O-Bank and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, the consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the six months ended June 30, 2023 are as follows:

Allowance for Credit Losses of Loans

The Bank and its subsidiaries are 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 of 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 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 of guarantee obligations generated by financial guarantee contracts are evaluated, 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 requirement of "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 six months ended June 30, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" 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 six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 21, 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
(In Thousands of New Taiwan Dollars)

	June 30, 2023		December 31, 2022		June 30, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 7,958,646	1	$ 6,414,978	1	$ 11,908,794	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	20,328,940	4	17,785,790	3	15,870,195	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 44)	145,240,730	24	144,850,687	25	138,419,740	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 44 and 48)	160,447,332	27	155,223,551	27	167,518,164	29
INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 44 and 48)	26,870,632	5	25,665,306	5	9,537,498	2
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	2,182,640	-	3,951,999	1	4,464,163	1
RECEIVABLES, NET (Notes 12 and 14)	5,817,657	1	3,691,557	1	21,115,711	4
CURRENT TAX ASSETS	294,367	-	299,379	-	196,673	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 43 and 44)	218,849,687	36	204,312,972	35	196,802,143	34
INVESTMENT ACCOUNTED FOR THE USING EQUITY METHOD, NET (Note 17)	6,944,807	1	7,241,771	1	1,016,553	-
OTHER FINANCIAL ASSETS (Notes 18 and 44)	1,102,503	-	785,669	-	728,107	-
PROPERTY AND EQUIPMENT, NET (Notes 19 and 45)	2,401,188	1	2,405,135	1	2,506,229	1
RIGHT-OF-USE ASSETS, NET (Note 20)	436,864	-	420,124	-	333,718	-
INTANGIBLE ASSETS, NET (Note 21)	1,737,331	-	1,809,664	-	1,910,501	-
DEFERRED TAX ASSETS	986,018	-	1,125,574	-	1,205,468	-
OTHER ASSETS (Notes 20 and 22)	1,537,634	-	1,358,976	-	1,433,528	-
TOTAL	$ 603,136,976	100	$ 577,343,132	100	$ 574,967,185	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and other banks (Note 23)	$ 30,681,675	5	$ 23,427,644	4	$ 28,348,615	5
Financial liabilities at fair value through profit or loss (Note 8)	894,063	-	1,008,165	-	927,299	-
Bills and bonds sold under repurchase agreements (Note 24)	173,441,555	29	180,156,757	31	160,590,781	28
Payables (Note 25)	6,019,358	1	3,272,901	1	5,640,750	1
Current tax liabilities	293,104	-	112,306	-	304,167	-
Deposits and remittances (Notes 26 and 42)	316,788,594	53	293,164,986	51	291,836,714	51
Bank debentures payable (Note 27)	12,250,000	2	13,600,000	3	13,500,000	2
Other financial liabilities (Note 28)	3,410,872	1	5,156,808	1	17,854,770	3
Provisions (Notes 14, 29 and 30)	2,023,832	-	1,872,637	-	2,014,440	-
Lease liabilities (Note 20)	453,834	-	432,826	-	343,559	-
Deferred tax liabilities	699,017	-	628,178	-	881,091	-
Other liabilities (Note 31)	670,888	-	500,360	-	2,650,412	1
Total liabilities	547,626,792	91	523,333,568	91	524,892,598	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	27,339,923	5	27,339,923	5	27,339,923	5
Preferred stock	2,990,140	-	2,990,140	-	2,990,140	-
Total capital	30,330,063	5	30,330,063	5	30,330,063	5
Capital surplus	14,897	-	13,652	-	13,670	-
Retained earnings						
Legal reserve	5,789,200	1	4,341,816	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-	634,610	-
Unappropriated earnings	1,915,046	-	5,469,437	1	1,653,310	-
Total retained earnings	10,901,257	2	10,445,863	2	6,629,736	1
Other equity	(2,556,825)	(1)	(3,050,502)	(1)	(3,074,604)	-
Treasury stock	(16,837)	-	(16,837)	-	(16,837)	-
Total equity attributable to owners of the Bank	38,672,555	6	37,722,239	6	33,882,028	6
NON-CONTROLLING INTERESTS	16,837,629	3	16,287,325	3	16,192,559	3
Total equity (Note 32)	55,510,184	9	54,009,564	9	50,074,587	9
TOTAL	$ 603,136,976	100	$ 577,343,132	100	$ 574,967,185	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 33 and 43)	$ 3,370,094	135	$ 2,027,516	98	$ 6,417,552	126	$ 3,782,200	86
INTEREST EXPENSE (Notes 33 and 43)	(2,852,685)	(114)	(765,961)	(37)	(5,385,021)	(106)	(1,320,227)	(30)
NET INTEREST	517,409	21	1,261,555	61	1,032,531	20	2,461,973	56
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee revenue, net (Notes 34 and 43)	508,777	20	631,086	30	1,171,049	23	1,352,369	31
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 35)	1,685,881	67	1,430,469	69	2,989,406	59	2,264,913	52
Realized gains (losses) on financial assets at fair value through other comprehensive income (Note 36)	299,720	12	(30,011)	(1)	313,065	6	(10,928)	-
Foreign exchange loss, net	(599,912)	(24)	(1,344,805)	(65)	(588,675)	(12)	(1,942,167)	(45)
(Impairment losses) reversal of impairment loss on assets	(945)	-	6,130	-	(5,781)	-	6,591	-
Share of profit of associates and joint ventures accounted for the using equity method (Notes 17 and 42)	76,330	3	40,452	2	142,660	3	116,128	3
Other net revenue other than interest (Note 43)	15,261	1	83,760	4	31,799	1	126,801	3
Total net revenue other than interest revenue	1,985,112	79	817,081	39	4,053,523	80	1,913,707	44
NET REVENUE	2,502,521	100	2,078,636	100	5,086,054	100	4,375,680	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 14)	(142,096)	(5)	(136,597)	(7)	(215,643)	(4)	(180,409)	(4)
OPERATING EXPENSES								
Employee benefits expenses (Notes 30, 37 and 43)	718,605	29	695,048	33	1,409,065	28	1,389,295	32
Depreciation and amortization expenses (Note 38)	147,412	6	150,786	7	291,768	6	310,061	7
Other general and administrative expenses (Notes 39 and 43)	306,462	12	303,594	15	617,491	12	584,784	13
Total operating expenses	1,172,479	47	1,149,428	55	2,318,324	46	2,284,140	52

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	$ 1,187,946	48	$ 792,611	38	$ 2,552,087	50	$ 1,911,131	44
INCOME TAX EXPENSE (Note 40)	226,822	9	232,953	11	481,297	9	466,543	11
INCOME FROM CONTINUING OPERATIONS	961,124	39	559,658	27	2,070,790	41	1,444,588	33
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 15)	-	-	(3,329)	-	-	-	4,142	-
NET PROFIT FOR THE PERIOD	961,124	39	556,329	27	2,070,790	41	1,448,730	33
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Losses on remeasurements of defined benefit plans	-	-	-	-	(3,482)	-	-	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	31,124	1	(638,675)	(31)	156,240	3	(732,657)	(17)
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(2,281)	-	-	-	(767)	-	-	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 40)	-	-	-	-	697	-	-	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	28,843	1	(638,675)	(31)	152,688	3	(732,657)	(17)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	$ 148,998	6	$ 319,570	15	$ 63,844	1	$ 804,978	18
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 32)	(67,802)	(3)	(2,519,658)	(121)	892,839	18	(5,111,969)	(117)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 40)	24,118	1	118,558	6	(36,037)	(1)	281,464	7
Components of other comprehensive loss that will be reclassified to profit or loss, net of tax	105,314	4	(2,081,530)	(100)	920,646	18	(4,025,527)	(92)
Other comprehensive income (loss) for the period, net of income tax	134,157	5	(2,720,205)	(131)	1,073,334	21	(4,758,184)	(109)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 1,095,281	44	$ (2,163,876)	(104)	$ 3,144,124	62	(3,309,454)	(76)
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 759,419	31	$ 425,181	21	$ 1,497,880	30	$ 1,006,964	23
Non-controlling interests	201,705	8	131,148	6	572,910	11	441,766	10
	$ 961,124	39	$ 556,329	27	$ 2,070,790	41	$ 1,448,730	33
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Bank	$ 851,490	34	$ (1,168,213)	(56)	$ 2,114,111	42	$ (1,580,636)	(36)
Non-controlling interests	243,791	10	(995,663)	(48)	1,030,013	20	(1,728,818)	(40)
	$ 1,095,281	44	$ (2,163,876)	(104)	$ 3,144,124	62	$ (3,309,454)	(76)
EARNINGS PER SHARE (Note 41)								
From continuing and discontinued operations								
Basic	$0.23		$0.11		$0.50		$0.32	
Diluted	$0.21		$0.10		$0.45		$0.29	
From continuing operations								
Basic	$0.23		$0.11		$0.50		$0.32	
Diluted	$0.21		$0.10		$0.45		$0.29	

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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 Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 32)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906	$ 18,786,481	$ 55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings														
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	427	-	-	-	-	-	-	-	427	-	427
Unclaimed dividends	-	-	-	641	-	-	-	-	-	-	-	641	1,079	1,720
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the six months ended June 30, 2022	-	-	-	-	-	-	1,006,964	1,006,964	-	-	-	1,006,964	441,766	1,448,730
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	671,124	(3,258,724)	-	(2,587,600)	(2,170,584)	(4,758,184)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	1,006,964	1,006,964	671,124	(3,258,724)	-	(1,580,636)	(1,728,818)	(3,309,454)
Convertible preferred stock converted to ordinary shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(403)	(403)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	1,525	1,525	-	(1,525)	-	-	-	-
BALANCE AT JUNE 30, 2022	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,670	$ 4,341,816	$ 634,610	$ 1,653,310	$ 6,629,736	$ (274,943)	$ (2,799,661)	$ (16,837)	$ 33,882,028	$ 16,192,559	$ 50,074,587
BALANCE AT JANUARY 1, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 13,652	$ 4,341,816	$ 634,610	$ 5,469,437	$ 10,445,863	$ 165,887	$ (3,216,389)	$ (16,837)	$ 37,722,239	$ 16,287,325	$ 54,009,564
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-	-	-
Appropriation and distribution of 2022 earnings														
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	507	-	-	-	-	-	-	-	507	-	507
Unclaimed dividends	-	-	-	738	-	-	-	-	-	-	-	738	1,280	2,018
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Net profit for the six months ended June 30, 2023	-	-	-	-	-	-	1,497,880	1,497,880	-	-	-	1,497,880	572,910	2,070,790
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(640)	(640)	43,464	573,407	-	616,231	457,103	1,073,334
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	1,497,240	1,497,240	43,464	573,407	-	2,114,111	1,030,013	3,144,124
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	123,194	123,194	-	(123,194)	-	-	-	-
BALANCE AT JUNE 30, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 14,897	$ 5,789,200	$ 3,197,011	$ 1,915,046	$ 10,901,257	$ 209,351	$ (2,766,176)	$ (16,837)	$ 38,672,555	$ 16,837,629	$ 55,510,184

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 2,552,087	$ 1,911,131
Profit from discontinued operations before tax	-	4,142
Adjustments for:		
Depreciation expenses	150,115	172,938
Amortization expenses	141,653	138,531
Expect credit losses/recognition of provisions	221,424	173,818
Net gain on financial assets or liabilities at fair value through profit or loss	(2,989,406)	(2,251,610)
Interest expense	5,385,021	1,320,227
Interest revenue	(6,417,552)	(3,782,200)
Dividends income	(319,132)	(190,633)
Share-based payment arrangements	-	8,423
Share of profit of associates and joint ventures accounted for using equity method	(142,660)	(116,128)
Loss (gain) on disposal of property and equipment	(2,561)	22
Loss on disposal of investments	6,067	201,561
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(337,212)	(1,329,681)
Financial assets at fair value through profit or loss	1,982,793	15,322,438
Financial assets at fair value through other comprehensive income	(3,612,450)	18,376,848
Investment in debt instruments at amortized cost	(1,202,160)	(9,537,567)
Bills and bonds purchased under resell agreements	1,769,359	899,945
Receivables	(1,354,751)	(934,347)
Discounts and loans	(14,606,122)	(24,292,624)
Deposits from the Central Bank and other banks	7,254,031	472,314
Financial liabilities at fair value through profit or loss	(114,102)	485,962
Bills and bonds sold under repurchase agreements	(6,715,202)	(27,361,835)
Payables	586,773	990,762
Deposits and remittances	23,623,608	32,457,289
Provisions	724	31,312
Cash generated from operations	5,860,345	3,171,038
Interest received	5,954,155	3,719,358
Dividends received	340,748	103,343
Interest paid	(4,828,569)	(1,240,312)
Income taxes paid	(117,757)	(231,080)
Net cash flows generated from operating activities	7,208,922	5,522,347
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	26,657	-
Acquisitions of property and equipment	(84,550)	(64,764)
Proceeds from disposal of property and equipment	2,703	589
Increase in refundable deposits	(141,751)	(35,987)
Acquisitions of intangible assets	(49,777)	(18,173)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	**2022**
Decrease in other financial assets	$ 3,272	$ 188,411
Increase in other assets	(36,907)	(107,829)
Net cash flows used in investing activities	(280,353)	(37,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	28,000	-
Decrease in short-term borrowings	-	(179,907)
Decrease in commercial papers	(2,015,075)	(3,283,787)
Proceeds from issuing bank debentures	900,000	-
Repayments of bank debentures	(2,250,000)	(1,500,000)
Proceeds from long-term borrowings	-	3,870,596
Repayments of long-term borrowings	-	(3,132,841)
Repayment of the principal portion of lease liabilities	(67,157)	(76,699)
Increase in other financial liabilities	240,306	-
Decrease in other financial liabilities	-	(140,876)
Increase in other liabilities	170,528	-
Decrease in other liabilities	-	(69,167)
Transfer of treasury stock to employees	-	18,912
Net cash flows used in financing activities	(2,993,398)	(4,493,769)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	134,541	738,572
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,069,712	1,729,397
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	15,225,156	15,198,196
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 19,294,868	$ 16,927,593

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2023 and 2022:

	June 30	
	2023	**2022**
Cash and cash equivalents reported in the consolidated balance sheets	$ 7,958,646	$ 11,908,794
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	10,401,662	4,424,220
Other items qualifying for cash and cash equivalents under the definition of IAS 7	934,560	594,579
Cash and cash equivalents at the end of the period	$ 19,294,868	$ 16,927,593

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 (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 June 30, 2023, the Bank has eight main department level units - Financial Business Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, Internal Audit Department. It also has Operating 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 June 30, 2023, December 31, 2022 and June 30, 2022, the Bank and its subsidiaries (the “Group”) had 1,388, 1,374 and 1,649 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 21, 2023.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICIES

Statement of Compliance

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

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

Basis of Preparation

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

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

Principles for preparing consolidated financial statements

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

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

Other Material Accounting and Reporting Policies

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

a. Employee benefits

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

b. Income tax expense

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

c. Impairment of financial assets

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

   The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

   Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL 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.

   Impairment losses on all financial assets are reduced by means of a provision account, but the provision for losses on investments in debt instruments measured at fair value through other comprehensive income are recognized as other comprehensive income and loss and do not reduce their book value.

   Referring to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”, the Bank classifies the credit assets as normal credit assets according to the financial position of the debtor (excluding the ROC government), and after assessing whether there is a delay in the payment of principal and interest and whether the loans have adequate collaterals, the Bank further classifies credit assets into need attention, expect to recover, difficult to recover, and hopeless to recover.

For the above-mentioned normal credit (excluding the balance of claims against the ROC government), need attention, expect to recover, difficult to recover, and hopeless to recover, minimum provisions of 1%, 2%, 10%, 50%, and 100%, respectively, of the outstanding balance are made. In addition, the Bank recognizes provision of at least 1.5% of normal credit assets in mainland China (including short-term advances for trade finance) and loans for the purchase and repair of residential property and construction loans.

In addition to valuating the 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 recognize the higher of allowance of and bad debts between the above regulations and IFRS 9.

The Group writes off credits deemed uncollectable after the write-off is proposed and approved by the board of directors.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Loans and Financial Guarantee Contract

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and petty cash	$ 107,270	$ 137,007	$ 88,229
Checking for clearing	181,558	198,196	26,598
Due from banks	7,669,818	6,079,775	11,793,967
	$ 7,958,646	$ 6,414,978	$ 11,908,794

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets on December 31, 2022 are as follows. The adjustments as of June 30, 2023 and 2022, refer to the consolidated statements of cash flows.

	December 31, 2022
Cash and cash equivalents in the consolidated balance sheets	$ 6,414,978
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	8,195,724
Other items qualifying for cash and cash equivalents under the definition of IAS 7	614,454
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,225,156

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

	June 30, 2023	December 31, 2022	June 30, 2022
Reserves for deposits - Type A	$ 2,442,704	$ 1,325,922	$ 5,238,471
Reserves for deposits - Type B	5,917,118	5,907,742	5,368,056
Reserves for deposits - Financial	1,505,153	2,003,091	806,746
Call loans to banks	10,401,662	8,502,951	4,424,220
Others	62,303	46,084	32,702
	$ 20,328,940	$ 17,785,790	$ 15,870,195

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible bond - domestic (include assets swap contracts)	$ 6,389,696	$ 8,493,617	$ 10,267,263
Structured debt	-	-	592,557
	6,389,696	8,493,617	10,859,820
Derivative financial instruments			
Currency swap contracts	1,202,967	764,815	1,214,957
Forward contracts	188,695	163,969	135,638
Interest rate swap contracts	49,193	18,252	282
Currency option contracts - call	45,455	19,851	75,624
Future exchange margins	68,834	24,710	24,039
Promised purchase contracts	10,223	26,010	29,355
	1,565,367	1,017,607	1,479,895

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Non-derivative financial assets			
Commercial paper	$ 104,264,836	$ 98,462,696	$ 86,323,177
Commercial paper contracts	189,336	9,781	17,726
Negotiable certificates of deposit	27,521,126	35,244,589	37,854,207
Stocks and beneficiary certificates	1,545,395	1,622,397	1,481,140
Government bonds	2,249,937	-	403,775
Corporate bonds	1,022,092	-	-
Bank debentures	492,945	-	-
	137,285,667	135,339,463	126,080,025
	$ 145,240,730	$ 144,850,687	$ 138,419,740
Held-for-trading financial liabilities			
Derivative financial instruments			
Currency swap contracts	$ 616,151	$ 622,379	$ 501,070
Forward contracts	61,238	133,419	153,367
Interest rate swap contracts	49,402	18,375	1,972
Currency option contracts - put	35,604	14,486	75,196
Promised purchase contracts	3,443	-	1,399
	765,838	788,659	733,004
Non-derivative financial liabilities			
Commercial paper contracts	128,225	219,506	194,295
	$ 894,063	$ 1,008,165	$ 927,299

(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 June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Interest rate swap contracts	$ 9,399,721	$ 11,244,419	$ 12,022,400
Currency swap contracts	137,305,077	114,694,781	92,232,236
Forward contracts	16,627,196	30,015,167	16,561,823
Currency option contracts			
Buy	3,063,490	912,929	2,873,881
Sell	1,908,723	728,593	2,726,593
Promised purchase contracts	10,250,000	15,000,000	14,000,000
Futures contract	31,135	-	-

As of June 30, 2023, December 31, 2022 and June 30, 2022, financial assets at fair value through profit and loss under agreement to repurchase were in the face amounts of $81,089,705 thousand, $86,836,200 thousand and $63,489,000 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

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at FVTOCI	$ 6,001,481	$ 1,968,197	$ 7,469,838
Investments in debt instruments at FVTOCI			
Government bonds	19,263,617	20,281,761	21,107,084
Bank debentures	27,658,666	26,254,996	30,509,332
Corporate bonds	78,241,144	76,558,979	77,576,401
Overseas government bonds	2,930,393	2,091,497	2,132,367
Commercial papers	4,666,810	6,249,812	6,018,580
Negotiable certificates of deposit	19,183,239	19,253,080	19,994,359
Mortgage-backed securities	2,501,982	2,565,229	2,710,203
	$ 160,447,332	$ 155,223,551	$ 167,518,164

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 six months ended June 30, 2023 and 2022. The fair value of stocks classified as at FVTOCI which had to be disposed of were $4,976,211 thousand and $1,381,170 thousand and the accumulated gain related to the sold assets of $123,194 thousand and $1,525 thousand, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $319,132 thousand and $190,633 thousand were recognized in profit or loss for the six months ended June 30, 2023 and 2022. The dividends related to investments held at the end of the reporting period were $314,079 thousand and $187,676 thousand, respectively.

In accordance with the Q&A issued by the FSC, for the investments in the limited partnership held before June 30, 2023 in which the investment contract stipulates that the limited partnership has a limited duration and whether the duration can be extended is subject to the resolution of partners in the partners' meeting, the Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), and therefore the abovementioned investments are still classified as investments in equity instruments at FVTOCI.

b. Investments in debt instruments at FVTOCI

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

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

Investments in debt instruments at FVTOCI under agreement to replacement to repurchase were in the face amount of $87,083,055 thousand, $87,026,300 thousand and $89,360,465 thousand, on June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
Government bonds	$ 12,204,134	$ 8,453,740	$ 1,094,045
Bank debentures	5,425,097	2,561,252	686,124
Corporate bonds	5,317,453	4,739,723	318,368
Overseas government bonds	928,254	913,609	439,359
Negotiable certificates of deposit	3,000,000	9,000,000	7,000,000
	26,874,938	25,668,324	9,537,896
Less: Allowance for impairment loss	(4,306)	(3,018)	(398)
	$ 26,870,632	$ 25,665,306	$ 9,537,498

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 $2,638,377 thousand and $1,753,479 thousand, as of June 30, 2023 and December 31, 2022.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of June 30, 2023, December 31, 2022 and June 30, 2022, bonds and bills in the amounts of $2,182,640 thousand, $3,951,999 thousand and $4,464,163 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $2,184,317 thousand, $3,954,765 thousand and $4,465,354 thousand before August 2023, February 2023 and July 2022, respectively. As of June 30, 2023, December 31, 2022 and June 30, 2022, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $2,179,000 thousand, $3,144,400 thousand and $4,210,000 thousand, respectively.

12. RECEIVABLES, NET

	June 30, 2023	December 31, 2022	June 30, 2022
Lease payment receivable	$ -	$ -	$ 17,450,903
Factored receivable	1,201,323	1,477,269	1,562,641
Interest receivable	2,034,197	1,555,067	1,053,549
Accounts receivable	240,485	226,068	1,525,979
Investment settlements receivable	1,358,269	196,270	638,077
Acceptances receivable	46,913	121,272	103,361
Settlement accounts receivable - trusteeship	-	-	64,680
Dividends receivable	742,096	429	100,166
Others	216,994	161,733	74,066
	5,840,277	3,738,108	22,573,422
Less: Unrealized interest revenue	-	-	934,442
Allowance for credit losses	22,620	46,551	523,269
Receivables, net	$ 5,817,657	$ 3,691,557	$ 21,115,711

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the six months ended June 30, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Transfers				
To 12-month ECLs	1,527	(1,527)	-	-
To lifetime ECLs	(4,598)	4,598	-	-
To credit-impaired financial assets	(419)	(16)	435	-
New financial assets purchased or originated	3,421,566	416,981	11,058	3,849,605
Derecognition of financial assets in the reporting period	(1,178,463)	(661,288)	(689)	(1,840,440)
Write-offs	-	-	(22,693)	(22,693)
Exchange rate or other changes	113,931	1,455	311	115,697
Balance at June 30, 2023	$ 5,377,465	$ 437,091	$ 25,721	$ 5,840,277
Balance at January 1, 2022	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720
Transfers				
To 12-month ECLs	19,323	(19,323)	-	-
To lifetime ECLs	(163,726)	163,726	-	-
To credit-impaired financial assets	(207)	(98,762)	98,969	-
New financial assets purchased or originated	10,850,999	655,445	866	11,507,310
Derecognition of financial assets in the reporting period	(10,627,682)	(82,971)	(24,854)	(10,735,507)
Write-offs	-	(3,136)	(44,834)	(47,970)
Exchange rate or other changes	326,708	1,666	5,053	333,427
Balance at June 30, 2022	$ 20,599,488	$ 752,474	$ 287,018	$ 21,638,980

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

	June 30, 2023	December 31, 2022	June 30, 2022
Short-term	$ 88,732,718	$ 70,438,914	$ 70,549,996
Medium-term	107,677,869	111,528,492	102,791,594
Long-term	24,887,003	24,756,153	25,519,519
Export bill negotiated	-	-	4,875
Guaranteed overdraft	123,205	105,522	112,195
Overdue loans	622,319	668,187	656,582
	222,043,114	207,497,268	199,634,761
Less: Allowance for credit losses	3,193,427	3,184,296	2,832,618
	$ 218,849,687	$ 204,312,972	$ 196,802,143

The changes in gross carrying amount on discount and loans for the six months ended June 30, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Transfers				
To 12-month ECLs	222,046	(222,046)	-	-
To lifetime ECLs	(2,382,028)	2,382,028	-	-
To credit-impaired financial assets	(100,346)	(1,597)	101,943	-
New financial assets purchased or originated	94,431,475	13,874,383	115,570	108,421,428
Derecognition of financial assets in the reporting period	(81,426,170)	(12,720,097)	(244,410)	(94,390,677)
Write-offs	-	-	(80,960)	(80,960)
Exchange rate or other changes	556,011	37,171	2,873	596,055
Balance at June 30, 2023	$ 199,943,280	$ 20,788,050	$ 1,311,784	$ 222,043,114
Balance at January 1, 2022	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535
Transfers				
To 12-month ECLs	570,350	(570,350)	-	-
To lifetime ECLs	(2,135,374)	2,135,374	-	-
To credit-impaired financial assets	(30,768)	(80,033)	110,801	-
New financial assets purchased or originated	92,014,892	8,563,138	145,375	100,723,405
Derecognition of financial assets in the reporting period	(70,783,865)	(8,387,914)	(209,025)	(79,380,804)
Write-offs	-	-	(26,328)	(26,328)
Exchange rate or other changes	2,767,991	249,835	4,127	3,021,953
Balance at June 30, 2022	$ 183,688,084	$ 14,685,591	$ 1,261,086	$ 199,634,761

The balance of the overdue loans of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $8,588 thousand and $6,477 thousand for the six months ended June 30, 2023 and 2022, respectively. For the six months ended June 30, 2023 and 2022, the Group wrote off credits only upon completing the required legal procedures.

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

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

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

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the six months ended June 30, 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To lifetime ECLs	(90)	90	-	-	-	-
To credit-impaired financial assets	(255)	(10)	265	-	-	-
New financial assets purchased or originated	2,162	603	1,517	4,282	-	4,282
Derecognition of financial assets in the reporting period	(2,067)	(1,085)	(176)	(3,328)	-	(3,328)
Change in model or risk parameters	391	(3)	5	393	-	393
Difference between IFRS 9 and local requirements	-	-	-	-	(2,796)	(2,796)
Write-offs	-	-	(22,693)	(22,693)	-	(22,693)
Exchange rate or other changes	1	-	169	170	41	211
Balance at June 30, 2023	$ 3,364	$ 700	$ 4,146	$ 8,210	$ 14,410	$ 22,620

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296
Transfers						
To 12-month ECLs	215	(215)	-	-	-	-
To lifetime ECLs	(22,343)	22,343	-	-	-	-
To credit-impaired financial assets	(45,698)	(1,003)	46,701	-	-	-
New financial assets purchased or originated	184,658	31,626	49,831	266,115	-	266,115
Derecognition of financial assets in the reporting period	(182,168)	(28,780)	(51,613)	(262,561)	-	(262,561)
Change in model or risk parameters	91,870	130,579	54,479	276,928	-	276,928
Difference between IFRS 9 and local requirements	-	-	-	-	(211,075)	(211,075)
Write-offs	-	-	(80,960)	(80,960)	-	(80,960)
Withdrawal after write-offs	-	-	9,139	9,139	-	9,139
Exchange rate or other changes	1,614	752	254	2,620	8,925	11,545
Balance at June 30, 2023	$ 495,199	$ 245,851	$ 325,812	$ 1,066,862	$ 2,126,565	$ 3,193,427

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019
Transfers						
To 12-month ECLs	34	(34)	-	-	-	-
To lifetime ECLs	(3,569)	3,569	-	-	-	-
New financial assets purchased or originated	52,703	36,446	-	89,149	-	89,149
Derecognition of financial assets in the reporting period	(45,233)	(2,993)	-	(48,226)	-	(48,226)
Change in model or risk parameters	16	3,231	-	3,247	-	3,247
Difference between IFRS 9 and local requirements		-	-	-	103,514	103,514
Withdrawal after write-offs		-	-	-	207	207
Exchange rate or other changes	149	38	-	187	251	438
Balance at June 30, 2023	$ 107,859	$ 48,785	$ -	$ 156,644	$ 1,699,704	$ 1,856,348

The changes in allowance for credit losses and provisions for six months ended June 30, 2022 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 270,996	$ 28,036	$ 190,494	$ 489,526	$ 15,680	$ 505,206
Transfers						
To 12-month ECLs	976	(976)	-	-	-	-
To lifetime ECLs	(3,192)	3,192	-	-	-	-
To credit-impaired financial assets	(126)	(33,060)	33,186	-	-	-
New financial assets purchased or originated	125,578	544	211	126,333	-	126,333
Derecognition of financial assets in the reporting period	(139,373)	(4,344)	(15,174)	(158,891)	-	(158,891)
Change in model or risk parameters	162	35,654	49,678	85,494	-	85,494
Difference between IFRS 9 and local requirements	-	-	-	-	2,611	2,611
Write-offs	-	(3,136)	(44,834)	(47,970)	-	(47,970)
Withdrawal after write-offs	-	-	1,393	1,393	-	1,393
Exchange rate or other changes	4,234	456	4,334	9,024	69	9,093
Balance at June 30, 2022	$ 259,255	$ 26,366	$ 219,288	$ 504,909	$ 18,360	$ 523,269

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 382,077	$ 108,320	$ 238,363	$ 728,760	$ 1,840,186	$ 2,568,946
Transfers						
To 12-month ECLs	12,541	(12,541)	-	-	-	-
To lifetime ECLs	(14,799)	14,799	-	-	-	-
To credit-impaired financial assets	(17,442)	(2,438)	19,880	-	-	-
New financial assets purchased or originated	89,568	6,134	49,255	144,957	-	144,957
Derecognition of financial assets in the reporting period	(162,190)	(32,280)	(41,798)	(236,268)	-	(236,268)
Change in model or risk parameters	(53,906)	(9,060)	9,406	(53,560)	-	(53,560)
Difference between IFRS 9 and local requirements	-	-	-	-	362,941	362,941
Write-offs	-	-	(26,328)	(26,328)	-	(26,328)
Withdrawal after write-offs	-	-	12,901	12,901	-	12,901
Exchange rate or other changes	6,106	3,800	312	10,218	48,811	59,029
Balance at June 30, 2022	$ 241,955	$ 76,734	$ 261,991	$ 580,680	$ 2,251,938	$ 2,832,618

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	-	-	-	-	-	-
To lifetime ECLs	(209)	209	-	-	-	-
New financial assets purchased or originated	24,383	2,001	-	26,384	-	26,384
Derecognition of financial assets in the reporting period	(60,396)	(7,142)	-	(67,538)	-	(67,538)
Change in model or risk parameters	(20,304)	(332)	-	(20,636)	-	(20,636)
Difference between IFRS 9 and local requirements	-	-	-	-	(31,416)	(31,416)
Withdrawal after write-offs	-	-	-	-	21,136	21,136
Exchange rate or other changes	754	42	-	796	438	1,234
Balance at June 30, 2022	$ 65,839	$ 10,239	$ -	$ 76,078	$ 1,695,593	$ 1,771,671

15. DISCONTINUED OPERATIONS

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

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

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

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

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

	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Interest revenue	$ 170	$ 248
Interest expenses	-	-
Net interest	170	248
Net revenue other than interest		
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	604	(13,303)
Other net revenue other than interest	56	25,490
Total net revenue other than interest	660	12,187
Net revenue	830	12,435

(Continued)

	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Operating expenses		
Employee benefits expenses	$ 1,899	$ 4,134
Depreciation and amortization expense	721	1,408
Other general and administrative expenses	1,391	2,586
Total operating expenses	4,011	8,128
Income tax expense	-	-
(Loss) income from discontinued operations before elimination	(3,181)	4,307
Elimination of transactions with related parties	(148)	(165)
(Loss) income from discontinued operations	$ (3,329)	$ 4,142
(Loss) income of discontinued operations attributable to:		
Owners of the Bank	$ (3,320)	$ 4,132
Non-controlling interests	(9)	10
	$ (3,329)	$ 4,142
Cash flows:		
Net cash flows generated from operating activities	$ 13,051	$ 53,613
Net cash flows used in investing activities	(58)	(104)
Net cash flows used in financing activities	(726)	(1,420)
Effect of exchange rate changes on cash and cash equivalents	(5,973)	(11,219)
Net cash inflow	$ 6,294	$ 40,870

(Concluded)

16. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership June 30, 2023	% of Ownership December 31, 2022	% of Ownership June 30, 2022	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	100.00	Founded in 2006 in California	Yes
	IBT Leasing Co., Ltd	Leasing	-	-	100.00	Founded in 2011	Yes
	IBT Management Corp.	Investment consulting	100.00	100.00	100.00	Founded in 2000	Yes
	Chun Teng New Century Co., Ltd. (former IBTS)	Investment (former Security Firm)	99.75	99.75	99.75	Founded in 1961 (Note 1)	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	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 IBTS)	TBTS Holding B.V.I. Limited (IBTSH)	Holding company	100.00	100.00	100.00	Founded in 2003 in the British Virgin Islands	Yes
IBTS Holdings B.V.I. Limited	IBTS Financial (HK) Limited	Investment	100.00	100.00	100.00	Founded in 2003 in Hong Kong	Yes
	IBTS Asia (HK) Limited	Securities and investment	100.00	100.00	100.00	Founded in 2004 in Hong Kong	Yes
IBT Holdings Corp	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California	Yes

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

Note 2: The Bank's board of directors resolved on July 21, 2022 to reduce the capital by shares of its subsidiary, IBT LEASING CO., LTD. ("IBT Leasing"), and as a subsidiary of IBT Leasing, all of the shares of IBT VII Venture Capital Co., Ltd. will be offset and returned to the Bank, calculated on the basis of the total number of shares issued after IBT Leasing's profit-to-capital increase base date. The capital reduction ratio is 20.98%, and the capital reduction amount is $710,614 thousand. After the capital reduction, IBT Leasing's paid-in capital is $2,677,290 thousand. 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, not a party to the consolidated financial statements since 2023.

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

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of Subsidiary	**Principal Place of Business**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	June 30, 2023	**December 31, 2022**	**June 30, 2022**
CBF			
Equity attributable to:			
Owners of the CBF	$ 6,443,535	$ 6,234,894	$ 6,210,097
Non-controlling interests of CBF	16,269,923	15,743,106	15,680,489
	$ 22,713,458	$ 21,978,000	$ 21,890,586

	For the Six Months Ended June 30	
	2023	**2022**
Net revenue	$ 1,188,162	$ 936,592
Net profit from continuing operations	$ 774,853	$ 601,507
Other comprehensive income (loss) for the period	630,297	(3,060,949)
Total comprehensive income (loss) for the period	$ 1,405,150	$ (2,459,442)
Profit attributable to:		
Owners of CBF	$ 219,816	$ 170,640
Non-controlling interests of CBF	555,037	430,867
	$ 774,853	$ 601,507

(Continued)

	For the Six Months Ended June 30	
	2023	2022
Total comprehensive income (loss) attributable to:		
Owners of CBF	$ 398,624	$ (697,714)
Non-controlling interests of CBF	1,006,526	(1,761,728)
	$ 1,405,150	$ (2,459,442)
Net cash inflow (outflow) from:		
Operating activities	$ (1,757,580)	$ (1,823,067)
Investing activities	(7,645)	(6,665)
Financing activities	2,318,062	2,064,720
Net cash inflow	$ 552,837	$ 234,988
Dividends paid to non-controlling interest CBF	$ -	$ -

(Concluded)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	June 30, 2023	December 31, 2022	June 30, 2022
Associates - Jih Sun IBT International Leasing Co.	$ 5,873,451	$ 6,230,729	$ -
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,071,356	1,011,042	1,016,553
	$ 6,944,807	$ 7,241,771	$ 1,016,553

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.

18. OTHER FINANCIAL ASSETS

	June 30, 2023		December 31, 2022		June 30, 2022	
Time deposits with original maturities more than 3 months	$	85,357	$	76,807	$	24,378
Pledged time deposits		-		-		14,800
Compensation account for payment		-		-		28,100
Call loans to securities firms		934,560		614,454		594,579
Repurchase agreement margins		82,586		94,408		66,250
	$	1,102,503	$	785,669	$	728,107

19. PROPERTY AND EQUIPMENT, NET

	June 30, 2023		December 31, 2022		June 30, 2022	
Carrying amounts of each class of						
Land	$	781,970	$	781,970	$	781,970
Buildings		1,172,347		1,193,110		1,216,117
Machinery and computer equipment		246,124		252,007		275,924
Transportation equipment		24,307		25,146		33,754
Office and other equipment		30,770		37,471		43,873
Lease improvement		68,836		85,501		119,595
Construction in progress and prepayments for equipment		76,834		29,930		34,996
	$	2,401,188	$	2,405,135	$	2,506,229

The movements of property and equipment for the six months ended June 30, 2023 and 2022 are summarized as follows:

	Freehold Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Additions	-	2,173	24,930	-	1,497	284	55,666	84,550
Disposals and scrapped	-	-	(8,793)	(11,329)	(435)	-	-	(20,557)
Reclassification	-	294	2,240	2,980	-	-	(8,783)	(3,269)
Effect of foreign currency exchange differences	-	-	209	91	698	1,880	21	2,899
Balance at June 30, 2023	$ 781,970	$ 1,908,923	$ 822,696	$ 59,908	$ 286,282	$ 386,875	$ 76,834	$ 4,323,488
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Disposals and scrapped	-	-	(8,728)	(11,262)	(425)	-	-	(20,415)
Depreciation expense	-	23,230	33,016	3,773	8,269	17,420	-	85,708
Effect of foreign currency exchange differences	-	-	181	70	617	1,409	-	2,277
Balance at June 30, 2023	$ -	$ 736,576	$ 576,572	$ 35,601	$ 255,512	$ 318,039	$ -	$ 1,922,300
Carrying amounts								
Balance at June 30, 2023	$ 781,970	$ 1,172,347	$ 246,124	$ 24,307	$ 30,770	$ 68,836	$ 76,834	$ 2,401,188

(Continued)

	Freehold 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	-	90	7,366	13,825	3,983	13,471	26,029	64,764
Disposals and scrapped	-	-	(10,822)	(1,571)	(161)	(4,790)	-	(17,344)
Reclassification	-	-	84	50	1,059	3,762	(11,304)	(6,349)
Effect of foreign currency exchange differences	-	-	2,471	605	3,672	10,736	81	17,565
Balance at June 30, 2022	$ 781,970	$ 1,906,263	$ 855,333	$ 89,907	$ 292,135	$ 430,370	$ 34,996	$ 4,390,974
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 666,951	$ 552,227	$ 52,112	$ 233,950	$ 282,048	$ -	$ 1,787,288
Disposals and scrapped	-	-	(10,719)	(1,088)	(148)	(4,790)	-	(16,745)
Depreciation expense	-	23,195	36,023	4,771	11,271	25,971	-	101,231
Effect of foreign currency exchange differences	-	-	1,878	358	3,189	7,546	-	12,971
Balance at June 30, 2022	$ -	$ 690,146	$ 579,409	$ 56,153	$ 248,262	$ 310,775	$ -	$ 1,884,745
Carrying amounts								
Balance at June 30, 2022	$ 781,970	$ 1,216,117	$ 275,924	$ 33,754	$ 43,873	$ 119,595	$ 34,996	$ 2,506,229

(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

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts			
Buildings	$ 420,887	$ 416,289	$ 317,140
Machinery	441	588	735
Transportation equipment	13,034	1,457	14,843
Office equipment	2,502	1,790	1,000
	$ 436,864	$ 420,124	$ 333,718

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets	$ 61,618	$ 12,275	$ 77,368	$ 23,531
Depreciation charge for right-of-use assets				
Buildings	$ 31,536	$ 28,165	$ 61,838	$ 64,755
Machinery	73	74	147	147
Transportation equipment	952	3,259	1,850	6,337
Office equipment	232	145	572	468
	$ 32,793	$ 31,643	$ 64,407	$ 71,707

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts	$ 453,834	$ 432,826	$ 343,559

Range of discount rates for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	1.35%-5.63%	0.67%-5.13%	0.67%-5.70%
Machinery	1.36%	1.36%	1.36%
Transportation equipment	1.85%-2.62%	2.05%-2.17%	2.04%-6.00%
Office equipment	1.08%-4.48%	0.63%-4.42%	0.63%-2.33%

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 June 30, 2023, December 31, 2022 and June 30, 2022, refundable deposits paid under operating lease amounted to $28,310 thousand, $24,849 thousand and $36,931 thousand.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	$ 747	$ 11,949	$ 1,353	$ 15,130
Expenses relating to low-value asset leases	$ 1,512	$ 2,269	$ 2,062	$ 2,834
Total cash outflow for leases			$ (70,572)	$ (94,663)

21. INTANGIBLE ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amounts of each class of			
Computer software	$ 555,280	$ 643,769	$ 782,003
Goodwill	1,182,051	1,165,895	1,128,498
	$ 1,737,331	$ 1,809,664	$ 1,910,501

The changes in of intangible assets for the six months ended June 30, 2023 and 2022 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2023	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Additions	49,777	-	-	49,777
Disposals	(4,144)	-	-	(4,144)
Reclassification	3,269	-	-	3,269
Effect of foreign currency exchange differences	796	16,156	105	17,057
Balance at June 30, 2023	$ 2,459,973	$ 1,182,051	$ 7,605	$ 3,649,629
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Amortization	141,653	-	-	141,653
Disposals	(4,144)	-	-	(4,144)
Effect of foreign currency exchange differences	678	-	105	783
Balance at June 30, 2023	$ 1,904,693	$ -	$ 7,605	$ 1,912,298
Carrying amounts				
Balance at June 30, 2023	$ 555,280	$ 1,182,051	$ -	$ 1,737,331

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2022	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Additions	18,173	-	-	18,173
Disposals	(10,597)	-	-	(10,597)
Reclassification	6,349	-	-	6,349
Effect of foreign currency exchange differences	5,887	76,742	498	83,127
Balance at June 30, 2022	$ 2,446,884	$ 1,128,498	$ 7,258	$ 3,582,640
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Amortization	138,531	-	-	138,531
Disposals	(10,585)	-	-	(10,585)
Effect of foreign currency exchange differences	4,158	-	498	4,656
Balance at June 30, 2022	$ 1,664,881	$ -	$ 7,258	$ 1,672,139
Carrying amounts				
Balance at June 30, 2022	$ 782,003	$ 1,128,498	$ -	$ 1,910,501

(Concluded)

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

When the Group executes the goodwill impairment test, EverTrust 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

	June 30, 2023	December 31, 2022	June 30, 2022
Refundable deposits	$ 900,757	$ 759,006	$ 695,659
Life insurance cash surrender value	345,547	339,879	342,991
Prepayment	102,244	72,679	137,958
Others	189,086	187,412	256,920
	$ 1,537,634	$ 1,358,976	$ 1,433,528

23. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans from banks	$ 22,566,474	$ 15,355,374	$ 25,375,721
Call loans from the Central Bank	3,115,201	3,072,270	2,972,894
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000	-
	$ 30,681,675	$ 23,427,644	$ 28,348,615

24. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Bills	$ 79,416,353	$ 85,784,753	$ 62,368,249
Government bonds	16,022,263	15,869,712	96,844,751
Corporate bonds	56,627,224	59,111,195	1,236,390
Bank debentures	21,065,033	18,841,944	141,391
Beneficiary Securities	310,682	549,153	-
	$ 173,441,555	$ 180,156,757	$ 160,590,781
Date of agreement to repurchase	Before May 2024	Before December 2023	Before June 2023
Amount of agreement to repurchase	$ 169,243,418	$ 180,489,847	$ 160,687,840

The bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date for the six months ended June 30, 2023, with a face value of $5,150,025 thousand.

25. PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Checks for clearing	$ 181,558	$ 198,196	$ 26,598
Investment settlements payable	1,079,346	153,613	1,537,956
Accrued interest	1,543,050	993,372	430,573
Accrued expenses	1,068,865	1,347,725	891,859
Collections payable	140,133	109,902	85,443
Factored payables	129,925	179,931	289,466
Acceptances	46,913	121,272	103,361
Accounts payable	68,814	48,380	-
Settlement accounts payable - trusteeship	-	-	64,681
Dividends payable	1,646,623	-	1,812,569
Others	114,131	120,510	398,244
	$ 6,019,358	$ 3,272,901	$ 5,640,750

26. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits			
Checking	$ 6,010,622	$ 5,717,211	$ 8,533,275
Demand	46,114,671	43,666,389	57,209,015
Time	248,367,877	226,765,043	211,510,704
Savings deposits	16,291,785	16,996,792	14,551,963
Export remittances	3,639	19,551	31,757
	$ 316,788,594	$ 293,164,986	$ 291,836,714

27. BANK DEBENTURES PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
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 type A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repayment of the principal at maturity	-	1,500,000	1,500,000
Subordinate bonds type B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	2,000,000	2,000,000	2,000,000
Subordinate bonds type A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	-	750,000	750,000
Subordinate bonds type B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate bonds type A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000	700,000
Subordinate bonds type B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	2,500,000	2,500,000	2,500,000

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repayment of the principal at maturity	$ 1,000,000	$ 1,000,000	$ 1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repayment of the principal at maturity	1,100,000	1,100,000	-
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	-	-
	$ 12,250,000	$ 13,600,000	$ 13,500,000

(Concluded)

28. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Bank borrowings	$ 80,000	$ 52,000	$ 13,266,593
Commercial papers payable	207,413	2,221,655	2,414,443
Structured products	1,635,713	962,184	102,177
Funds obtained from the government - intended for specific types of loans	1,487,746	1,908,040	2,071,557
Repurchase agreement margins	-	12,929	-
	$ 3,410,872	$ 5,156,808	$ 17,854,770

a. Bank borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Short-term borrowings	$ 80,000	$ 52,000	$ 5,337,724
Long-term borrowings	-	-	7,928,869
	$ 80,000	$ 52,000	$ 13,266,593
Interest rate interval			
New Taiwan dollars	1.94%-2.07%	2.14%	1.18%-1.88%
U.S. dollars	-	-	2.59%-4.27%
Renminbi	-	-	4.55%-4.76%

b. Commercial papers payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial papers payable	$ 208,000	$ 2,223,000	$ 2,416,000
Less: Unamortized discount	(587)	(1,345)	(1,557)
	$ 207,413	$ 2,221,655	$ 2,414,443
Interest rate interval	2.11%-2.12%	1.50%-2.09%	0.83%-1.50%

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

	June 30, 2023	December 31, 2022	June 30, 2022
Funds obtained from the government - intended for specific types of loans	$ 1,487,746	$ 1,908,040	$ 2,071,557

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

	June 30, 2023	December 31, 2022	June 30, 2022
Provisions for employee benefits	$ 167,484	$ 164,618	$ 242,769
Provisions for losses on guarantees contracts	1,750,126	1,615,298	1,679,950
Provision for losses on financing commitments	106,222	92,721	91,721
	$ 2,023,832	$ 1,872,637	$ 2,014,440

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

30. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

The amount to be paid in accordance with the percentage specified in the proposed plan for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 was recognized in the consolidated statements of comprehensive income in the total amounts of $19,068 thousand, $20,819 thousand, $39,404 thousand and $38,036 thousand, respectively.

Defined Benefit Plan

The retirement expense recognized under defined benefit plans for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022 were calculated using the respective 2022 and 2021 annually determined discount rates as of December 31, 2022 and 2021 and amounted to $3,260 thousand, $1,122 thousand, $6,217 thousand and $5,243 thousand, respectively.

31. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
Guarantee deposits received	$ 330,266	$ 179,781	$ 2,265,608
Advance receipts	59,735	53,746	70,771
Payable for custody	14,005	27,482	25,472
Receipts in suspense and pending settlement	155,780	116,753	156,197
Deferred revenue	103,613	114,343	83,933
Others	7,489	8,255	48,431
	$ 670,888	$ 500,360	$ 2,650,412

32. EQUITY

a. Capital stock

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

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

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

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

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

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

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

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

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

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

As of June 30, 2023, 986 thousand of preferred Series A shares has been converted into common stock.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury share transactions	$ 9,061	$ 9,061	$ 9,061
Must be used to offset a deficit			
Exercised disgorgement	10	10	-
Unclaimed dividends	2,695	1,957	1,982
	2,705	1,967	1,982
May not be used for any purpose			
Share of changes in capital surplus of subsidiaries associates or joint ventures	3,131	2,624	2,627
	$ 14,897	$ 13,652	$ 13,670

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

	June 30, 2023	December 31, 2022	June 30, 2022
Trading loss and default loss reserve	$ 133,955	$ 133,955	$ 133,955
Employee transfer or placement expenditure arising from financial technology development	12,554	15,176	15,176
Other equity deductions special reserves	3,050,502	485,479	485,479
	$ 3,197,011	$ 634,610	$ 634,610

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

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

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

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

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

d. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

The appropriations of earnings for 2022 and 2021 have been proposed by the Bank’s board of directors and approved in the stockholders’ meetings on June 16, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	2022	**2021**
Legal reserve	$ 1,447,384	$ 612,126
Special reserve appropriated (reversed)	2,562,401	(163,173)
Cash dividends - common stock	1,037,959	819,145
Cash dividends - preferred stock	127,081	127,500

e. Other equity items

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

	For the Six Months Ended June 30	
	2023	**2022**
Balance at January 1	$ 165,887	$ (946,067)
Exchange differences arising on translating the financial statements of foreign operations	55,930	755,446
Income tax related to gains arising on translating the financial statements of foreign operations	(12,466)	(84,322)
Balance at June 30	$ 209,351	$ (274,943)

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

	For the Six Months Ended June 30	
	2023	**2022**
Balance at January 1	$ (3,216,389)	$ 460,588
Recognized during the period		
Unrealized gain (loss)		
Debt instruments	485,452	(2,740,103)
Equity instruments	91,117	(666,065)
Tax effects	(8,360)	151,117
Loss allowance of debt instruments	5,198	(3,673)
Other comprehensive income (loss) recognized in the period	573,407	(3,258,724)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(123,194)	(1,525)
Balance at June 30	$ (2,766,176)	$ (2,799,661)

f. Non-controlling interests

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	$ 16,287,325	$ 18,786,481
Attributed to non-controlling interests		
Share of profit for the year	572,910	441,766
Capital surplus	1,280	1,079
Other comprehensive income		
Exchange differences arising on translation of foreign entities	7,915	35,672
Unrealized valuation gain or loss on FVTOCI		
Debt instruments	402,189	(2,368,193)
Equity instruments	64,206	(66,592)
Tax effects	(15,211)	228,529
Actuarial profit and loss of defined benefit plan	(1,996)	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	(403)
Cash dividends paid by subsidiaries	(480,989)	(865,780)
Balance at June 30	$ 16,837,629	$ 16,192,559

g. Treasury stocks

Unit: In Thousands of Shares

	For the Six Months Ended June 30	
	2023	2022
Number of shares at January 1	2,522	5,737
Decrease during the period	-	(3,215)
Number of shares at June 30	2,522	2,522

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

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

33. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest revenue				
Discounts and loans	$ 2,322,032	$ 1,192,774	$ 4,408,880	$ 2,162,336
Investments in securities	832,886	448,577	1,587,983	866,441
Installment sales and leases	-	318,961	-	641,131
Due from the Central Bank and call loans to other banks	169,025	23,697	328,252	34,210
Others	46,151	43,507	92,437	78,082
	3,370,094	2,027,516	6,417,552	3,782,200
Interest expense				
Deposits	1,869,901	358,954	3,524,122	593,240
Deposits from the Central Bank and other banks	149,485	47,465	276,084	69,592
Bank debentures	65,703	66,716	130,188	137,662
Bills and bonds sold under repurchase agreements	744,968	181,706	1,416,037	303,280
Others	22,628	111,120	38,590	216,453
	2,852,685	765,961	5,385,021	1,320,227
	$ 517,409	$ 1,261,555	$ 1,032,531	$ 2,461,973

34. SERVICE FEE REVENUE, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Service fee				
Guarantee business	$ 237,143	$ 254,200	$ 478,323	$ 523,693
Loan business	90,102	100,694	237,088	259,477
Underwrite business	142,179	111,265	310,933	245,177
Trust business	10,668	11,216	19,823	31,602
Lease business	-	114,740	-	175,081
Credit examining business	20,794	31,665	101,132	88,122
Import and export business	5,688	5,653	11,119	9,242
Factoring business	4,115	4,582	8,958	11,205
Insurance agent business	10,704	8,876	16,079	18,526
Others	14,896	16,528	42,687	46,100
	536,289	659,419	1,226,142	1,408,225
Service charge				
Others	27,512	28,333	55,093	55,856
	$ 508,777	$ 631,086	$ 1,171,049	$ 1,352,369

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Realized gains or losses				
Bills	$ 1,959	$ (16,095)	$ 14	$ (3,659)
Stocks and beneficiary certificates	37,769	(69,164)	50,758	(73,977)
Bonds	24,981	27,579	66,580	51,007
Derivatives	547,897	1,092,325	902,945	1,456,794
	612,606	1,034,645	1,020,297	1,430,165
Gains (losses) on valuation				
Bills	33,660	(143,837)	290,204	(253,311)
Stocks and beneficiary certificates	31,657	(25,907)	128,653	(37,150)
Bonds	2,449	(27,054)	32,521	(46,778)
Derivatives	522,925	373,583	582,716	786,283
	590,691	176,785	1,034,094	449,044
Interest revenue	482,584	219,039	935,015	385,704
	$ 1,685,881	$ 1,430,469	$ 2,989,406	$ 2,264,913

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Realized income - debt instruments	$ (12,963)	$ (136,924)	$ (6,067)	$ (201,561)
Dividend revenue	312,683	106,913	319,132	190,633
	$ 299,720	$ (30,011)	$ 313,065	$ (10,928)

37. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits				
Salaries and wages	$ 589,257	$ 594,412	$ 1,130,523	$ 1,160,396
Labor insurance and national health insurance	30,229	42,686	66,816	83,883
Others	76,772	36,008	164,111	101,726
Post-employment benefits				
Pension expenses	22,347	21,941	45,621	43,279
Pension benefits	-	1	1,994	11
	$ 718,605	$ 695,048	$ 1,409,065	$ 1,389,295

The shareholders of the Bank held their regular meeting on June 16, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, the Bank accrued employees' compensation and remuneration of directors at the rates no lower than 0.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendment, the Bank accrued employees' compensation and remuneration of directors at the rates between 1% to 2.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the six months ended June 30, 2023 and 2022 were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2023	**2022**
Compensation of employees	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Employees' compensation	$ 11,600	$ 6,400	$ 22,475	$ 14,925
Remuneration of directors	$ 23,200	$ 12,800	$ 44,950	$ 29,850

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

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

	2022		2021	
	Cash	**Stock**	**Cash**	**Stock**
Employees' compensation	$ 53,625	$ -	$ 26,170	$ -
Remuneration of directors	67,031	-	52,339	-

There are no differences between the 2022 and 2021 actual amounts of employees' compensation and remuneration of directors paid and the amount recognized in the annual consolidated financial statements for the years ended December 31, 2022 and 2021.

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

38. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property and equipment	$ 42,336	$ 50,471	$ 85,708	$ 101,198
Right-of-use assets	32,793	30,938	64,407	70,332
Intangible assets	72,283	69,377	141,653	138,531
	$ 147,412	$ 150,786	$ 291,768	$ 310,061

39. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Taxation	$ 80,911	$ 66,558	$ 163,201	$ 126,180
Rental	2,258	13,994	3,414	17,696
Management fees	10,283	9,913	21,780	20,857
Computer operating and consulting fees	97,914	83,269	185,721	163,831
Entertainment fees	6,683	6,094	18,440	13,359
Professional services fees	21,219	26,107	40,134	48,787
Advertisement fees	12,402	11,333	20,675	19,099
Postage fees	24,392	19,345	40,177	39,508
Others	50,400	66,981	123,949	135,467
	$ 306,462	$ 303,594	$ 617,491	$ 584,784

40. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	$ 153,294	$ 173,047	$ 295,256	$ 412,110
Income tax on unappropriated earnings	4,941	14,975	4,941	14,975
Adjustment of prior period	3,833	(1,661)	3,833	(1,225)
	162,068	186,361	304,030	425,860
Deferred tax				
In respect of the current period	64,754	46,592	177,267	40,683
Income tax expense recognized in profit or loss	$ 226,822	$ 232,953	$ 481,297	$ 466,543

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
Translation of foreign operations	$ 21,855	$ 30,912	$ 12,466	$ 98,181
Loss on remeasurements of defined benefit plans	-	-	(697)	-
Unrealized gain (loss) on financial assets at FVTOCI	(45,973)	(149,470)	23,571	(379,645)
Income tax expense (benefit) recognized in other comprehensive income	$ (24,118)	$ (118,558)	$ 35,340	$ (281,464)

c. Assessment of the income tax returns

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

41. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share				
From continuing operations	$ 0.23	$ 0.11	$ 0.50	$ 0.32
From discontinued operations	-	-	-	-
Total basic earnings per share	$ 0.23	$ 0.11	$ 0.50	$ 0.32
Diluted earnings per share				
From continuing operations	$ 0.21	$ 0.10	$ 0.45	$ 0.29
From discontinued operations	-	-	-	-
Total diluted earnings per share	$ 0.21	$ 0.10	$ 0.45	$ 0.29

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Profit for the period attributable to owners of the Bank	$ 759,419	$ 425,181	$ 1,497,880	$ 1,006,964
Less: Declared preferred stock dividend	127,081	127,500	127,081	127,500
Earnings used in the computation of basic earnings per share	632,338	297,681	1,370,799	879,464
Less: Gain (loss) for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	-	(3,320)	-	4,132
Earnings used in the computation of earnings per share from continuing operations	$ 632,338	$ 301,001	$ 1,370,799	$ 875,332

Stock (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Weighted average number of common stocks in computation of basic earnings per share	2,731,470	2,731,428	2,731,470	2,730,164
Effect of potentially dilutive common stocks:				
Employees' compensation issued to employees	2,203	1,716	4,398	2,906
Convertible preferred stock	299,014	299,056	299,014	299,521
Weighted average number of common stocks in the computation of diluted earnings per share	3,032,687	3,032,200	3,034,882	3,032,591

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

42. 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
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
Jih Sun IBT International Leasing Co. (Jih Sun IBT)	Associates
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiaries of associates
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
Taixuan Investment Co., Ltd.	The Bank's legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Group's management and their other relatives

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 six months ended June 30, 2023			
Associates	$ 32,342	$ 71	0.05-1.35
Others	8,499,565	98,668	0.00-7.05
	$ 8,531,907	$ 98,739	
For the six months ended June 30, 2022			
Associates	$ 262	$ -	0.21-0.35
Others	11,393,130	26,247	0.00-8.00
	$ 11,393,392	$ 26,247	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the six months ended June 30, 2023				
Associates	$ 238,496	$ 138,496	$ 3,711	2.50-5.01
Others	691,800	691,800	7,468	1.84-2.43
	$ 930,296	$ 830,296	$ 11,179	
For the six months ended June 30, 2022				
Others	$ 430,000	$ 430,000	$ 2,839	1.58

June 30, 2023

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Others	Jih Sun IBT	$ 146,600	$ 46,600	$ 46,600	$ -	Real estate	None
Others	Suzhou Jih Sun	$ 91,896	$ 91,896	$ 91,896	$ -	None	None
Others	Ming Shan Investment	$ 64,000	$ 64,000	$ 64,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 73,800	$ 73,800	$ 73,800	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 124,000	$ 124,000	$ 124,000	$ -	Certificates of deposit	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

December 31, 2022

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Others	Jih Sun IBT	$ 146,600	$ 146,600	$ 146,600	$ -	Real estate and check	None
Others	Suzhou Jih Sun	$ 94,672	$ 94,672	$ 94,672	$ -	None	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Others	Ming Shan Investment	$ 55,000	$ 55,000	$ 55,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 67,000	$ 67,000	$ 67,000	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 120,000	$ 120,000	$ 120,000	$ -	Certificates of deposit	None

June 30, 2022							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Transactions with Unrelated Parties**
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Others	$ 2	$ 1	$ 3	$ 2

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Others	$ -	$ -	$ 10,450	$ 5,600

Other expenses are donations.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Others	$ 43	$ -	$ 86	$ -

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

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the three months and six months ended June 30, 2023 and 2022 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	**2022**	**2023**	**2022**
Short-term employee benefits	$ 49,393	$ 60,355	$ 101,821	$ 120,751
Post-employment benefits	1,223	1,564	2,453	3,198
	$ 50,616	$ 61,919	$ 104,274	$ 123,949

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

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

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

44. PLEDGED ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at FVTPL	$ 8,316,181	$ 6,404,835	$ 6,301,817
Financial assets at FVTOCI	6,770,802	2,672,541	5,145,916
Investment in debt instruments at amortized cost	2,685,171	8,483,463	6,000,000
Receivables	-	-	710,104
Discounts and loans	6,850,654	7,032,245	6,806,808
Pledged time deposits	-	-	14,800
Compensation account for payment	-	-	28,100
	$ 24,622,808	$ 24,593,084	$ 25,007,545

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

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

45. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had commitments as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Office decorating and contracts of computer software			
Amount of contracts	$ 112,298	$ 60,613	$ 69,787
Payments for construction in progress and prepayments for equipment	76,834	29,930	34,996

46. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	June 30, 2023	December 31, 2022	June 30, 2022
Trust assets			
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,125,990	2,100,051	1,894,103
Financial assets	4,268,501	4,009,473	4,886,420
Receivables	72	64	35
Prepayments	407	9,409	708
Real estate	6,960,590	6,947,042	6,839,084
Structured products	99,022	62,781	130,307
Other assets	44	368	106
Total trust assets	$ 13,454,726	$ 13,129,288	$ 13,750,863
Trust capital and liabilities			
Payables	$ 3,521	$ 2,754	$ 2,053
Unearned receipts	1,416	1,268	1,443
Taxes payable	2,979	4,150	2,949
Guarantee deposits received	25,714	27,608	32,725
Other liabilities	1,003	984	992
Trust capital	13,231,235	12,903,294	13,551,701
Provisions and accumulated profit and loss	188,858	189,230	159,000
Total trust capital and liabilities	$ 13,454,726	$ 13,129,288	$ 13,750,863

Income Statements of Trust Accounts

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Trust revenue				
Interest revenue	$ 2,194	$ 530	$ 11,067	$ 795
Rent revenue	28,363	29,176	57,655	58,406
Other revenue	1,163	469	1,602	932
	31,720	30,175	70,324	60,133
Trust expenses				
Management fees	(815)	(680)	(1,510)	(1,413)
Service charge	(1,493)	(2,036)	(3,584)	(7,616)
Other expenses	(3,164)	(2,768)	(7,118)	(6,290)
Tax	(3,446)	(3,820)	(6,957)	(6,921)
Income tax expense	-	(20)	(838)	(29)
	(8,918)	(9,324)	(20,007)	(22,269)
	$ 22,802	$ 20,851	$ 50,317	$ 37,864

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

Trust Property List

	June 30, 2023	December 31, 2022	June 30, 2022
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,125,990	2,100,051	1,894,103
Bonds	1,229,978	927,112	848,414
Stocks	375,516	257,680	237,753
Funds	2,663,007	2,824,681	3,800,253
Investment of structured products	99,022	62,781	130,307
Land	6,134,471	6,134,471	6,019,361
Buildings	826,119	812,571	819,723
Receivables	72	64	35
Prepayments	407	9,409	708
Other	44	368	106
	$ 13,454,726	$ 13,129,288	$ 13,750,863

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Investments in debt instruments at amortized cost	$ 26,870,632	$ 26,773,955	$ 25,665,306	$ 25,561,220	$ 9,537,498	$ 9,516,573
Financial liabilities						
Bank debentures payable	12,250,000	12,348,970	13,600,000	13,770,715	13,500,000	13,632,451

2) The fair value hierarchy

Financial Instrument Items at Fair Value	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 26,773,955	$ 8,747,921	$ 18,026,034	$ -
Financial liabilities				
Bank debentures payable	12,348,970	-	12,348,970	-

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	June 30, 2022 Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 9,516,573	$ 1,252,545	$ 8,264,028	$ -
Financial liabilities				
Bank debentures payable	13,632,451	-	13,632,451	-

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

b. Fair value information - financial instruments carried at fair value on a duplicated basis

1) The fair value hierarchy of the financial instruments as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

Item	June 30, 2023 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,545,395	$ 738,118	$ 580,060	$ 227,217
Bonds	3,764,974	-	3,764,974	-
Bills	104,454,172	-	104,454,172	-
Hybrid financial assets	6,389,696	229,555	1,203,874	4,956,267
Negotiable certificates of deposit	27,521,126	-	27,521,126	-
Financial assets at FVTOCI				
Equity instruments	6,001,481	5,011,285	140,640	849,556
Bills	4,666,810	-	4,666,810	-
Debt instruments	130,595,802	19,763,938	110,831,864	-
Negotiable certificates of deposit	19,183,239	-	19,183,239	-
Liabilities				
Financial liabilities at FVTPL	128,225	-	128,225	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,565,367	68,834	1,496,533	-
Liabilities				
Financial liabilities at FVTPL	765,838	-	765,838	-

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	June 30, 2022 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,481,140	$ 339,971	$ 1,019,941	$ 121,228
Bonds	403,775	-	403,775	-
Bills	86,340,903	-	86,340,903	-
Hybrid financial assets	10,859,820	313,653	1,390,834	9,155,333
Negotiable certificates of deposit	37,854,207	-	37,854,207	-
Financial assets at FVTOCI				
Equity instruments	7,469,838	6,528,729	123,289	817,820
Bills	6,018,580	-	6,018,580	-
Debt instruments	134,035,387	17,748,213	116,287,174	-
Negotiable certificates of deposit	19,994,359	-	19,994,359	-
Liabilities				
Financial liabilities at FVTPL	194,295	-	194,295	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	1,479,895	24,039	1,455,856	-
Liabilities				
Financial liabilities at FVTPL	733,004	-	733,004	-

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

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

a) Marking-to-market

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

i. Ensure the consistency and completeness of market data.

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

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

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

b) Marking-to-model

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

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

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

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

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

3) Reconciliation of Level 3 fair value measurement the financial instruments

For the six months ended June 30, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395
Recognition in profit or loss - gains (losses) on financial assets at fair value through profit or loss	50,290	9,877	-	60,167
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	6,282	6,282
Purchases	-	57,832	-	57,832
Disposals	(2,602,400)	-	-	(2,602,400)
Transferred out of Level 3 (Note)	-	(33,236)	-	(33,236)
Ending balance	$ 4,956,267	$ 227,217	$ 849,556	$ 6,033,040

For the six months ended June 30, 2022

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 9,979,347	$ 193,667	$ 835,903	$ 11,008,917
Recognition in profit or loss - gains (losses) on financial assets at fair value through profit or loss	(56,314)	(28,933)	(191)	(85,438)
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	(23,892)	(23,892)
Purchases	2,450,800	12,632	6,000	2,469,432
Disposals	(3,218,500)	-	-	(3,218,500)
Transferred out of Level 3 (Note)	-	(56,138)	-	(56,138)
Ending balance	$ 9,155,333	$ 121,228	$ 817,820	$ 10,094,381

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the six months ended June 30, 2023 and 2022, were consisted of $30,393 thousand in loss and $81,314 thousand in loss, respectively.

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

4) Transfers between Level 1 and Level 2

For the six months ended June 30, 2023, certain debt instrument investments were transferred from Level 1 to Level 2, which resulted from the change in the determination of fair value from the use of valuation model with market parameters to the adoption of quoted prices in active markets. The Group had no significant transfers between Level 1 and Level 2 for the six months period ended June 30, 2023 and 2022.

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

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible corporate bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the six months ended June 30, 2023 and 2022 periods would be as follows:

For the six months ended June 30, 2023

Item	**Movement: Upward/ Downward**	**Effect on Profit and Loss**		**Effect on Other Comprehensive Income**	
		Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Convertible bond	1BP	$ 520	$ (520)	$ -	$ -
Equity instruments	10%	22,722	(22,722)	93,000	(93,000)

For the six months ended June 30, 2022

Item	**Movement: Upward/ Downward**	**Effect on Profit and Loss**		**Effect on Other Comprehensive Income**	
		Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Convertible bond	1BP	$ 1,478	$ (1,478)	$ -	$ -
Equity instruments	10%	12,123	(12,123)	89,366	(89,366)

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.

June 30, 2023

Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**
Financial assets at FVTPL		
Bills sold under repurchase agreements	$ 79,325,461	$ 79,416,353
Bonds sold under repurchase agreements	1,520,756	1,510,889
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	84,940,415	88,105,204
Instruments in debt instruments measured at amortized cost		
Bonds sold under repurchase agreements	2,304,487	2,086,181
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,181,640	2,322,928

December 31, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTPL		
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

June 30, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTPL		
Bills sold under repurchase agreements	$ 62,333,902	$ 62,368,249
Bonds sold under repurchase agreements	1,053,984	1,132,896
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	87,595,848	92,713,634
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	4,214,163	4,376,002

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.

June 30, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 1,555,144	$ -	$ 1,555,144	$ (305,064)	$ (331,353)	$ 918,727

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	$ 762,395	$ -	$ 762,395	$ (305,064)	$ (105,098)	$ 352,233
Repurchase agreements	173,441,555	-	173,441,555	(169,370,442)	-	4,071,113
	$ 174,203,950	$ -	$ 174,203,950	$ (169,675,506)	$ (105,098)	$ 4,423,346

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: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
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

June 30, 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: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 1,450,540	$ -	$ 1,450,540	$ (327,918)	$ (296,993)	$ 825,629

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	$ 731,605	$ -	$ 731,605	$ (327,918)	$ (1,784)	$ 401,903
Repurchase agreements	160,590,781	-	160,590,781	(155,059,910)	-	5,530,871
	$ 161,322,386	$ -	$ 161,322,386	$ (155,387,828)	$ (1,784)	$ 5,932,774

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 also authorized by the Chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who own the background of risk management or finance, president and supervisors at all levels 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, new type business or setting up risk management. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold Meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.

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

c. Credit risk

1) Sources and definition of credit risk

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

2) Strategy/objectives/policies and procedures

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

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, application of the principle of risk diversification, implementation of the Bank's credit risk management, to minimize potential financial losses and pursue optimal rewards.

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

c) Credit risk management policy: To establish risk management system and to ensure the integrity of business risk management and compliance, the Bank stipulated its "Risk Management Policy" which is in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank keeps its capital adequately, achieves the goal of credit risk strategy and creates risk adjusted return maximization plan under the Bank's acceptable range of credit risk.

d) Credit risk management process:

   i. Risk identification

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

   ii. Risk measurement

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

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

      ii) Portfolio management:

         - It is used to ensure the risk of loan is within the tolerable scope.

         - "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.

         - It achieves the optimal profits.

   iii. Risk communication

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

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

iv. Risk monitoring

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

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

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

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

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

3) Credit risk management and framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank has developed collateral management policies and operating procedures, including recognition of collateral data, and building of collateral management system. 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		
	June 30, 2023	December 31, 2022	June 30, 2022
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 128,494,378	$ 116,144,464	$ 128,654,083
Maximum exposure amounts	128,494,378	116,144,464	128,654,083
Loan commitments	60,949,861	62,895,729	55,661,505

7) Concentration of credit risk exposure

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

On June 30, 2023, December 31, 2022 and June 30, 2022, the Group's significant concentration of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Financial and insurance	$ 93,432,778	29	$ 85,682,579	28	$ 87,087,195	29
Real estate	62,901,992	20	58,474,313	19	59,218,081	20
Manufacturing	56,212,025	18	54,424,241	18	56,119,542	19

b) By counterparty

Credit Risk Profile by Counterparty Sector	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Private sector	$ 179,054,334	81	$ 168,018,883	81	$ 162,156,920	81
Natural person	42,988,780	19	39,478,385	19	37,477,841	19

c) By geographical area

Credit Risk Profile by Geographical Sector	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Domestic	$ 133,142,850	60	$ 129,677,253	62	$ 125,914,775	63
Other Asia area	47,661,561	21	36,705,337	18	35,663,212	18
America	35,906,704	16	35,659,183	17	34,110,088	17

8) Credit quality and impairment assessment of financial assets

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

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

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

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

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

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

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

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

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

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

b) Credit risk management for investments in debt instruments

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

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

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

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

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

Category	June 30, 2023	December 31, 2022	June 30, 2022
Performing	$ 185,617,773	$ 184,108,502	$ 173,368,197
Doubtful	400,000	400,000	1,000,003
In default	-	-	-

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

	Credit Rating		
	Performing (12-month ECLs)	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**Total**
Balance at January 1, 2023	$ 38,906	$ 1,481	$ 40,387
New financial assets purchased	10,724	-	10,724
Derecognition of financial assets	(5,669)	-	(5,669)
Change in model or risk parameters	564	(14)	550
Exchange rates or others	254	-	254
Balance at June 30, 2023	$ 44,779	$ 1,467	$ 46,246
Balance at January 1, 2022	$ 42,456	$ 5,218	$ 47,674
New financial assets purchased	4,126	-	4,126
Derecognition of financial assets	(7,659)	-	(7,659)
Change in model or risk parameters	(3,847)	(120)	(3,967)
Exchange rates or others	1,310	-	1,310
Balance at June 30, 2022	$ 36,386	$ 5,098	$ 41,484

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

a) Credit analysis for receivables and discounts and loans

June 30, 2023

	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference of Impairment Loss Under Regulations**	**Total**
Receivables	$ 5,377,465	$ 437,091	$ 25,721	$ -	$ 5,840,277
Allowance for credit losses	(3,364)	(700)	(4,146)	-	(8,210)
Difference of impairment loss under regulations	-	-	-	(14,410)	(14,410)
Net total	$ 5,374,101	$ 436,391	$ 21,575	$ (14,410)	$ 5,817,657

	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference of Impairment Loss Under Regulations**	**Total**
Discounts and loans	$ 199,943,280	$ 20,788,050	$ 1,311,784	$ -	$ 222,043,114
Allowance for credit losses	(495,199)	(245,851)	(325,812)	-	(1,066,862)
Difference of impairment loss under regulations	-	-	-	(2,126,565)	(2,126,565)
Net total	$ 199,448,081	$ 20,542,199	$ 985,972	$ (2,126,565)	$ 218,849,687

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

June 30, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 20,599,488	$ 752,474	$ 287,018	$ -	$ 21,638,980
Allowance for credit losses	(259,255)	(26,366)	(219,288)	-	(504,909)
Difference of impairment loss under regulations	-	-	-	(18,360)	(18,360)
Net total	$ 20,340,233	$ 726,108	$ 67,730	$ (18,360)	$ 21,115,711

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 183,688,084	$ 14,685,591	$ 1,261,086	$ -	$ 199,634,761
Allowance for credit losses	(241,955)	(76,734)	(261,991)	-	(580,680)
Difference of impairment loss under regulations	-	-	-	(2,251,938)	(2,251,938)
Net total	$ 183,446,129	$ 14,608,857	$ 999,095	$ (2,251,938)	$ 196,802,143

b) Credit analysis for marketable securities

June 30, 2023

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 159,142,835	$ 26,874,938	$ 186,017,773
Allowance for impairment loss	(41,940)	(4,306)	(46,246)
Amortized cost	159,100,895	$ 26,870,632	185,971,527
Fair value adjustment	(4,655,044)		(4,655,044)
	$ 154,445,851		$ 181,316,483

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

June 30, 2022

	At FVTOCI - Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 164,830,304	$ 9,537,896	$ 174,368,200
Allowance for impairment loss	(41,086)	(398)	(41,484)
Amortized cost	164,789,218	$ 9,537,498	174,326,716
Fair value adjustment	(4,740,892)		(4,740,892)
	$ 160,048,326		$ 169,585,824

9) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

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

Liquidity risk is the risk that the Group’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 June 30, 2023, December 31, 2022 and June 30, 2022, the liquidity reserve ratio was 47.21%, 46.54% and 43.08%, 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:

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 20,345,274	$ 8,336,400	$ -	$ -	$ 2,000,001	$ 30,681,675
Financial liabilities at fair value through profit or loss	-	-	4,819	17,423	105,983	128,225
Bills and bonds sold under repurchase agreements	130,048,568	37,141,528	1,978,924	380,496	4,248,747	173,798,263
Payables	2,925,167	1,389,657	371,937	1,064,508	68,687	5,819,956
Deposits and remittances	81,321,776	107,041,943	49,871,838	24,893,353	53,659,684	316,788,594
Bank debentures payable	-	-	700,000	1,500,000	10,050,000	12,250,000
Other financial liabilities	31,152	274,668	128,977	107,436	2,868,639	3,410,872
Lease liabilities	11,743	24,395	34,051	62,437	363,846	496,472
	$ 234,683,680	$ 154,208,591	$ 53,090,546	$ 28,025,653	$ 73,365,587	$ 543,374,057

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

June 30, 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	$ 25,362,168	$ 2,986,447	$ -	$ -	$ -	$ 28,348,615
Financial liabilities at fair value through profit or loss	-	-	181	3,043	191,071	194,295
Bills and bonds sold under repurchase agreements	137,192,871	20,949,522	2,383,144	162,303	-	160,687,840
Payables	4,242,412	58,523	498,308	735,663	56,369	5,591,275
Deposits and remittances	67,747,150	89,319,264	49,247,337	32,773,726	52,749,237	291,836,714
Bank debentures payable	-	-	-	3,250,000	10,250,000	13,500,000
Other financial liabilities	4,565,513	2,906,629	2,380,644	2,908,700	5,093,284	17,854,770
Lease liabilities	9,223	23,472	29,199	54,122	245,309	361,325
	$ 239,119,337	$ 116,243,857	$ 54,538,813	$ 39,887,557	$ 68,585,270	$ 518,374,834

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

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 7,726	$ 13,227	$ 22,151	$ 18,134	$ -	$ 61,238
Currency swap contracts	378,880	160,735	44,872	31,664	-	616,151
Others	7,143	9,765	12,989	5,860	3,290	39,047
	393,749	183,727	80,012	55,658	3,290	716,436
Non-deliverable						
Interest rate swap contracts	-	43	152	219	48,988	49,402
	$ 393,749	$ 183,770	$ 80,164	$ 55,877	$ 52,278	$ 765,838

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

June 30, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 117,942	$ 12,457	$ 16,067	$ 6,901	$ -	$ 153,367
Currency swap contracts	246,208	204,277	28,411	22,174	-	501,070
Others	25,979	26,607	21,120	1,490	1,399	76,595
	390,129	243,341	65,598	30,565	1,399	731,032
Non-deliverable						
Interest rate swap contracts	-	-	608	1,364	-	1,972
	$ 390,129	$ 243,341	$ 66,206	$ 31,929	$ 1,399	$ 733,004

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the 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.

June 30, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 623,207	$ 1,352,480	$ 156,297	$ 307,676	$ -	$ 2,439,660
Other guarantees	52,710,260	69,828,104	1,788,430	1,021,508	706,416	126,054,718
Loan commitments	5,686,622	11,373,244	17,059,866	26,830,129	-	60,949,861
	$ 59,020,089	$ 82,553,828	$ 19,004,593	$ 28,159,313	$ 706,416	$ 189,444,239

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

June 30, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 1,161,104	$ 1,525,392	$ 226,216	$ -	$ -	$ 2,912,712
Other guarantees	49,554,483	71,708,058	2,632,662	1,563,166	283,002	125,741,371
Loan commitments	4,704,510	9,409,021	14,113,531	27,434,443	-	55,661,505
	$ 55,420,097	$ 82,642,471	$ 16,972,409	$ 28,997,609	$ 283,002	$ 184,315,588

e. Market risk

1) Source and definition of market risk

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

2) Market risk management strategy and process

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

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

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

3) Market risk management organization and framework

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

b) Risk Management Committee: It is the supervisory agency which responsible for setting risk management limits and supervising market risk management operations. In principle, a risk management committee meeting is held monthly to deliberate the revision of market risk limits and regulations, reporting various market risk limit control situations and market risk related matters.

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

4) Market risk report and evaluation system

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

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

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

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

5) Value at risk

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

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

O-Bank

	June 30, 2023			December 31, 2022			June 30, 2022		
	Average	**High**	**Low**	**Average**	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 13,896	$ 20,074	$ 9,104	$ 2,692	$ 12,790	$ 284	$ 1,899	$ 12,790	$ 284
Fair value risk resulting from interest rate	1,569	3,643	617	2,038	5,147	444	2,014	5,147	772
Fair value resulting from stock price	2,750	5,543	424	8,060	22,962	-	9,835	22,962	2,001

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 June 30, 2023, the bank has identified all the information systems and internal processes that need to be updated, and planned the update schedule. The bank has completed the identification of the affected contracts, and expects to finishing switch to alternative interest rate indicators in the third quarter of 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 June 30, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 498,038	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. It is expected that the contract revision will be completed in the third quarter of 2023.
Discounts and loans	777,957	It is expected to gradually switch to alternative interest rate indicators in the third quarter of 2023, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks. It is expected that the contract revision will be completed in the third quarter of 2023.
	$ 1,275,995	

7) Foreign currency rate risk information

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

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

	June 30, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 3,319,330	31.1520	$ 103,403,809
JPY	3,341,219	0.2149	717,919
HKD	11,038,207	3.9764	43,892,215
EUR	33,450	33.7702	1,129,611
AUD	471,394	20.6100	9,715,417
RMB	762,682	4.2774/4.2880	3,262,320
Investments accounted for using equity method			
RMB	249,850	4.2880	1,071,356

(Continued)

	June 30, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary item			
USD	$ 4,727,388	31.1520	$ 147,267,635
JPY	3,529,104	0.2149	758,290
HKD	5,293,526	3.9764	21,049,124
EUR	13,300	33.7702	449,137
AUD	304,178	20.6100	6,269,104
RMB	604,546	4.2774	2,585,898

(Concluded)

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

	June 30, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary item			
USD	$ 2,953,097	29.7289	$ 87,792,466
JPY	4,537,399	0.2182	989,902
HKD	8,223,382	3.7895	31,162,835
EUR	23,832	31.0141	739,117
AUD	218,263	20.4615	4,466,000
RMB	3,527,580	4.4412/4.4380	15,655,474
Investments accounted for using equity method			
RMB	228,893	4.4412	1,016,553
<u>Financial liabilities</u>			
Monetary item			
USD	3,962,559	29.7289	117,802,700
JPY	4,606,240	0.2182	1,004,920
HKD	3,549,318	3.7895	13,450,284
EUR	13,675	31.0141	424,132
AUD	48,721	20.4615	996,906
RMB	2,711,958	4.4412/4.4380	12,035,727

f. Banking book interest rate risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

g. Climate risk

1) Source and definition of climate risk

Due to the continuous emission of greenhouse gases from various economic activities, the earth is warming up and generating extreme climate, thus creating climate risk. Climate risk is mainly categorized as: transformation risk due to the impact of external policies and regulations, technological transformation, market preference and reputation in order to achieve the goal of a low-carbon economy, and physical risk due to the impact of climate change or extreme climate.

2) Management strategy and principles of climate risk

The Bank has established climate risk management policies and monitoring indicators to ensure the effectiveness of implementation and the resilience to different climate scenarios, and conducts annual scenario analyses of physical and transformational risks to assess the impact of climate risk on business and finance.

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

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

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

O-Bank

	For the Six Months Ended June 30			
	2023		2022	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 1,234,804	1.70	$ 1,088,842	0.77
Call loans to other banks	10,532,948	4.44	6,616,655	0.44
Due from the Central Bank	5,875,191	1.11	5,177,695	0.55
Financial assets at FVTPL	37,395,817	1.17	37,795,084	0.47
Bills and bonds purchased under resell agreements	-	-	387	0.24
Discounts and loans	192,815,283	3.92	168,094,712	2.10
Financial assets at FVTOCI	67,724,414	1.57	74,457,583	0.69
Financial assets at amortized cost	27,028,546	2.31	2,922,237	0.79
Accounts receivables from acquisition	1,046,238	3.73	1,256,212	1.78
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	14,384,964	2.74	18,925,924	0.44
Demand deposits	50,152,915	1.05	62,212,128	0.21
Time deposits	236,284,764	2.57	185,533,859	0.54
Bills and bonds sold under repurchase agreements	12,608,654	3.29	4,274,166	0.40
Bank debentures payable	13,778,177	1.89	14,527,624	1.90
Appropriation for loans	1,687,019	0.14	2,194,903	-

China Bills Finance Corporation (CBF)

	For the Six Months Ended June 30			
	2023		2022	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (and other assets-refundable deposits)	$ 819,566	0.42	$ 818,043	0.03
Call loans to banks	364,475	1.04	189,870	0.41
Financial assets at FVTPL - bonds and bills	106,711,363	1.29	94,989,685	0.49
FVTOCI - debt instruments	91,045,984	1.55	100,388,634	1.16
Financial assets at FVTPL - hybrid financial assets	6,382,991	1.42	9,649,306	1.47
Investments in debt instruments measured at amortized cost	1,678,811	1.45	-	-
Securities purchased under resell agreements	3,681,689	0.71	5,519,475	0.24
Interest-bearing liabilities				
Call loans from other banks	13,829,079	1.71	11,418,368	0.50
Bank overdrafts	1,838	2.10	1,266	0.56
Securities sold under repurchase agreement	170,751,706	1.42	168,936,634	0.35
Commercial paper payable	1,198,895	1.41	3,337,569	0.52

49. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Group’s common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis 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

(In Thousands of New Taiwan Dollars or in %)

Items / Year			June 30, 2023 Own Capital Adequacy Ratio	June 30, 2023 Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		$ 28,514,369	$ 28,514,369
	Other Tier 1 capital		568,982	568,982
	Tier 2 capital		3,763,196	3,763,196
	Eligible capital		32,846,547	32,846,547
Risk-weighted assets	Credit risk	Standardized approach	233,679,587	233,679,587
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	9,922,725	9,922,725
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,041,700	7,041,700
		Internal model approach	-	-
	Total risk-weighted assets		250,644,012	250,644,012
Capital adequacy ratio			13.10%	13.10%
Ratio of common stockholders' equity to risk-weighted assets			11.38%	11.38%
Ratio of Tier 1 capital to risk-weighted assets			11.60%	11.60%
Leverage ratio			7.22%	7.22%

(In Thousands of New Taiwan Dollars or in %)

Items / Year			December 31, 2022 Own Capital Adequacy Ratio	December 31, 2022 Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks 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	-	-
		Asset 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 stockholders' 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%

(In Thousands of New Taiwan Dollars or in %)

Items		Year	June 30, 2022	
			Own Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common stocks equity		$ 26,028,852	$ 26,028,852
	Other Tier 1 capital		586,824	586,824
	Tier 2 capital		1,803,152	1,803,152
	Eligible capital		28,418,828	28,418,828
Risk-weighted assets	Credit risk	Standardized approach	203,176,935	203,176,935
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	9,483,113	9,483,113
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	4,676,138	4,676,138
		Internal model approach	-	-
	Total risk-weighted assets		217,336,186	217,336,186
Capital adequacy ratio			13.08%	13.08%
Ratio of common stockholders' equity to risk-weighted assets			11.98%	11.98%
Ratio of Tier 1 capital to risk-weighted assets			12.25%	12.25%
Leverage ratio			7.24%	7.24%

Note 1: Eligible capital, risk-weighted assets total exposure 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:

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

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

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

d) Ratio of common stockholders' equity to risk-weighted assets = Common stocks equity Tier 1 ÷ Risk-weighted assets.

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

f) Leverage ratio = Tier 1 capital ÷ Exposure amount.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank's stand-alone 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 stockholders' 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.

China Bills Finance Corporation

(Unit: In Thousands of New Taiwan Dollars or in %)

Items / Year		June 30, 2023	June 30, 2022
Eligible capital	Tier 1 capital	$ 21,907,092	$ 21,500,838
	Tier 2 capital	295,108	283,965
	Tier 3 capital	225,938	43,066
	Eligible capital	22,428,138	21,827,869
Risk-weighted assets	Credit risk	110,575,348	111,832,010
	Operational risk	4,374,960	4,605,970
	Market risk	54,692,545	54,782,583
	Total risk-weighted assets	169,642,853	171,220,563
Capital adequacy ratio (Note)		13.22%	12.75%
Ratio of Tier 1 capital to risk-weighted assets (Note)		12.91%	12.56%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.18%	0.17%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.13%	0.02%
Ratio of common stockholders' equity to total assets (Note)		6.70%	6.80%

Note:

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 OF LOANS, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

Credit risk

a. Asset quality of loans: Refer to Table 2.

b. Concentration of credit extensions

June 30, 2023

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (unclassified other financial service)	$ 6,744,235	17.44
2	B Group (real estate development)	6,726,443	17.39
3	C Group (real estate development)	4,076,036	10.54
4	D Group (real estate lease industry)	3,548,500	9.18
5	E Group (other holding company)	2,969,117	7.68
6	F Group (unclassified other financial service)	2,932,929	7.58
7	G Group (unclassified other financial service)	2,886,110	7.46
8	H Group (wire and cable manufacturing)	2,458,712	6.36
9	I Group (unclassified other financial service)	2,432,400	6.29
10	J Group (other holding company)	2,272,117	5.88

June 30, 2022

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	B Group (real estate development)	$ 6,786,797	20.03
2	C Group (real estate development)	4,071,536	12.02
3	G Group (glass and glass made products manufacturing)	3,108,236	9.17
4	D Group (real estate development)	3,082,750	9.10
5	A Group (unclassified other financial service)	3,059,349	9.03
6	I Group (unclassified other financial service)	2,952,000	8.71
7	E Group (other holding company)	2,614,393	7.72
8	K Group (real estate development)	2,233,212	6.59
9	L Group (non-hazardous waste treatment industry)	2,122,119	6.26
10	M Group (telephones and mobile phones manufacturing)	2,108,000	6.22

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. Information for interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)

June 30, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 173,227,834	$ 13,868,934	$ 11,404,661	$ 42,359,080	$ 240,860,509
Interest rate-sensitive liabilities	114,330,576	58,805,499	19,218,738	39,502,663	231,857,476
Interest rate-sensitive gap	58,897,258	(44,936,565)	(7,814,077)	2,856,417	9,003,033
Net worth					34,571,611
Ratio of interest rate-sensitive assets to liabilities					103.88%
Ratio of interest rate sensitivity gap to net worth					26.04%

June 30, 2022

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 168,994,959	$ 14,086,663	$ 18,393,879	$ 28,010,772	$ 229,486,273
Interest rate-sensitive liabilities	90,918,070	71,675,437	31,153,945	29,417,333	223,164,785
Interest rate-sensitive gap	78,076,889	(57,588,774)	(12,760,066)	(1,406,561)	6,321,488
Net worth					30,693,932
Ratio of interest rate-sensitive assets to liabilities					102.83%
Ratio of interest rate sensitivity gap to net worth					20.60%

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 (In U.S. Dollars)

June 30, 2023

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

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,166,562	$ 42,279	$ 61,382	$ 2,188,511	$ 3,458,734
Interest rate-sensitive liabilities	2,247,458	863,007	190,602	610	3,301,677
Interest rate-sensitive gap	(1,080,896)	(820,728)	(129,220)	2,187,901	157,057
Net worth					126,039
Ratio of interest rate-sensitive assets to liabilities					104.76%
Ratio of interest rate sensitivity gap to net worth					124.61%

June 30, 2022

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

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,251,564	$ 33,296	$ 2,401	$ 1,497,123	$ 2,784,384
Interest rate-sensitive liabilities	1,649,158	824,110	155,886	3,000	2,632,154
Interest rate-sensitive gap	(397,594)	(790,814)	(153,485)	1,494,123	152,230
Net worth					107,494
Ratio of interest rate-sensitive assets to liabilities					105.78%
Ratio of interest rate sensitivity gap to net worth					141.62%

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 Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Return on total assets	Before income tax	0.47	0.35
	After income tax	0.40	0.30
Return on equity	Before income tax	4.53	3.27
	After income tax	3.92	2.87
Net income ratio		39.93	35.63

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 six months ended June 30, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)

June 30, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 286,477,836	$ 57,730,034	$ 23,310,221	$ 30,737,819	$ 25,014,003	$ 22,753,904	$ 126,931,855
Main capital outflow on maturity	329,156,002	22,688,925	40,141,012	97,282,080	45,284,185	43,120,791	80,639,009
Gap	(42,678,166)	35,041,109	(16,830,791)	(66,544,261)	(20,270,182)	(20,366,887)	46,292,846

June 30, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 269,112,900	$ 59,109,389	$ 22,143,218	$ 26,695,158	$ 21,027,908	$ 27,191,216	$ 112,946,011
Main capital outflow on maturity	311,795,423	25,647,878	33,710,784	72,247,501	57,453,306	57,518,982	65,216,972
Gap	(42,682,523)	33,461,511	(11,567,566)	(45,552,343)	(36,425,398)	(30,327,766)	47,729,039

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

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

June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,527,427	$ 2,606,912	$ 1,306,515	$ 303,587	$ 300,786	$ 1,009,627
Main capital outflow on maturity	5,754,776	2,418,151	1,616,179	488,554	443,962	787,930
Gap	(227,349)	188,761	(309,664)	(184,967)	(143,176)	221,697

June 30, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,349,307	$ 1,903,011	$ 826,165	$ 448,793	$ 311,213	$ 860,125
Main capital outflow on maturity	4,527,767	1,828,977	1,450,862	308,587	309,921	629,420
Gap	(178,460)	74,034	(624,697)	140,206	1,292	230,705

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

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

Maturity Analysis of Overseas Branch's Assets and Liabilities (In U.S. Dollars)

June 30, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,771,965	$ 1,264,265	$ 329,733	$ 34,675	$ 53,187	$ 90,105
Main capital outflow on maturity	1,781,242	777,404	425,929	161,341	130,009	286,559
Gap	(9,277)	486,861	(96,196)	(126,666)	(76,822)	(196,454)

June 30, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,512,138	$ 1,083,559	$ 188,297	$ 17,799	$ 69,278	$ 153,205
Main capital outflow on maturity	1,534,390	567,468	450,819	91,205	120,434	304,464
Gap	(22,252)	516,091	(262,522)	(73,406)	(51,156)	(151,259)

China Bills Finance Corporation

a. Asset quality

Item \ Period	June 30, 2023	June 30, 2022
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,218,833	1,231,869
Actual provision for credit losses and reserve for losses on guarantees	1,382,077	1,382,077

b. The principal operation

Item \ Period	June 30, 2023	June 30, 2022
Balance of guarantees and endorsement securities	$ 98,749,900	$ 99,349,300
Multiple of guarantees and endorsement securities to net worth	4.71	4.14
Short-term bills and bonds sold under repurchase agreement	160,866,219	156,490,431
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	7.67	6.53

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

d. Concentrations of credit extensions

(In %)

Item \ Period	June 30, 2023		June 30, 2022	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	18.52		22.20	
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	31.41	Finance and insurance industry	32.88
	Manufacturing industry	18.10	Manufacturing industry	17.47
	Real estate industry	27.48	Real estate industry	27.84

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

June 30, 2023

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 94,476	$ 9,057	$ 11,030	$ 81,104	$ 195,667
Interest rate-sensitive liabilities	172,300	1,868	233	-	174,401
Interest rate-sensitive gap	(77,824)	7,189	10,797	81,104	21,266
Net worth					22,713
Ratio of interest rate-sensitive assets to liabilities (%)					112.19
Ratio of interest rate sensitivity gap to net worth (%)					93.63

June 30, 2022

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 96,272	$ 6,168	$ 7,640	$ 84,058	$ 194,138
Interest rate-sensitive liabilities	169,527	2,377	160	-	172,064
Interest rate-sensitive gap	(73,255)	3,791	7,480	84,058	22,074
Net worth					21,891
Ratio of interest rate-sensitive assets to liabilities (%)					112.83
Ratio of interest rate sensitivity gap to net worth (%)					100.84

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

June 30, 2023

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 36,578	$ 53,056	$ 5,730	$ 4,118	$ -
	Bonds	363	1,186	3,327	6,912	81,104
	Due from banks	1,110	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	1,783	400	-	-	-
	Total	39,834	54,642	9,057	11,030	81,104
Cash provided by	Borrowing	13,834	-	-	-	-
	Securities sold under repurchase agreements	126,265	32,201	1,868	233	-
	Eligible capital	-	-	-	-	22,713
	Total	140,099	32,201	1,868	233	22,713
Net cash flows		(100,265)	22,441	7,189	10,797	58,391
Accumulated cash flows		(100,265)	(77,824)	(70,635)	(59,838)	(1,447)

June 30, 2022

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 50,955	$ 35,536	$ 21	$ 636	$ -
	Bonds	888	3,639	6,147	7,004	84,058
	Due from banks	290	-	-	-	-
	Call loans	-	500	-	-	-
	Securities purchased under resell agreements	4,464	-	-	-	-
	Total	56,597	39,675	6,168	7,640	84,058
Cash provided by	Borrowing	15,168	500	-	-	-
	Securities sold under repurchase agreements	132,934	20,925	2,377	160	-
	Eligible capital	-	-	-	-	21,891
	Total	148,102	21,425	2,377	160	21,891
Net cash flows		(91,505)	18,250	3,791	7,480	62,167
Accumulated cash flows		(91,505)	(73,255)	(69,464)	(61,984)	183

g. Matters requiring special notation

Causes	June 30, 2023	June 30, 2022
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance’s imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the “Guidelines for Maintenance of Soundness of Financial Institutions” which exceeded NT$50 million 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

a. None cash flow activities

The cash dividends allotted by the Bank as determined by the stockholders' meeting were not issued on June 30, 2023 and 2022, refer to Notes 25 and 32 d.

b. Changes in liabilities from financing activities

For the six months ended June 30, 2023

	January 1, 2023	Cash Outflow	Non-cash Changes: New Leases	Non-cash Changes: Other	June 30, 2023
Bank debentures payable	$ 13,600,000	$ (1,350,000)	$ -	$ -	$ 12,250,000
Lease liabilities	432,826	(67,157)	77,368	10,797	453,834
Other financial liabilities	5,156,808	(1,746,769)	-	833	3,410,872
Other liabilities	500,360	170,528	-	-	670,888
	$ 19,689,994	$ (2,993,398)	$ 77,368	$ 11,630	$ 16,785,594

For the six months ended June 30, 2022

	January 1, 2022	Cash Outflow	Non-cash Changes: New Leases	Non-cash Changes: Other	June 30, 2022
Bank debentures payable	$ 15,000,000	$ (1,500,000)	$ -	$ -	$ 13,500,000
Lease liabilities	350,370	(76,699)	23,531	46,357	343,559
Other financial liabilities	20,580,832	(2,866,815)	-	140,753	17,854,770
Other liabilities	2,719,579	(69,167)	-	-	2,650,412
	$ 38,650,781	$ (4,512,681)	$ 23,531	$ 187,110	$ 34,348,741

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: The Group - not applicable; investees - None

2) Endorsement/guarantee provided: The Group - not applicable; investees - 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 nonperforming loans: None

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

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

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Group exercises significant influence.": 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	Bills	Others	Eliminations	Consolidated
For the six months ended June 30, 2023						
Net interest						
From unaffiliated segment	$ 1,084,640	$ 543,726	$ (593,065)	$ (2,954)	$ 184	$ 1,032,531
From other segment	(19)	-	-	19	-	-
	$ 1,084,621	$ 543,726	$ (593,065)	$ (2,935)	$ 184	$ 1,032,531
Net revenue other than interest						
From unaffiliated segment	$ 2,653,113	$ 18,422	$ 1,793,984	$ 179,325	$ -	$ 4,644,844
From other segment	13,472	-	(12,757)	(346)	(591,690)	(591,321)
	$ 2,666,585	$ 18,422	$ 1,781,227	$ 178,979	$ (591,690)	$ 4,053,523
Income from continuing operation	$ 1,497,880	$ 217,244	$ 774,838	$ 149,055	$ (568,227)	$ 2,070,790
Identifiable assets	$ 373,262,060	$ 28,293,949	$ 200,338,211	$ 1,535,459	$ (292,703)	$ 603,136,976
Depreciation and amortization	$ 262,069	$ 23,513	$ 12,638	$ 388	$ (6,840)	$ 291,768
Capital expenditures	$ 81,565	$ 1,354	$ 1,631	$ -	$ -	$ 84,550

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the six months ended June 30, 2022							
Net interest							
From unaffiliated segment	$ 1,326,034	$ 396,073	$ 483,961	$ 255,564	$ (20)	$ 361	$ 2,461,973
From other segment	(380)	-	24	-	2	354	-
	$ 1,325,654	$ 396,073	$ 483,985	$ 255,564	$ (18)	$ 715	$ 2,461,973
Net revenue other than interest							
From unaffiliated segment	$ 1,471,933	$ 10,492	$ 264,972	$ 704,791	$ (2,318)	$ -	$ 2,449,870
From other segment	28,241	-	(11,272)	(23,764)	7,355	(536,723)	(536,163)
	$ 1,500,174	$ 10,492	$ 253,700	$ 681,027	$ 5,037	$ (536,723)	$ 1,913,707
Income from continuing operation	$ 1,006,964	$ 132,169	$ 211,652	$ 601,507	$ (7,452)	$ (500,252)	$ 1,444,588
Identifiable assets	$ 329,349,842	$ 27,628,114	$ 20,589,288	$ 197,570,501	$ 262,438	$ (432,998)	$ 574,967,185
Depreciation and amortization	$ 260,711	$ 14,305	$ 32,990	$ 12,256	$ 399	$ (10,600)	$ 310,061
Capital expenditures	$ 39,683	$ 2,694	$ 19,854	$ 2,533	$ -	$ -	$ 64,764

TABLE 1

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	June 30, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 204,085	91.78	US$ 204,085	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	26,002	1.02	26,002	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	47,860	7.08	47,860	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	14,548	0.48	14,548	Note 2
	Shihlian China Holdings Corp.	-	Financial asset at FVTPL	19,682	117,192	0.46	117,192	Notes 1 and 2
	Beauty essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	27,576	2.41	27,576	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	7,805	2.17	7,805	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	129	21,414	0.17	21,414	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	400	45,976	0.36	45,976	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	12,800	0.38	12,800	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	19,832	0.77	19,832	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	25,200	2.99	25,200	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	400	12,840	0.18	12,840	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	119,000	4.67	119,000	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	115,457	3.81	115,457	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,576	0.55	10,576	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	53,296	3.09	53,296	
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	41,635	247,909	0.96	247,909	Notes 1 and 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	634	167,953	0.78	167,953	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	92,073	7.81	92,073	Note 2
	Chipwell tech Corporation	-	Financial asset at FVTPL	308	8,029	1.30	8,029	Note 2
	Biocontrol Gene Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	424	0.98	424	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,562	1.16	4,562	Note 2
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	66,723	1.38	66,723	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023 Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
	Evergreen Steel Corp.	-	Financial asset at FVTPL	247	$ 16,549	0.06	$ 16,549	
	Otobrite Electronics Inc.	-	Financial asset at FVTPL	25	827	0.07	827	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	415	46,480	0.11	46,480	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	10,233	1.26	10,233	
	Apex Dynamics, Inc.	-	Financial asset at FVTPL	15	3,330	0.02	3,330	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	162	5,578	0.34	5,578	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	27,459	1.06	27,459	
	T-Conn Precision Corporation	-	Financial asset at FVTPL	11	607	0.03	607	
	Lin Bioscience, Inc.	-	Financial asset at FVTPL	6	775	0.01	775	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	127	21,082	0.17	21,082	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	400	45,976	0.36	45,976	
	InnoCare Optoelectronics Corporation	-	Financial asset at FVTPL	20	2,090	0.05	2,090	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	4	690	-	690	
	Energenesis Biomedical Co., Ltd.	-	Financial asset at FVTPL	55	4,290	0.07	4,290	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	4,013	0.06	4,013	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	18,000	18,664	2.46	18,664	

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

NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE
JUNE 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars or in %)

Period			**June 30, 2023**					**June 30, 2022**				
Items			**Nonperforming Loans (Note 1)**	**Outstanding Loan Balance**	**Ratio of Nonperforming Loans (Note 2)**	**Allowance for Possible Losses**	**Coverage Ratio (Note 3)**	**Nonperforming Loans (Note 1)**	**Outstanding Loan Balance**	**Ratio of Nonperforming Loans (Note 2)**	**Allowance for Possible Losses**	**Coverage Ratio (Note 3)**
Corporate banking	Secured		$ 395,974	$ 93,386,433	0.42%	$ 1,333,483	336.76%	$ 389,175	$ 83,314,902	0.47%	$ 1,155,024	296.79%
	Unsecured		185,969	79,371,095	0.23%	1,153,597	620.32%	246,212	70,894,284	0.35%	991,610	402.75%
Consumer banking	Housing mortgage (Note 4)		18,941	10,628,386	0.18%	161,211	851.12%	-	12,181,126	-	183,188	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	2,827,907	-	32,324	-	-	2,089,210	-	26,528	-
	Other (Note 6)	Secured	2,823	4,726,433	0.06%	49,368	1,748.78%	-	4,769,688	-	48,114	-
		Unsecured	18,612	12,519,251	0.15%	180,742	971.10%	21,195	8,237,637	0.26%	136,902	645.92%
Total			622,319	203,459,505	0.31%	2,910,725	467.72%	656,582	181,486,847	0.36%	2,541,366	387.06%
			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)			-	1,201,323	-	12,552	-	-	1,562,641	-	17,012	-

	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)	121,910	-	107,448	-
Total	121,910	-	107,448	-

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

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

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

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

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

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

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), factored accounts receivable without recourse are reported as Nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

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

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

TABLE 3

O-BANK AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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										
Jih Sun IBT International Leasing Co.	Taipei City, Taiwan	Leasing company	44.27	$ 5,873,451	$ 56,281	155,480	-	155,480	44.27	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,071,356	92,508	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	6,376,724	219,834	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,404,476	199,360	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment advisory services	100.00	324,165	44,287	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd	Taipei City, Taiwan	Venture capital	100.00	905,404	104,763	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,605	-	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	1,545	-	244	-	244	2.18	

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 451,424 (US$ 14,491)	Note 2 c.	$ 62,304 (US$ 2,000)	$ -	$ -	$ 62,304 (US$ 2,000)	2.60	$ -	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	42,880 (RMB 10,000)	Note 2 c.	15,576 (US$ 500)	-	-	15,576 (US$ 500)	2.09	-	6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	232,838 (RMB 54,300)	Note 2 c.	62,304 (US$ 2,000)	-	-	62,304 (US$ 2,000)	2.18	-	1,545	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,287,990 (RMB 1,000,000)	Note 2 d.	857,598 (RMB 200,000)	-	-	857,598 (RMB 200,000)	20.00	92,508	1,071,356	-

Accumulated Investment in Mainland China as of June 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$140,184 (US$4,500) $857,598 (RMB200,000)	$140,184 (US$4,500) $857,598 (RMB200,000)	Note 3

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 148,284 (US$ 4,760)	Note 2 c.	$ 2,243 (US$ 72)	$ 280 (US$ 9)	$ -	$ 2,523 (US$ 81)	2.17	$ -	$ 1,235	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	235,332 (US$ 7,554)	Note 2 c.	13,208 (US$ 424)	-	-	13,208 (US$ 424)	1.63	-	6,464	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,230 (US$ 200)	Note 2 c.	218 (US$ 7)	-	-	218 (US$ 7)	2.17	-	107	-
Beauty Essential International, Ltd.	Cosmetic retailing	93,456 (US$ 3,000)	Note 2 c.	21,433 (US$ 688)	-	-	21,433 (US$ 688)	2.41	-	26,460	-
Meike information technology	Cosmetic retailing information technology	84,110 (US$ 2,700)	Note 2 c.	903 (US$ 29)	-	-	903 (US$ 29)	0.44	-	1,115	-
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,921,608 (US$ 800,000)	Note 2 c.	84,079 (US$ 2,699)	-	-	84,079 (US$ 2,699)	0.40	-	108,026	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow					
Shinlien Brine Huaian Co.	Production of glass materials	$ 996,864 (US$ 32,000)	Note 2 c.	$ 7,134 (US$ 229)	$ -	$ -	$ 7,134 (US$ 229)	0.46	$ -	$ 9,166	$ -
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	833,114 (RMB 194,290)	Note 2 c.	16,604 (US$ 533)	-	6,511 (US$ 209)	10,093 (US$ 324)	0.17	-	21,414	-

Accumulated Investment in Mainland China as of June 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$139,591 (US$4,481)	$146,102 (US$4,690)	$194,486 (Note 4)

<u>IBT VII Venture Capital Co., Ltd.</u>

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2023
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,921,608 (US$ 800,000)	Note 2 c.	$ 144,950 (US$ 4,653)	$ -	$ -	$ 144,950 (US$ 4,653)	0.66	$ -	$ 181,903	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	996,864 (US$ 32,000)	Note 2 c.	10,062 (US$ 323)	-	-	10,062 (US$ 323)	0.75	-	11,611	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	833,114 (US$ 194,290)	Note 2 c.	16,604 (US$ 533)	-	6,666 (US$ 214)	9,938 (US$ 319)	0.17	-	21,082	-

Accumulated Investment in Mainland China as of June 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$164,950 (US$5,295)	$171,616 (US$5,509)	$543,243 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended June 30, 2023.

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

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

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

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

d. Direct investment in mainland China.

e. Others.

(Continued)

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

Note 4: The original investment is within the limit.

Note 5: IBT Management Corp. 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.

(Concluded)

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	IBTM and IBTVC7	a	Deposits	$ 19,871	Note 3	-
0	The Bank	IBTM and IBTVC7	a	Interest expense	19	Note 3	-
0	The Bank	IBTM and CBF	a	Other net revenue other than interest	13,472	Note 3	0.26
0	The Bank	IBTM and IBTVC7	a	Payables	3	Note 3	-
0	The Bank	CBF	a	Dividend receivable	190,491	Note 3	0.03
1	IBTM	The Bank	b	Cash and cash equivalents	4,436	Note 3	-
1	IBTM	The Bank	b	Accounts receivable	2	Note 3	-
1	IBTM	The Bank	b	Interest revenue	14	Note 3	-
1	IBTM	The Bank	b	Other operating and administrative expenses	368	Note 3	0.01
1	IBTM	The Bank	b	Lease interest expense	26	Note 3	-
1	IBTM	IBTVC7	c	Consultancy service income	9,957	Note 3	0.20
2	CBF	The Bank	b	Other operating and administrative expenses	12,954	Note 3	0.25
2	CBF	The Bank	b	Lease interest expense	158	Note 3	-
2	CBF	The Bank	b	Dividend payable	190,491	Note 3	0.03
3	IBTVC7	The Bank	b	Cash and cash equivalents	15,435	Note 3	-
3	IBTVC7	The Bank	b	Interest revenue	5	Note 3	-
3	IBTVC7	The Bank	b	Accounts receivable	1	Note 3	-
3	IBTVC7	IBTM	c	Other operating and administrative expenses	9,957	Note 3	0.20

(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
JUNE 30, 2023

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

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's 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.