O-Bank and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2022 and 2021 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 balance sheets of O-Bank and its subsidiaries (collectively referred to as the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and 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 Statement of Auditing Standards No. 65 "Review of 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 September 30, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT$1,322,953 thousand and NT$1,114,665 thousand, respectively, representing 0.22% and 0.19%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$255,260 thousand and NT$213,698 thousand, respectively, representing 0.05% and 0.04%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income (loss) of these subsidiaries were NT$110,985 thousand and NT$33,427 thousand, NT$154,776 thousand and NT$94,937 thousand, respectively, representing 53.41%, 9.00%, (4.99%) and 5.07%, respectively, of the consolidated total comprehensive income.

As of September 30, 2022 and 2021, the amount of investment accounted for using the equity method was NT$971,370 thousand and NT$800,064 thousand, respectively, representing 0.16% and 0.14%, respectively, of the consolidated total assets; for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the amount of share of comprehensive income (loss) of associate accounted for using the equity method was NT$(45,182) thousand, NT$56,097 thousand, NT$90,491 thousand and NT$10,202 thousand, respectively, representing (21.74%), 15.11%, (2.92%) and 0.54% respectively, of the consolidated total comprehensive income (loss).

Qualified Conclusion

Based on our reviews, except for 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 as 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months ended September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 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

November 2, 2022

<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	September 30, 2022 (Reviewed) Amount	%	December 31, 2021 (Audited) Amount	%	September 30, 2021 (Reviewed) Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 11,450,774	2	$ 11,779,386	2	$ 10,821,501	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	16,945,203	3	12,981,310	2	20,242,466	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 43)	145,898,658	24	151,899,447	27	172,321,474	29
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 43 and 47)	159,927,829	27	191,156,680	33	179,721,441	31
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 10, 43 and 47)	22,350,852	4	-	-	-	-
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	3,320,716	1	5,364,108	1	6,155,319	1
RECEIVABLES, NET (Notes 12 and 14)	21,868,179	4	20,076,514	4	19,555,973	3
CURRENT TAX ASSETS	269,002	-	324,529	-	299,261	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 42 and 43)	208,771,280	35	172,727,589	30	171,932,351	29
INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD, NET (Note 17)	971,370	-	880,879	-	800,064	-
OTHER FINANCIAL ASSETS (Notes 18 and 43)	882,952	-	875,733	-	882,004	-
PROPERTY AND EQUIPMENT, NET (Notes 19 and 44)	2,495,620	-	2,545,050	1	2,591,330	1
RIGHT-OF-USE ASSETS, NET (Note 20)	390,764	-	332,938	-	359,872	-
INTANGIBLE ASSETS, NET (Note 21)	1,932,100	-	1,946,051	-	2,000,660	-
DEFERRED TAX ASSETS	1,309,965	-	900,743	-	896,040	-
OTHER ASSETS (Notes 20 and 21)	1,524,328	-	1,289,712	-	1,393,208	-
TOTAL	$ 600,309,592	100	$ 575,080,669	100	$ 589,972,964	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits From the Central Bank and other banks (Note 23)	$ 38,481,971	6	$ 27,876,301	5	$ 38,573,210	7
Financial liabilities at fair value through profit or loss (Note 8)	878,041	-	441,337	-	343,206	-
Bills and bonds sold under repurchase agreements (Note 24)	165,813,028	28	187,952,616	33	186,545,736	32
Payables (Note 25)	5,512,408	1	2,467,406	-	2,750,156	1
Current tax liabilities	224,527	-	238,572	-	174,624	-
Deposits and remittances (Notes 26 and 42)	298,339,147	50	259,379,425	45	265,649,562	45
Bank debentures payable (Note 27)	14,600,000	3	15,000,000	3	14,500,000	2
Other financial liabilities (Note 28)	20,256,689	3	20,580,832	4	20,991,841	4
Provisions (Notes 14, 29 and 30)	1,988,437	-	2,076,334	-	2,094,343	-
Lease liabilities (Note 20)	405,669	-	350,370	-	377,523	-
Deferred tax liabilities	804,919	-	830,510	-	808,069	-
Other liabilities (Note 31)	2,722,799	1	2,719,579	-	2,547,543	-
Total liabilities	550,027,635	92	519,913,282	90	535,355,813	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	27,339,923	5	27,330,063	5	27,330,063	5
Preferred stock	2,990,140	-	3,000,000	1	3,000,000	-
Total capital	30,330,063	5	30,330,063	6	30,330,063	5
Capital surplus	13,644	-	6,734	-	6,742	-
Retained earnings						
Legal reserve	4,341,816	1	3,729,690	1	3,729,690	1
Special reserve	634,610	-	797,783	-	797,783	-
Unappropriated earnings	2,320,061	-	2,040,419	-	1,606,182	-
Total retained earnings	7,296,487	1	6,567,892	1	6,133,655	1
Other equity	(3,373,008)	-	(485,479)	-	(495,337)	-
Treasury stock	(16,837)	-	(38,304)	-	(38,304)	-
Total equity attributable to owners of the Bank	34,250,349	6	36,380,906	7	35,936,819	6
NON-CONTROLLING INTERESTS	16,031,608	2	18,786,481	3	18,680,332	3
Total equity (Note 32)	50,281,957	8	55,167,387	10	54,617,151	9
TOTAL	$ 600,309,592	100	$ 575,080,669	100	$ 589,972,964	100

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 42)	$ 2,617,158	101	$ 1,708,249	72	$ 6,399,252	92	$ 5,091,084	72
INTEREST EXPENSE (Notes 33 and 42)	(1,381,629)	(53)	(524,152)	(22)	(2,701,856)	(39)	(1,627,349)	(23)
NET INTEREST	1,235,529	48	1,184,097	50	3,697,396	53	3,463,735	49
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee income, net (Notes 34 and 42)	547,494	21	570,587	24	1,899,863	27	1,868,544	27
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 35)	1,953,221	75	269,118	12	4,204,831	60	667,076	9
Realized gains on financial assets at fair value through other comprehensive income (Note 36)	192,714	7	248,230	11	181,786	3	400,107	6
Foreign exchange gain (loss) gain, net	(1,309,273)	(50)	(45,140)	(2)	(3,251,440)	(47)	435,505	6
Reversal of impairment loss (impairment loss) on assets	(2,791)	-	(2,675)	-	3,800	-	596	-
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(52,304)	(2)	56,594	2	63,824	1	19,545	-
Other net revenue other than interest	27,634	1	76,118	3	179,925	3	184,159	3
Total net revenue other than interest revenue	1,356,695	52	1,172,832	50	3,282,589	47	3,575,532	51
NET REVENUE	2,592,224	100	2,356,929	100	6,979,985	100	7,039,267	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	(212,096)	(8)	(136,367)	(6)	(392,505)	(6)	(292,113)	(4)
OPERATING EXPENSES								
Employee benefits expenses (Notes 30, 37 and 42)	747,450	29	682,738	29	2,140,879	31	2,094,414	30
Depreciation and amortization expenses (Note 38)	158,823	6	159,846	7	470,292	7	479,794	7
Other general and administrative expenses (Notes 39 and 42)	346,775	14	300,108	12	933,956	13	840,193	12
Total operating expenses	1,253,048	49	1,142,692	48	3,545,127	51	3,414,401	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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	$ 1,127,080	43	$ 1,077,870	46	$ 3,042,353	43	$ 3,332,753	47
INCOME TAX EXPENSE (Note 40)	189,498	7	260,786	11	656,041	9	816,679	11
INCOME FROM CONTINUING OPERATIONS	937,582	36	817,084	35	2,386,312	34	2,516,074	36
LOSS FROM DISCONTINUED OPERATIONS (Note 15)	-	-	(1,508)	-	-	-	(4,509)	-
NET PROFIT FOR THE PERIOD	937,582	36	815,576	35	2,386,312	34	2,511,565	36
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Losses on remeasurements of defined benefit plans	-	-	-	-	-	-	(149)	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(200,169)	(8)	(220,358)	(9)	(932,826)	(13)	418,762	6
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 40)	-	-	-	-	-	-	30	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	(200,169)	(8)	(220,358)	(9)	(932,826)	(13)	418,643	6
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	731,463	28	(1,928)	-	1,536,441	22	(260,983)	(4)

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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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Losses from investments in debt instruments measured at fair value through other comprehensive income (Note 32)	$ (1,348,700)	(52)	$ (246,301)	(11)	$ (6,460,669)	(92)	$ (925,204)	(13)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 40)	87,613	4	24,321	1	369,077	5	128,441	2
Components of other comprehensive loss that will be reclassified to profit or loss, net of tax	(529,624)	(20)	(223,908)	(10)	(4,555,151)	(65)	(1,057,746)	(15)
Other comprehensive loss for the period, net of tax	(729,793)	(28)	(444,266)	(19)	(5,487,977)	(78)	(639,103)	(9)
TOTAL COMPREHENSIVE INCOME	$ 207,789	8	$ 371,310	16	$ (3,101,665)	(44)	$ 1,872,462	27
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 697,353	27	$ 481,840	21	$ 1,704,317	24	$ 1,454,678	21
Non-controlling interests	240,229	9	333,736	14	681,995	10	1,056,887	15
	$ 937,582	36	$ 815,576	35	$ 2,386,312	34	$ 2,511,565	36
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 368,347	14	$ 187,077	8	$ (1,212,289)	(17)	$ 1,053,102	15
Non-controlling interests	(160,558)	(6)	184,233	8	(1,889,376)	(27)	819,360	12
	$ 207,789	8	$ 371,310	16	$ (3,101,665)	(44)	$ 1,872,462	27
EARNINGS PER SHARE (Note 41)								
From continuing and discontinued operations								
Basic	$0.26		$0.18		$0.58		$0.49	
Diluted	$0.23		$0.16		$0.52		$0.44	
From continuing operations								
Basic	$0.26		$0.18		$0.58		$0.49	
Diluted	$0.23		$0.16		$0.52		$0.44	

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

(With Deloitte & Touche auditors' review report dated November 2, 2022) (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 32)													
	Capital Stock				Retained Earnings				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	Non-controlling Interests (Note 32)	Total Equity
BALANCE AT JANUARY 1, 2021	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 5,966	$ 3,697,811	$ 1,396,353	$ 106,262	$ 5,200,426	$ (697,554)	$ 755,298	$ (38,304)	$ 35,555,895	$ 18,696,870	$ 54,252,765
Reversal of special reserve	-	-	-	-	-	(598,570)	598,570	-	-	-	-	-	-	-
Appropriation and distribution of 2020 earnings														
Legal reserve	-	-	-	-	31,879	-	(31,879)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(545,454)	(545,454)	-	-	-	(545,454)	-	(545,454)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	405	-	-	-	-	-	-	-	405	-	405
Unclaimed dividends	-	-	-	371	-	-	-	-	-	-	-	371	1,023	1,394
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(836,921)	(836,921)
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	-	1,454,678	1,454,678	-	-	-	1,454,678	1,056,887	2,511,565
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(34)	(34)	(218,079)	(183,463)	-	(401,576)	(237,527)	(639,103)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	1,454,644	1,454,644	(218,079)	(183,463)	-	1,053,102	819,360	1,872,462
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	151,539	151,539	-	(151,539)	-	-	-	-
BALANCE AT SEPTEMBER 30, 2021	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,742	$ 3,729,690	$ 797,783	$ 1,606,182	$ 6,133,655	$ (915,633)	$ 420,296	$ (38,304)	$ 35,936,819	$ 18,680,332	$ 54,617,151
BALANCE AT JANUARY 1, 2022	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906	$ 18,786,481	$ 55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings														
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	426	-	-	-	-	-	-	-	426	-	426
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616	1,076	1,692
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	1,704,317	1,704,317	-	-	-	1,704,317	681,995	2,386,312
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	1,280,799	(4,197,405)	-	(2,916,606)	(2,571,371)	(5,487,977)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	1,704,317	1,704,317	1,280,799	(4,197,405)	-	(1,212,289)	(1,889,376)	(3,101,665)
Convertible preferred stock converted to ordinary shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(29,077)	(29,077)	-	29,077	-	-	-	-
BALANCE AT SEPTEMBER 30, 2022	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,644	$ 4,341,816	$ 634,610	$ 2,320,061	$ 7,296,487	$ 334,732	$ (3,707,740)	$ (16,837)	$ 34,250,349	$ 16,031,608	$ 50,281,957

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

O-BANK AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 3,042,353	$ 3,332,753
Loss from discontinued operations before tax	-	(4,509)
Adjustments for:		
Depreciation expense	261,336	269,712
Amortization expense	208,956	212,576
Expected credit losses/recognition of provisions	388,705	291,517
Net gain on financial assets or liabilities at fair value through profit or loss	(4,204,831)	(674,722)
Interest expense	2,701,856	1,627,349
Interest income	(6,399,252)	(5,091,084)
Dividends income	(452,759)	(237,878)
Share-based payment arrangements	8,423	-
Share of profit of associates and joint ventures accounted for using the equity method	(63,824)	(19,545)
Loss (gain) on disposal of property and equipment	(2,533)	16
Loss (gain) on disposal of investments	270,973	(162,229)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	168,364	796,659
Financial assets at fair value through profit or loss	9,574,705	(9,552,860)
Financial assets at fair value through other comprehensive income	24,750,318	(6,931,424)
Investment in debt instruments at amortized cost	(22,350,447)	-
Bills and bonds purchased under resell agreements	2,043,392	(1,422,437)
Receivables	(1,585,421)	(5,025,792)
Discounts and loans	(36,441,025)	11,536,891
Deposits from the Central Bank and other banks	10,605,670	10,093,455
Financial liabilities at fair value through profit or loss	436,704	(447,092)
Bills and bonds sold under repurchase agreements	(22,139,588)	5,379,910
Payables	2,333,231	176,324
Deposits and remittances	38,959,722	(2,070,110)
Provisions	45,090	(7,388)
Cash generated from operations	2,160,118	2,070,092
Interest received	6,045,540	5,344,446
Dividends received	472,663	229,162
Interest paid	(2,374,209)	(1,786,013)
Income taxes paid	(658,020)	(736,755)
Net cash flows generated from operating activities	5,646,092	5,120,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(100,992)	(86,389)
Proceeds from disposal of property and equipment	3,930	2,521

(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2022	2021
Increase in refundable deposits	$ (117,162)	$ (268,805)
Acquisition of intangible assets	(32,819)	(20,122)
Decrease in other financial assets	73,948	533,774
Increase in other assets	(117,454)	(74,205)
Net cash flows generated from (used in) investing activities	(290,549)	86,774
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	243,568	227,052
Increase in commercial papers	-	338,000
Decrease in commercial papers	(1,944,892)	-
Proceeds from issuing bank debentures	1,100,000	1,000,000
Repayments of bank debentures	(1,500,000)	(2,900,000)
Proceeds from long-term borrowings	5,903,912	5,171,782
Repayments of long-term borrowings	(4,721,590)	(2,420,679)
Repayment of the principal portion of lease liabilities	(115,530)	(138,495)
Increase in other financial liabilities	6,907	-
Decrease in other financial liabilities	-	(322,264)
Increase in other liabilities	3,220	297,869
Dividends paid to owners of the Bank	(946,645)	(672,954)
Transfer of treasury stock to employees	18,912	-
Dividends paid to non-controlling interests	(865,780)	(836,921)
Net cash flows used in financing activities	(2,817,918)	(256,610)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,347,187	(279,912)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,884,812	4,671,184
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	15,198,196	16,905,644
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 19,083,008	$ 21,576,828

(Continued)

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 September 30, 2022 and 2021:

	September 30	
	2022	**2021**
Cash and cash equivalents reported in the consolidated balance sheets	$ 11,450,774	$ 10,821,501
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	6,997,273	10,198,011
Other items qualifying for cash and cash equivalents under the definition of IAS 7	634,961	557,316
Cash and cash equivalents at the end of the period	$ 19,083,008	$ 21,576,828

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

(With Deloitte & Touche auditors' review report dated November 2, 2022) (Concluded)

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(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 government 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 September 30, 2022, the Bank has eight main departments - Financial Service Department, Financial Market Department, Risk Control Department, Operation Management Department, Technology Financial Department, Legal Compliance Department, Strategic Development Department and Internal Audit Department. It also has six domestic branches - Business Department, Zhongxiao Dunhua 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 September 30, 2022, December 31, 2021 and September 30, 2021, the Bank and its subsidiaries (the "Group") had 1,696, 1,545 and 1,510 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 2, 2022.

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. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

The Group assessed the application of the above standards would not have any material impact on the Group's financial position and financial performance. 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.

c. 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 AND REPORTING 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.

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.

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Bank 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 46 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 15 and Table 6 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, 2021.

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. Taxation

   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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s 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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and petty cash	$ 107,162	$ 83,873	$ 100,212
Checking for clearing	2,001,695	75,133	54,860
Due from banks	9,341,917	11,620,380	10,666,429
	$ 11,450,774	$ 11,779,386	$ 10,821,501

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets as of December 31, 2021 are as follows. For the adjustments as of September 30, 2022 and 2021, refer to the statements of cash flows.

	December 31, 2021
Cash and cash equivalents in the consolidated balance sheets	$ 11,779,386
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	2,865,016
Others meet the definition of cash and cash equivalents under the definition of IAS 7	553,794
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,198,196

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

	September 30, 2022	December 31, 2021	September 30, 2021
Reserves for deposits - Type A	$ 2,573,736	$ 2,921,318	$ 4,166,644
Reserves for deposits - Type B	5,835,741	5,166,200	5,049,599
Due from Central Bank - Financial	1,500,356	2,001,086	800,346
Call loans to banks	6,997,273	2,865,016	10,198,011
Others	38,097	27,690	27,866
	$ 16,945,203	$ 12,981,310	$ 20,242,466

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

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible bonds - domestic (include assets swap contracts)	$ 9,532,228	$ 11,103,311	$ 10,649,337
Structured debt	-	557,116	561,273
	9,532,228	11,660,427	11,210,610
Derivative financial assets			
Currency swap contracts	2,224,203	211,885	296,799
Forward contracts	132,610	40,823	47,108
Interest rate swap contracts	13,135	5,528	7,905
Currency option contracts - call	88,523	4,630	25,962
Future exchange margins	25,360	-	-
Promised purchase contracts	33,660	-	-
	2,517,491	262,866	377,774
Non-derivative financial assets			
Short-term bills	96,204,728	95,940,011	119,830,860
Negotiable certificates of deposit	32,255,945	42,434,758	39,787,650
Stocks and beneficiary certificates	1,594,452	1,601,385	1,114,580
When-Issued (WI) government bond	148,110	-	-
Government bonds	3,645,704	-	-
	133,848,939	139,976,154	160,733,090
	$ 145,898,658	$ 151,899,447	$ 172,321,474
Held-for-trading financial liabilities			
Derivative financial instruments			
Currency swap contracts	$ 487,843	$ 273,190	$ 245,876
Currency option contracts - put	88,451	4,289	25,494
Forward contracts	88,185	62,885	27,859
Interest rate swap contracts	13,816	9,311	12,546
Promised purchase contracts	-	40,404	30,376
	678,295	390,079	342,151
Non-derivative financial liabilities			
Commercial paper contracts	199,746	1,691	1,055
When-Issued (WI) government bond	-	49,567	-
	199,746	51,258	1,055
	$ 878,041	$ 441,337	$ 343,206

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, 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 September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Interest rate swap contracts	$ 11,515,092	$ 14,010,914	$ 13,741,172
Currency swap contracts	73,524,878	99,978,371	67,609,469
Forward contracts	6,467,250	10,506,426	8,003,787
Currency option contracts			
Buy	3,313,403	388,971	1,730,195
Sell	3,243,868	307,351	1,585,509
Promised purchase contracts	15,000,000	12,900,000	12,900,000

As of September 30, 2022, December 31, 2021 and September 30, 2021, financial assets at fair value through profit and loss under agreement to repurchase were in the amount of $72,706,350 thousand, $78,572,100 thousand and $82,919,900 thousand, respectively.

Refer to Note 43 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

	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Investments in equity instruments at FVTOCI	$ 3,659,395	$ 7,600,894	$ 6,645,487
Investments in debt instruments at FVTOCI			
Government bonds	18,857,809	21,349,542	19,320,573
Bank debentures	29,814,604	34,596,305	34,349,099
Corporate bonds	78,528,140	86,613,703	82,014,259
Overseas government bonds	2,178,891	2,721,421	2,687,716
Mortgage backed securities	2,679,074	2,467,423	2,117,857
Commercial papers	5,273,407	6,384,497	6,589,884
Negotiable certificates of deposit	18,936,509	29,422,895	25,996,566
	$ 159,927,829	$ 191,156,680	$ 179,721,441

a. Investments in equity instruments at FVTOCI

These investments in listed 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 nine months end September 30, 2022 and 2021. The fair value of stocks classified as at FVTOCI which had to be disposed of were $5,121,752 thousand and $1,486,607 thousand and the accumulated loss and gain related to the sold assets of $29,077 thousand loss and $151,539 thousand gain, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $452,759 thousand and $237,878 thousand were recognized in profit or loss for the nine months ended September 30, 2022 and 2021. The dividends related to investments held at the end of the reporting period were $317,839 thousand and $237,878 thousand, respectively.

b. Investments in debt instruments at FVTOCI

1) Refer to Note 43 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 47 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 repurchase were in the face amount of $86,184,598 thousand, $99,219,428 thousand, and $93,037,420 thousand, as of on September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2022
Government bonds	$ 6,884,076
Bank debentures	1,402,427
Corporate bonds	4,123,734
Overseas government bonds	943,076
Negotiable certificates of deposit	9,000,000
	22,353,313
Less: Allowance for impairment loss	(2,461)
	$ 22,350,852

Refer to Note 43 for information relating to investments in debt instruments at amortized cost pledged as security.

Refer to Note 47 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 $1,611,182 thousand, as of September 30, 2022.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of September 30, 2022, December 31, 2021 and September 30, 2021, bonds and bills in the amounts of $3,320,716 thousand, $5,364,108 thousand and $6,155,319 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $3,322,514 thousand, $5,365,201 thousand and $6,156,364 thousand before November 2022, February 2022 and November 2021, respectively. As of September 30, 2022, December 31, 2021 and September 30, 2021, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $3,039,200 thousand, $5,330,000 thousand and $5,960,000 thousand, respectively.

12. RECEIVABLES, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Lease payment receivable	$ 18,380,114	$ 17,072,141	$ 16,469,396
Factored receivable	1,541,798	1,568,952	1,685,213
Interest receivable	1,335,175	980,147	955,219
Accounts receivable	1,658,151	1,557,850	1,443,283
Investment settlements receivable	252,774	88,899	149,806
Acceptances receivable	95,499	84,266	55,916
Settlement accounts receivable - trusteeship	-	60,580	60,673
Others	104,058	145,595	153,310
	23,367,569	21,558,430	20,972,816
Less: Unrealized interest revenue	940,348	976,710	945,191
Allowance for credit losses	559,042	505,206	471,652
Receivables, net	$ 21,868,179	$ 20,076,514	$ 19,555,973

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the nine months ended September 30, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720
Transfers				
To 12-month ECLs	20,705	(20,662)	(43)	-
To lifetime ECLs	(350,990)	350,990	-	-
To credit-impaired financial assets	(259)	(131,375)	131,634	-
New financial assets purchased or originated	16,317,822	659,276	934	16,978,032
Derecognition of financial assets in the reporting period	(15,381,382)	(93,518)	(33,372)	(15,508,272)
Write-offs	-	(3,136)	(87,689)	(90,825)
Exchange rate or other changes	453,978	4,846	7,742	466,566
Balance at September 30, 2022	$ 21,253,947	$ 902,250	$ 271,024	$ 22,427,221
Balance at January 1, 2021	$ 15,070,846	$ 86,938	$ 226,280	$ 15,384,064
Transfers				
To 12-month ECLs	7,163	(7,162)	(1)	-
To lifetime ECLs	(71,191)	71,191	-	-
To credit-impaired financial assets	(711)	(59,845)	60,556	-
New financial assets purchased or originated	15,956,191	146,267	111	16,102,569
Derecognition of financial assets in the reporting period	(11,223,946)	(28,163)	(35,393)	(11,287,502)
Write-offs	-	-	(28,001)	(28,001)
Exchange rate or other changes	(137,796)	(3,141)	(2,568)	(143,505)
Balance at September 30, 2021	$ 19,600,556	$ 206,085	$ 220,984	$ 20,027,625

Rental equipment is held as collateral for the lease payments 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 47 for the impairment loss analysis of receivables.

13. DISCOUNTS AND LOANS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Short-term	$ 74,588,351	$ 61,988,195	$ 62,490,907
Medium-term	110,768,115	87,064,663	84,435,763
Long-term	25,703,340	25,363,949	26,243,051
Export bill negotiated	-	91,416	254,090
Guaranteed overdraft	90,264	138,453	147,586
Overdue loans	675,875	649,859	823,891
Accounts receivables financing	-	-	69,720
	211,825,945	175,296,535	174,465,008
Less: Allowance for credit losses	3,054,665	2,568,946	2,532,657
	$ 208,771,280	$ 172,727,589	$ 171,932,351

The changes in gross carrying amount on discount and loans for the nine months ended September 30, 2022 and 2021 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2022	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535
Transfers				
To 12-month ECLs	538,777	(493,367)	(45,410)	-
To lifetime ECLs	(2,414,788)	2,414,788	-	-
To credit-impaired financial assets	(83,641)	(78,560)	162,201	-
New financial assets purchased or originated	110,938,799	11,017,134	230,543	122,186,476
Derecognition of financial assets in the reporting period	(81,575,160)	(8,861,338)	(235,360)	(90,671,858)
Write-offs	-	-	(46,617)	(46,617)
Exchange rate or other changes	4,814,308	229,391	17,710	5,061,409
Balance at September 30, 2022	$ 193,503,153	$ 17,003,589	$ 1,319,203	$ 211,825,945
Balance at January 1, 2021	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ 186,173,696
Transfers				
To 12-month ECLs	2,305,432	(2,302,079)	(3,353)	-
To lifetime ECLs	(1,469,274)	1,469,274	-	-
To credit-impaired financial assets	(703,980)	(11,088)	715,068	-
New financial assets purchased or originated	73,188,841	8,929,693	408,742	82,527,276
Derecognition of financial assets in the reporting period	(82,253,651)	(10,372,162)	(483,415)	(93,109,228)
Write-offs	-	-	(165,310)	(165,310)
Exchange rate or other changes	(752,258)	(162,485)	(46,683)	(961,426)
Balance at September 30, 2021	$ 157,349,135	$ 14,993,842	$ 2,122,031	$ 174,465,008

The balance of the overdue loans of the Group as of September 30, 2022, December 31, 2021 and September 30, 2021 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $10,699 thousand and $16,950 thousand for the nine months ended September 30, 2022 and 2021, respectively. For the nine months ended September 30, 2022 and 2021, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 43 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 47 for the impairment loss analysis of discounts and loans.

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit losses and provisions for the nine months ended September 30, 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	(7,000)	7,000	-	-	-	-
To credit-impaired financial assets	(136)	(43,580)	43,716	-	-	-
New financial assets purchased or originated	206,076	984	507	207,567	-	207,567
Derecognition of financial assets in the reporting period	(201,947)	(9,175)	(18,622)	(229,744)	-	(229,744)
Change in model or risk parameters	190	71,334	77,184	148,708	-	148,708
Difference between IFRS 9 and local requirements	-	-	-	-	1,628	1,628
Write-offs	-	(3,136)	(87,689)	(90,825)	-	(90,825)
Withdrawal after write-offs	-	-	3,046	3,046	-	3,046
Exchange rate or other changes	5,649	824	6,842	13,315	141	13,456
Balance at September 30, 2022	$ 274,804	$ 51,311	$ 215,478	$ 541,593	$ 17,449	$ 559,042

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	16,065	(16,038)	(27)	-	-	-
To lifetime ECLs	(21,345)	21,345	-	-	-	-
To credit-impaired financial assets	(24,026)	(1,592)	25,618	-	-	-
New financial assets purchased or originated	233,672	21,399	80,583	335,654	-	335,654
Derecognition of financial assets in the reporting period	(189,972)	(33,793)	(59,694)	(283,459)	-	(283,459)
Change in model or risk parameters	34,222	(2,094)	26,079	58,207	-	58,207
Difference between IFRS 9 and local requirements	-	-	-	-	286,931	286,931
Write-offs	-	-	(46,617)	(46,617)	-	(46,617)
Withdrawal after write-offs	-	-	15,807	15,807	-	15,807
Exchange rate or other changes	15,424	5,796	506	21,726	97,470	119,196
Balance at September 30, 2022	$ 446,117	$ 103,343	$ 280,618	$ 830,078	$ 2,224,587	$ 3,054,665

Reserve for Losses on Guarantees and Financing Quota Preparation	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 12-month ECLs	2,444	(2,444)	-	-	-	-
To lifetime ECLs	(623)	623	-	-	-	-
New financial assets purchased or originated	66,566	9,648	-	76,214	-	76,214
Derecognition of financial assets in the reporting period	(66,906)	(6,998)	-	(73,904)	-	(73,904)
Change in model or risk parameters	(6,319)	246	-	(6,073)	-	(6,073)
Difference between IFRS 9 and local requirements	-	-	-	-	(129,221)	(129,221)
Withdrawal after write-offs	-	-	-	-	22,398	22,398
Exchange rate or other changes	2,004	83	-	2,087	259	2,346
Balance at September 30, 2022	$ 118,777	$ 16,619	$ -	$ 135,396	$ 1,598,871	$ 1,734,267

The change in allowance for credit losses for nine months ended September 30, 2021 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, 2021	$ 220,734	$ 25,785	$ 175,691	$ 422,210	$ 8,995	$ 431,205
Transfers						
To 12-month ECLs	16	(16)	-	-	-	-
To lifetime ECLs	(9,696)	9,696	-	-	-	-
To credit-impaired financial assets	(183)	(19,742)	19,925	-	-	-
New financial assets purchased or originated	54,821	766	68	55,655	-	55,655
Derecognition of financial assets in the reporting period	(2,526)	(65)	(11,010)	(13,601)	-	(13,601)
Change in model or risk parameters	208	(14)	(3)	191	-	191
Difference between IFRS 9 and local requirements	-	-	-	-	8,418	8,418
Write-offs	-	-	(28,001)	(28,001)	-	(28,001)
Withdrawal after write-offs	-	-	22,211	22,211	-	22,211
Exchange rate or other changes	(2,030)	(193)	(2,165)	(4,388)	(38)	(4,426)
Balance at September 30, 2021	$ 261,344	$ 16,217	$ 176,716	$ 454,277	$ 17,375	$ 471,652

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, 2021	$ 530,975	$ 194,967	$ 352,887	$ 1,078,829	$ 1,383,894	$ 2,462,723
Transfers						
To 12-month ECLs	62,338	(62,335)	(3)	-	-	-
To lifetime ECLs	(7,731)	7,731	-	-	-	-
To credit-impaired financial assets	(56,002)	(5,560)	61,562	-	-	-
New financial assets purchased or originated	128,448	31,367	242,166	401,981	-	401,981
Derecognition of financial assets in the reporting period	(239,426)	(48,078)	(185,447)	(472,951)	-	(472,951)
Change in model or risk parameters	(38,671)	9,737	98,103	69,169	-	69,169
Difference between IFRS 9 and local requirements	-	-	-	-	243,532	243,532
Write-offs	-	-	(165,310)	(165,310)	-	(165,310)
Withdrawal after write-offs	-	-	14,416	14,416	-	14,416
Exchange rate or other changes	(3,864)	(1,364)	(433)	(5,661)	(15,242)	(20,903)
Balance at September 30, 2021	$ 376,067	$ 126,465	$ 417,941	$ 920,473	$ 1,612,184	$ 2,532,657

Reserve for Losses on Guarantees and Financing Quota Preparation	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, 2021	$ 131,948	$ 21,026	$ -	$ 152,974	$ 1,686,303	$ 1,839,277
Transfers						
To 12-month ECLs	2,833	(2,833)	-	-	-	-
To lifetime ECLs	(19)	19	-	-	-	-
New financial assets purchased or originated	72,239	11,426	-	83,665	-	83,665
Derecognition of financial assets in the reporting period	(94,055)	(5,174)	-	(99,229)	-	(99,229)
Change in model or risk parameters	(6,931)	1,455	-	(5,476)	-	(5,476)
Difference between IFRS 9 and local requirements	-	-	-	-	20,759	20,759
Withdrawal after write-offs	-	-	-	-	8,041	8,041
Exchange rate or other changes	(307)	(119)	-	(426)	39	(387)
Balance at September 30, 2021	$ 105,708	$ 25,800	$ -	$ 131,508	$ 1,715,142	$ 1,846,650

15. DISCONTINUED OPERATIONS

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

The subsidiary ended the securities business on September 23, 2016, and was dissolved and liquidated on November 11, 2016 which 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 had ended and conformed to the discontinued operations definition of IFRS 5. Hence, the consolidated financial report regarded the above operating department above as discontinued operations.

On March 29, 2022, the liquidators of the subsidiary resolved to distribute the remaining property of $159,544 thousand for the third time, and the Bank recovered the distribution due to the dissolution and transferred the subsidiary to receivable.

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

	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2021
Interest revenue	$ 46	$ 128
Interest expenses	-	-
Net interest	46	128
Net revenue other than interest		
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	2,113	7,646
Other net revenue other than interest	72	101
Total net revenue other than interest	2,185	7,747
Net revenue	2,231	7,875

(Continued)

	For the Three Months Ended September 30, 2021	For the Nine Months Ended September 30, 2021
Operating expenses		
Employee benefits expenses	$ 1,835	$ 6,125
Depreciation and amortization expense	823	2,494
Others general and administrative expenses	1,145	3,951
Total operating expenses	3,803	12,570
Income tax expense	-	-
Loss from discontinued operations before elimination	(1,572)	(4,695)
Elimination of transactions with related parties	64	186
Loss from discontinued operations	$ (1,508)	$ (4,509)
Loss from discontinued operations attributable to:		
Owners of the Bank	$ (1,505)	$ (4,498)
Non-controlling interests	(3)	(11)
	$ (1,508)	$ (4,509)
Cash flows:		
Net cash flows generated from (used in) operating activities	$ 7,989	$ 2,051
Net cash flows generated from (used in) investing activities	4	43
Net cash flows used in financing activities	(693)	(2,099)
Effects of exchange rate changes on cash and cash equivalents	698	4,879
Net cash inflow	$ 7,998	$ 4,874

(Concluded)

16. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership September 30, 2022	% of Ownership December 31, 2021	% of Ownership September 30, 2021	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 Co., Ltd	Leasing	100.00	100.00	100.00	Founded in 2011	Yes
	IBT Management Corp	Investment consulting	100.00	100.00	100.00	Founded in 2000	No
	Chun Teng New Century Co., Ltd. (former IBTS)	Investment (former Security Firm)	99.75	99.75	99.75	Founded in 1961 (dissolved on November 11, 2016 and still recognized using the equity method)	No
IBT Leasing	IBT International Leasing Corp.	Leasing	100.00	100.00	100.00	Founded in 2011 in mainland China (commonly held with IBT VII before transferring on April 2022)	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014	No
Chun Teng New Century Co., Ltd. (formerly 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

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		September 30, 2022	December 31, 2021	September 30, 2021
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	September 30, 2022	December 31, 2021	September 30, 2021
CBF			
Equity attributable to:			
Owners of CBF	$ 6,132,388	$ 7,250,266	$ 7,209,031
Non-controlling interests of CBF	15,484,276	18,306,919	18,202,800
	$ 21,616,664	$ 25,557,185	$ 25,411,831

	For the Nine Months Ended September 30	
	2022	2021
Net revenue	$ 1,405,224	$ 2,195,185
Net profit from continuing operations	$ 925,643	$ 1,444,139
Other comprehensive income for the period	(3,659,003)	(314,802)
Total comprehensive income (loss) for the period	$ (2,733,360)	$ 1,129,337
Profit attributable to:		
Owners of CBF	$ 262,594	$ 409,685
Non-controlling interests of CBF	663,049	1,034,454
	$ 925,643	$ 1,444,139
Total comprehensive income attributable to:		
Owners of CBF	$ (775,421)	$ 320,379
Non-controlling interests of CBF	(1,957,939)	808,958
	$ (2,733,360)	$ 1,129,337
Net cash inflow (outflow) from:		
Operating activities	$ (5,082,789)	$ (17,476,497)
Investing activities	(3,193)	(9,867)
Financing activities	5,651,560	17,564,786
Net cash inflow	$ 565,578	$ 78,422
Dividends paid to non-controlling interests of CBF	$ 865,780	$ 836,921

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	September 30, 2022	December 31, 2021	September 30, 2021
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	$ 971,370	$ 880,879	$ 800,064

The investment in Beijing Sunshine Consumer Finance Co., Ltd., was jointly invested by the Bank, China Everbright Bank and China CYTS Tours Holding. 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.

Refer to Table 5 "Information on Investments in Mainland China" 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 were 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

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits with original maturities more than 3 months	$ 71,751	$ 9,414	$ 49,852
Pledged time deposits	14,800	232,100	215,634
Compensation account for payment	40,768	36,310	18,000
Call loans to securities firms	634,961	553,794	557,316
Others	120,672	44,115	41,202
	$ 882,952	$ 875,733	$ 882,004

19. PROPERTY AND EQUIPMENT, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts of each class of			
Land	$ 781,970	$ 781,970	$ 781,970
Buildings	1,204,591	1,239,222	1,250,675
Machinery and computer equipment	267,361	304,007	317,469
Transportation equipment	33,726	24,886	27,379
Office and other equipment	40,291	49,632	55,079
Lease improvement	110,418	125,143	136,784
Construction in progress and prepayments for equipment	57,263	20,190	21,974
	$ 2,495,620	$ 2,545,050	$ 2,591,330

The change in of property and equipment for the nine months ended September 30, 2022 and 2021 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, 2022	$ 781,970	$ 1,906,173	$ 856,234	$ 76,998	$ 283,582	$ 407,191	$ 20,190	$ 4,332,338
Additions	-	162	16,408	16,767	5,324	14,258	48,073	100,992
Disposals and scrapped	-	-	(10,925)	(16,318)	(645)	(4,790)	-	(32,678)
Reclassification	-	-	(6,355)	50	645	3,762	(11,497)	(13,395)
Effect of foreign currency exchange differences	-	-	3,597	1,184	7,258	21,244	497	33,780
Balance at September 30, 2022	$ 781,970	$ 1,906,335	$ 858,959	$ 78,681	$ 296,164	$ 441,665	$ 57,263	$ 4,421,037
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	-	-	(10,823)	(15,049)	(631)	(4,790)	-	(31,293)
Depreciation expense	-	34,793	53,863	7,188	16,595	38,663	-	151,102
Other	-	-	(6,367)	-	(415)	-	-	(6,782)
Effect of foreign currency exchange differences	-	-	2,698	704	6,374	15,326	-	25,102
Balance at September 30, 2022	$ -	$ 701,744	$ 591,598	$ 44,955	$ 255,873	$ 331,247	$ -	$ 1,925,417
Carrying amounts								
Balance at September 30, 2022	$ 781,970	$ 1,204,591	$ 267,361	$ 33,726	$ 40,291	$ 110,418	$ 57,263	$ 2,495,620
Cost								
Balance at January 1, 2021	$ 781,970	$ 1,905,429	$ 842,003	$ 80,683	$ 282,030	$ 393,822	$ 21,209	$ 4,307,146
Additions	-	601	32,842	5,860	7,433	15,172	24,481	86,389
Disposals and scrapped	-	-	(20,016)	(6,702)	(2,441)	(1,033)	-	(30,192)
Reclassification	-	-	9,944	60	583	2,289	(23,600)	(10,724)
Effect of foreign currency exchange differences	-	-	(1,100)	(271)	(1,255)	(3,658)	(116)	(6,400)
Balance at September 30, 2021	$ 781,970	$ 1,906,030	$ 863,673	$ 79,630	$ 286,350	$ 406,592	$ 21,974	$ 4,346,219
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 620,571	$ 515,993	$ 49,109	$ 216,796	$ 232,110	$ -	$ 1,634,579
Disposals and scrapped	-	-	(19,690)	(4,662)	(2,270)	(1,033)	-	(27,655)
Depreciation expense	-	34,784	51,105	7,925	17,284	40,999	-	152,097
Reclassification	-	-	(429)	-	429	-	-	-
Effect of foreign currency exchange differences	-	-	(775)	(121)	(968)	(2,268)	-	(4,132)
Balance at September 30, 2021	$ -	$ 655,355	$ 546,204	$ 52,251	$ 231,271	$ 269,808	$ -	$ 1,754,889
Carrying amounts								
Balance at September 30, 2021	$ 781,970	$ 1,250,675	$ 317,469	$ 27,379	$ 55,079	$ 136,784	$ 21,974	$ 2,591,330

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

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts			
Buildings	$ 372,060	$ 314,304	$ 339,987
Machinery	662	-	-
Transportation equipment	17,245	16,967	18,082
Office equipment	797	1,667	1,803
	$ 390,764	$ 332,938	$ 359,872

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			$ 110,810	$ 40,117
Depreciation charge for right-of-use assets				
Buildings	$ 34,938	$ 37,478	$ 99,693	$ 108,967
Machinery	74	-	221	-
Transportation equipment	3,273	2,951	9,610	7,676
Office equipment	242	326	710	972
	$ 38,527	$ 40,755	$ 110,234	$ 117,615

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts	$ 405,669	$ 350,370	$ 377,523

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	0.67%-5.70%	0.44%-5.70%	0.44%-5.70%
Machinery	1.36%	-	-
Transportation equipment	0.63%-6.00%	2.04%-6.00%	2.04%-6.00%
Office equipment	2.33%	0.65%-2.76%	1.71%-2.76%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of May 2030.

As of September 30, 2022, December 31, 2021 and September 30, 2021, refundable deposits paid under operating lease amounted to $36,274 thousand, $35,026 thousand and $35,010 thousand, respectively.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	$ 3,177	$ 109	$ 11,953	$ 10,674
Expenses relating to low-value asset leases	$ 1,675	$ 703	$ 4,509	$ 1,940
Total cash outflow for leases			$ (131,992)	$ (151,109)

21. INTANGIBLE ASSETS, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amounts of each class of			
Computer software	$ 727,619	$ 894,295	$ 942,276
Goodwill	1,204,481	1,051,756	1,058,384
	$ 1,932,100	$ 1,946,051	$ 2,000,660

The changes in of intangible assets for the nine months ended September 30, 2022 and 2021 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2022	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Additions	32,819	-	-	32,819
Disposals	(12,056)	-	-	(12,056)
Reclassification	6,542	-	-	6,542
Effect of foreign currency exchange differences	11,116	152,725	991	164,832
Balance at September 30, 2022	$ 2,465,493	$ 1,204,481	$ 7,751	$ 3,677,725

(Continued)

	Computer Software	Goodwill	Others	Total
Accumulated amortization and impairment loss				
Balance at January 1, 2022	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Amortization	208,956	-	-	208,956
Disposals	(12,044)	-	-	(12,044)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	8,185	-	991	9,176
Balance at September 30, 2022	$ 1,737,874	$ -	$ 7,751	$ 1,745,625
Carrying amounts				
Balance at September 30, 2022	$ 727,619	$ 1,204,481	$ -	$ 1,932,100
Cost				
Balance at January 1, 2021	$ 2,376,821	$ 1,082,563	$ 6,960	$ 3,466,344
Additions	20,122	-	-	20,122
Disposals	(222)	-	-	(222)
Reclassification	11,373	-	-	11,373
Effect of foreign currency exchange differences	(2,179)	(24,179)	(157)	(26,515)
Balance at September 30, 2021	$ 2,405,915	$ 1,058,384	$ 6,803	$ 3,471,102
Accumulated amortization and impairment loss				
Balance at January 1, 2021	$ 1,252,140	$ -	$ 6,960	$ 1,259,100
Amortization	212,576	-	-	212,576
Disposals	(222)	-	-	(222)
Reclassification	649	-	-	649
Effect of foreign currency exchange differences	(1,504)	-	(157)	(1,661)
Balance at September 30, 2021	$ 1,463,639	$ -	$ 6,803	$ 1,470,442
Carrying amounts				
Balance at September 30, 2021	$ 942,276	$ 1,058,384	$ -	$ 2,000,660

(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 adopted are based on the actual profitability of the cash-generating unit as the basis for forecasting future cash flows. 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

	September 30, 2022	December 31, 2021	September 30, 2021
Refundable deposits	$ 776,834	$ 659,672	$ 731,094
Life insurance cash surrender value	356,909	319,399	321,227
Prepayments	153,297	109,618	132,216
Others	237,288	201,023	208,671
	$ 1,524,328	$ 1,289,712	$ 1,393,208

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	September 30, 2022	December 31, 2021	September 30, 2021
Call loans from banks	$ 30,307,166	$ 25,107,334	$ 35,786,628
Deposits from Chunghwa Post Co., Ltd.	5,000,000	-	-
Call loans from the Central Bank	3,174,805	2,768,967	2,786,582
	$ 38,481,971	$ 27,876,301	$ 38,573,210

24. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Bills	$ 71,772,842	$ 78,017,892	$ 82,868,402
Government bonds	18,202,334	21,680,879	22,952,756
Corporate bonds	53,440,528	66,112,201	59,780,791
Bank debentures	21,574,184	21,607,056	20,943,787
Beneficiary securities	823,140	534,588	-
	$ 165,813,028	$ 187,952,616	$ 186,545,736
Date of agreements to repurchase	Before September 2023	Before August 2022	Before August 2022
Amount of agreements to repurchase	$ 166,034,272	$ 188,018,898	$ 186,602,202

25. PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Investment settlements payable	$ 840,736	$ 150,764	$ 442,899
Settlement accounts payable - trusteeship	-	60,579	60,664
Acceptances	95,499	84,266	55,916
Accounts Payable	342,976	132,720	174,691
Accrued interest	676,078	353,405	380,545
Accrued expenses	1,084,509	1,296,025	1,109,231
Collections payable	95,799	81,188	85,378
Factored payables	282,764	114,189	331,214
Checks for clearing	2,001,695	75,133	54,860
Others	92,352	119,137	54,758
	$ 5,512,408	$ 2,467,406	$ 2,750,156

26. DEPOSITS AND REMITTANCES

	September 30, 2022	December 31, 2021	September 30, 2021
Deposits			
Checking	$ 8,434,835	$ 7,578,807	$ 8,241,727
Demand	53,294,587	69,422,918	61,198,963
Time	221,348,867	163,221,744	176,549,449
Savings deposits	15,214,280	19,016,234	19,534,141
Export remittances	46,578	139,722	125,282
	$ 298,339,147	$ 259,379,425	$ 265,649,562

27. BANK DEBENTURES PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2021
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	$ 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	1,000,000	1,000,000
Subordinate bonds type 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 type 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

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
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 type A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	750,000	750,000	750,000
Subordinate bonds type 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 type A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000	700,000
Subordinate bonds type 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
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 repayment of 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	-
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	-	-
	$ 14,600,000	$ 15,000,000	$ 14,500,000

(Concluded)

28. OTHER FINANCIAL LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Bank borrowings	$ 14,182,718	$ 12,569,012	$ 12,866,927
Commercial papers payable	3,752,454	5,697,210	5,599,170
Principal of structured products	246,839	44,900	129,500
Funds obtained from the government - intended for specific types of loans	2,074,678	2,269,710	2,396,244
	$ 20,256,689	$ 20,580,832	$ 20,991,841

a. Bank borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Short-term borrowings	$ 5,761,199	$ 5,517,631	$ 5,198,576
Long-term borrowings	8,421,519	7,051,381	7,668,351
	$ 14,182,718	$ 12,569,012	$ 12,866,927
Interest rate interval			
New Taiwan dollars	1.30%-2.00%	1.00%-1.30%	1.00%-1.60%
U.S. dollars	3.15%-5.05%	1.51%-1.80%	0.95%-1.69%
Renminbi	4.05%-4.66%	4.05%-4.85%	4.60%-5.50%

b. Commercial papers payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial papers payable	$ 3,755,000	$ 5,700,000	$ 5,600,000
Less: Unamortized discount	(2,546)	(2,790)	(830)
	$ 3,752,454	$ 5,697,210	$ 5,599,170
Interest rate interval	1.33%-1.74%	0.30%-1.14%	0.20%-1.14%

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

	September 30, 2022	December 31, 2021	September 30, 2021
Funds obtained from the government - intended for specific types of loans	$ 2,074,678	$ 2,269,710	$ 2,396,244

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

	September 30, 2022	December 31, 2021	September 30, 2021
Provisions for employee benefits	$ 254,170	$ 233,827	$ 247,693
Provisions for losses on guarantees contracts	1,641,546	1,750,786	1,754,929
Provisions for losses on financing commitment	92,721	91,721	91,721
	$ 1,988,437	$ 2,076,334	$ 2,094,343

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

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 September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 was recognized in the consolidated statements of comprehensive income in the total amounts of $20,904 thousand, $17,504 thousand, $58,940 thousand, and $51,877 thousand, respectively.

Defined Benefit Plan

The retirement expense recognized under defined benefit plans for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021 were calculated using the respective 2021 and 2020 annually determined discount rates as of December 31, 2022 and 2021 and amounted to $3,194 thousand, $2,505 thousand, $8,437 thousand, and $8,179 thousand, respectively.

31. OTHER LIABILITIES

	September 30, 2022	December 31, 2021	September 30, 2021
Guarantee deposits received	$ 2,438,281	$ 2,242,552	$ 2,086,100
Advance receipts revenue	56,669	59,158	45,669
Payable for custody	24,170	33,048	28,479
Others	203,679	384,821	387,295
	$ 2,722,799	$ 2,719,579	$ 2,547,543

32. EQUITY

a. Capital stock

	September 30, 2022	December 31, 2021	September 30, 2021
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	2,733,006	2,733,006
Preferred stock	299,014	300,000	300,000
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.

The Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10 on June 27, 2018. The subscription date was November 29, 2018, and finished the regulation 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 stock 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 September 30, 2022, 986 thousand of preferred Series A shares has been converted into common stock.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury share transactions	$ 9,061	$ 3,193	$ 3,193
Must be used to offset a deficit			
Unclaimed dividends	1,957	1,341	1,349
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	2,626	2,200	2,200
	$ 13,644	$ 6,734	$ 6,742

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

	September 30, 2022	December 31, 2021	September 30, 2021
Trading loss and default loss reserve	$ 133,955	$ 133,955	$ 133,955
Employee transfer or placement expenditure arising from financial technology development	15,176	15,902	15,902
Other equity deductions special reserves	485,479	-	-
According to the Bank's policy	-	647,926	647,926
	$ 634,610	$ 797,783	$ 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 dividend 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 and the reversal of special reserve for the current year. 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 2021 and 2020 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on June 17, 2022 and July 20, 2021, respectively. The appropriations and dividends per share were as follows:

	2021	2020
	Appropriation of Earnings	**Appropriation of Earnings**
Legal reserve	$ 612,126	$ 31,879
Special reserve appropriated (reversed)	(163,173)	(598,570)
Cash dividends - common stock	819,145	545,454
Preferred stock dividends	127,500	127,500

e. Other equity items

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

	For the Nine Months Ended September 30	
	2022	**2021**
Balance at January 1	$ (946,067)	$ (697,554)
Exchange differences arising on translating the financial statements of foreign operations	1,448,015	(243,941)
Income tax related to gains arising on translating the financial statements of foreign operations	(167,216)	25,862
Balance at September 30	$ 334,732	$ (915,633)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	$ 460,588	$ 755,298
Recognized during the period		
Unrealized gain (loss) - debt instruments	(3,583,097)	(512,193)
Unrealized gain - equity instruments	(842,647)	293,277
Tax effect (loss)	231,526	32,832
Loss allowance of debt instruments	(3,187)	2,621
Other comprehensive income recognized in the period	(4,197,405)	(183,463)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	29,077	(151,539)
Balance at September 30	$ (3,707,740)	$ 420,296

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	$ 18,786,481	$ 18,696,870
Attribute to non-controlling interests		
Shares of profit for the period	681,995	1,056,887
Capital surplus	1,076	1,023
Exchange differences arising on translation of foreign entities	71,778	(10,689)
Unrealized valuation gains and losses on FVTOCI		
Debt instruments	(2,874,385)	(415,632)
Equity instruments	(90,179)	125,485
Tax effects	321,415	63,394
Actuarial profit and loss of defined benefit plans	-	(85)
Capital reduction of subsidiaries for cash received by non-controlling interest	(793)	-
Cash dividends distributed by subsidiary	(865,780)	(836,921)
Balance at September 30	$ 16,031,608	$ 18,680,332

g. Treasury stocks

Unit: In Thousands of Shares

	For the Nine Months Ended September 30	
	2022	2021
Number of shares at January 1	5,737	5,737
Decrease during the period	(3,215)	-
Number of shares at September 30	2,522	5,737

On March 19, 2020, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquiring 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 stocks nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

33. NET INTEREST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest revenue				
Discounts and loans	$ 1,599,065	$ 970,190	$ 3,761,401	$ 2,951,763
Investments in securities	575,344	405,044	1,441,785	1,231,566
Installment sales and leases	323,233	291,860	964,364	799,101
Due from the Central Bank and call loans to banks	59,084	10,384	93,188	33,103
Others	60,432	30,771	138,514	75,551
	2,617,158	1,708,249	6,399,252	5,091,084
Interest expense				
Deposits	725,660	238,481	1,318,900	801,825
Due to the Central Bank and other banks	111,083	11,530	180,675	35,564
Bank debentures	64,482	74,492	202,144	231,871
Bills and bonds sold under repurchase agreements	331,811	101,874	635,091	309,975
Others	148,593	97,775	365,046	248,114
	1,381,629	524,152	2,701,856	1,627,349
	$ 1,235,529	$ 1,184,097	$ 3,697,396	$ 3,463,735

34. SERVICE FEE REVENUE, NET

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Service fee income				
Guarantee business	$ 234,635	$ 279,186	$ 758,328	$ 862,637
Loan business	59,567	28,033	319,044	168,085
Underwrite business	110,639	124,280	355,816	410,054
Trust business	13,616	14,227	45,218	44,888
Lease business	115,712	85,684	290,793	245,435
Credit examining business	20,581	25,154	108,703	99,787
Import and export business	5,960	4,081	15,202	10,557
Factoring business	4,468	6,502	15,673	18,038
Insurance agent business	7,397	8,809	25,923	27,500
Others	17,445	46,963	63,545	83,945
	590,020	622,919	1,998,245	1,970,926
Service charge				
Others	42,526	52,332	98,382	102,382
	$ 547,494	$ 570,587	$ 1,899,863	$ 1,868,544

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Realized gains or losses				
Bills	$ (27,495)	$ 31,381	$ (31,154)	$ 113,980
Stocks and beneficiary certificates	13,355	70,960	(60,622)	397,369
Bonds	10,464	7,618	61,471	52,584
Derivatives	548,137	(63,851)	2,004,931	(780,268)
	544,461	46,108	1,974,626	(216,335)
Gains (losses) on valuation				
Bills	(7,459)	(12,167)	(260,770)	(12,129)
Stocks and beneficiary certificates	50,698	(109,262)	13,548	(68,541)
Bonds	(28,963)	(2,443)	(92,533)	3,164
Derivatives	1,088,893	193,916	1,875,176	499,256
	1,103,169	70,044	1,535,421	421,750
Interest revenue	305,591	152,966	694,784	461,661
	$ 1,953,221	$ 269,118	$ 4,204,831	$ 667,076

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Realized income - debt instruments	$ (69,412)	$ 34,258	$ (270,973)	$ 162,229
Dividend revenue	262,126	213,972	452,759	237,878
	$ 192,714	$ 248,230	$ 181,786	$ 400,107

37. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits				
Salaries and wages	$ 609,183	$ 571,690	$ 1,769,579	$ 1,729,956
Labor insurance and national health insurance	44,477	39,318	128,360	114,254
Others	69,687	51,453	175,547	189,880
Post-employment benefits				
Pension expenses	24,098	20,009	67,377	60,056
Pension benefits	5	268	16	268
	$ 747,450	$ 682,738	$ 2,140,879	$ 2,094,414

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

The amounts and accrual rates of employees' compensation and remuneration of directors for the nine months ended September 30, 2022 and 2021 were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2022	2021
Employees' compensation	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employees' compensation	$ 9,925	$ 6,390	$ 24,850	$ 21,000
Remuneration of directors	$ 19,850	$ 12,780	$ 49,700	$ 42,000

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 employees' compensation and remuneration of directors for 2021 and 2020, which were approved by the Bank's board of director on March 16, 2022 and March 22, 2021, respectively, were as follows:

	2021		2020	
	Cash	**Stock**	**Cash**	**Stock**
Employees' compensation	$ 26,170	$ -	$ 16,056	$ -
Remuneration of directors	52,339	-	32,111	-

There are no differences between the 2021 and 2020 actual amounts of employees' compensation and remuneration of directors paid and the amount recognized in the annual consolidated financial statements for the years ended December 31, 2021 and 2020.

Information for the employee' compensation 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 September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Property and equipment	$ 49,871	$ 51,598	$ 151,102	$ 151,631
Right-of-use assets	38,527	38,727	110,234	115,587
Intangible assets	70,425	69,521	208,956	212,576
	$ 158,823	$ 159,846	$ 470,292	$ 479,794

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Taxation	$ 71,914	$ 52,944	$ 198,366	$ 170,668
Rental fees	11,299	2,994	28,807	10,898
Management fees	9,891	9,565	30,747	30,227
Computer operating and consulting fees	83,920	74,160	248,200	221,660
Entertainment fees	12,056	7,512	25,415	22,594
Professional services fees	36,492	30,898	85,529	75,763
Advertisement fees	15,352	14,483	34,451	42,523
Others fees	105,851	107,552	282,441	265,860
	$ 346,775	$ 300,108	$ 933,956	$ 840,193

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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	$ 374,473	$ 217,955	$ 786,583	$ 698,000
Income tax on unappropriated earnings	(6)	-	14,969	139
Adjustment of prior periods	1,692	-	467	(19,506)
	376,159	217,955	802,019	678,633
Deferred tax				
In respect of the current period	(186,661)	42,831	(145,978)	138,046
Income tax expense recognized in profit or loss	$ 189,498	$ 260,786	$ 656,041	$ 816,679

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred tax				
Translation of foreign operations	$ 85,682	$ (265)	$ 183,863	$ (32,215)
Losses on remeasurements of defined benefit plans	-	-	-	(30)
Unrealized losses on financial assets at FVTOCI	(173,295)	(24,056)	(552,940)	(96,226)
Income tax benefit recognized in other comprehensive income	$ (87,613)	$ (24,321)	$ (369,077)	$ (128,471)

c. Assessment of the income tax returns

The income tax returns of the Bank through 2019 have been assessed by the tax authorities. The income tax returns of the Bank’s subsidiaries IBT Leasing Co., Ltd., IBTM and IBT VII Venture Capital Co., Ltd. through 2020 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 September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Basic earnings per share				
From continuing operations	$ 0.26	$ 0.18	$ 0.58	$ 0.49
From discontinued operations	-	-	-	-
Total basic earnings per share	$ 0.26	$ 0.18	$ 0.58	$ 0.49
Diluted earnings per share				
From continuing operations	$ 0.23	$ 0.16	$ 0.52	$ 0.44
From discontinued operations	-	-	-	-
Total diluted earnings per share	$ 0.23	$ 0.16	$ 0.52	$ 0.44

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 September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Profit for the period attributable to owners of the Bank	$ 697,353	$ 481,840	$ 1,704,317	$ 1,454,678
Less: Declared preferred stock dividend	-	-	127,500	127,500
Earnings used in the computation of basic earnings per share	697,353	481,840	1,576,817	1,327,178
Less: Loss for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	-	(1,505)	-	(4,498)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 697,353	$ 483,345	$ 1,576,817	$ 1,331,676

Stock (In Thousand Shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Weighted average number of common stocks in computation of basic earnings per share	2,731,470	2,727,269	2,730,604	2,727,269
Effect of potentially dilutive common stocks:				
Employees' compensation issued to employees	3,005	2,760	3,794	3,443
Convertible preferred stock	299,014	300,000	299,349	300,000
Weighted average number of common stocks in the computation of diluted earnings per share	3,033,489	3,030,029	3,033,747	3,030,712

If the Bank offered to settle compensation or bonuses paid to employees in cash or stocks, then the Bank will assume the entire amount of the compensation or bonuses 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. 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
IBT Education Foundation (IBTEF)	The Group is the major donor of the foundation
Taiwan Cement Corporation	The Bank's legal director
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Group's management and their other relatives 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 nine months ended September 30, 2022			
Associates	$ 262	$ -	0.33-0.50
Others	9,865,286	54,751	0.00-8.00
	$ 9,865,548	$ 54,751	
For the nine months ended September 30, 2021			
Associates	$ 261	$ -	0.03-0.04
Others	6,627,011	26,399	0.00-6.29
	$ 6,627,272	$ 26,399	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the nine months ended September 30, 2022				
Others	$ 430,000	$ 430,000	$ 4,565	1.58
For the nine months ended September 30, 2021				
Others	$ 430,000	$ 430,000	$ 3,374	1.18

September 30, 2022

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

December 31, 2021

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

September 30, 2021							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Trans-actions with Unrelated Parties**
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Others	$ -	$ 2	$ 2	$ 12

Service fee 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 September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Others	$ -	$ -	$ 5,600	$ 5,650

Other expenses are donations.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months and the nine months ended September 30, 2022 and 2021 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Short-term employee benefits	$ 48,081	$ 60,777	$ 168,832	$ 186,630
Post-employment benefits	1,446	2,516	4,644	11,790
	$ 49,527	$ 63,293	$ 173,476	$ 198,420

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 parties should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

43. PLEDGED ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at FVTPL	$ 4,901,882	$ 3,900,978	$ 10,401,252
Financial assets at FVTOCI	6,278,092	15,076,563	12,247,552
Investment in debt instruments at amortized cost	6,000,000	-	-
Receivables	3,020,587	629,434	-
Discounts and loans	7,330,906	7,780,357	7,138,083
Pledged time deposits	14,800	232,100	215,634
Compensation account for payment	40,768	36,310	18,000
	$ 27,587,035	$ 27,655,742	$ 30,020,521

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, financial assets at FVTOCI and investment in debt instruments at amortized cost) 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 and compensation account for payment (both were parts of other financial assets) have been provided as collaterals or short-term loans.

Under the requirement of credit given by other banks, subsidiaries provided checks issued by their customers as collaterals.

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had commitments as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Office decorating and contracts of computer software			
Amount of contracts	$ 160,339	$ 41,599	$ 36,376
Payments for construction in progress and prepayments for equipment	57,263	20,190	21,974

45. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	September 30, 2022	December 31, 2021	September 30, 2021
Trust assets			
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,287,717	1,820,544	1,905,573
Financial assets	4,385,689	4,236,190	4,450,659
Receivables	79	27	165
Prepayments	4,663	1,222	1,975
Real estate	7,421,858	6,121,444	6,121,444
Structured products	177,146	45,854	94,427
Other assets	29	42	29
Total trust assets	$ 14,277,281	$ 12,225,423	$ 12,574,372
Trust capital and liabilities			
Payables	$ 48,926	$ 1,787	$ 47,547
Unearned receipts	1,437	1,180	1,418
Taxes payable	6,522	4,203	6,549
Guarantee deposits received	30,715	39,020	42,057
Other liabilities	497	981	455
Trust capital	14,022,942	12,024,438	12,344,744
Provisions and accumulated profit and loss	166,242	153,814	131,602
Total trust capital and liabilities	$ 14,277,281	$ 12,225,423	$ 12,574,372

Income Statements of Trust Accounts

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Trust revenue				
Interest revenue	$ 2,005	$ 292	$ 2,800	$ 823
Rent revenue	29,190	24,314	87,596	81,459
Other revenue	465	1,051	1,397	2,738
	31,660	25,657	91,793	85,020
Trust expenses				
Management fees	(885)	(1,049)	(2,298)	(2,961)
Service charge	(1,412)	(3,836)	(9,028)	(11,265)
Other expenses	(3,077)	(3,060)	(9,367)	(9,579)
Tax	(3,574)	(3,484)	(10,495)	(10,514)
Income tax expense	(120)	(11)	(149)	(15)
	(9,068)	(11,440)	(31,337)	(34,334)
	$ 22,592	$ 14,217	$ 60,456	$ 50,686

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

Trust Property List

	September 30, 2022	December 31, 2021	September 30, 2021
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,287,717	1,820,544	1,905,573
Bonds	912,726	539,051	563,959
Stocks	256,530	228,378	228,378
Funds	3,216,433	3,468,761	3,658,322
Land	6,610,150	5,302,344	5,302,344
Buildings	811,708	819,100	819,100
Receivables	79	27	165
Prepayments	4,663	1,222	1,975
Structured products	177,146	45,854	94,427
Other	29	42	29
	$ 14,277,281	$ 12,225,423	$ 12,574,372

46. 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 consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 22,350,852	$ 21,895,860	$ -	$ -	$ -	$ -
Financial liabilities						
Bank debentures payable	14,600,000	14,723,297	15,000,000	15,150,259	14,500,000	14,659,186

2) The fair value hierarchy

Financial Instrument Items at Fair Value	September 30, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 21,895,860	$ 4,262,913	$ 17,632,947	$ -
Financial liabilities				
Bank debentures payable	14,723,297	-	14,723,297	-

Financial Instrument Items at Fair Value	December 31, 2021 Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 15,150,259	$ -	$ 15,150,259	$ -

Financial Instrument Items at Fair Value	September 30, 2021 Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 14,659,186	$ -	$ 14,659,186	$ -

Refer to quoted market prices for fair value if there are public quotation on financial instrument 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 carried at fair value on a duplicated basis

1) The fair value hierarchy of the financial instruments as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

Item	September 30, 2022 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,594,452	$ 388,077	$ 1,018,557	$ 187,818
Bonds	3,793,814	-	3,793,814	-
Bills instruments	96,204,728	-	96,204,728	-
Hybrid financial assets	9,532,228	300,449	801,367	8,430,412
Negotiable certificates of deposit	32,255,945	-	32,255,945	-
Financial assets at FVTOCI				
Equity instruments	3,659,395	2,678,601	144,953	835,841
Debt instruments	132,058,518	17,707,960	114,350,558	-
Bills instruments	5,273,407	-	5,273,407	-
Negotiable certificates of deposit	18,936,508	-	18,936,508	-
Liabilities				
Financial liabilities at FVTPL	199,746	-	199,746	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	2,517,491	25,360	2,492,131	-
Liabilities				
Financial liabilities at FVTPL	678,295	-	678,295	-

Item	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,601,385	$ 879,772	$ 527,946	$ 193,667
Bills instruments	95,940,011	-	95,940,011	-
Hybrid financial assets	11,660,427	435,348	1,245,732	9,979,347
Negotiable certificates of deposit	42,434,758	-	42,434,758	-
Financial assets at FVTOCI				
Equity instruments	7,600,894	6,646,416	118,575	835,903
Bills instruments	6,384,497	-	6,384,497	-
Debt instruments	147,748,394	19,466,751	128,281,643	-
Negotiable certificates of deposit	29,422,895	-	29,422,895	-
Liabilities				
Financial liabilities at FVTPL	51,258	-	51,258	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	262,866	-	262,866	-
Liabilities				
Financial liabilities at FVTPL	390,079	-	390,079	-

Item	September 30, 2021			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,114,580	$ 456,857	$ 502,718	$ 155,005
Bills instruments	119,830,860	-	119,830,860	-
Hybrid financial assets	11,210,610	240,879	1,198,771	9,770,960
Negotiable certificates of deposit	39,787,650	-	39,787,650	-
Financial assets at FVTOCI				
Equity instruments	6,645,487	5,654,905	120,135	870,447
Debt instruments	140,489,504	19,266,500	121,223,004	-
Bills instruments	6,589,884	-	6,589,884	-
Negotiable certificates of deposit	25,996,566	-	25,996,566	-
Liabilities				-
Financial liabilities at FVTPL	1,055	-	1,055	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at FVTPL	377,774	-	377,774	-
Liabilities				
Financial liabilities at FVTPL	342,151	-	342,151	-

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 financial assets at fair value through other comprehensive income 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: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) 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 Level 3 fair value measurement the financial instruments

For the nine months ended September 30, 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	(56,135)	(60,593)	-	(116,728)
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	(6,062)	(6,062)
Purchases	2,450,800	226,341	6,000	2,683,141
Disposals	(3,943,600)	-	-	(3,943,600)
Transferred into Level 1 (Note)	-	(171,597)	-	(171,597)
Ending balance	$ 8,430,412	$ 187,818	$ 835,841	$ 9,454,071

For the nine months ended September 30, 2021

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	$ 9,096,650	$ 132,458	$ 824,524	$ 10,053,632
Recognition in profit or loss - financial assets at fair value through profit or loss	(10,290)	23,226	-	12,936
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	39,923	39,923
Purchases	11,775,200	-	6,000	11,781,200
Disposals	(11,090,600)	(203)	-	(11,090,803)
Other	-	(476)	-	(476)
Ending balance	$ 9,770,960	$ 155,005	$ 870,447	$ 10,796,412

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses on September 30, 2022 and 2021, were consisted of $46,307 thousand in loss and $16,044 thousand in profit, respectively.

The Group had no significant transfers Level 3 for the nine months period ended September 30, 2022 and 2021.

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

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the nine months ended September 30, 2022. For the nine months ended September 30, 2021, certain debt instrument investments were transferred from Level 2 to Level 1, 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.

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 corporate 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 nine months ended September 30, 2022 and 2021 periods would be as follows:

For the nine months ended September 30, 2022

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,199	$ (1,199)	$ -	$ -
Equity instruments	10%	18,782	(18,782)	91,113	(91,113)

For the nine months ended September 30, 2021

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,572	$ (1,572)	$ -	$ -
Equity instruments	10%	15,500	(15,500)	96,304	(96,304)

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.

September 30, 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	$ 71,720,596	$ 71,772,842
Bonds sold under repurchase agreements	824,952	903,140
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	83,641,812	88,435,117
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	1,555,825	1,470,267
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	3,039,916	3,231,662

December 31, 2021

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	$ 77,979,560	$ 78,017,892
Bonds sold under repurchase agreements	502,343	534,588
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	100,946,933	103,773,535
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	5,334,108	5,626,601

September 30, 2021

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	$ 82,822,402	$ 82,868,402
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	95,076,510	97,539,035
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	6,155,319	6,138,299

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.

September 30, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 2,483,831	$ -	$ 2,483,831	$ (296,008)	$ (758,310)	$ 1,429,513

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 678,295	$ -	$ 678,295	$ (296,008)	$ (16,240)	$ 366,047
Repurchase agreements	165,813,028	-	165,813,028	(160,321,352)	-	5,491,676
	$ 166,491,323	$ -	$ 166,491,323	$ (160,617,360)	$ (16,240)	$ 5,857,723

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 262,866	$ -	$ 262,866	$ (56,086)	$ (71,922)	$ 134,858

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 349,675	$ -	$ 349,675	$ (56,086)	$ (3,260)	$ 290,329
Repurchase agreements	187,952,616	-	187,952,616	(184,711,607)	-	3,241,009
	$ 188,302,291	$ -	$ 188,302,291	$ (184,767,693)	$ (3,260)	$ 3,531,338

September 30, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 377,774	$ -	$ 377,774	$ (98,890)	$ (15,834)	$ 263,050

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 311,775	$ -	$ 311,775	$ (98,890)	$ (5,769)	$ 207,116
Repurchase agreements	186,545,736	-	186,545,736	(183,976,775)	-	2,568,961
	$ 186,857,511	$ -	$ 186,857,511	$ (184,075,665)	$ (5,769)	$ 2,776,077

Note: Included non-cash financial collaterals.

47. 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 Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold 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.

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, application of the principle of risk diversification, implementation of the Bank's credit risk management, to minimize potential financial losses and pursue optimal rewards.

Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, make credit management and monitoring to ensure compliance with laws and regulations to maintaining high credit standards and asset quality.

c) Credit risk management policy: To establish risk management system and to ensure the integrity of business risk management and compliance, the Bank stipulated its "Risk Management Policy" which is 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 keeps its capital adequately, achieves the goal of credit risk strategy and creates risk adjusted return maximization plan under the Bank's acceptable range of credit risk.

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 levels and various risk management mechanisms, supervising and reviewing credit, market, operations, liquidity, information security, AML, personal data protection, climate change, emergencies and other risk management, improving 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, they are still need to be submitted to the competent level for review.

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

g) The Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It also makes sure the Bank follows the BASEL regulations. It is also responsible for the preparation of risk management reports presented to 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, including recognition of 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**		
	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 124,081,412	$ 149,267,289	$ 145,825,368
Maximum exposure amounts	124,081,412	149,267,289	145,825,368
Loan commitments	58,395,366	47,740,121	44,018,642

7) Concentration 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 September 30, 2022, December 31, 2021 and September 30, 2021, the Group's significant concentration of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Financial intermediary	$ 86,660,593	28	$ 78,675,612	27	$ 74,179,490	26
Manufacturing	62,200,993	20	58,775,129	20	60,113,393	21
Real estate	60,286,916	19	57,361,927	20	54,166,278	19

b) By counterparty

Credit Risk Profile by Industry Sector	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Private sector	$ 173,814,740	82	$ 139,529,652	80	$ 138,610,750	79
Natural person	38,011,205	18	35,766,883	20	35,854,258	21

c) By geographical area

Credit Risk Profile by Industry Sector	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%
Domestic	$ 128,473,044	61	$ 116,051,668	66	$ 116,276,503	67
Other Asia area	41,091,177	19	27,972,835	16	24,935,778	14
America	36,636,395	17	27,471,135	16	29,491,281	17

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 resale 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 (ASRF).

Considering the impact of COVID-19 to the overall economy which caused obvious changes in macroeconomic information, the Bank has adjusted the weights of the assessment forward-looking factors to reflect the estimated influence of the economic indicator changes in 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 other public information on debtors 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.

In order to minimize credit risk, the Group has tasked its credit management committee with developing and maintaining a credit risk grading framework for categorizing exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

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	12m 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 was as follows:

Category	September 30, 2022	December 31, 2021	September 30, 2021
Performing	$ 183,753,681	$ 182,232,250	$ 171,221,242
Doubtful	1,000,001	1,000,010	1,000,013
In default	-	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost is reconciled are summarized as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2022	$ 42,456	$ 5,218	$ 47,674
New financial assets purchased or originated	7,507	-	7,507
Derecognition of financial assets	(9,256)	-	(9,256)
Change in model or risk parameters	(3,646)	(110)	(3,756)
Exchange rates or others	2,516	-	2,516
Balance at September 30, 2022	$ 39,577	$ 5,108	$ 44,685

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2021	$ 42,548	$ 8,821	$ 51,369
New financial assets purchased or originated	13,640	-	13,640
Derecognition of financial assets	(11,722)	-	(11,722)
Change in model or risk parameters	(2,093)	(148)	(2,241)
Exchange rates or others	(436)	-	(436)
Balance at September 30, 2021	$ 41,937	$ 8,673	$ 50,610

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

September 30, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 21,253,947	$ 902,250	$ 271,024	$ -	$ 22,427,221
Allowance for credit losses	(274,804)	(51,311)	(215,478)	-	(541,593)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(17,449)	(17,449)
Net total	$ 20,979,143	$ 850,939	$ 55,546	$ (17,449)	$ 21,868,179

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 193,503,153	$ 17,003,589	$ 1,319,203	$ -	$ 211,825,945
Allowance for credit losses	(446,117)	(103,343)	(280,618)	-	(830,078)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(2,224,587)	(2,224,587)
Net total	$ 193,057,036	$ 16,900,246	$ 1,038,585	$ (2,224,587)	$ 208,771,280

December 31, 2021

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 20,194,073	$ 135,829	$ 251,818	$ -	$ 20,581,720
Allowance for credit losses	(270,996)	(28,036)	(190,494)	-	(489,526)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(15,680)	(15,680)
Net total	$ 19,923,077	$ 107,793	$ 61,324	$ (15,680)	$ 20,076,514

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ -	$ 175,296,535
Allowance for credit losses	(382,077)	(108,320)	(238,363)	-	(728,760)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(1,840,186)	(1,840,186)
Net total	$ 160,902,781	$ 12,667,221	$ 997,773	$ (1,840,186)	$ 172,727,589

September 30, 2021

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 19,600,556	$ 206,085	$ 220,984	$ -	$ 20,027,625
Allowance for credit losses	(261,344)	(16,217)	(176,716)	-	(454,277)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(17,375)	(17,375)
Net total	$ 19,339,212	$ 189,868	$ 44,268	$ (17,375)	$ 19,555,973

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 157,349,135	$ 14,993,842	$ 2,122,031	$ -	$ 174,465,008
Allowance for credit losses	(376,067)	(126,465)	(417,941)	-	(920,473)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(1,612,184)	(1,612,184)
Net total	$ 156,973,068	$ 14,867,377	$ 1,704,090	$ (1,612,184)	$ 171,932,351

b) Credit analysis for marketable securities

September 30, 2022

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 162,400,369	$ 22,353,313	$ 184,753,682
Allowance for impairment loss	(42,224)	(2,461)	(44,685)
Amortized cost	162,358,145	$ 22,350,852	184,708,997
Fair value adjustment	(6,089,711)		(6,089,711)
	$ 156,268,434		$ 178,619,286

December 31, 2021

	At FVTOCI Debt Instruments
Gross carrying amount	$ 183,232,260
Allowance for impairment loss	(47,674)
Amortized cost	183,184,586
Fair value adjustment	371,200
	$ 183,555,786

September 30, 2021

	At FVTOCI Debt Instruments
Gross carrying amount	$ 172,221,255
Allowance for impairment loss	(50,610)
Amortized cost	172,170,645
Fair value adjustment	905,309
	$ 173,075,954

9) Aging analysis for overdue but not yet impaired financial assets

Delays in processing payments by borrowers and other administrative reasons could result in financial assets which are overdue but not yet impaired.

As of September 30, 2022, December 31, 2021 and September 30, 2021, 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’s fund 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 that 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 September 30, 2022, December 31, 2021 and September 30, 2021, the liquidity reserve ratio was 46.76%, 46.81% and 43.21%, 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:

September 30, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 33,481,971	$ -	$ -	$ 3,000,000	$ 2,000,000	$ 38,481,971
Financial liabilities at fair value through profit or loss	-	106	518	156	198,966	199,746
Bills and bonds sold under repurchase agreements	139,977,492	24,065,032	1,374,849	616,899	-	166,034,272
Payables	3,883,838	98,689	598,049	759,185	77,925	5,417,686
Deposits and remittances	69,862,061	92,291,143	49,558,594	31,533,033	55,094,316	298,339,147
Bank debentures payable	-	1,000,000	-	2,250,000	11,350,000	14,600,000
Other financial liabilities	6,127,279	3,688,700	1,983,448	3,174,690	5,282,572	20,256,689
Lease liabilities	11,868	28,038	36,154	68,589	280,485	425,134
	$ 253,344,509	$ 121,171,708	$ 53,551,612	$ 41,402,552	$ 74,284,264	$ 543,754,645

December 31, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 27,322,508	$ 553,793	$ -	$ -	$ -	$ 27,876,301
Financial liabilities at fair value through profit or loss	-	49,567	-	-	1,691	51,258
Bills and bonds sold under repurchase agreements	145,883,179	39,298,675	2,721,818	115,226	-	188,018,898
Payables	1,093,095	55,976	309,460	906,858	65,974	2,431,363
Deposits and remittances	45,081,502	75,571,865	45,197,884	47,580,591	45,947,583	259,379,425
Bank debentures payable	-	-	1,500,000	1,000,000	12,500,000	15,000,000
Other financial liabilities	4,259,658	4,718,033	1,667,612	2,438,087	7,497,442	20,580,832
Lease liabilities	12,373	28,137	40,484	60,039	229,508	370,541
	$ 223,652,315	$ 120,276,046	$ 51,437,258	$ 52,100,801	$ 66,242,198	$ 513,708,618

September 30, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 38,573,210	$ -	$ -	$ -	$ -	$ 38,573,210
Financial liabilities at fair value through profit or loss	-	-	-	-	1,055	1,055
Bills and bonds sold under repurchase agreements	145,114,528	39,075,409	2,289,364	122,901	-	186,602,202
Payables	1,132,281	126,463	639,215	708,012	113,710	2,719,681
Deposits and remittances	41,720,638	83,423,758	56,858,354	36,825,702	46,821,110	265,649,562
Bank debentures payable	-	-	-	1,500,000	13,000,000	14,500,000
Other financial liabilities	6,416,868	2,420,429	539,439	2,312,949	9,302,156	20,991,841
Lease liabilities	11,766	27,755	39,551	70,595	232,932	382,599
	$ 232,969,291	$ 125,073,814	$ 60,365,923	$ 41,540,159	$ 69,470,963	$ 529,420,150

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

September 30, 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	$ 34,274	$ 38,382	$ 15,529	$ -	$ -	$ 88,185
Currency swap contracts	158,186	150,418	101,741	77,498	-	487,843
Others	1,663	80,370	4,461	1,957	-	88,451
	194,123	269,170	121,731	79,455	-	664,479
Non-deliverable						
Interest rate swap contracts	-	177	539	-	13,100	13,816
	$ 194,123	$ 269,347	$ 122,270	$ 79,455	$ 13,100	$ 678,295

December 31, 2021	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	$ 29,786	$ 12,570	$ 9,446	$ 11,083	$ -	$ 62,885
Currency swap contracts	88,795	66,584	76,687	41,124	-	273,190
Others	2,951	61	1,277	1,266	39,138	44,693
	121,532	79,215	87,410	53,473	39,138	380,768
Non-deliverable						
Interest rate swap contracts	365	-	882	1,537	6,527	9,311
	$ 121,897	$ 79,215	$ 88,292	$ 55,010	$ 45,665	$ 390,079

September 30, 2021	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	$ 14,343	$ 6,205	$ 4,882	$ 2,429	$ -	$ 27,859
Currency swap contracts	141,524	45,788	29,470	29,094	-	245,876
Others	14,179	10,129	1,186	-	30,376	55,870
	170,046	62,122	35,538	31,523	30,376	329,605
Non-deliverable						
Interest rate swap contracts	-	367	-	3,511	8,668	12,546
	$ 170,046	$ 62,489	$ 35,538	$ 35,034	$ 39,044	$ 342,151

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.

September 30, 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	$ 1,116,903	$ 476,581	$ 110,081	$ -	$ -	$ 1,703,565
Other guarantees	68,494,700	50,561,349	1,979,400	1,058,964	283,434	122,377,847
Loan commitments	5,448,288	10,896,575	16,344,863	25,705,640	-	58,395,366
	$ 75,059,891	$ 61,934,505	$ 18,434,344	$ 26,764,604	$ 283,434	$ 182,476,778

December 31, 2021	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	$ 613,264	$ 1,341,312	$ 245,066	$ 40,189	$ -	$ 2,239,831
Other guarantees	49,164,358	80,786,091	13,675,750	3,182,797	218,462	147,027,458
Loan commitments	4,034,995	8,069,990	12,104,985	23,530,151	-	47,740,121
	$ 53,812,617	$ 90,197,393	$ 26,025,801	$ 26,753,137	$ 218,462	$ 197,007,410

September 30, 2021	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	$ 542,430	$ 568,383	$ 135,384	$ -	$ -	$ 1,246,197
Other guarantees	53,866,655	74,717,618	12,727,058	3,248,263	19,577	144,579,171
Loan commitments	3,720,456	7,440,911	11,161,367	21,695,908	-	44,018,642
	$ 58,129,541	$ 82,726,912	$ 24,023,809	$ 24,944,171	$ 19,577	$ 189,844,010

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) 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 manage the market risk with active, careful attitude.

The Bank makes the profit majorly by doing trading business through knowing well correctly how market risk of factors fluctuate. (e.g., market price, exchange rate, interest rate). More violent the market risk factors fluctuate, the bigger the opportunity of the implicit profit is. 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 discussed to the full and stipulated by the president, the trading department and the market risk management department, it is submitted to the risk management Committee and the board of directors with the plan of stop-loss quotas and product parts quotas to avoid setting up proposed 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: It is the supervisory agency which responsible for setting risk management limits and supervising market risk management operations. In principle, a risk management committee meeting is held monthly to deliberate the revision of market risk limits and regulations, reporting various market risk limit control situations and market risk related matters.

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

	September 30, 2022			December 31, 2021			September 30, 2021		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 2,547	$ 12,790	$ 284	$ 1,684	$ 5,086	$ 365	$ 1,784	$ 3,651	$ 522
Fair value risk resulting from interest rate	2,187	5,147	772	2,490	4,162	1,056	2,671	4,162	1,643
Fair value resulting from stock price	9,300	22,962	467	14,991	31,270	4,874	16,853	31,270	5,183

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 September 30, 2022, 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 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 September 30, 2022 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	$ 1,789,431	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	952,441	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.
	$ 2,741,872	

7) Foreign currency rate risk information

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

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

	September 30, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,066,939	31.7481	$ 97,369,336
JPY	3,880,570	0.2199	853,364
HKD	8,617,544	4.0442	34,850,901
EUR	26,498	31.2266	827,431
AUD	257,255	20.6898	5,322,543
RMB	3,818,079	4.47506/4.4742	17,086,131
Investment accounted for using equity method			
RMB	217,105	4.4742	971,370
Financial liabilities			
Monetary item			
USD	4,141,348	31.7481	131,479,717
JPY	3,857,831	0.2199	848,364
HKD	3,889,422	4.0442	15,729,525
EUR	35,117	31.2266	1,096,595
AUD	80,583	20.6898	1,667,252
RMB	2,861,306	4.47506/4.4742	12,804,517

	December 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,112,041	27.6897	$ 86,171,399
JPY	3,981,910	0.2404	957,168
HKD	6,609,887	3.5506	23,468,933
EUR	23,834	31.3001	746,003
AUD	205,517	20.0948	4,129,826
RMB	3,515,948	4.3453/4.3460	15,280,308
Investment accounted for using equity method			
RMB	202,722	4.3453	880,879

(Continued)

	December 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary item			
USD	$ 3,972,367	27.6897	$ 109,993,525
JPY	3,765,547	0.2404	905,159
HKD	3,221,115	3.5506	11,436,826
EUR	13,438	31.3001	420,622
AUD	47,150	20.0948	947,472
RMB	3,053,131	4.3453/4.3460	13,268,907

(Concluded)

	September 30, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,379,268	27.8658	$ 94,166,072
JPY	2,061,766	0.2490	513,417
HKD	5,859,787	3.5782	20,967,550
EUR	22,454	32.3359	720,066
AUD	193,106	20.0728	3,876,178
RMB	3,360,660	4.3127/4.3155	14,493,418
Investment accounted for using equity method			
RMB	185,394	4.3155	800,064
Financial liabilities			
Monetary item			
USD	3,963,662	27.8658	110,450,703
JPY	1,967,818	0.2490	490,022
HKD	4,644,413	3.5782	16,618,685
EUR	16,190	32.3359	523,518
AUD	48,099	20.0728	965,482
RMB	2,532,544	4.3127/4.3155	10,922,026

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) Risk Management Committee: It is the supervisory agency which responsible for setting risk management limits and supervising market risk management operations. In principle, a risk of management committee meeting is held monthly to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test.

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, annual stop buying maximum loss limit, 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 each quarter, including the interest special situation pressure test, and reports the result to the Risk Management 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:

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

O-Bank

	For the Nine Months Ended September 30			
	2022		2021	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 908,463	1.00	$ 843,168	1.14
Call loans to other banks	6,800,178	0.98	10,582,456	0.18
Due from the Central Bank	5,373,794	0.63	5,386,761	0.39
Financial assets at FVTPL	37,562,820	0.58	44,445,399	0.30
Bills and bonds purchased under resell agreements	256	0.24	13,684	0.09
Discounts and loans	176,888,105	2.35	157,558,219	1.90
Financial assets at FVTOCI	72,982,644	0.84	67,485,651	0.62
Receivables	1,278,735	1.95	957,787	1.32
Financial assets at amortized cost	7,862,673	1.31	-	-
Interest-bearing liabilities				
Due to the Central Bank and other banks	19,397,630	0.78	17,982,742	0.40
Demand deposits	61,872,586	0.29	63,012,102	0.20
Time deposits	197,504,775	0.76	175,118,391	0.45
Bills and bonds sold under repurchase agreements	5,191,470	0.93	2,036,059	0.19
Bank debentures payable	14,197,436	1.90	15,516,484	1.99

China Bills Finance Corporation (CBF)

	For the Nine Months Ended September 30			
	2022		2021	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Cash and cash equivalents (including certificate of deposit)	$ 812,885	0.02	$ 851,032	0.01
Call loans to banks	243,187	0.58	153,670	0.11
Financial assets at fair value through profit or loss - bonds and bills	93,777,252	0.61	96,849,811	0.38
FVTOCI-debt instruments	97,836,968	1.19	99,486,186	1.20
Financial assets at fair value through profit or loss - hybrid financial assets	9,411,342	1.47	8,595,327	1.47
Securities purchased under resell agreements	4,889,776	0.29	6,676,983	0.17

(Continued)

	For the Nine Months Ended September 30			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-bearing liabilities				
Due to other banks	$ 13,726,116	0.70	$ 7,562,652	0.21
Bank overdrafts	1,797	0.48	480	1.50
Securities sold under repurchase agreement	165,258,435	0.48	175,849,794	0.23
Commercial paper payable	2,713,700	0.67	4,500,000	0.31

(Concluded)

48. 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 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.

49. ASSET QUALITY OF LOANS, CONCENTRATION OF CREDIT 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 4.

b. Concentration of credit extensions

September 30, 2022

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (telecommunications)	$ 7,715,908	22.53
2	B Company (real estate development)	4,121,536	12.03
3	C Company (glass and glass made products manufacturing)	3,394,487	9.91
4	D Company (unclassified other financial service)	3,185,673	9.30
5	E Company (real estate development)	3,082,750	9.00
6	F Company (unclassified other financial service)	2,934,000	8.57
7	G Company (other holding company)	2,494,912	7.28
8	H Company (other holding company)	2,240,333	6.54
9	I Company (non-hazardous waste treatment industry)	2,194,514	6.41
10	J Company (real estate development)	2,010,000	5.87

September 30, 2021

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (telecommunications)	$ 6,256,678	17.41
2	E Company (real estate development)	3,973,750	11.06
3	B Company (real estate development)	3,404,716	9.47
4	C Company (glass and glass made products manufacturing)	3,311,005	9.21
5	K Company (real estate lease industry)	3,180,000	8.85
6	F Company (unclassified other financial service)	2,940,000	8.18
7	I Company (non-hazardous waste treatment industry)	2,432,955	6.77
8	L Company (manufacture of ready-mix concrete)	2,226,820	6.20
9	D Company (unclassified other financial service)	2,195,533	6.11
10	M Company (unclassified other financial service)	2,070,000	5.76

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)
September 30, 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	$ 168,899,277	$ 8,866,782	$ 26,015,714	$ 36,630,019	$ 240,411,792
Interest rate-sensitive liabilities	102,281,031	65,771,533	26,431,997	36,775,551	231,260,112
Interest rate-sensitive gap	66,618,246	(56,904,751)	(416,283)	(145,532)	9,151,680
Net worth					30,930,077
Ratio of interest rate-sensitive assets to liabilities					103.96%
Ratio of interest rate sensitivity gap to net worth					29.59%

September 30, 2021

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	$ 157,132,511	$ 10,752,071	$ 27,836,421	$ 17,793,074	$ 213,514,077
Interest rate-sensitive liabilities	66,686,099	69,132,889	35,128,267	35,427,699	206,374,954
Interest rate-sensitive gap	90,446,412	(58,380,818)	(7,291,846)	(17,634,625)	7,139,123
Net worth					31,841,813
Ratio of interest rate-sensitive assets to liabilities					103.46%
Ratio of interest rate sensitivity gap to net worth					22.42%

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)
September 30, 2022

(In Thousands of U.S. Dollars or in %)

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	$ 1,285,026	$ 14,185	$ 5,376	$ 1,752,009	$ 3,056,596
Interest rate-sensitive liabilities	2,070,949	782,521	62,661	42	2,916,173
Interest rate-sensitive gap	(785,923)	(768,336)	(57,285)	1,751,967	140,423
Net worth					102,046
Ratio of interest rate-sensitive assets to liabilities					104.82%
Ratio of interest rate sensitivity gap to net worth					137.61%

September 30, 2021

(In Thousands of U.S. Dollars or in %)

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	$ 1,403,364	$ 13,851	$ -	$ 1,105,548	$ 2,522,763
Interest rate-sensitive liabilities	1,034,595	1,214,557	109,712	-	2,358,864
Interest rate-sensitive gap	368,769	(1,200,706)	(109,712)	1,105,548	163,899
Net worth					131,494
Ratio of interest rate-sensitive assets to liabilities					106.95%
Ratio of interest rate sensitivity gap to net worth					124.64%

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 Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Return on total assets	Before income tax	0.56	0.50
	After income tax	0.50	0.45
Return on equity	Before income tax	5.41	4.52
	After income tax	4.83	4.07
Net income ratio		37.25	34.92

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 nine months ended September 30, 2022 and 2021.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)
September 30, 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	$ 271,655,278	$ 56,648,200	$ 18,018,639	$ 32,946,564	$ 17,920,961	$ 29,506,961	$ 116,613,953
Main capital outflow on maturity	316,923,109	19,590,894	38,679,609	73,384,924	51,828,101	55,651,547	77,788,034
Gap	(45,267,831)	37,057,306	(20,660,970)	(40,438,360)	(33,907,140)	(26,144,586)	38,825,919

September 30, 2021

	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	$ 248,379,026	$ 48,287,464	$ 13,761,407	$ 25,635,257	$ 20,311,925	$ 37,012,754	$ 103,370,219
Main capital outflow on maturity	283,751,068	16,854,810	22,113,180	64,975,384	51,618,259	57,609,237	70,580,198
Gap	(35,372,042)	31,432,654	(8,351,773)	(39,340,127)	(31,306,334)	(20,596,483)	32,790,021

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

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)
September 30, 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	$ 4,013,345	$ 1,629,612	$ 808,437	$ 289,014	$ 337,749	$ 948,533
Main capital outflow on maturity	4,211,980	1,630,707	1,283,313	361,718	220,550	715,692
Gap	(198,635)	(1,095)	(474,876)	(72,704)	117,199	232,841

September 30, 2021

(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	$ 3,912,978	$ 1,709,929	$ 586,513	$ 498,513	$ 344,444	$ 773,579
Main capital outflow on maturity	3,973,321	1,583,275	945,776	636,241	283,406	524,623
Gap	(60,343)	126,654	(359,263)	(137,728)	61,038	248,956

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 Bank's total assets, there should be additional disclosures.

Maturity Analysis of Overseas Branch's Assets and Liabilities (In U.S. Dollars)
September 30, 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	$ 1,469,987	$ 973,196	$ 228,097	$ 40,579	$ 79,584	$ 148,531
Main capital outflow on maturity	1,497,179	438,621	513,489	135,266	35,462	374,341
Gap	(27,192)	534,575	(285,392)	(94,687)	44,122	(225,810)

September 30, 2021

(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	$ 1,574,007	$ 1,119,576	$ 102,888	$ 48,785	$ 92,715	$ 210,043
Main capital outflow on maturity	1,539,044	644,763	393,861	206,077	80,204	214,139
Gap	34,963	474,813	(290,973)	(157,292)	12,511	(4,096)

China Bills Finance Corporation

a. Asset quality

Item \ Period	September 30, 2022	September 30, 2021
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	1,222,506	1,178,588
Actual provision for credit losses and reserve for losses on guarantees	1,382,077	1,375,077

b. The principal operation

Item \ Period	September 30, 2022	September 30, 2021
Balance of guarantees and endorsement securities	$ 99,020,900	$ 107,805,000
Multiple of guarantees and endorsement securities to net worth	4.13	4.51
Short-term bills and bonds sold under repurchase agreement	$ 155,801,271	$ 184,752,745
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	6.50	7.73

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

d. Concentrations of credit extensions

(In %)

Item \ Period	September 30, 2022		September 30, 2021	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	16.40		18.41	
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	27.52	Finance and insurance industry	29.26
	Manufacturing industry	21.52	Manufacturing industry	22.87
	Real estate industry	27.51	Real estate industry	25.63

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

September 30, 2022

(In Millions of New Taiwan Dollars or in %)

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	$ 96,953	$ 4,916	$ 9,358	$ 85,644	$ 196,871
Interest rate-sensitive liabilities	174,402	1,095	595	-	176,092
Interest rate-sensitive gap	(77,449)	3,821	8,763	85,644	20,779
Net worth					21,617
Ratio of interest rate-sensitive assets to liabilities (%)					111.80
Ratio of interest rate sensitivity gap to net worth (%)					96.12

September 30, 2021

(In Millions of New Taiwan Dollars or in %)

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	$ 121,523	$ 12,112	$ 11,360	$ 93,640	$ 238,635
Interest rate-sensitive liabilities	211,663	2,286	123	-	214,072
Interest rate-sensitive gap	(90,140)	9,826	11,237	93,640	24,563
Net worth					25,412
Ratio of interest rate-sensitive assets to liabilities (%)					111.47
Ratio of interest rate sensitivity gap to net worth (%)					96.66

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

September 30, 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	$ 54,278	$ 32,404	$ 3,369	$ 2,957	$ -
	Bonds	962	4,868	1,547	6,401	85,644
	Due from banks	1,120	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	3,221	100	-	-	-
	Total	59,581	37,372	4,916	9,358	85,644
Cash provided by	Borrowing	20,466	-	-	-	-
	Securities sold under repurchase agreements	133,504	20,432	1,095	595	-
	Eligible capital	-	-	-	-	21,617
	Total	153,970	20,432	1,095	595	21,617
Net cash flows		(94,389)	16,940	3,821	8,763	64,027
Accumulated cash flows		(94,389)	(77,449)	(73,628)	(64,865)	(838)

September 30, 2021

(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	$ 53,812	$ 58,124	$ 7,723	$ 97	$ -
	Bonds	450	2,639	4,389	11,263	93,640
	Due from banks	343	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	5,655	500	-	-	-
	Total	60,260	61,263	12,112	11,360	93,640
Cash provided by	Borrowing	27,376	1,999	-	-	-
	Securities sold under repurchase agreements	143,500	38,788	2,286	123	-
	Eligible capital	-	-	-	-	25,412
	Total	170,876	40,787	2,286	123	25,412
Net cash flows		(110,616)	20,476	9,826	11,237	68,228
Accumulated cash flows		(110,616)	(90,140)	(80,314)	(69,077)	(849)

g. Matters requiring special notation

Causes	September 30, 2022	September 30, 2021
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 dollars	None	None
Other	None	None

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

50. CASH FLOWS INFORMATION.

For the nine months ended September 30, 2022

	January 1, 2022	Cash Inflow (Outflow)	None-cash Change		September 30, 2022
			Add Leasing	Other	
Bank debentures payable	$ 15,000,000	$ (400,000)	$ -	$ -	$ 14,600,000
Lease liabilities	350,370	(115,530)	110,810	60,019	405,669
Other financial liabilities	20,580,832	(512,095)	-	187,952	20,256,689
Other liabilities	2,719,579	3,220	-	-	2,722,799
	$ 38,650,781	$ (1,024,405)	$ 110,810	$ 247,971	$ 37,985,157

For the nine months ended September 30, 2021

	January 1, 2021	Cash Inflow (Outflow)	None-cash Change		September 30, 2021
			Add Leasing	Other	
Bank debentures payable	$ 16,400,000	$ (1,900,000)	$ -	$ -	$ 14,500,000
Lease liabilities	444,659	(138,495)	40,117	31,242	377,523
Other financial liabilities	18,102,763	2,993,891	-	(104,813)	20,991,841
Other liabilities	2,249,555	297,869	-	119	2,547,543
	$ 37,196,977	$ 1,253,265	$ 40,117	$ (73,452)	$ 38,416,907

51. 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.

52. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On July 21, 2022, the Bank’s board of directors resolved that IBT Leasing Corporation (referred to as “IBT Leasing”) transfer to the Bank its 100% holding of IBT VII Venture Capital Corporation Limited by way of capital reduction in kind.

Based on the total outstanding common shares as of the record date of the capital increase from IBT Leasing, the capital reduction ratio are 20.98%, the amount of the capital reduced are $710,614 thousand, and the post-reduction paid-in capital held by IBT Leasing are $2,677,290 thousand. The record date will be on October 19, 2022.

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. After the merger, the Bank will hold 44.5% shares of the surviving company. The record date of the merger is expected to be December 1, 2022.

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: The Group - not applicable; investees - Table 1 (attached)

2) Endorsement/guarantee provided: The Group - not applicable; investees - Table 2 (attached)

3) Marketable securities held: The Group - not applicable; investees - Table 3 (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." Exempt from disclosure.

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 5 (attached)

d. Business relationships and significant transactions among the group: Table 6 (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 7 (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 Banking 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	Leasing	Bills	Others	Eliminations	Consolidated
For the nine months ended September 30, 2022							
Net interest							
From unaffiliated segment	$ 2,122,846	$ 657,746	$ 713,341	$ 203,156	$ (218)	$ 525	$ 3,697,396
From other segment	(815)	-	86	-	729	-	-
	$ 2,122,031	$ 657,746	$ 713,427	$ 203,156	$ 511	$ 525	$ 3,697,396
Net revenue other than interest							
From unaffiliated segment	$ 2,418,923	$ 10,970	$ 475,688	$ 1,229,198	$ 34,898	$ -	$ 4,169,677
From other segment	33,855	-	(14,592)	(27,130)	8,402	(887,623)	(887,088)
	$ 2,452,778	$ 10,970	$ 461,096	$ 1,202,068	$ 43,300	$ (887,623)	$ 3,282,589
Income from continuing operation	$ 1,704,317	$ 230,220	$ 355,774	$ 925,643	$ 14,437	$ (844,079)	$ 2,386,312
Identifiable assets	$ 350,863,186	$ 27,601,255	$ 21,531,024	$ 200,168,726	$ 293,210	$ (147,809)	$ 600,309,592
Depreciation and amortization	$ 392,283	$ 23,457	$ 49,294	$ 18,410	$ 2,742	$ (15,894)	$ 470,292
Capital expenditures	$ 62,157	$ 6,454	$ 29,677	$ 2,668	$ 36	$ -	$ 100,992
For the nine months ended September 30, 2021							
Net interest							
From unaffiliated segment	$ 1,627,098	$ 641,068	$ 612,957	$ 582,531	$ (164)	$ 245	$ 3,463,735
From other segment	(382)	-	51	-	3	328	-
	$ 1,626,716	$ 641,068	$ 613,008	$ 582,531	$ (161)	$ 573	$ 3,463,735
Net revenue other than interest							
From unaffiliated segment	$ 2,505,893	$ 61,574	$ 416,932	$ 1,639,227	$ 31,849	$ -	$ 4,655,475
From other segment	32,873	-	(5,702)	(26,574)	(580)	(1,079,960)	(1,079,943)
	$ 2,538,766	$ 61,574	$ 411,230	$ 1,612,653	$ 31,269	$ (1,079,960)	$ 3,575,532
Income from continuing operation	$ 1,454,678	$ 272,623	$ 367,263	$ 1,444,139	$ 19,474	$ (1,042,103)	$ 2,516,074
Identifiable assets	$ 300,182,583	$ 28,716,402	$ 18,936,649	$ 241,868,024	$ 253,191	$ 16,115	$ 589,972,964
Depreciation and amortization	$ 396,127	$ 35,867	$ 43,432	$ 9,910	$ 615	$ (6,157)	$ 479,794
Capital expenditures	$ 49,260	$ 449	$ 32,548	$ 4,132	$ -	$ -	$ 86,389

TABLE 1

O-BANK AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
1	IBT Leasing	Inhon Communication Co., Ltd.	Account receivable - short-term accommodations	No	$ 38,021	$ 19,410	$ 19,410	2%-8%	2	$ -	Working capital turnover	$ 163	Margin	$ 10,000	$ 374,965	$ 1,499,858	
		An Chieh Bao Corp.	Account receivable - short-term accommodations	No	37,887	18,302	18,302	2%-8%	2	-	Working capital turnover	213	Margin	6,000	374,965	1,499,858	
		Yuan Mao Construction Co., Ltd.	Account receivable - short-term accommodations	No	110,700	-	-	2%-8%	2	-	Working capital turnover	-	-	-	374,965	1,499,858	
		Priority International Finance	Account receivable - short-term accommodations	No	509	47	47	2%-8%	2	-	Working capital turnover	1	Certificate of deposit	1,200	374,965	1,499,858	
		Qiaoding Investment Co., Ltd.	Account receivable - short-term accommodations	No	110,000	108,950	103,950	2%-8%	2	-	Working capital turnover	1,798	Stock/real estate	67,553	374,965	1,499,858	
		Taiwan Star Telecom Corporation Limited	Account receivable - short-term accommodations	No	50,643	-	-	2%-8%	1	150,000	-	-	-	-	374,965	3,749,645	
		Teamphon Energy Co., Ltd.	Account receivable - short-term accommodations	No	86,477	46,861	46,861	2%-8%	2	-	Working capital turnover	811	-	-	374,965	1,499,858	
		Home Credit Vietnam Finance Company Limited	Account receivable - short-term accommodations	No	47,622	47,622	47,622	2%-8%	2	-	Working capital turnover	491	Trade receivable	-	374,965	1,499,858	
		VPBank Finance Company Limited	Account receivable - short-term accommodations	No	126,992	95,244	95,244	2%-8%	2	-	Working capital turnover	981	Trade receivable/ receivables	-	374,965	1,499,858	
		Acon-Holding Inc.	Account receivable - short-term accommodations	No	40,000	25,720	25,720	2%-8%	2	-	Working capital turnover	306	Margin	8,000	374,965	1,499,858	
		Hua Wei Construction Co., Ltd.	Account receivable - short-term accommodations	No	167,631	134,000	134,000	2%-8%	2	-	Working capital turnover	1,139	Real estate	285,866	374,965	1,499,858	

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from No. 1.

Note 2: Loan type: Business "1"; short-term financial intermediation "2".

Note 3: IBT Leasing loaned to individual company were limited by 10% net assets.

Note 4: Each issuing entity's total amount of loans was limited to 40% of IBT Leasing Corp.'s net assets. The loan mentioned formerly which belongs to business transactions is limited to 100% of the Corporation's net assets.

O-BANK AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
1	IBT Leasing	IBT International Leasing Corp.	Subsidiary	$ 29,997,160	$ 8,405,164	$ 6,313,519	$ 5,713,067	$ -	168.38	$ 42,995,741	No	No	Yes
		IBT VII Venture Capital Co., Ltd.	Subsidiary	29,997,160	80,000	-	-	-	0.00	42,995,741	No	No	No

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from 1.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. Trading partner.
b. Directly and indirectly owns over 50% of the common stocks of the subsidiary.
c. The Bank and subsidiary own over 50% ownership of the investee company.
d. A parent company that own over 90% ownership of the company directly or through a subsidiary.
e. Guaranteed by the Bank according to the construction contract.
f. An investee company, for which the guarantees were provided based on the Bank’s proportionate share in the investee company.
g. The inter-industry is engaged in joint and several guarantees for the performance of the pre-sale house sales contract in accordance with the Consumer Protection Law.

Note 3: Based on the IBT International Leasing Corp.’s guidelines, the maximum amount of guarantee to its subsidiary. is up to eight times of the IBT International Leasing Corp.’s net value under direct and indirect holding voting right of stockholders; the maximum amount of guarantee to the IBT International Leasing Corp. is up to twelve times of the Bank’s net value.

Note 4: The endorsement belongs to the grandson company from IBT International Leasing Corp.

TABLE 3

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2022
(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	September 30, 2022				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$ 193,033	91.78	US$ 193,033	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	26,613	1.02	26,613	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,773	41,741	7.37	41,741	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	19,422	0.48	19,422	Note 2
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	19,682	110,246	0.46	110,246	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	25,193	2.41	25,193	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	21,711	2.17	21,711	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	212	16,634	0.32	16,634	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	-	Financial asset at FVTOCI	400	15,280	7.37	15,280	
IBT Leasing Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	12,260	106,662	4.09	106,662	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	3,182,427	100.00	3,182,427	Note 3
	IBT VII Venture Capital Co., Ltd.	Subsidiaries	Investments accounted for using the equity method	65,000	819,217	100.00	819,217	Note 3
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial asset at FVTOCI	533	30,381	0.16	30,381	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	-	Financial asset at FVTOCI	1,700	64,940	0.77	64,940	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	121,800	4.67	121,800	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022 Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
	Stocks							
	TAIRX Corp.	-	Financial asset at FVTPL	3,435	$ 154,137	3.81	$ 154,137	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,514	0.55	10,514	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	41,471	3.09	41,471	
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	41,635	233,216	0.96	233,216	Notes 1 and 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	634	121,826	0.79	121,826	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	105,114	7.81	105,114	Note 2
	Chipwell tech corporation	-	Financial asset at FVTPL	308	7,086	1.45	7,086	Note 2
	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	488	0.98	488	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,860	1.16	4,860	Note 2
	Kaohsiung Rapid Transit Corporation Rights Reserved	-	Financial asset at FVTPL	3,845	48,224	1.38	48,224	
	Evergreen Steel Corp.	-	Financial asset at FVTPL	247	13,165	0.06	13,165	
	OToBrite Electronics, Inc.	-	Financial asset at FVTPL	25	951	0.07	951	
	Apex Dynamics, Inc.	-	Financial asset at FVTPL	24	4,800	0.03	4,800	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	120	4,860	0.35	4,860	
	Energenesis Biomedical Co., Ltd.	-	Financial asset at FVTPL	1	38	0.00	38	
	FOSITEK CORP.	-	Financial asset at FVTPL	2	280	0.00	280	
	RAC Electric Vehicles Inc.	-	Financial asset at FVTPL	1	37	0.00	37	
	Evergreen Aviation Technologies Corp	-	Financial asset at FVTPL	650	49,771	0.18	49,771	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	13,673	1.26	13,673	
	CHENFENG OPTRONICS Co., Ltd.	-	Financial asset at FVTPL	1,000	31,000	1.19	31,000	
	T-CONN PRECISION CORPORATION	-	Financial asset at FVTPL	11	609	0.03	609	
	Lin BioScience, Inc.	-	Financial asset at FVTPL	6	1,306	0.01	1,306	
	BTL Inc.	-	Financial asset at FVTPL	11	859	0.04	859	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	212	16,602	0.32	16,602	
	Century Wind Power Co., Ltd.	-	Financial asset at FVTPL	1	83	0.00	83	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	18,000	18,679	2.46	18,679	
	Shin Kong Financial Holding Co., Ltd. Preferred Shares B	-	Financial asset at FVTOCI	125	4,775	0.06	4,775	
IBT International Leasing Co., Ltd.	Stocks							
	Tianjin Bogang No. 13 Enterprise Management Partnership (Limited Partnership)	-	Financial asset at FVTPL	-	26,546	0.81	26,546	

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.

Note 3: On April 22, 2021, the board of directors of IBT Leasing Co., Ltd. approved the proposed transfer of 5% of the shares of IBT International Leasing Corp. from IBT VII Venture Capital Co., Ltd., and the acceptance was processed in April 2022.

(Concluded)

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2022 AND 2021
(In Thousands of New Taiwan Dollars or in %)

Period			September 30, 2022					September 30, 2021				
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		$ 398,439	$ 88,400,357	0.45%	$ 1,238,897	310.94%	$ 404,581	$ 69,877,032	0.58%	$ 942,431	233.94%
	Unsecured		244,097	76,229,821	0.32%	1,109,752	454.64%	409,427	59,348,117	0.69%	906,218	221.34%
Consumer banking	Housing mortgage (Note 4)		18,394	11,536,033	0.16%	174,888	950.79%	-	13,867,505	-	208,372	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	2,294,888	-	28,435	-	-	1,853,418	-	26,544	-
	Other (Note 6)	Secured	1,645	4,517,693	0.04%	45,683	2,777.08%	-	5,411,688	-	54,425	-
		Unsecured	13,299	9,445,739	0.14%	145,976	1,097.65%	9,883	6,306,092	0.16%	121,667	1,231.07%
Total			675,874	192,424,531	0.35%	2,743,631	405.94%	823,891	156,663,852	0.53%	2,259,657	274.27%
			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)			-	1,541,798	-	16,654	-	-	1,685,213	-	18,657	-

	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)	109,226	-	93,918	-
Total	109,226	-	93,918	-

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. 094000494), factored accounts receivable without recourse are reported as Nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

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.

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(New Taiwan Dollars and U.S. Dollars in Thousands, Unless Stated Otherwise)

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, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 460,061 (US$ 14,491)	Note 2 c.	$ 63,496 (US$ 2,000)	$ -	$ -	$ 63,496 (US$ 2,000)	2.60	$ -	$ 63,496 (US$ 2,000)	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	44,742 (RMB 10,000)	Note 2 c.	15,874 (US$ 500)	-	-	15,874 (US$ 500)	2.09	-	15,874 (US$ 500)	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	242,949 (RMB 54,300)	Note 2 c.	63,496 (US$ 2,000)	-	-	63,496 (US$ 2,000)	2.18	-	63,496 (US$ 2,000)	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,474,200 (RMB 1,000,000)	Note 2 d.	894,840 (RMB 200,000)	-	-	894,840 (RMB 200,000)	20.00	63,824	971,370 (RMB 200,000)	-

Accumulated Investment in Mainland China as of September 30, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$142,866 (US$ 4,500) 894,840 (RMB 200,000)	$142,866 (US$ 4,500) 894,840 (RMB 200,000)	Note 4

IBT Leasing 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, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 2,603,340 (US$ 82,000)	Note 2 d.	$ 1,676,297 (US$ 52,800)	$ 169,630 (US$ 5,343)	$ -	$ 1,845,927 (US$ 58,143)	100.00 (Note 6)	$ 309,438 (Notes 3 and 7)	$ 3,182,427 (Note 7)	$ 335,538 (RMB 75,853)
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	25,398,440 (US$ 800,000)	Note 2 c.	141,501 (US$ 4,457)	-	141,501 (US$ 4,457)	-	-	-	-	-
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,015,938 (US$ 32,000)	Note 2 c.	12,033 (US$ 379)	-	12,033 (US$ 379)	-	-	-	-	-

Accumulated Investment in Mainland China as of September 30, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$1,845,927 (US$58,143)	$1,845,927 (US$58,143)	Note 5

(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, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 151,121 (US$ 4,760)	Note 2 c.	$ 2,286 (US$ 72)	$ -	$ -	$ 2,286 (US$ 72)	2.17	$ -	$ 2,286 (US$ 72)	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	239,825 (US$ 7,554)	Note 2 c.	13,461 (US$ 424)	-	-	13,461 (US$ 424)	1.63	-	13,461 (US$ 424)	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,350 (US$ 200)	Note 2 c.	222 (US$ 7)	-	-	222 (US$ 7)	2.17	-	222 (US$ 7)	-
Beauty Essential International, Ltd.	Cosmetic retailing	95,244 (US$ 3,000)	Note 2 c.	21,843 (US$ 688)	-	-	21,843 (US$ 688)	2.41	-	21,843 (US$ 688)	-
Meike information technology	Cosmetic retailing information technology	85,720 (US$ 2,700)	Note 2 c.	921 (US$ 29)	-	-	921 (US$ 29)	0.44	-	921 (US$ 29)	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	25,398,440 (US$ 800,000)	Note 2 c.	85,688 (US$ 2,699)	-	-	85,688 (US$ 2,699)	0.40	-	85,688 (US$ 2,699)	-
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,015,938 (US$ 32,000)	Note 2 c.	7,270 (US$ 229)	-	-	7,270 (US$ 229)	0.46	-	7,270 (US$ 229)	-
Arizon Rfid Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	869,292 (RMB 194,290)	Note 2 c.	-	16,922 (US$ 533)	-	16,922 (US$ 533)	0.32	-	16,922 (US$ 533)	-

Accumulated Investment in Mainland China as of September 30, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$148,613 (US$4,681)	$148,613 (US$4,681)	$164,099 (Note 8)

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, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (Notes 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of September 30, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 25,398,440 (US$ 800,000)	Note 2 c.	$ -	$ 147,724 (US$ 4,653)	$ -	$ 147,724 (US$ 4,653)	0.66	$ -	$ 147,724 (US$ 4,653)	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	1,105,938 (US$ 32,000)	Note 2 c.	-	10,255 (US$ 323)	-	10,255 (US$ 323)	0.75	-	10,255 (US$ 323)	-
Arizon Rfid Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	869,292 (RMB 194,290)	Note 2 c.	-	16,922 (US$ 533)	-	16,922 (US$ 533)	0.32	-	16,922 (US$ 533)	-

(Continued)

Accumulated Investment in Mainland China as of September 30, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$174,901 (US$5,509)	$174,901 (US$5,509)	$483,198 (Note 8)

Note 1: The amount is after the exchange rate adjustment for the year ended September 30, 2022.

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. (Via investing Shilien China Holding Co., Limited, Dio Investment, Ltd., Shengzhuang Holding, Ltd., Topping Cusine International Holding, Ltd., Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd. and YFY RFID Co., Limited (HK).

d. Direct investment in mainland China.

e. Others.

Note 3: From financial statements reviewed by other CPA.

Note 4: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in April 2020, so the Bank is not under “the regulation of investing or technology-cooperation in China”.

Note 5: IBT Leasing Co., Ltd. obtained the documents issued by the Industrial Development Bureau of the Ministry of Economic Affairs in line with the operational headquarters in September 2021, so it is not under “the regulation of investing or technology-cooperation in China”.

Note 6: IBT Tianjin International Leasing Corp. was merged by IBT Leasing Co., Ltd. on January 1, 2019. IBT Leasing Co., Ltd. holds 95% stock of IBT International Leasing Corp. directly and 5% indirectly through IBT VII Venture Capital Co., Ltd. In April 2022, IBT Leasing acquired 5% of the IBT International Leasing Corp. share held by IBT VII Venture Capital Corporation Limited.

Note 7: Before the completion of the transfer, the accumulated investment amount and the investment profit and loss of IBT Tianjin International Leasing Corp., is 95% held directly by IBT Leasing Co., Ltd. and 5% indirectly through IBT VII Venture Capital Co., Ltd. After the completion of the transfer transaction, the accumulated investment amount is 100% held by IBT Leasing Co., Ltd. The book value of the investment at the end of the period is 100% owned by IBT Leasing Co., Ltd.

Note 8: The original investment is within the limit.

Note 9: IBT Management Corp. 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.

Note 10: IBT Leasing acquired 5% of IBT International Leasing Corp. share held by IBT VII Venture Capital Corporation Limited, and the transfer amount was NT$156,264 thousand (equivalent to US$5,343 thousand).

Note 11: In response to operational needs, IBT Leasing sold its investments in mainland China to its subsidiary, IBT VII Venture Capital Corporation Limited, in July 2022 and submitted relevant sales materials to the Ministry of Economic Affairs Investment Review Committee for verification. The amount of remittance is mainly based on the verification letter submitted.

(Concluded)

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(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, IBT Leasing, IBTVC7	a	Deposits	$ 44,129	Note 3	0.01
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing, IBTVC7 and IBT Securities (BVI) Co., Ltd.	a	Interest expense	815	Note 3	0.01
0	The Bank	IBTM, IBT Leasing and IBTVC7	a	Payables	12	Note 3	-
0	The Bank	IBTM, IBT Leasing and CBF	a	Other net revenue other than interest	33,855	Note 3	0.49
1	Chun Teng New Century	The Bank	b	Interest revenue	66	Note 3	-
1	Chun Teng New Century	IBT Leasing	c	Other operating and administrative expenses	283	Note 3	-
2	IBTM	The Bank	b	Cash and cash equivalents	5,719	Note 3	-
2	IBTM	The Bank	b	Accounts receivable	2	Note 3	-
2	IBTM	The Bank	b	Interest revenue	8	Note 3	-
2	IBTM	The Bank	b	Other operating and administrative expenses	573	Note 3	0.01
2	IBTM	The Bank	b	Lease interest expense	12	Note 3	-
2	IBTM	IBTVC7	c	Consultancy service income	9,254	Note 3	0.13
3	CBF	The Bank	b	Other operating and administrative expenses	27,276	Note 3	0.39
3	CBF	The Bank	b	Lease interest expense	351	Note 3	-
4	IBTS Financial (HK) Limited	The Bank	b	Interest revenue	387	Note 3	0.01
5	IBTS Asia (HK) Limited	The Bank	b	Interest revenue	181	Note 3	-

(Continued)

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
6	IBTL	The Bank	b	Cash and cash equivalents	$ 32,993	Note 3	0.01
6	IBTL	The Bank	b	Accounts receivable	8	Note 3	-
6	IBTL	The Bank	b	Interest revenue	80	Note 3	-
6	IBTL	The Bank	b	Other operating and administrative expenses	5,630	Note 3	0.08
6	IBTL	The Bank	b	Lease interest expense	163	Note 3	-
6	IBTL	Chun Teng New Century	c	Other net revenue other than interest	283	Note 3	-
7	IBTVC7	The Bank	a	Cash and cash equivalents	5,417	Note 3	-
7	IBTVC7	The Bank	b	Interest revenue	6	Note 3	-
7	IBTVC7	The Bank	c	Accounts receivable	2	Note 3	-
7	IBTVC7	IBTM	c	Other operating and administrative expenses	9,254	Note 3	0.13
8	IBT Securities (BVI) Co., Ltd.	The Bank	b	Interest revenue	87	Note 3	-

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)

TABLE 7

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022

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 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.