



彰化銀行

Financial Review

2022Q4

(Bloomberg: 2801 TT)

March 27 2023

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Economic Outlook

Factors such as the Russia-Ukraine war and high inflation are expected to slow down the global economy in the first half of the year.

- Some enterprises are facing the pressure of inventory adjustment, reduction of capital expenditure, and layoffs, resulting in gradually conservative market investment and expenditure.
- China's unblocking policy has ushered in a recovery in domestic consumption, and the global economic outlook may have a chance to pick up. However, the extent of the rebound still needs to be observed.
- Capital investment has turned conservative due to the global economy and higher rates.

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

- Benefiting from the continuous relaxation of domestic epidemic prevention and control measures and the opening of borders, the recovery of people's willingness to consume drives consumption momentum, which will bring greater room for recovery to the retail and hospitality industry.
- Housing policy and interest rate factors may affect the real estate market, showing a situation of "decreasing transaction volume and falling prices".
- The sales of end consumer products is still weak, and most electronics industries will continue to face the pressure of inventory reduction. The situation will not recover gradually until the second half of the year.
- Benefiting from the business opportunities of unblocking the border, the aviation industry and tourism industries are relatively promising industries this year.

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.
- Awarded "CG6013 (2021) Corporate Governance System Evaluation" by the Taiwan Corporate Governance Association, the highest level of "Excellent" certification.
- Obtained the Taiwan Intellectual Property Management Standard (TIPS) Level A certification for two consecutive years.
- The Chinese and English versions of the ESG Summary were released, summarizing the implementation results of the Bank's promotion of sustainability from the three significant aspects of ESG.
- Included in the S&P Global 2023 Sustainability Yearbook.

Social

- 80 bilingual branches have been established in Taiwan, providing friendly financial services and enhancing international competitiveness.
- In response to Friendly Finance, the Bank cooperated with the "Taiwanese Sign Language Interpreter Association" to introduce the "Sign Language Video Service".
- Provide several related loans and funds for women, youth, and special ethnic groups to encourage them to obtain resources and practice the concept of inclusive finance and gender equality.

Environmental

- Apply for TCFD third-party verification and certification for two consecutive years, and obtain the highest "Excellence" certification level.
- Continuously maintain environmental and energy management system verification and greenhouse gas inventory verification, and increase the compliance verification of sustainable procurement and water resource efficiency management system verification to improve energy management efficiency.
- In line with the urban renewal and renovation policies, the older buildings were rebuilt with Green Building Labeling System to revitalize self-owned assets and be environmentally friendly.

Agenda

● **Operational Highlights**

● Financial Performance

● Operating Results

● Appendix

Operational Highlights (consolidated basis)

Core Business

- Loans NT\$1,677 bn, +8.16% YoY,
Corp. +11.59% YoY · Personal +6.46% YoY ·
Overseas +23.52% YoY
- Deposits NT\$2,259 bn, +11.27% YoY,
NTD Deposit + 6.04% YoY
FX Deposit +29.07% YoY

Profitability

- Net Income After Tax NT\$10.97bn, +24.62% YoY
- EPS NT\$1.04 · ROA 0.42% · ROE 6.44%

Asset Quality

- NPL ratio was 0.20% · -0.13%YoY
- Coverage ratio was 638.07% · +251.17%YoY

Capital Adequacy Ratio

- BIS ratio was 14.37%

*ROE and ROA are after-tax figures.

Agenda

● Operational Highlights

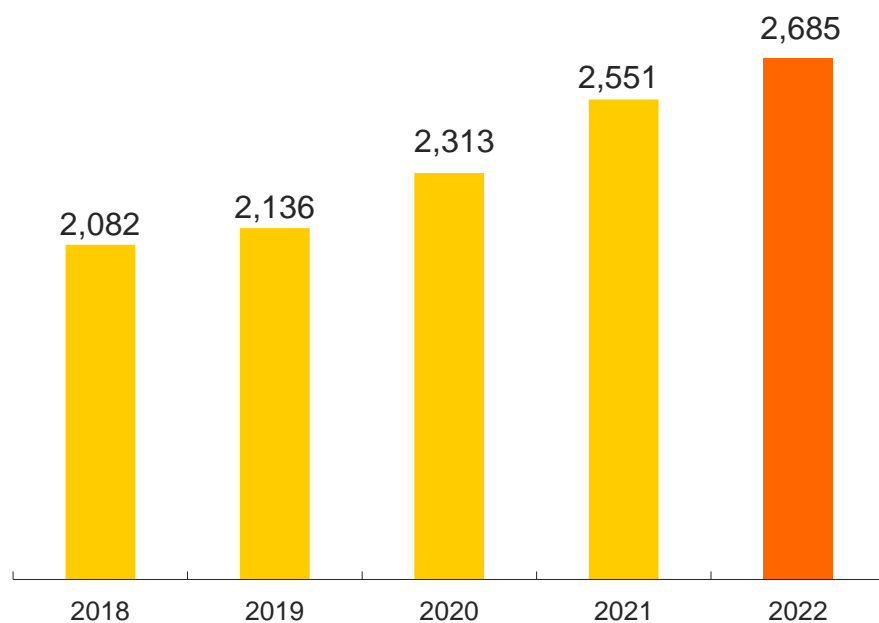
● **Financial Performance**

● Operating Results

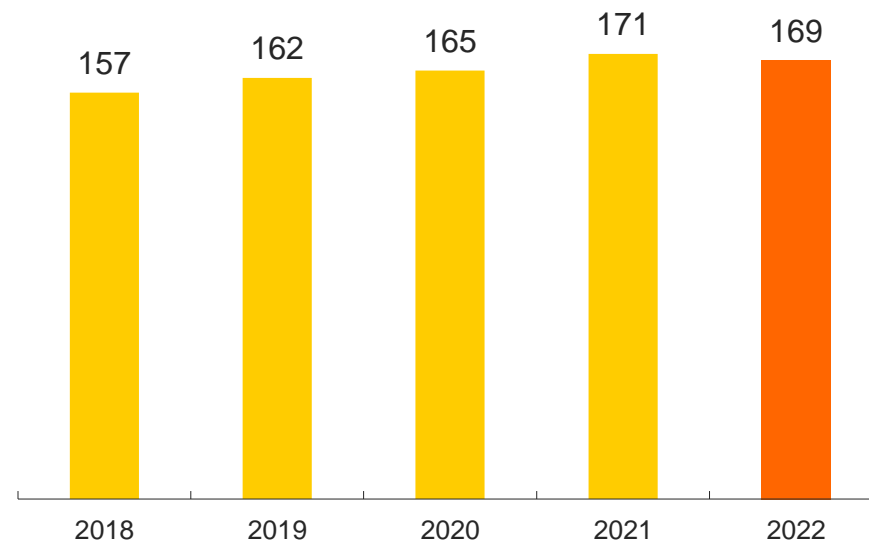
● Appendix

Asset Size and Net Worth

Asset Size (in NT\$ bn)

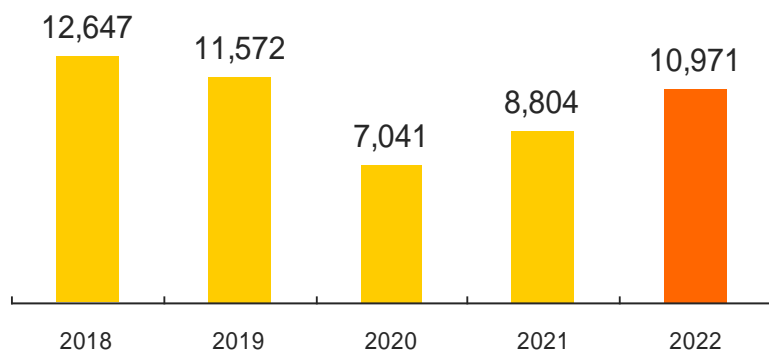


Net Worth (in NT\$ bn)

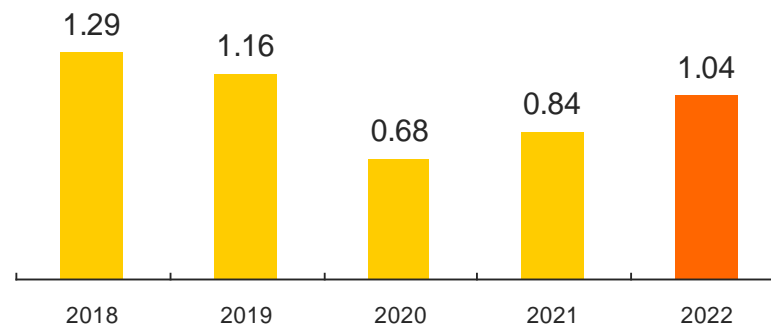


Financial Performance

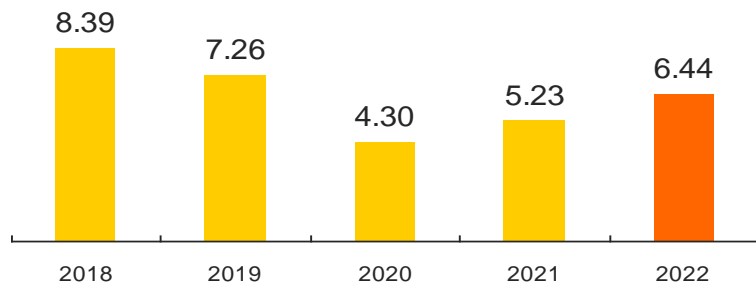
Net Income After Tax (in NT\$ mn)



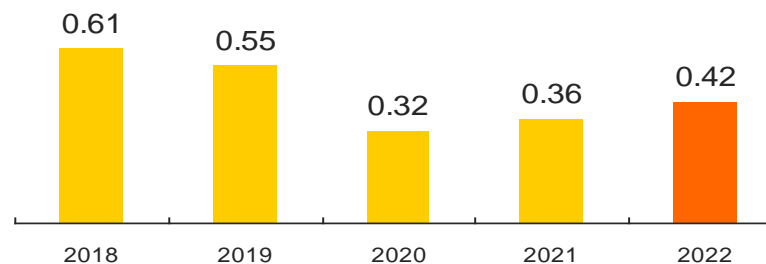
EPS After tax (in NT\$)



ROE(%)



ROA(%)



*ROE and ROA are after-tax figures.

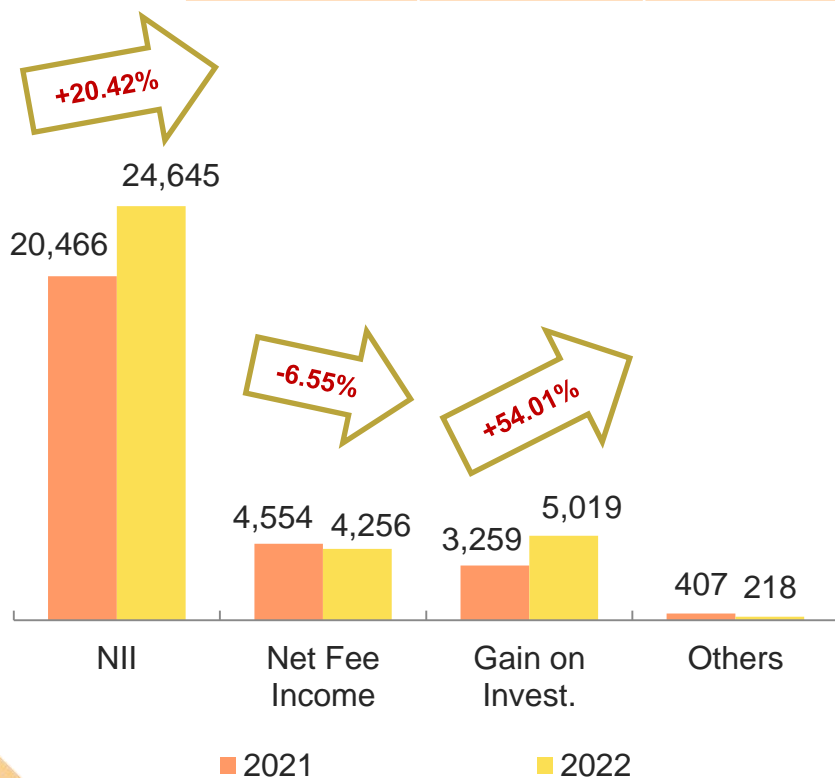
Comprehensive Income

(In NT\$ mn)	2021	2022	YoY(%)
Net Revenue	28,686	34,139	19.01%
Provision, Net	1,794	3,319	85.03%
Operating Expense	16,772	17,769	5.94%
Net Income Before Tax	10,120	13,051	28.95%
Income Tax Expense	1,317	2,080	57.95%
Net Income After Tax	8,804	10,971	24.62%
Other Comprehensive Income	1,333	-8,151	-711.32%
Total Comprehensive Income	10,137	2,820	-72.18%

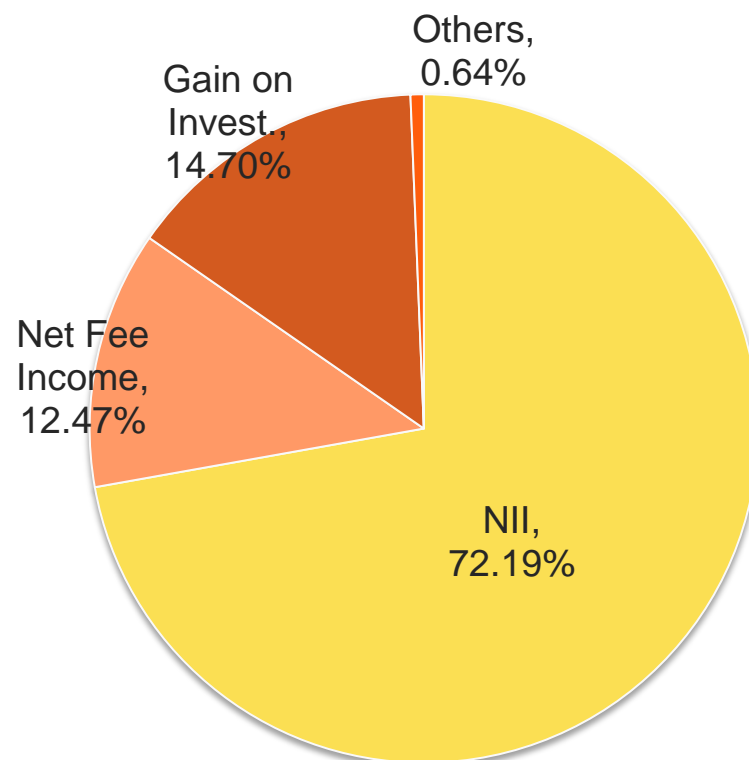
Net Revenue

Net Revenue (in NT\$ mn)

2021	2022	YoY
28,686	34,139	19.01%



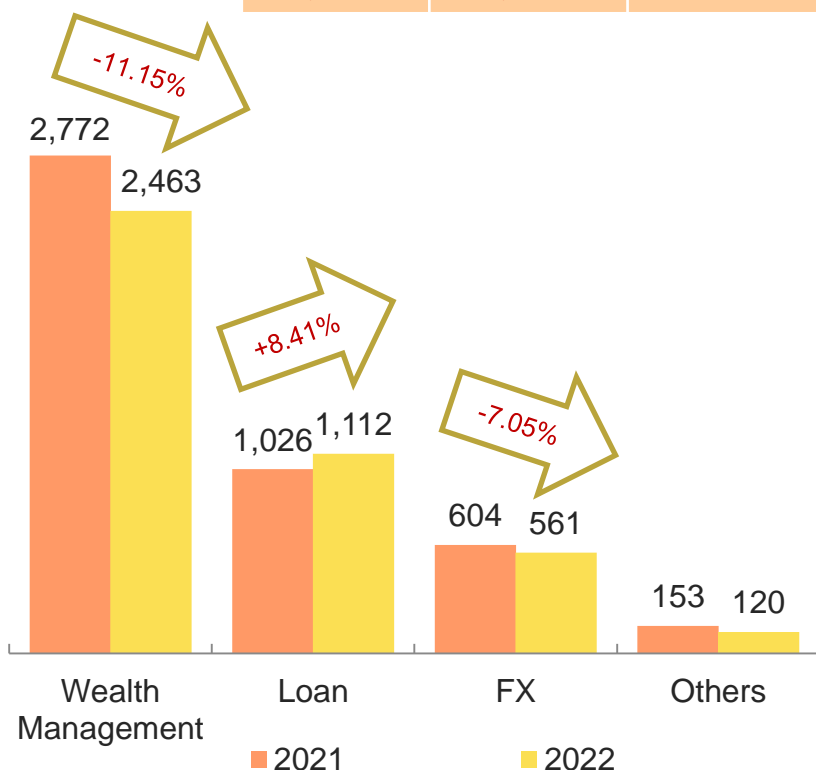
2202 Net Revenue Breakdown



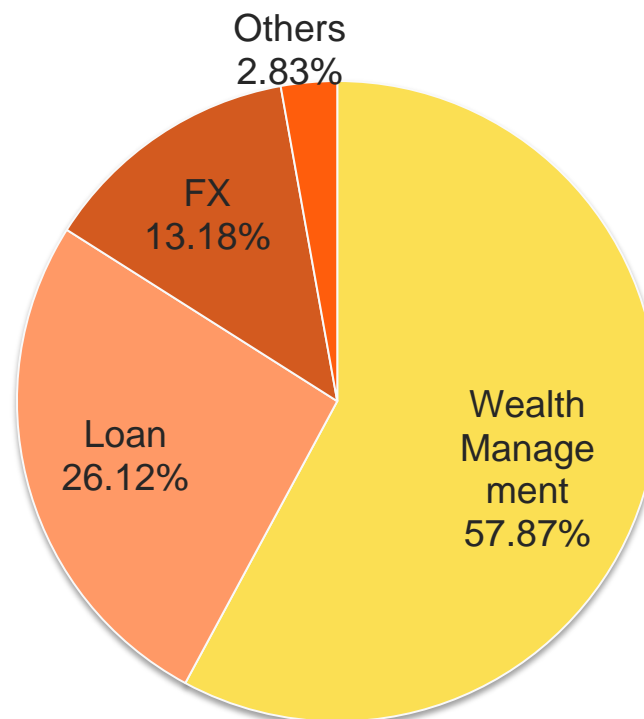
Net Fee Income

Net Fee Income (in NT\$ mn)

2021	2022	YoY
4,554	4,256	-6.55%



2022 Net Fee Income Breakdown



Agenda

● Operational Highlights

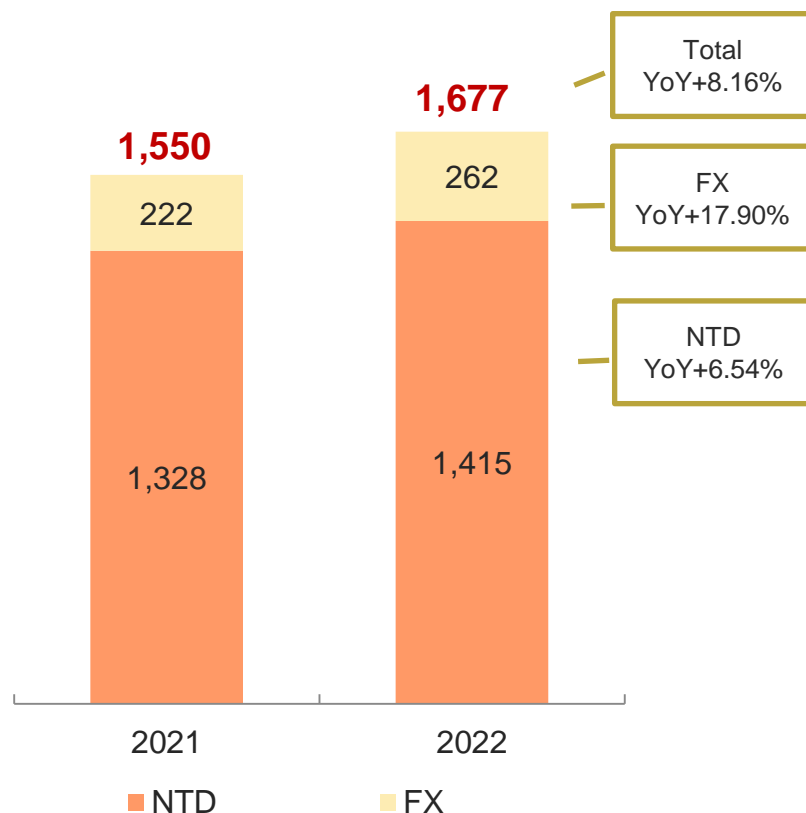
● Financial Performance

● **Operating Results**

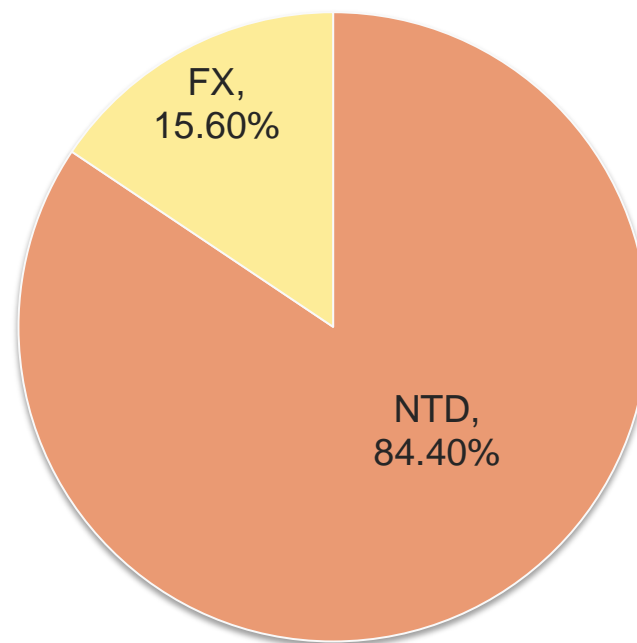
● Appendix

Loan Breakdown by Currency

Quarterly Loan Balance (in NT\$ bn)



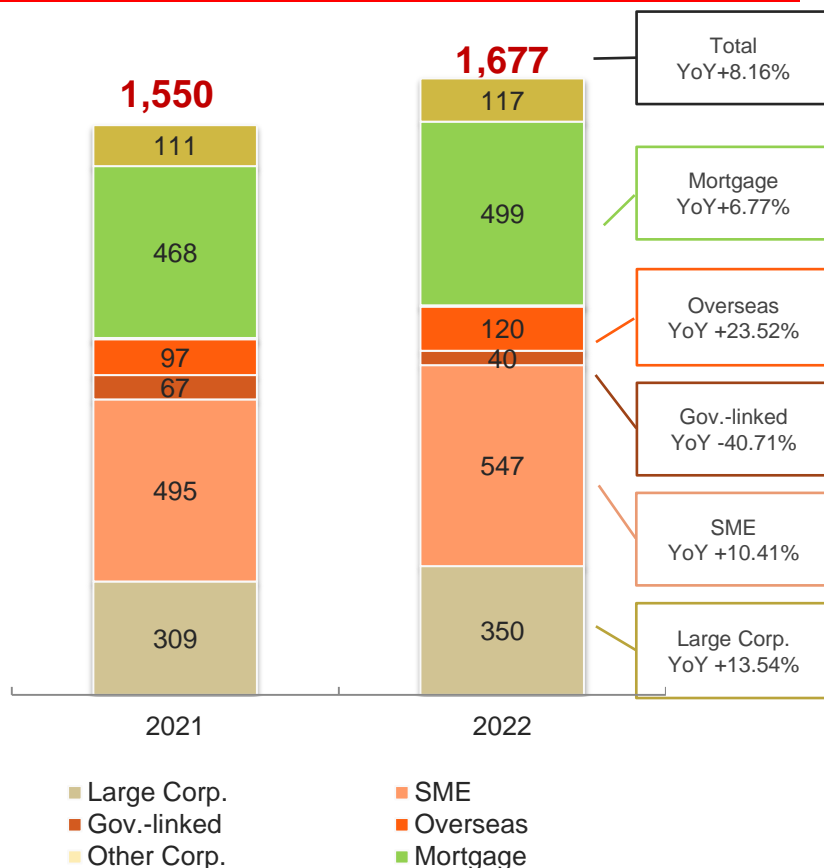
2022 Loan Breakdown by Currency



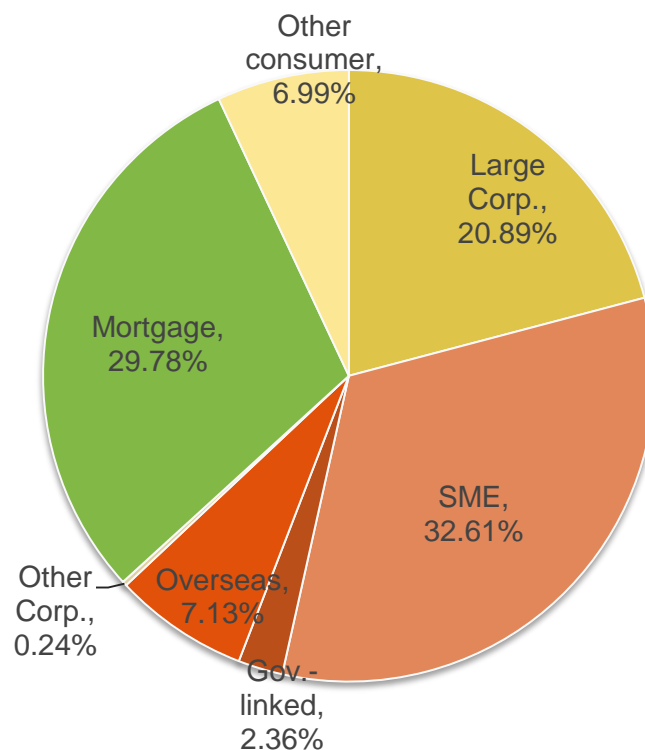
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Loan Breakdown by Customer

Quarterly Loan Balance (in NT\$ bn)



2202 Loan Breakdown by Customer

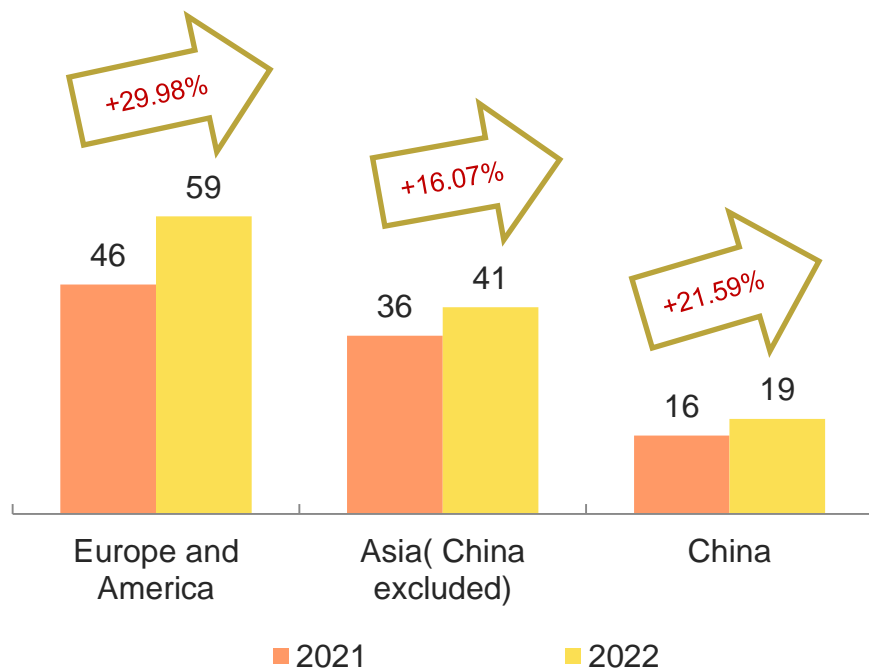


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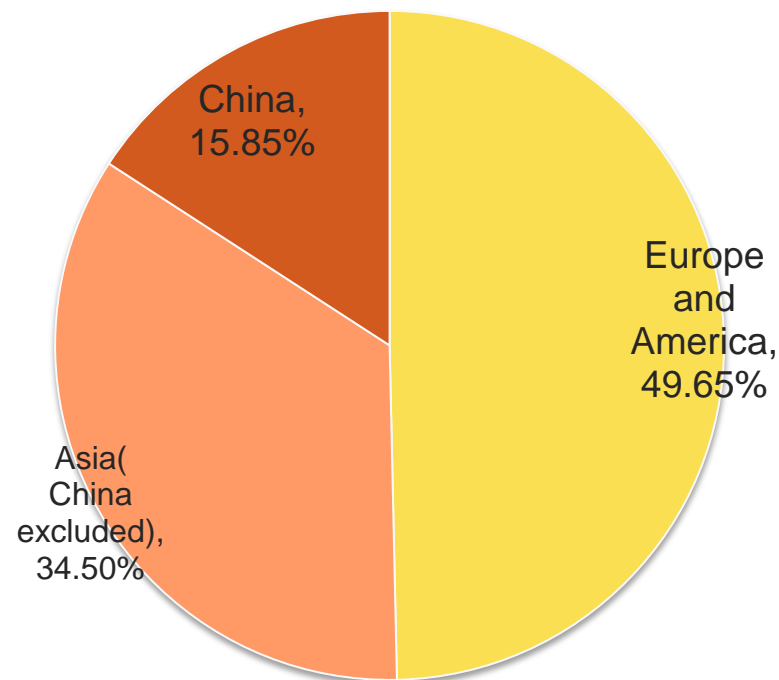
Overseas Loan Breakdown by Regions

Overseas Loan Balance (in NT\$ bn)

2021	2022	YoY
97	120	+23.52%



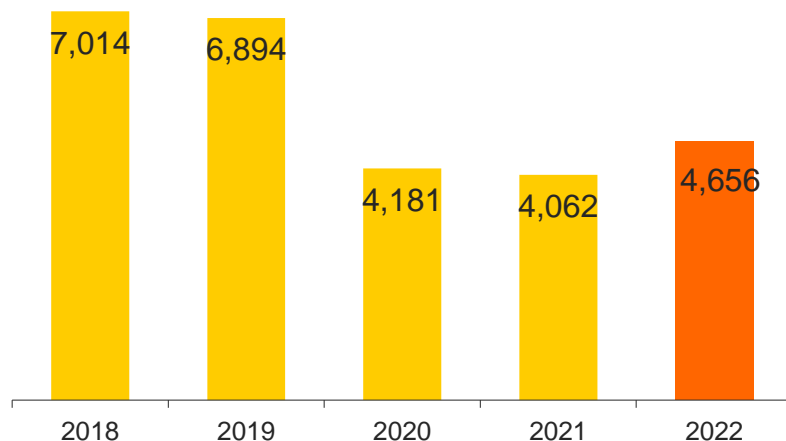
2202 Overseas Loan Breakdown by Regions



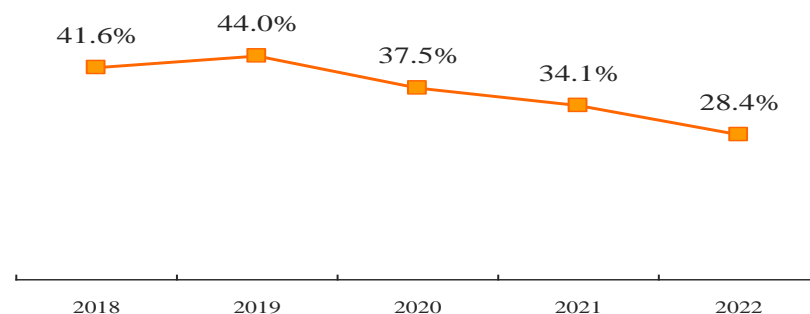
*.Loan includes ordinary loans, advances (credit card), factoring A/R, exchange bills negotiated, and import / export bills negotiated, and excludes overdue loans.

Overseas & OBU Performance

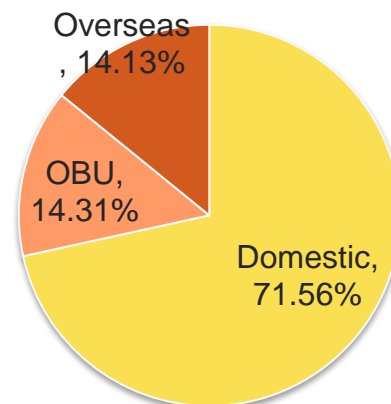
Overseas & OBU
Net Income After Tax (in NT\$ mn)



Overseas & OBU
PPOP proportion

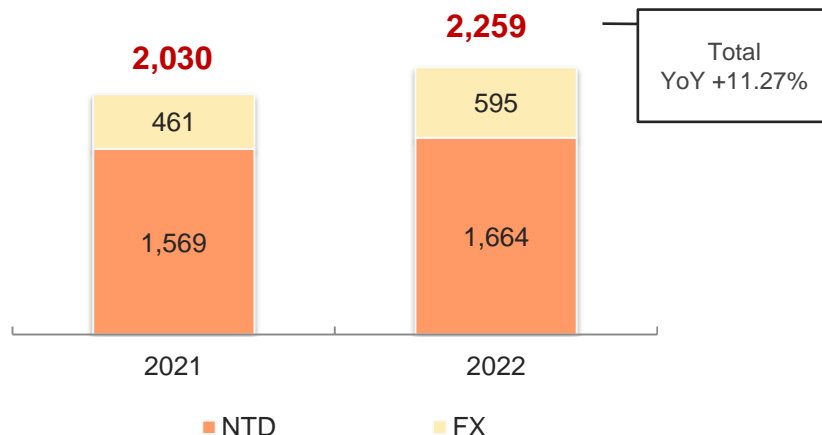


2022 PPOP Breakdown

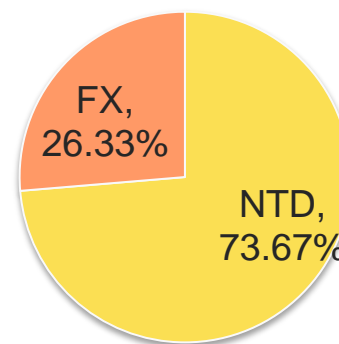


Deposit Breakdown by Currency

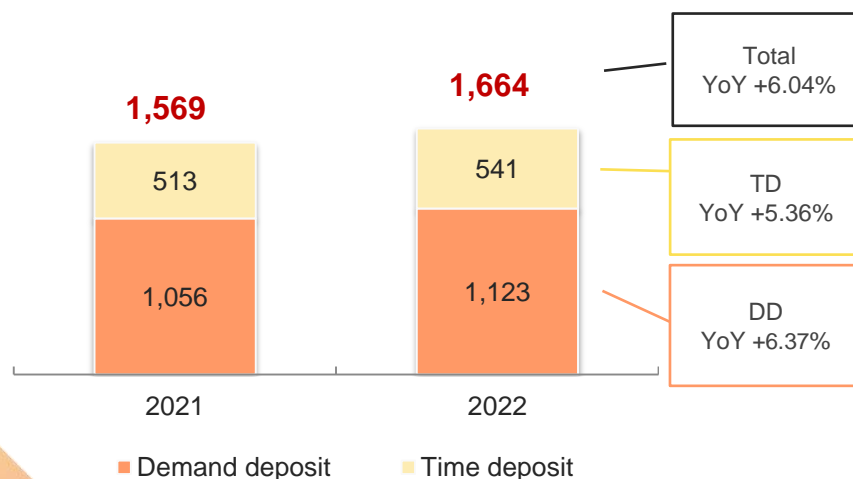
Deposit Balance (in NT\$ bn)



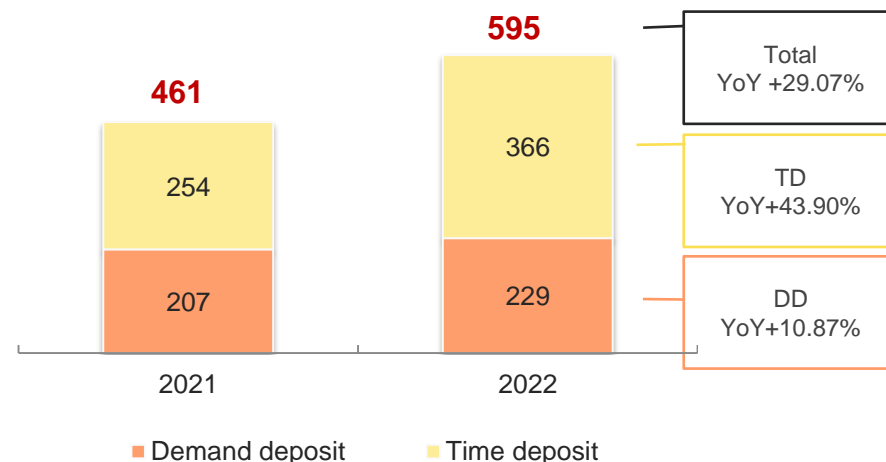
2022 Deposit Breakdown by Currency



NTD Deposit Balance (in NT\$ bn)

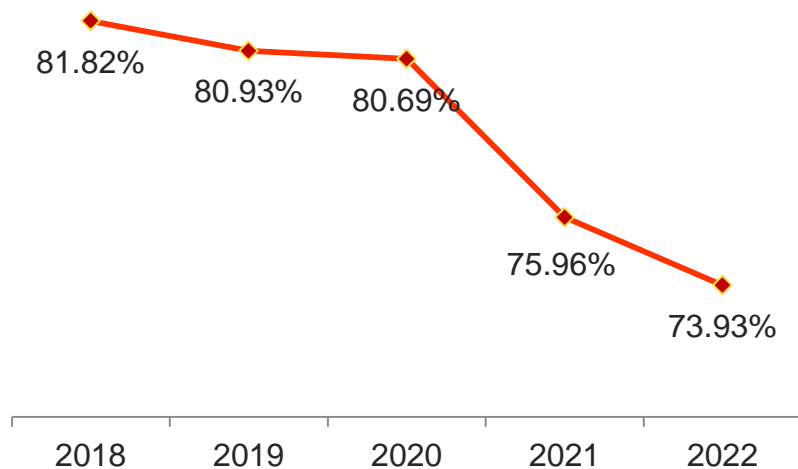


FX Deposit Balance (in NT\$ bn)

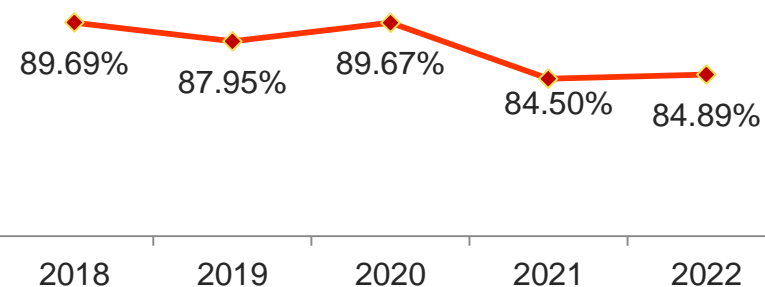


LDR

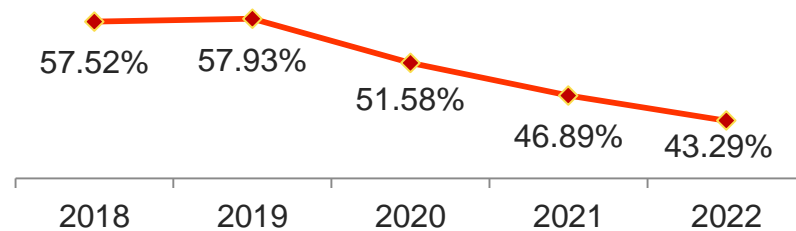
Total LDR



NTD LDR

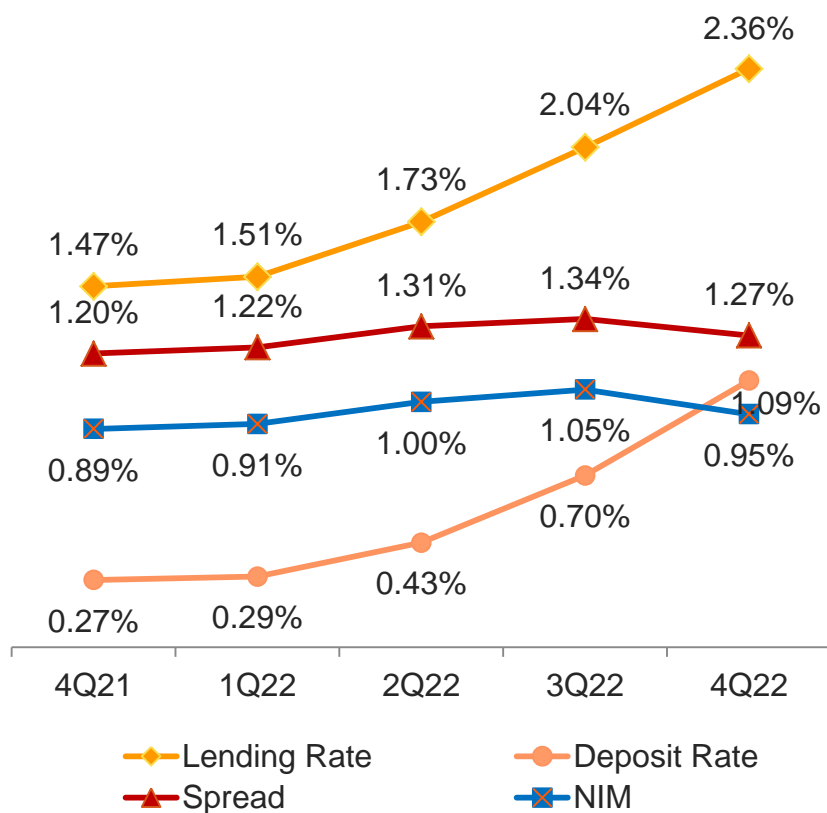


FX LDR

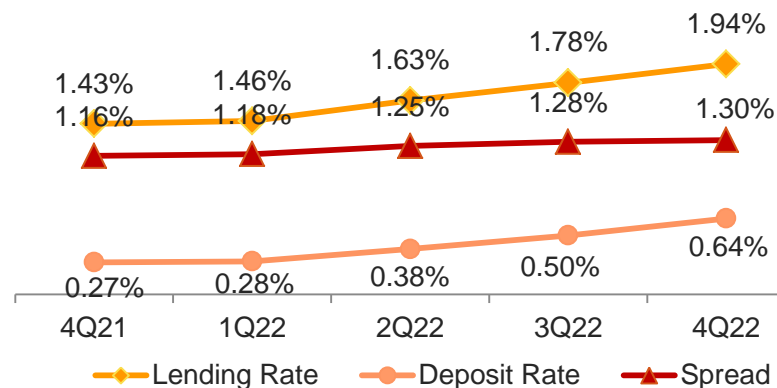


Spread and NIM

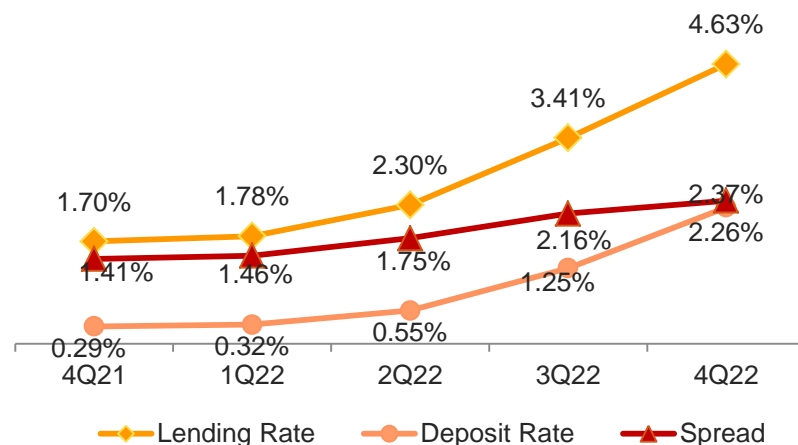
Quarterly Total Loan to Deposit Spread and NIM



NTD Loan to Deposit Spread



FX Loan to Deposit spread

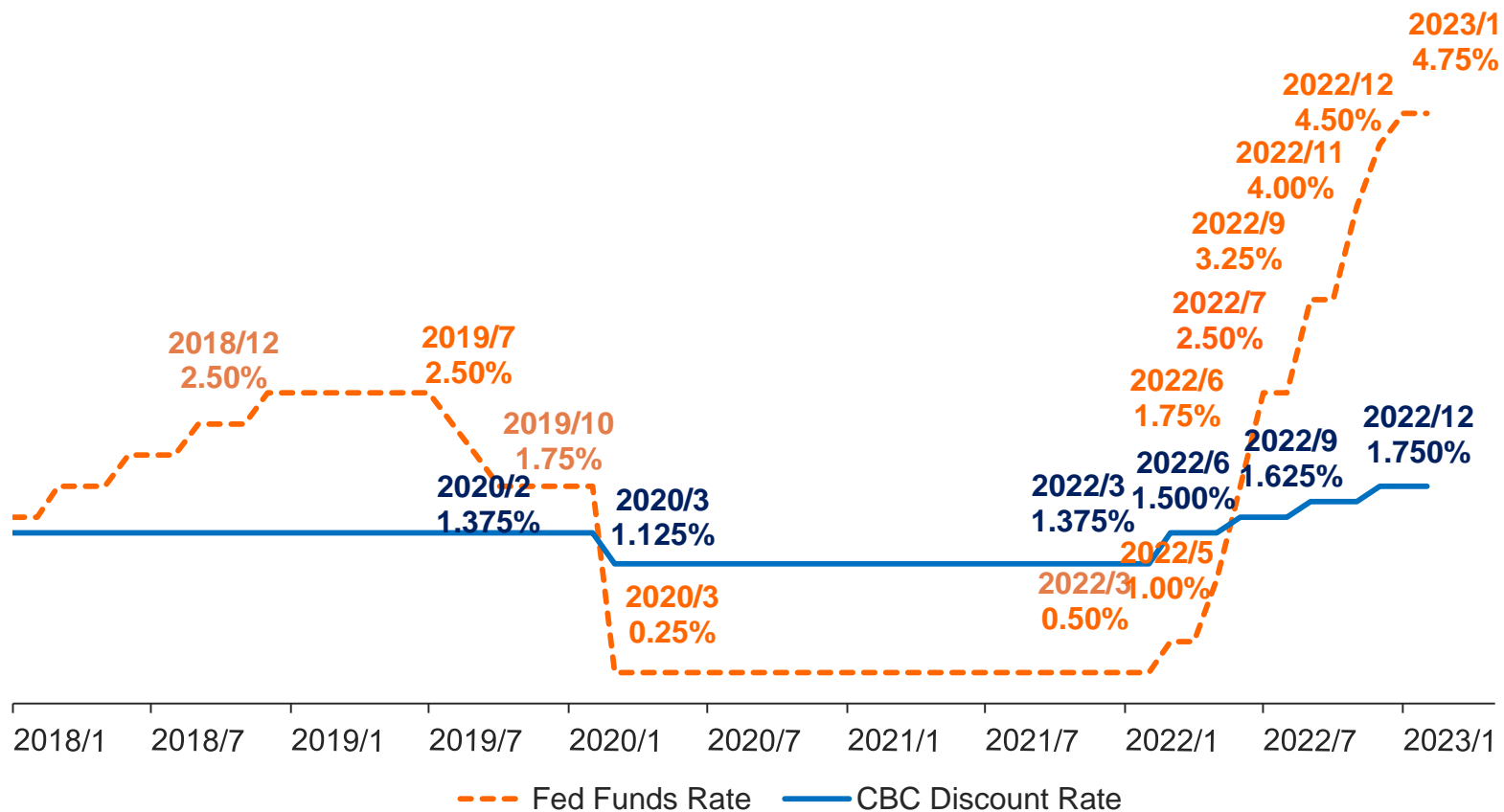


*.IFRS and quarterly basis.

CHANG HWA BANK

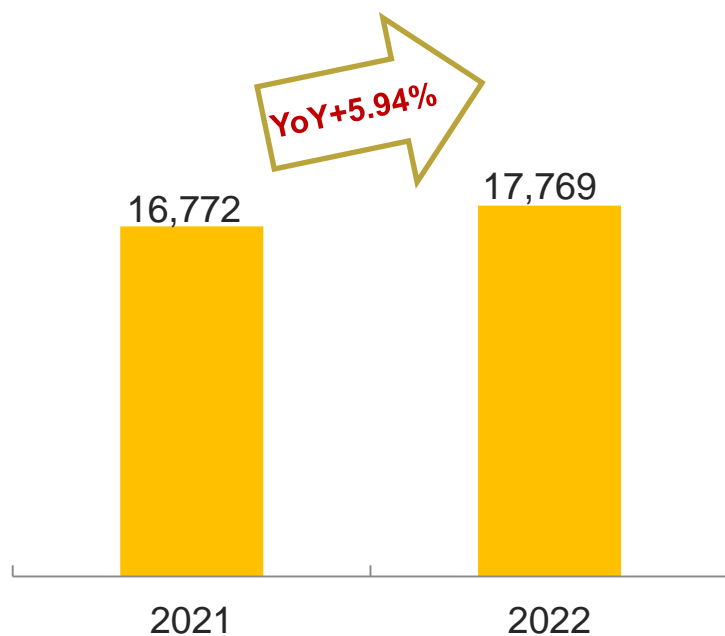
Fed Funds Rate vs. CBC Discount Rate Trends

Fed Funds Rate VS. CBC Discount Rate

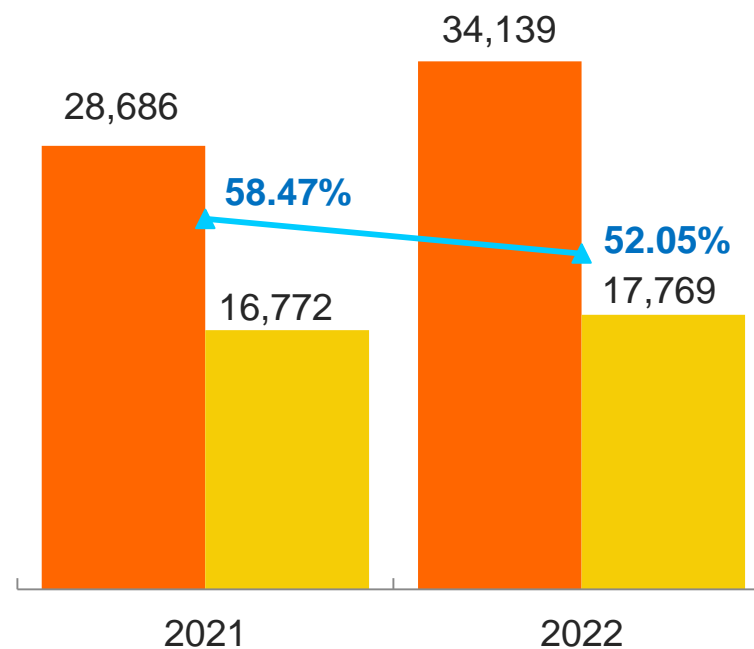


Cost-Income Ratio

Operating Expense (in NT\$ mn)



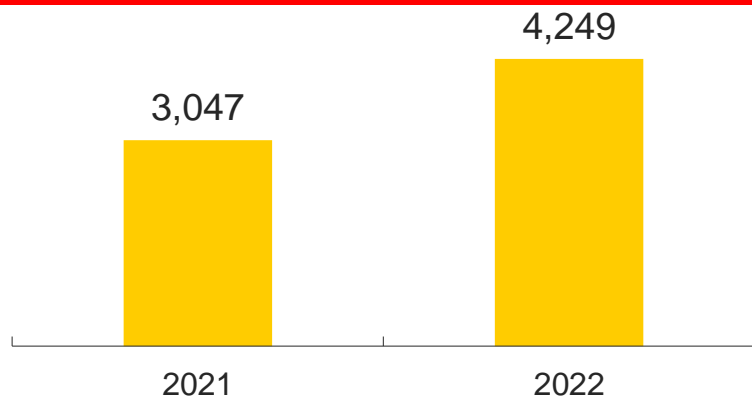
Cost-Income Ratio



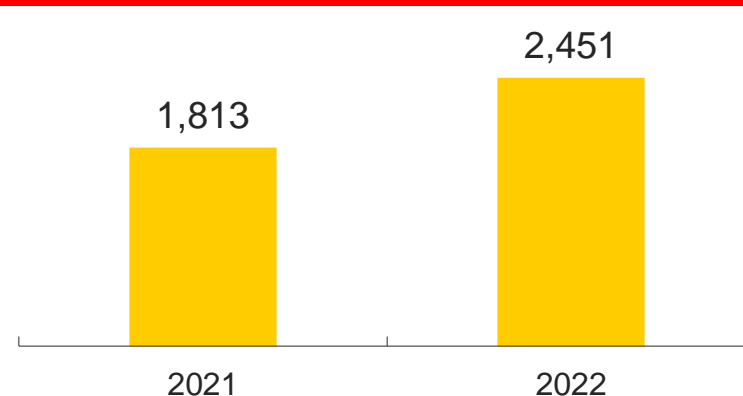
- Net Revenue (in NT\$ mn)
- Operation Expense (in NT\$ mn)
- Cost-Income Ratio

Loan Provision, Write-off and Recovery

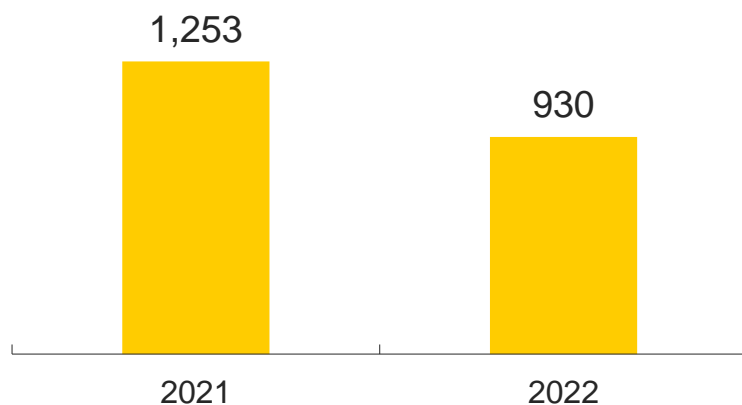
Provision (in NT\$ mn)



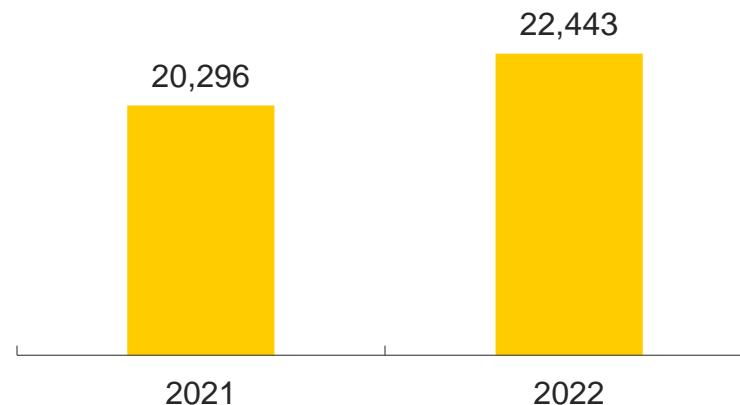
Write-Off (in NT\$ mn)



Recovery (in NT\$ mn)

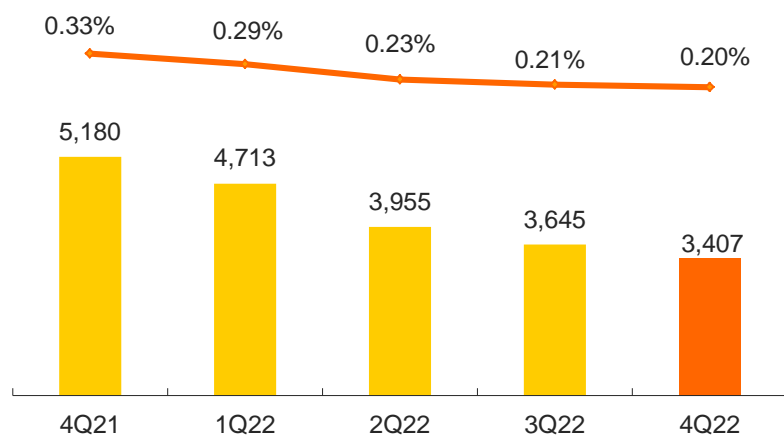


Reserve (in NT\$ mn)



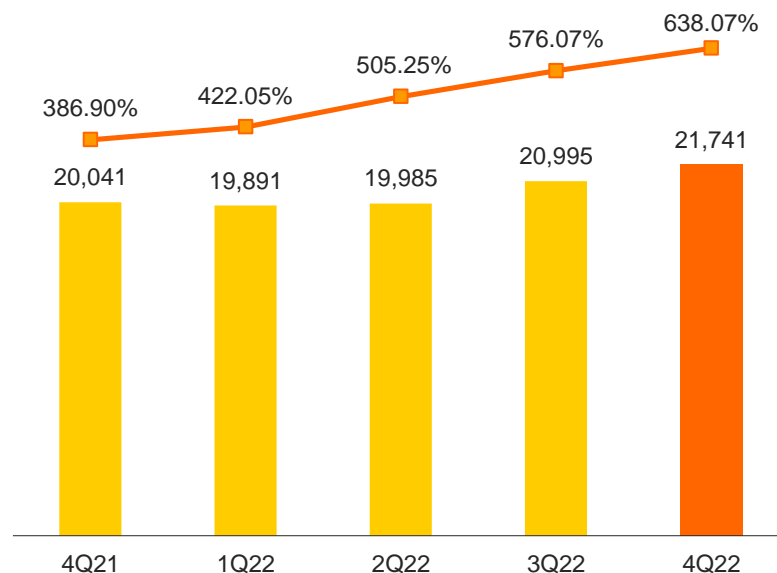
NPL Ratio and Coverage Ratio

NPL Ratio



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

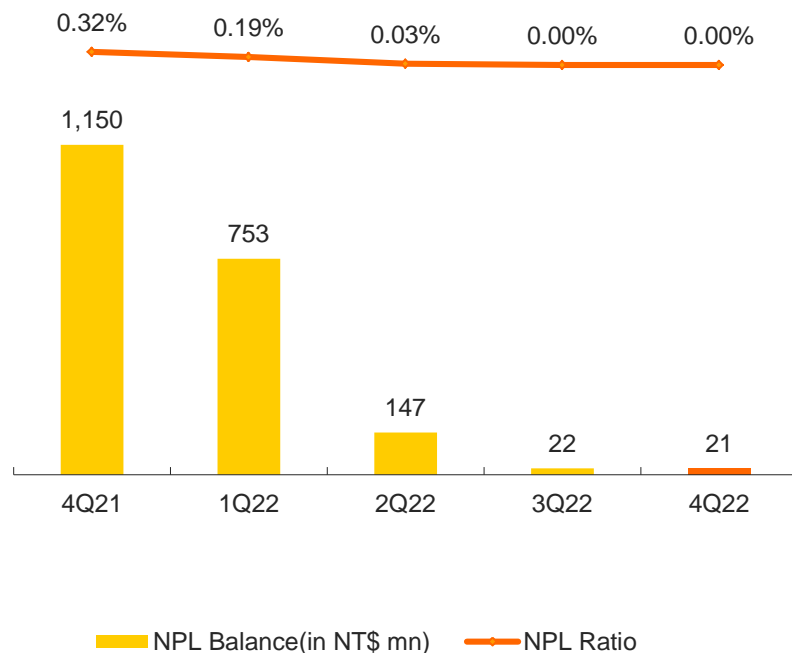
Coverage Ratio



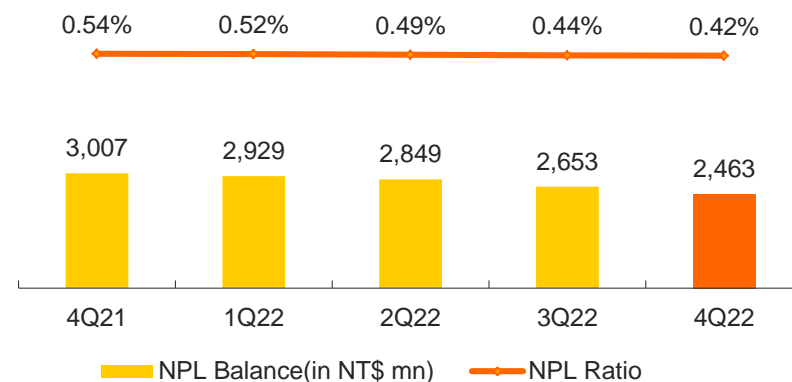
■ Loan loss reserved(in NT\$ mn) —■— Coverage Ratio

Asset Quality

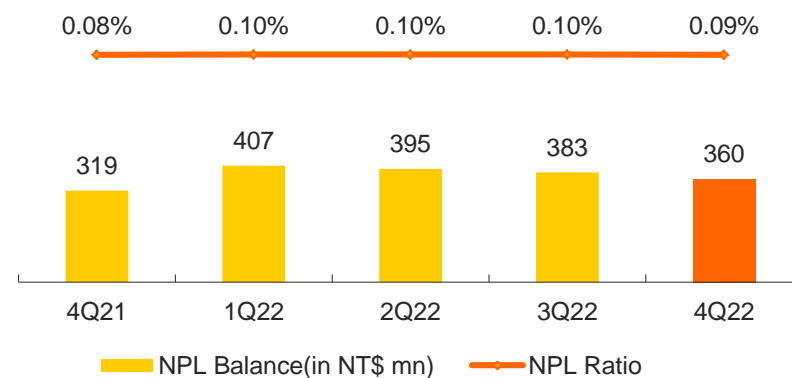
Large Corp.



SME



Mortgage



Credit Rating & CAR

Credit Rating

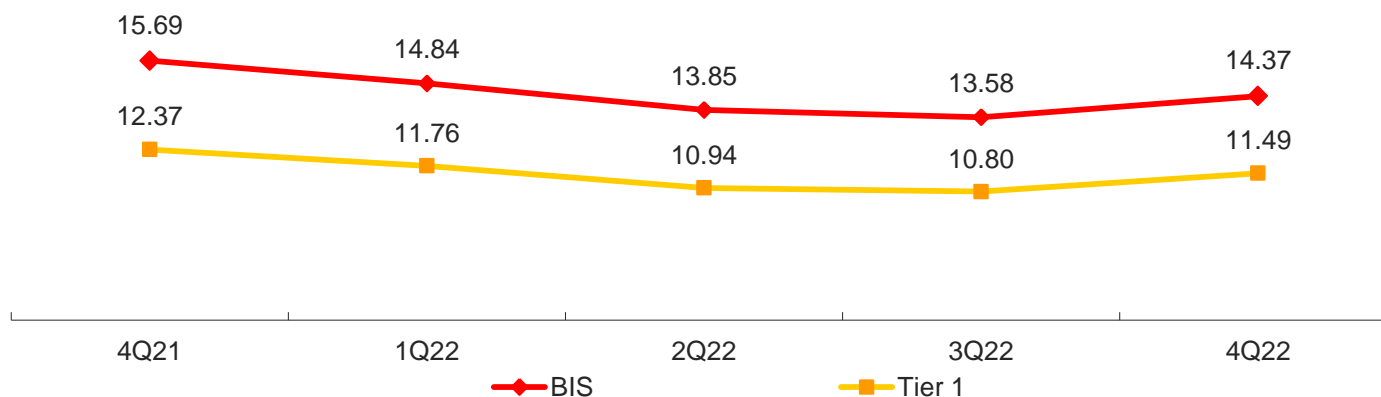
■ **Moody's** (2022/3,Review) :

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

■ **S&P** (2022/11,Review) :

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

Capital Adequacy Ratio (%)



Operating Strategy

Continuing the strategic of "**CUSTOMER-ORIENTED, SUSTAINABLE INTEGRITY**", the Bank will **focus on the following 4Cs to achieving SUSTAINABLE FINANCE.**

CARBON

Expand greenhouse gas inventory and take action to reduce carbon emissions.

CAPITAL

Create investment value and exert long-term sustainable influence.

CREDIT

Follow the Equator Principles and assist enterprises in transformation through green finance.

CUSTOMER

Value the Principle to Treat Clients Fairly and optimize financial friendly services.

Integrate 4Cs into 2023 Sustainable Development Action Plans

1. Expand core business and increase operating profit.
2. Customer oriented, and focus on digital business opportunities.
3. Be diligent and fair in treating customers, and adhere to information security laws and regulations.
4. Stable asset quality and implement internal control and risk management.
5. Practice green finance and strengthen sustainable resilience.



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Q&A



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● Operational Highlights

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● Appendix

BALANCE SHEETS(Consolidated)

(in NT\$ mn)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2021	2022	Change%	4Q21	1Q22	2Q22	3Q22	4Q22	Change%	4Q21	4Q22	Change%
Assets												
Cash & due from Banks	290,702	201,747	-30.60%	290,702	244,781	197,135	268,433	201,747	-24.84%	290,702	201,747	-30.60%
Financial assets at FVPL, net	56,612	31,486	-44.38%	56,612	87,639	48,639	65,117	31,486	-51.65%	56,612	31,486	-44.38%
Financial assets at FVOCI, net	174,195	214,616	23.20%	174,195	198,358	226,441	223,201	214,616	-3.85%	174,195	214,616	23.20%
Financial assets for hedging	147	0	-100.00%	147	-	-	-	-	-	147	0	-100.00%
Financial assets at amortized cost, net	405,256	485,011	19.68%	405,256	419,119	427,283	379,200	485,011	27.90%	405,256	485,011	19.68%
Receivables, net	22,929	22,447	-2.10%	22,929	21,024	22,944	24,079	22,447	-6.78%	22,929	22,447	-2.10%
Loans, net	1,554,775	1,685,320	8.40%	1,554,775	1,625,463	1,682,443	1,731,391	1,685,320	-2.66%	1,554,775	1,685,320	8.40%
Other financial assets, net	3,858	1,769	-54.15%	3,858	2,398	2,853	2,866	1,769	-38.29%	3,858	1,769	-54.15%
Property and equipment, net	20,979	21,031	0.25%	20,979	21,062	21,096	20,961	21,031	0.33%	20,979	21,031	0.25%
Right-of-use asset	1,942	1,954	0.67%	1,942	1,914	1,912	2,021	1,954	-3.28%	1,942	1,954	0.67%
Investment property, net	13,852	13,846	-0.05%	13,852	13,850	13,849	13,847	13,846	-0.01%	13,852	13,846	-0.05%
Other assets	5,860	5,626	-3.99%	5,860	7,201	6,864	8,973	5,626	-37.30%	5,860	5,626	-3.99%
Total Assets	2,551,106	2,684,852	5.24%	2,551,106	2,642,810	2,651,460	2,740,089	2,684,852	-2.02%	2,551,106	2,684,852	5.24%
Liabilities												
Due to banks	99,889	52,877	-47.06%	99,889	163,577	91,013	114,335	52,877	-53.75%	99,889	52,877	-47.06%
Financial liabilities at FVPL	3,150	6,920	119.66%	3,150	5,889	8,237	14,054	6,920	-50.76%	3,150	6,920	119.66%
RP	1,373	941	-31.46%	1,373	1,563	1,078	17,704	941	-94.68%	1,373	941	-31.46%
Payables	36,770	31,965	-13.07%	36,770	26,201	49,327	29,837	31,965	7.13%	36,770	31,965	-13.07%
Deposits and remittances	2,167,441	2,349,883	8.42%	2,167,441	2,195,620	2,254,841	2,304,264	2,349,883	1.98%	2,167,441	2,349,883	8.42%
Bank notes payable	51,278	51,219	-0.11%	51,278	51,264	51,249	51,234	51,219	-0.03%	51,278	51,219	-0.11%
Provisions	4,694	3,023	-35.60%	4,694	4,621	4,643	4,579	3,023	-33.97%	4,694	3,023	-35.60%
Lease liabilities	1,770	1,795	1.37%	1,770	1,747	1,736	1,864	1,795	-3.69%	1,770	1,795	1.37%
Other liabilities	13,287	17,200	29.45%	13,287	19,263	23,569	35,540	17,200	-51.60%	13,287	17,200	29.45%
Total Liabilities	2,379,654	2,515,824	5.72%	2,379,654	2,469,745	2,485,693	2,573,411	2,515,824	-2.24%	2,379,654	2,515,824	5.72%
Stockholders' Equity	171,452	169,028	-1.41%	171,452	173,065	165,767	166,678	169,028	1.41%	171,452	169,028	-1.41%
Total Liabilities and Stockholders' Equity	2,551,106	2,684,852	5.24%	2,551,106	2,642,810	2,651,460	2,740,089	2,684,852	-2.02%	2,551,106	2,684,852	5.24%

STATEMENTS OF COMPREHENSIVE INCOME(Consolidated)

(in NT\$ mn)	Year(IFRSs)			Quarter(IFRSs)						Period(IFRSs)		
	2021	2022	Change %	4Q21	1Q22	2Q22	3Q22	4Q22	Change %	2,021	2,022	Change %
Interest Income	27,492	41,612	51.36%	7,078	7,305	9,025	11,442	13,841	20.97%	27,492	41,612	51.36%
Interest Expense	7,026	16,967	141.47%	1,714	1,854	2,799	4,768	7,545	58.23%	7,026	16,967	141.47%
Net Interest Income	20,466	24,645	20.42%	5,364	5,451	6,225	6,673	6,296	-5.66%	20,466	24,645	20.42%
Net Service fee and commissions income	4,554	4,256	-6.55%	1,160	1,187	1,128	1,024	916	-10.56%	4,554	4,256	-6.55%
Gains(losses) on financial assets and liabilities at FVPL	1,238	3,312	167.59%	296	260	404	535	2,113	295.07%	1,238	3,312	167.59%
Realized gains of financial assets at FVOCI	1,483	70	-95.26%	20	142	242	-29	-284	-865.59%	1,483	70	-95.26%
Gains(losses) on disposal of credit assets measured at AC	0	-2	-5744.83%	0	-2	0	0	0	-66.67%	0	-2	-5744.83%
Foreign exchange gains(losses)	495	1,640	231.60%	84	333	448	982	-123	-112.49%	495	1,640	231.60%
Other miscellaneous net income	450	216	-52.03%	119	58	84	-8	82	1134.71%	450	216	-52.03%
Net income other than net interest income	8,220	9,493	15.49%	1,680	1,978	2,307	2,504	2,704	8.02%	8,220	9,493	15.49%
Net Revenues and gains	28,686	34,139	19.01%	7,044	7,430	8,532	9,177	9,000	-1.93%	28,686	34,139	19.01%
Credit loss provisions, net	1,794	3,319	85.03%	399	557	824	757	1,181	56.03%	1,794	3,319	85.03%
Operating Expenses	16,772	17,769	5.94%	4,311	4,054	4,357	4,617	4,741	2.67%	16,772	17,769	5.94%
Employee Benefits expenses	11,409	11,721	2.74%	2,827	2,672	2,865	3,098	3,086	-0.37%	11,409	11,721	2.74%
Depreciation and amortization expenses	1,420	1,571	10.59%	449	366	402	404	398	-1.39%	1,420	1,571	10.59%
Other general and administrative expenses	3,943	4,476	13.53%	1,134	1,015	1,090	1,116	1,256	12.58%	3,943	4,476	13.53%
Income before income tax from continuing operations	10,120	13,051	28.95%	2,334	2,818	3,351	3,803	3,078	-19.04%	10,120	13,051	28.95%
Income Tax Expense	1,317	2,080	57.95%	305	441	409	602	628	4.30%	1,317	2,080	57.95%
Net Income	8,804	10,971	24.62%	2,029	2,377	2,943	3,201	2,451	-23.43%	8,804	10,971	24.62%
Basic EPS(NT\$)	0.84	1.04	23.81%	0.19	0.23	0.28	0.30	0.23	-23.33%	0.84	1.04	23.81%
Other comprehensive income	1,333	-8,151	-711.32%	1,176	-764	-4,997	-2,289	-101	95.60%	1,333	-8,151	-711.32%
Total comprehensive income	10,137	2,820	-72.18%	3,205	1,613	-2,054	912	2,350	157.75%	10,137	2,820	-72.18%



彰化銀行

THANK YOU

