

O-Bank Co., Ltd.

The Minutes for 2024 Annual General Meeting of Shareholders

(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>)

Total outstanding shares of the Company:

2,731,053,301 shares (deducted by 7,939,000 non-voting shares pursuant to applicable laws and regulations)

Total shares represented by shareholders present:

1,981,714,959 shares (including 1,662,954,172 shares represented by shareholders exercising voting rights electronically)

Percentage of shares held by shareholders present:

72.56%

Non-voting delegates:

Independent Director Lin, Hank H.K. (convener of the Audit Committee),

President Lee, Elton F.Y. (act concurrently as President of O-Bank),

Deputy President Lin, Roger Y.F.,

Executive Vice President Fan, Vivian H.J.

Executive Vice President Siew, Joy C.Y.,

Executive Vice President Chao, Tillie C.L.

Executive Vice President Lai, Joseph L.J.

Executive Vice President Hsieh, Chun

Deloitte & Touche- CPA Ma, William L.

Peace & Grace International Attorneys At Law- Lawyer Chen, Shou-Huang,

Directors in attendance:

Managing Director Lo, Kenneth C.M

Managing Director Lin, Bill K.C.

Independent Managing Director Hu, Fu-Hsiung (convener of the Compensation Committee, and Corporate Governance and Nomination Committee),

Director Chien, Chih-Ming

Director Chen, Alex J.J.

Director Tang, Grace W.S

Independent Director Chiang, Tina W.N

Independent Director Wang, Jennifer C.F.

Chairman: Lo, Tina Y.

Minute Taker: Lee, Yu-Fen

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order.

Matters for Reporting

Proposal No. 1

Proposal: Business Report for 2023

Explanation: Please refer to Appendix I.

(1) Summary of speech by Shareholder (Account Number 40055):

1. What measures have been developed to mitigate the three major risks of climate change and reduce related financial impacts?
2. Regarding caring for disadvantaged groups, how has the "Social Impact Program" used financial power to support the disadvantaged, and what are the results of this program?
3. In terms of electronic financial services, how many customers have been added over the past year?
4. For the single case of the commercial real estate loan delinquency at EverTrust Bank USA, what is the amount of the delinquency and the cause?
5. What is the risk control model for leasing business investments and investments in mainland China?

Responses by the Chairman and President:

For carbon emissions, besides internal company regulations and pricing, we also help customers understand future improvement directions. Related financial impacts can be found in the bank's annual report on page 100. The "Social Impact Program" is dedicated funds for specific use; although the number of loan applications is not large, it is still ongoing. In terms of electronic financial services, the number of corporate customers has grown by about 600 to 1,000 annually.

During the pandemic, the rental rate for commercial real estate in the U.S. declined, causing customers overdue on payments, resulting in a single delinquency case. In terms of risk control for the leasing business, we currently adopt measures such as requiring collateral and limiting the amount of credit for individual cases.

(2) Summary of speech by Shareholder (Account Number 40384):

1. How are the losses from the bank's investment business and investments in China adjusted? Can the written-off bad debts be recovered?

2. Why does the bank adopt a concurrent operation approach for its insurance business?

Responses by the Chairman and President:

Our bank's investment strategies not only focus on financial-related businesses but also consider regional risk diversification. Our bank has good control over the risk management NPL rate and coverage rate. The written-off bad debt customers and amounts are mostly individual consumer loan accounts. Compared to the profitability of personal consumer loans, it is still in line with market norms.

Since our bank currently does not have a life insurance company under its umbrella, we adopt a strategy of cooperating with life insurance companies to sell their insurance products and generate revenue, hence the concurrent operation approach.

(3) Summary of Speech by Shareholder (Account Number 13151):

1. What are the current results of the marketing efforts for the AI robot introduction?
2. For establishing a branch in Singapore, have local customs and the proportionality of senior executive compensation been considered?

Responses by the Chairman and President:

In terms of the overall expansion of AI robots, we still need to continue to cultivate and expand the customer base so that more customers use AI robot financial services. The establishment of a branch in Singapore has been carefully evaluated and can be used to observe the entire Southeast Asian market. Regarding senior executive compensation, in addition to internal regulations, we have introduced a long-term bonus system in line with ESG corporate governance regulations to increase the responsibilities of senior executives.

Proposal No. 2

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

Explanation: Please refer to Appendix II.

(1) Summary of speech by Shareholder (Account Number 40384):

1. What was the reason for the Financial Supervisory Commission's (FSC) penalty? Is there a way to remedy it? Were the accountant's public fees reviewed by the Audit Committee?
2. Why is the growth rate of interest expenses excessively high?

Response by Lin, Hank H.K., Independent Director and Convener of the Audit Committee:

The FSC penalty was due to a time gap in the reporting of the independent director's election, leading to a violation of related regulations. At the time of the incident, our bank proactively reported to the supervisory authority, and the event had no significant impact on our bank. The audit of various public fees for the accountant has been reviewed item by item by the Audit Committee according to procedures. Currently, the overall interest margin in the banking industry is gradually shrinking, making it difficult to expand business through interest margins, resulting in a higher proportion of interest expenses.

(2) Summary of speech by Shareholder (Account Number 13151):

1. It is suggested to gain a better understanding of the internal situation at Everbright Bank.

Response by the Chairman and President:

Our bank conducts regular visits and assessments of external investment companies.

Proposal No. 3

Proposal: Report on 2023 Operation of the Audit Committee

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on this proposal.

Proposal No. 4

Proposal: Distribution of Remunerations to Directors and Employees for 2023

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on this proposal.

Proposal No. 5

Proposal: Report on 2023 Director Remunerations

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on this proposal.

Proposal No. 6

Proposal: Result of the Bank's Share Repurchase Implementation

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on this proposal.

Proposal No. 7

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

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on this proposal.

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 I and III) were approved by the 9th Board of Directors in its 7th meetings and audited by the Audit Committee.

2. Shareholder ratification is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
1,981,714,959	1,926,938,927	97.23	444,535	0	54,331,497

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 Appendix IV).

(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.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
1,981,714,959	1,927,561,115	97.26	795,532	0	53,358,312

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 V). 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.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
1,981,714,959	1,915,691,383	96.66	462,971	0	65,560,605

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.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
1,981,714,959	1,915,309,834	96.64	775,835	0	65,629,290

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.)	Vice 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.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
1,981,714,959	1,915,037,842	96.63	1,140,048	0	65,537,069

Extempore Motion : None.

Adjournment : 11:05 a.m. the same day.

(The Meeting Minutes only reflected the main contents of the meeting. Please refer to the recording for the exact contents and proceeding of the meeting).

Appendix I

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.

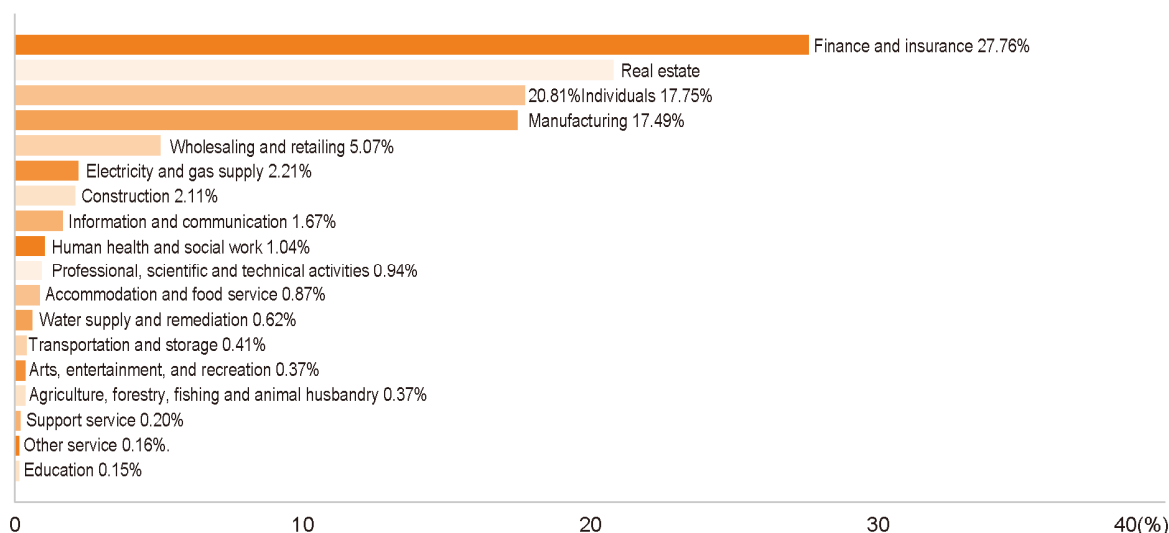
Facing with the unstable global political and economic environment in 2023, the Bank would rather adopt a prudent approach toward expanding its corporate banking business. Rather than seeking a major increase in lending, the objective was to make the best of the limited interest spread and grow fee income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

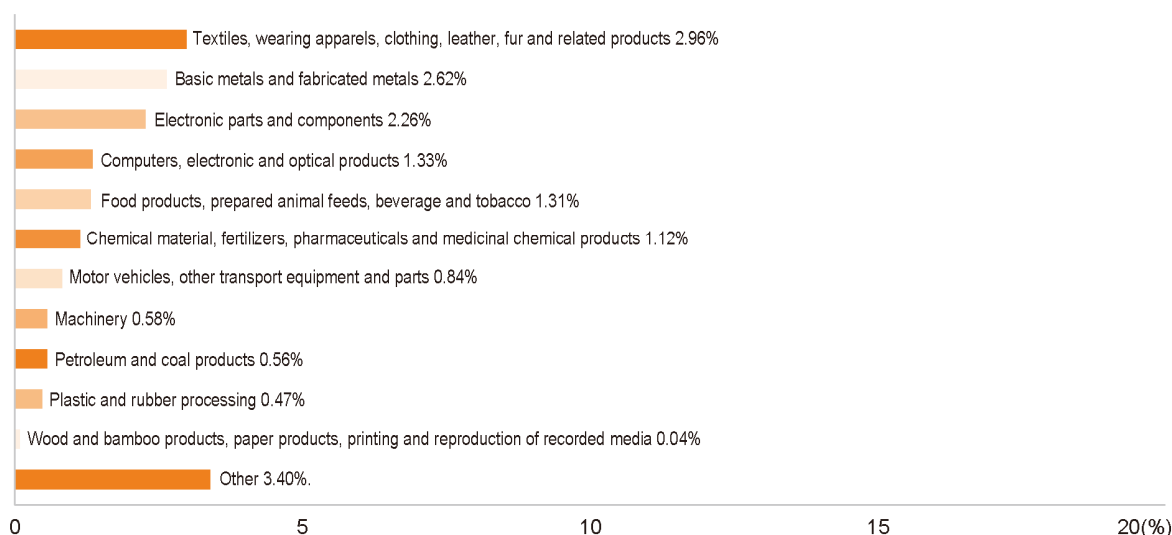
industry with 0.37%, the support service industry with 0.20%, the other service industry with 0.16%, the education industry with 0.15%. Within the manufacturing sector, the textiles, wearing apparels, clothing, leather, fur and related products industry recorded the greatest credit risk exposure of 2.96%, 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 II

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



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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					
	Capital Stock			Capital Surplus	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	Preferred Stock	Total		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	8,133,486	5,807,782
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 IV

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	<u>(8,524,000)</u>
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	<u>4,655,390</u>
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)	<u>(1,228,973,986)</u>
Undistributed earnings as of the end of the period	<u>1,890,453,479</u>

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Accounting Officer: Tai, Hsin Yi

Appendix V

O-Bank Co., Ltd. Articles of Incorporation

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p>
<p>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.</p>	<p>Article 22: Directors shall each hold office for a term of three years and shall be eligible for re-election.</p>	<p>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</p>

Amended Article	Original Article	Explanation
<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p><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.</p>

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 June 14, 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.