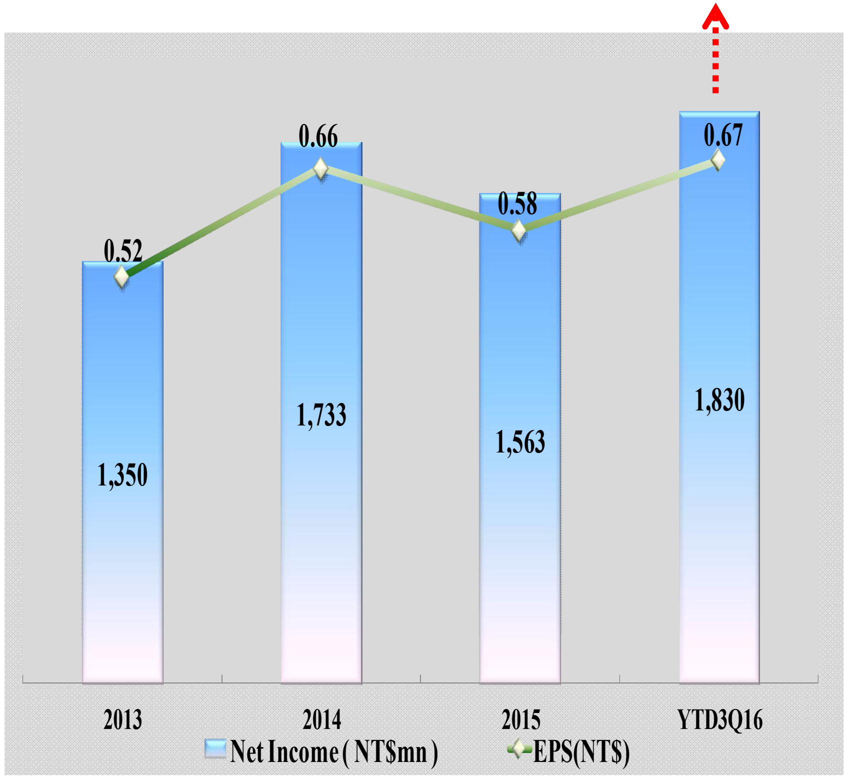
國票金融控股公司

Waterland Financial Holdings
2016 Third Quarter Results

WFH Operation Highlights

Operating Summary-Consolidated Financial Info

	2013	2014	2015	YTD 3Q16	YTD 3Q15	2016 1~10	YTD 3Q16 YoY
Net Income-After Tax (NT$mn)	1,350	1,733	1,563	**1,830**	1,193	**1,937**	**53.39%**
Stockholders' Equity (NT$mn)	28,326	29,581	30,354	**31,890**	29,846	**31,592**	**6.85%**
Book Value Per Share (NT$)	10.99	11.22	11.34	**11.78**	11.09	**11.67**	**6.22%**
EPS(NT$)	0.52	0.66	0.58	**0.67**	0.44	**0.71**	**52.27%**



The profit grew 53.39% YoY in 3Q16(YTD), book value per share reached NT$11.78 and EPS reached NT$ 0.67, which have surpassed the full-year earnings in 2015 .

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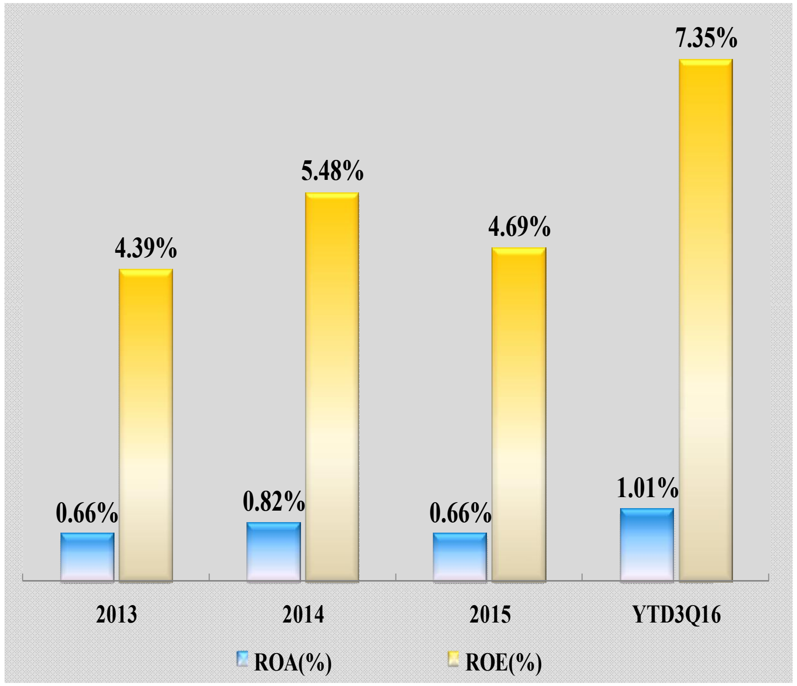
WFH Operation Highlights

Operating Summary-Financial Ratios

	2013	2014	2015	YTD 3Q16	YTD 3Q15	YoY
ROA [1] (%)	0.66	0.82	0.66	**1.01**	0.73	**38.35%**
ROE[1] (%)	4.39	5.48	4.69	**7.35**	4.82	**52.49%**
CAR (%)	167.81	172.76	178.06	**166.92**	177.18	**-5.79%**
DLR (%)	102.62	110.67	110.55	**109.68**	110.18	**-0.45%**



Note：1. ROA and ROE are based on consolidated financial statements.

Both ROA and ROE surged in 3Q16(YTD).
CAR and DLR were also under well control.

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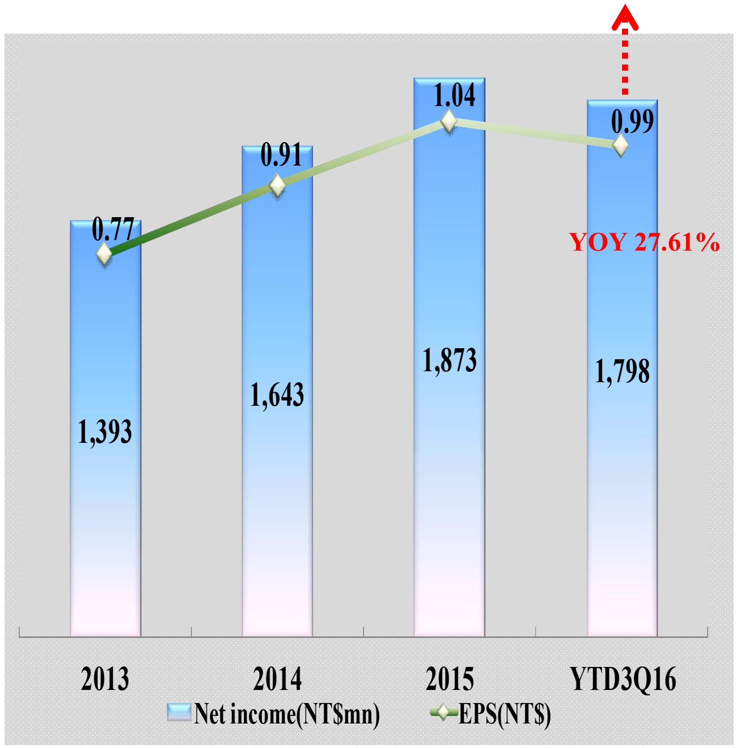
WFH Operation Highlights

Subsidiaries Financial Info - IBFC

Items	2013	2014	2015	YTD 3Q16	YTD 3Q15	YoY
Net Profit (NT$mn)	2,114	2,542	2,885	**2,654**	2,143	**23.85%**
Net Income - After Tax (NT$mn)	1,393	1,643	1,873	**1,798**	1,409	**27.61%**
EPS(NT$)	0.77	0.91	1.04	**0.99**	0.78	**26.92%**
ROE(%) (Annualized)	5.62	6.53	7.18	**8.90**	7.29	**22.09%**



In the past 4 years, IBFC strove to expand bill guarantee business and interest spreads, and to develop various new business to keep its leadership in direct-finance market. IBFC profits had recorded 27.61% increase YoY in 3Q16(YTD).

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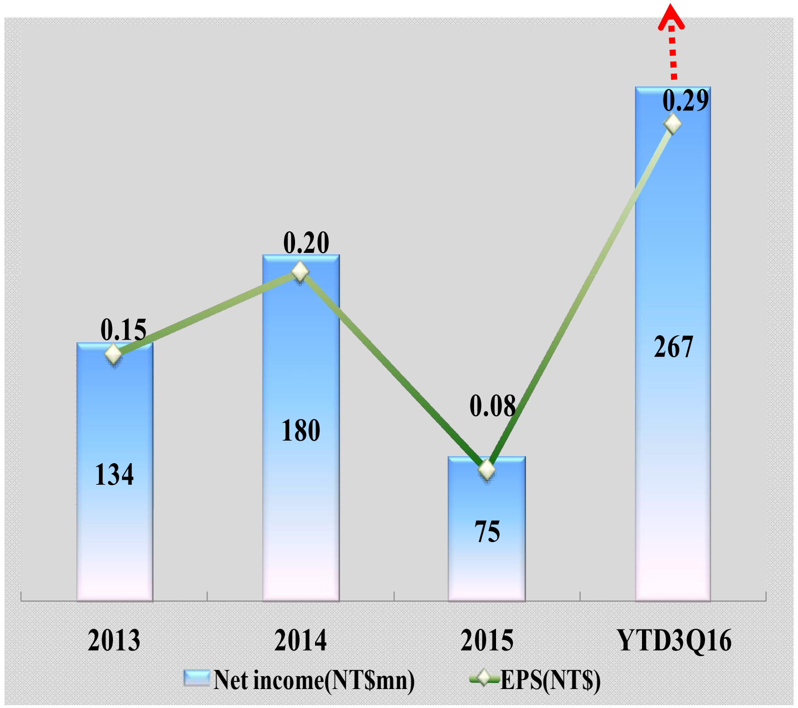
WFH Operation Highlights

Subsidiaries Financial Info - WLS

	2013	2014	2015	YTD 3Q16	YTD 3Q15	YoY
Net Income (NT$mn)	134	180	75	**267**	81	**229.63%**
EPS(NT$)	0.15	0.20	0.08	**0.29**	0.09	**222.22%**
ROA(%) (Annualized)	0.45	0.56	0.23	**1.08**	0.33	**227.27%**
ROE(%) (Annualized)	1.43	1.88	0.77	**3.64**	1.12	**225.00%**



Although WLS' earnings fluctuated, it has remained profitable in recent years. With proper proprietary trading, its profits of the first three quarters of 2016 grew significantly than previous years.

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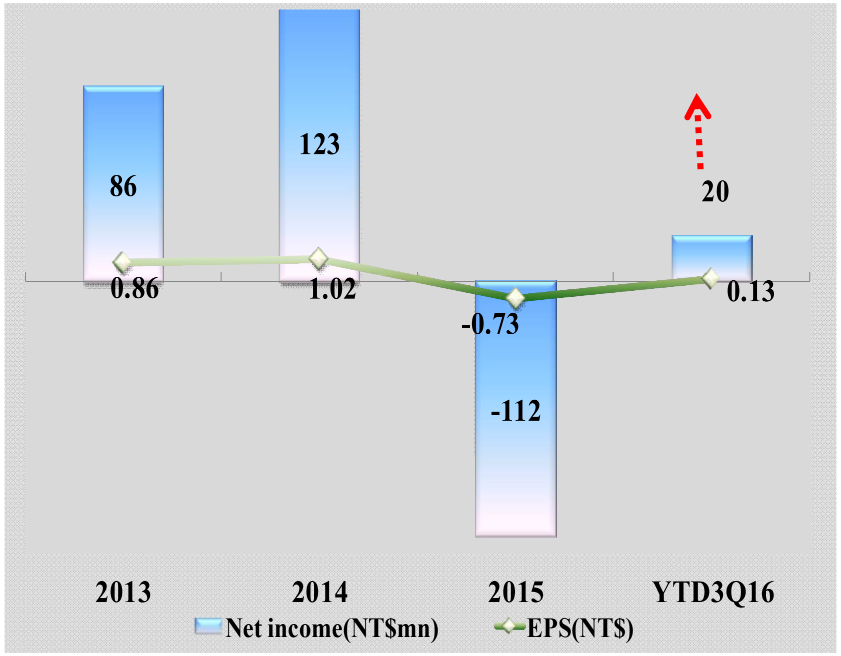
WFH Operation Highlights

Subsidiaries Financial Info–Waterland VC

	2013	2014	2015	YTD 3Q16	YTD 3Q15	YoY
Net Income (NT$mn)	86	123	-112	**20**	-100	-
EPS(NT$)	0.86	1.02	-0.73	**0.13**	- 0.65	-
ROA(%) (Annualized)	4.44	7.60	-5.88	**1.38**	-7.59	-
ROE(%) (Annualized)	9.42	9.26	-7.65	**2.05**	-10.15	-



Profits of Waterland VC had been impacted by decline in trading volumes of Emerging Stock Board, and it also suffered investment loss of sub company, Guo-Want. However, Waterland VC will soon ripe from several IPOs of its investment portfolio companies in 2H16 and 2017 .

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WFH Operation Highlights

Subsidiaries -Financial Ratios

IBFC	2013	2014	2015	YTD3Q16	YTD3Q15	YoY
ROA(%)	0.76	0.89	0.92	**1.20**	1.01	**18.81%**
ROE(%)	5.62	6.53	7.18	**8.90**	7.29	**22.09%**
CAR(%)	14.08	15.47	16.08	**14.71**	15.94	**-7.72%**
NPL(%)	0.27	0.25	0.26	**0.01**	0.29	**-96.55%**
WLS	**2013**	**2014**	**2015**	**YTD3Q16**	**YTD3Q15**	**YoY**
ROA(%)	0.45	0.56	0.23	**1.08**	0.33	**227.27%**
ROE(%)	1.43	1.88	0.77	**3.64**	1.12	**225.00%**
CAR(%)	300.23	406.65	397.02	**398.00**	388.00	**2.58%**
Waterland VC	**2013**	**2014**	**2015**	**YTD3Q16**	**YTD3Q15**	**YoY**
ROA(%)	4.44	7.60	-5.88	**1.38**	-7.59	**-**
ROE(%)	9.42	9.26	-7.65	**2.05**	-10.15	**-**

ROA and ROE of IBFC and WLS rose significantly comparing to 2015. In addition, CARs were moderate and NPLs remained at low level.

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WFH Operation Highlights

Profit contribution from subsidiaries

Unit ： NT $ mn

Subsidiaries	2013		2014		2015		YTD 3Q16	
	Amount	%	Amount	%	Amount	%	Amount	%
IBFC	1,393	91.80%	1,643	91.10%	1,873	105.90%	**1,799**	**89.60%**
WLS	40	2.70%	39	2.20%	34	1.90%	**161**	**8.00%**
Waterland VC	84	5.50%	122	6.80%	-138	-7.80%	**47**	**2.40%**
Total	1,517	100.00%	1,804	100.00%	1,769	100.00%	**2,007**	**100.00%**

The main profit of WFH came from the earnings growth of IBFC as usual.

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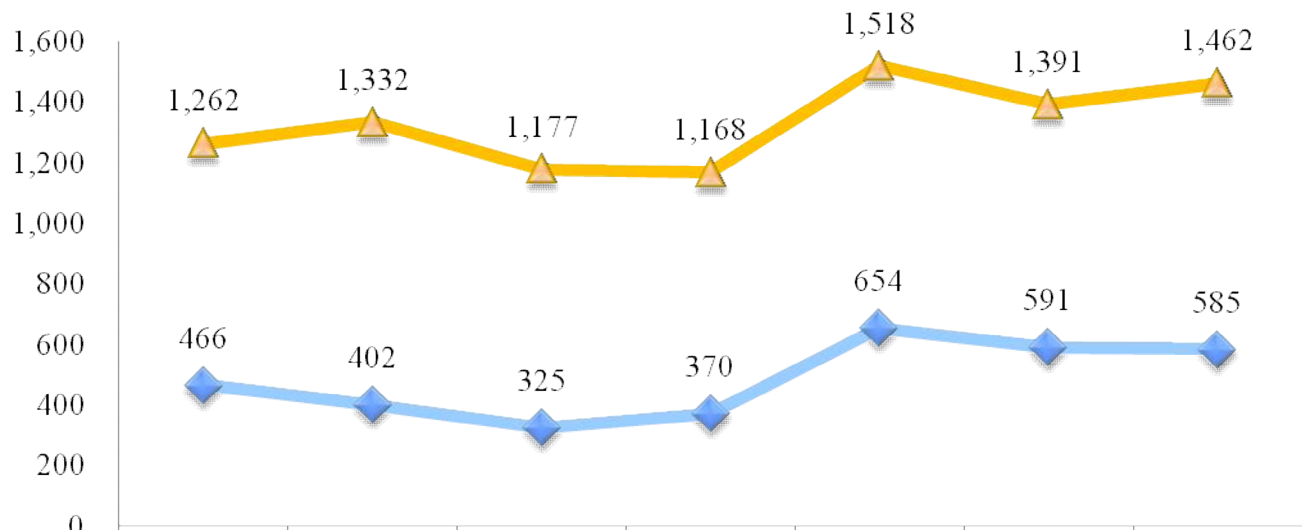
WFH Operation Highlights

Quarterly Revenue and Profit

Unit ： NT$mn



	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3
Consolidated Net Revenues	1,262	1,332	1,177	1,168	1,518	1,391	1,462
Net Income-After Tax	466	402	325	370	654	591	585

Profits of the first three quarters in 2016 increased YoY. The growth momentum is expected to continue in 4Q16.

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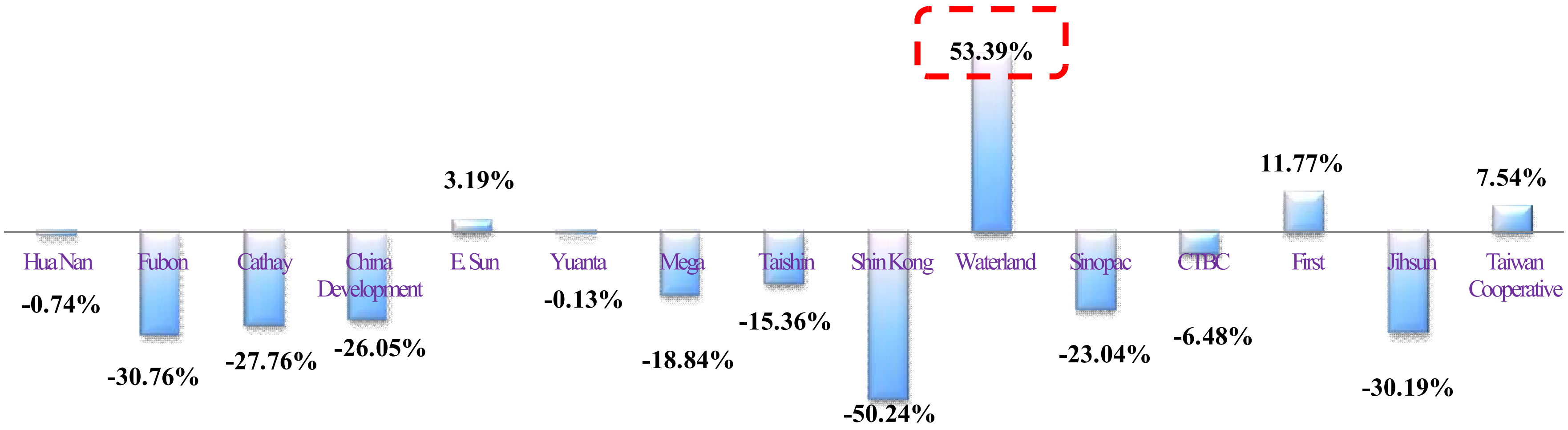
WFH Operation Highlights

Financial Holding Companies –3Q16(YTD) Profit YoY



Coupled with revenue growth from bills/ bonds business and decent securities proprietary trading, profits of WFH grew over 50% in 3Q16(YTD). WFH Group had outstanding performance relatively to other peers.

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WFH Operation Highlights

Summary of 3Q16(YTD) Performance and Earnings

- WFH group have recorded notable profits growth in 3Q16(YTD), mainly benefited from the outstanding performance of bills finance business and decent securities proprietary trading.
- Earnings of IBFC have increased 27.61% YoY as a result of improved interest spread in the mist of Central Bank's monetary easing policies. Improved interest spread was achieved through fine-tuned credit policies of customer segmentation and low funding cost. On top of that, expansion in foreign currency bond position and well-timed investment in equities and CB also helped bring in good profits in the first three quarters.
- Earnings of WLS had increased more than 100% as a result of profitable proprietary trading in securities and bonds.
- Compared to the average profit decline of 15 financial holding companies , WFH had recorded over 50% growth in 3Q16(YTD).

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WFH Operation Highlights

Allotment Of Shares In Recent 5 Years

Year	2012	2013	2014	2015	2016
Cash Dividend(NT$)	0.30	0.18	0.23	0.29	0.26
Stock Dividend(NT$)	0.40	0.30	0.23	0.30	0.26
Total Dividend (NT$)	0.70	0.48	0.46	0.59	0.52
EPS for the last year (NT$)	0.63	0.55	0.52	0.66	0.58
Dividend Payout Ratio(Note)	111.11%	87.27%	88.46%	89.39%	89.66%
The average closing price(NT$)	9.61	10.03	9.21	8.29	7.85
Cash Dividend Yield	3.12%	1.79%	2.50%	3.50%	3.31%

Note：Stock dividends paid in 2012 include capital surplus transferred to capital, NT $0.14, lead to the dividend yield more than 100%.

WFH's dividend payout ratios in recent 5 years are nearly 90%, and the cash dividend yield in recent 2 years are more than 3%.

We plan to gear up cash dividend yield to 5%, based on current trading price level, without affecting our capital stability.

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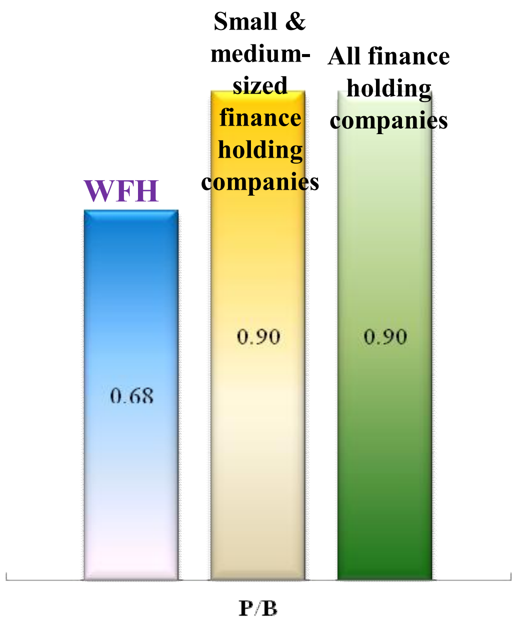
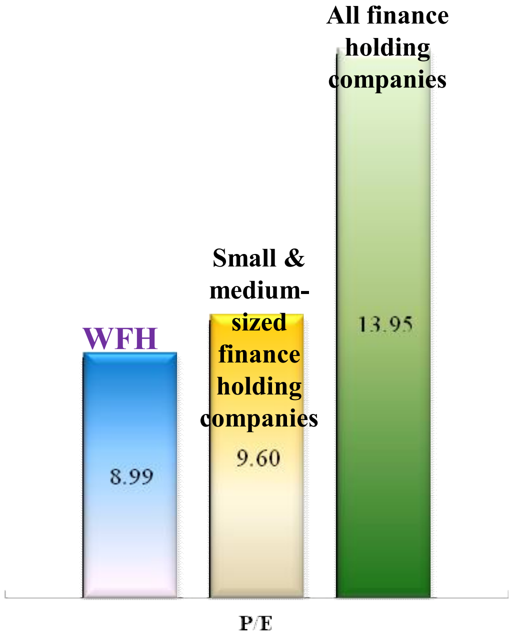
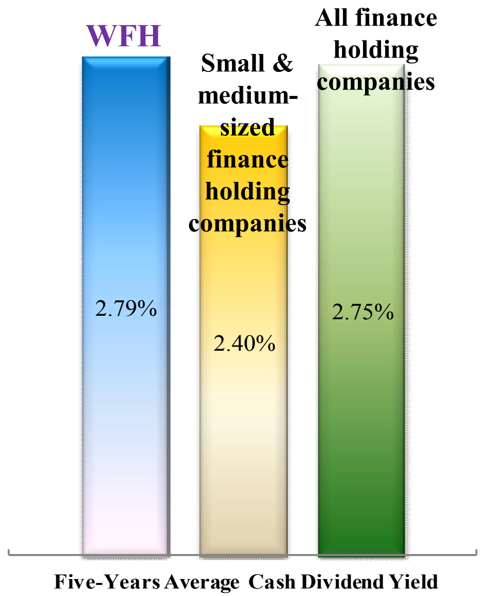
WFH Operation Highlights

PB ratio, PE ratio & Cash Dividend Yield Of Finance Holding Companies







WFH has been undervalued as WFH's PB and PE multiples are lower than its peers. WFH's 5 years average cash dividend yield is higher than that of the category of small and medium sized finance holding companies and is even comparable to some of the large scale ones. We believe that WFH has good investment potentials for investors.

Note： The small & medium-sized finance holding companies refer to the share capital less than NT$100 billion and the large-scale finance holding companies refer to the share capital more than NT$ 100 billion. P/B = Book Value Per Share at Jun 30 2016/ Stock closing price at Sep 30 2016；P/E = Stock closing price at Sep 30 2016 / EPS at Sep 30 2016； Cash Dividend Yield= Cash dividends are issued in the current year / The closing price of the stock the day prior to the entitlement.

IBFC Operating Highlights

Revenue Breakdown

Unit：NT$ mn.

項　目	2013		2014		2015		YTD 3Q15		YTD 3Q16	
Bills	1,257	59.46%	1,604	63.10%	1,890	65.51%	1,363	63.60%	**1,518**	57.50%
Bonds	581	27.48%	783	30.80%	845	29.29%	659	30.75%	**812**	30.76%
Equity	156	7.38%	46	1.81%	124	4.30%	103	4.81%	**114**	4.32%
Other	120	5.68%	109	4.29%	26	0.90%	18	0.84%	**196**	7.42%
Total	2,114	100.00%	2,542	100.00%	2,885	100.00%	2,143	100.00%	**2,640**	100.00%

IBFC's major profits come from bills and bonds business. Revenue in guarantee business and interest spreads increased each year as customer segmentation pricing policy was enforced to gear up interest spreads. Besides, since the inception of foreign currency bond business in 2014, IBFC has actively built foreign bond position, which also generated good profits each year.

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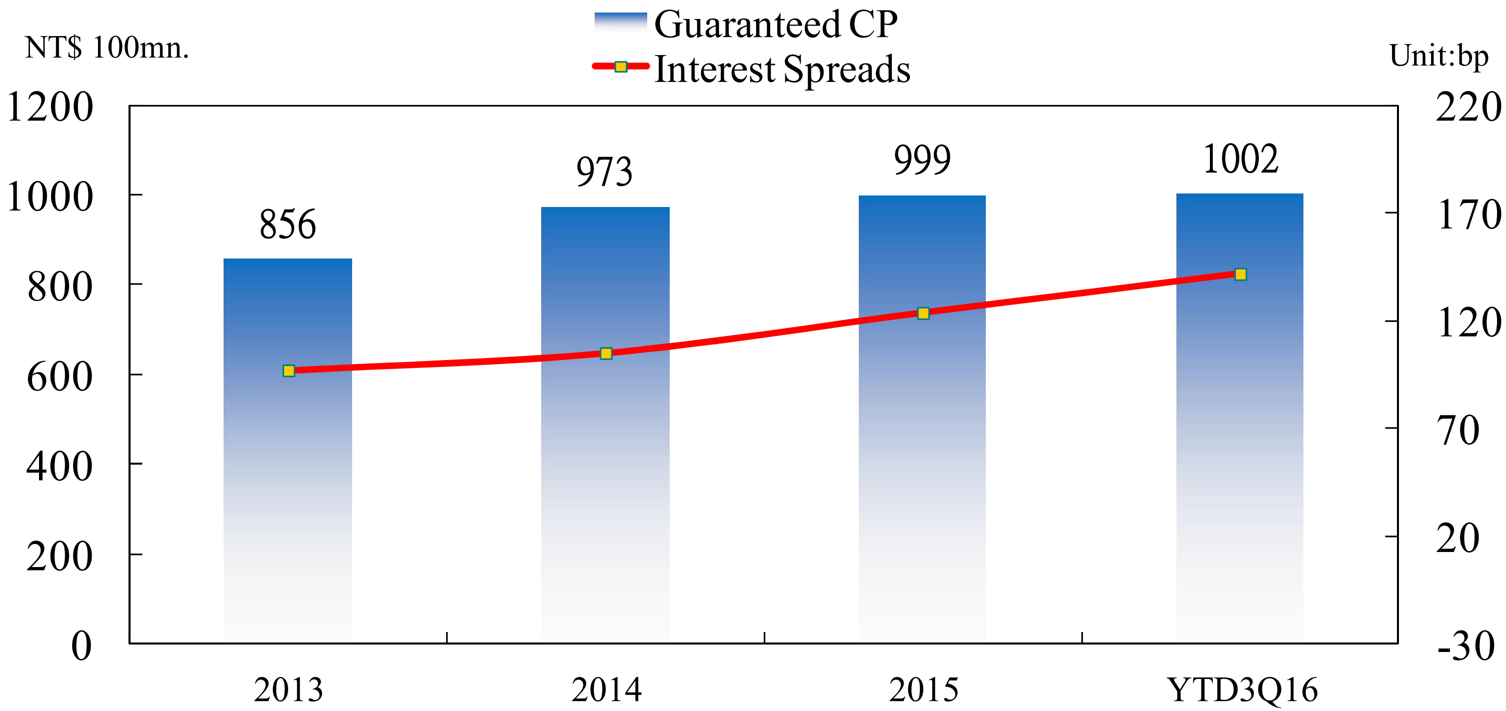
IBFC Operating Highlights

Bills Revenue Compostion



Despite excess liquidity in the money market intensifies competition in credit loan business, IBFC strives to expand new credit clients with quality collateral and high interest spread. Business volume and interest spread increased each year in an upward trend.

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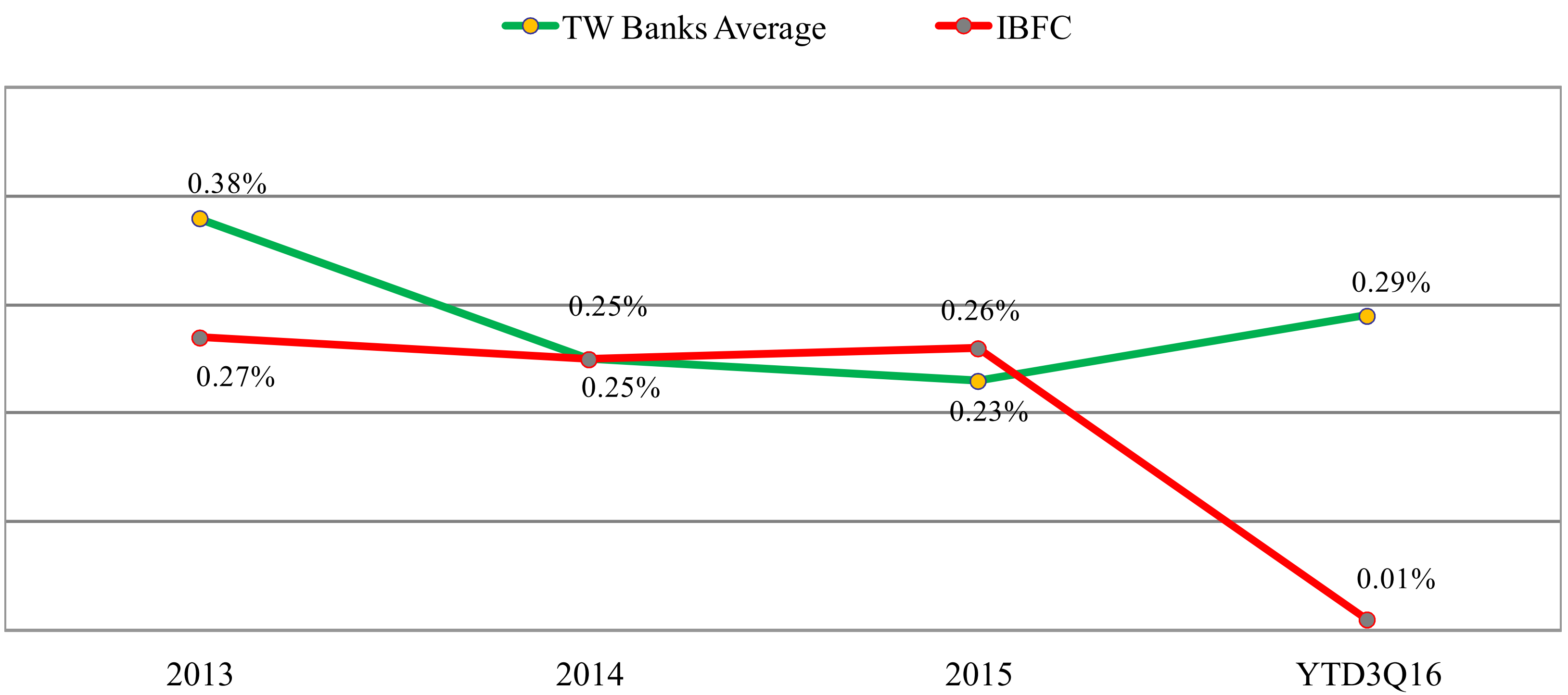
IBFC Operating Highlights

Asset Quality – Overdue Ratio



IBFC maintains sound asset quality as its overdue ratio dropped significantly, far lower than that of domestic banks' average.

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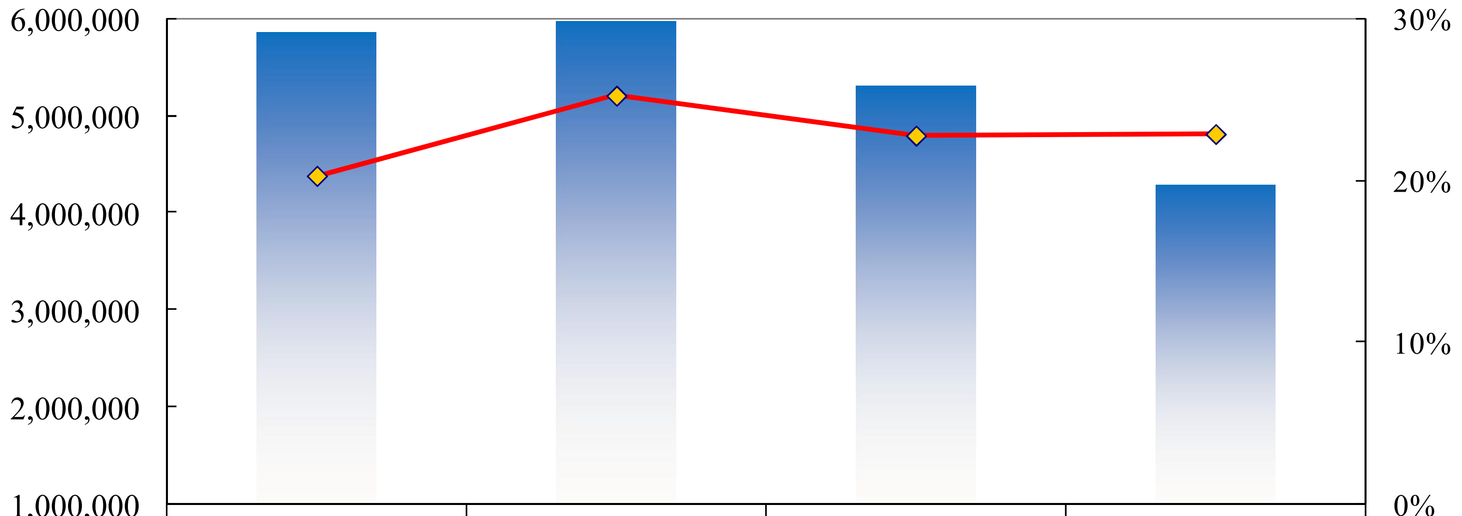
Note：TW Banks overdue ratio average was based on August 2016。

IBFC Operating Highlights

Trading volume in Bills – Secondary market trading

Unit：NT$ mn.



	2013	2014	2015	YTD3Q16
Trading volume	5,856,632	5,968,683	5,309,056	4,287,435
Market share	20.29%	25.25%	22.78%	22.88%

Domestic banks and bills companies and ranked highest in the market share of CP secondary market in recent years, followed by state funds, corporate customers, and mutual funds. With diversified funding sources, IBFC still upholds market leadership in CP secondary market.

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Q & A