



Financial Review of 2018 Q4

2019.4.26



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Summary

- **Operations Review of 2018 Q4**
- **Financial Performance of 2018 Q4**
- **Prospects**






Operations Review of 2018 Q4



Operations Review of 2018 Q4



- With the aftermath of Ching Fu Shipbuilding Co., Ltd gone, credit rating remains stable and the bank is on positive track.




- Received honorable conferment of "New Innovation Award" from the Ministry of Economic Affairs.



- Received honor of the "Best Service Innovation Award for Electronic Business" from FISC.



- Awarded the "Gold Award - Credit Card Information" from JCIC.



- Granted the "Taiwan Corporate Sustainability Awards Financial and Insurance Group - Bronze Award" from TCSA.



Financial Performance of 2018 Q4

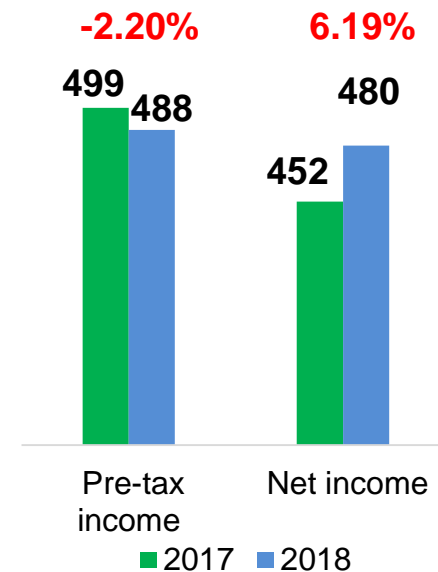
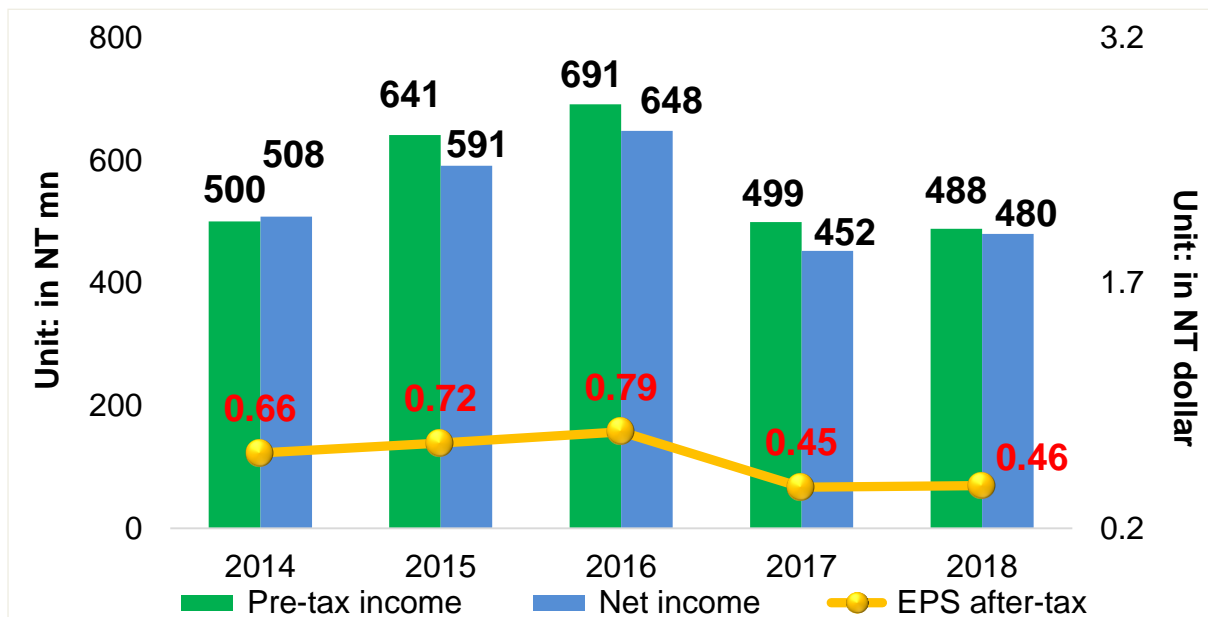


Operating Result

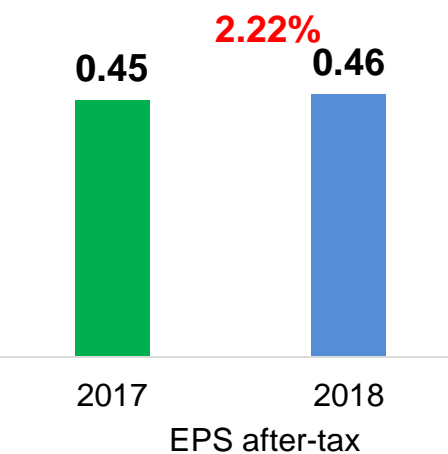
ITEMS \ FY	2014	2015	2016	2017	2018
Pre-tax income(in NT mn)	500	641	691	499	488
Net income(in NT mn)	508	591	648	452	480
EPS after-tax (in NT\$ dollar)	0.66	0.72	0.79	0.45	0.46
ROA(%) (After-tax)	0.20	0.22	0.25	0.17	0.18
ROE(%) (After-tax)	4.61	5.09	5.32	3.39	3.35
ITEMS \ FY	2014.12.31	2015.12.31	2016.12.31	2017.12.31	2018.12.31
Assets(in NT 100mn)	2,691	2,631	2,563	2,634	2,680



Profit Trend



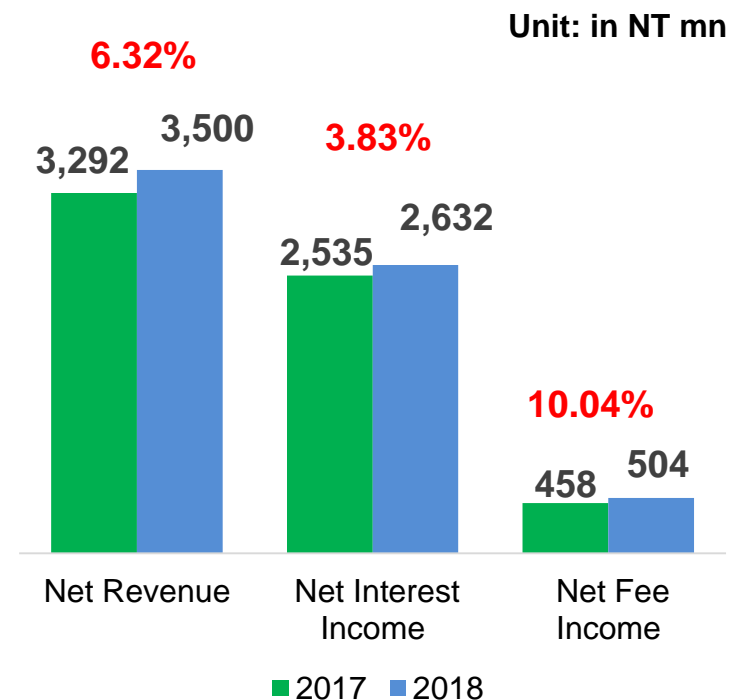
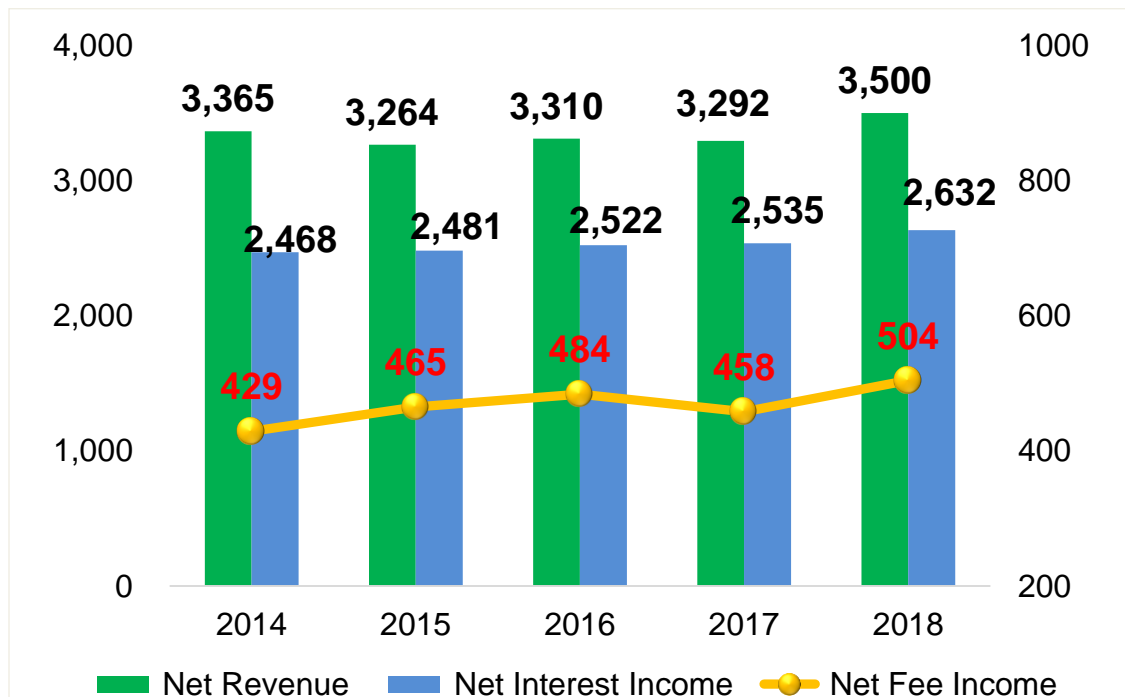
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Note: Due to the influence of NPLs from Ching Fu Shipbuilding Co. and needs to further the robustness of our financial structure, the allowance for uncollectible accounts was increased in 2017 and 2018, hence leading to the drastic sliding of after-tax net income and EPS during the time.



Net Revenue Breakdown

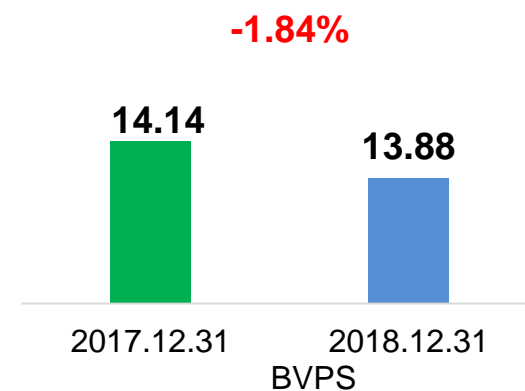
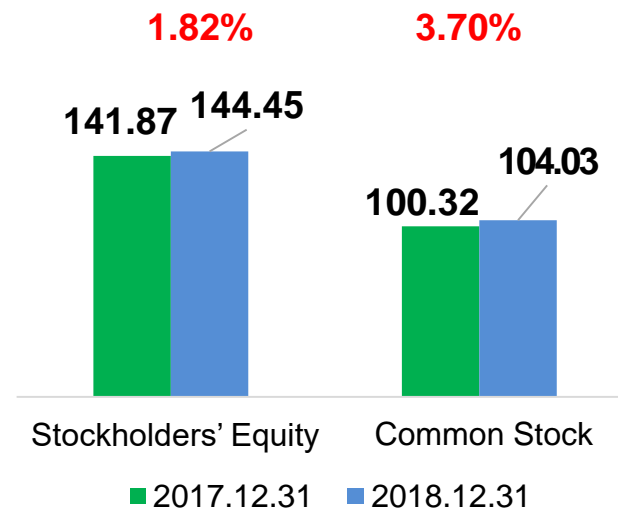
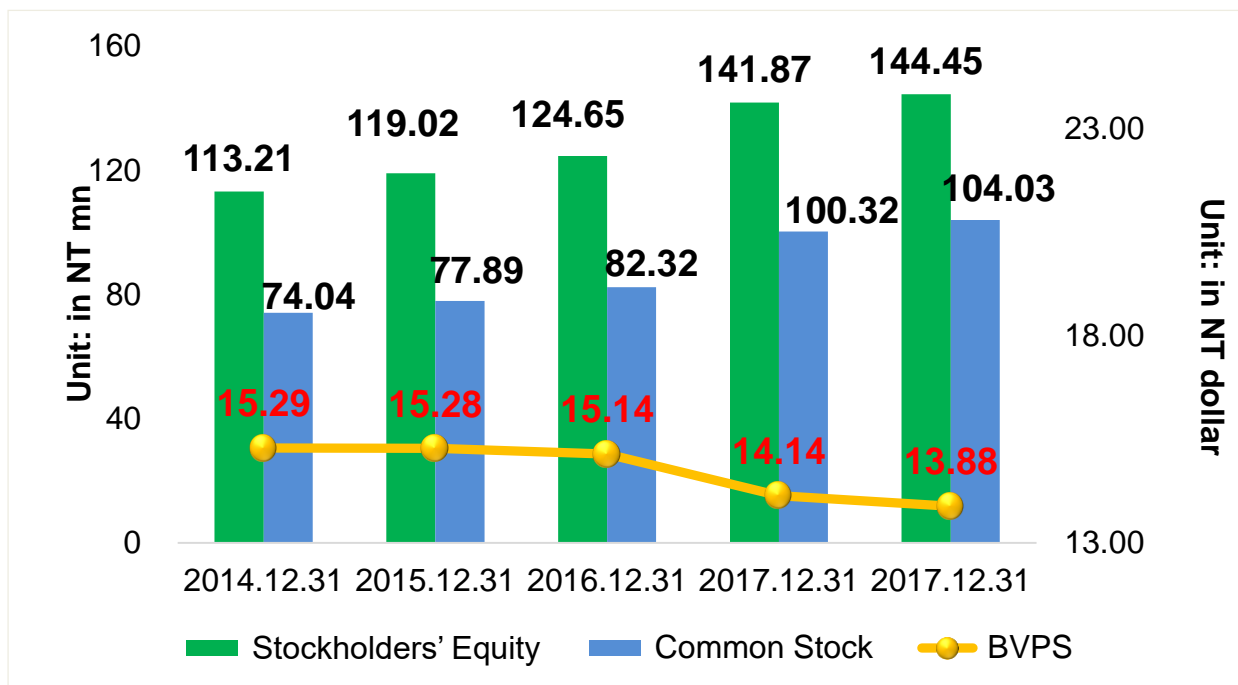


ITEMS \ FY	2014	2015	2016	2017	2018
Net Revenue	3,365	3,264	3,310	3,292	3,500
Net Interest Income	2,468	2,481	2,522	2,535	2,632
Net Fee Income	429	465	484	458	504

Note : Net fee income shows declination as a result of both the lowered interest rate on the reserve of insurance policy and the fact that insurance companies are no longer able to pose loading minus, resulting in a sharp dive on commission.



Stockholders' Equity



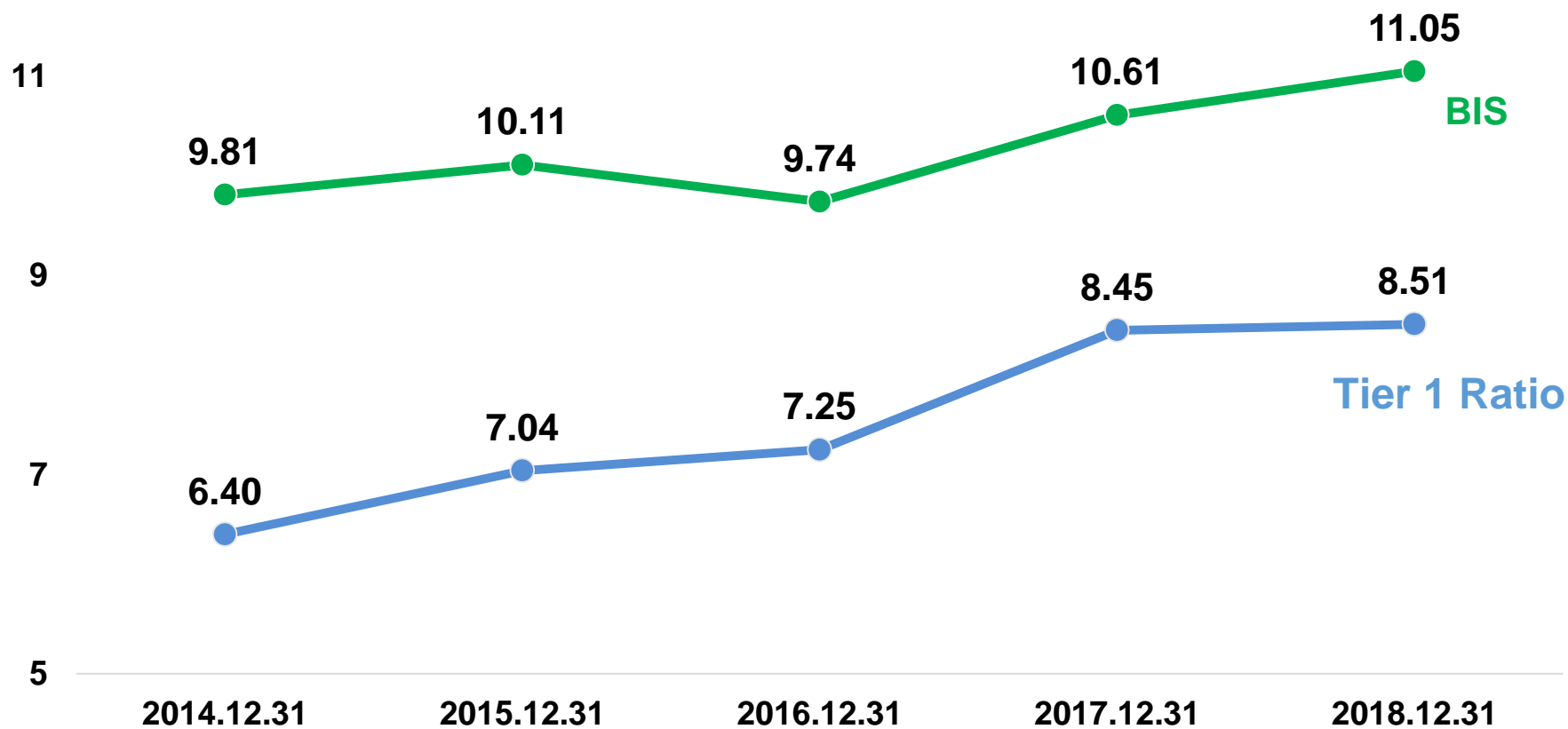
ITEMS \ FY	2014.12.31	2015.12.31	2016.12.31	2017.12.31	2018.12.31
Stockholders' Equity	113.21	119.02	124.65	141.87	144.45
Common Stock	74.04	77.89	82.32	100.32	104.03
BVPS (in NT\$ dollar)	15.29	15.28	15.14	14.14	13.88

Note: Capital increased by 1.8 billion in cash and shares increased by 180 million in March 2017, resulting in the reduction of book value per share on December 31, 2017 and 2018.



Capital Adequacy Ratio

Unit:% 13

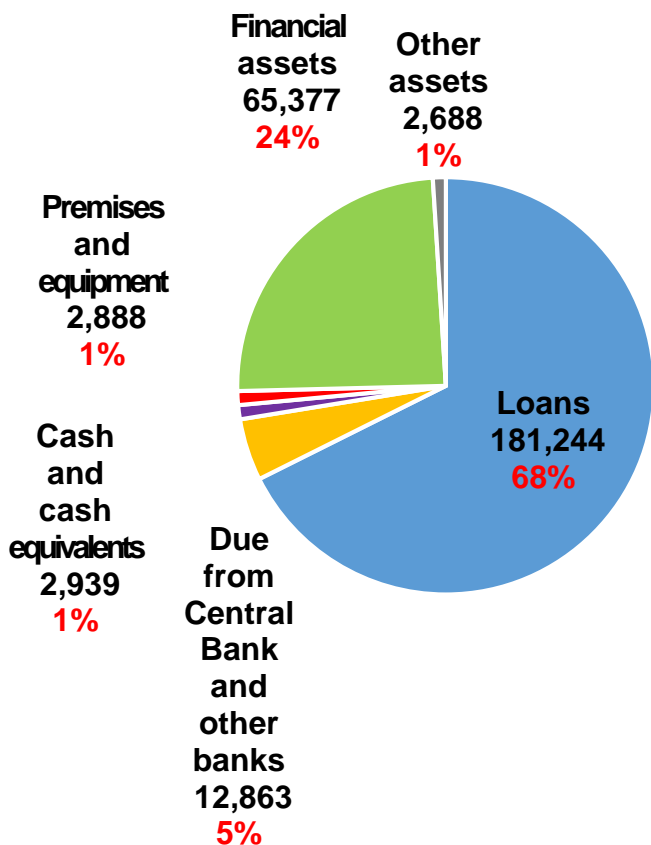




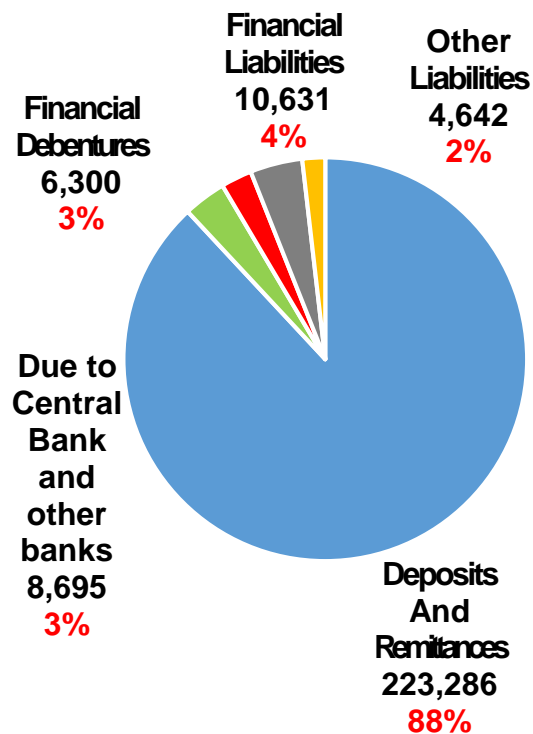
Assets、Liabilities and Stockholders' Equity

Unit: in NT mn

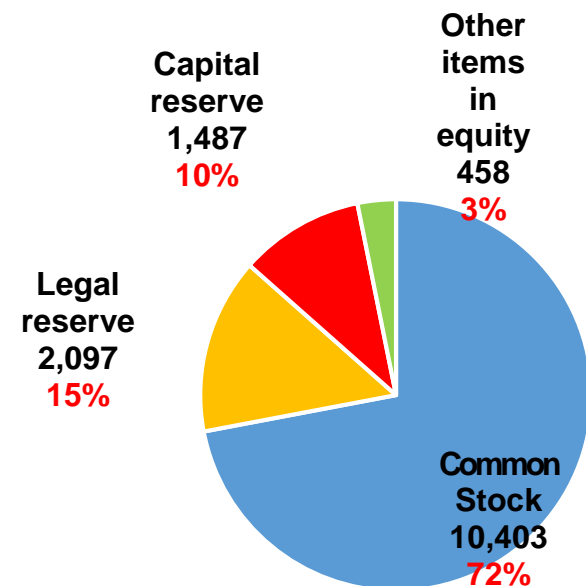
Assets



Liabilities



Stockholders' Equity

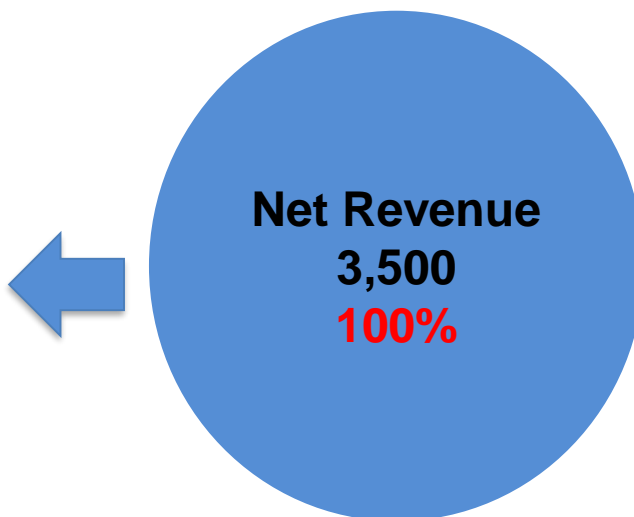
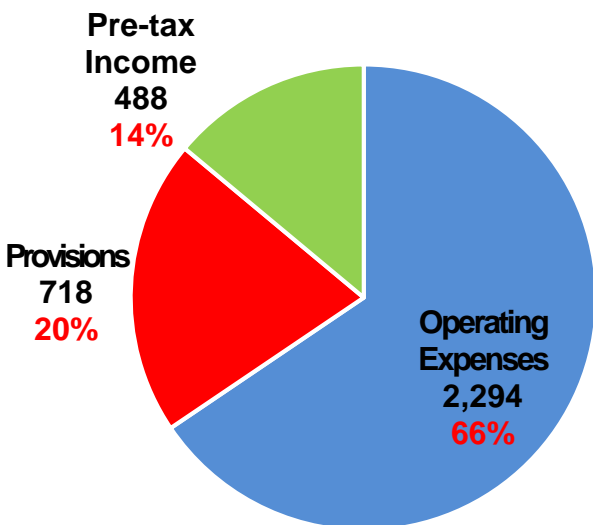




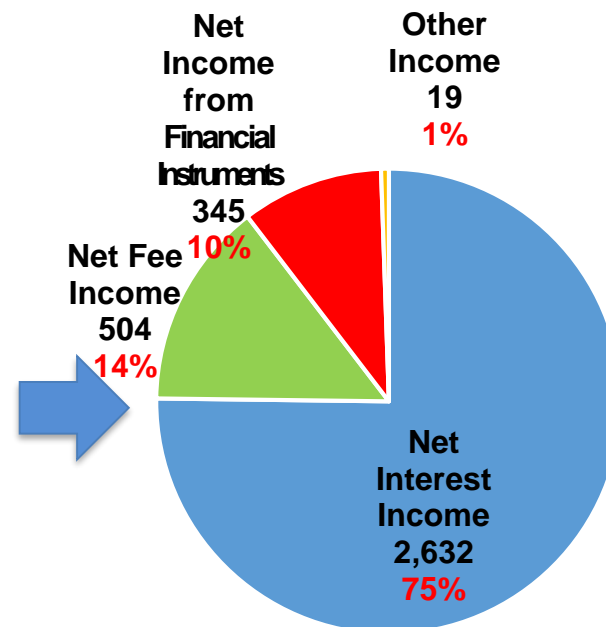
Net Revenue Breakdown

Unit: in NT mn

Net Income



Net Revenue

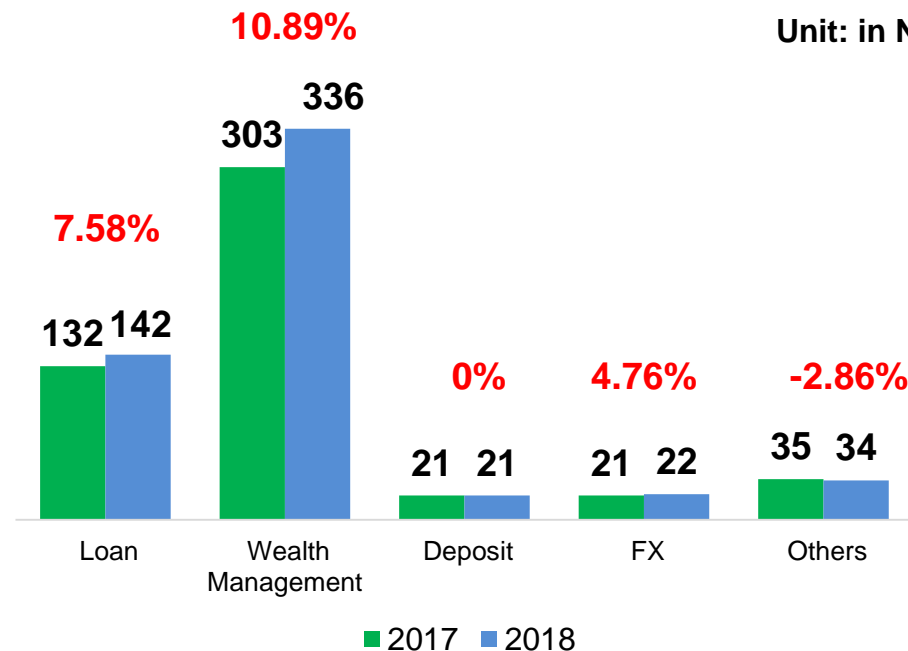
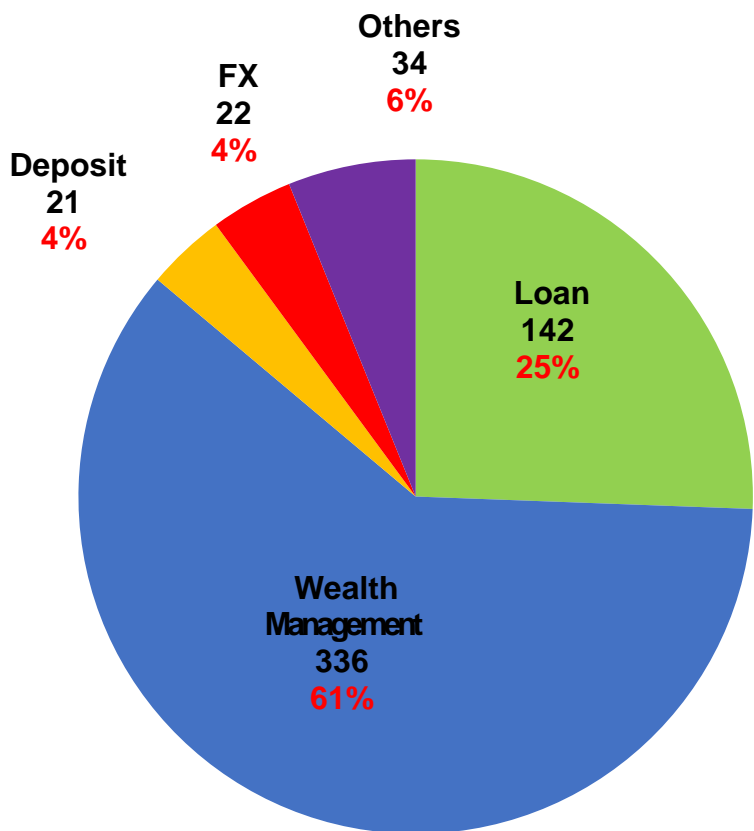




Fee Income Breakdown

2018 Fee income

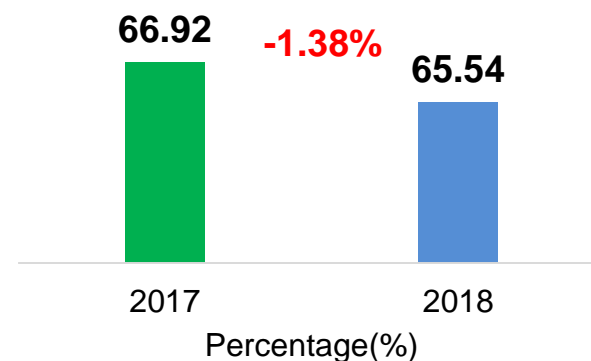
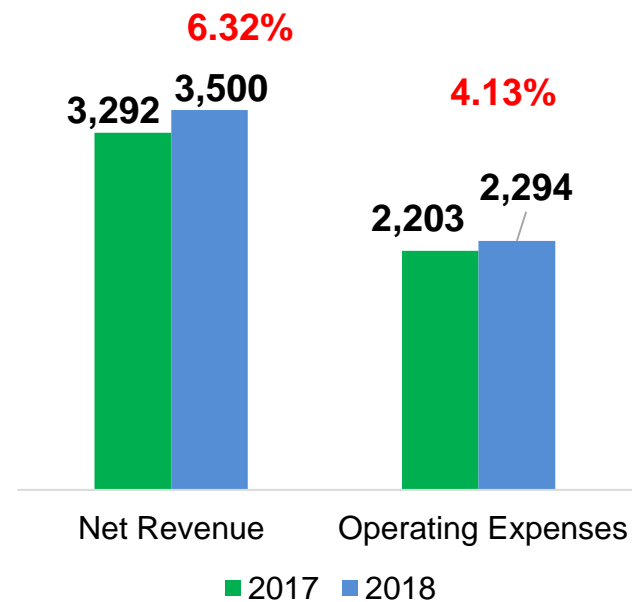
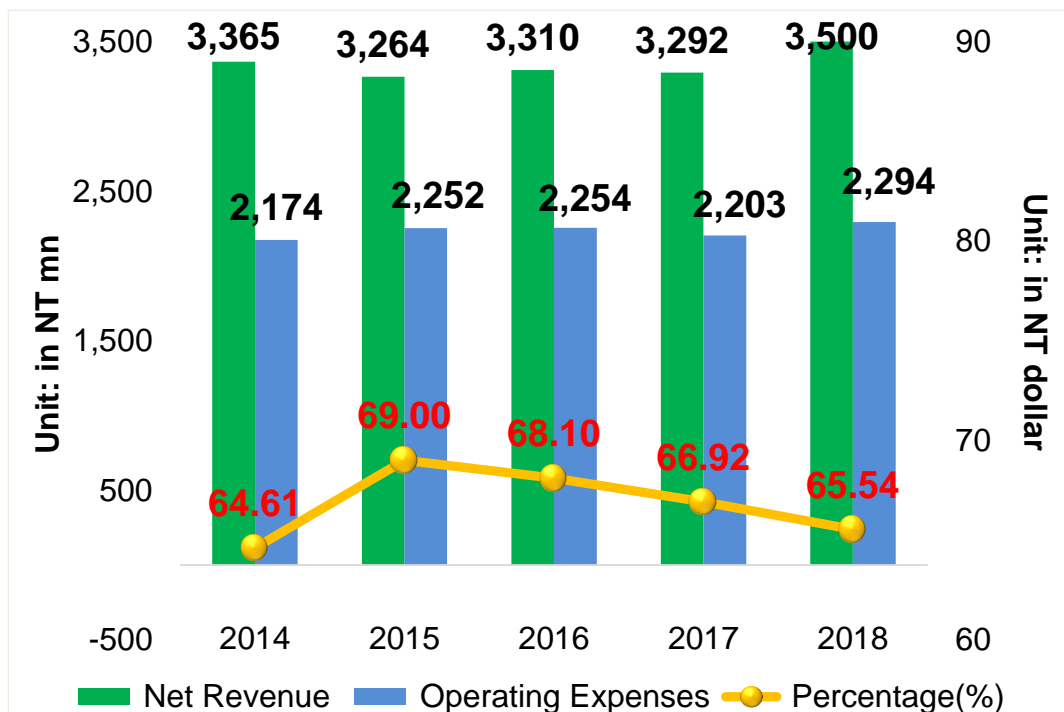
Unit: in NT mn



ITEMS \ FY	2017	2018
Loan	132	142
Wealth Management	303	336
Deposit	21	21
FX	21	22
Others	35	34
Total	512	555



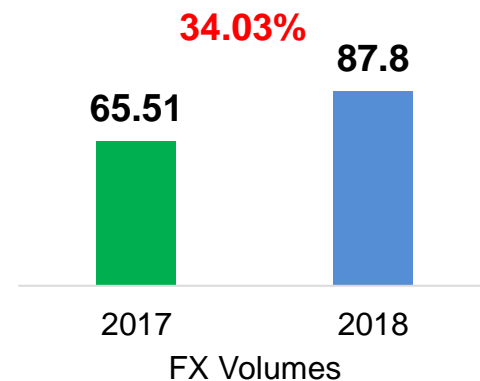
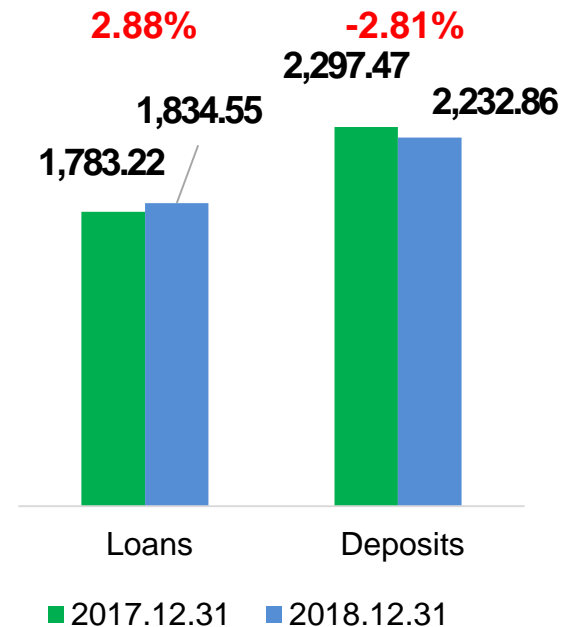
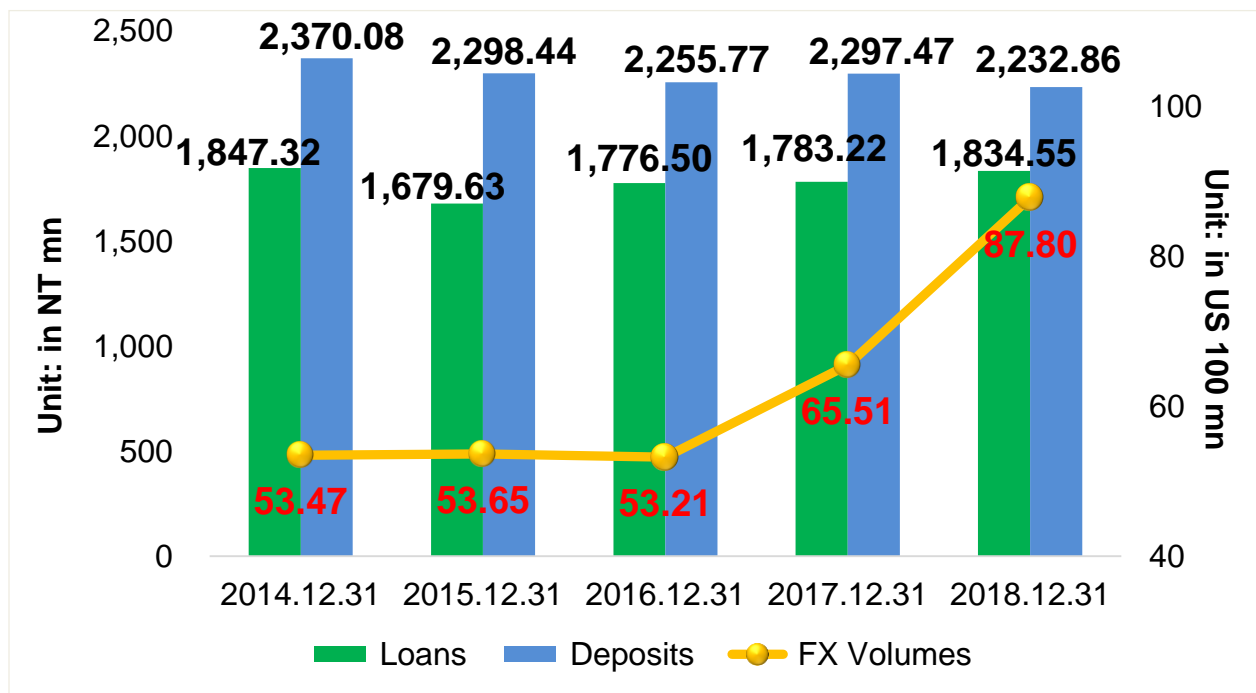
Operating Expenses



ITEMS \ FY	2014	2015	2016	2017	2018
Net Revenue	3,365	3,264	3,310	3,292	3,500
Operating Expenses	2,174	2,252	2,254	2,203	2,294
Percentage(%)	64.61	69.00	68.10	66.92	65.54



Loan 、 Deposit and FX Volumes

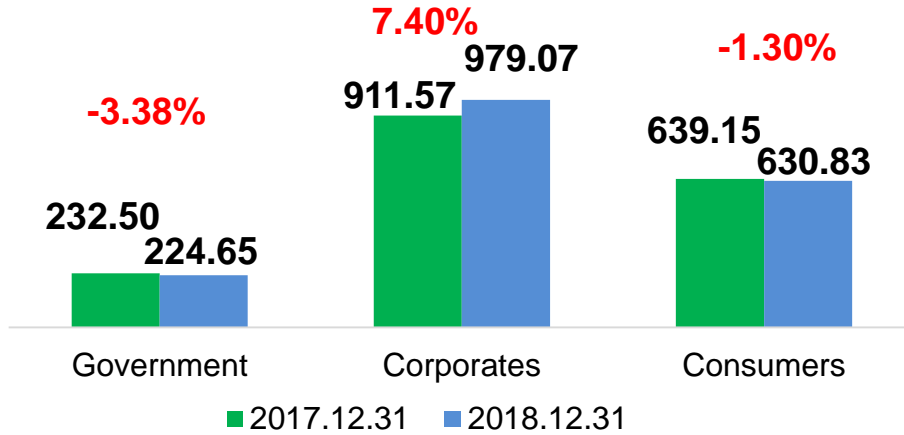


ITEMS \ FY	2014.12.31	2015.12.31	2016.12.31	2017.12.31	2018.12.31
Loans	1,847.32	1,679.63	1,776.50	1,783.22	1,834.55
Deposits	2,370.08	2,298.44	2,255.77	2,297.47	2,232.86
FX Volumes	53.47	53.65	53.21	65.51	87.80

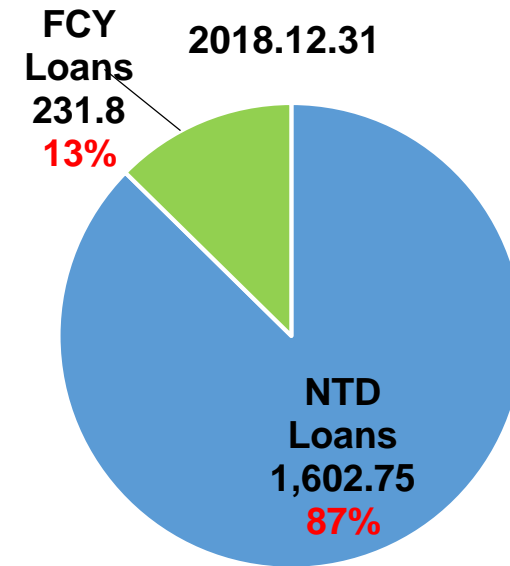
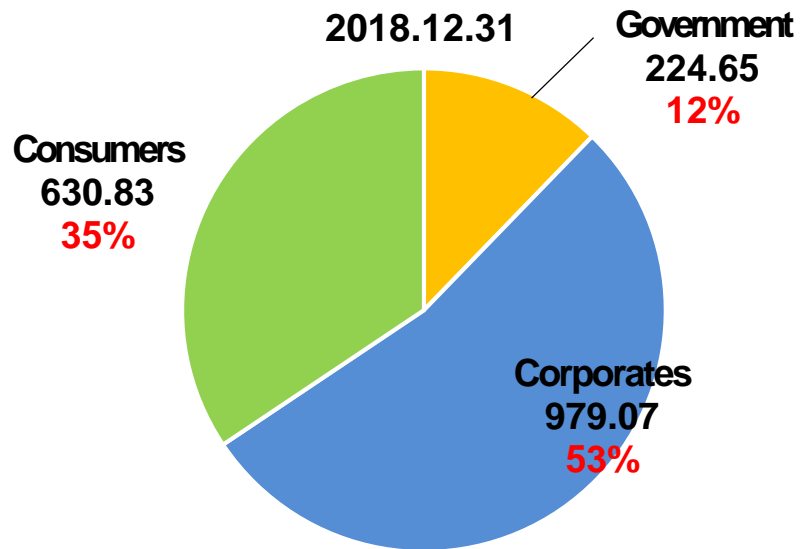
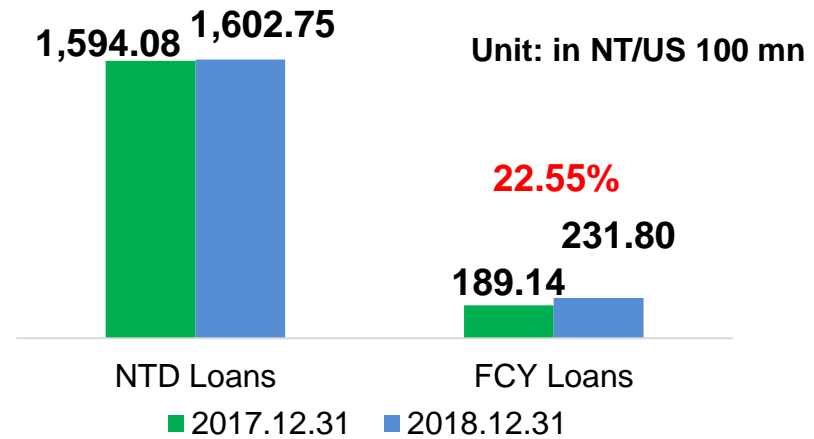


Loan Breakdown

By customer



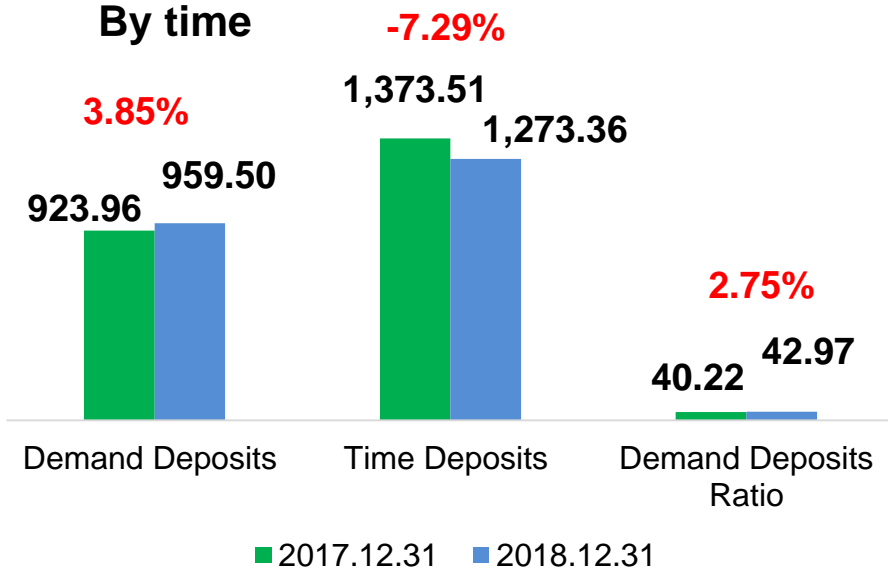
By currency



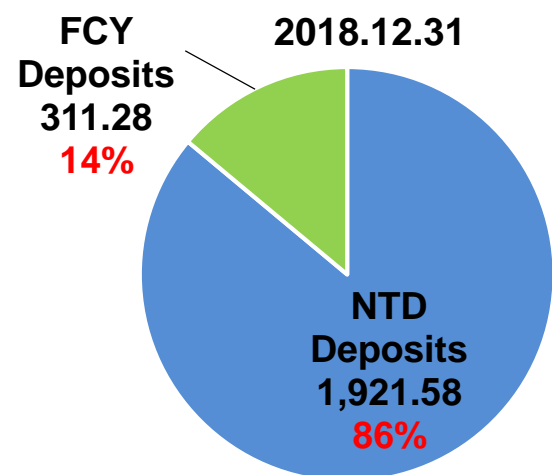
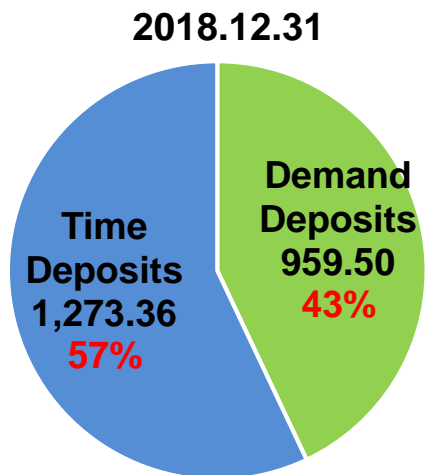
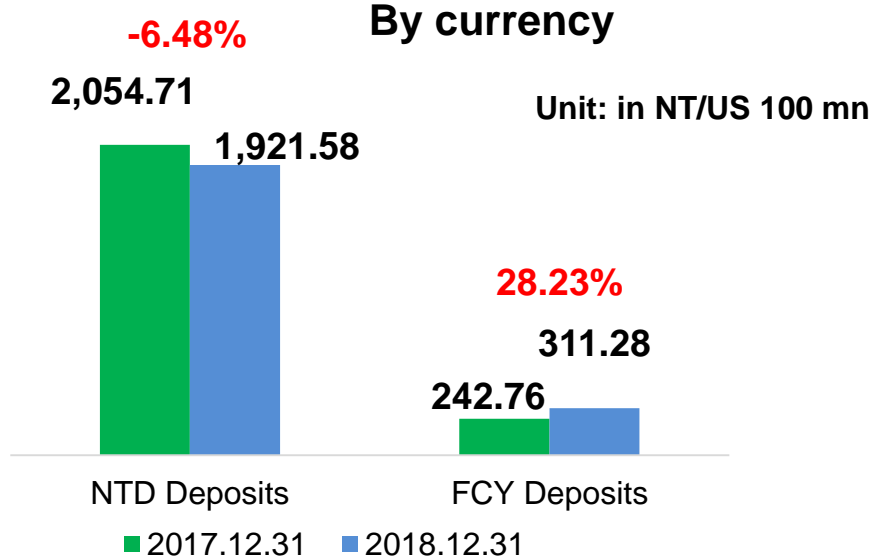


Deposit Breakdown

By time

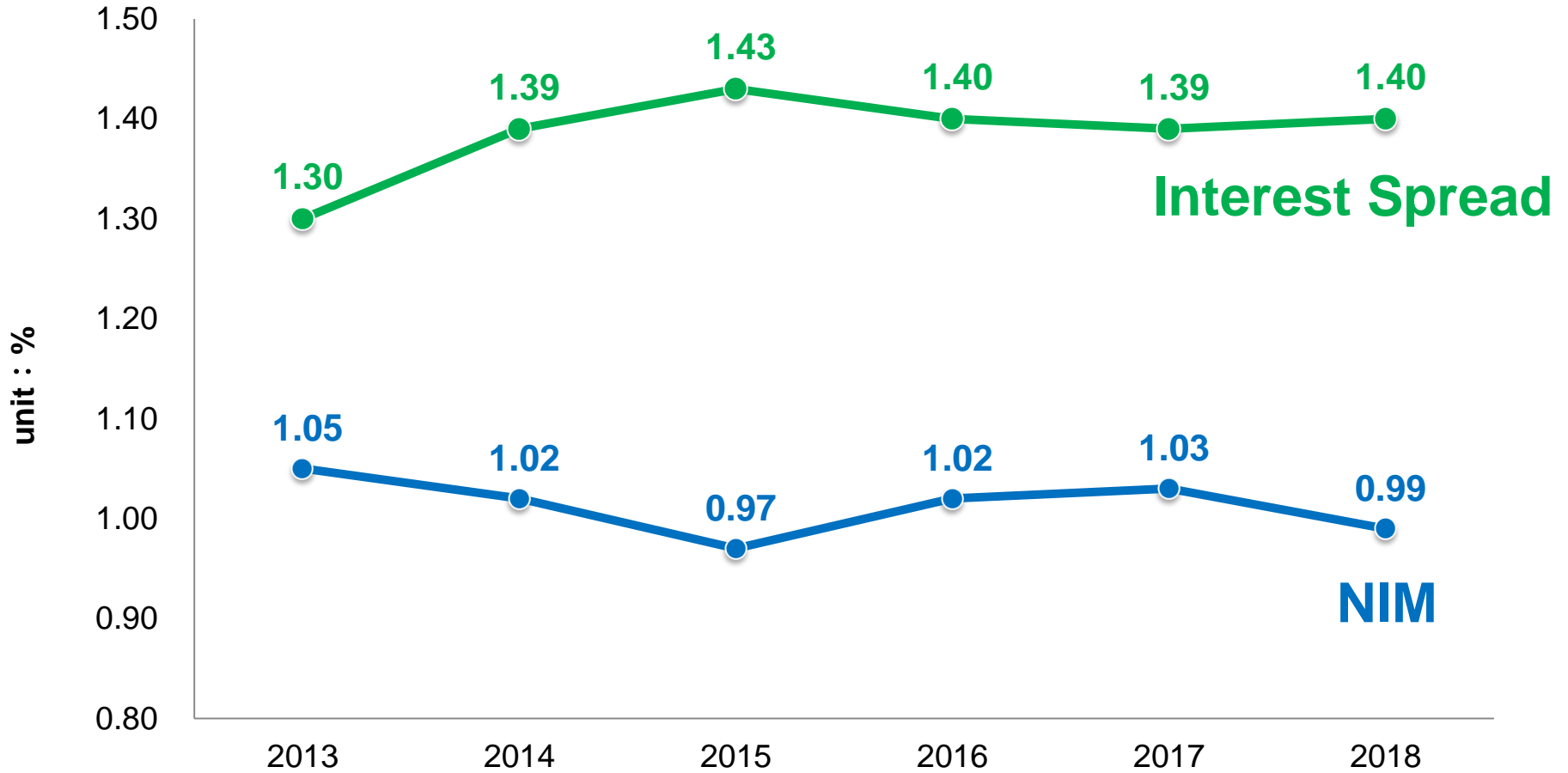


By currency



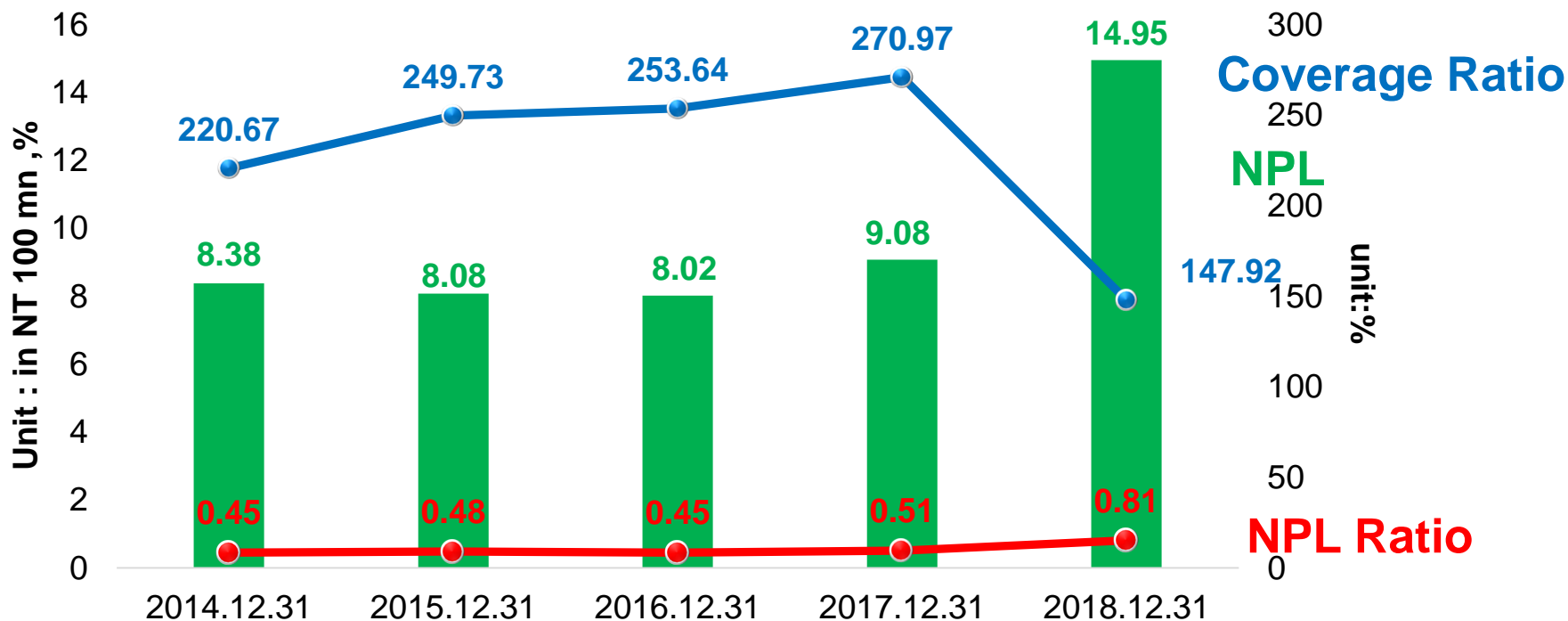


Interest Spread and NIM





Assets Quality



ITEMS \ FY	2014.12.31	2015.12.31	2016.12.31	2017.12.31	2018.12.31
NPL(in NT 100mn)	8.38	8.08	8.02	9.08	14.95
NPL Ratio(%)	0.45	0.48	0.45	0.51	0.81
Coverage Ratio(%)	220.67	249.73	253.64	270.97	147.92

Note: The increment of NPL ratio and decrement of coverage ratio are again due to the impact of the NPLs from Ching Fu Shipbuilding Co., Ltd. in 2018.



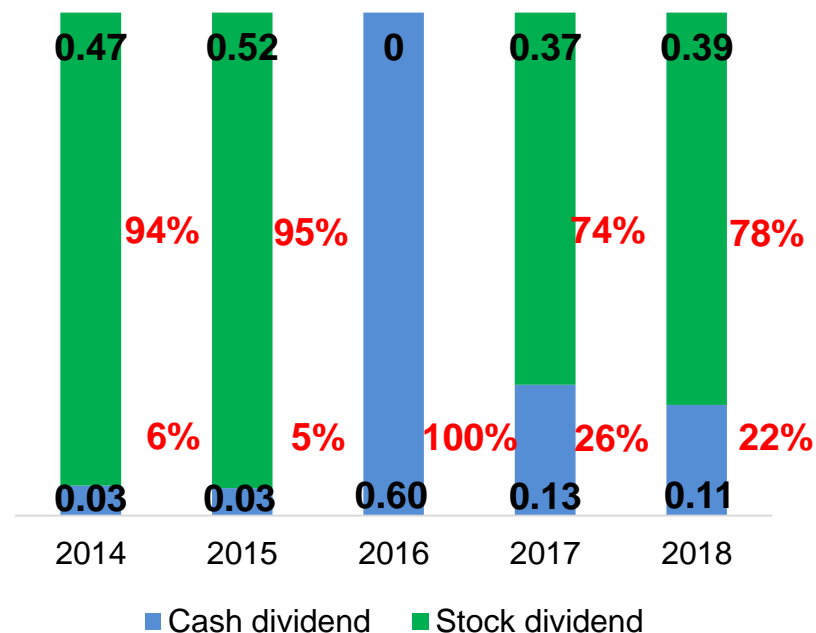
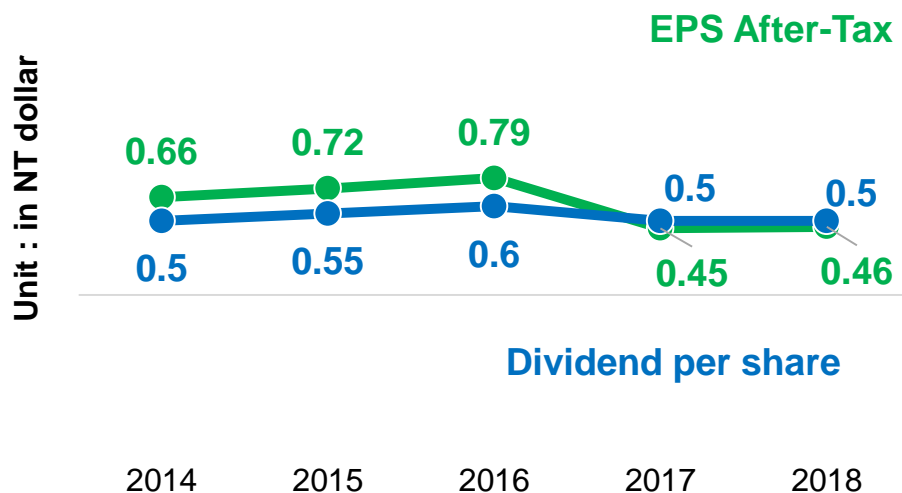
Credit Ratings

Fitch	National Long-Term	National Short-Term	Outlook
2016	A+(twn)	F1+(twn)	Stable
2017	AA-(twn)	F1+(twn)	Stable
2018	AA-(twn)	F1+(twn)	Stable
2019	AA-(twn)	F1+(twn)	Stable

Fitch	Long-Term IDR	Short-Term IDR	Outlook
2018	BBB+	F2	Stable
2019	BBB+	F2	Stable



After-tax EPS and Dividend Policy



FY	2014	2015	2016	2017	2018
EPS After-Tax	0.66	0.72	0.79	0.45	0.46
Dividend per share	0.50	0.55	0.60	0.50	0.50
Cash dividend	0.03	0.03	0.60	0.13	0.11
Stock dividend	0.47	0.52	0.00	0.37	0.39



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