



# King's Town Bank

## 3Q22 Results Presentation



Stock Code : 2809.TW

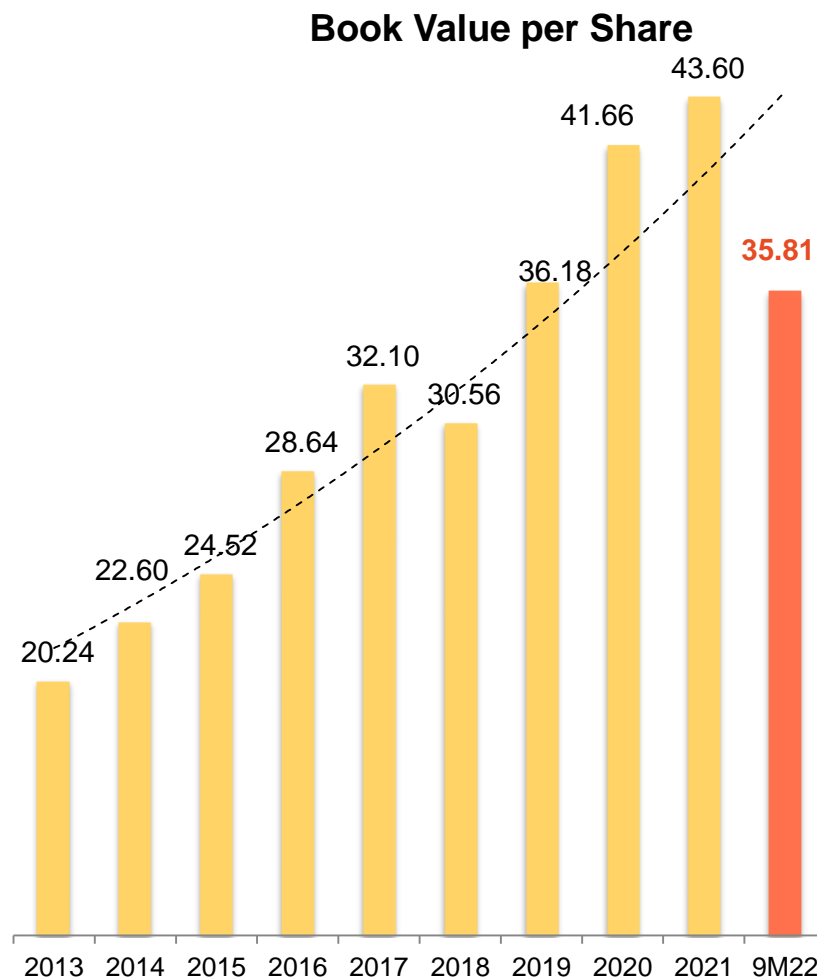
# 1-3Q FY22 FINANCIAL REVIEW





# 1-3Q FY22 Financial Review

	9M22	9M21
Total Assets (NT\$ mm)	364,637	334,028
Book Value/share (NT\$)	35.81	43.98
ROE (pretax)	4.44%	18.99%
ROA (pretax)	0.56%	2.76%
BIS Ratio	13.25%	17.12%
NPL Ratio	0.02%	0.02%
Coverage Ratio	8,748%	8,144%
Loan-loss Provision Coverage Ratio	1.50%	1.54%
FINI Holdings	14.41%	17.80%
Fitch Rating	A+(tw) 、 F1(twn)	





# 1-3Q FY22 Operating Highlights

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- 9M22 net revenue decreased by 61% compared with the same period last year, while net interest income and net fee income increased by 10% and 3% YoY, respectively. The increase in net interest income was mainly due to the growth in our loan book.
- Total Loans at the end of 9M22 were NT\$231.6 bn, up 14% YoY and up 11% versus year-end 2021.
- 9M22 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 September 2022 versus the median value of 1.32% for the Taiwan banking industry.



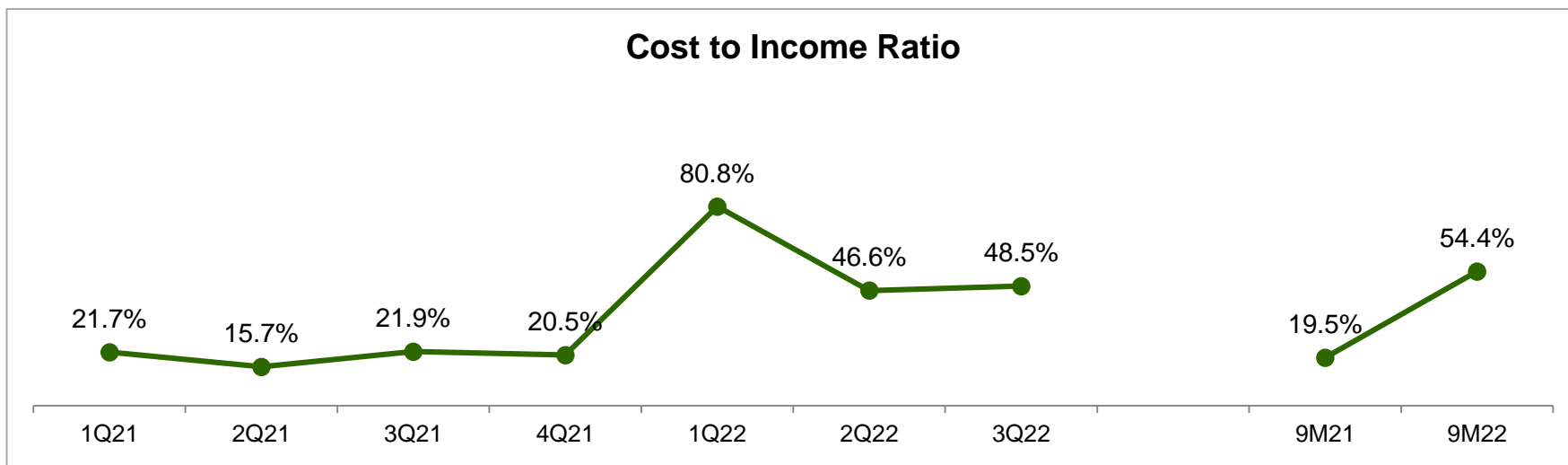
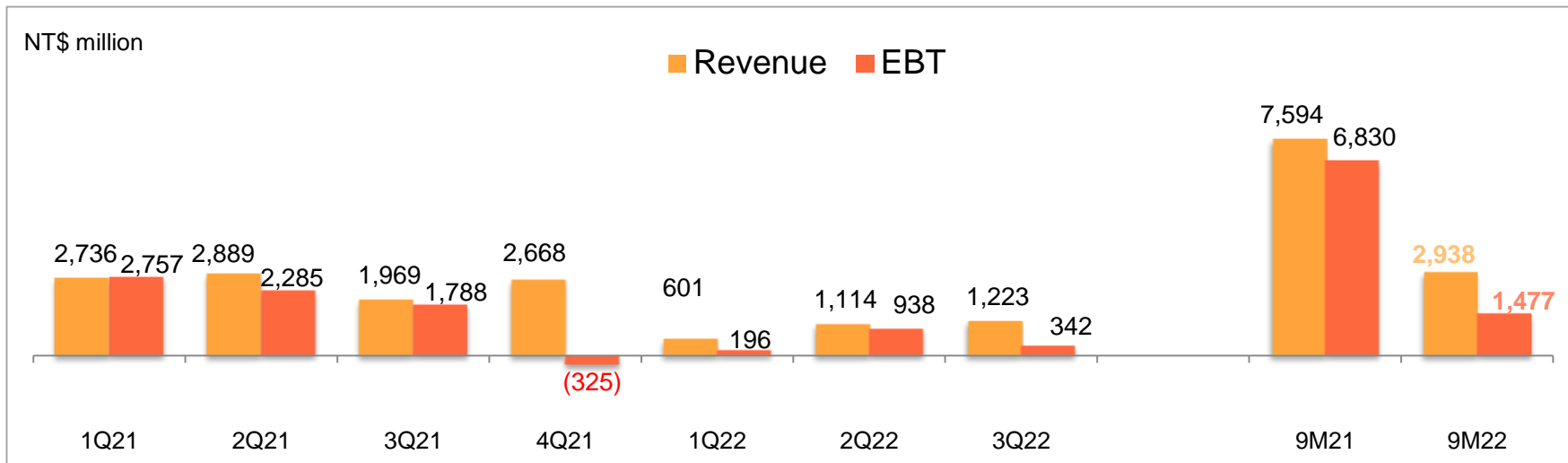
# 9M22 Revenue Breakdown

NT\$ million



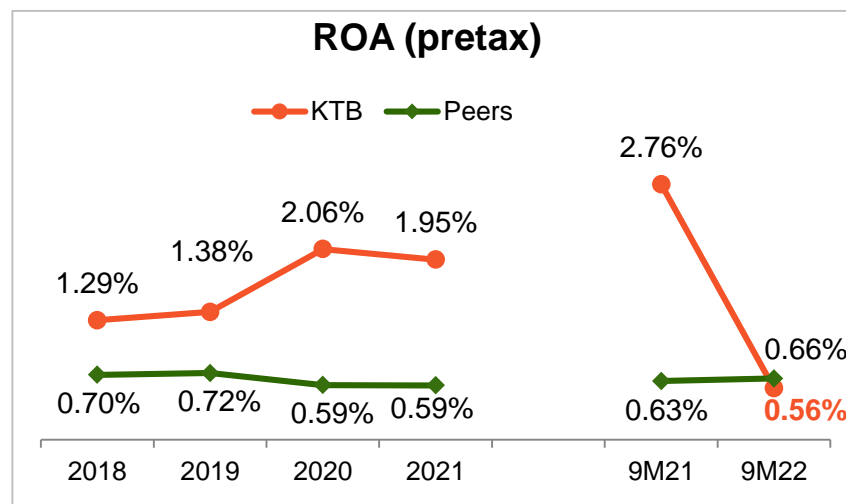
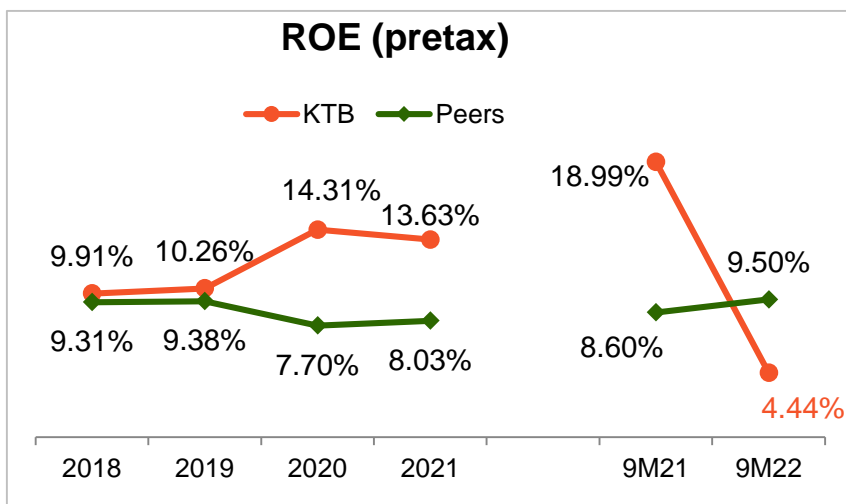
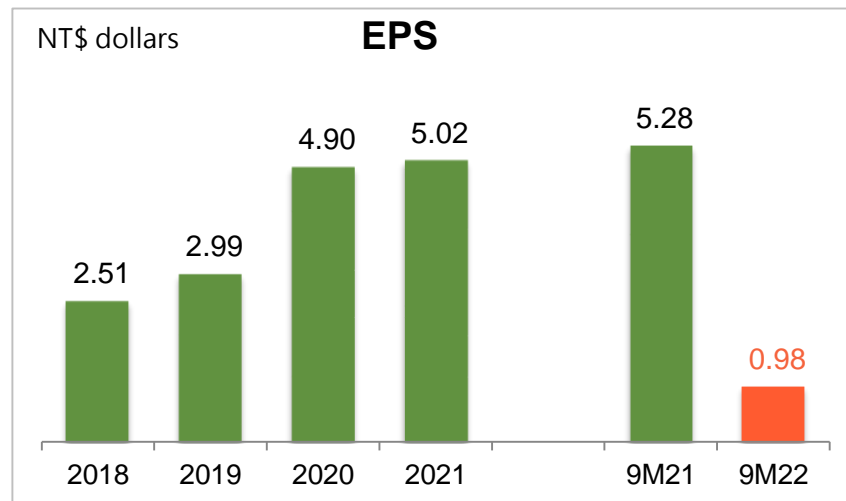
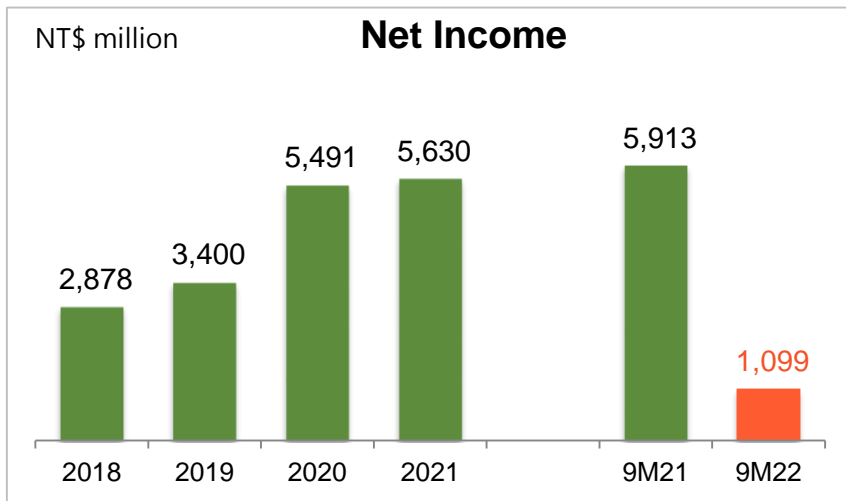


# Quarterly Revenue and Expenses





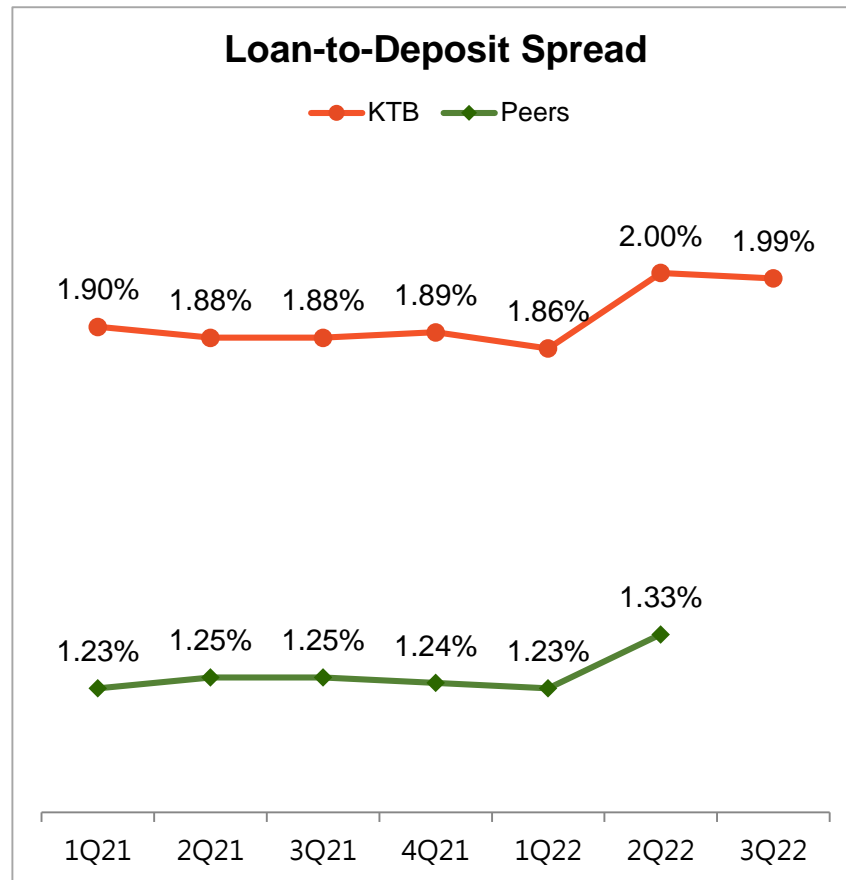
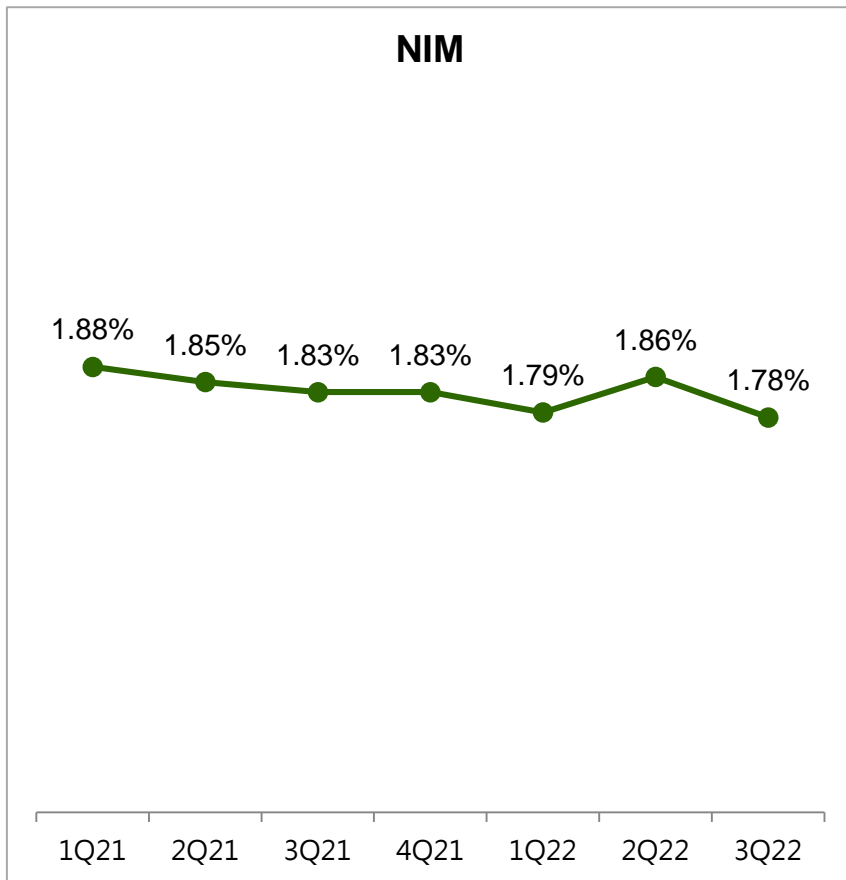
# Profitability



Note: Peers data updated to Aug. 2022 (annualized)



# NIM and Spreads

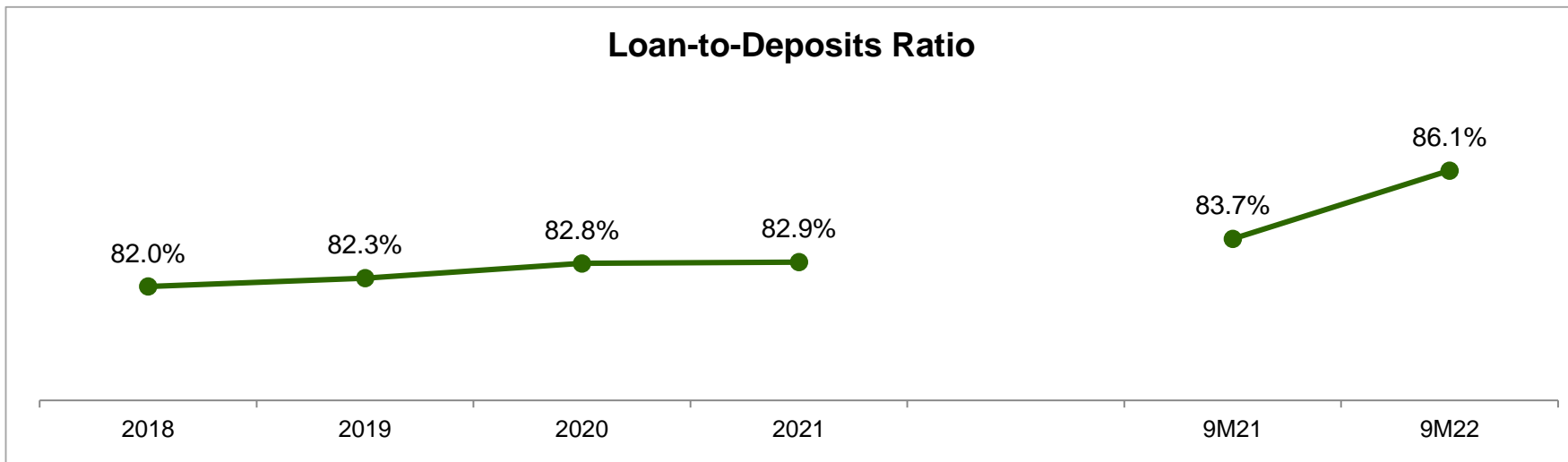
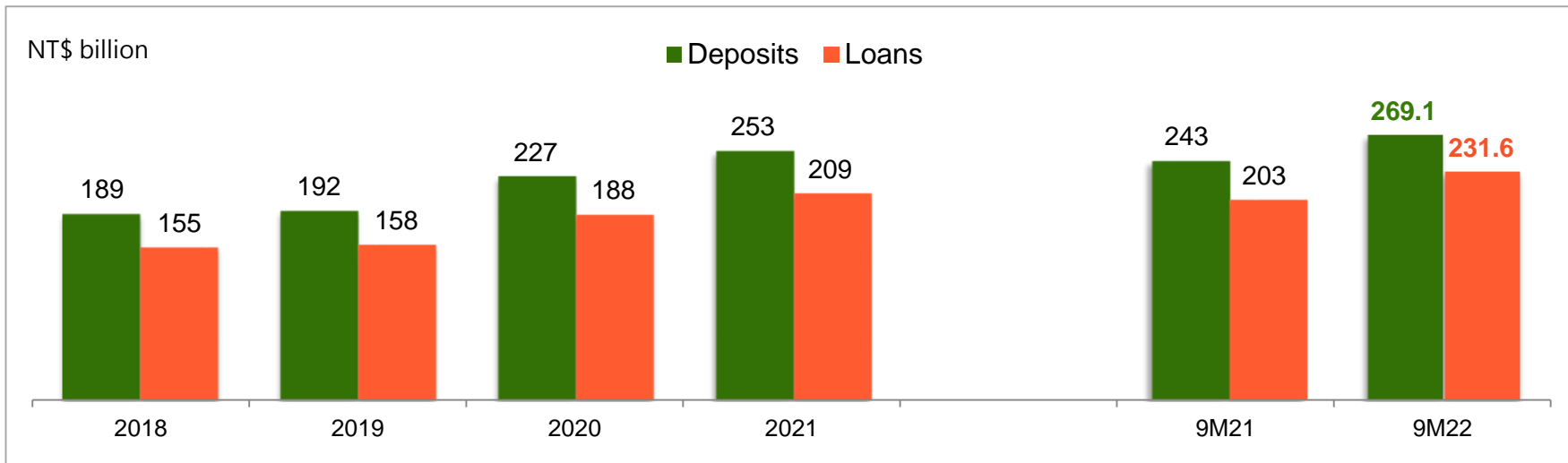


Note: Peers data updated to 2Q 2022



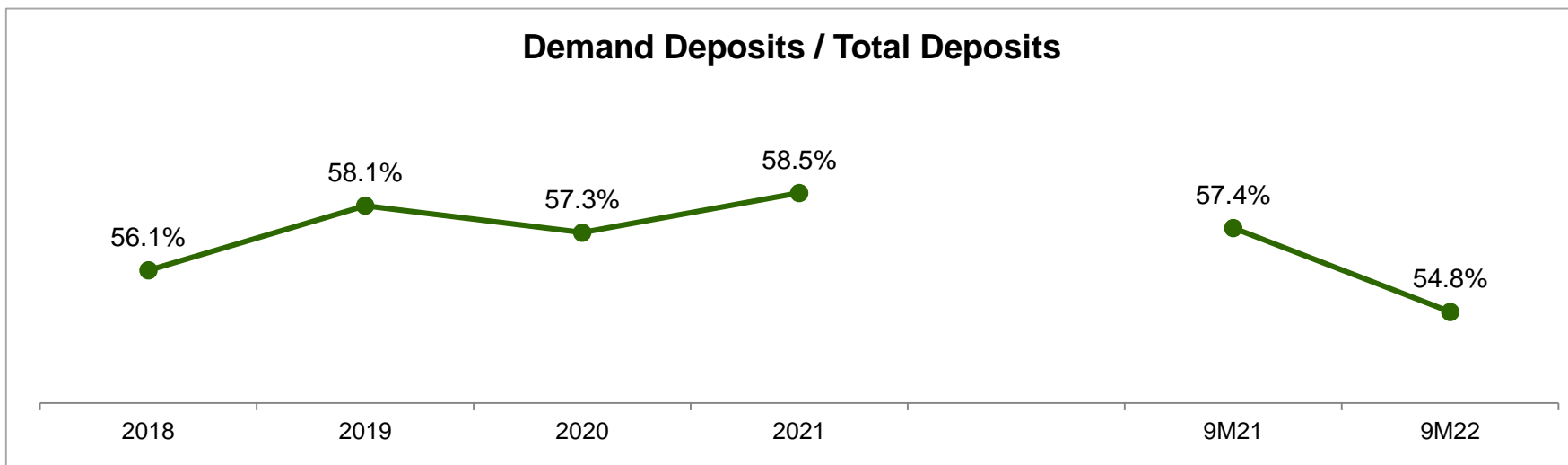
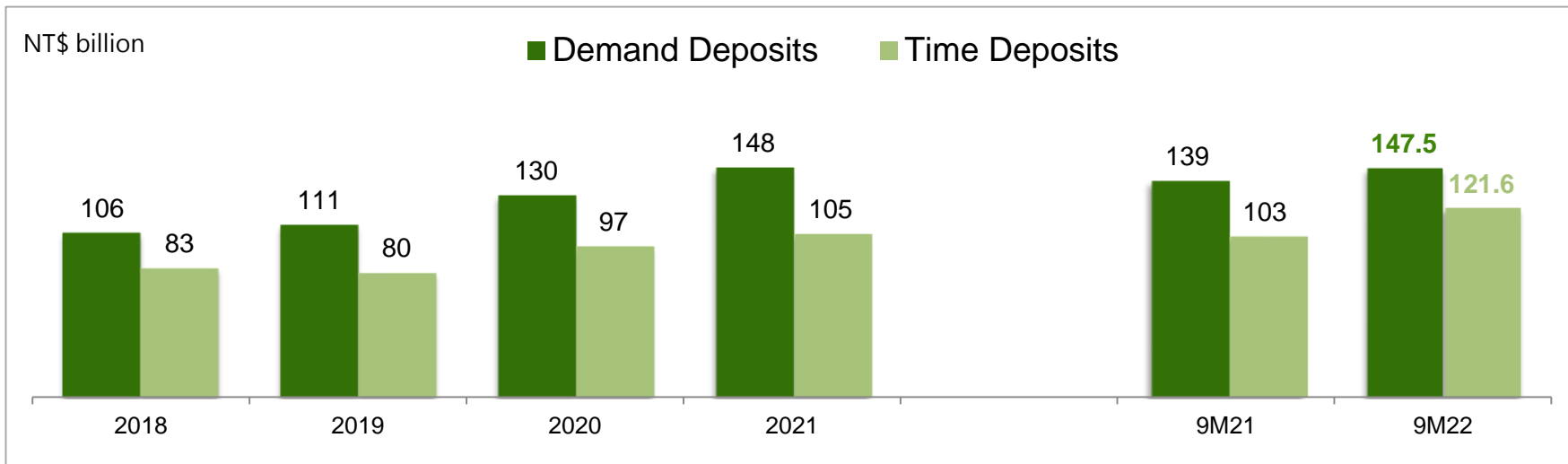


# Loans and Deposits





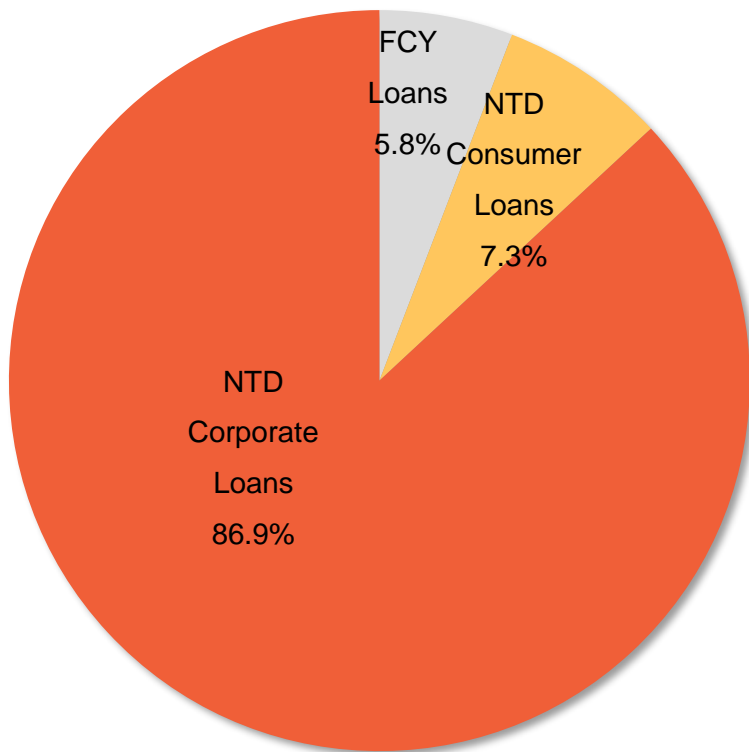
# Deposits Breakdown



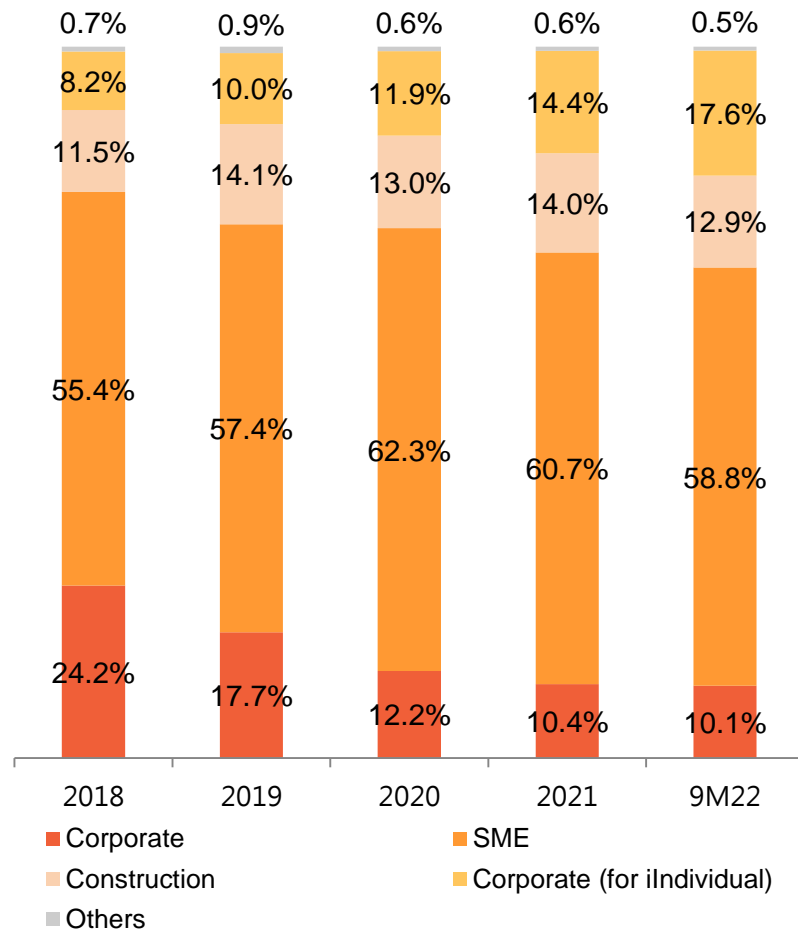


# Loan Breakdown

**Loan Composition 9M22**

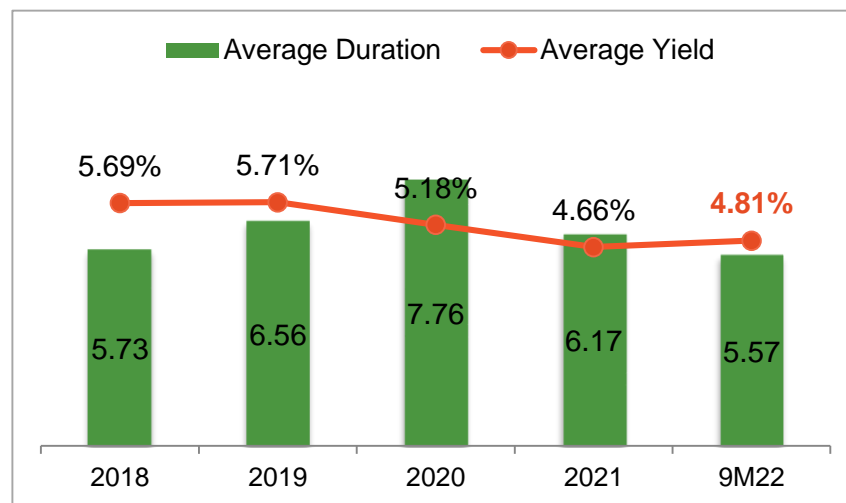
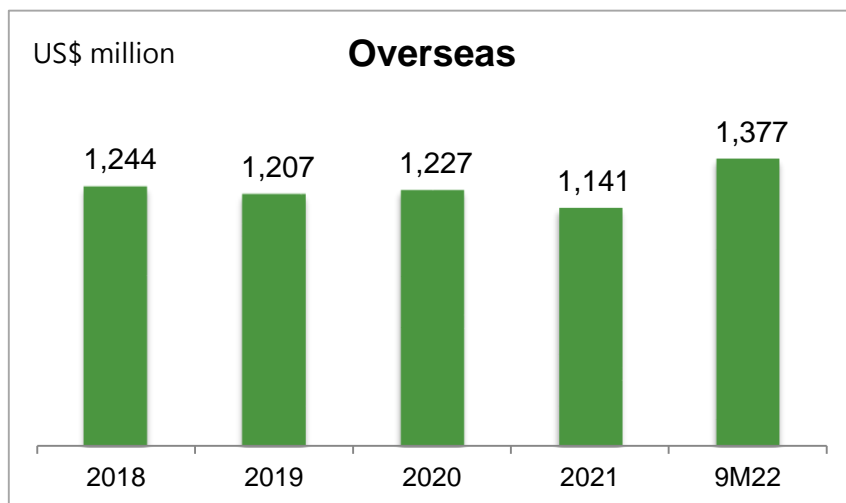
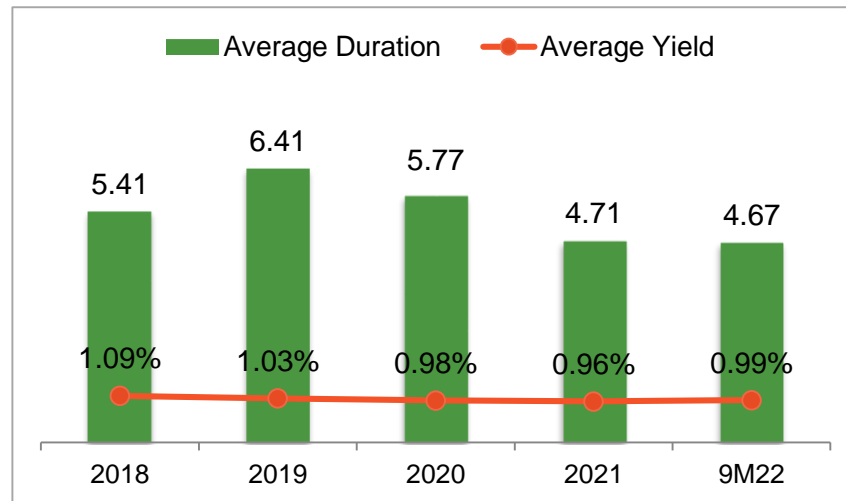
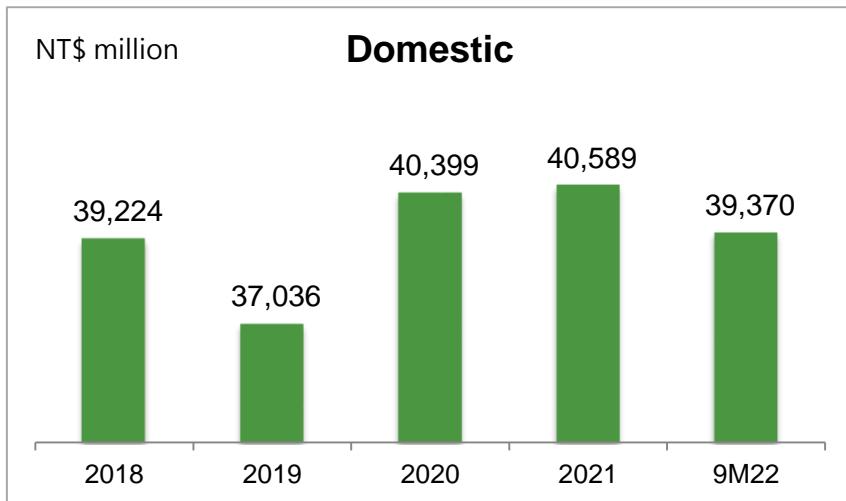


**Corporate Loan by Type**



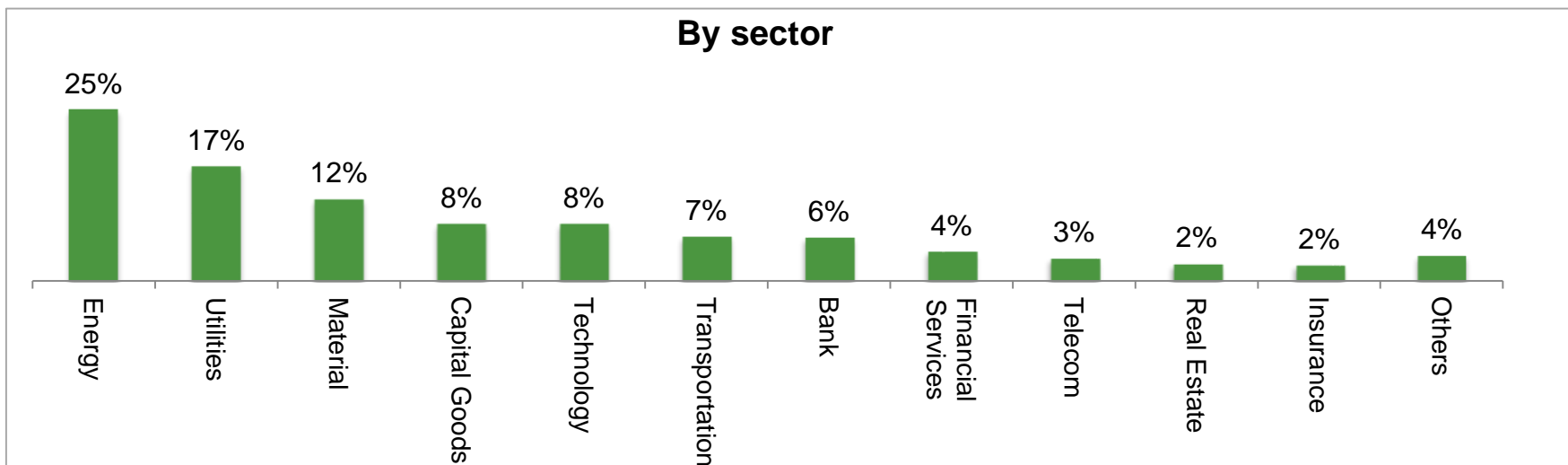
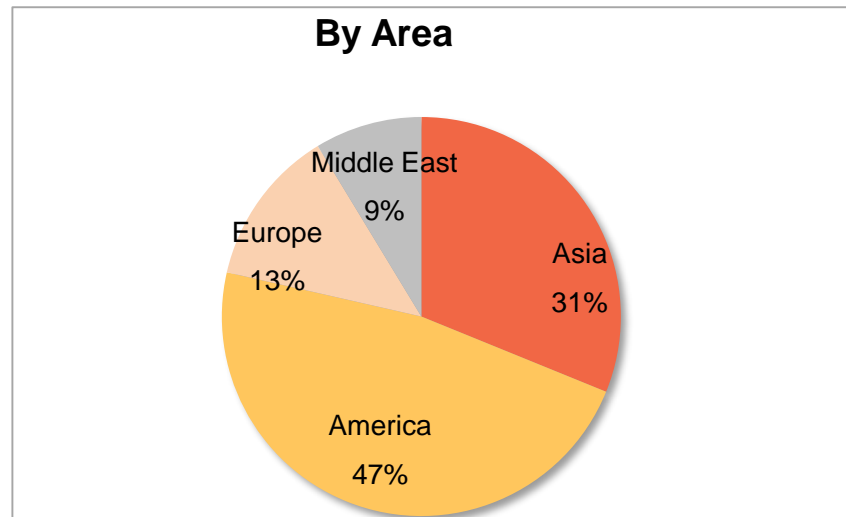
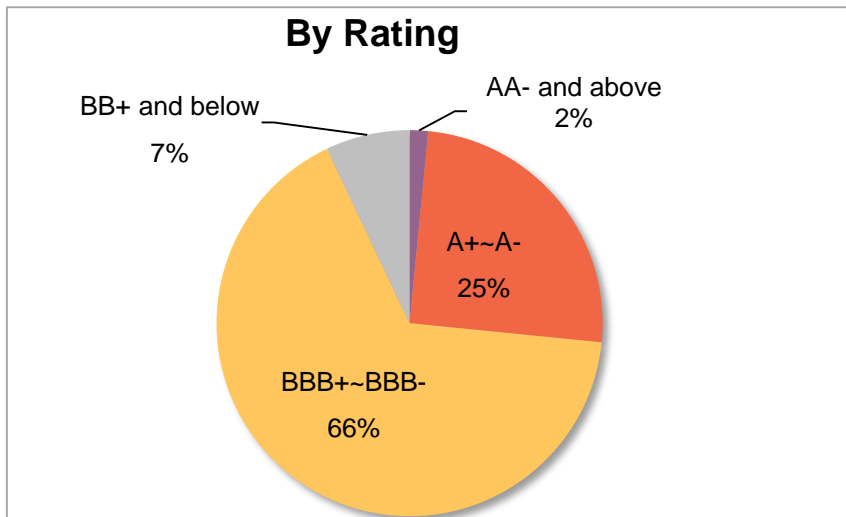


# Financial Assets - Fixed Income Investments



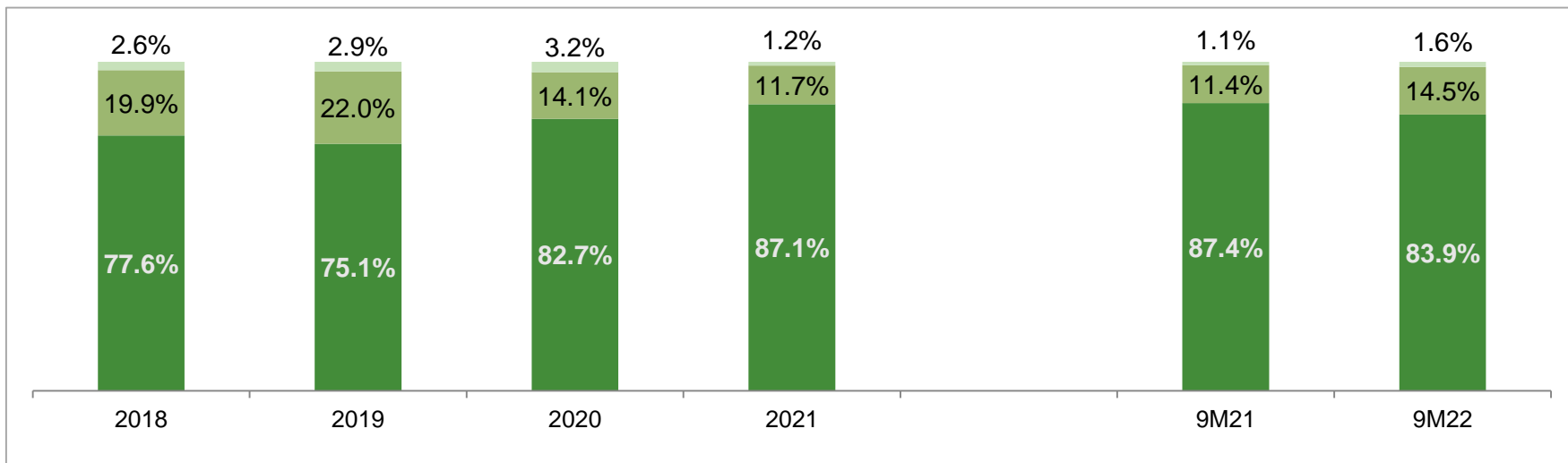
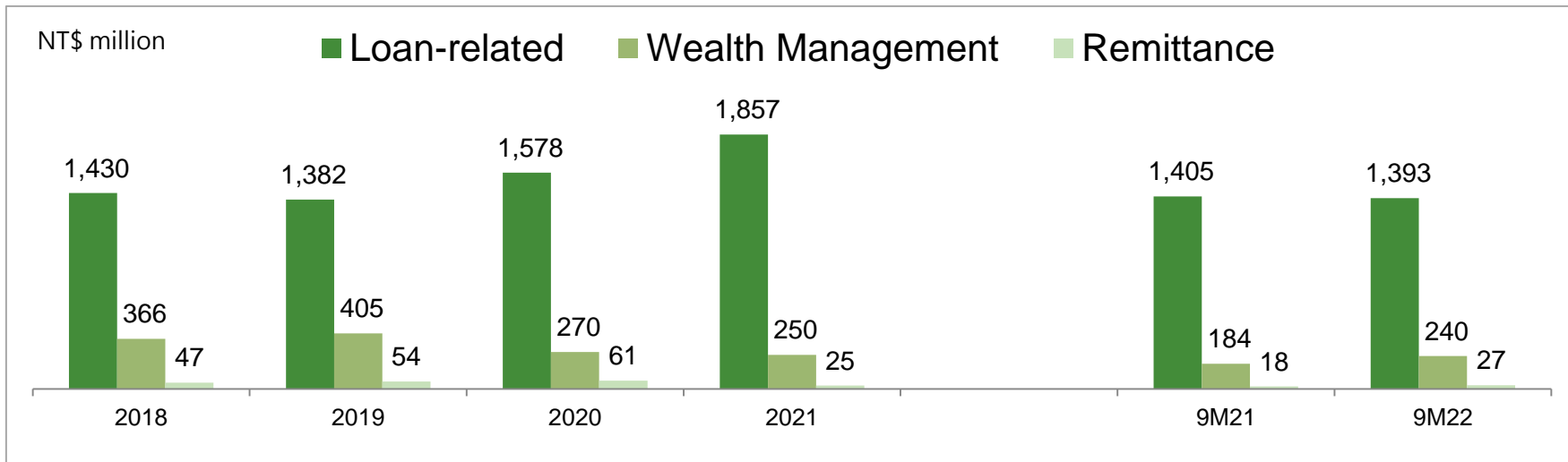


# Financial Assets – Overseas Fixed Income Portfolio (9M22)



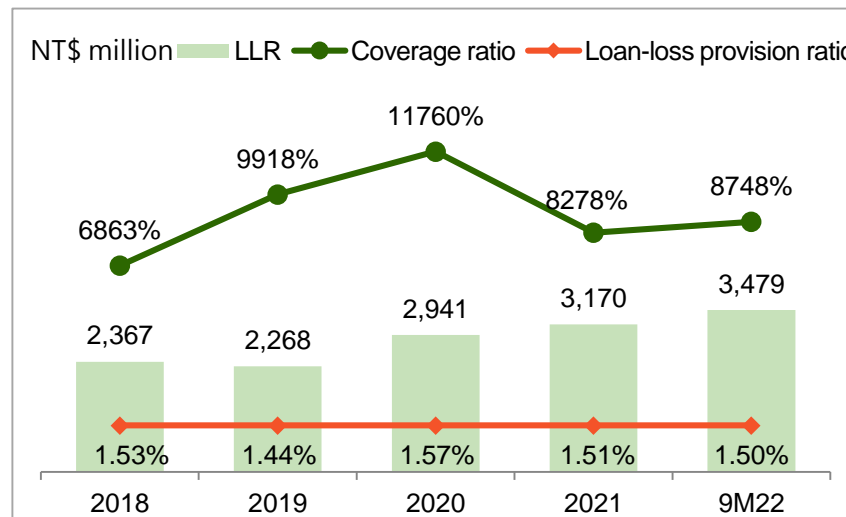
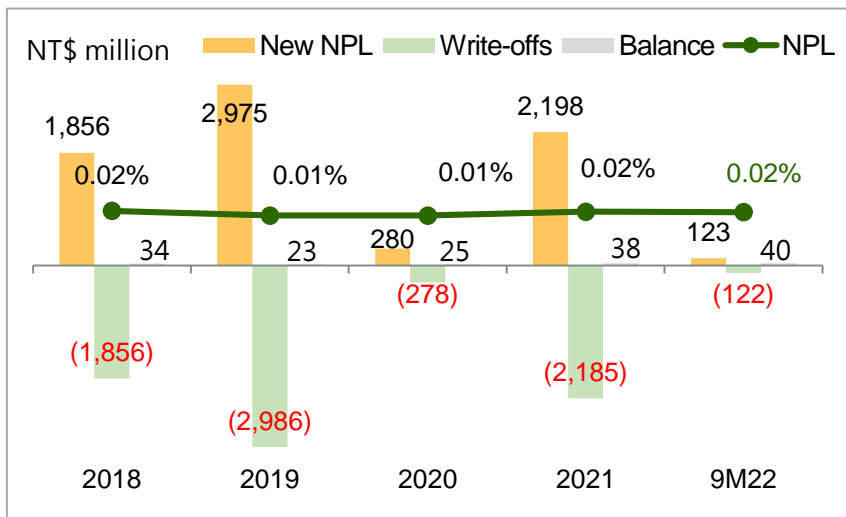
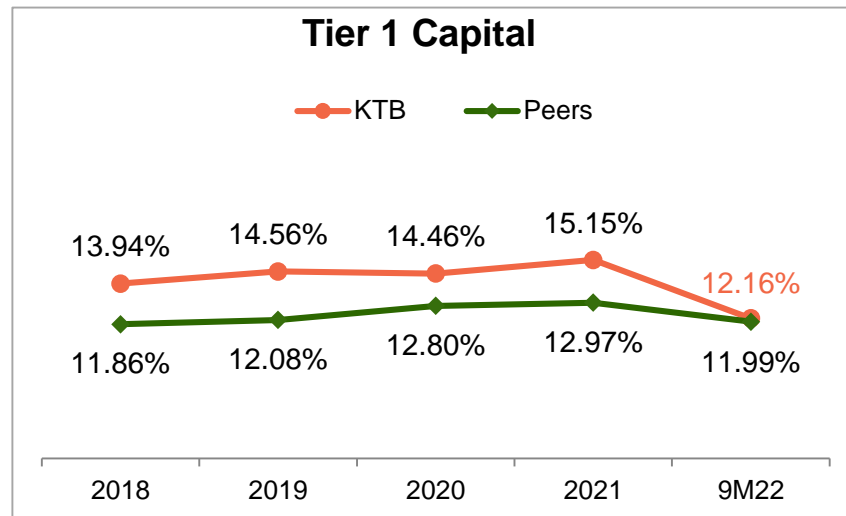
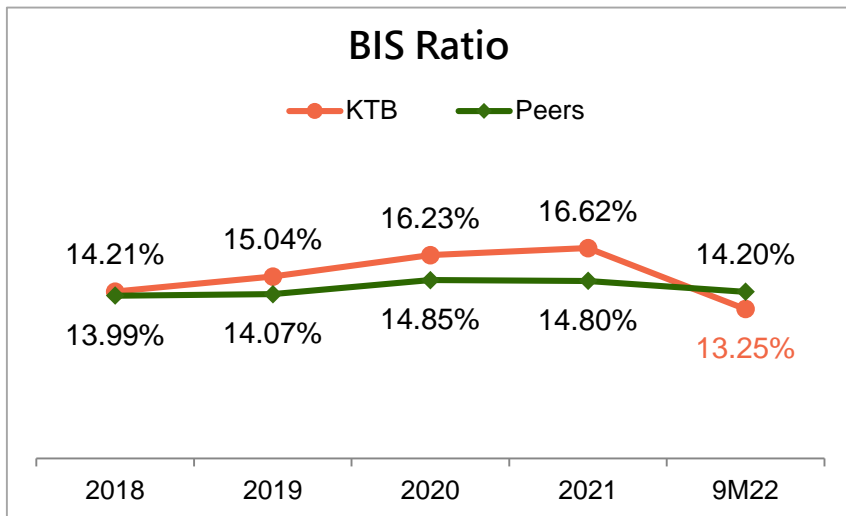


# Fee Income





# Capital Adequacy and Asset Quality



Note: Peer data updated to Jun. 2022.



# Income Statement

NT\$ million

Items	9M22	9M21	YoY
Net Interest Income	4,582	4,148	10%
Net Fee Income	1,660	1,607	3%
Other Income	(3,304)	1,839	-280%
<b>Revenue</b>	<b>2,938</b>	<b>7,594</b>	<b>-61%</b>
Operating Expense	(1,598)	(1,478)	8%
PPOP	1,340	6,116	-78%
Provision for Loan Reversal	137	713	-81%
<b>Earnings Before Tax</b>	<b>1,477</b>	<b>6,829</b>	<b>-78%</b>
Net Income	1,099	5,913	-81%
EPS (Cumulative) (NT\$)	0.98	5.28	-81%





# Balance Sheet

NT\$ billion

Items	9M22	9M21	YoY	Items	9M22	9M21	YoY
Cash, CDs, Interbank Deposits, and R/S	15.4	16.5	-7%	Interbank Deposits	30.7	22.8	35%
Securities	103.0	104.0	-1%	Interbank Borrowings			
Loans	228.2	200.0	14%	Deposits	268.0	242.5	11%
Property and Equipment	4.3	3.5	23%	R/P	18.8	10.8	74%
Other Assets	13.7	10.0	37%	Other Liabilities	7.3	8.6	-15%
Total Assets	364.6	334.0	9%	Total Liabilities	324.8	284.7	14%
				Shareholder's Equity	39.8	49.3	-19%

# A DIFFERENT KIND OF BANK

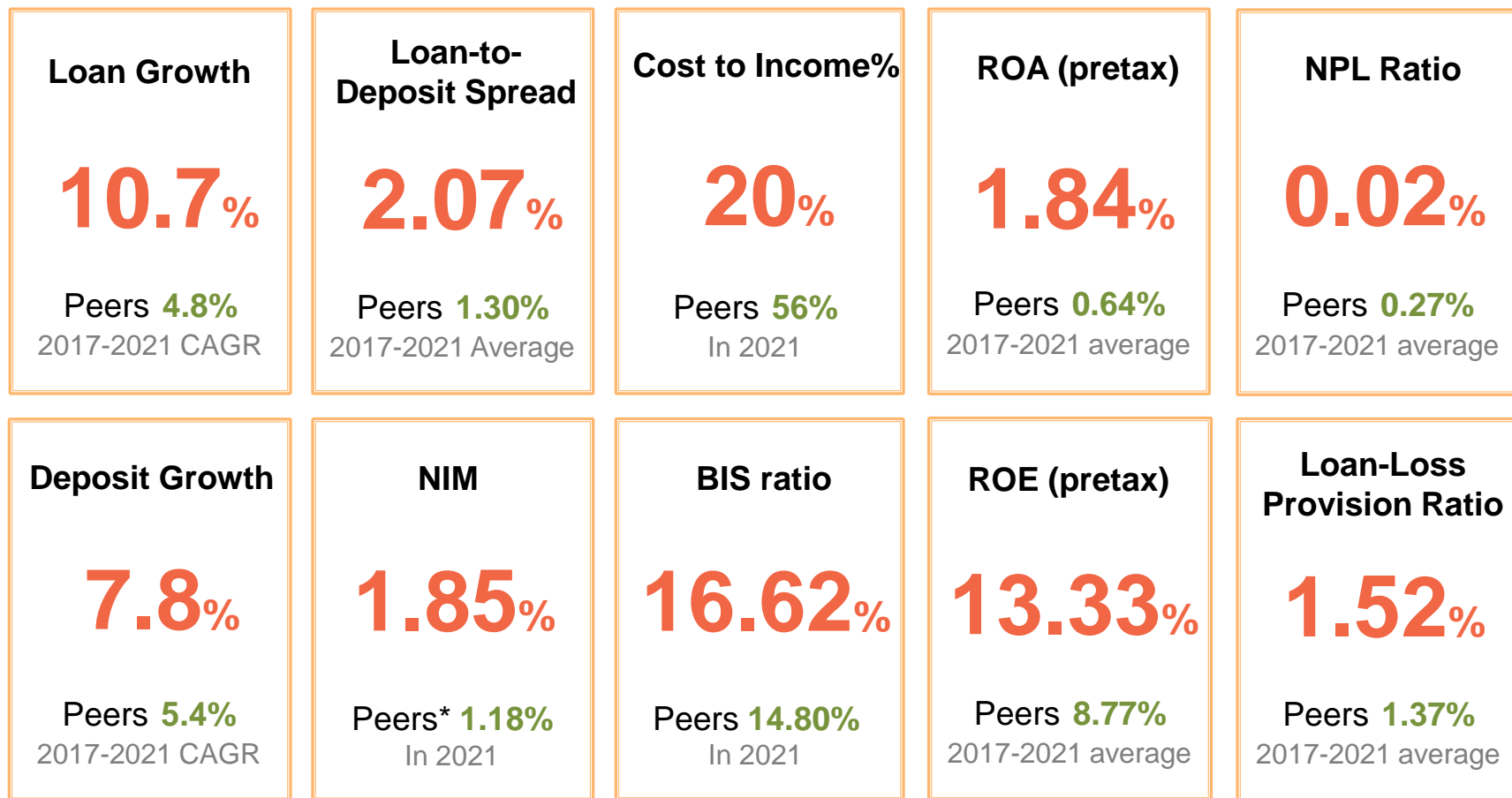
**“Not many bank Chairpersons will tell you they feel it is critical for their employees to develop a sense of compassion for colleagues and clients.”**

**- Terence Tai, Chairman -**





## How we are 'Different'



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\$ 11.1 billion.
- 23 Metro branches, contributing
  - 24% of deposits
  - 87% of loans
- 43 Non-metro branches, contributing
  - 76% of deposits
  - 13% 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.





# 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-CO<sub>2</sub>e/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.





## 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 !*