

O-Bank Co., Ltd.

The shareholders meeting agenda handbook of 2024 General Shareholders Meeting

(Summary Translation)

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

June 14, 2024

O-Bank Co., Ltd.
**The shareholders meeting agenda handbook of 2024 General
Shareholders Meeting**

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O-Bank Co., Ltd.
2024 Annual General Meeting of Shareholders

Method of Convening the Meeting:

Hybrid Shareholders' Meeting (Physical, assisted with visual communication)

Time: 9 am, June 14 (Friday), 2024

Place: No. 75, Changxing St., Da'an Dist., Taipei City

Sho-chieh Tsiang International Conference Hall, Chung-Hua Institution
for Economic Research (CIER)

Visual communication platform used at the meeting:

The visual communication platform provided by the Taiwan Depository & Clearing Corporation (<https://stockservices.tdcc.com.tw>)

Procedure of meeting:

1. Meeting in session.
2. Address by Chairman.
3. Matters for reporting.
4. Matters for ratification.
5. Matters for discussion.
6. Extempore motion.
7. Meeting adjourned.

Matters for Reporting

Proposal No. 1 (Proposed by the Board of Directors)

Proposal: Business Report for 2023

Explanation: Please refer to Appendix III of this Handbook.

Proposal No. 2 (Proposed by the Audit Committee)

Proposal: Review Report of 2023 Financial Statements by the Audit Committee

Explanation: Please refer to the next page for the Audit Committee Report.

O-Bank Co., Ltd.
Audit Committee Report

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2023 audited by certified public accountants Kuan-Hao Lee and Wei-Chun Ma of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Article 219 of the *Company Act* and Articles 14-4 of the *Securities and Exchange Act*.

Hank Lin
Convener of the Audit Committee
O-Bank Co., Ltd.

Date: April 8, 2024

Proposal No. 3 (Proposed by the Audit Committee)

Proposal: Report on 2023 Operation of the Audit Committee

Explanation:

1. The Audit Committee held a total of 8 meetings in 2023. In addition to reviewing the financial statements, business reports, and distribution of earnings for 2023, the activities of the Audit Committee during the year included:

- Reviewing the appointment or renewal of CPAs,
- Assessing the effectiveness of the internal control system, and
- Supervising communications and risk management between the Audit Committee, the Bank's chief internal auditor, and CPAs.

For more details, please refer to Appendix IV of this Handbook

2. This proposal was approved by the 9th Board of Directors in its 9th meeting.

Proposal No. 4 (Proposed by the Board of Directors)

Proposal: Distribution of Remunerations to Directors and Employees for 2023

Explanation:

1. The Bank shall, pursuant to Articles 22 and 32 of the *Articles of Incorporation* of the Bank, first deduct the amount preserved to cover accumulated losses from a given year's pretax profit before distribution of remunerations for directors and employees. Of the surplus, no more than 2.5% shall be set aside as remuneration for directors, and no less than 0.5% shall be allocated for employees.
2. It is proposed that the remunerations for directors and employees for 2023 are set aside as the following percentages and amounts:
 - (1) Remunerations for directors: Pursuant to Article 22 of the *Articles of Incorporation* of the Bank, 1.5% of the aforesaid surplus, or NT\$43,313,682, is to be set aside for the purpose. The remunerations shall be distributed among directors in proportion to their regular compensations and those who have been elected less than a year earlier shall be remunerated according to the proportion of the length of their service. Independent directors shall be excluded from this distribution of remunerations.
 - (2) Remunerations for employees: Pursuant to Article 32 of the *Articles of Incorporation* of the Bank, 1.5% of the aforesaid surplus, or NT\$43,313,682, is to be set aside for distribution in cash.
3. This proposal was approved by the 9th Board of Directors in its 8th meeting.

Proposal No. 5 (Proposed by the Board of Directors)

Proposal: Report on 2023 Director Remunerations

Explanation:

1. Handled in accordance with the Articles of Incorporation of the Bank.
2. The director's remuneration for 2023, please refer to Appendix V of this Handbook.
3. This proposal was approved by the 9th Board of Directors in its 9th meeting.

Proposal No. 6 (Proposed by the Board of Directors)

Proposal: Result of the Bank's Share Repurchase Implementation

Explanation:

1. The Bank's Share Repurchase Implementation Status for 2023 is as follows:
 - (1) Date of Board Resolution: August 21, 2023
 - (2) Purpose of Share Repurchase: Transfer of shares to employees
 - (3) Type of Shares Repurchased: Common shares
 - (4) Total Amount Limit of Share Repurchase: NT\$9,408,647,590
 - (5) Planned Repurchase Period: August 22, 2023 to October 21, 2023
 - (6) Planned Repurchase Quantity: Estimated repurchase of 15,000,000 shares, representing 0.55% of the Bank's issued shares
 - (7) Price Range for Repurchase: From NT\$7.00 to NT\$14.00 per share; nevertheless, share repurchase will continue if the Bank's stock price falls below the lower limit of the designated repurchase price range
 - (8) Actual Repurchase Period: August 23, 2023 to October 20, 2023
 - (9) Actual Repurchased Quantity: 15,000,000 shares
 - (10) Total Amount of Actual Share Repurchase: NT\$144,683,044 (including transaction fees)
 - (11) Average Repurchase Price per Share: NT\$9.65 (including transaction fees)
 - (12) Cumulative Number of Own Company Shares Held: 17,522,000 shares
 - (13) Ratio of Cumulative Own Company Shares Held to Total Issued Shares: 0.64%
2. In order to facilitate the subsequent procedures after repurchasing company shares, the Bank has established *Regulations Governing Transfer of Repurchased Shares to Employees* as Appendix VI.
3. This proposal was approved by the 9th Board of Directors in its 4th meeting.

Proposal No. 7 (Proposed by the Board of Directors)

Proposal: Amendments to the Bank's *Sustainable Development Best Practice Principles*

Explanation:

1. In accordance with the amendments to the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" on January 26, 2024, and the Bank's revision of its "Organizational Rules," and in response to international sustainability trends and requirements, it is proposed to revise the Bank's *Sustainable Development Best Practice Principles* (please refer to Appendix VII of this Handbook for a comparison table of the original and amended articles) .
2. The key points of this revision are as follows:
 - (1) Articles 4, 10, and 25: The name of the Corporate Social Responsibility Committee is revised to the ESG Development Working Committee, and the name of the dedicated sustainability unit is revised to the Corporate Sustainability and Communications Division, with the addition of regular reporting requirements to the Board Sustainability Committee.
 - (2) Article 36: It is added that the company must continuously incorporate social issues into its business strategy considerations and actively participate in social welfare.
 - (3) Article 47: The deadline for the completion and submission of the sustainability report is revised to August 31st of each year.
3. This proposal was approved by the 9th Board of Directors in its 7th meeting.

Matters for Ratification

Proposal No. 1 (Proposed by the Board of Directors)

Proposal: Business Report and Financial Statements of 2023

Explanation:

1. The Bank's Financial Statements of 2023, which certified public accountants Kuan-Hao Lee and Wei-Chun Ma of Deloitte & Touche audited and for which they presented an unconditional opinion accordingly, and Business Report for 2023 (please refer to Appendices III and VIII of this Handbook) were approved by the 9th Board of Directors in its 7th meetings and audited by the Audit Committee.
2. Shareholder ratification is respectfully requested.

Resolution:

Proposal No. 2 (Proposed by the Board of Directors)

Proposal: Distribution of Earnings for 2023

Explanation:

1. This proposal for distribution of 2023 earnings is made with a view to both meeting the Bank's developmental needs and maximizing shareholder interests (as shown in the table below).
 - (1) The Bank made NT\$2,492,419,916 in net income for the year 2023.
 - (2) Undistributed earnings adjustment items :
 - A. (NT\$45,525,910) from disposal of investments in equity instrument designated as at fair value through other comprehensive income, with cumulative gains or losses directly transferred to retained earnings.
 - B. NT\$23,068,528 from adjustment of investment accounted for using equity method.
 - C. (NT\$8,524,000) from adjustment of remeasurements of defined benefit plans.
 - (3) NT\$738,431,560 Set aside the balance of item 1 adjusted by item 2 as legal reserve appropriation (30%): In accordance with the Jing-Shang-Zi-No. 10802432410 letter of the Ministry of Economic Affairs, the Bank took "the year's net income plus other items incorporated into the year's undistributed earnings" as the basis for setting aside its legal reserve.
 - (4) Reversal of compulsory special reserve:
 - A. In accordance with Article 41 of the Securities and Exchange Act, the decrease in the net deductions from "Other Equity" for the current year is reversed by the special reserve previously allocated: NT\$1,222,108,898.
 - B. Making a NT\$4,655,390 reversal of special reserve to cover training expenses deemed necessary to accommodate fintech development or the Bank's operational needs.
 - (5) Against the year's net income of NT\$2,492,419,916, earnings distributable after the aforesaid (2)-(4) adjustments and add the undistributed earnings of NT\$294,612,153 as of the beginning of the period, came in at NT\$3,244,383,415.

(6) Proposed Distribution of Earnings:

- A. Pursuant to Article 8-1 of the Bank's Articles of Association, the preferred dividend rate for Class A preferred shares is 4.25% per annum, based on an issue price of NT\$10 per share. With 294,014,000 shares of Class A preferred shares outstanding as of February 29, 2024, after deducting 5,000,000 shares converted to common shares in April, the estimated dividend payable for 2023 is NT\$124,955,950.
- B. Based on 2,726,053,301 common shares outstanding as of February 29, 2024, plus 5,000,000 shares converted from preferred shares in April, totaling 2,731,053,301 shares, the estimated cash dividend per share for common shares is NT\$0.45, with a total dividend amount of NT\$1,228,973,986.
- C. The total amount of Bank's preferred stock dividends and common stock cash dividends are distributed to individual shareholders rounded up to 1 NTD (rounded down below 1 NTD). The total amount of irregular payments less than 1 NTD shall be included in the Bank's other income.

(7) The portion of current year's net income plus other items incorporated into the year's undistributed earnings shall be distributed as a priority in the distribution of earnings.

(8) The aforesaid calculations are presented in the Bank's 2023 earnings distribution table below.

- 2. If the common shares and preferred shares of the Bank are subsequently converted due to preferred stock conversion, capital increase or decrease, repurchase of the Bank's shares, or share transfer, conversion, cancellation or other factors that affect the number or amount of outstanding shares on the dividend distribution base date, causing the dividend distribution ratio changes as a result, the actual dividend distribution ratio will be proposed to the shareholders' meeting to authorize the board of directors to adjust it.
- 3. Subject to approval of this proposed distribution of earnings for 2022 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the record date of the common and preferred stock dividend distribution.
- 4. This proposal was approved by the 9th Board of Directors in its 8th meeting and audited by the Audit Committee.
- 5. Shareholder ratification is respectfully requested.

Resolution:

O-Bank Co., Ltd.
Proposed Distribution of 2023 Earnings

Currency: NT\$

Undistributed earnings as of the beginning of the period	294,612,153
Net income	2,492,419,916
Plus/Less: Undistributed earnings adjustment items	
1. Disposal of investments in equity instrument designated as at fair value through other comprehensive income, with cumulative gains or losses directly transferred to retained earnings	(45,525,910)
2. Adjustment of investment accounted for using equity method	23,068,528
3. Adjustment of remeasurements of defined benefit plans	(8,524,000)
Current undistributed earnings adjustment items other than net profit after tax plus net profit after tax	2,461,438,534
Less: Legal reserve appropriation (30%)	(738,431,560)
Plus: Reversal of special reserve—pursuant to Article 41 of the Securities and Exchange Act	1,222,108,898
Plus: Reversal of special reserve—training expenses for fintech development	4,655,390
Earnings available for distribution	3,244,383,415
Distribution items:	
Preferred stock dividend (annual rate 4.25%)	(124,955,950)
Common stock dividend -2,731,053,301 shares (NT\$0.45 per share)	(1,228,973,986)
Undistributed earnings as of the end of the period	1,890,453,479

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Accounting Officer: Tai, Hsin Yi

Matters for Discussion

Proposal No. 1 (Proposed by the Board of Directors)

Proposal: Amendments to the Bank's *Articles of Incorporation*

Explanation:

1. The Bank's *Articles of Incorporation* were revised and implemented at the Annual Shareholders' Meeting on June 16, 2023. In accordance with the FSC's "Corporate Governance 3.0 - Sustainable Development Roadmap" and the "Sustainable Development Action Plans for TWSE- and TPEX- Listed Companies (2023)," certain articles of the Bank's *Articles of Incorporation* are proposed for amendment (for a comparison of the amended articles, please refer to Appendix IX). The key revisions are as follows :
 - (1) Article 20: Amendment regarding the required seats for directors of different genders and independent directors.
 - (2) Article 22: Limitation on the consecutive terms of independent directors.
 - (3) Article 34: Update and revision of the record of amendments.
2. The proposal was approved by the 9th Board of Directors in its 9th meeting.
3. Shareholder approval is respectfully requested.

Resolution:

Proposal No. 2 (Proposed by the Board of Directors)

Proposal: In order to achieve excellence of the corporate governance and sustainability of the Bank, propose to discuss the Remuneration Policy for Directors and Managers

Explanation:

1. In order to continuously improve the Bank's corporate governance and sustainability efforts, the following content is proposed for discussion regarding the remuneration policy for the Bank's directors and managers:

Director Remuneration Principles:

- (1) Director remuneration should comprehensively consider the company's operational performance, director's contribution, responsibilities, and the results of board performance evaluations (examples of performance evaluation criteria include: understanding of company objectives and missions, director's awareness of responsibilities, degree of participation in company operations, internal relationship management and communication, director's expertise and continuous education, internal controls, etc.), and reference the industry standards for determination.
- (2) Director remuneration should be in accordance with Article 22 of the Bank's Articles of Incorporation. In years when the Bank makes a profit, the allocation percentage shall not exceed 2.5%, and independent directors shall not participate in the distribution of director's remuneration. In case of accumulated losses, an amount for compensation shall be reserved in advance.
- (3) Directors who violate regulations or laws related to company directors, or fail to complete the required training hours as regulated by the competent authority, may, after evaluation and resolution by the board of directors, be denied director's remuneration.
- (4) Directors who engage in ethical risks or cause significant negative impact on the company's image during their tenure may, upon evaluation and resolution by the board of directors, be subject to a mechanism for reclaiming director's remuneration.

Manager Remuneration Principles:

The remuneration of managers of the Bank shall be based on a comprehensive consideration of their duties, professional skills, and job performance, and shall be determined with reference to industry standards.

The variable bonuses of managers of the Bank shall be based on the overall operational performance of the company, the performance of their respective units, and individual performance, with some bonuses paid in the form of equity, linked to the company's share price, and closely linked to the company's long-term operational performance.

Managers of the Bank who violate laws, regulations, or internal regulations, or cause significant risk events due to improper behavior, resulting in foreseeable or actual losses of benefits or goodwill to the Bank, and are found responsible, the Bank shall stop paying deferred bonuses or recover some or all of the variable remuneration already paid to establish a sustainable operation system closely linked to long-term operational performance.

2. The proposal was approved by the 9th Board of Directors in its 9th meeting.
3. Shareholder approval is respectfully requested.

Resolution:

Proposal No. 3 (Proposed by the Board of Directors)

Proposal: Proposal for Release of Non-competition Restrictions on Directors of the Bank

Explanation:

1. Directors of the Bank who invest in or operate other companies with similar or identical business scopes to that of the Bank and serve as directors shall, without damaging the interests of the Bank, seek permission in accordance with Article 209(1) of the *Company Law*, which states, "Directors acting for themselves or others in matters belonging to the business scope of the company shall explain the important contents of their actions to the shareholders and obtain their approval." Hence, the approval to release the restriction on non-competition is requested.
2. The release of the restriction on director's non-competition for the 9th Board of Directors has been completed at the shareholders' meeting in 2023. It is proposed to release the restriction on director's non-competition for newly appointed directors of the Bank (as shown in the table below).

Director	Position at the Bank	Positions at other companies
Lin, Bill K.C.	Representative of Juristic-person Director (Tai Hsuan Investment Co., Ltd.)	Chairman, IBT VII Venture Capital Co., Ltd.
Chien, Chih-Ming	Representative of Juristic-person Director (Ming Shan Investment Co., Ltd.)	Director, Infinite Energy Solutions Co. Ltd.
Chen, Alex J.J.	Representative of Juristic-person Director (Tai Ya Investment Co., Ltd.)	Chairman, IBT VII Venture Capital Co., Ltd.
Chiang, Tina W.N	Independent Director	Independent Director, Transforex (Hong Kong) Investment Consulting Co., Ltd. Supervisor, Shengli Investment Co., Ltd.

3. The proposal was approved by the 9th Board of Directors in its 9th meeting.
4. Shareholder approval is respectfully requested.

Resolution:

Extempore Motion

Appendix I

O-Bank Co., Ltd. Procedural Rules Governing Shareholders' Meetings

Instituted on July 12, 1999

Amended by General Shareholders' Meeting of June 14, 2013

Amended by General Shareholders' Meeting of June 2, 2015

Amended by General Shareholders' Meeting of June 14, 2017

Amended by General Shareholders' Meeting of June 19, 2020

Amended by General Shareholders' Meeting of July 20, 2021

Amended by General Shareholders' Meeting of June 17, 2022

Amended by General Shareholders' Meeting of June 16, 2023

Article 1

Pursuant to Article 5 of the *Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies*, these *Procedural Rules Governing Shareholders' Meetings* (the "Rules") are adopted for the purposes of establishing a sound governance system for shareholders' meetings, building well-rounded supervisory capabilities, and strengthening management capabilities.

Article 2

Unless otherwise provided by applicable laws and regulations or the Company's *Articles of Incorporation*, the shareholders' meetings of the Company shall be held in accordance with the Rules set forth below.

Article 3

Unless otherwise provided by applicable laws or regulations, the shareholders' meetings of the Company shall be convened by the Board of Directors.

Changes to how this Corporation convenes its shareholders' meeting shall be resolved by the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

Unless otherwise provided in Regulations Governing the Administration of Shareholder Services of Public Companies, a company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of it shall require the attendance of more than two-thirds of the directors and the consent of more than half of the directors present.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for discussion, or the election or dismissal of directors, and upload them onto the Market Observation Post System (MOPS) not fewer than 30 days before the date of a general shareholders' meeting or not fewer than 15 days before the date of a special shareholders' meeting. The Company shall prepare electronic versions of the shareholders' meeting agenda handbook and supplemental meeting materials and upload them onto the MOPS not fewer than 21 days before the date of a general shareholders' meeting or not fewer than 15 days before the date of a special shareholders' meeting. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the

last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded on the shareholders' roster of the shareholders' meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders' meeting. In addition, not fewer than 15 days before the date of a shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda handbook and supplemental meeting materials and made them available for review by shareholders at any time. The aforesaid meeting agenda handbook and supplemental materials shall also be displayed at the Company and the shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

1. For the physical shareholders' meetings, to be distributed onsite at the meeting.
2. For the hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the visual communication platform.
3. For the virtual-only shareholders' meetings, electronic files shall be shared on the visual communication platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting and the essential contents shall be explained in the notice. None of the aforesaid matters may be raised by an extempore motion.

Where a reelection of the Board of Directors and the date of its assuming office are specified in the notice of reasons for convening the shareholders' meeting, the said meeting shall not alter this date of assuming office by an extempore motion or any other means after the given reelection has been completed.

A shareholder holding 1% or more of the total number of issued shares may submit to the Company a proposal for discussion at a general shareholders' meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Shareholders may submit proposals for urging the Company to promote public interests or fulfill its social responsibilities. In accordance with Article 172-1 of the *Company Act*, such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a general shareholders' meeting is held, the Company shall publicly announce that it will accept shareholder proposals in writing or electronically and specify the location and time period for their submission; the period for submission of shareholder proposals shall not be fewer than 10 days.

Shareholder proposals are limited to 300 words in writing, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the general shareholders' meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of its screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting, the Board of Directors shall explain the reasons for exclusion of any shareholder proposals from the meeting agenda.

Article 4

For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company not fewer than five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by electronic means, a written notice of proxy cancellation shall be submitted to the Company not fewer than two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

The venue for a shareholders' meeting shall be the premises of the Company or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 6

The Company shall specify in its shareholders' meeting notices the time during which shareholder, solicitors, and proxies (hereinafter "shareholders") attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations are to be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For visual communication shareholders' meetings, shareholders may begin to register on the visual communication platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders' meeting in person.

Shareholders shall present attendance cards, sign-in cards, or other certificates of attendance to attend shareholders' meetings. The Company shall not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall provide attending shareholders with an attendance book to sign in for the meeting, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall also provide attending shareholders with a meeting agenda handbook, an annual report, an attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, preprinted ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a visual communication shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a visual communication shareholders' meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the visual communication platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1

To convene a visual communication shareholders meeting, the Company shall include the follow particulars in the shareholders' meeting notice:

1. How shareholders attend the visual communication meeting and exercise their rights.
2. Actions to be taken if the visual communication platform or participation in the visual communication meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

- (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected visual communication shareholders' meeting shall not attend the postponed or resumed session.
 - (3) In case of a hybrid shareholders' meeting, when the visual communication meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the visual communication shareholders meeting online, meets the minimum legal requirement for a shareholders' meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the visual communication meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the visual communication meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.
 - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online shall be specified. Unless otherwise provided in Article 44-9, Item 6 of Regulations Governing the Administration of Shareholder Services of Public Companies, when the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.

Article 7

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chair, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman of the board shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic-person director that serves as chair.

It is advisable that shareholders' meetings convened by the Board of Directors be chaired by the chairman of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by a party that is not the Board of Directors but has the power to convene, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8

The Company shall, beginning from the time it accepts shareholder attendance registrations, make an uninterrupted video and audio recording of the entire process of a shareholders' meeting, including the registration procedure, the proceedings of the meeting, and the voting and vote-counting procedures.

The aforesaid video and audio recording shall be retained for a minimum of one year. If a lawsuit has been instituted by any shareholder in accordance with Article 189 of the *Company Act*, however, the Company shall retain the aforesaid recording until the conclusion of the litigation.

Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the visual communication meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the visual communication meeting provider.

Article 9

Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the visual communication platform, plus the number of shares whose voting rights are exercised in writing or by electronic means.

The chair shall call the meeting to order at the appointed time, and announce the number of shares with no voting right and the number of shares held by the attending shareholders.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that not more than two such postponements, for a combined total of not more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a visual communication shareholders' meeting, the Company shall also declare the meeting is adjourned at the visual communication platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the *Company Act*; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a visual

communication shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the *Company Act*.

Article 10

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The proposals, including the extempore motions and the amendment to the original matters, shall be voted on by poll. The meeting shall proceed in the order set by the agenda, which shall not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party that is not the Board of Directors but has the power to convene.

The chair shall not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of these Rules, the other members of the board shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then resume the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extempore motions put forward by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to be voted on, the chair may announce the discussion closed to call for a vote and allow sufficient time to vote.

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to that given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder shall not speak more than twice on the same proposal, and a single speech shall not exceed 5 minutes. If the shareholder's speech violates relevant regulations or exceeds the scope of the agenda item in question, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders shall not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic-person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or instruct relevant personnel to respond.

Where a visual communication shareholders' meeting is convened, shareholders attending the meeting online may raise questions in writing at the visual communication platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

Article 12

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder shall not vote on that item, and shall not exercise voting rights for any other shareholder by proxy.

The number of shares for which voting rights shall not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy shall not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the *Company Act*.

When the Company holds a shareholders' meeting, it shall adopt electronic means for shareholders to exercise their voting rights and may allow them to exercise such rights in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company refrains from presenting extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights in writing or by electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company not fewer than two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights in writing or by electronic means, in the event that the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, not fewer than two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised in writing or by electronic means shall prevail. When a shareholder has both exercised voting rights in writing or by electronic means and appointed a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the *Company Act* and in the Company's *Articles of Incorporation*, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be uploaded onto the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any of them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on the spot, and a record made of the vote.

When the Company convenes a visual communication shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the visual communication platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a visual communication shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights in writing or by electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on the spot immediately, including the names of those elected as directors and the numbers of votes with which they are elected, and the names of those not elected as directors and the number of votes received by them.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the *Company Act*, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed electronically.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement uploaded onto the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, a summary of the deliberations and voting results (including the statistical weight), as well as the number of votes obtained by each electee in the event of a Board of Directors election, and shall be retained for the duration of the existence of the Company.

Where a visual communication shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and the minute taker's name, and actions to be taken in the event of disruption to the visual communication platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders' meeting online.

Article 16

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting in writing or by electronic means, and shall make a disclosure of the same at the place of the meeting. In the event a visual communication shareholders meeting, the Company shall upload the above meeting materials to the visual communication platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's visual communication shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the visual communication platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of the resolution in question onto the MOPS within the prescribed time period.

Article 17

Staffers handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair may direct proctors or security guards to help maintain order at the meeting. The aforesaid proctors or security guards shall wear an identification card or armband marked the word "Proctor."

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates these Rules and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder out of the meeting.

Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting is to be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the *Company Act*.

Article 19

In the event of a visual communication shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the visual communication platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20

When the Company convenes a virtual-only shareholders meeting, both the chair and minute taker shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21

In the event of a visual communication shareholders' meeting, when declaring the meeting open, the chair or a person designated by the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the visual communication platform or participation in the visual communication meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within 5 days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the visual communication meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the visual communication shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the visual communication meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under paragraph 7, Article 44-20 of the *Regulations Governing the Administration of Shareholder Services of Public Companies*.

For dates or period set forth under second half of Article 12, and paragraph 3, Article 13 of the *Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of*

Public Companies; paragraph 2, Article 44-5, Article 44-15, and paragraph 1, Article 44-17 of the *Regulations Governing the Administration of Shareholder Services of Public Companies*, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

Article 22

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online. Unless otherwise provided in Article 44-9, Item 6 of Regulations Governing the Administration of Shareholder Services of Public Companies, when the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.

Article 23

When the Company holds a shareholders' meeting, the shareholders shall not record video or audio of the meeting, to protect the rights of the attendants and the Company.

Article 24

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Appendix II

O-Bank Co., Ltd. Articles of Incorporation

Amended by the General Shareholders' Meeting of June 16, 2023

Chapter I: General Provisions

- Article 1: This Bank has been established for the purposes of promoting industrial development, fostering industrial and commercial prosperity, creating an environment beneficial to all, and providing the public with comprehensive, specialized, and innovative financial services. It has been incorporated in line with the government's financial policy and in accordance with provisions of the *Company Act* and *Banking Act*.
- Article 2: The name of the Bank shall be O-Bank Co., Ltd.
- Article 3: The head office of the Bank shall be in Taipei City. Depending on business needs, branch entities may be established at suitable locations in Taiwan and abroad. The establishment, cancellation, or change of any of the foregoing branch entities by a commercial bank requires approval of the Board of Directors and approval of and registration with the competent authority.
- Article 4: All public announcements by the Bank shall be made in daily newspapers circulated at the seat of the Bank's head office, unless otherwise provided for by the authority in charge of securities.

Chapter II: Scope of Business

- Article 5: The Bank operates commercial banking business (Code: H101021/limited to items approved by the competent authority), securities brokerage business (Code: H301011/limited to items approved by the competent authority), personal insurance agency business (Code: H601011), and property and liability insurance agency business (Code: H601021).
- Article 6: With respect to its investment total while engaging in investment business, the Bank shall not violate the Banking Act and regulations of the competent authority governing investment by commercial banks.

Chapter III: Shares

- Article 7: The total authorized capital of the Bank shall be NT\$35 billion, divided into 3.5 billion shares with a par value of NT\$10 each and including common and preferred shares. The Board of Directors is authorized to, in accordance with the Company Act and applicable laws and regulations, issue such shares in installments if necessary. The source of capital contribution by shareholders is limited to cash only.

The Bank may issue employee stock option certificates and new shares with restricted employee rights within the preceding total amount of shares, and the relevant operations shall be handled in accordance with relevant laws and regulations.

Article 8: (delete)

Article 8-1: The rights and obligations of the Bank's preferred shares as well as other important terms of issuance are as follows:

1. If a surplus remains after the Bank closes its books for a given year, the Bank shall, in accordance with its Articles of Incorporation, first set aside funds for taxes and offset the accumulated losses from previous years, make provisions for legal reserve, and register allocation or reverse of special reserve before giving priority to using the remainder in distributing cash dividends for preferred shares for the year.
2. The dividend rate of preferred shares is capped at 8% per annum on the issue price. Cash dividends shall be distributed as lump-sum payments annually. After the Bank's general shareholders' meeting ratifies its audited financial statements for a given year, the Board of Directors shall set the record date for paying the cash dividends that are to be distributed for the previous year. With respect to distribution of cash dividends for the year of issuance and year of redemption, the amount of payable dividends shall be calculated based on the actual number of days of the aforesaid shares being in issuance that year.
3. The Bank has autonomous discretion on distribution of cash dividends for preferred shares. If the Bank's audited results of a given year show no surplus or a surplus insufficient for distribution of cash dividends for preferred shares, or if distribution of cash dividends will cause the Bank's capital adequacy ratio to fall short of legal requirements or the minimum required by the competent authority, the Bank's decision to cancel distribution of cash dividends for preferred shares shall not be regarded as an event of default. If the preferred shares issued by the Bank are specified as non-cumulative, the undistributed dividends or shortfalls in dividends distributed will not be cumulative and therefore no deferred payment will be paid in subsequent years when there is a surplus in earnings.
4. While being entitled to the cash dividends prescribed in subparagraph 2 of this article, holders of preferred shares—if their holdings are of the non-participating type—shall not be entitled to distribution of cash or stock dividends for common shares drawing from retained earnings and capital surplus.
5. In terms of entitlement to distribution of the Bank's residual assets, holders of preferred shares shall take precedence over holders of common shares. With their order of priority subordinate to that of general creditors, holders of the Bank's different types of preferred shares shall rank *pari passu* without any preference among themselves and their entitlement shall be capped at the monetary amount of preferred shares issued.
6. At shareholders' meetings, holders of preferred shares are denied voting rights and rights to elect directors but are entitled to be elected as directors themselves. Holders of preferred shares have voting rights at meetings of preferred shareholders.

7. Convertible preferred shares issued by the Bank shall not be converted within one year after issuance. The Board of Directors is authorized to specify in the terms of issuance the time period during which conversion is to be allowed. Holders of convertible preferred shares may, pursuant to the terms of issuance, apply for conversion of all or part of their holdings to common shares on a 1-for-1 basis. After the exercise, the newly converted shares shall entail the same rights and obligations as those applicable to common shares. Distribution of cash dividends for the year of conversion shall be calculated based on the actual number of days in issuance proportionate to the total number of days of the year in question. If the aforesaid conversion to common shares takes place prior to the record date for going ex-dividend, however, shareholders shall not be entitled to distribution of cash dividends for preferred shares for that year and the year after. Still, such shareholders shall be entitled to distribution of dividends for common shares drawing from retained earnings and capital surplus.
8. Where the Bank issues perpetual preferred shares, holders of such shares shall be denied the right to request redemption of their holdings by the Bank. For its part, the Bank may set a redemption date not earlier than the day after the fifth anniversary of the issuance date. Redemption of previously issued preferred shares, in whole or in part, shall be conducted at the original issue price. The remaining and outstanding preferred shares shall retain the rights and obligations described in the preceding paragraphs. If the Bank resolves on distribution of cash dividends for preferred shares for the year of redemption, such distribution shall be based on the number of days in issuance up to the date of redemption.
9. Where the Bank issues non-perpetual preferred shares, their term shall not be shorter than five years and holders of such shares shall have no right to request their redemption by the Bank. Upon expiry of such shares or beginning from the day after the fifth anniversary of the issuance date, the Bank may, pursuant to the issue price and terms of issuance, redeem such shares in cash, issue new shares to accommodate compulsory conversion on a 1-for-1 basis, or effect redemption by other means permitted under other laws or regulations. If the Bank should fail to redeem all or part of the aforesaid preferred shares due to force majeure or other reasons within the aforesaid time period, the rights and obligations of the outstanding preferred shares shall remain unchanged until their redemption by the Bank.

The Board of Directors is authorized to take into account market conditions and investor sentiment and determine the name, issuance date, and other issuance terms of preferred shares in accordance with the Bank's Articles of Incorporation and applicable laws and regulations.

- Article 9: With respect to share transfers, no rights shall be asserted against the Bank if the name and domicile or residence of the transferee are not recorded in the shareholders' roster.

Within 60 days prior to the convocation of a general shareholders' meeting, or 30 days prior to the convocation of a special shareholders' meeting, or five days prior to the record date for declaration of dividends or any other interests, share transfer registrations and other changes to the shareholders' roster shall be suspended.

Article 10: Each shareholder of the Bank shall complete a seal specimen card and submit the same to the Bank for filing, and this shall apply to any change to the seal specimen. The seal specimen kept by the Bank shall be the basis for shareholders to collect dividends or bonuses or exercise shareholder rights in writing.

All stock affairs of the Bank shall be undertaken in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter IV: Shareholders' Meetings

Article 11: The shareholders' meetings of the Bank shall include the following two types:

1. General shareholders' meetings: Held at least once every year, a general shareholders' meeting shall be convened by the Board of Directors within six months after the end of each fiscal year.
2. Special shareholders' meetings: Held whenever necessary, in accordance with applicable laws and regulations.

A meeting of preferred shareholders may be convened in accordance with applicable laws and regulations.

The Bank's shareholders' meetings can be held by means of visual communication network or other methods promulgated by the competent authority. Relevant procedures of the visual communication meeting are in compliance with the Company Act and applicable laws and regulations.

Article 12: The Bank shall notify each shareholder and make a public announcement of the date, venue, and reasons for a general shareholders' meeting 30 days in advance, or 15 days in advance if it is a special shareholders' meeting being convened.

Article 13: Unless otherwise provided for by law, a shareholders' meeting shall adopt a resolution after it is voted for by the majority of attending shareholders and the attending shareholders represent more than half of the total number of issued shares.

Article 14: Unless otherwise provided for by applicable laws and regulations and the Bank's Articles of Incorporation, a shareholder shall be entitled to one vote for each share held.

When the Bank holds a shareholders' meeting, it shall adopt electronic means for shareholders to exercise their voting rights and may allow them to exercise such rights in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice.

Article 15: Any shareholder who cannot attend a shareholders' meeting in person for any reason may entrust a representative to attend on behalf thereof by presenting a proxy form issued by the Bank, specifying the scope of authorization. When one person is concurrently appointed as proxy by two or more shareholders, however, the voting rights represented by that proxy shall not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

The aforesaid proxy form shall be delivered to the Bank not fewer than five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Bank, if the shareholder intends to attend the meeting in person or to exercise voting rights in writing or by electronic means, a written notice of proxy cancellation shall be presented to the Bank not fewer than two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 16: More than one person is allowed to represent a juristic-person shareholder, provided the voting rights of such representatives are exercised based on their combined shareholding. Where there are more than two representatives, such representatives shall jointly exercise their voting rights.

Article 17: The shareholders' meetings of the Bank shall resolve the following matters:

- (1) Establishment or amendment of the Bank's Articles of Incorporation.
- (2) Election and dismissal of directors.
- (3) Auditing and ratification of the statements and reports prepared by the Board of Directors.
- (4) Increases or decreases in capital stock.
- (5) Distribution of earnings, dividends, and bonuses.
- (6) Other matters that shall be resolved by shareholders' meetings in accordance with applicable laws and regulations.

Article 18: When a shareholders' meeting convenes, it shall be chaired by the chairman of the Board. When the chairman of the Board is absent for any reason, the vice chairman shall act in place of the chair; if there is no vice chairman or the vice chairman is also absent, the chairman of the Board shall appoint one of the managing directors to act as chair; if there are no managing directors, the chairman of the Board shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.

Article 19: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced electronically and distributed by means of a public announcement.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Bank.

The attendance book meant for attending shareholders and the proxy forms shall be retained for a minimum of one year. If a lawsuit has been instituted by any shareholder in accordance with Article 189 of the Company Act, however, the Bank shall retain the aforesaid documents until the conclusion of the litigation.

Chapter V: Directors and the Board

Article 20: The Bank shall have 7 to 15 directors who are to make up the Board and the Board shall decide the number of directors in the range ; The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting.

Of the foregoing number of directors, the number of independent directors shall not be fewer than three and shall not account for less than one-fifth of the total number of directors.

The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.

Article 21: The combined shareholdings of all directors shall not fall short of the share ownership ratios required by the competent authority.

Article 22: Directors shall each hold office for a term of three years and shall be eligible for re-election.

If no election of new directors is effected after expiration of the term of office of existing directors, the term of office of outgoing directors shall be extended until the time new directors have been elected and assumed their office.

The Bank shall provide compensation to directors (including independent directors) for the performance of their duties on behalf of the Bank, regardless of whether the Bank makes a profit or not. The Board of Directors shall be authorized to determine such compensation in line with industry standards on the basis of their degree of participation in the Bank's operations and value of their contribution to the Bank.

If the Bank records a profit in a year, the Bank shall appropriate not more than 2.5% of the profit for director remunerations, but independent directors shall be excluded from such distribution. If the Bank has accumulated losses, however, the aforesaid profit shall be used to offset accumulated losses first.

The Bank may, upon a resolution of the Board of Directors, purchase liability insurance to cover indemnification obligations of directors arising from performing their duties during their tenure of office.

The Board of Directors may give full authority to the chairman to renew the aforesaid insurance.

Article 23: When the Bank has 9 to 15 directors, it may have 3 to 5 managing directors who are to make up the Board of Managing Directors. The managing directors shall be elected from among the directors by a majority vote of the directors present at a meeting attended by at least two-thirds of all directors. The chairman shall be elected from among the managing directors in the same fashion; a vice chairman shall also be thus elected if it is deemed necessary.

Of the aforesaid number of managing directors, the number of independent directors shall not be fewer than one and shall not account for less than one-fifth of the total number of managing directors.

If the Bank has no managing directors, the Board of Directors shall elect a chairman of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board when necessary.

Article 24: The chairman of the board shall internally preside at shareholders' meetings as well as Board of Directors and Board of Managing Directors meetings, and shall externally represent the Bank. When the chairman of the board is on leave or for any reason unable to exercise his/her powers, the vice chairman shall act in his/her place. If there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise his/her powers, the chairman of the board shall appoint one of the managing directors to act on his/her behalf. If there are no managing directors, the chairman of the Board shall appoint one of the directors to act on his/her behalf. Where the chairman does not make such a designation, the managing directors or the directors shall select from among themselves one person to act as chair.

Article 25: The Board of Directors is composed of all directors and convened by the chairman of the board. Unless otherwise provided for by applicable laws and regulations, the Board of Directors shall adopt resolutions by a majority vote of the directors present at a meeting attended by a majority of all directors.

Each director shall attend Board of Directors meetings in person but, if he/she is unable to do so for any reason, may appoint another director as proxy. In each such case, the absent director shall issue a written proxy and state therein the scope of authorization with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the aforesaid proxy of only one other director.

Article 26: Except the matters subject by law to resolutions adopted by shareholders' meetings, the Bank shall conduct business operations in accordance with resolutions adopted by the Board of Directors. The duties and powers of the Board of Directors are as follows:

- (1) Examine and approve rules and regulations.
- (2) Examine and approve business plans.
- (3) Propose increases or decreases in capital stock.
- (4) Decide on establishing, canceling, or changing branch outlets.

- (5) Examine major contracts.
- (6) Examine and approve budgeting and book-closing.
- (7) Decide on acquiring or disposing of major assets; ensure compliance with Article 185 of the Company Act when warranted.
- (8) Propose distribution of earnings.
- (9) Approve major lending and business cases.
- (10) Decide on appointment and dismissal of managers.
- (11) Appoint CPAs.
- (12) Examine and approve matters assigned by the chairman of the board and those proposed by the president.
- (13) Implement resolutions adopted by shareholders' meetings.
- (14) Undertake other duties and powers under applicable laws and regulations.

To promote sound decision-making and strengthen management mechanisms, the Board of Directors may establish various functional committees and adopt their respective charters thereof.

Article 27: When the Bank has managing directors and the Board of Directors is in recess, managing directors shall, by assembly, perform the duties and powers of the board on a regular basis, and the chairman of the board may convene meetings at any time. Resolutions of such meetings shall be adopted by a majority vote of the managing directors present at a meeting attended by a majority of all managing directors.

With respect to the Board of Managing Directors performing the duties and powers of the Board of Directors referred to in the preceding paragraph, the scope of authorization thereof shall be determined in accordance with applicable laws and regulations, these Articles, and resolutions adopted by shareholders' meetings and the Board of Directors. The aforesaid scope of authorization shall specify the level and content of affairs being authorized. With respect to matters that are required by applicable laws to undergo discussion at the Board of Directors, however, it shall be mandatory to secure resolutions of the Board of Directors.

Article 28: The Bank shall set up the Audit Committee, which shall be composed of the entire number of independent directors. Its members shall not be fewer than three, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise. The committee's duties and powers as well as other compliance matters shall be handled in accordance with applicable laws and regulations or the relevant bylaws of the Bank.

Since the Bank has established the Audit Committee, the Bank is not required by law to have supervisors separately.

Chapter VI: Managers

Article 29: The Bank shall have the position of president, whose appointment, dismissal, and compensation shall be proposed by the chairman of the board and require a

majority vote of the directors present at a meeting attended by a majority of all directors.

Article 30: The Bank shall have a number of vice presidents to assist the president in conducting its business operations. Their appointment and dismissal shall be proposed by the chairman of the board together with the president and require a majority vote of the directors present at a meeting attended by a majority of all directors. Separately, the Bank shall have a chief auditor to handle all audit affairs; his/her appointment, dismissal, or transfer shall be handled in accordance with applicable laws or regulations.

Chapter VII: Closing of Books and Distribution of Earnings

Article 31: The fiscal year of the Bank is from the first of January every year to the thirty first of December of the same year. At the end of each fiscal year, the Bank shall prepare the following reports and statements and, after examination by the Board of Directors, submit them to a shareholders' meeting for ratification according to statutory procedure:

- (1) Business report.
- (2) Financial statements.
- (3) Proposals for distribution of earnings or compensation for losses.

The Bank shall undertake mid-year closing of books pursuant to applicable laws and regulations at the end of June every year.

The Bank shall prepare and submit the aforesaid annual and semi-annual financial statements to the competent authority and make a public announcement on the same.

Article 32: If the Bank records a profit in a year, the Bank shall set aside no less than 0.5% of the profit for employee remunerations. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.

Distribution of employee remunerations in stock or cash shall require a resolution adopted through a majority vote of the directors present at a meeting attended by not less than two-thirds of all directors, which in turn shall be reported to a shareholders' meeting. The employees entitled to the aforesaid remunerations may include those employed by the Bank's affiliated companies who meet specific requirements.

Article 32-1: If there is a profit after its annual closing of books, the Bank shall first set aside funds for taxes and offset the accumulated losses from previous years before appropriating 30% of the profit toward its legal reserve. No appropriation shall be required if the Bank's legal reserve already equals the total amount of its paid-in capital. After appropriation or reverse of any special reserve and distribution of cash dividends for preferred shares, if a profit remains the outstanding balance shall be the year's undistributed earnings and, together with undistributed earnings from previous years shall be used as the basis for the Board of Directors to propose distribution and seek a resolution of a shareholders' meeting thereof.

In the event of a shortfall in “other previously accumulated net deductions from shareholders’ equity” when the Bank sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Bank shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

The distribution of common stock dividend shall not be lower than 20% of distributable earnings after deducting distributable but not yet distributed preferred stock dividends for the current year. The aforesaid distributable earnings refer to the outstanding balance derived from deducting distributable but not yet distributed preferred stock dividends and reverse of any special reserve from the year’s undistributed earnings set forth in paragraph 1 of this article. In particular, the cash dividend payout shall account for not less than 20% of the total common stock dividend payout for any given year. Separately, before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.

With regard to the foregoing distribution of common stock dividends, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. The aforesaid method of dividend distribution is intended only as a principle-based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek shareholder approval in the form of a resolution adopted by a shareholders’ meeting.

Chapter VIII: Supplemental Provisions

Article 33: Matters not stipulated herein shall be governed by the Company Act, Banking Act, and other applicable laws and regulations.

The Banks’ charter, business guidelines, and standards for the division of authority between the Board of Directors and managerial departments as well as other relevant regulations shall be separately prescribed by the Board of Directors.

Article 34: These Articles of Incorporation were enacted on June 22, 1998, with the 1st amendment on July 12, 1999; the 2nd amendment on April 8, 2000; the 3rd amendment on August 19, 2000; the 4th amendment on May 22, 2001; the 5th amendment on May 30, 2002; the 6th amendment on June 11, 2004; the 7th amendment on June 10, 2005; the 8th amendment on June 9, 2006; the 9th amendment on June 15, 2007; the 10th amendment on June 19, 2009; the 11th amendment on June 18, 2010; the 12th amendment on June 13, 2011; the 13th amendment on June 18, 2012; the 14th amendment on June 14, 2013; the 15th amendment on June 2, 2015; the 16th amendment on October 2, 2015; the 17th amendment on June 3, 2016; the 18th amendment on June 14, 2017; the 19th amendment on June 14, 2018; and the 20th amendment on June 19, 2020; and the 21st amendment on June 17, 2022; and the 22th amendment on June 16, 2023.

Appendix III

Business Report for 2023

1. Business Activities

The Bank mainly operates the following businesses:

- Acceptance of various types of deposits.
- Issuance of financial bonds.
- Handling of loans, discounts, and acceptances.
- Handling of domestic and foreign exchange services.
- Handling of domestic and foreign guarantee services.
- Issuance of domestic and foreign L/Cs.
- Agency collection and payment services.
- Investment in and underwriting of securities.
- Proprietary trading of bonds.
- Factoring services.
- Provision of financial consulting connected with financing and non-financing services.
- Wealth management services.
- Acting as an agent for personal insurance and property insurance.
- Handling of debit card services.
- Handling of guaranteed services connected with export and import foreign exchange, outward and inward remittances, foreign currency deposits and loans, and foreign currency guaranteed payments.
- Handling of services permitted under the Trust Enterprise Act.
- Handling of financial derivatives services.
- Handling of other services approved by the competent authority.

Key Business Area	Major Business Activity
Corporate Banking Services	Provision of corporate financial products and services: lending and deposit, corporate foreign exchange and international finance, project, corporate financial advisory services, and corporate cash management and e-Banking services, etc.
Retail Banking Services	Provision of personal financial products and services: lending and deposit, digital retail banking services, payment, insurance, wealth management, etc.
Trust Business	Trust, securitization, trust asset management, and surface rights, etc."
Investment Business	Financial products and securities trading, and direct investment.
Investment under Equity Method	Please refer to this annual report "Review of Financial Conditions, Operation Results, and Risk Management" for investment details.

Weight of Business Profits

Unit: NT\$ thousands

Item \ Year	2023		2022	
	Amount	%	Amount	%
Net interest income	2,304,508	34	2,767,888	31
Net fee income	914,467	13	816,035	9
Gains or losses on financial assets (liabilities) at fair value through profit or loss	2,237,276	32	3,232,746	35
Gains from sale of fair value through other comprehensive income financial assets	358,185	5	247,534	3
Net gain or loss on exchange	121,655	2	(2,371,000)	(26)
Impairment loss on assets	(5,710)	-	(158)	-
Share of profit or loss of subsidiaries and affiliated businesses accounted for using equity method	869,268	13	4,290,855	47
Net profit apart from interest	66,864	1	80,076	1
Net income	6,866,513	100	9,063,976	100

Weight of Major Business Operations

Unit: NT\$ thousands

Asset	2023.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022.12.31	Percentage (%)
Loans- Corporate Banking	173,712,730	44	8	160,349,812	45
Loans- Retail Banking	32,838,381	8	15	28,509,997	8
Deposits- Corporate Banking (Note 2)	266,975,933	76	4	256,828,405	81
Deposits - Retail Banking (Note 2)	35,155,554	10	55	22,656,022	7
Investment	131,816,356	34	9	121,210,475	34
Investment under Equity Method	21,521,147	6	4	20,609,844	6

Note 1: the proportion of each major business operation item in total assets or total liabilities

Note 2: Deposits include: demand deposits, time deposits and re-deposits from the Chunghwa Post Co.

Unit: NT\$ thousands

Revenue	2023	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022	Percentage (%)
Corporate Banking Services	4,058,983	59	30	3,112,891	34
Investment	1,299,973	19	22	1,067,518	12
Consumer Finance	718,389	10	28	560,915	6
Financial Management	68,912	1	10	62,730	1
Investment under Equity Method and Others	720,256	11	(83)	4,259,922	47
Net Income	6,866,513	100	(24)	9,063,976	100

Volume of Foreign Exchange

Unit: US\$ thousands

Item	2023	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022	Percentage (%)
Import (Issuance of L/C; DA; DP)	313,149	1.34	(38.70)	510,879	2.05
Export (Negotiation; Collection; DA; DP)	200,767	0.86	28.22	156,580	0.63
Remittance (Outward; Inward)	22,843,993	97.80	(5.70)	24,225,100	97.32
Total	23,357,909	100.00	(6.17)	24,892,559	100.00

Trust Asset

Unit: NT\$ thousands

Item	2023.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022.12.31	Percentage (%)
Monetary	9,143,083	74.84	2.58	8,913,046	67.89
Real Estate	3,055,102	25.01	(27.54)	4,216,242	32.11
Surface Rights	18,077	0.15	-	-	-
Total	12,216,262	100.00	(6.95)	13,129,288	100.00

Note: The item is categorized under Trust Enterprise Act, Article 16.

2. Business Review

The Bank's domestic business locations included its Business Department Headquarters, Nanjing Fuxing Branch, Taoyuan Branch, Hsinchu Branch, Taichung Branch, and Kaohsiung Branch. In addition, the competent authority approved the establishment of regional service units in Taipei, Taoyuan, Taichung, Tainan, and Kaohsiung for corporate banking and business banking affairs; apart from promoting this Bank's financial products, these service units also provide all-round financial services to clients throughout northern, central, and southern Taiwan. Our first overseas branch (Hong Kong Branch) opened in April 2009 and then Tianjin Representative Office opened in April 2012; those branches have since extended our financial products and services platform to Hong Kong and the Greater China area, thereby serving local clients and Taiwanese-invested enterprises from a close distance and promoting win-win outcomes through long-term cooperation characterized by mutual trust and reciprocity.

(1) Credit Extension

In 2023, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer sectors, the Bank developed a wide range of loan products that truly meet customer needs. To keep up growth momentum, the Bank placed emphasis on further digitizing marketing endeavors and catering to funding needs of existing customers. All this bore fruit in the form of a 15% year-over-year increase in the balance of mortgage loans. In line with government policy, the Bank shouldered its social responsibility by offering lenient flexibilities to borrowers who had been furloughed or suffered otherwise due to the Covid-19 pandemic.

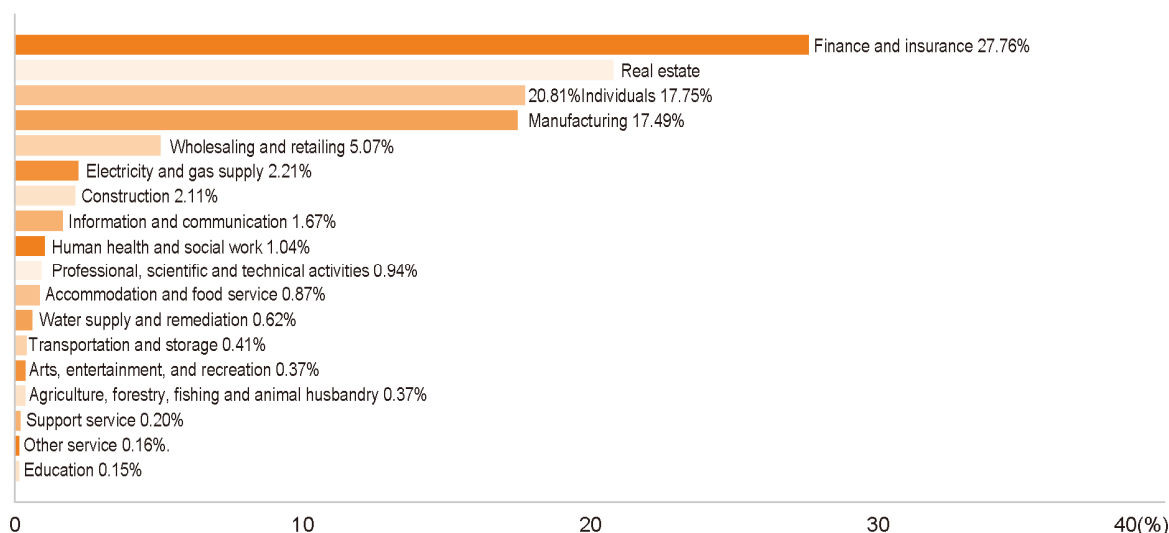
Facing with the unstable global political and economic environment in 2023, the Bank would rather adopt a prudent approach toward expanding its corporate banking business. Rather than seeking a major increase in lending, the objective was to make the best of the limited interest spread and grow fee income while keeping credit risk under control.

By Standard Industrial Classification of Directorate General of Budget, Accounting and Statistics, the Bank's 2023 overall credit risk exposure came in at NT\$235.6 billion, including loans, factoring, receivable acceptance, guarantee, and receivable L/C amounts; NT\$225.8 billion, excluding that fully secured by the Bank's certificates of deposit. Of these numbers, the financial and insurance industry category accounted for the greatest share of our credit risk exposure at 27.76%. Next came the real estate industry category with 20.81%, the individuals with 17.75%, the manufacturing industries with 17.49%, the wholesaling and retailing industry with 5.07%, the electricity and gas supply industry with 2.21%, the construction industry with 2.11%, the information and communication industry with 1.67%, the human health and social work industry with 1.04%, the professional, scientific and technical activities industry with 0.94%, the accommodation and food service industry with 0.87%, the water supply and remediation industry with 0.62%, the transportation and storage industry with 0.41%, the agriculture, forestry, fishing and animal husbandry industry with 0.37%, the arts, entertainment and recreation

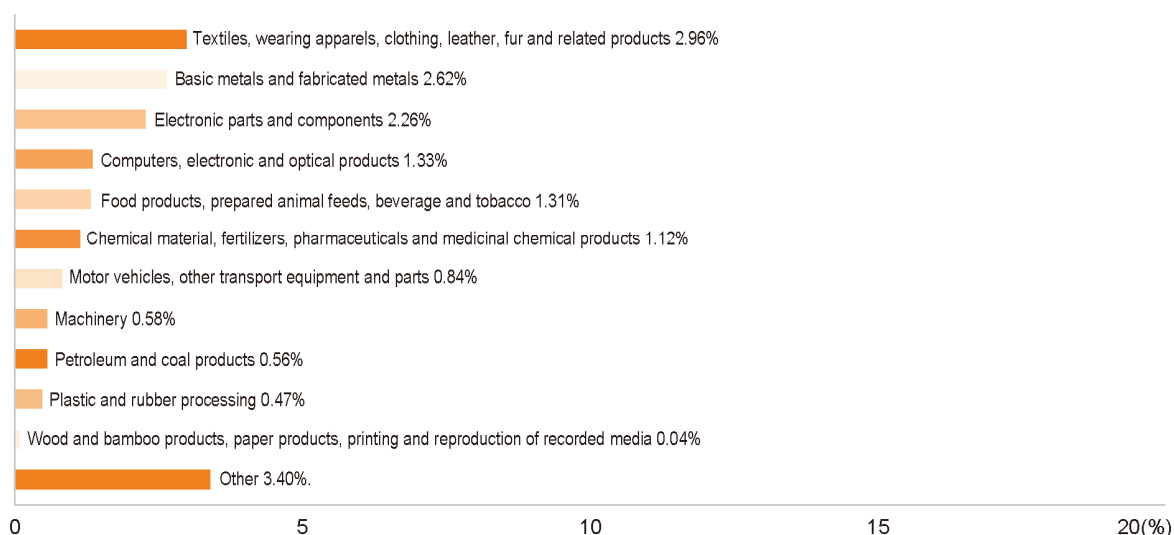
industry with 0.37%, the support service industry with 0.20%, the other service industry with 0.16%, the education industry with 0.15%. Within the manufacturing sector, the textiles, wearing apparels, clothing, leather, fur and related products industry recorded the greatest credit risk exposure of 2.96%, followed by the basic metals and fabricated metals industry with 2.62%, the electronic parts and components industry with 2.26%, the computers, electronic and optical products industry with 1.33%, the food products, prepared animal feeds, beverage and tobacco industry with 1.31%, the chemical material, fertilizers, pharmaceuticals and medicinal chemical products industry with 1.12%, the motor vehicles, other transport equipment and parts industry with 0.84%, the machinery industry with 0.58%, the petroleum and coal products industry with 0.56%, the plastic and rubber processing with 0.47%, the wood and bamboo products, paper products, printing and reproduction of recorded media industry with 0.04%, and other industry with 3.40%.

The credit risk exposure, excluding that fully secured by the Bank's certificates of deposit, at the end of 2023:

The credit risk exposure, excluding that fully secured by the Bank's certificates of deposit, at the end of 2023:



The credit risk exposure within the manufacturing sector (17.49%):



We are actively cultivating new clients in Taiwan and abroad. To seek stable growth and diversify operating risk, we are proactive to consolidate our existing customer base and make inroads into the niche segment of mid-market enterprises, which promises to make an important foundation for promoting various co-marketing undertakings.

Syndicated loans have always been the mainstay of our lending business. The Bank established the Corporate Finance Department to provide customized, quick and precise financing solutions to clients, raise funds for them, and help them solve critical problems. Our target customers are mainly based in the Greater China area (Taiwan and Hong Kong) from all business sectors. Coming with a full spectrum of customized funding solutions, the Bank is ready to share growth with domestic and international businesses. Furthermore, with refined and professional services, not only does the Bank help corporates keep growing, but also boost its own competitiveness in the market.

In 2023, although the Federal Reserve in the United States slowly ceased continuous interest rate hikes, major currencies globally still maintained high interest rate levels. Additionally, the adjustments in industries and trade policies due to the post-pandemic

situation in various countries continue. Businesses are facing challenges with maintaining high financing costs and uncertain order visibility, leading to cautious operational and investment strategies. The number of syndicated loan cases in the market decreased due to being replaced by single loans, making it difficult for organizer to attract. Yet, on top of a solid customer base built over the years, the Bank always prides itself on being a “boutique bank” that refrains from vying for small margins, stays focused on the referral from corporate clients and from affiliates with growth prospects, offers corporate clients financing strategies tailored to their financial planning, develops such businesses as green energy and environmental protection in line with future trends at home and abroad, and continues to design and develop its financing business on ESG sustainability.

(2) Deposits

As of the end of 2023, the Bank’s outstanding balance of NT dollar and foreign currency deposits, excluding export remittances, came in at approximately NT\$302.1 billion and increased 22.6 billion compared with last year. For the sake of both liquidity and security, the Bank gives priority to deposit stability. As such, emphasis is placed on diversifying the maturities of time deposits while actively soliciting demand deposits and small and medium-sized enterprises (SMEs) deposits to bring down capital costs. The Bank continues to launch preferential deposit plans to support B-type and social enterprises, fulfilling the Bank’s corporate social responsibility and assisting the development of related enterprises.

The Bank’s various personal deposit products and services have something in common: they are all driven by customer needs. These include online opening of NT dollar and foreign currency digital accounts without visiting a physical branch, NT dollar and foreign currency current and fixed deposits, securities deposit accounts, children’s accounts, foreign exchange swap, various payment, and “Mobile Number is Account Number” transfer services. We seek to meet clients’ cash management and funds allocation needs via both digital and physical channels.

(3) Foreign Exchange and Offshore Banking

We continued to offer trade financing services and give priority to maintaining a reasonable interest spread in our foreign exchange financing operations. Regarding international financial business foundation under controllable risks. It gradually deepens its presence in Southeast Asia and Australia-New Zealand financial business to enhance service quality for customers and bring more business opportunities through business expansion.

In addition, the Bank is also actively extending the group’s financial services through overseas branches, with business territory covering the three places across Taiwan Strait, including affiliated companies such as Hong Kong branch, Tianjin representative office, American commercial bank subsidiary, investment using the equity method in financial leasing company, and consumer financing company in mainland China, etc., and continues to expand operations scale, promote the global financial layout.

(4) Direct Investment

The Bank adopted a proactive approach to disposing of its direct investment portfolio after obtaining permission from the Financial Supervisory Commission to become a commercial bank in March 2015. As of the end of 2023, all such divestments had been completed except two cases.

(5) Financial Product and securities Trading

The Bank's financial product trading operations include financial product transactions and marketing. We trade foreign exchange and fixed-income products and securities as well as their derivatives, while our financial product marketing services chiefly refer to those meant to provide clients with various financial products and services and financial hedging instruments. In 2021, the Bank was approved to launch non-principal protected structured products composed of foreign currency equity options, foreign currency interest rate swaps, and foreign currency interest rate swap options linked to foreign currency principals, as well as to have its DBU/OBU trade bonds while engaging concurrently in securities business; and in 2022, the bank was approved to launch principal protected callable structured products composed of foreign currency interest rate options, foreign currency interest rate swaps and foreign currency interest rate swap options linked to foreign currency principals, principal protected callable structured products composed of foreign currency interest rate swaps and foreign currency interest rate options linked to foreign currency principals.

In 2023, although major central banks ceased their rate hikes, they continued to implement high-interest-rate policies to curb inflation. The effectiveness gradually became apparent, with inflationary pressures caused by disrupted supply chains gradually easing, marking the end of the rate hike cycle. However, central banks in Europe and the United States considered interest rate cuts, needing more evidence of inflation cooling, facing a balance between economic growth and price stability. Geopolitical risks persisted, leading to divergent expectations for rate cuts in the market, resulting in significant fluctuations in bond yields. The bank continued to strengthen risk management for its overall fixed-income portfolio, focusing on high-quality fixed-income products. However, due to previously held positions with low yields and the persistence of high-interest-rate policies, the fixed-income portfolio incurred losses from market depreciation and negative spreads that were difficult to recover from. The Bank's securities investment business remained primarily focused on TWSE/TPEX listed companies. Despite expectations of a nearly 20% decline in overall profitability of listed companies compared to the previous year and heightened geopolitical risks, the Taiwan Stock Exchange rallied under the influence of strong performance in the US stock market and AI-related sectors. The year-end closing index reached 17,930.81 points, a 26.83% increase for the year, exceeding the bank's budget targets and achieving an overall rate of 109.03%. The interest received amounted to NT\$3.85 billion, achieving a rate of 213.94%.

(6) Project Finance

Project finance encompasses project financing and financial advisory. Project financing chiefly provides private companies with a wide range of project financing and project development services. We provide comprehensive

project financial planning, investment feasibility assessment, and repayment schedule planning tailored to project income. Services range from structuring of syndicated project loans, transfer of trust beneficiary rights, drafting of strategies for contract negotiations, and assistance with the acquisition of funds to participate in equity investments. This enables enterprises to have more flexible and appropriate financial planning when executing projects. Our financial advisory services are meant to provide clients with tailor-made solutions, that is, consulting regarding corporate consolidation and M&As, debt arrangement, reorganization, fund-raising, M&A financing, and tax planning.

(7) Trust Business

When it comes to trust business, the Bank primarily operates trust business products, asset securitization, and trust asset management services. Our trust business products mainly focus on monetary and real estate trust, with approval obtained in 2022 to operate surface rights trust business.; our asset securitization services are geared toward developing various kinds of securitized products; and our trust asset management services are mainly aimed at helping clients allocate assets and build well-rounded portfolios.

In investment and wealth management, we are earnest to create comprehensive product lines. Emphasis is also placed on promoting “Robot Advisory”: big data analytics is adopted to help clients optimize investment portfolios that strike a balance between flexibility and security for their asset allocations.

As of the end of 2023, the outstanding balance of assets entrusted to the Bank came in at NT\$12.2 billion, a year-over-year decrease of NT\$9.0 billion.

(8) Cash Management and e-Banking

The Bank has upgraded both tangible and intangible aspects to optimize its remittances and transfer services. Its corporate internet banking and other products help customers conclude massive transactions in no time. By staying flexible to offer customized services, the Bank was able to help corporate clients reduce financial and manpower costs and enhance transaction efficiency. This stride toward meeting a growing variety of customer needs certainly contributed to strengthening customer loyalty. The Bank’s corporate e-Banking platform recorded a total of online transactions to 564,779 in 2023 and increased 40,247 compared with 524,532 in 2022.

In response to the burgeoning digital landscape, the Bank embarked on a digital corporate banking platform to support our customer relationship management (CRM) on corporate clients initiative in 2022, encompassing the upgrading of corporate internet banking channels, bolstering compatibility with a multitude of operating systems, and furnishing diverse operational modalities tailored to various customer segments. This platform strengthens our sales, management, and efficiency across the Bank. Also promoted was a dynamic security verification mechanism for transactions by fax, a move meant to make the Bank’s payment service more efficient. Furthermore, we initiated an automated confirmation-handling mechanism to deliver automatic output. The new initiative proved effective in enhancing efficiency and reducing operating risk. In terms of collection outlets, convenience stores are added to the Bank’s collection services network with a view to attracting more deposits and cashflows.

In terms of deposits products, in 2023, in alignment with business expansion, we not only continued our existing interest rate initiatives but also introduced a variety of deposit incentive schemes. These include, by our Preferential Time Deposits Campaigns, the “B-type corporate NT dollar tiered current deposit preferential interest rate,” the “social enterprise preferential NT dollar tiered current deposit preferential interest rate,” and the “financial interbank time deposit preferential interest rate,” thereby offering diverse choices of fund allocation to the clients.

(9) Digital Retail Banking Services

- **Electronic Banking Services:** We provide secure and convenient online/mobile banking services, and our user-friendly interface and convenient functions allow users to easily check their accounts, make transfers, sell or buy foreign exchange, pay fees, perform mutual fund transactions, “Robot Advisory,” and conduct various other operations. We also offer 24-hour video customer service: our customers are invited to take advantage of all manner of financial services anytime, anywhere.
- **Digital Wealth Management Services:** We provide a wide range of wealth management products, including mutual funds, back-end load mutual funds, and “Robot Advisory.” In addition, the option of Taiwan dollar and foreign currency is provided, to meet the diverse customer needs. We also provide customers with online KYC evaluation platform to help them invest on products that suits their own needs.

(10) Payment Services

- **Card Payment Services:** In addition to debit cards with hundreds of personalized card designs for customers to choose from, we continued to provide co-branded and affinity cards issued in conjunction with members in the consumer markets, chain restaurants, sport field, public welfare entities, schools, electronic stored value card operators, etc. Featuring specific debit card discounts, cash rebate and zero-risk card use, they rightly give cardholders peace of mind.
- **Electronic Payment Services:** We have provided customers with the service of immediate deductions from their accounts when they make use of such payment platforms as JKOPAY, iPASSS Money, Easy Wallet, and iCash Pay. As such, we are poised to give customers richer possibilities as to where they can conduct transactions and support a greater number of payment instruments.

(11) Insurance Services

Teaming up with PCA Life, we have introduced protection-oriented life insurance, medical insurance, accident insurance, savings-oriented insurance, and NTD/foreign currency investment-linked insurance products. Through face-to-face marketing, and other channels, we provide a wide range of products and services to ensure that customers have access to the best-fitting insurance in different stages of their lives. Apart from bring out the spirit of protection through insurance, the Bank’s offering of professional insurance service is reciprocated in the customers’ trust and loyalty.

(12) Wealth Management Services

With our consultants serving the individuals and business owners separately, the Bank provides customers with tailor-made financial products and advisory services, including deposits, investment products, insurance products, and tax and asset arrangement. We provide a full spectrum of services in a bid to attract high-end customers so as to broaden and deepen their interaction with the Bank.

Appendix IV

Report on Operation of the Audit Committee for 2023

The Audit Committee held a total of 8 meetings in 2023. In addition to reviewing the financial statements, business reports, and distribution of earnings for 2023, the implementation status of the Audit Committee during the year was as follows:

1. Reviewing the appointment or renewal of CPAs

Since 2023, the CPAs were Kuan-Hao Lee and Wei-Chun Ma. The appointment of the CPAs was approved by the Bank's 5th Audit Committee in its 5th meeting and 9th Board of Directors in its 5th meeting on December 27, 2023, confirming that the CPAs fulfilled the Bank's evaluation standards for independence and suitability.

2. Assessing the effectiveness of the internal control system

The Bank has approved and presented by the 5th Audit Committee in its 7th meeting and 9th Board of Directors in its 7th meeting on March 12, 2024.

(1) After prudent assessment of O-Bank's 2023 Statement on Internal Control System, the internal control, compliance with laws and regulations, and the overall implementation of information security in each unit can be effectively implemented in 2023, except for the items listed in the appendix of the statement.

(2) After prudent assessment of O-bank's 2023 AML&CTF Statements, AML&CTF and compliance with laws and regulations in each unit can be effectively implemented in 2023.

3. Supervising communications and risk management between the Audit Committee, the Bank's chief internal auditor, and CPAs

(1) In addition to submitting updates of its work to independent directors, the Auditing Division communicates with independent directors at audit seminars held twice a year.

The summary of the communication between Audit Committee and the Chief internal auditor in 2023 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.2.15	The 4 th Audit Committee in its 21 th meeting	Independent directors and Chief Auditor	The Bank's conducting audit operations in 2022	Approved for reference
2023.3.14	The 4 th Audit Committee in its 22 th meeting	Independent directors and Chief Auditor	The Bank's Internal Control System Statement for 2022 (including the Bank's concurrent conducting of insurance agent business)	Approved for reference
			The Bank's designated project audit report on "Implementation Status of LIBOR Conversion" (as of Dec.31, 2022)	Approved for reference
			Revision of the Bank's 2023 Annual Audit Plan	No objection; submitted to the Board of Directors for examination

Date	Means	Counterparty	Subject	Outcome
			CPA report on the Bank's implementation of negotiations with regard to its internal control system in 2022 (including the Bank's concurrent conducting of insurance agent business)	No objection; submitted to the Board of Directors for examination
2023.5.3	The 4 th Audit Committee in its 23 th meeting	Independent directors and Chief Auditor	The Bank's conducting audit operations in the first quarter of 2023	Approved for reference
			Examination opinions (Table B) and subsequent improvement measures of FSC's general business inspection of the Bank in 2022 (Inspection Report No.: 111B027)	Approved for reference
2023.6.27	The 5 th Audit Committee in its 2 nd meeting	Independent directors and Chief Auditor	Improvement of financial inspection deficiencies in the overseas branch (Hong Kong Branch)	No objection; submitted to the Board of Directors for examination
			Revision of the Bank's "Whistleblowing Policy" to comply with FTSE Sustainability Assessment, FSC announcements of deficiency patterns, and organizational adjustments	No objection; submitted to the Board of Directors for examination
2023.8.18	The 5 th Audit Committee in its 3 rd meeting	Independent directors and Chief Auditor	Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of the Bank in 2022 (Inspection Report No.: 111B027)	Approved for reference
			The Bank's conducting of audit operations in the first half of 2023	Approved for reference
			Audit report by Ernst & Young Enterprise Advisory Services Ltd. for "2023 Audit of the Bank's Use of Salesforce.com Singapore Private Limited (SFDC) Cloud Services"	Approved for reference
2023.10.31	The 5 th Audit Committee in its 4 th meeting	Independent directors and Chief Auditor	The Bank's conducting of audit operations in the third quarter of 2023	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of the Bank for 2022 (Inspection Report No.: 111B027)	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of Taoyuan Branch from 2023.2.18 to 2023.2.24 (Inspection Report No.: 112B011)	Approved for reference

Date	Means	Counterparty	Subject	Outcome
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of Kaohsiung Branch from 2023.2.13 to 2023.2.17 (Inspection Report No.: 112B010)	Approved for reference
2023.12.26	The 5 th Audit Committee in its 5 th meeting	Independent directors and Chief Auditor	2023 Annual Audit and Evaluation Results of Each Unit	Approved for reference
			Examination opinions (Table B) and subsequent improvement measures following FSC's project inspection on Overseas Risk Control Management of the Bank in 2023 (Inspection Report No.: 112B024)	Approved for reference
			2023 Annual Subsidiary Audit Work Evaluation Results	Approved for reference
			Designated project audit report for the implementation status of improvement measures for the significant accidental event "Early Crediting of NT\$6,000 Cash on March 31, 2023" conducted by the Audit Department	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspections of the Bank, Taoyuan Branch, and Kaohsiung Branch in 2022 and 2023 (Report Nos.: 111B027, 112B010, 112B011)	Approved for reference
			Audit report by Ernst & Young Enterprise Advisory Services Ltd. for "General Audit of the Bank's Use of Salesforce.com Singapore Private Limited (SFDC) Cloud Services in 2023"	Approved for reference
			2024 Annual Audit Plan	No objection; submitted to the Board of Directors for examination
			2024 Annual Audit Plan of Concurrently Insurance Agency Business	No objection; submitted to the Board of Directors for examination
			Revision of three internal regulations: O-Bank's Operation Inspection Measures, O-Bank's Self-inspection and Self-Assessment Measures, O-Bank's Credit and Investment Responsibility Assignment and Reward and Punishment Measures	No objection; submitted to the Board of Directors for examination

The summary of the communication between Audit Committee and the Chief Auditor in 2022 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.2.15	Audit Meeting	Directors of the Bank (including independent directors), chief auditor and colleagues of the audit department	Review on the deficiency of internal control system in the second half of 2022	1. Implement the recommendations 2. The minutes of the meeting were submitted to 8 th board of directors in its 22 th meeting on 2023.3.14 for approval
2023.8.21	Audit Meeting	Directors of the Bank (including independent directors), chief auditor and colleagues of the audit department	Review on the deficiency of internal control system in the first half of 2023	1. Implement the recommendations 2. The minutes of the meeting were submitted to 9 th board of directors in its 4 th meeting on 2023.11.1 for approval

- (2) The CPA have fully communicated and discussed with the independent directors in the Audit Committee or individual communication meetings with the independent directors on the status and results of the financial report review or inspection, key audit items, and related newly revised laws and regulations.

The communication between the Audit Committee and the CPA in 2023 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.3.14	Individual communication meeting	Independent directors of the Bank, CPA	The audit status and key audit matters of consolidated and individual financial reports for 2022	No disagreement
	The 4 th Audit Committee in its 22 th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The audit results and key audit matters of consolidated and individual financial reports for 2022	No objection, submit to the board of directors for approval
2023.5.3	The 4 th Audit Committee in its 23 th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The review status of consolidated financial report for the first quarter of 2023	No objection, submit to the board of directors for approval

Date	Means	Counterparty	Subject	Outcome
2023.8.18	Individual communication meeting	Independent directors of the Bank, CPA	The audit status and key audit matters of consolidated and individual financial reports for the first half of 2023, and financial report audit planning for 2023	No disagreement
	The 5 th Audit Committee in its 3 rd meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The audit results and key audit matters of consolidated and individual financial reports for the first half of 2023	No objection, submit to the board of directors for approval
2023.10.31	The 5 th Audit Committee in its 4 th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The review status of consolidated financial report for the third quarter of 2023	No objection, submit to the board of directors for approval

(3) Risk Supervision

The Audit Committee reviews various risk limits, risk appetite and various risk management mechanisms at the board of directors' approval level, and supervises and reviews the effectiveness of various risk management to ensure the effectiveness and integrity of the Bank's risk management procedures.

Appendix V

Director's Remuneration for 2023 of the Bank

The Eighth Board of Directors (2023.1.1~2023.6.15)

December 31, 2023
Unit: NT\$ thousands/%

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income (%)		Compensation on Paid to Directors from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E) (Note 1)		Severance Pay (F)		Employee Compensation (G) (Note 2)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Lo, Tina Y.	11,110	11,608	161	161	0	0	763	1,275	12,035 0.48	13,044 0.52	0	0	0	0	0	0	0	0	12,035 0.48	13,044 0.52	None
Chairman	Ming Shan Investment Co., Ltd. (Rep.: Lo, Tina Y.)	825	825	0	0	4,076	4,076	0	0	4,901 0.02	4,901 0.02	0	0	0	0	0	0	0	0	4,901 0.02	4,901 0.02	None
Managing Director	Lo, Kenneth C.M.	413	413	0	0	2,038	2,038	758	758	3,209 0.01	3,209 0.01	0	0	0	0	0	0	0	0	3,209 0.01	3,209 0.01	None
Managing Director	Huang, Edward Chien-Chiang	0	0	0	0	0	0	60	60	60 0.00	60 0.00	0	0	0	0	0	0	0	0	60 0.00	60 0.00	None
Managing Director	Taiwan Cement Corporation (Rep.: Huang, Edward Chien- Chiang)	413	413	0	0	2,038	2,038	0	0	2,451 0.01	2,451 0.01	0	0	0	0	0	0	0	0	2,451 0.01	2,451 0.01	None
Managing Director	Jian, Zhi-Ming	0	0	0	0	0	0	60	60	60 0.00	60 0.00	0	0	0	0	0	0	0	0	60 0.00	60 0.00	3,882
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Jian, Zhi- Ming)	413	413	0	0	2,038	2,038	0	0	2,451 0.01	2,451 0.01	0	0	0	0	0	0	0	0	2,451 0.01	2,451 0.01	None
Director	Chen, Shih-Tze	0	0	0	0	0	0	18	18	18 0.00	18 0.00	0	0	0	0	0	0	0	0	18 0.00	18 0.00	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Chen, Shih-Tze)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lee, Mark J.C.	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None
Director	Lee, Elton F.Y.	0	401	0	0	0	0	18	52	18 0.00	453 0.00	19,187	19,187	50	50	611	0	611	0	19,865 0.01	20,300 0.01	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Lee, Elton F.Y.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lin, Gordon W.C.	0	0	0	0	0	0	18	18	18 0.00	18 0.00	0	0	0	0	0	0	0	0	18 0.00	18 0.00	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Lin, Gordon W.C.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Yeh, Roy J.Y.	0	2,586	0	0	0	0	18	39	18 0.00	2625 0.01	0	0	0	0	0	0	0	0	18 0.00	2,625 0.01	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Yeh, Roy J.Y.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lin, Bill K.C.	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None
Independent Managing Director	Hu, Fu- Hsiung	1,100	1,100	0	0	0	0	114	114	1,214 0.00	1,214 0.00	0	0	0	0	0	0	0	0	1,214 0.00	1,214 0.00	None
Independent Director	Lin, Hank H.K.	825	825	0	0	0	0	72	72	897 0.00	897 0.00	0	0	0	0	0	0	0	0	897 0.00	897 0.00	None
Independent Director	Liu, Richard R.C.	825	825	0	0	0	0	60	60	885 0.00	885 0.00	0	0	0	0	0	0	0	0	885 0.00	885 0.00	None

Note 1: Compensation for chauffeurs assigned to directors amounted to NT\$1,092 thousand and that for those assigned to employees charged with concurrent posts, NT\$450 thousand.

Note 2: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.

1. Spell out the policy, system, criteria, and structure concerning remuneration of independent directors as well as such remuneration' correlation with their duties, risk assumed, and time devoted:

In accordance with its Articles of Incorporation, the Bank excludes independent directors from distribution of earnings but may pay them remuneration no matter if it makes a profit or loss. The Board of Directors is authorized to decide on remuneration for independent directors on the basis of their involvement in the Bank's operations, the value of their contributions, and the result of performance evaluation of the Board while also taking into account such remuneration among industry peers.

2. Except for the items disclosed above, remuneration collected by directors for rendering services (to the Company, companies in its consolidated financial statements, or its investees as non-employee advisors) during the most recent year: None.

Note 3: The compensation amounts disclosed here are not a conceptual equivalent to the "income" defined in the Income Tax Act. As such, these numbers are meant for information disclosure instead of taxation.

The Ninth Board of Directors (2023.6.16~2023.12.31)

December 31, 2023
Unit: NT\$ thousands/%

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E) (Note 1)		Severance Pay (F)		Employee Compensation (G) (Note 2)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements			
														Cash	Stock	Cash	Stock					
Chairman	Lo, Tina Y.	13,130	13,718	190	190	6,440	6,440	902	1,507	20,662.08	21,855.09	0	0	0	0	0	0	0	0	20,662.08	21,855.09	None
Managing Director	Lo, Kenneth C.M.	0	0	0	0	0	0	933	933	933.00	933.00	0	0	0	0	0	0	0	0	933.00	933.00	None
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Lo, Kenneth C.M.)	263	263	0	0	3,220	3,220	0	0	3,483.01	3,483.01	0	0	0	0	0	0	0	0	3,483.01	3,483.01	None
Managing Director	Lin, Bill K.C.	0	1,438	0	0	0	0	96	111	96.00	1,549.06	0	0	0	0	0	0	0	0	96.00	1,549.06	None
Managing Director	Tai Hsuan Investment Co., Ltd. (Rep.: Lin, Bill K.C.)	263	263	0	0	3,220	3,220	0	0	3,483.01	3,483.01	0	0	0	0	0	0	0	0	3,483.01	3,483.01	None
Director	Lee, Mark J.C.	175	175	0	0	2,147	2,147	30	30	2,352.01	2,352.01	0	0	0	0	0	0	0	0	2,352.01	2,352.01	None
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	175	175	0	0	2,147	2,147	30	30	2,352.01	2,352.01	0	0	0	0	0	0	0	0	2,352.01	2,352.01	None
Director	Chien, Chih-Ming	0	0	0	0	0	0	30	30	30.00	30.00	0	0	0	0	0	0	0	0	30.00	30.00	4,588
Director	Ming Shan Investment Co., Ltd. (Rep.: Chien, Chih-Ming)	175	175	0	0	2,147	2,147	0	0	2,322.01	2,322.01	0	0	0	0	0	0	0	0	2,322.01	2,322.01	None
Director	Chen, Alex J.J.	0	1,083	0	0	0	0	30	45	30.00	1,128.05	0	0	0	0	0	0	0	0	30.00	1,128.05	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Chen, Alex J.J.)	175	175	0	0	2,147	2,147	0	0	2,322.01	2,322.01	0	0	0	0	0	0	0	0	2,322.01	2,322.01	None
Director	Tang, Grace W.S	0	0	0	0	0	0	30	63	30.00	63.00	0	3,384	0	59	0	0	136	0	166.00	3,506.01	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Tang, Grace W.S)	175	175	0	0	2,147	2,147	0	0	2,322.01	2,322.01	0	0	0	0	0	0	0	0	2,322.01	2,322.01	None
Independent Managing Director	Hu, Fu- Hsiung	700	700	0	0	0	0	174	174	874.00	874.00	0	0	0	0	0	0	0	0	874.00	874.00	None
Independent Director	Lin, Hank H.K.	525	525	0	0	0	0	108	108	633.00	633.00	0	0	0	0	0	0	0	0	633.00	633.00	None
Independent Director	Chiang, Tina W.N	525	525	0	0	0	0	90	90	615.00	615.00	0	0	0	0	0	0	0	0	615.00	615.00	None
Independent Director	Wang, Jennifer C.F.	525	525	0	0	0	0	84	84	609.00	609.00	0	0	0	0	0	0	0	0	609.00	609.00	None

Note 1: Compensation for chauffeurs assigned to directors amounted to NT\$1,291 thousand and that for those assigned to employees charged with concurrent posts, NT\$0 thousand.

Note 2: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.

1. Spell out the policy, system, criteria, and structure concerning remuneration of independent directors as well as such remuneration' correlation with their duties, risk assumed, and time devoted:

In accordance with its Articles of Incorporation, the Bank excludes independent directors from distribution of earnings but may pay them remuneration no matter if it makes a profit or loss. The Board of Directors is authorized to decide on remuneration for independent directors on the basis of their involvement in the Bank's operations, the value of their contributions, and the result of performance evaluation of the Board while also taking into account such remuneration among industry peers.

2. Except for the items disclosed above, remuneration collected by directors for rendering services (to the Company, companies in its consolidated financial statements, or its investees as non-employee advisors) during the most recent year: None.

Note 3: The compensation amounts disclosed here are not a conceptual equivalent to the "income" defined in the Income Tax Act. As such, these numbers are meant for information disclosure instead of taxation.

Appendix VI

Regulations Governing Transfer of Repurchased Shares to Employees by O-Bank Co., Ltd.

Article 1: Purpose and rationale

In order to motivate employees and increase their centripetal force, the company adopts this Rule To Repurchase Its Own Shares For Transfer To Employees in accordance with the relevant provisions of Article 28-2 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies”. This company's repurchase shares for transfer to employees shall be handled in accordance with the provisions of this Rule, and the relevant laws and regulations.

Article 2: Type, Rights and Status of Restriction of the Transferred Shares

The shares to be transferred to employees are common shares. The rights and obligations of the shares are the same as outstanding shares, except as otherwise provided in the relevant laws and regulations and this Rule.

Article 3: Transfer Period

The shares repurchased this time may be transferred to employees by one or several times within five years from the date of repurchasing the shares in accordance with the provisions of this Rule.

Article 4: Eligibility of transferee

Full-time employees of the Company and domestic and foreign subsidiaries which directly or indirectly hold in the same invested if the company has more than 50% of the voting shares (including overseas subsidiaries), shall be eligible for subscription of the amount as stipulated in Article 5. In addition, if the employee resigns or leave without pay before the subscription payment deadline, unless approved by the chairman of the board, the subscription qualification will be forfeited.

Article 5: Distribution quantity of transferred

The number of shares employees may subscribe shall consider the employee's position, level, service experience and contributions to the company. The employees for the transfer of shares are as follows:

- (A) The senior and middle management employees should first be submitted to the Compensation Committee for deliberation and then submitted to the board of directors for resolution.
- (B) The other employees should submitted to the Audit Committee for deliberation and then submitted to the Board of Directors.

If the employee fails to settle payment during the subscription payment period, those who do not subscribe will be abstained. The balance of the unsubscription will be subscribed by other employees with the provisions of this Rule.

Article 6: Transfer procedure

The procedures for the transfer of shares to employees are as follows:

- (A) The Company shall make disclosure and repurchased its shares within a specified period, in accordance with the resolution of the Board of Directors.
- (B) In accordance with this Rule, the Chairman of the board of directors sets and announces the employee's subscription record date, the number of shares that can be subscribed, the subscription period, rights content, and restrictions.
- (C) Count the actual number of shares paid for subscription and register for transfer of shares.

Article 7: Agreed transfer price per share

To transfer the repurchased shares to employees, the average price of the actual share repurchase is used as the transfer price. However, before the transfer, if there is an increase in the issued ordinary shares of the company, it should be adjusted according to the increase ratio of the issued shares.

Article 8: Rights and Obligations After Transfer

After the repurchase shares is transferred to employees and the transfer registration is completed, the rights and obligations, unless otherwise specified, are the same as those of the outstanding shares.

Article 9: This Rule will be effective after approved by the Board of Directors and should be reported to the shareholders' meeting, and the same for any further amendment.

Appendix VII

O-Bank Co., Ltd. Sustainable Development Best Practice Principles

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
Article 4 To ensure sound sustainable development management, O-Bank has established a Sustainable Development Section under the Corporate <u>Sustainability and Communications Division</u>. Also, acting in accordance with the "Organizational Charter for the <u>ESG Development Working Committee</u>," O-Bank has set up an <u>ESG Development Working Committee</u>, which is composed of the supervisors of relevant company units, to be responsible for drafting and implementing sustainable development policies and plans in the areas of Corporate Governance, Employee Care, Customer Relationships, Environmental Protection, Social Engagement, and Green Finance and periodically reporting to the <u>O-Bank Board Sustainability Committee and Board of Directors</u> on our work.	Article 4 To ensure sound sustainable development management, O Bank has established a Sustainable Development Section under the Corporate <u>Communications Department</u>. Also, actin g in accordance with the "Organizational Charter for the <u>Corporate Social Responsibility Committee</u>," O Bank has set up a <u>Corporate Social Responsibility Committee</u>, which is composed of the supervisors of relevant company units., to be responsible for drafting and implementing sustainable development policies and plans in the areas of Corporate Governance, Employee Care, Customer Relationships, Environmental Protection, Social Engagement, and Green Finance and periodically reporting to the Board of Directors on our work.	1. According to Article 3 of the amended "Organizational Rules of O-Bank Commercial Bank" as of 2024.1.31, a new division called the Corporate Sustainability and Communications Division is established. Hence, in alignment with the amendment to Article 4 of the rules, the "Corporate Communications Department" is renamed as the "Corporate Sustainability and Communications Division". 2. According to Article 4 of the amended "Organizational Rules" as of 2024.1.31, in alignment with the amendment to Article 4 of the rules, the "Corporate Social Responsibility Committee" is renamed as the " ESG Development Working Committee" and regular reporting to the "Board Sustainability Committee" is added.

Amended Article	Original Article	Explanation
Article 6 O-Bank voluntarily adheres to the Principles of Responsible Banking (PRB) and annually discloses in <u>O-Bank</u> Sustainability Report the results of our self-assessment for compliance with the six RB principles, including Alignment, Impact and Target Setting, Clients and Customers, Stakeholders, Governance and Culture, and Transparency and Accountability.	Article 6 O-Bank voluntarily adheres to the Principles of Responsible Banking (PRB) and annually discloses in <u>our</u> Sustainability Report the results of our self-assessment for compliance with the six RB principles, including Alignment, Impact and Target Setting, Clients and Customers, Stakeholders, Governance and Culture, and Transparency and Accountability.	To ensure consistency in terminology throughout these regulations, “our” is adjusted to “O-Bank”.
Article 10 The Directors of O-Bank shall exercise the duty of due care, urge O-Bank to achieve sustainable development, critically assess the effectiveness of actions, and push O-Bank to make ongoing improvements to ensure the implementation of sustainable development policies. It is also advisable that O-Bank fully consider stakeholders' interests by taking various actions, including the following: 1. Make sustainable development the guiding principle of O-Bank's operations and development. 2. Identify O-Bank 's sustainable development mission, vision and value, and formulate sustainable development policy declaration. 3. Ensure the suitability of sustainable development-related information disclosures. The Board of Directors shall authorize senior executives to handle economic, environmental, and social issues resulting from the business operations of O-Bank,	Article 10 The Directors of O Bank shall exercise the duty of due care, urge O-Bank to achieve sustainable development, critically assess the effectiveness of actions, and push O Bank to make ongoing improvements to ensure the implementation of sustainable development policies. It is also advisable that O Bank fully consider stakeholders' interests by taking various actions, including the following: 1. Make sustainable development the guiding principle of O Bank 's operations and development. 2. Identify O Bank 's sustainable development mission, vision and value, and formulate sustainable development policy declaration. 3. Ensure the suitability of sustainable development related information disclosures. The Board of Directors shall authorize senior executives to handle economic, environmental, and social issues resulting from the business operations of O- Bank,	According to Article 4 of the amended "Organizational Rules of O-Bank Commercial Bank" as of 2024.1.31, the Bank aligns with the amendment to Article 10 of these rules, renaming the "Corporate Social Responsibility Committee" to the " ESG Development Working Committee" and adding that handling of sustainability issues must be reported to the "Board Sustainability Committee."

Amended Article	Original Article	Explanation
and require them to report the status of the handling to the <u>Board Sustainability Committee</u> and Board of Directors. The handling procedures and the selection of authorized persons shall be determined by O-Bank 's <u>ESG Development Working Committee</u> .	and require them to report the status of the handling to the Board of Directors. The handling procedures and the selection of authorized persons shall be determined by O-Bank 's <u>Corporate Social Responsibility Committee</u> .	
Article 25 O-Bank is advised to incorporate sustainability concepts regarding environmental, social, and governance (ESG) into product designs and service planning; to tap into our core competencies to provide products and services capable of achieving sustainable development; and to regularly report on the state of efforts to report products and services to the <u>ESG Development Working Committee</u> for deliberations.	Article 25 O-Bank is advised to incorporate sustainability concepts regarding environmental, social, and governance (ESG) into product designs and service planning; to tap into our core competencies to provide products and services capable of achieving sustainable development; and to regularly report on the state of efforts to report products and services to the <u>Corporate Social Responsibility Committee</u> for deliberations.	According to Article 4 of the amended "Organizational Rules of O-Bank Commercial Bank" as of 2024.1.31, and in alignment with the amendment to Article 25 of these rules, the "Corporate Social Responsibility Committee" is renamed the " ESG Development Working Committee."
Article 36 Acting in accordance with our philosophy of "fulfilling oneself by benefiting others," O-Bank has tapped into group-wide resources to take active part in social service activities, including showing concern for the underprivileged and supporting artistic and cultural events in an effort to create a society where people are helpful and compassionate toward one another. <u>O-bank must continue to incorporate social investment into the company's business strategy.</u> Also, through commercial activities, donations, employee volunteerism, and the provision of charitable professional services,	Article 36 Acting in accordance with our philosophy of " fulfilling oneself by benefiting others," O Bank has tapped into group wide resources to take active part in social service activities, including showing concern for the underprivileged and supporting artistic and cultural events in an effort to create a society where people are helpful and compassionate toward one another. Also, through commercial activities, donations, employee volunteerism, and the provision of charitable professional services, O-Bank directs resources toward organizations that resolve social or environmental issues in the	In compliance with FTSE's international assessment standards, the Bank specifies its incorporation of community investment into its corporate strategy considerations and outlines relevant issues pertaining to social investment.

Amended Article	Original Article	Explanation
O-Bank directs resources toward organizations that resolve social or environmental issues in the course of business activities; and participates in events held by citizen organizations, charities, and local government agencies involved in community development and community education. In these ways, O-Bank promotes community development. <u>O-Bank's social investment issues include diversified education for students in remote areas, support for the development of social enterprises and B Corporations, assistance to the economically disadvantaged, and cultivate outstanding underprivileged students etc.</u>	course of business activities; and participate in events held by citizen organizations, charities, and local government agencies involved in community development and community education. In these ways, O-Bank promotes community development.	
Article 47 O-Bank shall obtain third-party certification of our sustainability report. For disclosures therein required by the Taiwan Stock Exchange Corporation, O-Bank shall obtain a Certified Public Accountant (CPA)'s <u>assurance report</u> issued according to the rules published by the Accounting Research and Development Foundation, ROC. By <u>31 August</u> each year, O-Bank shall post our sustainability report and a link to the file of the report on our website, and shall report it to the internet information reporting system designated by TWSE.	Article 47 O Bank shall obtain third party certification of our sustainability report. For disclosures therein required by the Taiwan Stock Exchange Corporation, O Bank shall obtain a Certified Public Accountant (CPA)'s <u>letter of opinion</u> issued according to the rules published by the Accounting Research and Development Foundation, ROC. By <u>30 June</u> each year, O-Bank shall post our sustainability report and a link to the file of the report on our website, and shall report it to the internet information reporting system designated by TWSE	In compliance with the TWSE's amended announcement dated 2024.1.24, regarding the " Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," Article 5, and the adjustments in terminology as per the "Guidelines for Assurance Engagements Other Than Historical Financial Information No. 3000," the term "letter of opinion" is revised to "assurance report." Additionally, the deadline for submitting sustainability reports is adjusted to the end of August each year.



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2023 are as follows:

Allowance for Credit Losses of Loans

The Bank is principally engaged in providing loans to customers. The Bank's management performed a loan impairment assessment in accordance with the requirements of International Financial Reporting Standard 9, "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (referred to as "Banking Institutions Regulations Governing the Procedures for Bad Debt").

For details on the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying consolidated financial statements; for details on the material accounting judgments, estimations and assumptions of loan impairment, refer to Note 5 to the accompanying consolidated financial statements; and for details on the allowance for credit losses, refer to Note 14 to the accompanying consolidated financial statements.

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses on loans in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". As the assessment and recognition of loss allowance involve subjective judgments, critical estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding and performed testing on the internal controls with respect to the Bank's loan impairment assessment.
- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation.

Assessment of Reserve for Losses on Guarantee Contracts

China Bills Finance Corporation sets aside reserves for guarantee liabilities. It is required to comply, with both the International Financial Reporting Standard 9, "Financial Instruments", whereby the expected losses on guarantee obligations generated by financial guarantee contracts are assessed, and the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" (referred to as the "Bills Finance Companies Regulations for Evaluating Bad Debt"), whereby the reserves for guarantee liabilities are classified and made.

For details on the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for details on the material accounting judgments, estimations and assumptions of the reserve for guarantee liabilities, refer to Note 5 to the accompanying consolidated financial statements; and for details on the reserve for guarantee liabilities, refer to Note 14 to the accompanying consolidated financial statements.

China Bills Finance Corporation assessment of the reserve for guarantee contracts which involve subjective judgments, critical estimations and assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the “Bills Finance Companies Regulations for Evaluating Bad Debt” influence the amounts of the reserve for guarantee contracts. Thus, we considered the assessment of reserve losses on guarantee contracts as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts, and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 5,555,800	1	\$ 6,414,978	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	23,520,359	4	17,785,790	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	154,882,250	25	144,850,687	25
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	170,682,918	27	155,223,551	27
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST	25,859,398	4	25,665,306	5
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS	2,865,025	1	3,951,999	1
RECEIVABLES, NET	4,605,691	1	3,691,557	1
CURRENT TAX ASSETS	625,032	-	299,379	-
DISCOUNTS AND LOANS, NET	222,933,448	36	204,312,972	35
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET	6,994,838	1	7,241,771	1
OTHER FINANCIAL ASSETS	1,059,166	-	785,669	-
PROPERTY AND EQUIPMENT, NET	2,389,637	-	2,405,135	1
RIGHT-OF-USE ASSETS, NET	446,591	-	420,124	-
INTANGIBLE ASSETS, NET	1,675,179	-	1,809,664	-
DEFERRED TAX ASSETS	959,517	-	1,125,574	-
OTHER ASSETS	<u>1,694,152</u>	<u>-</u>	<u>1,358,976</u>	<u>-</u>
TOTAL	<u>\$ 626,749,001</u>	<u>100</u>	<u>\$ 577,343,132</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks	\$ 30,339,249	5	\$ 23,427,644	4
Financial liabilities at fair value through profit or loss	1,401,705	-	1,008,165	-
Bills and bonds sold under repurchase agreements	194,087,268	31	180,156,757	31
Payables	5,232,200	1	3,272,901	1
Current tax liabilities	302,271	-	112,306	-
Deposits and remittances	316,562,298	51	293,164,986	51
Bank debentures payable	12,950,000	2	13,600,000	3
Other financial liabilities	3,736,137	1	5,156,808	1
Provisions	1,979,779	-	1,872,637	-
Lease liabilities	463,732	-	432,826	-
Deferred tax liabilities	715,671	-	628,178	-
Other liabilities	<u>460,945</u>	<u>-</u>	<u>500,360</u>	<u>-</u>
Total liabilities	<u>568,231,255</u>	<u>91</u>	<u>523,333,568</u>	<u>91</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,339,923	4	27,339,923	5
Preferred stock	2,990,140	1	2,990,140	-
Total capital	<u>30,330,063</u>	<u>5</u>	<u>30,330,063</u>	<u>5</u>
Capital surplus	19,624	-	13,652	-
Retained earnings				
Legal reserve	5,789,200	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-
Unappropriated earnings	<u>2,756,051</u>	<u>-</u>	<u>5,469,437</u>	<u>1</u>
Total retained earnings	<u>11,742,262</u>	<u>2</u>	<u>10,445,863</u>	<u>2</u>
Other equity	<u>(1,828,393)</u>	<u>(1)</u>	<u>(3,050,502)</u>	<u>(1)</u>
Treasury stock	<u>(161,521)</u>	<u>-</u>	<u>(16,837)</u>	<u>-</u>
Total equity attributable to owners of the Bank	40,102,035	6	37,722,239	6
NON-CONTROLLING INTERESTS	<u>18,415,711</u>	<u>3</u>	<u>16,287,325</u>	<u>3</u>
Total equity	<u>58,517,746</u>	<u>9</u>	<u>54,009,564</u>	<u>9</u>
TOTAL	<u>\$ 626,749,001</u>	<u>100</u>	<u>\$ 577,343,132</u>	<u>100</u>

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE	\$ 13,939,144	146	\$ 9,347,757	77	49
INTEREST EXPENSE	<u>(11,812,867)</u>	<u>(124)</u>	<u>(4,766,262)</u>	<u>(39)</u>	148
NET INTEREST	<u>2,126,277</u>	<u>22</u>	<u>4,581,495</u>	<u>38</u>	(54)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net	2,243,871	23	2,349,341	19	(4)
Gains on financial assets or liabilities measured at fair value through profit or loss	4,481,784	47	3,899,414	32	15
Realized gains on financial assets at fair value through other comprehensive income	374,340	4	153,972	1	143
Foreign exchange gain (loss), net	102,848	1	(2,402,766)	(20)	104
Reversal of (losses on) impairment of assets	(1,931)	-	7,909	-	(124)
Share of profit of associates accounted for using equity method	161,741	2	3,334,489	28	(95)
Other net revenue other than interest	<u>55,015</u>	<u>1</u>	<u>196,965</u>	<u>2</u>	(72)
Total net revenue other than interest revenue	<u>7,417,668</u>	<u>78</u>	<u>7,539,324</u>	<u>62</u>	(2)
NET REVENUE	<u>9,543,945</u>	<u>100</u>	<u>12,120,819</u>	<u>100</u>	(21)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(897,034)</u>	<u>(10)</u>	<u>(608,103)</u>	<u>(5)</u>	48

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2023</u>		<u>2022</u>		<u>Percentage Increase (Decrease)</u>
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
OPERATING EXPENSES					
Employee benefits expenses	\$ 2,719,436	28	\$ 2,986,679	25	(9)
Depreciation and amortization expenses	569,103	6	623,209	5	(9)
Other general and administrative expenses	<u>1,329,632</u>	<u>14</u>	<u>1,285,602</u>	<u>10</u>	3
Total operating expenses	<u>4,618,171</u>	<u>48</u>	<u>4,895,490</u>	<u>40</u>	(6)
PROFIT BEFORE INCOME TAX	4,028,740	42	6,617,226	55	(39)
INCOME TAX EXPENSE	<u>602,681</u>	<u>6</u>	<u>808,871</u>	<u>7</u>	(25)
NET PROFIT FOR THE YEAR	<u>3,426,059</u>	<u>36</u>	<u>5,808,355</u>	<u>48</u>	(41)
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	(15,038)	-	55,366	-	(127)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	181,539	2	(929,852)	(8)	120
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(6,494)	-	(19,864)	-	(67)
Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>1,303</u>	<u>-</u>	<u>(6,693)</u>	<u>-</u>	119
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	<u>161,310</u>	<u>2</u>	<u>(901,043)</u>	<u>(8)</u>	118

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	\$ (59,405)	(1)	\$ 1,284,555	11	(105)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	2,955,661	31	(5,918,474)	(49)	150
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	(191,978)	(2)	352,545	3	(154)
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	2,704,278	28	(4,281,374)	(35)	163
Other comprehensive income (loss) for the year, net of tax	2,865,588	30	(5,182,417)	(43)	155
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 6,291,647	66	\$ 625,938	5	905
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 2,492,420	26	\$ 5,034,471	42	(50)
Non-controlling interests	933,639	10	773,884	6	21
	\$ 3,426,059	36	\$ 5,808,355	48	(41)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 3,683,548	39	\$ 2,259,593	19	63
Non-controlling interests	2,608,099	27	(1,633,655)	(14)	260
	\$ 6,291,647	66	\$ 625,938	5	905
EARNINGS PER SHARE					
Basic	\$0.87		\$1.80		
Diluted	\$0.78		\$1.62		

(Concluded)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)								Other Equity					
					Retained Earnings				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
	Common Stock	Capital Stock Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2022	\$ 27,330,063	\$ 3,000,000	\$ 30,330,063	\$ 6,734	\$ 3,729,690	\$ 797,783	\$ 2,040,419	\$ 6,567,892	\$ (946,067)	\$ 460,588	\$ (38,304)	\$ 36,380,906	\$ 18,786,481	\$ 55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings														
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616	1,072	1,688
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471	773,884	5,808,355
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)	(2,407,539)	(5,182,417)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593	(1,633,655)	625,938
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-	-	-
BALANCE AT DECEMBER 31, 2022	27,339,923	2,990,140	30,330,063	13,652	4,341,816	634,610	5,469,437	10,445,863	165,887	(3,216,389)	(16,837)	37,722,239	16,287,325	54,009,564
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-	-	-
Appropriation and distribution of 2022 earnings														
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715	1,276	1,991
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)	-	(144,684)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420	933,639	3,426,059
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128	1,674,460	2,865,588
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548	2,608,099	6,291,647
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 27,339,923	\$ 2,990,140	\$ 30,330,063	\$ 19,624	\$ 5,789,200	\$ 3,197,011	\$ 2,756,051	\$ 11,742,262	\$ 109,410	\$ (1,937,803)	\$ (161,521)	\$ 40,102,035	\$ 18,415,711	\$ 58,517,746

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,028,740	\$ 6,617,226
Adjustments for:		
Depreciation expense	298,265	343,952
Amortization expense	270,838	279,257
Expected credit losses/recognition of provisions	898,965	600,194
Share-based payment arrangements	-	8,423
Net gain on financial assets or liabilities at fair value through profit or loss	(4,481,784)	(3,899,414)
Interest expense	11,812,867	4,766,262
Interest revenue	(13,939,144)	(9,347,757)
Dividend income	(511,373)	(462,266)
Share of profit of associates accounted for using equity method	(161,741)	(3,334,489)
Loss (gain) on disposal of property and equipment	(798)	4,710
Loss on disposal of investments	137,033	308,294
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,641,292)	526,228
Financial assets at fair value through profit or loss	(6,114,136)	10,254,007
Financial assets at fair value through other comprehensive income	(12,118,430)	29,676,220
Investment in debt instruments at amortized cost	(185,814)	(25,661,361)
Bills and bonds purchased under resell agreements	1,086,974	1,412,109
Receivables	(295,789)	(520,532)
Discounts and loans	(19,386,660)	(32,198,962)
Deposits from the Central Bank and other banks	6,911,605	(4,448,657)
Financial liabilities at fair value through profit or loss	393,540	566,828
Bills and bonds sold under repurchase agreements	13,930,511	(7,795,859)
Payables	1,326,470	(35,274)
Deposits and remittances	23,397,312	33,785,561
Provisions	(20,659)	4,016
Cash generated from operations	5,635,500	1,448,716
Interest received	13,248,448	8,775,223
Dividends received	897,408	497,786
Interest paid	(10,972,748)	(4,118,272)
Income taxes paid	(675,122)	(795,671)
Net cash flows generated from operating activities	<u>8,133,486</u>	<u>5,807,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using the equity method	26,657	-
Proceeds from disposal of subsidiaries (Note 41)	-	(2,540,264)
Acquisition of property and equipment	(180,013)	(128,890)
Proceeds from disposal of property and equipment	3,423	59,600
Increase in refundable deposits	(310,826)	(99,334)
Acquisition of intangible assets	(109,062)	(50,212)
Proceeds from disposal of intangible assets	-	34,276

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in other financial assets	\$ 34,647	\$ 90,905
Increase in other assets	<u>(24,350)</u>	<u>(206,762)</u>
Net cash flows used in investing activities	<u>(559,524)</u>	<u>(2,840,681)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	12,000	1,234,630
Decrease in commercial papers	(1,931,025)	(2,976,269)
Proceeds from issuing bank debentures	1,600,000	1,100,000
Repayments of bank debentures	(2,250,000)	(2,500,000)
Proceeds from long-term borrowings	-	6,113,689
Repayments of long-term borrowings	-	(5,010,824)
Repayments of the principal portion of lease liabilities	(140,290)	(138,845)
Increase in other financial liabilities	497,521	568,543
Decrease in other liabilities	(39,415)	(432,016)
Dividends paid to owners of the Bank	(1,165,040)	(946,645)
Payments to acquire treasury stock	(144,684)	-
Transfer of treasury stock to employees	-	18,912
Dividends paid to non-controlling interests	<u>(480,989)</u>	<u>(865,780)</u>
Net cash flows used in financing activities	<u>(4,041,922)</u>	<u>(3,834,605)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>10,203</u>	<u>894,464</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,542,243	26,960
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>15,225,156</u>	<u>15,198,196</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 18,767,399</u>	<u>\$ 15,225,156</u>

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents reported in the consolidated balance sheets	\$ 5,555,800	\$ 6,414,978
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	12,289,001	8,195,724
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>922,598</u>	<u>614,454</u>
Cash and cash equivalents at the end of the year	<u>\$ 18,767,399</u>	<u>\$ 15,225,156</u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of O-Bank Co., Ltd (the “Bank”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Bank as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2023 are as follows:

Allowance for Credit Losses of Loans

The Bank is principally engaged in providing loans to customers. The Bank's management performed a loan impairment assessment in accordance with the requirements of International Financial Reporting Standard 9, “Financial Instruments”. In addition, the allowance for credit losses of loans was calculated and classified in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” (referred to as “Banking Institutions Regulations Governing the Procedures for Bad Debt”).

For details on the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying financial statements; for details on the material accounting judgments, estimations and assumptions of loan impairment, refer to Note 5 to the accompanying financial statements; and for details on the allowance for credit losses, refer to Note 13 to the accompanying financial statements.

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with the “Banking Institutions Regulations Governing the Procedures for Bad Debt”. As the assessment and recognition of loss allowance involve subjective judgments, critical estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding and performed testing on the internal controls with respect to the Bank’s loan impairment assessment.
- We examined the classifications of loans and determined that they were in accordance with the “Banking Institutions Regulations Governing the Procedures for Bad Debt”. We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation or not.

Investments Accounted for Using the Equity Method - Assessment of Reserve for Loss on Guarantee Contracts

China Bills Finance Corporation, a subsidiary accounted for using the equity method, sets aside reserves for guarantee liabilities. It is required to comply, with both the International Financial Reporting Standard 9, “Financial Instruments”, whereby the expected losses on guarantee obligations generated by financial guarantee contracts are assessed, and the “Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt” (referred to as the “Bills Finance Companies Regulations for Evaluating Bad Debt”), whereby the reserves for guarantee liabilities are classified and made.

For the accounting policy and details on the investments accounted for using the equity method, refer to Notes 4 and 13 to the accompanying financial statements.

China Bills Finance Corporation assesses reserves for guarantee contracts which involve subjective judgments, critical estimations and assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the “Bills Finance Companies Regulations for Evaluating Bad Debt” influence the amounts of the reserve for guarantee contracts. Thus, we considered the assessment of reserve losses on guarantee contracts as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts and, we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in parent company only the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Bank to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

O-BANK CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 3,811,226	1	\$ 4,113,060	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	22,597,761	6	17,140,613	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35,910,367	9	32,835,125	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	71,310,546	18	63,579,072	18
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	23,672,845	6	24,181,824	7
RECEIVABLES, NET	2,862,234	1	2,954,768	1
CURRENT TAX ASSETS	278,401	-	68,713	-
DISCOUNTS AND LOANS, NET	203,604,557	52	185,976,501	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	21,521,147	6	20,609,844	6
OTHER FINANCIAL ASSETS	922,598	-	614,454	-
PROPERTY AND EQUIPMENT, NET	2,278,118	1	2,281,372	1
RIGHT-OF-USE ASSETS, NET	235,245	-	186,327	-
INTANGIBLE ASSETS, NET	499,648	-	636,363	-
DEFERRED TAX ASSETS	360,075	-	388,985	-
OTHER ASSETS	<u>719,016</u>	<u>-</u>	<u>387,305</u>	<u>-</u>
TOTAL	<u>\$ 390,583,784</u>	<u>100</u>	<u>\$ 355,954,326</u>	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks	\$ 12,435,739	3	\$ 13,920,429	4
Financial liabilities at fair value through profit or loss	1,367,475	1	785,585	-
Bills and bonds sold under repurchase agreements	16,819,251	4	8,285,988	2
Payables	4,472,804	1	2,741,713	1
Current tax liabilities	286,570	-	90,074	-
Deposits and remittances	297,141,118	76	274,503,978	77
Bank debentures payable	12,950,000	4	13,600,000	4
Other financial liabilities	3,380,674	1	2,870,224	1
Provisions	469,238	-	354,875	-
Lease liabilities	242,211	-	195,008	-
Deferred tax liabilities	679,521	-	628,175	-
Other liabilities	<u>237,148</u>	<u>-</u>	<u>256,038</u>	<u>-</u>
Total liabilities	<u>350,481,749</u>	<u>90</u>	<u>318,232,087</u>	<u>89</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,339,923	7	27,339,923	8
Preferred stock	<u>2,990,140</u>	<u>1</u>	<u>2,990,140</u>	<u>1</u>
Total capital	<u>30,330,063</u>	<u>8</u>	<u>30,330,063</u>	<u>9</u>
Capital surplus	<u>19,624</u>	<u>-</u>	<u>13,652</u>	<u>-</u>
Retained earnings				
Legal reserve	5,789,200	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-
Unappropriated earnings	<u>2,756,051</u>	<u>1</u>	<u>5,469,437</u>	<u>2</u>
Total retained earnings	<u>11,742,262</u>	<u>3</u>	<u>10,445,863</u>	<u>3</u>
Other equity	<u>(1,828,393)</u>	<u>(1)</u>	<u>(3,050,502)</u>	<u>(1)</u>
Treasury stock	<u>(161,521)</u>	<u>-</u>	<u>(16,837)</u>	<u>-</u>
Total equity	<u>40,102,035</u>	<u>10</u>	<u>37,722,239</u>	<u>11</u>
TOTAL	<u>\$ 390,583,784</u>	<u>100</u>	<u>\$ 355,954,326</u>	<u>100</u>

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INTEREST					
INTEREST REVENUE	\$ 10,748,737	157	\$ 5,812,033	64	85
INTEREST EXPENSE	<u>(8,444,229)</u>	<u>(123)</u>	<u>(3,044,145)</u>	<u>(33)</u>	177
NET INTEREST	<u>2,304,508</u>	<u>34</u>	<u>2,767,888</u>	<u>31</u>	(17)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net	914,467	13	816,035	9	12
Gains on financial assets or liabilities measured at fair value through profit or loss	2,237,276	32	3,232,746	35	(31)
Realized gains on financial assets at fair value through other comprehensive income	358,185	5	247,534	3	45
Foreign exchange gain (loss), net	121,655	2	(2,371,000)	(26)	105
Impairment loss on assets	(5,710)	-	(158)	-	3,514
Share of profit of subsidiaries and associates accounted for using equity method	869,268	13	4,290,855	47	(80)
Other net revenue other than interest	<u>66,864</u>	<u>1</u>	<u>80,076</u>	<u>1</u>	(16)
Total net revenue other than interest revenue	<u>4,562,005</u>	<u>66</u>	<u>6,296,088</u>	<u>69</u>	(28)
TOTAL NET REVENUE	<u>6,866,513</u>	<u>100</u>	<u>9,063,976</u>	<u>100</u>	(24)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(444,271)</u>	<u>(6)</u>	<u>(482,416)</u>	<u>(5)</u>	(8)

(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses	\$ 2,020,094	29	\$ 1,920,746	21	5
Depreciation and amortization expenses	510,346	8	520,908	6	(2)
Other general and administrative expenses	<u>1,090,850</u>	<u>16</u>	<u>898,080</u>	<u>10</u>	21
Total operating expenses	<u>3,621,290</u>	<u>53</u>	<u>3,339,734</u>	<u>37</u>	8
PROFIT BEFORE INCOME TAX	2,800,952	41	5,241,826	58	(47)
INCOME TAX EXPENSE	<u>308,532</u>	<u>5</u>	<u>207,355</u>	<u>2</u>	49
NET PROFIT FOR THE YEAR	<u>2,492,420</u>	<u>36</u>	<u>5,034,471</u>	<u>56</u>	(50)
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive loss that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	(8,524)	-	21,899	-	(139)
Revaluation losses on investments in equity instruments measured at fair value through other comprehensive income	(211,721)	(3)	(804,981)	(9)	(74)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	<u>167,883</u>	<u>3</u>	<u>(63,951)</u>	<u>(1)</u>	363
Components of other comprehensive loss that will not be reclassified to profit or loss, net of tax	<u>(52,362)</u>	<u>-</u>	<u>(847,033)</u>	<u>(10)</u>	(94)

(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	\$ (59,795)	(1)	\$ 1,235,070	14	(105)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	625,196	9	(1,172,254)	(13)	153
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	674,771	10	(1,867,545)	(21)	136
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>3,318</u>	-	<u>(123,116)</u>	<u>(1)</u>	103
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	<u>1,243,490</u>	<u>18</u>	<u>(1,927,845)</u>	<u>(21)</u>	165
Other comprehensive income (loss) for the year, net of tax	<u>1,191,128</u>	<u>18</u>	<u>(2,774,878)</u>	<u>(31)</u>	143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,683,548</u>	<u>54</u>	<u>\$ 2,259,593</u>	<u>25</u>	63
EARNINGS PER SHARE					
Basic	<u>\$0.87</u>		<u>\$1.80</u>		
Diluted	<u>\$0.78</u>		<u>\$1.62</u>		

(Concluded)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 29)			Capital Surplus (Note 29)	Retained Earnings (Notes 9 and 29)				Other Equity (Notes 9 and 29)		Treasury Stock (Note 29)	Total Equity
	Common Stock	Preferred Stock	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive		
BALANCE AT JANUARY 1, 2022	\$ 27,330,063	\$ 3,000,000	\$ 30,330,063	\$ 6,734	\$ 3,729,690	\$ 797,783	\$ 2,040,419	\$ 6,567,892	\$ (946,067)	\$ 460,588	\$ (38,304)	\$ 36,380,906
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-
Appropriation and distribution of 2021 earnings												
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Disorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-
BALANCE AT DECEMBER 31, 2022	27,339,923	2,990,140	30,330,063	13,652	4,341,816	634,610	5,469,437	10,445,863	165,887	(3,216,389)	(16,837)	37,722,239
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-
Appropriation and distribution of 2022 earnings												
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 27,339,923</u>	<u>\$ 2,990,140</u>	<u>\$ 30,330,063</u>	<u>\$ 19,624</u>	<u>\$ 5,789,200</u>	<u>\$ 3,197,011</u>	<u>\$ 2,756,051</u>	<u>\$ 11,742,262</u>	<u>\$ 109,410</u>	<u>\$ (1,937,803)</u>	<u>\$ (161,521)</u>	<u>\$ 40,102,035</u>

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$ 2,800,952	\$ 5,241,826
Adjustments for:		
Depreciation expense	244,027	253,705
Amortization expense	266,319	267,203
Expect credit losses/recognition of provisions	449,981	482,574
Net gain on financial assets or liabilities at fair value through profit or loss	(2,237,276)	(3,232,746)
Interest expense	8,444,229	3,044,145
Interest revenue	(10,748,737)	(5,812,033)
Dividends income	(385,101)	(302,794)
Share-based payment arrangements	-	8,423
Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	(869,268)	(4,290,855)
Gain on disposal of property and equipment	(3,322)	(113)
Loss on disposal of investments	26,916	55,260
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,641,292)	526,228
Financial assets at fair value through profit or loss	(256,076)	7,923,409
Financial assets at fair value through other comprehensive income	(7,163,902)	14,396,533
Investments in debt instruments at amortized cost	517,257	(24,177,879)
Receivables	296,303	(393,952)
Discounts and loans	(17,941,540)	(29,903,131)
Deposits from the Central Bank and other banks	(1,484,690)	(4,859,747)
Bills and bonds sold under repurchase agreements	8,533,263	7,390,022
Payables	1,334,798	665,100
Deposits and remittances	22,637,140	36,309,514
Provisions	(9,885)	(1,034)
Cash flows generated from operations	2,810,096	3,589,658
Interest received	10,289,615	5,278,644
Dividends received	892,110	658,913
Interest paid	(7,791,559)	(2,462,695)
Income taxes paid	(235,705)	(25,813)
Net cash flows generated from operating activities	<u>5,964,557</u>	<u>7,038,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using the equity method	26,657	-
Proceeds from capital reduction of investments accounted for using the equity method	-	159,140
Acquisition of property and equipment	(171,893)	(87,525)
Proceeds from disposal of property and equipment	3,404	2,959
Increase in refundable deposits	(306,632)	(108,226)
		(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of intangible assets	\$ (105,601)	\$ (37,395)
Decrease in other financial assets	-	217,300
Increase in other assets	<u>(25,079)</u>	<u>(5,757)</u>
Net cash flows generated from (used in) investing activities	<u>(579,144)</u>	<u>140,496</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bank debentures	1,600,000	1,100,000
Repayments of bank debentures	(2,250,000)	(2,500,000)
Increase in funds intended for specific types of loans	771,667	211,533
Repayments of funds intended for specific types of loans	(963,786)	(573,203)
Repayment of the principal portion of lease liabilities	(100,273)	(98,627)
Increase in other financial liabilities	702,569	917,284
Increase in other liabilities	-	10,366
Decrease in other liabilities	(18,890)	-
Cash dividends paid	(1,165,040)	(946,645)
Payments to acquire treasury stock	(144,684)	-
Transfer of treasury stock to employees	<u>-</u>	<u>18,912</u>
Net cash flows used in financing activities	<u>(1,568,437)</u>	<u>(1,860,380)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>5,190</u>	<u>453,962</u>
NET INCREASE IN CASH	3,822,166	5,772,785
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	<u>12,278,061</u>	<u>6,505,276</u>
CASH AND CASH EQUIVALENT AT END OF THE YEAR	<u>\$ 16,100,227</u>	<u>\$ 12,278,061</u>

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents reported in the balance sheets	\$ 3,811,226	\$ 4,113,060
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	11,366,403	7,550,547
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>922,598</u>	<u>614,454</u>
Cash and cash equivalents at end of the year	<u>\$ 16,100,227</u>	<u>\$ 12,278,061</u>

(Concluded)

Appendix IX

O-Bank Co., Ltd. Articles of Incorporation

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
Article 20: The Bank shall have 7 to 15 directors who are to make up the Board and the Board shall decide the number of directors in the range ; The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting. Of the foregoing number of directors, <u>at least one member of each gender</u>, at least three independent directors, comprising no less than <u>one-third</u> of the total number of directors. The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.	Article 20: The Bank shall have 7 to 15 directors who are to make up the Board and the Board shall decide the number of directors in the range ; The candidates nomination system is adopted for the election of directors; directors shall be elected from a list of candidates by a shareholders' meeting. Of the foregoing number of directors, the number of independent directors shall not be fewer than three and shall not account for less than <u>one-fifth</u> of the total number of directors. The handling of matters regarding professional qualifications, shareholdings, limits on concurrent positions, nomination and election methods, and other matters for compliance in relation to independent directors shall be subject to applicable laws and regulations.	According to the regulations specified in the letter with reference number 11200147631 from TWSE dated August 23, 2023, as part of the promotion in alignment with the <i>Corporate Governance 3.0 - Sustainable Development Roadmap</i> and the <i>Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies (2023)</i>, there are amendments made to the requirements for the seats of directors of different genders and independent directors.
Article 22: Directors shall each hold office for a term of three years. <u>Except for independent directors, whose consecutive terms shall not exceed three, directors</u> shall be eligible for re-election.	Article 22: Directors shall each hold office for a term of three years and shall be eligible for re-election.	According to the regulations specified in the letter with reference number 11200147631 from TWSE dated August 23, 2023, as part of the promotion in alignment with the

Amended Article	Original Article	Explanation
If no election of new directors is effected after expiration of the term of office of existing directors, the term of office of outgoing directors shall be extended until the time new directors have been elected and assumed their office. The Bank shall provide compensation to directors (including independent directors) for the performance of their duties on behalf of the Bank, regardless of whether the Bank makes a profit or not. The Board of Directors shall be authorized to determine such compensation in line with industry standards on the basis of their degree of participation in the Bank's operations and value of their contribution to the Bank. If the Bank records a profit in a year, the Bank shall appropriate not more than 2.5% of the profit for director remunerations, but independent directors shall be excluded from such distribution. If the Bank has accumulated losses, however, the aforesaid profit shall be used to offset accumulated losses first. The Bank may, upon a resolution of the Board of Directors, purchase liability insurance to cover indemnification obligations of directors arising from performing their duties during their tenure of office.	If no election of new directors is effected after expiration of the term of office of existing directors, the term of office of outgoing directors shall be extended until the time new directors have been elected and assumed their office. The Bank shall provide compensation to directors (including independent directors) for the performance of their duties on behalf of the Bank, regardless of whether the Bank makes a profit or not. The Board of Directors shall be authorized to determine such compensation in line with industry standards on the basis of their degree of participation in the Bank's operations and value of their contribution to the Bank. If the Bank records a profit in a year, the Bank shall appropriate not more than 2.5% of the profit for director remunerations, but independent directors shall be excluded from such distribution. If the Bank has accumulated losses, however, the aforesaid profit shall be used to offset accumulated losses first. The Bank may, upon a resolution of the Board of Directors, purchase liability insurance to cover indemnification obligations of directors arising from performing their duties during their tenure of office.	<i>Corporate Governance 3.0 - Sustainable Development Roadmap and the Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies (2023)</i>, consecutive terms for independent directors are restricted.

Amended Article	Original Article	Explanation
The Board of Directors may give full authority to the chairman to renew the aforesaid insurance.	The Board of Directors may give full authority to the chairman to renew the aforesaid insurance.	
Article 34 These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . .; the 15 th amendment on June 2, 2015; the 16 th amendment on October 2, 2015; the 17 th amendment on June 3, 2016; the 18 th amendment on June 14, 2017; the 19 th amendment on June 14, 2018; the 20 th amendment on June 19, 2020; the 21 th amendment on June 17, 2022; the 22 th amendment on June 16, 2023, <u>and the 23th amendment on ○ ○, 2024.</u>	Article 34 These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . .; the 15 th amendment on June 2, 2015; the 16 th amendment on October 2, 2015; the 17 th amendment on June 3, 2016; the 18 th amendment on June 14, 2017; the 19 th amendment on June 14, 2018; the 20 th amendment on June 19, 2020; the 21 th amendment on June 17, 2022; the 22 th amendment on June 16, 2023.	The date and ordinal number of another amendment are added.

Appendix X

Shareholdings of Directors

Record Date (Book Closure Date): April 16, 2024

Position	Name		Current Shareholding	
			Shares	Ratio%
Chairman	Lo, Tina Y.		108,018 *10,743	0.004% *0.004%
Managing Director	Lo, Kenneth C.M.	Representatives of Ming Shan Investment Co., Ltd.	362,298,574	13.23%
Director	Chien, Chih-Ming		*23,972,980	*8.15%
Managing Director	Tai Hsuan Investment Co., Ltd.		263,404,275	9.62%
	Representative: Lin, Bill K.C.		23,731,226	8.07%
Director	Abag Investment Holdings Co., Ltd. Representative: Cheng, George C.J.		54,728	0.002
Director	Lee, Mark J.C.		100,390 *9,984	0.004 *0.003
Director	Tai Ya Investment Co., Ltd. Representative: Chen, Alex J.J.		83,137,161 *7,490,185	3.04 *2.55
Director	Yi Chang Investment Co., Ltd. Representative: Tang, Grace W.S		268,554,793 *23,786,204	9.80 *8.09
Independent Managing Director	Hu, Fu- Hsiung		-	-
Independent Director	Lin, Hank H.K.		-	-
Independent Director	Chiang, Tina W.N		-	-
Independent Director	Wang, Jennifer C.F.		-	-

Note:

1. “*” denotes Class A Preferred Shares in this Table.
2. Total common shares issued as of April 16, 2024 (book closure date): 2,738,992,301 Total preferred shares A issued as of April 16, 2024 (book closure date): 294,014,000 the Bank's total shares in issue stood at 3,033,006,301.
3. The Bank's board directors are required by law to hold a minimum of 72,792,151 shares. As of April 16, 2024, the roster of shareholders showed all directors to hold a combined 1,056,659,261 shares (Shareholdings of independent directors are not included in those of all directors.)
4. The Bank has established its Audit Committee, so the legal requirement over the minimum shareholdings of supervisors no longer applies.