O-Bank and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" as of and for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Company name: O-BANK
Chairman: Tina Y. C. Lo
Date: March 14, 2023

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2022 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

- We obtained an understanding and performed testing on the internal controls in respect of the Bank's loan impairment assessment.

- We examined that the classifications of loans were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked whether the Bank meets the requirement of the regulation or not.

Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether the reserve meets the requirements of the "Bills Finance Companies Regulations for Evaluating Bad Debt" or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 6,414,978	1	$ 11,779,386	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	17,785,790	3	12,981,310	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 44)	144,850,687	25	151,899,447	27
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 44 and 48)	155,223,551	27	191,156,680	33
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 10, 44 and 48)	25,665,306	5	-	-
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	3,951,999	1	5,364,108	1
RECEIVABLES, NET (Notes 12 and 14)	3,691,557	1	20,076,514	4
CURRENT TAX ASSETS	299,379	-	324,529	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 42 and 43)	204,312,972	35	172,727,589	30
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 17)	7,241,771	1	880,879	-
OTHER FINANCIAL ASSETS (Notes 18 and 44)	785,669	-	875,733	-
PROPERTY AND EQUIPMENT, NET (Notes 19 and 45)	2,405,135	1	2,545,050	1
RIGHT-OF-USE ASSETS, NET (Note 20)	420,124	-	332,938	-
INTANGIBLE ASSETS, NET (Note 21)	1,809,664	-	1,946,051	-
DEFERRED TAX ASSETS (Note 40)	1,125,574	-	900,743	-
OTHER ASSETS (Notes 20 and 22)	1,358,976	-	1,289,712	-
TOTAL	$ 577,343,132	100	$ 575,080,669	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits From the Central Bank and other banks (Note 23)	$ 23,427,644	4	$ 27,876,301	5
Financial liabilities at fair value through profit or loss (Note 8)	1,008,165	-	441,337	-
Bills and bonds sold under repurchase agreements (Note 24)	180,156,757	31	187,952,616	33
Payables (Note 25)	3,272,901	1	2,467,406	-
Current tax liabilities	112,306	-	238,572	-
Deposits and remittances (Notes 26 and 43)	293,164,986	51	259,379,425	45
Bank debentures payable (Note 27)	13,600,000	3	15,000,000	3
Other financial liabilities (Note 28)	5,156,808	1	20,580,832	4
Provisions (Notes 14, 29 and 30)	1,872,637	-	2,076,334	-
Lease liabilities (Note 20)	432,826	-	350,370	-
Deferred tax liabilities (Note 40)	628,178	-	830,510	-
Other liabilities (Note 31)	500,360	-	2,719,579	-
Total liabilities	523,333,568	91	519,913,282	90
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,339,923	5	27,330,063	5
Preferred stock	2,990,140	-	3,000,000	1
Total capital	30,330,063	5	30,330,063	6
Capital surplus	13,652	-	6,734	-
Retained earnings				
Legal reserve	4,341,816	1	3,729,690	1
Special reserve	634,610	-	797,783	-
Unappropriated earnings	5,469,437	1	2,040,419	-
Total retained earnings	10,445,863	2	6,567,892	1
Other equity	(3,050,502)	(1)	(485,479)	-
Treasury stock	(16,837)	-	(38,304)	-
Total equity attributable to owners of the Bank	37,722,239	6	36,380,906	7
NON-CONTROLLING INTERESTS	16,287,325	3	18,786,481	3
Total equity (Note 32)	54,009,564	9	55,167,387	10
TOTAL	$ 577,343,132	100	$ 575,080,669	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INTEREST REVENUE (Notes 33 and 43)	$ 9,347,757	77	$ 6,830,219	73	37
INTEREST EXPENSE (Notes 33 and 43)	(4,766,262)	(39)	(2,170,292)	(23)	120
NET INTEREST	4,581,495	38	4,659,927	50	(2)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 34 and 43)	2,349,341	19	2,458,570	26	(4)
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 36)	3,899,414	32	851,498	9	358
Realized gains on financial assets at fair value through other comprehensive income (Note 37)	153,972	1	410,622	5	(63)
Foreign exchange gain (loss), net	(2,402,766)	(20)	619,970	7	(488)
Reversal of impairment loss on assets	7,909	-	3,486	-	127
Share of profit of associates accounted for using equity method (Notes 17 and 42)	3,334,489	28	94,846	1	3,416
Other net revenue other than interest (Note 43)	196,965	2	215,893	2	(9)
Total net revenue other than interest revenue	7,539,324	62	4,654,885	50	62
NET REVENUE	12,120,819	100	9,314,812	100	30
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	(608,103)	(5)	(553,924)	(6)	10

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Notes 37 and 42)	$ 2,986,679	25	$ 2,745,513	30	9
Depreciation and amortization expenses (Note 38)	623,209	5	637,957	7	(2)
Other general and administrative expenses (Notes 39 and 42)	1,285,602	10	1,138,450	12	13
Total operating expenses	4,895,490	40	4,521,920	49	8
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	6,617,226	55	4,238,968	45	56
INCOME TAX EXPENSE (Note 40)	808,871	7	1,034,348	11	(22)
INCOME FROM CONTINUING OPERATIONS	5,808,355	48	3,204,620	34	81
LOSS FROM DISCONTINUED OPERATIONS (Note 15)	-	-	(4,697)	-	100
NET PROFIT FOR THE YEAR	5,808,355	48	3,199,923	34	82
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 30)	55,366	-	(3,166)	-	1,849
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(929,852)	(8)	814,893	9	(214)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	$ (19,864)	-	$ -	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 40)	(6,693)	-	148	-	(4,622)
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	(901,043)	(8)	811,875	9	(211)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	1,284,555	11	(296,477)	(3)	533
Losses from investments in debt instruments measured at fair value through other comprehensive income	(5,918,474)	(49)	(1,459,302)	(16)	306
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 40)	352,545	3	166,687	2	112
Components of other comprehensive loss that will be reclassified to profit or loss, net of tax	(4,281,374)	(35)	(1,589,092)	(17)	169
Other comprehensive loss for the year, net of tax	(5,182,417)	(43)	(777,217)	(8)	567
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 625,938	5	$ 2,422,706	26	(74)
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 5,034,471	42	$ 1,840,842	20	173
Non-controlling interests	773,884	6	1,359,081	14	(43)
	$ 5,808,355	48	$ 3,199,923	34	82

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 2,259,593	19	$ 1,497,197	16	51
Non-controlling interests	(1,633,655)	(14)	925,509	10	(277)
	$ 625,938	5	$ 2,422,706	26	(74)
EARNINGS PER SHARE (Note 41)					
From continuing and discontinued operations					
Basic	$1.80		$0.63		
Diluted	$1.62		$0.57		
From continuing operations					
Basic	$1.80		$0.63		
Diluted	$1.62		$0.57		

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 32)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stocks	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	-	-	-	363	-	-	-	-	-	-	-	363	1,023	1,386
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(836,921)	(836,921)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	1,840,842	1,840,842	-	-	-	1,840,842	1,359,081	3,199,923
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(2,594)	(2,594)	(248,513)	(92,538)	-	(343,645)	(433,572)	(777,217)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	1,838,248	1,838,248	(248,513)	(92,538)	-	1,497,197	925,509	2,422,706
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	202,172	202,172	-	(202,172)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	27,330,063	3,000,000	30,330,063	6,734	3,729,690	797,783	2,040,419	6,567,892	(946,067)	460,588	(38,304)	36,380,906	18,786,481	55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings														
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616	1,072	1,688
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471	773,884	5,808,355
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)	(2,407,539)	(5,182,417)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593	(1,633,655)	625,938
Common shares converted from convertible shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-	-	-
BALANCE AT DECEMBER 31, 2022	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,652	$ 4,341,816	$ 534,610	$ 5,469,437	$ 10,445,863	$ 165,887	$ (3,216,389)	$ (16,837)	$ 37,722,239	$ 16,287,325	$ 54,009,564

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 6,617,226	$ 4,238,968
Loss from discontinued operations before tax	-	(4,697)
Adjustments for:		
Depreciation expense	343,952	359,168
Amortization expense	279,257	281,967
Expected credit losses/recognition of provisions	600,194	550,438
Share-based payment arrangements	8,423	-
Net gain on financial assets or liabilities at fair value through profit or loss	(3,899,414)	(862,473)
Interest expense	4,766,262	2,170,292
Interest revenue	(9,347,757)	(6,830,219)
Dividend income	(462,266)	(250,765)
Share of profit of associates accounted for using equity method	(3,334,489)	(94,846)
Loss (gain) on disposal of property and equipment	4,710	(231)
Loss (gain) on disposal of investments	308,294	(159,857)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	526,228	724,820
Financial assets at fair value through profit or loss	10,254,007	11,007,217
Financial assets at fair value through other comprehensive income	29,676,220	(18,548,806)
Investment in debt instruments at amortized cost	(25,661,361)	-
Bills and bonds purchased under resell agreements	1,412,109	(631,226)
Receivables	(520,532)	(5,349,722)
Discounts and loans	(32,198,962)	10,517,050
Deposits from the Central Bank and other banks	(4,448,657)	(603,454)
Financial liabilities at fair value through profit or loss	566,828	(348,961)
Bills and bonds sold under repurchase agreements	(7,795,859)	6,786,790
Payables	(35,274)	(169,006)
Deposits and remittances	33,785,561	(8,340,247)
Provisions	4,016	(18,494)
Cash generated from (used in) operations	1,448,716	(5,576,294)
Interest received	8,775,223	6,951,157
Dividends received	497,786	261,363
Interest paid	(4,118,272)	(2,354,341)
Income taxes paid	(795,671)	(808,793)
Net cash flows generated from (used in) operating activities	5,807,782	(1,526,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries (Note 42)	(2,540,264)	-
Acquisition of property and equipment	(128,890)	(97,062)
Proceeds from disposal of property and equipment	59,600	3,102
Increase in refundable deposits	(99,334)	(197,383)
Acquisition of intangible assets	(50,212)	(35,324)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of intangible assets	$ 34,276	$ -
Decrease in other financial assets	90,905	536,523
Increase in other assets	(206,762)	(42,131)
Net cash flows (used in) generated from investing activities	(2,840,681)	167,725
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,234,630	546,107
Increase in commercial papers	-	436,540
Decrease in commercial papers	(2,976,269)	-
Proceeds from issuing bank debentures	1,100,000	1,500,000
Repayments of bank debentures	(2,500,000)	(2,900,000)
Proceeds from long-term borrowings	6,113,689	6,700,165
Repayments of long-term borrowings	(5,010,824)	(4,627,940)
Repayments of the principal portion of lease liabilities	(138,845)	(178,417)
Increase in other financial liabilities	568,543	-
Decrease in other financial liabilities	-	(533,398)
Increase in other liabilities	-	470,024
Decrease in other liabilities	(432,016)	-
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	(3,834,605)	(96,794)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	894,464	(251,471)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,960	(1,707,448)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,198,196	16,905,644
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 15,225,156	$ 15,198,196

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2022 and 2021:

	December 31	
	2022	**2021**
Cash and cash equivalents reported in the consolidated balance sheets	$ 6,414,978	$ 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	8,195,724	2,865,016
Other items qualifying for cash and cash equivalents under the definition of IAS 7	614,454	553,794
Cash and cash equivalents at the end of the year	$ 15,225,156	$ 15,198,196

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

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 (the "FSC") accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

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

As of December 31, 2022, the Bank has eight main department-level units - Financial Business Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, Audit Department. It also has Operating Segment, Neihu branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

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

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

As of December 31, 2022 and 2021, the Bank and its subsidiaries (the "Group") had 1,374 and 1,545 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 14, 2023.

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

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

Initial application of the IFRSs endorsed and issued into effect by the FSC did not have a 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 will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were 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 issued 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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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

(Concluded)

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 IFRSs 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

Principles for preparing consolidated financial statements

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

Refer to Note 16, Table 3 and Table 4 for the list of main business activities and ownership percentages of subsidiaries.

Foreign Currencies

In preparing the Group's consolidated financial statements, transactions in currencies other than the Group's functional currency (i.e. foreign currencies) are recognized at the amount in original currency.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Bank (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Bank) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but does not control or joint control such policies.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Bank's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Bank continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's financial statements only to the extent of interests in the associate that are not related to the Bank.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

   1) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the investment in debt instruments at FVTOCI criteria.

      Financial assets are designated as FVTPL in the original recognition. If it can eliminate or significantly reduce the measurement or recognition inconsistency.

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 47.

   2) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

      Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

      Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

      a) Purchased or originated credit impaired financial asset, for which interest revenue is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

      b) Financial assets that are not initially credit impaired or not credit impaired when purchased but subsequently become credit impaired, for which the interest revenue is calculated by applying the effective interest rate to the amortized cost of such financial assets.

A financial asset is credit impaired when one or more of the following events have occurred:

a) Significant financial difficulty of the issuer or the borrower;

b) Breach of contract, such as a default;

c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounts and loans and receivables), investments in debt instruments that are measured at FVTOCI, lease receivables.

The Group’s policy is to always recognize lifetime expected credit losses (ECLs) on trade receivables and lease receivables. For all other financial instruments, the Group will recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group will measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses calculated by using the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the group):

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the FSC, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as noteworthy, substandard, having highly doubtful collectability and uncollectable, on the basis of the customers' financial position, a valuation of the respective collateral and the length of time in which the principal repayments or interest payments have become overdue.

The Bank made minimum provisions of 1%, 2%, 10%, 50% and 100% for credit assets deemed to be uncollectable, to have highly doubtful collectability, to be substandard, to be noteworthy and to have sound credit (excluding assets that represent claims against an ROC government agency), respectively.

Furthermore, the Bank should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

In addition to valuating impairment loss of receivables and recognizing allowance or bad debts under IFRS 9, China Bills Finance Corporation (CBF) will evaluate impairment loss, under the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authorities and the CBF's provision procedures, and recognize the higher of allowance of and debts between the above regulations expect.

The Group shall determine the unrecoverable claims and write them off after reporting them to the Board for approval.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Bank's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 47.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group are subsequently measured at the higher of:

a) The amount of the loss allowance determined in accordance with IFRS 9; and

b) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” and “Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt” as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses; and the amount initially recognized less the cumulative amortization.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, are cancelled or expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Modification of financial instruments

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Non-performing Loans

Under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans issued by the FSC, loans and other credits (including accrued interests) that remain unpaid as they fall due are transferred to non-performing loans, if the transfer is approved by the Board.

Under the "Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" issued by the FSC, receivables and the balances of guaranteed and endorsed credits that are unpaid within six months after maturity are transferred to non-accrual loans.

Non-performing loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

Bills and bonds purchased under agreements to resell and bills and bonds sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest revenue or interest expenses over the term of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Except of freehold land without depreciated, depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the assets' estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset, which is measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provision.

Revenue Recognition

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Group that are classified as non-performing loans. The interest revenue on those loans and credits is recognized upon collection.

Revenue from brokering is recognized when the earnings process has been completed.

Dividend income from investments is recognized on the shareholders' right to receive payment. The premise is that the economic benefits related to the transaction. They are likely to flow into the Group and the amount of income can be reliably measured it.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.
Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. The net defined benefit assets shall not exceed the present value with the refund withdrawal from the plan or the reduction of future withdrawals.

c. Staff preferential deposit

   The Bank provides preferential deposit account for employees, which are used to pay fixed preferential deposits for current employees. The effect of the difference between the interest rate of these preferential deposits and the market interest rate is treated as employee benefits.

Share-based Payment Arrangements

The fair value at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The payment is recognized as an expense in full at the grant date if vested immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and Cash Equivalents

The cash and cash equivalent items in the consolidated balance sheet include cash on hand, demand deposits, and short-term and highly liquid investments that can be converted into fixed amount of cash at any time. They have little risk of change in value. For the consolidated statements of cash flows, the cash and cash equivalents account refer to the accounts in the consolidated balance sheets titled cash and cash equivalents, due from the Central Bank and call loans to banks, and call loans to securities firms that meet the definition of cash and cash equivalents in IAS 7 "Statement of Cash Flows" endorsed and issued into effect by the FSC.

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

	December 31	
	2022	2021
Cash on hand and petty cash	$ 137,007	$ 83,873
Checking for clearing	198,196	75,133
Due from banks	6,079,775	11,620,380
	$ 6,414,978	$ 11,779,386

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

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

	December 31 2022	December 31 2021
Reserves for deposits - Type A	$ 1,325,922	$ 2,921,318
Reserves for deposits - Type B	5,907,742	5,166,200
Due from Central Bank - Financial	2,003,091	2,001,086
Call loans to banks	8,502,951	2,865,016
Others	46,084	27,690
	$ 17,785,790	$ 12,981,310

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 INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	December 31 2021
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include assets swap contracts)	$ 8,493,617	$ 11,103,311
Structured debt	-	557,116
	8,493,617	11,660,427
Derivative financial assets		
Currency swap contracts	764,815	211,885
Forward contracts	163,969	40,823
Interest rate swap contracts	18,252	5,528
Currency option contracts - call	19,851	4,630
Future exchange margins	24,710	-
Promised purchase contracts	26,010	-
	1,017,607	262,866
Non-derivative financial assets		
Commercial paper contracts	98,472,477	95,940,011
Negotiable certificates of deposit	35,244,589	42,434,758
Stocks and beneficiary certificates	1,622,397	1,601,385
	135,339,463	139,976,154
	$ 144,850,687	$ 151,899,447
Held-for-trading financial liabilities		
Derivative financial instruments		
Currency swap contracts	$ 622,379	$ 273,190
Forward contracts	133,419	62,885
Interest rate swap contracts	18,375	9,311
Currency option contracts - put	14,486	4,289
Promised purchase contracts	-	40,404
	788,659	390,079

(Continued)

	December 31	
	2022	2021
Non-derivative financial liabilities		
When-issued government bonds	$ -	$ 49,567
Commercial paper contracts	219,506	1,691
	219,506	51,258
	$ 1,008,165	$ 441,337

(Concluded)

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

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Interest rate swap contracts	$ 11,244,419	$ 14,010,914
Currency swap contracts	114,694,781	99,978,371
Forward contracts	30,015,167	10,506,426
Currency option contracts		
Buy	912,929	388,971
Sell	728,593	307,351
Promised purchase contracts	15,000,000	12,900,000

As of December 31, 2022 and 2021, financial assets at fair value through profit and loss under agreement to repurchase were in the face amount of $86,836,200 thousand and $78,572,100 thousand, respectively.

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Investments in equity instruments at FVTOCI	$ 1,968,197	$ 7,600,894
Investments in debt instruments at FVTOCI		
Government bonds	20,281,761	21,349,542
Bank debentures	26,254,996	34,596,305
Corporate bonds	76,558,979	86,613,703
Overseas government bonds	2,091,497	2,721,421
Mortgage backed securities	2,565,229	2,467,423

(Continued)

	December 31	
	2022	2021
Commercial paper contracts	$ 6,249,812	$ 6,384,497
Negotiable certificates of deposit	19,253,080	29,422,895
	$ 155,223,551	$ 191,156,680

(Concluded)

a. Investments in equity instruments at FVTOCI

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

The Group disposed stock classified as at FVTOCI for invested management purpose for the years ended December 31, 2022 and 2021. The fair value of stocks classified as at FVTOCI which had to be disposed of were $6,740,837 thousand and $2,118,890 thousand and the accumulated gain or loss related to the sold assets of $241,014 thousand loss and $202,172 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 $462,266 thousand and $250,765 thousand were recognized in profit or loss for the years ended December 31, 2022 and 2021. The dividends related to investments held at the end of 2022 and 2021 were $137,406 thousand and $216,430 thousand, respectively.

b. Investments in debt instruments at FVTOCI

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

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

3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $87,026,300 thousand and $99,219,428 thousand as of on December 31, 2022 and 2021, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AS AT AMORTIZED COST

	December 31, 2022
Government bonds	$ 8,453,740
Bank debentures	2,561,252
Corporate bonds	4,739,723
Overseas government bonds	913,609
Negotiable certificates of deposit	9,000,000
	25,668,324
Less: Allowance for impairment loss	(3,018)
	$ 25,665,306

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

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

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

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of December 31, 2022 and 2021, bonds and bills in the amounts of $3,951,998 thousand and $5,364,108 thousand respectively, had been purchased under resell agreements would subsequently be sold for $3,954,765 thousand and $5,365,201 thousand before February 2023 and February 2022, respectively. As of December 31, 2022 and 2021, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $3,144,400 thousand and $5,330,000 thousand, respectively.

12. RECEIVABLES, NET

	December 31	
	2022	2021
Lease payment receivable	$ -	$ 17,072,141
Factored receivable	1,477,269	1,568,952
Interest receivable	1,555,067	980,147
Accounts receivable	226,068	1,557,850
Investment settlements receivable	196,270	88,899
Acceptances receivable	121,272	84,266
Settlement accounts receivable - trusteeship	-	60,580
Others	162,162	145,595
	3,738,108	21,558,430
Less: Unrealized interest revenue	-	976,710
Allowance for credit losses	46,551	505,206
Receivables, net	$ 3,691,557	$ 20,076,514

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the years ended December 31, 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	19,595	(19,547)	(48)	-
To lifetime ECLs	(451,121)	451,121	-	-
To credit-impaired financial assets	(321)	(191,626)	191,947	-
New financial assets purchased or originated	19,391,228	666,774	1,492	20,059,494

(Continued)

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Derecognition of financial assets	$(18,704,708)	$ (102,245)	$ (50,679)	$(18,857,632)
Write-offs	-	(3,133)	(126,414)	(129,547)
Exchange rate or other changes	(17,424,825)	(260,285)	(230,817)	(17,915,927)
Balance at December 31, 2022	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Balance at January 1, 2021	$ 15,070,846	$ 86,938	$ 226,280	$ 15,384,064
Transfers				
To 12-month ECLs	6,718	(6,717)	(1)	-
To lifetime ECLs	(243,747)	243,747	-	-
To credit-impaired financial assets	(318)	(170,766)	171,084	-
New financial assets purchased or originated	23,168,363	35,373	2,017	23,205,753
Derecognition of financial assets	(17,755,198)	(49,206)	(95,119)	(17,899,523)
Write-offs	-	-	(51,147)	(51,147)
Exchange rate or other changes	(52,591)	(3,540)	(1,296)	(57,427)
Balance at December 31, 2021	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720

(Concluded)

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

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

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

13. DISCOUNTS AND LOANS, NET

	December 31	
	2022	2021
Short-term	$ 70,438,914	$ 61,988,195
Medium-term	111,528,492	87,064,663
Long-term	24,756,153	25,363,949
Export bill negotiated	-	91,416
Guaranteed overdraft	105,522	138,453
Overdue loans	668,187	649,859
	207,497,268	175,296,535
Less: Allowance for credit losses	3,184,296	2,568,946
	$ 204,312,972	$ 172,727,589

The changes in gross carrying amount on discounts and loans for the years ended December 31, 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	478,268	(433,204)	(45,064)	-
To lifetime ECLs	(2,580,395)	2,580,395	-	-
To credit-impaired financial assets	(62,692)	(78,158)	140,850	-
New financial assets purchased or originated	122,894,215	12,039,761	431,430	135,365,406
Derecognition of financial assets	(95,939,686)	(9,364,707)	(250,401)	(105,554,794)
Write-offs	-	-	(107,784)	(107,784)
Exchange rate or other changes	2,567,724	(81,420)	11,601	2,497,905
Balance at December 31, 2022	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Balance at January 1, 2021	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ 186,173,696
Transfers				
To 12-month ECLs	2,178,996	(2,175,684)	(3,312)	-
To lifetime ECLs	(1,837,260)	1,837,260	-	-
To credit-impaired financial assets	(124,116)	(10,627)	134,743	-
New financial assets purchased or originated	88,801,008	8,335,568	386,480	97,523,056
Derecognition of financial assets	(93,977,152)	(12,281,830)	(620,015)	(106,878,997)
Write-offs	-	-	(350,610)	(350,610)
Exchange rate or other changes	(790,643)	(371,835)	(8,132)	(1,170,610)
Balance at December 31, 2021	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535

The balance of the overdue loans of the Group as of December 31, 2022 and 2021 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $13,843 thousand and $21,641 thousand for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the Group wrote off credits only upon completing the required legal procedures.

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

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

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

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the years ended December 31, 2022 and 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, 2022	$ 270,996	$ 28,036	$ 190,494	$ 489,526	$ 15,680	$ 505,206
Transfers						
To 12-month ECLs	976	(976)	-	-	-	-
To lifetime ECLs	(9,536)	9,536	-	-	-	-
To credit-impaired financial assets	(197)	(62,509)	62,706	-	-	-
New financial assets purchased or originated	246,606	1,034	495	248,135	-	248,135
Derecognition of financial assets	(244,700)	(23,763)	(31,494)	(299,957)	-	(299,957)
Change in model or risk parameters	269	112,806	90,933	204,008	-	204,008
Difference between IFRS 9 and local requirements	-	-	-	-	1,377	1,377
Write-offs	-	(3,133)	(126,414)	(129,547)	-	(129,547)
Withdrawal after write-offs	-	-	5,762	5,762	-	5,762
Exchange rate or other changes	(261,192)	(59,926)	(167,423)	(488,541)	108	(488,433)
Balance at December 31, 2022	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551

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	13,687	(13,660)	(27)	-	-	-
To lifetime ECLs	(20,826)	20,826	-	-	-	-
To credit-impaired financial assets	(35,235)	(1,342)	36,577	-	-	-
New financial assets purchased or originated	288,894	23,191	105,279	417,364	-	417,364
Derecognition of financial assets	(217,132)	(46,515)	(70,763)	(334,410)	-	(334,410)
Change in model or risk parameters	44,343	(4,022)	77,494	117,815	-	117,815
Difference between IFRS 9 and local requirements	-	-	-	-	412,809	412,809
Write-offs	-	-	(107,784)	(107,784)	-	(107,784)
Withdrawal after write-offs	-	-	18,468	18,468	-	18,468
Exchange rate or other changes	11,243	3,751	374	15,368	75,720	91,088
Balance at December 31, 2022	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 121,611	$ 15,461	$ -	$ 137,072	$ 1,705,435	$ 1,842,507
Transfers						
To 12-month ECLs	2,414	(2,414)	-	-	-	-
New financial assets purchased or originated	(360)	360	-	-	-	-
Derecognition of financial assets	70,116	3,914	-	74,030	-	74,030
Change in model or risk parameters	(77,003)	(7,946)	-	(84,949)	-	(84,949)
Difference between IFRS 9 and local requirements	(14,414)	(881)	-	(15,295)	-	(15,295)
Withdrawal after write-offs	-	-	-	-	(132,825)	(132,825)
Exchange rate or other changes	-	-	-	-	22,783	22,783
	1,395	34	-	1,429	339	1,768
Balance at December 31, 2022	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019

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	15	(15)	-	-	-	-
To lifetime ECLs	(7,240)	7,240	-	-	-	-
To credit-impaired financial assets	(181)	(63,234)	63,415	-	-	-
New financial assets purchased or originated	60,806	18,739	270	79,815	-	79,815
Derecognition of financial assets	(2,540)	(70)	(79,571)	(82,181)	-	(82,181)
Change in model or risk parameters	203	39,698	53,523	93,424	-	93,424
Difference between IFRS 9 and local requirements	-	-	-	-	6,734	6,734
Write-offs	-	-	(51,147)	(51,147)	-	(51,147)
Withdrawal after write-offs	-	-	29,681	29,681	-	29,681
Exchange rate or other changes	(801)	(107)	(1,368)	(2,276)	(49)	(2,325)
Balance at December 31, 2021	$ 270,996	$ 28,036	$ 190,494	$ 489,526	$ 15,680	$ 505,206

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	60,664	(60,662)	(2)	-	-	-
To lifetime ECLs	(11,553)	11,553	-	-	-	-
To credit-impaired financial assets	(61,599)	(5,281)	66,880	-	-	-
New financial assets purchased or originated	164,073	22,718	67,406	254,197	-	254,197
Derecognition of financial assets	(273,884)	(53,561)	(218,053)	(545,498)	-	(545,498)
Change in model or risk parameters	(22,162)	301	303,470	281,609	-	281,609
Difference between IFRS 9 and local requirements	-	-	-	-	476,026	476,026
Write-offs	-	-	(350,610)	(350,610)	-	(350,610)
Withdrawal after write-offs	-	-	16,424	16,424	-	16,424
Exchange rate or other changes	(4,437)	(1,715)	(39)	(6,191)	(19,734)	(25,925)
Balance at December 31, 2021	$ 382,077	$ 108,320	$ 238,363	$ 728,760	$ 1,840,186	$ 2,568,946

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 131,948	$ 21,026	$ -	$ 152,974	$ 1,686,303	$ 1,839,277
Transfers						
To 12-month ECLs	2,833	(2,833)	-	-	-	-
New financial assets purchased or originated	94,994	5,976	-	100,970	-	100,970
Derecognition of financial assets	(100,365)	(5,770)	-	(106,135)	-	(106,135)
Change in model or risk parameters	(7,431)	(2,799)	-	(10,230)	-	(10,230)
Difference between IFRS 9 and local requirements	-	-	-	-	5,193	5,193
Withdrawal after write-offs	-	-	-	-	13,936	13,936
Exchange rate or other changes	(368)	(139)	-	(507)	3	(504)
Balance at December 31, 2021	$ 121,611	$ 15,461	$ -	$ 137,072	$ 1,705,435	$ 1,842,507

15. DISCONTINUED OPERATIONS

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

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

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

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

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

	For the Year Ended December 31, 2021
Interest revenue	$ 167
Interest expenses	-
Net interest	167
Net revenue other than interest	
Gain on financial assets and liabilities measured at fair value through profit or loss	10,975
Foreign exchange gain, net	-
Other net revenue (loss) other than interest	141
Total net revenue other than interest	11,116
Net revenue	11,283
Operating expenses	
Employee benefits expenses	7,951
Depreciation and amortization expense	3,178
Others general and administrative expenses	5,121
Total operating expenses	16,250
Income tax expense	-
Loss from discontinued operations before elimination	(4,967)
Elimination of transactions with related parties	270
Loss from discontinued operations	$ (4,697)
Loss from discontinued operations attributable to:	
Owners of the Bank	$ (4,685)
Non-controlling interests	(12)
	$ (4,697)
Net cash flows used in operating activities	$ (274)
Net cash flows generated from investing activities	55
Net cash flows used in financing activities	(2,790)
Effects of exchange rate changes on cash and cash equivalents	5,983
Net cash inflow (outflow)	$ 2,974

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Percentage of Ownership (%) December 31 2022	Percentage of Ownership (%) December 31 2021	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	Founded in 2006 in California	Yes
	IBT Leasing	Leasing	-	100.00	Founded in 2011 (Please refer to Note 17)	Yes
	IBTM	Investment consulting	100.00	100.00	Founded in 2000	Yes
	Chun Teng New Century Co., Ltd. (formerly known as IBTS)	Investment (former securities firm)	99.75	99.75	Founded in 1961 (Note 1)	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	Founded in 2014 (Note 2)	Yes
IBT Leasing	IBT International Leasing Corp.	Leasing	-	100.00	Founded in 2011 in mainland China (Note 3)	Yes
Chun Teng New Century Co., Ltd. (formerly known as IBTS)	IBTS Holding B.V.I. Limited (IBTSH)	Holding company	100.00	100.00	Founded in 2003 in the British Virgin Islands	Yes
IBTSH	IBTS Financial (HK) Limited	Investment	100.00	100.00	Founded in 2003 in Hong Kong	Yes
	IBTS Asia (HK) Limited	Securities and investment	100.00	100.00	Founded in 2004 in Hong Kong	Yes
IBTH	EverTrust Bank	Banking	91.78	91.78	Founded in 1994 in California	Yes

Note 1: Dissolved on November 11, 2016.

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

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

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

The summarized financial information below represents amounts before intragroup eliminations:

	December 31 2022	December 31 2021
CBF		
Equity attributable to:		
Owners of CBF	$ 6,234,894	$ 7,250,266
Non-controlling interests of CBF	15,743,106	18,306,919
	$ 21,978,000	$ 25,557,185

	For the Year Ended December 31	
	2022	2021
Net revenue	$ 1,645,023	$ 2,847,301
Net profit from continuing operations	$ 1,040,282	$ 1,857,666
Other comprehensive income (loss) for the year	(3,412,299)	(582,975)
Total comprehensive income for the year	$ (2,372,017)	$ 1,274,691
Profit attributable to:		
Owners of CBF	$ 295,115	$ 526,998
Non-controlling interests of CBF	745,167	1,330,668
	$ 1,040,282	$ 1,857,666
Total comprehensive income attributable to:		
Owners of CBF	$ (672,913)	$ 361,615
Non-controlling interests of CBF	(1,699,104)	913,076
	$ (2,372,017)	$ 1,274,691
Net cash inflow (outflow) from:		
Operating activities	$ 3,322,693	$ (1,536,468)
Investing activities	(6,678)	41,743
Financing activities	(3,313,055)	1,784,603
Net cash inflow	$ 2,960	$ 289,878
Dividends paid to non-controlling interests of CBF	$ 865,780	$ 836,921

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	December 31	
	2022	2021
Associates - Jih Sun IBT International Leasing Co.	$ 6,230,729	$ -
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,011,042	880,879
	$ 7,241,771	$ 880,879

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

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

Refer to Table 3 "Name, locations and other information of investees on which the Bank exercises significant influence" and Table 4 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

The financial information of the Bank's affiliates is as follows:

Jih Sun IBT International Leasing Co.

	December 31, 2022
Total assets	$ 76,183,569
Total liabilities	$ 66,645,612

	For the Year Ended December 31, 2022
Net profit for the year	$ 609,305
Total other comprehensive income for the year	$ 630,781

Beijing Sunshine Consumer Finance Co., Ltd.

	December 31	
	2022	2021
Total assets	$ 55,118,326	$ 51,554,378
Total liabilities	$ 50,049,146	$ 47,149,983

	For the Year Ended December 31	
	2022	2021
Net profit for the year	$ 598,891	$ 474,228
Total other comprehensive income for the year	$ 598,891	$ 474,228

18. OTHER FINANCIAL ASSETS

	December 31 2022	December 31 2021
Time deposits with original maturities more than 3 months	$ 76,807	$ 9,414
Pledged time deposits	-	232,100
Compensation account for payment	-	36,310
Call loans to securities corporation limited	614,454	553,794
Repurchase agreement margins	94,408	19,885
Others	-	24,230
	$ 785,669	$ 875,733

19. PROPERTY AND EQUIPMENT

	December 31 2022	December 31 2021
Carrying amounts of each class of		
Land	$ 781,970	$ 781,970
Buildings	1,193,110	1,239,222
Machinery and computer equipment	252,007	304,007
Transportation equipment	25,146	24,886
Office and other equipment	37,471	49,632
Lease improvement	85,501	125,143
Construction in progress and prepayments for equipment	29,930	20,190
	$ 2,405,135	$ 2,545,050

The movements of property and equipment for the years ended December 31, 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	-	283	36,297	16,765	10,590	20,579	44,376	128,890
Disposals and scrapped	-	-	(84,016)	(26,487)	(18,318)	(70,211)	(7,445)	(206,477)
Reclassification	-	-	(6,112)	50	3,283	11,910	(27,191)	(18,060)
Effect of foreign currency exchange differences	-	-	1,707	840	5,385	15,242	-	23,174
Balance at December 31, 2022	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
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	-	-	(66,189)	(18,998)	(12,970)	(44,010)	-	(142,167)
Depreciation expense	-	46,395	71,009	9,394	21,860	50,286	-	198,944
Other	-	-	(6,367)	-	(415)	-	-	(6,782)
Effect of foreign currency exchange differences	-	-	1,423	512	4,626	10,886	-	17,447
Balance at December 31, 2022	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Carrying amounts								
Balance at December 31, 2022	$ 781,970	$ 1,193,110	$ 252,007	$ 25,146	$ 37,471	$ 85,501	$ 29,930	$ 2,405,135

(Continued)

	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, 2021	$ 781,970	$ 1,905,429	$ 842,003	$ 80,683	$ 282,030	$ 393,822	$ 21,209	$ 4,307,146
Additions	-	744	35,674	5,860	7,684	16,365	30,735	97,062
Disposals and scrapped	-	-	(32,332)	(9,305)	(5,151)	(827)	-	(47,615)
Reclassification	-	-	11,823	60	584	2,289	(31,608)	(16,852)
Effect of foreign currency exchange differences	-	-	(934)	(300)	(1,565)	(4,458)	(146)	(7,403)
Balance at December 31, 2021	$ 781,970	$ 1,906,173	$ 856,234	$ 76,998	$ 283,582	$ 407,191	$ 20,190	$ 4,332,338
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	-	-	(31,790)	(7,162)	(4,966)	(826)	-	(44,744)
Depreciation expense	-	46,380	69,177	10,302	22,928	53,627	-	202,414
Reclassification	-	-	(429)	-	429	-	-	-
Effect of foreign currency exchange differences	-	-	(724)	(137)	(1,237)	(2,863)	-	(4,961)
Balance at December 31, 2021	$ -	$ 666,951	$ 552,227	$ 52,112	$ 233,950	$ 282,048	$ -	$ 1,787,288
Carrying amounts								
Balance at December 31, 2021	$ 781,970	$ 1,239,222	$ 304,007	$ 24,886	$ 49,632	$ 125,143	$ 20,190	$ 2,545,050

(Concluded)

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

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

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Buildings	$ 416,289	$ 314,304
Machinery	588	-
Transportation equipment	1,457	16,967
Office equipment	1,790	1,667
	$ 420,124	$ 332,938

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 234,118	$ 66,793
Depreciation charge for right-of-use assets		
Buildings	$ 131,665	$ 144,909
Machinery	294	-
Transportation equipment	11,998	10,667
Office equipment	1,051	1,178
	$ 145,008	$ 156,754

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts	$ 432,826	$ 350,370

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	0.67%-5.13%	0.44%-5.70%
Machinery	1.36%	-
Transportation equipment	2.05%-2.17%	2.04%-6.00%
Office equipment	0.63%-4.42%	0.65%-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 March 2033. As of December 31, 2022 and 2021, refundable deposits paid under operating lease amounted to $24,849 thousand and $35,026 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 29,616	$ 20,037
Expenses relating to low-value asset leases	$ 6,643	$ 2,654
Total cash outflow for leases	$ (175,104)	$ (201,108)

21. INTANGIBLE ASSETS

	December 31	
	2022	2021
Carrying amounts of each class of		
Computer software	$ 643,769	$ 894,295
Goodwill	1,165,895	1,051,756
	$ 1,809,664	$ 1,946,051

The changes in of intangible assets for the years ended December 31, 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	50,212	-	-	50,212
Disposals	(85,748)	-	-	(85,748)
Reclassification	11,207	-	-	11,207
Effect of foreign currency exchange differences	7,532	114,139	740	122,411
Balance at December 31, 2022	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Amortization	279,257	-	-	279,257
Disposals	(51,472)	-	-	(51,472)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	5,944	-	740	6,684
Balance at December 31, 2022	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Carrying amounts				
Balance at December 31, 2022	$ 643,769	$ 1,165,895	$ -	$ 1,809,664

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2021	$ 2,376,821	$ 1,082,563	$ 6,960	$ 3,466,344
Additions	35,324	-	-	35,324
Disposals	(221)	-	-	(221)
Reclassification	17,501	-	-	17,501
Effect of foreign currency exchange differences	(2,353)	(30,807)	(200)	(33,360)
Balance at December 31, 2021	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Accumulated amortization and impairment				
Balance at January 1, 2021	$ 1,252,140	$ -	$ 6,960	$ 1,259,100
Amortization	281,967	-	-	281,967
Disposals	(221)	-	-	(221)
Reclassification	649	-	-	649
Effect of foreign currency exchange differences	(1,758)	-	(200)	(1,958)
Balance at December 31, 2021	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Carrying amounts				
Balance at December 31, 2021	$ 894,295	$ 1,051,756	$ -	$ 1,946,051

(Concluded)

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

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

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

22. OTHER ASSETS

	December 31	
	2022	2021
Refundable deposits	$ 759,006	$ 659,672
Life insurance cash surrender value	339,879	319,399
Prepayments	72,679	109,618
Others	187,412	201,023
	$ 1,358,976	$ 1,289,712

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2022	2021
Call loans from banks	$ 15,355,374	$ 25,107,334
Deposits from Chunghwa Post Co., Ltd.	5,000,000	-
Call loans from the Central Bank	3,072,270	2,768,967
	$ 23,427,644	$ 27,876,301

24. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2022	2021
Bills	$ 85,784,753	$ 78,017,892
Government bonds	15,869,712	21,680,879
Corporate bonds	59,111,195	66,112,201
Bank debentures	18,841,944	21,607,056
Beneficiary securities	549,153	534,588
	$ 180,156,757	$ 187,952,616
Date of agreements to repurchase	Before December 2023	Before August 2022
Amount of agreements to repurchase	$ 180,489,847	$ 188,018,898

25. PAYABLES

	December 31	
	2022	2021
Investment settlements payable	$ 153,613	$ 150,764
Settlement accounts payable - trusteeship	-	60,579
Acceptances	121,272	84,266
Accounts payable	48,380	132,720
Accrued interest	993,372	353,405
Accrued expenses	1,347,725	1,296,025
Collections payable	109,902	81,188
Factored payables	179,931	114,189
Checks for clearing	198,196	75,133
Others	120,510	119,137
	$ 3,272,901	$ 2,467,406

26. DEPOSITS AND REMITTANCES

	December 31	
	2022	2021
Deposits		
Checking	$ 5,717,211	$ 7,578,807
Demand	43,666,389	69,422,918
Time	226,765,043	163,221,744
Savings deposits	16,996,792	19,016,234
Export remittances	19,551	139,722
	$ 293,164,986	$ 259,379,425

27. BANK DEBENTURES PAYABLE

	December 31	
	2022	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
Subordinate bonds first issued in 2015; fixed 1.85% interest rate; maturity: December 29, 2022; interest paid annually and repayment of the principal at maturity	-	1,000,000
Subordinate bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000
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

(Continued)

	December 31	
	2022	2021
Subordinate bonds type A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	$ 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
Subordinate bonds type A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	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
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
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
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	-
	$ 13,600,000	$ 15,000,000

(Concluded)

28. OTHER FINANCIAL LIABILITIES

	December 31	
	2022	2021
Bank borrowings	$ 52,000	$ 12,569,012
Commercial papers payable	2,221,655	5,697,210
Principal of structured products	962,184	44,900
Funds obtained from the government - intended for specific types of loans	1,908,040	2,269,710
Repurchase agreement margins	12,929	-
	$ 5,156,808	$ 20,580,832

a. Bank borrowings

	December 31	
	2022	2021
Short-term borrowings	$ 52,000	$ 5,517,631
Long-term borrowings	-	7,051,381
	$ 52,000	$ 12,569,012

(Continued)

	December 31	
	2022	2021
Interest rate interval		
New Taiwan dollars	2.14%	1.00%-1.30%
U.S. dollars	-	1.51%-1.80%
Renminbi	-	4.05%-4.85%

(Concluded)

b. Commercial papers payable

	December 31	
	2022	2021
Commercial papers payable	$ 2,223,000	$ 5,700,000
Less: Unamortized discount	(1,345)	(2,790)
	$ 2,221,655	$ 5,697,210
Interest rate interval	1.50%-2.09%	0.30%-1.14%

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

	December 31	
	2022	2021
Funds obtained from the government - intended for specific types of loans	$ 1,908,040	$ 2,269,710

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

	December 31	
	2022	2021
Provisions for employee benefits	$ 164,618	$ 233,827
Provisions for losses on guarantees contracts	1,615,298	1,750,786
Provisions for losses on financing commitments	92,721	91,721
	$ 1,872,637	$ 2,076,334

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

30. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2022 and 2021 was recognized in the consolidated statements of comprehensive income in the total amounts of $76,175 thousand and $69,573 thousand, respectively.

Defined Benefit Plan

The defined benefit plans adopted by the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribution amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Bank has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 477,559	$ 541,439
Fair value of plan assets	(312,941)	(307,612)
Net defined benefit liabilities	$ 164,618	$ 233,827

Movement in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 566,114	$ (303,379)	$ 262,735
Service cost			
Current service cost	7,567	-	7,567
Net interest expense (income)	2,086	(1,517)	569
Recognized in profit or loss	9,653	(1,517)	8,136

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (3,754)	$ (3,754)
Changes in demographic assumptions	9,799	-	9,799
Changes in financial assumptions	(2,570)	-	(2,570)
Experience adjustments	(458)	-	(458)
Other	-	149	149
Recognized in other comprehensive income	6,771	(3,605)	3,166
Employer contributions	-	(18,569)	(18,569)
Benefits paid	(19,458)	19,458	-
Business paid	(5,127)	-	(5,127)
Other	(16,514)	-	(16,514)
Balance at December 31, 2021	$ 541,439	$ (307,612)	$ 233,827
Balance at January 1, 2022	$ 541,439	$ (307,612)	$ 233,827
Service cost			
Current service cost	8,088	-	8,088
Net interest expense (income)	2,309	(1,777)	532
Recognized in profit or loss	10,397	(1,777)	8,620
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,976)	(22,976)
Changes in financial assumptions	(28,680)	-	(28,680)
Experience adjustments	(3,710)	-	(3,710)
Recognized in other comprehensive income	(32,390)	(22,976)	(55,366)
Employer contributions	-	(12,824)	(12,824)
Benefits paid	(32,248)	32,248	-
Other	(9,639)	-	(9,639)
Balance at December 31, 2022	$ 477,559	$ (312,941)	$ 164,618

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rate(s)	1.38%	0.50%-0.63%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate(s)		
0.25% increase	$ (7,165)	$ (8,916)
0.25% decrease	$ 7,385	$ 9,207
Expected rate(s) of salary increase		
0.25% increase	$ 7,167	$ 8,877
0.25% decrease	$ (6,991)	$ (8,643)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plans for the next year	$ 13,051	$ 18,929
Average duration of the defined benefit obligation	7.9-8.5 years	8.7-9.0 years

31. OTHER LIABILITIES

	December 31	
	2022	**2021**
Guarantee deposits received	$ 179,781	$ 2,242,552
Advance revenue	53,746	59,158
Payable for custody	27,482	33,048
Receipts in suspense and pending settlement	116,753	266,004
Deferred revenue	114,343	109,030
Others	8,255	9,787
	$ 500,360	$ 2,719,579

32. EQUITY

a. Capital stock

	December 31	
	2022	2021
Number of stock authorized (in thousands)	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)		
Common stock	2,733,992	2,733,006
Preferred stock	299,014	300,000
Amount of stocks issued	$ 30,330,063	$ 30,330,063

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

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

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

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

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

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

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stocks 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 December 31, 2022, 986 thousand of preferred Series A shares has been converted into common stock.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)		
Treasury share transactions	$ 9,061	$ 3,193
Must be used to offset a deficit		
Exercised disgorgement	10	-
Unclaimed dividends	1,957	1,341
	1,967	1,341
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	2,624	2,200
	$ 13,652	$ 6,734

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

	December 31	
	2022	2021
Trading loss and default loss reserve	$ 133,955	$ 133,955
Employee transfer or placement expenditure related to financial technology development	15,176	15,902
Other equity deductions special reserves	485,479	-
According to the Bank's policy	-	647,926
	$ 634,610	$ 797,783

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

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

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

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

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

d. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting. For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 37.

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

The appropriations of earnings for 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 Year Ended December 31	
	2022	2021
Balance at January 1	$ (946,067)	$ (697,554)
Exchange differences arising on translating the financial statements of foreign operations	1,235,070	(280,110)
Income tax related to gains or losses arising on translating the financial statements of foreign operations	(123,116)	31,597
Balance at December 31	$ 165,887	$ (946,067)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 460,588	$ 755,298
Recognized during the period		
Unrealized loss - debt instruments	(3,234,967)	(801,597)
Unrealized gain (loss) - equity instruments	(878,191)	660,949
Tax effects	199,694	45,834
Loss allowance of debt instruments	(4,527)	2,276
Other comprehensive income recognized in the period	(3,917,991)	(92,538)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	241,014	(202,172)
Balance at December 31	$ (3,216,389)	$ 460,588

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 18,786,481	$ 18,696,870
Attribute to non-controlling interests		
Shares of profit for the year	773,884	1,359,081
Capital surplus	1,072	1,023
Exchange differences arising on translation of foreign entities	53,324	(13,738)
Unrealized valuation gains and losses on FVTOCI		
Debt instruments	(2,678,980)	(659,981)
Equity instruments	(73,189)	153,944
Tax effects	272,127	86,627
Actuarial profit and loss of defined benefit plans	19,179	(424)
Capital reduction of subsidiaries for cash received by non-controlling interest	(793)	-
Cash dividends distributed by subsidiary	(865,780)	(836,921)
Balance at December 31	$ 16,287,325	$ 18,786,481

g. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	**2021**
Number of shares at January 1	5,737	5,737
Increase during the year	(3,215)	-
Number of shares at December 31	2,522	5,737

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

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

33. NET INTEREST

	For the Year Ended December 31	
	2022	**2021**
Interest revenue		
Discounts and loans	$ 5,657,787	$ 3,906,226
Investments in securities	2,098,279	1,647,880
Installment sales and leases	1,175,802	1,123,081
Due from the Central Bank and call loans to banks	231,985	42,766
Others	183,904	110,266
	9,347,757	6,830,219
Interest expense		
Deposits	2,553,367	1,022,516
Deposits from the Central Bank and other banks	311,396	56,628
Bank debentures	272,574	303,664
Bills and bonds sold under repurchase agreements	1,167,635	429,084
Others	461,290	358,400
	4,766,262	2,170,292
	$ 4,581,495	$ 4,659,927

34. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2022	2021
Service fee income		
Guarantee business	$ 991,594	$ 1,137,545
Loan business	375,866	264,743
Underwrite business	465,949	515,301
Trust business	56,042	52,295
Lease business	351,496	332,113
Credit examining business	119,155	113,041
Import and export business	20,749	14,518
Factoring business	20,023	21,962
Insurance agent business	30,535	39,420
Others	75,995	99,704
	2,507,404	2,590,642
Service charge		
Others	158,063	132,072
	$ 2,349,341	$ 2,458,570

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

	For the Year Ended December 31	
	2022	2021
Realized gains or losses		
Bills	$ (63,007)	$ 130,350
Stocks and beneficiary certificates	(41,202)	398,192
Bonds	64,236	85,834
Derivatives	2,898,072	(753,856)
	2,858,099	(139,480)
Gains (losses) on valuation		
Bills	(276,140)	(21,488)
Stocks and beneficiary certificates	36,567	13,500
Bonds	(85,480)	27,628
Derivatives	283,375	342,550
	(41,678)	362,190
Interest revenue	1,082,993	628,788
	$ 3,899,414	$ 851,498

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

	For the Year Ended December 31	
	2022	2021
Realized income - debt instruments	$ (308,294)	$ 159,857
Dividend revenue	462,266	250,765
	$ 153,972	$ 410,622

37. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits		
Salaries and wages	$ 2,452,751	$ 2,246,789
Labor insurance and national health insurance	152,772	154,255
Others	296,651	266,385
Post-employment benefits		
Pension expenses	84,478	77,395
Pension benefits	27	689
	$ 2,986,679	$ 2,745,513

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

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1.00%	1.25%
Remuneration of directors	1.25%	2.50%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees	$ 53,625	$ 26,170
Remuneration of directors	$ 67,031	$ 52,339

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

The compensation of employees and remuneration of directors for 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:

	For the Year Ended December 31			
	2021		2020	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 26,170	$ -	$ 16,056	$ -
Remuneration of directors	52,339	-	32,111	-

There are no differences between the 2021 and 2020 actual amounts of compensation of employees and remuneration of directors paid and the 2021 and 2020 amount recognized in the annual consolidated financial statements.

The Board had been proposed compensation of employees and remuneration of directors for the year ended December 31, 2022 on March 14, 2023, were as follows:

	For the Year Ended December 31, 2022
Compensation of employees - cash	$ 53,625
Remuneration of directors	$ 67,031

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 Year Ended December 31	
	2022	2021
Property and equipment	$ 198,944	$ 201,932
Right-of-use assets	145,008	154,058
Intangible assets	279,257	281,967
	$ 623,209	$ 637,957

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Year Ended December 31	
	2022	2021
Taxation	$ 270,595	$ 223,347
Rental fees	21,339	14,248
Management fees	40,975	40,146
Computer operating and consulting fees	342,033	304,538
Entertainment fees	36,475	34,934
Professional services fees	122,582	107,322
Advertisement fees	57,613	55,143
Postage fees	78,053	79,359
Others	315,937	279,413
	$ 1,285,602	$ 1,138,450

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 Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 932,622	$ 857,233
Income tax on unappropriated earnings	13,385	681
Adjustment of prior years	(21,896)	(17,524)
	924,111	840,390
Deferred tax		
In respect of the current year	(115,240)	193,958
Income tax expense recognized in profit or loss	$ 808,871	$ 1,034,348

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 6,617,226	$ 4,238,968
Income tax expense calculated at the statutory rate	$ 1,753,826	$ 1,332,227
Realized gain on investment in equity instruments measured at fair value through other comprehensive income	(33,044)	61,816
Nondeductible expenses and tax-exempt income in determining taxable income	(910,041)	(408,277)
Tax credits for Foreign Income Source Tax Act	(163,968)	-
Unrecognized unused loss carryforwards	(82,977)	(14,275)
Unrecognized deductible temporary differences	89,600	(57,066)
Additional income tax under the Alternative Minimum Tax Act	18	32,671
Income tax on unappropriated earnings	13,385	681
Overseas income taxes	163,968	104,095
Adjustments for prior years' tax	(21,896)	(17,524)
Income tax expense recognized in profit or loss	$ 808,871	$ 1,034,348

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
Translation of foreign operations	$ (119,277)	$ 34,227
Remeasurement of defined benefit plans	(6,693)	148
Unrealized gains or losses on financial assets at FVTOCI	471,822	132,460
Income tax recognized in other comprehensive income	$ 345,852	$ 166,835

c. Deferred tax assets and liabilities

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 59,700	$ 17,926	$ -	$ 13,005	$ 90,631
Property and equipment	14,238	(3,609)	-	770	11,399
Exchange differences on translating the financial statements of foreign operations	141,621	-	(95,898)	(39,162)	6,561
Defined benefit plans	40,656	(6,800)	(6,693)	3,171	30,334
Allowance for bad debts	472,771	98,945	-	(119,704)	452,012
Provisions	51,068	35,370	-	-	86,438
Impairment of assets	460	(497)	-	37	-
Other	23,530	(5,549)	428,800	1,418	448,199
Unused loss carryforwards	96,699	(96,699)	-	-	-
	$ 900,743	$ 39,087	$ 326,209	$ (140,465)	$1,125,574
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 787,574	$ (79,918)	$ -	$ (102,765)	$ 604,891
Exchange differences on translating the financial statements of foreign operations	-	-	23,379	-	23,379
Other	42,936	(6)	(43,022)	-	(92)
	$ 830,510	$ (79,924)	$ (19,643)	$ (102,765)	$ 628,178

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 79,383	$ (19,547)	$ -	$ (136)	$ 59,700
Property and equipment	11,544	3,043	-	(349)	14,238
Exchange differences on translating the financial statements of foreign operations	107,396	-	34,226	-	141,622
Defined benefit plans	47,991	(6,522)	148	(961)	40,656
Allowance for bad debts	479,203	(2,747)	-	(2,983)	473,473
Provisions	58,468	(7,400)	-	-	51,068
Impairment of assets	5,286	(4,804)	-	(22)	460
Other	18,043	(6,686)	12,998	(825)	23,530
Unused loss carryforwards	88,573	7,423	-	-	95,996
	$ 895,887	$ (37,240)	$ 47,372	$ (5,276)	$ 900,743
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 618,067	$ 169,507	$ -	$ -	$ 787,574
Other	175,188	(12,789)	(119,463)	-	42,936
	$ 793,255	$ 156,718	$ (119,463)	$ -	$ 830,510

d. 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 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 Year Ended December 31	
	2022	**2021**
Basic earnings per share		
From continuing operations	$ 1.80	$ 0.63
From discontinued operations	-	-
Total basic earnings per share	$ 1.80	$ 0.63
Diluted earnings per share		
From continuing operations	$ 1.62	$ 0.57
From discontinued operations	-	-
Total diluted earnings per share	$ 1.62	$ 0.57

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	**2021**
Profit for the period attributable to owners of the Bank	$ 5,034,471	$ 1,840,842
Less: Declared preferred stock dividend	127,500	127,500
Earnings used in the computation of basic earnings per share	4,906,971	1,713,342
Less: Loss for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	-	(4,685)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 4,906,971	$ 1,718,027

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of common stocks in computation of basic earnings per share	2,730,822	2,727,269
Effect of potentially dilutive common stocks:		
Compensation of employees	6,982	3,782
Convertible preferred stock	299,265	300,000
	306,247	303,782
Weighted average number of common stocks in the computation of diluted earnings per share	3,037,069	3,031,051

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

42. DISPOSAL OF SUBSIDIARIES

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

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

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

b. Gain on disposal of subsidiaries

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

c. Net cash inflow on disposal of subsidiaries

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

43. RELATED PARTY TRANSACTIONS

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

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

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

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

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2022			
Associates	$ 32,061	$ 41	0.00-1.05
Others	9,274,633	91,361	0.00-6.93
	$ 9,306,694	$ 91,402	
For the year ended December 31, 2021			
Associates	$ 261	$ -	0.03-0.04
Others	10,555,219	53,679	0.00-6.29
	$ 10,555,480	$ 53,679	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2022				
Associates	$ 241,272	$ 241,272	$ 2,547	2.259-5.014
Others	672,000	672,000	6,578	1.954-2.293
	$ 913,272	$ 913,272	$ 9,125	
For the year ended December 31, 2021				
Others	$ 430,000	$ 430,000	$ 5,068	1.179

December 31, 2022

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

December 31, 2021

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

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

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

	For the Year Ended December 31	
	2022	2021
Others	$ 5	$ 14

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

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

	For the Year Ended December 31	
	2022	2021
Others	$ 5,600	$ 5,650

Other expenses are donations.

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

	For the Year Ended December 31	
	2022	2021
Others	$ 479	$ 552

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

6) Notes and bonds transaction - Cumulative transaction amount

	For the Year Ended December 31, 2022			
Related Party	**Purchases**	**Sales**	**Sales Under Repurchase Agreements**	**Purchases Under Resell Agreements**
Others	$ 48,754	$ -	$ -	$ -

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 391,262	$ 386,402
Post-employment benefits	6,021	14,454
Stock-based payments	6,360	-
	$ 403,643	$ 400,856

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

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

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

44. PLEDGED ASSETS

	December 31 2022	December 31 2021
Financial assets at FVTPL	$ 6,404,835	$ 3,900,978
Financial assets at FVTOCI	2,672,541	15,076,563
Investment in debt instruments at amortized cost	8,483,463	-
Receivables	-	629,434
Discounts and loans	7,032,245	7,780,357
Pledged time deposits	-	232,100
Compensation account for payment	-	36,310
	$ 24,593,084	$ 27,655,742

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

45. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31 2022	December 31 2021
Office decorating and contracts of computer software		
Amount of contracts	$ 60,613	$ 41,599
Payments for construction in progress and prepayments for equipment	29,930	20,190

46. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31 2022	December 31 2021
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	2,100,051	1,820,544
Financial assets	4,009,473	4,236,190
Receivables	64	27
Prepayments	9,409	1,222
Real estate	6,947,042	6,121,444
Structured products	62,781	45,854
Other assets	368	42
Total trust assets	$ 13,129,288	$ 12,225,423
Trust liabilities and capital		
Payables	$ 2,754	$ 1,787
Unearned receipts	1,268	1,180
Taxes payable	4,150	4,203
Guarantee deposits received	27,608	39,020
Other liabilities	984	981
Trust capital	12,903,294	12,024,438
Provisions and accumulated profit and loss	189,230	153,814
Total trust liabilities and capital	$ 13,129,288	$ 12,225,423

Income Statements of Trust Accounts

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Trust revenue		
Interest revenue	$ 9,078	$ 1,106
Rent revenue	116,862	109,739
Other revenue	1,929	3,280
	127,869	114,125
Trust expenses		
Management fees	(3,598)	(3,880)
Service charge	(10,245)	(13,480)
Tax	(14,131)	(14,114)
Other expenses	(12,808)	(12,672)
Income tax expense	(709)	(25)
	(41,491)	(44,171)
	$ 86,378	$ 69,954

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

Trust Property List

	December 31	
	2022	**2021**
Petty cash	$ 100	$ 100
Bank deposits	2,100,051	1,820,544
Stocks	257,680	228,378
Funds	2,824,681	3,468,761
Bonds	927,112	539,051
Land	6,134,471	5,302,344
Buildings	812,571	819,100
Receivables	64	27
Prepayments	9,409	1,222
Structured products	62,781	45,854
Other	368	42
	$ 13,129,288	$ 12,225,423

47. FINANCIAL INSTRUMENTS

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

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

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

	December 31			
	2022		**2021**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Investments in debt instruments at amortized cost	$ 25,665,306	$ 25,561,220	$ -	$ -
Financial liabilities				
Bank debentures payable	13,600,000	13,770,715	15,000,000	15,150,259

2) The fair value hierarchy

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

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

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

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

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

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

Item	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	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	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	-

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

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

a) Marking-to-market

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

i. Ensure the consistency and completeness of market data.

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

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

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

b) Marking-to-model

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

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

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (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 the financial instruments classified in Level 3

For the year ended December 31, 2022

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 9,979,347	$ 193,667	$ 835,903	$ 11,008,917
Recognition in profit or loss - financial assets at fair value through profit or loss	(78,869)	(52,260)	-	(131,129)
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	148,939	148,939
Purchases	2,450,800	226,341	6,000	2,683,141
Disposals	(4,842,901)	-	(147,568)	(4,990,469)
Transferred into Level 1 (Note)	-	(175,004)	-	(175,004)
Ending balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395

For the year ended December 31, 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	(28,903)	18,095	-	(10,808)
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	48,092	48,092
Purchases	16,714,300	43,949	12,000	16,770,249
Disposals	(15,802,700)	(203)	(48,713)	(15,851,616)
Other	-	(632)	-	(632)
Ending balance	$ 9,979,347	$ 193,667	$ 835,903	$ 11,008,917

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2022 and 2021, were consisted of $69,305 thousand in loss and $2,871 thousand in profit, respectively.

The Group had no significant transfers in Level 3 for the years ended December 31, 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

For the year ended December 31, 2022, 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. The Group had no significant transfers between Level 1 and Level 2 for the year ended December 31, 2022.

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

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2022 and 2021 would be as follows:

For the year ended December 31, 2022

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 972	$ (972)	$ -	$ -
Equity instruments	10%	19,274	(19,274)	92,047	(92,047)

For the year ended December 31, 2021

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,830	$ (1,830)	$ -	$ -
Equity instruments	10%	19,367	(19,367)	92,220	(92,220)

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.

December 31, 2022

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

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

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.

December 31, 2022

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

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

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset 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 Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
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

Note: Included non-cash financial collaterals.

48. FINANCIAL RISK MANAGEMENT

a. Overview

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

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is under the 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 the meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management scheme.

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

c. Credit risk

1) Sources and definition of credit risk

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

2) Strategy/objectives/policies and procedures

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

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, the Bank's credit risk management is carried out in accordance with the principle of risk diversification to minimize potential financial losses and optimize risk and rewards.

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

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

d) Credit risk management process:

i. Risk identification

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

ii. Risk measurement

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

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

ii) Portfolio management:

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

iii. Risk communication

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

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

iv. Risk monitoring

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

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

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

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

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

3) Credit risk management and framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Maximum exposure to credit risk

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

Off-balance Sheet Item	Maximum Exposure Amount	
	December 31, 2022	**December 31, 2021**
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 116,144,464	$ 149,267,289
Maximum exposure amounts	116,144,464	149,267,289
Loan commitments	62,895,729	47,740,121

7) Concentrations of credit risk exposure

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

On December 31, 2022 and 2021, the Group's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Financial intermediary	$ 85,682,579	28	$ 78,675,612	27
Real estate	58,474,313	19	57,361,927	20
Manufacturing	54,424,241	18	58,775,129	20

b) By counterparty

Credit Risk Profile by Industry Sector	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Private sector	$ 168,018,883	81	$ 139,529,652	80
Natural person	39,478,385	19	35,766,883	20

c) By geographical area

Credit Risk Profile by Industry Sector	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Domestic	$ 129,677,253	62	$ 116,051,668	66
Other Asia area	36,705,337	18	27,972,835	16
America	35,659,183	17	27,471,135	16

8) Credit quality and impairment assessment of financial assets

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

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

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

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

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

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

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

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

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

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

b) Credit risk management for investments in debt instruments

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

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

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

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	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 debt instrument investments by credit category were as follows:

	December 31	
Category	2022	2021
Performing	$ 184,108,502	$ 182,232,250
Doubtful	400,000	1,000,010
In default	-	-

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

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2022	$ 42,456	$ 5,218	$ 47,674
New financial assets purchased or originated	11,625	-	11,625
Derecognition of financial assets	(11,094)	(2,284)	(13,378)
Change in model or risk parameters	(5,946)	(1,453)	(7,399)
Exchange rates or others	1,865	-	1,865
Balance at December 31, 2022	$ 38,906	$ 1,481	$ 40,387

	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	16,548	-	16,548
Derecognition of financial assets	(13,925)	-	(13,925)
Change in model or risk parameters	(2,161)	(3,603)	(5,764)
Exchange rates or others	(554)	-	(554)
Balance at December 31, 2021	$ 42,456	$ 5,218	$ 47,674

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

December 31, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 3,023,921	$ 676,888	$ 37,299	$ -	$ 3,738,108
Allowance for credit losses	(3,222)	(1,105)	(25,059)	-	(29,386)
Difference of impairment loss under regulations	-	-	-	(17,165)	(17,165)
Net total	$ 3,020,699	$ 675,783	$ 12,240	$ (17,165)	$ 3,691,557

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ -	$ 207,497,268
Allowance for credit losses	(467,051)	(90,549)	(297,981)	-	(855,581)
Difference of impairment loss under regulations	-	-	-	(2,328,715)	(2,328,715)
Net total	$ 188,175,241	$ 17,347,659	$ 1,118,787	$ (2,328,715)	$ 204,312,972

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 of impairment loss under regulations	-	-	-	(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 of impairment loss under regulations	-	-	-	(1,840,186)	(1,840,186)
Net total	$ 160,902,781	$ 12,667,221	$ 997,773	$ (1,840,186)	$ 172,727,589

b) Credit analysis for marketable securities

December 31, 2022

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

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

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 December 31, 2022 and 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 December 31, 2022 and 2021, the liquidity reserve ratio was 46.54% and 46.81%, 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:

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

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
Deposits from 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

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

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

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

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.

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

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

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, commodity prices etc.) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

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

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

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

3) Market risk management organization and framework

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

b) Assets and Liabilities Committee: In charge of stipulating market risk management policy and monitoring the operating of market risk management. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the market risk management policy and the next year proposal of product parts quotas and annual stop-loss of the trading business expected to be submitted to Board.

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

	December 31					
	2022			2021		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 2,692	$ 12,790	$ 284	$ 1,684	$ 5,086	$ 365
Fair value risk resulting from interest rate	2,038	5,147	444	2,490	4,162	1,056
Fair value resulting from stock price	8,060	22,962	-	14,991	31,270	4,874

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 December 31, 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 before the end of June, 2023, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.

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

The following table contains details of all of the financial instruments held by the Group at December 31, 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	$ 1,505,554	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	768,068	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.
	$ 2,273,622	

7) Foreign currency rate risk information

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

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

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

	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
Investments accounted for using the 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)

f. Banking book interest rate risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

O-Bank

	For the Year Ended December 31			
	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)	$ 888,612	1.15	$ 852,282	1.12
Call loans to other banks	8,001,642	1.96	10,051,381	0.17
Due from the Central Bank	5,491,954	0.72	5,321,116	0.39
Financial assets at FVTPL	37,249,454	0.70	43,042,384	0.31
Bills and bonds purchased under resell agreements	192	0.24	10,235	0.09
Discounts and loans	178,470,922	2.64	156,824,702	1.90
Financial assets at FVTOCI	70,799,283	0.96	69,166,776	0.61
Financial assets at amortized cost	11,716,184	1.56	-	-
Receivables	1,259,282	2.19	1,056,555	1.49
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	19,258,679	1.09	17,992,124	0.35
Demand deposits	58,838,253	0.40	64,352,856	0.20
Time deposits	202,186,468	1.09	173,099,432	0.44
Bills and bonds sold under repurchase agreements	6,159,864	1.68	1,909,925	0.20
Bank debentures payable	14,290,685	1.91	15,273,973	1.99

China Bills Finance Corporation (CBF)

	For the Year Ended December 31			
	2022		2021	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (including certificate of deposit)	$ 811,375	0.10	$ 836,663	0.02
Call loans to banks	264,192	0.73	127,288	0.11
Financial assets at fair value through profit or loss - bonds and bills	94,630,559	0.74	99,956,081	0.38
FVTOCI - debt instruments	96,349,592	1.24	100,745,035	1.19
Financial instruments at fair value through profit or loss - hybrid financial assets	9,076,850	1.47	8,935,605	1.44
Investment in debt instruments at amortized cost	191,012	1.40	-	-
Securities purchased under resell agreements	4,674,231	0.37	6,411,458	0.17
Interest-bearing liabilities				
Call loans from other banks	13,841,460	0.88	9,077,356	0.24
Bank overdraft	1,680	0.77	955	1.50
Securities sold under repurchase agreements	164,406,330	0.65	178,797,692	0.24
Commercial paper payable	2,556,493	0.85	4,500,000	0.33

49. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

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

b. Capital assessment program

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

c. Capital adequacy ratio

O-Bank

Items \ Year			December 31, 2022 Standalone Capital Adequacy Ratio	December 31, 2022 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 27,276,219	$ 27,276,219
	Other Tier 1 capital		1,437,626	1,437,626
	Tier 2 capital		3,979,520	3,979,520
	Eligible capital		32,693,365	32,693,365
Risk-weighted assets	Credit risk	Standardized approach	210,297,034	210,297,034
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	9,922,725	9,922,725
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	5,461,463	5,461,463
		Internal model approach	-	-
	Total risk-weighted assets		225,681,222	225,681,222
Capital adequacy ratio			14.49%	14.49%
Ratio of common equity to risk-weighted assets			12.09%	12.09%
Ratio of Tier 1 capital to risk-weighted assets			12.72%	12.72%
Leverage ratio			7.80%	7.80%

Items \ Year			December 31, 2021 Standalone Capital Adequacy Ratio	December 31, 2021 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 27,505,405	$ 27,505,405
	Other Tier 1 capital		235,115	235,115
	Tier 2 capital		2,194,638	2,194,638
	Eligible capital		29,935,158	29,935,158
Risk-weighted assets	Credit risk	Standardized approach	184,900,099	184,900,099
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	9,483,113	9,483,113
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	9,171,150	9,171,150
		Internal model approach	-	-
	Total risk-weighted assets		203,554,362	203,554,362
Capital adequacy ratio			14.71%	14.71%
Ratio of common equity to risk-weighted assets			13.51%	13.51%
Ratio of Tier 1 capital to risk-weighted assets			13.63%	13.63%
Leverage ratio			7.99%	7.99%

Note 1: Eligible capital, risk-weighted assets total exposures are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks.”

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank's standalone and consolidated capital adequacy ratio shall not be lower than 10.5%. The ratio of Tier 1 capital shall not be lower than 8.5%. The ratio of common equity shall not be lower than 7.0%. Should any actual ratios be lower than the requirements, the central competent authority has the right to constrain the earnings distribution.

<u>China Bills Finance Corporation</u>

Items	**Year**	**December 31, 2022**	**December 31, 2021**
Eligible capital	Tier 1 capital	$ 21,523,754	$ 24,748,352
	Tier 2 capital	333,339	151,242
	Tier 3 capital	58,146	369,873
	Eligible capital	21,915,239	25,269,467
Risk-weighted assets	Credit risk	105,657,859	129,434,396
	Operational risk	4,605,970	4,062,412
	Market risk	53,767,610	66,290,668
	Total risk-weighted assets	164,031,439	199,787,476
Capital adequacy ratio (Note)		13.36%	12.65%
Ratio of Tier 1 capital to risk-weighted assets (Note)		13.12%	12.39%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.20%	0.08%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.04%	0.18%
Ratio of common shareholders' equity to total assets (Note)		6.47%	5.87%

Note: Formulas used were as follows:

1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets used in the calculation refers to all assets in the balance sheets.

3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

4) Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Bills Finance Companies" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Bills Finance Companies."

50. ASSET QUALITY, 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 2.

b. Concentration of credit extensions

December 31, 2022

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (telecommunications)	$ 7,472,591	19.81
2	B Company (real estate development)	4,106,536	10.89
3	C Company (unclassified other financial service)	3,258,090	8.64
4	D Company (unclassified other financial service)	2,946,000	7.81
5	E Company (other holding company)	2,509,837	6.65
6	F Company (glass and glass made products manufacturing)	2,495,115	6.61
7	G Company (other holding company)	2,397,388	6.36
8	H Company (other holding company)	2,193,282	5.81
9	I Company (non-hazardous waste treatment industry)	2,128,382	5.64
10	J Company (real estate development)	2,010,000	5.33

December 31, 2021

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (real estate development)	$ 6,256,678	17.20
2	B Company (real estate development)	3,973,750	10.92
3	F Company (glass and glass made products manufacturing)	3,404,716	9.36
4	C Company (unclassified other financial service)	3,311,005	9.10
5	K Company (real estate lease industry)	3,180,000	8.74
6	D Company (unclassified other financial service)	2,940,000	8.08
7	L Company (real estate development)	2,432,955	6.69
8	I Company (non-hazardous waste treatment industry)	2,226,820	6.12
9	M Company (manufacture of ready-mix concrete)	2,195,533	6.03
10	N Company (unclassified other financial service)	2,070,000	5.69

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)
December 31, 2022

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 161,086,901	$ 19,727,518	$ 17,766,308	$ 36,239,475	$ 234,820,202
Interest rate-sensitive liabilities	92,312,215	57,417,125	32,550,981	41,773,598	224,053,919
Interest rate-sensitive gap	68,774,686	(37,689,607)	(14,784,673)	(5,534,123)	10,766,283
Net worth					34,148,984
Ratio of interest rate-sensitive assets to liabilities					104.81%
Ratio of interest rate sensitivity gap to net worth					31.53%

December 31, 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	$ 152,300,462	$ 20,291,583	$ 18,349,678	$ 24,096,996	$ 215,038,719
Interest rate-sensitive liabilities	65,201,377	63,211,840	45,089,611	35,110,497	208,613,325
Interest rate-sensitive gap	87,099,085	(42,920,257)	(26,739,933)	(11,013,501)	6,425,394
Net worth					32,391,717
Ratio of interest rate-sensitive assets to liabilities					103.08%
Ratio of interest rate sensitivity gap to net worth					19.84%

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)
December 31, 2022

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,172,542	$ 26,403	$ 21,613	$ 1,900,035	$ 3,120,593
Interest rate-sensitive liabilities	2,235,135	674,590	75,064	1,108	2,985,897
Interest rate-sensitive gap	(1,062,593)	(648,187)	(53,451)	1,898,927	134,696
Net worth					104,988
Ratio of interest rate-sensitive assets to liabilities					104.51%
Ratio of interest rate sensitivity gap to net worth					128.30%

December 31, 2021

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,133,803	$ 21,691	$ -	$ 1,414,647	$ 2,570,141
Interest rate-sensitive liabilities	1,080,612	1,217,122	120,832	508	2,419,074
Interest rate-sensitive gap	53,191	(1,195,431)	(120,832)	1,414,139	151,067
Net worth					126,544
Ratio of interest rate-sensitive assets to liabilities					106.24%
Ratio of interest rate sensitivity gap to net worth					119.38%

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 Year Ended December 31, 2022	For the Year Ended December 31, 2021
Return on total assets	Before income tax	1.56	0.63
	After income tax	1.50	0.57
Return on equity	Before income tax	14.15	5.60
	After income tax	13.59	5.12
Net income ratio		55.54	33.40

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 years ended December 31, 2022 and 2021.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 273,295,197	$ 50,934,431	$ 23,848,323	$ 31,301,922	$ 29,335,816	$ 17,512,260	$ 120,362,445
Main capital outflow on maturity	320,137,975	21,909,078	35,212,611	69,786,020	50,936,725	63,573,718	78,719,823
Gap	(46,842,778)	29,025,353	(11,364,288)	(38,484,098)	(21,600,909)	(46,061,458)	41,642,622

December 31, 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	$ 252,962,571	$ 49,606,865	$ 13,769,195	$ 24,172,783	$ 31,312,899	$ 25,351,214	$ 108,749,615
Main capital outflow on maturity	290,582,062	22,516,947	28,684,600	58,640,450	41,329,378	69,994,808	69,415,879
Gap	(37,619,491)	27,089,918	(14,915,405)	(34,467,667)	(10,016,479)	(44,643,594)	39,333,736

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,070,231	$ 2,672,783	$ 752,403	$ 355,202	$ 376,849	$ 912,994
Main capital outflow on maturity	5,290,561	2,461,429	1,477,700	379,100	262,792	709,540
Gap	(220,330)	211,354	(725,297)	(23,898)	114,057	203,454

December 31, 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	$ 4,367,803	$ 1,828,104	$ 961,934	$ 405,965	$ 348,921	$ 822,879
Main capital outflow on maturity	4,496,465	1,915,031	1,073,733	646,113	332,035	529,553
Gap	(128,662)	(86,927)	(111,799)	(240,148)	16,886	293,326

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

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

Maturity Analysis of Overseas Branch's Assets and Liabilities (U.S. Dollars)
December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,711,882	$ 1,262,655	$ 204,457	$ 59,657	$ 35,173	$ 149,940
Main capital outflow on maturity	1,716,968	854,907	400,021	73,929	52,483	335,628
Gap	(5,086)	407,748	(195,564)	(14,272)	(17,310)	(185,688)

(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	$ 1,727,352	$ 1,110,761	$ 299,055	$ 42,184	$ 65,770	$ 209,582
Main capital outflow on maturity	1,718,524	792,860	400,188	197,111	94,077	234,288
Gap	8,828	317,901	(101,133)	(154,927)	(28,307)	(24,706)

China Bills Finance Corporation

a. Asset quality

Item / Period	December 31, 2022	December 31, 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	1,176,048	1,375,981
Actual provision for credit losses and reserve for losses on guarantees	1,382,077	1,382,077

b. The principal operation

Item / Period	December 31, 2022	December 31, 2021
Balance of guarantees and endorsement securities	$ 94,873,300	$ 112,558,100
Multiple of guarantees and endorsement securities to net worth	3.96	4.71
Short-term bills and bonds sold under repurchase agreement	$ 172,142,580	$ 187,122,588
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	7.18	7.83

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

d. Concentrations of credit extensions

(In %)

Item \ Period	December 31, 2022		December 31, 2021	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	18.72		19.28	
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	29.22	Finance and insurance industry	30.86
	Real estate industry	27.69	Real estate industry	26.65
	Manufacturing industry	18.02	Manufacturing industry	20.48

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

December 31, 2022

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 98,177	$ 9,099	$ 9,672	$ 87,351	$ 204,299
Interest rate-sensitive liabilities	180,224	2,071	1,082	-	183,377
Interest rate-sensitive gap	(82,047)	7,028	8,590	87,351	20,922
Net worth					21,978
Ratio of interest rate-sensitive assets to liabilities (%)					111.41
Ratio of interest rate sensitivity gap to net worth (%)					95.20

December 31, 2021

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 106,430	$ 12,173	$ 11,795	$ 94,735	$ 225,133
Interest rate-sensitive liabilities	197,818	2,719	115	-	200,652
Interest rate-sensitive gap	(91,388)	9,454	11,680	94,735	24,481
Net worth					25,557
Ratio of interest rate-sensitive assets to liabilities (%)					112.20
Ratio of interest rate sensitivity gap to net worth (%)					95.79

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

December 31, 2022

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 34,119	$ 58,322	$ 6,370	$ 3,753	$ -
	Bonds	424	802	2,729	5,919	87,351
	Due from banks	558	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,852	1,100	-	-	-
	Total	37,953	60,224	9,099	9,672	87,351
Cash provided by	Borrowing	11,230	276	-	-	-
	Securities sold under repurchase agreements	129,407	39,311	2,071	1,082	-
	Eligible capital	-	-	-	-	21,978
	Total	140,637	39,587	2,071	1,082	21,978
Net cash flows		(102,684)	20,637	7,028	8,590	65,373
Accumulated cash flows		(102,684)	(82,047)	(75,019)	(66,429)	(1,056)

December 31, 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	$ 49,705	$ 46,434	$ 6,962	$ 117	$ -
	Bonds	2,050	2,322	5,211	11,678	94,735
	Due from banks	255	-	-	-	-
	Call loans	300	-	-	-	-
	Securities purchased under resell agreements	4,864	500	-	-	-
	Total	57,174	49,256	12,173	11,795	94,735
Cash provided by	Borrowing	11,096	2,499	-	-	-
	Securities sold under repurchase agreements	145,214	39,009	2,719	115	-
	Eligible capital	-	-	-	-	25,557
	Total	156,310	41,508	2,719	115	25,557
Net cash flows		(99,136)	7,748	9,454	11,680	69,178
Accumulated cash flows		(99,136)	(91,388)	(81,934)	(70,254)	(1,076)

g. Matters requiring special notation

Causes	December 31, 2022	December 31, 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.

51. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2022

	January 1, 2022	Cash Inflow (Outflow)	None-cash Change		December 31, 2022
			Add Leasing	Other	
Bank debentures payable	$ 15,000,000	$ (1,400,000)	$ -	$ -	$ 13,600,000
Lease liabilities	350,370	(138,845)	179,402	41,899	432,826
Other financial liabilities	20,580,832	(70,231)	-	(15,353,793)	5,156,808
Other liabilities	2,719,579	(432,016)	-	(1,787,203)	500,360
	$ 38,650,781	$ (2,041,092)	$ 179,402	$(17,099,097)	$ 19,689,994

For the year ended December 31, 2021

	January 1, 2021	Cash Inflow (Outflow)	None-cash Change		December 31, 2021
			Add Leasing	Other	
Bank debentures payable	$ 16,400,000	$ (1,400,000)	$ -	$ -	$ 15,000,000
Lease liabilities	444,659	(178,417)	66,793	17,335	350,370
Other financial liabilities	18,102,763	2,521,474	-	(43,405)	20,580,832
Other liabilities	2,249,555	470,024	-	-	2,719,579
	$ 37,196,977	$ 1,413,081	$ 66,793	$ (26,070)	$ 38,650,781

52. OTHERS

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

53. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

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

1) Financing provided: None

2) Endorsement/guarantee provided: None

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

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

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

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

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

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

9) Sale of non-performing loans: None

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

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

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Bank exercises significant influence." - Table 3 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 4 (attached)

d. Business relationships and significant transactions among the Group: Table 5 (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 6 (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 year ended December 31, 2022							
Net interest							
From unaffiliated segment	$ 2,768,822	$ 955,614	$ 849,482	$ 9,157	$ (2,243)	$ 663	$ 4,581,495
From other segment	(934)	-	192	-	742	-	-
	$ 2,767,888	$ 955,614	$ 849,674	$ 9,157	$ (1,501)	$ 663	$ 4,581,495
Net revenue other than interest							
From unaffiliated segment	$ 6,257,260	$ 30,507	$ 457,951	$ 1,666,374	$ 160,421	$ -	$ 8,572,513
From other segment	38,828	-	(6,619)	(30,507)	6,711	(1,041,602)	(1,033,189)
	$ 6,296,088	$ 30,507	$ 451,332	$ 1,635,867	$ 167,132	$ (1,041,602)	$ 7,539,324
Income from continuing operation	$ 5,034,471	$ 348,818	$ 251,487	$ 1,040,298	$ 119,681	$ (986,400)	$ 5,808,355
Identifiable assets	$ 342,586,253	$ 25,819,384	$ -	$ 207,659,776	$ 1,376,403	$ (98,684)	$ 577,343,132
Depreciation and amortization	$ 520,908	$ 34,725	$ 60,339	$ 24,862	$ 2,936	$ (20,561)	$ 623,209
Capital expenditures	$ 87,525	$ 9,931	$ 29,657	$ 1,709	$ 68	$ -	$ 128,890
For the year ended December 31, 2021							
Net interest							
From unaffiliated segment	$ 2,210,773	$ 839,370	$ 852,804	$ 756,831	$ (165)	$ 314	$ 4,659,927
From other segment	(478)	-	59	-	3	416	-
	$ 2,210,295	$ 839,370	$ 852,863	$ 756,831	$ (162)	$ 730	$ 4,659,927
Net revenue other than interest							
From unaffiliated segment	$ 3,262,554	$ 71,150	$ 638,350	$ 2,120,519	$ 36,918	$ -	$ 6,129,491
From other segment	38,451	-	(12,977)	(30,049)	5,278	(1,475,309)	(1,474,606)
	$ 3,301,005	$ 71,150	$ 625,373	$ 2,090,470	$ 42,196	$ (1,475,309)	$ 4,654,885
Income from continuing operation	$ 1,840,842	$ 345,332	$ 564,818	$ 1,857,666	$ 26,206	$ (1,430,244)	$ 3,204,620
Identifiable assets	$ 298,609,018	$ 27,666,690	$ 19,804,517	$ 228,733,880	$ 261,932	$ 4,632	$ 575,080,669
Depreciation and amortization	$ 525,492	$ 47,718	$ 59,395	$ 12,759	$ 814	$ (8,221)	$ 637,957
Capital expenditures	$ 56,273	$ 448	$ 33,992	$ 6,270	$ 79	$ -	$ 97,062

TABLE 1

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and U.S. dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 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$ 197,261	91.78	US$ 197,261	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	25,451	1.02	25,451	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd	-	Financial asset at FVTPL	1,733	47,965	7.37	47,965	Note 2
	TaiRx Co., Ltd	-	Financial asset at FVTPL	433	16,098	0.48	16,098	Note 2
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	118,922	0.46	118,922	Notes 1, 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	25,768	2.41	25,768	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	8,113	2.17	8,113	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	212	16,634	0.32	16,634	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	500	31,315	0.45	31,315	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	400	14,360	0.18	14,360	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	116,480	4.67	116,480	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	127,755	3.81	127,755	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,861	0.55	10,861	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	46,118	3.09	46,118	
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	41,635	251,568	0.96	251,568	Notes 1, 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	634	122,250	0.79	122,250	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	97,346	7.81	97,346	Note 2
	Chipwell Tech Corporation	-	Financial asset at FVTPL	308	3,632	1.45	3,632	Note 2
	Biocontrol Gene Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	385	0.98	385	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,996	1.16	4,996	Note 2
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	51,961	1.38	51,961	
	Evergreen Steel Corp.	-	Financial asset at FVTPL	247	12,745	0.06	12,745	
	Otobrite Electronics Inc.	-	Financial asset at FVTPL	25	1,034	0.07	1,034	
	Apex Dynamics, Inc.	-	Financial asset at FVTPL	24	4,440	0.03	4,440	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	120	US$ 3,966	0.35	US$ 3,966	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	650	52,754	0.18	52,754	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	10,488	1.26	10,488	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	31,000	1.06	31,000	
	T-Conn Precision Corporation	-	Financial asset at FVTPL	11	614	0.03	614	
	Lin Bioscience, Inc.	-	Financial asset at FVTPL	6	1,042	0.01	1,042	
	BTL Inc.	-	Financial asset at FVTPL	10	854	0.04	854	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	212	16,602	0.32	16,602	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	500	31,315	0.45	31,315	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	18,000	19,072	2.46	19,072	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	4,488	0.06	4,488	

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

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

(Concluded)

TABLE 2

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2022					December 31, 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		$ 394,638	$ 86,004,278	0.46%	$ 1,319,937	334.47%	$ 403,576	$ 71,506,153	0.56%	$ 1,017,517	252.13%
	Unsecured		237,315	74,343,072	0.32%	1,162,592	489.89%	231,441	60,333,924	0.38%	866,270	374.29%
Consumer banking	Housing mortgage (Note 4)		18,941	10,929,538	0.17%	165,683	874.73%	-	13,360,217	-	200,760	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	2,511,881	-	31,202	-	-	1,931,948	-	26,515	-
	Other (Note 6)	Secured	2,823	4,353,546	0.06%	44,052	1,560.47%	-	5,235,713	-	52,704	-
		Unsecured	14,470	10,717,494	0.14%	159,842	1,104.64%	14,843	6,678,039	0.22%	133,907	902.16%
Total lending business			668,187	188,859,809	0.35%	2,883,308	431.51%	649,860	159,045,994	0.41%	2,297,673	353.56%
			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)			-	1,477,269	-	15,239	-	-	1,568,952	-	16,499	-

	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)	114,712	-	98,026	-
Total	114,712	-	98,026	-

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

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

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

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

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

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

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

(Continued)

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

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

(Concluded)

TABLE 3

O-BANK CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	44.48	$ 6,230,729	$ 4,554	156,193	-	156,193	44.48	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,001,042	115,816	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	6,168,856	295,294	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,119,382	260,893	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	280,939	13,373	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd.	Taipei City, Taiwan	Investment	100.00	798,896	72,377	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information Software Services Industry	0.50	1,593	-	300	-	300	0.50	
Non-financial institution										
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,609	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	4,393	-	244	-	244	2.18	

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 445,203 (US$ 14,491)	Note 2 c.	$ 61,445 (US$ 2,000)	$ -	$ -	$ 61,445 (US$ 2,000)	2.60	$	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	44,175 (RMB 10,000)	Note 2 c.	15,362 (US$ 500)	-	-	15,362 (US$ 500)	2.09		6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	239,871 (RMB 54,300)	Note 2 c.	61,445 (US$ 2,000)	-	-	61,445 (US$ 2,000)	2.18		4,393	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,417,510 (RMB 1,000,000)	Note 2 d.	883,502 (RMB 200,000)	-	-	883,502 (RMB 200,000)	20.00	115,816	1,011,042	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$138,252 (US$4,500) $883,502 (RMB200,000)	$138,252 (US$4,500) $883,502 (RMB200,000)	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 December 31, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 2,519,261 (US$ 82,000)	Note 2 d.	$ 1,622,159 (US$ 52,800)	$ 164,151 (US$ 5,343)	$ 1,786,310 (US$ 58,143)	$ - (Note 7)	100.00 (Note 7)	$ 338,416 (Notes 3 and 7)	$ -	$ 335,081 (RMB 75,853)
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,578,160 (US$ 800,000)	Note 2 c.	136,931 (US$ 4,457)	-	136,931 (US$ 4,457)			-		-
Shihlien Brine Huaian Co.	Production of glass materials	983,126 (US$ 32,000)	Note 2 c.	11,644 (US$ 379)	-	11,644 (US$ 379)			-		-

(Continued)

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
-	-	-

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 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 146,240 (US$ 4,760)	Note 2 c.	$ 2,212 (US$ 72)	$ -	$ -	$ 2,212 (US$ 72)	2.17	$ -	$ 1,161	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	232,088 (US$ 7,554)	Note 2 c.	13,026 (US$ 424)	-	-	13,026 (US$ 424)	1.63	-	6,839	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,145 (US$ 200)	Note 2 c.	215 (US$ 7)	-	-	215 (US$ 7)	2.17	-	113	-
Beauty Essential International, Ltd.	Cosmetic retailing	92,168 (US$ 3,000)	Note 2 c.	21,137 (US$ 688)	-	-	21,137 (US$ 688)	2.41	-	24,726	-
Meike information technology	Cosmetic retailing information technology	82,951 (US$ 2,700)	Note 2 c.	891 (US$ 29)	-	-	891 (US$ 29)	0.44	-	1,042	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,578,160 (US$ 800,000)	Note 2 c.	82,921 (US$ 2,699)	-	-	82,921 (US$ 2,699)	0.40	-	109,621	-
Shihlien Brine Huaian Co.	Production of glass materials	983,126 (US$ 32,000)	Note 2 c.	7,035 (US$ 229)	-	-	7,035 (US$ 229)	0.46	-	9,301	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	858,278 (RMB 194,290)	Note 2 c.	-	16,375 (US$ 533)	-	16,375 (US$ 533)	0.32	-	16,634	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$143,812 (US$4,681)	$143,812 (US$4,681)	$168,556 (Note 5)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,578,160 (US$ 800,000)	Note 2 c.	$ -	$ 142,944 (US$ 4,653)	$ -	$ 142,944 (US$ 4,653)	0.66	$ -	$ 184,588	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	983,126 (US$ 32,000)	Note 2 c.	-	9,937 (US$ 323)	-	9,937 (US$ 323)	0.75	-	11,782	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	858,278 (RMB 194,290)	Note 2 c.	-	16,375 (US$ 533)	-	16,375 (US$ 533)	0.32	-	16,602	-
IBT International Leasing Corp.	Leasing	2,519,261 (US$ 82,000)	Note 2 d.	374,817 (US$ 12,200)	-	374,817 (US$ 12,200)	-	-	5,489 (Notes 3 and 7)	-	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$169,256 (US$5,509)	$169,256 (US$5,509)	$479,338 (Note 5)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 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 Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shilien China Holding Co., Limited, Topping Cuisine 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 audited 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: The original investment is within the limit.

Note 6: 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 7: IBT Leasing Co., Ltd. holds 95% stock of IBT Tianjin International Leasing Corp. directly and 5% indirectly through IBT VII Venture Capital Co., Ltd. In April 2022, IBT Leasing Co., Ltd. acquired 5% equity of IBT Tianjin International Leasing Corp. held by IBT VII Venture Capital Co., Ltd., and the transfer amount was NT$156,264 thousand (equivalent to US$5,343 thousand). Before the transfer transaction is completed, the accumulated investment amount of IBT Tianjin International Leasing Corp., which included the investment profit and loss, is composed of 95% directly held by IBT Leasing Co., Ltd. and 5% indirectly through IBT VII Venture Capital Co., Ltd. After the completion of the transfer transaction, it is expressed as 100% held by IBT Leasing Co., Ltd. In December 2022, IBT Leasing Co., Ltd and Infinite Finance Co., Ltd merged. After the merger, Infinite Finance Co., Ltd directly held the entire equity of IBT Tianjin International Leasing Corp.

(Concluded)

TABLE 5

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 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 and IBTVC7	a	Deposits	$ 6,720	Note 3	-
		Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing, IBTVC7 and IBT Securities Co., Ltd.	a	Interest expense	934	Note 3	0.01
		IBTM and IBTVC7	a	Payables	3	Note 3	-
		IBTM, CBF and IBT Leasing	a	Other net revenue other than interest	38,828	Note 3	0.32
1	Chun Teng New Century	The Bank	b	Interest revenue	66	Note 3	-
		IBT Leasing	c	Other operating and administrative expenses	283	Note 3	-
2	IBTM	The Bank	b	Cash and cash equivalents	4,489	Note 3	-
		The Bank	b	Interest revenue	14	Note 3	-
		The Bank	b	Other operating and administrative expenses	758	Note 3	0.01
		The Bank	b	Lease interest expense	25	Note 3	-
		The Bank	b	Accounts receivable	2	Note 3	-
		IBTVC7	c	Consultancy service income	15,940	Note 3	0.13
		IBTVC7	c	Accounts receivable	5,430	Note 3	-
3	CBF	The Bank	b	Other operating and administrative expenses	30,681	Note 3	0.25
		The Bank	b	Lease interest expense	446	Note 3	-
4	IBTS Financial (HK) Limited	The Bank	b	Interest revenue	387	Note 3	-
5	IBTS Asia (HK) Limited	The Bank	b	Interest revenue	181	Note 3	-
6	IBTL	The Bank	b	Interest revenue	190	Note 3	-
		The Bank	b	Lease interest expense	192	Note 3	-
		The Bank	b	Other operating and administrative expenses	6,877	Note 3	0.06
		The Bank	b	Other net revenue other than interest	488	Note 3	-
		Chun Teng New Century	c	Other net revenue other than interest	283	Note 3	-
7	IBTVC7	The Bank	b	Cash and cash equivalents	2,231	Note 3	-
		The Bank	b	Interest revenue	9	Note 3	-
		The Bank	b	Accounts receivable	1	Note 3	-
		IBTM	c	Other operating and administrative expenses	15,940	Note 3	0.13
		IBTM	c	Payables	5,430	Note 3	-
8	IBT Securities Co., Ltd.	The Bank	b	Interest revenue	87	Note 3	-

(Continued)

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

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

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

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

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

(Concluded)

TABLE 6

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 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 consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

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

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

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