

Security Code : 2897

O-Bank

# 2018 & 2019Q1 Business Review

2019/05/07

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# Agenda

01

2018 Operation Highlights

02

2018-2019Q1 Financial Results

03

Appendix



**01**

2018

Operation Highlights



## 1 Operating Performance

- O-Bank Group' s consolidated net revenue was NT\$7.82 billion, and net profit after tax was NT\$1.94 billion.
- O-Bank' s net revenue was NT\$4.73 billion, net profit after tax was NT\$955 million, and EPS was NT\$0.4.
- Key Affiliated Companies:
  - **IBT International Leasing Corp.** : Net profit after tax increased by 40.66% from 2017, emerging as the most profitable leasing company among its peers of Taiwanese bank-affiliated leasing companies in China. Completed the US\$15 million cash capital increase in May, 2018.
  - **EverTrust Bank** : Net profit after tax increased by 63.70% from 2017, thanks to the American tax cuts.
  - **China Bills Finance Corp.** : Net profit after tax was NT\$1.34 billion, maintaining sound performance.
- O-Bank stock was included as a constituent of the MSCI Taiwan Small Cap Index for 2 consecutive years.



# 01 2018 Operation Highlights(2/3)

## 2 Business Highlights

- ◆ Total deposits grew by 31.38%. Total loan grew by 10.22%, with strong foreign currency loan growth rate of 14.74%.
- ◆ Launched O-Bank No.1 REITs, the first REITs marketed in Taiwan in nearly a decade, raising a total of NT\$3 billion.
- ◆ Agreed to establish a consumer finance company joint venture in China with China Everbright Bank and China CYTS Tours Holding, which is expected to open in 2019H2.

## 3 Asset Quality

- ✓ Asset quality remained first-rate. NPL ratio was 0.02%(better than industry average 0.24%) and loan loss coverage ratio was 9,769.92% (better than industry average 575%) .

## 4 Capital Adequacy

- Issued NT\$3 billion Class A convertible preferred stock of O-Bank, bolstering business momentum and strengthening capital structure.
- As of December 31<sup>st</sup>, 2018, O-Bank' s CAR was 13.69% and Tier 1 capital ratio was 11.56%.

## 5 Awards & Recognitions

- "Best Digital Banking Award" at The 9th Taiwan Banking and Finance Best Practice Awards.
- "Rookie Award in Medium-Size Enterprises Division" of *CommonWealth* Magazine' s "Excellence in Corporate Social Responsibility" .
- "The Best Digital Bank in Taiwan" at the 2018 Asian Banker Taiwan Awards.
- "Information Visionary" at the 2018 IDC Digital Transformation Awards.
- "Distinction for Top Excellence in SME Loan Provisions" by the Financial Supervisory Commission.



# 02

## 2018-2019Q1 Financial Results

**02-1** Consolidated Financial Results

**02-2** Individual Financial Results  
O-Bank

**02-3** Individual Financial Results  
China Bills Finance Corp.

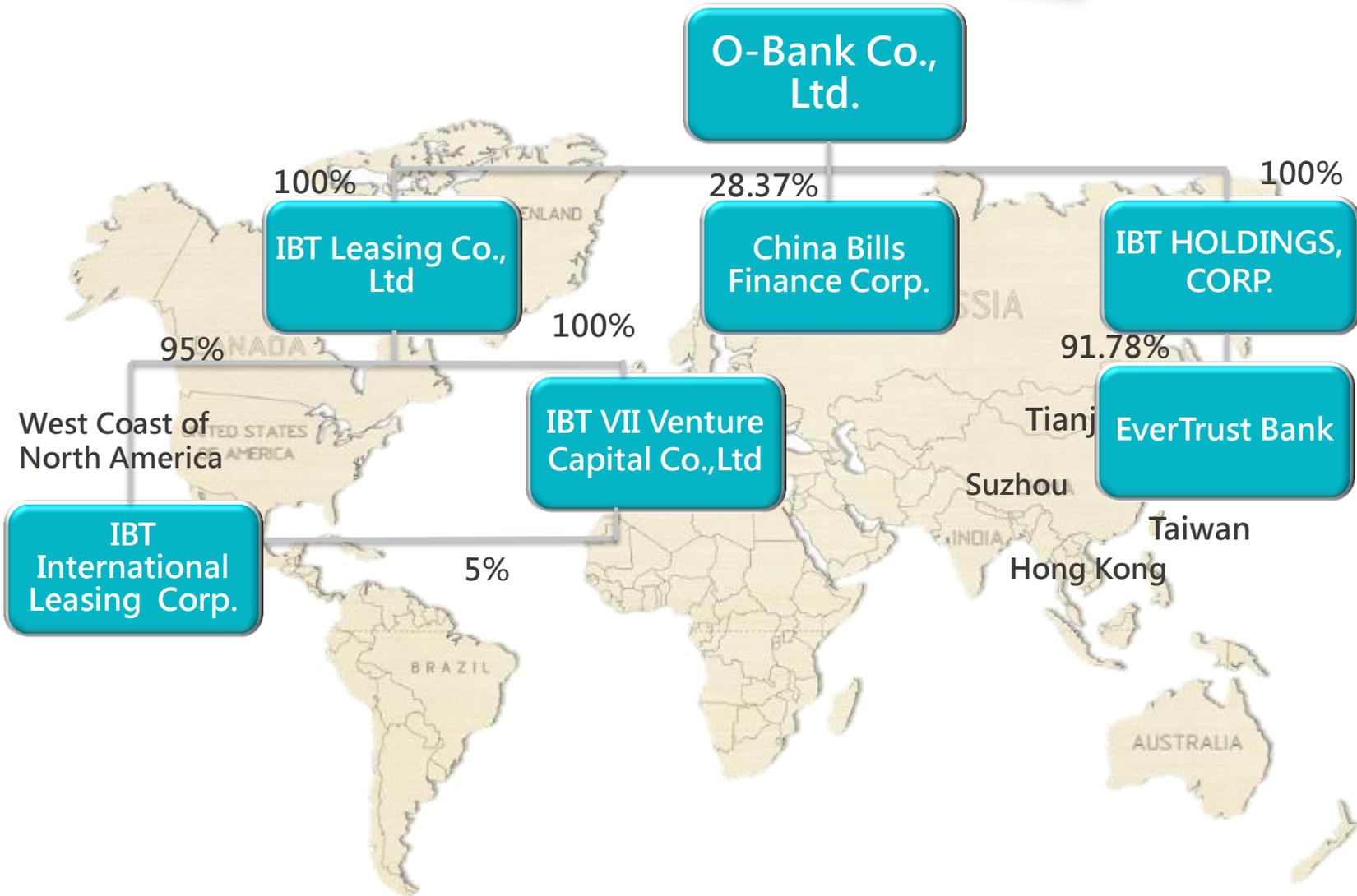
**02-4** Individual Financial Results  
IBT Holdings Corp. and its Subsidiaries

**02-5** Individual Financial Results  
IBT Leasing Co. Ltd. and its Subsidiaries



# 02

## Organization Chart for *O-Bank and its Main Subsidiaries*





# 02

## 2019Q1 Business Review for

### *O-Bank and its Main Subsidiaries*

#### O-Bank

- Q1 net profit after tax increased by 164% (YoY).
- Consumer loans and mortgage loans grew rapidly and thereby gradually reducing the loss incurred with the investments into the setting up of retail banking.
- Net fee income from corporate banking was outstanding.
- Asset quality remained first-rate with high loan loss coverage ratio.

#### China Bills Finance Corp.

- ◆ Sound profitability in Q1.
- ◆ Continuing improvement of the loan portfolio' s structure.
- ◆ Excellent asset quality with zero NPL.
- ◆ Solid and efficient capital structure

#### IBT Holdings Corp. and its Subsidiaries

- ▣ Q1 net profit after tax increased by 32.6% (YoY).
- ▣ Net revenue increased by 16% (YoY), thanks to robust YoY growth in total loan in Q1.
- ▣ Asset quality remained superior with NPL ratio at 0.05% and loan loss coverage ratio of 2,767%.

#### IBT Leasing Co. Ltd. and its Subsidiaries

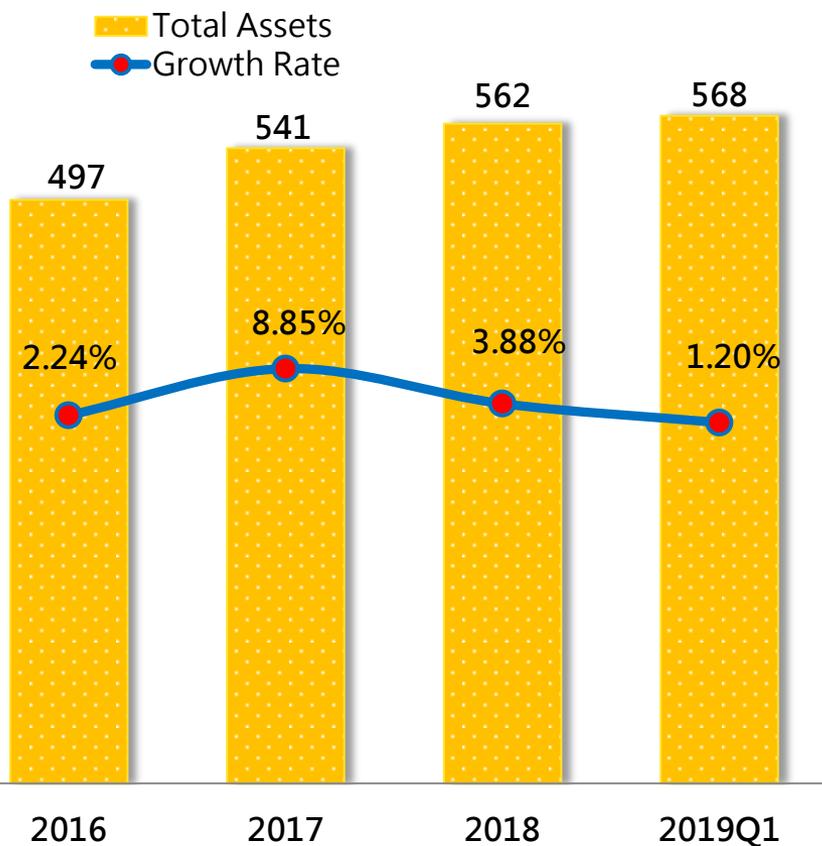
- Q1 net profit after tax increased by 2,150% (YoY), thanks to adequate management of asset quality.
- Total loan outstanding declined slightly due to US-China trade war.
- Asset quality remained stronger than industry average.
- IBT Tianjin International Leasing Corp. was merged into IBT International Leasing Co., Ltd. since January 1<sup>st</sup>, 2019.

**02-1**

## Consolidated Financial Results

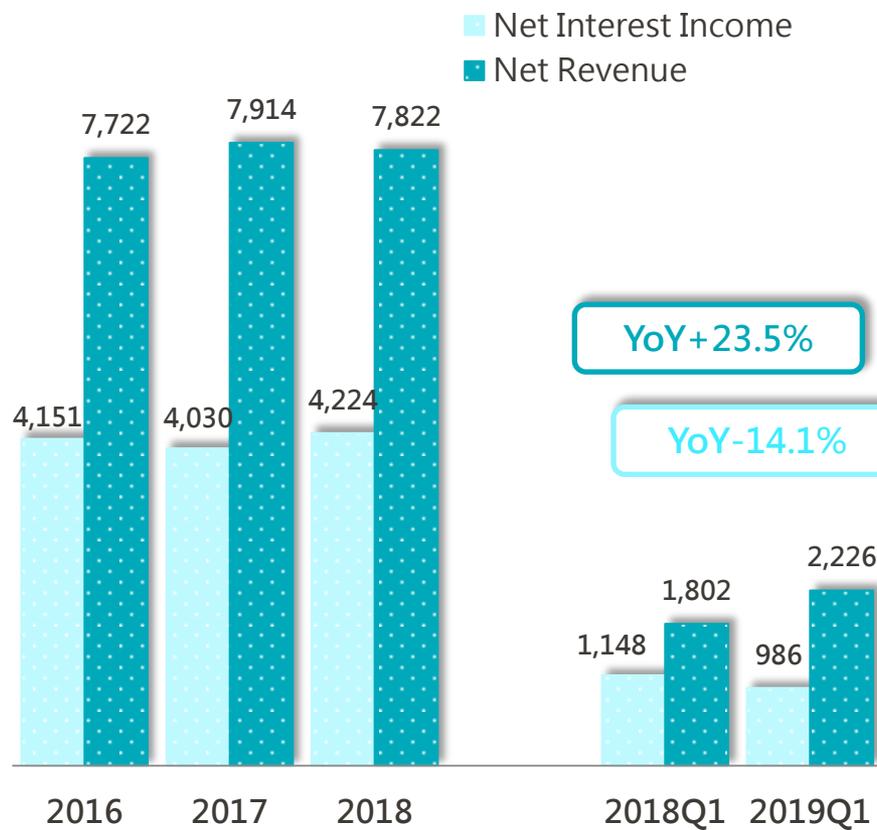
## Total Assets

NT \$ billion



## Net Revenue & Net Interest Income

NT \$ million



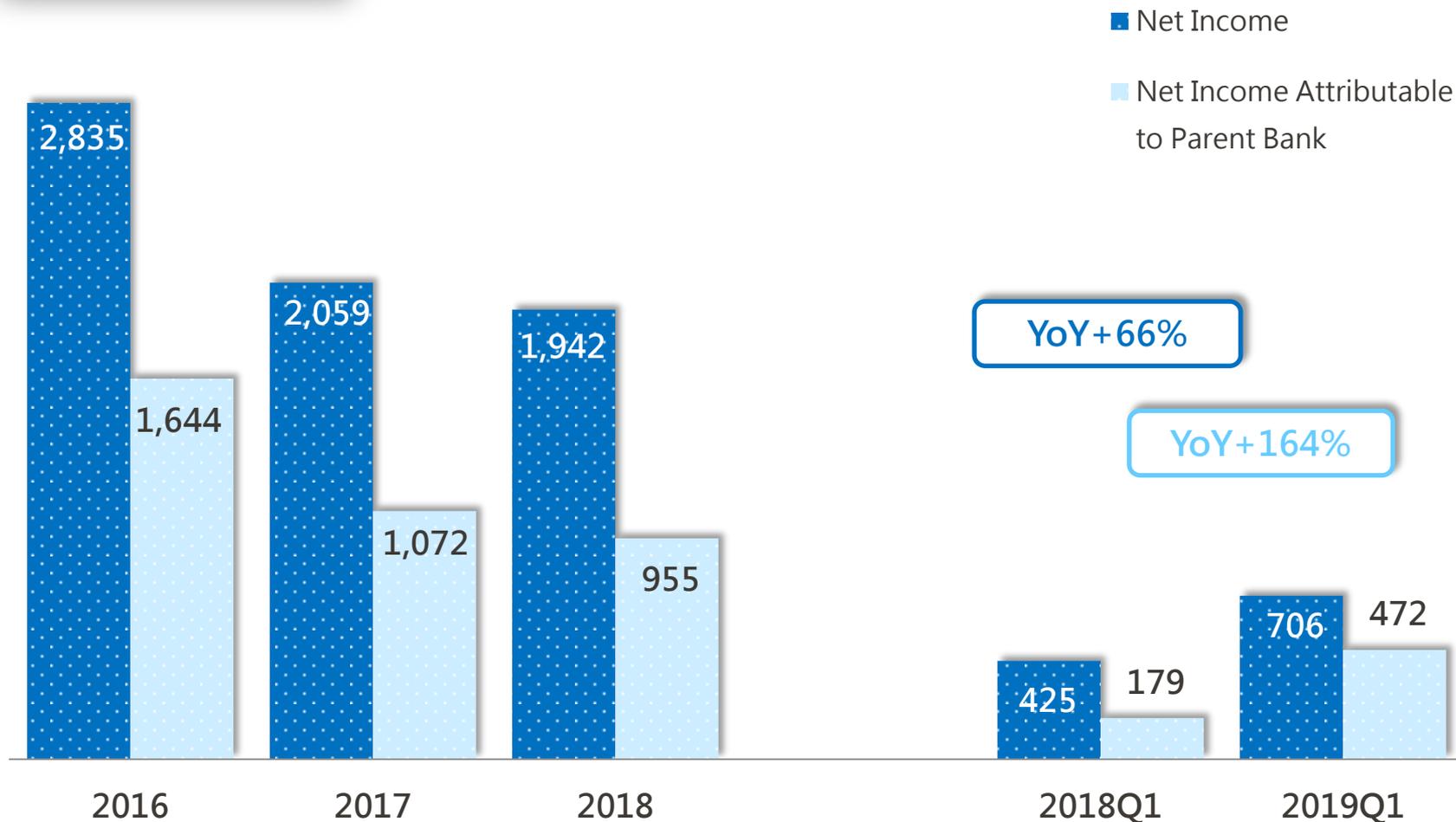


# 02-1

## Consolidated Financial Results (2/2)

### Net Income

NT \$ million



**02-2**

## Individual Financial Results

*O-Bank*



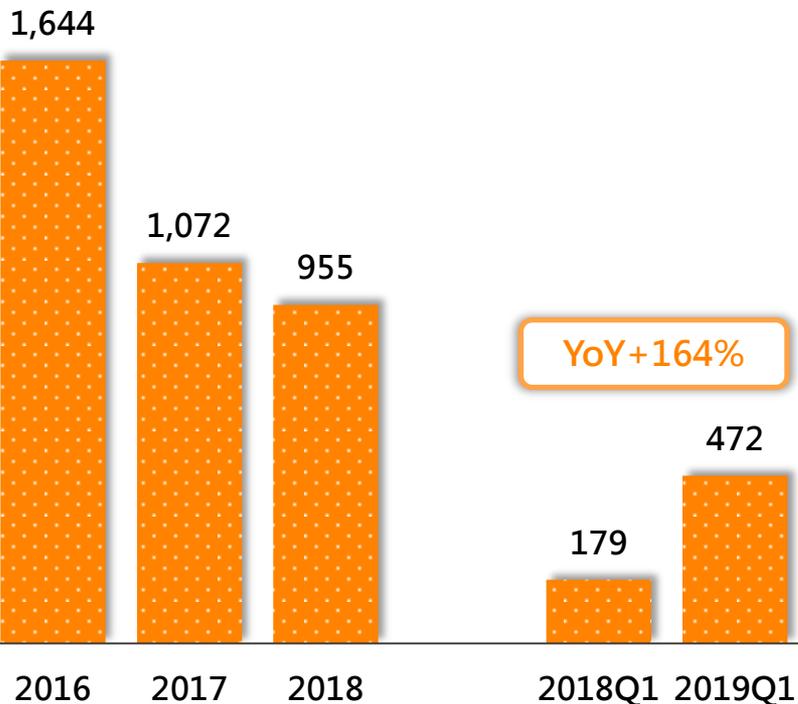
# 02-2

## Individual Financial Result (1/4)

O-Bank

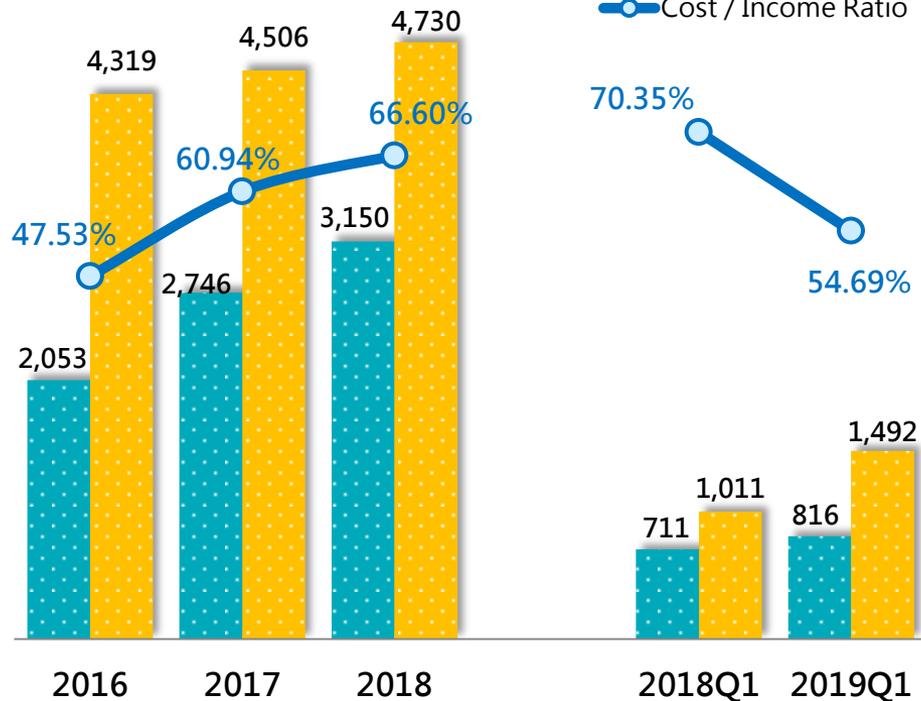
### Net Income

NT \$ million



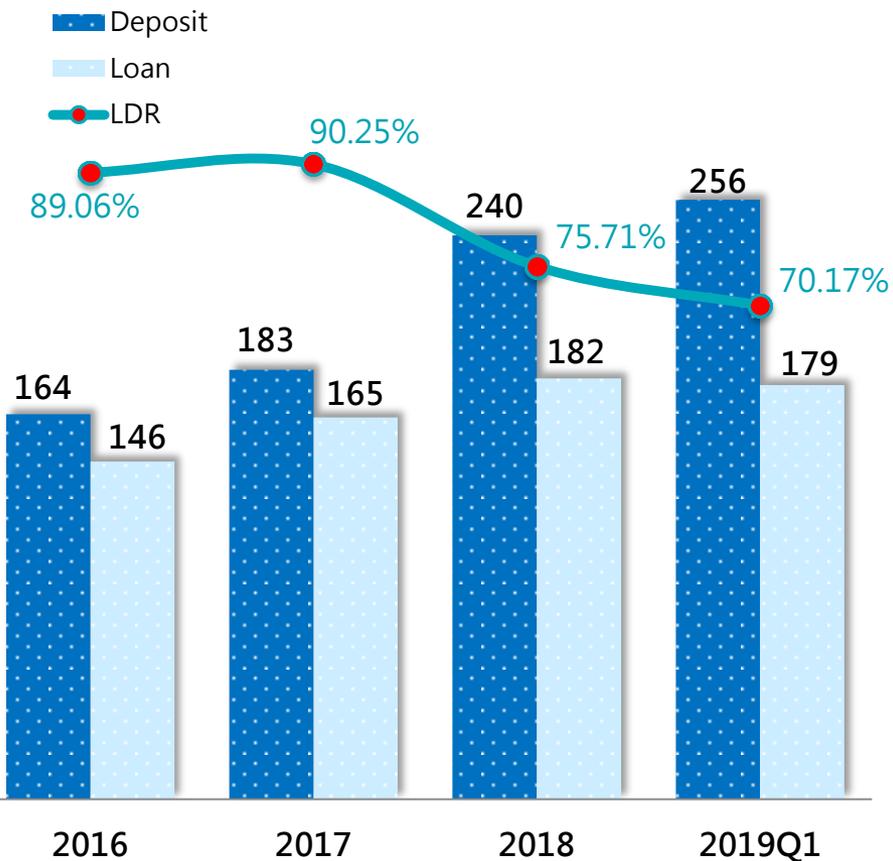
### Cost Income Ratio

NT \$ million



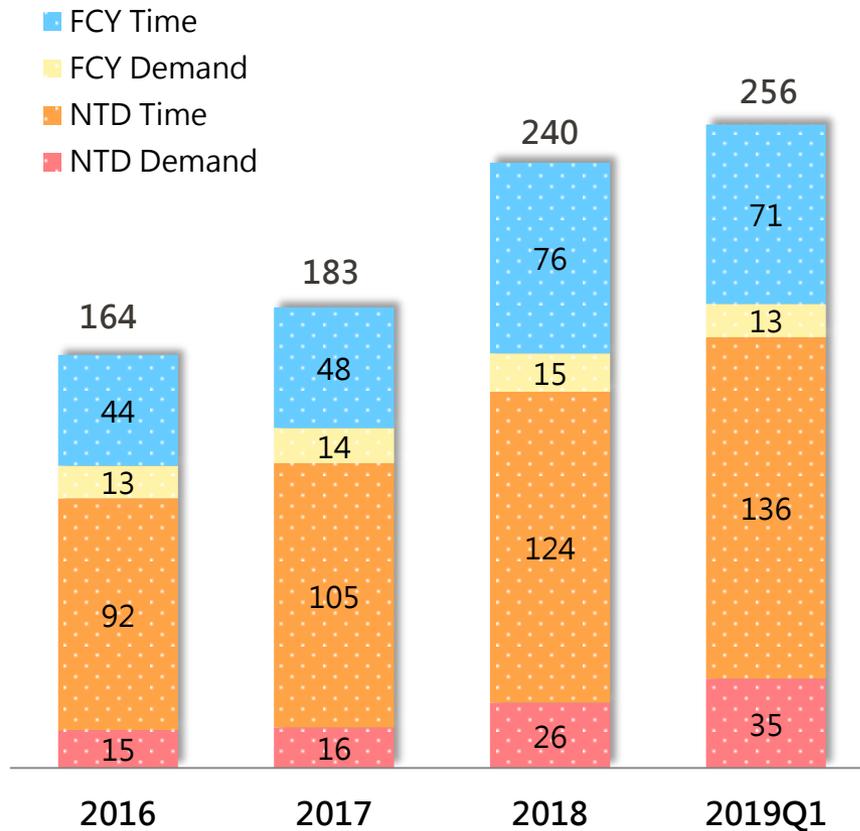
### Loan & Deposit

NT \$ billion



### Deposit Breakdown

NT \$ billion





# 02-2

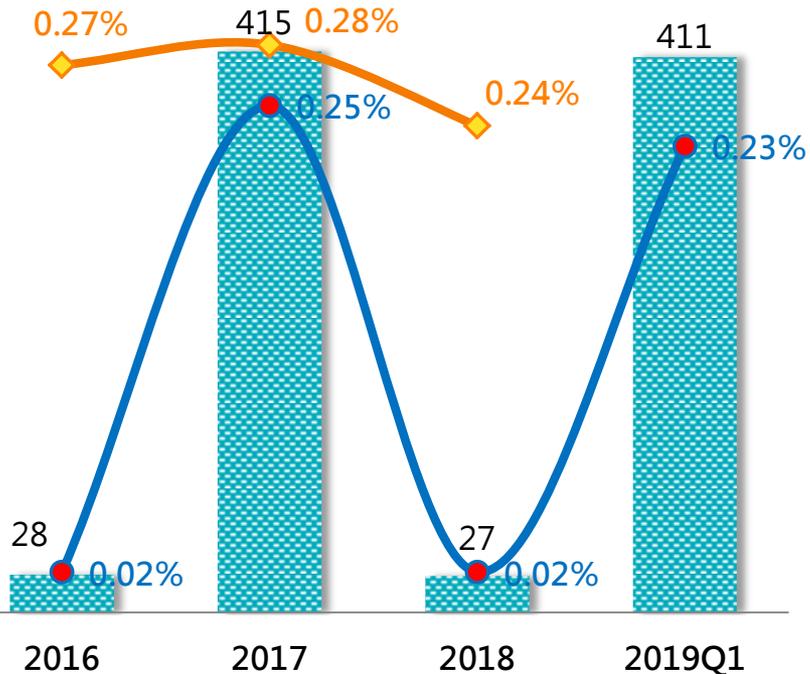
## Individual Financial Result (3/4)

O-Bank

### Asset Quality

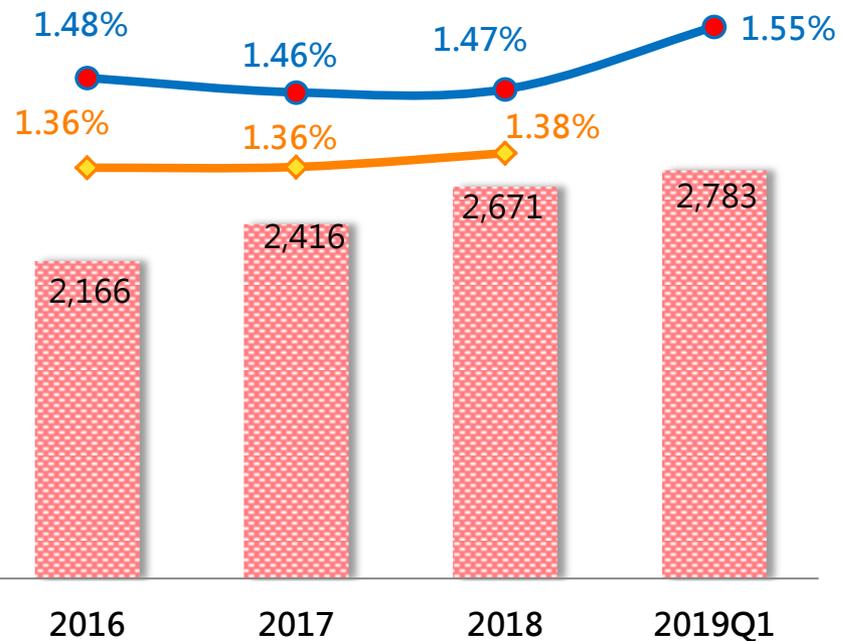
NT \$ million

 NPL  
 NPL Ratio  
 Industry average NPL Ratio



NT \$ million

 Loan Loss Reserve  
 LLR(Loan Loss Reserve/Total Loan)  
 Industry Average LLR



Note 1: Source of industry average: the Banking Bureau.

Note 2: The default case of "OO FOMENTO PREDIAL " led to the rise of NPL ratio in 2019Q1.

This Case Coverage Ratio exceed 160%

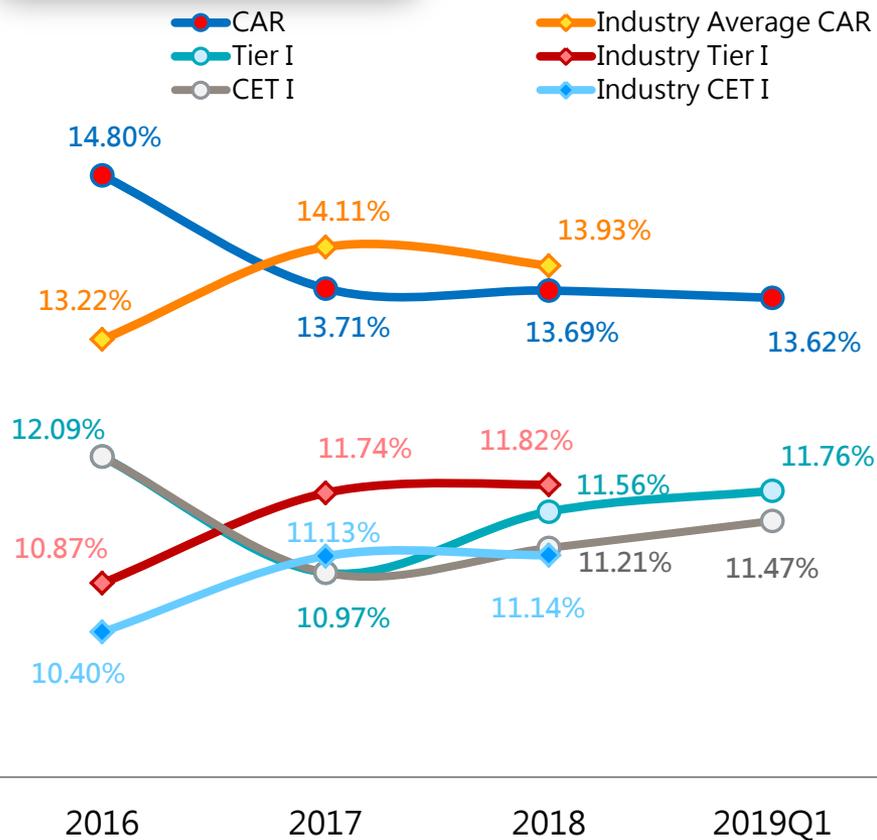


# 02-2

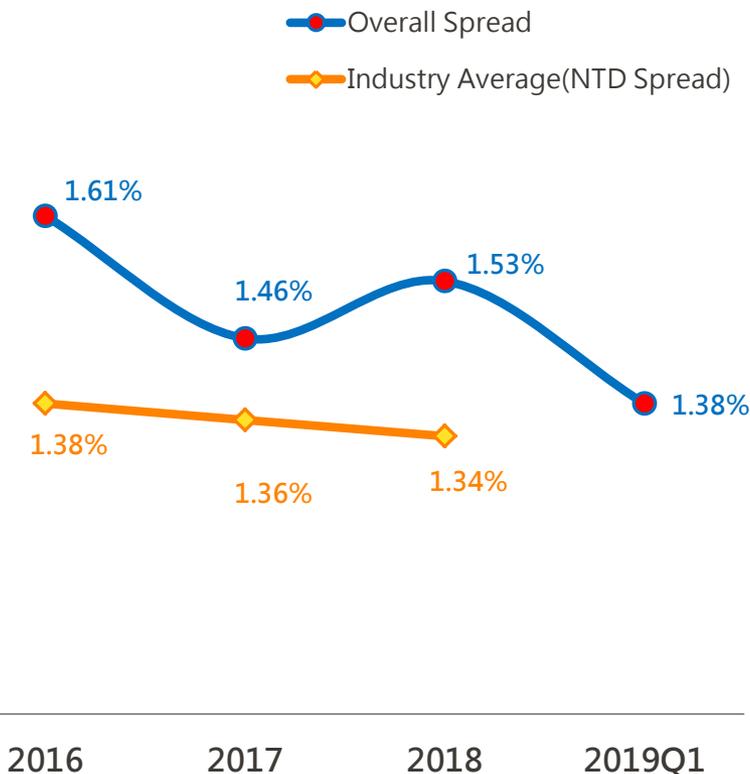
## Individual Financial Result (4/4)

### O-Bank

#### Capital Structure



#### Interest Spread



Note: Source of industry average: the Banking Bureau(Exclude the Export-Import Bank)



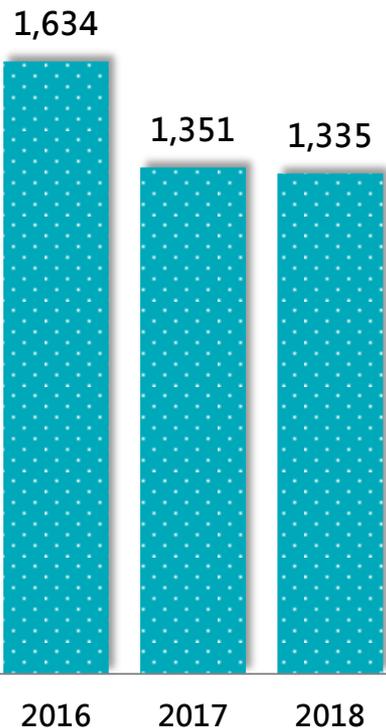
**02-3**

## Individual Financial Results

*China Bills Finance Corp.*

### Net Income

NT \$ million

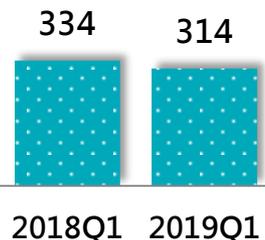


### Net Revenue

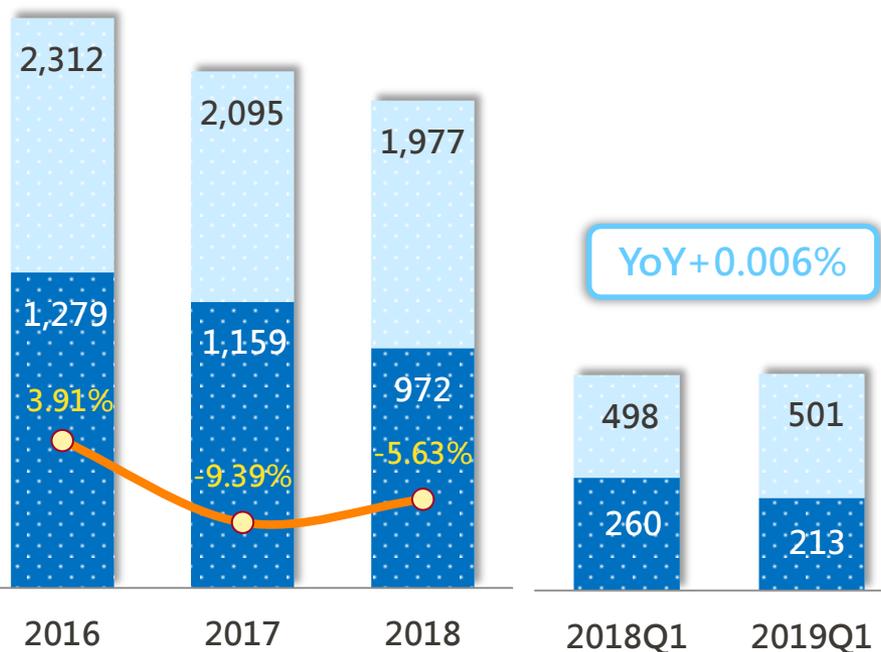
NT \$ million

■ Net Revenue  
■ Net interest Income  
—○— Growth Rate of Net Revenue

YoY-0.06%



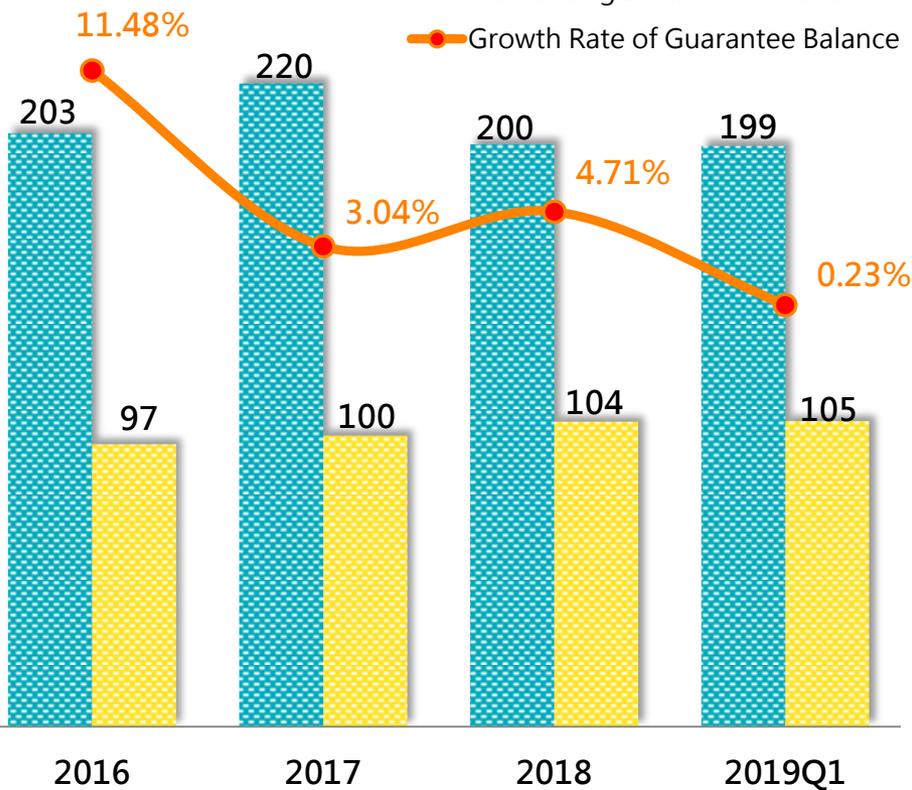
YoY+0.006%



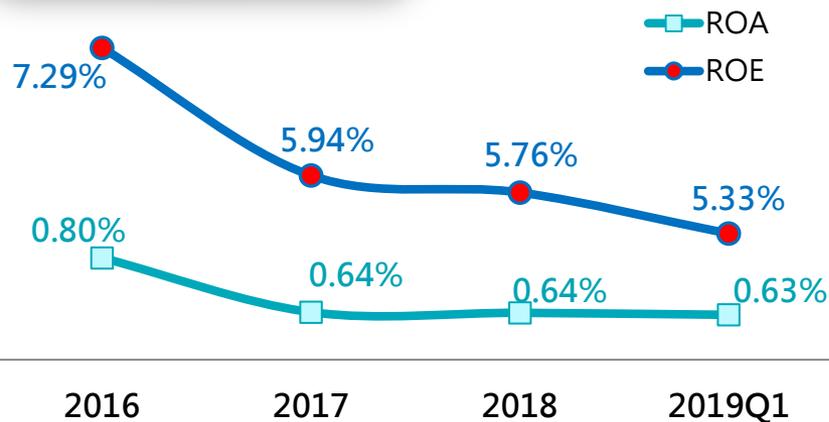
### Assets

NT \$ billion

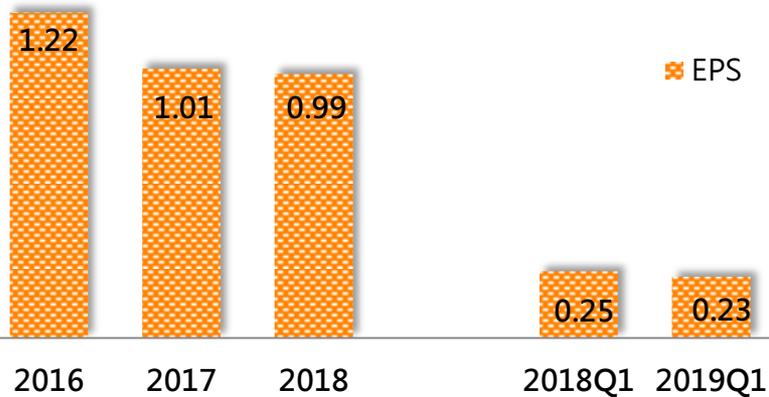
■ Total Assets  
■ Outstanding Balance of Guarantee  
● Growth Rate of Guarantee Balance



### ROE、ROA、EPS



Note : 2019Q1 ROA/ROE is annualized return





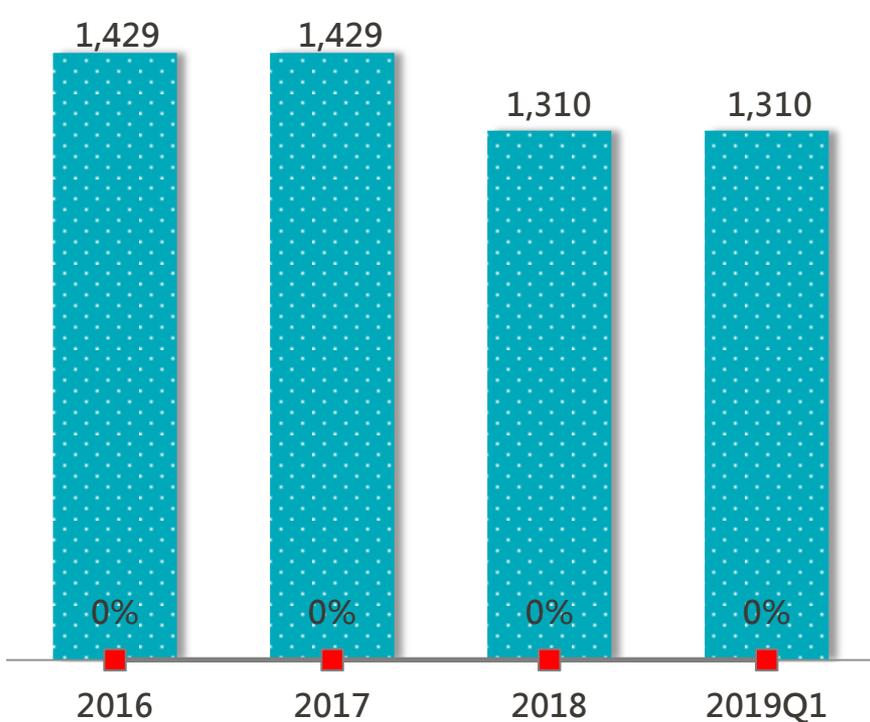
# 02-3

## Individual Financial Result (3/3) -China Bills Finance Corp.

### NPL & Reserve for Guarantee Liabilities

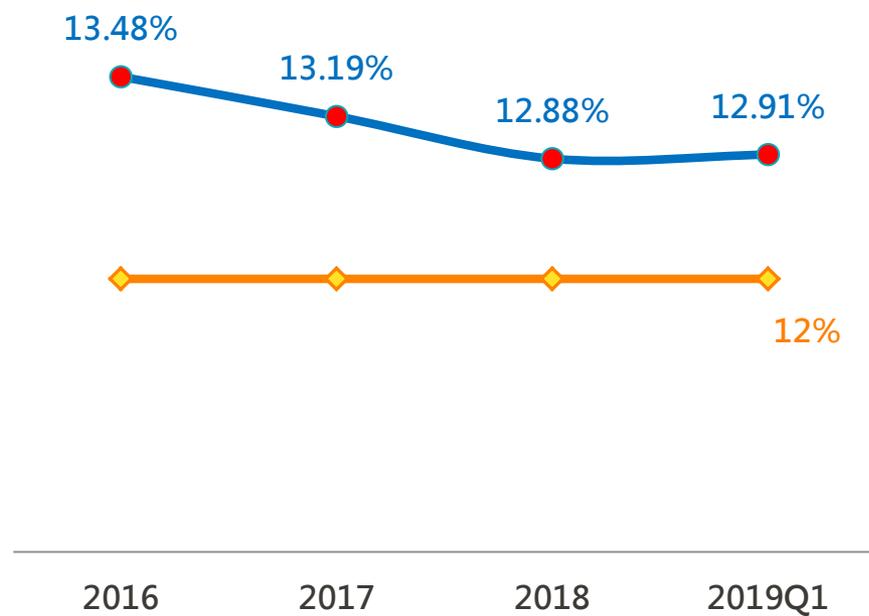
NT \$ million

- Reserve for Guarantee Liabilities
- NPL Ratio



### CAR

- CAR
- Legal CAR





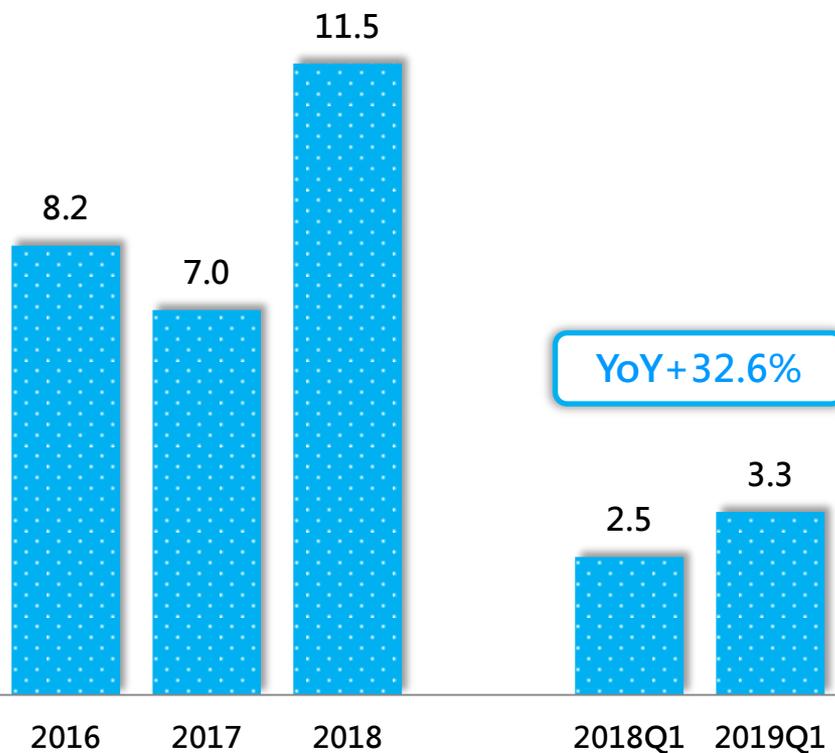
**02-4**

## Individual Financial Results

*IBT Holdings Corp.  
and its Subsidiaries*

## Net Income

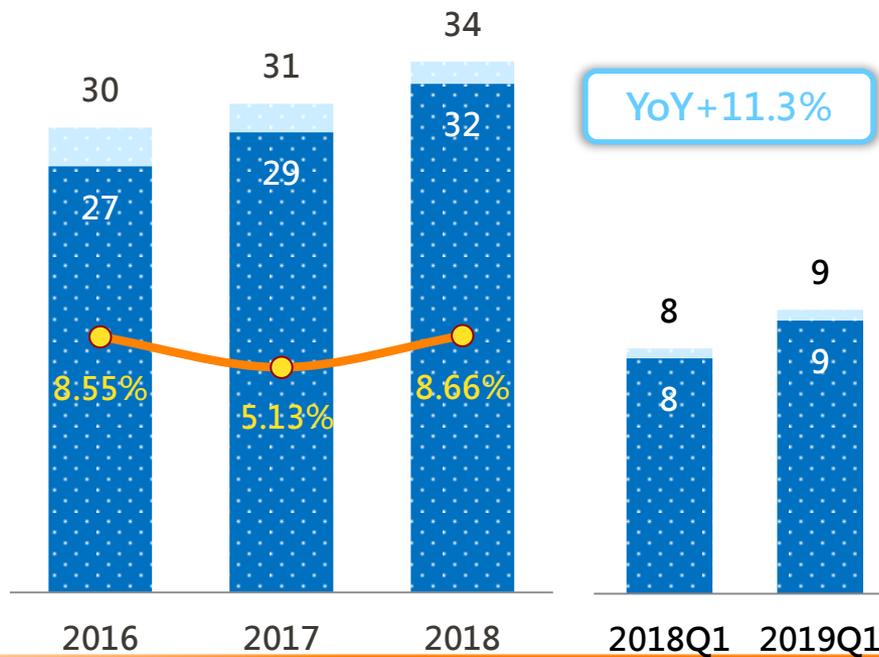
USD \$ million



## Net Revenue

USD \$ million

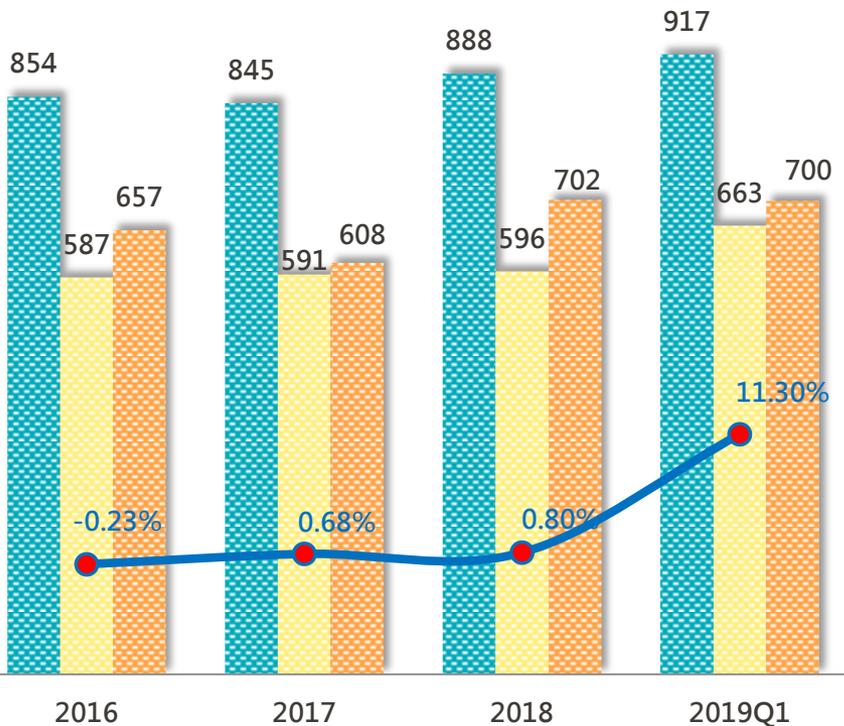
Net Revenue  
 Net Interest Income  
 Growth Ratio for Net Revenue



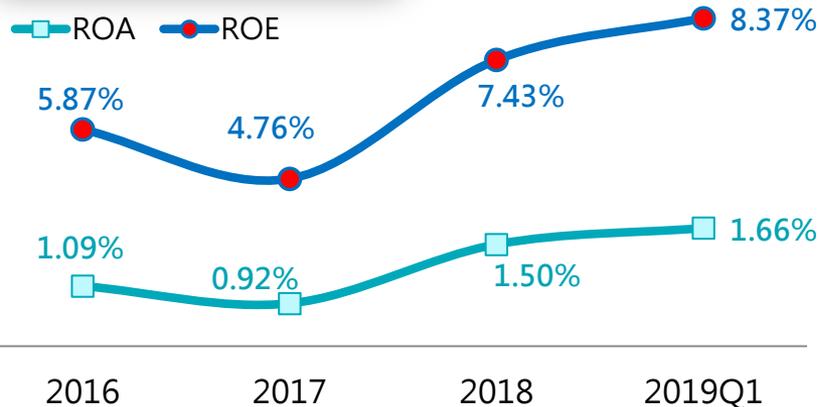
### Assets & Liabilities

USD \$ million

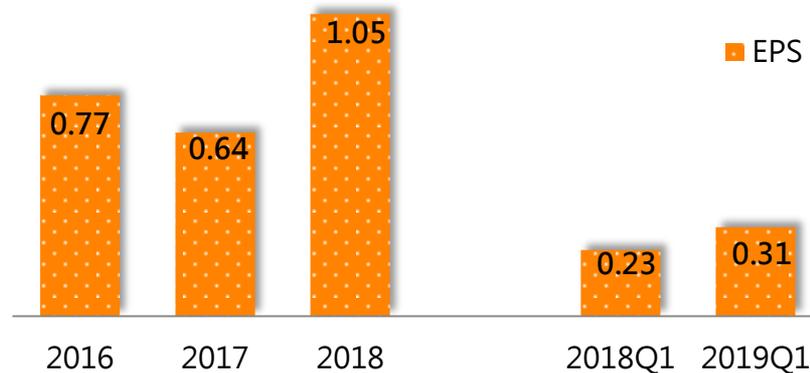
- Assets
- Loan
- Deposit
- Growth Ratio of Loan



### ROE、ROA、EPS



Note1 : 2019Q1 ROA/ROE is annualized return



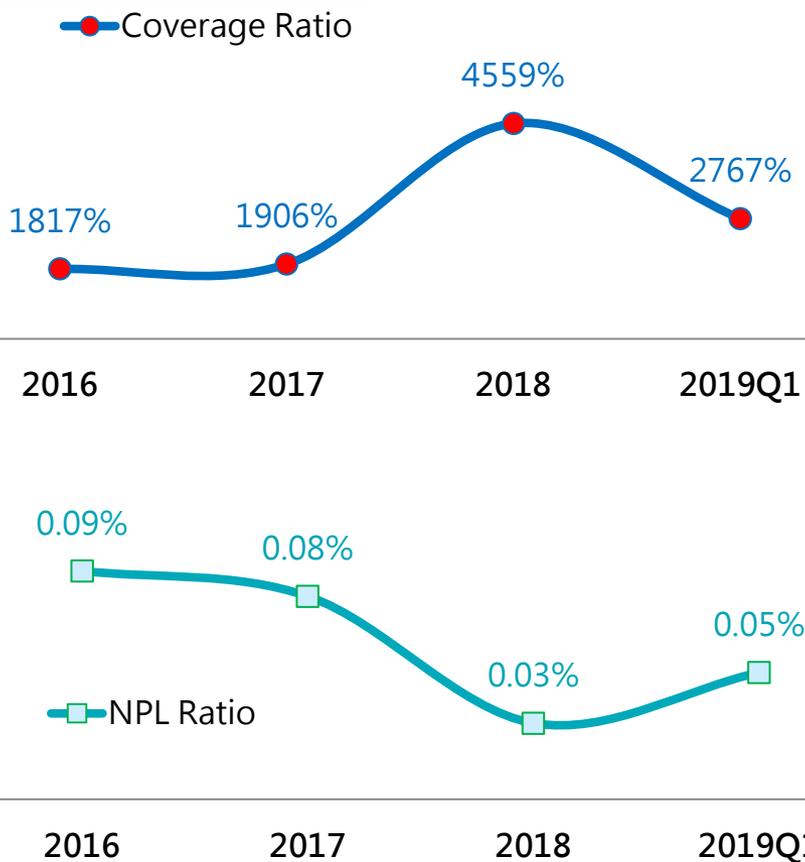
Note2: The 2017 ROE, ROA, and EPS are 6.01%, 1.16%, and 0.81% respectively, after excluding the impairment of the deferred tax asset due to the Corp. tax reduction in US.



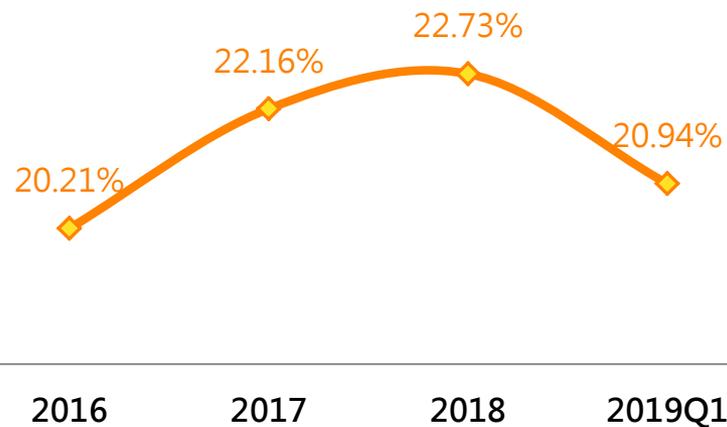
# Individual Financial Result (3/3)

-IBT Holdings Corp. and its Subsidiaries

## NPL Ratio & Coverage Ratio



## CAR





**02-4**

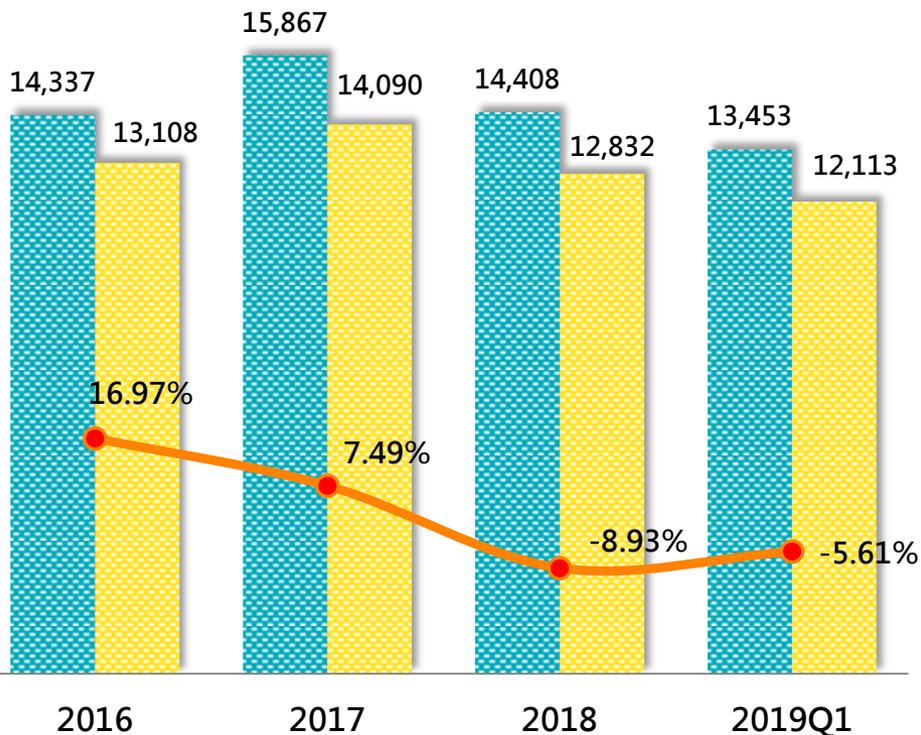
## Individual Financial Results

*IBT Leasing Co. Ltd.  
and its Subsidiaries*

### Assets

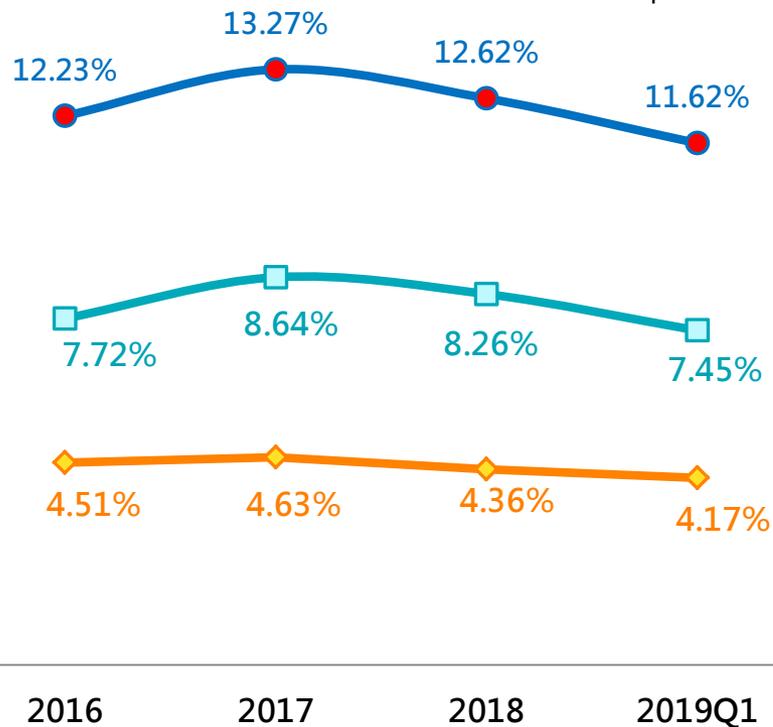
NT \$ million

- Assets
- Loan & Receivables
- Growth Rate of Loan & Receivables



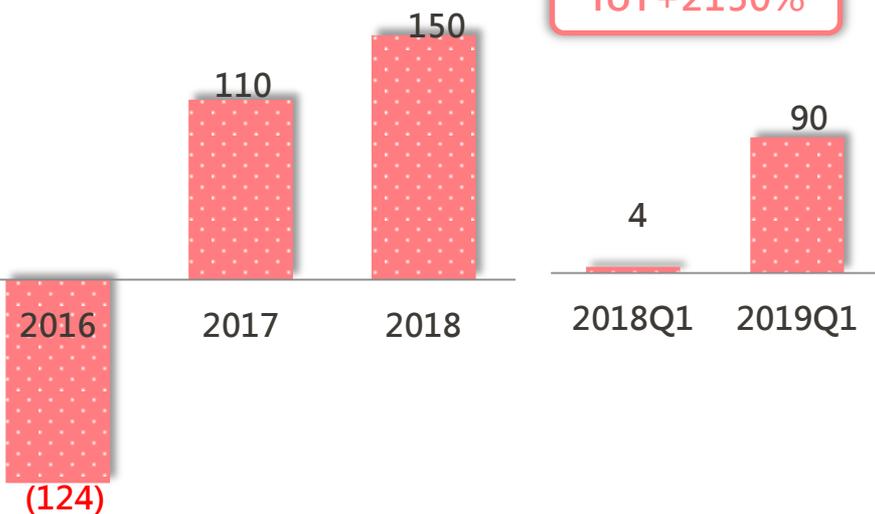
### IRR 、 Funding Cost 、 Spread

- IRR
- Funding Cost
- Spread



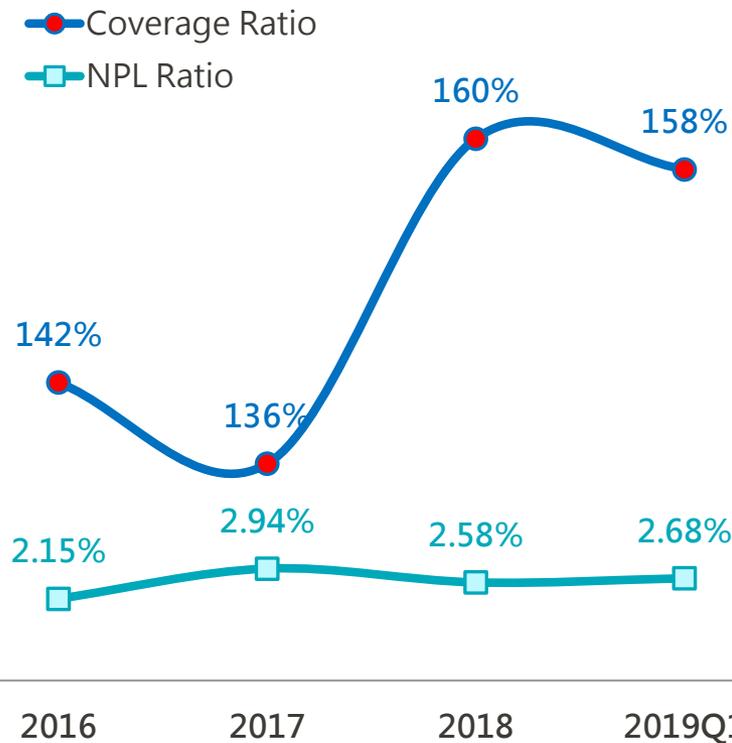
## Net Income

NT \$ million



Note1 : Net Income exclude IBT VII ◦  
 Note2 : 2019Q1vs.2018Q1 Growth 2150% ,caused by the Provision expense was reduce in 2019Q1 ◦

## NPL Ratio & Coverage Ratio





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**03**

Appendix



## O-Bank-Financial Summary

(NT \$ million)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b>Income Statement</b>								
Interest income	1,495	1,502	1,448	1,372	1,184	5,506	4,138	33%
Interest expense	(1,001)	(957)	(909)	(783)	(676)	(3,324)	(2,162)	54%
Net interest income	495	545	540	589	508	2,182	1,976	10%
Fee income	253	130	115	236	130	610	656	-7%
Equity in the income of investees	292	252	233	215	180	880	695	27%
Other income	453	267	283	316	193	1,059	1,179	-10%
Net revenue	1,492	1,193	1,171	1,356	1,011	4,731	4,506	5%
Provision expense	(117)	(189)	(77)	(126)	(62)	(454)	(534)	-15%
Operating expense	(816)	(817)	(817)	(805)	(711)	(3,150)	(2,746)	15%
Net profit B/T	559	187	277	425	237	1,127	1,226	-8%
Net profit A/T	472	227	216	333	179	955	1,072	-11%
<b>Balance Sheet</b>								
Loans, net	176,525	179,388	177,920	176,923	164,551	179,388	162,757	10%
Deposits	255,538	240,461	230,959	212,293	195,629	240,461	183,021	31%
Total assets	342,159	334,340	333,654	319,691	312,144	334,340	295,020	13%
Total stockholders' equity	32,918	31,989	29,000	28,842	29,017	31,989	29,283	9%
<b>Key Ratios(%)</b>								
ROA(A/T)	0.14	0.07	0.07	0.11	0.06	0.30	0.38	
ROE(A/T)	1.46	0.62	0.74	1.15	0.61	3.12	3.65	
NPL	0.23	0.02	0.01	0.08	0.08	0.02	0.25	
Tier I	11.76	11.56	10.18	10.36	10.67	11.56	10.97	
BIS	13.62	13.69	12.35	12.76	13.22	13.69	13.71	

## CBF-Financial Summary

(NT \$ million)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b>Income Statement</b>								
Interest income	490	480	477	474	488	1,920	1,980	-3%
Interest expense	(277)	(259)	(240)	(221)	(228)	(948)	(821)	16%
Net interest income	213	222	237	253	260	972	1,159	-16%
Fee income	243	215	216	222	221	874	887	-2%
Other income	45	27	64	24	17	132	49	(55%)
Net revenue	501	464	517	498	498	1,977	2,095	-6%
Reversal	1	0	7	120	5	132	7	1780%
Operating expense	(114)	(109)	(118)	(134)	(117)	(479)	(476)	1%
Net profit B/T	388	355	407	484	385	1,630	1,626	0%
Net profit A/T	314	287	326	388	334	1,335	1,351	-1%
<b>Balance Sheet</b>								
Total assets	199,049	199,531	197,401	197,396	210,345	199,531	220,412	-9%
Total stockholders' equity	23,821	23,298	23,105	22,776	23,388	23,298	23,025	1%

# IBT Holdings-Financial Summary

(USD \$ thousand)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b>Income Statement</b>								
Interest income	11,426	11,300	10,385	9,649	9,008	40,341	35,206	15%
Interest expense	(2,712)	(2,411)	(2,175)	(1,806)	(1,498)	(7,891)	(5,860)	35%
Net interest income	8,715	8,889	8,209	7,842	7,510	32,450	29,346	11%
Fee income	188	215	158	178	150	700	1,125	-38%
Other income	155	160	35	361	160	717	697	3%
Net revenue	9,057	9,264	8,403	8,381	7,820	33,867	31,168	9%
Provision expense	0	0	0	0	0	0	(280)	-100%
Operating expense	(3,920)	(4,272)	(4,007)	(3,935)	(3,945)	(16,159)	(14,942)	8%
Net profit B/T	5,138	4,992	4,396	4,446	3,874	17,708	15,946	11%
Net profit A/T	3,622	3,519	3,100	3,134	2,731	12,485	7,612	64%
Minority interest	(298)	(290)	(255)	(259)	(225)	(1,029)	(629)	64%
Consolidated net income	3,324	3,230	2,845	2,875	2,506	11,456	6,983	64%
<b>Balance Sheet</b>								
Loans, net	651,114	583,805	595,884	558,931	583,764	583,805	580,450	1%
Deposits	699,781	701,513	686,242	662,569	609,688	701,513	608,490	15%
Total assets	916,508	887,891	875,882	848,872	832,666	887,891	844,635	5%
Total stockholders' equity	165,497	161,471	157,654	154,916	152,226	161,471	150,358	7%

## IBT Leasing-Financial Summary

(NT \$ million)	1Q19	4Q18	3Q18	2Q18	1Q18	2018	2017	YoY
<b>Income Statement</b>								
Interest income	275	283	286	293	297	1,160	1,126	3%
Fee income	45	58	77	83	60	278	301	-8%
Other income	15	3	15	(1)	15	33	56	-42%
Sales revenue, net	335	345	378	375	373	1,471	1,483	-1%
Operating costs	(106)	(117)	(122)	(125)	(117)	(482)	(447)	8%
Gross Profit	229	228	255	250	256	989	1,036	-5%
Provision expense	(0)	(60)	(37)	(41)	(76)	(215)	(354)	-39%
Operating expense	(118)	(131)	(136)	(126)	(131)	(525)	(519)	1%
Non-operating income	61	37	56	29	16	138	88	56%
Non-operating expense	(42)	(10)	(60)	(44)	(26)	(140)	(69)	103%
Net profit B/T	129	63	78	68	38	247	182	36%
Net profit A/T	106	44	58	25	14	141	132	7%
Minority interest	0	0	0	0	0	0	0	-
Consolidated net income	106	44	58	25	14	141	132	7%

## Balance Sheet

Total assets	13,453	14,408	15,489	15,441	15,375	14,408	15,867	-9%
Total stockholders' equity	2,194	2,036	1,991	2,007	2,001	2,036	2,130	-4%