

O-Bank

# 2020 Q3 Business Review

2020/11/27

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# Agenda

01

**2020 Q3 Operations Highlights**

02

**2020 Q3 Financial Results**

03

**Future Key Strategic Focuses**

04

**Appendix**



# 01

## 2020 Q3 Operations Highlights

# 01 2020 Q3 Operations Highlights(1/2)

## 1 Operating Performance

- ❑ O-Bank Group's accumulated 9M20 consolidated net revenue was NT\$6,008 million (-6.37% YoY), and accumulated 9M20 consolidated net profit after tax was NT\$1,767 million (+0.5% YoY).
- ❑ O-Bank's accumulated 9M20 net revenue was NT\$3,559 million (-14.22% YoY), accumulated 9M20 net profit after tax was NT\$896 million (-14.7% YoY), and EPS was NT\$0.32.
- ❑ Key Affiliated Companies:
  - ❑ **IBT Leasing Co., Ltd. and its Subsidiaries** : Accumulated 9M20 net profit after tax was NT\$279 million (+1.9% YoY).
  - ❑ **EverTrust Bank** : Accumulated 9M20 net profit after tax was NT\$196 million (-42.3% YoY).
  - ❑ **China Bills Finance Corp.** : Accumulated 9M20 net profit after tax was NT\$1,194 million (+25.8% YoY), and EPS was NT\$0.89.
- ❑ Since IPO in 2017, O-Bank stock was included as a constituent of the MSCI Taiwan Small Cap Index for four consecutive years, and also included as a constituent of TWSE Corporate Governance 100 (CG 100) Index for two consecutive years since 2019.

# 01 2020 Q3 Operations Highlights(2/2)

## 2 Capital Adequacy & Asset Quality

- As of September 30<sup>th</sup> of 2020, O-Bank's BIS Ratio was 12.12%, Tier1 Capital Ratio was 10.74%, and CET1 Ratio was 10.58%.
- The rise in NPL ratio earlier this year was a result of the default of "New Site Industries Inc.", and volatile market situations in Hong Kong that affected negatively on its portfolio. O-Bank has always met the legal requirement in loan loss provisions, and has taken swift actions to sell or auction off the collaterals. Thus, with the recovery of bad debt in Q3 this year, both NPL Ratio and Loan Loss Coverage Ratio have steadily improved to 0.5% and 284.19%, respectively, as of October 31<sup>st</sup>, 2020.

## 3 Awards & Recognitions

- Awarded the Second Place Winner by "**The Medium-Sized Enterprises Division Award**" of Commonwealth Magazine's "Excellence in Corporate Social Responsibility".
- Scored 19.94 and ranked No. 4 among Taiwan's financial institutions in the latest publishing of Sustainalytics' ESG Risk Ratings in November, 2020.



# 02

## 2020.Q3 Financial Results

**02-1** Consolidated Financial Results

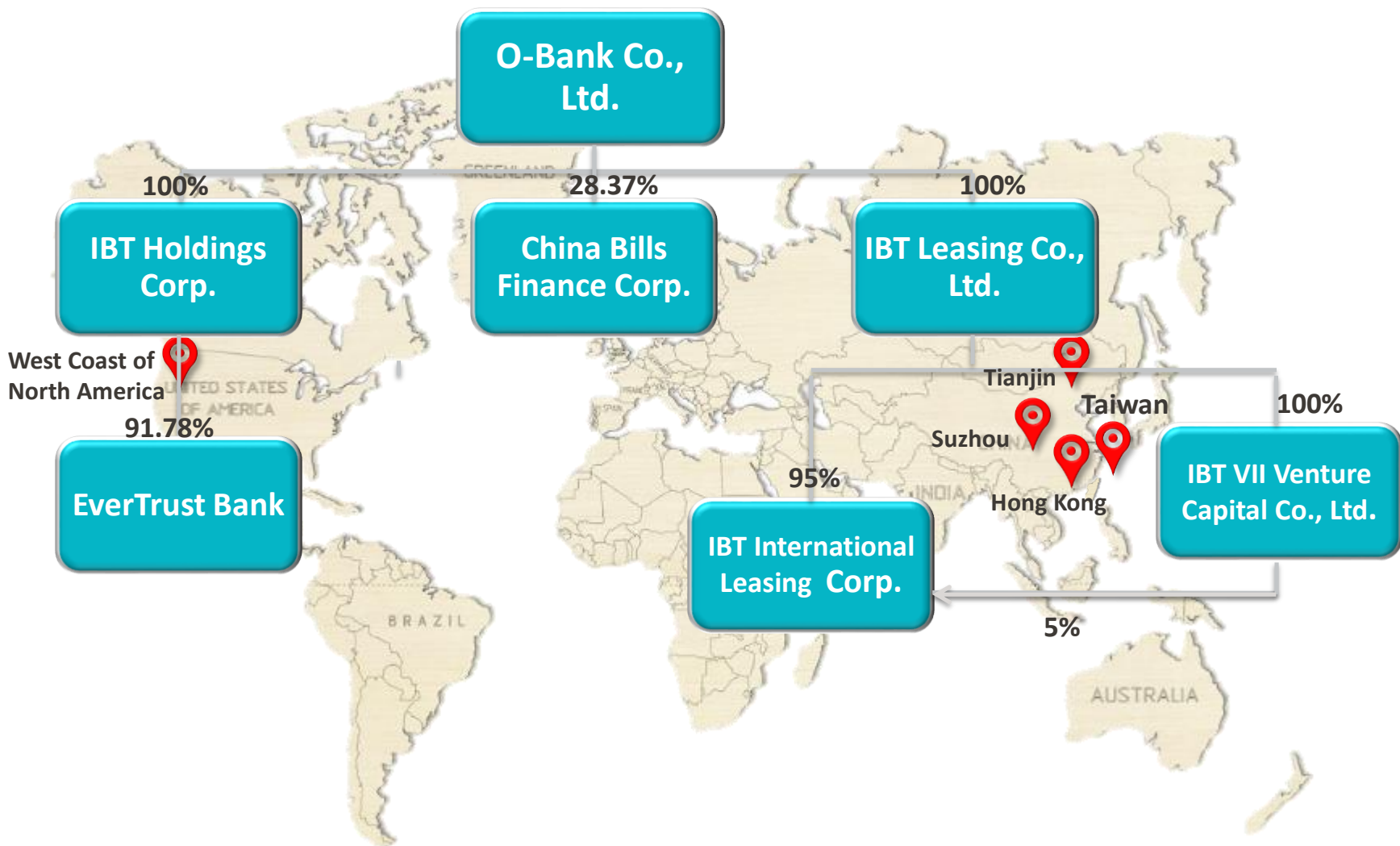
**02-2** Individual Financial Results: O-Bank

**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 O-Bank and its Main Subsidiaries





**02-1**

## **Consolidated Financial Results**

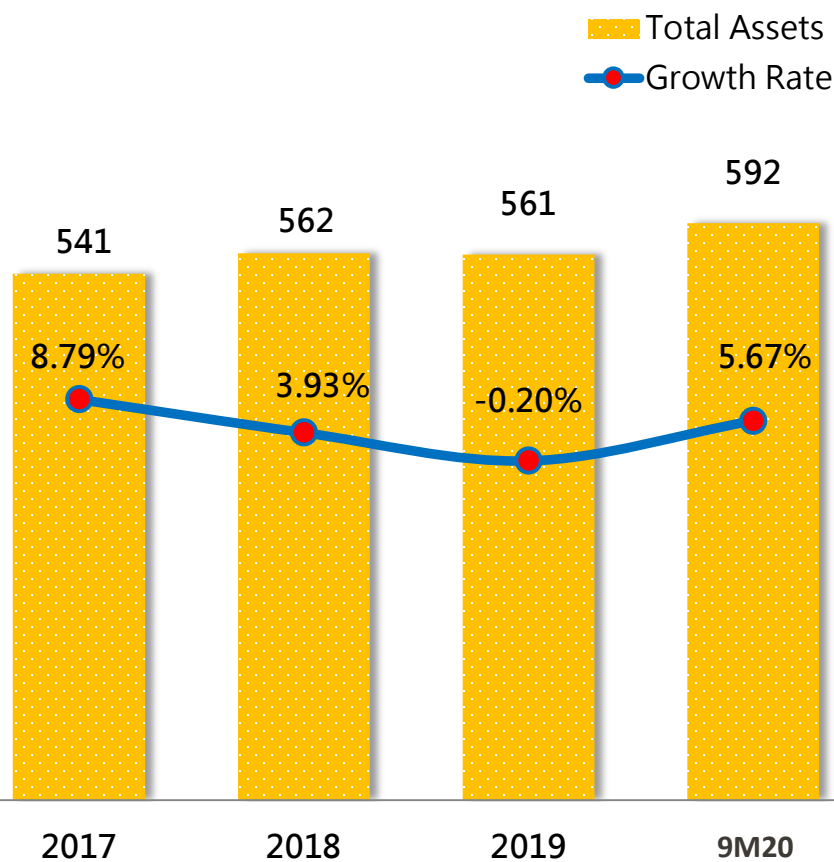


# 02-1

## Consolidated Financial Results (1/3)

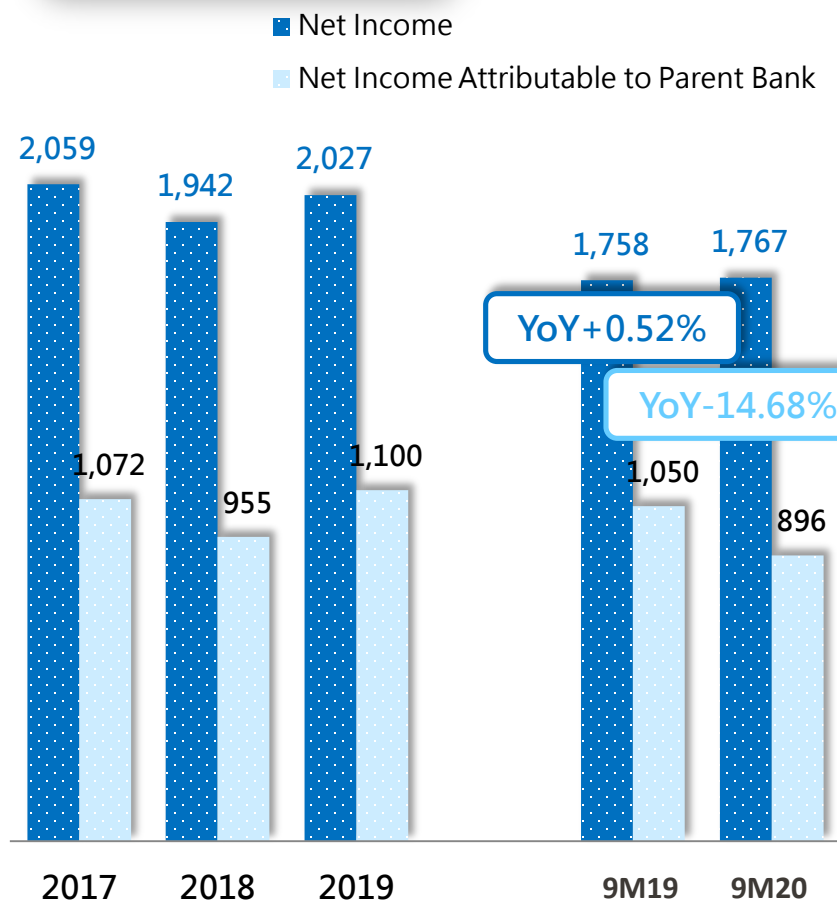
### Total Assets

NT \$ billion



### Net Income

NT \$ million





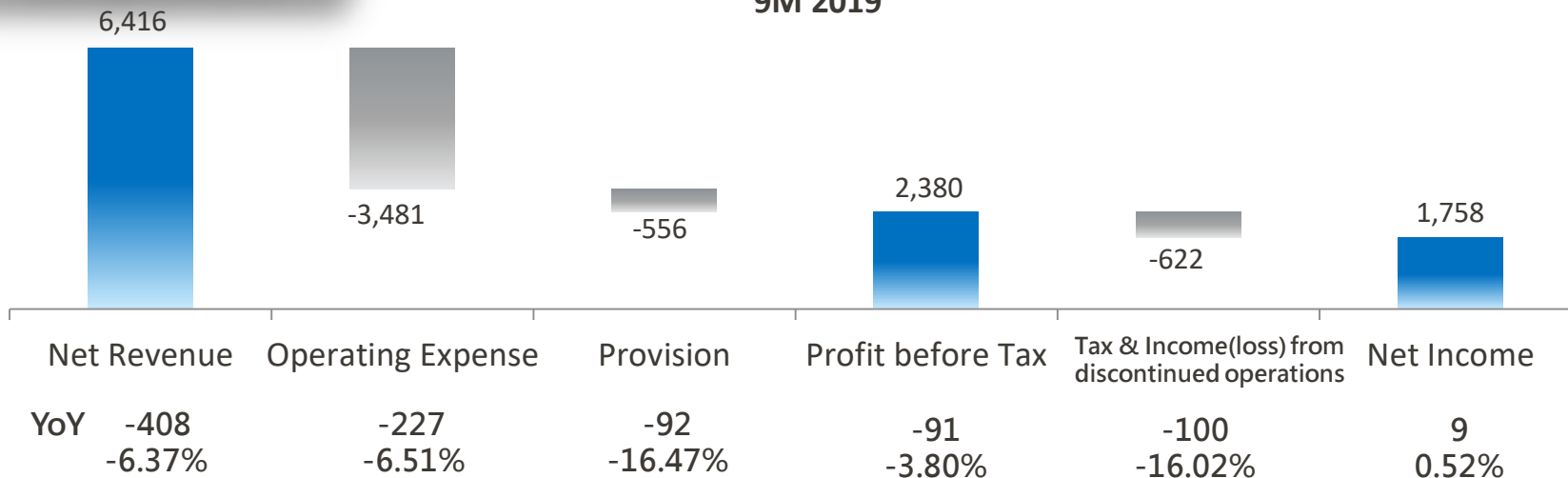
# 02-1

## Consolidated Financial Results (2/3)

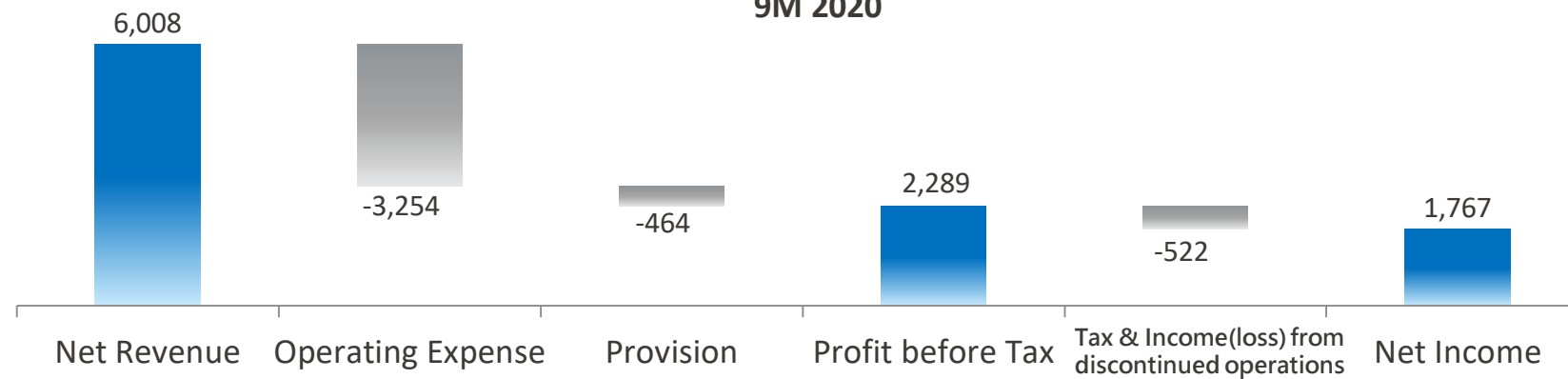
### Net Income Compositions

NT \$ million

9M 2019



9M 2020





# 02-1

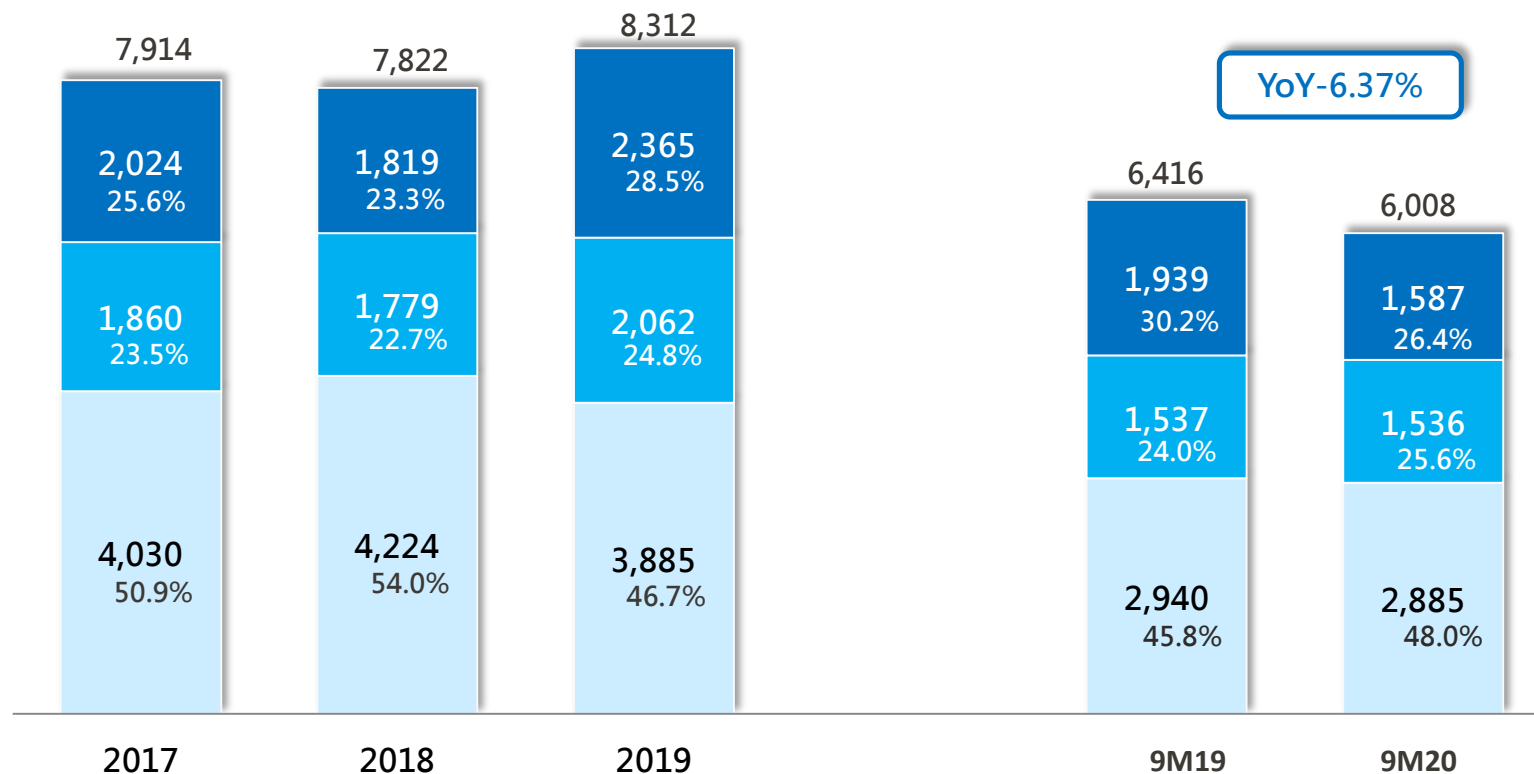
## Consolidated Financial Results (3/3)

### Net Revenue Breakdown

NT \$ million

- Net Interest Income
- Fee Income
- Others

% Net Revenue Breakdown Ratio



**02-2**

## Individual Financial Results

*-O-Bank-*

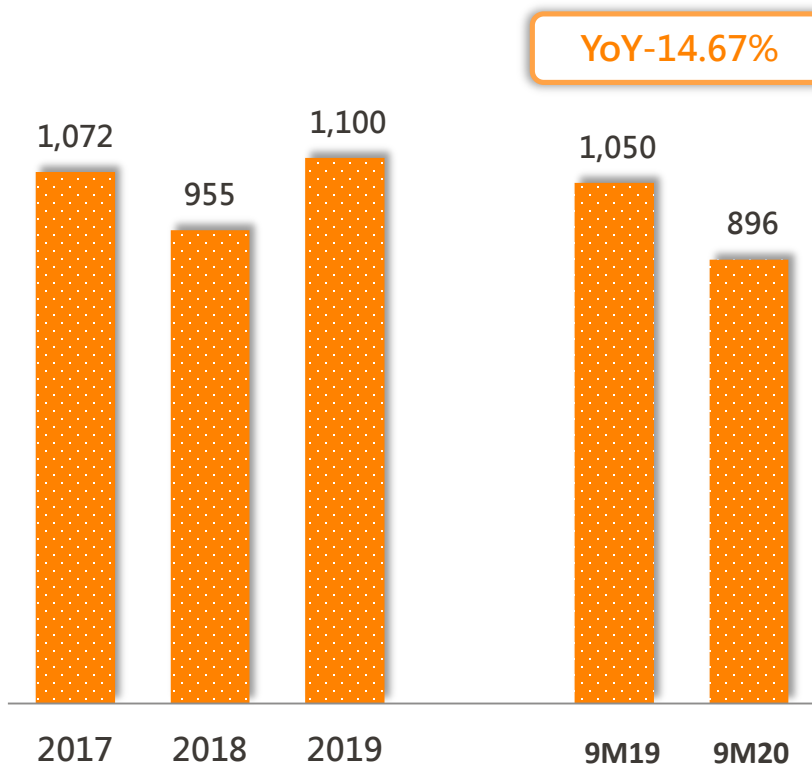


# 02-2

## Individual Financial Results: O-Bank (1/7)

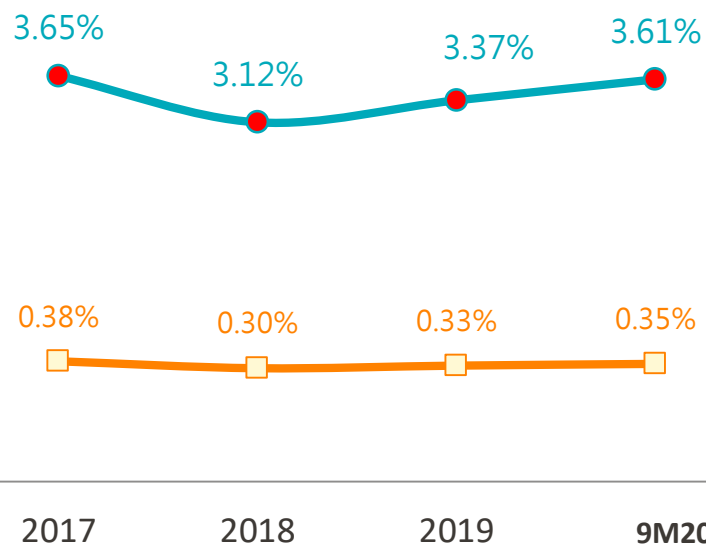
### Net Income

NT \$ million



### ROA & ROE

ROE ROA



Note: 9M20 –annualized ROA & ROE



# 02-2

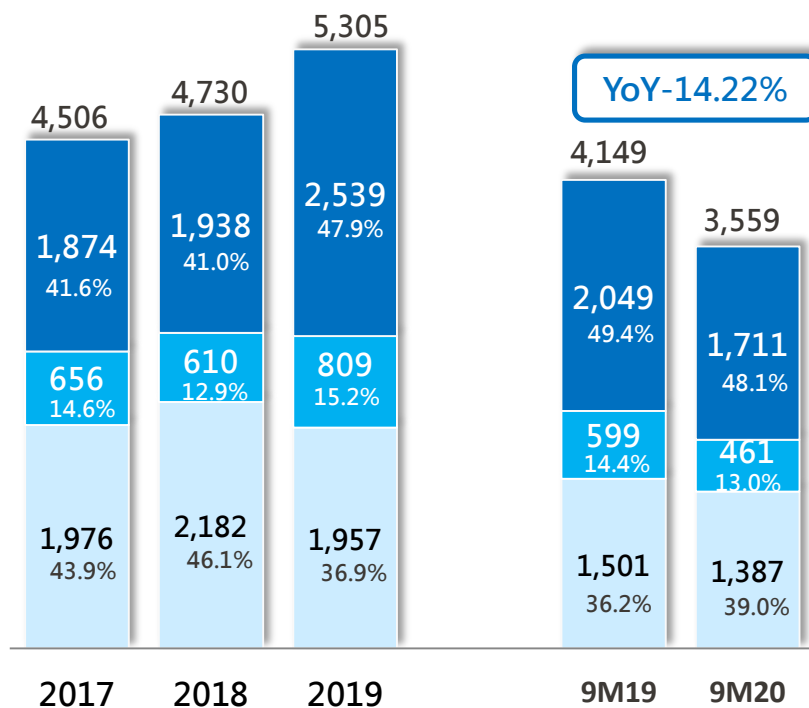
## Individual Financial Results: O-Bank (2/7)

### Net Revenue Breakdown

NT \$ million

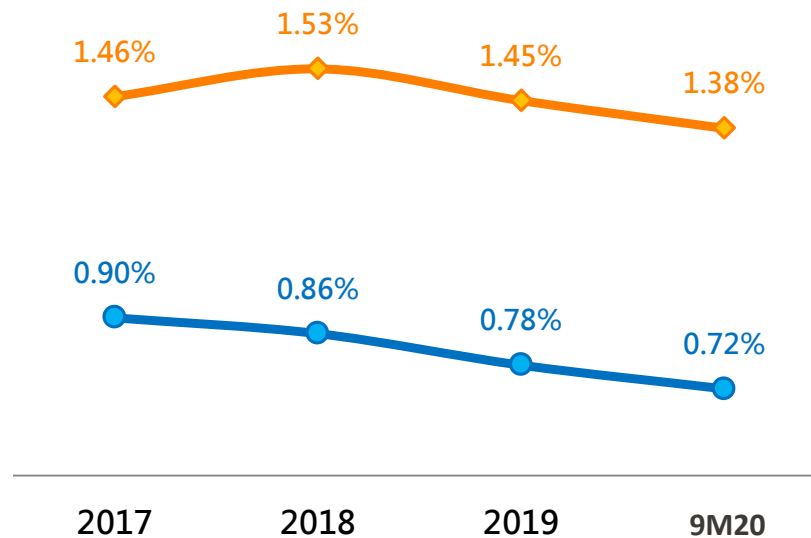
- Net Interest Income
- Fee Income
- Others

% Net Revenue Breakdown Ratio



### NIM & Spread

NIM Spread



Note: 9M20 –annualized NIM & Spread.



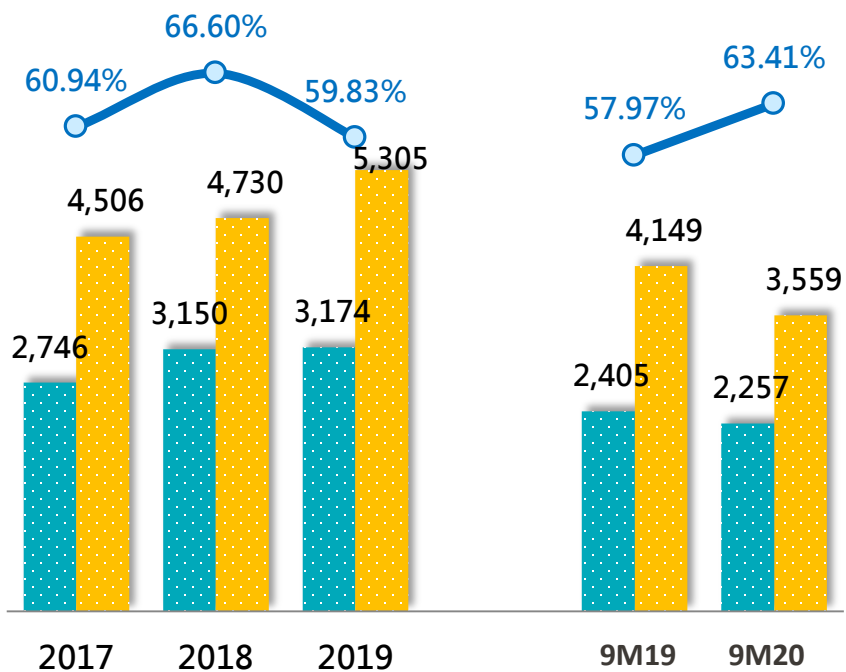
# 02-2

## Individual Financial Results: O-Bank (3/7)

### Cost/Income Ratio

NT \$ million

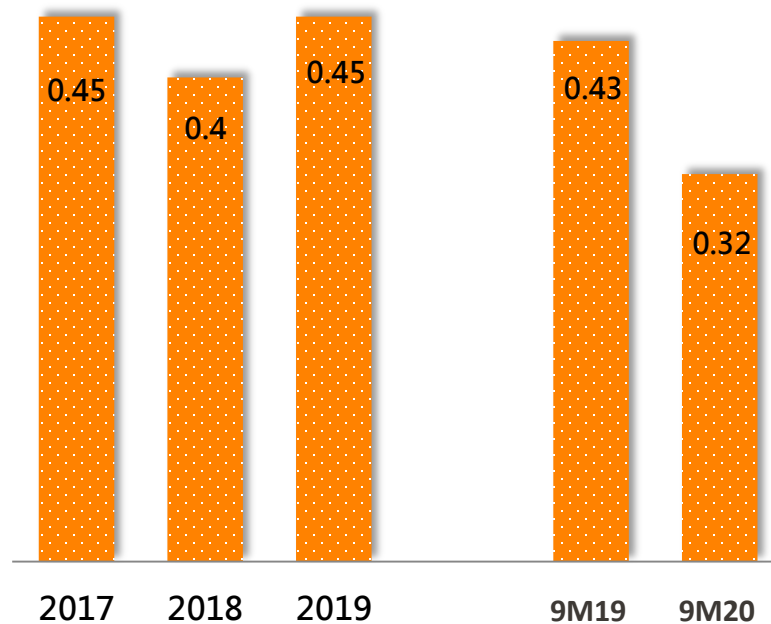
- Operating Expense
- Net Revenue
- Cost Income Ratio



### EPS

NT \$

EPS







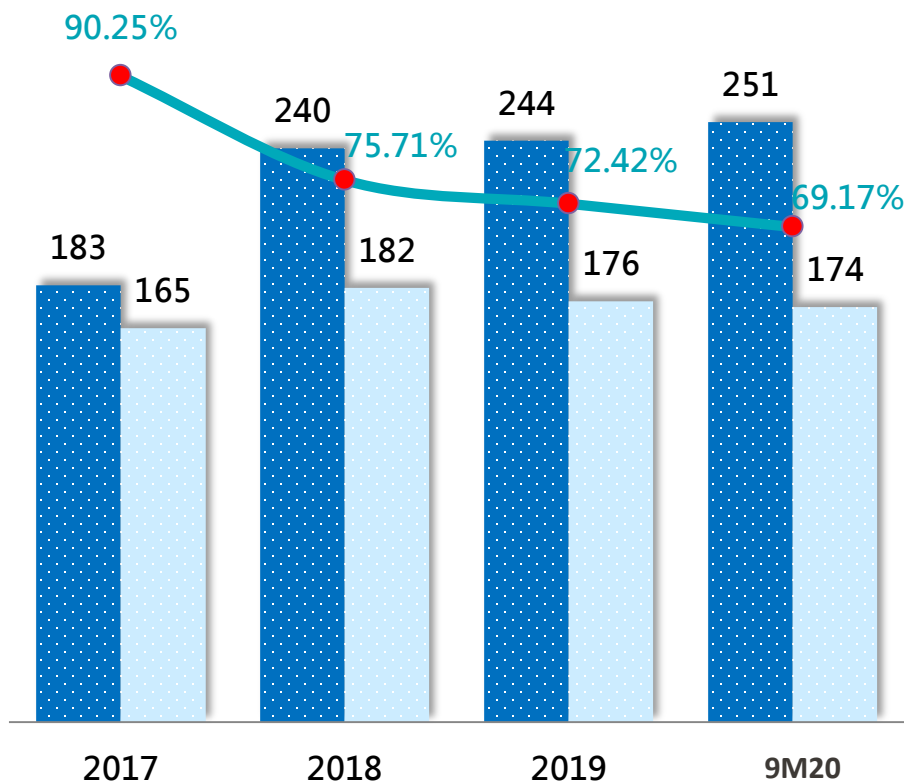
# 02-2

## Individual Financial Results: O-Bank (4/7)

### Loan & Deposit

NT \$ billion

■ Deposit   ■ Loan   ● LDR

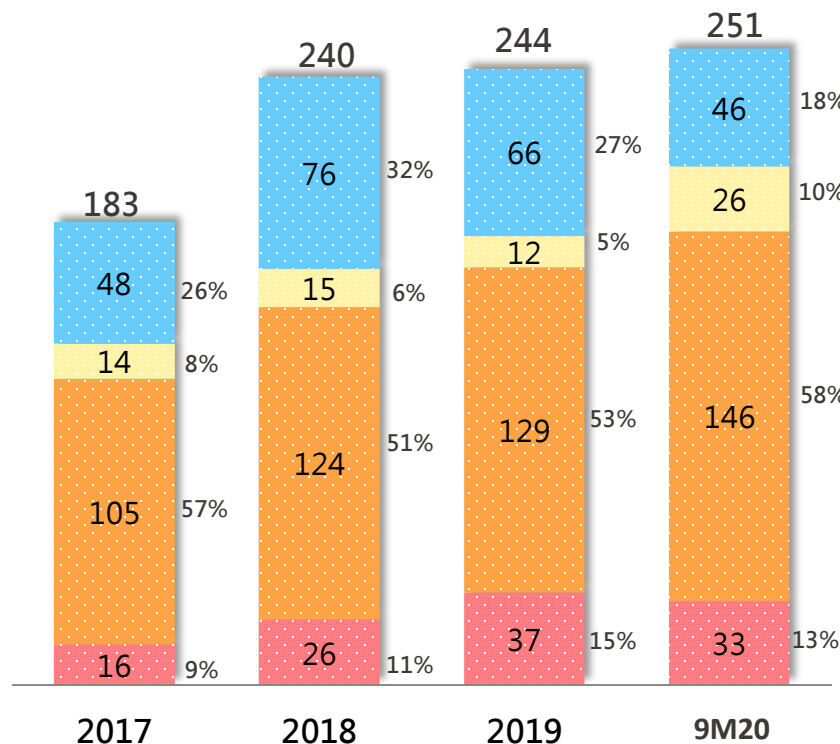


### Deposit Breakdown

NT \$ billion

■ FCY Time   ■ FCY Demand  
■ NTD Time   ■ NTD Demand

% Deposit Breakdown Ratio





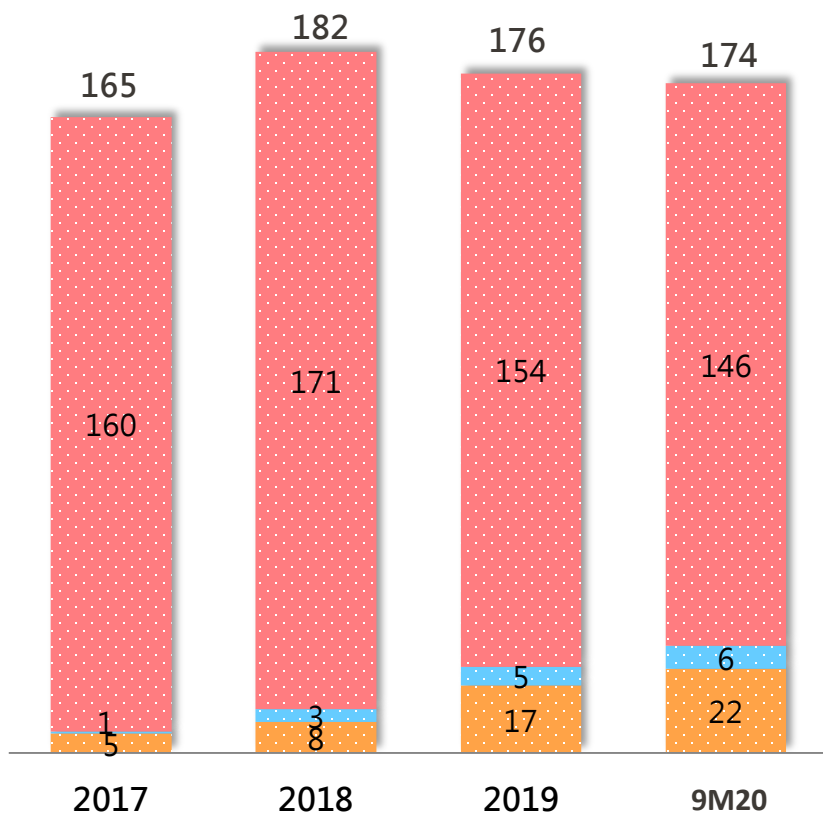
# 02-2

## Individual Financial Results: O-Bank (5/7)

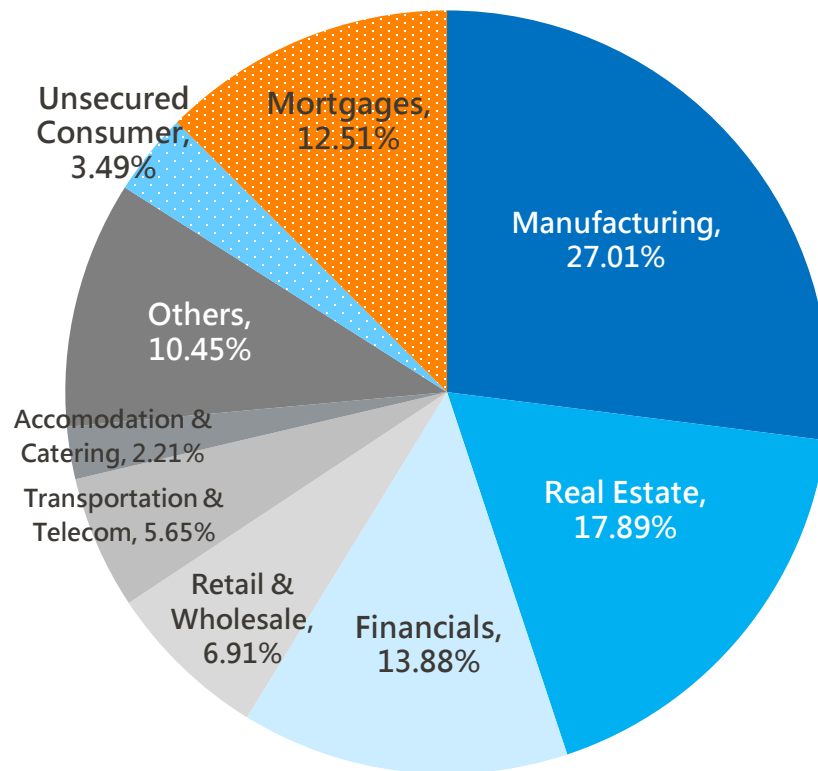
### Loan Breakdown

NT \$ billion

■ Corporate Loan ■ Unsecured Consumer ■ Mortgages



### Loan Breakdown by Industry

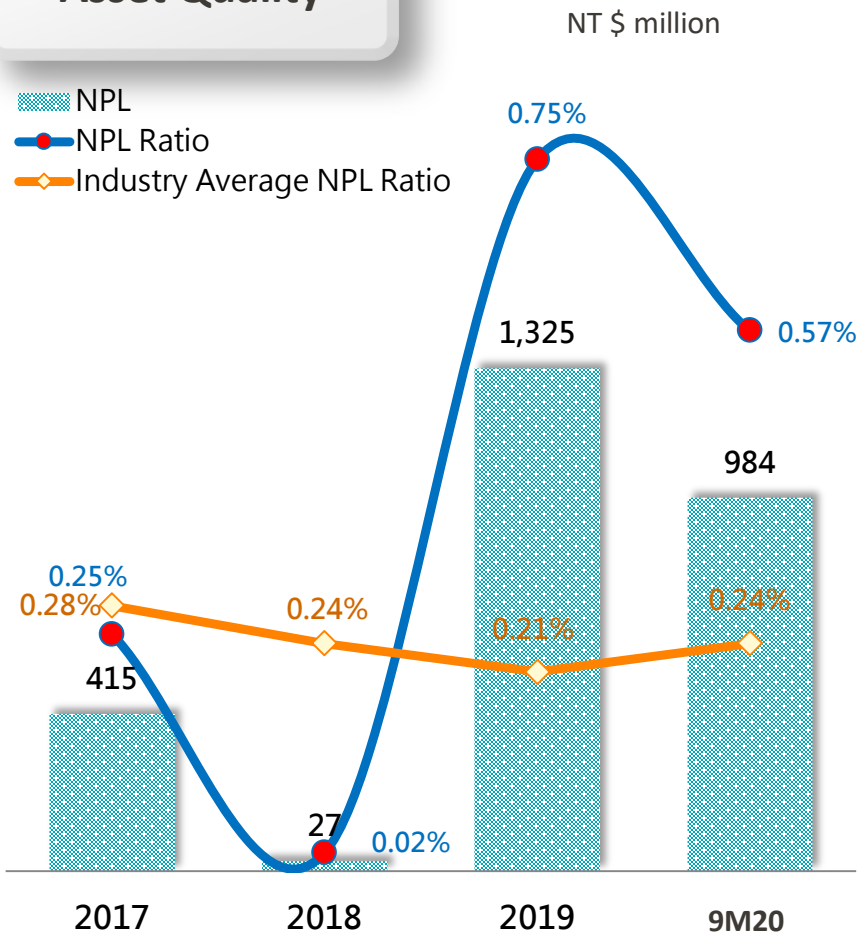




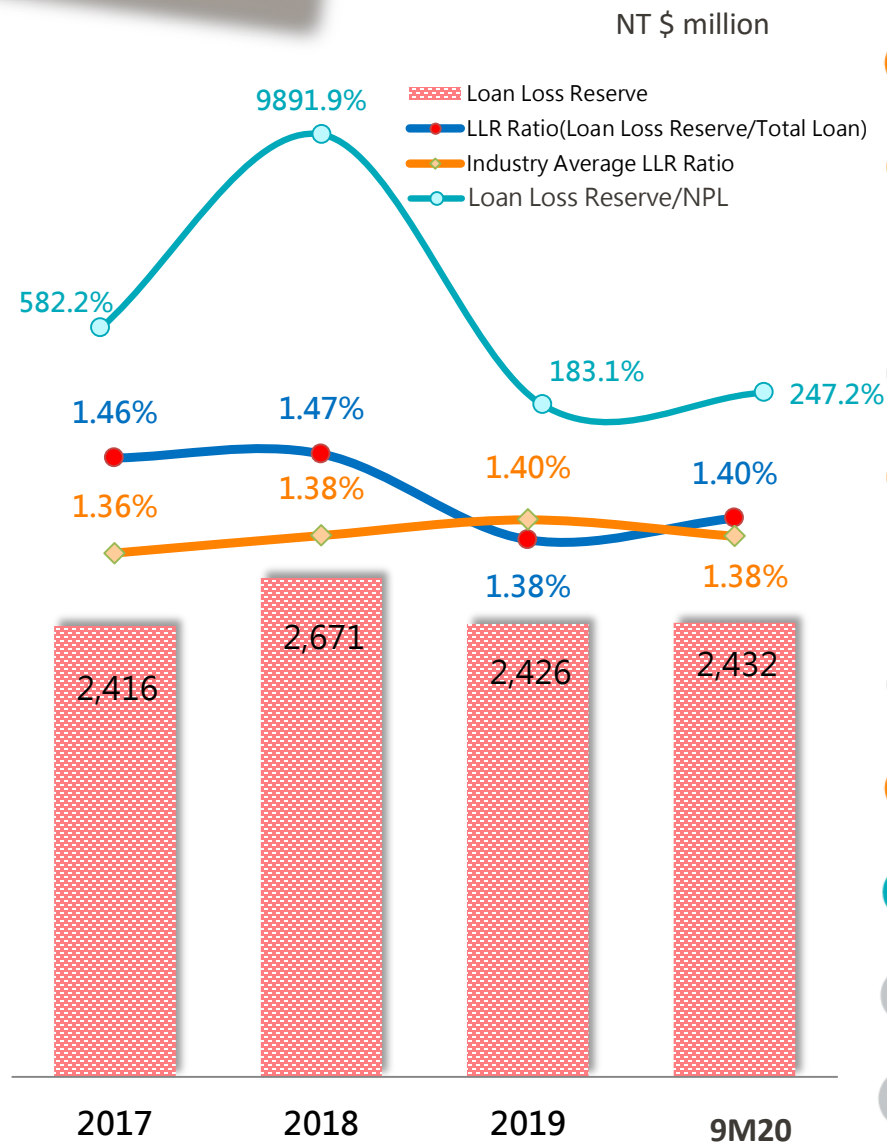
# 02-2

## Individual Financial Results: O-Bank (6/7)

### Asset Quality



Note : Source of industry average: the Banking Bureau.

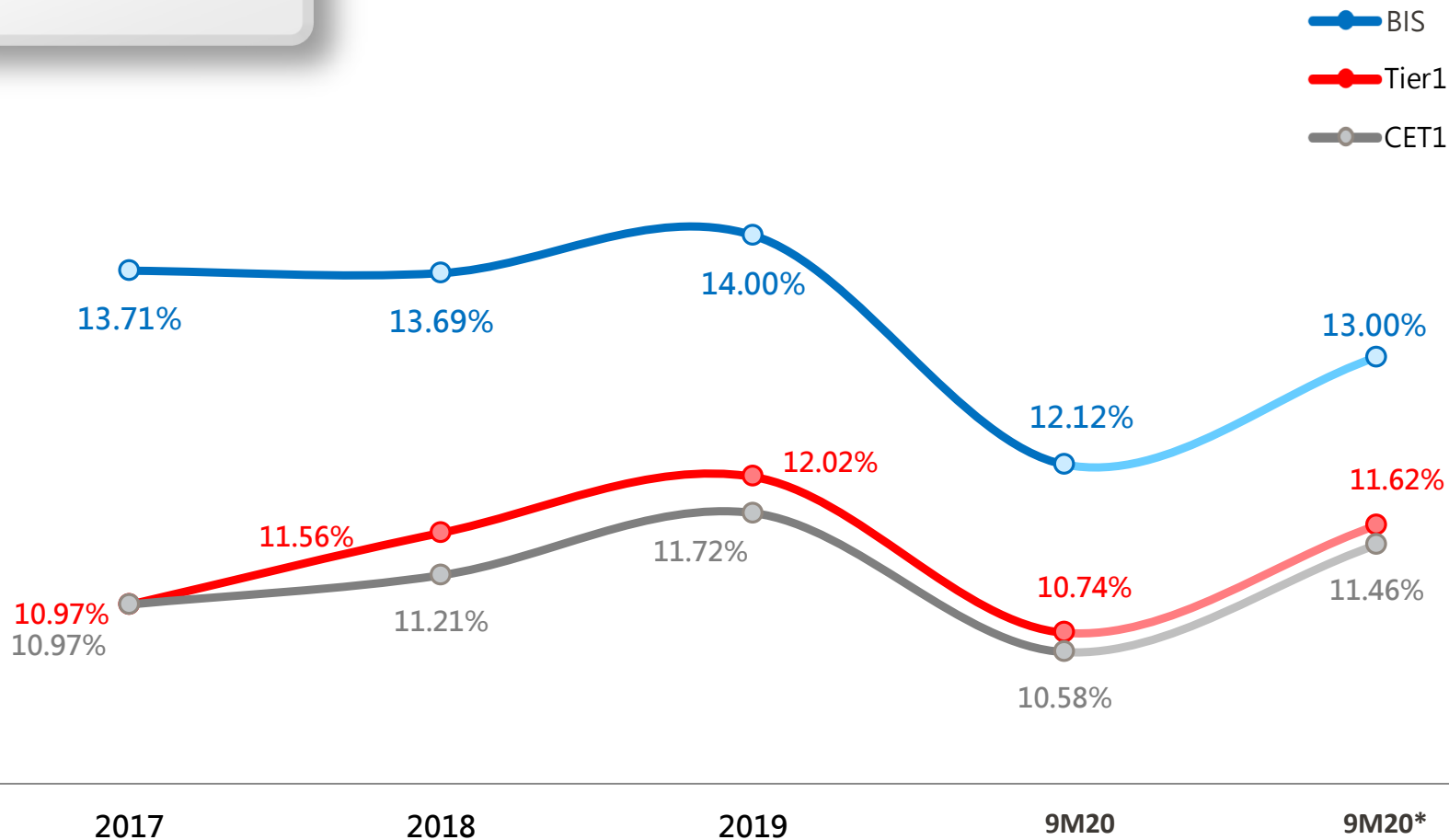




# 02-2

## Individual Financial Results: O-Bank (7/7)

### Capital Structure



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

(Pro forma information: after  
cash capital increase)



**02-3**

## **Individual Financial Results**

*-China Bills Finance Corp.-*

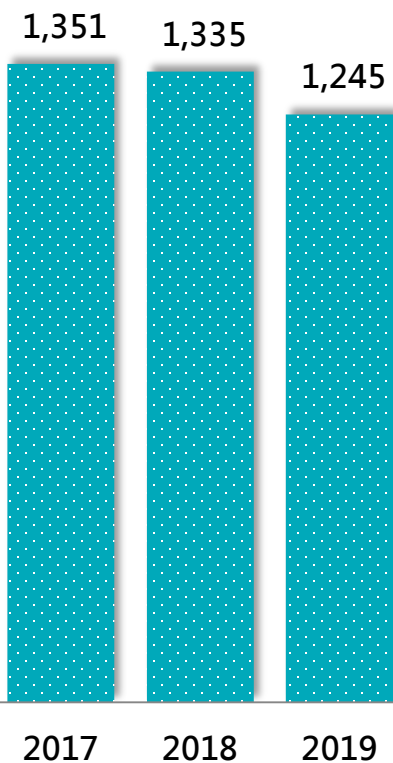


# 02-3

## Individual Financial Results: China Bills Finance Corp.(1/3)

### Net Income

NT \$ million



YoY+25.77%

1,194

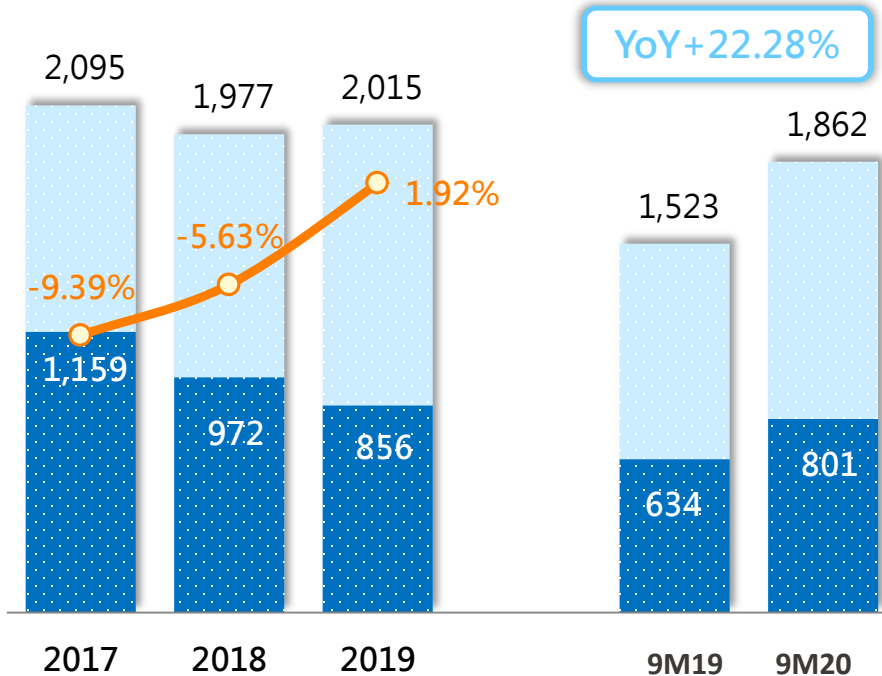
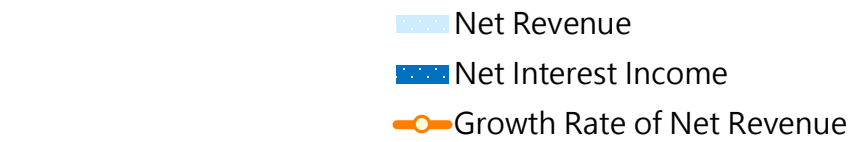
949

9M19

9M20

### Net Revenue

NT \$ million





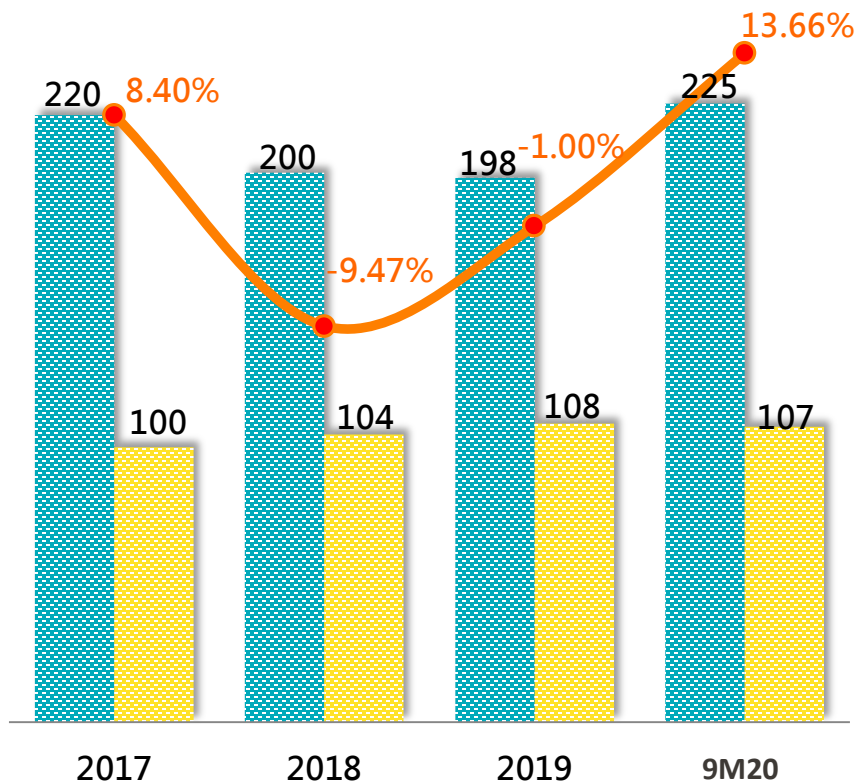
# 02-3

## Individual Financial Results: China Bills Finance Corp.(2/3)

### Assets

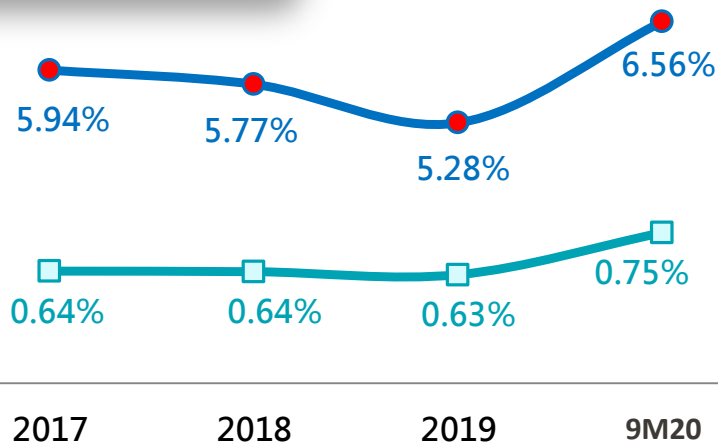
NT \$ billion

- Total Assets
- Outstanding Balance of Guarantee
- Growth Rate of Total Assets



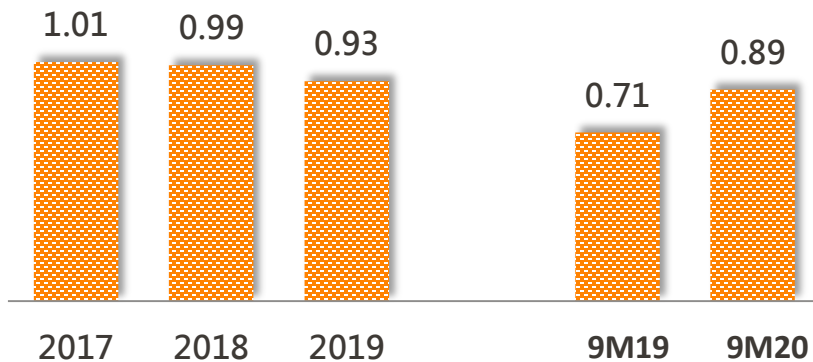
### ROA 、 ROE & EPS

ROA ROE



Note: 9M20 –annualized ROA & ROE.

NT \$ EPS





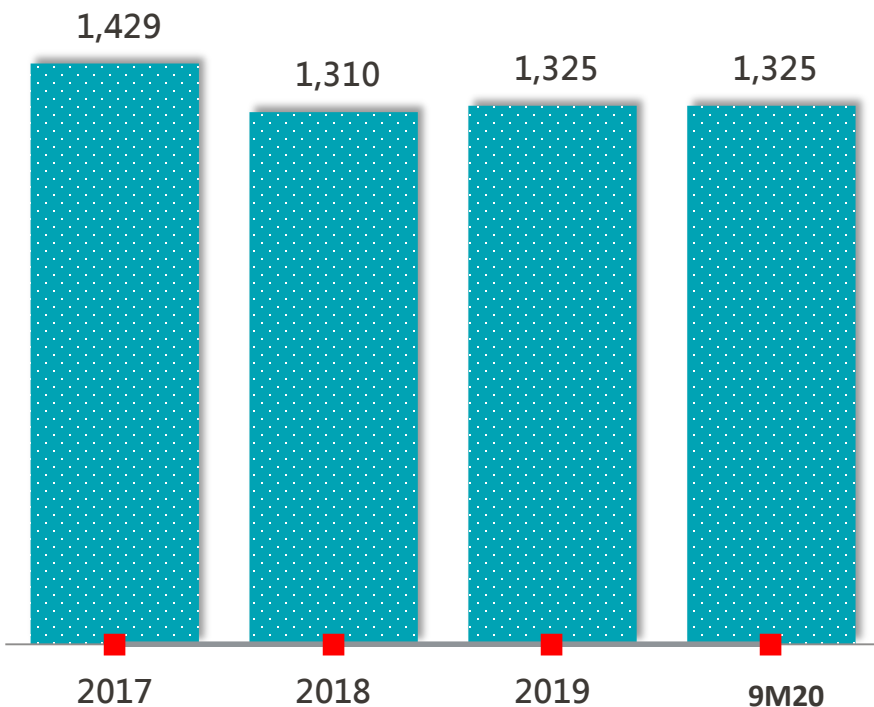
# 02-3

## Individual Financial Results: China Bills Finance Corp.(3/3)

### NPL & Reserve for Guarantee Liabilities

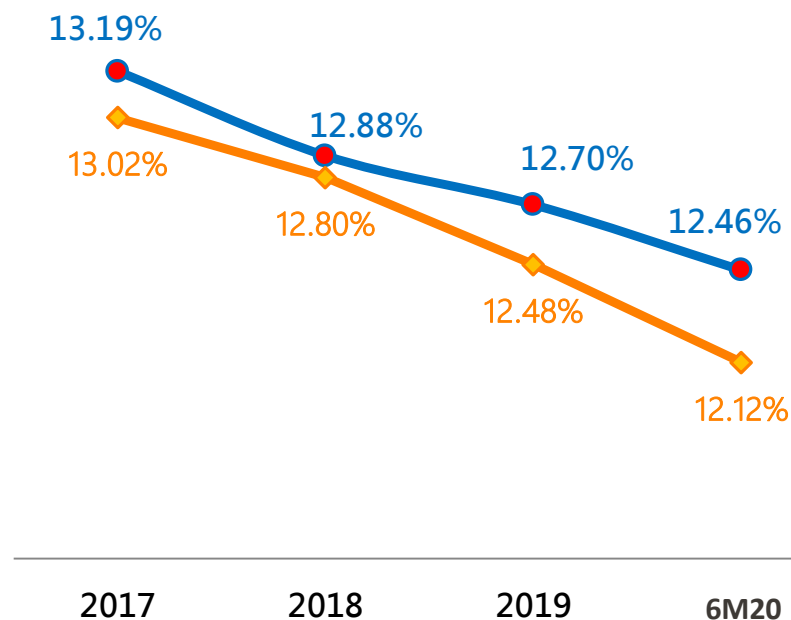
NT \$ million

■ Reserve for Guarantee Liabilities  
■ NPL Ratio



### CAR

● CAR ● Tier1







**02-4**

## **Individual Financial Results**

*-IBT Holdings Corp.  
and its Subsidiaries-*

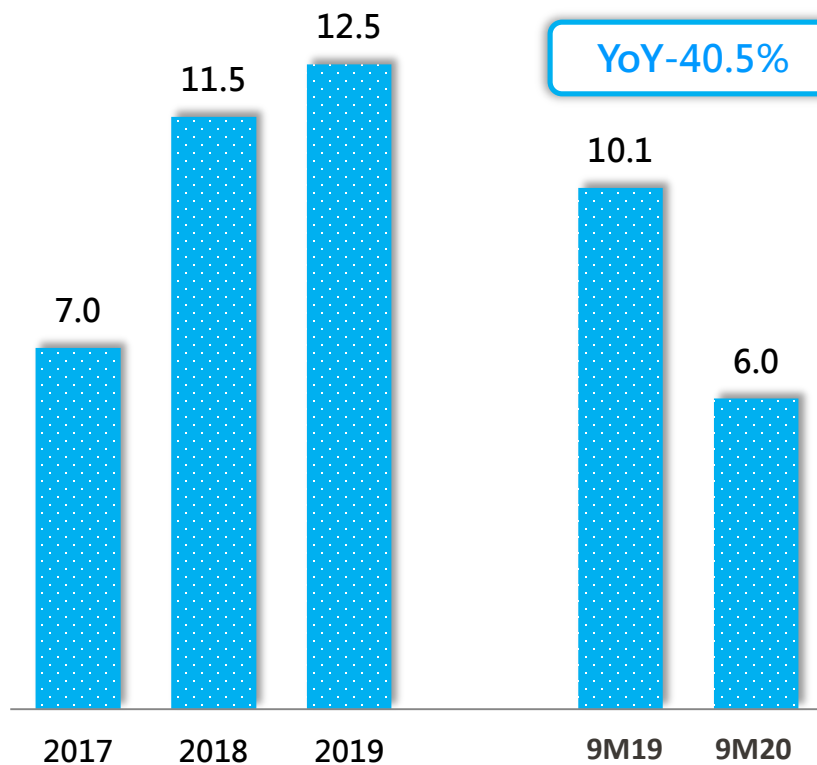


# 02-4

## Individual Financial Results:(1/3) IBT Holdings Corp. and its Subsidiaries

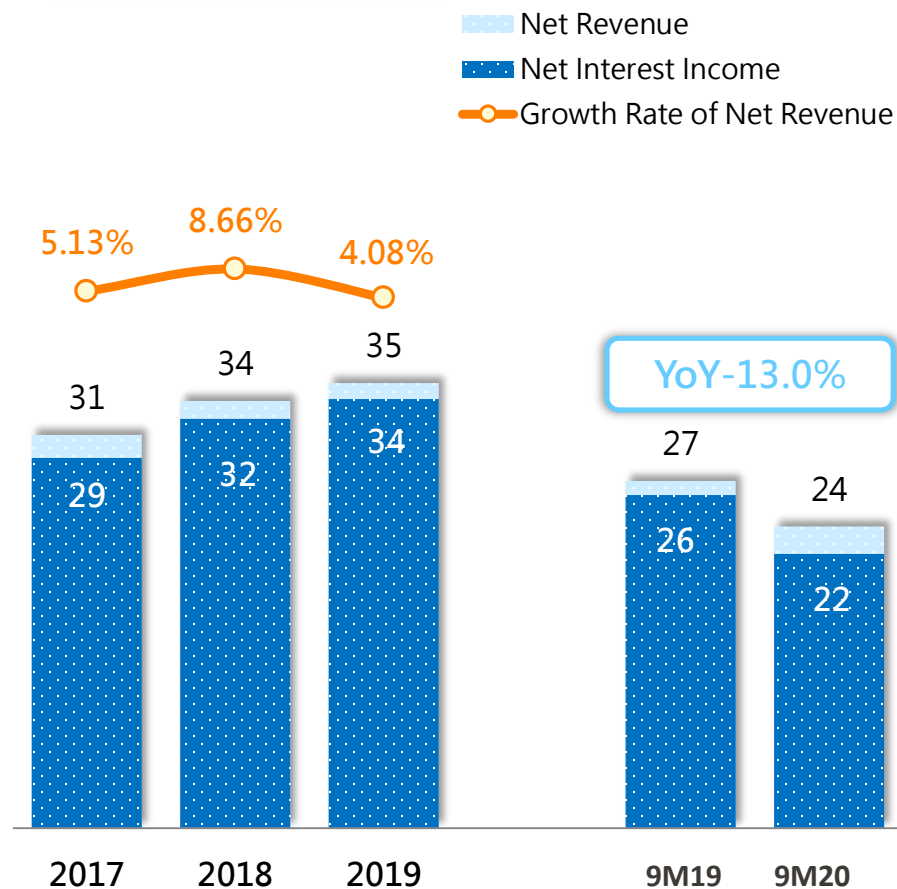
### Net Income

USD \$ million



### Net Revenue





USD \$ million

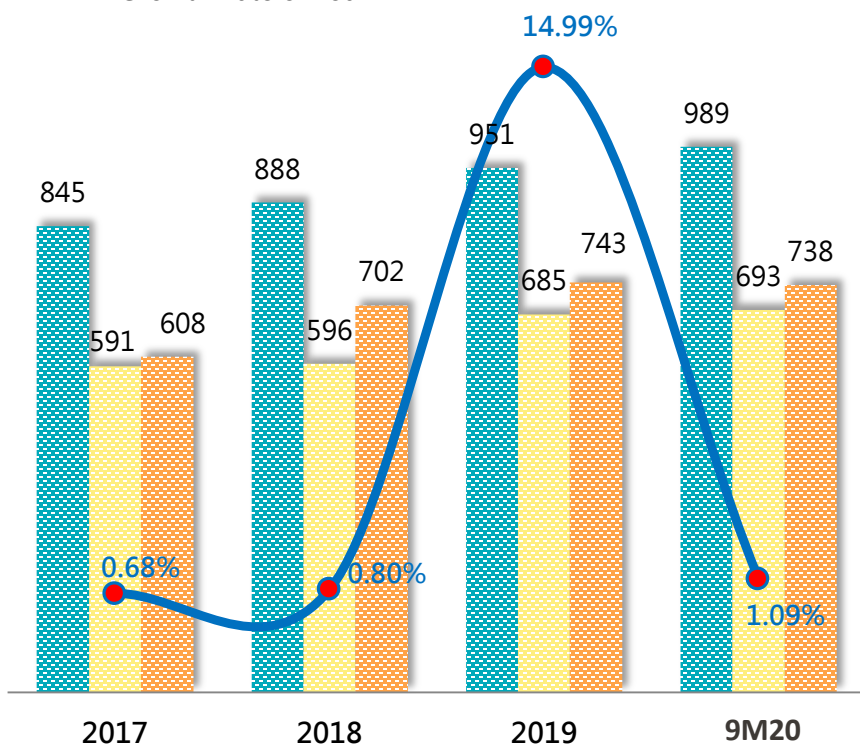


## Individual Financial Results:(2/3) IBT Holdings Corp. and its Subsidiaries

### Assets 、 Loan & Deposit

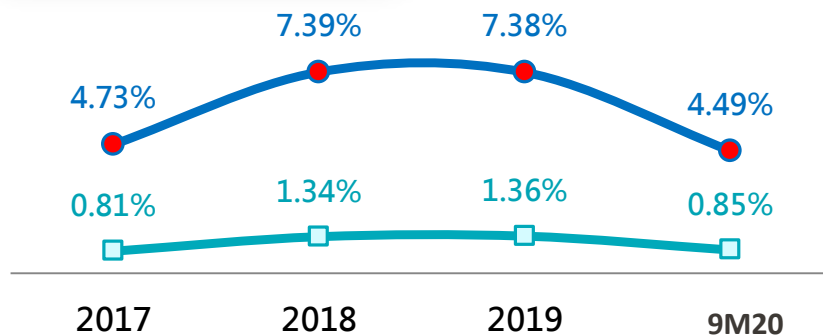
USD \$ million

 Total Assets  
 Loan  
 Deposit  
 Growth Rate of Loan



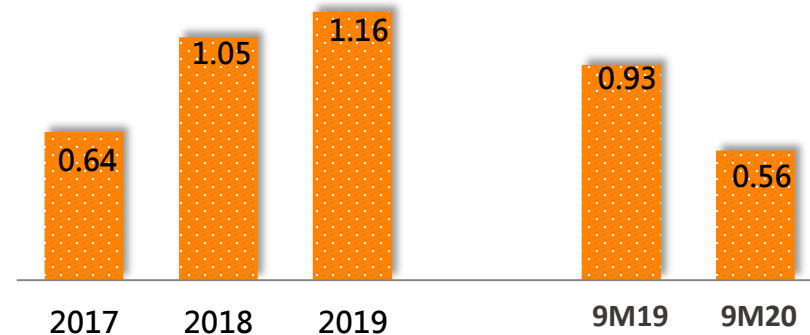
### ROA 、 ROE & EPS

 ROE
  ROA



Note: 9M20 –annualized ROA & ROE.

USD \$  EPS



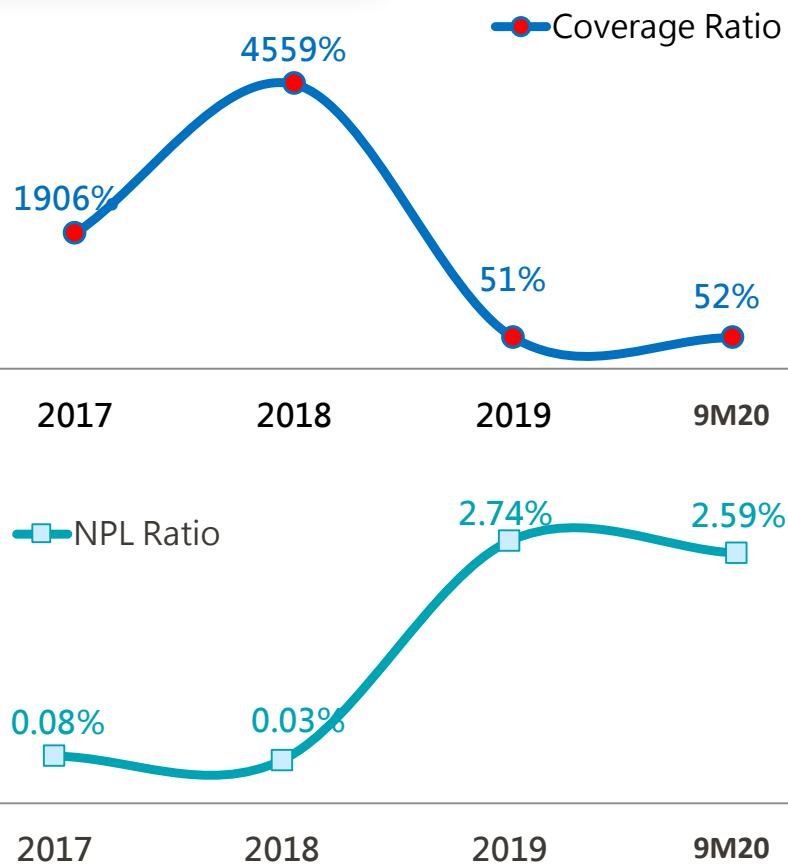
Note: The 2017 ROE,ROA, and EPS are 6.08%, 1.04%, and 0.82 respectively, after excluding the impairment of the deferred tax asset due to the Corp. tax reduction in US.



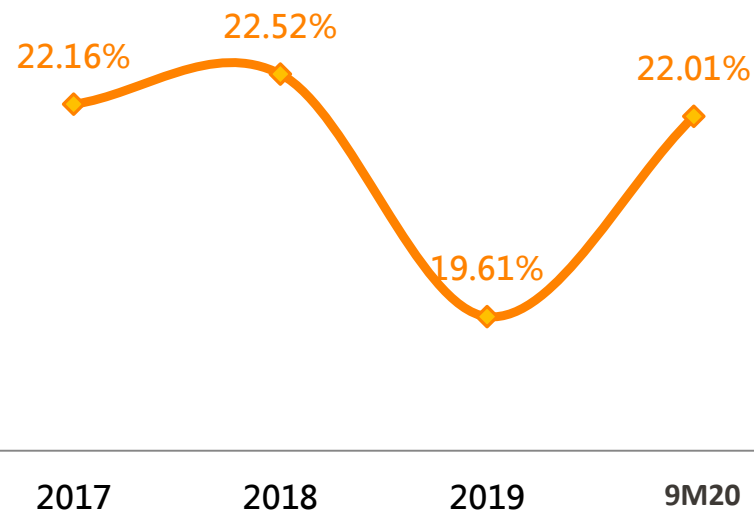
# 02-4

## Individual Financial Results:(3/3) IBT Holdings Corp. and its Subsidiaries

### NPL Ratio & Coverage Ratio



### CAR





**02-5**

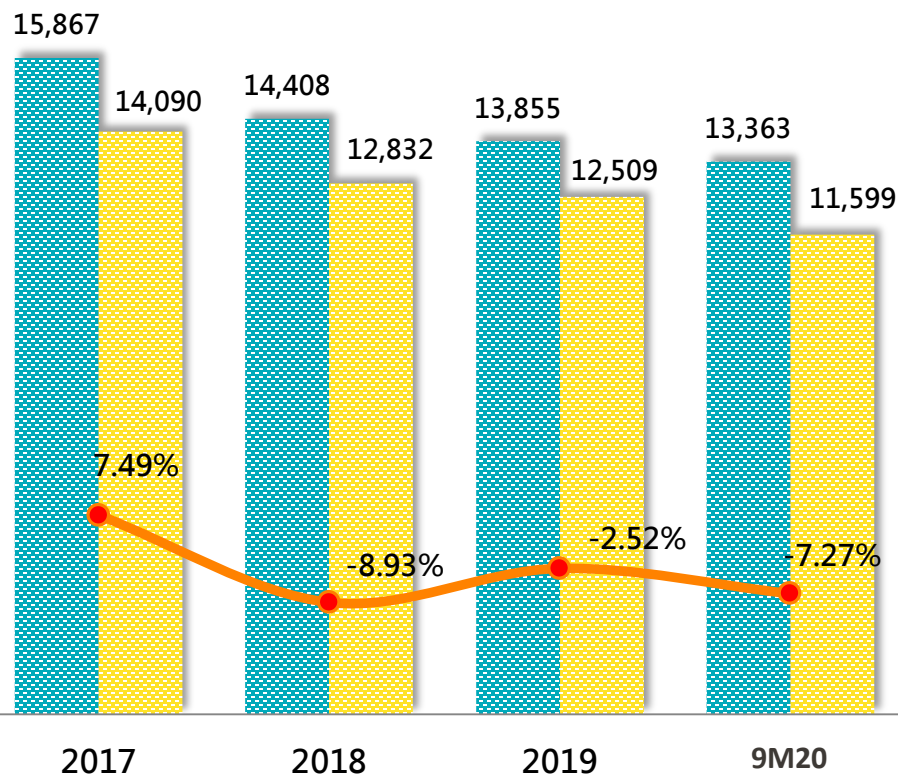
## **Individual Financial Results**

*-IBT Leasing Co., Ltd.  
and its Subsidiaries-*

## Assets

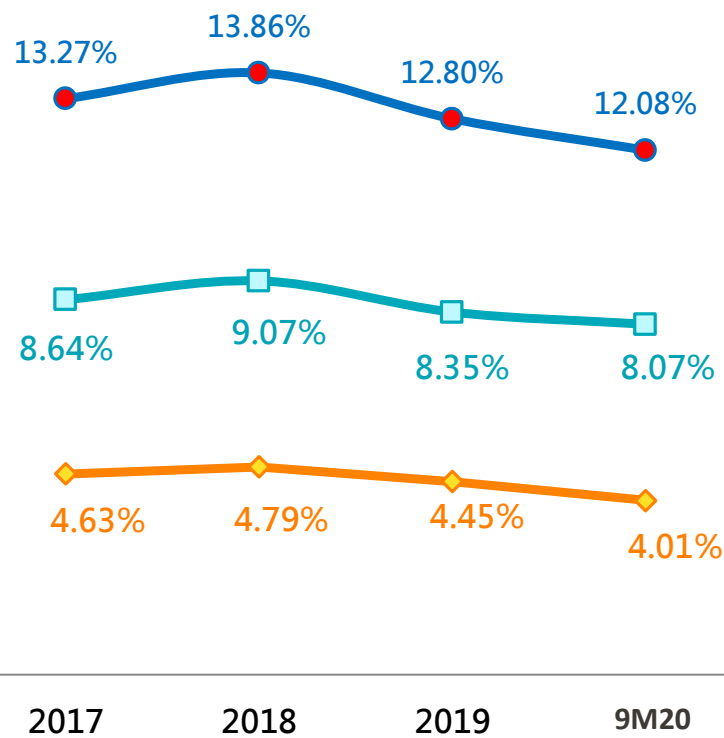
NT \$ million

Total Assets  
Loan & Recievables  
Growth Rate of Loan & Recievables



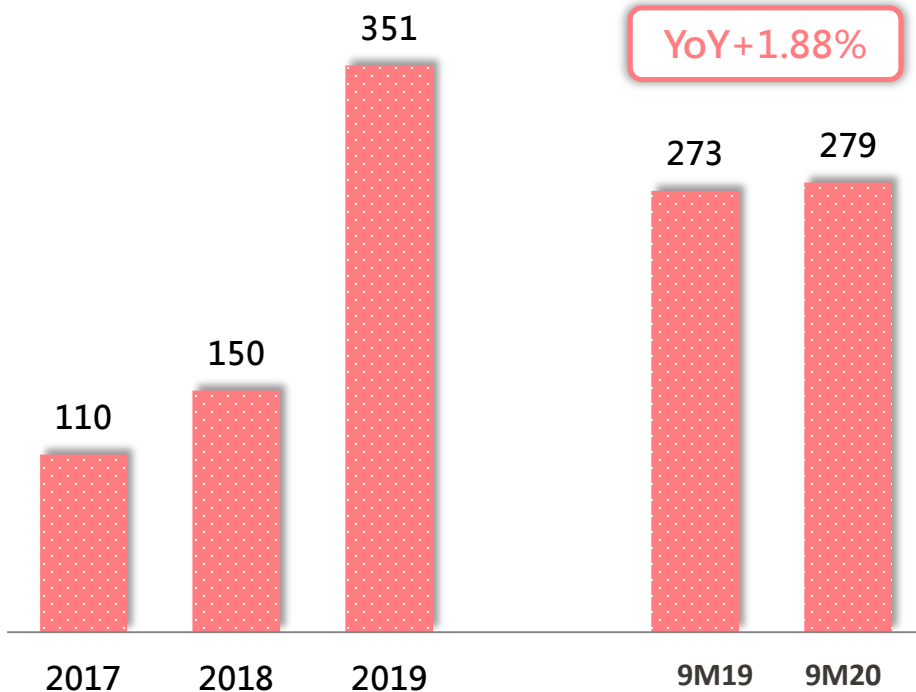
## IRR 、 Funding Cost 、 Spread

IRR  
Funding Cost  
Spread



## Net Income

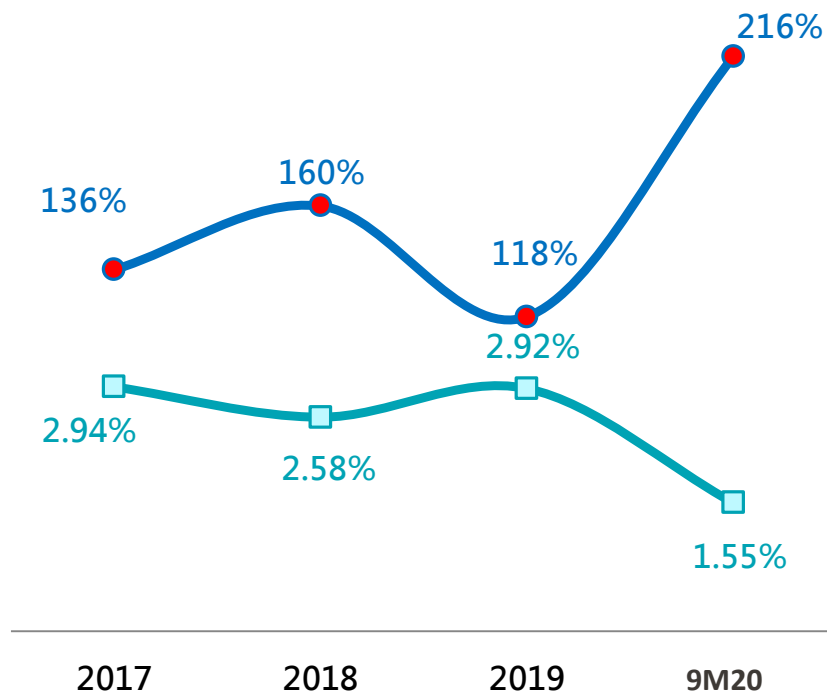
NT \$ million



Note: Net Income exclude IBT VII.

## NPL Ratio &amp; Coverage Ratio

● Coverage Ratio  
■ NPL Ratio





03

## Future Key Strategic Focuses





# 03

## Corporate Banking Business Strategies

- Strengthen risk management measures.
- Enhance credit quality.
- Expand corporate accounts and increase demand deposits.
- Increase return on equity.

**Enforce Risk Control and Management**

**Broaden Clients Relationship**

**Boutique Bank**

**Optimize Asset Portfolio**

**Increase Fee Income**

- Deepen relationships with jumbo clients while cultivating medium enterprises clients.
- Provide total solution and become clients' main bank.
- Enhance trade finance and foreign exchange.
- Cultivate various structured finance and syndicated loan portfolio to maximize fee income.

# 03 Retail Banking Business Strategies

- Establish wealth management business units.
- Leverage on existing corporate banking relationships to wealth management and boost revenue levels.
- Provide customized products and services.

**Develop  
Wealth Management  
Business**

**Focus on Consumer  
Finance**

**Boutique Bank**

- Boost competitiveness by increasing interest spread according to the optimal risk and reward level.
- Optimize customer experiences and improve process efficiencies.

- Increase customer engagement by providing differentiated products and services for different customer segments with the help of big data.
- Strengthen the depth and breadth of customer relationship management.
- Consolidate online and offline processes to enhance customer experience.

**Improve Customer  
Engagement with  
Effective Customer  
Relationship  
Management**

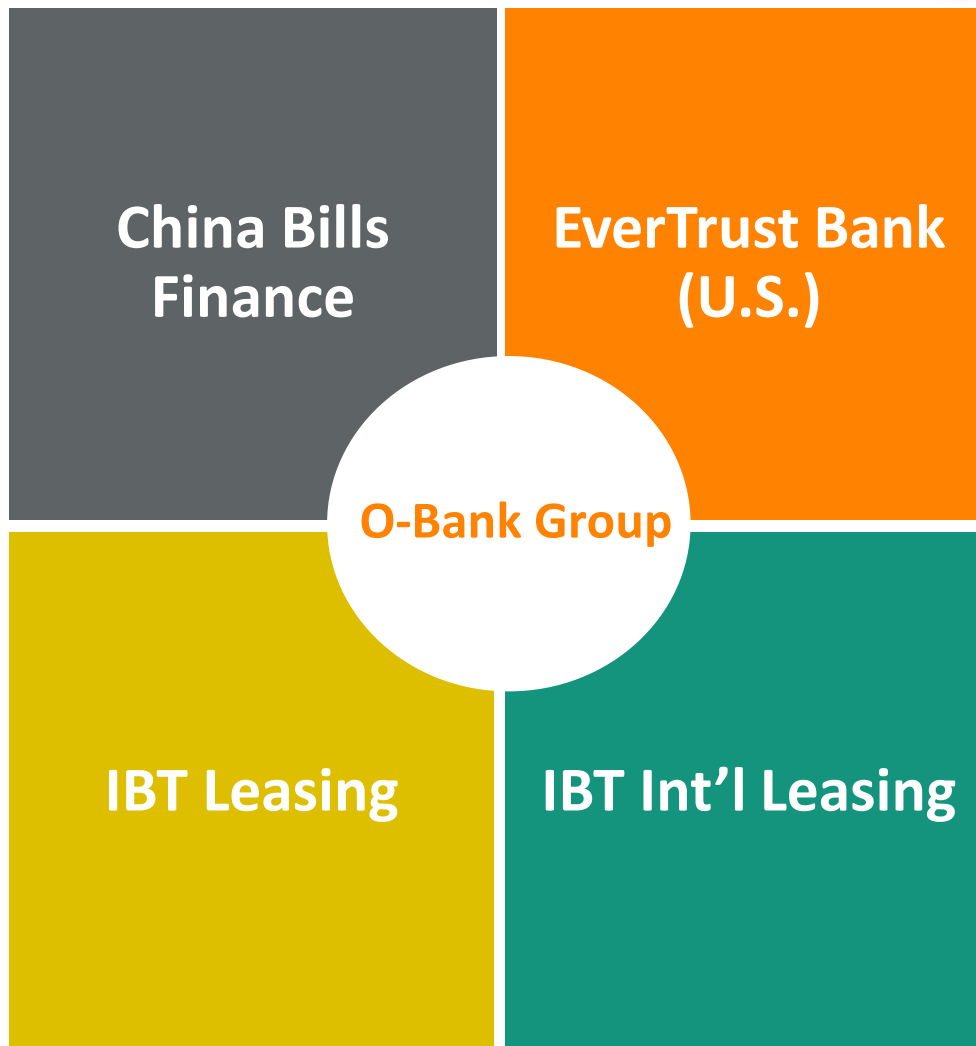
**Focus on FinTech to  
Improve Operational  
Efficiencies and  
Productivity**

- Continue adopting and develop new technologies.
- Strengthen strategic alliances to expand use case application.



# 03

## Subsidiaries Strategic Overview



- Adjust structure of clientele to improve revenue.
- Maintain zero % NPL ratio.
- Leverage monetary easing and build up investment portfolio.
- Utilize capital synergy to maximize shareholder value.

- Diversify product offerings and build quality portfolio.
- Discover hidden demand in underserved sectors.
- Strive to secure stable earnings.
- Balance between risk management and business growth.

- Tighten grasp on clients' situation during COVID-19 pandemic.
- Implement effective spreads management in low interest rate environment.
- Strengthen customer services and expand mortgage portfolio.
- Enhance mobile banking and digital services.

- Tighten control on asset quality and liquidity to cope with pandemic risk.
- Grow business scale through branch expansion.
- Maintain high NIM approach.
- Seize opportunities in Chinese domestic market.



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# 04

## Appendix

## O-Bank-Financial Summary

(NT \$ million)	3Q20	2Q20	1Q20	4Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	960	1,147	1,311	1,323	5,764	5,506	5%
Interest expense	(495)	(685)	(851)	(867)	(3,806)	(3,324)	15%
Net interest income	465	462	460	456	1,957	2,182	-10%
Fee income	176	137	148	210	809	610	33%
Equity in the income of investees	347	218	213	235	1,098	880	25%
Other income	296	349	287	255	1,440	1,058	36%
Net revenue	1,284	1,167	1,109	1,156	5,305	4,730	12%
Provision expense	(59)	(53)	(249)	(403)	(921)	(453)	103%
Operating expense	(762)	(749)	(746)	(769)	(3,174)	(3,150)	1%
Net profit B/T	462	366	114	(16)	1,210	1,127	7%
Net profit A/T	441	339	115	51	1,100	955	15%
<b>Balance Sheet</b>							
Loans, net	171,497	174,728	180,065	173,981	173,981	179,388	-3%
Deposits	251,482	252,371	247,074	243,645	243,645	240,461	1%
Total assets	340,806	348,766	338,245	335,253	335,253	334,340	0%
Total stockholders' equity	33,000	32,567	32,642	33,259	33,259	31,989	4%
<b>Key Ratios(%)</b>							
ROA(A/T)	0.13	0.10	0.03	0.01	0.33	0.30	
ROE(A/T)	1.32	1.03	0.35	0.16	3.37	3.12	
NPL	0.57	0.72	0.78	0.75	0.75	0.02	
Tier I	10.74	10.69	11.16	12.02	12.02	11.56	
CAR	12.12	12.32	13.28	14.00	14.00	13.69	

## CBF-Financial Summary

(NT \$ million)	3Q20	2Q20	1Q20	4Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	460	476	511	520	2,010	1,920	5%
Interest expense	(158)	(209)	(279)	(297)	(1,154)	(948)	22%
Net interest income	301	267	232	223	856	972	-12%
Fee income	309	302	288	243	983	874	13%
Other income	78	32	53	26	175	132	33%
Net revenue	687	601	573	492	2,015	1,977	2%
Reversal	(3)	(0)	(0)	8	4	132	-97%
Operating expense	(123)	(119)	(118)	(111)	(457)	(479)	-5%
Net profit B/T	568	482	455	372	1,553	1,630	-5%
Net profit A/T	456	381	357	295	1,245	1,335	-7%
<b>Balance Sheet</b>							
Total assets	224,527	199,786	193,309	197,540	197,540	199,531	-1%
Total stockholders' equity	24,678	24,069	23,925	23,855	23,855	23,298	2%

## IBT Holdings-Financial Summary

(USD \$ thousand)	3Q20	2Q20	1Q20	4Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	8,588	8,740	10,537	10,687	45,803	40,341	14%
Interest expense	(1,585)	(1,878)	(2,697)	(3,081)	(11,800)	(7,891)	50%
Net interest income	7,002	6,862	7,840	7,607	34,003	32,450	5%
Fee income	208	196	140	128	651	700	-7%
Other income	919	658	81	26	596	717	-17%
Net revenue	8,129	7,716	8,060	7,761	35,250	33,867	4%
Provision expense	0	(3,500)	(410)	(370)	(370)	0	-
Operating expense	(3,756)	(3,001)	(3,971)	(3,680)	(15,501)	(16,159)	-4%
Net profit B/T	4,373	1,214	3,679	3,711	19,379	17,708	9%
Net profit A/T	3,088	865	2,593	2,600	13,598	12,485	9%
Minority interest	(254)	(71)	(213)	(214)	(1,119)	(1,029)	9%
Consolidated net income	2,834	793	2,380	2,386	12,479	11,456	9%
<b>Balance Sheet</b>							
Loans, net	681,060	657,582	662,412	673,018	673,018	583,805	15%
Deposits	738,137	676,774	700,947	742,556	742,556	701,513	6%
Total assets	988,895	924,394	940,532	950,879	950,879	887,891	7%
Total stockholders' equity	181,962	179,837	179,193	175,566	175,566	161,471	9%



## IBT Leasing-Financial Summary\*

(NT \$ million)	3Q20	2Q20	1Q20	4Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	219	211	242	263	1,046	1,160	-10%
Fee income	69	60	31	68	253	278	-9%
Other income	21	1	0	14	35	33	7%
Sales revenue, net	309	272	273	345	1,335	1,471	-9%
Operating costs	(52)	(67)	(83)	(95)	(377)	(482)	-22%
Gross Profit	257	205	190	250	957	989	-3%
Provision expense	27	(17)	5	(28)	(87)	(215)	-59%
Operating expense	(126)	(110)	(109)	(123)	(488)	(525)	-7%
Non-operating income	44	12	24	20	128	138	-7%
Non-operating expense	(24)	31	(56)	(22)	(57)	(140)	-60%
Net profit B/T	178	121	53	97	453	247	84%
Net profit A/T	140	108	32	77	369	141	163%
Minority interest	0	0	0	0	0	0	-
Consolidated net income	140	108	32	77	369	141	163%
<b>Balance Sheet</b>							
Total assets	13,363	12,649	13,237	13,855	13,855	14,408	-4%
Total stockholders' equity	2,634	2,437	2,355	2,361	2,361	2,036	16%

\*Include IBT VII Venture Capital Co.,Ltd