

Security Code : 2897

O-Bank 2017 Business Review

2018/04/16

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Outline

- Highlights from Business Operations of 2017
- Financial Results of 2017
(Consolidated & Individual)
- 2018 Key Strategic Focus
- Appendix









■ Highlights from Business Operations of 2017

■ Financial Results of 2017
(Consolidated & Individual)

■ 2018 Key Strategic Focus

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Highlights from Business Operations of 2017

Jan.		<ul style="list-style-type: none"> Formally reorganized into the commercial bank 	Oct.		<ul style="list-style-type: none"> First listed company and bank with B corporate certificate in Taiwan
Mar.		<ul style="list-style-type: none"> Grand opening of the first digital banking Launch a series of deposit campaigns for corporate banking 	Nov.		<ul style="list-style-type: none"> The most innovative digital business model of 2017 (Gartner). The best digital banking in Asia Pacific(Gartner). Sustainable corporate - Gold award
May		<ul style="list-style-type: none"> First robot advisory service in Taiwan Public listing of O-bank (2897) Grand opening of the First concept branch, Taipei Vie Show Branch 	Dec.		<ul style="list-style-type: none"> Launch Enterprise Digital Platform (EDP) App for corporate banking Be included in MCSI SC index
Aug.		<ul style="list-style-type: none"> Three Tier Repayment Mortgage 	2018 Jan.		<ul style="list-style-type: none"> Grand opening of the Second concept branch, Zhongxiao Dunhua Branch. First co-branded card with gaming partner

■ Highlights from Business Operations of 2017

■ **Financial Results of 2017**

■ **Consolidated Financial Results**

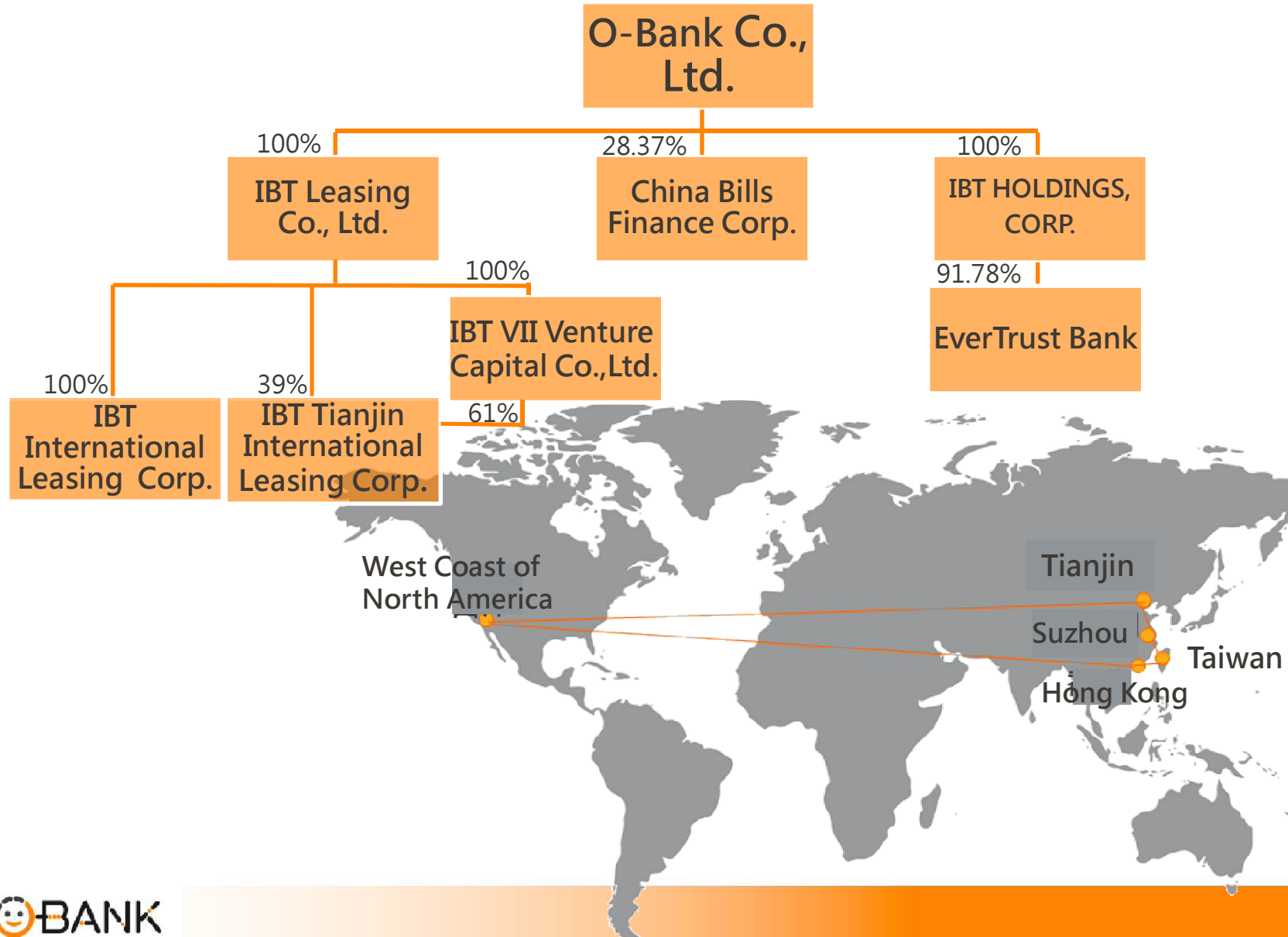
■ Individual Financial Results

- O-Bank
- China Bills Finance Corp.
- IBT Holdings Corp. and its Subsidiaries
- IBT Leasing Co. Ltd. and its Subsidiaries

■ 2018 Key Strategic Focus

■ Appendix

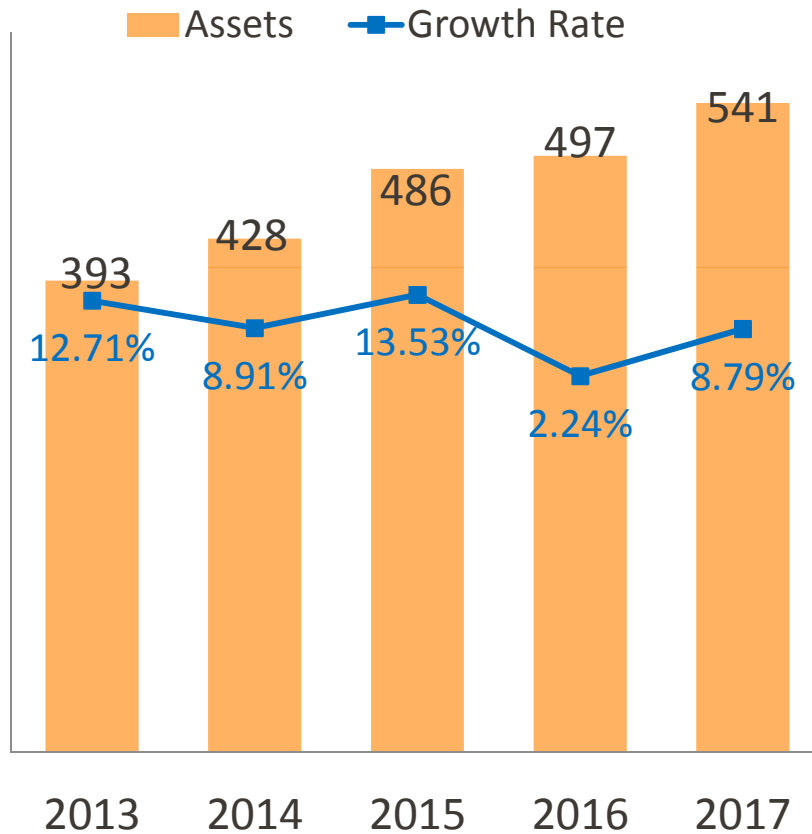
Organization Chart for O-Bank and its Main Subsidiaries



Consolidated Financial Results

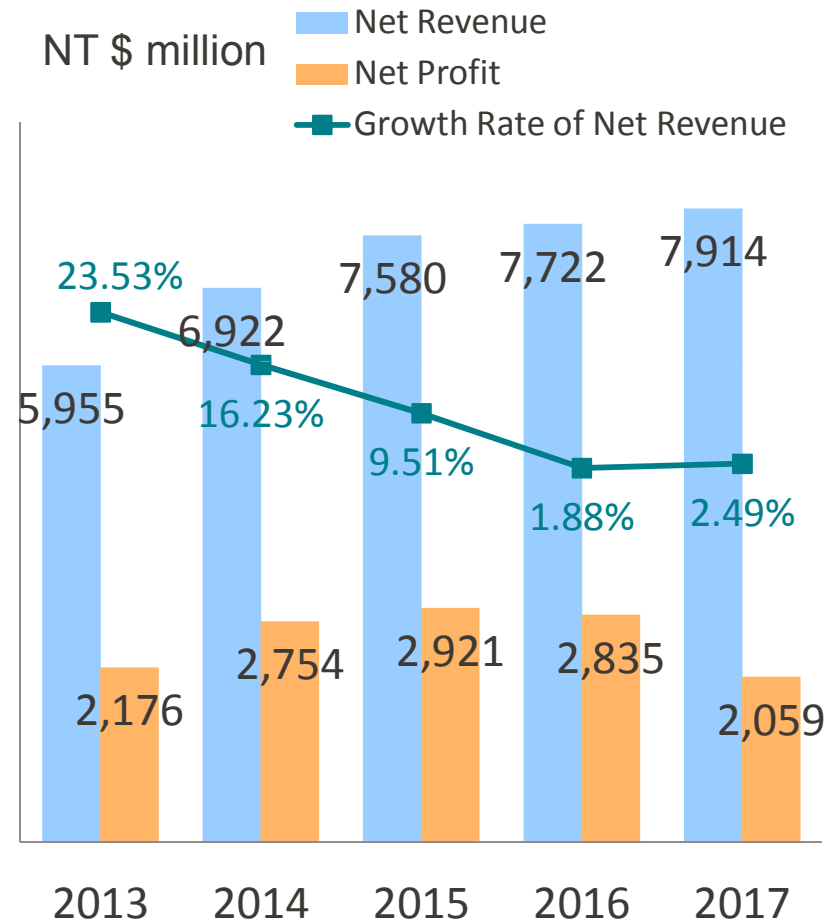
Assets

NT \$ billion



Net Revenue & Net Profit (A/T)

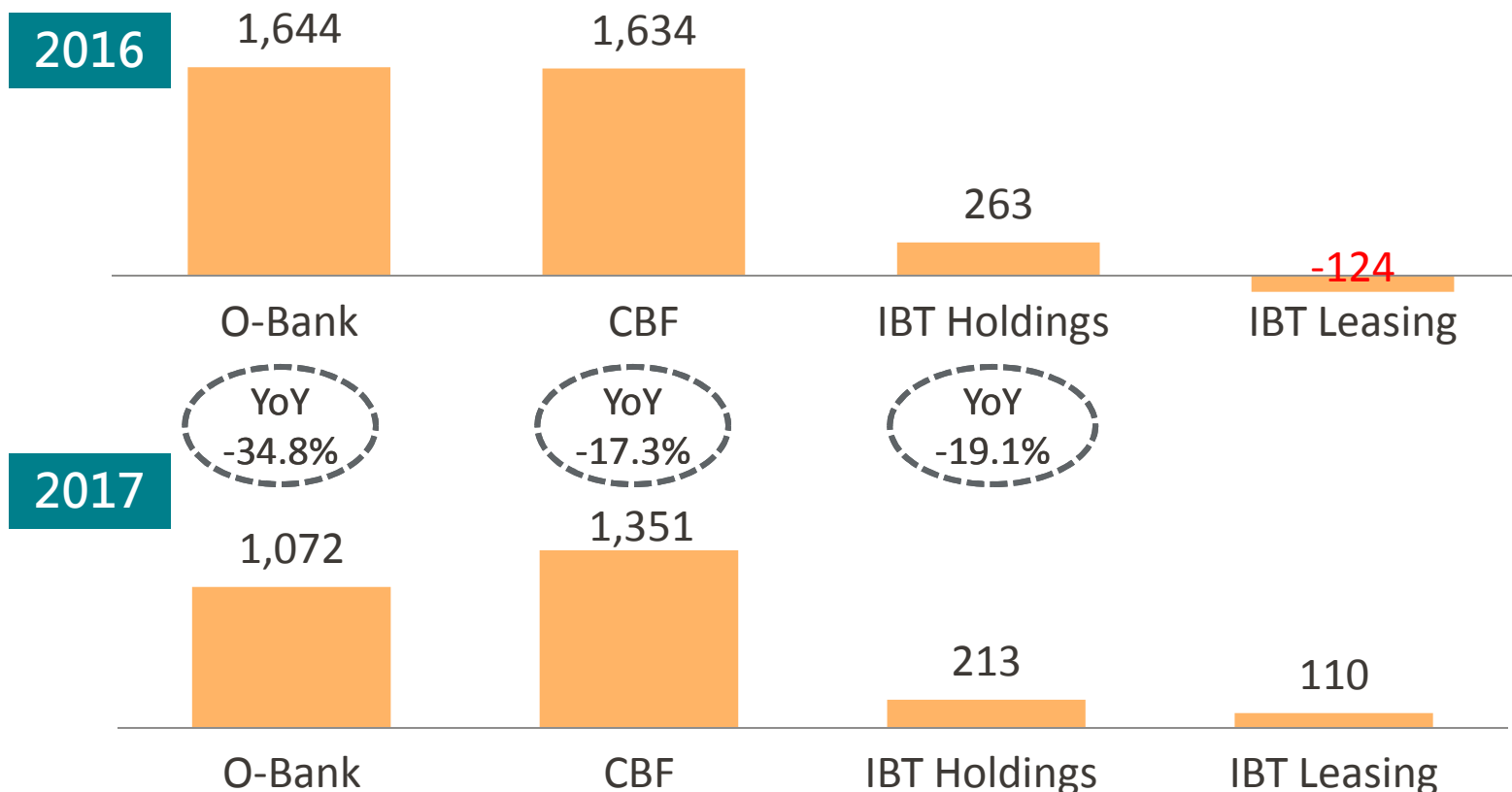
NT \$ million



Consolidated Financial Results

Business Performance of O-Bank and its Subsidiaries

NT \$ million



Note 1. O Bank- Expense increased dramatically due to the investment in the retail banking.

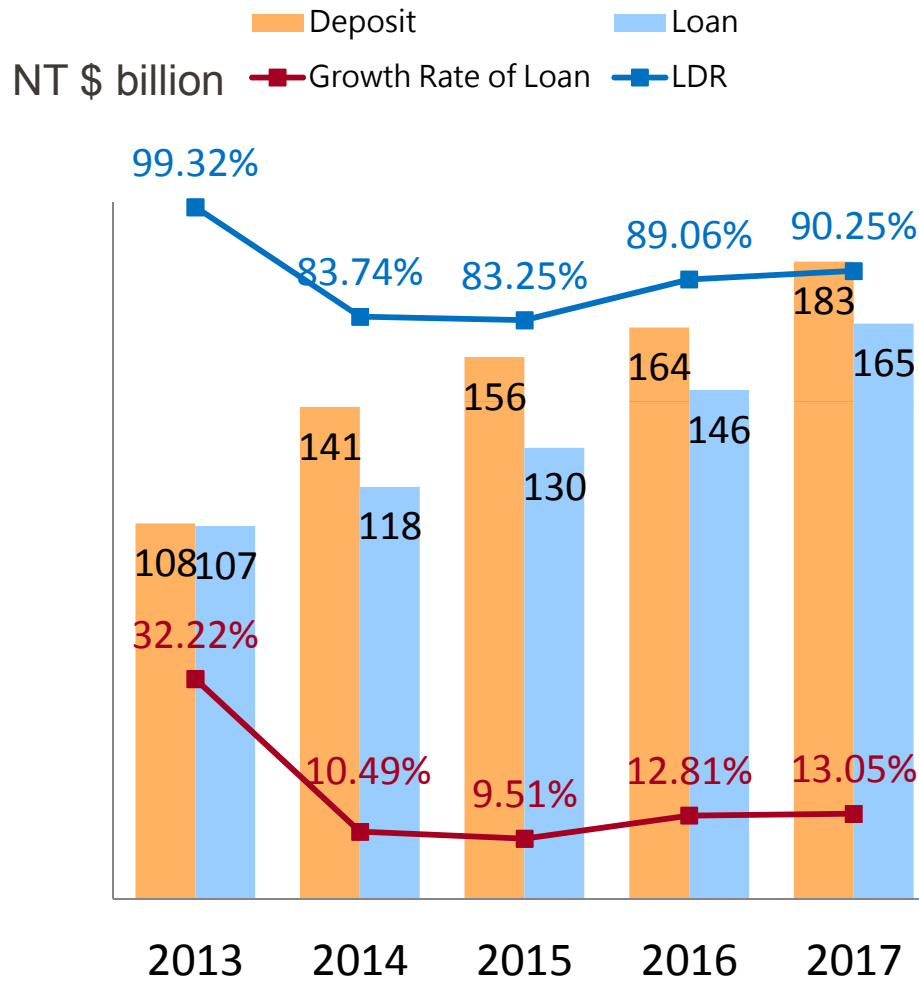
Note 2. CBF-The reduce of the profitability is mainly due to the recovery in 2016, raise of the funding cost in 2017, competition and the issuance of convertible bond.

Note 3. IBT Holdings- the impairment of the deferred tax asset(reduced by \$2.3 million) is due to the Corp. tax reduction in US.

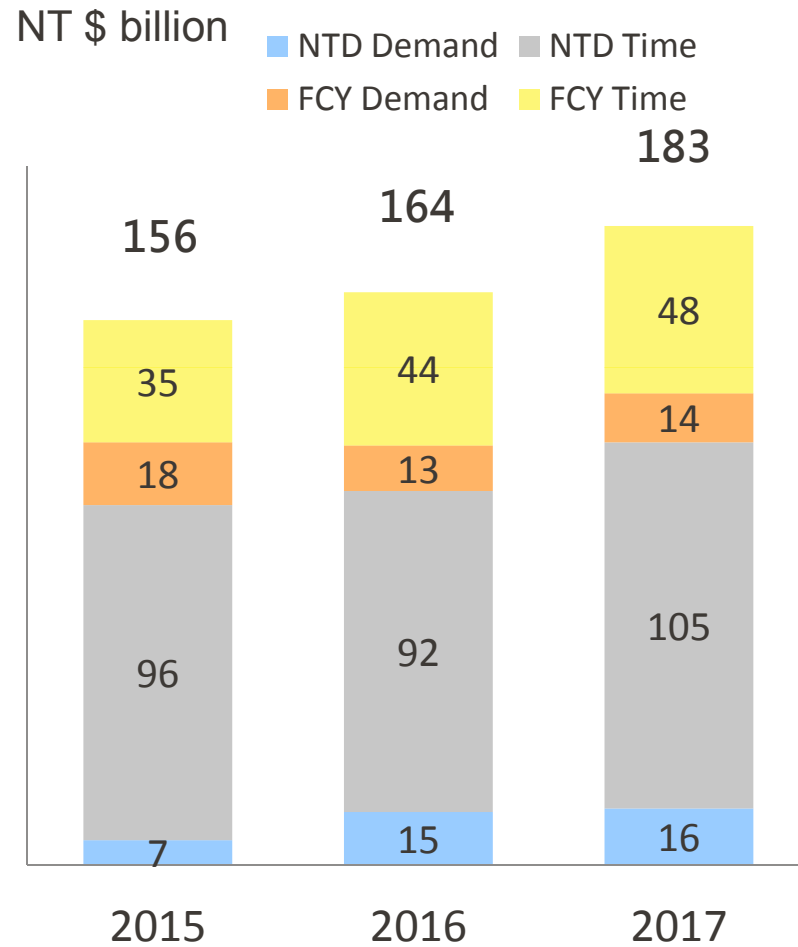
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Individual Financial Results : O-Bank

Loan & Deposit

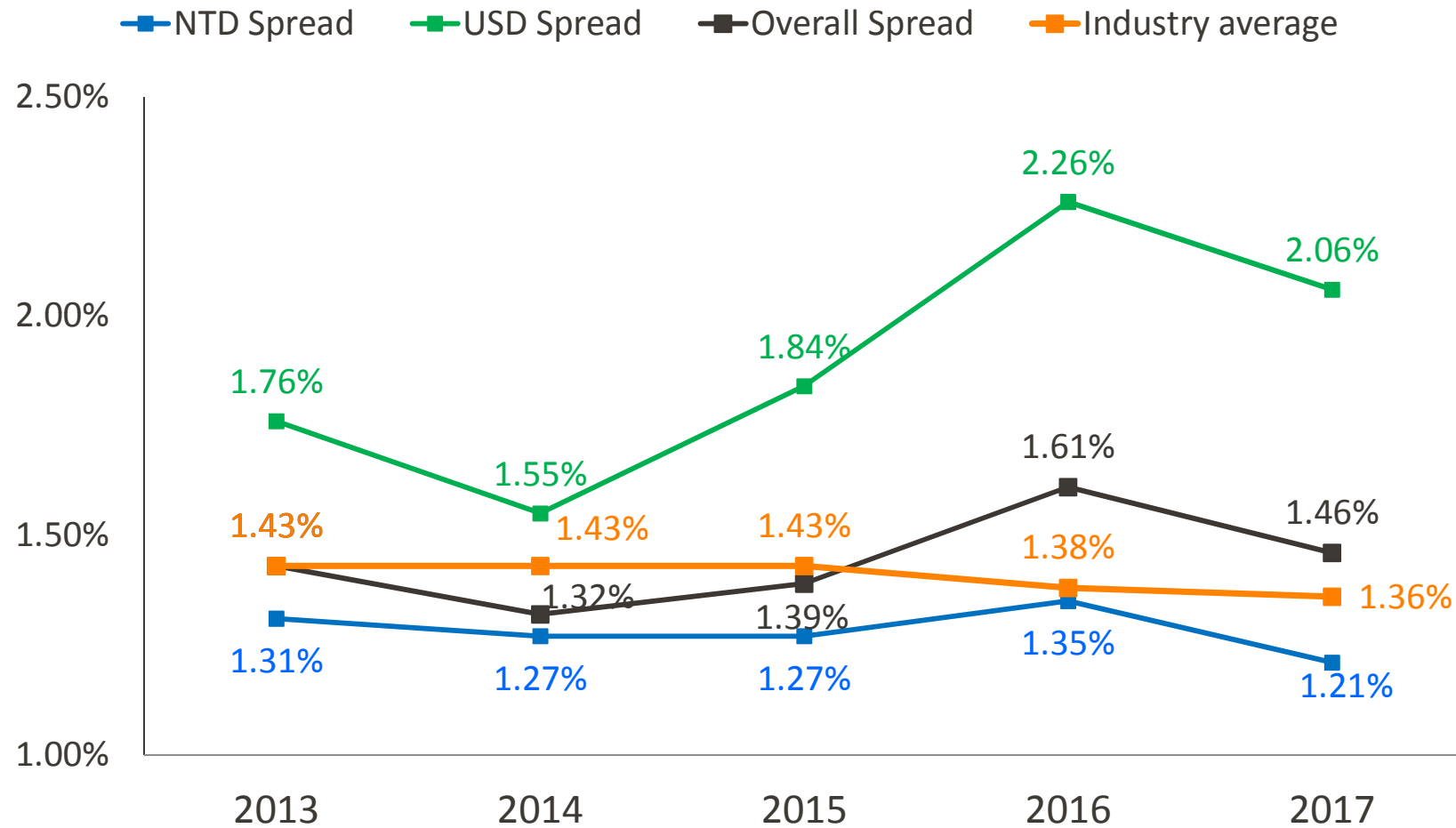


Deposit Breakdown



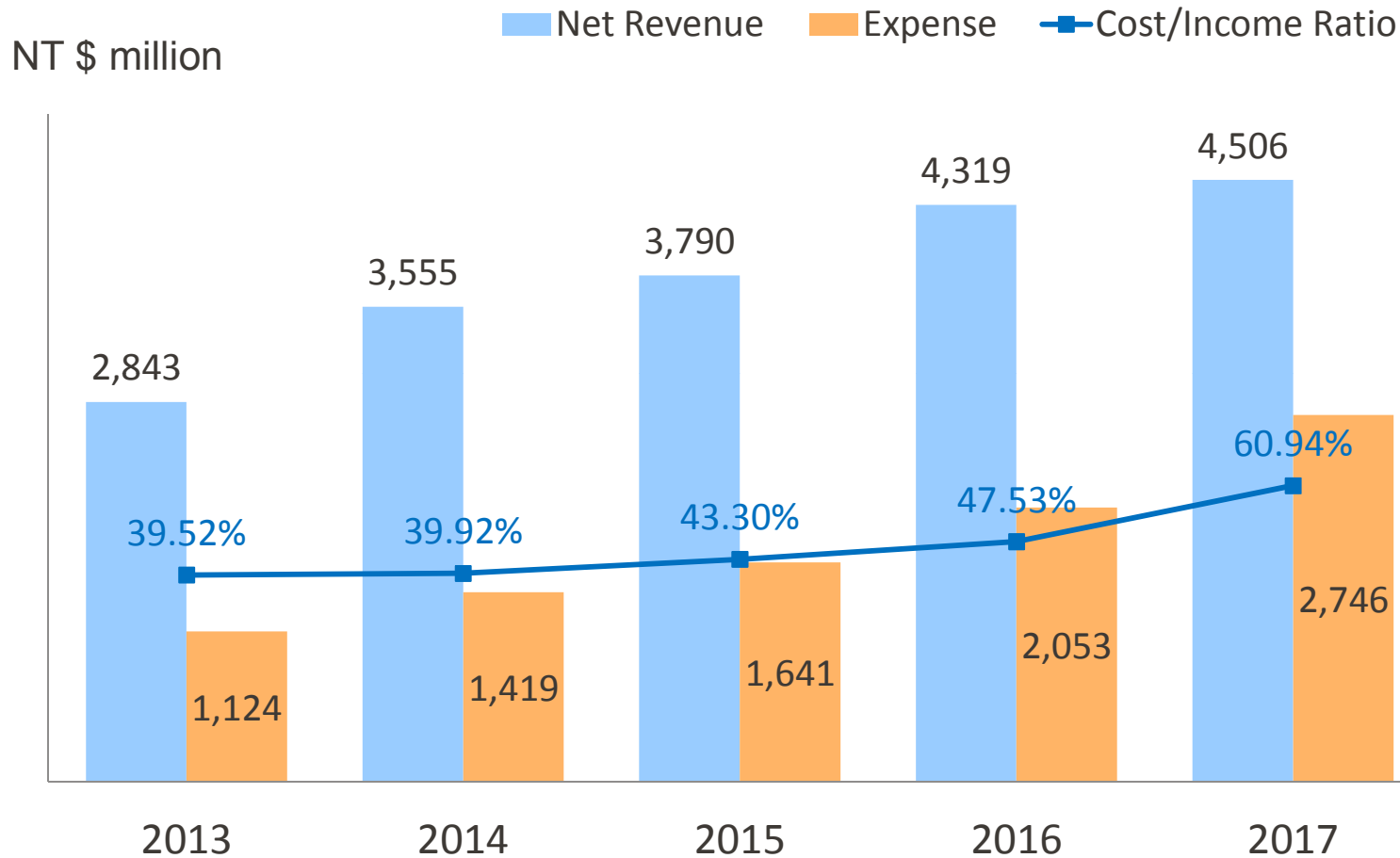
Individual Financial Results : O-Bank

Interest Spread



Individual Financial Results : O-Bank

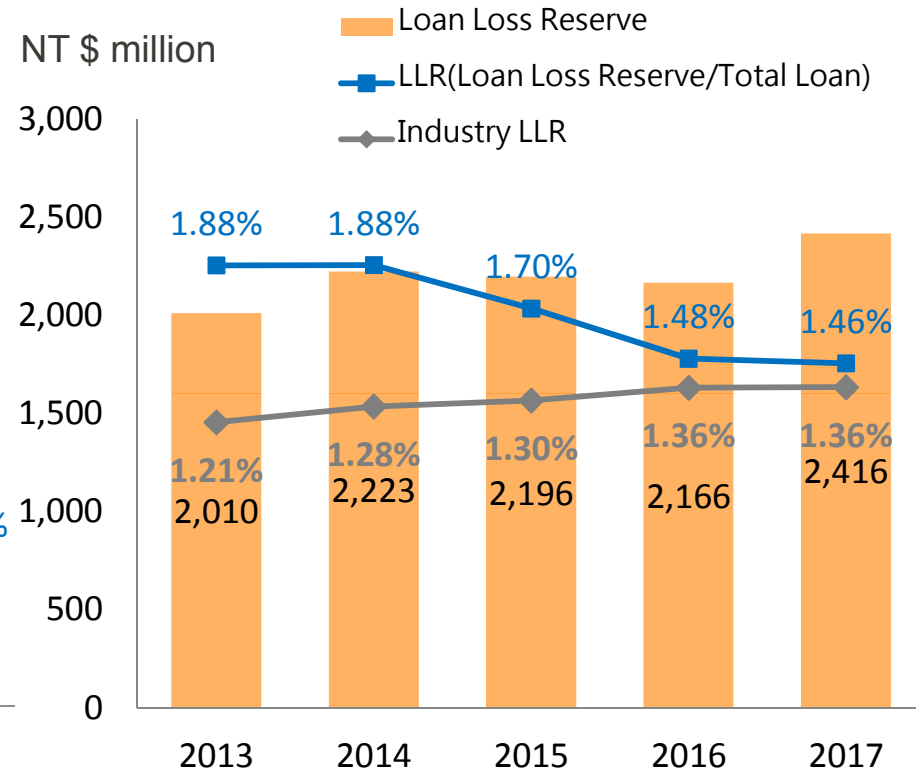
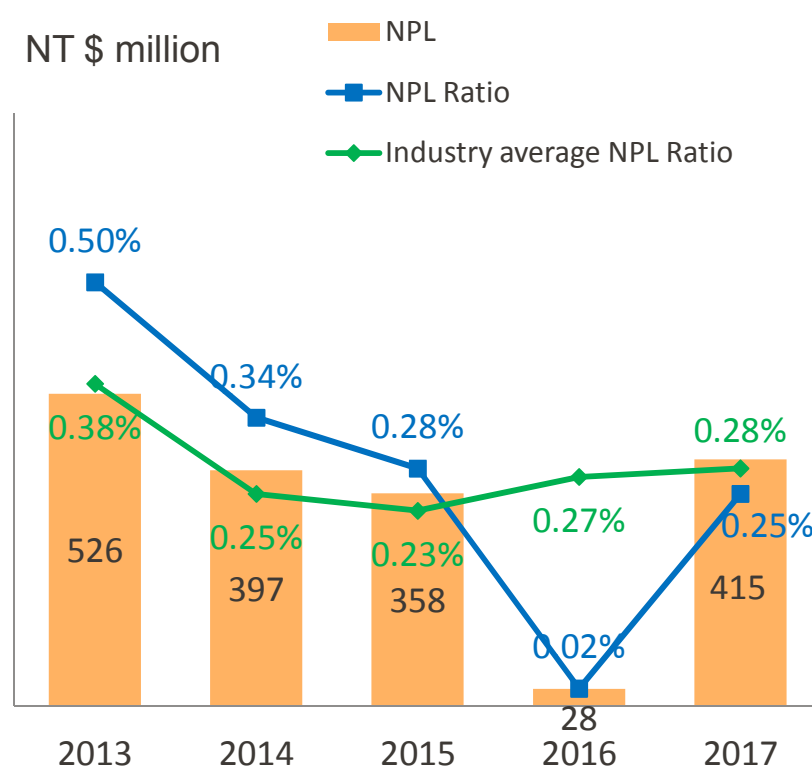
Cost Income Ratio



Note: Higher cost income ratio is due to the development of the retail business from 2016. Compared to the revenue, expense is relatively higher.

Individual Financial Results : O-Bank

Asset Quality



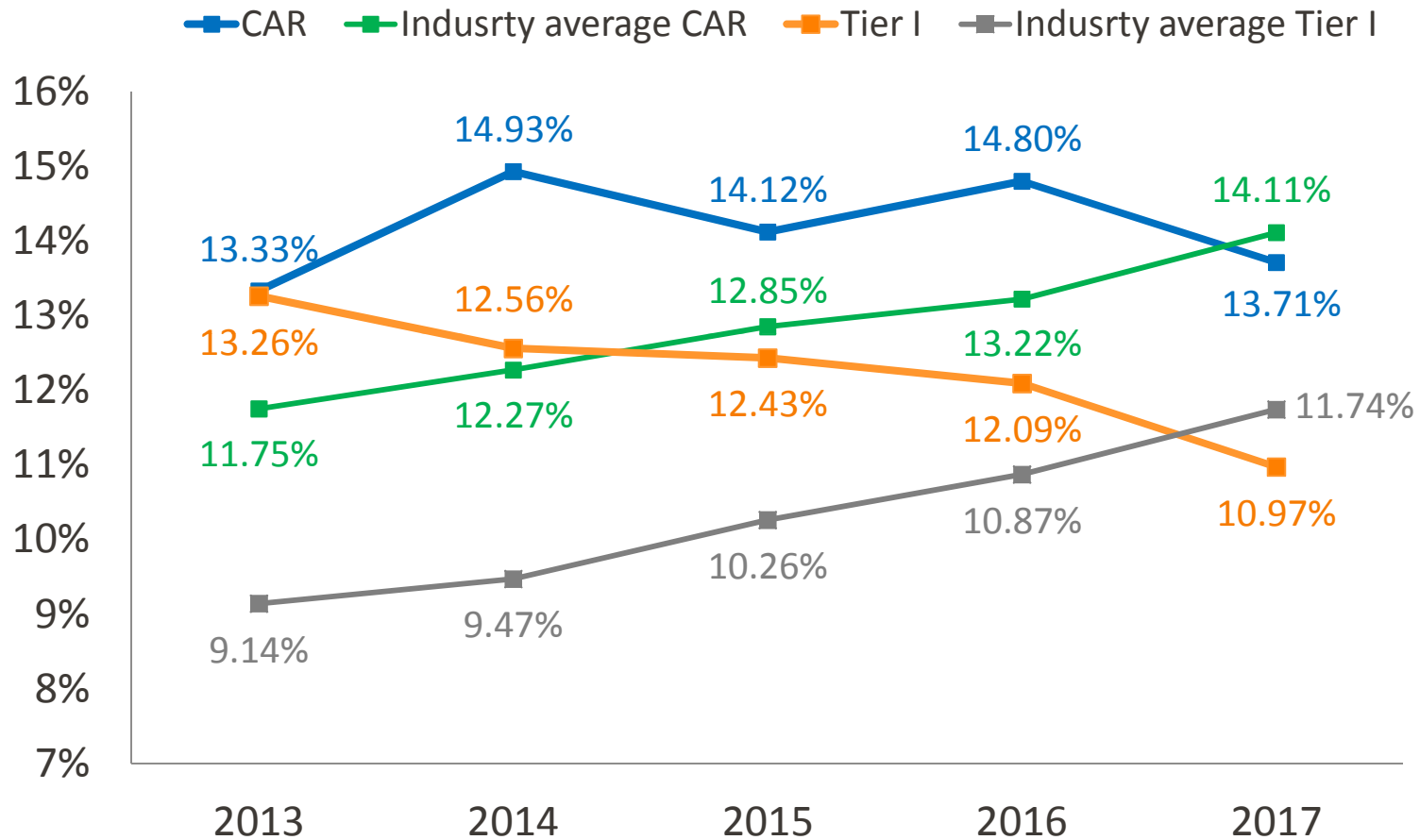
Note: Industry LLR was calculated by data from Banking Bureau.

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

Note 2: The default of "Transasia Airways Co." led to the rise of NPL ratio in 2017. The NPL ratio is reduced to 0.08% in 2018 Q1, after write-off.

Individual Financial Results : O-Bank

Capital Structure

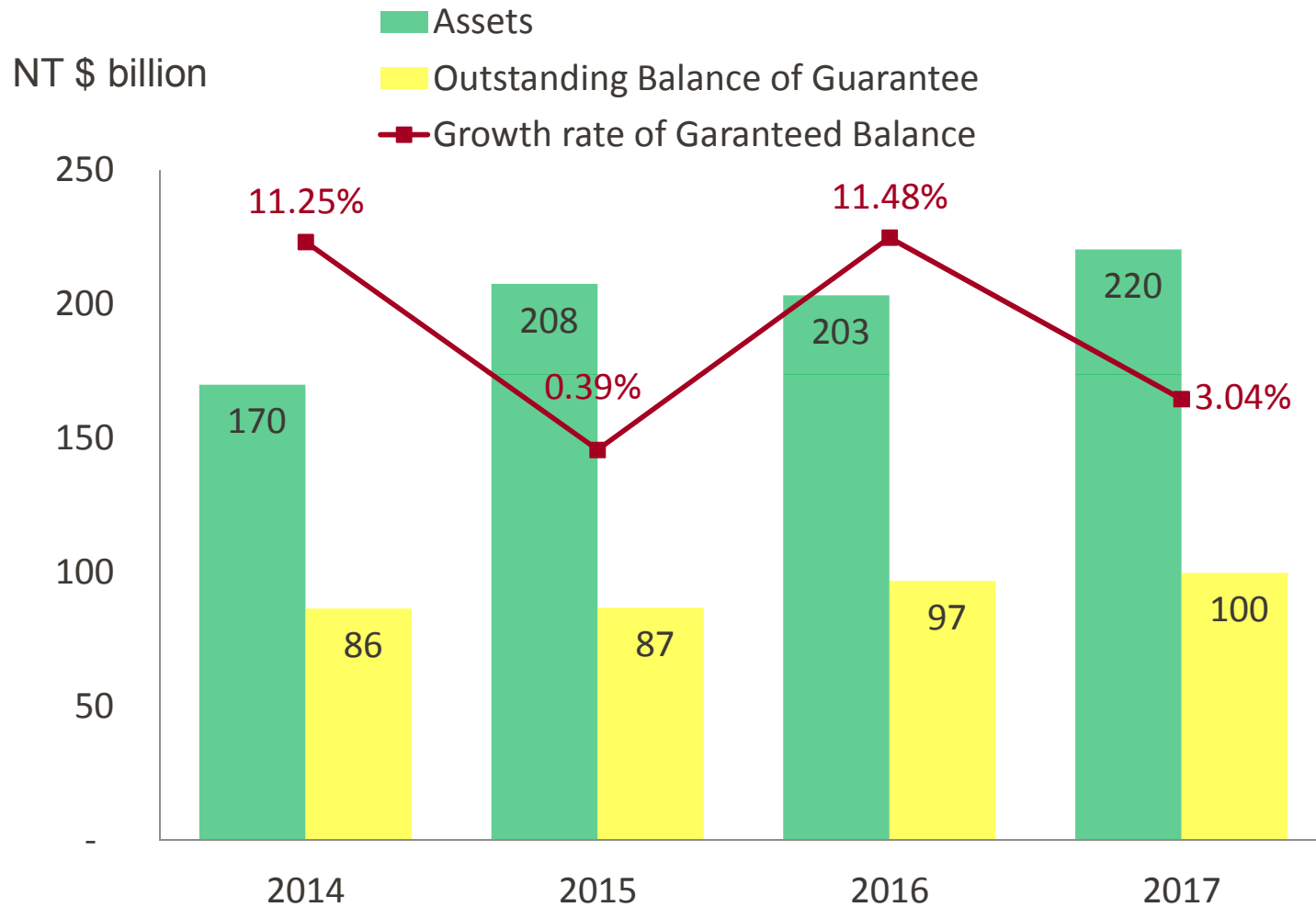


Note: Source of industry average: the Banking Bureau(Exclude the Export-Import Bank), Central Bank (the 2013 tier 1 ratio among peers).

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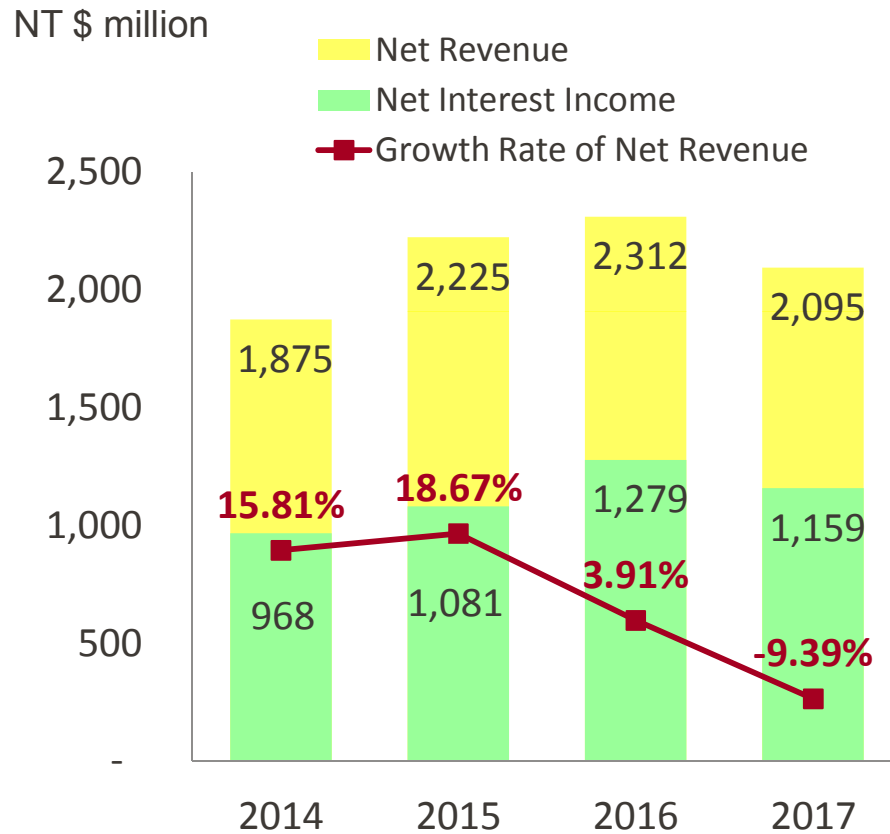
Individual Financial Results : CBF

Assets

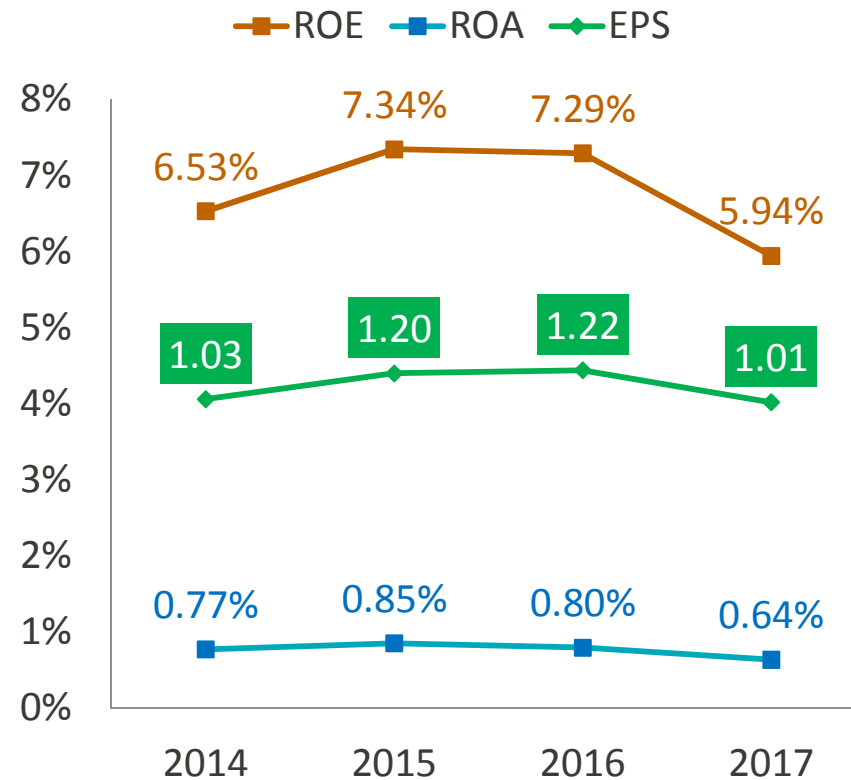


Individual Financial Results : CBF

Net Revenue

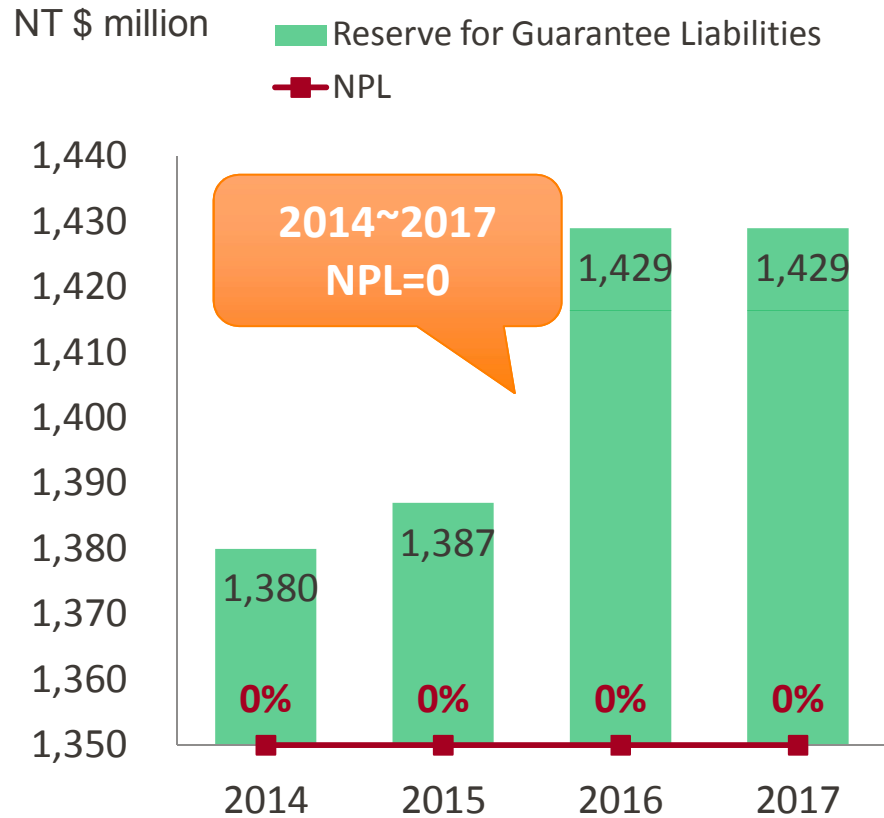


ROE ROA EPS

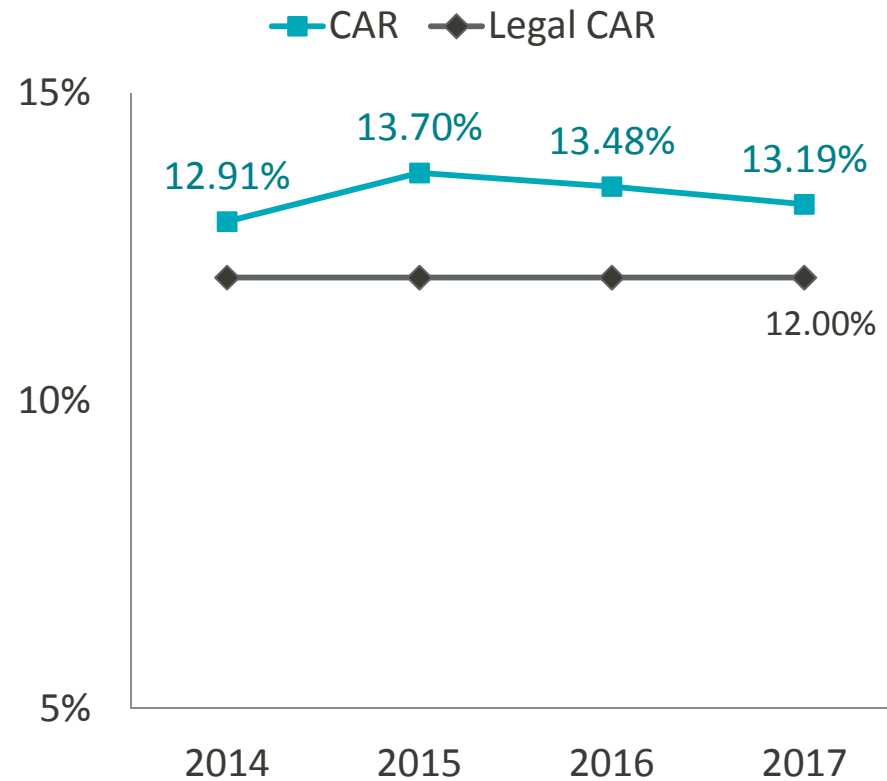



Individual Financial Results : CBF

NPL & Reserve for Guarantee Liabilities



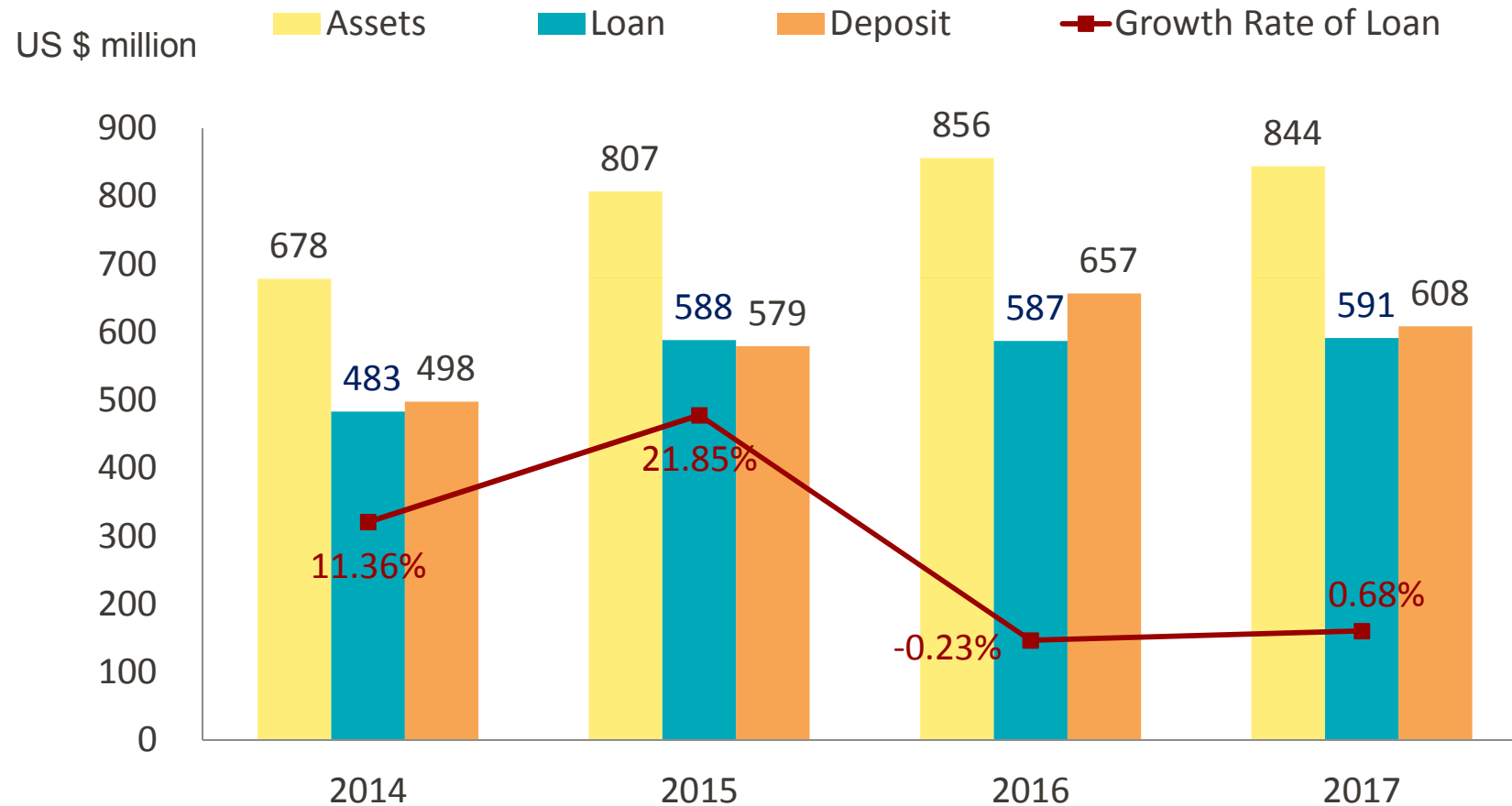
CAR(%)



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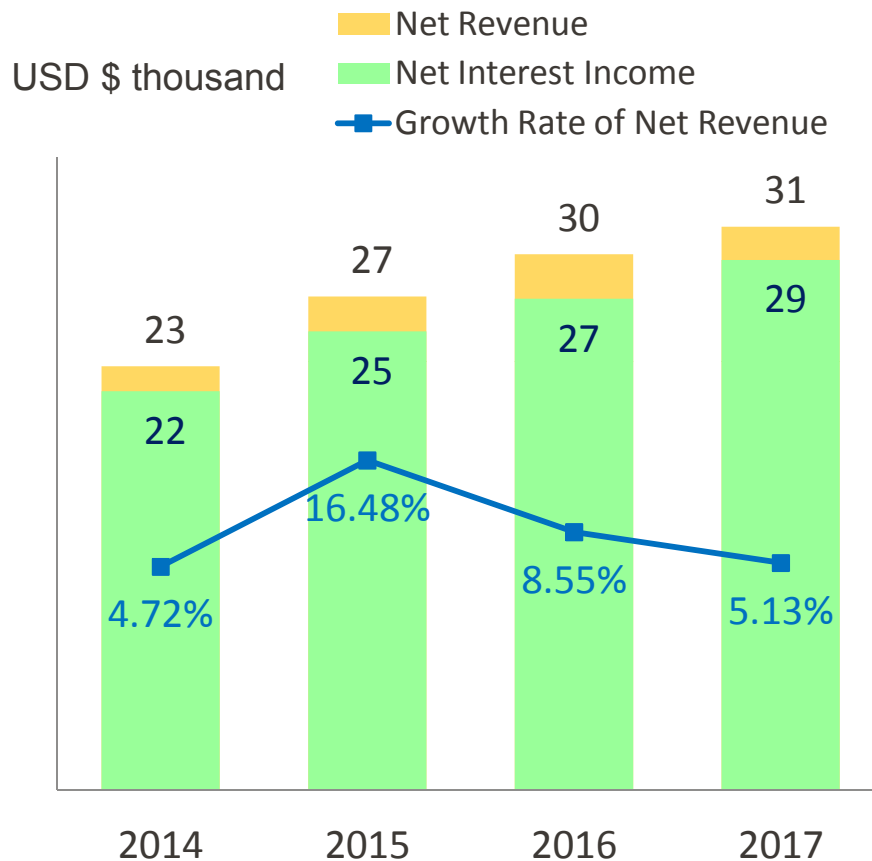
Individual Financial Results : IBTH & Subsidiaries

Assets & Liabilities

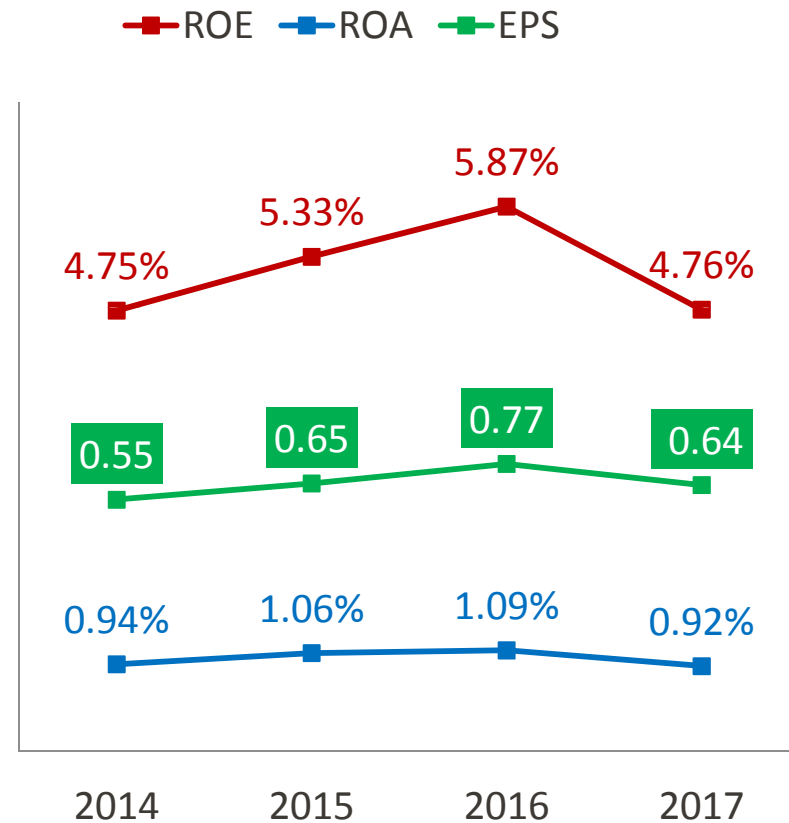


Individual Financial Results : IBTH & Subsidiaries

Net Revenue



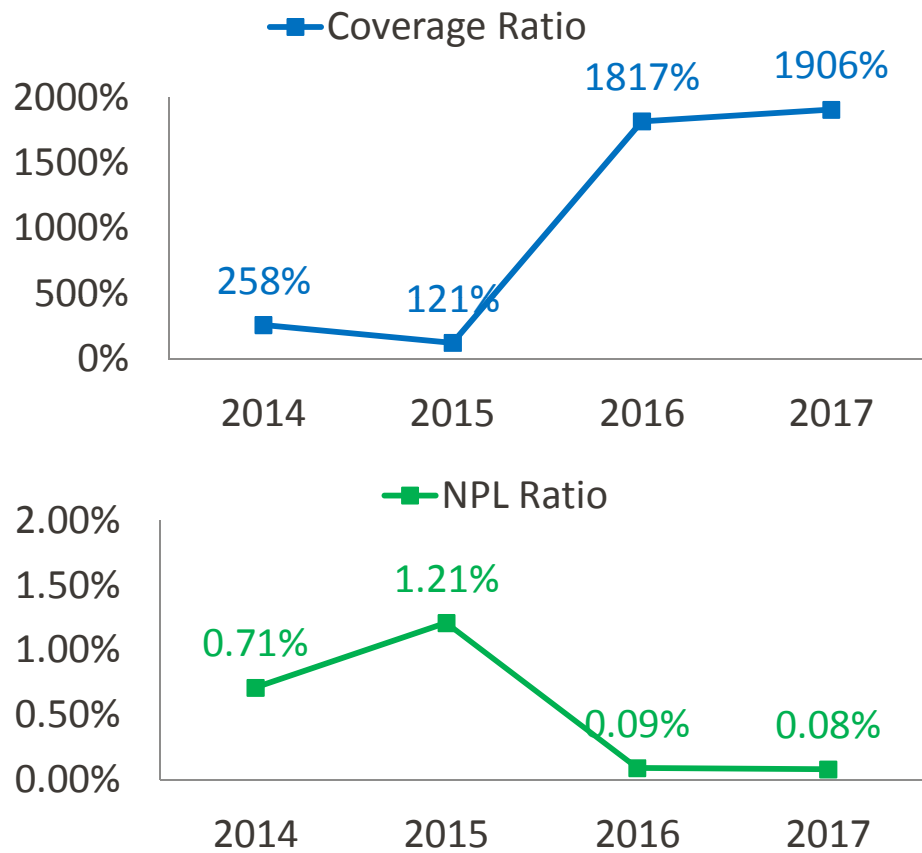
ROE ROA EPS



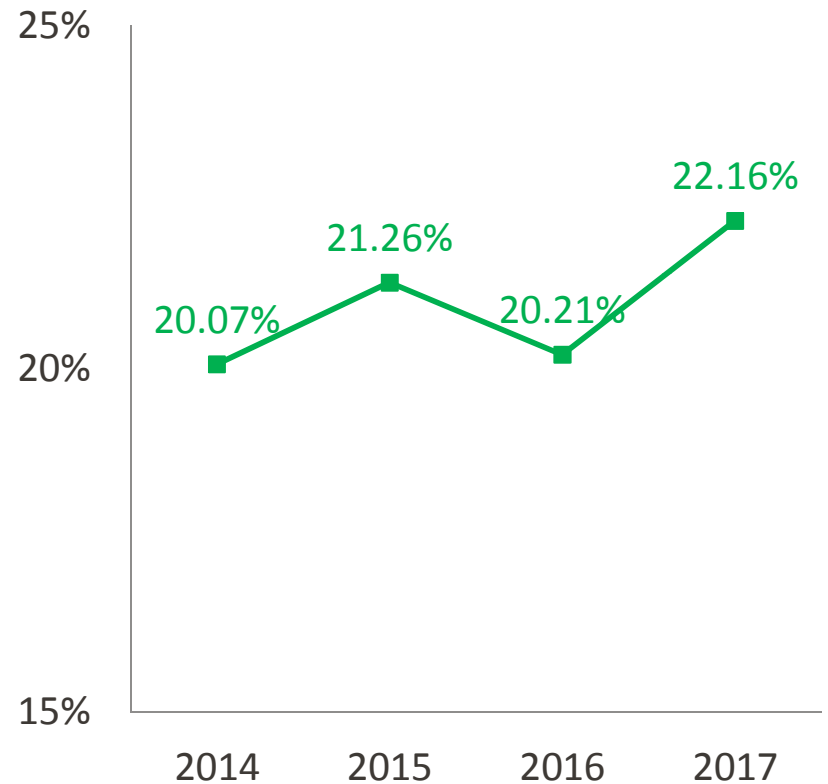
Note: The 2017 ROE, ROA, and EPS are 6.01%, 1.16%, and 0.81% respectively, after excluding the impairment of the deferred tax asset due to the Corp. tax reduction in US.


Individual Financial Results : IBTH & Subsidiaries

NPL Ratio & Coverage Ratio



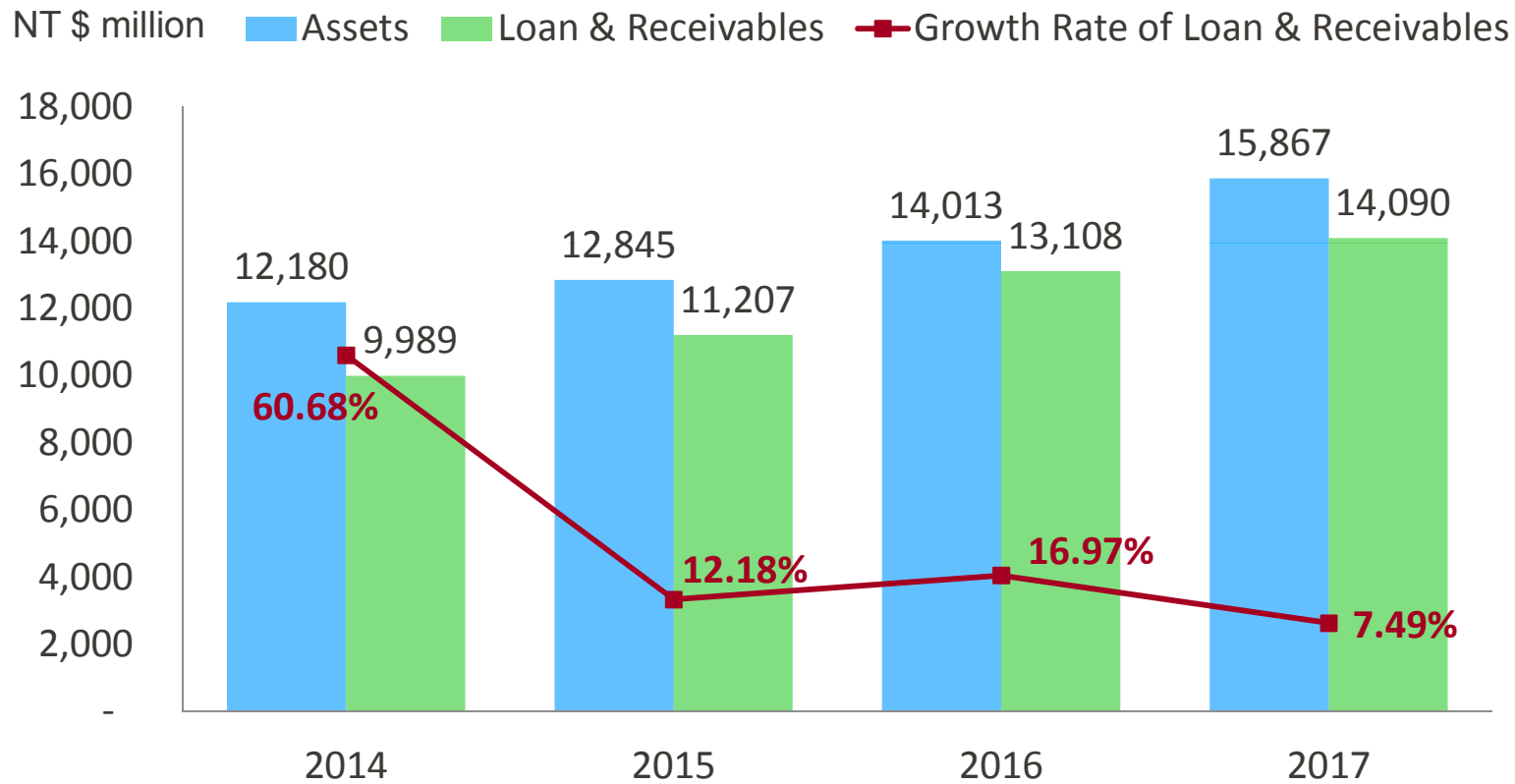
CAR (%)



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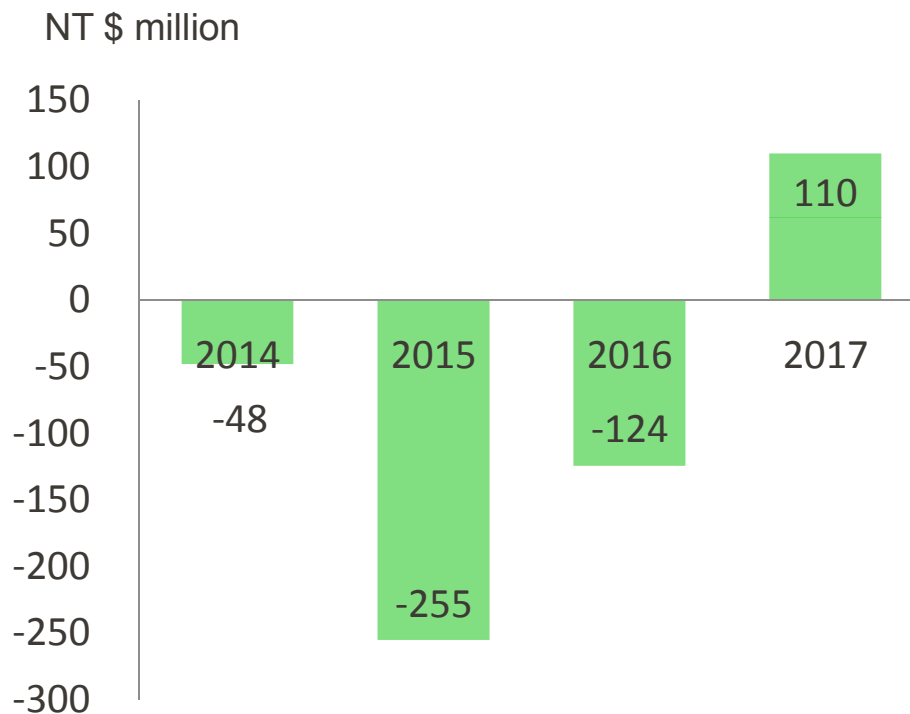
Individual Financial Results : IBTL & Subsidiaries

Assets

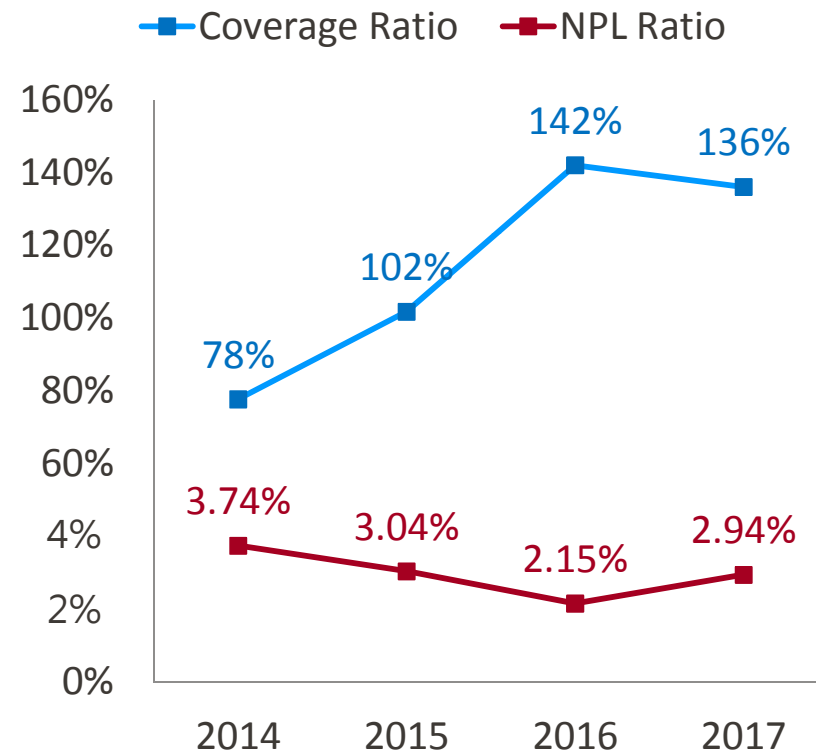


Individual Financial Results : IBTL & Subsidiaries

Net Profit(Loss)

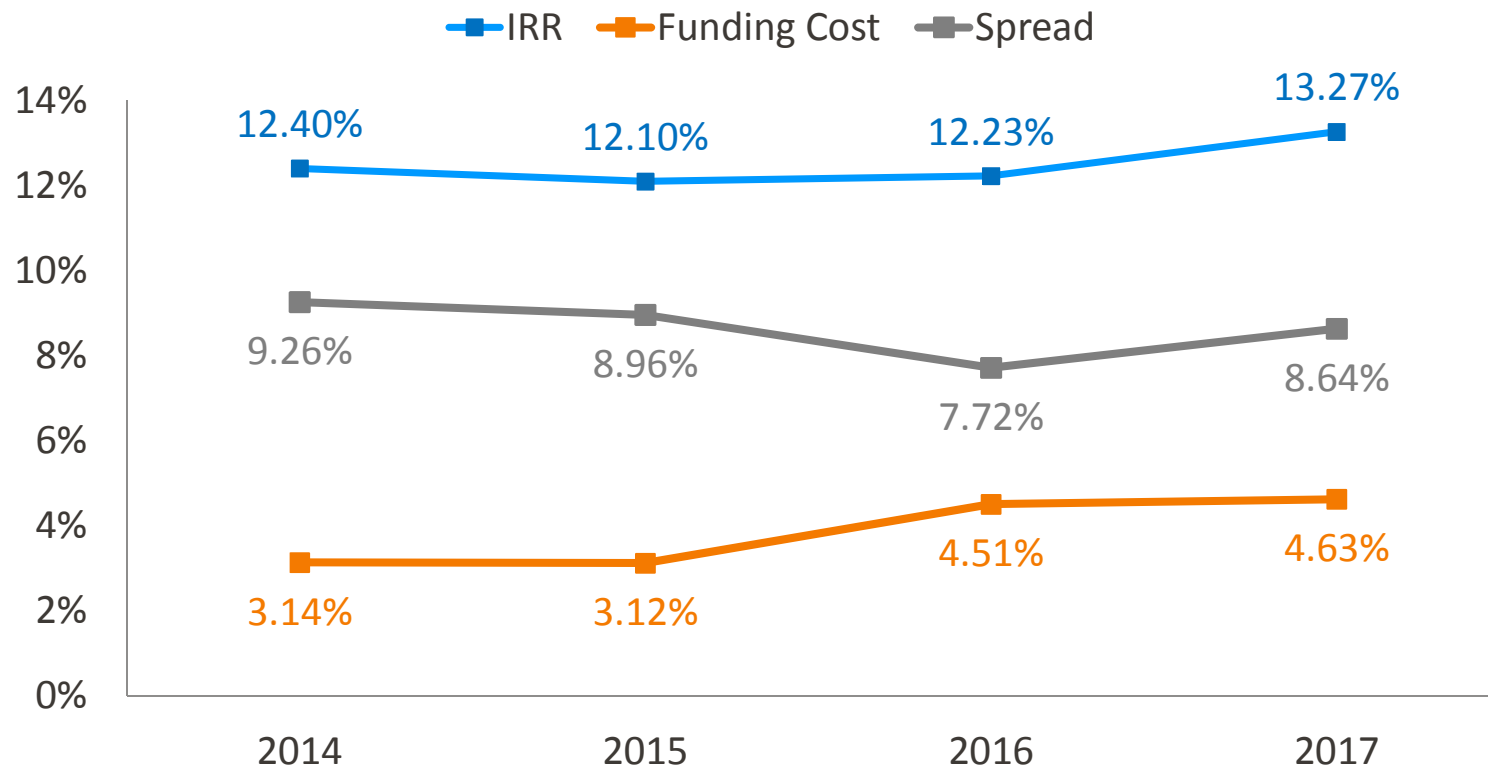


NPL Ratio & Coverage Ratio



Individual Financial Results : IBTL & Subsidiaries

IRR, Funding Cost & Spread



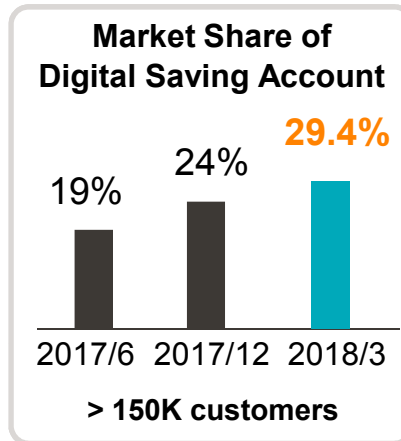
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O-Bank, Taiwan's First Native Digital Bank and Winner of 2017 Gartner Financial Services Eye on Innovation Awards

Digital Savings Account

Your mobile device is your bank!

- ✓ One-stop on-line account, loan and investment applications
- ✓ Flexible tiered savings interest rate
- ✓ 2.3% cash back on debit card spending



On-line Investment

First robot advisory service in Taiwan

- ✓ Using big data analysis to manage your fortune
- ✓ Start investing from NT\$1,000
- ✓ Nearly 40% penetration rate of customers with opening trust account



On-line Loan Application

Three new innovative loan services

- ✓ One-stop on-line service
- ✓ Shopee Loan (E-commerce)
- ✓ Three Tier Repayment Mortgage



Data Management

Big data analysis from omni-channel

- ✓ Leading cloud-based service platforms and Data Intelligence teams
- ✓ More than 75M digital behavior data for analysis



Strengthening O-Bank Digital Ecosystem to Fast Expand Customer Base in 2018

Brand Influence

Committed to the most innovative customer experience

- ✓ Premium customers
- ✓ Loan services for the young generations
- ✓ More than 100 card faces
- ✓ Concept branches



Social Marketing/ Member Get Member

Reinforce the loyalty of fans

- ✓ Number of fans on Facebook reaches more than 100K
- ✓ 20% of customers are from Member-Get - Member channel
- ✓ VIP community



Cross-Industry Alliances

Co-op with virtual and physical channels

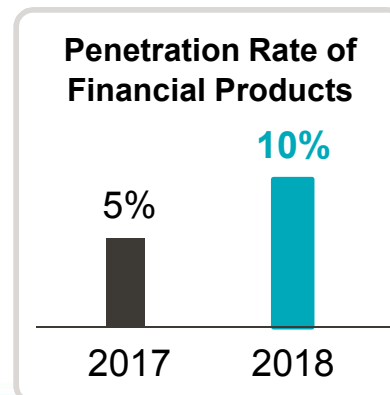
- ✓ First co-branded card with gaming partner
- ✓ Affinity cards
- ✓ Cooperation with off-line chain stores
- ✓ Tailor-made services for partners



Cross-Sell to Customers

Cross-sell financial services to enhance customers' engagement

- ✓ Leverage the resources of Corporate and Retail Banking (B2B2C)
- ✓ Collaboration with insurance companies
- ✓ Optimization for funds services



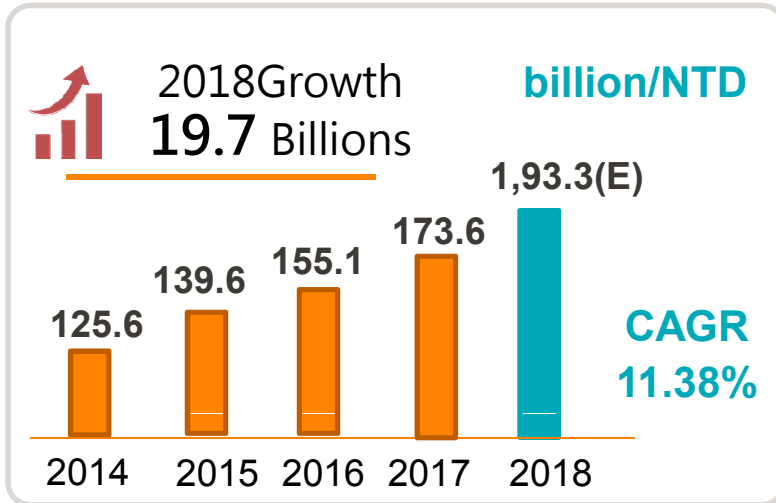
Target to Endeavor

(NT\$MN)	2017	2018 H1	Inc/ (Dec)	Growth %
Customer #(000)	94	186	92	98%
Deposit Balance	5,461	9,158	3,696	68%
Loan Balance	5,651	7,775	2,124	38%

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Corporate Finance : Reorganization, Initiate momentum of growth

Corporate Loan Asset



- ✓ Reformation of organization ; Expansion of MME /Jumbo market customers .



Expand MME Customers base

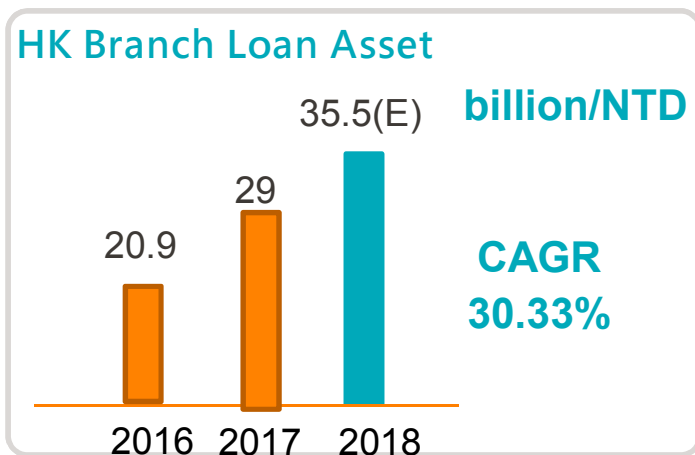
Adjust the heads of branches to strengthen the growing momentum of business



Develop Jumbo Market constantly

HK Branch

HK Branch Loan Asset



- ✓ Enlarging the talent pool constantly for O-Bank Group.
 - Best preparation for further expansion of China and South East Asia market.
 - Recruit local talents continuously.
- ✓ Develop HK-based customers constantly.
- ✓ Establish stable income and excellent loan quality.
- ✓ Become Taiwanese Bank' s benchmark in Hong Kong and compete with HK local banks within 10 years.





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O-Bank-Financial Summary

(NT \$ billion)	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
Income Statement							
Interest income	1,123	1,079	970	966	4,138	3,629	14%
Interest expense	(602)	(575)	(497)	(488)	(2,162)	(1,545)	40%
Net interest income	521	504	473	478	1,976	2,084	-5%
Fee income	209	119	148	180	656	824	-20%
Equity in the income of investees	88	188	238	181	695	735	-5%
Other income	210	367	330	272	1,179	676	74%
Net revenue	1,028	1,178	1,189	1,111	4,506	4,319	4%
Provision expense	(220)	(106)	(157)	(51)	(534)	(409)	31%
Operating expense	(786)	(710)	(657)	(593)	(2,746)	(2,053)	34%
Net profit B/T	22	362	375	467	1,226	1,857	-34%
Net profit A/T	25	301	286	460	1,072	1,644	-35%
Balance Sheet							
Loans, net	162,757	159,365	152,339	142,448	162,757	143,940	13%
Deposits	183,021	179,271	170,805	164,965	183,021	164,057	12%
Total assets	295,020	301,770	276,756	255,041	295,020	265,155	11%
Total stockholders' equity	29,283	29,306	29,272	29,590	29,283	29,389	0%
Key Ratios(%)							
ROA(A/T)	0.01	0.09	0.1	0.18	0.38	0.64	
ROE(A/T)	0.08	1.02	0.99	1.56	3.65	5.57	
NPL	0.25	0.36	0.36	0.38	0.25	0.02	
Tier I	10.97	10.54	11.13	12.28	10.97	12.09	
BIS	13.71	13.18	13.10	14.88	13.71	14.80	

CBF-Financial Summary

(NT \$ billion)	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
Income Statement							
Interest income	501	500	492	487	1,980	1,963	1%
Interest expense	(223)	(210)	(193)	(195)	(821)	(683)	20%
Net interest income	278	290	299	292	1,159	1,280	-9%
Fee income	216	227	228	216	887	923	-4%
Other income	26	40	14	(31)	49	109	(55%)
Net revenue	520	557	541	477	2,095	2,312	-9%
Reversal	0	5	0	2	7	185	-96%
Operating expense	(124)	(123)	(119)	(110)	(476)	(497)	-4%
Net profit B/T	396	439	422	369	1,626	2,000	-19%
Net profit A/T	327	366	355	303	1,351	1,634	-17%
Balance Sheet							
Total assets	220,412	219,810	211,210	209,015	220,412	203,339	8%
Total stockholders' equity	23,025	22,675	22,229	22,867	23,025	22,437	3%

IBT Holdings-Financial Summary

(USD \$ thousand)	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
Income Statement							
Interest income	9,026	9,180	8,469	8,531	35,206	32,373	9%
Interest expense	(1,440)	(1,482)	(1,499)	(1,439)	(5,860)	(5,187)	13%
Net interest income	7,586	7,698	6,970	7,092	29,346	27,186	8%
Fee income	635	141	206	143	1,125	624	80%
Other income	(811)	216	759	533	697	1,838	-62%
Net revenue	7,410	8,055	7,935	7,768	31,168	29,648	5%
Provision expense	0	0	0	(280)	(280)	(230)	22%
Operating expense	(3,673)	(3,687)	(3,639)	(3,943)	(14,942)	(14,258)	5%
Net profit B/T	3,737	4,368	4,296	3,545	15,946	15,160	5%
Net profit A/T	279	2,576	2,684	2,073	7,612	8,887	-14%
Minority interest	(23)	(212)	(220)	(174)	(629)	(735)	-14%
Consolidated net income	256	2,364	2,464	1,899	6,983	8,152	-14%
Balance Sheet							
Loans, net	580,450	574,718	576,787	549,525	580,450	576,261	1%
Deposits	608,490	625,130	670,591	678,050	608,490	656,881	-7%
Total assets	844,635	830,506	873,229	877,243	844,635	854,619	-1%
Total stockholders' equity	150,358	150,306	147,878	145,162	150,358	143,138	5%

IBT Leasing-Financial Summary

(NT \$ billion)	4Q17	3Q17	2Q17	1Q17	2017	2016	YoY
Income Statement							
Interest income	302	286	267	271	1,126	994	13%
Fee income	71	81	93	56	301	258	17%
Other income	13	29	14	0	56	40	40%
Sales revenue, net	386	396	374	327	1,483	1,292	15%
Operating costs	(124)	(119)	(101)	(103)	(447)	(357)	25%
Gross Profit	262	277	273	224	1,036	935	11%
Provision expense	(126)	(105)	(81)	(42)	(354)	(374)	-5%
Operating expense	(135)	(146)	(118)	(120)	(519)	(529)	-2%
Non-operating income	31	39	17	1	88	39	126%
Non-operating expense	(17)	(23)	(5)	(24)	(69)	(110)	-37%
Net profit B/T	15	42	86	39	182	(39)	-
Net profit A/T	20	23	61	28	132	(91)	-
Minority interest	0	0	0	0	0	(19)	-
Consolidated net income	20	23	61	28	132	(110)	-
Balance Sheet							
Total assets	15,867	15,735	15,154	13,890	15,867	14,337	11%
Total stockholders' equity	2,130	2,113	2,103	1,981	2,130	2,033	5%