玉山金控 E.SUN FHC

E.SUN FHC
Financial Review of 2Q 2014

Aug. 2014

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Agenda

- 6M 2014 Financial Performance
- 6M 2014 Business Operation Overview
- Appendix

E.SUN FHC Summary

Unit : NT$ million

		June 2014	2013
Total Assets	FHC	1,511,621	1,381,016
	Bank	1,497,992	1,359,892
	Securities	11,745	9,423
	Insurance Brokers	552	677
	Venture Capital	2,735	2,445
Key Financials	Book value per share (NT$)	15.62	14.96
	Double Leverage Ratio	105.75%	108.24%
	FHC CAR	139.98%	132.43%
Shareholder Structure	QFII	53.18%	53.27%
Distribution Channels	Bank – domestic	136	136
	Oversea channels	Branch in HK, LA, Singapore, Donguan (China) Subsidiary UCB, Cambodia Representation office in Vietnam, Myanmar	
	Securities - branches	21	21

Note: as of June 2014

6M 2014 Business and Financial Review

- ## Continue Growth in Revenue Driver

  - **E.SUN FHC reports a net profit of NT$5.54 billion for 6M'14, 27% higher than 6M'13. EPS reaches NT$0.86 and annualized ROE and ROA maintain at high level of 12.07% and 0.77% respectively, continuing its strong momentum in revenue.**
  - **A 23.2% YoY growth in Fee Income represents the core revenue driver, in which Wealth Management and Credit Card fee income have increased 37.5% and 12.6% respectively.**

- ## Further Strengthen Asset Quality and Capital

  - **By June 2014, the overall NPL ratio remains at a superior level of 0.15%, better than the market average of 0.33%.**
  - **With the recent capital injection through rights offering, the Tier 1 ratio has been enhanced to 9.50% and the overall BIS ratio reached 13.17%.**

Bank 3.0—Experience the New Banking Services

- **Big Data—**Faster—Personalized Online UPL Application
  - **Through E.SUN's data analysis and superior interactive online system, customers are able to receive tailored UPL terms within 3 minutes and collect funds in 1 business day given that the application documents are completed.**

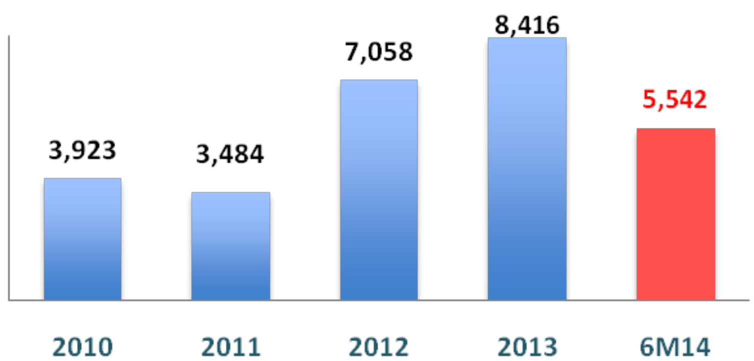
- **O2O** Application
  - **The loyalty program points gained from E.SUN's online transactions could be redeemed and used in various collaborated retail stores, including 7-ELEVEn, Ubike and CoCo Fresh Tea&Juice.**

- **Cross-Boarder Cash Management**
  - **After the launch of E.SUN Trade in 2012, it has helped many Taiwan SME businesses export to China. E.SUN's cooperation with Alipay provides Taiwan consumers a cheaper and more convenient platform to shop in Taobao and Tmall through E.SUN's ATM/WebATM.**

Financial Performance

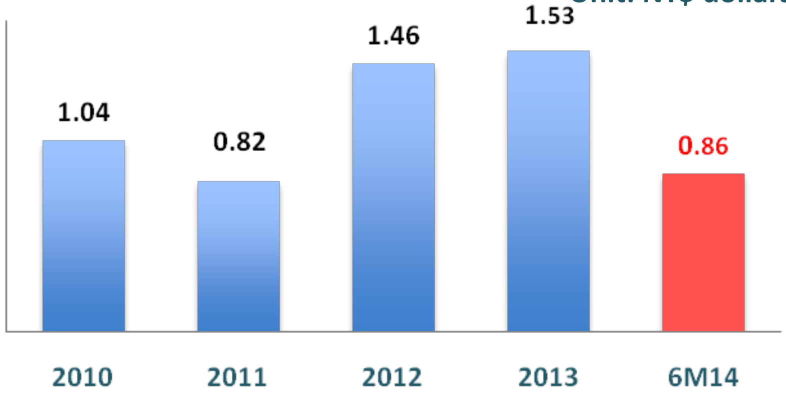
Net Profit

Unit: NT$ million

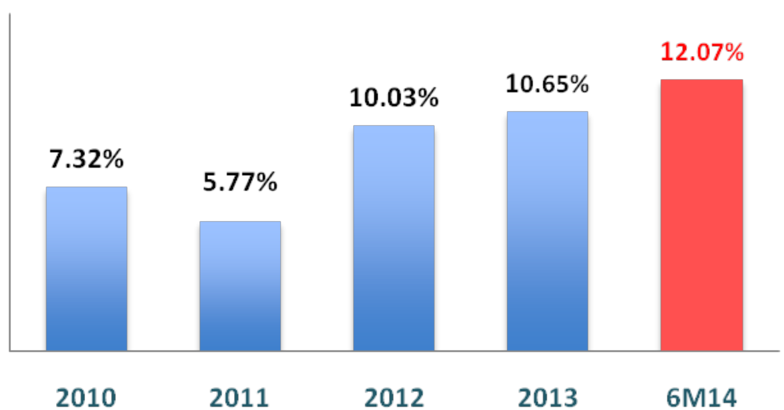


EPS

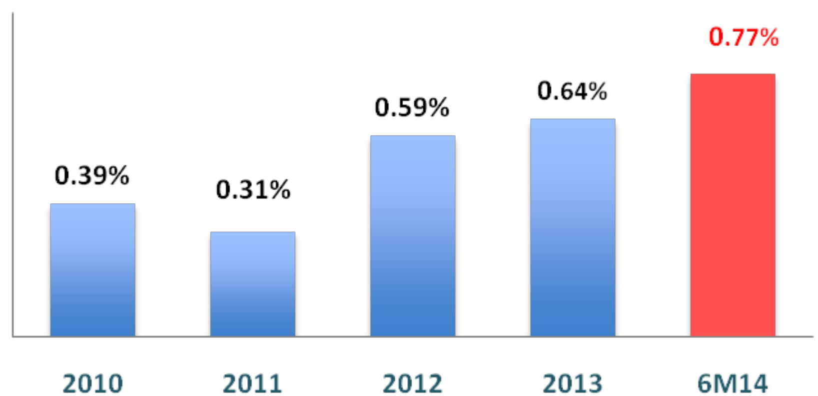
Unit: NT$ dollars



ROE



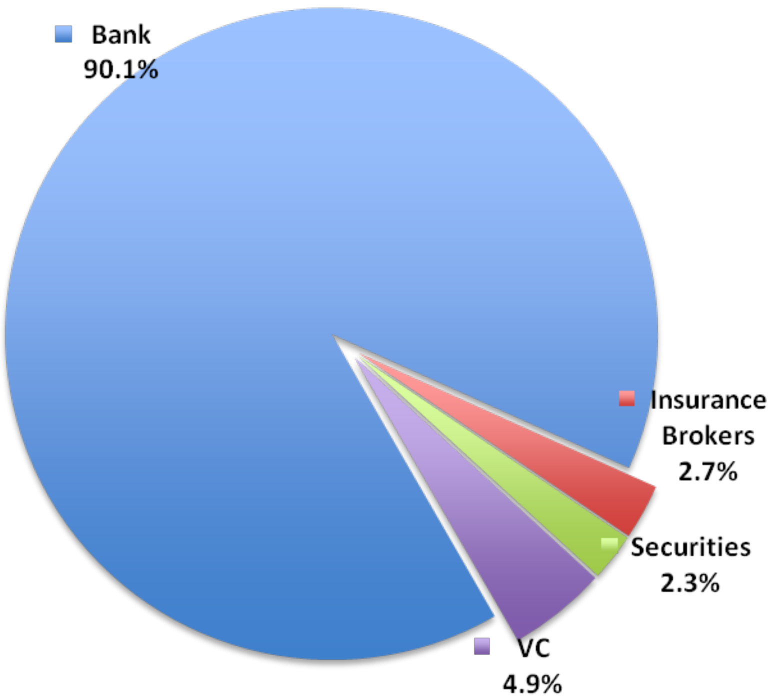
ROA



Note: 1. ROE and ROA are annualized.
2. Preliminary figures of June 2014
3. EPS of 6M14 has take into accounts the dilution of dividend.

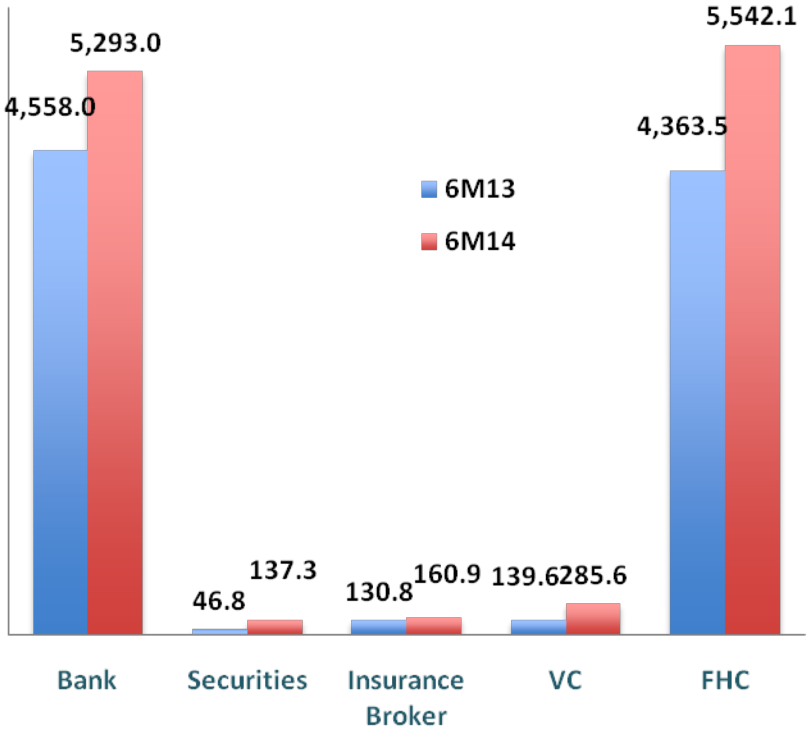
Net Income of FHC & its Subsidiaries

Contribution by Subsidiaries



Net Income of FHC and its Subsidiaries

Unit: NT$ million



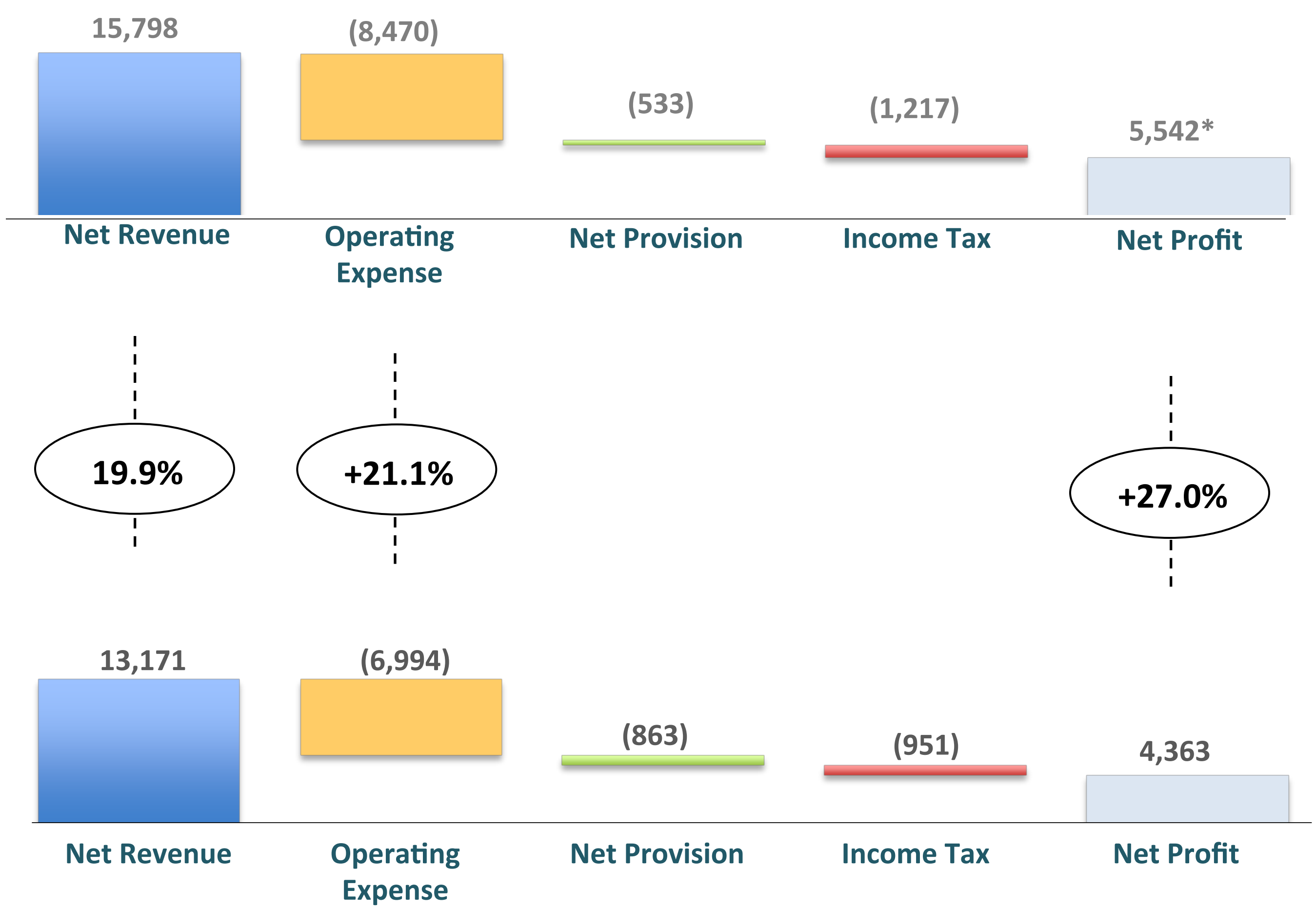
Note: Preliminary figures of June 2014

Net Profit Breakdown

6M 14 P&L

6M 13 P&L

Unit: NT$ million



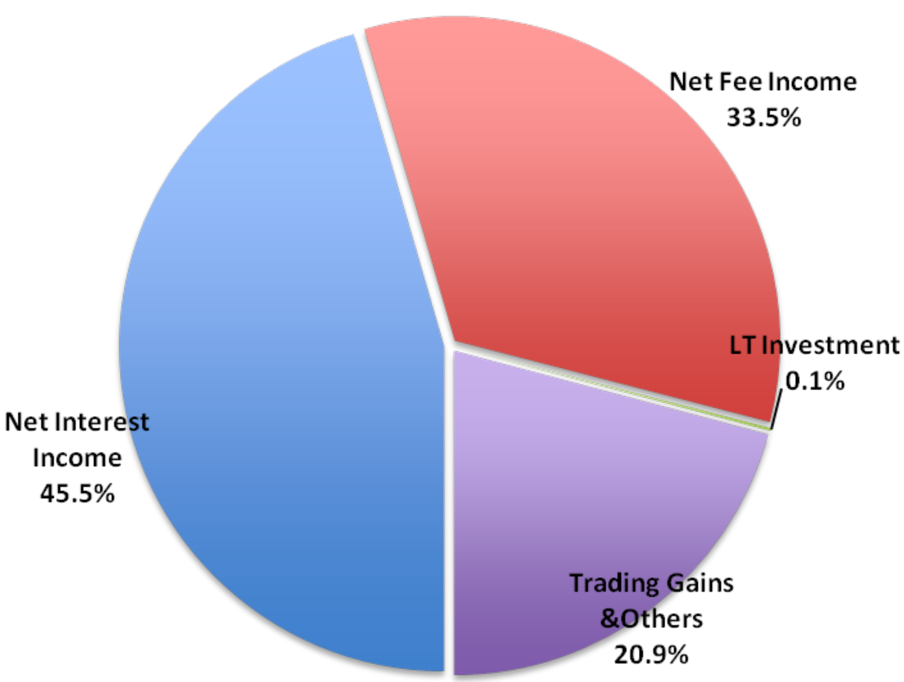
Note: 1. 6M14 Net Profit is deduct non-controllable portion
2. Preliminary figures of June 2014

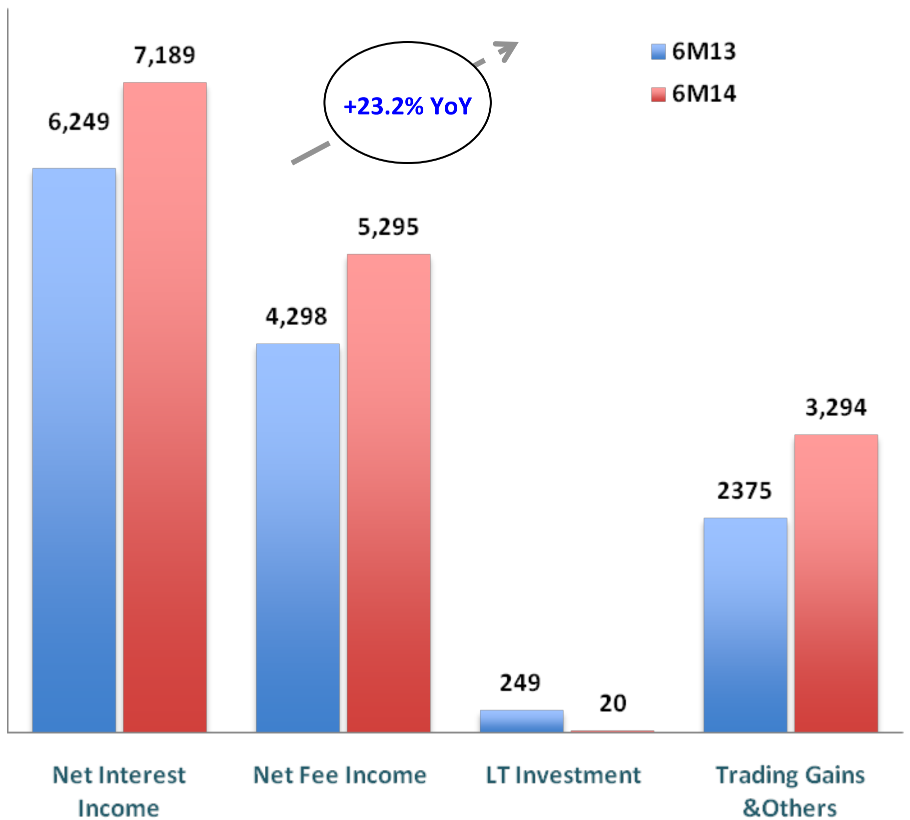
FHC Revenue Breakdown

Total Net Revenue NT$ 15,798 million

YoY Revenue Comparison

Unit: NT$ million

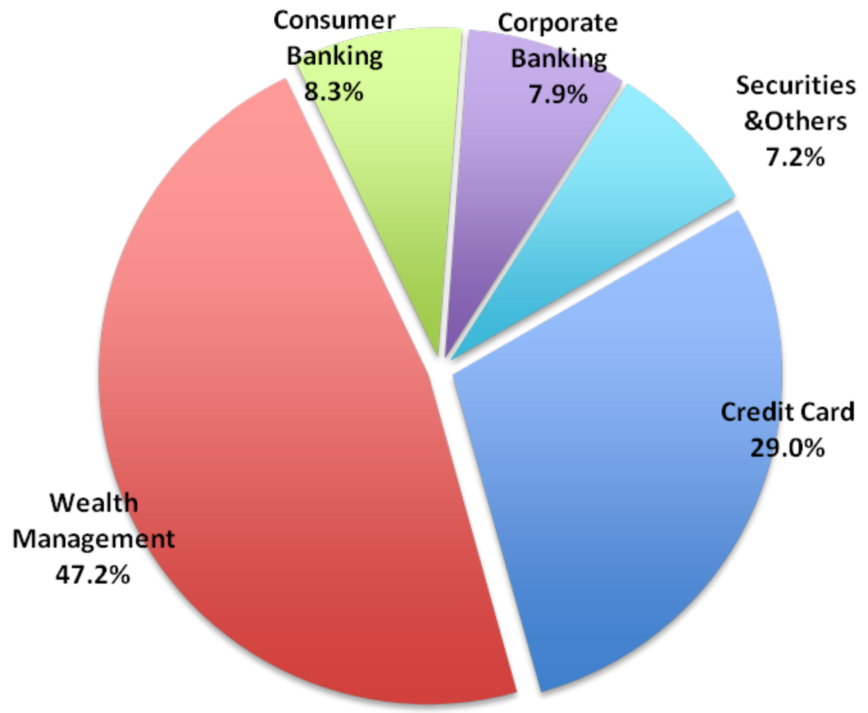




Note: Preliminary figures of June 2014

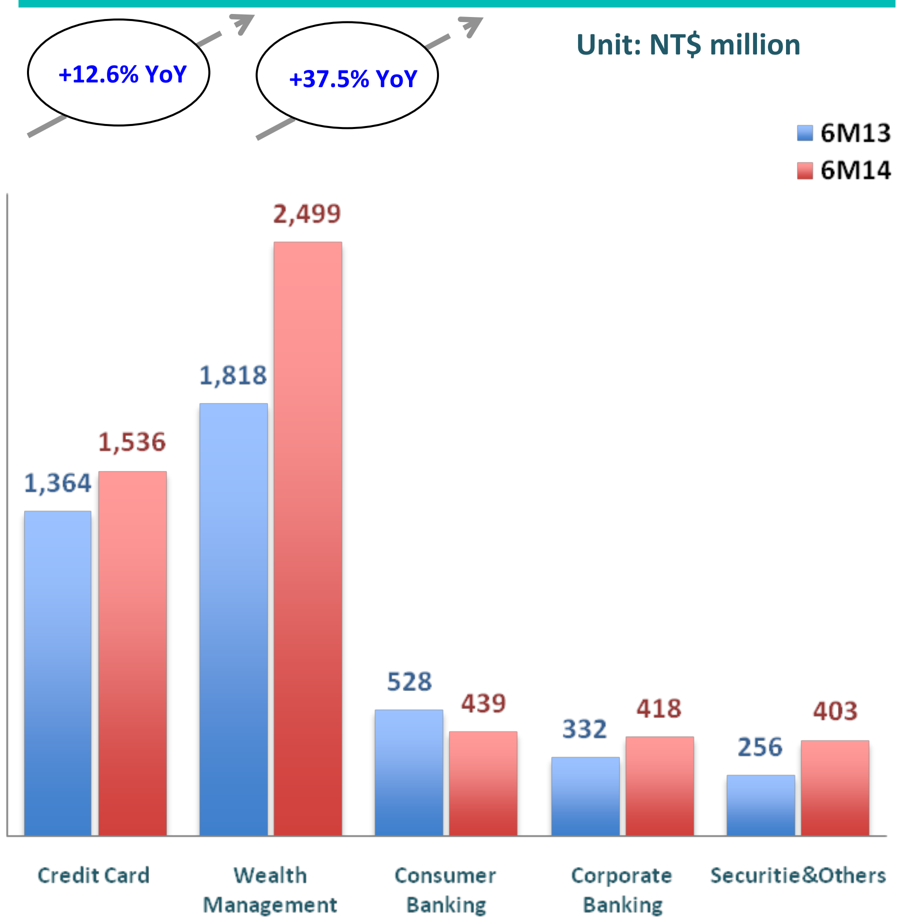
Net Fee Income Breakdown

Total Net Fee Income
NT$ 5,295 million



Note: 1. Preliminary Figures of June 2014
2. Including Bancassurance fee from E.SUN Insurance Brokers

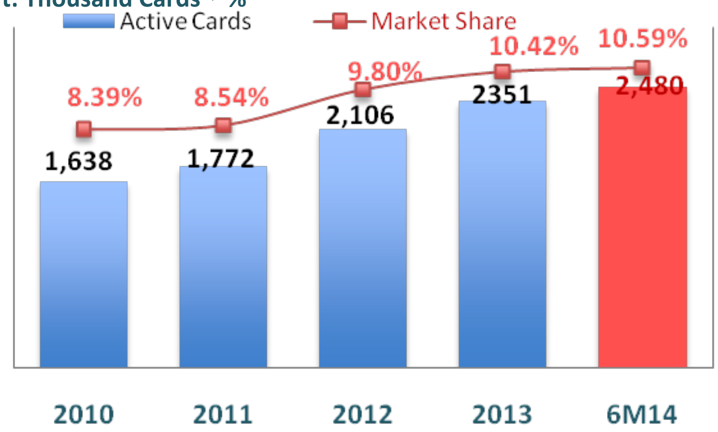
YoY Comparison



Fast-Growing Credit Card Business

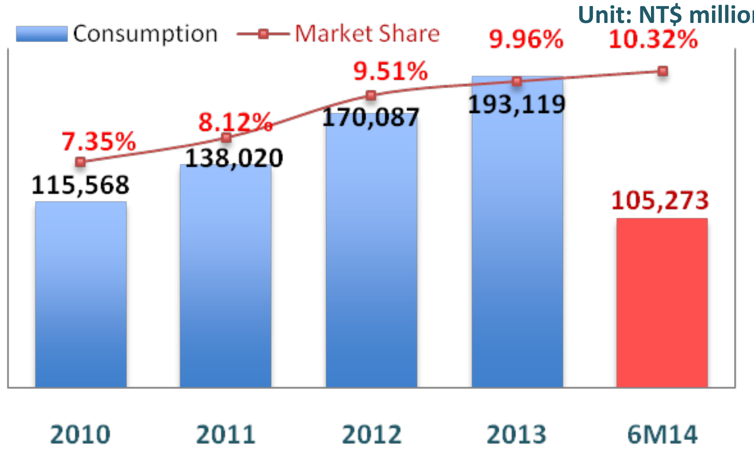
Active Cards

Unit: Thousand Cards，%



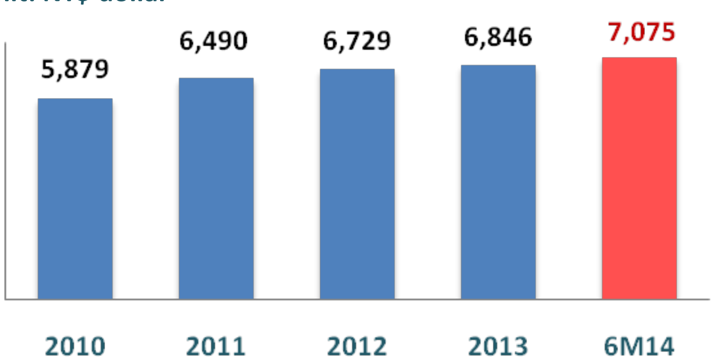
Card Consumption

Unit: NT$ million



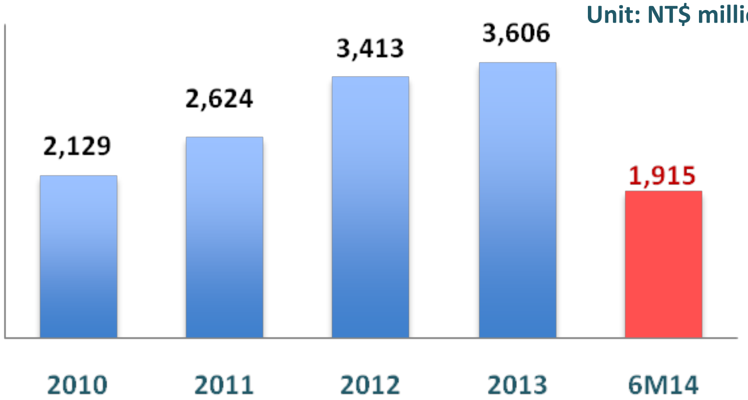
Per Card Spending (Monthly)

Unit: NT$ dollar



Gross Fee Income

Unit: NT$ million



Deposit and Loan Structure

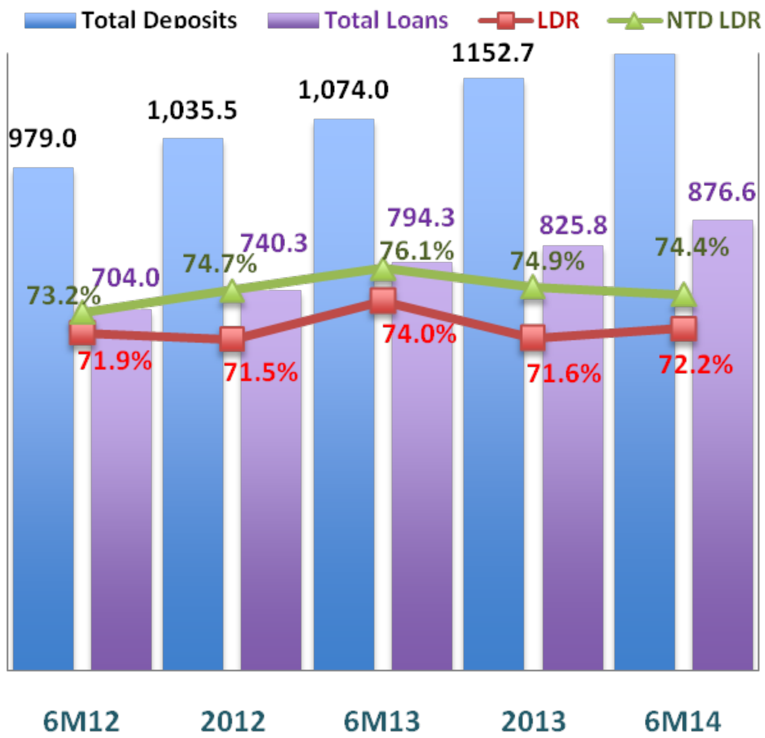
Unit: NT$ Bn

Products	2014.6	QoQ Growth %	2014.3	2014 Growth %	2013
Total Deposits	1,213.5	2.3%	1,186.7	5.3%	1,152.7
Demand Deposits	556.1	1.2%	549.7	1.9%	545.7
Total Loans 1/	876.6	3.8%	844.8	6.2%	825.8
Corporate Loans	444.5	3.2%	430.6	7.5%	413.3
SME Loans	223.8	3.6%	216.0	2.8%	217.6
Consumer Loans	432.1	4.3%	414.3	4.8%	412.5
Mortgage Loan	212.6	1.9%	208.7	0.4%	211.8
Unsecured Personal Loan	54.6	9.4%	49.9	12.8%	48.4
Credit Cards in force ('000s)	2,480	1.1%	2,452	5.5%	2,351
Accumulated Credit Card Spending	105.3	15.8% 2/	48.8	9.6% 3/	193.1
Credit Card Revolving Balance	10.5	(2.8%)	10.8	(6.3%)	11.2

Note: 1.Exclude credit card revolving balance 4. Exclude deposit(US$ 340 million) and loan(US$ 270 million) from UBC, Cambodia
2. QoQ growth is 2Q14 vs 1Q14
3. YoY growth is 6M14 vs 6M13

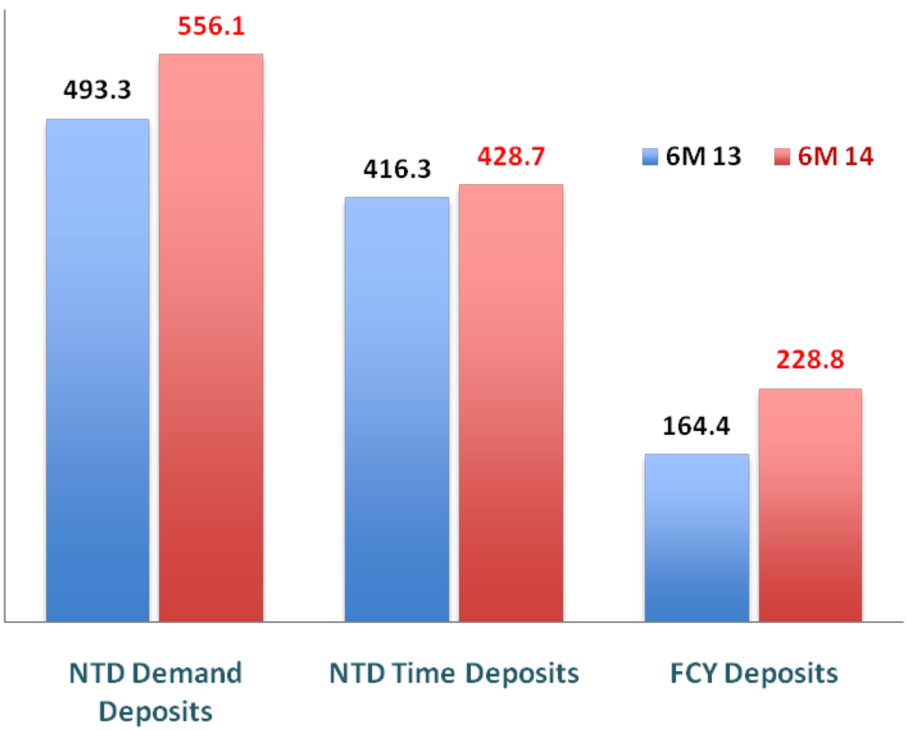
Deposit Structure

Loan to Deposit Ratio



Deposit Structure

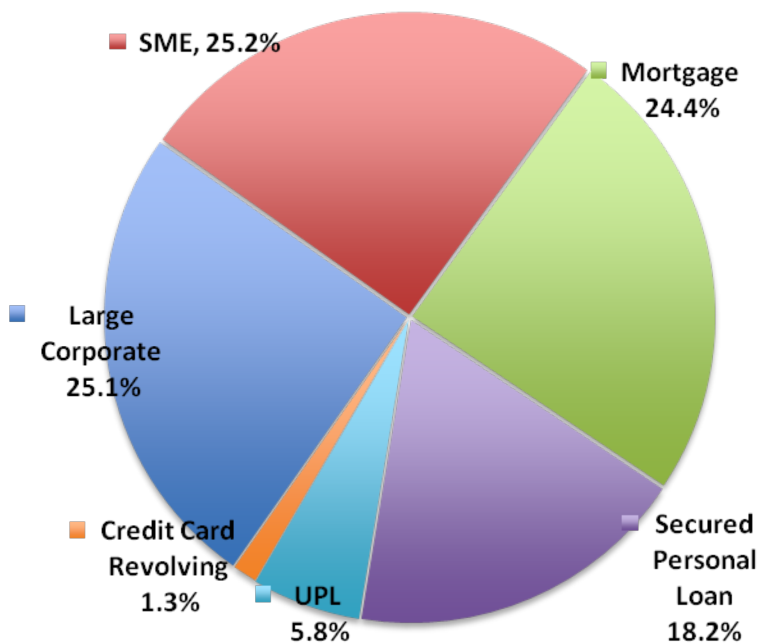
Unit: NT$ Bn



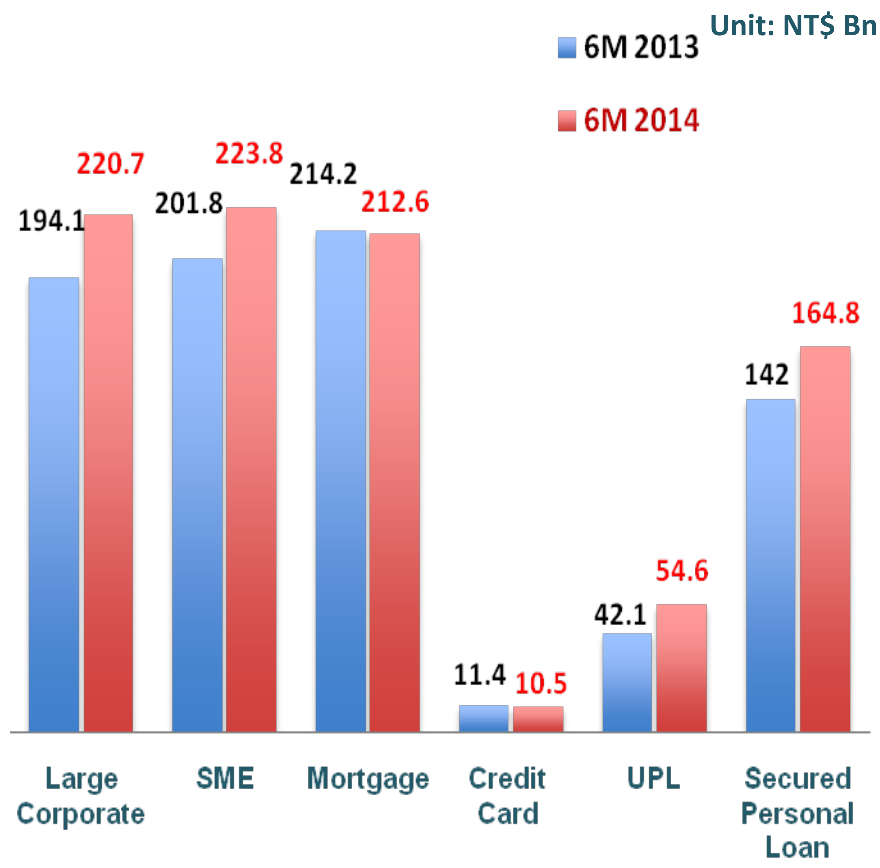
Note: 1.Excluding Credit card revolving balance
2. Financials of E.SUN Bank
3. Exclude deposit(US$ 340 million) and loan(US$ 270 million) from UCB, Cambodia

Loan Portfolio Breakdown

Total Loan
NT$ 887.1 Bn



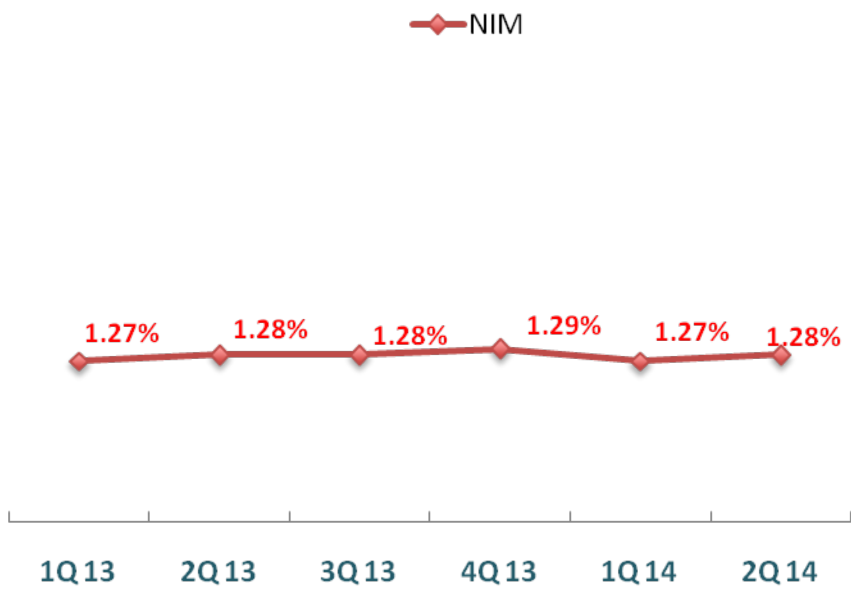
YoY Comparison



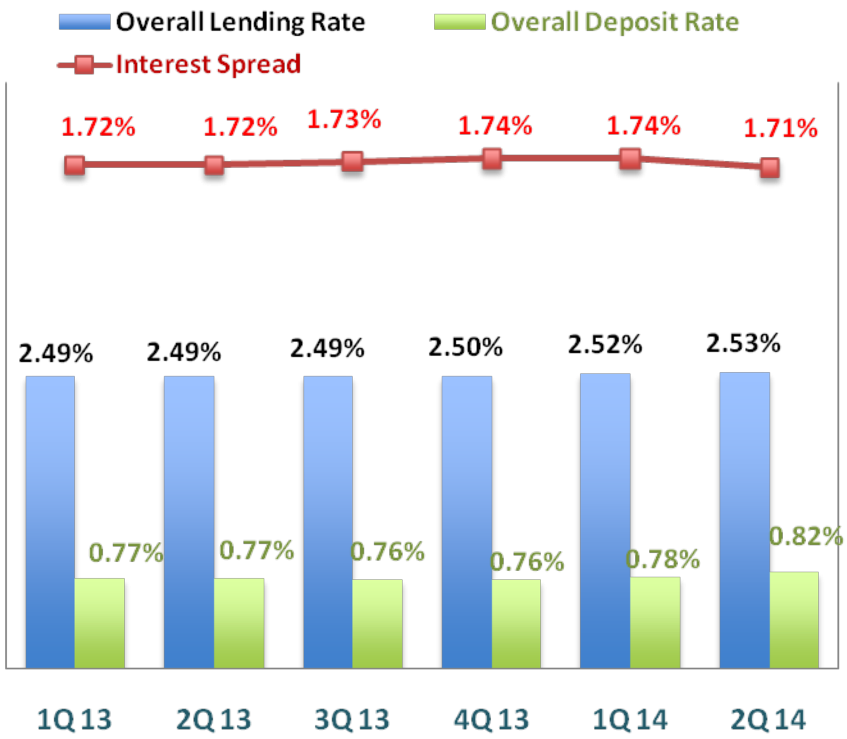
Note: 1.Include Credit Card Revolving balance
2. Secured Personal Loan, which is fully collateralized.
3. As of June 2014
4. Exclude loan(US$ 270 million) from UCB, Cambodia

NIM and Spread

Quarterly Net Interest Margin



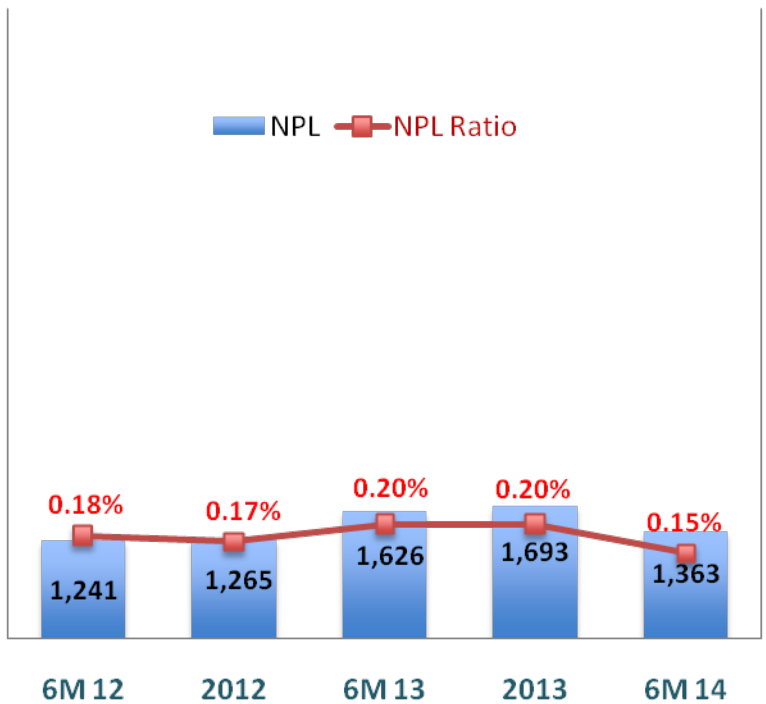
Quarterly Interest Spread



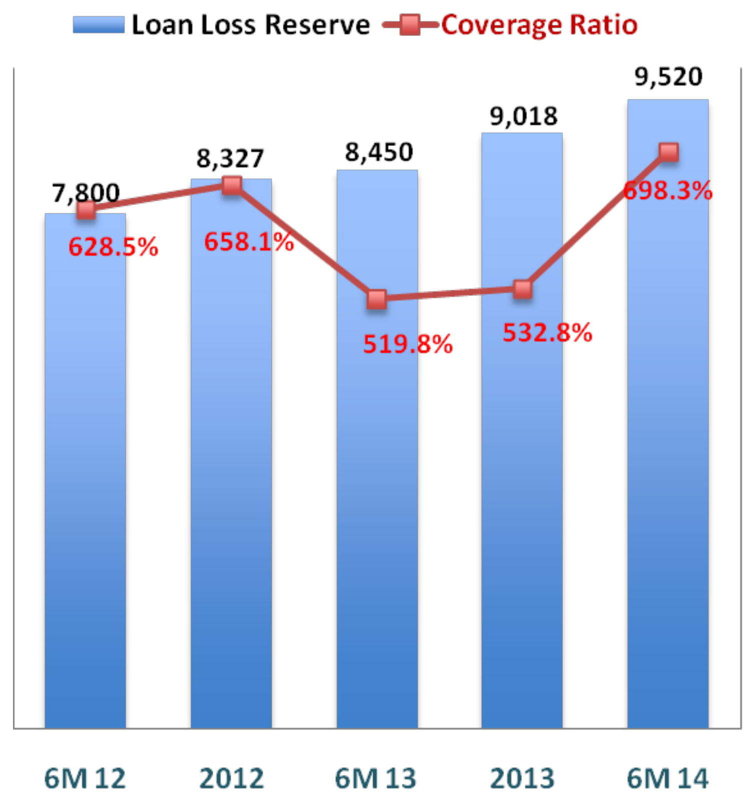
Note: 1. Financials of E.SUN Bank
2. The net interest income restore the accounting treatment impact

Superior Asset Quality 1/3

NPL Ratio(%)



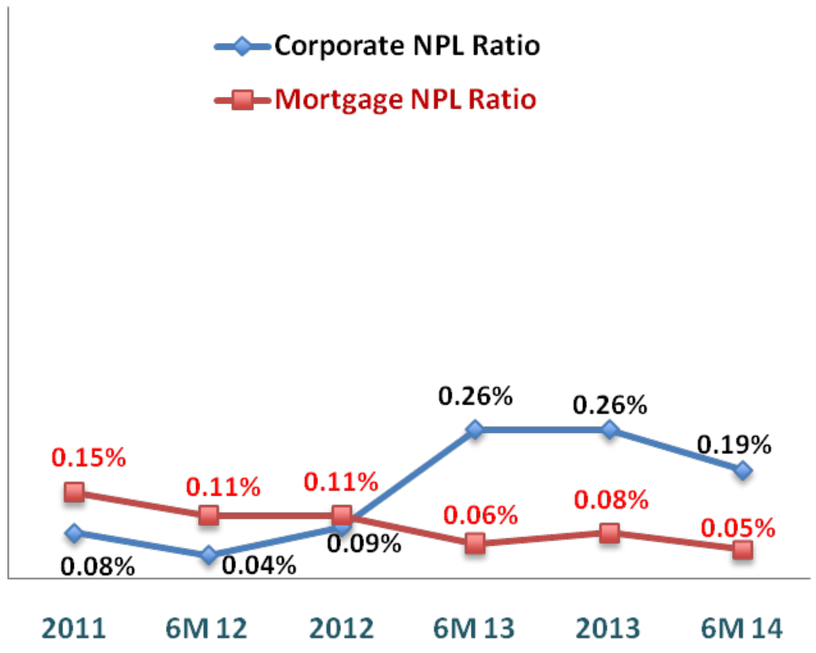
Coverage Ratio(%)



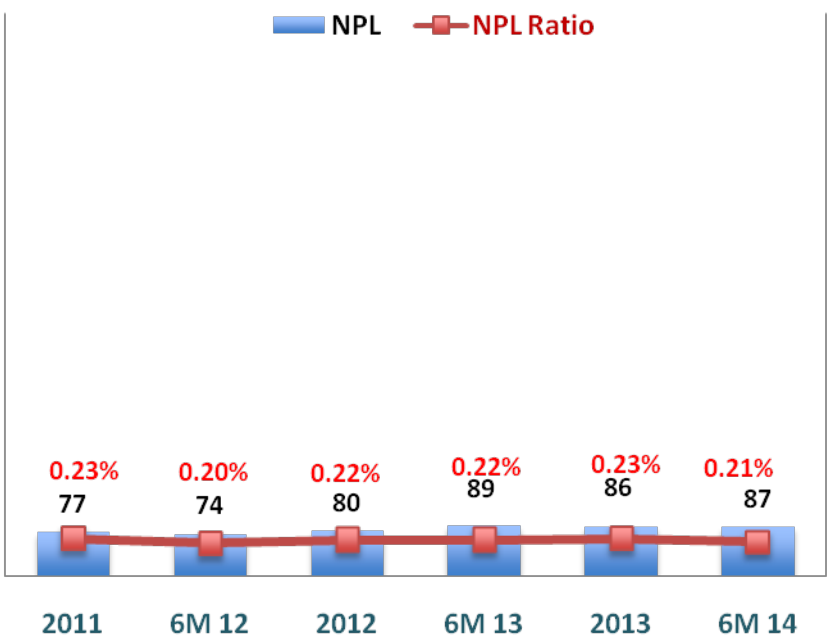
Note: .1. Financials of E.SUN Bank

Superior Asset Quality 2/3

NPL Ratio for Major Products



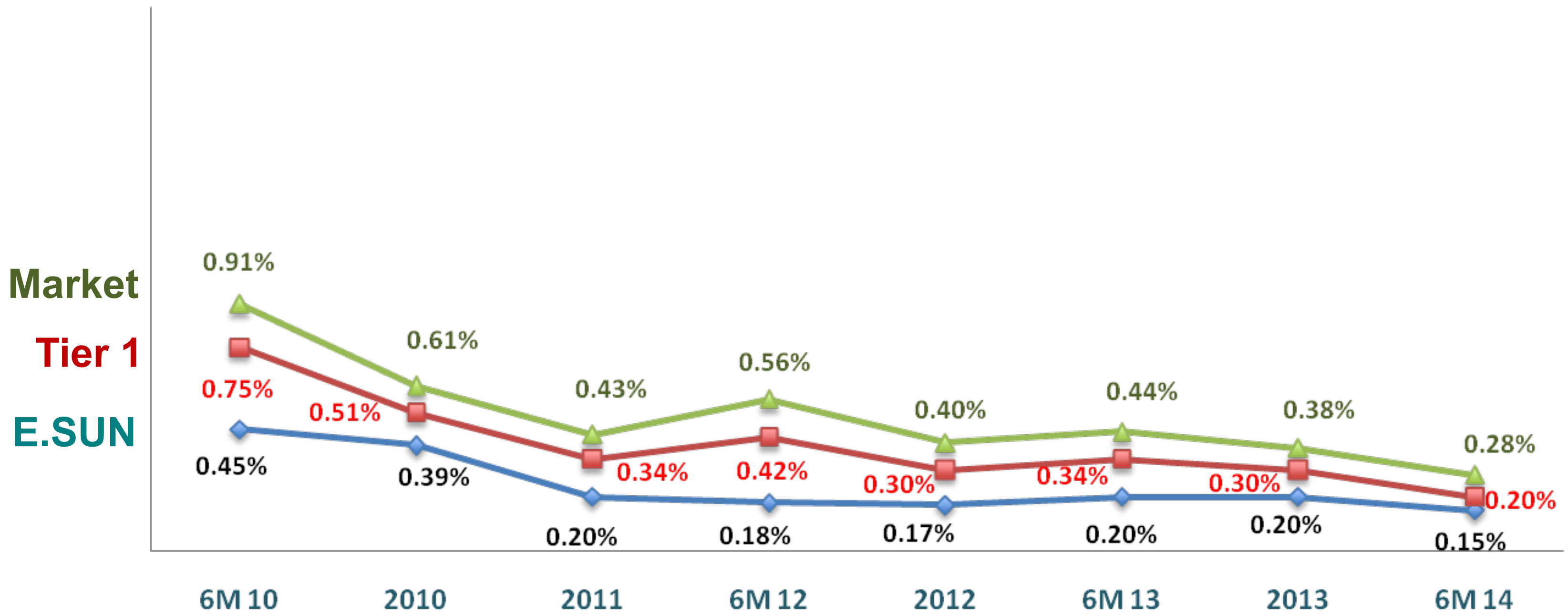
NPL Ratio for Credit Card



Note: .1. Financials of E.SUN Bank

Superior Asset Quality 3/3

NPL Comparison with Tier 1 players and the Market

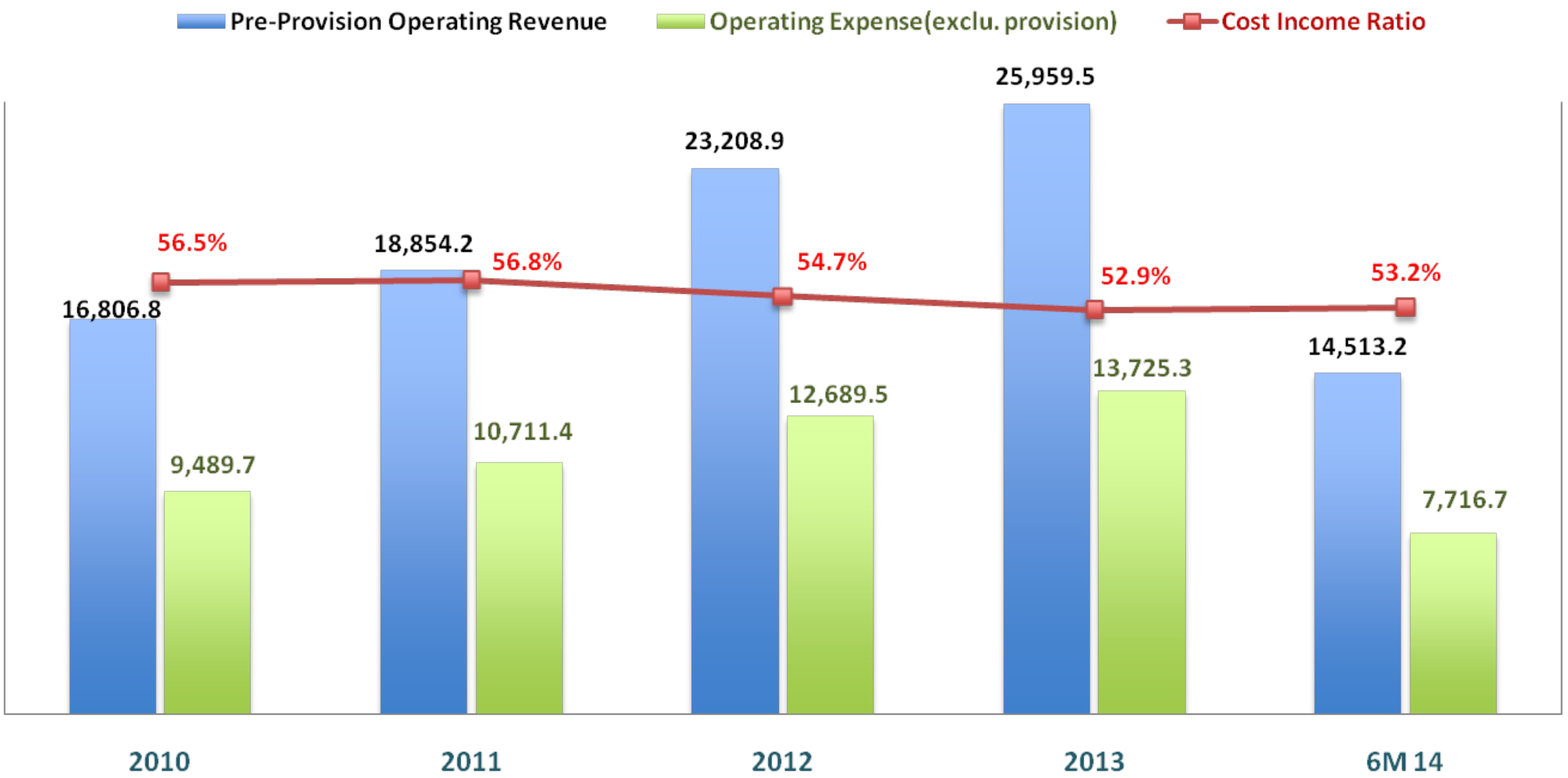


Note: 1. Source : FSC

2. Tier 1 group include Taishin, Chinatrust, Cathay, Fubon, Shanghai, First, Hua-nan, CHB, Mega and Sinopac

Cost-Income Ratio

Unit: NT$ million

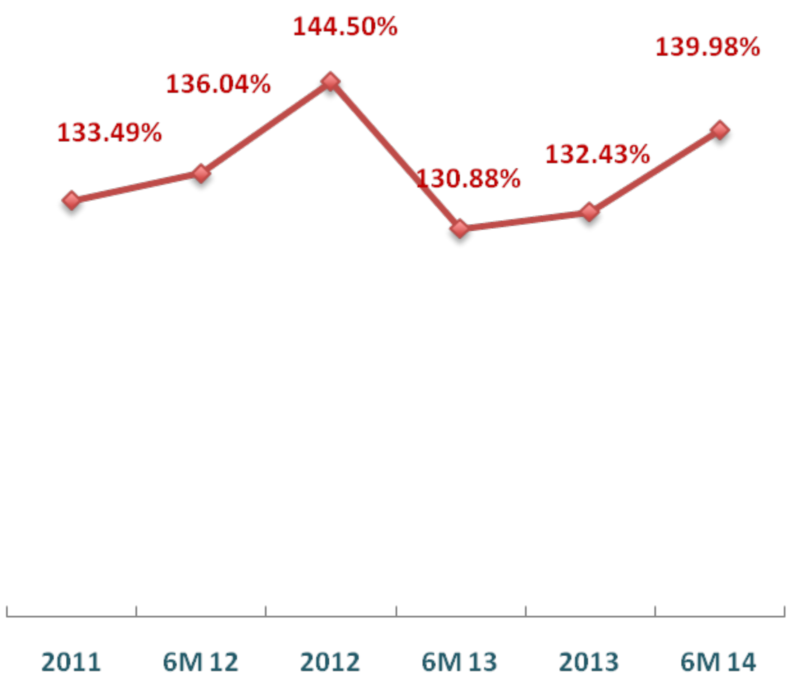


Note: 1. Preliminary figures of June 2014

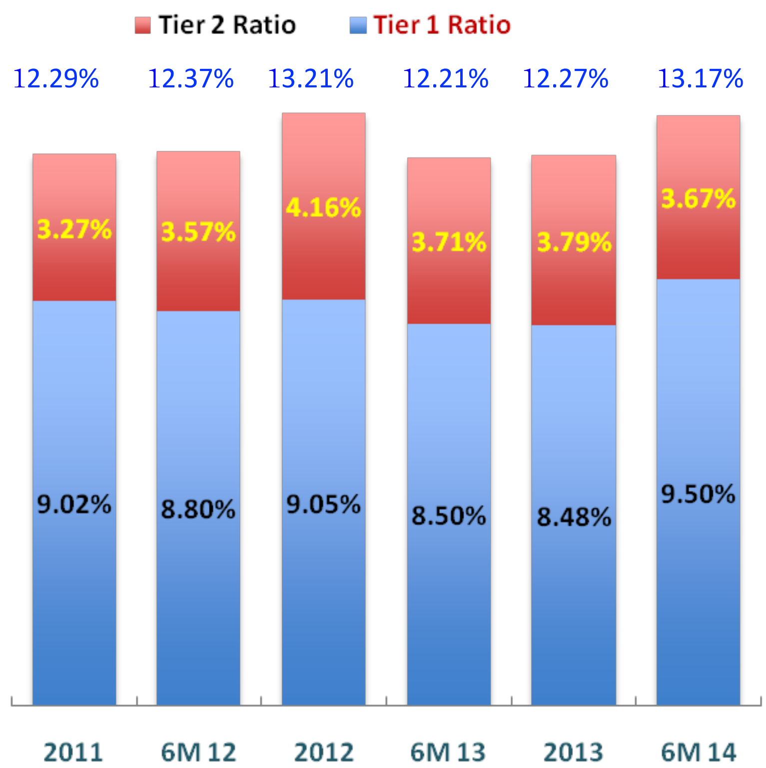
2. Financials of E.SUN Bank

Capital Adequacy Ratio

FHC CAR Ratio



Bank BIS Ratio



Q & A

- If you wish to know more about E.SUN, please visit our website site (www.esunfhc.com.tw/ir/ir.aspx) for more information.

- If you have further questions, please feel free to contact us through email or conference call

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Agenda

- 6M 2014 Financial Performance
- 6M 2014 Business Operation Overview
- Appendix

Appendix 1/6

Balance Sheet of 6M14 for E.SUN FHC and its subsidiaries

NT$ million	E.SUN Bank (consolidated)	E.SUN Sec. (Consolidated)	E.SUN IB	E.SUN VC	E.SUN FHC (Standalone)	E.SUN FHC (consolidated)
Assets ：						
Cash and due from banks	79,612	573	382	582	3,677	79,217
Securities, net	428,189	1,021	-	807	-	430,225
Loans, net	884,772	-	-	-	-	884,772
A/R, net	65,074	8,045	165	-	1,696	73,283
LT investments, net	521	250	-	1,157	106,779	1,678
Land, premises andequipments, net	19,077	326	1	-	24	19,429
Others	20,747	1,530	4	189	1,524	23,017
Total assets	1,497,992	11,745	552	2,735	113,700	1,511,621
Liabilities:						
Deposits	1,217,738	-	-	-	-	1,212,067
Other liabilities	180,644	7,077	55	29	12,724	197,863
Total liabilities	1,398,382	7,077	55	29	12,724	1,409,930
Total stockholders' equity	99,610	4,668	497	2,706	100,976	101,691
Total equity attributable to owners of the co	98,895	4,668	497	2,706	100,976	100,976
Non-Controlling interests	715	-	-	-	-	715
Total liabilities andstockholders' equity	1,497,992	11,745	552	2,735	113,700	1,511,621

Note: Preliminary figures of June 2014

Appendix 2/6

P&L of E.SUN FHC and its subsidiaries for 6M14

NT$ million	E.SUN Bank	E.SUN Sec. (Consolidated)	E.SUN IB	E.SUN VC	E.SUN FHC (Standalone)	E.SUN FHC (consolidated)
Operating income						
Net interest income	7,100	140	2	2	(54)	7,189
Fee income	4,583	352	1,088	-	-	5,295
LT investment income	10	1	-	10	5,877	20
Net trading income/(loss) & Derivatives & FX	2,955	90	2	323	(86)	3,284
Others	48	39	-	(18)	43	10
Total Net Revenues	14,696	622	1,092	317	5,780	15,798
Allowance for bad-debt expenses	(533)	-	-	-	-	(533)
Operating expenses	(7,829)	(454)	(898)	(11)	(111)	(8,470)
Income before income tax	6,334	168	194	306	5,669	6,795
Income tax expenses	(1,004)	(31)	(33)	(20)	(127)	(1,217)
Net Income	5,330	137	161	286	5,542	5,578
Attributable to owners of the company	5,293	137	161	286	5,542	5,542
Non-controlling interests	36	-	-	-	-	36

Note: Preliminary figures of June 2014

E.SUN FHC's Balance Sheet (Consolidated)

NT$ million	Yearly Results			Quarterly Results				
	2011	2012	2013	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14
Assets：								
Cash and due from banks	65,132	79,269	79,252	84,581	74,671	79,252	79,923	79,217
Securities, net	358,321	348,564	373,749	357,362	352,458	373,749	424,451	430,225
Loans, net	656,009	735,407	828,238	790,002	812,343	828,238	849,111	884,772
A/R, net	46,576	48,564	62,895	58,694	54,965	62,895	61,687	73,283
LT investments, net	1,509	1,539	1,783	1,426	1,772	1,783	1,859	1,678
Land, premises andequipments, net	15,892	16,670	19,373	18,649	19,112	19,373	19,717	19,429
Others	12,052	14,084	15,726	18,710	18,661	15,726	22,326	23,017
Total assets	1,155,491	1,244,097	1,381,016	1,329,424	1,333,982	1,381,016	1,459,074	1,511,621
Liabilities:								
Deposits	954,994	1,023,820	1,150,791	1,064,048	1,091,479	1,150,791	1,187,068	1,212,067
Other liabilities	134,913	145,103	146,890	187,074	161,417	146,890	182,257	197,863
Total liabilities	1,089,907	1,168,923	1,297,681	1,251,122	1,252,896	1,297,681	1,369,325	1,409,930
Total stockholders' equity	65,584	75,174	83,335	78,302	81,086	83,335	89,749	101,691
Total equity attributable to owners of the company	65,584	75,174	82,651	78,302	80,366	82,651	89,034	100,976
Non-Controlling interests	-	-	684	-	720	684	715	715
Total liabilities andstockholders' equity	1,155,491	1,244,097	1,381,016	1,329,424	1,333,982	1,381,016	1,459,074	1,511,621

Note: Preliminary figures of June 2014

Appendix 4/6

E.SUN FHC's P&L account (Consolidated)

NT$ million	Yearly Results			Quarterly Results				
	2011	2012	2013	2Q13	3Q13	4Q13	1Q14	2Q14
Operating income								
Net interest income	12,688	12,259	13035	3,172	3,438	3,348	3,498	3,763
Fee income	6,273	7,472	9,124	2,126	2,330	2,497	2,493	2,803
LT investment income	385	130	308	13	57	2	5	15
Net trading income/(loss) & Derivatives & FX	764	4,212	4,359	1,254	1,019	872	1,964	1,326
Others	95	19	(79)	(53)	12	2	5	4
Total Net Revenues	20,205	24,092	26,747	6,512	6,856	6,721	7,965	7,911
Allowance for bad-debt expenses	(4,540)	(2,020)	(1,707)	(512)	(425)	(419)	(374)	(177)
Operating expenses	(11,623)	(13,718)	(14,826)	(3,454)	(3,766)	(4,067)	(4,005)	(4,524)
Income before income tax	4,042	8,354	10,214	2,546	2,665	2,235	3,586	3,210
Income tax expenses	(558)	(1,296)	(1,798)	(451)	(458)	(389)	(712)	(510)
Net Income	3,484	7,058	8,416	2,095	2,207	1,846	2,874	2,700
Income Attributable to owners of the company	3,484	7,058	8,416	2,095	2,203	1,850	2,858	2,680
Non-Controlling interests	-	-	-	-	4	-4	16	20

Note: 1. Preliminary figures of June 2014

2. 2013 onwards are under IFRS, others are under TW GAAP

Appendix 5/6

E.SUN Bank's Balance Sheet

NT$ million	Yearly Results			Quarterly Results				
	2011	2012	2013	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14
Assets：								
Cash and due from banks	65,948	78,924	79,225	84,425	74,484	79,225	79,894	79,612
Securities, net	353,340	347,381	371,650	355,609	350,740	371,650	422,193	428,189
Loans, net	656,009	735,407	828,238	790,002	812,343	828,238	849,111	884,772
A/R, net	42,260	44,305	56,093	52,909	49,048	56,093	54,271	65,074
LT investments, net	328	329	521	343	521	521	521	521
Land, premises andequipments, net	15,600	16,373	18,487	17,769	18,230	18,487	18,841	19,077
Others	13,860	13,170	14,678	17,638	16,897	14,678	21,398	20,747
Total assets	1,147,345	1,235,889	1,368,892	1,318,695	1,322,263	1,368,892	1,446,229	1,497,992
Liabilities:								
Deposits	962,842	1,029,975	1,157,482	1,070,841	1,097,832	1,157,482	1,192,012	1,217,738
Other liabilities	119,593	130,635	127,976	169,660	143,298	127,976	165,336	180,644
Total liabilities	1,082,435	1,160,610	1,285,458	1,240,501	1,241,130	1,285,458	1,357,348	1,398,382
Total stockholders' equity	64,910	75,279	83,434	78,194	81,133	83,434	88,881	99,610
Total equity attributable to owners of the company	64,910	75,279	82,750	78,194	80,413	82,750	88,166	98,895
Non-Controlling interests	-	-	684	-	720	684	715	715
Total liabilities andstockholders' equity	1,147,345	1,235,889	1,368,892	1,318,695	1,322,263	1,368,892	1,446,229	1,497,992

Note: Preliminary figures of June 2014

Appendix 6/6

E.SUN Bank's P&L account

NT$ million	Yearly Results			Quarterly Results				
	2011	2012	2013	2Q13	3Q13	4Q13	1Q14	2Q14
Operating income								
Net interest income	12,600	12,265	12,887	3,137	3,401	3,304	3,457	3,643
Fee income	5,000	6,158	7,929	1,883	2,014	2,125	2,175	2,408
LT investment income	323	42	49	11	35	0	-	-
Net trading income/(loss) & Derivatives & FX	745	4,618	4,969	1,339	1,146	1,023	1,826	1,129
Others	186	126	125	37	29	40	18	30
Total Net Revenues	18,854	23,209	25,959	6,407	6,625	6,492	7,476	7,220
Allowance for bad-debt expenses	(4,540)	(2,020)	(1,707)	(513)	(425)	(418)	(374)	(159)
Operating expenses	(10,711)	(12,690)	(13,725)	(3,221)	(3,468)	(3,744)	(3,709)	(4,120)
Income before income tax	3,603	8,499	10,527	2,673	2,732	2,330	3,393	2,941
Income tax expenses	(445)	(1,320)	(1,680)	(418)	(437)	(348)	(587)	(417)
Net Income	3,158	7,179	8,847	2,255	2,295	1,982	2,806	2,524
Attributable to owners of the company	3,158	7,179	8,847	2,255	2,291	1,986	2,790	2,503
Non-controlling interests	-	-	-	-	4	(4)	16	20

Note: 1. Preliminary figures of June 2014

2. 2013 onwards are under IFRS, others are under TW GAAP