O-Bank and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2023 and 2022 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
O-Bank

Introduction

We have reviewed the accompanying consolidated financial statements of O-Bank and its subsidiaries (collectively referred to as the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 16 and 17 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investment accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT$1,514,187 thousand and NT$1,279,440 thousand, respectively, representing 0.25% and 0.22%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$325,378 thousand and NT$268,600 thousand, respectively, representing 0.06% and 0.05%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined total comprehensive income (loss) of these subsidiaries were NT$299,874 thousand and NT$46,915 thousand, respectively, representing 14.64% and (4.10%), respectively, of the consolidated total comprehensive income (loss). As of March 31, 2023 and 2022, the amount of investment accounted for using the equity method was NT$7,315,670 thousand and NT$992,387 thousand, respectively, representing 1.21% and 0.17%, respectively, of the consolidated total assets; for the three months ended March 31, 2023 and 2022, the amount of share of comprehensive income of associate accounted for using the equity method was NT$73,899 thousand and NT$111,508 thousand, respectively, representing 3.61% and (9.73%), respectively, of the consolidated total comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and the investment accounted for using the equity method described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Kuan-Hao Lee and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 2023

<u>*Notice to Readers*</u>

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed) Amount	%	December 31, 2022 (Audited) Amount	%	March 31, 2022 (Reviewed) Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 7,270,159	1	$ 6,414,978	1	$ 8,493,631	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	16,677,723	3	17,785,790	3	12,104,523	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 44)	153,758,429	26	144,850,687	25	149,466,133	26
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 44 and 48)	163,862,926	27	155,223,551	27	185,663,075	33
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 10, 44 and 48)	32,025,754	5	25,665,306	5	-	-
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	2,252,156	-	3,951,999	1	4,214,167	1
RECEIVABLES, NET (Notes 12 and 14)	4,318,904	1	3,691,557	1	20,084,459	4
CURRENT TAX ASSETS	324,826	-	299,379	-	272,463	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 42 and 43)	209,060,594	35	204,312,972	35	182,030,373	32
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 17)	7,315,670	1	7,241,771	1	992,387	-
OTHER FINANCIAL ASSETS (Notes 18 and 44)	1,079,411	-	785,669	-	344,241	-
PROPERTY AND EQUIPMENT, NET (Notes 19 and 45)	2,378,594	1	2,405,135	1	2,536,968	-
RIGHT-OF-USE ASSETS, NET (Note 20)	401,296	-	420,124	-	307,201	-
INTANGIBLE ASSETS, NET (Note 21)	1,766,077	-	1,809,664	-	1,918,278	-
DEFERRED TAX ASSETS	972,887	-	1,125,574	-	1,050,492	-
OTHER ASSETS (Notes 20 and 22)	1,381,178	-	1,358,976	-	1,430,283	-
TOTAL	$ 604,846,584	100	$ 577,343,132	100	$ 570,908,674	100

LIABILITIES AND EQUITY	March 31, 2023 Amount	%	December 31, 2022 Amount	%	March 31, 2022 Amount	%
LIABILITIES						
Deposits From the Central Bank and other banks (Note 23)	$ 26,183,278	5	$ 23,427,644	4	$ 28,805,508	5
Financial liabilities at fair value through profit or loss (Note 8)	590,935	-	1,008,165	-	662,588	-
Bills and bonds sold under repurchase agreements (Note 24)	187,418,764	31	180,156,757	31	178,014,092	31
Payables (Note 25)	4,778,223	1	3,272,901	1	2,312,106	-
Current tax liabilities	187,513	-	112,306	-	324,847	-
Deposits and remittances (Notes 26 and 42)	305,857,598	51	293,164,986	51	265,793,248	47
Bank debentures payable (Note 27)	13,600,000	2	13,600,000	3	15,000,000	3
Other financial liabilities (Note 28)	6,645,954	1	5,156,808	1	19,855,675	4
Provisions (Notes 14, 29 and 30)	1,942,451	-	1,872,637	-	2,065,373	-
Lease liabilities (Note 20)	417,018	-	432,826	-	324,311	-
Deferred tax liabilities	649,579	-	628,178	-	833,309	-
Other liabilities (Note 31)	516,131	-	500,360	-	2,866,956	1
Total liabilities	548,787,444	91	523,333,568	91	516,858,013	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	27,339,923	5	27,339,923	5	27,333,603	5
Preferred stock	2,990,140	-	2,990,140	-	2,996,460	-
Total capital	30,330,063	5	30,330,063	5	30,330,063	5
Capital surplus	14,389	-	13,652	-	13,032	-
Retained earnings						
Legal reserve	4,341,816	1	4,341,816	1	3,729,690	1
Special reserve	634,610	-	634,610	-	797,783	-
Unappropriated earnings	6,222,810	1	5,469,437	1	2,630,945	-
Total retained earnings	11,199,236	2	10,445,863	2	7,158,418	1
Other equity	(2,541,254)	(1)	(3,050,502)	(1)	(1,488,428)	-
Treasury stock	(16,837)	-	(16,837)	-	(16,837)	-
Total equity attributable to owners of the Bank	38,985,597	6	37,722,239	6	35,996,248	6
NON-CONTROLLING INTERESTS	17,073,543	3	16,287,325	3	18,054,413	3
Total equity (Note 32)	56,059,140	9	54,009,564	9	54,050,661	9
TOTAL	$ 604,846,584	100	$ 577,343,132	100	$ 570,908,674	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated May 3, 2023)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 43)	$ 3,047,458	118	$ 1,754,684	76
INTEREST EXPENSE (Notes 33 and 43)	(2,532,336)	(98)	(554,266)	(24)
NET INTEREST	515,122	20	1,200,418	52
NET REVENUE OTHER THAN INTEREST REVENUE				
Service fee income, net (Notes 33 and 43)	662,272	26	721,283	32
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 36)	1,303,525	50	834,444	36
Realized gains on financial assets at fair value through other comprehensive income (Note 37)	13,345	-	19,083	1
Foreign exchange gain (loss), net	11,237	-	(597,362)	(26)
Reversal of impairment loss (impairment loss) on assets	(4,836)	-	461	-
Share of profit of associates accounted for using equity method (Notes 17 and 42)	66,330	3	75,676	3
Other net revenue other than interest (Note 43)	16,538	1	43,041	2
Total net revenue other than interest revenue	2,068,411	80	1,096,626	48
NET REVENUE	2,583,533	100	2,297,044	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	(73,547)	(3)	(43,812)	(2)
OPERATING EXPENSES				
Employee benefits expenses (Notes 37 and 42)	690,460	27	694,247	30
Depreciation and amortization expenses (Note 38)	144,356	5	159,275	7
Other general and administrative expenses (Notes 39 and 42)	311,029	12	281,190	12
Total operating expenses	1,145,845	44	1,134,712	49

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	$ 1,364,141	53	$ 1,118,520	49
INCOME TAX EXPENSE (Note 40)	254,475	10	233,590	10
INCOME FROM CONTINUING OPERATIONS	1,109,666	43	884,930	39
INCOME FROM DISCONTINUED OPERATIONS (Note 15)	-	-	7,471	-
NET PROFIT FOR THE PERIOD	1,109,666	43	892,401	39
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
Loss on remeasurements of defined benefit plans	(3,482)	-	-	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	125,116	5	(93,982)	(4)
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	1,514	-	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 40)	697	-	-	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	123,845	5	(93,982)	(4)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
Exchange differences on translation of financial statements of foreign operations	(85,154)	(3)	485,408	21
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	960,641	37	(2,592,311)	(113)

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss (Note 40)	$ (60,155)	(3)	$ 162,906	7
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	815,332	31	(1,943,997)	(85)
Other comprehensive income (loss) for the period, net of income tax	939,177	36	(2,037,979)	(89)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 2,048,843	79	$ (1,145,578)	(50)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Bank	$ 738,461	29	$ 581,783	25
Non-controlling interests	371,205	14	310,618	14
	$ 1,109,666	43	$ 892,401	39
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Bank	$ 1,262,621	49	$ (412,423)	(18)
Non-controlling interests	786,222	30	(733,155)	(32)
	$ 2,048,843	79	$ (1,145,578)	(50)
EARNINGS PER SHARE (Note 41)				
From continuing and discontinued operations				
Basic	$0.27		$0.21	
Diluted	$0.24		$0.19	
From continuing operations				
Basic	$0.27		$0.21	
Diluted	$0.24		$0.19	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated May 3, 2023) (Concluded)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)												Non-controlling Interests (Note 31)	Total Equity
	Capital Stock				Retained Earning				Other Equity					
	Common Stock	Preferred Stock	Total	Capital Surplus	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 Income	Treasury Stock	Owners of the Bank		
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
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	1,087	1,087
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	430	-	-	-	-	-	-	-	430	-	430
Net profit for the three months ended March 31, 2022	-	-	-	-	-	-	581,783	581,783	-	-	-	581,783	310,618	892,401
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	401,903	(1,396,109)	-	(994,206)	(1,043,773)	(2,037,979)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	581,783	581,783	401,903	(1,396,109)	-	(412,423)	(733,155)	(1,145,578)
Common shares converted from convertible shares	3,540	(3,540)	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	8,743	8,743	-	(8,743)	-	-	-	-
BALANCE AT MARCH 31, 2022	$ 27,333,603	$ 2,996,460	$ 30,330,063	$ 13,032	$ 3,729,690	$ 797,783	$ 2,630,945	$ 7,158,418	$ (544,164)	$ (944,264)	$ (16,837)	$ 35,996,248	$ 18,054,413	$ 54,050,661
BALANCE AT JANUARY 1, 2023	$ 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
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Unclaimed dividends	-	-	-	738	-	-	-	-	-	-	-	738	(4)	734
Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	738,461	738,461	-	-	-	738,461	371,205	1,109,666
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	(632)	(632)	(71,440)	596,232	-	524,160	415,017	939,177
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	737,829	737,829	(71,440)	596,232	-	1,262,621	786,222	2,048,843
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	15,544	15,544	-	(15,544)	-	-	-	-
BALANCE AT MARCH 31, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 14,389	$ 4,341,816	$ 634,610	$ 6,222,810	$ 11,199,236	$ 94,447	$ (2,635,701)	$ (16,837)	$ 38,985,597	$ 17,073,543	$ 56,059,140

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated May 3, 2023)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 1,364,141	$ 1,118,520
Profit from discontinued operations before tax	-	7,471
Adjustments for:		
Depreciation expense	74,986	90,808
Amortization expense	69,370	69,154
Expected credit losses/recognition of provisions	78,383	43,351
Net gain on financial assets or liabilities at fair value through profit or loss	(1,303,525)	(820,537)
Interest expense	2,532,336	554,266
Interest revenue	(3,047,458)	(1,754,684)
Dividends income	(6,449)	(83,720)
Share-based payment arrangements	-	8,423
Share of profit of associates accounted for using the equity method	(66,330)	(75,676)
(Gain) loss on disposal of property and equipment	(2,563)	123
(Gain) loss on disposal of investments	(6,896)	64,637
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,070,233)	1,210,918
Financial assets at fair value through profit or loss	(8,241,359)	2,837,806
Financial assets at fair value through other comprehensive income	(6,992,971)	3,383,393
Investment in debt instruments at amortized cost	(6,359,996)	-
Bills and bonds purchased under resell agreements	1,699,843	1,149,941
Receivables	(243,051)	27,842
Discounts and loans	(4,763,693)	(9,372,261)
Deposits from the Central Bank and other banks	2,755,634	929,207
Financial liabilities at fair value through profit or loss	(417,230)	221,251
Bills and bonds sold under repurchase agreements	7,262,007	(9,938,524)
Payables	1,242,874	(434,289)
Deposits and remittances	12,692,612	6,413,823
Provisions	5,931	30,858
Cash flows used in operations	(2,743,637)	(4,317,899)
Interest received	2,679,160	1,710,871
Dividends received	2,631	81,556
Interest paid	(2,234,527)	(477,184)
Income tax paid	(64,177)	(37,576)
Net cash flows used in operating activities	(2,360,550)	(3,040,232)

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (20,716)	$ (40,106)
Proceeds from disposal of property and equipment	2,692	-
Increase in refundable deposits	-	(103,562)
Decrease in refundable deposits	21,480	-
Acquisition of intangible assets	(31,950)	(3,857)
Increase in other financial assets	-	(22,302)
Decrease in other financial assets	6,104	-
Increase in other assets	(43,682)	(37,009)
Net cash flows used in investing activities	(66,072)	(206,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	37,700	134,722
Increase in commercial papers	1,003,070	-
Decrease in commercial papers	-	(100,058)
Proceeds from long-term borrowings	-	851,805
Repayments of long-term borrowings	-	(1,766,336)
Repayment of the principal portion of lease liabilities	(31,891)	(41,390)
Increase in other financial liabilities	450,663	-
Decrease in other financial liabilities	-	(90,453)
Increase in other liabilities	15,771	147,377
Transfer of treasury stock to employees	-	18,912
Net cash flows generated from (used in) financing activities	1,475,313	(845,421)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(71,964)	587,071
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,023,273)	(3,505,418)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,225,156	15,198,196
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 14,201,883	$ 11,692,778

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

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

	March 31	
	2023	**2022**
Cash and cash equivalents reported in the consolidated balance sheets	$ 7,270,159	$ 8,493,631
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	6,017,424	3,199,147
Other items qualifying for cash and cash equivalents under the definition of IAS 7	914,300	-
Cash and cash equivalents at the end of the period	$ 14,201,883	$ 11,692,778

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' review report dated May 3, 2023) (Concluded)

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (FSC) accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank debentures; (c) providing loans, discounts, and acceptance business; (d) providing domestic and foreign exchange and guarantee business; (e) issuing letters of credit at home and abroad; (f) making receipts and payments by agents; (g) investing in and underwriting offering of securities; (h) dealing in bonds; (i) factoring; (j) providing financial advisory services to financing and non-financing business; (k) wealth management business; (l) providing personal insurance and property insurance agent business; (m) dealing with debit card business; (n) providing foreign exchange services for client's imports or exports, overseas remittances, foreign currency deposits, and foreign currency loans and guarantees; (o) overseeing trust business under the Trust Business Law and regulations; and (p) dealing in derivative financial instruments and participating in other operations authorized by the central authorities.

As of March 31, 2023, the Bank has eight main department level units - Financial Business Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, Internal Audit Department. It also has Operating Segement, Neihu branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange ("TPEx") starting in August 2004. The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

The consolidated financial statements are presented in the Bank's functional currency, the New Taiwan dollar.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Bank and its subsidiaries (the "Group") had 1,387, 1,374 and 1,583 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on May 3, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively the "IFRSs") endorsed and issued into effect by the FSC

Initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC.

Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 48 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries shall be attributed to the owners of the Bank and to the non-controlling interests, even if the balance becomes negative or loss is incurred.

Refer to Note 16 and Table 4 for the list of main business activities and ownership percentages of subsidiaries.

Other Significant Accounting and Reporting Policies

Except as described in the following paragraphs, other significant accounting policies used in the preparation of these consolidated financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2022.

a. Employee benefits

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

b. Income tax expense

   Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans and Financial Guarantee Contract

The impairment of loans and financial guarantee contracts is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs of the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	$ 112,591	$ 137,007	$ 82,870
Checking for clearing	1,473,061	198,196	139,433
Due from banks	5,684,507	6,079,775	8,271,328
	$ 7,270,159	$ 6,414,978	$ 8,493,631

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets on December 31, 2022 are as follows. The adjustments as March 31, 2023 and 2022, refer to the consolidated statements of cash flows.

	December 31, 2022
Cash and cash equivalents in the consolidated balance sheets	$ 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	8,195,724
Others meet the definition of cash and cash equivalents under the definition of IAS 7	614,454
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,225,156

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Reserves for deposits - Type A	$ 1,960,904	$ 1,325,922	$ 3,026,716
Reserves for deposits - Type B	5,839,348	5,907,742	5,042,181
Due from Central Bank - Financial	2,506,517	2,003,091	804,995
Call loans to banks	6,322,191	8,502,951	3,199,147
Others	48,763	46,084	31,484
	$ 16,677,723	$ 17,785,790	$ 12,104,523

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible bonds - domestic (include assets swap contracts)	$ 7,698,250	$ 8,493,617	$ 10,891,608
Structured debt	-	-	570,313
	7,698,250	8,493,617	11,461,921
Derivative financial assets			
Currency swap contracts	553,089	764,815	767,285
Forward contracts	50,021	163,969	63,235
Interest rate swap contracts	31,957	18,252	473
Currency option contracts - call	30,251	19,851	43,213
Promised purchase contracts	9,896	26,010	26,481
Future exchange margins	76,219	24,710	23,845
	751,433	1,017,607	924,532
Non-derivative financial assets			
Treasury bills	498,300	-	-
Commercial paper	108,316,508	98,462,696	92,232,419
Commercial paper contracts	204,347	9,781	13,883
Negotiable certificates of deposit	30,647,928	35,244,589	43,623,200
Stocks and beneficiary certificates	1,520,046	1,622,397	1,210,147
Government bonds	3,098,670	-	-
Corporate Bond	1,022,947	-	-
When-issued government bonds	-	-	31
	145,308,746	135,339,463	137,079,680
	$ 153,758,429	$ 144,850,687	$ 149,466,133

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Held-for-trading financial liabilities			
Financial liabilities held for trading			
Derivative financial instruments			
Currency swap contracts	$ 304,625	$ 622,379	$ 490,347
Forward contracts	76,087	133,419	64,346
Interest rate swap contracts	32,084	18,375	3,364
Currency option contracts - put	27,037	14,486	43,636
Promised purchase contracts	3,467	-	10,388
	443,300	788,659	612,081
Non-derivative financial liabilities			
Commercial paper contracts	147,635	219,506	50,507
	$ 590,935	$ 1,008,165	$ 662,588

(Concluded)

The Group engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts and cross-currency swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a high negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Interest rate swap contracts	$ 10,825,310	$ 11,244,419	$ 12,709,549
Currency swap contracts	137,357,867	114,694,781	84,401,139
Forward contracts	21,633,021	30,015,167	11,322,696
Currency option contracts			
Buy	2,045,160	912,929	2,166,074
Sell	1,692,553	728,593	2,141,573
Promised purchase contracts	15,450,000	15,000,000	13,100,000
Futures contract	12,182	-	-

As of March 31, 2023, December 31, 2022 and March 31, 2022, financial assets at fair value through profit and loss under agreement to repurchase were in the face amounts of $89,216,500 thousand, $86,836,200 thousand and $72,886,700 thousand, respectively.

Refer to Note 44 for information relating to financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in equity instruments at FVTOCI	$ 4,665,229	$ 1,968,197	$ 7,850,867
Investments in debt instruments at FVTOCI			
Government bonds	20,691,443	20,281,761	21,903,086
Bank debentures	28,370,220	26,254,996	32,171,179
Corporate bonds	79,557,536	76,558,979	84,697,763
Overseas government bonds	2,696,055	2,091,497	2,503,566
Mortgage backed securities	2,530,830	2,565,229	2,629,647
Commercial papers contracts	6,793,140	6,249,812	6,897,764
Negotiable certificates of deposit	18,558,473	19,253,080	27,009,203
	$ 163,862,926	$ 155,223,551	$ 185,663,075

a. Investments in equity instruments at FVTOCI

These investments in listed, unlisted and emerging stocks are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group disposed stock classified as at FVTOCI for invested management purpose for the three months ended March 31, 2023 and 2022. The fair value of stocks classified as at FVTOCI which had to be disposed of were $231,132 thousand and $131,046 thousand and the accumulated gain related to the sold assets of $15,544 thousand and $8,743 thousand, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $6,449 thousand and $83,720 thousand were recognized in profit or loss for the three months ended March 31, 2023 and 2022. The dividends related to investments held at the end of the reporting period were $6,449 thousand and $83,720 thousand, respectively.

b. Investments in debt instruments at FVTOCI

1) Refer to Note 44 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 48 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) Investments in debt instruments at FVTOCI under agreement to replacement to repurchase were in the face amount of $89,599,837 thousand, $87,026,300 thousand and $97,017,875 thousand, on March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AS AT AMORTIZED COST

	March 31, 2023	December 31, 2022
Government bonds	$ 12,208,147	$ 8,453,740
Bank debentures	4,456,602	2,561,252
Corporate bonds	5,457,371	4,739,723
Overseas government bonds	907,189	913,609
Negotiable certificates of deposit	9,000,000	9,000,000
	32,029,309	25,668,324
Less: Allowance for impairment loss	(3,555)	(3,018)
	$ 32,025,754	$ 25,665,306

Refer to Note 44 for information relating to investments in debt instruments at amortized cost pledged as security.

Refer to Note 48 for information relating to the credit risk management and impairment assessment of investments in debt instruments at amortized cost.

Investments in debt instruments at amortized cost under agreement to repurchase was in the face amount of $5,468,966 thousand and $1,753,479 thousand, as of March 31, 2023 and December 31, 2022.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of March 31, 2023, December 31, 2022 and March 31, 2022, bonds and bills in the amounts of $2,252,156 thousand, $3,951,999 thousand, and $4,214,167 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $2,254,053 thousand, $3,954,765 thousand and $4,215,171 thousand before April 2023, February 2023 and April 2022, respectively. As of March 31, 2023, December 31, 2022 and March 31, 2022, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $2,233,300 thousand, $3,144,400 thousand and $3,707,400 thousand, respectively.

12. RECEIVABLES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Lease payment receivable	$ -	$ -	$ 16,881,241
Factored receivable	987,929	1,477,269	1,403,142
Interest receivable	1,931,924	1,555,067	1,029,924
Accounts receivable	241,019	226,068	1,430,593
Investment settlements receivable	985,577	196,270	440,258
Acceptances receivable	54,437	121,272	36,308
Settlement accounts receivable - trusteeship	-	-	62,620
Others	160,567	162,162	227,286
	4,361,453	3,738,108	21,511,372
Less: Unrealized interest revenue	-	-	916,039
Allowance for credit losses	42,549	46,551	510,874
Receivables, net	$ 4,318,904	$ 3,691,557	$ 20,084,459

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the three months ended March 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Transfers				
To -month ECLs	20	(20)	-	-
To lifetime ECLs	(973)	973	-	-
To credit-impaired financial assets	(185)	(41)	226	-
New financial assets purchased or originated	2,388,769	13,234	11,105	2,413,108
Derecognition of financial assets in the reporting period	(1,210,621)	(658,982)	(556)	(1,870,159)
Write-offs	-	-	-	-
Exchange rate or other changes	80,798	(222)	(180)	80,396
Balance at March 31, 2023	$ 4,281,729	$ 31,830	$ 47,894	$ 4,361,453
Balance at January 1, 2022	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720
Transfers				
To 12-month ECLs	19,324	(19,324)	-	-
To lifetime ECLs	(105,199)	105,199	-	-
To credit-impaired financial assets	(231)	(67,008)	67,239	-
New financial assets purchased or originated	5,513,491	9,112	40	5,522,643
Derecognition of financial assets in the reporting period	(5,933,902)	(40,852)	(4,119)	(5,978,873)
Write-offs	-	-	(25,068)	(25,068)
Exchange rate or other changes	486,611	655	7,645	494,911
Balance at March 31, 2022	$ 20,174,167	$ 123,611	$ 297,555	$ 20,595,333

Rental equipment is held as collateral for the lease payment receivable. The Group is not allowed to sell or re-pledge the collateral if the lessee has no arrears.

The Group provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 14 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 48 for the impairment loss analysis of receivables.

13. DISCOUNTS AND LOANS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Short-term	$ 82,144,441	$ 70,438,914	$ 68,081,207
Medium-term	105,162,366	111,528,492	89,744,762
Long-term	24,157,583	24,756,153	26,191,321
Export bill negotiated	1,343	-	2,649
Guaranteed overdraft	106,125	105,522	131,538
Overdue loans	663,793	668,187	538,745
	212,235,651	207,497,268	184,690,222
Less: Allowance for credit losses	3,175,057	3,184,296	2,659,849
	$ 209,060,594	$ 204,312,972	$ 182,030,373

The changes in gross carrying amount on discount and loans for the three months ended March 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Transfers				
To 12-month ECLs	63,122	(63,122)	-	-
To lifetime ECLs	(166,685)	166,685	-	-
To credit-impaired financial assets	(57,723)	(8,902)	66,625	-
New financial assets purchased or originated	66,572,245	8,912,018	176,992	75,661,255
Derecognition of financial assets in the reporting period	(60,779,322)	(9,301,797)	(227,854)	(70,308,973)
Write-offs	-	-	(17,612)	(17,612)
Exchange rate or other changes	(548,243)	(44,189)	(3,855)	(596,287)
Balance at March 31, 2023	$ 193,725,686	$ 17,098,901	$ 1,411,064	$ 212,235,651
Balance at January 1, 2022	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535
Transfers				
To 12-month ECLs	350,068	(350,068)	-	-
To lifetime ECLs	(129,286)	129,286	-	-
To credit-impaired financial assets	(39,609)	(83,064)	122,673	-
New financial assets purchased or originated	56,445,099	4,308,144	23,623	60,776,866
Derecognition of financial assets in the reporting period	(46,696,015)	(5,981,705)	(149,172)	(52,826,892)
Write-offs	-	-	(15,691)	(15,691)
Exchange rate or other changes	1,351,255	111,630	(3,481)	1,459,404
Balance at March 31, 2022	$ 172,566,370	$ 10,909,764	$ 1,214,088	$ 184,690,222

The balance of the overdue loans of the Group as of March 31, 2023, December 31, 2022 and March 31, 2022 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $4,747 thousand and $3,043 thousand for the three months ended March 31, 2023 and 2022, respectively. For the three months ended March 31, 2023 and 2022, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 44 for information relating to discounts and loan assets pledged as security.

The Group provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 14 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 48 for the impairment loss analysis of discounts and loans.

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the three months ended March 31, 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To lifetime ECLs	(80)	80	-	-	-	-
To credit-impaired financial assets	(111)	(25)	136	-	-	-
New financial assets purchased or originated	2,316	21	1,513	3,850	-	3,850
Derecognition of financial assets in the reporting period	(1,950)	(1,000)	(96)	(3,046)	-	(3,046)
Change in model or risk parameters	227	(68)	(65)	94	-	94
Difference between IFRS 9 and local requirements	-	-	-	-	(4,519)	(4,519)
Write-offs	-	-	-	-	-	-
Withdrawal after write-offs	-	-	-	-	-	-
Exchange rate or other changes	(2)	-	(338)	(340)	(41)	(381)
Balance at March 31, 2023	$ 3,622	$ 113	$ 26,209	$ 29,944	$ 12,605	$ 42,549

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296
Transfers						
To 12-month ECLs	36	(36)	-	-	-	-
To lifetime ECLs	(5,231)	5,231	-	-	-	-
To credit-impaired financial assets	(19,751)	(5,662)	25,413	-	-	-
New financial assets purchased or originated	120,796	11,268	30,004	162,068	-	162,068
Derecognition of financial assets in the reporting period	(137,866)	(16,947)	(36,850)	(191,663)	-	(191,663)
Change in model or risk parameters	46,993	8,715	(1,306)	54,402	-	54,402
Difference between IFRS 9 and local requirements	-	-	-	-	(8,736)	(8,736)
Write-offs	-	-	(17,612)	(17,612)	-	(17,612)
Withdrawal after write-offs	-	-	4,188	4,188	-	4,188
Exchange rate or other changes	(1,423)	(352)	(295)	(2,070)	(9,816)	(11,886)
Balance at March 31, 2023	$ 470,605	$ 92,766	$ 301,523	$ 864,894	$ 2,310,163	$ 3,175,057

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019
Transfers						
To lifetime ECLs	-	-	-	-	-	-
New financial assets purchased or originated	40,758	3,214	734	44,706	-	44,706
Derecognition of financial assets in the reporting period	(35,588)	(2,709)	-	(38,297)	-	(38,297)
Change in model or risk parameters	(1,388)	290	-	(1,098)	-	(1,098)
Difference between IFRS 9 and local requirements	-	-	-	-	55,787	55,787
Withdrawal after write-offs	-	-	-	-	102	102
Exchange rate or other changes	(75)	(4)	-	(79)	(55)	(134)
Balance at March 31, 2023	$ 107,466	$ 9,319	$ 734	$ 117,519	$ 1,651,566	$ 1,769,085

The changes in allowance for credit losses and provisions for the three months ended March 31, 2022 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 270,996	$ 28,036	$ 190,494	$ 489,526	$ 15,680	$ 505,206
Transfers						
To 12-month ECLs	976	(976)	-	-	-	-
To lifetime ECLs	(2,022)	2,022	-	-	-	-
To credit-impaired financial assets	(91)	(22,650)	22,741	-	-	-
New financial assets purchased or originated	2,793	4,355	3,660	10,808	-	10,808
Derecognition of financial assets in the reporting period	(25,515)	(72)	(1,978)	(27,565)	-	(27,565)
Change in model or risk parameters	128	14,114	18,284	32,526	-	32,526
Difference between IFRS 9 and local requirements	-	-	-	-	385	385
Write-offs	-	-	(25,068)	(25,068)	-	(25,068)
Withdrawal after write-offs	-	-	916	916	-	916
Exchange rate or other changes	6,942	747	5,946	13,635	31	13,666
Balance at March 31, 2022	$ 254,207	$ 25,576	$ 214,995	$ 494,778	$ 16,096	$ 510,874

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 382,077	$ 108,320	$ 238,363	$ 728,760	$ 1,840,186	$ 2,568,946
Transfers						
To 12-month ECLs	12,541	(12,541)	-	-	-	-
To lifetime ECLs	(2,887)	2,887	-	-	-	-
To credit-impaired financial assets	(9,739)	(4,322)	14,061	-	-	-
New financial assets purchased or originated	53,526	3,310	20,425	77,261	-	77,261
Derecognition of financial assets in the reporting period	(101,622)	(15,559)	(29,354)	(146,535)	-	(146,535)
Change in model or risk parameters	(87,073)	(16,317)	4,932	(98,458)	-	(98,458)
Difference between IFRS 9 and local requirements	-	-	-	-	237,209	237,209
Write-offs	-	-	(15,691)	(15,691)	-	(15,691)
Withdrawal after write-offs	-	-	10,524	10,524	-	10,524
Exchange rate or other changes	3,292	1,908	139	5,339	21,254	26,593
Balance at March 31, 2022	$ 250,115	$ 67,686	$ 243,399	$ 561,200	$ 2,098,649	$ 2,659,849

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 121,611	$ 15,461	$ -	$ 137,072	$ 1,705,435	$ 1,842,507
Transfers						
To lifetime ECLs	-	-	-	-	-	-
New financial assets purchased or originated	27,749	2,033	-	29,782	-	29,782
Derecognition of financial assets in the reporting period	(48,928)	(8,018)	-	(56,946)	-	(56,946)
Change in model or risk parameters	(29,540)	(2,214)	-	(31,754)	-	(31,754)
Difference between IFRS 9 and local requirements	-	-	-	-	17,099	17,099
Withdrawal after write-offs	-	-	-	-	19,562	19,562
Exchange rate or other changes	487	101	-	588	(80)	508
Balance at March 31, 2022	$ 71,379	$ 7,363	$ -	$ 78,742	$ 1,742,016	$ 1,820,758

15. DISCONTINUED OPERATIONS

Chun Teng New Century Co., Ltd. (the formerly known as IBTS) decided to transfer operating rights and property of brokerage of securities to SinoPac Securities Corp. Ltd. which was approved by the stockholders in the temporary stockholders meeting on May 25, 2016. The total price of the transfer was $390,000 thousand, and the business transfer date was as on for September 26, 2016.

The subsidiary ended the securities business on September 23, 2016, which as dissolved and liquidated on November 11, 2016. The dissolution had been approved by the board of directors in their meeting on October 17, 2016.

From September 30, 2016, the self-operating and new financial assets business of the operating department of subsidiary has ended and conformed to the discontinued operations definition of IFRS 5. Hence, the operating department mentioned above has been regarded as discontinued operations in the consolidated financial report.

On March 29, 2022, the liquidators of the subsidiary resolved to distribute the remaining property amounting to $159,544 thousand for the third time, and the Bank has received the liquidation proceeds in proportion to its shareholding ratio and transferred the remaining balance of the book value balance of the subsidiary to receivables.

The details and cash flows information of discontinued operations are exhibited below:

	For the Three Months Ended Mach 31, 2022
Interest revenue	$ 78
Interest expenses	-
Net interest	78
Net revenue other than interest	
Loss on financial assets and liabilities at fair value through profit or loss	(13,907)
Other net revenue other than interest	25,434
Total net revenues other than interest	11,527
Net revenue	11,605

(Continued)

	For the Three Months Ended Mach 31, 2022
Operating expenses	
Employee benefits expenses	$ 2,235
Depreciation and amortization expense	687
Others general and administrative expenses	1,195
Total operating expenses	4,117
Income tax expense	-
Income from discontinued operations before elimination	7,488
Elimination of transactions with related parties	(17)
Income from discontinued operations	$ 7,471
Income of discontinued operations attributable to:	
Owners of the Bank	$ 7,452
Non-controlling interests	19
	$ 7,471
Cash flows:	
Net cash flows generated from operating activities	$ 40,562
Net cash flows used in investing activities	(46)
Net cash flows used in financing activities	(694)
Effects of exchange rate changes on cash and cash equivalents	(5,246)
Net cash inflow	$ 34,576

(Concluded)

16. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership March 31, 2023	% of Ownership December 31, 2022	% of Ownership March 31, 2022	Remark	Reviewed by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp.(IBTH)	Holding company	100.00	100.00	100.00	Founded in 2006 in California	Yes
	IBT Leasing	Leasing	-	-	100.00	Founded in 2011 (Please refer to Note 17)	-
	IBTM	Investment consulting	100.00	100.00	100.00	Founded in 2000	No
	Chun Teng New Century Co., Ltd. (formerly known as IBTS)	Investment (former Securities firm)	99.75	99.75	99.75	Founded in 1961 (Note 1)	No
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	-	Founded in 2014 (Note 2)	No
IBT Leasing	IBT International Leasing Corp.	Leasing	-	-	100.00	Founded in 2011 in mainland China (Note 3)	No
Chun Teng New Century Co., Ltd. (formerly known as IBTS)	IBTS Holding B.V.I. Limited (IBTSH)	Holding company	100.00	100.00	100.00	Founded in 2003 in the British Virgin Islands	No
IBTSH	IBTS Financial (HK) Limited	Investment	100.00	100.00	100.00	Founded in 2003 in Hong Kong	No
	IBTS Asia (HK) Limited	Securities and investment	100.00	100.00	100.00	Founded in 2004 in Hong Kong	No
IBTH	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California	Yes

Note 1: Dissolved on November 11, 2016, and was not subject of the consolidated statement since 2023.

Note 2: The Bank's board of directors resolved on July 21, 2022 to reduce the capital by shares of its subsidiary, IBT LEASING CO., LTD. ("IBT Leasing"), and as a subsidiary of IBT Leasing, all of the shares of IBT VII Venture Capital Co., Ltd. will be offset and returned to the Bank, calculated on the basis of the total number of shares issued after IBT Leasing's profit-to-capital increase base date. The capital reduction ratio is 20.98%, and the capital reduction amount is $710,614 thousand. After the capital reduction, IBT Leasing's paid-in capital is 2,677,290 thousand yuan. The record date for the capital reduction was October 19, 2022.

Note 3: All shares are held commonly with IBT VII Venture Capital Co., Ltd. before April 2022; and after the consolidation on December 1, 2022 (please refer to Note 17), all shares are held by Jih Sun IBT International Leasing Co.

b. Details of subsidiaries that have material non-controlling interests

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of Subsidiary	**Principal Place of Business**	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	March 31, 2023	**December 31, 2022**	**March 31, 2022**
CBF			
Equity attributable to:			
Owners of the CBF	$ 6,543,931	$ 6,234,894	$ 6,955,242
Non-controlling interests of CBF	16,523,421	15,743,106	17,561,982
	$ 23,067,352	$ 21,978,000	$ 24,517,224

	For the Three Months Ended March 31	
	2023	**2022**
Net revenue	$ 734,030	$ 602,712
Net profit from continuing operations	$ 505,661	$ 426,942
Other comprehensive income (loss) for the period	583,695	(1,468,419)
Total comprehensive income (loss) for the period	$ 1,089,356	$ (1,041,477)
Profit attributable to:		
Owners of CBF	$ 143,450	$ 121,118
Non-controlling interests of CBF	362,211	305,824
	$ 505,661	$ 426,942

(Continued)

	For the Three Months Ended March 31	
	2023	2022
Total comprehensive income attributable to:		
Owners of CBF	$ 309,037	$ (295,454)
Non-controlling interests of CBF	780,319	(746,023)
	$ 1,089,356	$ (1,041,477)
Net cash outflow from:		
Operating activities	$ (1,213,660)	$ (2,846,609)
Investing activities	(6,522)	(6,046)
Financing activities	989,489	3,088,742
Net cash (outflow) inflow	$ (230,693)	$ 236,087
Dividends paid to non-controlling interests of CBF	$ -	$ -

(Concluded)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	March 31, 2023	December 31, 2022	March 31, 2022
Associates - Jih Sun IBT International Leasing Co.	$ 6,247,556	$ 6,230,729	$ -
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,068,114	1,011,042	992,387
	$ 7,315,670	$ 7,241,771	$ 992,387

The Bank was jointly invested in Beijing Sunshine Consumer Finance Co., Ltd., with China Everbright Bank and China CYT Holdings Co. The Bank's investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

On July 21, 2022, the Bank's board of directors resolved to merge IBT Leasing with Jih Sun International Leasing & Finance Co., Ltd. (referred to as "Jih Sun Leasing"). In this merger, Jih Sun Leasing is the surviving company and is renamed Jih Sun IBT International Leasing Co., Ltd. The share exchange ratio is one IBT Leasing ordinary share for 0.5834 Jih Sun Leasing shares, with Jih Sun Leasing anticipating issuing 156,193 thousand shares to the Bank. Merged conversion amounted to NT$6,198,618 thousand. The record date of the merger is December 1, 2022. After the merger, the Bank will hold 44.48% shares of the surviving company and has no control over it. Refer to Note 42 for information relating to disposal of IBT Leasing.

Refer to Table 3 "Name, locations and other information of investees on which the Group exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associate.

Investment was accounted for using the equity method, and the share of profit or loss and other comprehensive income of this investment was calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Beijing Sunshine Consumer Finance Co., Ltd., which have not been reviewed.

18. OTHER FINANCIAL ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits with original maturities more than 3 months	$ 76,191	$ 76,807	$ 9,731
Pledged time deposits	-	-	240,174
Compensation account for payment	-	-	30,546
Call loans to securities corporation limited	914,300	614,454	-
Repurchase agreement margins	88,920	94,408	63,790
	$ 1,079,411	$ 785,669	$ 344,241

19. PROPERTY AND EQUIPMENT, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts of each class of			
Land	$ 781,970	$ 781,970	$ 781,970
Buildings	1,182,870	1,193,110	1,227,715
Machinery and computer equipment	239,162	252,007	290,112
Transportation equipment	23,182	25,146	34,112
Office and other equipment	34,170	37,471	47,697
Lease improvement	75,999	85,501	126,057
Construction in progress and prepayments for equipment	41,241	29,930	29,305
	$ 2,378,594	$ 2,405,135	$ 2,536,968

The movements of in property and equipment for the three months ended March 31, 2023 and 2022 are summarized as follows:

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Additions	-	1,074	1,197	-	1,047	284	17,114	20,716
Disposals and scrapped	-	-	(5,487)	(11,329)	(323)	-	-	(17,139)
Reclassification	-	294	2,240	-	-	-	(5,803)	(3,269)
Effect of foreign currency exchange differences	-	-	(218)	(108)	(531)	(1,468)	-	(2,325)
Balance at March 31, 2023	$ 781,970	$ 1,907,824	$ 801,842	$ 56,729	$ 284,715	$ 383,527	$ 41,241	$ 4,257,848

(Continued)

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Disposals and scrapped	-	-	(5,426)	(11,262)	(322)	-	-	(17,010)
Depreciation expense	-	11,608	16,182	1,862	4,266	9,454	-	43,372
Effect of foreign currency exchange differences	-	-	(179)	(73)	(450)	(1,136)	-	(1,838)
Balance at March 31, 2023	$ -	$ 724,954	$ 562,680	$ 33,547	$ 250,545	$ 307,528	$ -	$ 1,879,254
Carrying amounts								
Balance at March 31, 2023	$ 781,970	$ 1,182,870	$ 239,162	$ 23,182	$ 34,170	$ 75,999	$ 41,241	$ 2,378,594
Cost								
Balance at January 1, 2022	$ 781,970	$ 1,906,173	$ 856,234	$ 76,998	$ 283,582	$ 407,191	$ 20,190	$ 4,332,338
Additions	-	90	3,571	11,206	3,376	11,943	9,920	40,106
Disposals and scrapped	-	-	(10,811)	-	(98)	(4,766)	-	(15,675)
Reclassification	-	-	-	50	-	-	(806)	(756)
Effect of foreign currency exchange differences	-	-	2,394	366	1,831	5,720	1	10,312
Balance at March 31, 2022	$ 781,970	$ 1,906,263	$ 851,388	$ 88,620	$ 288,691	$ 420,088	$ 29,305	$ 4,366,325
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 666,951	$ 552,227	$ 52,112	$ 233,950	$ 282,048	$ -	$ 1,787,288
Disposals and scrapped	-	-	(10,710)	-	(88)	(4,766)	-	(15,564)
Depreciation expense	-	11,597	18,143	2,191	5,660	13,153	-	50,744
Effect of foreign currency exchange differences	-	-	1,616	205	1,472	3,596	-	6,889
Balance at March 31, 2022	$ -	$ 678,548	$ 561,276	$ 54,508	$ 240,994	$ 294,031	$ -	$ 1,829,357
Carrying amounts								
Balance at March 31, 2022	$ 781,970	$ 1,227,715	$ 290,112	$ 34,112	$ 47,697	$ 126,057	$ 29,305	$ 2,536,968

(Concluded)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-55 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-15 years
Lease improvement	5-8 years

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts			
Buildings	$ 386,437	$ 416,289	$ 289,229
Machinery	515	588	809
Transportation equipment	12,908	1,457	15,787
Office equipment	1,436	1,790	1,376
	$ 401,296	$ 420,124	$ 307,201

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	$ 15,750	$ 11,256
Depreciation charge for right-of-use assets		
Buildings	$ 30,302	$ 36,590
Machinery	74	73
Transportation equipment	898	3,078
Office equipment	340	323
	$ 31,614	$ 40,064

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts	$ 417,018	$ 432,826	$ 324,311

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	0.67%-5.63%	0.67%-5.13%	0.44%-5.70%
Machinery	1.36%	1.36%	1.36%
Transportation equipment	1.85%-2.17%	2.05%-2.17%	2.04%-6.00%
Office equipment	0.63%-4.42%	0.63%-4.42%	0.65%-2.76%

c. Material lease-in activities

Due to rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of March 2033. As of March 31, 2023, December 31, 2022 and March 31, 2022, refundable deposits paid under operating lease amounted to $28,004 thousand, $24,849 thousand and $36,321 thousand.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	$ 606	$ 3,181
Expenses relating to low-value asset leases	$ 550	$ 565
Total cash outflow for leases	$ (33,047)	$ (45,136)

21. INTANGIBLE ASSETS, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts of each class of			
Computer software	$ 609,441	$ 643,769	$ 831,454
Goodwill	1,156,636	1,165,895	1,086,824
	$ 1,766,077	$ 1,809,664	$ 1,918,278

The changes in intangible assets for the three months ended March 31, 2023 and 2022 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2022	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Additions	31,950	-	-	31,950
Disposals	(2,836)	-	-	(2,836)
Reclassification	3,269	-	-	3,269
Effect of foreign currency exchange differences	(1,006)	(9,259)	(60)	(10,325)
Balance at March 31, 2022	$ 2,441,652	$ 1,156,636	$ 7,440	$ 3,605,728
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Amortization	69,370	-	-	69,370
Disposals	(2,836)	-	-	(2,836)
Effect of foreign currency exchange differences	(829)	-	(60)	(889)
Balance at March 31, 2022	$ 1,832,211	$ -	$ 7,440	$ 1,839,651
Carrying amounts				
Balance at March 31, 2022	$ 609,441	$ 1,156,636	$ -	$ 1,766,077
Cost				
Balance at January 1, 2022	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Additions	3,857	-	-	3,857
Disposals	(8,137)	-	-	(8,137)
Reclassification	756	-	-	756
Effect of foreign currency exchange differences	4,205	35,068	228	39,501
Balance at March 31, 2022	$ 2,427,753	$ 1,086,824	$ 6,988	$ 3,521,565

(Continued)

	Computer Software	Goodwill	Others	Total
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Amortization	69,154	-	-	69,154
Disposals	(8,087)	-	-	(8,087)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	2,455	-	228	2,683
Balance at March 31, 2022	$ 1,596,299	$ -	$ 6,988	$ 1,603,287
Carrying amounts				
Balance at March 31, 2022	$ 831,454	$ 1,086,824	$ -	$ 1,918,278

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 100% of the stocks of Ever Trust Bank on March 30, 2007. The investment cost exceeded the fair value of net identifiable assets.

When the Group executes the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, and the recoverable amount is assessed by the value in use of the cash-generating unit. The key assumptions base the expected future cash flows on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group discounts the net cash flows from those of the operations of the cash-generating units in the next five years in order to calculate the value in use. Under the estimation of the Group, there is no occurrence of impairment.

The computer software and other intangible assets are amortized on a straight-line basis of 3 and 15 years, respectively.

22. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits	$ 737,526	$ 759,006	$ 763,234
Life insurance cash surrender value	337,626	339,879	330,210
Prepayments	119,015	72,679	142,580
Others	187,011	187,412	194,259
	$ 1,381,178	$ 1,358,976	$ 1,430,283

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans from banks	$ 18,135,612	$ 15,355,374	$ 25,943,354
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000	-
Call loans from the Central Bank	3,047,666	3,072,270	2,862,154
	$ 26,183,278	$ 23,427,644	$ 28,805,508

24. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Bills	$ 86,323,802	$ 85,784,753	$ 72,334,129
Government bonds	17,621,071	15,869,712	22,535,592
Corporate bonds	61,740,304	59,111,195	62,691,160
Bank debentures	21,192,334	18,841,944	19,953,211
Beneficiary securities	541,253	549,153	500,000
	$ 187,418,764	$ 180,156,757	$ 178,014,092
Date of agreements to repurchase	Before March 2024	Before December 2023	Before March 2023
Amount of agreements to repurchase	$ 183,708,098	$ 180,489,847	$ 178,083,210

The bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date for the three months ended March 31, 2023, with a face value of $4,543,562 thousand.

25. PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Investment settlements payable	$ 543,063	$ 153,613	$ 104,297
Settlement accounts payable - trusteeship	-	-	62,598
Acceptances	54,437	121,272	36,308
Accounts payable	67,813	48,380	228,060
Accrued interest	1,287,816	993,372	428,934
Accrued expenses	938,147	1,347,725	842,374
Collections payable	133,762	109,902	76,658
Factored payables	195,519	179,931	303,184
Checks for clearing	1,473,061	198,196	139,433
Others	84,605	120,510	90,260
	$ 4,778,223	$ 3,272,901	$ 2,312,106

26. DEPOSITS AND REMITTANCES

	March 31, 2023	December 31, 2022	March 31, 2022
Deposits			
Checking	$ 5,526,181	$ 5,717,211	$ 7,279,065
Demand	41,524,295	43,666,389	54,924,654
Time	242,315,526	226,765,043	186,780,420
Savings deposits	16,462,566	16,996,792	16,776,911
Export remittances	29,030	19,551	32,198
	$ 305,857,598	$ 293,164,986	$ 265,793,248

27. BANK DEBENTURES PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Subordinate bonds forth issued in 2014; fixed 2.20% interest rate; maturity: May 5, 2022; interest paid annually and repayment of the principal at maturity	$ -	$ -	$ 1,500,000
Subordinate bonds first issued in 2015; fixed 1.85% interest rate; maturity: December 29, 2022; interest paid annually and repayment of the principal at maturity	-	-	1,000,000
Subordinate bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	2,000,000	2,000,000	2,000,000
Subordinate bonds A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	750,000	750,000	750,000
Subordinate bonds B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000	700,000
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000	1,050,000

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	$ 2,500,000	$ 2,500,000	$ 2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repay the principal at maturity	1,000,000	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repayment of the principal at maturity	1,100,000	1,100,000	-
	$ 13,600,000	$ 13,600,000	$ 15,000,000

(Concluded)

28. OTHER FINANCIAL LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Bank borrowings	$ 89,700	$ 52,000	$ 12,034,720
Commercial papers payable	3,222,438	2,221,655	5,596,798
Principal of structured products	1,707,004	962,184	30,226
Funds obtained from the government - intended for specific types of loans	1,626,812	1,908,040	2,193,931
Repurchase agreement margins	-	12,929	-
	$ 6,645,954	$ 5,156,808	$ 19,855,675

a. Bank borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Short-term borrowings	$ 89,700	$ 52,000	$ 5,652,353
Long-term borrowings	-	-	6,382,367
	$ 89,700	$ 52,000	$ 12,034,720
Interest rate interval			
New Taiwan dollars	1.81%-2.10%	2.14%	1.00%-1.47%
U.S. dollars	-	-	1.71%-2.45%
Renminbi	-	-	4.05%-4.80%

b. Commercial papers payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial papers payable	$ 3,226,000	$ 2,223,000	$ 5,600,000
Less: Unamortized discount	(3,562)	(1,345)	(3,202)
	$ 3,222,438	$ 2,221,655	$ 5,596,798
Interest rate interval	1.27%-2.12%	1.50%-2.09%	0.33%-1.35%

c. Funds obtained from the government - intended for specific types of loans

	March 31, 2023	December 31, 2022	March 31, 2022
Funds obtained from the government - intended for specific types of loans	$ 1,626,812	$ 1,908,040	$ 2,193,931

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed, Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

29. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Provisions for employee benefits	$ 173,366	$ 164,618	$ 244,615
Provisions for losses on guarantees contracts	1,676,364	1,615,298	1,729,037
Provisions for losses on financing commitments	92,721	92,721	91,721
	$ 1,942,451	$ 1,872,637	$ 2,065,373

Refer to Note 14 for the details and changes in the provision for losses on guarantees contracts and financing commitments.

30. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Bank and its subsidiaries is the required retirement plan stipulated by the government, except that of Ever Trust Bank which is not more than 10% of the annual salary of the respective employees. A pension of 6% of an employee's monthly salary is paid to the Labor Insurance Bureau under each individual's account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the three months ended March 31, 2023 and 2022 was recognized in the consolidated statements of comprehensive income in the total amounts of $20,336 thousand and $17,217 thousand, respectively.

Defined Benefit Plan

The retirement benefit expenses recognized under defined benefit plans which amounted to $2,957 thousand and $4,121 thousand for the three months ended March 31, 2023 and 2022 were calculated using the actuarially determined discount rates as of December 31, 2022 and 2021, respectively.

31. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Guarantee deposits received	$ 246,609	$ 179,781	$ 2,127,752
Advance revenue	49,013	53,746	60,537
Payable for custody	13,948	27,482	26,611
Receipts in suspense and pending settlement	102,609	116,753	550,941
Deferred revenue	96,814	114,343	98,439
Others	7,138	8,255	2,676
	$ 516,131	$ 500,360	$ 2,866,956

32. EQUITY

a. Capital stock

	March 31, 2023	December 31, 2022	March 31, 2022
Number of stock authorized (in thousands)	3,500,000	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)			
Common stock	2,733,992	2,733,992	2,733,360
Preferred stock	299,014	299,014	299,646
Amount of stocks issued	$ 30,330,063	$ 30,330,063	$ 30,330,063

Fully paid common stock, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 27, 2018, the Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10. The subscription date was November 29, 2018, and finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders' meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders' meeting.

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stocks during the conversion period (conversion ratio 1:1). After the convertible preferred stock are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank's board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

As of March 31, 2023, 986 thousand of preferred Series A shares has been converted into common stock.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury share transactions	$ 9,061	$ 9,061	$ 9,061
Must be used to offset a deficit			
Exercised disgorgement	10	10	-
Unclaimed dividends	2,695	1,957	1,341
	2,705	1,967	1,341
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	2,623	2,624	2,630
	$ 14,389	$ 13,652	$ 13,032

Note: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

	March 31, 2023	December 31, 2022	March 31, 2022
Trading loss and default loss reserve	$ 133,955	$ 133,955	$ 133,955
Employee transfer or placement expenditure related to financial technology development	15,176	15,176	15,902
Other equity deductions special reserves	485,479	485,479	-
According to the Bank's policy	-	-	647,926
	$ 634,610	$ 634,610	$ 797,783

The Bank reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

Under related regulations, the Bank should appropriate or reverse to a special reserve according to the net debit balance of other equity. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

d. Retained earnings and dividends policy

1) The Bank's dividend policy approved by the stockholders' meeting of the Bank on June 17, 2022 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

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

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

2) The dividend policy before June 17, 2022 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 37.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital.

The appropriations of earnings for 2022 and 2021 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on May 3, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	2022	2021
	Appropriation of Earnings	**Appropriation of Earnings**
Legal reserve	$ 1,447,385	$ 612,126
Special reserve appropriated (reversed)	2,562,401	(163,173)
Cash dividends - common stock	1,037,959	819,145
Preferred stock dividends	127,081	127,500

The appropriation of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on June 16, 2023.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2023	**2022**
Balance at January 1	$ 165,887	$ (946,067)
Exchange differences arising on translating the financial statements of foreign operations	(80,829)	445,668
Income tax related to gains or losses arising on translating the financial statements of foreign operations	9,389	(43,765)
Balance at March 31	$ 94,447	$ (544,164)

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	$ (3,216,389)	$ 460,588
Recognized during the period		
Unrealized gain (loss) - debt instruments	526,524	(1,425,987)
Unrealized gain (loss) - equity instruments	94,105	(61,824)
Tax effects	(28,231)	91,155
Loss allowance of debt instruments	3,834	547
Other comprehensive income (loss) recognized in the period	596,232	(1,396,109)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(15,544)	(8,743)
Balance at March 31	$ (2,635,701)	$ (944,264)

f. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	$ 16,287,325	$ 18,786,481
Attribute to non-controlling interests		
Shares of profit for the year	371,205	310,618
Capital surplus	(4)	1,087
Exchange differences arising on translation of foreign entities	(4,324)	16,235
Unrealized valuation gains or losses on FVTOCI		
Debt instruments	430,283	(1,166,871)
Equity instruments	32,367	(32,158)
Tax effects	(41,313)	139,021
Actuarial profit and loss of defined benefit plans	(1,996)	-
Balance at March 31	$ 17,073,543	$ 18,054,413

g. Treasury stocks

Unit: In Thousands of Shares

	For the Three Months Ended March 31	
	2023	2022
Number of shares at January 1	2,522	5,737
Decrease during the period	-	3,215
Number of shares at March 31	2,522	2,522

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period is from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand. The Bank had transferred 3,215 thousand shares to employees at the price of $5.9 per share in February 2022. As a result, treasury shares decreased by $21,467 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise stockholders' rights on these shares, such as the rights to receive dividends or to vote.

33. NET INTEREST

	For the Three Months Ended March 31	
	2023	2022
Interest revenue		
Discounts and loans	$ 2,086,848	$ 969,562
Investments in securities	755,097	417,864
Installment sales and leases	-	322,170
Due from the Central Bank and call loans to banks	159,227	10,513
Others	46,286	34,575
	3,047,458	1,754,684
Interest expense		
Deposits	1,654,221	234,286
Deposits from the Central Bank and banks	126,599	22,127
Bank debentures	64,485	70,946
Bills and bonds sold under repurchase agreements	671,069	121,574
Others	15,962	105,333
	2,532,336	554,266
	$ 515,122	$ 1,200,418

34. SERVICE FEE INCOME, NET

	For the Three Months Ended March 31	
	2023	2022
Service fee income		
Guarantee business	$ 241,180	$ 269,493
Loan business	146,986	158,783
Underwrite business	168,754	133,912
Trust business	9,155	20,386
Lease business	-	60,341
Credit examining business	80,338	56,457
Import and export business	5,431	3,589
Factoring business	4,843	6,623
Insurance agent business	5,375	9,650
Others	27,791	29,572
	689,853	748,806
Service charge		
Others	27,581	27,523
	$ 662,272	$ 721,283

35. GAINS ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended March 31	
	2023	2022
Realized gains or losses		
Bills	$ (1,945)	$ 12,436
Stocks and beneficiary certificates	12,989	(4,813)
Bonds	41,599	23,428
Derivatives	355,048	364,469
	407,691	395,520
Gains (losses) on valuation		
Bills	256,544	(109,474)
Stocks and beneficiary certificates	96,996	(11,243)
Bonds	30,072	(19,724)
Derivatives	59,791	412,700
	443,403	272,259
Interest revenue	452,431	166,665
	$ 1,303,525	$ 834,444

36. REALIZED GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2023	2022
Realized income (losses)-debt instruments	$ 6,896	$ (64,637)
Dividend revenue	6,449	83,720
	$ 13,345	$ 19,083

37. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits		
Salaries and wages	$ 541,266	$ 565,984
Directors' remuneration and traffic allowance	39,118	32,648
Labor insurance and national health insurance	36,587	41,197
Others	48,221	33,070
Post-employment benefits		
Pension expenses	23,274	21,338
Pension benefits	1,994	10
	$ 690,460	$ 694,247

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-2.5% and no higher than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the three months ended March 31, 2023 and 2022 were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	**2022**
Compensation of employees	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Amount

	For the Three Months Ended March 31	
	2023	**2022**
Compensation of employees	$ 10,875	$ 8,525
Remuneration of directors	$ 21,750	$ 17,050

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate by next year.

The compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Bank's board of director on March 14, 2023 and March 16, 2022 respectively, were as follows:

	2022		2021	
	Cash	**Stock**	**Cash**	**Stock**
Compensation of employees	$ 53,625	$ -	$ 26,170	$ -
Remuneration of directors	67,031	-	52,339	-

There are no differences between 2022 and 2021 the actual amounts of compensation of employees and remuneration of directors paid and 2022 and 2021 the amounts recognized in the annual consolidated financial statement.

Information for the compensation of employees and remuneration of directors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

38. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2023	**2022**
Property and equipment	$ 43,372	$ 50,727
Right-of-use assets	31,614	39,394
Intangible assets	69,370	69,154
	$ 144,356	$ 159,275

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2023	2022
Taxation	$ 82,290	$ 59,622
Rental fees	1,156	3,702
Management fees	11,497	10,944
Computer operating and consulting fees	87,807	80,562
Entertainment fees	11,757	7,265
Professional services fees	18,915	22,680
Advertisement fees	8,273	7,766
Postage fees	15,785	20,163
Others fees	73,549	68,486
	$ 311,029	$ 281,190

40. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	$ 141,962	$ 239,063
Adjustment of prior period	-	436
	141,962	239,499
Deferred tax		
In respect of the current period	112,513	(5,909)
Income tax expense recognized in profit or loss	$ 254,475	$ 233,590

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
Deferred tax		
Translation of foreign operations	$ (9,389)	$ 67,269
Remeasurements of defined benefit plans	(697)	-
Unrealized gains (losses) on financial assets at FVTOCI	69,544	(230,175)
Income tax expense (benefit) recognized in other comprehensive income	$ 59,458	$ (162,906)

c. Assessment of the income tax returns

The income tax returns of the Bank's subsidiaries IBT Leasing through 2019 have been assessed. The income tax returns of the Bank's subsidiaries IBTM and IBT VII Venture Capital Co., Ltd. through 2021 have been assessed. Except for 2018, the income tax returns of CBF through 2019 have been assessed by the tax authorities.

41. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 0.27	$ 0.21
From discontinued operations	-	-
Total basic earnings per share	$ 0.27	$ 0.21
Diluted earnings per share		
From continuing operations	$ 0.24	$ 0.19
From discontinued operations	-	-
Total diluted earnings per share	$ 0.24	$ 0.19

Earnings used in calculating earnings per share and weighted average number of common stocks are as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2023	**2022**
Profit for the period attributable to owners of the Bank	$ 738,461	$ 581,783
Less: Profit for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	-	7,452
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 738,461	$ 574,331

Stock (In Thousands of Shares)

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of common stocks in computation of basic earnings per share	2,731,470	2,728,887
Effect of potentially dilutive common stocks:		
Compensation of employees	5,537	3,225
Convertible preferred stock	299,014	299,990
	304,551	303,215
Weighted average number of common stocks in the computation of diluted earnings per share	3,036,021	3,032,102

If the Bank offered to settle compensation paid to employees in cash or stocks, then the Bank will assume the entire amount of the compensation will be settled in stocks and the dilutive effect of the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential stocks will be included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

42. DISPOSAL OF SUBSIDIARIES

On July 21, 2022, the Bank's board of directors resolved to merge IBT Leasing with Jih Sun International Leasing & Finance Co., Ltd. In this merger, Jih Sun Leasing is the surviving company and is renamed Jih Sun IBT International Leasing Co., Ltd. As of December 1, 2022, the record date of the merger, the Bank lost control of its subsidiary.

a. Analysis of assets and liabilities on the date control was lost

	IBT Leasing and Its Subsidiaries
Assets	
Cash and cash equivalents	$ 2,540,264
Financial assets at fair value through profit or loss	75,819
Financial assets at fair value through other comprehensive income	192,036
Receivables, net	17,290,604
Property and equipment, net	55,406
Other financial assets	59,819
Deferred tax assets	152,372
Other assets	181,426
Liabilities	
Other financial liabilities	(15,459,505)
Payables	(387,676)
Guarantee deposits	(1,686,872)
Deferred tax liabilities	(102,764)
Other liabilities	(100,321)
Net assets disposed of	$ 2,810,608

b. Gain on disposal of subsidiaries

	IBT Leasing and Its Subsidiaries
Consideration for the merger	$ 6,198,618
Net assets disposed of	2,810,608
Reclassification of accumulated exchange difference from equity to profit or loss due to the loss of control	173,891
Gain on disposal	$ 3,214,119

c. Net cash inflow on disposal of subsidiaries

	IBT Leasing and Its Subsidiaries
Change in cash and cash equivalents	$ (2,540,264)

43. RELATED PARTY TRANSACTIONS

The transactions, account balances, income and loss of the Bank and its subsidiaries (which are the related parties of the Bank) are all eliminated upon consolidation, so they are not disclosed in this note. Except for other transactions disclosed in other notes, the transactions between the Group and other related parties are as follows:

a. The related parties and their relationships with the Group are summarized as follows:

Related Party	Relationship with the Bank
IBT II Venture Capital Co., Ltd. (IBT II Venture) (dissolved on March 31, 2017) (company in liquidation)	Associates
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
Jih Sun IBT International Leasing Co. (Jih Sun IBT)	Associates
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Bank's legal director
Taixuan Investment Co., Ltd.	Other related party
TCC Chemical Corporation (TCC)	Other related party
Others	The Group's management and their other related party

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the three months ended March 31, 2023			
Associates	$ 36,394	$ 39	0.00-1.25
Others	8,167,001	55,345	0.00-7.05
	$ 8,203,395	$ 55,384	
For the three months ended March 31, 2022			
Associates	$ 261	$ -	0.08
Others	10,646,325	11,566	0.00-6.55
	$ 10,646,586	$ 11,566	

2) Loan

	Maximum Balance	Ending Balance	Interest Revenue	Rate (%)
For the three months ended March 31, 2023				
Associates	$ 241,611	$ 241,611	$ 2,050	2.42-5.01
Others	691,800	691,800	3,815	1.96-2.30
	$ 933,411	$ 933,411	$ 5,865	
For the three months ended March 31, 2022				
Others	$ 430,000	$ 430,000	$ 1,278	1.44

March 31, 2023

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Other loans	Jih Sun IBT	$ 241,611	$ 241,611	$ 241,611	$ -	Real estate and check	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Other loans	Ming Shan Investment	$ 64,000	$ 64,000	$ 64,000	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 73,800	$ 73,800	$ 73,800	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 124,000	$ 124,000	$ 124,000	$ -	Certificates of deposit	None

December 31, 2022

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Other loans	Jih Sun IBT	$ 241,272	$ 241,272	$ 241,272	$ -	Real estate and check	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Other loans	Ming Shan Investment	$ 55,000	$ 55,000	$ 55,000	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 67,000	$ 67,000	$ 67,000	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 120,000	$ 120,000	$ 120,000	$ -	Certificates of deposit	None

March 31, 2022

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

Note: The maximum balance of daily totals for each category of loan.

3) Service fees income (part of net service fee income, net)

	For the Three Months Ended March 31	
	2023	2022
Others	$ 1	$ 1

Service fee income is earned by providing authentication, custody and fund purchase services.

4) Other expenses (part of other general and administrative expense)

	For the Three Months Ended March 31	
	2023	2022
Others	$ 10,450	$ 5,600

Other expenses are donations.

5) Rental income and others (part of other net revenue other than interest)

	For the Three Months Ended March 31	
	2023	2022
Others	$ 43	$ -

Rental income received by the department is revenue from leasing contract of providing part of the office and equipment and management service contract.

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	$ 52,428	$ 60,396
Post-employment benefits	1,230	1,634
	$ 53,658	$ 62,030

The remuneration of directors and other key management personnel is reviewed by the remuneration committee and determined by the Bank's board of director or chairman.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Article 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

44. PLEDGED ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at FVTPL	$ 7,308,019	$ 6,404,835	$ 3,900,860
Financial assets at FVTOCI	2,771,066	2,672,541	16,246,061
Investment in debt instruments at amortized cost	7,684,320	8,483,463	-
Receivables	-	-	715,163
Discounts and loans	6,942,228	7,032,245	6,628,356
Pledged time deposits	-	-	240,174
Compensation account for payment	-	-	30,546
	$ 24,705,633	$ 24,593,084	$ 27,761,160

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided time deposits (parts of other financial assets) and negotiable certificates of deposits (part of financial assets at FVTPL and financial assets at FVTOCI) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. The above financial assets were debt and equity investments and were mainly provided as collateral for exchange clearing, interest rate swap contracts, trust compensation, and for EverTrust Bank to issue certificates of deposit in the United States. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with Federal Home Loan Bank of San Francisco. Pledged time deposits (both were parts of other financial assets) have been provided as collaterals or short-term loans.

45. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had commitments as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Office decorating and contracts of computer software			
Amount of contracts	$ 77,866	$ 60,613	$ 48,389
Payments for construction in progress and prepayments for equipment	41,241	29,930	29,305

46. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	March 31, 2023	December 31, 2022	March 31, 2022
Trust assets			
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,279,088	2,100,051	2,857,289
Financial assets	4,201,432	4,009,473	4,607,643
Receivables	101	64	32
Prepayments	1,080	9,409	1,031
Real estate	6,960,590	6,947,042	6,422,787
Structured products	44,309	62,781	90,463
Other assets	145	368	59
Total trust assets	$ 13,486,845	$ 13,129,288	$ 13,979,404
Trust liabilities and capital			
Payables	$ 49,032	$ 2,754	$ 43,772
Unearned receipts	1,346	1,268	1,133
Taxes payable	7,662	4,150	7,725
Guarantee deposits received	25,814	27,608	35,861
Other liabilities	516	984	503
Trust capital	13,236,848	12,903,294	13,754,589
Provisions and accumulated profit and loss	165,627	189,230	135,821
Trust liabilities and capital	$ 13,486,845	$ 13,129,288	$ 13,979,404

Income Statements of Trust Accounts

	For the Three Months Ended March 31	
	2023	2022
Trust revenue		
Interest revenue	$ 8,873	$ 265
Rent revenue	29,292	29,230
Other revenue	439	463
	38,604	29,958
Trust expenses		
Management fees	(695)	(733)
Service charge	(2,091)	(5,580)
Tax	(3,511)	(3,522)
Other expenses	(3,954)	(3,101)
Income tax expense	(838)	(9)
	(11,089)	(12,945)
	$ 27,515	$ 17,013

Note: The above income accounts of the trust business were not included in the Group's income statement.

Trust Property List

	March 31, 2023	December 31, 2022	March 31, 2022
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,279,088	2,100,051	2,857,289
Stocks	320,103	257,680	237,753
Funds	2,684,045	2,824,681	3,632,013
Bonds	1,197,284	927,112	737,877
Land	6,134,471	6,134,471	5,603,064
Buildings	826,119	812,571	819,723
Receivables	101	64	32
Prepayments	1,080	9,409	1,031
Structured products	44,309	62,781	90,463
Other	145	368	59
	$ 13,486,845	$ 13,129,288	$ 13,979,404

47. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values cannot be reliably measured.

	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 32,025,754	$ 32,026,349	$ 25,665,306	$ 25,561,220	$ -	$ -
Financial liabilities						
Bank debentures payable	13,600,000	13,707,024	13,600,000	13,770,715	15,000,000	15,141,306

2) The fair value hierarchy

Financial Instrument Items at Fair Value	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 32,026,349	$ 8,141,957	$ 23,884,392	$ -
Financial liabilities				
Bank debentures payable	13,707,024	-	13,707,024	-

Financial Instrument Items at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 25,561,220	$ 5,510,591	$ 20,050,629	$ -
Financial liabilities				
Bank debentures payable	13,770,715	-	13,770,715	-

Financial Instrument Items at Fair Value	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 15,141,306	$ -	$ 15,141,306	$ -

Refer to quoted market prices for fair value if there are public quotations on bank debentures payable with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) The fair value hierarchy of the financial instruments as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

Item	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,520,046	$ 594,991	$ 732,460	$ 192,595
Bills	109,019,155	-	109,019,155	-
Bonds	4,121,617	-	4,121,617	-
Hybrid financial assets	7,698,250	115,907	1,238,858	6,343,485
Negotiable certificates of deposit	30,647,928	-	30,647,928	-
Financial assets at FVTOCI				
Equity instruments	4,665,229	3,641,580	155,873	867,776
Bills	6,793,140	-	6,793,140	-
Debt instruments	133,846,084	18,198,571	115,647,513	-
Negotiable certificates of deposit	18,558,473	-	18,558,473	-
Liabilities				
Financial liabilities at FVTPL	147,635	-	147,635	
Derivative financial instruments				
Assets				
Financial assets at FVTPL	751,433	45,755	705,678	-
Liabilities				
Financial liabilities at FVTPL	443,300	-	443,300	-

Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,622,397	$ 438,582	$ 991,071	$ 192,744
Bills	98,472,477	-	98,472,477	-
Hybrid financial assets	8,493,617	227,462	757,778	7,508,377
Negotiable certificates of deposit	35,244,589	-	35,244,589	-
Financial assets at FVTOCI				
Equity instruments	1,968,197	977,353	147,570	843,274
Bills	6,249,812	-	6,249,812	-
Debt instruments	127,752,462	16,015,145	111,737,317	-
Negotiable certificates of deposit	19,253,080	-	19,253,080	-
Liabilities				
Financial liabilities at FVTPL	219,506	-	219,506	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,017,607	24,710	992,897	-
Liabilities				
Financial liabilities at FVTPL	788,659	-	788,659	-

Item	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,210,147	$ 572,407	$ 526,935	$ 110,805
Bills	92,246,302	-	92,246,302	-
Bonds	31	-	31	-
Hybrid financial assets	11,461,921	403,428	1,373,618	9,684,875
Negotiable certificates of deposit	43,623,200	-	43,623,200	-
Financial assets at FVTOCI				
Equity instruments	7,850,867	6,916,173	120,022	814,672
Bills	6,897,764	-	6,897,764	-
Debt instruments	143,905,241	18,698,539	125,206,702	-
Negotiable certificates of deposit	27,009,203	-	27,009,203	-
Liabilities				
Financial liabilities at FVTPL	50,507	-	50,507	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	924,532	23,845	900,687	-
Liabilities				
Financial liabilities at FVTPL	612,081	-	612,081	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides, in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss and available-for-sale financial assets refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

a) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

i. Ensure the consistency and completeness of market data.

ii. The source of market data should be transparent, easy to access, and should come from independent resources.

iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

b) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

Fair values of forward contracts used by the Group are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex^{+} information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (a) the products traded in the market are homogeneous, (b) willing parties are available anytime in the market, and (c) price information is available to the public.

ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the three months ended March 31, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395
Recognition in profit or loss - financial assets at fair value through profit or loss	31,908	456	-	32,364
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	24,502	24,502
Purchases	-	32,631	-	32,631
Disposals	(1,196,800)	-	-	(1,196,800)
Transferred from Level 3 (Note)	-	(33,236)	-	(33,236)
Ending balance	$ 6,343,485	$ 192,595	$ 867,776	$ 7,403,856

For the three months ended March 31, 2022

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 9,979,347	$ 193,667	$ 835,903	$ 11,008,917
Recognition in profit or loss - financial assets at fair value through profit or loss	(2,472)	44,825	-	42,353
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	(21,231)	(21,231)
Purchases	2,315,100	12,522	-	2,327,622
Disposals	(2,607,100)	-	-	(2,607,100)
Transferred from Level 3 (Note)	-	(140,209)	-	(140,209)
Ending balance	$ 9,684,875	$ 110,805	$ 814,672	$ 10,610,352

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the three months ended March 31, 2023 and 2022, were consisted of $51,181 thousand in loss and $13,488 thousand in loss, respectively.

Note: The stock transferred into Level 1 since the quoted price in active markets is available.

4) Transfers between Level 1 and Level 2

For the three months ended March 31,2023, certain debt instrument investments were transferred from Level 1 to Level 2, which resulted from the change in the determination of fair value from the use of valuation model with market parameters to the adoption of quoted prices in active markets. The Group had no significant transfers between Level 1 and Level 2 for the three months period ended March 31, 2023 and 2022.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the three months ended March 31, 2023 and 2022 periods would be as follows:

For the three months ended March 31, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 750	$ (750)	$ -	$ -
Equity instruments	10%	19,259	(19,259)	94,656	(94,656)

For the three months ended March 31, 2022

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,754	$ (1,754)	$ -	$ -
Equity instruments	10%	11,081	(11,081)	88,907	(88,907)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Group that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Group is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

March 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 86,212,813	$ 86,323,802
Bonds sold under repurchase agreements	2,731,008	2,741,177

(Continued)

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	$ 87,495,077	$ 90,875,060
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	5,519,466	5,167,650
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,235,456	2,311,075

(Concluded)

December 31, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 85,700,809	$ 85,784,753
Bonds sold under repurchase agreements	869,873	929,161
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	84,650,560	88,825,894
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	1,699,045	1,520,674
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,146,398	3,096,275

March 31, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 72,289,568	$ 72,334,129
Bonds sold under repurchase agreements	500,331	500,000
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	97,049,440	101,328,858
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,711,403	3,851,105

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

March 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 741,537	$ -	$ 741,537	$ (185,321)	$ (200,536)	$ 355,680

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 439,833	$ -	$ 439,833	$ (185,321)	$ (27,779)	$ 226,733
Repurchase agreements	187,418,764	-	187,418,764	(183,404,576)	-	4,014,188
	$ 187,858,597	$ -	$ 187,858,597	$ (183,589,897)	$ (27,779)	$ 4,240,921

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 991,597	$ -	$ 991,597	$ (435,392)	$ (162,204)	$ 394,001

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 788,659	$ -	$ 788,659	$ (435,392)	$ (17,175)	$ 336,092
Repurchase agreements	180,156,757	-	180,156,757	(175,476,820)	-	4,679,937
	$ 180,945,416	$ -	$ 180,945,416	$ (175,912,212)	$ (17,175)	$ 5,016,029

March 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 898,051	$ -	$ 898,051	$ (209,291)	$ (130,579)	$ 558,181

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 601,693	$ -	$ 601,693	$ (209,291)	$ (64,303)	$ 328,099
Repurchase agreements	178,014,092	-	178,014,092	(173,442,096)	-	4,571,996
	$ 178,615,785	$ -	$ 178,615,785	$ (173,651,387)	$ (64,303)	$ 4,900,095

Note: Included non-cash financial collaterals.

48. FINANCIAL RISK MANAGEMENT

a. Overview

For the potential expected and unexpected risk, the Group establishes a comprehensive risk management system to distribute resource effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Group continues to engage actively in the capital adequacy ratio with in the accordance to the regulator's requirements and monitors to meet the international requirement of the Basel Commission.

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is under the board of director, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, the chairman serves as the chairman, and the committee members include at least two directors with risk management or financial business expertise assigned by the board of directors, the general manager and supervisors at various levels and supervising the risk management of each risk and review the implementation effect and review the risk management mechanism for new business application or start-up. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold the meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management scheme.

China Bills Finance Corporation's (CBF) board of directors has the ultimate responsibility for risk framework decision making and oversees the implementation of risk management. Business risk management which is headed by the President is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk, operational risk control, and other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Group in accordance with agreed terms. The source of credit risks includes the subjects in the balance sheet and off-balance sheet items.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank's credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, the Bank's credit risk management, to minimize potential financial losses and optimized risk and rewards.

Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, bring out credit management and monitoring functions to ensure compliance with laws, regulations and group standards so as to maintain high credit standards and asset quality.

c) Credit risk management policy: In order to establish the Bank's risk management system and ensure the development and sound operations of the Bank, and serve as the basis of business risk management and compliance, the Bank stipulated its "Risk Management Policy" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank maintains an adequate amount of capital within the Bank's acceptable range of credit risk to achieve the objectives of credit risk strategy and create maximum risk-adjusted returns.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages asset portfolios by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope.
- "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.
- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank shall establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to internal control framework, effectiveness of internal control framework, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meeting to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management and in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, the cases still required to be submitted to the relevant management for review.

f) Loan Assets Quality Evaluation Meeting: In charge of formulating policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It ensures the Bank follows the BASEL regulations and is also responsible for the preparation of risk management reports presented to the appropriate management, and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

For the credit risks implicated in all products and business activities, new products and business, the Bank regularly monitors the credit risk management and is authorized by the board of directors or appropriate committee.

Credit risk measurement and control procedures include credit review, rating scoring, credit control, post-loan management and collection operations. The risk management units regularly provide analysis reports of various types of credit risk and asset quality in addition to the above operational procedures for management indicators. In addition, the Bank also actively controls and periodically reports the monitoring results to the board of directors to grasp the risk situations faced by the state, the group, the industry, the same related parties and the related enterprise risks.

In order to understand the risk appetite and its changes in the financial environment and the impact on capital adequacy, the Bank handles its credit according to the "Regulation on Stress Test Operation for Banks" and "Bank Credit Risk Stress Test Guidelines" issued by the FSC, as an important basis for credit risk management, and continues to adjust the direction of business development, credit policy and credit evaluation procedures.

5) Mitigation of risks or hedging of credit risk and monitoring the risk avoidance

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty's bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Bank has developed collateral management policies and operating procedures, and conducted recognition of all collateral data. The Bank uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum credit risk exposure amount of financial assets is the book value of the specific asset on the balance sheet date. The analysis of the maximum credit exposure amount (excluding the fair value of collateral) of each off-balance sheet financial instrument held by the Bank and its subsidiaries is as follows:

Off-balance Sheet Item	Maximum Exposure Amount		
	March 31, 2023	**December 31, 2022**	**March 31, 2022**
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 121,973,148	$ 116,144,464	$ 143,095,483
Maximum exposure amounts	121,973,148	116,144,464	143,095,483
Loan commitments	67,950,950	62,895,729	53,952,646

7) Concentrations of credit risk exposure

Concentration of credit risk exist when the counterparty includes only one specific person or include many people who engage in similar business which are similar in economic characteristics. The Group does not concentrate on single customer or counterparty in trading but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On March 31, 2023, December 31, 2022 and March 31, 2022, the Group's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Financial and insurance	$ 88,007,189	28	$ 85,682,579	28	$ 81,519,908	28
Real estate	56,761,962	18	58,474,313	19	57,548,467	20
Manufacturing	54,270,124	18	54,424,241	18	60,045,675	20

b) By counterparty

Credit Risk Profile by Counterparty Sector	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Private sector	$ 17,512,308	81	$ 168,018,883	81	$ 148,025,469	80
Natural person	40,723,343	19	39,478,385	19	36,664,753	20

c) By geographical area

Credit Risk Profile by Geographical Sector	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	$ 127,427,979	60	$ 129,677,253	62	$ 118,925,381	64
Other Asia area	45,392,361	21	36,705,337	18	33,023,374	18
America	33,471,584	16	35,659,183	17	29,067,675	16

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resell agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Group assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Group adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit-impaired.

The Group considers both the 12-month and lifetime probability of default ("PD") of the borrower together with the loss given default ("LGD"), multiplied by the exposure at default ("EAD"), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower's probability to default, and the LGD refers to losses caused by such default. The Group applies the PD and LGD for the impairment assessment of the credit business according to each group entity's historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model.

Considering the impact of COVID-19 to the overall economy, the Bank has adjusted the weights of the assessment factors to reflect the estimated influence of the economic indicator changes on the default rate.

The Group estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. In addition, the Group estimates the 12-month ECLs and lifetime ECLs of loan commitments based on the guidelines issued by the Bank's Association and Basel Accords. The Group calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments.

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Group determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Group also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review change in bonds yields other public information and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The Group's gross carrying amounts of investments in debt instruments by credit category were as follows:

Category	March 31, 2023	December 31, 2022	March 31, 2022
Performing	$ 225,800,166	$ 184,108,502	$ 179,080,762
Doubtful	400,000	400,000	1,000,006
In default	-	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the years ended December 31, 2022 and 2021, grouped by credit rating, is reconciled as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2023	$ 38,906	$ 1,481	$ 40,387
New financial assets purchased or originated	8,522	-	8,522
Derecognition of financial assets	(3,520)	-	(3,520)
Change in model or risk parameters	(61)	4	(57)
Exchange rates or others	(179)	-	(179)
Balance at March 31, 2023	$ 43,668	$ 1,485	$ 45,153
Balance at January 1, 2022	$ 42,456	$ 5,218	$ 47,674
New financial assets purchased or originated	3,456	-	3,456
Derecognition of financial assets	(3,741)	-	(3,741)
Change in model or risk parameters	(629)	10	(619)
Exchange rates or others	623	-	623
Balance at March 31, 2022	$ 42,165	$ 5,228	$ 47,393

In addition to the above, the credit quality analysis of the remaining financial assets of the Bank and its subsidiaries is as follows:

a) Credit analysis for receivables and discounts and loans

March 31, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 4,281,729	$ 31,830	$ 47,894	$ -	$ 4,361,453
Allowance for credit losses	(3,622)	(113)	(26,209)	-	(29,944)
Difference of impairment loss under regulations	-	-	-	(12,605)	(12,605)
Net total	$ 4,278,107	$ 31,717	$ 21,685	$ (12,605)	$ 4,318,904
Discounts and loans	$ 193,725,686	$ 17,098,901	$ 1,411,064	$ -	$ 212,235,651
Allowance for credit losses	(470,605)	(92,766)	(301,523)	-	(864,894)
Difference of impairment loss under regulations	-	-	-	(2,310,163)	(2,310,163)
Net total	$ 193,255,081	$ 17,006,135	$ 1,109,541	$ (2,310,163)	$ 209,060,594

December 31, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 3,023,921	$ 676,888	$ 37,299	$ -	$ 3,738,108
Allowance for credit losses	(3,222)	(1,105)	(25,059)	-	(29,386)
Difference of impairment loss under regulations	-	-	-	(17,165)	(17,165)
Net total	$ 3,020,699	$ 675,783	$ 12,240	$ (17,165)	$ 3,691,557
Discounts and loans	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ -	$ 207,497,268
Allowance for credit losses	(467,051)	(90,549)	(297,981)	-	(855,581)
Difference of impairment loss under regulations	-	-	-	(2,328,715)	(2,328,715)
Net total	$ 188,175,241	$ 17,347,659	$ 1,118,787	$ (2,328,715)	$ 204,312,972

March 31, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 20,174,167	$ 123,611	$ 297,555	$ -	$ 20,595,333
Allowance for credit losses	(254,207)	(25,576)	(214,995)	-	(494,778)
Difference of impairment loss under regulations	-	-	-	(16,096)	(16,096)
Net total	$ 19,919,960	$ 98,035	$ 82,560	$ (16,096)	$ 20,084,459
Discounts and loans	$ 172,566,370	$ 10,909,764	$ 1,214,088	$ -	$ 184,690,222
Allowance for credit losses	(250,115)	(67,686)	(243,399)	-	(561,200)
Difference of impairment loss under regulations	-	-	-	(2,098,649)	(2,098,649)
Net total	$ 172,316,255	$ 10,842,078	$ 970,689	$ (2,098,649)	$ 182,030,373

b) Credit analysis for marketable securities

March 31, 2023

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 163,825,868	$ 32,029,309	$ 195,855,177
Allowance for impairment loss	(41,598)	(3,555)	(45,153)
Amortized cost	163,784,270	$ 32,025,754	195,810,024
Fair value adjustment	(4,586,573)		(4,586,573)
	$ 159,197,697		$ 191,223,451

December 31, 2022

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 158,840,178	$ 25,668,324	$ 184,508,502
Allowance for impairment loss	(37,369)	(3,018)	(40,387)
Amortized cost	158,802,809	$ 25,665,306	184,468,115
Fair value adjustment	(5,547,455)		(5,547,455)
	$ 153,255,354		$ 178,920,660

March 31, 2022

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 180,080,768
Allowance for impairment loss	(47,393)
Amortized cost	180,033,375
Fair value adjustment	(2,221,167)
	$ 177,812,208

9) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group's capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Group is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure the Group's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the liquidity reserve ratio was 50.98%, 46.54% and 45.55%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

March 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 19,708,392	$ 1,474,885	$ 3,000,000	$ -	$ 2,000,001	$ 26,183,278
Financial liabilities at fair value through profit or loss	-	425	-	20,589	126,621	147,635
Bills and bonds sold under repurchase agreements	141,465,774	40,638,485	1,336,413	578,144	3,743,152	187,761,968
Payables	2,986,735	158,969	502,043	906,084	60,903	4,614,734
Deposits and remittances	64,147,297	90,496,291	73,654,331	25,738,776	51,820,903	305,857,598
Bank debentures payable	-	2,250,000	-	700,000	10,650,000	13,600,000
Other financial liabilities	2,116,144	1,229,191	158,393	159,086	2,983,140	6,645,954
Lease liabilities	10,620	21,761	32,543	59,632	331,465	456,021
	$ 230,434,962	$ 136,270,007	$ 78,683,723	$ 28,162,311	$ 71,716,185	$ 545,267,188

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 17,690,434	$ 737,213	$ -	$ 3,000,000	$ 1,999,997	$ 23,427,644
Financial liabilities at fair value through profit or loss	-	-	362	2,714	216,430	219,506
Bills and bonds sold under repurchase agreements	132,445,936	44,832,681	2,076,989	1,134,241	-	180,489,847
Payables	1,224,709	369,422	369,031	1,116,792	46,432	3,126,386
Deposits and remittances	70,347,184	89,677,646	43,220,832	34,446,149	55,473,175	293,164,986
Bank debentures payable	-	-	2,250,000	700,000	10,650,000	13,600,000
Other financial liabilities	2,181,071	252,184	38,766	218,743	2,466,044	5,156,808
Lease liabilities	10,422	22,905	32,121	61,153	348,173	474,774
	$ 223,899,756	$ 135,892,051	$ 47,988,101	$ 40,679,792	$ 71,200,251	$ 519,659,951

March 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 27,074,353	$ 1,731,155	$ -	$ -	$ -	$ 28,805,508
Financial liabilities at fair value through profit or loss	1	-	-	860	49,646	50,507
Bills and bonds sold under repurchase agreements	142,190,924	33,346,864	2,269,379	276,043	-	178,083,210
Payables	951,815	112,131	522,633	632,563	59,379	2,278,521
Deposits and remittances	31,894,027	80,867,102	53,549,290	53,888,515	45,594,314	265,793,248
Bank debentures payable	-	1,500,000	-	1,000,000	12,500,000	15,000,000
Other financial liabilities	4,143,411	7,398,264	1,579,276	2,704,898	4,029,826	19,855,675
Lease liabilities	12,686	32,014	32,929	50,425	211,956	340,010
	$ 206,267,217	$ 124,987,530	$ 57,953,507	$ 58,553,304	$ 62,445,121	$ 510,206,679

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

March 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 63,361	$ 2,910	$ 4,601	$ 5,215	$ -	$ 76,087
Currency swap contracts	112,665	100,930	59,175	31,855	-	304,625
Others	5,893	2,980	7,365	10,869	3,397	30,504
	181,919	106,820	71,141	47,939	3,397	411,216
Non-deliverable						
Interest rate swap contracts	-	6	-	318	31,760	32,084
	$ 181,919	$ 106,826	$ 71,141	$ 48,257	$ 35,157	$ 443,300

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 126,037	$ 7,231	$ -	$ 151	$ -	$ 133,419
Currency swap contracts	217,763	296,908	50,188	57,520	-	622,379
Others	7,119	1,499	1,927	3,941	-	14,486
	350,919	305,638	52,115	61,612	-	770,284
Non-deliverable						
Interest rate swap contracts	-	80	-	110	18,185	18,375
	$ 350,919	$ 305,718	$ 52,115	$ 61,722	$ 18,185	$ 788,659

March 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 24,720	$ 14,491	$ 13,513	$ 11,622	$ -	$ 64,346
Currency swap contracts	132,213	210,086	126,003	22,045	-	490,347
Others	8,061	2,273	19,301	14,001	10,388	54,024
	164,994	226,850	158,817	47,668	10,388	608,717
Non-deliverable						
Interest rate swap contracts	239	37	-	3,088	-	3,364
	$ 165,233	$ 226,887	$ 158,817	$ 50,756	$ 10,388	$ 612,081

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

March 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 938,796	$ 1,440,630	$ 118,327	$ 301,928	$ -	$ 2,799,681
Other guarantees	27,463,217	88,876,300	1,544,137	366,521	923,292	119,173,467
Loan commitments	6,339,824	12,679,647	19,019,471	29,912,008	-	67,950,950
	$ 34,741,837	$ 102,996,577	$ 20,681,935	$ 30,580,457	$ 923,292	$ 189,924,098

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 355,703	$ 630,828	$ 137,152	$ -	$ -	$ 1,123,683
Other guarantees	28,965,598	82,761,800	1,892,706	532,989	867,688	115,020,781
Loan commitments	5,868,171	11,736,343	17,604,515	27,686,700	-	62,895,729
	$ 35,189,472	$ 95,128,971	$ 19,634,373	$ 28,219,689	$ 867,688	$ 179,040,193

March 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 464,208	$ 434,153	$ 161,064	$ -	$ -	$ 1,059,425
Other guarantees	43,620,872	83,192,300	13,481,592	1,522,653	218,641	142,036,058
Loan commitments	4,560,078	9,120,155	13,680,233	26,592,180	-	53,952,646
	$ 48,645,158	$ 92,746,608	$ 27,322,889	$ 28,114,833	$ 218,641	$ 197,048,129

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices etc.) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manages the market risk with active, careful attitude.

The Bank makes the profit mainly from doing trading business through knowing how market risk of factors fluctuate. (e.g., market price, exchange rate, and interest rate). More violent the market risk factors fluctuate, the bigger the opportunity of profit or loss. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussions by the president, the trading department and the market risk management department, it is submitted to the Asset and liabilities Committee and the board of directors with the plan of stop-loss quotas and product parts quotas to avoid setting up the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute, and stipulates exposure amount, submission of expiration, authorizing management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the board of directors, are the top stipulation in market risk management.

b) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate changes, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

c) Risk Management Department: In charge of market risk management. According to the Bank's regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products' type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT limit, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at Risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts Monte Carlo method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years, simulation times is 5,000 times, simulation path is GBM.

The following table illustrates the Value at Risk of the Bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest and rate changes can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

O-Bank

	March 31, 2023			December 31, 2022			March 31, 2022		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 11,963	$ 15,255	$ 9,104	$ 2,692	$ 12,790	$ 284	$ 1,370	$ 12,790	$ 284
Fair value risk resulting from interest rate	2,036	3,643	617	2,038	5,147	444	1,744	5,146	772
Fair value resulting from stock price	2,198	3,449	424	8,060	22,962	-	9,768	18,889	5,039

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR and HKD HIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. HONIA (Hong Kong Dollar Overnight Index Average) is expected to replace HKD HIBOR. There are key differences among these benchmarks. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established USD LIBOR and HKD HIBOR transition project plans for each benchmark. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at March 31, 2023, the Bank has identified all the information systems and internal processes that need to be updated, and planned the update schedule. The Bank has completed the identification of the affected contracts, and expects to gradually switch to alternative interest rate indicators before the end of June 2023, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of HKD HIBOR and USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by the Group at March 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 1,490,872	The Group will pay close attention to the regulations of the competent authority, market development, and processing methods among other banks, and will cooperate with the issuer and counterparty to negotiate the contract revision. It is expected that the contract revision will be sold or completed in the first half of 2023.
Discounts and loans	761,092	It is expected to gradually switch to alternative interest rate indicators and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.
	$ 2,251,964	

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Foreign Currencies (Thousand)/NT$ (Thousands)

	March 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 2,969,334	30.4767	$ 90,495,389
JPY	3,419,156	0.2285	781,163
HKD	10,567,333	3.8813	41,014,778
EUR	36,010	33.1393	1,193,344
AUD	363,995	20.3475	7,406,382
RMB	839,664	4.4311/4.4333	3,720,664
Investments accounted for using equity method			
RMB	240,928	4.4333	1,068,114

(Continued)

	March 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary item			
USD	$ 4,545,546	30.4767	$ 138,533,071
JPY	3,480,534	0.2285	795,186
HKD	4,734,899	3.8813	18,377,470
EUR	13,818	33.1393	457,904
AUD	174,609	20.3475	3,522,858
RMB	646,668	4.4311/4.4333	2,865,470

(Concluded)

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 2,913,414	30.7227	$ 89,507,925
JPY	3,591,733	0.2328	836,119
HKD	8,425,235	3.9397	33,192,899
EUR	25,304	32.7355	828,328
AUD	254,334	20.8626	5,306,071
RMB	671,878	4.4175/4.4086	2,962,069
Investments accounted for using equity method			
RMB	228,871	4.4175	1,011,042
Financial liabilities			
Monetary item			
USD	4,212,842	30.7227	129,429,880
JPY	4,997,441	0.2328	1,163,354
HKD	4,203,751	3.9397	16,561,516
EUR	9,213	32.7355	301,595
AUD	154,383	20.8626	3,220,844
RMB	633,767	4.4175/4.4086	2,794,043

	March 31, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,858,080	28.6215	$ 81,802,647
JPY	4,230,717	0.2349	993,737
HKD	7,485,586	3.6558	27,365,656
EUR	25,531	31.8698	813,663
AUD	214,403	21.3980	4,587,800
RMB	3,302,138	4.5138/4.5074	14,884,288
Investments accounted for using equity method			
RMB	219,857	4.5138	992,387
Financial liabilities			
Monetary item			
USD	3,841,020	28.6215	109,935,896
JPY	4,137,470	0.2349	971,834
HKD	3,746,025	3.6558	13,694,643
EUR	15,745	31.8698	501,789
AUD	46,983	21.3980	1,005,343
RMB	2,838,429	4.5138/4.5074	12,794,132

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

Banking book's interest rate risk means the probably loss of non-trading book's position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

b) Assets and Liabilities Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

The Risk Management Department set the regulation with interest rate risk of banking book as follow, limit of position, limit of annual loss, FS sensitivity limit, duration limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Tier I Capital Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, net income interest rate sensitivity warning limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps.

In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in special situation pressure test, and reports the result to the Assets and Liabilities Committee.

The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

O-Bank

	For the Three Months Ended March 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 880,508	2.36	$ 866,814	1.08
Call loans to other banks	11,232,690	4.32	7,311,045	0.19
Due from the Central Bank	5,852,814	1.05	5,111,795	0.38
Financial assets at FVTPL	37,269,615	1.12	36,055,065	0.37
Discounts and loans	189,595,457	3.75	160,324,202	1.95
Financial assets at FVTOCI	65,119,224	1.50	78,210,782	0.59
Financial assets at amortized cost	27,728,927	2.02	-	-
Receivables	1,215,190	3.23	1,256,805	1.67

(Continued)

	For the Three Months Ended March 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	$ 14,571,122	2.50	$ 19,852,679	0.26
Demand deposits	50,049,007	0.92	65,523,928	0.19
Time deposits	232,828,106	2.48	172,832,361	0.43
Bills and bonds sold under repurchase agreements	10,633,897	3.38	3,572,077	0.25
Bank debentures payable	13,600,000	1.90	15,000,000	1.89
Other financial liabilities	1,794,450	0.08	2,253,420	-

(Concluded)

China Bills Finance Corporation (CBF)

	For the Three Months Ended March 31			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (including certificate of deposit)	$ 815,812	0.01	$ 295,058	0.003
Call loans to banks	286,222	1.03	99,444	0.33
Financial assets at fair value through profit or loss - bonds and bills	105,834,562	1.26	98,256,278	0.41
FVTOCI - debt instruments	93,395,383	1.54	102,578,202	1.16
Financial instruments at fair value through profit or loss - hybrid financial assets	6,985,684	1.43	9,882,467	1.45
Investments in debt instruments measured at amorized cost	1,672,803	1.46	-	-
Securities purchased under resell agreements	4,437,434	0.74	5,751,929	0.20
Interest-bearing liabilities				
Call loans from other banks	13,275,044	1.64	11,057,453	0.34
Bank overdraft	3,352	2.09	589	1.50
Securities sold under repurchase agreements	173,456,326	1.36	176,826,156	0.27
Commercial paper payable	1,500,000	1.44	4,500,000	0.47

49. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Group's common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis is subject to the competent authorities. The calculation of the ratio mentioned above by competent authority regulations.

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorates such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital.

50. ASSET QUALITY, CONCENTRATION OF LOANS EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

a. Asset quality: Refer to Table 2.

b. Concentration of credit extensions

March 31, 2023

(In Thousands of New Taiwan Dollars, %)

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company (unclassified other financial service)	$ 6,605,646	16.94
2	B Company (telecommunications)	6,407,122	16.43
3	C Company (real estate development)	4,186,536	10.74
4	D Company (real estate development)	3,467,700	8.89
5	E Company (unclassified other financial service))	2,970,000	7.62
6	F Company (glass and glass made products manufacturing)	3,023,039	7.75
7	G Company (chemical materials manufacturing)	2,675,240	6.86
8	H Company (other holding company)	2,397,403	6.15
9	I Company (wire and cable manufacturing)	2,385,163	6.12
10	J Company (other holding company)	2,367,802	6.07

March 31, 2022

(In Thousands of New Taiwan Dollars, %)

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	B Company (telecommunications)	$ 6,237,498	17.33
2	C Company (real estate development)	4,088,036	11.36
3	A Company (unclassified other financial service)	3,334,089	9.26
4	K Company (real estate lease industry)	3,160,000	8.78
5	F Company (glass and glass made products manufacturing)	3,128,613	8.69
6	E Company (unclassified other financial service)	2,940,000	8.17
7	D Company (real estate development)	2,782,750	7.73
8	L Company (real estate development)	2,240,354	6.22
9	M Company (non-hazardous waste treatment industry)	2,190,598	6.09
10	N Company (manufacture of integrated circuits)	2,184,500	6.07

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings"

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)

March 31, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 174,043,672	$ 15,554,318	$ 13,476,460	$ 42,035,353	$ 245,109,803
Interest rate-sensitive liabilities	92,980,963	81,391,287	19,769,989	40,801,705	234,943,944
Interest rate-sensitive gap	81,062,709	(65,836,969)	(6,293,529)	1,233,648	10,165,859
Net worth					35,202,298
Ratio of interest rate-sensitive assets to liabilities					104.33%
Ratio of interest rate sensitivity gap to net worth					28.88%

March 31, 2022

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 167,112,218	$ 13,691,614	$ 11,838,336	$ 27,767,725	$ 220,409,893
Interest rate-sensitive liabilities	57,488,498	71,921,347	49,753,458	34,881,453	214,044,756
Interest rate-sensitive gap	109,623,720	(58,229,733)	(37,915,122)	(7,113,728)	6,365,137
Net worth					32,760,131
Ratio of interest rate-sensitive assets to liabilities					102.97%
Ratio of interest rate sensitivity gap to net worth					19.43%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity Balance Sheet (U.S. Dollars)

March 31, 2023

(In Thousands of U.S. Dollars, %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 984,966	$ 66,590	$ 56,519	$ 2,335,931	$ 3,444,006
Interest rate-sensitive liabilities	2,323,515	766,428	193,346	171	3,283,460
Interest rate-sensitive gap	(1,338,549)	(699,838)	(136,827)	2,335,760	160,546
Net worth					127,727
Ratio of interest rate-sensitive assets to liabilities					104.89%
Ratio of interest rate sensitivity gap to net worth					125.69%

March 31, 2022

(In Thousands of U.S. Dollars, %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,006,162	$ 65,509	$ 9,405	$ 1,457,841	$ 2,538,917
Interest rate-sensitive liabilities	1,396,530	850,016	172,534	-	2,419,080
Interest rate-sensitive gap	(390,368)	(784,507)	(163,129)	1,457,841	119,837
Net worth					114,336
Ratio of interest rate-sensitive assets to liabilities					104.95%
Ratio of interest rate sensitivity gap to net worth					104.81%

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

(In %)

Items		For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Return on total assets	Before income tax	0.23	0.20
	After income tax	0.20	0.18
Return on equity	Before income tax	2.21	1.81
	After income tax	1.93	1.61
Net income ratio		40.83	39.81

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

March 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 289,136,501	$ 58,168,766	$ 27,036,807	$ 39,595,386	$ 18,430,227	$ 21,809,899	$ 124,095,416
Main capital outflow on maturity	340,878,453	24,001,457	30,250,561	79,408,488	80,927,777	47,707,871	78,582,299
Gap	(51,741,952)	34,167,309	(3,213,754)	(39,813,102)	(62,497,550)	(25,897,972)	45,513,117

March 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 260,421,566	$ 52,324,090	$ 16,698,734	$ 36,707,822	$ 21,486,434	$ 19,368,941	$ 113,835,545
Main capital outflow on maturity	301,703,216	13,162,271	23,451,883	65,251,957	55,920,164	74,750,391	69,166,550
Gap	(41,281,650)	39,161,819	(6,753,149)	(28,544,135)	(34,433,730)	(55,381,450)	44,668,995

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

March 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,521,233	$ 2,597,455	$ 1,100,048	$ 485,000	$ 352,000	$ 986,730
Main capital outflow on maturity	5,747,831	2,546,903	1,476,557	548,004	413,512	762,855
Gap	(226,598)	50,552	(376,509)	(63,004)	(61,512)	223,875

March 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,113,247	$ 1,601,522	$ 900,312	$ 493,939	$ 274,639	$ 842,835
Main capital outflow on maturity	4,302,631	1,611,453	1,267,305	582,236	332,183	509,454
Gap	(189,384)	(9,931)	(366,993)	(88,297)	(57,544)	333,381

Note 1: The above amounts included only U.S. dollar amounts held by the Bank.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)

March 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,803,290	$ 1,333,090	$ 258,671	$ 48,565	$ 57,292	$ 105,672
Main capital outflow on maturity	1,820,347	849,318	403,746	130,375	149,091	287,817
Gap	(17,057)	483,772	(145,075)	(81,810)	(91,799)	(182,145)

March 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,407,882	$ 806,678	$ 290,387	$ 84,822	$ 20,538	$ 205,457
Main capital outflow on maturity	1,429,313	455,127	497,897	84,825	149,168	242,296
Gap	(21,431)	351,551	(207,510)	(3)	(128,630)	(36,839)

China Bills Finance Corporation

a. Asset quality

Item \ Period	March 31, 2023	March 31, 2022
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,208,198	1,328,669
Actual provision for credit losses and reserve for losses on guarantees	1,382,077	1,382,077

b. The principal operation

Item \ Period	March 31, 2023	March 31, 2022
Balance of guarantees and endorsement securities	$ 97,775,300	$ 108,629,700
Multiple of guarantees and endorsement securities to net worth	4.08	4.54
Short-term bills and bonds sold under repurchase agreement	174,203,068	172,268,937
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	7.26	7.21

c. The provision policy and allowance for doubtful accounts, refer to Note 14.

d. Concentrations of credit extensions

(In %)

Item \ Period	March 31, 2023		March 31, 2022	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	18.59		20.05	
Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)	**Type of Industry**	**%**	**Type of Industry**	**%**
	Finance and insurance industry	30.05	Finance and insurance industry	31.44
	Real estate industry	27.54	Real estate industry	26.17
	Manufacturing industry	19.91	Manufacturing industry	20.63

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

March 31, 2023

(In Millions of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 97,481	$ 6,850	$ 14,956	$ 87,712	$ 206,999
Interest rate-sensitive liabilities	184,685	1,244	470	-	186,399
Interest rate-sensitive gap	(87,204)	5,606	14,486	87,712	20,600
Net worth					23,067
Ratio of interest rate-sensitive assets to liabilities (%)					111.05
Ratio of interest rate sensitivity gap to net worth (%)					89.31

March 31, 2022

(In Millions of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 103,139	$ 9,348	$ 10,598	$ 89,588	$ 212,673
Interest rate-sensitive liabilities	186,349	2,265	274	-	188,888
Interest rate-sensitive gap	(83,210)	7,083	10,324	89,588	23,785
Net worth					24,517
Ratio of interest rate-sensitive assets to liabilities (%)					112.59
Ratio of interest rate sensitivity gap to net worth (%)					97.01

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

f. The use of funding sources table

March 31, 2023

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 43,108	$ 49,380	$ 5,159	$ 7,287	$ -
	Bonds	240	2,174	1,691	7,669	87,712
	Due from banks	327	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,252	-	-	-	-
	Total	45,927	51,554	6,850	14,956	87,712
Cash provided by	Borrowing	11,500	998	-	-	-
	Securities sold under repurchase agreements	133,740	38,447	1,244	470	-
	Eligible capital	-	-	-	-	23,067
	Total	145,240	39,445	1,244	470	23,067
Net cash flows		(99,313)	12,109	5,606	14,486	64,645
Accumulated cash flows		(99,313)	(87,204)	(81,598)	(67,112)	(2,467)

March 31, 2022

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 52,050	$ 41,541	$ 3,960	$ 262	$ -
	Bonds	2,026	2,517	5,388	10,336	89,588
	Due from banks	291	-	-	-	-
	Call loans	500	-	-	-	-
	Securities purchased under resell agreements	4,214	-	-	-	-
	Total	59,081	44,058	9,348	10,598	89,588
Cash provided by	Borrowing	14,188	2,499	-	-	-
	Securities sold under repurchase agreements	136,860	32,802	2,265	274	-
	Eligible capital	-	-	-	-	24,517
	Total	151,048	35,301	2,265	274	24,517
Net cash flows		(91,967)	8,757	7,083	10,324	65,071
Accumulated cash flows		(91,967)	(83,210)	(76,127)	(65,803)	(732)

g. Matters requiring special notation

Causes	March 31, 2023	March 31, 2022
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

51. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the three months ended March 31, 2023

	January 1, 2023	Cash Inflow (Outflow)	Non-cash Changes		March 31, 2023
			Add Leasing	Other	
Bank debentures payable	$ 13,600,000	$ -	$ -	$ -	$ 13,600,000
Lease liabilities	432,826	(31,891)	15,750	333	417,018
Other financial liabilities	5,156,808	1,491,433	-	(2,287)	6,645,954
Other liabilities	500,360	15,771	-	-	516,131
	$ 19,689,994	$ 1,475,313	$ 15,750	$ (1,954)	$ 21,179,103

For the three months ended March 31, 2022

	January 1, 2022	Cash Inflow (Outflow)	Non-cash Changes		March 31, 2022
			Add Leasing	Other	
Bank debentures payable	$ 15,000,000	$ -	$ -	$ -	$ 15,000,000
Lease liabilities	350,370	(41,390)	11,256	4,075	324,311
Other financial liabilities	20,580,832	(970,320)	-	245,163	19,855,675
Other liabilities	2,719,579	147,377	-	-	2,866,956
	$ 38,650,781	$ (864,333)	$ 11,256	$ 249,238	$ 38,046,942

52. OTHERS

The Group has evaluated the economic impact of the COVID-19. Until the issue date of the consolidated financial statements, the Group found no significant impact on its financial condition and operations through its relevant risk management and control procedures.

53. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

b. Names, locations, and other information of investees over which the Bank exercises significant influence.

1) Financing provided: None

2) Endorsement/guarantee provided: None

3) Marketable securities held: The Group - not applicable; investees - Table 1 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT$5 million: None

8) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None

9) Sale of non-performing loans: None

10) Information of applying for authorization of securitized product type according to the "Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization": None

11) Other significant transactions which may affect the decisions of users of individual financial reports: None

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Group exercises significant influence." Uncovering

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 3 (attached)

d. Business relationships and significant transactions among the Group: Table 4 (attached)

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 5 (attached)

54. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4 the same significant accounting policies. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by in Low of Bank Law Article 71.

b. Overseas: Overseas banking business.

c. Leasing: Leasing business.

d. Bills: Bills-related business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Bills	Others	Eliminations	Consolidated
For the three months ended March 31, 2023						
Net interest						
From unaffiliated segment	$ 511,104	$ 272,141	$ (266,718)	$ (1,503)	$ 98	$ 515,122
From other segment	(8)	-	-	8	-	-
	$ 511,096	$ 272,141	$ (266,718)	$ (1,495)	$ 98	$ 515,122
Net revenue other than interest						
From unaffiliated segment	$ 1,293,930	$ 9,888	$ 1,003,970	$ 127,632	$ -	$ 2,435,420
From other segment	3,672	-	(3,222)	(167)	(367,292)	(367,009)
	$ 1,297,602	$ 9,888	$ 1,000,748	$ 127,465	$ (367,292)	$ 2,068,411
Income from continuing operation	$ 738,461	$ 109,393	$ 505,645	$ 116,044	$ (359,877)	$ 1,109,666
Identifiable assets	$ 365,912,704	$ 25,718,889	$ 211,780,726	$ 1,525,790	$ (91,525)	$ 604,846,584
Depreciation and amortization	$ 128,836	$ 12,272	$ 6,474	$ 194	$ (3,420)	$ 144,356
Capital expenditures	$ 20,099	$ 84	$ 533	$ -	$ -	$ 20,716

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the three months ended March 31, 2022							
Net interest							
From unaffiliated segment	$ 606,876	$ 184,176	$ 245,252	$ 163,926	$ (1)	$ 189	$ 1,200,418
From other segment	(119)	-	7	-	-	112	-
	$ 606,757	$ 184,176	$ 245,259	$ 163,926	$ (1)	$ 301	$ 1,200,418
Net revenue other than interest							
From unaffiliated segment	$ 848,955	$ 4,271	$ 109,059	$ 442,133	$ 3,463	$ -	$ 1,407,881
From other segment	5,591	-	(1,917)	(3,348)	(188)	(311,393)	(311,255)
	$ 854,546	$ 4,271	$ 107,142	$ 438,785	$ 3,275	$ (311,393)	$ 1,096,626
Income from continuing operation	$ 581,783	$ 57,945	$ 125,375	$ 426,942	$ (3,015)	$ (304,100)	$ 884,930
Identifiable assets	$ 308,010,510	$ 27,151,173	$ 19,419,174	$ 216,142,118	$ 256,147	$ (70,448)	$ 570,908,674
Depreciation and amortization	$ 129,552	$ 11,968	$ 16,697	$ 6,158	$ 199	$ (5,299)	$ 159,275
Capital expenditures	$ 22,049	$ 151	$ 15,964	$ 1,942	$ -	$ -	$ 40,106

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 201,461	91.78	US$ 201,461	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	25,757	1.02	25,757	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,733	50,359	7.37	50,359	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	14,505	0.48	14,505	Note 2
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	124,181	0.46	124,181	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	27,783	2.41	27,783	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	9,615	2.17	9,615	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	157	28,967	0.24	28,967	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	468	38,114	0.42	38,114	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	12,800	0.53	12,800	
	Brain Navi Biotechnology Co. Ltd.	-	Financial asset at FVTPL	325	19,832	0.82	19,832	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	400	14,080	0.18	14,080	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	117,880	4.67	117,880	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	115,114	3.81	115,114	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,862	0.55	10,862	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	52,634	3.09	52,634	
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	41,635	262,694	0.96	262,694	Notes 1 and 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	634	153,723	0.78	153,723	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	94,569	7.81	94,569	Note 2
	Chipwell Tech Corporation	-	Financial asset at FVTPL	308	6,458	1.30	6,458	Note 2
	Biocontrol Gene Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	403	0.98	403	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,816	1.16	4,816	Note 2
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	52,229	1.38	52,229	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Evergreen Steel Corp.	-	Financial asset at FVTPL	247	US$ 13,783	0.06	US$ 13,783	
	Otobrite Electronics Inc.	-	Financial asset at FVTPL	25	953	0.07	953	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	671	65,624	0.19	65,624	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	10,746	1.26	10,746	
	Apex Dynamics, Inc.	-	Financial asset at FVTPL	24	5,016	0.03	5,016	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	141	5,410	0.35	5,410	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	28,488	1.06	28,488	
	T-Conn Precision Corporation	-	Financial asset at FVTPL	11	656	0.03	656	
	Lin Bioscience, Inc.	-	Financial asset at FVTPL	6	1,106	0.01	1,106	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	157	28,967	0.24	28,967	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	468	38,114	0.42	38,114	
	InnoCare Optoelectronics Corporation	-	Financial asset at FVTPL	40	5,200	0.11	5,200	
	Mosa Industrial Corporation	-	Financial asset at FVTPL	50	1,213	0.03	1,213	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	3	566	-	566	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	4,400	0.06	4,400	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	18,000	19,072	2.46	19,072	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

(Concluded)

O-BANK AND SUBSIDIARIES

NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE
MARCH 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Period			March 31, 2023					March 31, 2022				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 392,513	$ 91,938,347	0.43%	$ 1,350,235	344.00%	$ 386,000	$ 75,511,312	0.51%	$ 1,069,127	276.98%
	Unsecured		234,275	73,064,385	0.32%	1,139,692	486.48%	139,902	64,687,153	0.22%	902,408	645.03%
Consumer banking	Housing mortgage (Note 4)		18,941	10,717,069	0.18%	162,541	858.14%	-	12,927,503	-	194,395	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	2,650,302	-	33,290	-	-	1,985,277	-	28,150	-
	Other (Note 6)	Secured	2,823	4,509,280	0.06%	45,693	1,618.60%	-	4,975,800	-	50,086	-
		Unsecured	15,241	11,499,984	0.13%	167,033	1,095.95%	12,843	7,252,528	0.18%	135,281	1,053.34%
Total lending business			663,793	194,379,367	0.34%	2,898,484	436.65%	538,745	167,339,573	0.32%	2,379,447	441.66%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	987,929	-	10,744	-	-	1,403,142	-	15,495	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	119,797	-	106,433	-
Total	119,797	-	106,433	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: "Others" in consumer finance refers to other secured or unsecured consumer loans that are not "residential property mortgage", "cash cards", "small amount pure credit loans", excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as non-performing receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the "Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association" should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the "Consumer Debt Clearance Regulations" for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

(Concluded)

TABLE 3

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of March 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 441,637 (US$ 14,491)	Note 2 c.	$ 60,953 (US$ 2,000)	$ -	$ -	$ 60,953 (US$ 2,000)	2.60	$ -	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	44,333 (RMB 10,000)	Note 2 c.	15,238 (US$ 500)	-	-	15,238 (US$ 500)	2.09	-	6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	240,730 (RMB 54,300)	Note 2 c.	60,953 (US$ 2,000)	-	-	60,953 (US$ 2,000)	2.18	-	4,715	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,433,340 (RMB 1,000,000)	Note 2 d.	886,668 (RMB 200,000)	-	-	886,668 (RMB 200,000)	20.00	53,560	1,068,114	-

Accumulated Investment in Mainland China as of March 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$137,144 (US$4,500) $886,668 (RMB200,000)	$137,144 (US$4,500) $886,668 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of March 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 145,069 (US$ 4,760)	Note 2 c.	$ 2,194 (US$ 72)	$ 274 (US$ 9)	$ -	$ 2,468 (US$ 81)	2.17	$ -	$ 1,521	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	230,230 (US$ 7,554)	Note 2 c.	12,922 (US$ 424)	-	-	12,922 (US$ 424)	1.63	-	7,963	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,095 (US$ 200)	Note 2 c.	213 (US$ 7)	-	-	213 (US$ 7)	2.17	-	131	-
Beauty Essential International, Ltd.	Cosmetic retailing	91,430 (US$ 3,000)	Note 2 c.	20,968 (US$ 688)	-	-	20,968 (US$ 688)	2.41	-	26,660	-
Meike information technology	Cosmetic retailing information technology	82,287 (US$ 2,700)	Note 2 c.	884 (US$ 29)	-	-	884 (US$ 29)	0.44	-	1,124	-
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,381,328 (US$ 800,000)	Note 2 c.	82,257 (US$ 2,699)	-	-	82,257 (US$ 2,699)	0.40	-	114,469	-
Shinlien Brine Huaian Co.	Production of glass materials	975,253 (US$ 32,000)	Note 2 c.	6,979 (US$ 229)	-	-	6,979 (US$ 229)	0.46	-	9,712	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	861,354 (US$ 194,290)	Note 2 c.	16,244 (US$ 533)	-	4,236 (US$ 139)	12,008 (US$ 394)	0.24	-	28,967	-

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$138,699 (US$4,551)	$138,699 (US$4,551)	$192,710 Note 4

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of March 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of March 31, 2023
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,381,328 (US$ 800,000)	Note 2 c.	$ 141,807 (US$ 4,653)	$ -	$ -	$ 141,807 (US$ 4,653)	0.66	$ -	$ 192,751	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	975,253 (US$ 32,000)	Note 2 c.	9,844 (US$ 323)	-	-	9,844 (US$ 323)	0.75	-	12,303	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	861,354 (US$ 194,290)	Note 2 c.	16,244 (US$ 533)	-	4,236 (US$ 139)	12,008 (US$ 394)	0.24	-	28,967	-

Accumulated Investment in Mainland China as of March 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$163,659 (US$5,370)	$163,659 (US$5,370)	$525,613 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended March 31, 2023.

Note 2: There were five investment approaches stated as follows.

a. Investment in mainland China by remittance via a third country.

b. Indirect investment in mainland China via setting a company in a third country.

c. Indirect investment in mainland China via investing in a current company in a third country. (Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shihlien China Holding Co., Limited, Topping Cusine International Holding, Ltd., and Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd., YFY RFID CO. LIMITED(HK))

d. Direct investment in mainland China.

e. Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in March 2023, so the Bank is not under "the regulation of investing or technology-cooperation in China".

Note 4: The original investment is within the limit.

Note 5: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. has obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Continued)

TABLE 4

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	IBTM and IBTVC7	a	Deposits	$ 8,412	Note 3	-
0	The Bank	IBTM and IBTVC7	a	Interest expense	8	Note 3	-
0	The Bank	IBTM and CBF	a	Other net revenue other than interest	3,672	Note 3	0.14
0	The Bank	IBTM and IBTVC7	a	Payables	3	Note 3	-
1	IBTM	The Bank	b	Cash and cash equivalents	8,292	Note 3	-
1	IBTM	The Bank	b	Payables	2	Note 3	-
1	IBTM	The Bank	b	Interest revenue	6	Note 3	-
1	IBTM	The Bank	b	Other operating and administrative expenses	184	Note 3	0.01
1	IBTM	The Bank	b	Lease interest expense	13	Note 3	-
1	IBTM	IBTVC7	c	Consultancy service income	3,720	Note 3	0.14
2	CBF	The Bank	b	Other operating and administrative expenses	3,413	Note 3	0.13
2	CBF	The Bank	b	Lease interest expense	84	Note 3	-
3	IBTVC7	The Bank	b	Cash and cash equivalents	120	Note 3	-
3	IBTVC7	The Bank	b	Interest revenue	2	Note 3	-
3	IBTVC7	The Bank	b	Payables	1	Note 3	-
3	IBTVC7	IBTM	c	Other operating and administrative expenses	3,720	Note 3	0.14

(Continued)

Note 1: Information about the business transactions between the Bank and its subsidiaries were classified as follows:

a. 0 for the Bank.
b. Subsidiaries are numbered sequentially starting from the number 1.

Note 2: The types of transactions with related parties were classified as follows:

a. Parent company to subsidiaries.
b. Subsidiaries to parent company.
c. Subsidiaries to subsidiaries.

Note 3: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	292,340,997	9.64
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares are the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.