



King's Town Bank

1H22 Results Presentation



Stock Code : 2809.TW



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A Different Kind of Bank

1H22 FINANCIAL REVIEW

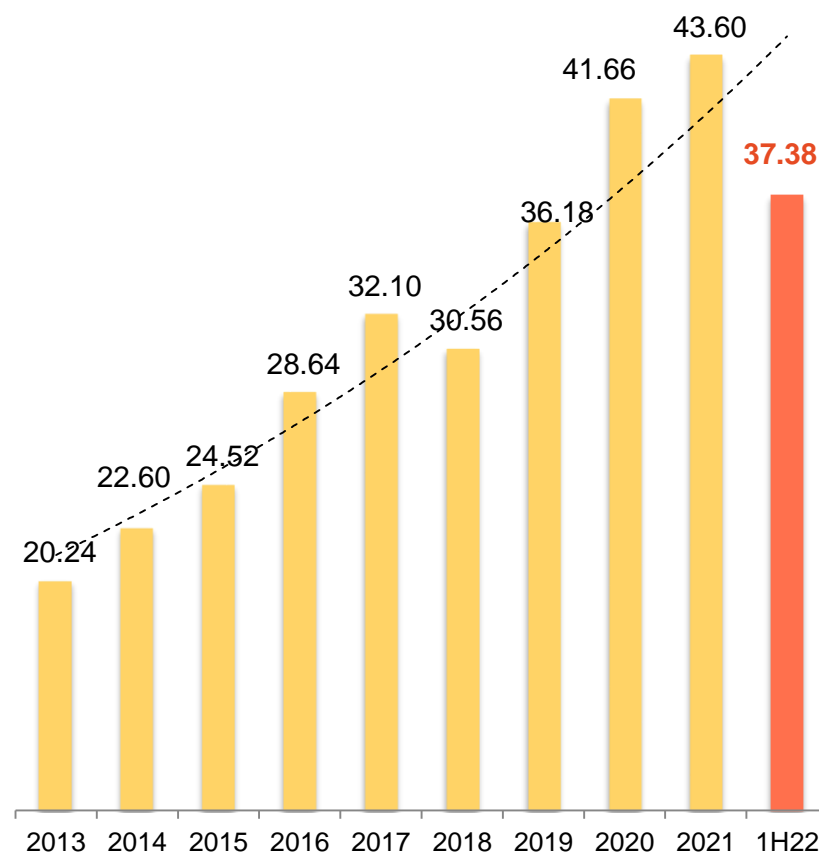




1H22 Financial Review

	1H22	1H21
Total Assets (NT\$ mm)	355,165	327,747
Book Value/share (NT\$)	37.38	42.55
ROE (pretax)	5.00%	21.39%
ROA (pretax)	0.65%	3.09%
BIS Ratio	13.55%	16.92%
NPL Ratio	0.02%	0.02%
Coverage Ratio	8,163%	9,652%
Loan-loss Provision Coverage Ratio	1.50%	1.56%
FINI Holdings	15.27%	15.33%
Fitch Rating	A+(tw) 、 F1(tw)	

Book Value per Share





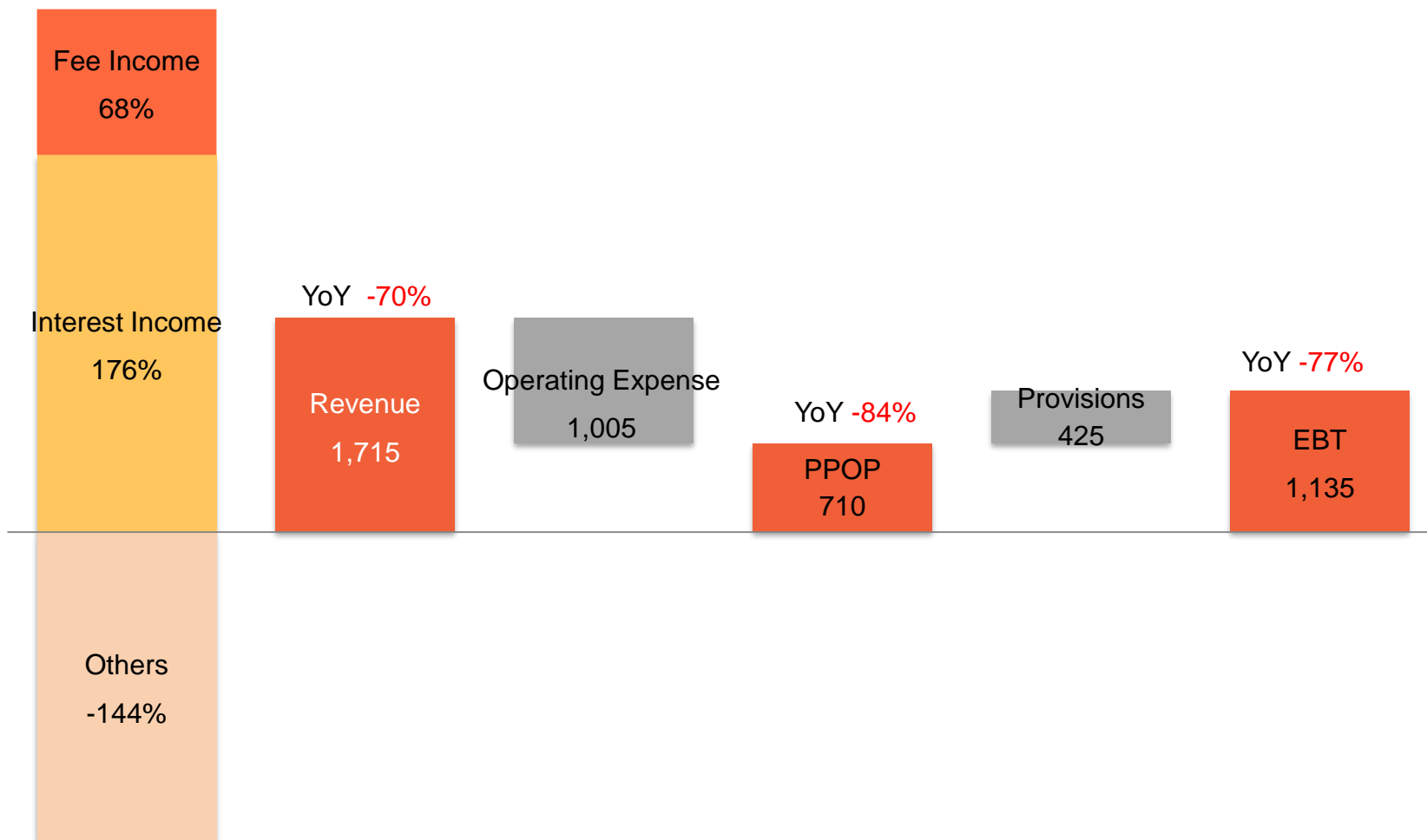
1H22 Results – Key Highlights

- 1H22 net revenue decreased by 70% compared with the same period last year, while net interest income and net fee income increased by 10% and 14% YoY, respectively. The increase in net interest income was mainly due to the growth in our loan book.
- Total Loans at the end of 1H22 were NT\$222.5 bn, up 11% YoY and up 6% versus year-end 2021.
- 1H22 Other income decreased significantly due to the provision of expected credit losses under IFRS accounting rules and mark-to-market of the financial asset on a correction in the capital markets.
- Loan-loss provision ratio was 1.50% at the end of June 2022 versus the median value of 1.31% for the Taiwan banking industry.



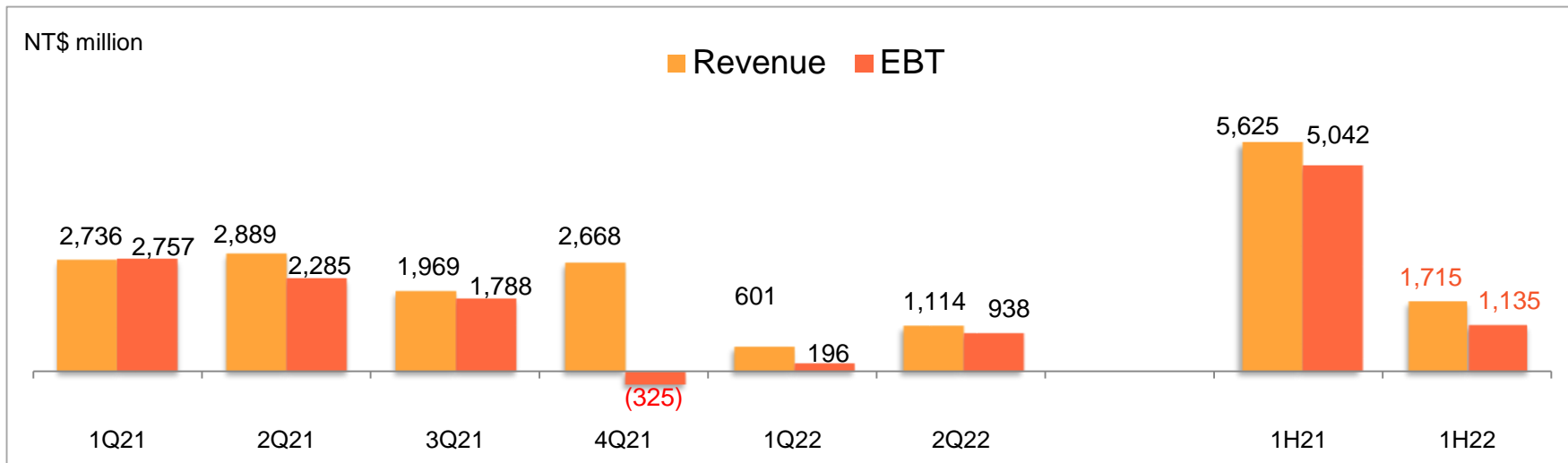
1H22 Revenue Breakdown

NT\$ million

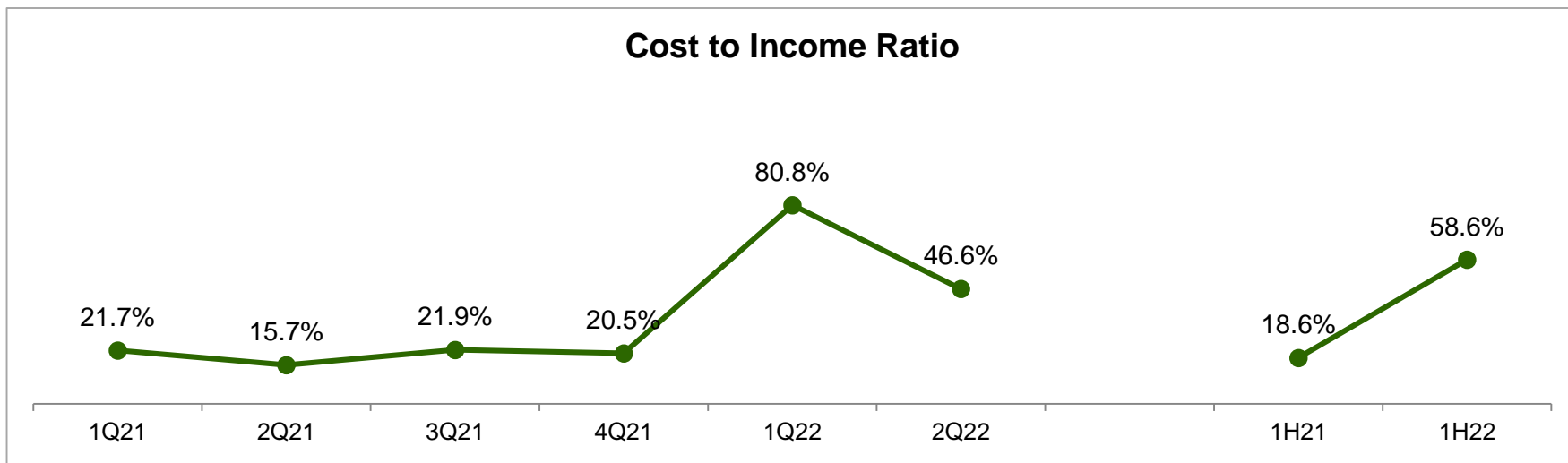




Quarterly Revenue and Expenses

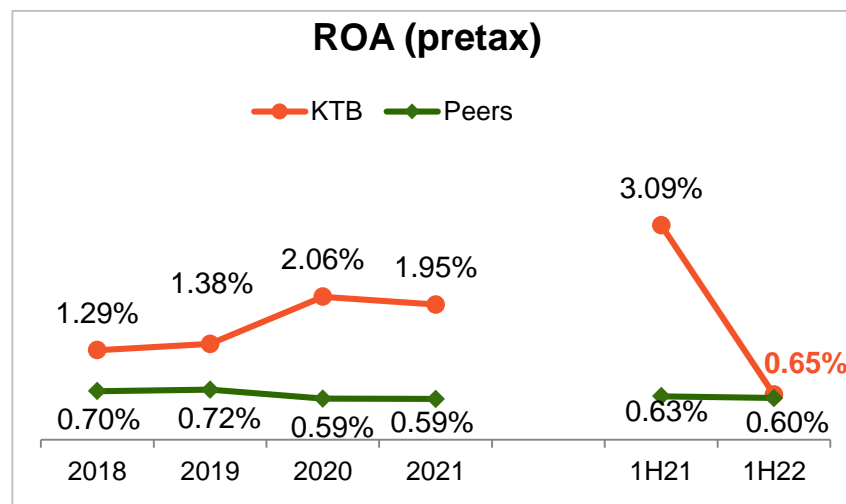
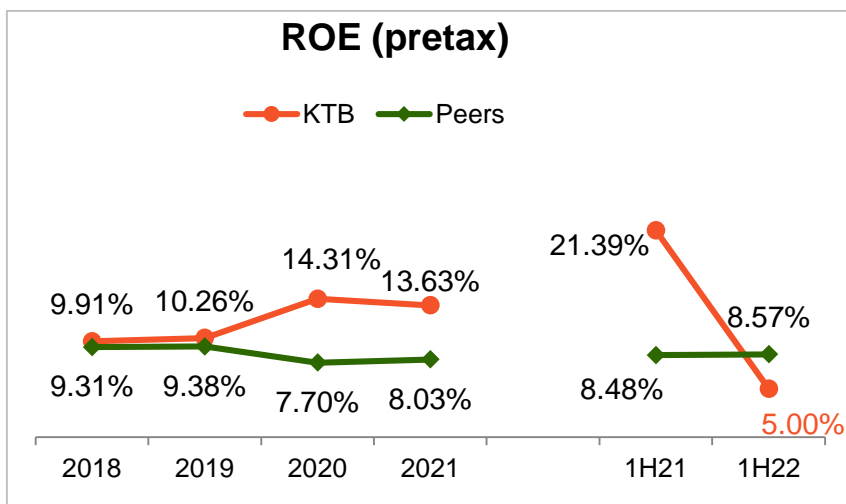
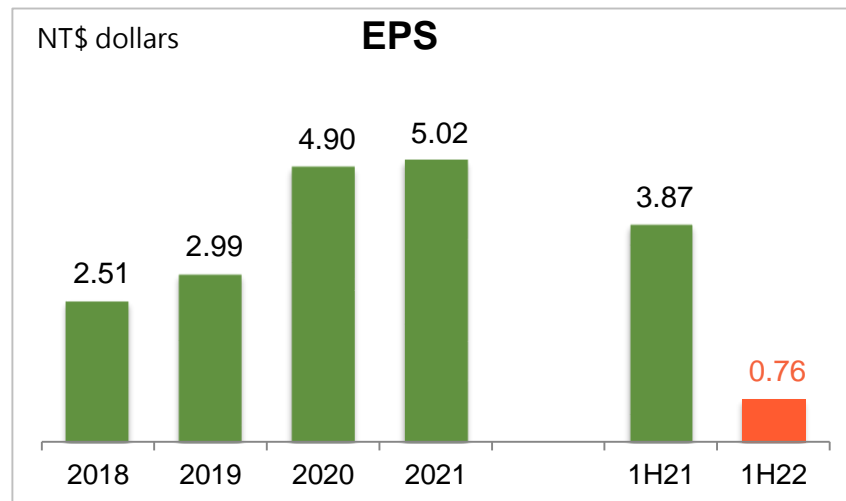
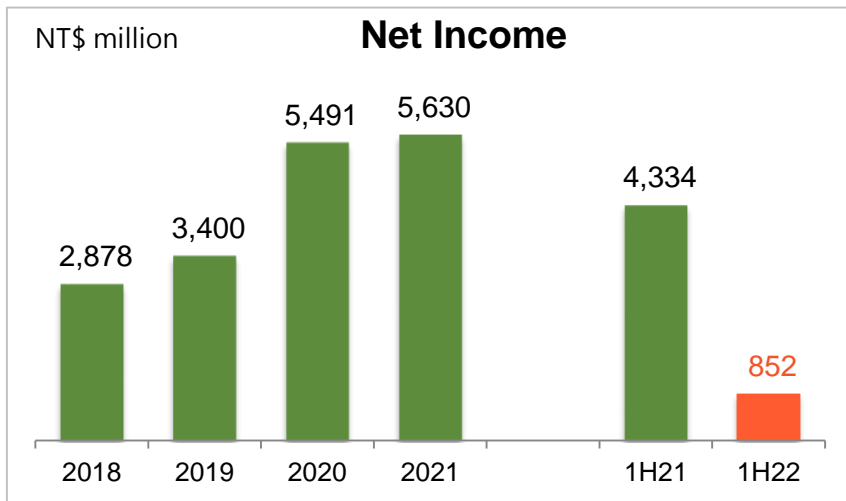


Cost to Income Ratio





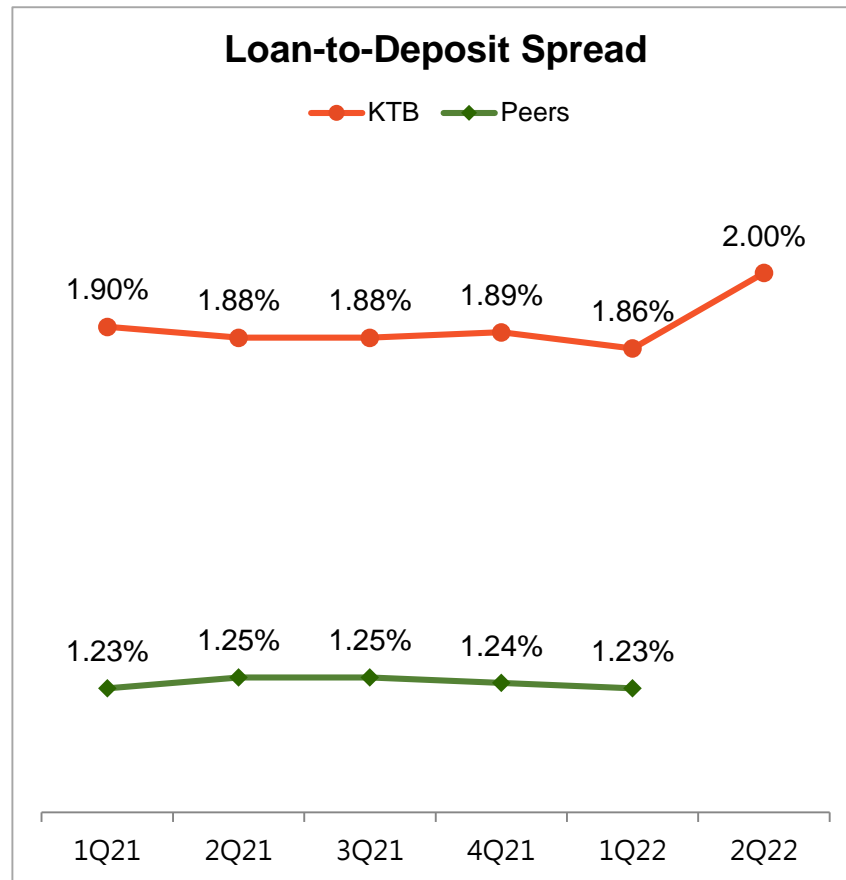
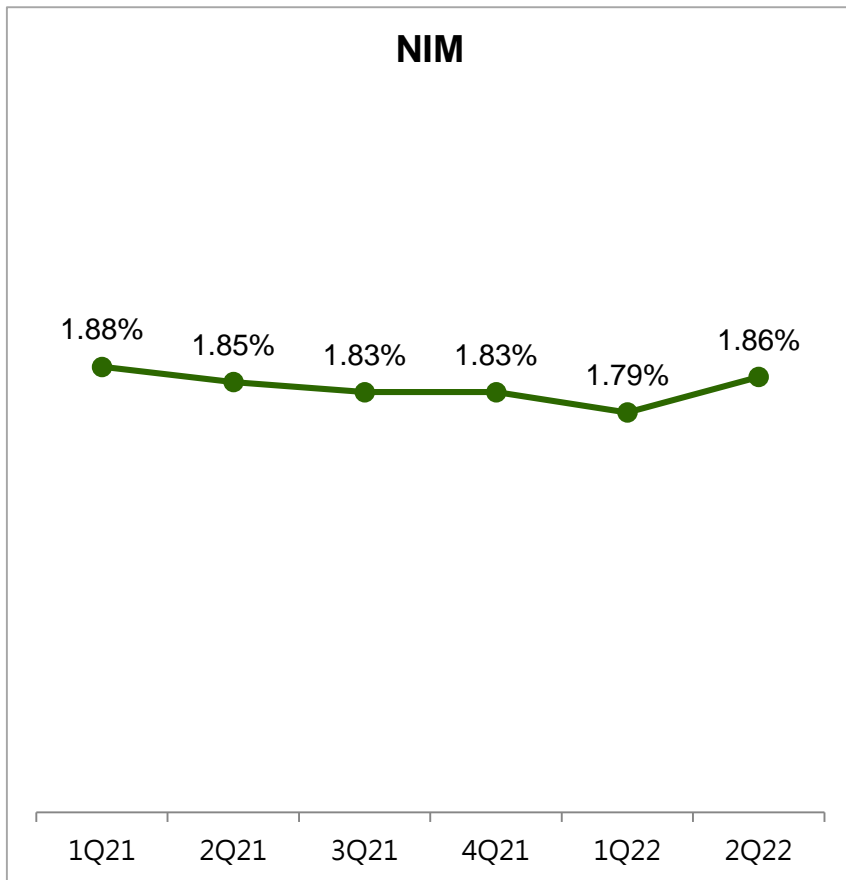
Profitability



Note: Peers data updated to May 2022 (annualized)



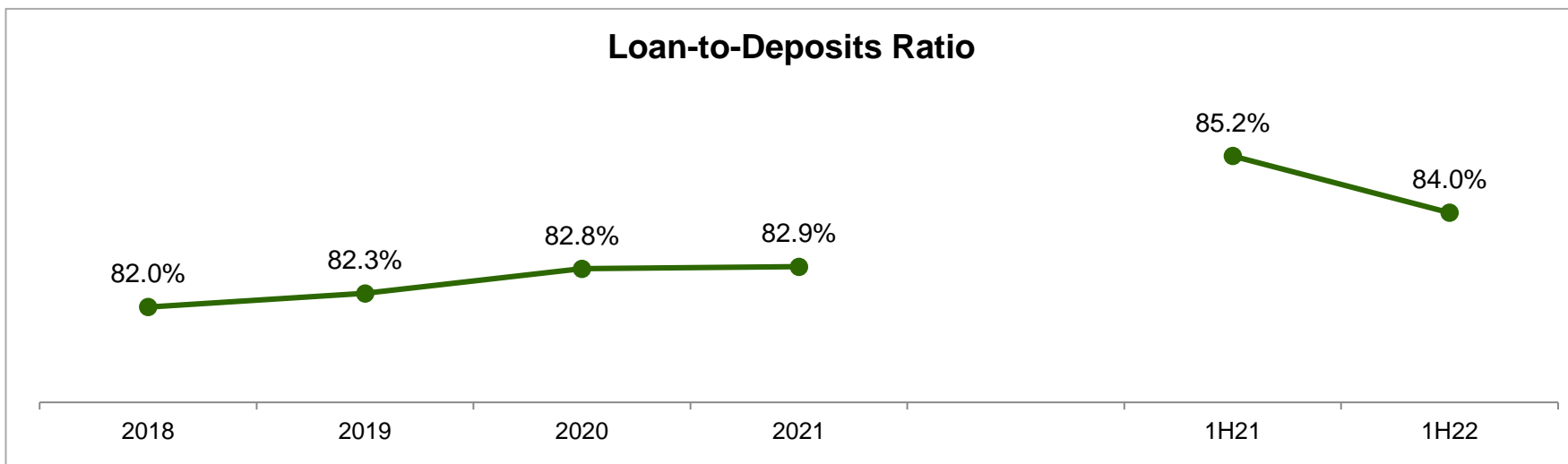
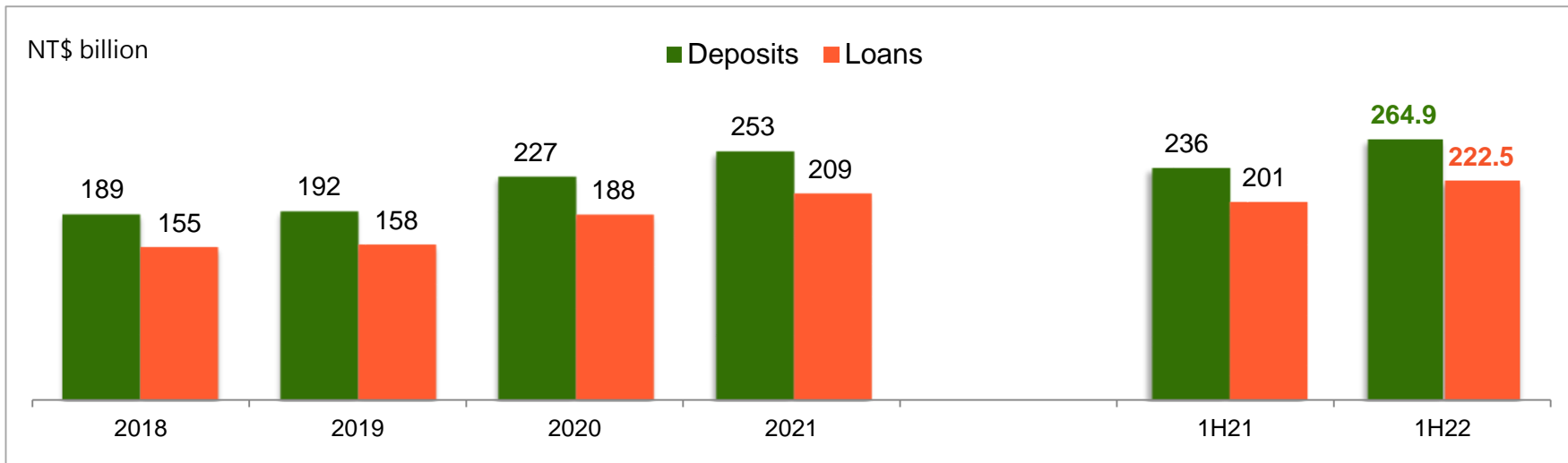
NIM and Spreads



Note: Peers data updated to 1Q 2022

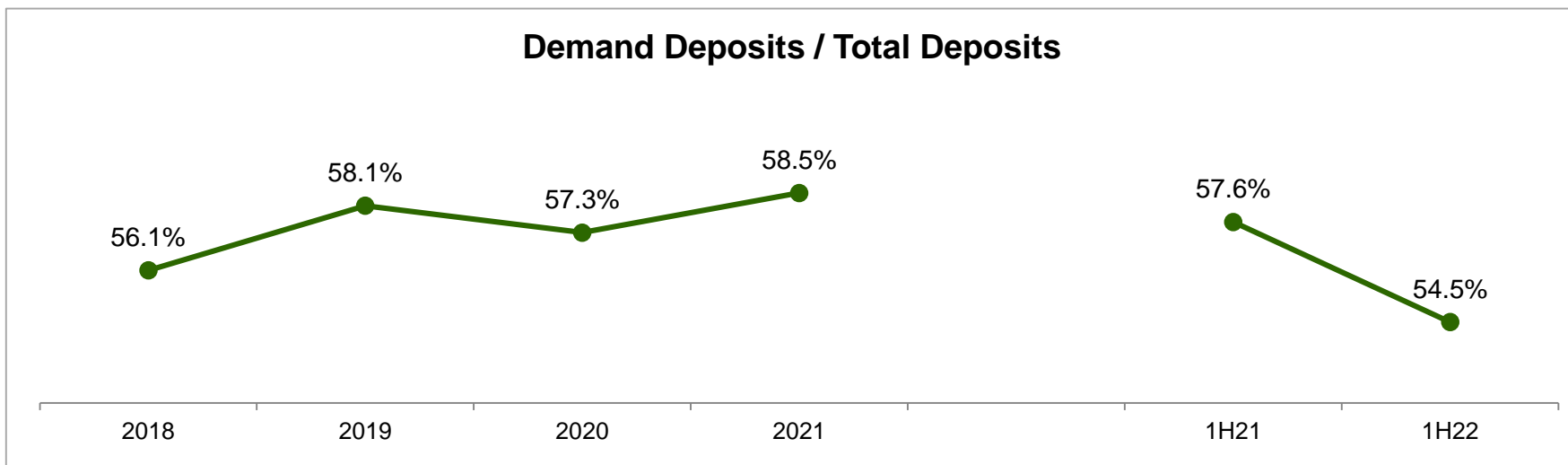
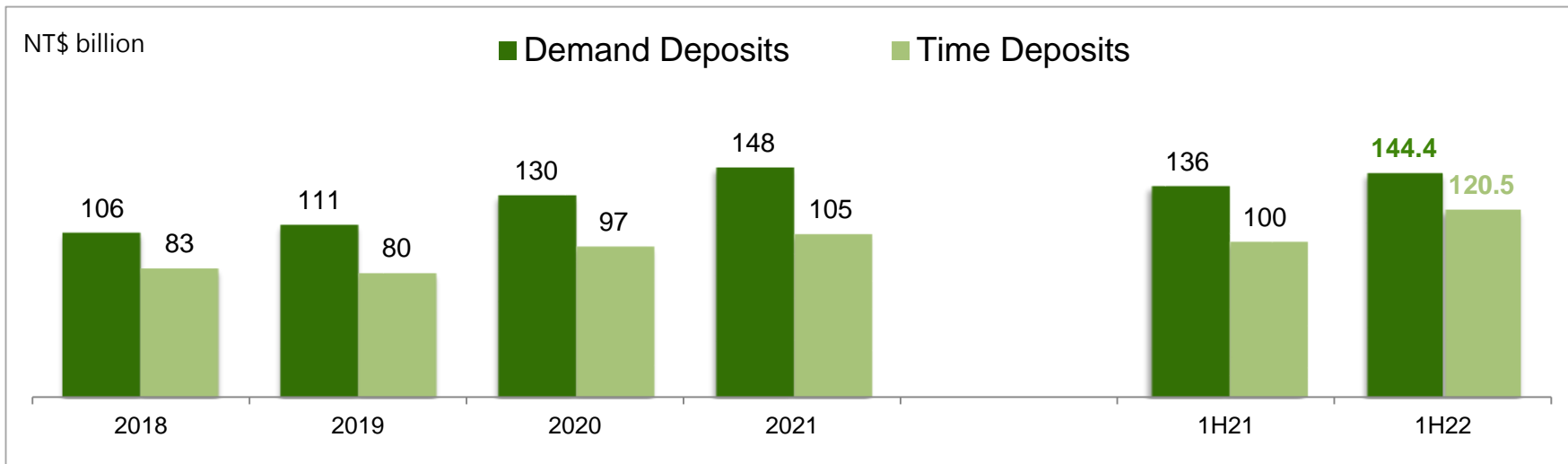


Loans and Deposits





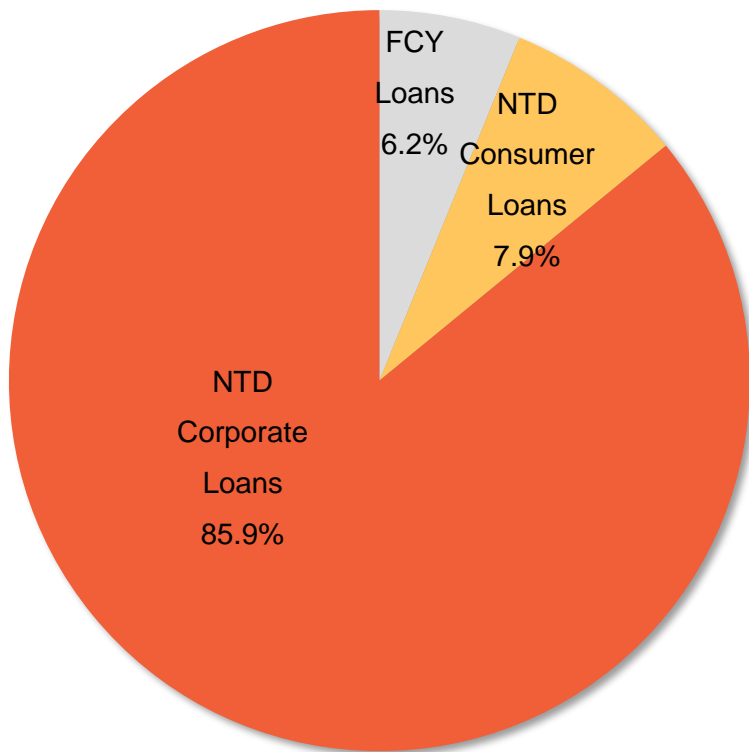
Deposits Breakdown



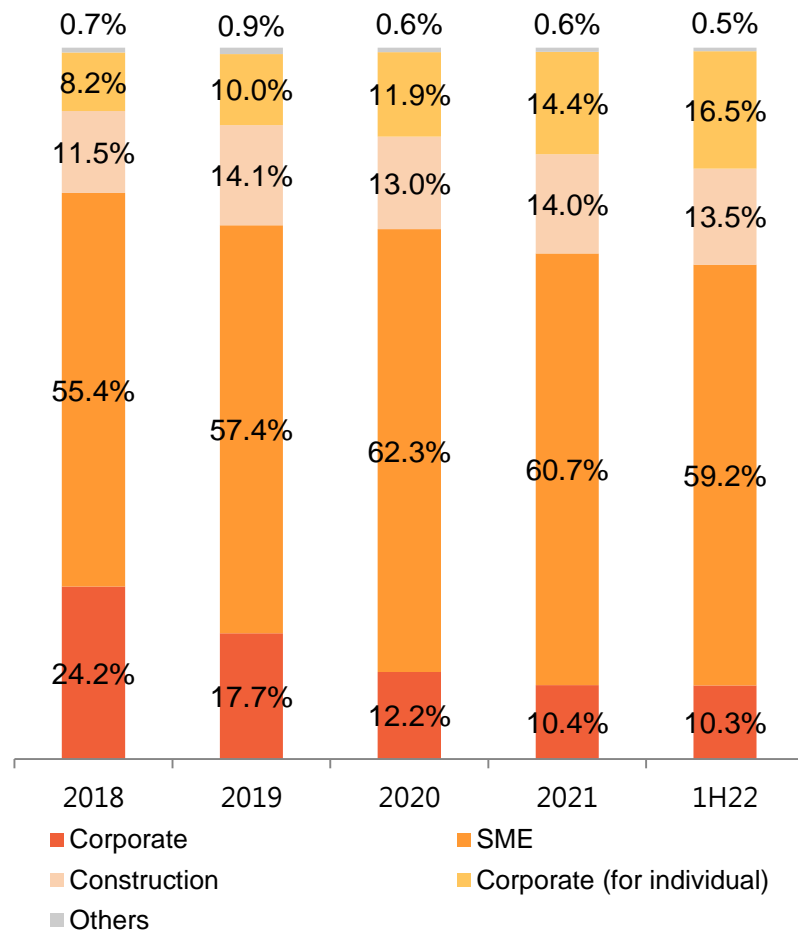


Loan Breakdown

Loan Composition 1H22

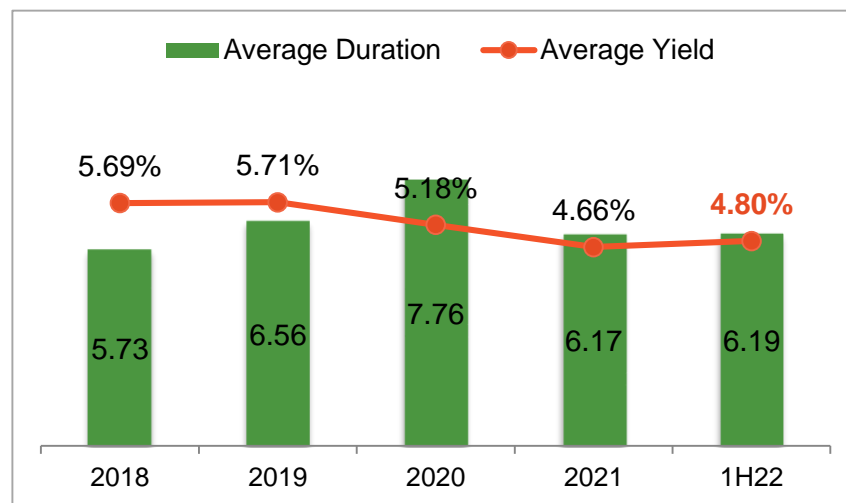
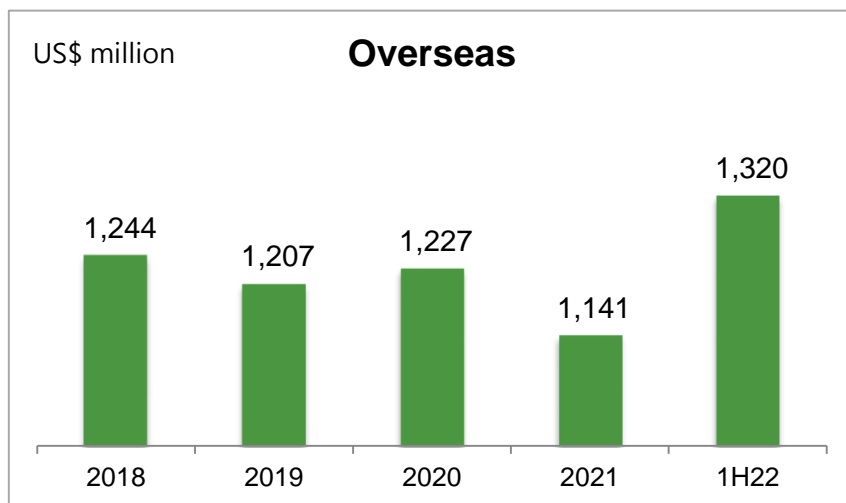
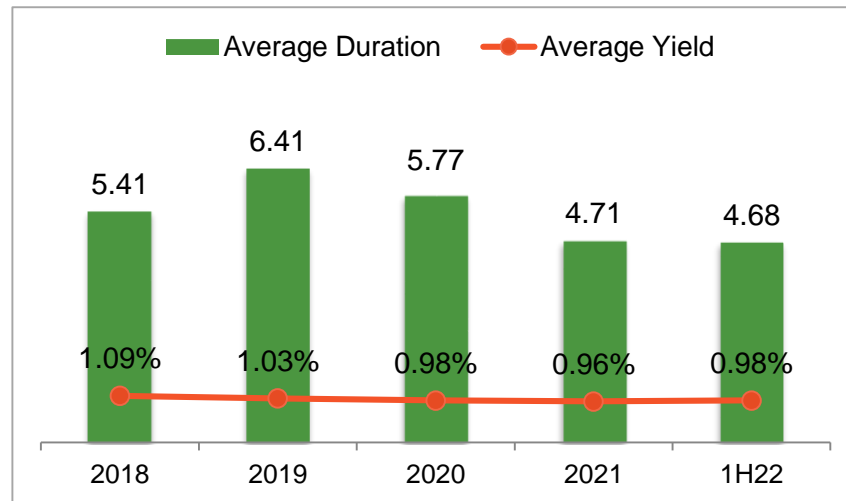
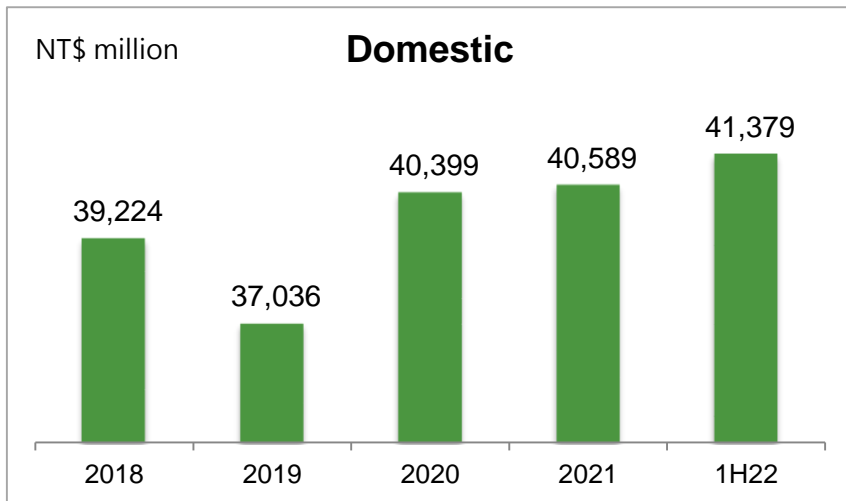


Corporate Loan by Type





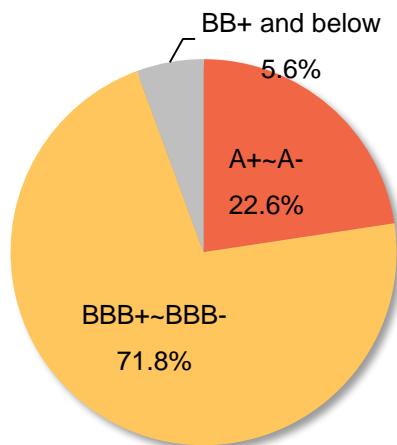
Financial Assets - Fixed Income Investments



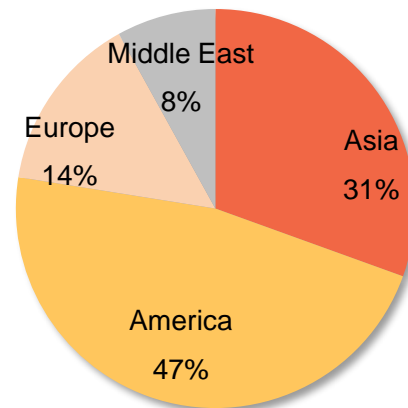


Financial Assets – Overseas Fixed Income Portfolio (1H22)

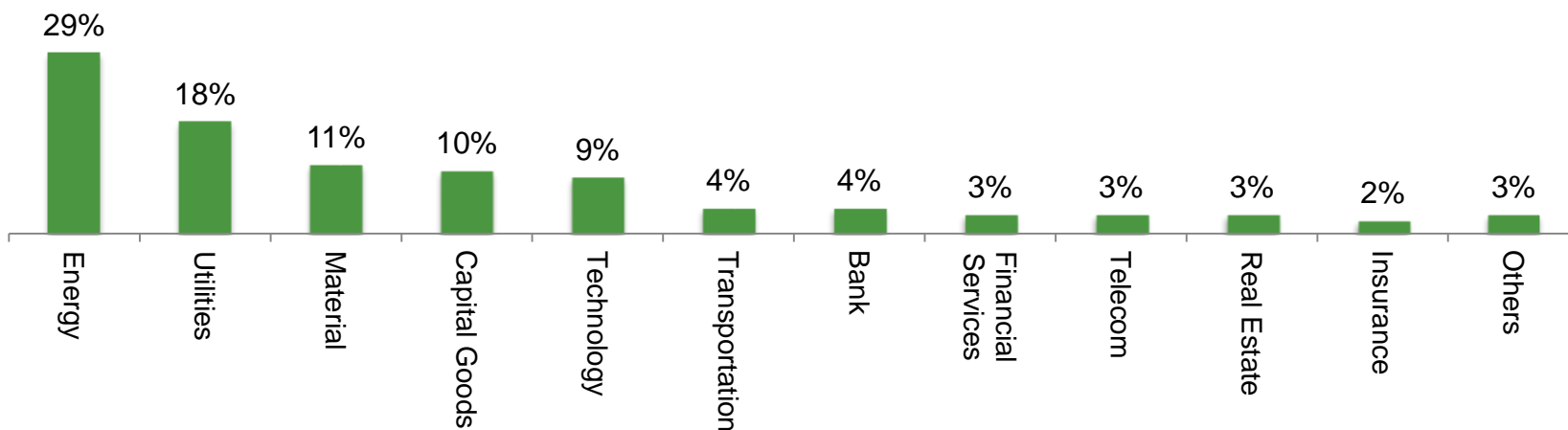
By Rating



By Area

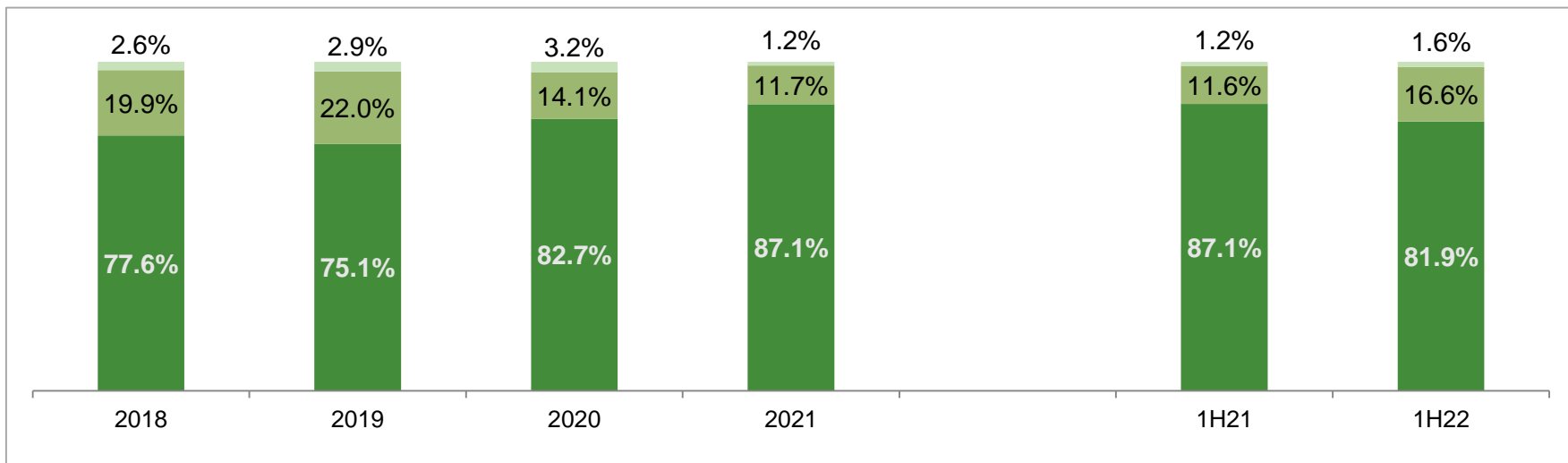
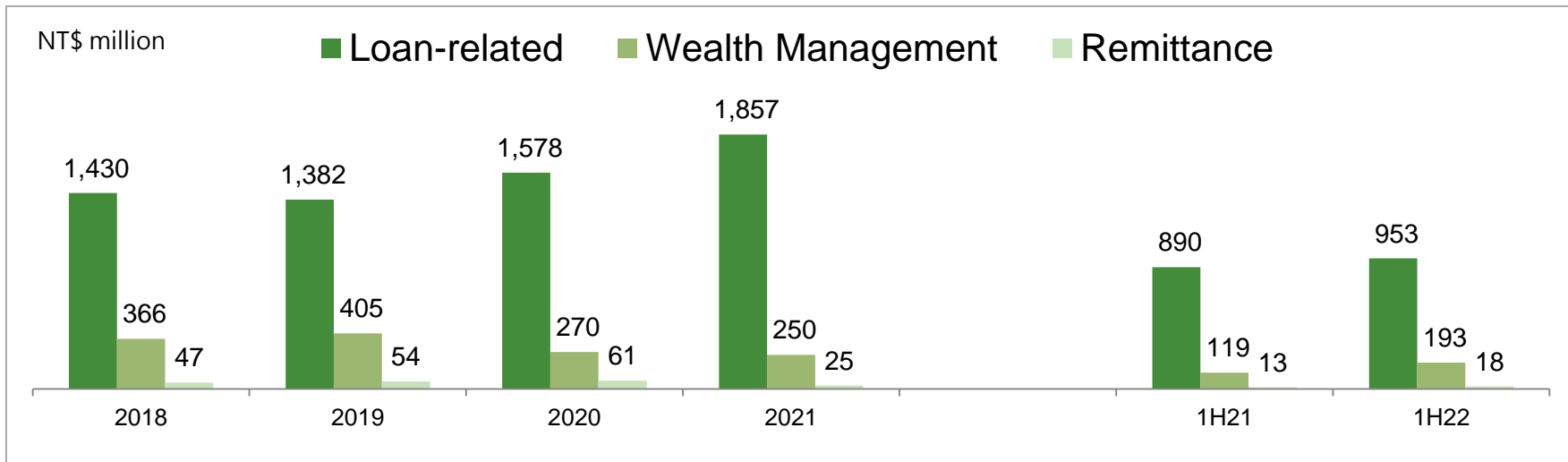


By sector



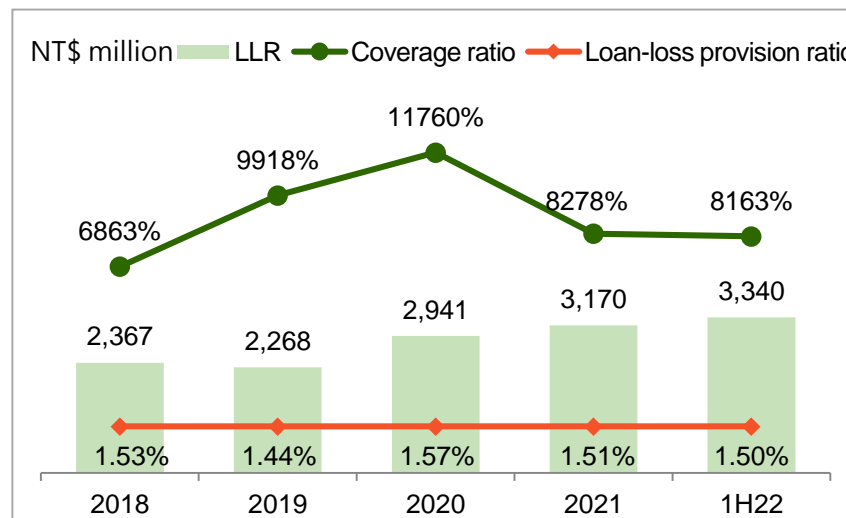
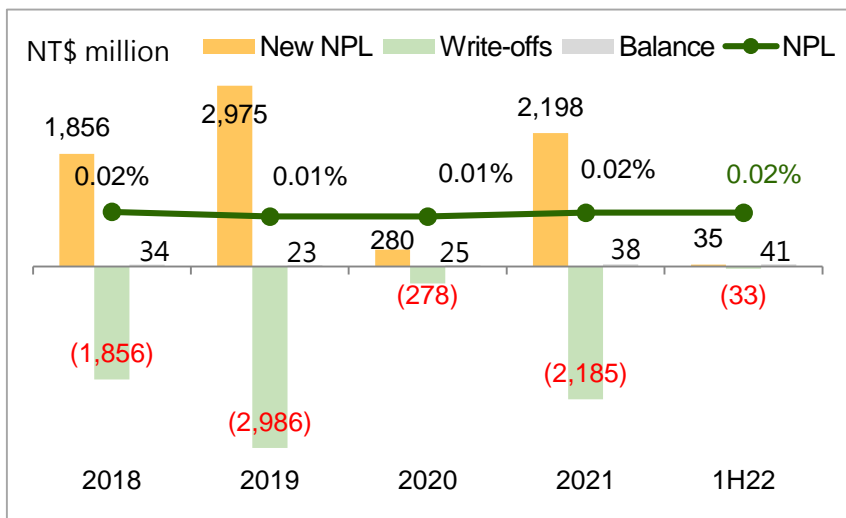
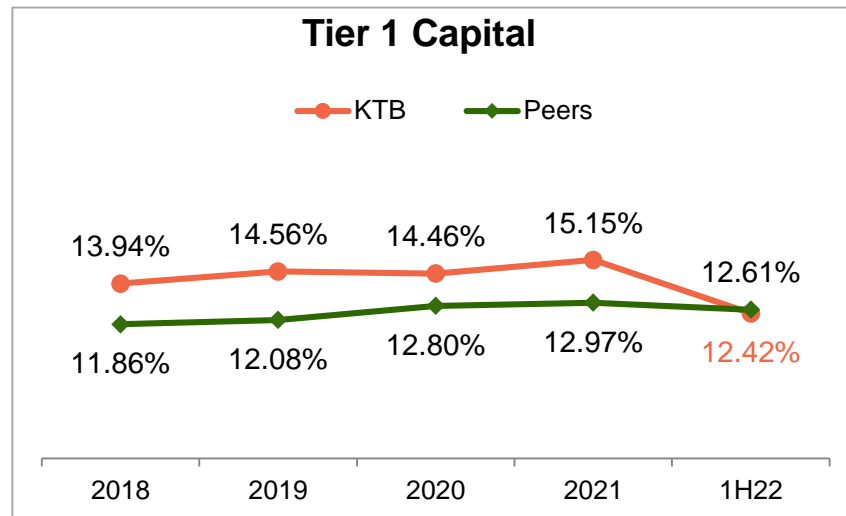
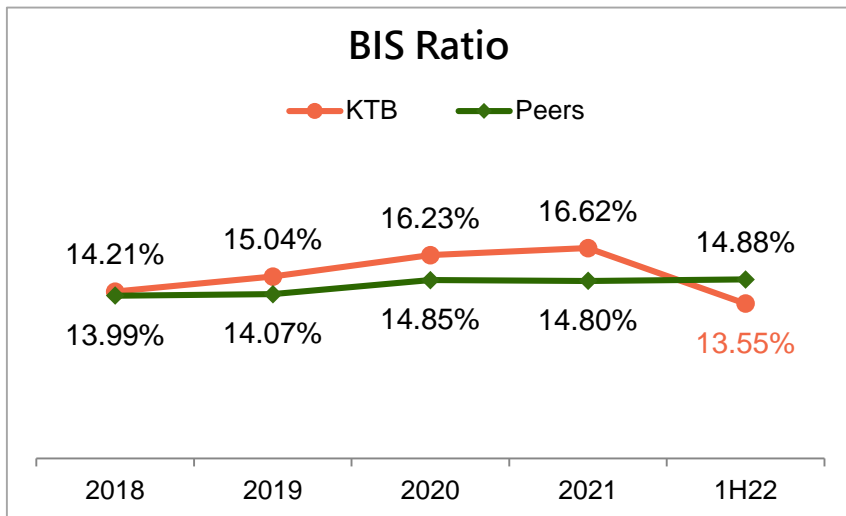


Fee Income





Capital Adequacy and Asset Quality



Note: Peer data updated to Mar. 2022.



Income Statement

NT\$ million

Items	1H22	1H21	YoY
Net Interest Income	3,028	2,757	10%
Net Fee Income	1,164	1,021	14%
Other Income	(2,477)	1,847	-234%
Revenue	1,715	5,625	-70%
Operating Expense	(1,005)	(1,047)	-4%
PPOP	710	4,578	-84%
Provision for Loan Reversal	425	464	-8%
Earnings Before Tax	1,135	5,042	-77%
Net Income	852	4,334	-80%
EPS (Cumulative) (NT\$)	0.76	3.87	-80%



Balance Sheet

NT\$ billion

Items	1H22	1H21	YoY	Items	1H22	1H21	YoY
Cash, CDs, Interbank Deposits, and R/S	15.6	15.8	-1%	Interbank Deposits	23.1	25.9	-11%
				Interbank Borrowings			
Securities	103.9	102.4	1%	Deposits	263.9	235.3	12%
Loans	219.2	197.4	11%	R/P	18.3	12.3	49%
Property and Equipment	4.2	3.5	20%	Other Liabilities	8.0	6.5	23%
Other Assets	12.3	8.6	43%	Total Liabilities	313.3	280.0	12%
Total Assets	355.2	327.7	8%	Shareholder's Equity	41.9	47.7	-12%

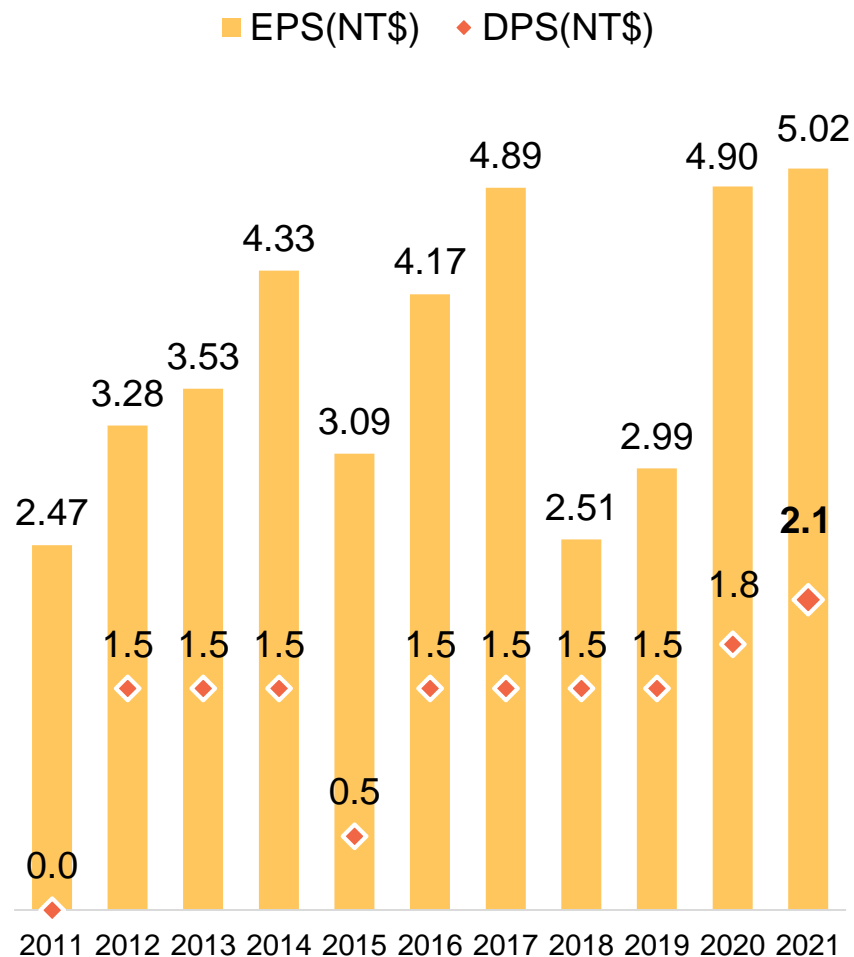
STRATEGY & OUTLOOK





King's Town Bank 2H22 Outlook

- Loan growth to be higher than the industry average**
 - Macro uncertainties increase.
 - With a unique and strong position in the fast-growing tech centers in Southern Taiwan, we expect to deliver better loan growth than the industry average.
- Maintain outstanding asset quality**
 - Though uncertainties due to global macro and external factors remain high, it seems to have limited impact as of yet.
- Aim to maintain NIM this year around the same level of 2021**
 - The loan-to-deposit spread may widen less than expected.
 - Yield curves are flattening, reducing the spreads.
- Provide stable annual cash dividend-per-share**





The New Tech Clusters “S Corridor” in the South



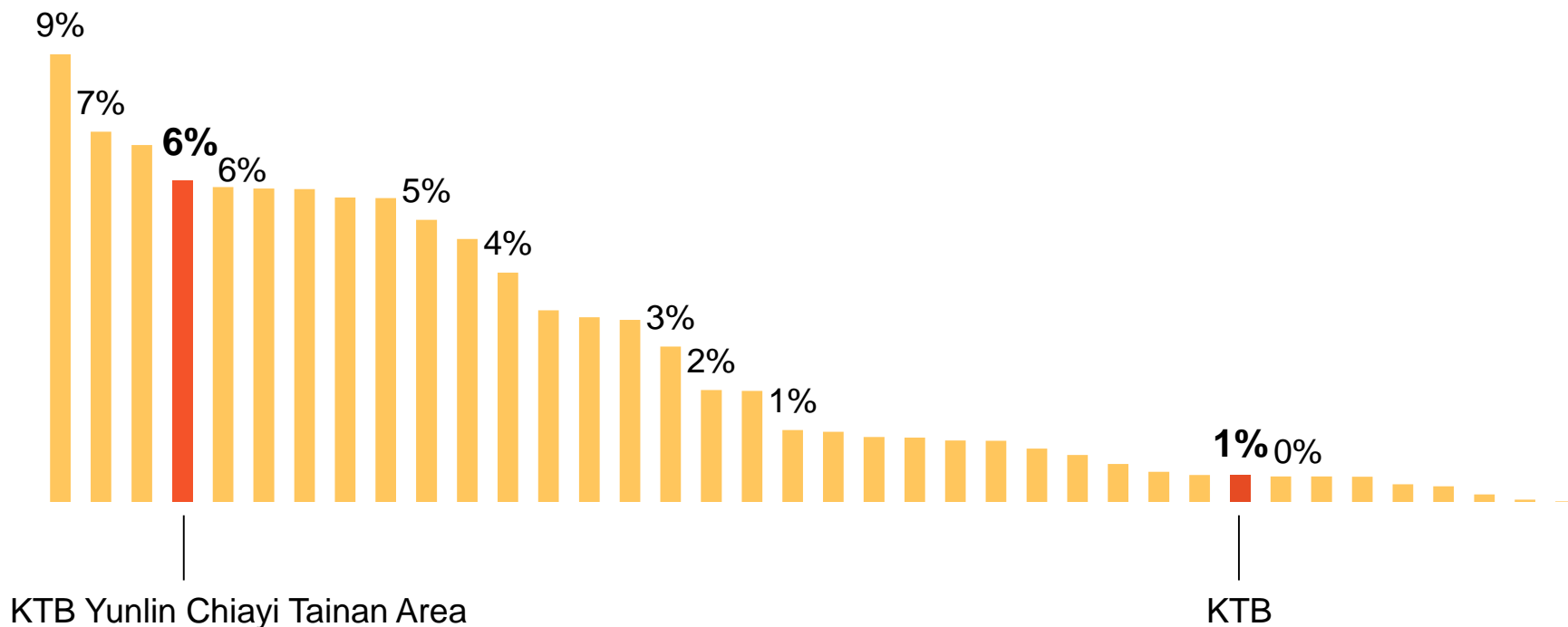
Location	Major sectors/ Companies
Chiayi Science Park (New)	Smart Farming, Smart Vehicle, Precision Health
Tainan Science Park	TSMC, UMC, Applied Materials, ASML
Luzhu Kaohsiung Science Park	Merck, Entegris, Winbond, WIN Semiconductors
Ciaotou Ciaotou Science Park (New)	Semiconductor, Aerospace, Precision Health, Smart Machinery
Nanzih Nanzih Industrial Park	TSMC, ASE
Dashe, Renwu, Daliao, Linyuan, Xiaogang	Semiconductor materials and petrochemical clusters
Pingtung Science Park (New)	Smart Farming & Healthcare, Space Technology, Green Materials



Strong Position in Deposits in Southern Taiwan

- KTB has a high deposit market share in Yunlin Chiayi Tainan Area.

Deposit Market Share in 2021 in Taiwan





Loan Growth: Aiming to Outgrow Peers over the Long-term

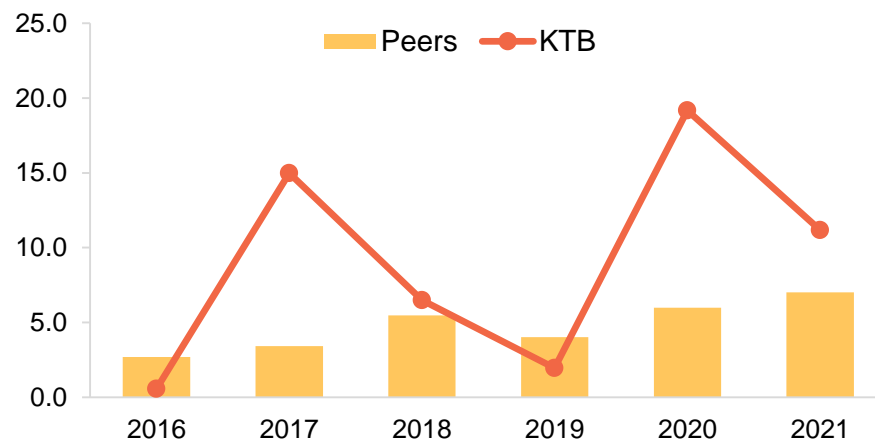
Growth opportunities in Southern Taiwan to drive loan and deposit businesses

- ✓ The newly created employment opportunities brought by the tech industry will drive consumption growth and the development of the surrounding service industries.
- ✓ The growth trajectory of Northern Taiwan in the past could be replicated.

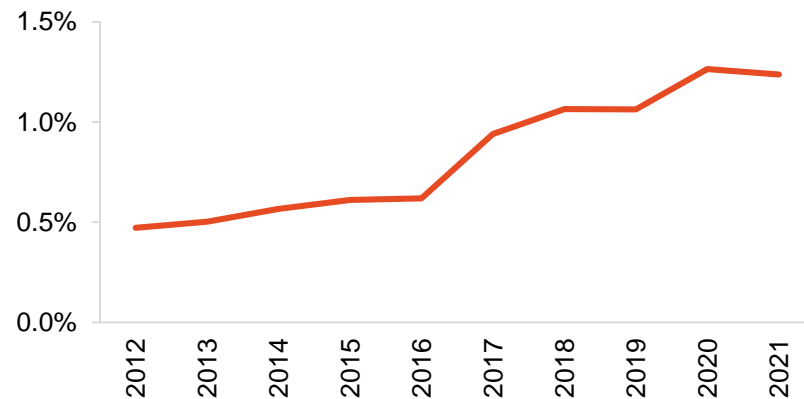
Our Strategy

- ✓ Increasing investment in Southern Taiwan to strengthen our loan and deposit businesses.
- ✓ Focusing on SMEs in the Southern Taiwan supply chain. SME loans are still our main growth drivers.

Loan Growth (%)



KTB's market share in SME Loans (%)

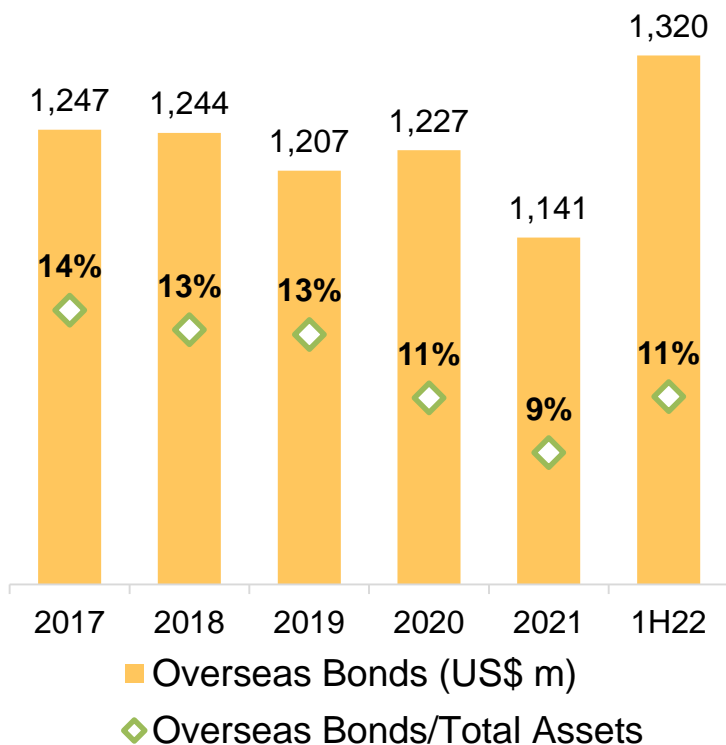


Source: FSC

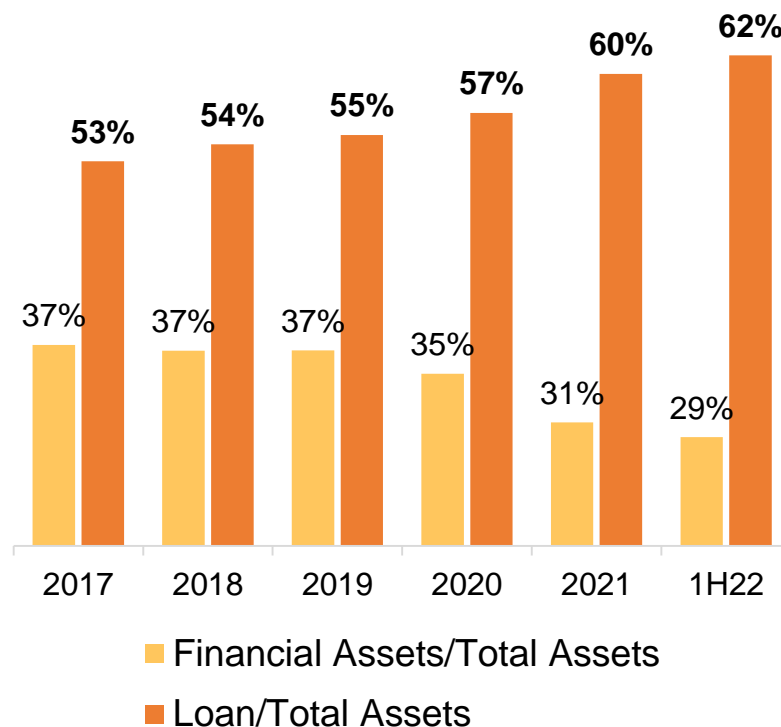


Asset Allocation with a Long-term Perspective

Overseas Bonds



Asset Mix





Pursuing Sustainable Profitability



Maintaining Outstanding Asset Quality

- Eliminating conflict of interests and understand the sources of risks
- Maintaining a conservative and transparent write-off policy



Solid Capital Ratio

- Maintaining a sound capital base
- Providing stable and growing annual cash dividend-per-share



Sustainability

- Considering all stakeholders and focusing on sustainable profitability



Commitment to ESG – Environment & Governance



TWSE Corporate Governance Evaluation

Ranked in the top 5% of all listed companies for five straight years.



Data Security

KTB established the "Information Security Management Committee" in 2015 and set up a new "Chief Information Security Officer" in 2021. KTB has established its International Security Management System in accordance with the ISO 27001 international information security standards. We also expect to obtain the ISO 27001 certification by the end of 2022.



Sustainable Credit Extension

As of the end of December 2021, KTB's loan balance to ESG-related industries (Green energy technology, Circular economy, Biotechnology & medical, Innovative agriculture) totaled NT\$19.45 billion, accounting for 9.28% of KTB's total loans.



Capital Adequacy

CAR was 16.62% and Tier 1 Capital Ratio 15.15% in 2021, better than the domestic banks mean of 14.78% and 12.90%, respectively.



GHG & Energy Management

We set a goal of a 15% reduction by 2022 in the total electricity consumption and GHG emissions (scope 1 and 2) compared to that of 2017. The total electricity consumption in 2021 was 4.038 million kWh, which was a 21.26% reduction compared to 2017. The GHG emissions for 2021 was 2,123 (t-CO₂e/year), 25.85% lower than 2017. We have reached the reduction goal ahead of schedule.



Green Power

Since 2011, KTB has been preparing to install its own solar power system on the roof of the Headquarters Building. In 2021, KTB self-generated about 41,784 kWh of green electricity, reducing carbon emissions by about 20.98 metric tons. Since 2012, we have generated 210,421 kWh electricity in total, reducing carbon emissions by about 109.53 metric tons.



Water Resources Management

KTB has set a goal of reducing water consumption by 10% by the end of 2022 compared to 2017. The total water consumption of 19,719 cubic meters in 2021 was 10.14% lower than that of the base year (2017), reaching the target of a 15% reduction.



Commitment to ESG – Social



Bloomberg Gender-Equality Index

KTB was again named to Bloomberg Gender-Equality Index for this year, one of the seven companies in Taiwan to achieve this designation.



Fraud Detection

Successfully blocked 101 scam cases in 2021 amounting to around NT\$9.15 million.



Inclusive Finance

Provide safe, convenient, and low-cost Western Union Money Transfer Service. About 67.57% of transactions were made by customers with new residents or migrant status.



Employee Stock Ownership Trust Program

KTB's Employee Stock Ownership Trust Program was established in 2010. In 2021, the employees' participation rate in employee stock ownership trust was 88.28%.



Focus on Youth Education

Our southern Taiwan branches are a part of the local community, so a key focus of the Bank's philanthropy is nurturing Taiwan's young generation, using a holistic approach. We support and host a broad range of activities.





Our Commitment to Shareholders

We view asset quality as the basis for all returns. As long as we manage this bank, we will ensure that its asset quality is amongst the best in the industry.

Maintain our BIS Ratio above 13% and our Tier 1 Capital Ratio above 11%

Aim to sustain healthy growth in BVPS

Maintain double-digit ROE over the long term.

Provide stable and growing annual cash dividend-per-share

Buy treasury shares, when appropriate, to enhance shareholder return.

A DIFFERENT KIND OF BANK

“Not many bank Chairpersons will tell you they feel it is critical for their employees to develop a sense of compassion for colleagues and clients.”

- Terence Tai, Chairman -





How we are 'Different'

<p>Loan Growth</p> <p>10.7%</p> <p>Peers 4.8% 2017-2021 CAGR</p>	<p>Loan-to-Deposit Spread</p> <p>2.07%</p> <p>Peers 1.30% 2017-2021 Average</p>	<p>Cost to Income%</p> <p>20%</p> <p>Peers 56% In 2021</p>	<p>ROA (pretax)</p> <p>1.84%</p> <p>Peers 0.64% 2017-2021 average</p>	<p>NPL Ratio</p> <p>0.02%</p> <p>Peers 0.27% 2017-2021 average</p>
<p>Deposit Growth</p> <p>7.8%</p> <p>Peers 5.4% 2017-2021 CAGR</p>	<p>NIM</p> <p>1.85%</p> <p>Peers* 1.18% In 2021</p>	<p>BIS ratio</p> <p>16.62%</p> <p>Peers 14.80% In 2021</p>	<p>ROE (pretax)</p> <p>13.33%</p> <p>Peers 8.77% 2017-2021 average</p>	<p>Loan-Loss Provision Ratio</p> <p>1.52%</p> <p>Peers 1.37% 2017-2021 average</p>

Note: Except for NIM, peer data are the average of all local peers. Source is CBC and FSC database.

*Peers for NIM are the top 5 private banks by asset size, based on company presentation data.



Why we are 'Different'



Alignment of Interests

- Owner-operated – Management team owns a 40%+ stake.
- Most employees are owners via our ESOP plan.
- One bank culture, with strong collaboration across business units.



Growth Opportunities in Southern Taiwan

- Many Tech companies have recently announced capex plans in southern Taiwan. The “Semi S corridor” is gradually taking shape.
- We have advantages as 73% of our branches are in this area.
- Close relationship with the community.



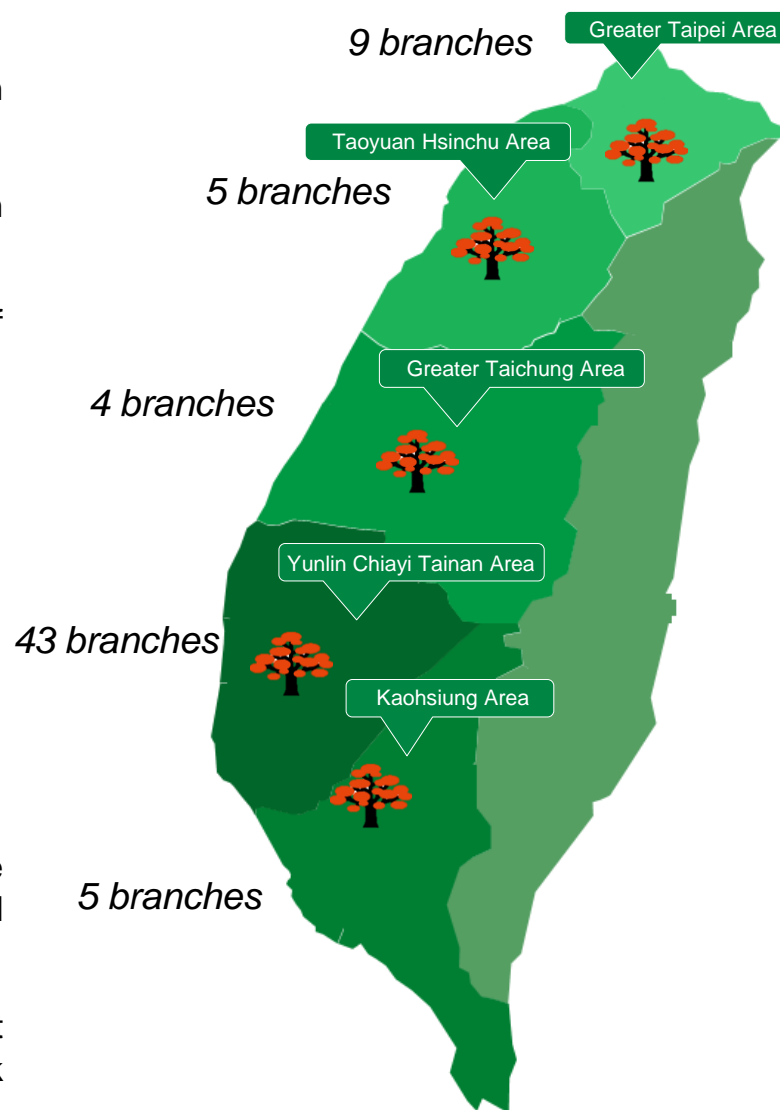
Focus on Sustainable Profitability

- Minimizing risks through reducing internal conflicts of interest.
- Building long-term partnerships with customers.
- Viewing employees as assets and partners.



King's Town Bank at a Glance

- Established in 1948, formerly known as the Tainan Business Bank.
- Headquartered in Tainan City, a city with a population of 1.9 million.
- A total of 66 branches, with approximately 73% of branches located in Southern Taiwan.
- Paid-in capital of NT\$ 11.2 billion.
- 23 Metro branches, contributing
 - 23% of deposits
 - 86% of loans
- 43 Non-metro branches, contributing
 - 77% of deposits
 - 14% of loans
- Ranked in the Top 5% in terms of “Corporate Governance Best-Practice for TWSE Listed Companies” for five consecutive years.
- Credit rating affirmed by Fitch at BBB · local rating at A+(tw) · F1(tw) for 9 consecutive years. Outlook stable in 2022.





Disclaimer

- This presentation may include forward looking statements. All statements, other than statements of historical facts, that address activities, events or developments that King's Town Bank expects or anticipates will or may occur in the future are forward-looking statements. King's Town Bank's actual results or developments may differ from those indicated by these forward-looking statements as a result of various factors and uncertainties which are beyond our control. In addition, King's Town Bank makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.
- The preliminary results announced today are unaudited and are therefore subject to change



Thank You !