



Financial Review of 2017 Q4

2018.3.29



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Summary

- **Operations Review of 2017 Q4**
- **Financial Performance of 2017 Q4**
- **Prospects**







Operations Review of 2017 Q4



Operations Review of 2017 Q4



- Affected by Ching Fu Shipbuilding Co., Ltd.



- Long-term credit rating AA-(tw), Short-term credit rating F1+(tw), Outlook stable.



- Top ten banks of "Trust Services for Elderly and Disabled Persons".



- Win the best service innovation award of electronic payment and 11th golden quality award.



- Loan of New Caoya land sale project.



Financial Performance of 2017 Q4

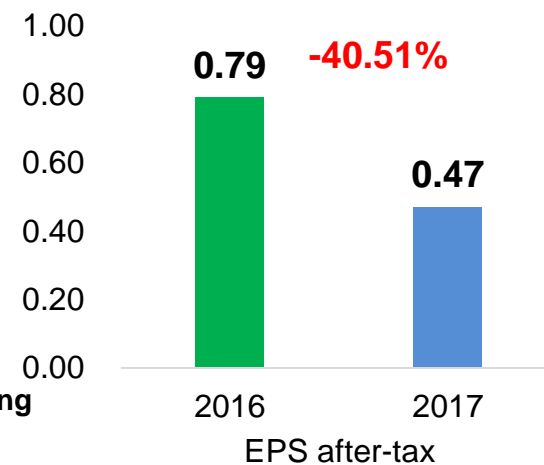
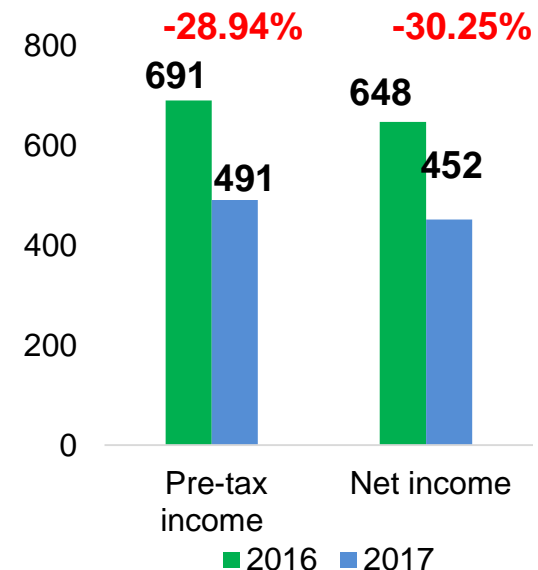
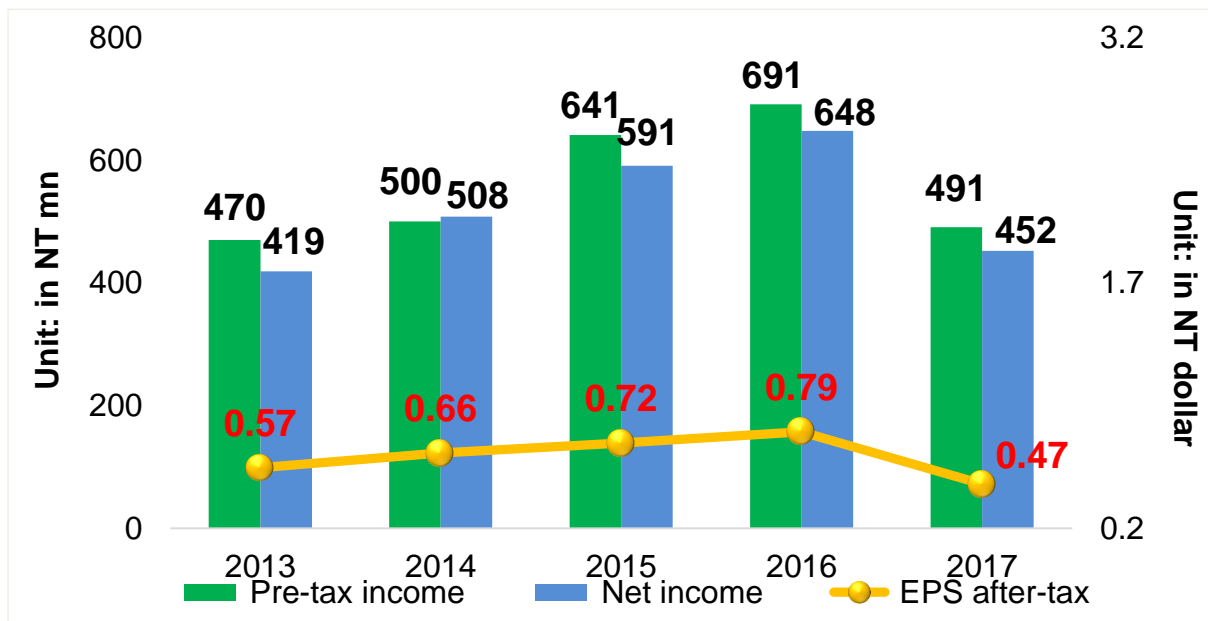


Operating Result

	2013	2014	2015	2016	2017
Pre-tax income(in NT mn)	470	500	641	691	491
Net income(in NT mn)	419	508	591	648	452
EPS after-tax (in NT\$ dollar)	0.57	0.66	0.72	0.79	0.47
ROA(%) (After-tax)	0.18	0.20	0.22	0.25	0.17
ROE(%) (After-tax)	3.94	4.61	5.09	5.32	3.39
	2013.12.31	2014.12.31	2015.12.31	2016.12.31	2017.12.31
Assets(in NT 100mn)	2,345	2,691	2,631	2,563	2,634



Profit Trend

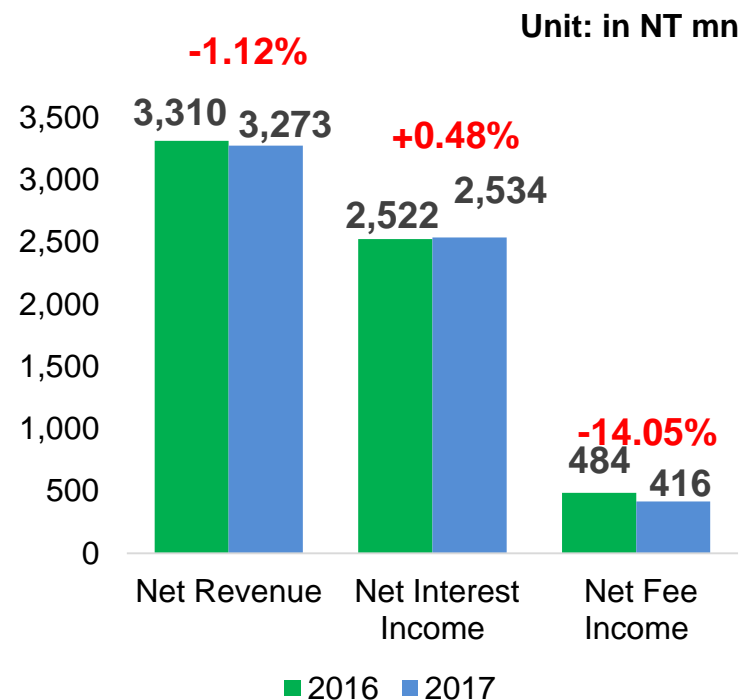
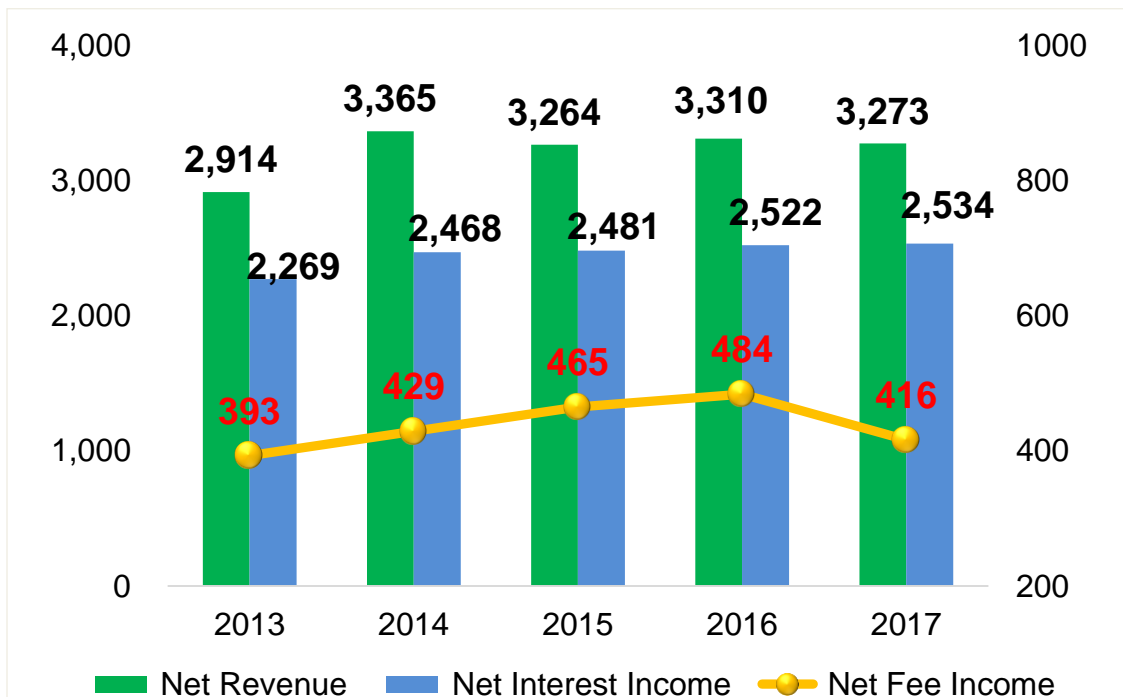


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Note: Increased allowance for uncollectible accounts to deal with bad debts of Ching Fu Shipbuilding Co., Ltd. and improve financial structure resulted in reduction of Net income and EPS in 2017.



Net Revenue Breakdown

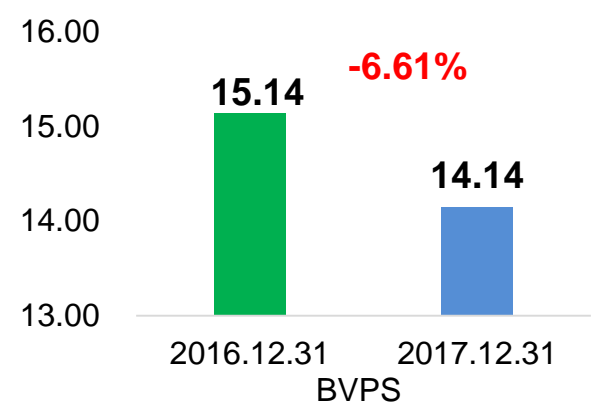
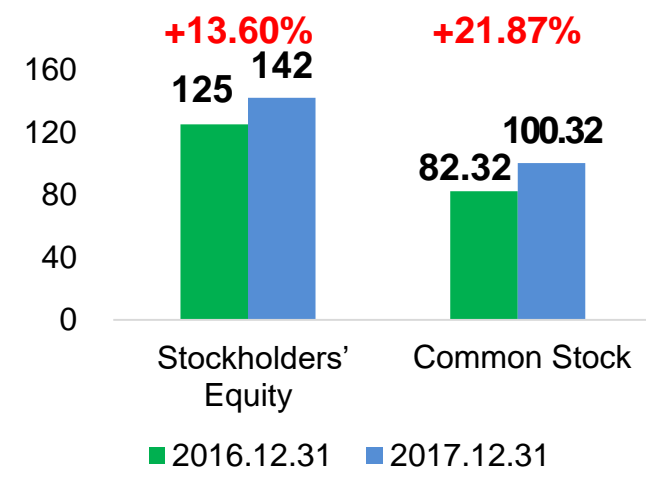
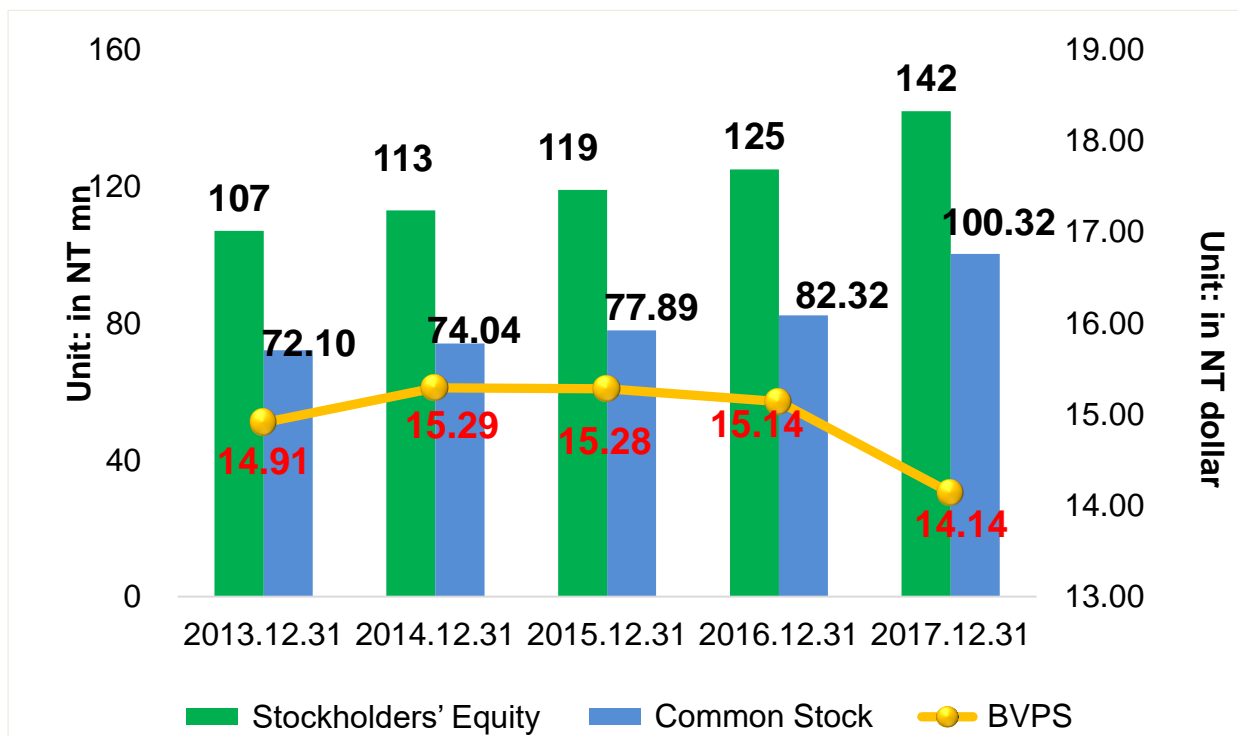


	2013	2014	2015	2016	2017
Net Revenue	2,914	3,365	3,264	3,310	3,273
Net Interest Income	2,269	2,468	2,481	2,522	2,534
Net Fee Income	393	429	465	484	416

Note : Net fee income declined because the interest rate of policy reserve went down and life insurance company couldn't have loss from spread of cost resulted in commission dropping sharply.



Stockholders' Equity



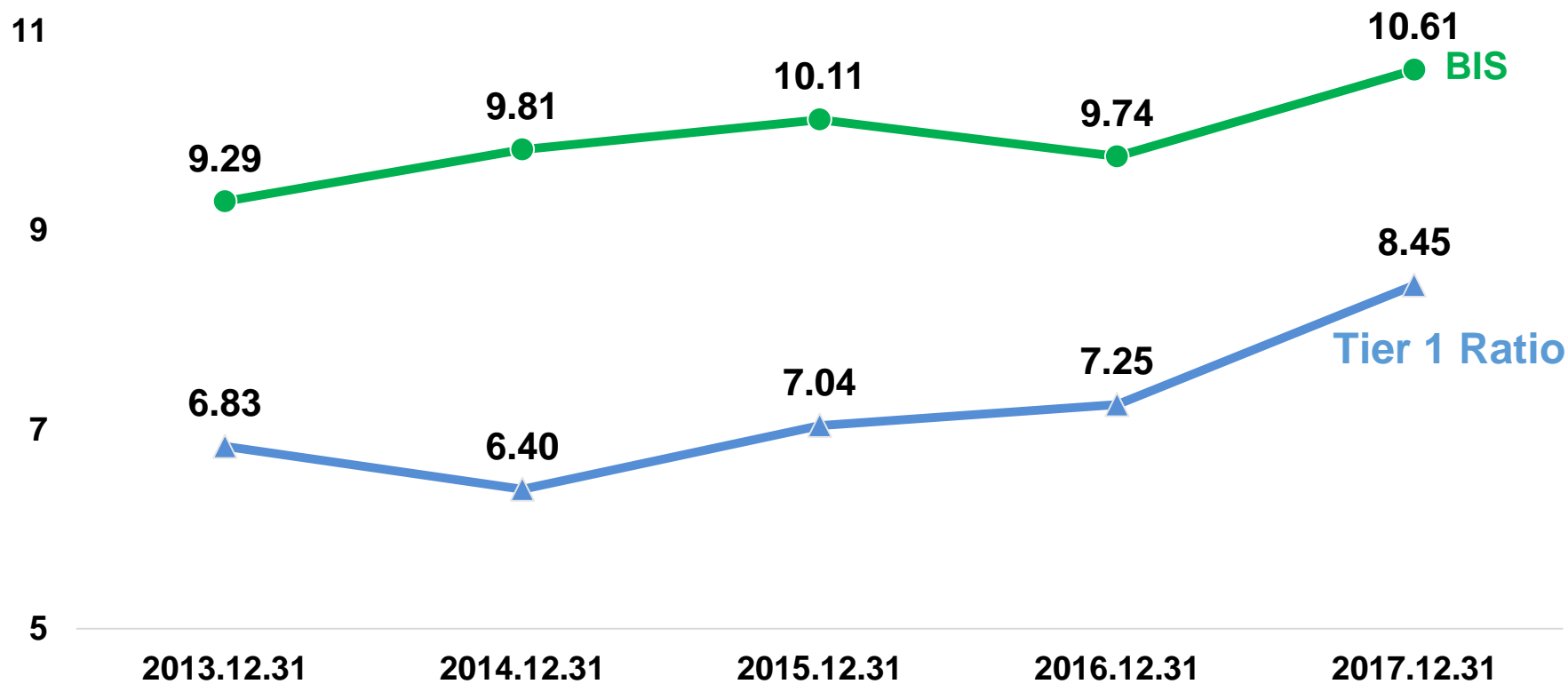
	2013.12.31	2014.12.31	2015.12.31	2016.12.31	2017.12.31
Stockholders' Equity	107	113	119	125	142
Common Stock	72.10	74.04	77.89	82.32	100.32
BVPS (in NT\$ dollar)	14.91	15.29	15.28	15.14	14.14

Note: Capital increased 1.8 billion by cash and shares increased 180 million in March 2017 resulted in reduction of book value per share on December 31, 2017.



Capital Adequacy Ratio

Unit:% 13

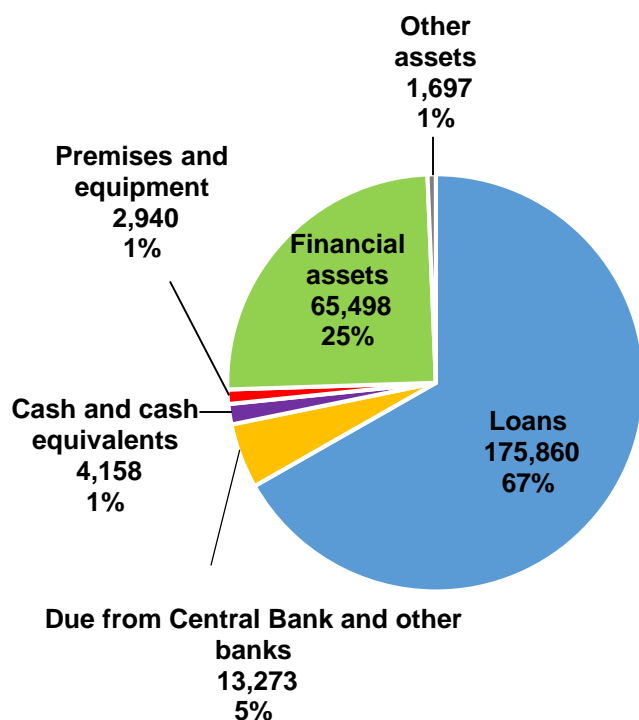




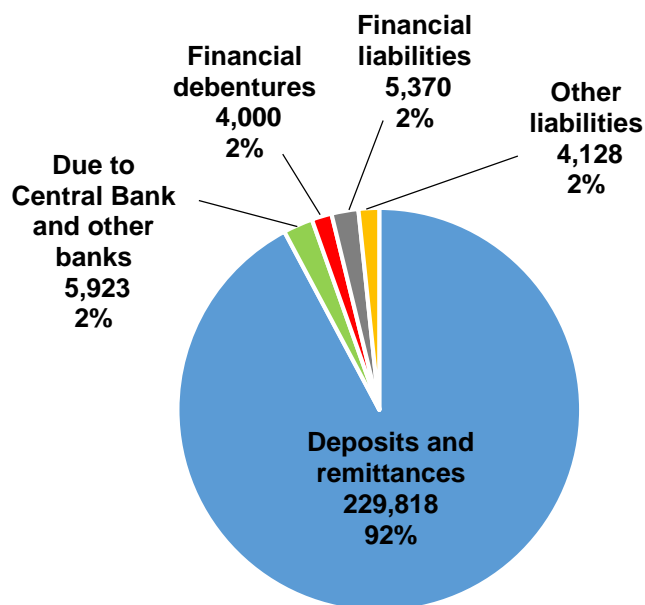
Assets、Liabilities and Stockholders' Equity

Unit: in NT mn

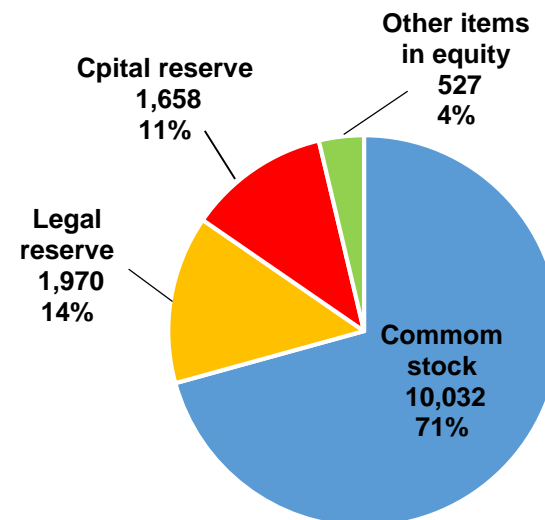
Assets



Liabilities



Stockholders' Equity

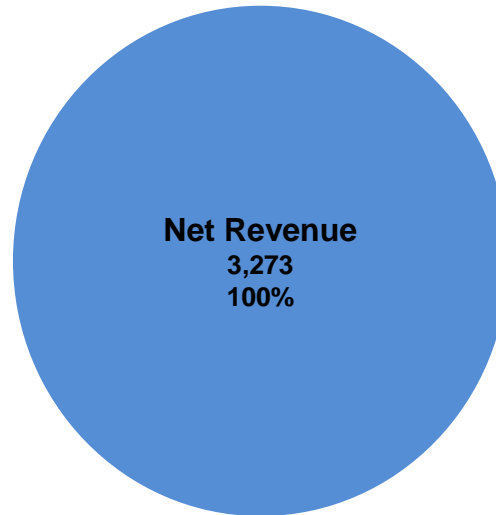
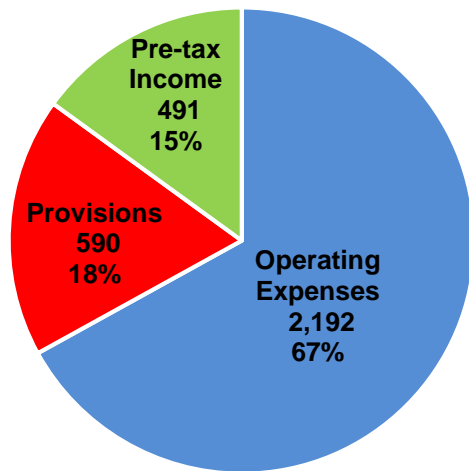




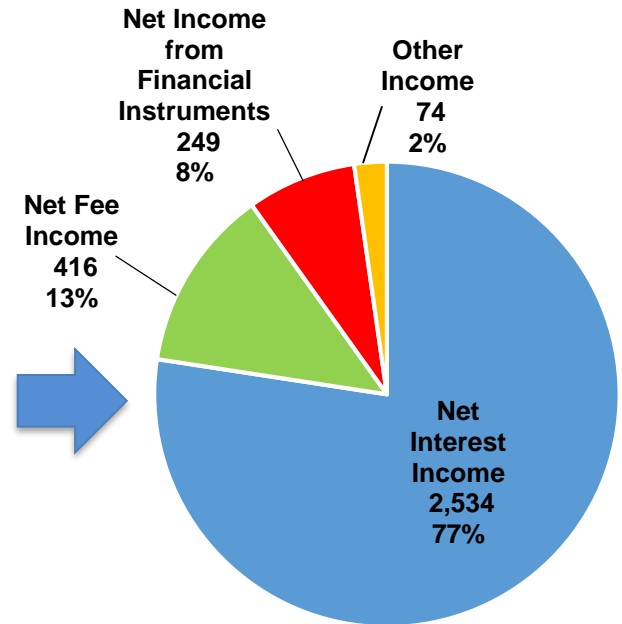
Net Revenue Breakdown

Unit: in NT mn

Net Income



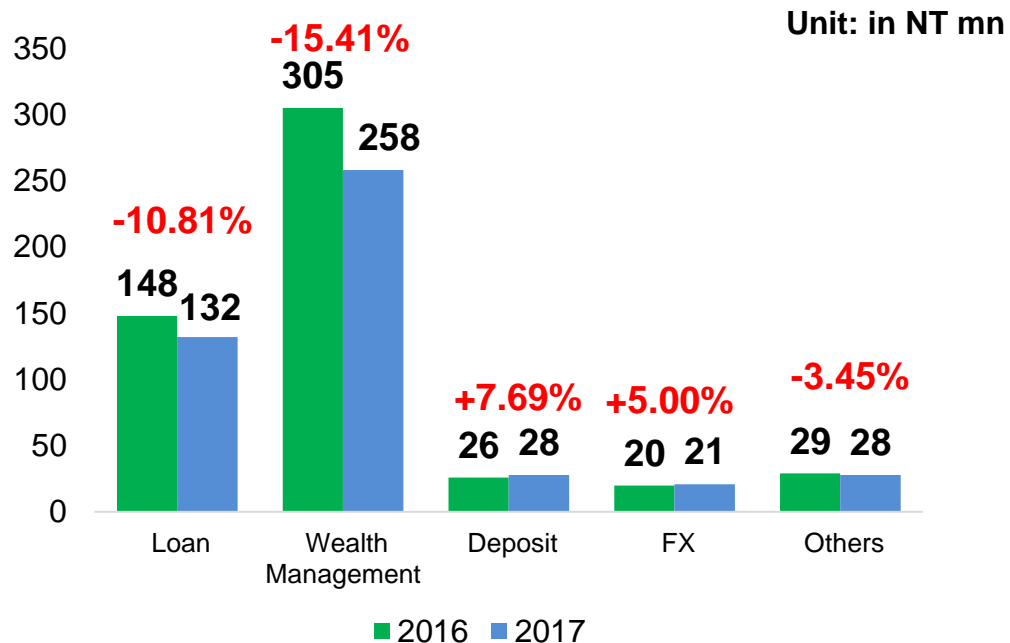
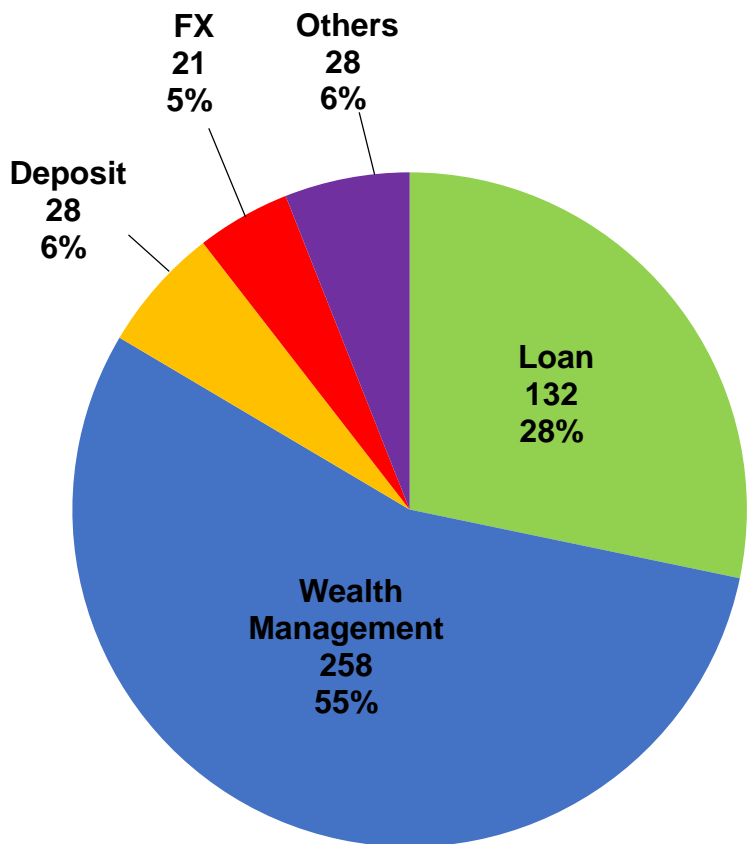
Net Revenue





Fee Income Breakdown

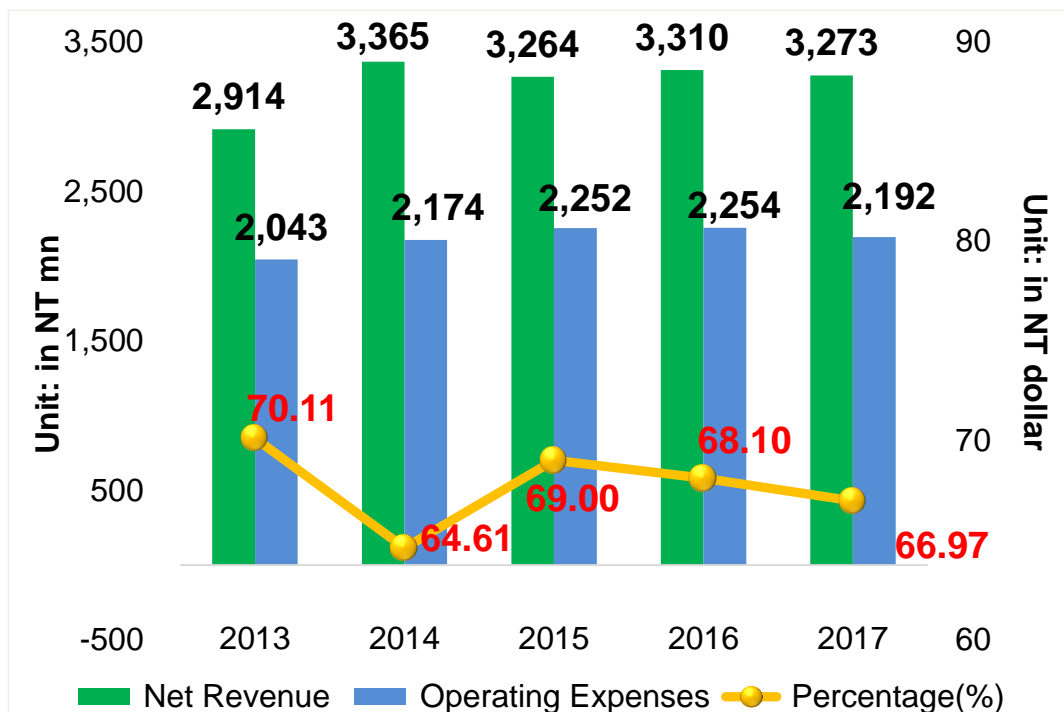
2017 Fee income



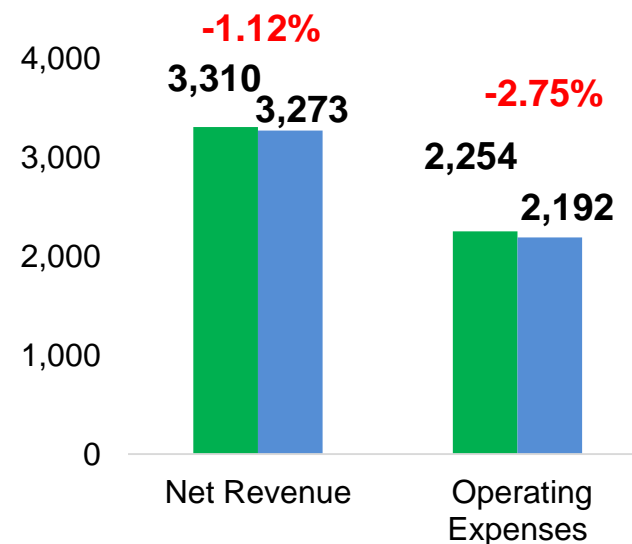
	2016	2017
Loan	148	132
Wealth Management	305	258
Deposit	26	28
FX	20	21
Others	29	28
Total	528	467



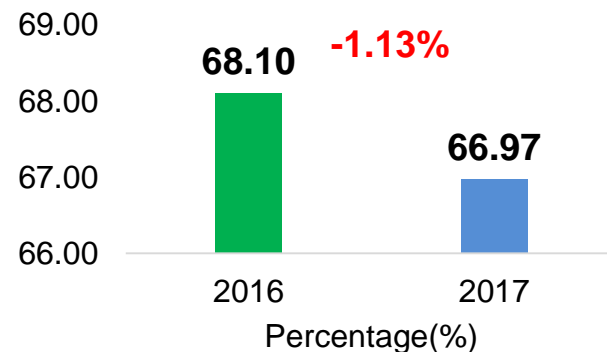
Operating Expenses



	2013	2014	2015	2016	2017
Net Revenue	2,914	3,365	3,264	3,310	3,273
Operating Expenses	2,043	2,174	2,252	2,254	2,192
Percentage(%)	70.11	64.61	69.00	68.10	66.97

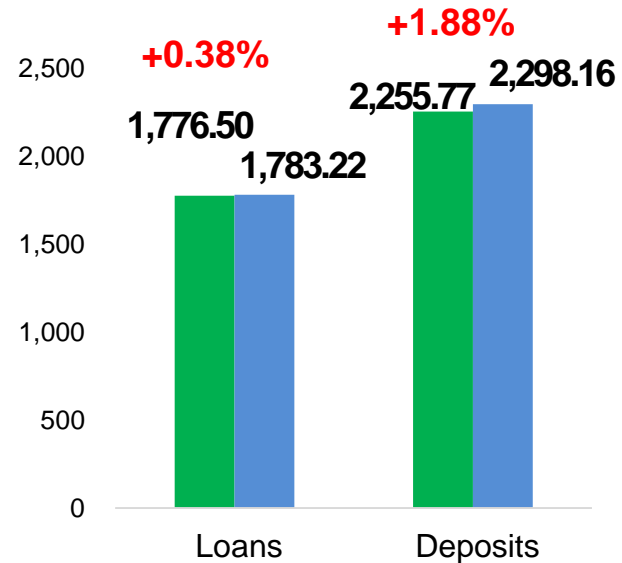
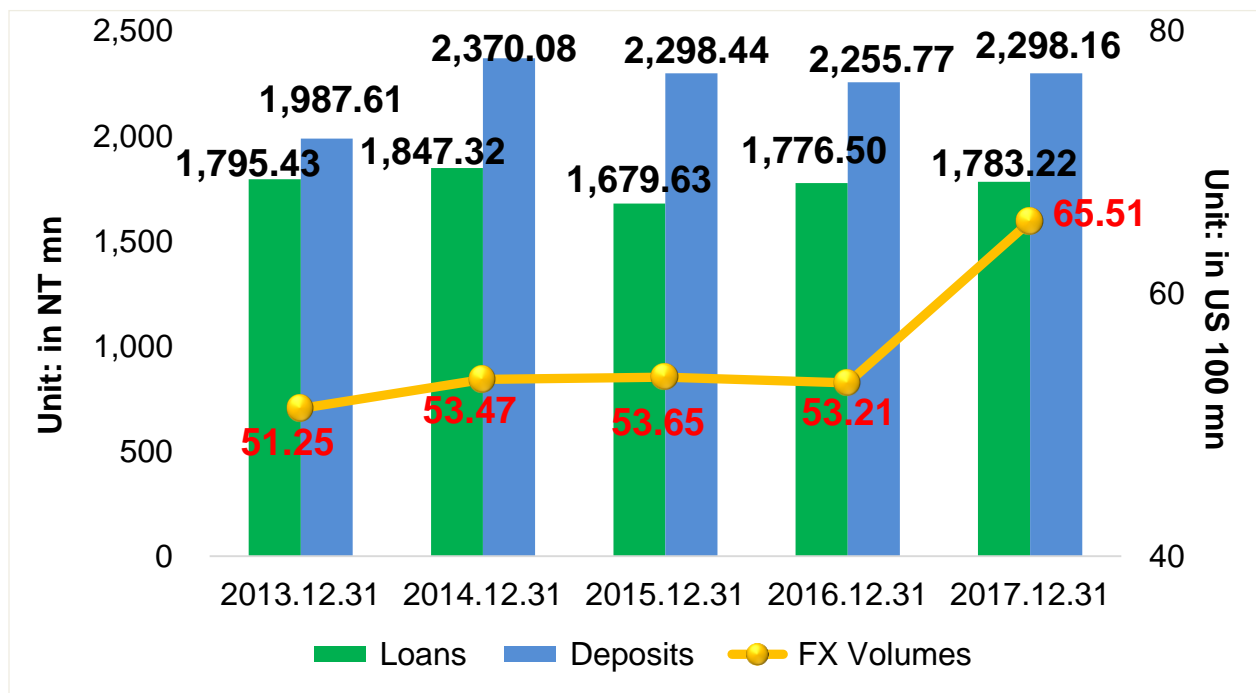


■ 2016 ■ 2017

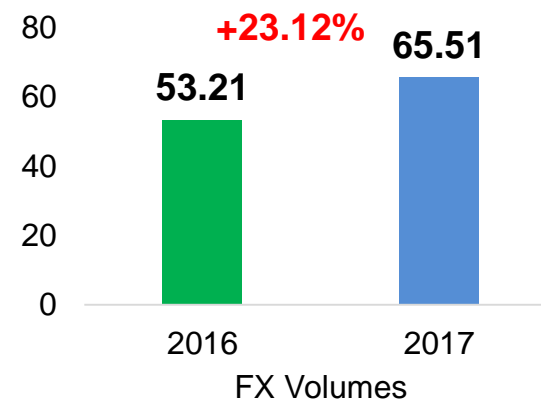




Loan 、 Deposit and FX Volumes



■ 2016.12.31 ■ 2017.12.31

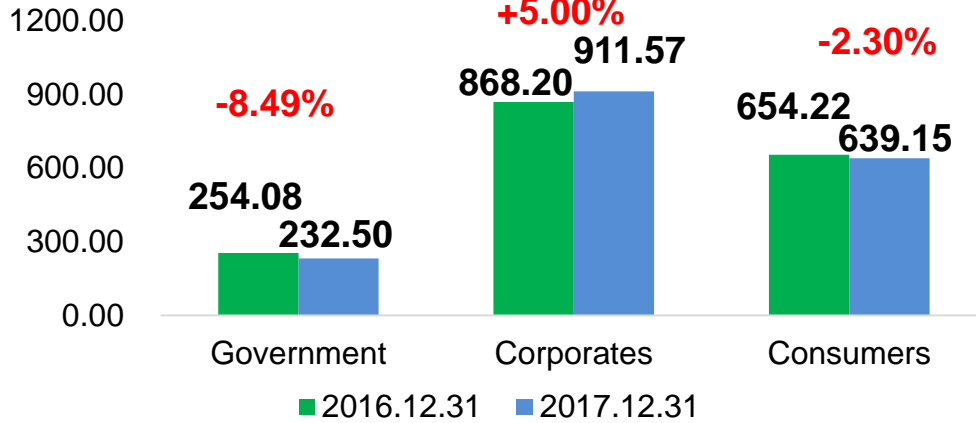


	2013.12.31	2014.12.31	2015.12.31	2016.12.31	2017.12.31
Loans	1,795.43	1,847.32	1,679.63	1,776.50	1,783.22
Deposits	1,987.61	2,370.08	2,298.44	2,255.77	2,298.16
FX Volumes	51.25	53.47	53.65	53.21	65.51

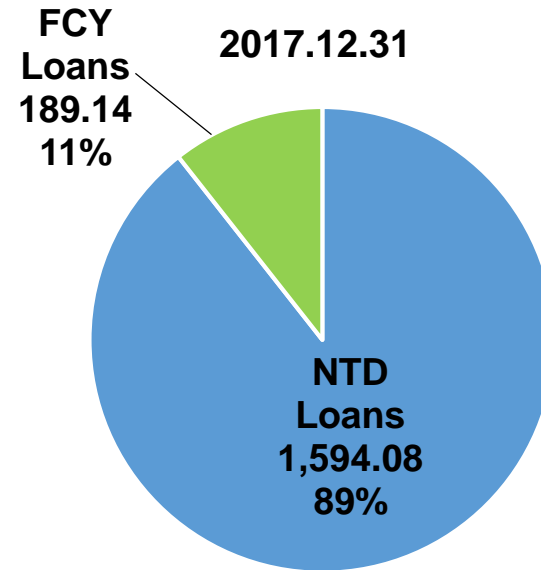
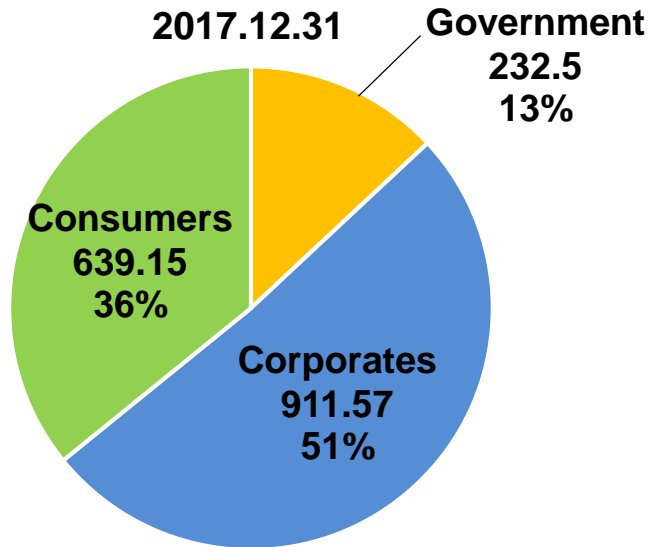
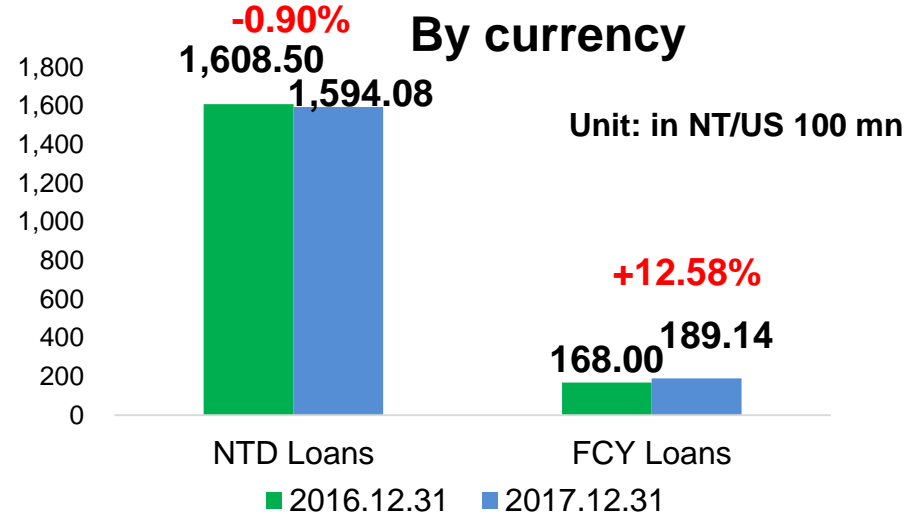


Loan Breakdown

By customer



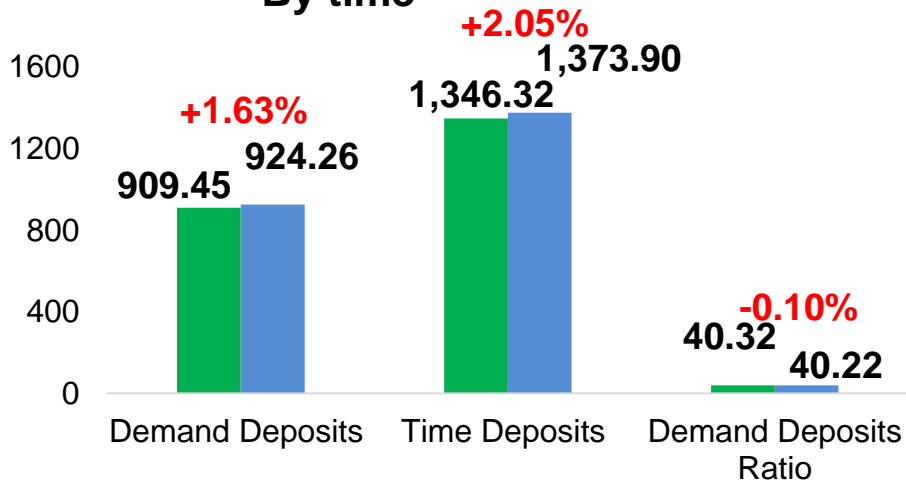
By currency





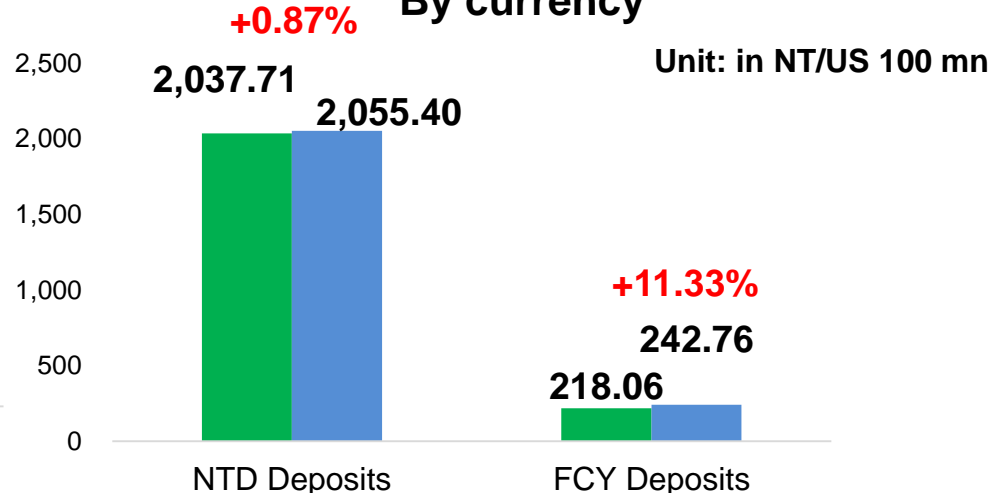
Deposit Breakdown

By time

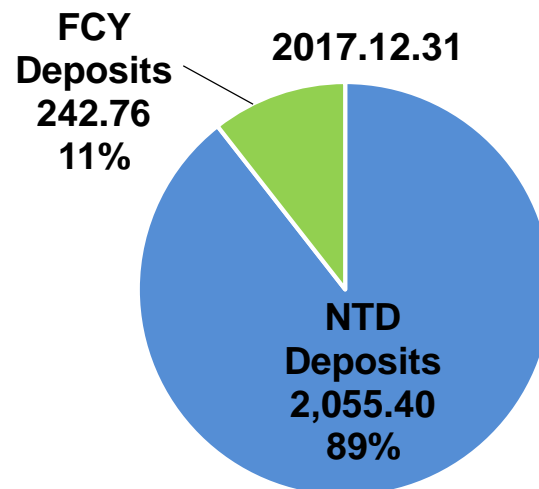
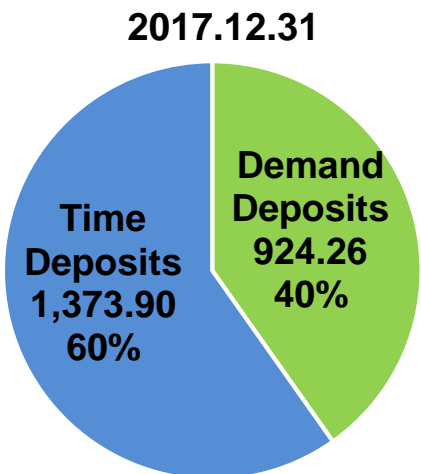


■ 2016.12.31 ■ 2017.12.31

By currency

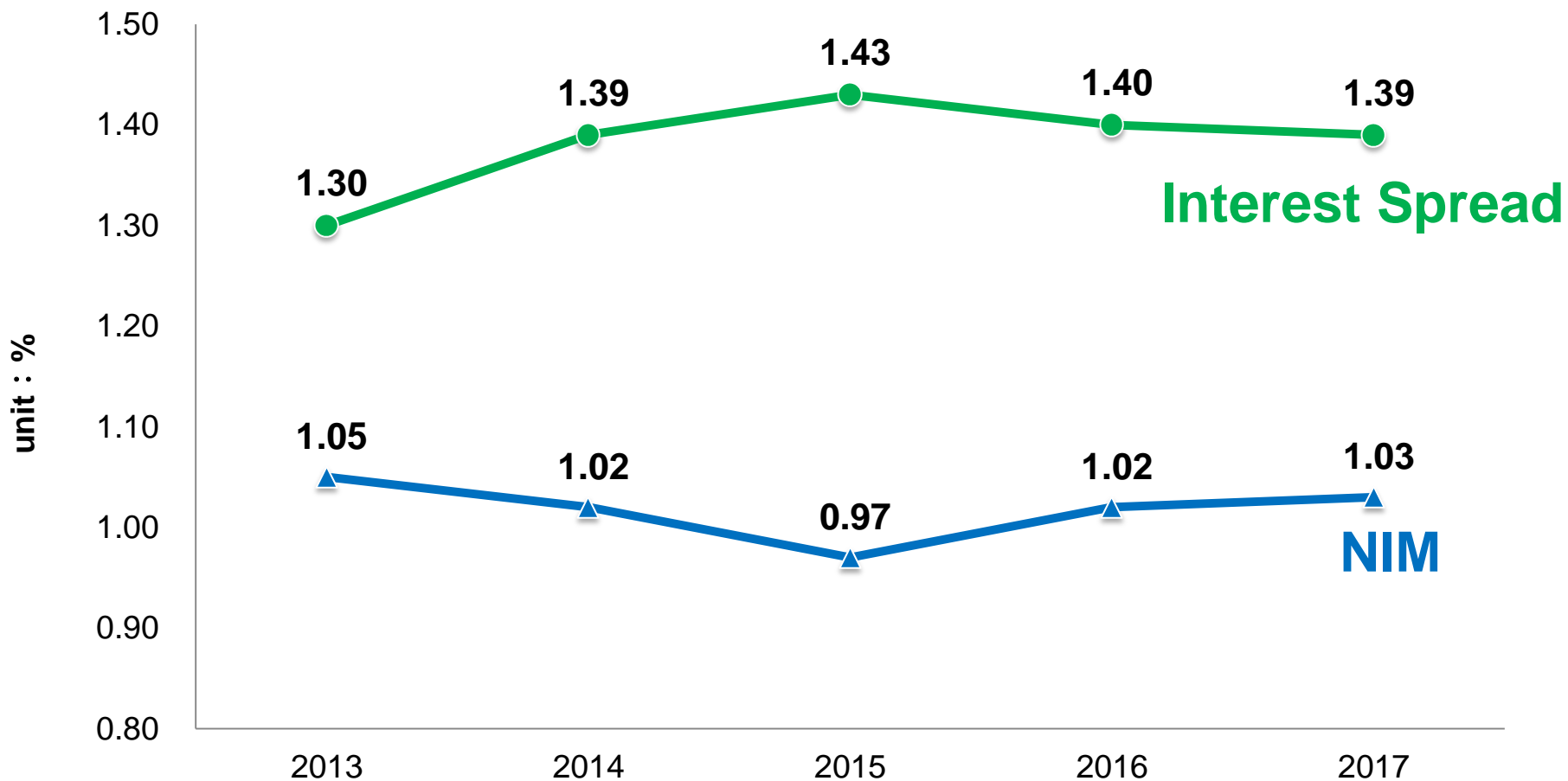


■ 2016.12.31 ■ 2017.12.31



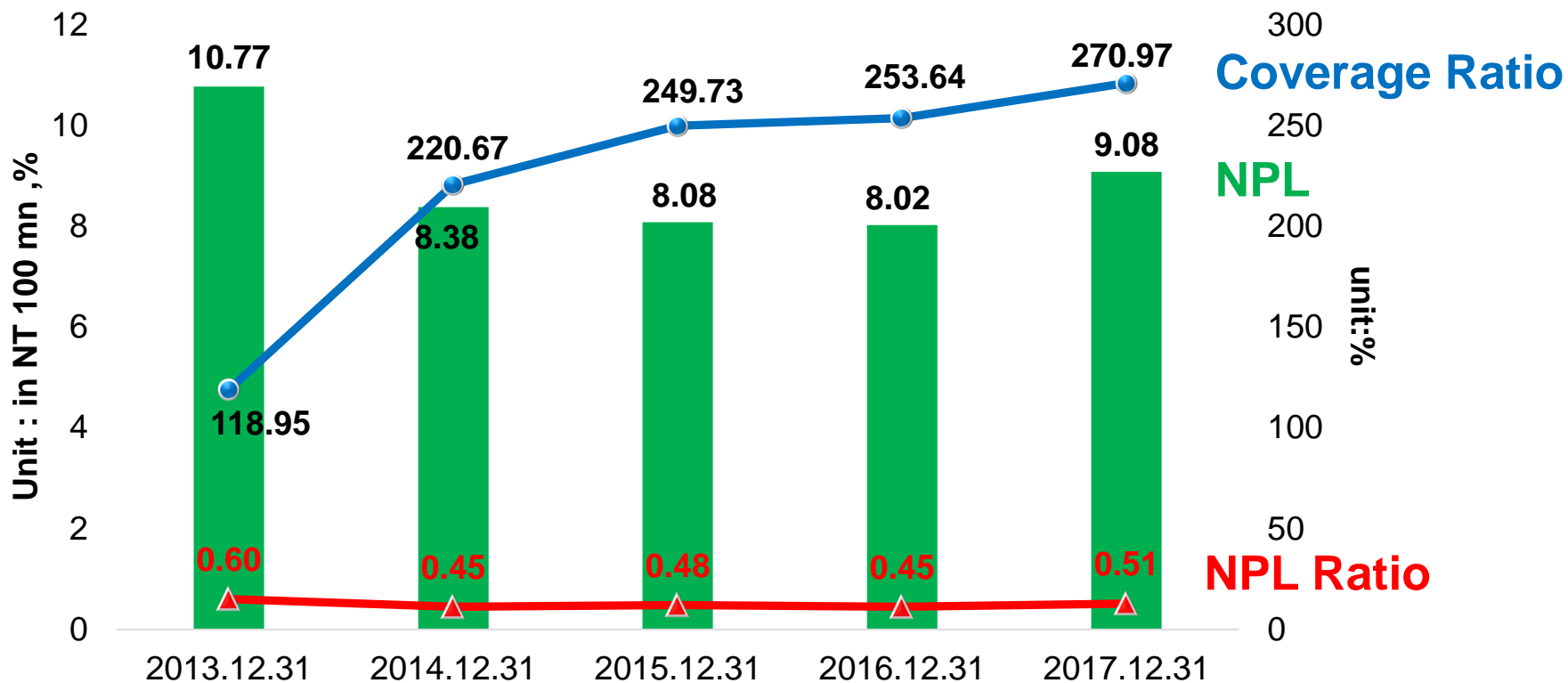


Interest Spread and NIM





Assets Quality



	2013.12.31	2014.12.31	2015.12.31	2016.12.31	2017.12.31
NPL(in NT 100mn)	10.77	8.38	8.08	8.02	9.08
NPL Ratio(%)	0.60	0.45	0.48	0.45	0.51
Coverage Ratio(%)	118.95	220.67	249.73	253.64	270.97



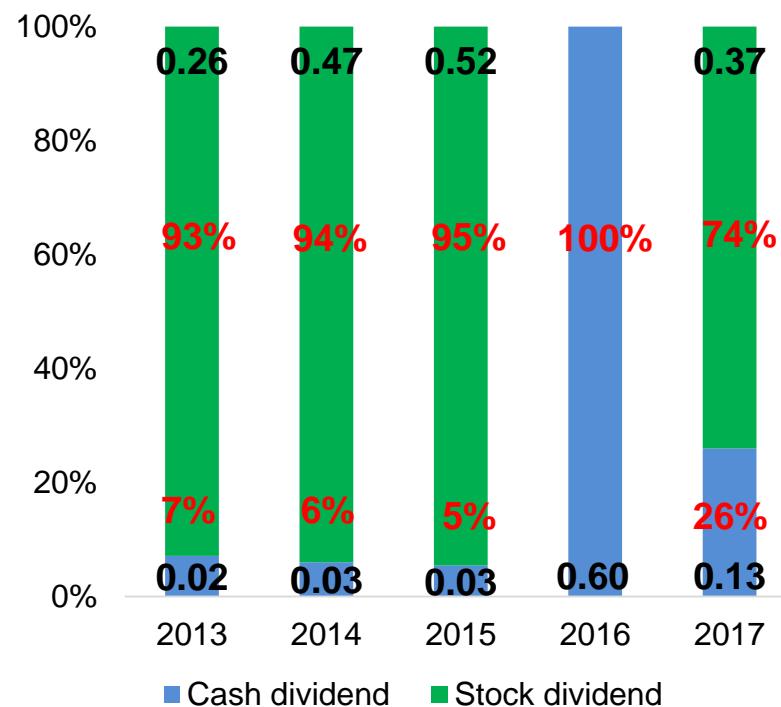
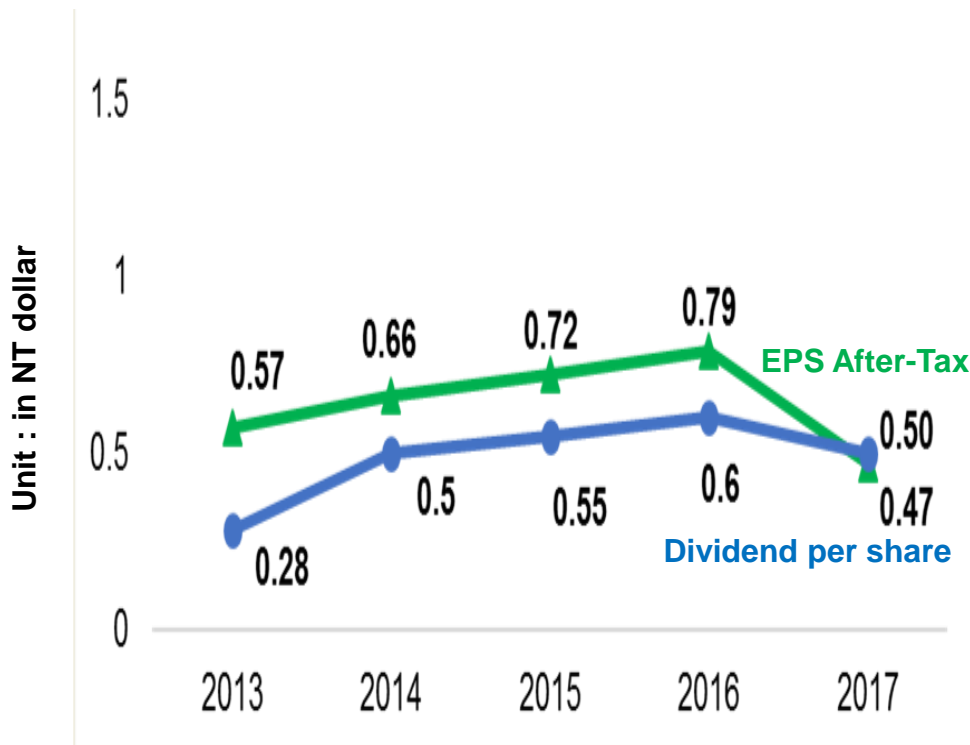
Credit Ratings

Taiwan Ratings	Long term	Short term	Outlook
2013	twBBB+	twA-2	Stable
2014	twBBB+	twA-2	Stable

Fitch	Long term	Short term	Outlook
2015	A+(twn)	F1+(twn)	Stable
2016	A+(twn)	F1+(twn)	Stable
2017	AA-(twn)	F1+(twn)	Stable
2018	AA-(twn)	F1+(twn)	Stable



After-tax EPS and Dividend Policy



	2013	2014	2015	2016	2017
EPS After-Tax	0.57	0.66	0.72	0.79	0.47
Dividend per share	0.28	0.50	0.55	0.60	0.50
Cash dividend	0.02	0.03	0.03	0.60	0.13
Stock dividend	0.26	0.47	0.52	0.00	0.37



Prospects



Prospects



- The effect of Ching Fu Shipbuilding Co., Ltd is over, credit rating is not changed and bank is on the right track.




- Support small and medium-sized enterprises, creative industry and green industry.



- Increase demand deposits ,foreign currency deposit and promote business of OBU.



- Diversify sources of income.



- Enhance legal compliance ,anti-money laundry and counter-terrorist financing.



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Thanks for Listening