

# O-BANK CO., LTD.

## A. BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Item	ASSETS	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
11000	Cash and cash equivalents	\$ 2,404,565	1	\$ 2,729,826	1
11500	Due from the central bank and call loans to banks	10,610,821	4	15,135,340	6
12000	Financial assets at fair value through profit or loss	44,703,932	15	39,538,632	15
13000	Receivables, net	5,891,803	2	4,690,507	2
13200	Current tax assets	54,922	-	55,293	-
13500	Discounts and loans, net	162,757,142	55	143,940,139	54
14000	Available-for-sale financial assets	48,598,498	17	32,628,260	12
14500	Held-to Maturity financial assets	499,821	-	5,544,703	2
15000	Investments accounted for using equity method	14,219,590	5	14,242,663	5
15500	Other financial assets	777,105	-	1,039,445	1
18500	Property and equipment, net	2,864,155	1	3,524,300	1
19000	Intangible assets, net	1,248,176	-	248,507	-
19300	Deferred tax assets	138,133	-	79,550	-
19500	Other assets	<u>251,373</u>	<u>-</u>	<u>1,757,667</u>	<u>1</u>
10000	Total assets	<u>\$ 295,020,036</u>	<u>100</u>	<u>\$ 265,154,832</u>	<u>100</u>
<b>Item</b>	<b>LIABILITIES AND EQUITY</b>				
	Liabilities				
21000	Deposits from the central bank and banks	\$ 34,894,919	12	\$ 41,875,141	16
22000	Financial liabilities at fair value through profit or loss	700,106	-	2,349,989	1
22500	Securities sold under agreement to repurchase	15,845,930	5	2,091,749	1
23000	Accounts payable	4,100,342	2	2,705,487	1
23200	Current tax liabilities	91,977	-	-	-
23500	Deposits and remittances	183,021,391	62	164,056,836	62
24000	Bank debentures	20,400,000	7	17,450,000	6
25500	Other financial liabilities	5,997,782	2	4,648,821	2
25600	Provisions	241,454	-	176,479	-
29300	Deferred tax liabilities	215,911	-	239,307	-
29500	Other liabilities	<u>227,631</u>	<u>-</u>	<u>172,365</u>	<u>-</u>
20000	Total liabilities	<u>265,737,443</u>	<u>90</u>	<u>235,766,174</u>	<u>89</u>
	Equity				
31100	Capital stock	<u>24,130,063</u>	<u>8</u>	<u>23,905,063</u>	<u>9</u>
31500	Capital surplus	<u>7,730</u>	<u>-</u>	<u>3,193</u>	<u>-</u>
	Retained earnings				
32001	Legal reserve	2,880,297	1	2,390,828	1
32003	Special reserve	1,229,536	1	1,173,293	-
32011	Unappropriated earnings	<u>1,014,567</u>	<u>-</u>	<u>1,631,566</u>	<u>1</u>
32000	Total retained earnings	<u>5,124,400</u>	<u>2</u>	<u>5,195,687</u>	<u>2</u>
32500	Other equity	<u>20,400</u>	<u>-</u>	<u>284,715</u>	<u>-</u>
30000	Total equity	<u>29,282,593</u>	<u>10</u>	<u>29,388,658</u>	<u>11</u>
	Total liabilities and equity	<u>\$ 295,020,036</u>	<u>100</u>	<u>\$ 265,154,832</u>	<u>100</u>

## B. STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	For the Years Ended December 31				Percentage Increase (Decrease)	
	2017		2016			
	Amount	%	Amount	%		
41000	Interest revenue	\$ 4,138,029	92	\$ 3,629,099	84	14
51000	Interest expenses	( 2,161,812)	( 48)	( 1,545,201)	( 36)	40
49010	Net interest	<u>1,976,217</u>	<u>44</u>	<u>2,083,898</u>	<u>48</u>	( 5)
	Net revenue other than interest					
49100	Commissions and fee revenue, net	656,229	15	823,615	19	( 20)
49200	Gain on financial assets and liabilities at fair value through profit or loss	( 540,380)	( 12)	589,819	14	( 192)
49300	Realized income from available-for-sale financial assets	394,922	9	291,754	7	35
49600	Foreign exchange gain (loss), net	1,244,443	28	( 273,333)	( 6)	555
49750	Share of profit (loss) of associates and joint ventures accounted for using equity method	695,405	15	735,478	17	( 5)
48005	Realized income from financial assets carried at cost	1,072	-	46,866	1	( 98)
48045	Consulting revenue	13,369	-	13,750	-	( 3)
48099	Other non-interest net gains	<u>64,863</u>	<u>1</u>	<u>6,883</u>	<u>-</u>	842
49020	Net revenue other than interest	<u>2,529,923</u>	<u>56</u>	<u>2,234,832</u>	<u>52</u>	13
4xxxx	Total net revenue	<u>4,506,140</u>	<u>100</u>	<u>4,318,730</u>	<u>100</u>	4
58200	Provisions	( 534,168)	( 12)	( 409,498)	( 9)	30
	Operating expense					
58500	Employee benefits expenses	1,571,449	35	1,276,638	30	23
59000	Depreciation and amortization expense	265,925	6	145,108	3	83
59500	Other general and administrative expense	<u>908,815</u>	<u>20</u>	<u>630,902</u>	<u>15</u>	44
58400	Total operating expense	<u>2,746,189</u>	<u>61</u>	<u>2,052,648</u>	<u>48</u>	34

(Continued)

Item	For the Years Ended December 31				Percentage Increase (Decrease)
	2017		2016		
	Amount	%	Amount	%	
61001	Profit from continuing operations				
	before tax				
	\$ 1,225,783	27	\$ 1,856,584	43	( 34)
61003	<u>153,703</u>	<u>3</u>	<u>212,686</u>	<u>5</u>	( 28)
64000	<u>1,072,080</u>	<u>24</u>	<u>1,643,898</u>	<u>38</u>	( 35)
	Other comprehensive income				
	Items that will not be reclassified				
	subsequently to profit or loss:				
65207	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method				
	1,534	-	( 4,307)	-	136
65201	Remeasurement of defined benefit plan				
	( 9,983)	-	( 1,473)	-	578
	Items that may be reclassified				
	subsequently to profit or loss:				
65301	Exchange differences on translating foreign operations				
	(467,600)	(10)	( 233,155)	( 5)	101
65302	Unrealized gain (loss) on available-for-sale financial assets				
	45,889	1	( 384,842)	( 9)	112
65306	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss				
	97,052	2	( 146,009)	( 3)	166
65320	Income tax relating to the components of other comprehensive income				
	<u>60,344</u>	<u>1</u>	<u>18,105</u>	<u>-</u>	233
65000	Other comprehensive income (loss) for the year, net of income tax				
	( 272,764)	( 6)	( 751,681)	(17)	( 64)
66000	<u>\$ 799,316</u>	<u>18</u>	<u>\$ 892,217</u>	<u>21</u>	( 10)
	EARNINGS PER SHARE				
67501	Basic				
	<u>\$ 0.45</u>		<u>\$ 0.69</u>		
67700	Diluted				
	<u>\$ 0.45</u>		<u>\$ 0.69</u>		

(Concluded)

## C. STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

Item		Equity Attributable to Owners of the Bank											
		Capital Stock		Retained Earnings					Other Equity			Treasury Shares	Total Equity
		Shares (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
A1	Balance at January 1, 2016	2,390,506	\$23,905,063	\$ 1,773	\$1,880,726	\$1,178,307	\$1,700,341	\$4,759,374	\$ 406,040	\$ 624,576	(\$ 18,693)	\$29,678,133	
	Appropriation of 2015 earnings												
B1	Legal reserve	-	-	-	510,102	-	( 510,102)	-	-	-	-	-	
B3	Reversal of special reserve	-	-	-	-	( 5,014)	5,014	-	-	-	-	-	
B5	Cash dividends	-	-	-	-	-	(1,195,253)	(1,195,253)	-	-	-	(1,195,253)	
M7	Changes in ownership interests in subsidiaries		-	-	-	-	( 6,552)	( 6,552)	-	-	-	( 6,552)	
	Net income for the years ended December 31,												
D1	2016	-	-	-	-	-	1,643,898	1,643,898	-	-	-	1,643,898	
D3	Other comprehensive income (loss) for the years ended December 31, 2016	-	-	-	-	-	( 5,780)	( 5,780)	( 215,050)	( 530,851)	-	( 751,681)	
D5	Total comprehensive income (loss) for the years ended December 31, 2016	-	-	-	-	-	<u>1,638,118</u>	<u>1,638,118</u>	( 215,050)	( 530,851)	-	<u>892,217</u>	
N1	Transmission of treasury stock for employees	-	-	<u>1,420</u>	-	-	-	-	-	-	<u>18,693</u>	<u>20,113</u>	
Z1	Balance at December 31, 2016	2,390,506	23,905,063	3,193	2,390,828	1,173,293	1,631,566	5,195,687	190,990	93,725	-	29,388,658	
	Appropriation of 2016 earnings												
B1	Legal reserve	-	-	-	489,469	-	(489,469)	-	-	-	-	-	
B3	Reversal of special reserve	-	-	-	-	56,243	( 56,243)	-	-	-	-	-	
B5	Cash dividends	-	-	-	-	-	(1,085,854)	(1,085,854)	-	-	-	(1,085,854)	
	Net income for the years ended December 31,												
D1	2017	-	-	-	-	-	1,072,080	1,072,080	-	-	-	1,072,080	
D3	Other comprehensive income (loss) for the years ended December 31, 2017	-	-	-	-	-	( 8,449)	( 8,449)	( 407,256)	<u>142,941</u>	-	( 272,764)	
D5	Total comprehensive income (loss) for the years ended December 31, 2017	-	-	-	-	-	<u>1,063,631</u>	<u>1,063,631</u>	( 407,256)	<u>142,941</u>	-	<u>799,316</u>	
E1	Issuance of ordinary shares for cash	<u>22,500</u>	<u>225,000</u>	<u>4,537</u>	-	-	( 49,064)	( 49,064)	-	-	-	<u>180,473</u>	
Z1	Balance at December 31, 2017	<u>2,413,006</u>	<u>\$24,130,063</u>	<u>\$ 7,730</u>	<u>\$2,880,297</u>	<u>\$1,229,536</u>	<u>\$ 1,014,567</u>	<u>\$ 5,124,400</u>	<u>(\$ 216,266)</u>	<u>\$ 236,666</u>	<u>\$ -</u>	<u>\$29,282,593</u>	

## D. STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Item	For The Years Ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	\$ 1,225,783	\$ 1,856,584
	Profit from continuing operations before tax	
	Adjustments to reconcile profit (loss):	
A20100	140,217	106,564
	Depreciation expense	
A20200	125,708	38,544
	Amortization expense	
A20300	534,168	409,498
	Expect credit losses/recognition of provisions	
A20400	540,380	( 589,819)
	Net (gain) loss on financial assets or liabilities at fair value through profit or loss	
A20900	2,161,812	1,545,201
	Interest expense	
A21200	( 4,138,029)	( 3,629,099)
	Interest income	
A21300	( 62,979)	( 39,292)
	Dividends income	
A21800	-	9,092
	Indeterminate indemnity provision	
A21900	4,537	-
	Share-based payments	
A22300	( 695,405)	( 735,478)
	Share of profit of associates and joint ventures accounted for using equity method	
A22500	( 1,981)	6,774
	Loss (gain) on disposal of property and equipment	
A23500	-	33,449
	Impairment loss on financial assets	
A29900	( 333,015)	( 299,328)
	Gain on disposal of investments	
	Changes in operating assets and liabilities:	
A41170	( 2,187,491)	( 1,004,431)
	Decrease (increase) in due from the Central Bank and call loans to banks	
A41120	( 6,063,627)	2,893,336
	Decrease (increase) in financial assets at fair value through profit or loss	
A41150	( 1,027,469)	424,677
	Decrease (increase) in receivables	
A41160	(19,294,207)	(16,864,546)
	Decrease (increase) in discounts and loans	
A42110	( 6,980,222)	5,044,349
	Increase (decrease) in deposits from the Central Bank and banks	
A42120	( 1,649,883)	( 3,773,503)
	Increase (decrease) in financial liabilities at fair value through profit or loss	
A42140	13,754,181	2,091,749
	Increase (decrease) in notes and bonds issued under repurchase agreement	
A42150	1,231,349	610,231
	Increase (decrease) in payables	
A42160	18,964,555	8,479,246
	Increase (decrease) in deposits and remittances	
A42180	( 497)	( 10,446)
	Increase (decrease) in provisions	
A33000	( 3,752,115)	3,396,648
	Cash inflow (outflow) generated from operations	
A33100	4,123,792	3,895,650
	Interest received	
A33200	75,678	46,512
	Dividends received	
A33300	( 1,998,305)	( 1,700,434)
	Interest paid	
A33500	( 82,988)	( 204,247)
	Income taxes paid	
AAAA	( 1,633,938)	( 1,359,167)
	Net cash flows from (used in) operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	( 2,411,318)	( 873,045)
	Acquisition of financial assets designated at fair value through profit or loss	
B00200	2,718,595	2,249,473
	Proceeds from disposal of financial assets designated at fair value through profit or loss	
B00300	(46,904,340)	(32,247,212)
	Acquisition of available-for-sale financial assets	
B00400	30,489,987	28,106,899
	Proceeds from disposal of available-for-sale financial assets	
B01100	5,045,000	4,305,000
	Proceeds from repayments of held-to-maturity financial assets	
B01200	-	( 6,857)
	Acquisition of financial assets at cost	
B01300	78,123	130,896
	Proceeds from disposal of financial assets at cost	

(Continued)

Item	For The Years Ended December 31		
	2017	2016	
B01400	Proceeds from capital reduction of financial assets at cost	\$ 7,289	\$ 3,889
B01800	Acquisition of investments accounted for using equity method	-	( 643,000)
B01900	Proceeds from disposal of investments accounted for using equity method	11,839	643,343
B02400	Received principal of investments under equity method	-	2,271,402
B02700	Acquisition of property and equipment	( 446,141)	( 1,058,531)
B02800	Proceeds from disposal of property and equipment	4,368	1,777
B03700	Decrease (increase) in refundable deposits	1,513,459	1,398,134
B04500	Acquisition of intangible assets	( 178,436)	( 48,669)
B04600	Proceeds from disposal of intangible assets	-	9,391
B06700	Increase in other assets	( 7,165)	( 21,733)
B07600	Dividends of subsidiaries and associates received	<u>320,025</u>	<u>316,215</u>
BBBB	Net cash flows used in investing activities	<u>( 9,758,715)</u>	<u>4,537,372</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
C01400	Proceeds from issuing bank notes payable	3,750,000	3,000,000
C01500	Repayments of bank notes payable	( 800,000)	( 500,000)
C01600	Increase in long-term debt	3,614,406	1,749,144
C01700	Repayments of long-term debt	( 2,255,022)	( 2,132,553)
C04100	Increase in other financial liabilities	-	10,423
C04200	Decrease in other financial liabilities	( 10,423)	-
C05000	Proceeds from sale of treasury shares	-	20,113
C04300	Increase in other liabilities	55,265	-
C04400	Decrease in other liabilities	-	( 101,438)
C04500	Cash dividends paid	( 1,085,854)	( 1,195,253)
C04600	Proceeds from issuing shares	<u>175,936</u>	<u>-</u>
CCCC	Net cash flows (used in) from financing activities	<u>3,444,308</u>	<u>850,436</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>911,074</u>	<u>384,307</u>
EEEE	Net increase (decrease) in cash and cash equivalents	( 7,037,271)	4,412,948
E00100	Cash and cash equivalents at beginning of the year	<u>13,843,789</u>	<u>9,430,841</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 6,806,518</u>	<u>\$13,843,789</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2017 and 2016 is as follow:

Item	For The Years Ended December 31		
	2017	2016	
E00210	Cash and cash equivalents reported in the statement of financial position	\$ 2,404,565	\$ 2,729,826
E00220	Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>4,401,953</u>	<u>11,113,963</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 6,806,518</u>	<u>\$13,843,789</u>

(Concluded)

## E. NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE

(In Thousands of New Taiwan Dollars, %)

Period		December 31, 2017				
Items		Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 415,307	\$ 68,463,348	0.61%	\$ 814,680	196.16%
	Unsecured	-	91,147,921	-	1,520,555	-
Consumer banking (Note 5)	Housing mortgage (Note 4)	-	5,001,783	-	75,027	-
	Cash card	-	-	-	-	-
	Small-scale credit loans	135	559,979	0.02%	5,627	4,168.15%
	Other	Secured	-	-	-	-
Unsecured		-	-	-	-	-
Total		415,442	165,173,031	0.25%	2,415,889	581.52%
Items		Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards		-	-	-	-	-
Factoring accounts receivable without recourse (Note 6)		-	4,592,967	-	51,390	-

Period		December 31, 2016				
Items		Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured	\$ 28,323	\$ 52,263,816	0.05%	\$ 612,772	2,163.51%
	Unsecured	-	93,842,037	-	1,552,942	-
Consumer banking (Note 5)	Housing mortgage (Note 4)	-	-	-	-	-
	Cash card	NA	NA	NA	NA	NA
	Small-scale credit loans	NA	NA	NA	NA	NA
	Other	Secured	NA	NA	NA	NA
Unsecured		NA	NA	NA	NA	NA
Total		28,323	146,105,853	0.02%	2,165,714	7,646.49%
Items		Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards		NA	NA	NA	NA	NA
Factoring accounts receivable without recourse (Note 6)		-	3,514,421	-	39,498	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans."  
Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans:  $\text{Nonperforming loans} \div \text{Outstanding loan balance}$ .  
Ratio of nonperforming credit card receivables:  $\text{Nonperforming credit card receivables} \div \text{Outstanding credit card receivables balance}$ .

Note 3: Coverage ratio of loans:  $\text{Allowance for possible losses for loans} \div \text{Nonperforming loans}$ .  
Coverage ratio of credit card receivables:  $\text{Allowance for possible losses for credit card receivables} \div \text{Nonperforming credit card receivables}$ .

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: By December 31, 2016, The Bank was still an industrial bank, so there were no other consuming financial banking loans and credit card business except for the employees' housing mortgage loans.

Note 6: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factoring accounts receivable without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 7: The Bank has no executed contracts on negotiated debts not reported as nonperforming loans or receivables and discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans or receivables.

## F. CONCENTRATION OF CREDIT EXTENSIONS

(In Thousands of New Taiwan Dollars, %)

December 31, 2017			
Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company ( unclassified other financial service )	\$ 6,525,400	22.28
2	B Company ( ocean transportation )	3,619,243	12.36
3	C Company ( LCD and component manufacturing )	3,525,096	12.04
4	D Company ( real estate development )	3,464,541	11.83
5	E Company ( Chemical raw material manufacturing )	2,592,128	8.85
6	F Company ( paper manufacturing )	2,543,725	8.69
7	G Company ( department store )	2,405,555	8.21
8	H Company ( real estate development )	2,197,560	7.50
9	I Company ( financial lease )	2,018,580	6.89
10	J Company ( semiconductor packaging and testing )	2,001,342	6.83

December 31, 2016			
Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company ( unclassified other financial service )	\$ 5,889,061	20.04
2	C Company ( LCD and component manufacturing )	4,105,383	13.97
3	B Company ( ocean transportation )	3,988,689	13.57
4	K Company ( fuel and coal production on manufacturing )	3,113,561	10.59
5	G Company ( real estate development )	2,979,749	10.14
6	L Company ( unclassified other financial service )	2,748,125	9.35
7	F Company ( paper manufacturing )	2,592,188	8.82
8	D Company ( real estate development )	2,460,465	8.37
9	J Company ( metal construction materials wholesale industry )	2,377,758	8.09
10	M Company ( real estate development )	2,148,768	7.31



## G. Interest Rate Sensitivity Balance Sheet

### Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)

December 31, 2017

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	132,363,671	16,508,687	12,822,636	32,594,222	194,289,216
Interest rate-sensitive liabilities	86,513,208	38,462,306	25,665,659	37,448,522	188,089,695
Interest rate-sensitive gap	45,850,463	(21,953,619)	(12,843,023)	(4,854,300)	6,199,521
Net worth					27,562,030
Ratio of interest rate-sensitive assets to liabilities					103.30%
Ratio of interest rate sensitivity gap to net worth					22.49%

December 31, 2016

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	109,271,601	6,689,069	13,921,957	38,098,290	167,980,917
Interest rate-sensitive liabilities	82,311,467	25,533,915	16,068,903	35,693,023	159,607,308
Interest rate-sensitive gap	26,960,134	(18,844,846)	(2,146,946)	2,405,267	8,373,609
Net worth					28,413,325
Ratio of interest rate-sensitive assets to liabilities					105.25%
Ratio of interest rate sensitivity gap to net worth					29.47%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars)

## Interest Rate Sensitivity Balance Sheet (U.S. Dollars)

**December 31, 2017**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	1,462,640	63,033	13,009	605,581	2,144,263
Interest rate-sensitive liabilities	1,634,854	473,450	60,597	-	2,168,901
Interest rate-sensitive gap	( 172,214)	( 410,417 )	( 47,588 )	605,581	( 24,638)
Net worth					41,244
Ratio of interest rate-sensitive assets to liabilities					98.86%
Ratio of interest rate sensitivity gap to net worth					( 59.74%)

**December 31, 2016**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	1,456,084	88,866	44,243	497,033	2,086,226
Interest rate-sensitive liabilities	1,525,147	577,152	73,811	73	2,176,183
Interest rate-sensitive gap	( 69,063)	( 488,286 )	( 29,568 )	496,960	( 89,957)
Net worth					18,419
Ratio of interest rate-sensitive assets to liabilities					95.87%
Ratio of interest rate sensitivity gap to net worth					( 488.39%)

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars)

## H. Profitability

Unit: %

Items		For The Years Ended December 31, 2017	For The Years Ended December 31, 2016
Return on total assets	Before income tax	0.44	0.72
	After income tax	0.38	0.64
Return on equity	Before income tax	4.18	6.29
	After income tax	3.65	5.57
Net income ratio		23.79	38.06

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} \div \text{Average total assets}$

Note 2:  $\text{Return on equity} = \text{Income before (after) income tax} \div \text{Average equity}$

Note 3:  $\text{Net income ratio} = \text{Income after income tax} \div \text{Total net revenues}$

Note 4: Income before (after) income tax represents income for the years ended  
December 31, 2017 and 2016

## I. Maturity analysis of assets and liabilities

### Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

December 31, 2017

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	252,606,042	49,236,605	24,824,432	23,689,243	24,869,925	24,659,688	105,326,149
Main capital outflow on maturity	280,759,592	31,102,800	26,089,592	70,432,107	39,733,662	37,165,578	76,235,853
Gap	(28,153,550)	18,133,805	(1,265,160)	(46,742,864)	(14,863,737)	(12,505,890)	29,090,296

December 31, 2016

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	208,581,483	45,214,409	15,011,780	12,238,204	16,626,871	23,424,948	96,065,271
Main capital outflow on maturity	238,970,810	21,313,955	30,272,935	69,783,129	24,401,394	25,059,486	68,139,911
Gap	(30,389,327)	23,900,454	(15,261,155)	(57,544,925)	(7,774,523)	(1,634,538)	27,925,360

## Maturity Analysis of Assets and Liabilities (U.S. Dollars)

**December 31, 2017**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	4,243,908	1,338,861	832,448	730,436	364,296	977,867
Main capital outflow on maturity	4,607,286	1,832,992	1,255,648	685,934	251,943	580,769
Gap	( 363,378)	( 494,131)	( 423,200)	44,502	112,353	397,098

**December 31, 2016**

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	3,701,265	1,049,555	842,859	651,303	343,742	813,806
Main capital outflow on maturity	4,173,367	1,603,848	1,054,309	510,061	377,003	628,146
Gap	(472,102)	(554,293)	(211,450)	141,242	( 33,261)	185,660

## Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)

**December 31, 2017**

(In Thousands of U.S. Dollars)

	<b>Total</b>	<b>Remaining Period to Maturity</b>				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	977,316	368,760	140,038	26,708	54,264	387,546
Main capital outflow on maturity	1,038,812	425,441	351,170	31,952	47,815	182,434
Gap	( 61,496)	( 56,681)	( 211,132)	( 5,244)	6,449	205,112

**December 31, 2016**

(In Thousands of U.S. Dollars)

	<b>Total</b>	<b>Remaining Period to Maturity</b>				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Main capital inflow on maturity	906,939	224,971	163,114	87,904	124,462	306,488
Main capital outflow on maturity	929,504	357,619	241,093	82,505	115,220	133,067
Gap	( 22,565)	(132,648)	( 77,979)	5,399	9,242	173,421

## J. Capital adequacy ratio

Unit: In Thousands of New Taiwan Dollars, %

Items		Year	December 31, 2017	
			Own Capital Adequacy Ratio	Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity Tier 1		20,691,448	39,951,052
	Other Tier 1 capital		-	-
	Tier 2 capital		5,160,148	8,193,754
	Eligible capital		25,851,596	48,144,806
Risk-weighted assets	Credit risk	Standard	177,038,851	281,472,735
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	7,422,913	8,580,350
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	4,165,338	69,522,775
		Internal model approach	-	-
Total risk-weighted assets		188,627,102	359,575,860	
Capital adequacy ratio			13.71%	13.39%
Ratio of common stockholders' equity to risk-weighted assets			10.97%	11.11%
Ratio of Tier 1 capital to risk-weighted assets			10.97%	11.11%
Leverage ratio			7.24%	6.70%

Items		Year	December 31, 2016	
			Own Capital Adequacy Ratio	Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity Tier 1		20,914,400	39,970,360
	Other Tier 1 capital		-	-
	Tier 2 capital		4,691,143	7,958,989
	Eligible capital		25,605,543	47,929,349
Risk-weighted assets	Credit risk	Standard	162,090,192	269,123,088
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	6,946,513	8,216,913
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	4,003,900	59,733,113
		Internal model approach	-	-
Total risk-weighted assets		173,040,605	337,073,114	
Capital adequacy ratio			14.80%	14.22%
Ratio of common stockholders' equity to risk-weighted assets			12.09%	11.86%
Ratio of Tier 1 capital to risk-weighted assets			12.09%	11.86%
Leverage ratio			7.81%	7.18%

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

Note 2: Formulas used were as follows:

- (1) Eligible capital = Common stock equity Tier 1 + Other Tier 1 capital + Tier 2 capital.
- (2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
- (3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- (4) Ratio of common stockholders' equity to risk-weighted assets = Common stock equity Tier 1 ÷ Risk-weighted assets.
- (5) Ratio of Tier 1 capital to risk-weighted assets = (Common stocks equity Tier 1 + Other Tier 1 capital) ÷ Risk-weighted assets.
- (6) Leverage ratio = Tier 1 capital ÷ Exposure amount.



According to Law of Bank and other related regulations, the Bank and the Group's capital adequacy ratio should not be lower than 8%, Ratio of Tier 1 capital should not be lower than 5.5% and Ratio of common stockholders' equity should not be lower than 4% to ground the financial foundation of the Bank Referring to any actual ratios lower than the requirements, the authority has the rights to constrain the earning distribution.

**K.NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE**

**FOR THE YEARS ENDED DECEMBER 31, 2017**

(In Thousands of New Taiwan Dollars, %)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment				Note
						Shares (Thousands)	Pro-forma Share of Ownership	Total		
								Shares (Thousands)	Percentage of Ownership	
<u>Financial institution</u>										
Equity investment - equity method										
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	\$6,464,888	\$ 383,281	382,531	-	382,531	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	4,496,478	212,896	10,869	-	10,869	100.00	
IBT Leasing Co., Ltd.	Taipei City, Taiwan	Leasing company	100.00	2,130,458	132,434	264,300	-	264,300	100.00	
<u>Non-financial institution</u>										
Equity investment - equity method										
IBT II Venture Capital Co., Ltd.	Taipei City, Taiwan	Venture capital	31.25	-	3,782	17,069	-	17,069	54.17	
Chun Teng New Century Co., Ltd.	Taipei City, Taiwan	Securities investment consulting	99.75	893,751	(49,738)	318,281	-	318,281	99.75	
IBT Management Corp.	Taipei City, Taiwan	Securities investment trust	100.00	234,015	911	13,400	-	13,400	100.00	
Available-for-sale financial assets										
Neo Solar Power Corporation	Hsinchu City, Taiwan	Solar industry	0.20	27,460	-	1,997	-	1,997	0.20	
Okbiotech Co., Ltd.	Hsinchu City, Taiwan	Biotech medical treatment	0.83	17,034	-	544	-	544	0.83	
Formosa Plastics Corporation	Kaohsiung City, Taiwan	Nonmetal mining	0.02	122,585	-	1,242	-	1,242	0.02	
Formosa Chemicals & Fiber Corporation	Changhua City, Taiwan	Chemical industry	0.03	161,607	-	1,569	-	1,569	0.03	
Kung Lung Batteries Industrial.	Nantou City, Taiwan	Chemical petroleum material manufacturing	0.24	28,700	-	200	-	200	0.24	
ASE Semiconductor Manufacturing Group, Ltd.	Kaohsiung City, Taiwan	Semiconductor	0.05	152,600	-	4,000	-	4,000	0.05	
Taiwan Semiconductor Manufacturing Company, Limited	Hsinchu City, Taiwan	Integrated circuit manufacturing	0.00	275,400	-	1,233	-	1,233	0.00	
Formosa Petrochemical Co., Ltd.	Taipei City, Taiwan	Chemical industry	0.00	23,100	-	208	-	208	0.00	
Hon Hai Precision Ind. Co., Ltd.	New Taipei City, Taiwan	Electronic component manufacturing	0.03	514,080	-	5,436	-	5,436	0.03	
Chunghwa Telecom Co., Ltd.	Taipei City, Taiwan	Telecommunication	0.01	74,200	-	707	-	707	0.01	
Cathay Financial Holdings	Taipei City, Taiwan	Financial Holdings	0.00	19,260	-	377	-	377	0.00	
Mega Financial Holdings	Taipei City, Taiwan	Financial insurance	0.04	120,250	-	5,001	-	5,001	0.04	
CTBC Financial Holdings	Taipei City, Taiwan	Financial Holdings	0.02	67,650	-	12,182	-	12,182	0.06	
Novatech Microelectronics Corp.	Hsinchu City, Taiwan	Semiconductor	0.19	128,028	-	1,128	-	1,128	0.19	
Taiwan Mobile Co., Ltd.	Taipei City, Taiwan	Telecommunication	0.10	382,055	-	3,554	-	3,554	0.10	
Sercomm Corporation	Taipei City, Taiwan	Electronic component manufacturing	0.20	40,995	-	484	-	484	0.20	
Brave C&H Supply Co., Ltd.	Taoyuan City, Taiwan	Steel board printing	1.53	16,624	-	465	-	465	1.53	
Vanguard International Semiconductor Corporation	Hsinchu City, Taiwan	Electronic component manufacturing	0.02	19,800	-	300	-	300	0.02	
Reber Genetics Co., Ltd.	Taipei City, Taiwan	Biotech research and development	3.13	26,006	-	3,481	-	3,481	4.69	
TTBIO Corp.	Taichung City, Taiwan	Medical equipment manufacturing	7.48	59,409	-	1,799	-	1,799	7.48	
Powertip Image Corporation	Taichung City, Taiwan	Electronic component manufacturing	6.27	14,443	-	1,987	-	1,987	6.27	
Nanpao Resins Co., Ltd.	Tainan City, Taiwan	Manufacture and sale of synthetic resin	0.19	28,238	-	201	-	201	0.19	
Thevax Genetics Vaccine Co., Ltd.	Taipei City, Taiwan	Cancer vaccine development	1.13	52,920	-	1,008	-	1,008	1.13	

(Continued)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment				Note
						Shares (Thousands)	Pro-forma Share of Ownership	Total		
								Shares (Thousands)	Percentage of Ownership	
Mosa Industrial Corporation	Yunlin County, Taiwan	Equipment manufacturing	1.65	\$63,363	-	2,565	-	2,565	1.65	
TaiRx	Taipei City, Taiwan	Biotech research and development	5.24	84,613	-	3,527	-	3,527	5.24	
Vietnam (VNI)	Cayman Island	Venture capital	-	21,774	-	1,500	-	1,500	-	
Financial asset carried at cost										
Progate Group Corporation	Taipei City, Taiwan	Wholesale of electronic materials	4.35	19,476	-	1,444	-	1,444	4.35	
Intumit Inc.	New Taipei City, Taiwan	Information system wholesaler and retailer	5.95	7,122	-	1,385	-	1,385	9.36	
Chipwell Tech Corporation	Hsinchu City, Taiwan	Electronic component manufacturing	2.61	3,397	-	391	-	391	2.61	
Knowledge Freeway Co., Ltd.	Taipei City, Taiwan	Information system wholesaler and retailer	19.20	11,239	-	1,256	-	1,256	25.11	
ADL Engineering Co., Ltd.	Hsinchu County, Taiwan	Electronic component manufacturing	0.09	342	-	19	-	19	0.09	
Ori Vita Bio Application, Inc.	New Taipei City, Taiwan	Biological-technology service industry	2.03	41,518	-	4,152	-	4,152	2.03	
Parawin Venture Capital Corp.	Taipei City, Taiwan	Venture capital	5.00	21,868	-	2,187	-	2,187	5.00	
Krom Electronics Co., Ltd.	Taipei City, Taiwan	Computer and electronic component manufacturing	0.93	5,928	-	311	-	311	0.93	
Luminous Town Electric Co., Ltd.	Kaohsiung County, Taiwan	Electronic component manufacturing	0.90	6,972	-	601	-	601	0.90	
Taiwan Hi-Tech Corp.	Hsinchu City, Taiwan	Electronic component manufacturing	2.19	9,524	-	1,000	-	1,000	2.19	
Gatetech Technology Inc.	Taoyuan City, Taiwan	Precision casting and seller	1.78	7,011	-	779	-	779	1.78	
Echem Solutions Corp.	Taoyuan City, Taiwan	Wholesale of electronic materials	2.41	18,326	-	1,187	-	1,187	2.41	
Arc Solid-State Lighting Corporation	New Taipei City, Taiwan	Electronic component and optical instruments manufacturing	4.07	1,900	-	1,000	-	1,000	4.07	
Joyin Co., Ltd.	Taipei City, Taiwan	Electronic component manufacturing	3.83	32,000	-	2,492	-	2,492	3.83	
Nisho Image Tech, Inc.	New Taipei City, Taiwan	L.E.D. printer output	0.91	4,961	-	410	-	410	0.91	
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information Software Services Industry	0.50	3,000	-	300	-	300	0.50	
Kaohsiung Rapid Transit Corporation	Kaohsiung City, Taiwan	Transportation	1.38	39,703	-	3,845	-	3,845	1.38	
Biotechnology Development Fund II	America	Venture capital	-	5,660	-	-	-	-	0.00	
Anchor Semiconductor, Inc.	America	Software development	3.09	16,399	-	1,000	-	1,000	3.09	
Shihlien China Holding Co., Ltd.	Hong Kong	Chemical Industries	1.39	227,528	-	52,182	-	52,182	1.39	
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	74,687	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	60,030	-	244	-	244	2.18	
BioResource International Inc.	America	Agricultural biotechnology industry	5.72	59,996	-	1,105	-	1,105	5.72	
Topping Cuisine International Holdings Limited	Cayman Island	Retail restaurant management	2.17	35,018	-	500	-	500	2.17	
Beauty Essentials International Ltd. (Samoa)	Samoa	Cosmetic products wholesale	2.41	63,500	-	25,974	-	25,974	2.41	

(Concluded)

**L. Balance of Demand Deposit, Time Deposit, and Foreign Currency Deposit in proportion to total deposits:**

(In Thousands of New Taiwan Dollars, %)

	December 31, 2017	December 31,2016
Demand deposit	29,706,083	28,058,695
Demand deposit ratio	16.23%	17.10%
Time deposit	153,304,047	135,997,983
Time deposit ratio	83.77%	82.90%
Foreign currency deposit	61,862,347	57,495,058
Foreign currency deposit ratio	33.80%	35.05%

Note :

1. Demand deposit ratio = Demand deposit ÷ Total deposit;  
Time deposit ratio = Time deposit ÷ Total deposit;  
Foreign currency deposit ratio = Foreign currency deposit ÷ Total deposit
2. Demand Deposit and Time Deposit include foreign currency deposit and public Treasury deposit.
3. All deposits exclude Post Office Re-Deposit.

**M. Balances and Ratios of Small and Medium Enterprises Business (SME) Loan and Consumer Loan:**

(In Thousands of New Taiwan Dollars)

	December 31, 2017	December 31,2016
SME loan	8,671,513	3,589,129
SME loan ratio	5.25%	2.46%
Consumer loan	5,580,094	-
Consumer loan ratio	3.38%	-

Note :

1. SME Loans Ratio = SME Loans ÷ Total Loans; Consumer Loan Ratio = Consumer Loan ÷ Total Loans
2. SME is defined according to standard of Ministry of Economic Affairs
3. Consumer loan includes housing loan, house improvement loan, auto loan, organizational employee favored loan, and other personal consumer loan (excluding revolving interests of credit cards)

## N. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

(In Thousands of New Taiwan Dollars, %)

	For the Years Ended December 31			
	2017		2016	
	Average Balance	Average Rate%	Average Balance	Average Rate%
<u>Interest-earning assets</u>				
Cash and cash equivalents - due from banks	\$ 931,686	2.04%	\$ 599,721	1.92%
Call loans to banks	6,296,975	1.07%	7,547,503	1.26%
Due from the Central Bank	3,333,761	0.71%	3,206,108	0.76%
Financial assets at fair value through profit or loss	39,544,611	0.56%	40,158,025	0.66%
Securities purchased under resell agreements	97,225	0.19%	112,844	0.06%
Discounts and loans	151,631,581	2.25%	133,164,219	2.20%
Available-for-sale financial assets	38,871,246	1.43%	30,926,910	1.44%
Held-to-maturity financial assets	820,566	0.99%	9,361,348	0.81%
<u>Interest-bearing liabilities</u>				
Deposits from the central bank and banks	38,358,810	1.13%	40,810,605	0.61%
Demand deposits	23,680,971	0.35%	27,145,073	0.32%
Time deposits	144,792,924	0.86%	100,878,966	0.71%
Securities sold under repurchase agreements	6,965,099	0.55%	1,466,221	0.37%
Bank debentures	17,541,918	2.02%	16,469,126	2.11%
Other financial liabilities	5,415,837	-	5,378,658	-

## O. Primary Net Position of Foreign Currency

Unit : In Thousands of Original Dollars and New Taiwan Dollars

	December 31,2017			December 31,2016		
	Primary		NTD Equivalence	Primary		NTD Equivalence
Primary Net Position of Foreign Currency (Market risk)	USD	28,964	864,716	CNH	27,250	126,420
	CNY	114,191	523,764	HKD	28,749	119,693
	HKD	79,518	303,779	USD	1,016	32,803
	EUR	1,893	67,612	EUR	520	17,674
	GBP	1,131	45,544	JPY	40,269	11,085

Note :

1. Primary foreign currencies are the top 5 highest position after converting to the same currency.
2. Primary net position is the absolute value of each currency

## P. The disposal of major assets ( According to 『 Procedures for Acquisition or Disposal of Assets by Public Companies 』 regulations ) :

The details have been published in the public information observatory as required.  
( <http://mops.twse.com.tw> ) :

Basic Information

**Code : 2897**

**Company Name : O-Bank Co., Ltd.**

**Q. The top ten shareholders :**

**For the Years Ended December 31, 2017**

Name	Shares	Pledged Holding	Shareholding (%)
Ming Shan Investment Co., Ltd.	238,707,967	0	9.89%
Yi Chang Investment Co., Ltd.	238,644,084	0	9.89%
Tai Hsuan Investment Co., Ltd.	238,598,333	0	9.89%
Heng Tong Machinery Co., Ltd.	134,951,997	0	5.59%
China Steel Corporation	103,847,695	0	4.30%
ADI Corporation	103,847,695	103,847,695	4.30%
Chailease Finance Co., Ltd.	92,694,047	0	3.84%
Hung Sheng Construction Co., Ltd.	80,481,963	80,000,000	3.34%
Tai Ya Investment Co., Ltd.	75,307,768	0	3.12%
San Ho Plastics Fabrication Co., Ltd.	54,852,278	0	2.27%