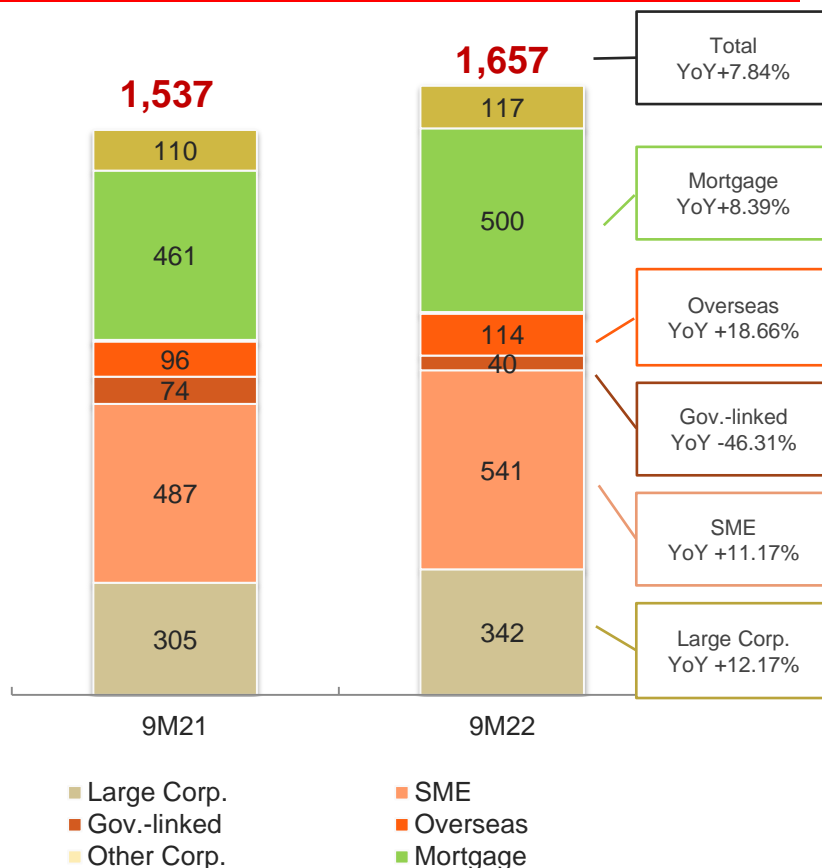
9M22 Loan Breakdown by Currency



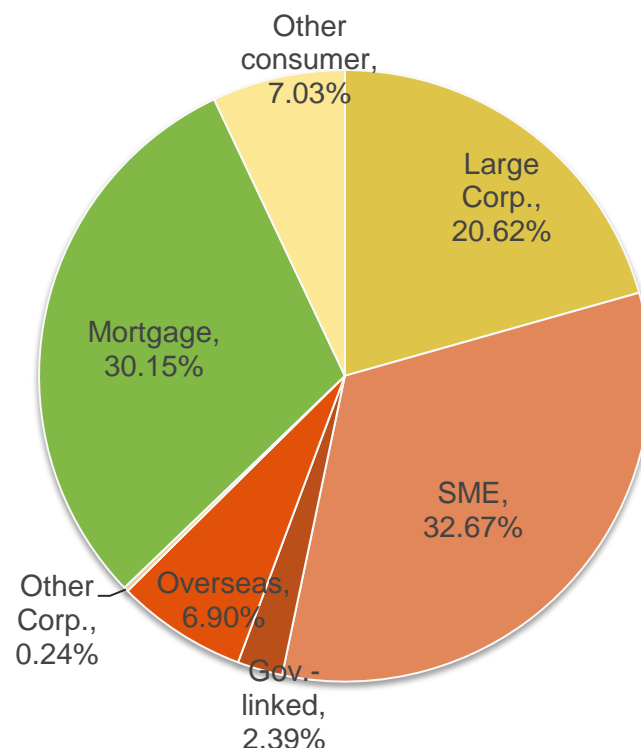
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Loan Breakdown by Customer

Quarterly Loan Balance (in NT\$ bn)



9M22 Loan Breakdown by Customer

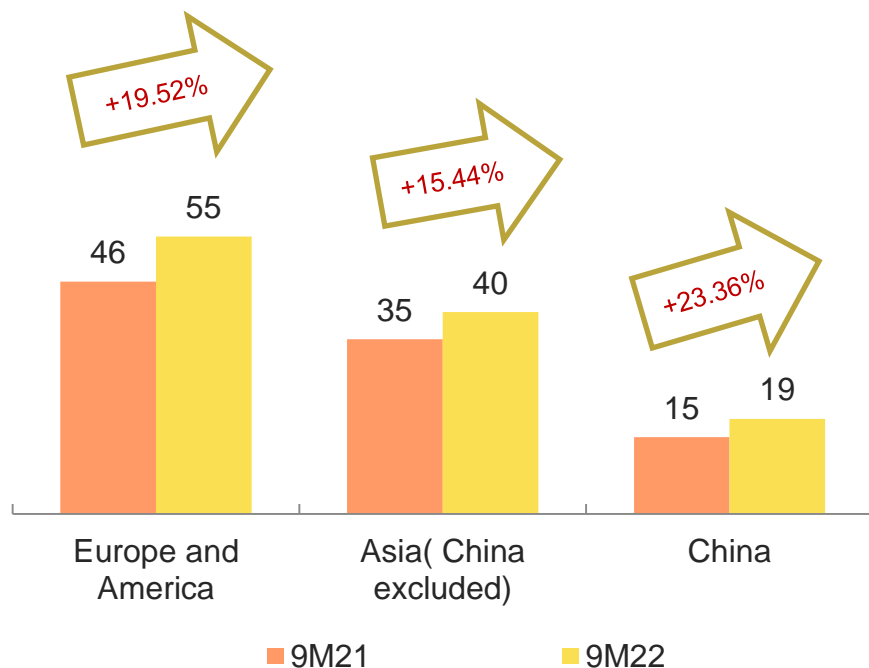


*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

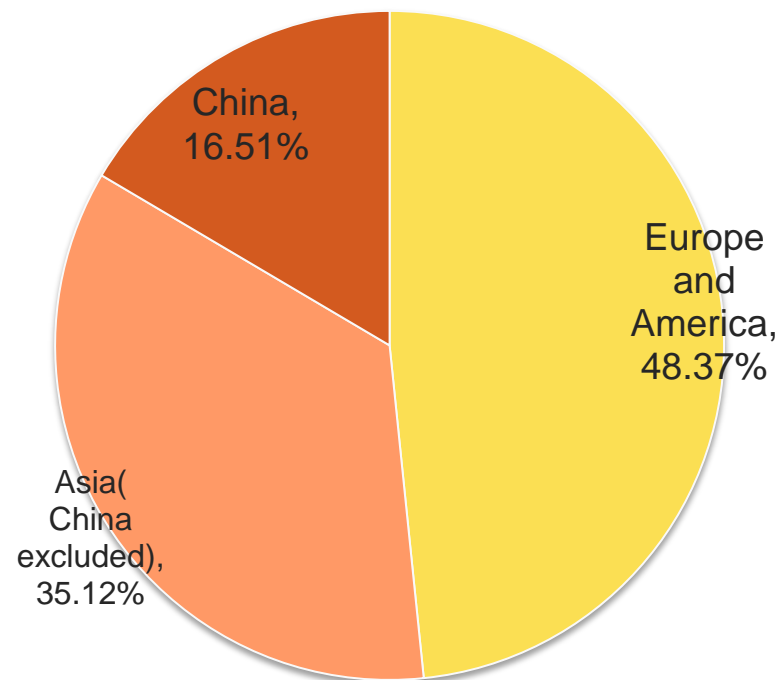
Overseas Loan Breakdown by Regions

Overseas Loan Balance (in NT\$ bn)

9M21	9M22	YoY
96	114	+18.66%



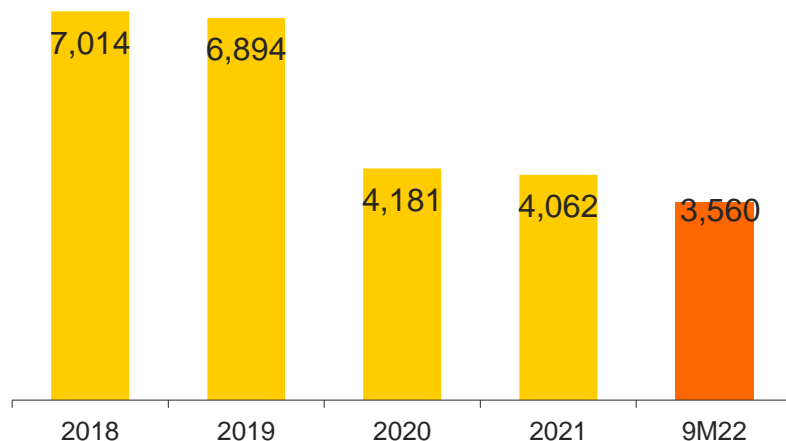
6M22 Overseas Loan Breakdown by Regions



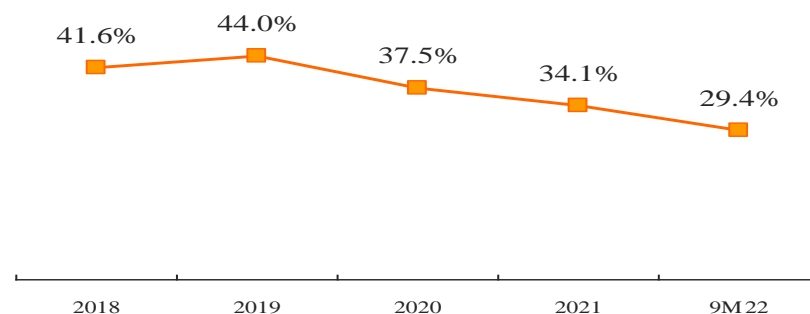
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Overseas & OBU Performance

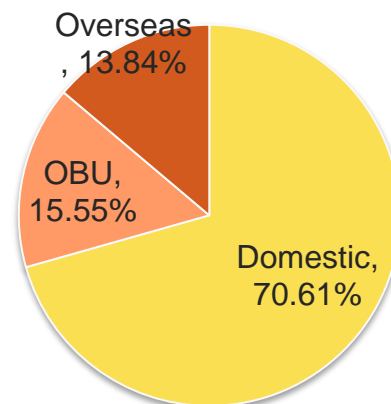
Overseas & OBU
Net Income After Tax (in NT\$ mn)



Overseas & OBU
PPOP proportion

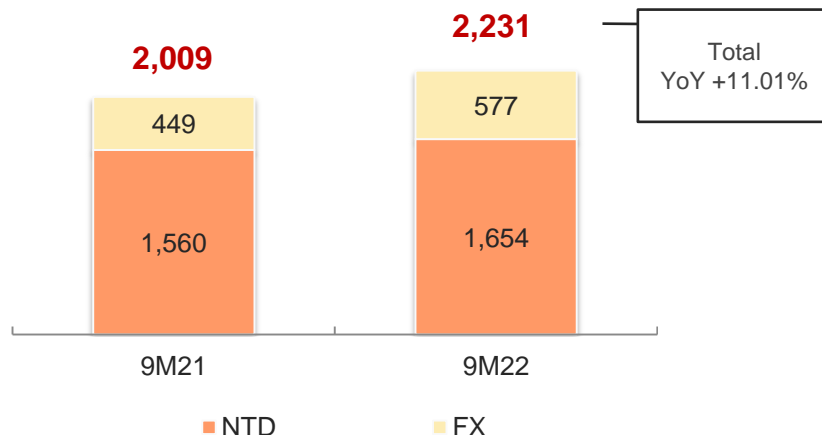


9M22 PPOP Breakdown

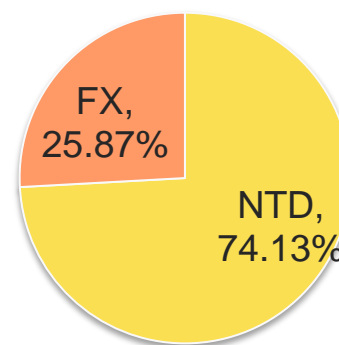


Deposit Breakdown by Currency

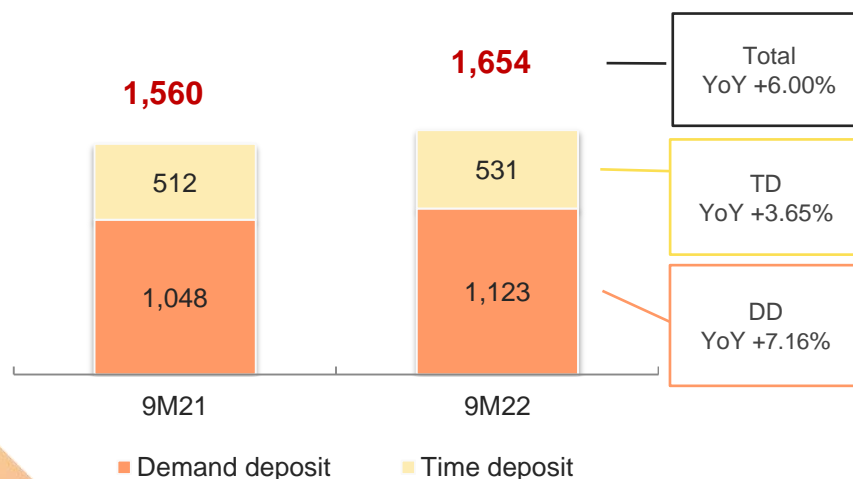
Deposit Balance (in NT\$ bn)



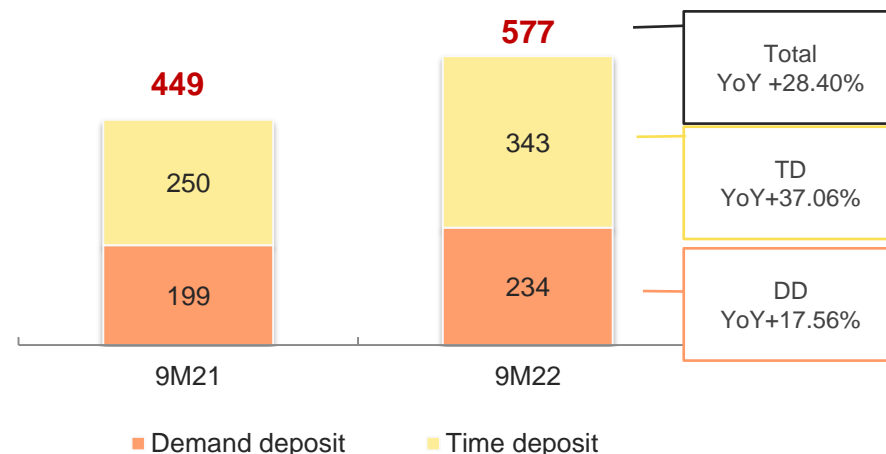
9M22 Deposit Breakdown by Currency



NTD Deposit Balance (in NT\$ bn)

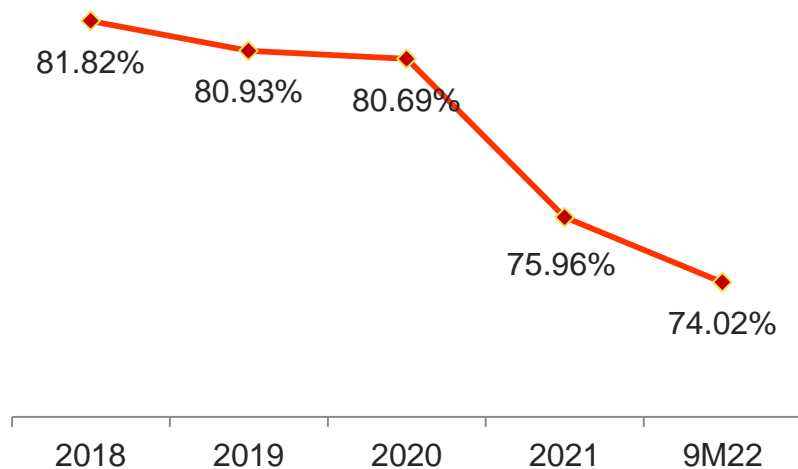


FX Deposit Balance (in NT\$ bn)

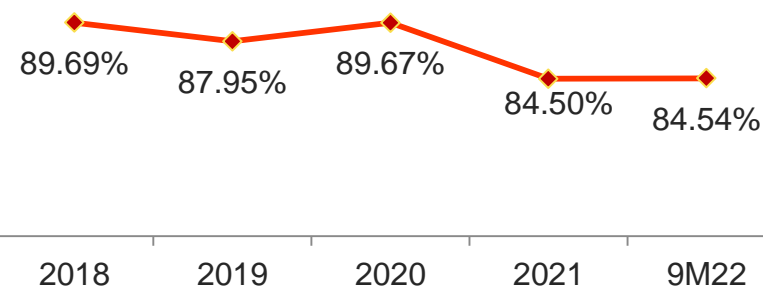


LDR

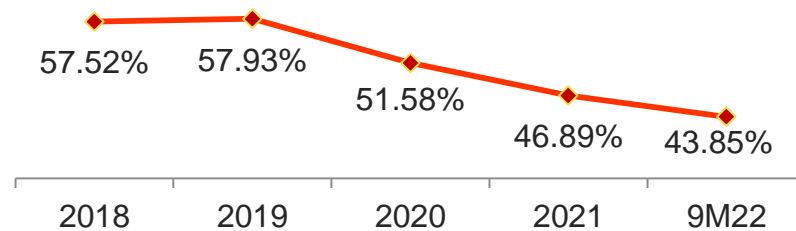
Total LDR



NTD LDR

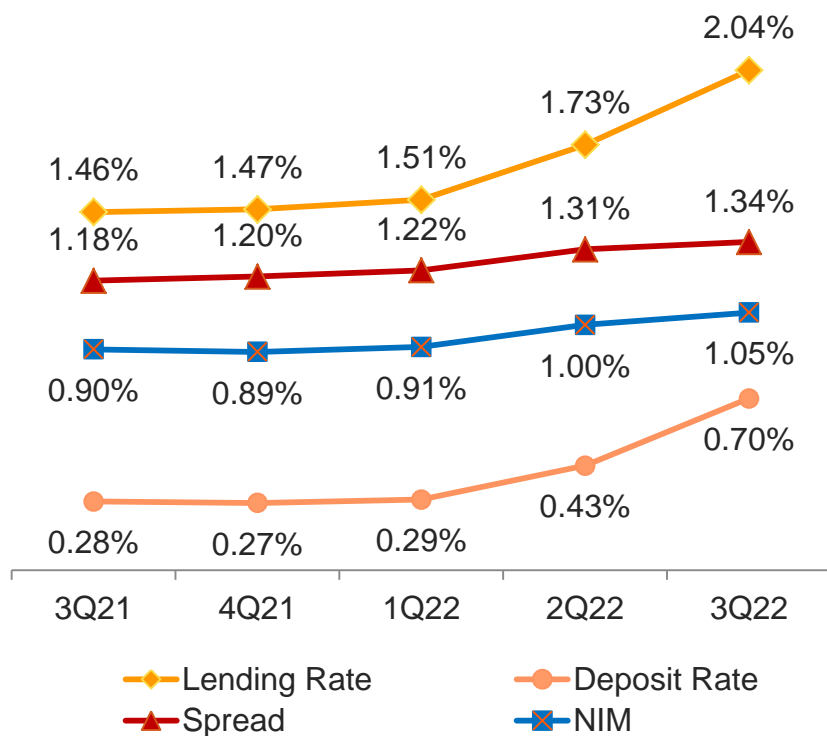


FX LDR

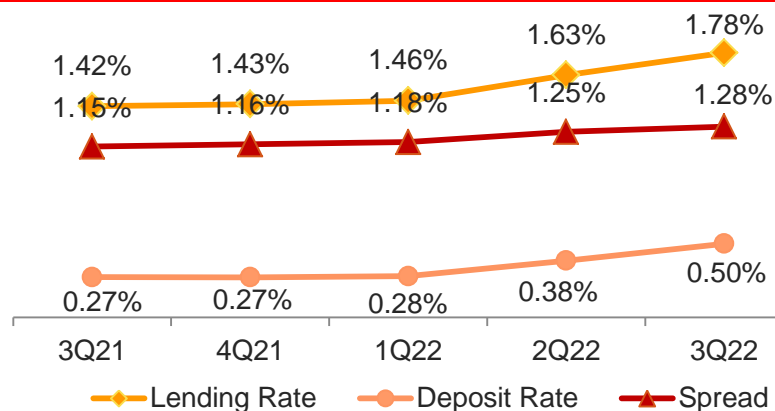


Spread and NIM

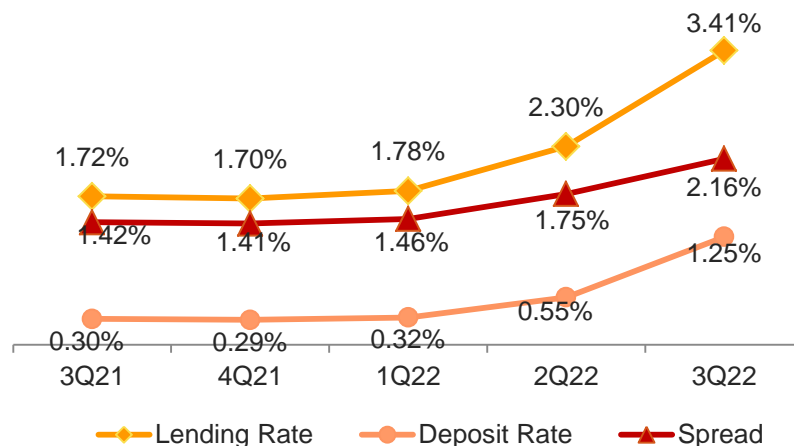
Quarterly Total Loan to Deposit Spread and NIM



NTD Loan to Deposit Spread



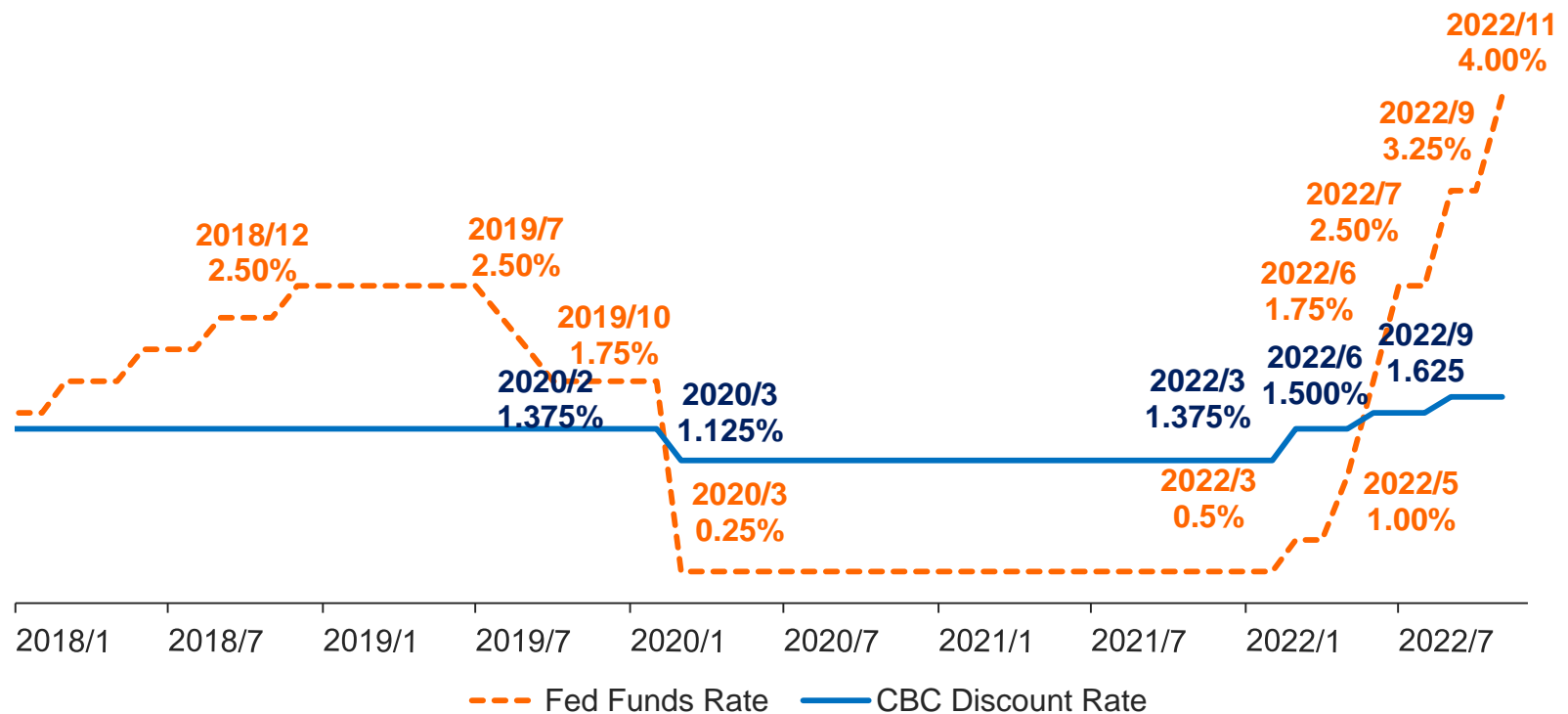
FX Loan to Deposit spread



*.IFRS and quarterly basis.

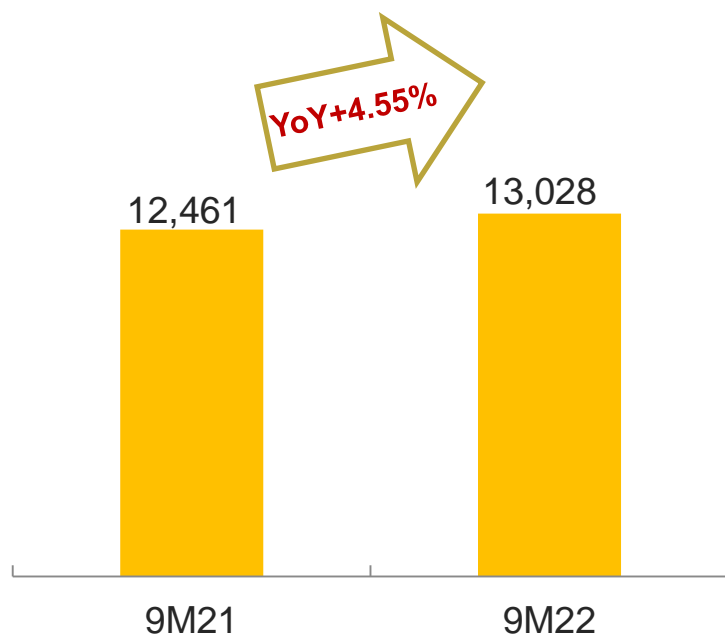
Fed Funds Rate vs. CBC Discount Rate Trends

Fed Funds Rate VS. CBC Discount Rate

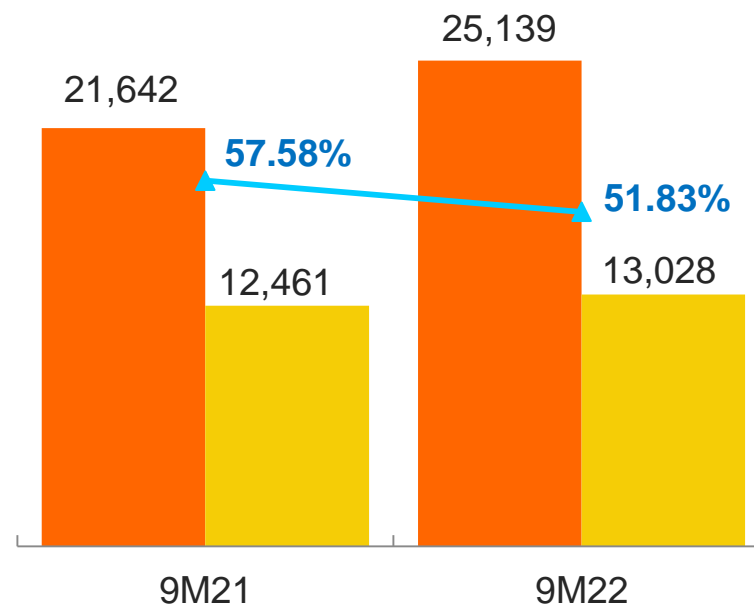


Cost-Income Ratio

Operating Expense (in NT\$ mn)



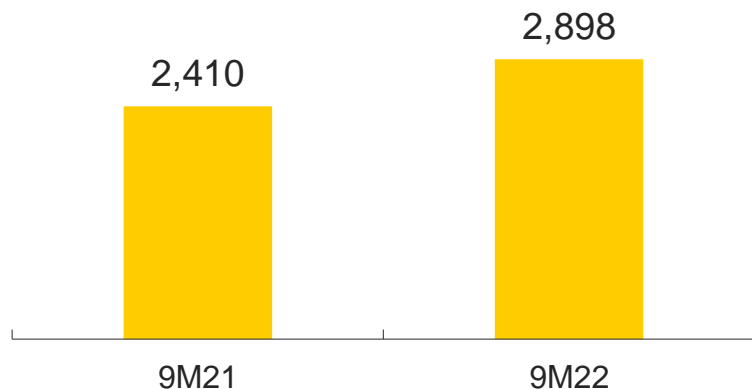
Cost-Income Ratio



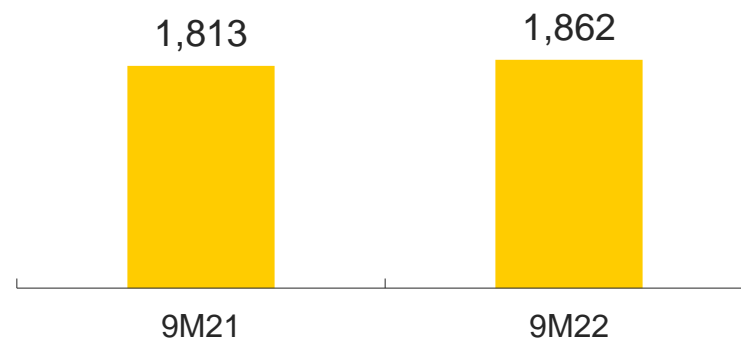
- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

Loan Provision, Write-off and Recovery

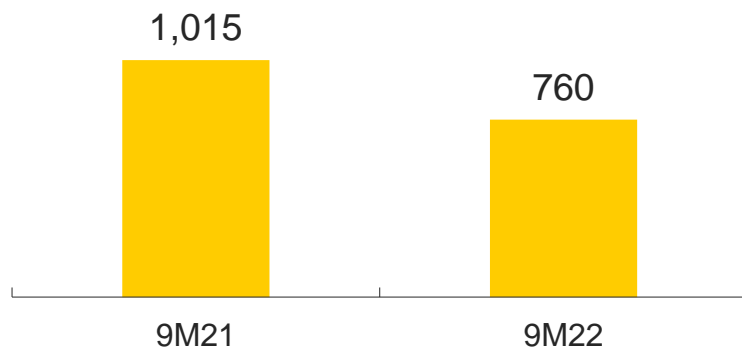
Provision (in NT\$ mn)



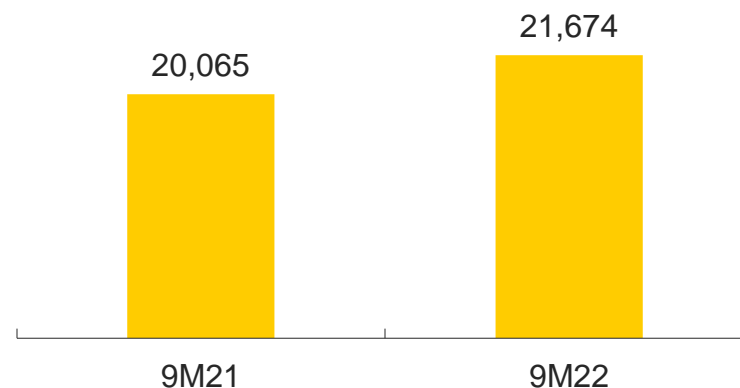
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

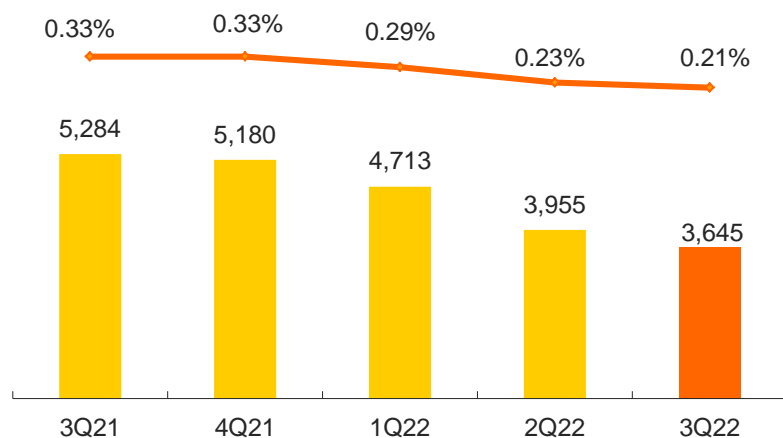


Reserve (in NT\$ mn)



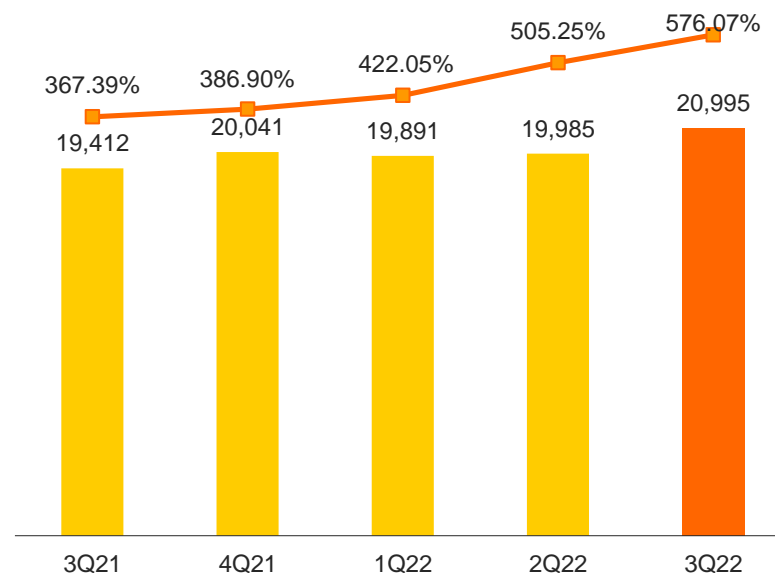
NPL Ratio and Coverage Ratio

NPL Ratio



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

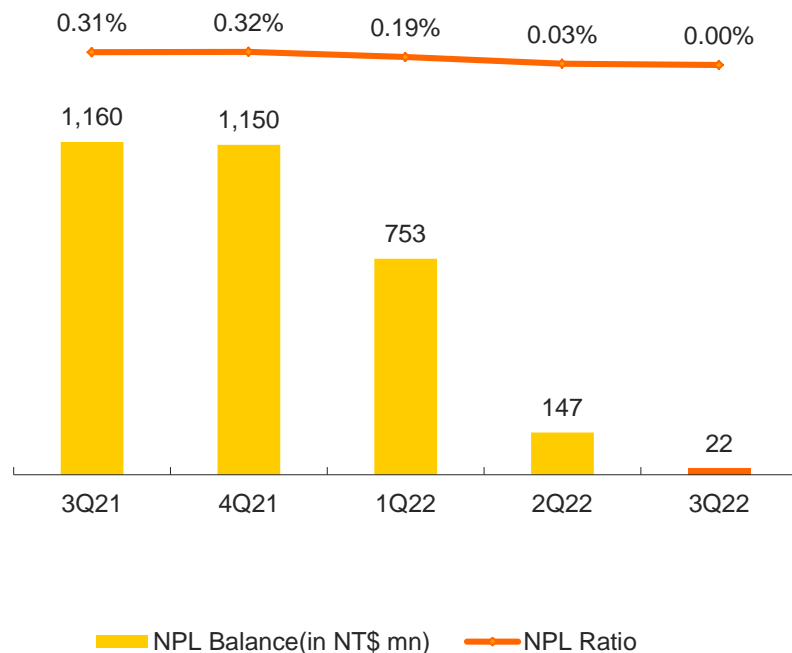
Coverage Ratio



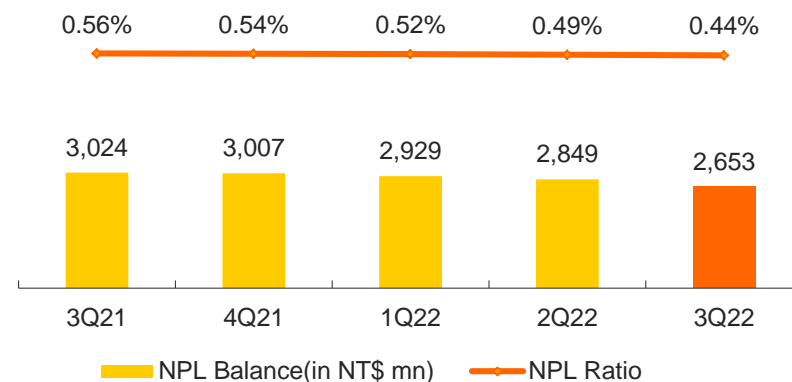
■ Loan loss reserved(in NT\$ mn) —■— Coverage Ratio

Asset Quality

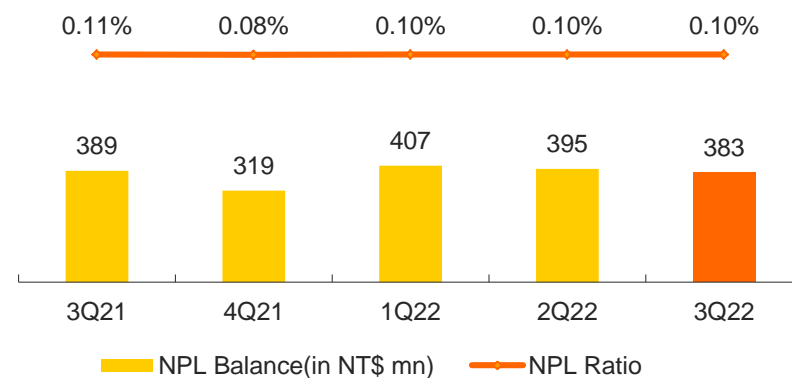
Large Corp.



SME



Mortgage



Credit Rating & CAR

Credit Rating

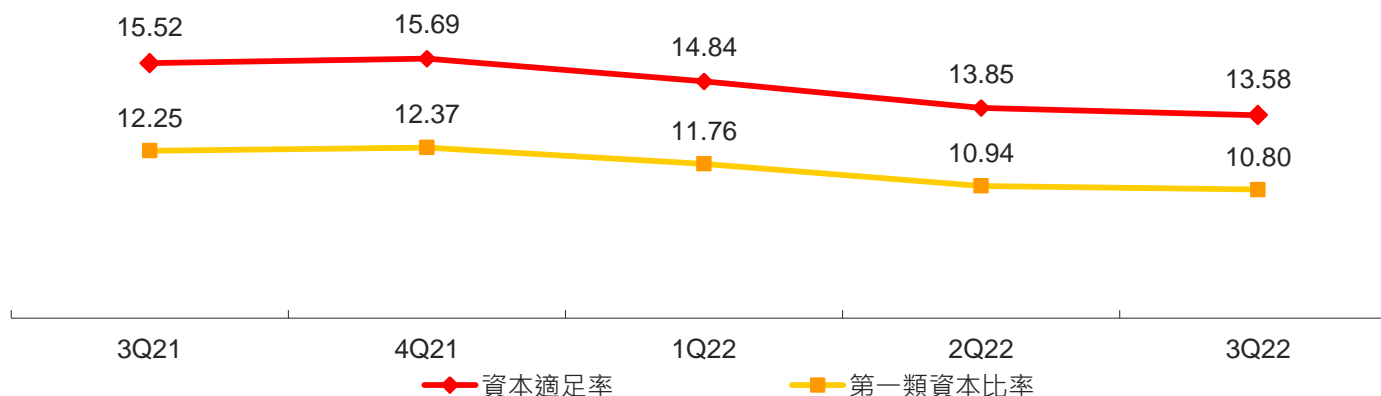
■ **Moody's** (2022/3,Review) :

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

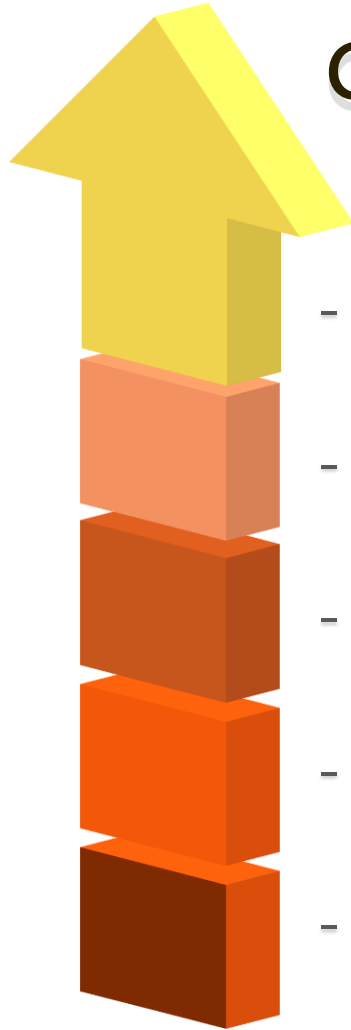
■ **S&P** (2022/5,Review) :

- 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%	3Q21	4Q21	1Q22	2Q22	3Q22	Change%	3Q21	3Q22	Change%
Assets												
Cash & due from Banks	262,192	290,702	10.87%	207,147	290,702	244,781	197,135	268,433	36.17%	207,147	268,433	29.59%
Financial assets at FVPL, net	14,581	56,612	288.24%	26,335	56,612	87,639	48,639	65,117	33.88%	26,335	65,117	147.26%
Financial assets at FVOCI, net	122,696	174,195	41.97%	180,153	174,195	198,358	226,441	223,201	-1.43%	180,153	223,201	23.89%
Financial assets for hedging	232	147	-36.42%	182	147	-	-	-	-	182	-	-
Financial assets at amortized cost, net	345,283	405,256	17.37%	378,296	405,256	419,119	427,283	379,200	-11.25%	378,296	379,200	0.24%
Receivables, net	21,481	22,929	6.74%	25,621	22,929	21,024	22,944	24,079	4.95%	25,621	24,079	-6.02%
Loans, net	1,477,887	1,554,775	5.20%	1,576,518	1,554,775	1,625,463	1,682,443	1,731,391	2.91%	1,576,518	1,731,391	9.82%
Other financial assets, net	25,591	3,858	-84.93%	3,378	3,858	2,398	2,853	2,866	0.45%	3,378	2,866	-15.16%
Property and equipment, net	20,909	20,979	0.34%	20,887	20,979	21,062	21,096	20,961	-0.64%	20,887	20,961	0.36%
Right-of-use asset	1,519	1,942	27.79%	1,984	1,942	1,914	1,912	2,021	5.68%	1,984	2,021	1.82%
Investment property, net	13,859	13,852	-0.05%	13,854	13,852	13,850	13,849	13,847	-0.01%	13,854	13,847	-0.05%
Other assets	7,210	5,860	-18.73%	5,341	5,860	7,201	6,864	8,973	30.72%	5,341	8,973	68.00%
Total Assets	2,313,440	2,551,106	10.27%	2,439,698	2,551,106	2,642,810	2,651,460	2,740,089	3.34%	2,439,698	2,740,089	12.31%
Liabilities												
Due to banks	118,051	99,889	-15.38%	106,480	99,889	163,577	91,013	114,335	25.63%	106,480	114,335	7.38%
Financial liabilities at FVPL	7,294	3,150	-56.81%	1,807	3,150	5,889	8,237	14,054	70.63%	1,807	14,054	677.85%
RP	1,227	1,373	11.92%	1,450	1,373	1,563	1,078	17,704	1541.83%	1,450	17,704	1121.23%
Payables	22,237	36,770	65.35%	46,900	36,770	26,201	49,327	29,837	-39.51%	46,900	29,837	-36.38%
Deposits and remittances	1,917,987	2,167,441	13.01%	2,044,107	2,167,441	2,195,620	2,254,841	2,304,264	2.19%	2,044,107	2,304,264	12.73%
Bank notes payable	61,351	51,278	-16.42%	51,311	51,278	51,264	51,249	51,234	-0.03%	51,311	51,234	-0.15%
Provisions	5,316	4,694	-11.70%	4,917	4,694	4,621	4,643	4,579	-1.38%	4,917	4,579	-6.87%
Lease liabilities	1,344	1,770	31.78%	1,822	1,770	1,747	1,736	1,864	7.32%	1,822	1,864	2.29%
Other liabilities	13,580	13,287	-2.16%	12,657	13,287	19,263	23,569	35,540	50.79%	12,657	35,540	180.79%
Total Liabilities	2,148,386	2,379,654	10.76%	2,271,450	2,379,654	2,469,745	2,485,693	2,573,411	3.53%	2,271,450	2,573,411	13.29%
Stockholders' Equity	165,054	171,452	3.88%	168,247	171,452	173,065	165,767	166,678	0.55%	168,247	166,678	-0.93%
Total Liabilities and Stockholders' Equity	2,313,440	2,551,106	10.27%	2,439,698	2,551,106	2,642,810	2,651,460	2,740,089	3.34%	2,439,698	2,740,089	12.31%

STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

(in NT\$ mn)	Year(IFRSs)			Quarter(IFRSs)								Period(IFRSs)		
	2020	2021	Change%	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	Change%	9M21	9M22	Change%
Interest Income	29,816	27,492	-7.79%	6,674	6,737	7,003	7,078	7,305	9,025	11,442	26.78%	20,414	27,771	36.04%
Interest Expense	10,676	7,026	-34.19%	1,867	1,727	1,718	1,714	1,854	2,799	4,768	70.34%	5,312	9,421	77.36%
Net Interest Income	19,140	20,466	6.92%	4,807	5,010	5,285	5,364	5,451	6,225	6,673	7.19%	15,102	18,350	21.51%
Net Service fee and commissions income	4,528	4,554	0.59%	1,204	1,077	1,114	1,160	1,187	1,128	1,024	-9.22%	3,394	3,340	-1.60%
Gains(losses) on financial assets and liabilities at FVPL	1,648	1,238	-24.90%	316	388	237	296	260	404	535	32.22%	941	1,199	27.41%
Realized gains of financial assets at FVOCI	1,219	1,483	21.67%	195	408	861	20	142	242	-29	-112.15%	1,463	354	-75.79%
Gains(losses) on disposal of credit assets measured at AC	0	0	-	-	-	-	0	-2	0	0	-116.22%	-	-2	-
Foreign exchange gains(losses)	339	495	45.75%	183	59	168	84	333	448	982	119.00%	410	1,763	329.49%
Other miscellaneous net income	443	450	1.75%	190	48	93	119	58	84	-8	-109.46%	331	134	-59.57%
Net income other than net interest income	8,177	8,220	0.53%	2,088	1,981	2,472	1,680	1,978	2,307	2,504	8.53%	6,540	6,789	3.80%
Net Revenues and gains	27,317	28,686	5.01%	6,895	6,990	7,757	7,044	7,430	8,532	9,177	7.55%	21,642	25,139	16.16%
Credit loss provisions, net	2,836	1,794	-36.75%	576	364	456	399	557	824	757	-8.13%	1,395	2,138	53.28%
Operating Expenses	16,170	16,772	3.72%	3,941	4,126	4,394	4,311	4,054	4,357	4,617	5.98%	12,461	13,028	4.55%
Employee Benefits expenses	10,808	11,409	5.56%	2,688	2,812	3,081	2,827	2,672	2,865	3,098	8.11%	8,581	8,635	0.63%
Depreciation and amortization expenses	1,403	1,420	1.26%	253	363	356	449	366	402	404	0.46%	971	1,172	20.70%
Other general and administrative expenses	3,960	3,943	-0.43%	900	952	957	1,134	1,015	1,090	1,116	2.39%	2,809	3,220	14.67%
Income before income tax from continuing operations	8,311	10,120	21.78%	2,378	2,500	2,907	2,334	2,818	3,351	3,803	13.46%	7,786	9,972	28.08%
Income Tax Expense	1,270	1,317	3.70%	433	279	300	305	441	409	602	47.29%	1,012	1,452	43.50%
Net Income	7,041	8,804	25.04%	1,946	2,222	2,607	2,029	2,377	2,943	3,201	8.77%	6,774	8,521	25.77%
Basic EPS(NT\$)	0.68	0.84	23.53%	0.19	0.21	0.25	0.19	0.23	0.28	0.30	7.14%	0.65	0.80	23.08%
Other comprehensive income	-230	1,333	679.20%	417	178	-438	1,176	-764	-4,997	-2,289	54.19%	157	-8,050	-5211.68%
Total comprehensive income	6,811	10,137	48.84%	2,363	2,399	2,169	3,205	1,613	-2,054	912	-144.38%	6,932	470	-93.22%



彰化銀行

THANK YOU

