

# O-Bank 2019 Business Review

2020/03/20

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# Agenda

01

**2019 Operation Highlights**

02

**2019 Financial Results**

03

**2020 Key Strategic Focuses**

04

**Appendix**



01

2019

Operation Highlights



## 1 Operating Performance

- ❑ O-Bank Group's preliminary consolidated net revenue was NT\$8,312 million(+6.26% YoY), and net profit after tax was NT\$2,027 million(+4.34% YoY).
- ❑ O-Bank's preliminary net revenue was NT\$5,305 million(+12.15% YoY), net profit after tax was NT\$1,100 million(+15.27% YoY), and EPS was NT\$0.45. Board of Directors approved a cash dividend of NT\$0.40 per share.
- ❑ Key Affiliated Companies:
  - ❑ **IBT International Leasing Corp.** : Net profit hit record high of NT\$330 million(+17.00% YoY).
  - ❑ **EverTrust Bank** : Net profit hit record high of NT\$424 million(+9.85% YoY).
  - ❑ **China Bills Finance Corp.** : Net profit after tax was NT\$1,245 million, and EPS was NT\$0.93, maintaining sound performance.
- ❑ Since IPO in 2017, O-Bank stock was included as a constituent of the MSCI Taiwan Small Cap Index for three consecutive years, and also first included as a constituent of TWSE Corporate Governance 100 (CG 100) Index in 2019.

# 01 2019 Operation Highlights(2/2)

## 2 Capital Adequacy & Asset Quality

- As of December 31<sup>st</sup>, 2019, O-Bank's BIS ratio was 14.00%, Tier1 capital ratio was 12.02%, and CET1 ratio was 11.72%.
- NPL ratio was 0.75% and loan loss coverage ratio was 183.01% at the end of 2019. The rise of NPL ratio was mainly due to the default of "New Site Industries Inc.". O-Bank has made provision by law, and has enough collateral to cover the remaining credit of account.

## 3 Awards & Recognitions

- Received five 2019 Taiwan Corporate Sustainability Awards from the Taiwan Institute for Sustainable Energy (TAISE), including "**Corporate Sustainability Award**", "**Gender Equality Award**", "**People Development Award**", "**Creativity in Communication Award**", and "**Corporate Sustainability Report Award - Gold Medal**".
- "**The Medium-Size Enterprises Division Award**" of *CommonWealth* Magazine's "Excellence in Corporate Social Responsibility".
- "**Best Cloud Based Initiative, Application or Programme in Taiwan**" at the 2019 Asian Banker Taiwan Awards.



# 02

## 2019

### 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





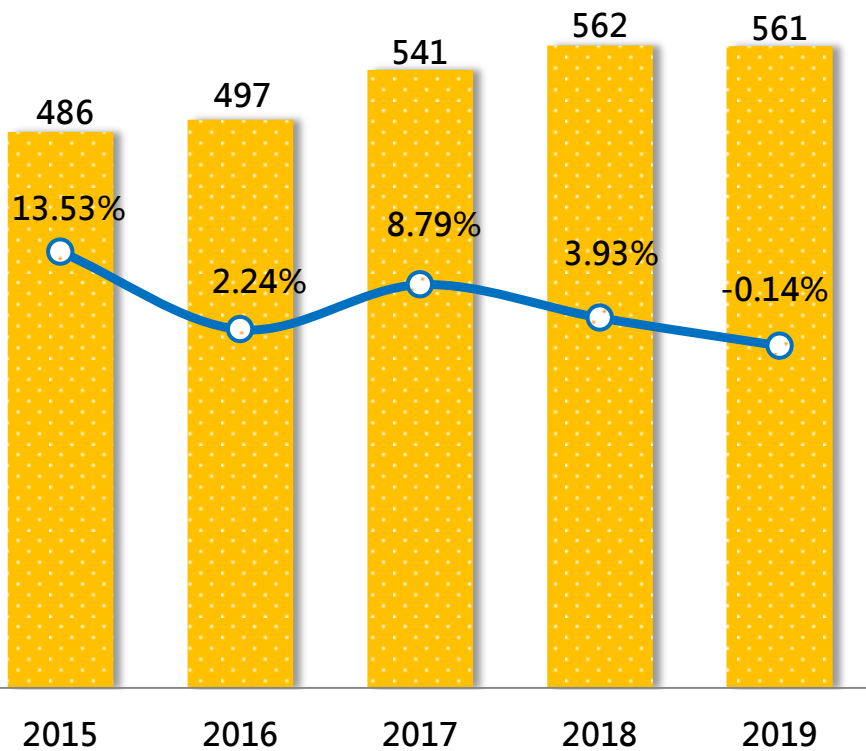
02-1

## Consolidated Financial Results

## Total Assets

NT \$ billion

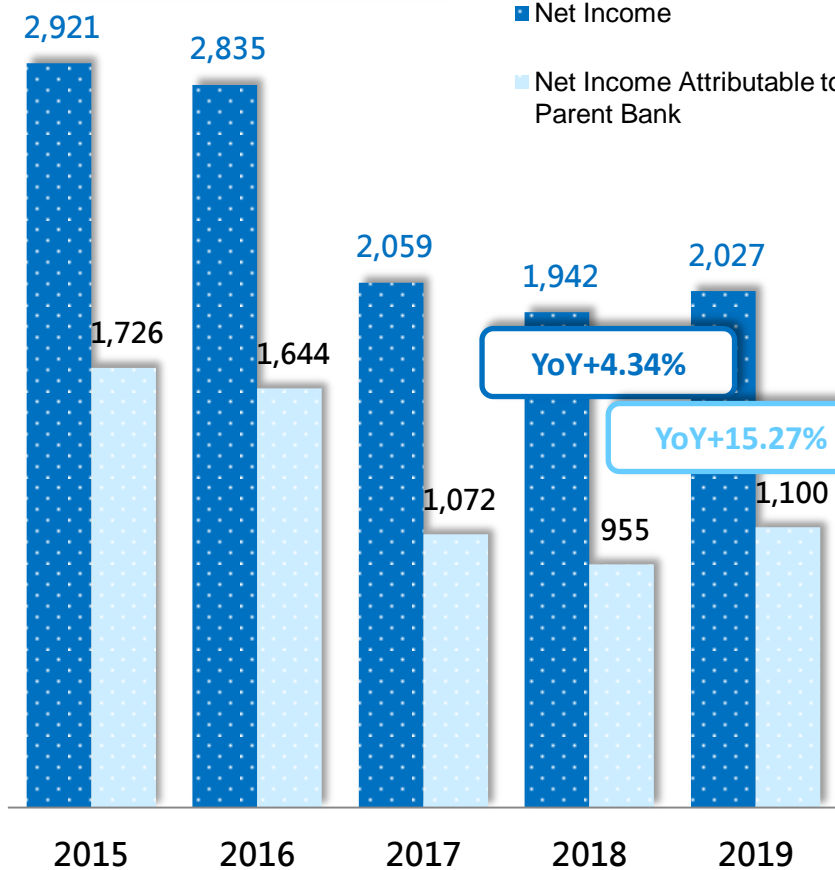
■ Total Assets  
● Growth Rate



## Net Income

NT \$ million

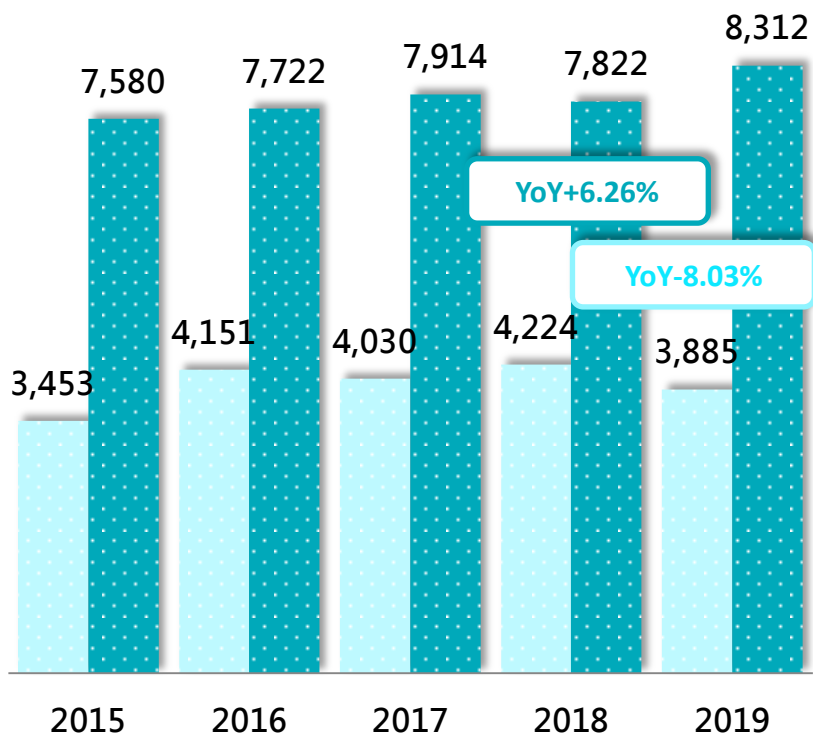
■ Net Income  
■ Net Income Attributable to Parent Bank



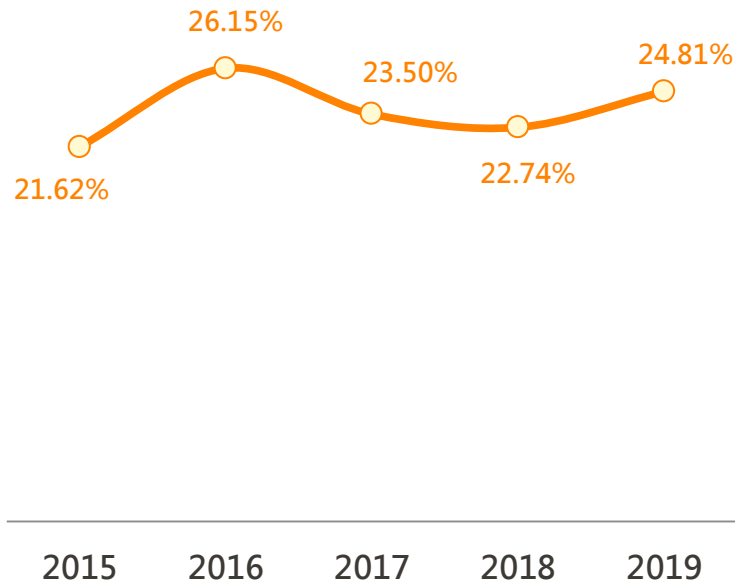
## Net Revenue & Net Interest Income

NT \$ million

- Net Interest Income
- Net Revenue



## Fee Income / Net Revenue



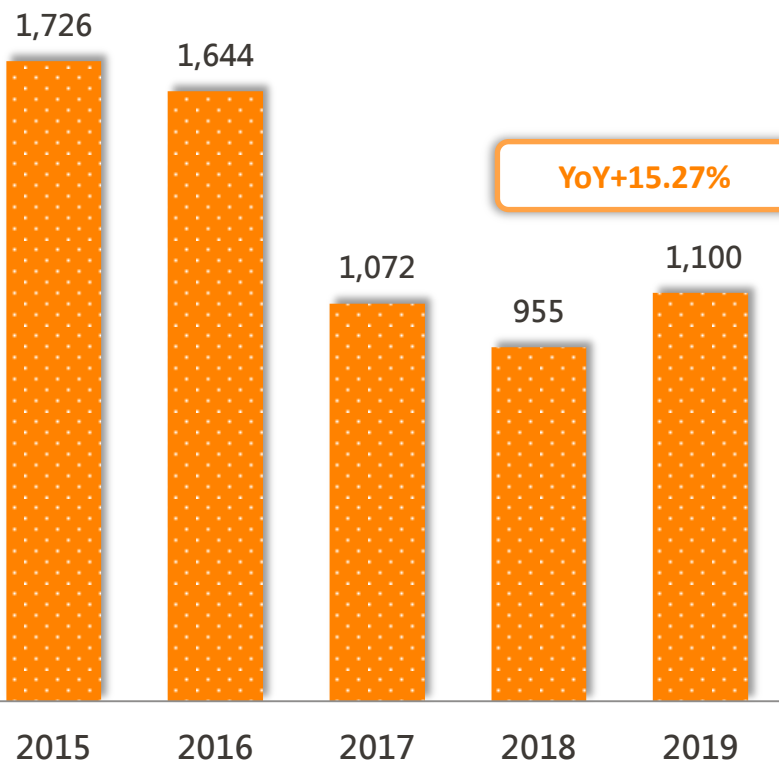
02-2

## Individual Financial Results

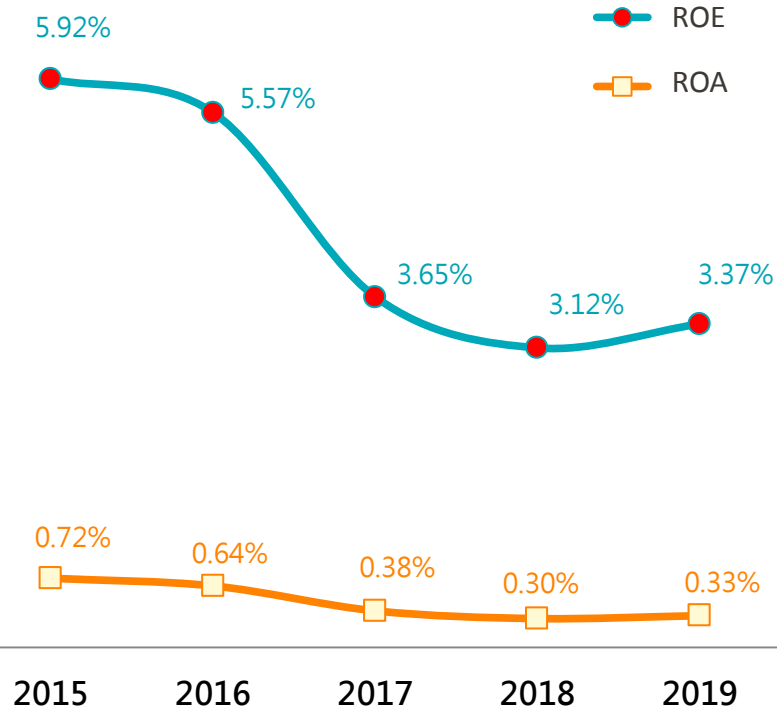
*O-Bank*

### Net Income

NT \$ million



### ROA & ROE

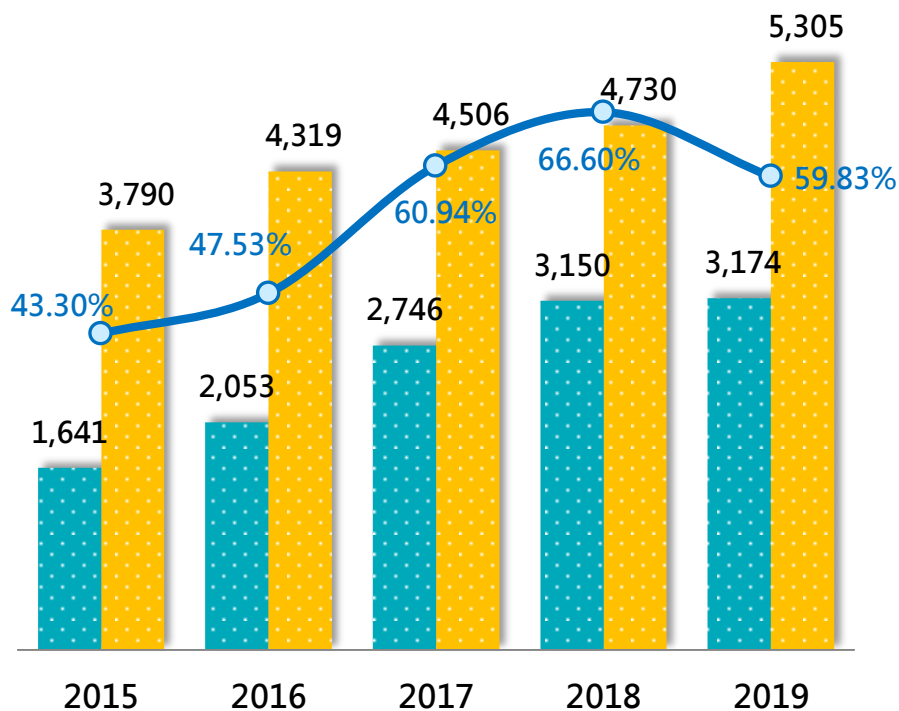
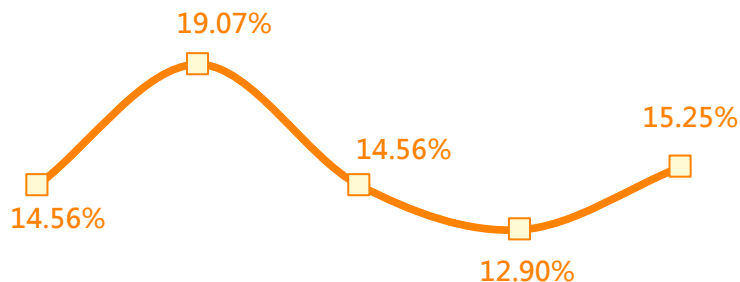


### Fee Income/ Net Revenue

### Cost Income Ratio

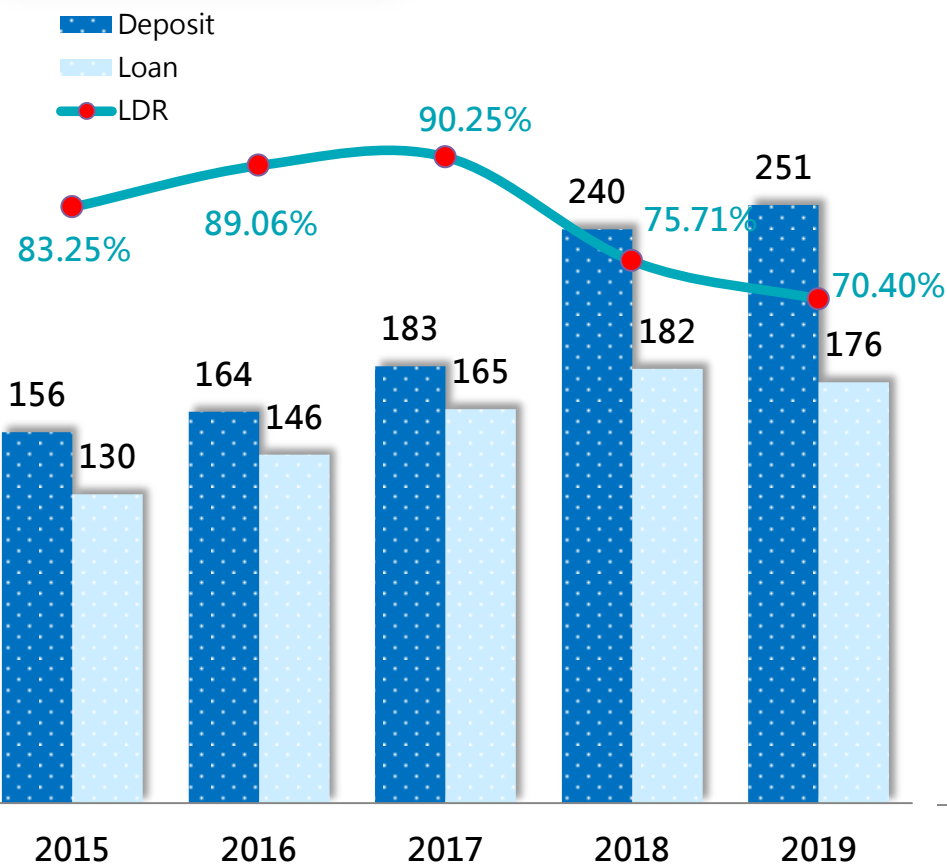
NT \$ million

- Operation Expense
- Net Revenue
- Cost / Income Ratio



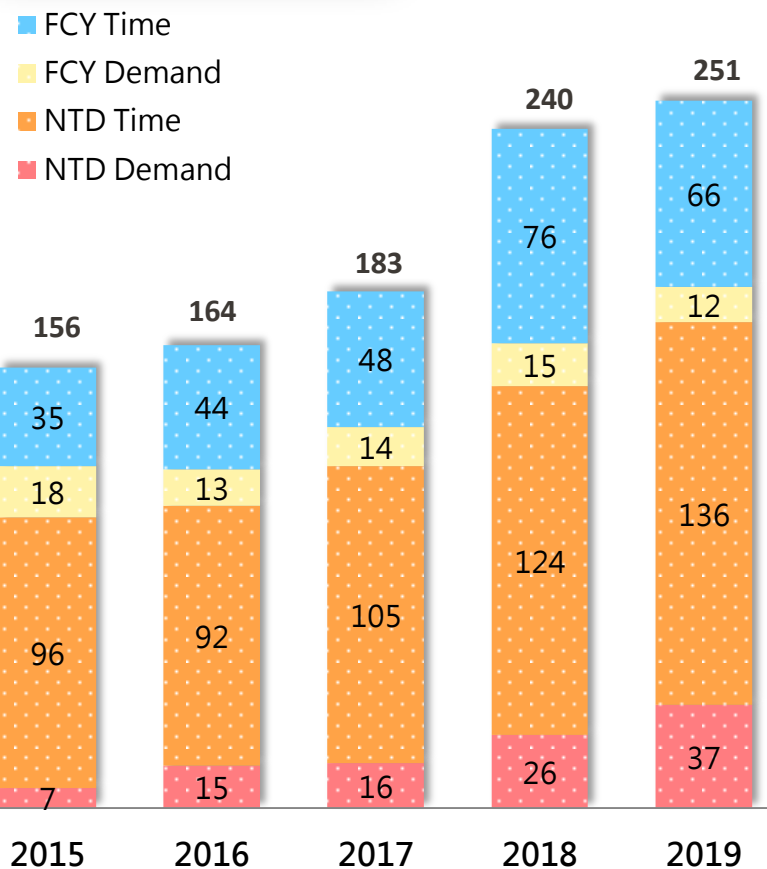
### Loan & Deposit

NT \$ billion

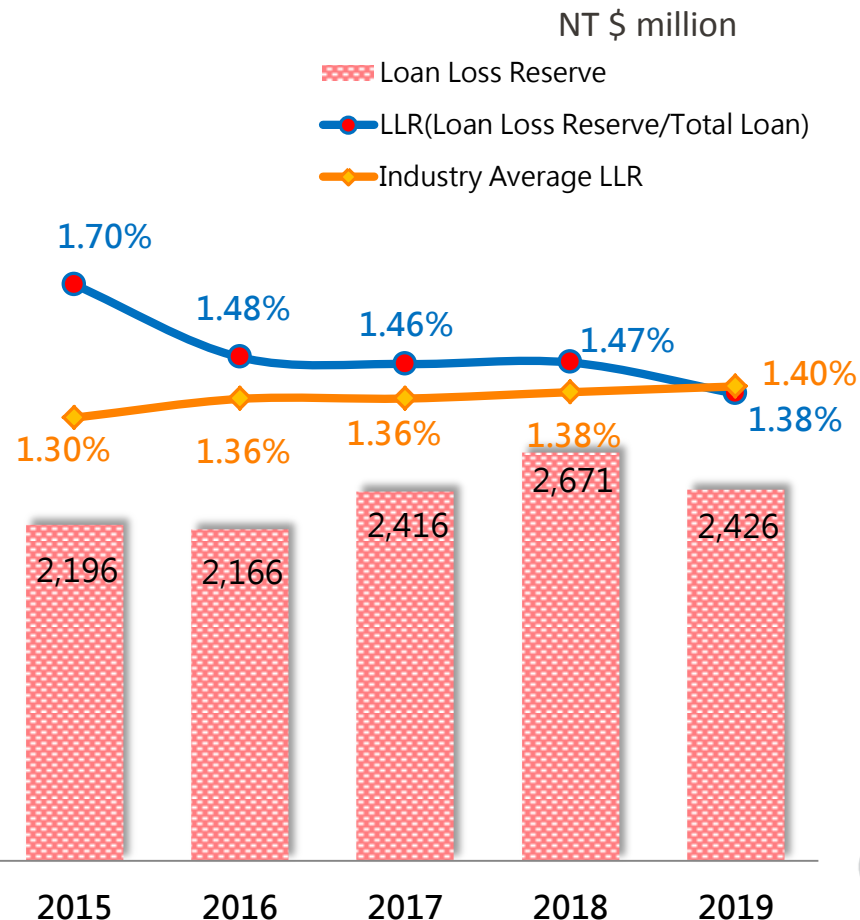
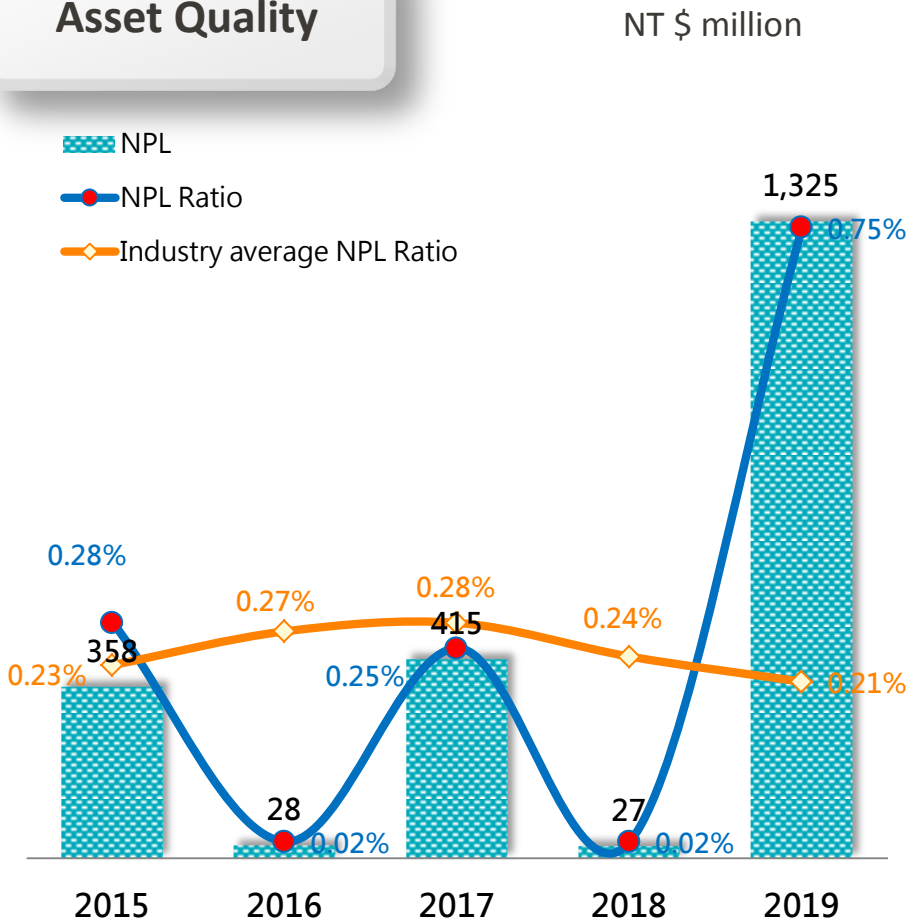


### Deposit Breakdown

NT \$ billion



#### Asset Quality

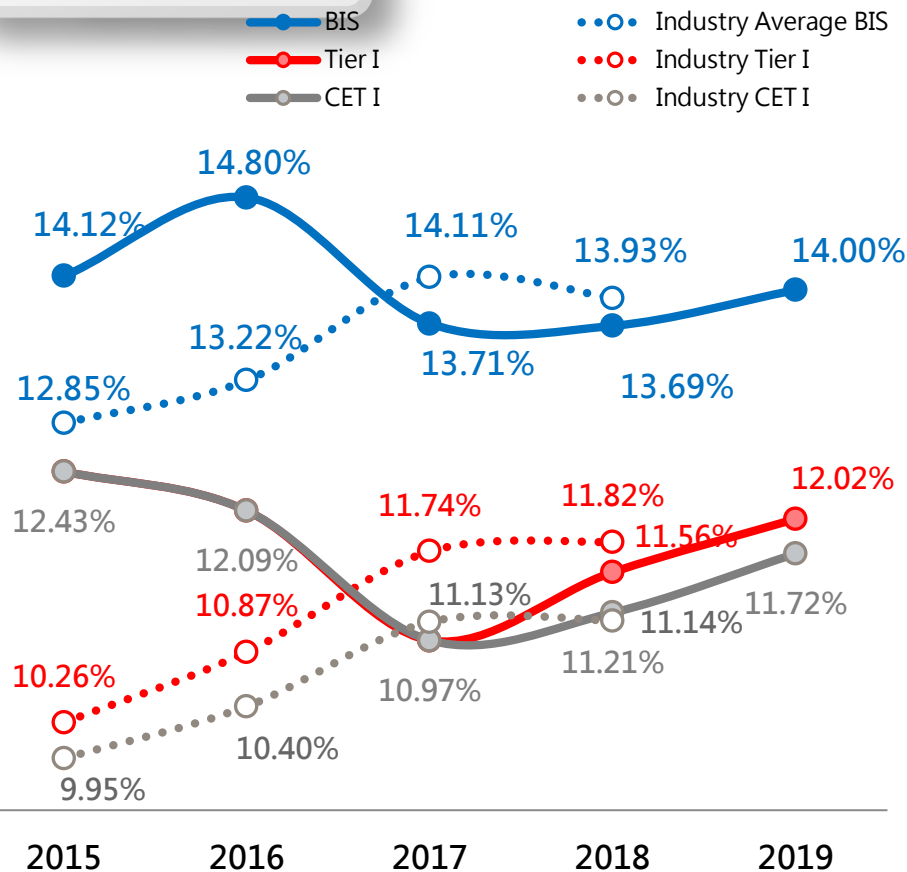


Note 1: Source of industry average: the Banking Bureau.

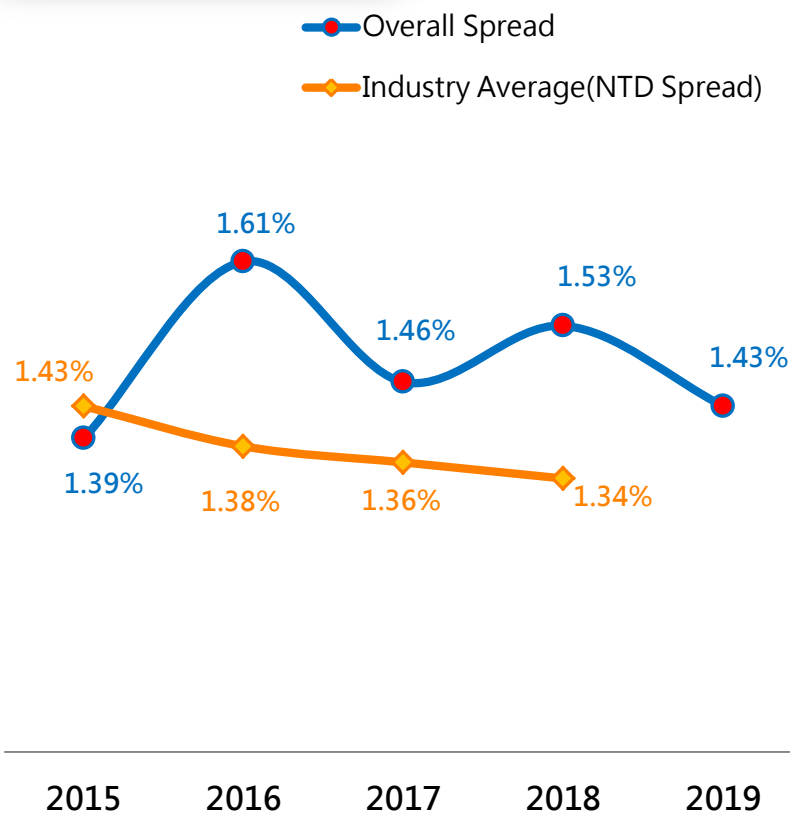
Note 2: The NT\$1,298million rise in NPL was mainly due to the default of "New Site Industries Inc." (o/s NT\$424million) and other cases of HK Branch, most of which are backed by real estate collateral to ensure the security of creditor's rights.



### Capital Structure



### Interest Spread



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

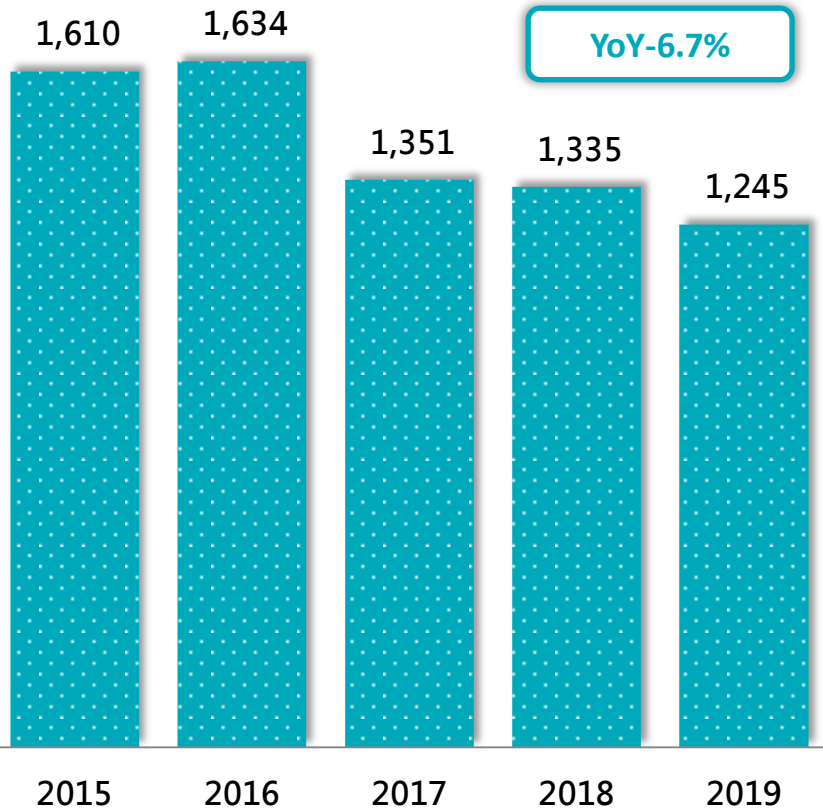
02-3

## Individual Financial Results

*China Bills Finance Corp.*

### Net Income

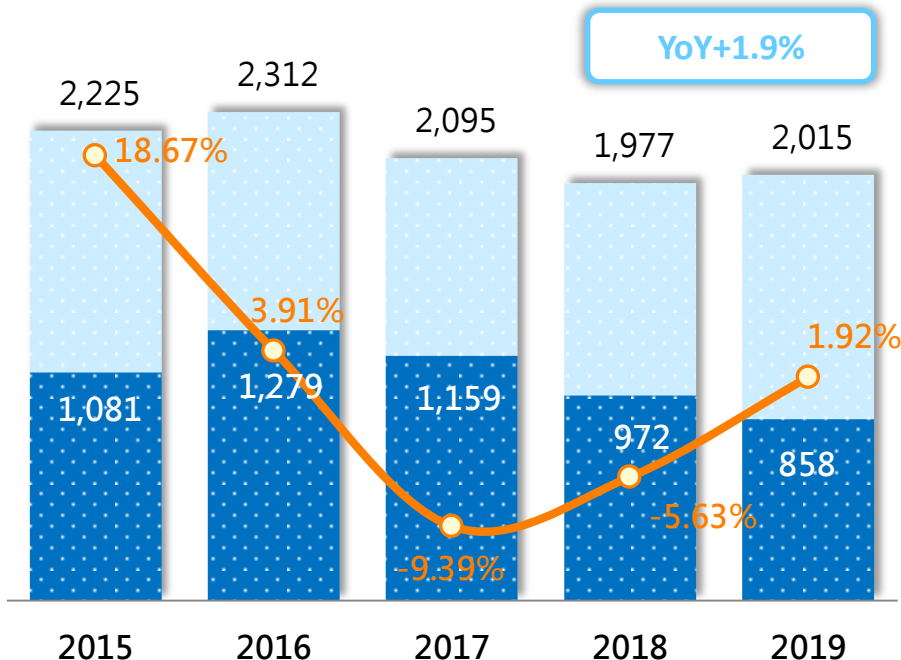
NT \$ million



### Net Revenue

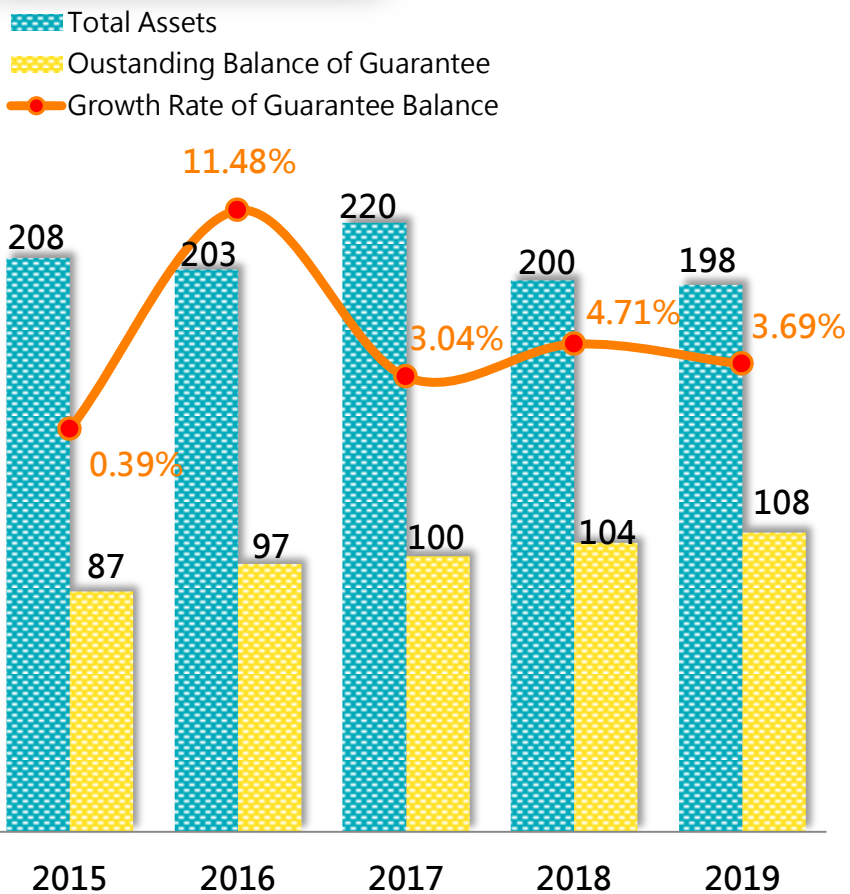
NT \$ million

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

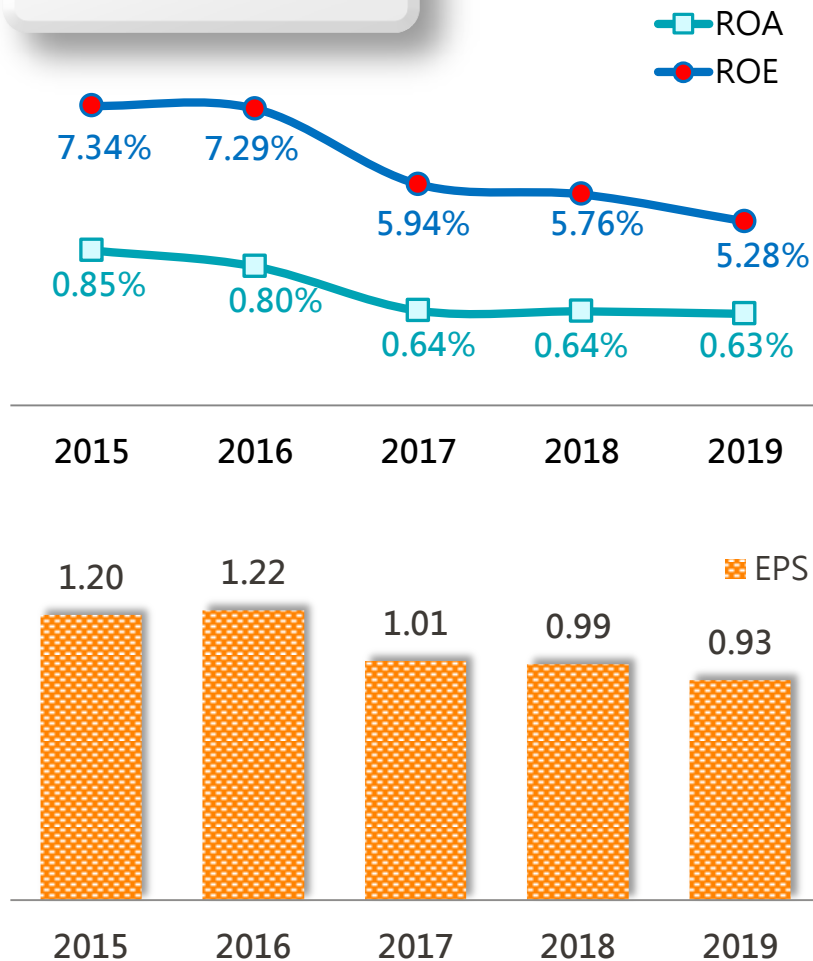


### Assets

NT \$ billion



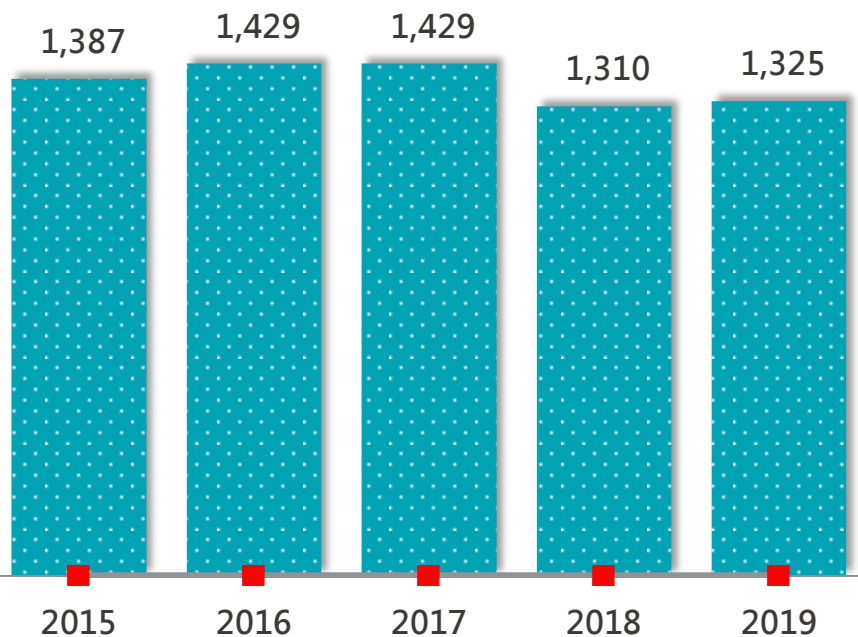
### ROE、ROA、EPS



NPL & Reserve for Guarantee Liabilities

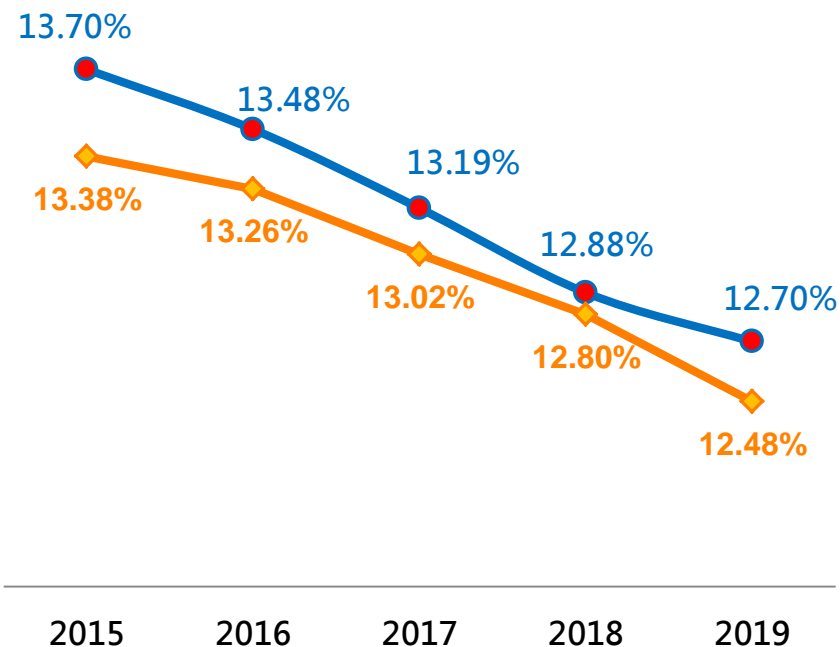
NT \$ million

Reserve for Guarantee Liabilities  
NPL Ratio



CAR

CAR  
Legal CAR





**02-4**

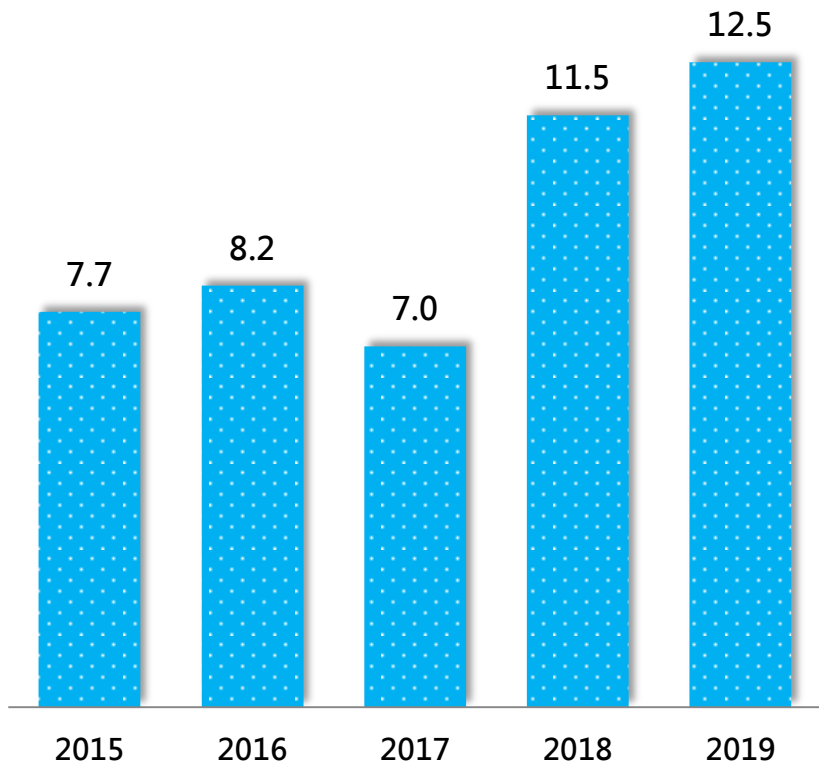
## Individual Financial Results

*IBT Holdings Corp.  
and its Subsidiaries*

Net Income

USD \$ million

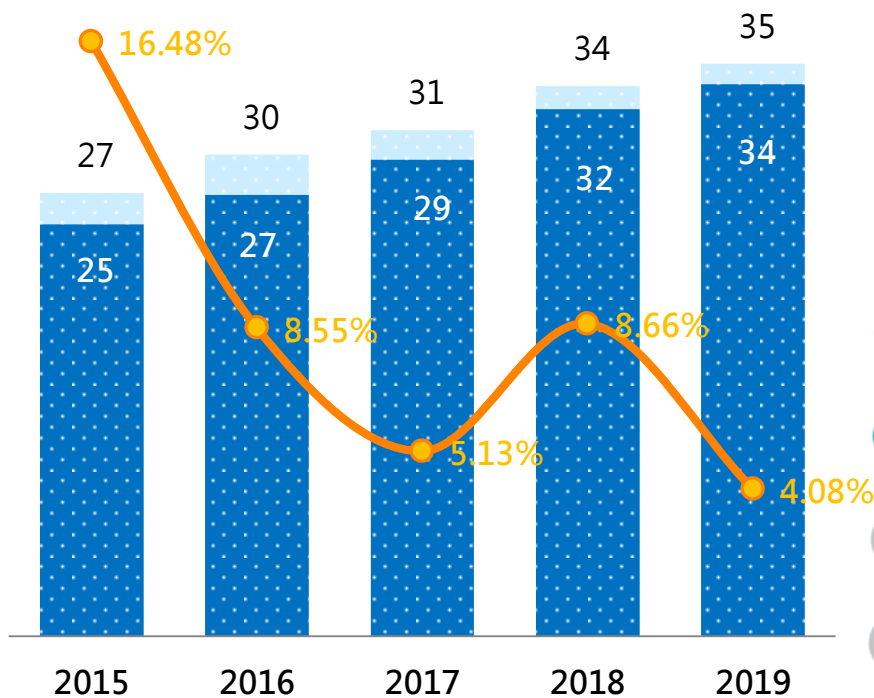
YoY+8.9%



Net Revenue

USD \$ million

- Net Revenue
- Net Interest Income
- Growth Rate of Net Revenue





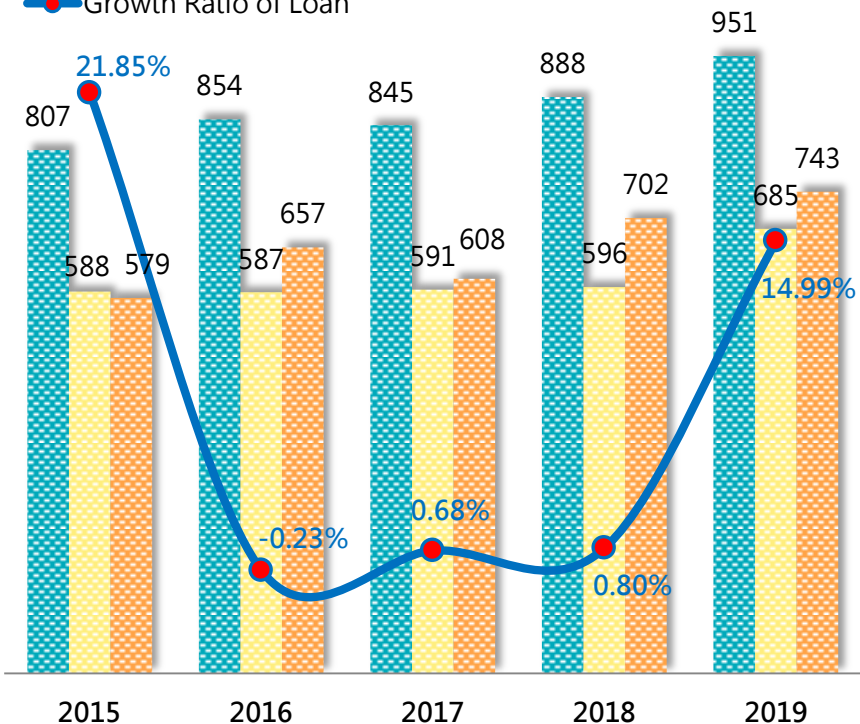
# Individual Financial Results (2/3)

## -IBT Holdings Corp. and its Subsidiaries

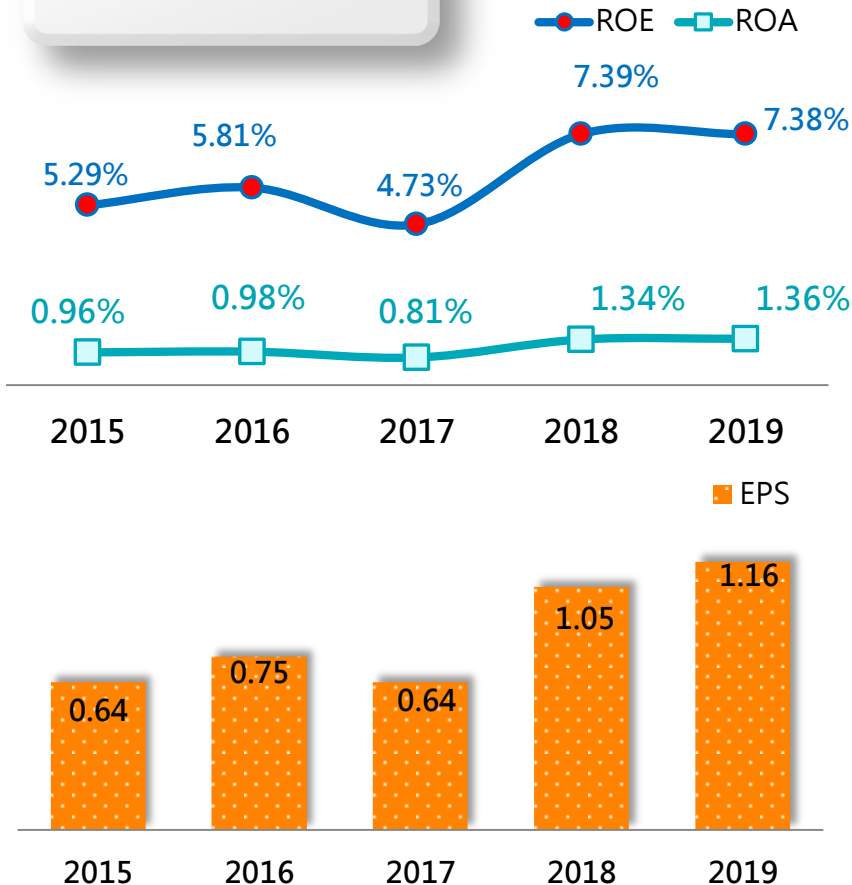
### Assets \ Loan & Deposit

USD \$ million

- Total Assets
- Loan
- Deposit
- Growth Ratio of Loan



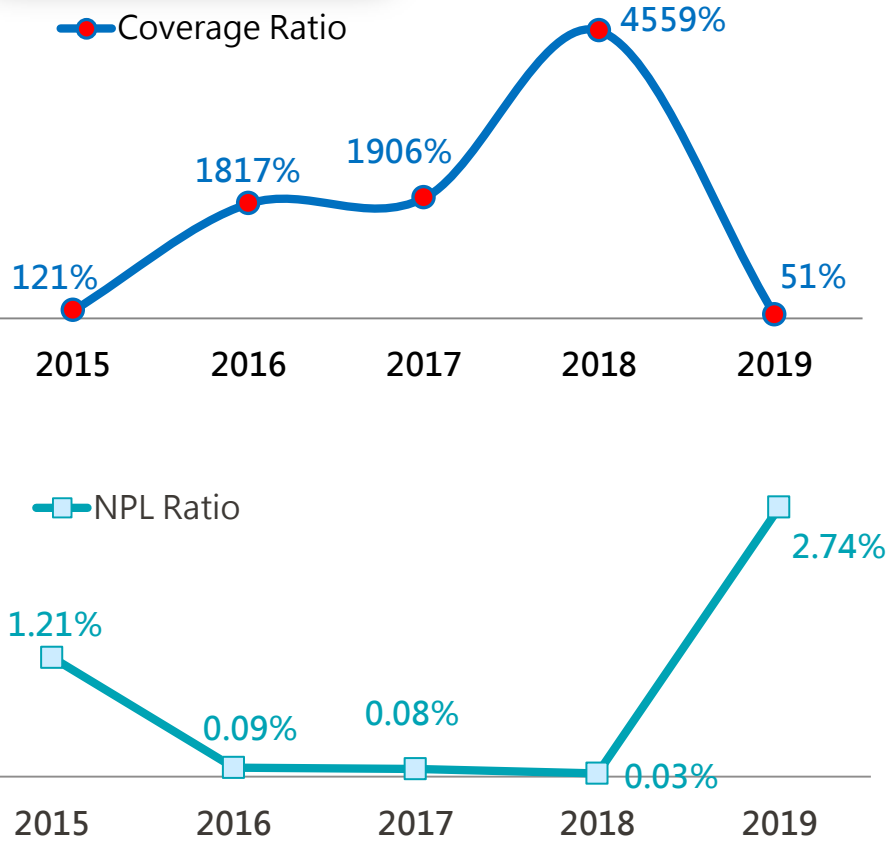
### ROE \ ROA \ EPS



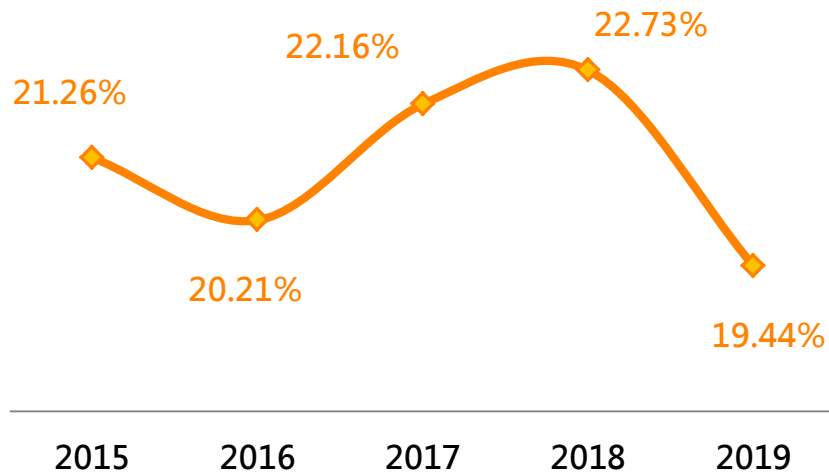
Note: The 2017 ROE, ROA, and EPS are 6.08%, 1.04%, and 0.82% respectively, after excluding the impairment of the deferred tax asset due to the Corp. tax reduction in US.



NPL Ratio & Coverage Ratio



CAR





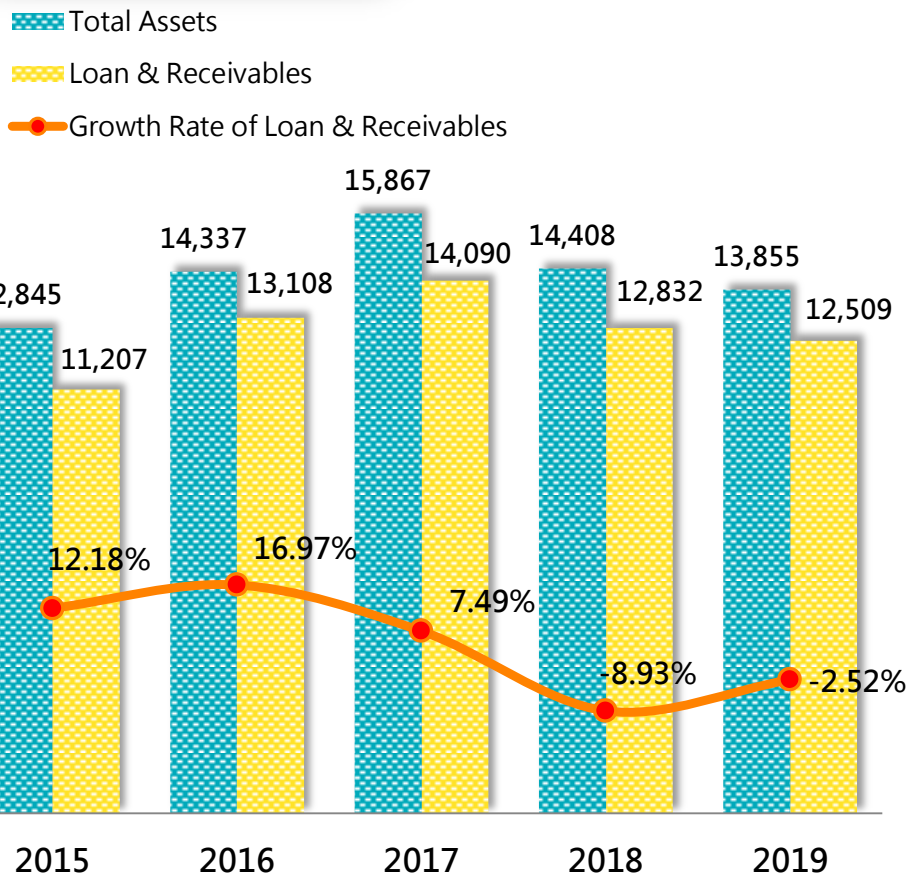
02-5

## Individual Financial Results

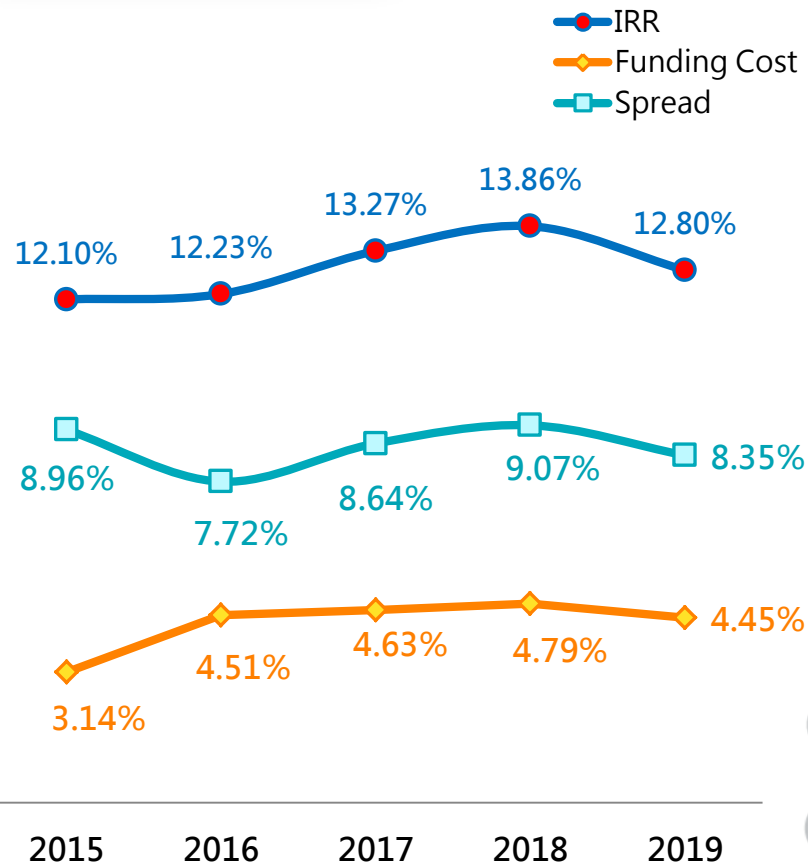
*IBT Leasing Co. Ltd.  
and its Subsidiaries*

### Assets

NT \$ million



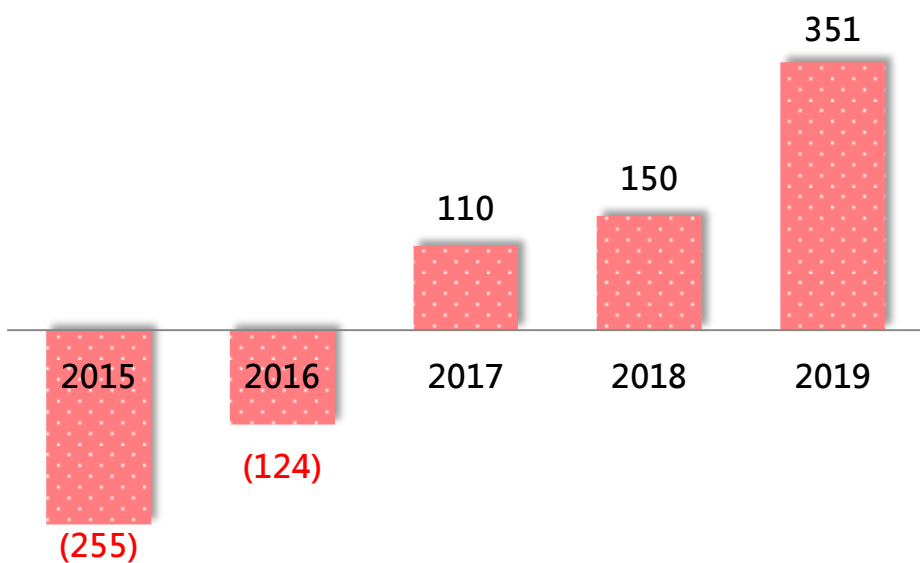
### IRR、Funding Cost、Spread



Net Income

NT \$ million

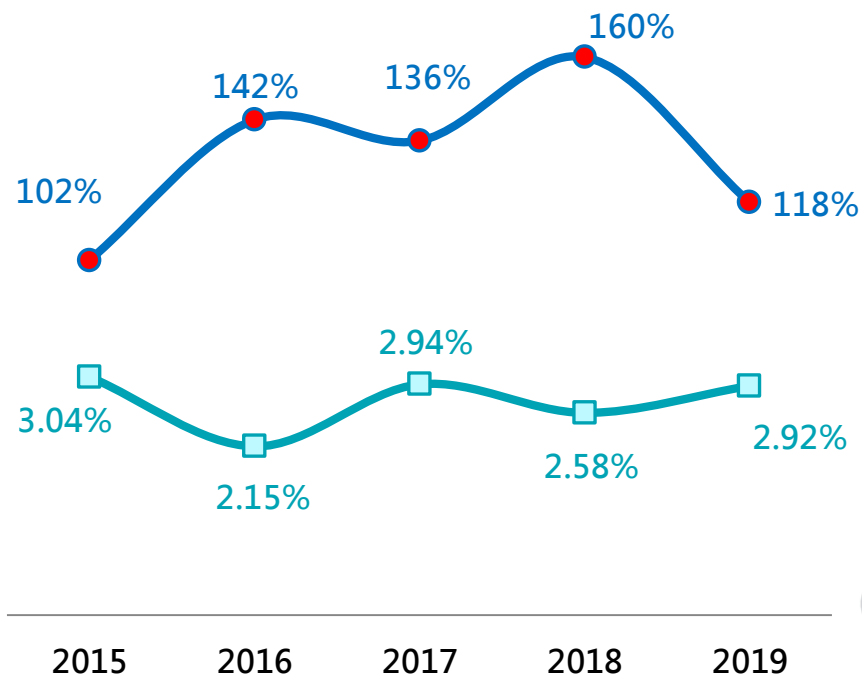
YoY+134%



Note: Net Income exclude IBT VII.

NPL Ratio & Coverage Ratio

● Coverage Ratio  
■ NPL Ratio





03

2020

Key Strategic Focuses





# 03

## Corporate Banking Business Strategies

- Adopt risk management measures.
- Enhance credit quality.
- Expand demand deposits and foreign currency deposits.
- Increase return on assets (ROA).

**Enforce Risk Control and Management**

**Deepen Clients Relationship**

**Boutique Bank**

**Optimize Asset Portfolio**

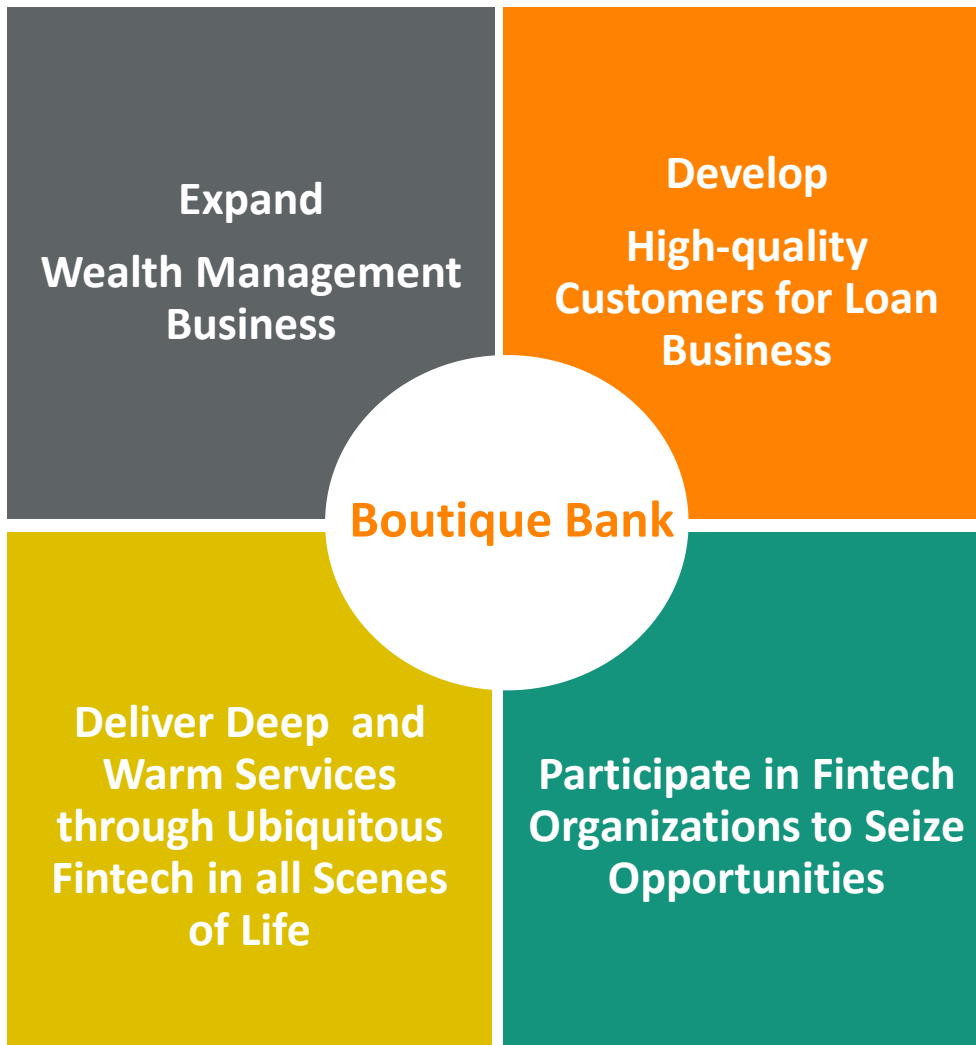
**Increase Fee Income**

- Provide clients with well-thought total solution.
- Become clients' main and financial consulting bank.
- Expand medium enterprise loan and increase the fee income of trade finance & FX trading.
- Cultivate HK-based clients and plan offshore loan structure.



# 03 Retail Banking Business Strategies

- Establish financial planners unit to better serve the needs of existing high-potential individuals and corporate customers.
- Complete product offerings in terms of mutual funds, insurance, and bonds.
- Maximize synergy of overall corporate and retail banking clients by strengthening referrals and collaboration.
- With the foundation of lifestyle ecosystem, streamline all services by means of big data utilization.
- Attract high-quality customers through strategic alliances, including charity co-branding affinity cards.

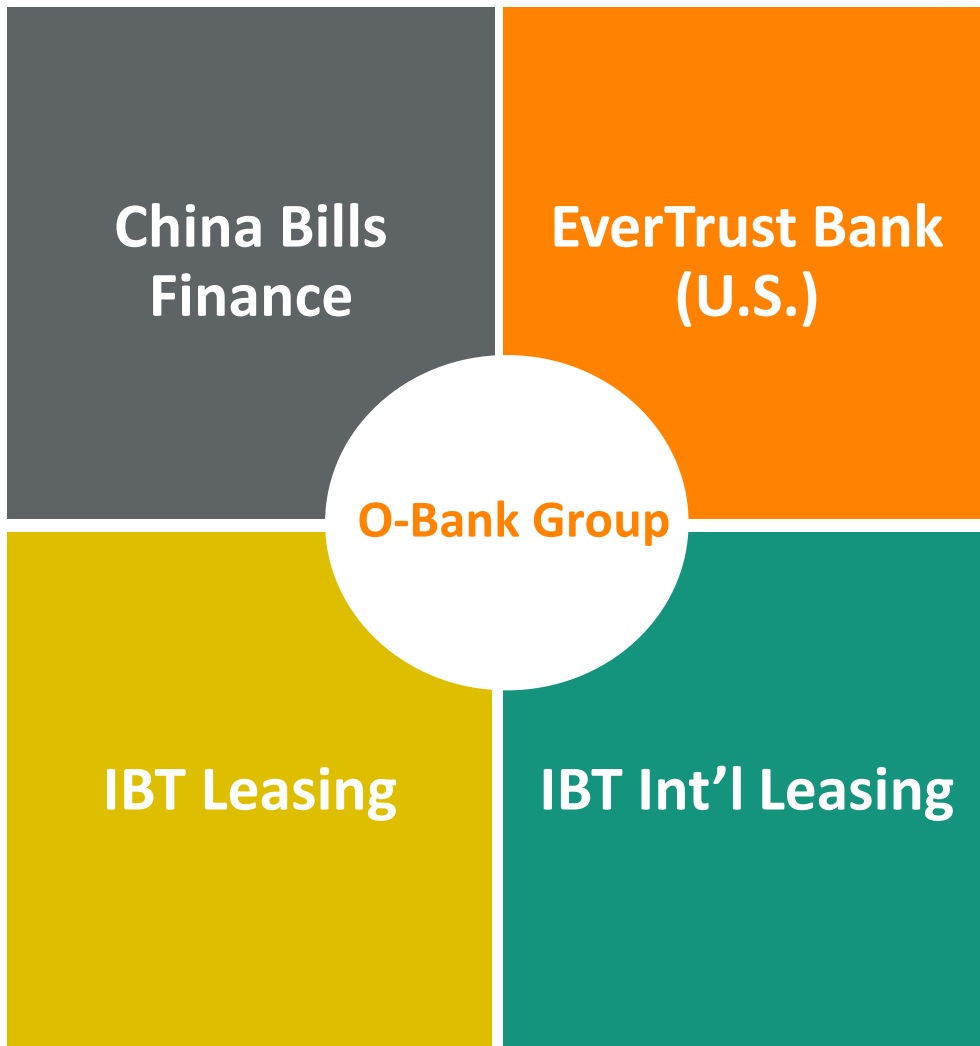


- Design revolving mortgages to increase interest spread.
- Develop high-quality customers for personal loans on a rational risk basis.
- Stay up-to-date with latest fintech trends, and be involved in the process of regulatory revision.
- Continue to build alliances with other financial institutions as well as fintech companies.



# 03

## Subsidiaries Strategic Overview



**China Bills Finance**

**EverTrust Bank (U.S.)**

**O-Bank Group**

**IBT Leasing**

**IBT Int'l Leasing**

- Deepen customers relationships and seize related business opportunities.
- Maintain zero NPL
- Leverage monetary easing, build up bond portfolio.
- Maximize shareholder value.
- Develop greater Bay Area clientele.
- Build on existing loan foundation and grow new businesses.
- Increase interest spread while managing risk and NIM.
- Enhance mobile banking and deepen customer relations.
- Capture opportunities from trends in order transfers and supply chain shifts.
- Discover hidden demand in underserved sectors.
- Balance growth and risk management.
- Increase fee income.
- Focused in Yangtze River delta, Pearl River delta, and the domestic market.
- Benefit from more mature regulation under the supervision of CBIRC.
- Empowered by technology, expand clientele through strategic alliances.
- Manage liquidity risk and asset quality.





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04

Appendix



## O-Bank-Financial Summary

(NT \$ million)	4Q19	3Q19	2Q19	1Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	1,323	1,460	1,485	1,495	5,764	5,506	5%
Interest expense	(867)	(945)	(993)	(1,001)	(3,806)	(3,324)	15%
Net interest income	456	514	492	495	1,957	2,182	-10%
Fee income	210	128	218	253	809	610	33%
Equity in the income of investees	235	271	300	292	1,098	880	25%
Other income	255	287	446	453	1,440	1,059	36%
Net revenue	1,156	1,200	1,457	1,492	5,305	4,731	12%
Provision expense	(403)	(25)	(376)	(117)	(921)	(454)	103%
Operating expense	(769)	(802)	(788)	(816)	(3,174)	(3,150)	1%
Net profit B/T	(16)	374	293	559	1,210	1,127	7%
Net profit A/T	51	311	266	472	1,100	955	15%
<b>Balance Sheet</b>							
Loans, net	173,981	176,552	182,892	176,525	173,981	179,388	-3%
Deposits	243,645	234,698	247,754	255,538	243,645	240,461	1%
Total assets	335,253	327,178	339,169	342,160	335,253	334,340	0%
Total stockholders' equity	33,259	33,415	33,224	32,919	33,259	31,989	4%
<b>Key Ratios(%)</b>							
ROA(A/T)	0.01	0.10	0.08	0.14	0.33	0.30	
ROE(A/T)	0.16	0.95	0.80	1.46	3.37	3.12	
NPL	0.75	0.70	0.20	0.23	0.75	0.02	
Tier I	12.02	12.15	11.41	11.76	12.02	11.56	
BIS	14.00	14.29	13.69	13.62	14.00	13.69	

## CBF-Financial Summary

(NT \$ million)	4Q19	3Q19	2Q19	1Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	520	508	494	490	2,013	1,920	5%
Interest expense	(297)	(303)	(277)	(277)	(1,154)	(948)	22%
Net interest income	223	205	217	213	858	972	-12%
Fee income	243	249	248	243	983	874	13%
Other income	26	53	49	45	173	132	31%
Net revenue	492	507	514	501	2,015	1,977	2%
Reversal	8	(2)	(0)	(1)	4	132	-97%
Operating expense	(111)	(115)	(116)	(114)	(457)	(479)	-5%
Net profit B/T	372	394	399	388	1,553	1,630	-5%
Net profit A/T	295	318	318	314	1,245	1,335	-7%
<b>Balance Sheet</b>							
Total assets	197,847	208,424	196,965	199,049	197,847	199,531	-1%
Total stockholders' equity	23,855	23,572	23,162	23,821	23,855	23,298	2%

## IBT Holdings-Financial Summary

(USD \$ thousand)	4Q19	3Q19	2Q19	1Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	10,687	11,738	11,952	11,426	45,803	40,341	14%
Interest expense	(3,081)	(3,061)	(2,947)	(2,712)	(11,800)	(7,891)	50%
Net interest income	7,607	8,677	9,005	8,715	34,003	32,450	5%
Fee income	128	192	144	188	651	700	-7%
Other income	26	182	233	155	596	717	-17%
Net revenue	7,761	9,050	9,382	9,057	35,250	33,867	4%
Provision expense	(370)	0	0	0	(370)	0	-
Operating expense	(3,680)	(3,979)	(3,922)	(3,920)	(15,501)	(16,159)	-4%
Net profit B/T	3,711	5,071	5,460	5,138	19,379	17,708	9%
Net profit A/T	2,600	3,565	3,811	3,622	13,598	12,485	9%
Minority interest	(214)	(293)	(314)	(298)	(1,119)	(1,029)	9%
Consolidated net income	2,386	3,272	3,497	3,324	12,479	11,456	9%
<b>Balance Sheet</b>							
Loans, net	673,018	648,695	662,951	651,114	673,018	583,805	15%
Deposits	742,556	734,865	689,745	699,781	742,556	701,513	6%
Total assets	950,879	940,901	939,753	916,508	950,879	887,891	7%
Total stockholders' equity	175,566	173,141	169,785	165,497	175,566	161,471	9%

## IBT Leasing-Financial Summary\*

(NT \$ million)	4Q19	3Q19	2Q19	1Q19	2019	2018	YoY
<b>Income Statement</b>							
Interest income	263	250	258	275	1,046	1,160	-10%
Fee income	68	78	62	45	253	278	-9%
Other income	14	6	(0)	15	35	33	7%
Sales revenue, net	345	335	320	335	1,335	1,471	-9%
Operating costs	(95)	(91)	(85)	(106)	(377)	(482)	-22%
Gross Profit	250	243	235	229	957	989	-3%
Provision expense	(28)	(27)	(32)	(0)	(87)	(215)	-59%
Operating expense	(123)	(129)	(118)	(118)	(488)	(525)	-7%
Non-operating income	20	12	34	61	128	138	-7%
Non-operating expense	(22)	(1)	9	(42)	(57)	(140)	-60%
Net profit B/T	97	99	128	129	453	247	84%
Net profit A/T	77	83	103	106	369	141	163%
Minority interest	0	0	0	0	0	0	-
Consolidated net income	77	83	103	106	369	141	163%
<b>Balance Sheet</b>							
Total assets	13,855	13,654	13,408	13,453	13,855	14,408	-4%
Total stockholders' equity	2,361	2,279	2,270	2,194	2,361	2,036	16%

\*Include IBT VII Venture Capital Co.,Ltd