



Financial Review of 2018 Q3

2018.11.14



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Summary

- **Operations Review of 2018 Q3**
- **Financial Performance of 2018 Q3**
- **Prospects**





Operations Review of 2018 Q3



Operations Review of 2018 Q3

(in NT 100mn)

Items	2018.1~9	2017.1~9	Increase amount
Net income before tax and provisions	9.57	7.37	2.20
Provisions	6.35	1.37	4.98
Net income before tax	3.22	6.00	(2.78)
Income tax	0.44	(0.69)	(1.13)
Net income	3.66	5.31	(1.65)
EPS after-tax (in NT dollar)	0.35	0.54	(0.19)

Note: Affected by the NPL of Ching Fu Shipbuilding Co., Ltd and strengthening financial structure, Net income and EPS after-tax of 2018Q1-Q3 decline due to increasing provisions.

Items	2018.1~9	2017.1~9	Increase amount
Average Deposits	2,324.94	2,187.62	137.32
Average Loans	1,762.46	1,701.14	61.32
FX volumes (in USD 100mn)	66.13	46.30	19.83



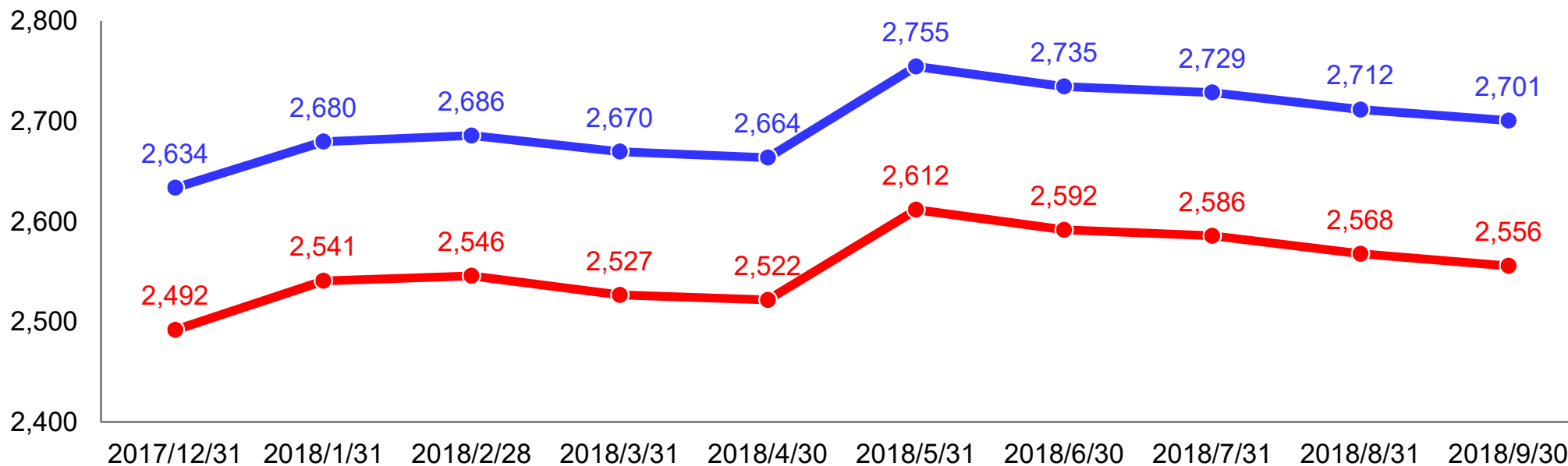
Financial Performance



Assets and Liabilities

● Assets ● Liabilities

(in NT 100mn)



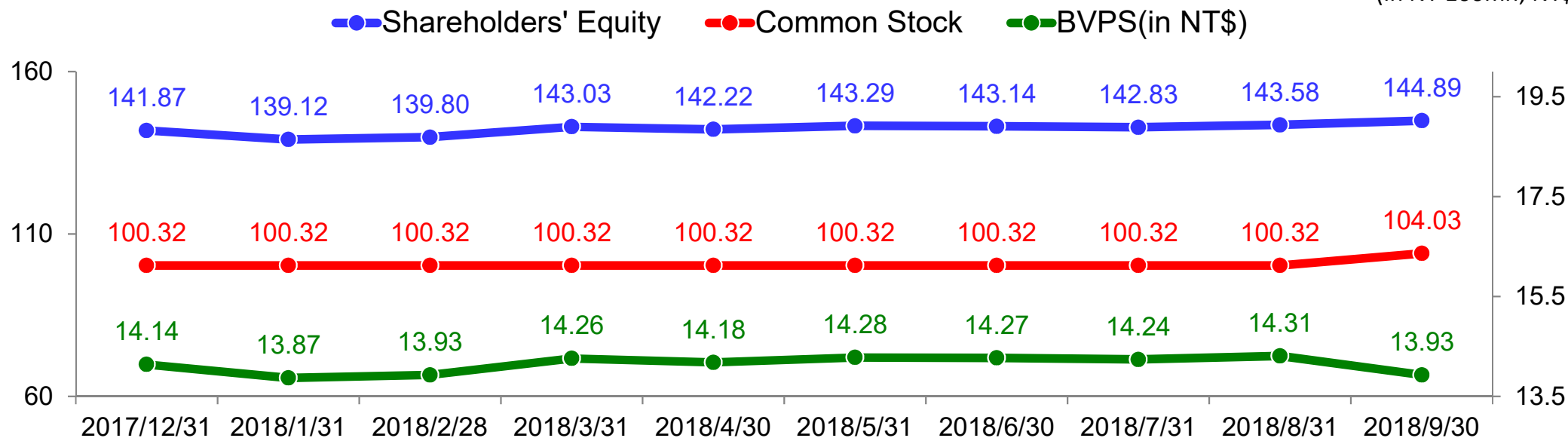
Month	2017/12/31	2018/1/31	2018/2/28	2018/3/31	2018/4/30	2018/5/31	2018/6/30	2018/7/31	2018/8/31	2018/9/30	2018/9/30 to 2017/12/31 Growth Rate
Assets	2,634	2,680	2,686	2,670	2,664	2,755	2,735	2,729	2,712	2,701	2.54%
Liabilities	2,492	2,541	2,546	2,527	2,522	2,612	2,592	2,586	2,568	2,556	2.57%

Note : The increase in total Liabilities of 2018/05/31 than 2018/04/30 was mainly due to NTD6.5 billion increase in deposits and NTD1.1billion increase in Bills and bonds sold under agreements to repurchase.



Shareholders' Equity

(in NT 100mn; NT\$)



Items \ Month	2017/12/31	2018/1/31	2018/2/28	2018/3/31	2018/4/30	2018/5/31	2018/6/30	2018/7/31	2018/8/31	2018/9/30	2018/9/30 to 2017/12/31 Growth Rate
	Shareholders' Equity	141.87	139.12	139.80	143.03	142.22	143.29	143.14	142.83	143.58	
Common Stock	100.32	100.32	100.32	100.32	100.32	100.32	100.32	100.32	100.32	104.03	3.70%
BVPS (in NT\$)	14.14	13.87	13.93	14.26	14.18	14.28	14.27	14.24	14.31	13.93	(1.49%)

Note: Retained earnings and capital surplus were transferred to capital by NTD 371million, capital and number of shares increase. Therefore, the BVPS of Sept 30 2018 is lower than that of Dec 31 2017.

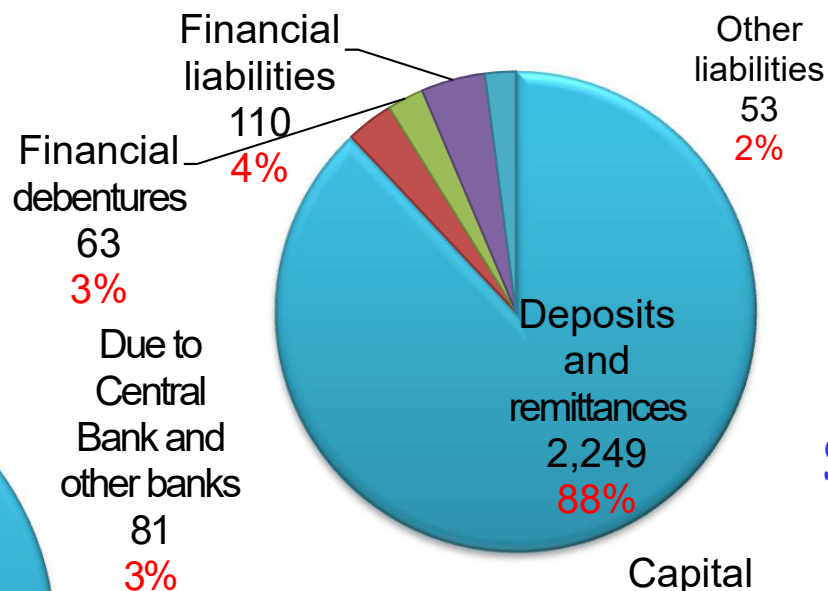
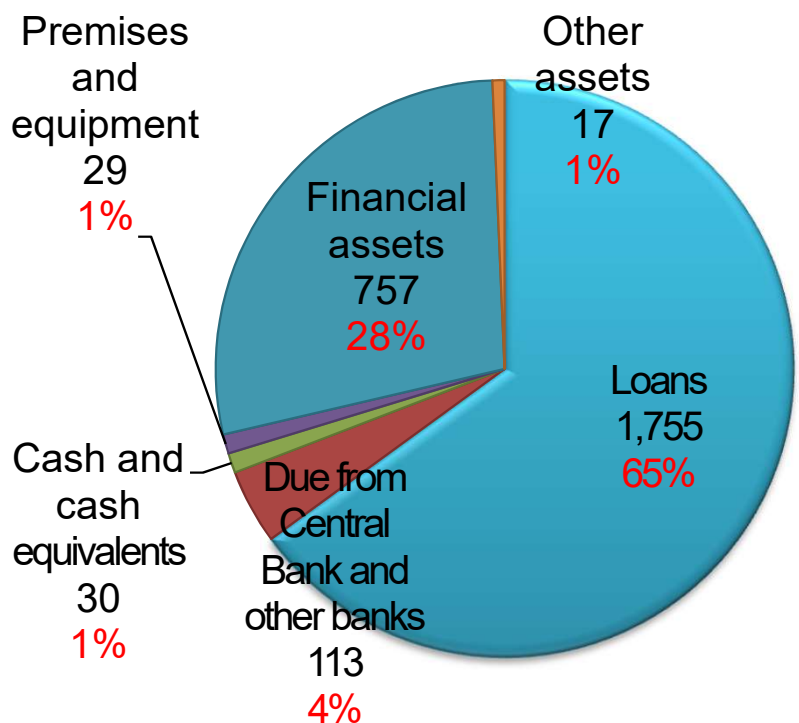


Assets、Liabilities and Shareholders' Equity Breakdown(2018.9.30)

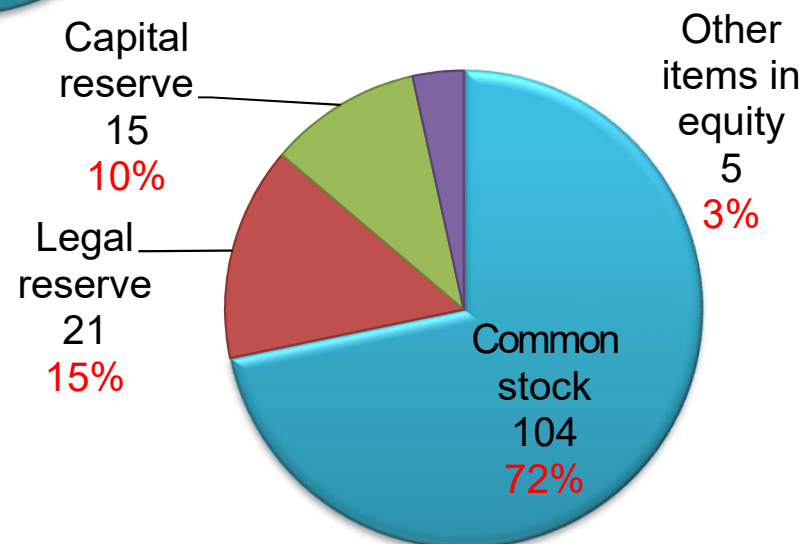
Liabilities

(in NT 100mn)

Assets

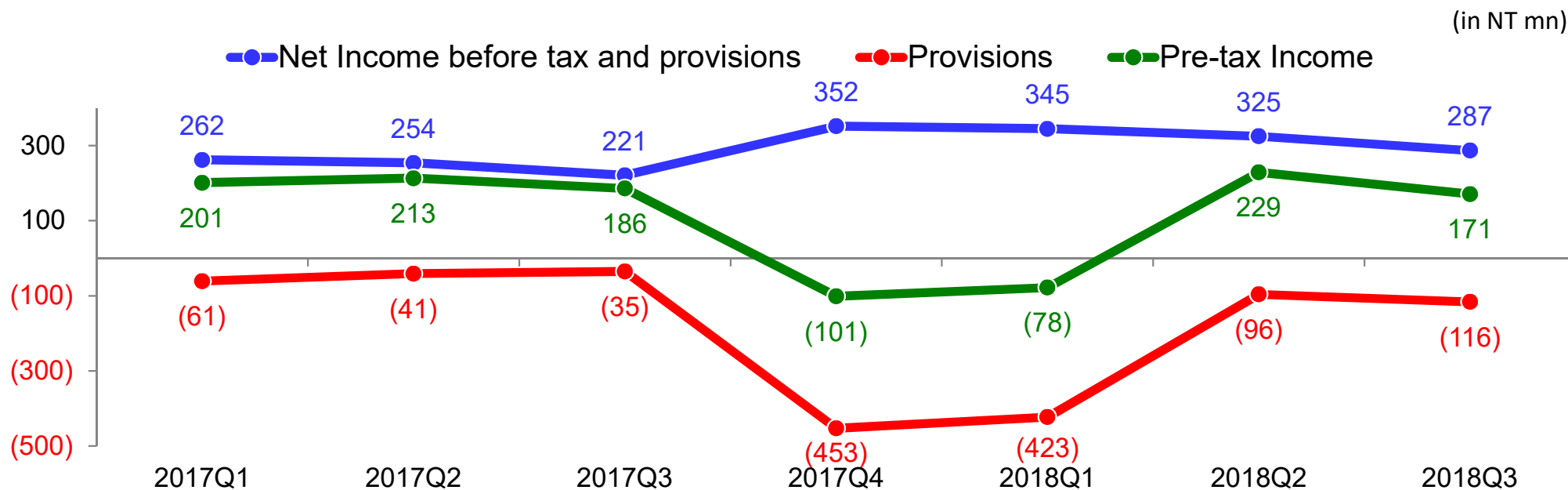


Shareholders' Equity





Income Growth



Items \ Month	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3
Net Income before tax and provisions	262	254	221	352	345	325	287
Provisions	(61)	(41)	(35)	(453)	(423)	(96)	(116)
Pre-tax Income	201	213	186	(101)	(78)	229	171

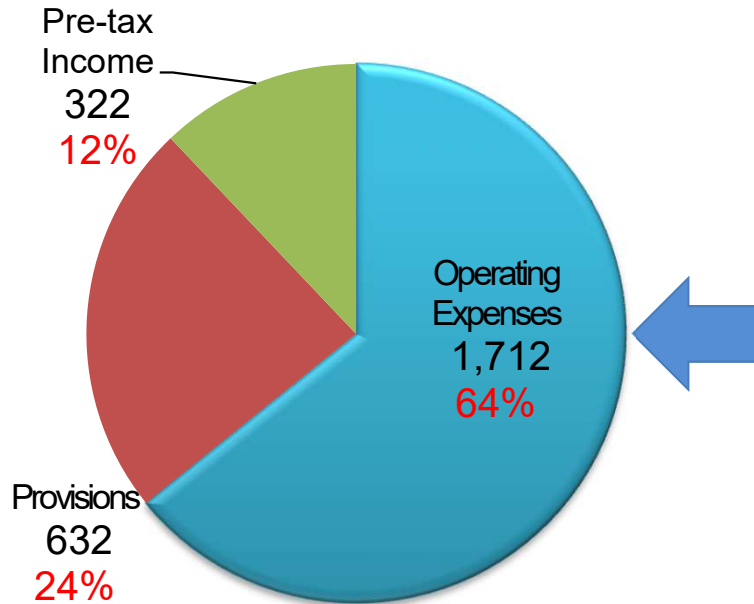
Note: The net loss of 2017Q4 and 2018Q1 was due to the increasing provisions for the NPL of Ching Fu Shipbuilding Co., Ltd and strengthening financial structure.



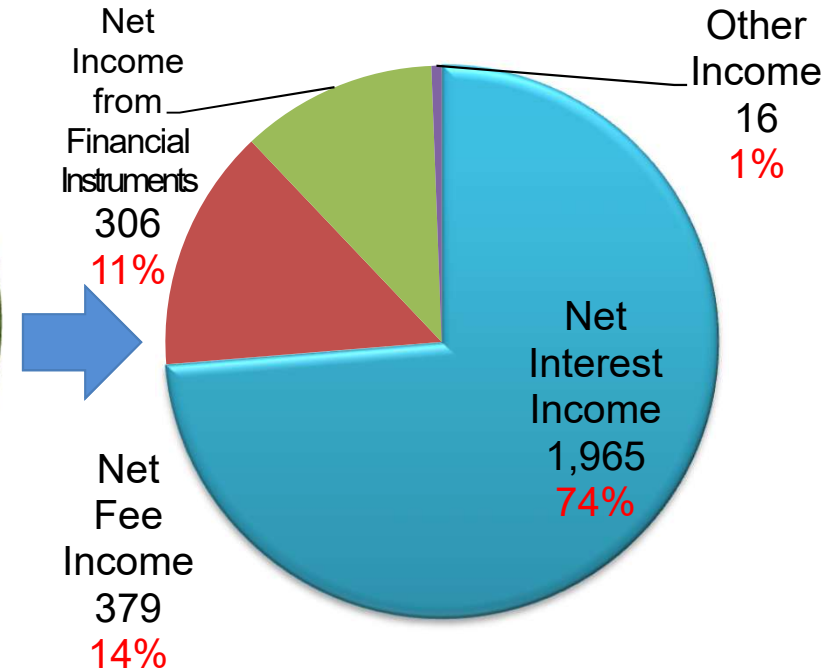
Net Revenue Breakdown (2018.1~9)

(in NT mn)

Net Income



Net Revenue

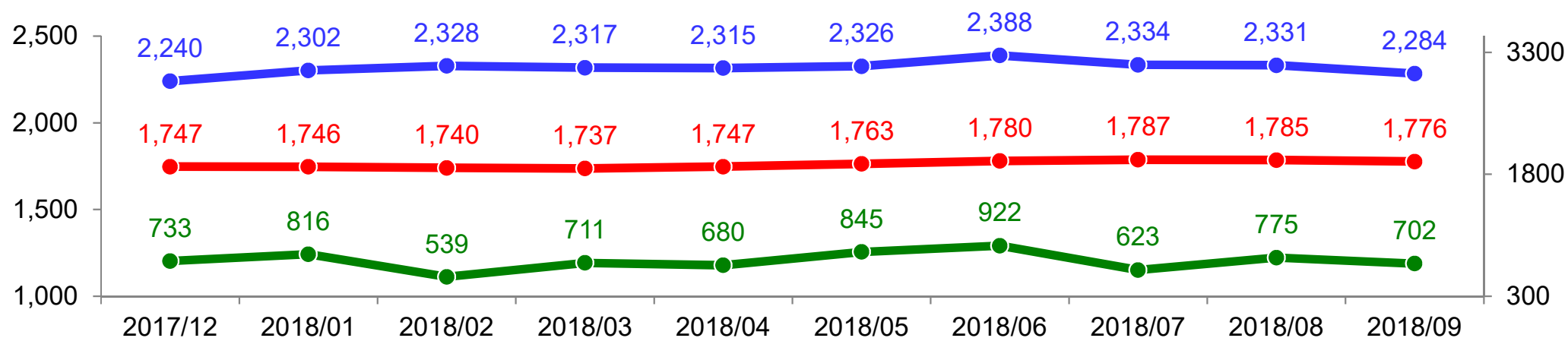




Deposits、Loans and FX Volumes

(in NT 100mn ; USD mn)

● Average Deposits ● Average Loans ● FX volumes...

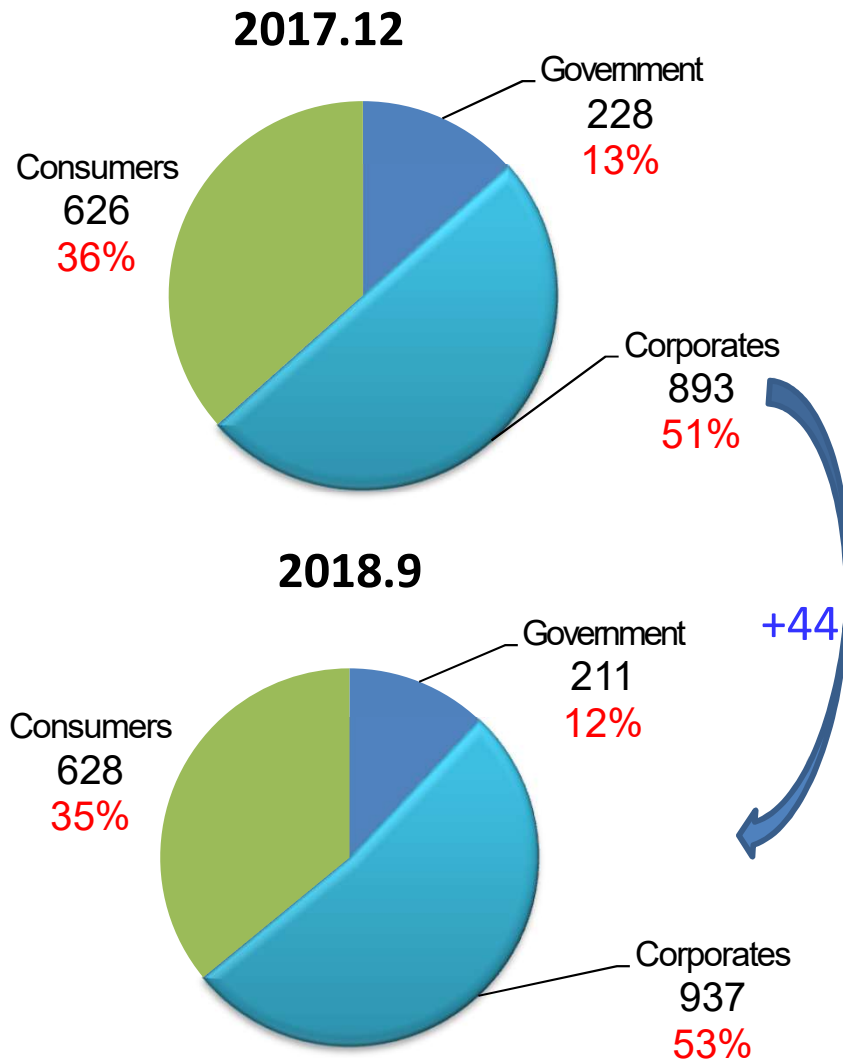


Month Items	2017/12	2018/01	2018/02	2018/03	2018/04	2018/05	2018/06	2018/07	2018/08	2018/09	2018/09 to 2017/12 Growth Rate
Average Deposits	2,240	2,302	2,328	2,317	2,315	2,326	2,388	2,334	2,331	2,284	1.96%
Average Loans	1,747	1,746	1,740	1,737	1,747	1,763	1,780	1,787	1,785	1,776	1.66%
FX volumes (in USD mn)	733	815	539	711	680	845	922	623	775	702	—



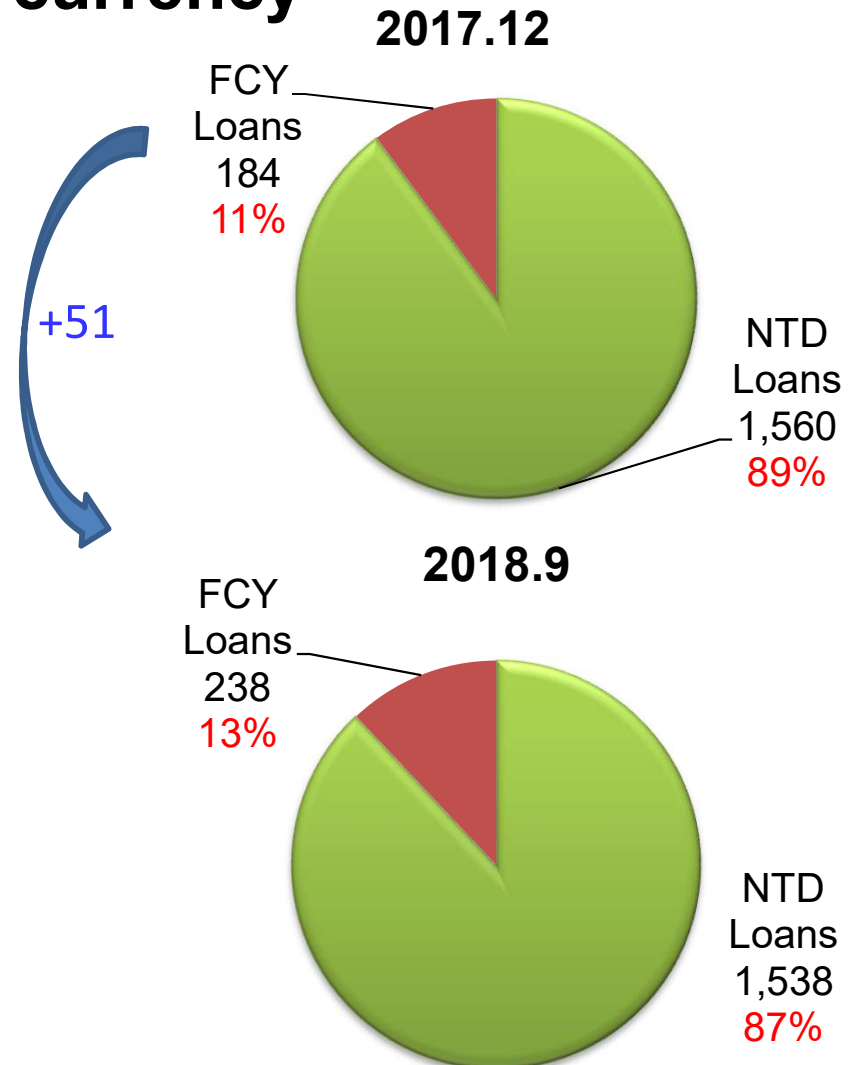
Loan Breakdown

By customer



By currency

(in NT 100mn)



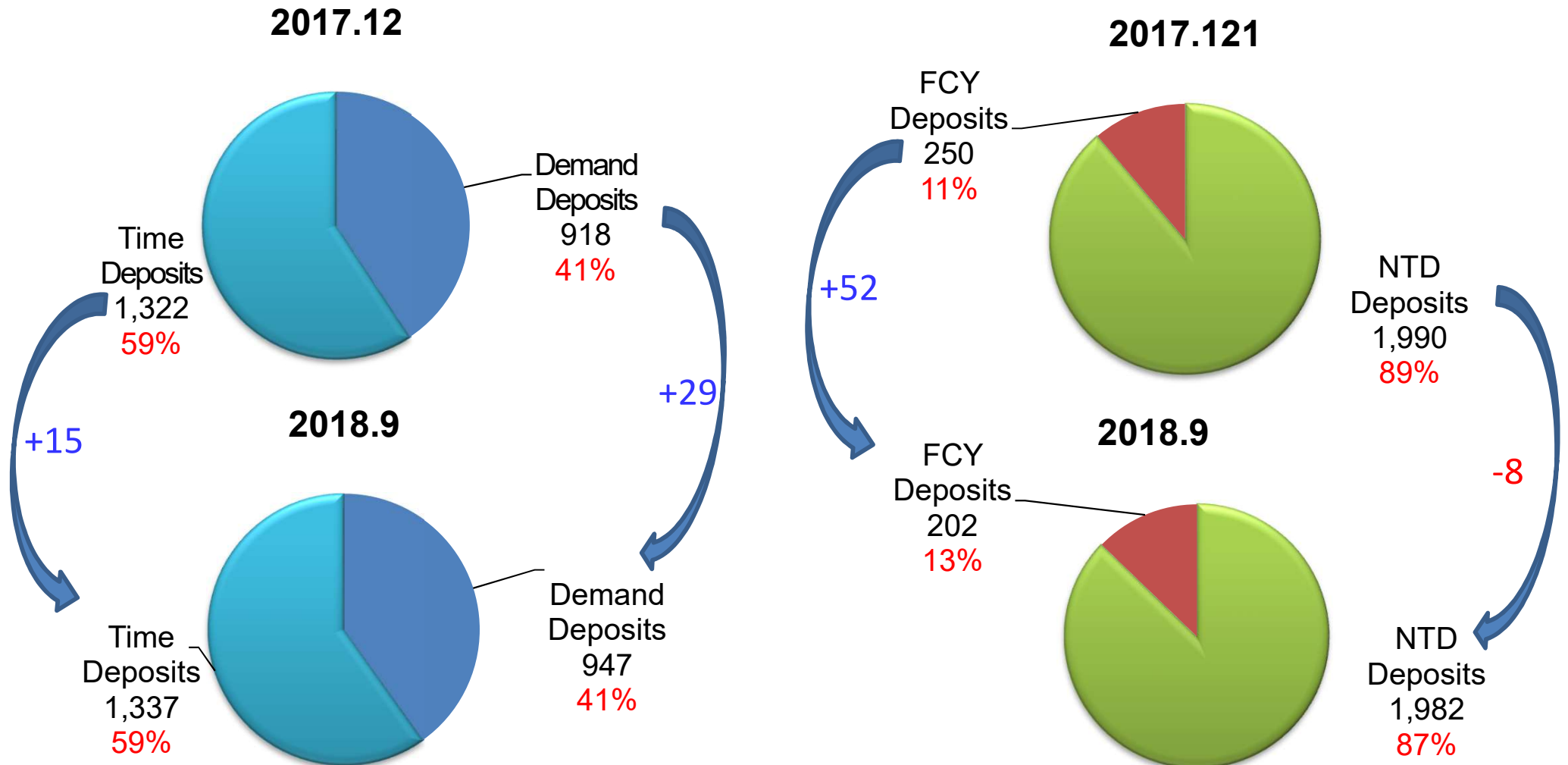


Deposit Breakdown

(in NT 100mn)

By type

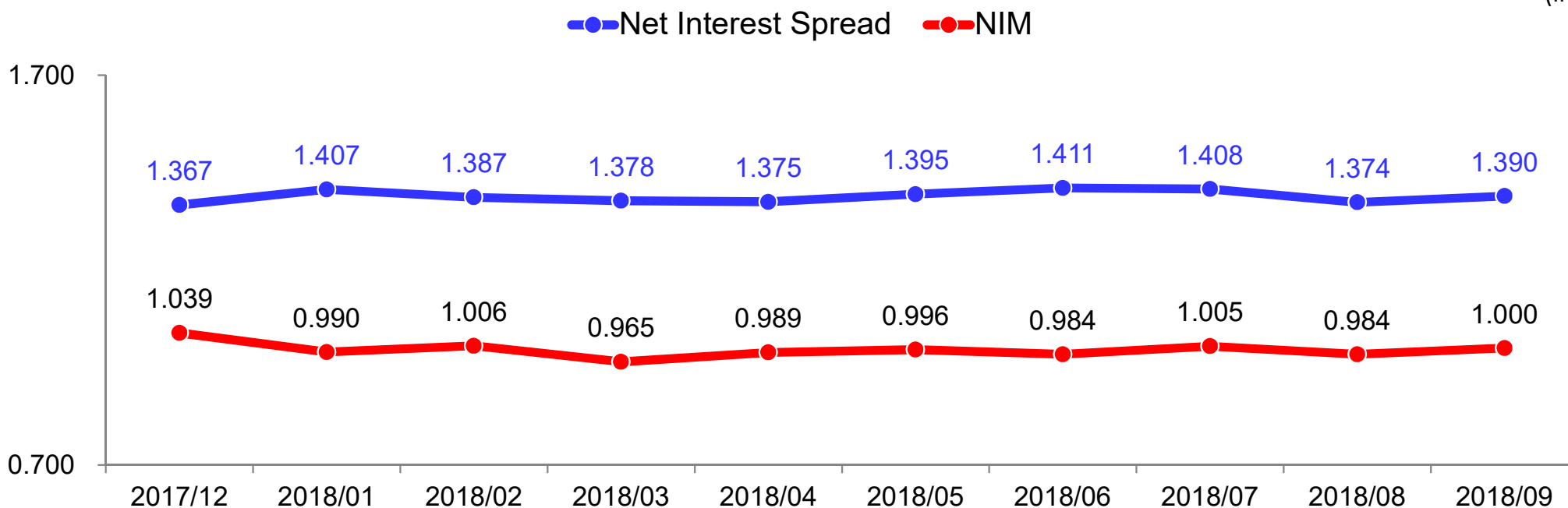
By currency





Net Interest Spread and NIM

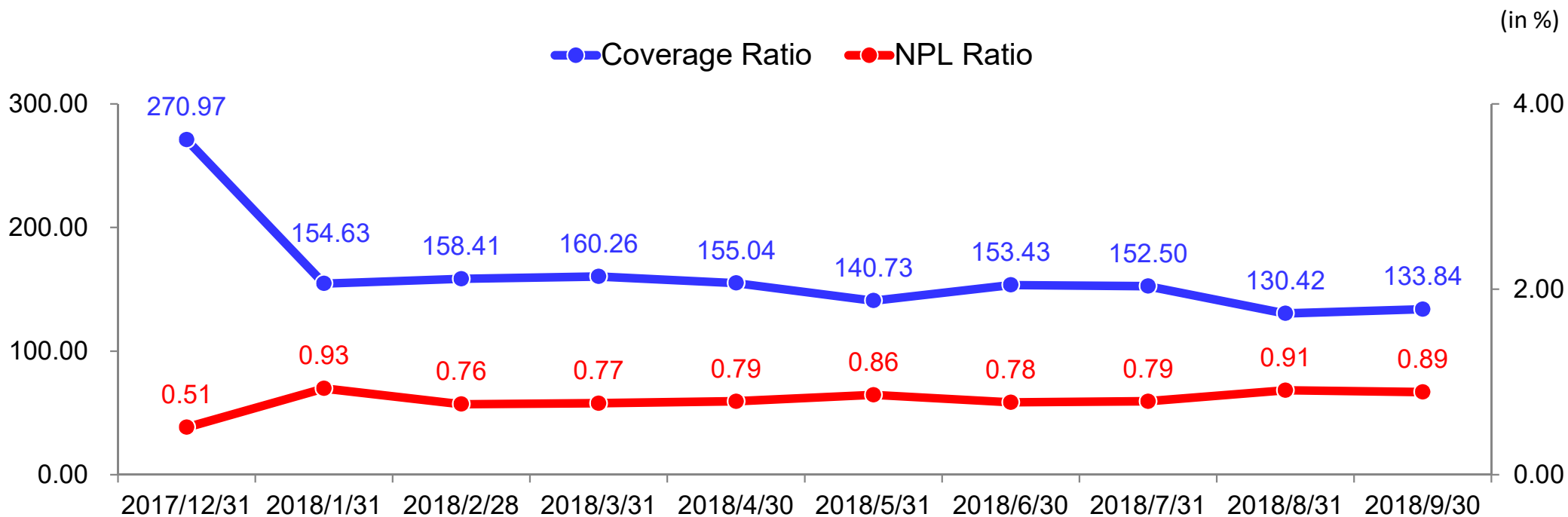
(in %)



Items \ Month	2017/12	2018/01	2018/02	2018/03	2018/04	2018/05	2018/06	2018/07	2018/08	2018/09	2018/09 to 2017/12 Growth
Net Interest Spread	1.367	1.407	1.387	1.378	1.375	1.395	1.411	1.408	1.374	1.390	0.023
NIM	1.039	0.990	1.006	0.965	0.989	0.996	0.984	1.005	0.984	1.000	(0.039)



Asset Quality



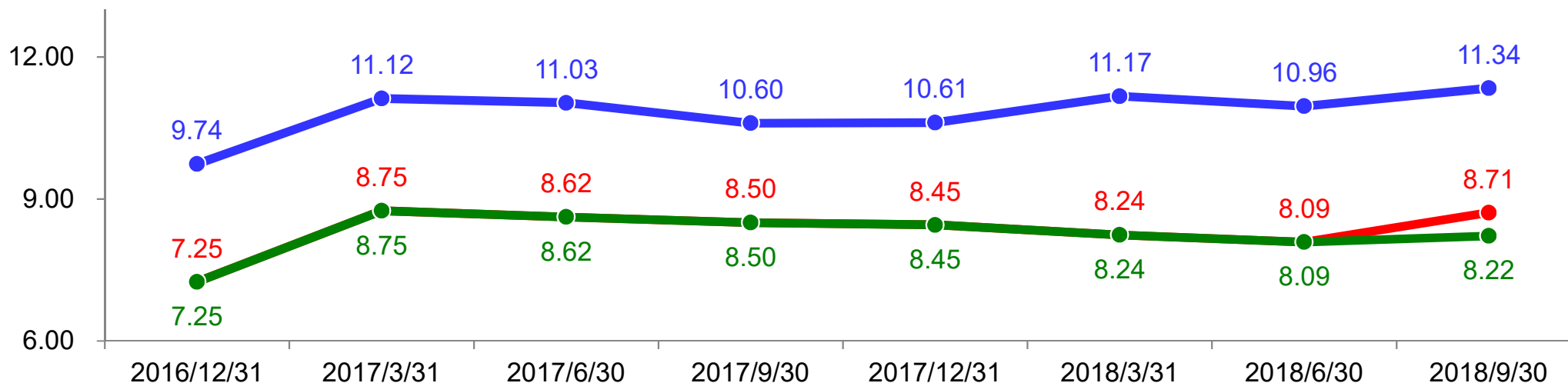
Month	2017/12/31	2018/1/31	2018/2/28	2018/3/31	2018/4/30	2018/5/31	2018/6/30	2018/7/31	2018/8/31	2018/9/30	2018/09 to 2017/12 Growth
Coverage Ratio	270.97	154.63	158.41	160.26	155.04	140.73	153.43	152.50	130.42	133.84	(137.13)
NPL Ratio	0.51	0.93	0.76	0.77	0.79	0.86	0.78	0.79	0.91	0.89	0.38



Capital Adequacy Ratio

(in %)

● Total CAR ● Tier1 ● CET1



Items \ Quarter	Quarter								2018/9/30 to 2016/12/31 Growth
	2016/12/31	2017/3/31	2017/6/30	2017/9/30	2017/12/31	2018/3/31	2018/6/30	2018/9/30	
Total CAR	9.74	11.12	11.03	10.60	10.61	11.17	10.96	11.34	1.60
Tier1	7.25	8.75	8.62	8.50	8.45	8.24	8.09	8.71	1.46
CET1	7.25	8.75	8.62	8.50	8.45	8.24	8.09	8.22	0.97



Credit Ratings

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

Fitch Ratings	Long term (IDR)	Short term (IDR)	Outlook
2018	BBB+	F2	Stable



高雄銀行

Prospects



Prospects

- Increase SME loans and fully support 5+2 industries and local enterprises.
- Increase demand deposits and reduce capital costs.
- Strengthen foreign currency deposits , loans and foreign exchange business. Expand interest margin.
- Enforce NPL collection and reduce NPL Ratio
- Enhance legal compliance, anti-money laundry and counter-terrorist financing.



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Thanks for Listening