

# Chinatrust FHC

Investor Conference  
Financial Review of 1Q05

April 29, 2005 Investor Relations



中國信託  
Chinatrust

## **DISCLAIMER**

**THE FINANCIAL INFORMATION IN THESE MATERIALS AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2005 ARE PRELIMINARY. CHINATRUST FHC EXPECTS TO FILE ITS UNAUDITED INTERIM FINANCIAL STATEMENTS, WHICH ARE SUBJECT TO REVIEW BY ITS AUDITORS, WITH THE ROC SECURITIES AND FUTURES BUREAU ON OR ABOUT APRIL 30, 2005.**

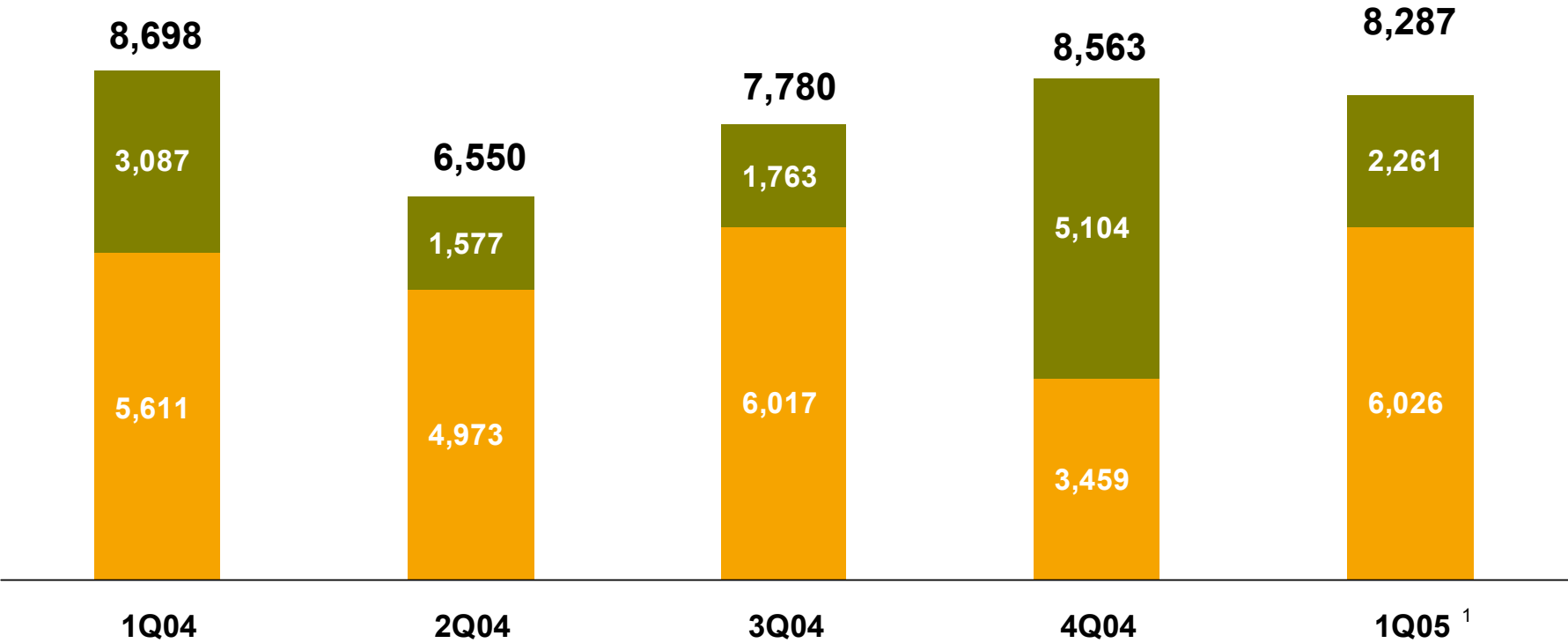
# Outline

- **1Q05 Financial performance review**
- **Earnings distribution for year 2004**
- **Capital issuance in March 2005**

# Track record of CFHC's earnings generating capability

Pre-provision profit  
NT\$ million

■ Provisions  
■ Pre-tax profit



1. 1Q05's numbers are preliminary.

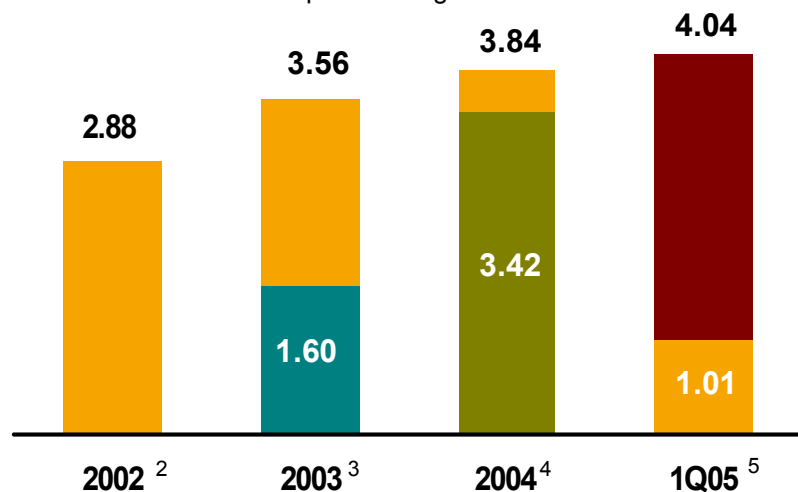
# Key profitability ratios show sustainable earning results

## Retroactively adjusted EPS<sup>1</sup> (pre tax)

NT\$

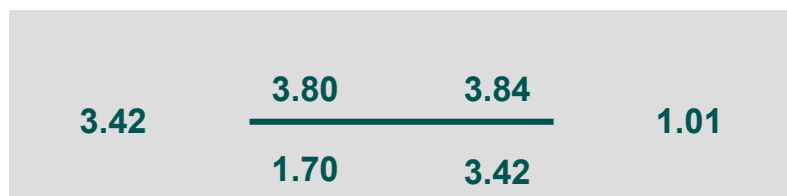
■ EPS after GCB acquisition

■ EPS after an one-off provisioning in Dec. 04



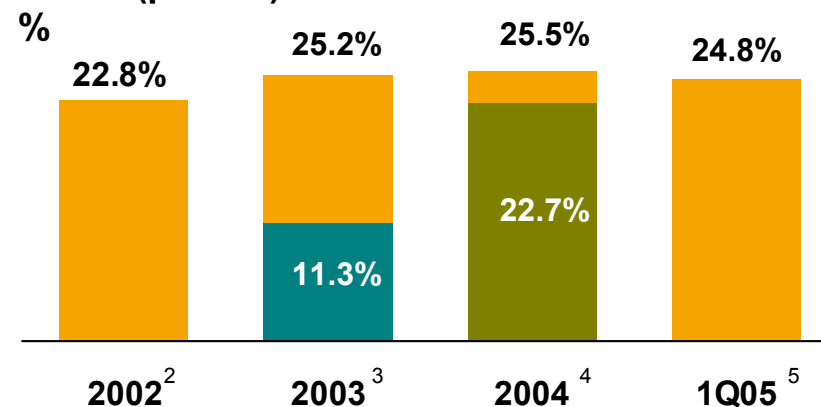
## Reported EPS (pre tax)

NT\$



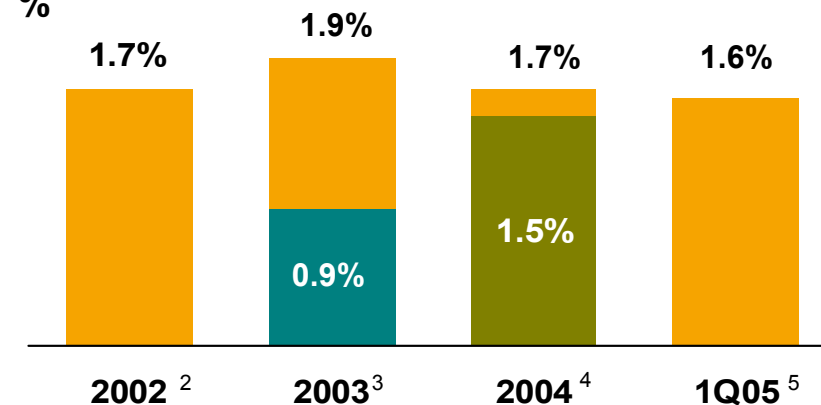
## ROAE (pre tax)

%



## ROAA (pre tax)

%



1. 2002's and 2003's EPS in the chart are retroactively adjusted for stock dividend payout in 2003-2004 and 2004, respectively .

2. 2002's numbers are pro forma numbers assuming CFHC was formed at the beginning of the year.

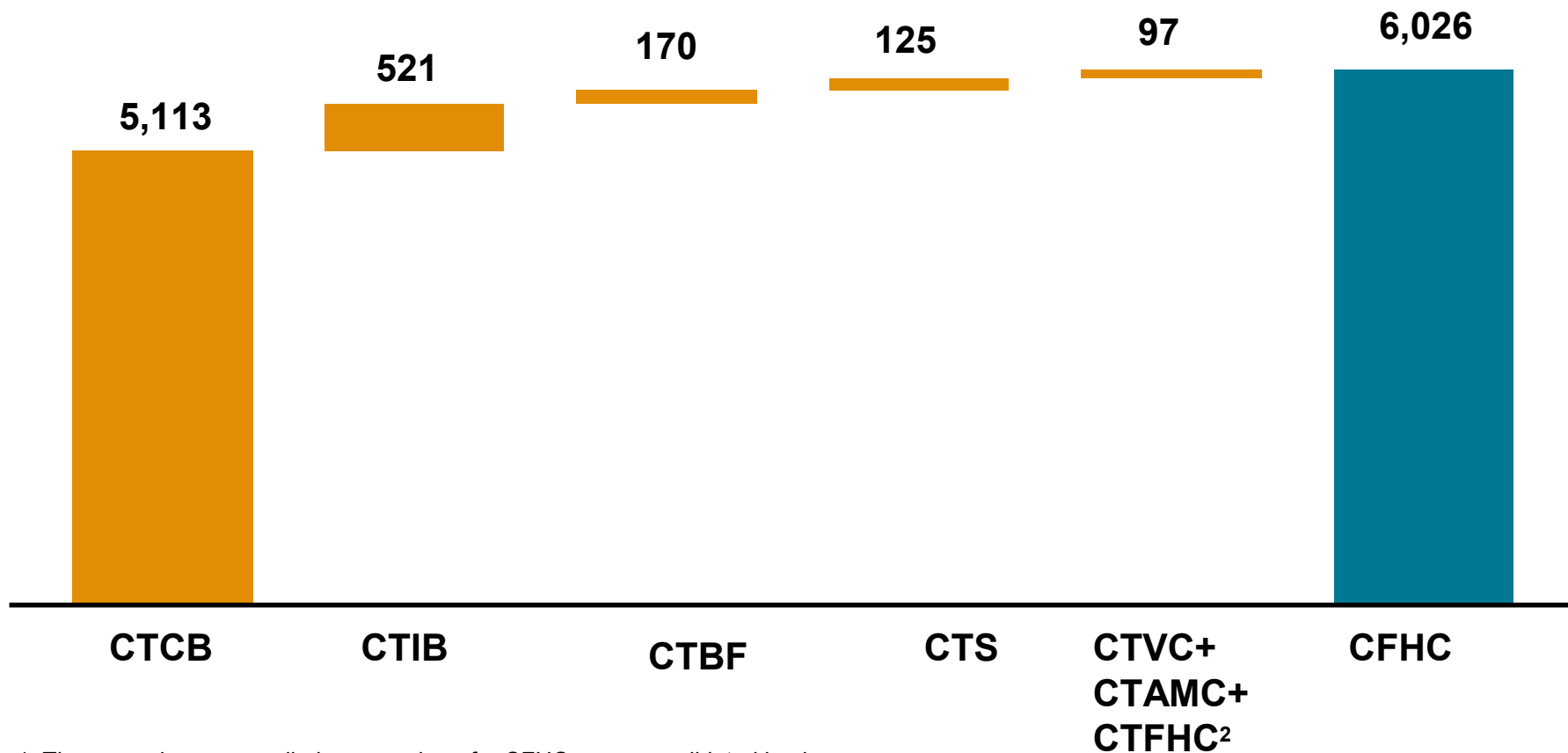
3. 2003's numbers are shown including the impact of the one-time adjustment in relation to GCB (blue bar) and excluding the impact of the one-time adjustment in relation to GCB (orange bar).

4. 2004's numbers are preliminary numbers and are shown including the impact of the one-off additional provisioning in Dec.04 (green bar) and excluding the impact of the one-off additional provisioning in Dec. 04 (orange bar).

5. EPS of \$4.04 is an annualized EPS for 2005 deriving from 1Q05's number. 1Q05's numbers are preliminary.

# CFHC's bank-centric business model was proven successful

Chinatrust FHC pre-tax income in 1Q05<sup>1</sup>  
NT\$ million

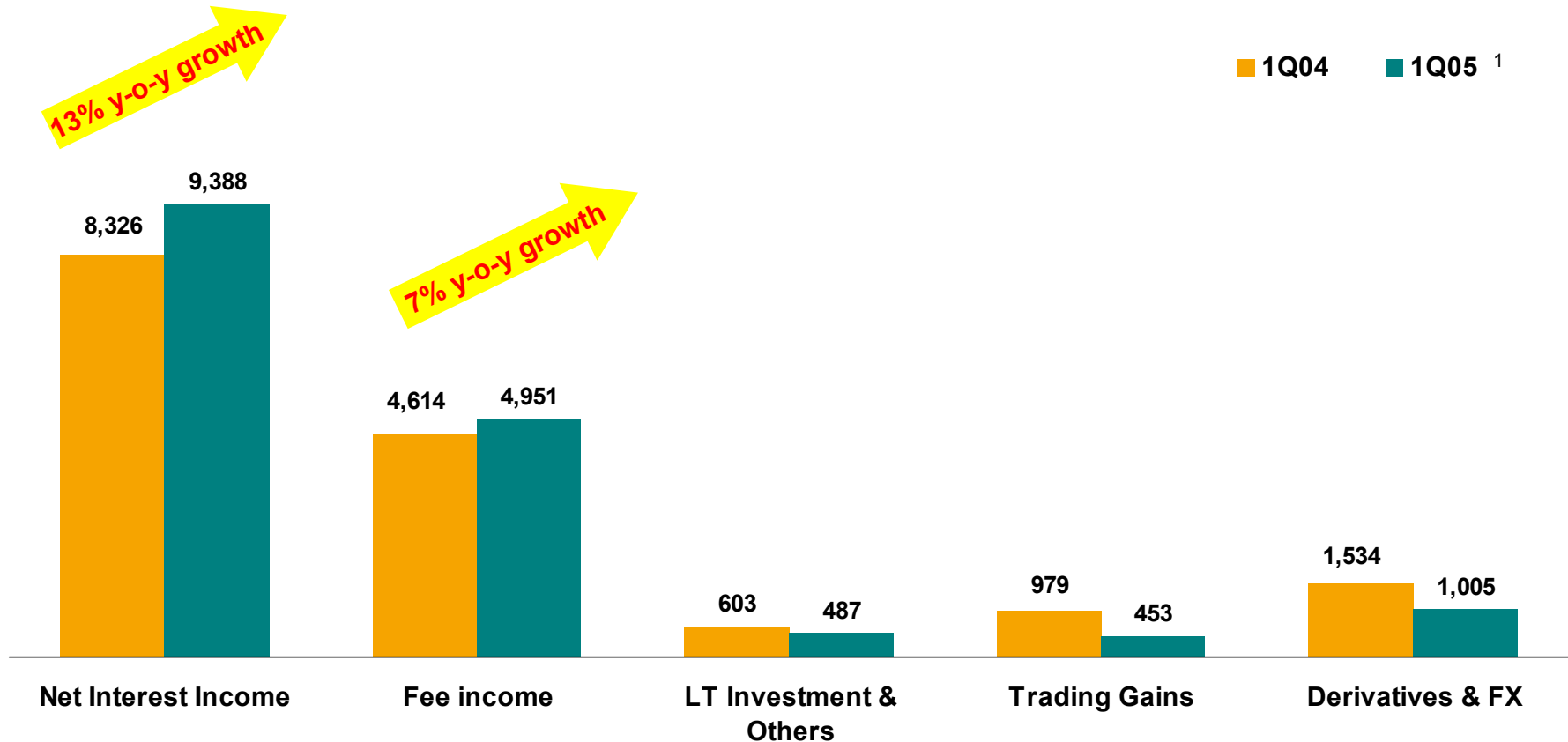


1. These numbers are preliminary numbers for CFHC on a consolidated basis.

2. Sum of pre-tax profit of CTVC, CTAMC, CTFHC(on a non-consolidated basis) and adjustment items.

# Growth momentum from NII and Fee continued into 1Q05

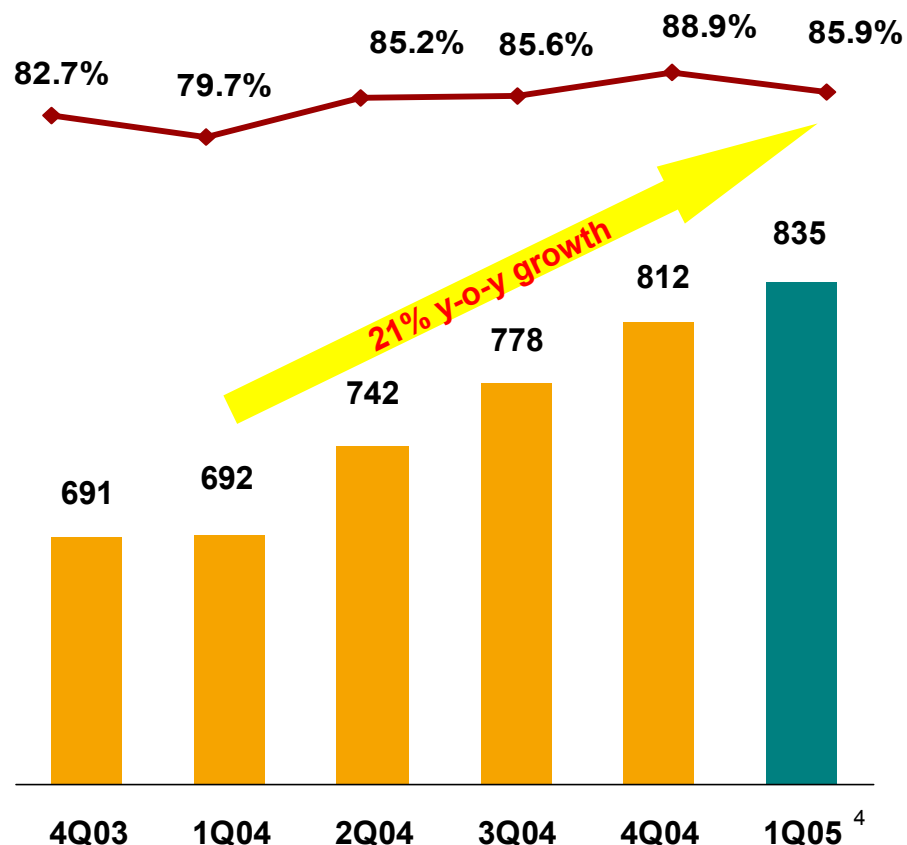
Revenue Breakdown  
NT\$ million



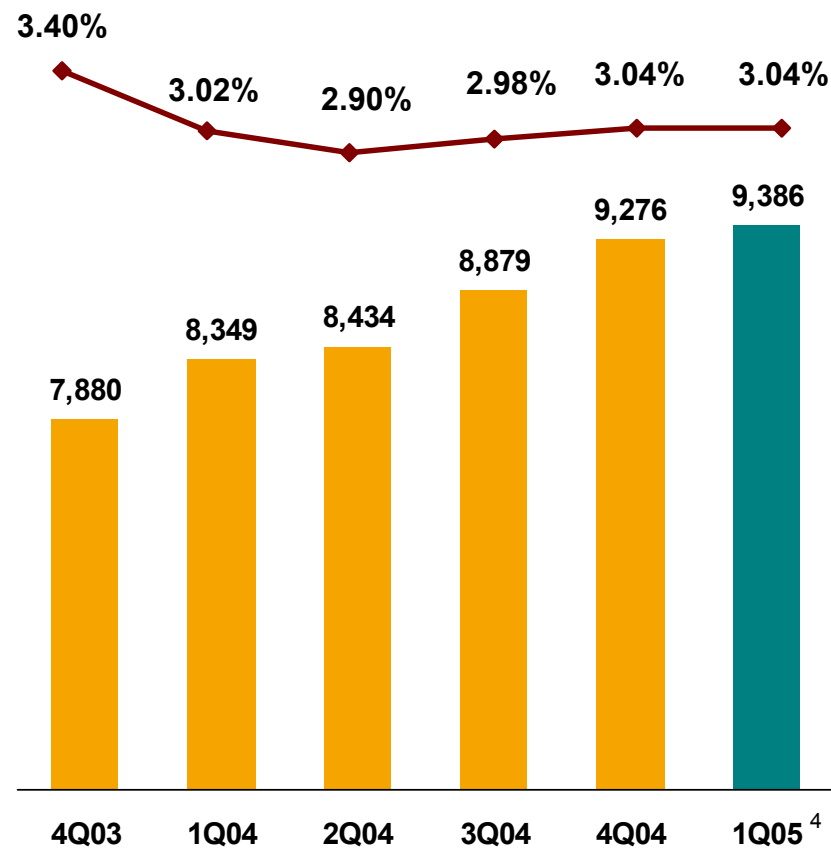
1. 1Q05's numbers are preliminary.

# NII growth was boosted by strong loan growth in 1Q05

**LDR<sup>1</sup> & Total loans<sup>2</sup>**  
%, NT\$ billion



**NIM<sup>3</sup> & NII**  
%, NT\$ million



Note: All these numbers are for CTCB on a consolidated basis, except for NIMs which representing on a non-consolidated basis.

1. When deriving CTCB's LDR, credit card account receivables are included in the calculation.

2. Total loans include both performing and non-accrual loans.

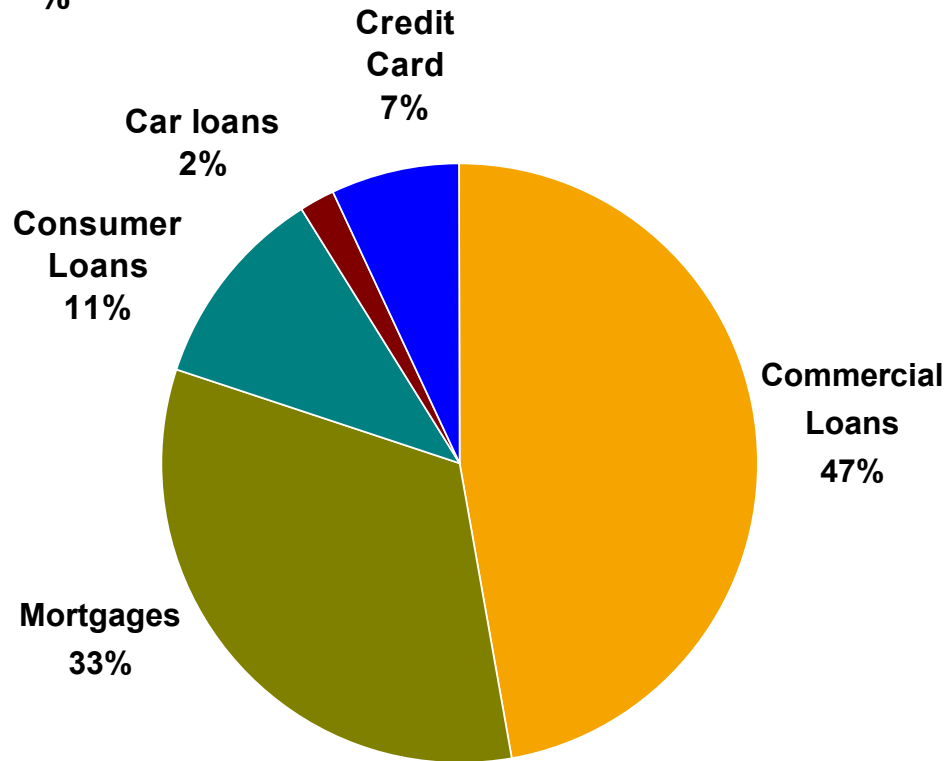
3. NIMs are quarterly numbers and are for CTCB on a non-consolidated basis .

4. 1Q05's numbers are preliminary.

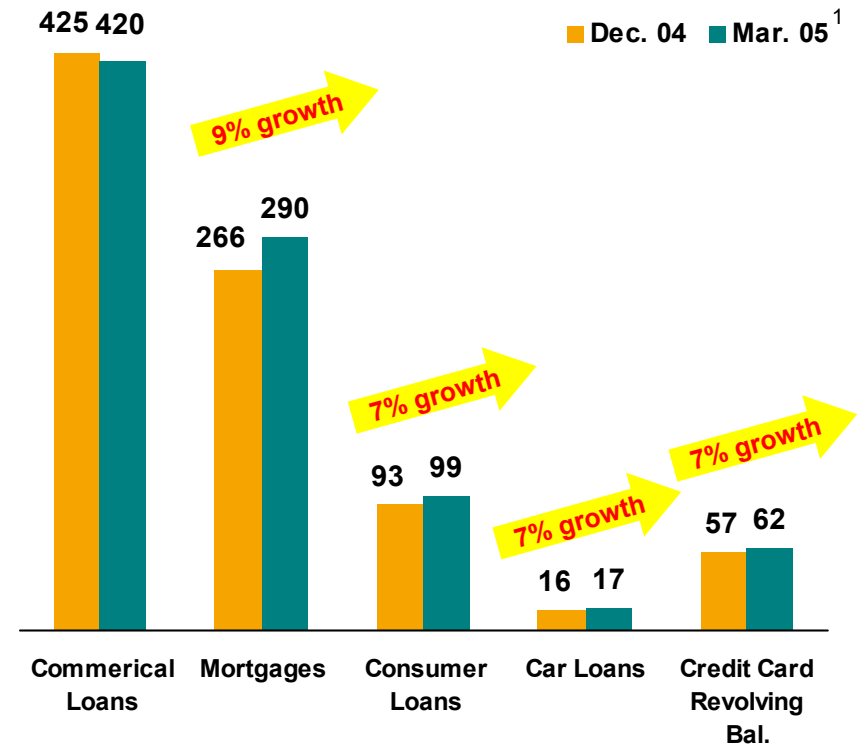


# Favorable loan mix with faster loan growth from high-yield lending products

Loan breakdown (incl. credit card revolving bal.) as of Mar. 2005<sup>1</sup>  
%



YTD loan growth %, NT\$ billion

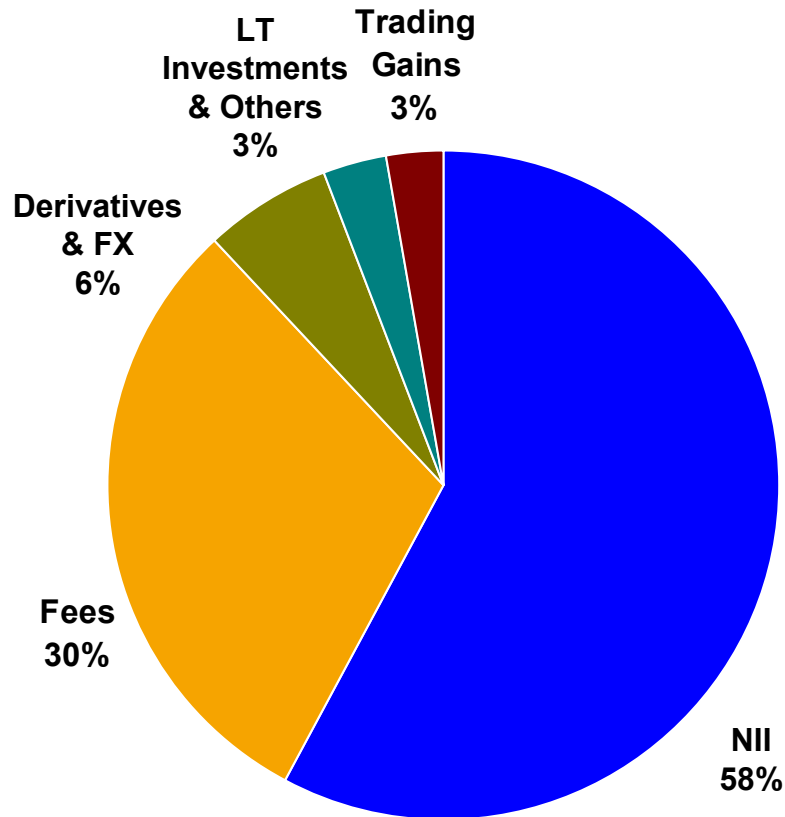


Note: All these numbers are for performing loans of CTCB on a consolidated basis.

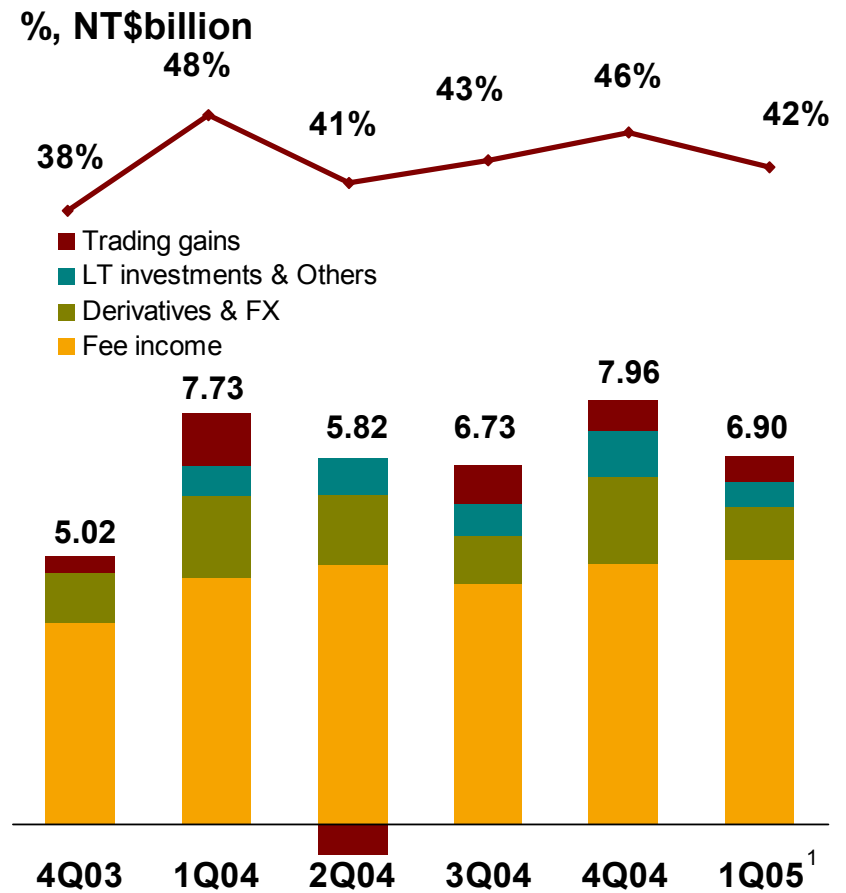
1. Mar. 2005's numbers are preliminary.

# Total non-interest income to total revenue remained high at 42%

Total Revenue breakdown for 1Q05<sup>1</sup>  
%



Non-interest inc./ Total revenue ratio<sup>2</sup> & Total non-interest inc.  
%, NT\$billion

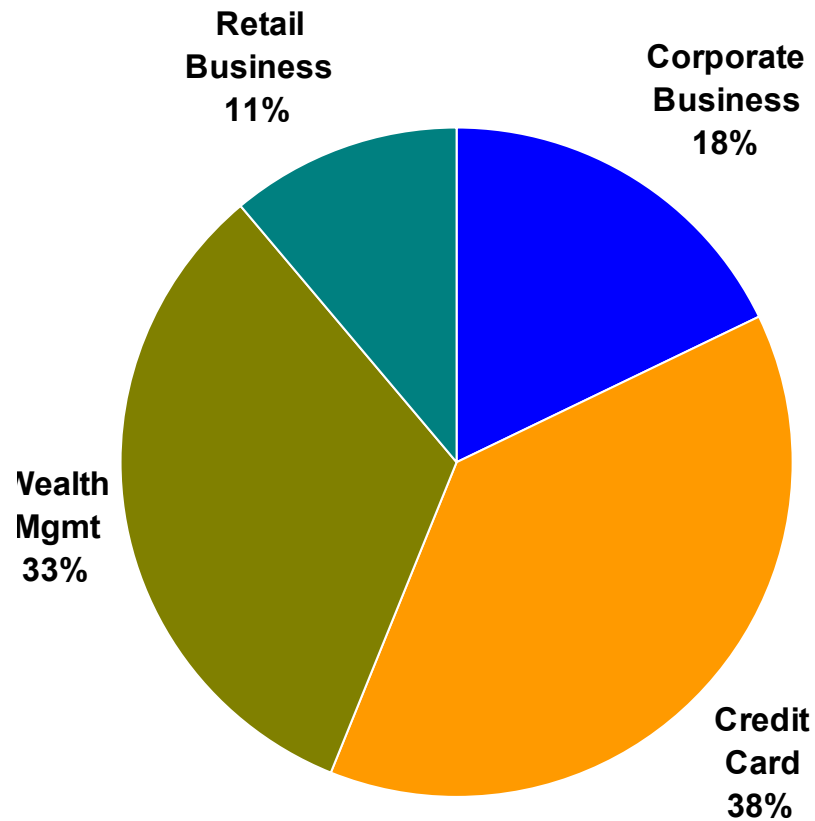


1. 1Q05's numbers are preliminary.

2. Non-interest inc.-to-total operating inc. ratios are derived using quarterly numbers of CFHC.

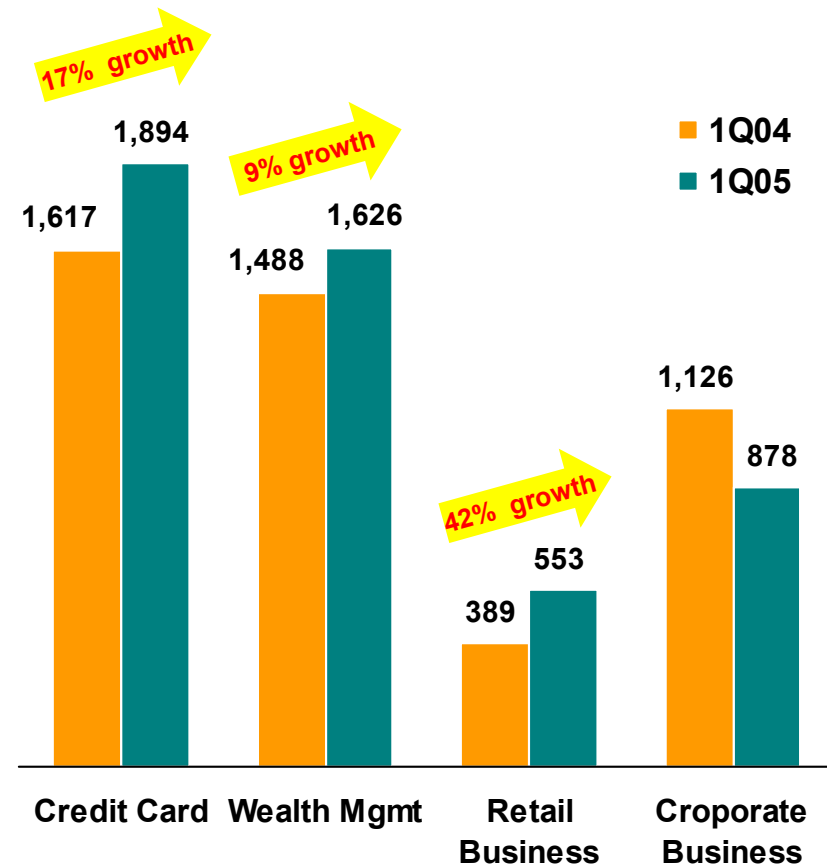
# Fee income to total revenue sustained at around 30%

Fee income breakdown for 1Q05<sup>1</sup>  
%



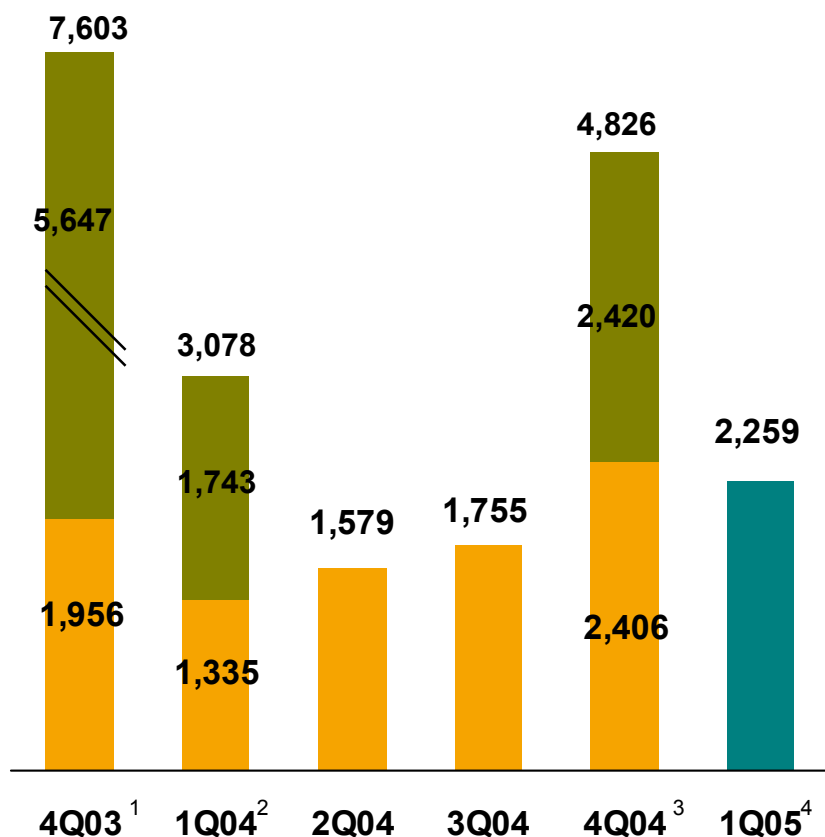
1. 1Q05's numbers are preliminary.

Y-o-Y fee income growth  
%, NT\$ million

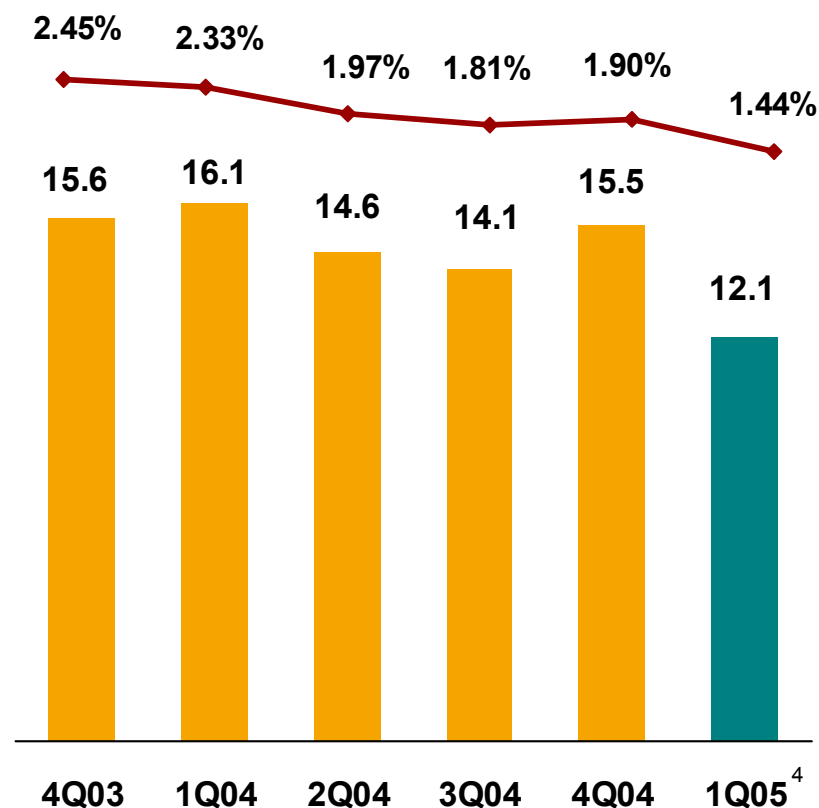


# CTCB's asset quality further enhanced with broad base NPL cut down to 1.44%

Provisioning expenses  
NT\$ million



Broad Base NPL ratios<sup>5</sup> & Broad Base NPL  
%, NT\$ billion



Note: All these numbers are for CTCB on a consolidated basis.

1. For 4Q03, total provision charge is NT\$7,603 mm including GCB or NT\$1,956 mm excluding GCB.

2. For 1Q04, total provision is NT\$3,078 mm, of which NT\$1,743mm related to GCB's portfolio.

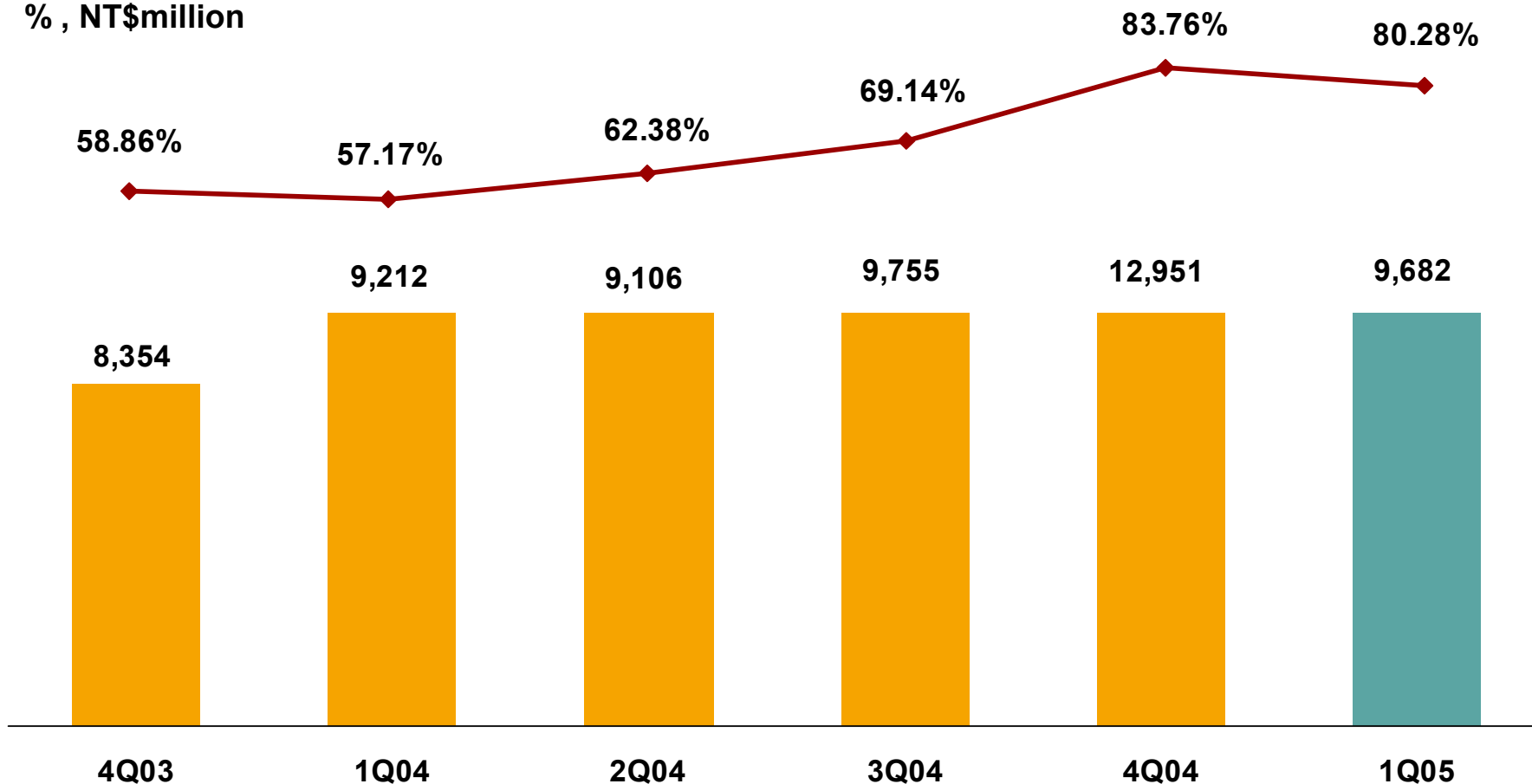
3. For 4Q04, total provision is NT\$4,826mm, of which NT\$2,420 is an one-off additional provisioning mainly relating to FCC's portfolio.

4. 1Q05's numbers are preliminary.

5. NPL ratios are calculated by using broad base NPL (i.e., including loans under surveillance).

# CTCB's broad base loan loss coverage remained as industry-high level at above 80%

Broad Base LLR<sup>1</sup> ratios & LLR<sup>2</sup> %, NT\$million



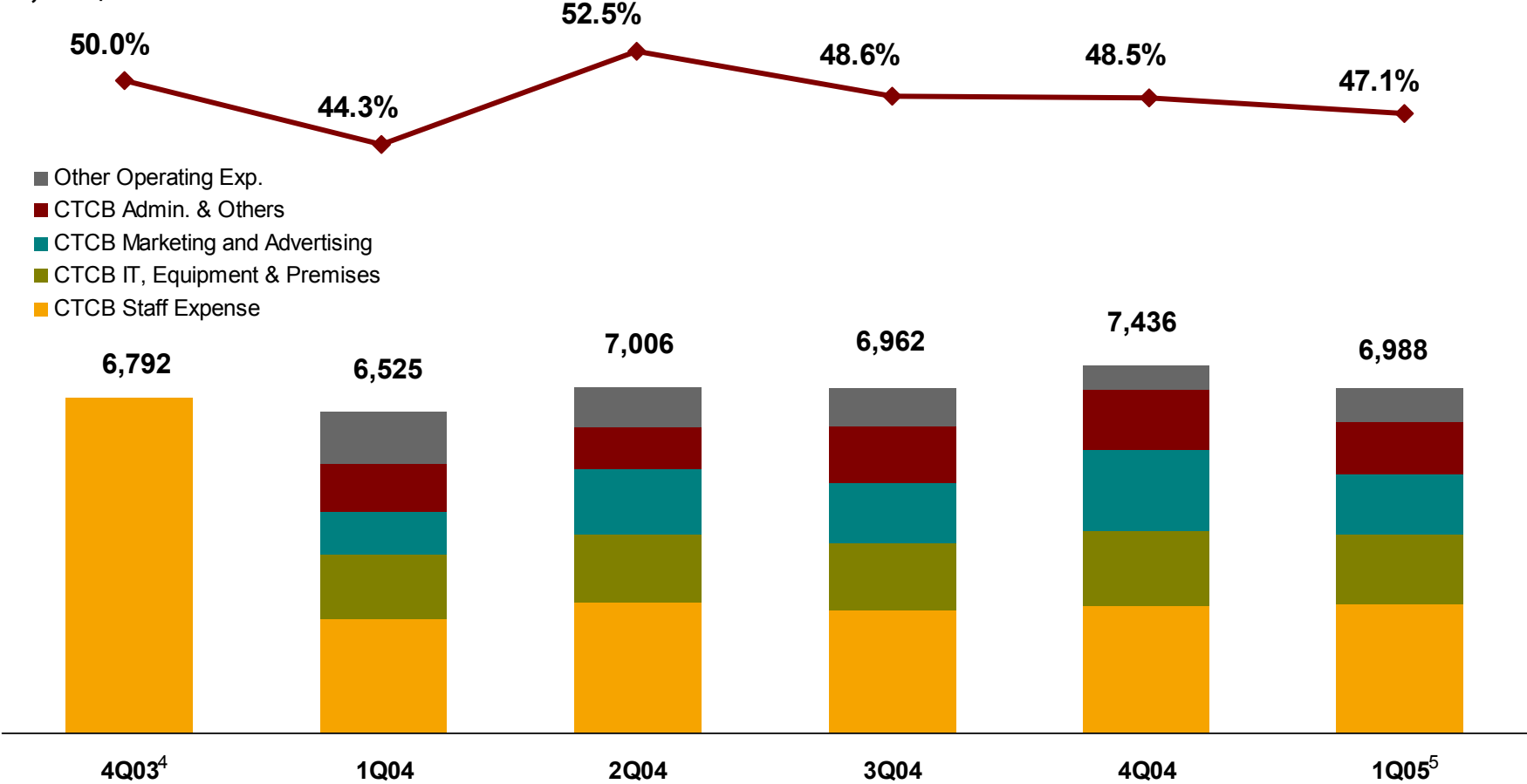
Note: All these numbers are for CTCB on a consolidated basis. 1Q05's numbers are preliminary.

1. These loan loss reserves (LLR) include reserves for guarantee loss of CTCB.

2. LLR ratios are calculated by using broad base NPL. When deriving CTCB's LLR ratio, reserves for guarantee loss are included in the calculation.

# Lower cost-to-income ratio was observed in 1Q05

Efficiency ratios<sup>1,2</sup> & Operating expenses<sup>3</sup>  
%, NT\$ million



1. Efficiency ratios are derived by dividing Total Non-interest Expenses (excluding goodwill amortization) by Pre-provision Operating Revenue.  
 2. Efficiency ratios are derived using quarterly numbers of CFHC. Annually cost-to-income ratio is 48.1% for 2004.  
 3. Operating expense breakdown is only for CTCB on a non-consolidated basis. Operating expense of CTCB's overseas subsidiaries and CFHC's non-banking subsidiaries is shown in an aggregate number.  
 4. 4Q03's efficiency ratio was derived excluding the impact of GCB.  
 5. 1Q05's numbers are preliminary.

# Outline

➤ **1Q05 Financial performance review**

➤ **Earnings distribution for year 2004**

➤ **Capital issuance in March 2005**

# Earnings distribution for year 2004

In NT Dollars

<b>Dividend per share</b>	<b>Distribution of earnings of year 2004</b>
<b>Cash</b>	<b>\$1.0</b>
<b>Stock</b>	<b>\$2.0</b>
<b>Total</b>	<b>\$3.0</b>

Note: The Board of Director of CFHC has announced the earnings distribution of year 2004 on April 28, 2005. As for the stock dividend of NT\$2.0, NT\$0.8 will be distributed from capitalization of retained earnings and NT\$1.2 will be distributed from capital surplus. The dividend recommendation is subject to the approval of the shareholders during the Shareholders' meeting on June 10, 2005.



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# Recent Capital Issuance

## Summary of terms

<b>Issuer:</b>	<b>Chinatrust Commercial Bank Co., Ltd. Hong Kong Branch</b>
<b>Issue Rating:</b>	<b>Baa1/A- (Moody's/Fitch)</b>
<b>Amount:</b>	<b>US\$500 million</b>
<b>Tenor:</b>	<b>Perpetual</b>
<b>Call Date:</b>	<b>March 17, 2015</b>
<b>Coupon Step-up:</b>	<b>Step-up to US\$6m Libor + 186bps after March 17, 2015</b>
<b>Yield to investors:</b>	<b>5.743%</b>
<b>Spread over UST:</b>	<b>10yr UST + 128bps</b>
<b>Swap rate</b>	<b>US\$3m Libor + 72.5bps</b>
<b>Listing:</b>	<b>Singapore</b>

# Purposes of the transaction

**Strengthen international fund-raising capability**

**Provide long-term FX fund for business development**

**Improve CTCB WACC**

**Improve CTCB CAR<sup>1</sup> from 10.1% to 11.1%**

1, CAR of 10.1% and 11.1% are for CTCB on a consolidated basis as of Dec. 31, 2004 and Mar. 31, 2005, respectively.

# Thank You



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