

O-Bank Co., Ltd.

# The Minutes for 2023 Annual General Meeting of Shareholders

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**(Summary Translation)**

This document is prepared in accordance with the Chinese version and is for reference only. In the event of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

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June 16, 2023

## O-Bank Co., Ltd.

# The shareholders meeting agenda handbook of 2023 General Shareholders Meeting

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**O-Bank Co., Ltd.**  
**2023 Annual General Meeting of Shareholders**

**Method of Convening the Meeting:**

Hybrid Shareholders' Meeting (Physical, assisted with visual communication)

**Time:** 9 am, June 16 (Friday), 2023

**Place:** No. 75, Changxing St., Da'an Dist., Taipei City

Sho-chieh Tsiang International Conference Hall, Chung-Hua Institution  
for Economic Research (CIER)

**Visual communication platform used at the meeting:**

The visual communication platform provided by the Taiwan Depository & Clearing Corporation (<https://www.stockvote.com.tw>)

**Total outstanding shares of the Company:**

2,731,470,301 shares (deducted by 2,522,000 non-voting shares pursuant to applicable laws and regulations)

**Total shares represented by shareholders present:**

2,198,756,029 shares (including 1,714,704,746 shares represented by shareholders exercising voting rights electronically)

**Percentage of shares held by shareholders present:**

80.49%

**Non-voting delegates:**

Chairman Lo, Tina Y.,

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

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

Deloitte & Touche- CPA Ma, William L.

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

Deputy President Lin, Roger Y.F.,

Executive Vice President Siew, Joy C.Y.,

Executive Vice President Chao, Tillie C.L.

Executive Vice President Fan, Vivian H.J.

Executive Vice President Lai, Joseph L.J.

Executive Vice President Hsieh, Chun

**Directors in attendance:**

Managing Director Lo, Kenneth C.M

Managing Director Yeh, Roy J.Y.,

Managing Director Chien, Chih-Ming

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

Independent Director Richard R.C. Liu,

Director Lee, Mark J.C.

Director Lin, Gordon W.C.,

Director Lin, Bill K.C.

**Chairman:** Lo, Tina Y.

**Minute Taker:** Chang, Yin-Hsing

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order.

## **Matters for Reporting**

### **Proposal No. 1**

Proposal: Business Report for 2022

Explanation: Please refer to Appendix I.

### **Proposal No. 2**

Proposal: Review Report of 2022 Financial Statements by the Audit Committee

Explanation: Please refer to Appendix II.

### **Proposal No. 3**

Proposal: Report on the 2022 operation of the Audit Committee

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

### **Proposal No. 4**

Proposal: Distribution of Remunerations to Directors and Employees for 2022

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

### **Proposal No. 5**

Proposal: Amendments to the Bank's Regulations Governing Transfer of Repurchased Shares to Employees

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

### **Proposal No. 6**

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

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

### **Proposal No. 7**

Proposal: Report on remuneration policy for directors and managers of the bank.

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

### **Proposal No. 8**

Proposal: Submit the acquisition of IBT VII Venture Capital Co., Ltd.'s common shares through the bank's subsidiary, IBT Leasing Corp., Ltd, in 2022.

Explanation: Please refer to the Shareholders Meeting Agenda Handbook.

No questions from shareholders on Matters of Reporting.

## Matters for Ratification

### Proposal No. 1 (Proposed by the Board of Directors)

Proposal: Business Report and Financial Statements of 2022

Explanation:

1. The Bank's Financial Statements of 2022, which certified public accountants Kuan-Hao Lee and Wang-Sheng Lin of Deloitte & Touche audited and for which they presented an unconditional opinion accordingly, and Business Report for 2022 (please refer to Appendices I and III of this Handbook) were approved by the 8<sup>th</sup> Board of Directors in its 22<sup>th</sup> meetings and audited by the Audit Committee.
2. Shareholder ratification is respectfully requested.

Shareholder Account Number: 94403. Question (No speaker's slip): How much O-bank can recover from the investing in Infinite Finance Co., LTD in 2023? How much O-Bank can recognize the income of investing in Infinite Finance Co., LTD in 2023?

Chairman's response: The question asked by the shareholder is not directly related to this proposal and will be replied by dedicated person after the meeting.

Resolution: voted and acknowledged as originally proposed.

#### Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
2,198,756,029	2,136,016,041	97.14	463,260	0	62,276,728



## Proposal No. 2 (Proposed by the Board of Directors)

Proposal: Distribution of Earnings for 2022

Explanation:

1. This proposal for distribution of 2022 earnings is made with a view to both meeting the Bank's developmental needs and maximizing shareholder interests (please refer to Appendix IV).
  - (1) The Bank made NT\$5,034,470,939 in net income for the year 2022.
  - (2) Undistributed earnings adjustment items :
    - A. (NT\$194,575,312) from disposal of investments in equity instrument designated as at fair value through other comprehensive income, with cumulative gains or losses directly transferred to retained earnings.
    - B. (NT\$37,178,747) from adjustment of investment accounted for using equity method.
    - C. NT\$21,899,000 from adjustment of remeasurements of defined benefit plans.
  - (3) NT\$1,447,384,764 Set aside the balance of item 1 adjusted by item 2 as legal reserve appropriation (30%): In accordance with the Jing-Shang-Zi-No. 10802432410 letter of the Ministry of Economic Affairs, the Bank took "the year's net income plus other items incorporated into the year's undistributed earnings" as the basis for setting aside its legal reserve.
  - (4) Revisions and reversal of compulsory special reserve:
    - A. Setting aside NT\$2,565,022,990 for special reserve in net deductions under the year 2021's "other equity" pursuant to Article 41 of the *Securities and Exchange Act*.
    - B. Making a NT\$2,622,279 reversal of special reserve to cover training expenses deemed necessary to accommodate fintech development or the Bank's operational needs.
  - (5) Undistributed earnings as of the beginning of the period NT\$644,821,412.

- (6) Against the year's net income of NT\$5,034,470,939, earnings distributable after the aforesaid (2)-(4) adjustments and add the undistributed surplus at the beginning of the period came in at NT\$1,459,651,817.
- (7) Proposed Distribution of Earnings:
- A. Pursuant to Article 8-1 of the Bank's Articles of Incorporation, based on the issue price of NT\$10, the annual dividend rate of preferred shares is 4.25%, and based on the outstanding 299,014,000 preferred shares issued at the end of March 2012, the estimated dividend payable for Class A preferred shares in 2022 is NT\$127,080,950.
  - B. Based on the outstanding 2,731,470,301 common shares issued at the end of March 2012, the Bank expects to distribute cash dividends of NT\$ 0.38 per share, with a total dividend amount of NT\$ 1,037,958,714.
  - C. The total amount of Bank's preferred stock dividends and common stock cash dividends are distributed to individual shareholders rounded up to 1 NTD (rounded down below 1 NTD). The total amount of irregular payments less than 1 NTD shall be included in the Bank's other income.
- (8) The portion of current year's net income plus other items incorporated into the year's undistributed earnings shall be distributed as a priority in the distribution of earnings.
- (9) The aforesaid calculations are presented in the Bank's 2022 earnings distribution table below (please refer to Appendix IV).
2. If the common shares and preferred shares of the Bank are subsequently converted due to preferred stock conversion, capital increase or decrease, repurchase of the Bank's shares, or share transfer, conversion, cancellation or other factors that affect the number or amount of outstanding shares on the dividend distribution base date, causing the dividend distribution ratio changes as a result, the actual dividend distribution ratio will be proposed to the shareholders' meeting to authorize the board of directors to adjust it.

3. Subject to approval of this proposed distribution of earnings for 2022 by this shareholders' meeting, it is proposed that the Board of Directors be authorized to determine the record date of the common and preferred stock dividend distribution.
4. This proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting and audited by the Audit Committee.
5. Shareholder ratification is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

**Voting resolution (including E-voting):**

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
2,198,756,029	2,140,334,436	97.34	857,667	0	57,563,926

## Matters for Discussion

### Proposal No. 1 (Proposed by the Board of Directors)

Proposal: Amendments to the Bank's *Articles of Incorporation*

Explanation:

1. An earlier amendment to the Bank's *Articles of Incorporation* was already adopted by the Annual Shareholders' Meeting of June 17, 2022 and implemented accordingly, in accordance with practical practice, it is proposed to amend some provisions of the *Articles of Incorporation* of the Bank. Please refer to Appendix V of this Handbook for a comparison table of the original and amended articles :
  - (1) Article 7: Correct the relevant text in accordance with company's internal rewards practice.
  - (2) Article 32: Relax the company's employee remuneration appropriation ratio to increase flexibility.
  - (3) Article 34: The date and ordinal number of another amendment are added.
2. The proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting.
3. Shareholder approval is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

#### **Voting resolution (including E-voting):**

Total shares represented by shareholders present	Approval		Disapproval votes	Invalid votes	Abstention /no votes votes
	votes	%			
2,198,756,029	2,129,718,795	96.86	637,059	0	68,400,175

## Proposal No. 2 (Proposed by the Board of Directors)

Proposal: Amendments to the Bank's *Procedural Rules Governing Shareholders Meetings*

Explanation:

1. An earlier amendment to the Bank's *Procedural Rules Governing Shareholders Meetings* was already adopted by the Annual Shareholders' Meeting of July 20, 2021 and implemented accordingly, it is proposed to amend the Bank's *Procedural Rules Governing Shareholders Meetings* in accordance with the principles of 2023.3.17 TWSE Order to adjust *Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings* and consider the holding of video shareholders' meetings to protect the rights and interests of shareholders. Please refer to Appendix VI of this Handbook for a comparison table of the original and amended articles.
2. Key points of the amendments:
  - (1) Article 3: A company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors.
  - (2) Article 6-1 and Article 22: When the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.
3. The proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting.
4. Shareholder approval is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

### **Voting resolution (including E-voting):**

Total shares represented by shareholders present	Approval		Disapproval votes	Invalid votes	Abstention /no votes votes
	votes	%			
2,198,756,029	2,129,722,795	96.86	637,259	0	68,395,975

### **Proposal No. 3 (Proposed by the Board of Directors)**

Proposal: Amendments to the Bank's *Procedures for Assets Acquisition or Disposal*

Explanation:

1. An earlier amendment to the Bank's *Procedures for Assets Acquisition or Disposal* was already adopted by the Annual Shareholders' Meeting of June 17, 2022 and implemented accordingly. Align with the newly added indicators of 2023 corporate governance evaluation and refer to Provisions of Article 9-1 and Article 11, Item 6 of the Operating Standards for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises of this article is added. Please refer to Appendix VII of this Handbook for a comparison table of the original and amended articles.
2. The proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting.
3. Shareholder approval is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

#### **Voting resolution (including E-voting):**

Total shares represented by shareholders present	Approval		Disapproval votes	Invalid votes	Abstention /no votes votes
	votes	%			
2,198,756,029	2,129,720,338	96.86	504,507	0	68,531,184

## Matters for Election (Proposed by the Board of Directors)

Proposal: Election of Directors of the Board of the 9<sup>th</sup> term

Explanation:

1. Members of the Bank's 8<sup>th</sup> Board of Directors are due to see their tenure expire on June 18, 2023; this shareholders' meeting shall thus elect members of the 9<sup>th</sup> Board of Directors.
2. Pursuant to its Articles of Incorporation, the Bank shall have 12 directors (including four independent directors). This shareholders' meeting is to elect members of the 9<sup>th</sup> Board of Directors whose three-year tenure shall run from June 16, 2023 through June 15, 2026.
3. The Bank adopts a candidate nomination system for the election of directors (including independent directors). The election involves 12 candidates for directors (including independent directors) nominated only by the Board of Directors: the nominations were approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting. For the academic and professional backgrounds of the candidates, please refer to the next page.
4. The proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting.

No questions from shareholders on this proposal.

Result of Election: The elected directors and their votes received are as follows:

Shareholder/ID No.	Name	Votes Received
11859	Lo, Tina Y.	4,076,591,714
12279	Ming Shan Investment Co., Ltd. Rep.: Lo, Kenneth C.M.	3,279,328,062
10407	Tai Hsuan Investment Co., Ltd. Rep.: Lin, Bill K.C.	2,871,099,658
15571	Lee, Mark J.C.	2,434,527,548
11100	Abag Investment Holdings Co., Ltd. Rep.: Cheng, George C.J.	2,391,454,745

Shareholder/ID No.	Name	Votes Received
12279	Ming Shan Investment Co., Ltd. Rep.: Chien, Chih-Ming	2,350,272,156
11921	Tai Ya Investment Co., Ltd. Rep.: Chen, Alex J.J.	2,309,589,625
157	Yi Chang Investment Co., Ltd. Rep.: Tang, Grace W.S	2,267,848,596
A103xxxxxx	Hu, Fu- Hsiung	996,962,187
E121xxxxxx	Lin, Hong-Guang	909,856,282
X220xxxxxx	Chiang, Tina W.N	855,364,513
A220xxxxxx	Wang, Jennifer C.F.	853,456,054



## Other Matters (Proposed by the Board of Directors)

Proposal: Proposal for Release of Non-competition Restrictions on Directors of the Board of the 9<sup>th</sup> term

Explanation:

1. The Bank's 12 newly elected directors are about to assume office for a three-year tenure.
2. While the Bank's directors invest in or manage other companies with the same or a similar scope of business and act as directors/managers thereof (please refer to the next page), it is proposed to invoke Article 209 of the *Company Act* and release them from non-competition restrictions on condition that they do not undermine the Bank's interests.
3. The proposal was approved by the 8<sup>th</sup> Board of Directors in its 23<sup>th</sup> meeting.
4. Shareholder approval is respectfully requested.

No questions from shareholders on this proposal.

Resolution: voted and acknowledged as originally proposed.

### Voting resolution (including E-voting):

Total shares represented by shareholders present	Approval		Disapproval	Invalid	Abstention /no votes
	votes	%	votes	votes	votes
2,198,756,029	2,108,403,550	95.89	805,504	0	89,546,975

**Extempore Motion** : None.

**Adjournment** : 10:17 a.m. the same day.

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

## Appendix I

### Business Report for 2022

#### 1. Business Activities

The Bank mainly operates the following businesses:

- Acceptance of various types of deposits.
- Issuance of financial bonds.
- Handling of loans, discounts, and acceptances.
- Handling of domestic and foreign exchange services.
- Handling of domestic and foreign guarantee services.
- Issuance of domestic and foreign L/Cs.
- Agency collection and payment services.
- Investment in and underwriting of securities.
- Proprietary trading of bonds.
- Factoring services.
- Provision of financial consulting connected with financing and non-financing services.
- Wealth management services.
- Acting as an agent for personal insurance and property insurance.
- Handling of debit card services.
- Handling of guarantee services connected with export and import foreign exchange, outward and inward remittances, foreign currency deposits and loans, and foreign currency guaranteed payments.
- Handling of services permitted under the Trust Enterprise Act.
- Handling of financial derivatives services.
- Handling of other services approved by the competent authority.

Key Business Area	Major Business Activity
Corporate Banking Services	Provision of corporate/juristic-person financial products and services: lending and deposit, corporate foreign exchange and international finance, project, corporate financial advisory services, and corporate cash management and e-Banking services, etc.
Retail Banking Services	Provision of personal financial products and services: lending and deposit, digital retail banking services, payment, insurance, wealth management, etc.
Trust Business	Trust, securitization, trust asset management, etc.
Investment Business	Financial products trading and securities investment, and direct investment.
Investment under Equity Method	Please refer to this annual report "Review of Financial Conditions, Operation Results, and Risk Management" for investment details.

## Weight of Business Profits

Unit: NT\$ thousands

Item	Year	2022		2021	
		Amount	%	Amount	%
Net interest income		2,767,888	31	2,210,295	40
Net fee income		816,035	9		
Gains or losses on financial assets (liabilities) at fair value through profit or loss		3,232,746	35	135,585	2
Gains from sale of fair value through other comprehensive income financial assets		247,534	3	267,977	5
Net gain or loss on exchange		(2,371,000)	(26)	598,310	11
Impairment loss on assets		(158)	-	(4,851)	-
Share of profit or loss of subsidiaries and affiliated businesses accounted for using equity method		4,290,855	47	1,415,994	26
Net profit apart from interest		80,076	1	83,634	21
Net income		9,063,976	100	5,511,300	100

## Weight of Major Business Operations

Unit: NT\$ thousands

Item	2022.12.31	Percentage (%) (Note 1)	Percentage Increase (Decrease) from the previous year	2021.12.31	Percentage (%) (Note 1)
Loans- Corporate Banking	160,349,812	45.05	21.55	131,921,275	41.87
Loans- Retail Banking	28,509,997	8.01	5.11	27,124,718	8.61
Deposits- Corporate Banking	256,828,405	80.70	18.72	216,329,099	77.63
Deposits- Retail Banking	22,656,022	7.12	4.28	21,725,643	7.80
Investment	121,210,475	34.05	23.00	118,571,863	37.63
Investment under Equity Method	20,609,844	5.79	18.89	17,334,821	5.50

Note 1: As the proportion of total assets or total liabilities for each major business item.

Note 2: Deposits include: demand deposits, time deposits, re-deposits from the Chunghwa Post Co.

Unit: NT\$ thousands

Revenue	2022	Percentage (%)	Percentage Increase (Decrease) from the previous year	2021	Percentage (%)
Corporate Banking Services	3,189,536	35.19	22.47	2,604,276	47.25
Investment	1,067,518	11.78	(17.17)	1,288,828	23.39
Investment under Equity Method	4,290,855	47.34	203.03	1,415,994	25.69
Others	516,067	5.69	155.22	202,202	3,672.98
Net Income	9,063,976	100.00	64.46	5,511,300	100.00

## Volume of Foreign Exchange:

Unit: US\$ thousands

Item	2022	Percentage (%)	Percentage Increase (Decrease) from the previous year	2021	Percentage (%)
Import (Issuance of L/C; DA; DP)	510,879	2.05	42.07	359,595	1.35
Export (Negotiation; DA; DP)	156,580	0.63	87.66	83,439	0.31
Remittance (Outward; Inward)	24,225,100	97.32	(7.70)	26,244,889	98.34
Total	24,892,559	100.00	(6.73)	26,687,923	100.00

## Trust Asset:

Unit: NT\$ thousands

Item	2022.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2021.12.31	Percentage (%)
Monetary	8,913,046	67.89	(0.15)	8,926,186	73.01
Real Estate	4,216,242	32.11	27.79	3,299,237	26.99
Total	13,129,288	100.00	7.39	12,225,423	100.00

Note: The item is categorized under Trust Enterprise Act, Article 16.

## 2. Business Review

The Bank's domestic business locations included its Business Department Headquarters, Neihu Branch, Taoyuan Branch, Hsinchu Branch, Taichung Branch, and Kaohsiung Branch. In addition, the competent authority approved the establishment of regional service units in Taipei, Taoyuan, Taichung, Tainan, and Kaohsiung for corporate banking and business banking affairs; apart from promoting this Bank's financial products, these service units also provide all-round financial services to clients throughout northern, central, and southern Taiwan. Our first overseas branch (Hong Kong Branch) opened in April 2009, and established Tianjin representative office in April 2012; this branch has since extended our financial products and services platform to Hong Kong and the Greater China area, thereby serving local clients and Taiwanese-invested enterprises from a close distance and promoting win-win outcomes through long-term cooperation characterized by mutual trust and reciprocity.

### (1) Credit Extension

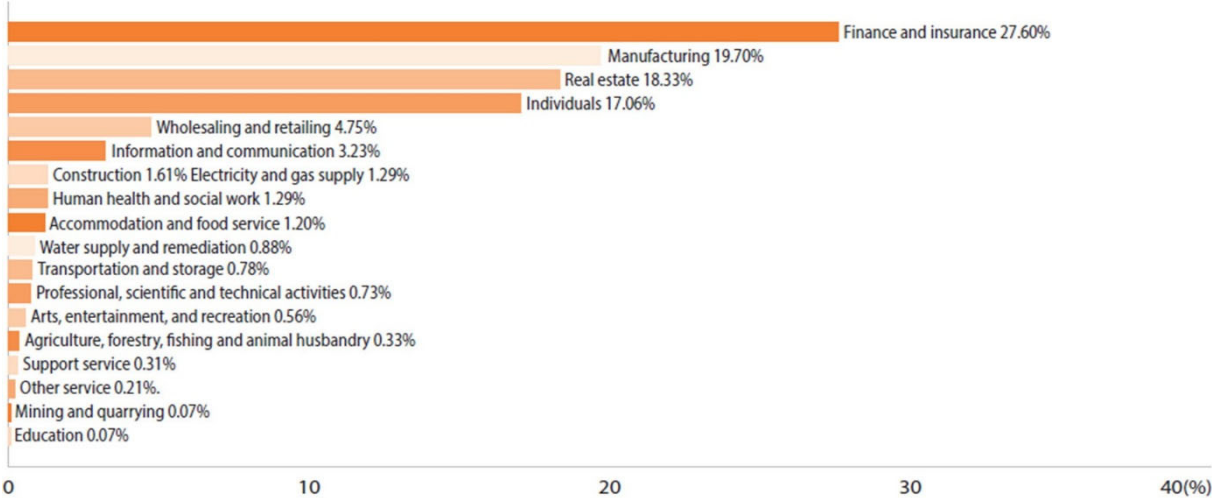
In 2022, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer sectors, the Bank developed a wide

range of loan products that truly meet customer needs. To keep up growth momentum, the Bank placed emphasis on further digitizing marketing endeavors and catering to funding needs of existing customers. All this bore fruit in the form of a 75% year-over-year increase in newly extended loans. In line with government policy, the Bank shouldered its social responsibility by offering lenient flexibilities to borrowers who had been furloughed or suffered otherwise due to the Covid-19 pandemic.

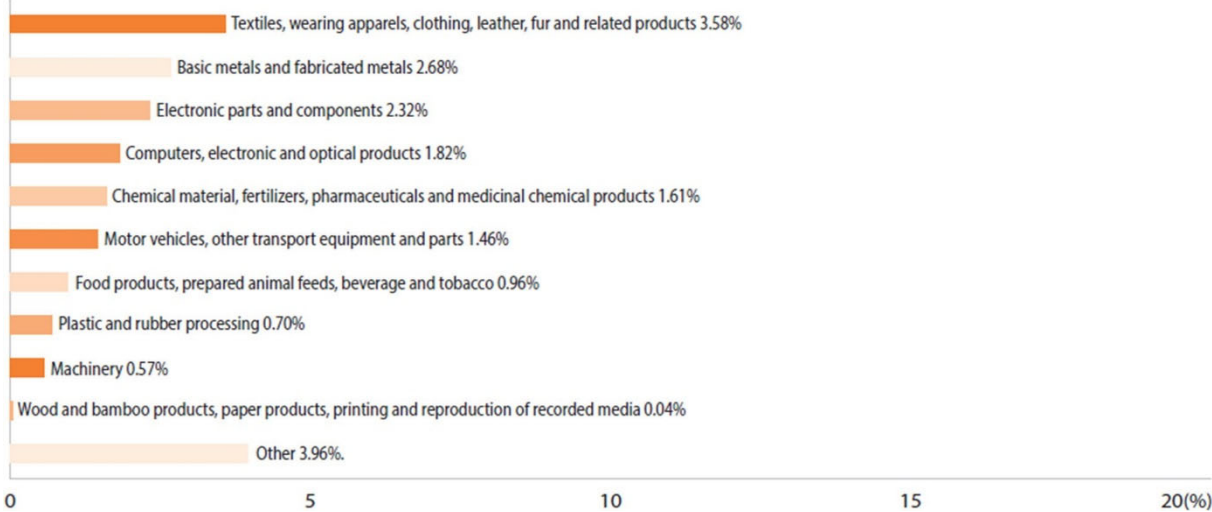
In 2022, given an external environment marked by global uncertainty, the Bank would rather adopt a prudent approach toward expanding its corporate banking business. Rather than seeking a major increase in lending, the objective was to make the best of the limited interest spread and grow fee income while keeping credit risk under control.

By Standard Industrial Classification of Directorate General of Budget, Accounting and Statistics, the Bank's 2022 overall credit risk exposure came in at NT\$211.6 billion, including loans, factoring, receivable acceptance, guarantee, and receivable L/C amounts; NT\$202.2 billion, excluding that fully secured by the Bank's certificates of deposit. Of these numbers, the financial and insurance industry category accounted for the greatest share of our credit risk exposure at 27.60%. Next came the manufacturing industries category with 19.70%, the real estate industry with 18.33%, the individuals with 17.06%, the wholesaling and retailing industry with 4.75%, the information and communication industry with 3.23%, the construction industry with 1.61%, the electricity and gas supply industry with 1.29%, , the human health and social work industry with 1.29%, the accommodation and food service industry with 1.20%, the water supply and remediation industry with 0.88%, the transportation and storage industry with 0.78%, the professional, scientific and technical activities industry with 0.73%, the arts, entertainment and recreation industry with 0.56%,the agriculture, forestry, fishing and animal husbandry industry with 0.33%, the support service industry with 0.31%, the other service industry with 0.21%, the mining and quarrying industry with 0.07%,the education industry with 0.07%,. Within the manufacturing sector, the textiles, wearing apparels, clothing, leather, fur and related products industry recorded the greatest credit risk exposure of 3.58%, followed by the basic metals and fabricated metals industry with 2.68%,, and the electronic parts and components industry with 2.32%, the computers, electronic and optical products industry with 1.82%, the chemical material, fertilizers, pharmaceuticals and medicinal chemical products industry with 1.61%, the motor vehicles, other transport equipment and parts industry with 1.46%, the food products, prepared animal feeds, beverage and tobacco industry with 0.96%, the plastic and rubber processing industry with 0.70%, the machinery industry with 0.57%, the wood and bamboo products, paper products, printing and reproduction of recorded media industry with 0.04%, and other industry with 3.96%.

The credit risk exposure, excluding that fully secured by the Bank’s certificates of deposit, at the end of 2022:



The credit risk exposure within the manufacturing sector (19.70%):



We are actively cultivating new clients in Taiwan and abroad. To seek stable growth and diversify operating risk, we are proactive to consolidate our existing customer base and make inroads into the niche segment of mid-market enterprises, which promises to make an important foundation for promoting various co-marketing undertakings.

Syndicated loans have always been the mainstay of our lending business. The Bank established the Corporate Finance Department to provide customized, quick and precise financing solutions to clients, raise funds for them, and help them solve critical problems. Our target customers are mainly based in the Greater China area

(Taiwan and Hong Kong) from all business sectors. Coming with a full spectrum of customized funding solutions, the Bank is ready to share growth with domestic and international businesses. Furthermore, with refined and professional services, not only does the Bank help corporates keep growing, but also boost its own competitiveness in the market.

In 2022, companies faced rising financing costs and uncertain order visibility, thus retained a prudent approach toward operation and investment due to Fed continues to raise interest rate, the global economic volatility amid the Covid-19 pandemic. Alongside a gradual decrease in syndicated loans, it was increasingly difficult to secure lead bank status. Yet, on top of a solid customer base built over the years, the Bank always prides itself on being a “boutique bank” that refrains from vying for small margins, and stays focused on the referral from corporate clients and from affiliates with growth prospects, offers corporate clients financing strategies tailored to their financial planning, develops such businesses as green energy and environmental protection in line with future trends at home and abroad, and continues to expand its financing business on ESG sustainability.

## **(2) Deposits**

As of the end of 2022, the Bank's outstanding balance of NT dollar and foreign currency deposits, excluding export remittances, came in at approximately NT\$279.5 billion, increased 414 billion. For the sake of both liquidity and security, the Bank gives priority to deposit stability. As such, emphasis is placed on diversifying the maturities of time deposits while actively soliciting demand deposits and small and medium-sized enterprises (SMEs) deposits to bring down capital costs. The Bank also continues to launch preferential deposit programs to support B-type and social enterprises, fulfilling the Bank's corporate social responsibility and assisting the development of related companies.

The Bank's various personal deposit products and services have something in common: they are all driven by customer needs. These include online opening of NT dollar and foreign currency digital accounts without visiting a physical branch, NT dollar and foreign currency demand and time deposits, children's accounts, foreign exchange swap, various payment, and “Mobile Number is Account Number” transfer services. We seek to meet clients' cash management and funds allocation needs via both digital and physical channels.

## **(3) Foreign Exchange and Offshore Banking**

We continued to offer trade financing services and give priority to maintaining a reasonable interest spread in our foreign exchange financing operations.

With regard to offshore lending, the Bank offered banking services across the Taiwan Strait while prudently assess national and industrial risks, gradually expand the international banking business foundation under controllable risks. Meanwhile, the Bank responded to the trade situation across the Taiwan Strait by enhancing the quality of service to Taiwanese firms, thereby fostering business development and attracting even more business opportunities.

In addition, the Bank is also actively extending the group's financial services through overseas branches, with business territory covering the three places across Taiwan Strait, including affiliated companies such as Hong Kong branch, Tianjin representative office, American commercial bank subsidiary, investment using the equity method in



financial leasing company, and consumer financing company in mainland China, etc., and continues to expand operations scale, promote the global financial layout.

#### **(4) Direct Investment**

The Bank adopted a proactive approach to disposing of its direct investment portfolio after obtaining permission from the Financial Supervisory Commission to become a commercial bank in March 2015. As of the end of 2022, all such divestments had been completed except two cases.

#### **(5) Financial Product Trading and Security Investment**

The Bank's financial product trading operations include financial product transactions and marketing. We trade foreign exchange and fixed-income products, derivatives and equity trading, while our financial product marketing services chiefly refer to those meant to provide clients with various financial products and services and financial hedging instruments. In 2021, the Bank secured the go-ahead to launch non-principal protected structured products composed of foreign currency equity options, foreign currency interest rate swaps, and foreign currency interest rate swap options linked to foreign currency principals, as well as to have its DBU/OBU trade bonds while engaging concurrently in securities business; and in 2022, the bank was approved to launch principal protected callable structured products composed of foreign currency interest rate options, foreign currency interest rate swaps and foreign currency interest rate swaptions linked to foreign currency principals, principal protected callable structured products composed of foreign currency interest rate swaps and foreign currency interest rate options linked to foreign currency principals.

In 2022, global inflation soared rapidly due to the rapid rise in raw material and supply chain prices, and the continued war between Russia and Ukraine. With high inflationary pressure, the central banks of major economies adopted extreme contractionary monetary policies, which not only affected consumer demand, manufacturers' orders have decreased, inventories have increased, and economic growth momentum has slowed down. As a result, the financial market fluctuated sharply, the stock market fell, and bond yields rose rapidly. Although the Bank has strengthened the risk control of the fixed-income position and the positions held are mainly high-quality fixed-income products, but the fixed-income position losses are still increasing due to the impact of falling prices in the market.

The Bank's securities investment business is mainly concentrated in TWSE/TPEX listed companies. Due to the outbreak of the Russian-Ukrainian War, high inflation, major countries such as Europe and the United States raised their base interest rates sharply, and the economic does not recover after the pandemic in 2022. As a result, the inventory level of enterprises is high, and the cost rises with the inflation, leading to a decline in profits, and the risk aversion level of the financial market increases sharply. Foreign investment leaves the market as US dollar index rises and the Taiwan dollar depreciates, making the 2022 Taiwan stocks dropped to the bottom until the end of October. Although the global financial market experienced volatility in 2022, the

Bank's securities investment operation strategy adopted the principle of substantially reducing shareholdings at high prices. The achievement rate of dividends received exceeded the budget target, reaching over NT \$300 million, thus the OCI loss was still controllable.

## **(6) Project Finance**

Project finance encompasses project financing and financial advisory. Project financing chiefly provides private companies with a wide range of project financing and project development services. We provide comprehensive project financial planning, investment cash-flow feasibility assessment, arranging transitional financing from the beginning of the project to structuring of syndicated project loans, transfer of trust beneficiary rights, drafting of strategies for contract negotiations, and assistance with the acquisition of funds to participate in equity investments allowing companies to have flexibility to allocate the capital. Our financial advisory services are meant to provide clients with tailor-made solutions, that is, consulting with regard to corporate consolidation and M&As, debt arrangement, reorganization, fund-raising, M&A financing, and tax planning.

## **(7) Trust Business**

When it comes to trust business, the Bank mainly aims to operate trust, securitization, and asset management services. Our trust services focus on monetary (including advance receipts) and real estate trust; our securitization services are geared toward developing various kinds of securitized products; and our asset management services are mainly aimed at helping clients allocate assets and build well-rounded portfolios based on trust objectives.

With regard to mutual funds, we are earnest to create comprehensive product lines. Emphasis is also placed on promoting "Robot Advisory": big data analytics is adopted to help clients optimize investment portfolios that strike a balance between flexibility and security for their asset allocations.

As of the end of 2022, the outstanding balance of assets entrusted to the Bank came in at NT\$13.1 billion, a year-over-year increase of NT\$0.9 billion.

## **(8) Cash Management and e-Banking**

The Bank has upgraded both tangible and intangible aspects to optimize its remittances and transfer services. Its corporate internet banking and other products help customers conclude massive transactions in no time. By staying flexible to offer customized services, the Bank was able to help corporate clients reduce financial and manpower costs and enhance transaction efficiency. This stride toward meeting a growing variety of customer needs certainly contributed to strengthening customer loyalty. The Bank's corporate e-Banking platform recorded a total of online transactions to 524,532 in 2022, a year-over-year increase of 27,312 online transactions.

As the market became increasingly digitized, the bank carried out various corporate online banking channel upgrades to support multiple operating systems and provide various operating methods for different customer segments in 2022. At the same time, we optimize the collection service and assist customers in automating write-off data. Through the bank's digital platform, as corporate CRM, strengthens our sales, management, and efficiency across the Bank. Furthermore, the automation of letter confirmation proved effective in enhancing efficiency and reducing operating risk. In terms of collection outlets, convenience stores and virtual accounts are added to the Bank's collection services to strengthen the level of service.

In terms of deposits products, to keep up with the business development, our Preferential Time Deposits Campaigns were followed by a new version of the B- type corporate NT dollar tiered current deposit preferential interest rate, social enterprise preferential NT dollar tiered current deposit preferential interest rate and financial interbank time deposit preferential interest rate, thereby offering diverse choices of fund allocation to the clients.

#### **(9) Digital Retail Banking Services**

- **Electronic Banking Services:** We provide secure and convenient online/mobile banking services, and our user-friendly interface and convenient functions allow users to easily check their accounts, make transfers, sell or buy foreign exchange, pay fees, perform mutual fund transactions, "Robot Advisory," and conduct various other operations. We also offer 24-hour video customer service: our customers are invited to take advantage of all manner of financial services anytime, anywhere.
- **Digital Wealth Management Services:** We provide a wide range of wealth management products, including mutual funds, back-end load mutual funds, and "Robot Advisory." In addition, the option of Taiwan dollar and foreign currency is provided, to meet the diverse customer needs. We also provide customers with online KYC evaluation platform to help them invest on products that suits their own needs.

#### **(10) Payment Services**

- **Card Payment Services:** In addition to debit cards with hundreds of personalized card designs for customers to choose from, we continued to provide co-branded and affinity cards issued in conjunction with members in the consumer markets, chain restaurants, sports, public welfare entities, schools, electronic stored value card operators, etc. Featuring specific debit card discounts, cash rebate and zero-risk card use, they rightly give cardholders peace of mind.
- **Electronic Payment Services:** We have provided customers with the service of immediate deductions from their accounts when they make use of such payment platforms as GAMA PAY, JKOPAY, iPASS Money and Easy Wallet. As such, we are poised to give customers richer possibilities as to where they can conduct transactions and support a greater number of payment instruments.

### **(11) Insurance Services**

Teaming up with PCA Life, we have introduced protection-oriented life insurance, medical insurance, accident insurance, NTD/foreign currency savings-oriented insurance, and investment-linked insurance products. Through face-to-face marketing, we provide a wide range of products and services to ensure that customers have access to the best-fitting insurance in different stages of their lives. Apart from bringing out the spirit of protection through insurance, the Bank's offering of professional insurance service is reciprocated in the customers' trust and loyalty.

### **(12) Wealth Management Services**

With our consultants serving the individuals and business owners separately, the Bank provides customers with tailor-made financial products and advisory services, including deposits, investment products, insurance products, and tax and asset arrangement. We provide a full spectrum of services in a bid to attract high-end customers so as to broaden and deepen their interaction with the Bank.

## Appendix II

### **O-Bank Co., Ltd. Audit Committee Report**

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2022 audited by certified public accountants Kuan-Hao Lee and Wang-Sheng Lin of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Article 219 of the *Company Act* and Articles 14-4 of the *Securities and Exchange Act*.

Hank Lin  
Convener of the Audit Committee  
O-Bank Co., Ltd.

Date: May 3, 2023

## Appendix III

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
O-Bank

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

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

#### Allowance for Credit Losses of Loans

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

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

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

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

- We obtained an understanding and performed testing on the internal controls in respect of the Bank's loan impairment assessment.
- We examined that the classifications of loans were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked whether the Bank meets the requirement of the regulation or not.

#### Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether the reserve meets the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

### **Other Matter**

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

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

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

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

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

### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2023

Notice to Readers

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

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

**(With respect to the Notes in the Independent Auditors' Report, please refer to the 2022 Consolidated Financial Statement of O-Bank from the Market Observation Post System)**

## O-BANK AND SUBSIDIARIES

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

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

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

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

(Concluded)

## O-BANK AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank								Other Equity			Non-controlling Interests (Note 32)	Total Equity	
	Capital Stock				Retained Earnings				Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock			Owners of the Bank
	Common Stock	Preferred Stocks	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2021	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895	\$18,696,870	\$54,252,765
Reversal of special reserve	-	-	-	-	-	(598,570)	598,570	-	-	-	-	-	-	-
Appropriation and distribution of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	31,879	-	(31,879)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(545,454)	(545,454)	-	-	-	(545,454)	-	(545,454)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	405	-	-	-	-	-	-	-	405	-	405
Unclaimed dividends	-	-	-	363	-	-	-	-	-	-	-	363	1,023	1,386
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(836,921)	(836,921)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	1,840,842	1,840,842	-	-	-	1,840,842	1,359,081	3,199,923
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(2,594)	(2,594)	(248,513)	(92,538)	-	(343,645)	(433,572)	(777,217)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	1,838,248	1,838,248	(248,513)	(92,538)	-	1,497,197	925,509	2,422,706
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	202,172	202,172	-	(202,172)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	27,330,063	3,000,000	30,330,063	6,734	3,729,690	797,783	2,040,419	6,567,892	(946,067)	460,588	(38,304)	36,380,906	18,786,481	55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Disorgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616	1,072	1,688
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471	773,884	5,808,355
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)	(2,407,539)	(5,182,417)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593	(1,633,655)	625,938
Common shares converted from convertible shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-	-	-
BALANCE AT DECEMBER 31, 2022	\$27,339,923	\$ 2,990,140	\$30,330,063	\$ 13,652	\$ 4,341,816	\$ 634,610	\$ 5,469,437	\$10,445,863	\$ 165,887	\$ (3,216,389)	\$ (16,837)	\$37,722,239	\$16,287,325	\$54,009,564



## O-BANK AND SUBSIDIARIES

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

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

(Continued)

## O-BANK AND SUBSIDIARIES

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

	2022	2021
Proceeds from disposal of intangible assets	\$ 34,276	\$ -
Decrease in other financial assets	90,905	536,523
Increase in other assets	<u>(206,762)</u>	<u>(42,131)</u>
Net cash flows (used in) generated from investing activities	<u>(2,840,681)</u>	<u>167,725</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,234,630	546,107
Increase in commercial papers	-	436,540
Decrease in commercial papers	(2,976,269)	-
Proceeds from issuing bank debentures	1,100,000	1,500,000
Repayments of bank debentures	(2,500,000)	(2,900,000)
Proceeds from long-term borrowings	6,113,689	6,700,165
Repayments of long-term borrowings	(5,010,824)	(4,627,940)
Repayments of the principal portion of lease liabilities	(138,845)	(178,417)
Increase in other financial liabilities	568,543	-
Decrease in other financial liabilities	-	(533,398)
Increase in other liabilities	-	470,024
Decrease in other liabilities	(432,016)	-
Dividends paid to owners of the Bank	(946,645)	(672,954)
Transfer of treasury stock to employees	18,912	-
Dividends paid to non-controlling interests	<u>(865,780)</u>	<u>(836,921)</u>
Net cash flows used in financing activities	<u>(3,834,605)</u>	<u>(96,794)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>894,464</u>	<u>(251,471)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,960	(1,707,448)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>15,198,196</u>	<u>16,905,644</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$15,225,156</u>	<u>\$15,198,196</u> (Continued)

## O-BANK AND SUBSIDIARIES

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

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents reported in the consolidated balance sheets	\$ 6,414,978	\$ 11,779,386
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	8,195,724	2,865,016
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>614,454</u>	<u>553,794</u>
Cash and cash equivalents at the end of the year	<u>\$ 15,225,156</u>	<u>\$ 15,198,196</u>

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
O-Bank Co., Ltd.

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing 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 Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the 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 financial statements for the year ended December 31, 2022 are as follows:

#### Allowance for Credit Losses of Loans

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

For details on the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying financial statements; for details on the critical accounting judgments, estimations and assumptions of loan impairment, refer to Note 5 to the accompanying financial statements; and for details on the allowance for credit losses, refer to Note 13 to the accompanying financial statements.

The Bank shall assesses 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”. Since the assessment and recognition of loss allowance involve subjective judgments, critical estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

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

- We obtained an understanding and tested 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 and confirmed that the Bank has met the requirement of the regulation or not.

#### Investments Accounted for Using the Equity Method - Assessment of Reserve for Loss on Guarantee Contracts

China Bills Finance Corporation, a subsidiary accounted for using equity method, sets aside reserves for guarantee liabilities. It is required to comply, with both the International Financial Reporting Standard 9, “Financial Instruments”, whereby the expected losses on guarantee obligations generated by financial guarantee contracts are assessed, and the “Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt” (referred to as the “Bills Finance Companies Regulations for Evaluating Bad Debt”), whereby the reserves for guarantee liabilities are classified and made.

For the accounting policy and details on the investments accounted for using the equity method, refer to Notes 4 and 13 to the accompanying financial statements.

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.
- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 14, 2023

#### Notice to Readers

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

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

**(With respect to the Notes in the Independent Auditors' Report, please refer to the 2022 Financial Statement of O-Bank from the Market Observation Post System)**

## O-BANK CO., LTD.

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS	\$ 4,113,060	1	\$ 3,801,811	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	17,140,613	5	12,265,965	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	32,835,125	9	37,056,448	12
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	63,579,072	18	80,744,358	26
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST	24,181,824	7	-	-
RECEIVABLES, NET	2,954,768	1	2,098,288	1
CURRENT TAX ASSETS	68,713	-	143,645	-
DISCOUNTS AND LOANS, NET	185,976,501	52	156,748,321	50
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET	20,609,844	6	17,335,412	5
OTHER FINANCIAL ASSETS	614,454	-	771,094	-
PROPERTY AND EQUIPMENT, NET	2,281,372	1	2,365,867	1
RIGHT-OF-USE ASSETS, NET	186,327	-	182,470	-
INTANGIBLE ASSETS, NET	636,363	-	853,597	-
DEFERRED TAX ASSETS	388,985	-	422,953	-
OTHER ASSETS	<u>387,305</u>	<u>-</u>	<u>273,322</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$355,954,326</u></b>	<b><u>100</u></b>	<b><u>\$315,063,551</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Deposits from the Central Bank and other banks	\$ 13,920,429	4	\$ 18,780,176	6
Financial liabilities at fair value through profit or loss	785,585	-	316,245	-
Bills and bonds sold under repurchase agreements	8,285,988	2	895,966	-
Payables	2,741,713	1	1,617,652	-
Current tax liabilities	90,074	-	100,670	-
Deposits and remittances	274,503,978	77	238,194,464	76
Bank debentures payable	13,600,000	4	15,000,000	5
Other financial liabilities	2,870,224	1	2,314,610	1
Provisions	354,875	-	509,495	-
Lease liabilities	195,008	-	190,235	-
Deferred tax liabilities	628,175	-	517,450	-
Other liabilities	<u>256,038</u>	<u>-</u>	<u>245,682</u>	<u>-</u>
Total liabilities	<u>318,232,087</u>	<u>89</u>	<u>278,682,645</u>	<u>88</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK</b>				
Capital				
Common stock	27,339,923	8	27,330,063	9
Preferred stock	<u>2,990,140</u>	<u>1</u>	<u>3,000,000</u>	<u>1</u>
Total capital	<u>30,330,063</u>	<u>9</u>	<u>30,330,063</u>	<u>10</u>
Capital surplus	<u>13,652</u>	<u>-</u>	<u>6,734</u>	<u>-</u>
Retained earnings				
Legal reserve	4,341,816	1	3,729,690	1
Special reserve	634,610	-	797,783	-
Unappropriated earnings	<u>5,469,437</u>	<u>2</u>	<u>2,040,419</u>	<u>1</u>
Total retained earnings	<u>10,445,863</u>	<u>3</u>	<u>6,567,892</u>	<u>2</u>
Other equity	<u>(3,050,502)</u>	<u>(1)</u>	<u>(485,479)</u>	<u>-</u>
Treasury shares	<u>(16,837)</u>	<u>-</u>	<u>(38,304)</u>	<u>-</u>
Total equity	<u>37,722,239</u>	<u>11</u>	<u>36,380,906</u>	<u>12</u>
<b>TOTAL</b>	<b><u>\$355,954,326</u></b>	<b><u>100</u></b>	<b><u>\$315,063,551</u></b>	<b><u>100</u></b>



## O-BANK CO., LTD.

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

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INTEREST					
INTEREST REVENUE	\$5,812,033	64	\$3,471,339	63	67
INTEREST EXPENSE	<u>(3,044,145)</u>	<u>(33)</u>	<u>(1,261,044)</u>	<u>(23)</u>	141
NET INTEREST	<u>2,767,888</u>	<u>31</u>	<u>2,210,295</u>	<u>40</u>	25
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net	816,035	9	804,356	15	1
Gains on financial assets or liabilities measured at fair value through profit or loss	3,232,746	35	135,585	2	2,284
Realized gains on financial assets at fair value through other comprehensive income	247,534	3	267,977	5	(8)
Foreign exchange gain (loss), net	(2,371,000)	(26)	598,310	11	(496)
Impairment loss on assets	(158)	-	(4,851)	-	(97)
Share of profit of subsidiaries and associates accounted for using equity method	4,290,855	47	1,415,994	26	203
Other net revenue other than interest	<u>80,076</u>	<u>1</u>	<u>83,634</u>	<u>1</u>	(4)
Total net revenue other than interest revenue	<u>6,296,088</u>	<u>69</u>	<u>3,301,005</u>	<u>60</u>	91
TOTAL NET REVENUE	<u>9,063,976</u>	<u>100</u>	<u>5,511,300</u>	<u>100</u>	64
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION	<u>(482,416)</u>	<u>(5)</u>	<u>(474,298)</u>	<u>(9)</u>	2

(Continued)

## O-BANK CO., LTD.

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

	2022		2021		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses	\$ 1,920,746	21	\$ 1,666,457	30	15
Depreciation and amortization expenses	520,908	6	525,492	10	(1)
Other general and administrative expenses	<u>898,080</u>	<u>10</u>	<u>829,983</u>	<u>15</u>	8
Total operating expenses	<u>3,339,734</u>	<u>37</u>	<u>3,021,932</u>	<u>55</u>	11
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	5,241,826	58	2,015,070	36	160
INCOME TAX EXPENSE	<u>207,355</u>	<u>2</u>	<u>174,228</u>	<u>3</u>	19
NET PROFIT FOR THE YEAR	<u>5,034,471</u>	<u>56</u>	<u>1,840,842</u>	<u>33</u>	173
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	21,899	-	(2,426)	-	1,003
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(804,981)	(9)	630,947	11	(228)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	<u>(63,951)</u>	<u>(1)</u>	<u>29,834</u>	<u>1</u>	(314)
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	<u>(847,033)</u>	<u>(10)</u>	<u>658,355</u>	<u>12</u>	(229)

(Continued)

## O-BANK CO., LTD.

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

	2022		2021		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	\$ 1,235,070	14	\$ (280,110)	(5)	541
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(1,172,254)	(13)	(254,539)	(5)	361
Losses from investments in debt instruments measured at fair value through other comprehensive income	(1,867,545)	(21)	(498,948)	(9)	274
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(123,116)</u>	<u>(1)</u>	<u>31,597</u>	<u>1</u>	(490)
Components of other comprehensive loss that will be reclassified to profit or loss, net of tax	<u>(1,927,845)</u>	<u>(21)</u>	<u>(1,002,000)</u>	<u>(18)</u>	92
Other comprehensive loss for the year, net of tax	<u>(2,774,878)</u>	<u>(31)</u>	<u>(343,645)</u>	<u>(6)</u>	707
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$2,259,593</u>	<u>25</u>	<u>\$1,497,197</u>	<u>27</u>	51
EARNINGS PER SHARE					
Basic	<u>\$1.80</u>		<u>\$0.63</u>		
Diluted	<u>\$1.62</u>		<u>\$0.57</u>		

(Concluded)

**O-BANK CO., LTD.**

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

	Capital Stock		Total	Capital Surplus	Retained Earnings				Other Equity (Notes 9 and 29)		Treasury Stock	Total Equity
	Common Stocks	Preferred Stocks			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation Of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive		
BALANCE AT JANUARY 1, 2021	\$27,330,063	\$ 3,000,000	\$30,330,063	\$ 5,966	\$ 3,697,811	\$ 1,396,353	\$ 106,262	\$ 5,200,426	\$ (697,554)	\$ 755,298	\$ (38,304)	\$35,555,895
Reversal of special reserve	-	-	-	-	-	(598,570)	598,570	-	-	-	-	-
Appropriation and distribution of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	31,879	-	(31,879)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(545,454)	(545,454)	-	-	-	(545,454)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	405	-	-	-	-	-	-	-	405
Unclaimed dividends	-	-	-	363	-	-	-	-	-	-	-	363
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	1,840,842	1,840,842	-	-	-	1,840,842
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(2,594)	(2,594)	(248,513)	(92,538)	-	(343,645)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	1,838,248	1,838,248	(248,513)	(92,538)	-	1,497,197
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	202,172	202,172	-	(202,172)	-	-
BALANCE AT DECEMBER 31, 2021	27,330,063	3,000,000	30,330,063	6,734	3,729,690	797,783	2,040,419	6,567,892	(946,067)	460,588	(38,304)	36,380,906
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-
Appropriation and distribution of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-
BALANCE AT DECEMBER 31, 2022	<u>\$27,339,923</u>	<u>\$ 2,990,140</u>	<u>\$30,330,063</u>	<u>\$ 13,652</u>	<u>\$ 4,341,816</u>	<u>\$ 634,610</u>	<u>\$ 5,469,437</u>	<u>\$10,445,863</u>	<u>\$ 165,887</u>	<u>\$ (3,216,389)</u>	<u>\$ (16,837)</u>	<u>\$37,722,239</u>

## O-BANK CO., LTD.

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 5,241,826	\$ 2,015,070
Adjustments for:		
Depreciation expense	253,705	256,010
Amortization expense	267,203	269,482
Expect credit losses/recognition of provisions	482,574	479,149
Net gain on financial assets or liabilities at fair value through profit or loss	(3,232,746)	(135,585)
Interest expense	3,044,145	1,261,044
Interest revenue	(5,812,033)	(3,471,339)
Dividends income	(302,794)	(188,668)
Share-based payment arrangements	8,423	-
Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	(4,290,855)	(1,415,994)
Loss on disposal of property and equipment	(113)	(250)
Loss (gain) on disposal of investments	55,260	(79,309)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	526,228	724,820
Financial assets at fair value through profit or loss	7,923,409	18,800,017
Financial assets at fair value through other comprehensive income	14,396,533	(15,362,308)
Investments in debt instruments at amortized cost	(24,177,879)	-
Receivables	(393,952)	(907,340)
Discounts and loans	(29,903,131)	6,720,114
Deposits from the Central Bank and other banks	(4,859,747)	(3,559,579)
Bills and bonds sold under repurchase agreements	7,390,022	(543,050)
Payables	665,100	49,812
Deposits and remittances	36,309,514	(8,226,359)
Provisions	(1,034)	(5,752)
Cash flows used in operations	3,589,658	(3,320,015)
Interest received	5,278,644	3,497,648
Dividends received	658,913	526,550
Interest paid	(2,462,695)	(1,450,722)
Income taxes paid	(25,813)	(85,658)
Net cash flows generated from (used in) operating activities	<u>7,038,707</u>	<u>(832,197)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from capital reduction of investments accounted for equity-method	159,140	-
Acquisition of property and equipment	(87,525)	(56,273)
Proceeds from disposal of property and equipment	2,959	350
Increase in refundable deposits	(108,226)	-
Decrease in refundable deposits	-	326,101
Acquisition of intangible assets	(37,395)	(22,840)

(Continued)

## O-BANK CO., LTD.

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

	<b>2022</b>	<b>2021</b>
Decrease in other financial assets	\$ 217,300	\$ 1,808
Increase in other assets	<u>(5,757)</u>	<u>(14,485)</u>
Net cash flows generated from investing activities	<u>140,496</u>	<u>234,661</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuing bank debentures	1,100,000	1,500,000
Repayments of bank debentures	(2,500,000)	(2,900,000)
Increase in funds intended for specific types of loans	211,533	506,833
Repayments of funds intended for specific types of loans	(573,203)	(1,059,192)
Repayment of the principal portion of lease liabilities	(98,627)	(96,711)
Increase in other financial liabilities	917,284	18,961
Increase in other liabilities	10,366	183,846
Cash dividends paid	(946,645)	(672,954)
Transfer of treasury stock to employees	<u>18,912</u>	<u>-</u>
Net cash flows used in financing activities	<u>(1,860,380)</u>	<u>(2,519,217)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>453,962</u>	<u>(230,202)</u>
NET DECREASE IN CASH	5,772,785	(3,346,955)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	<u>6,505,276</u>	<u>9,852,231</u>
CASH AND CASH EQUIVALENT AT END OF THE YEAR	<u>\$12,278,061</u>	<u>\$ 6,505,276</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents reported in the balance sheets	\$ 4,113,060	\$ 3,801,811
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	7,550,547	2,149,671
Other items qualifying for cash and cash equivalents under the definition of IAS 7	<u>614,454</u>	<u>553,794</u>
Cash and cash equivalents at end of the year	<u>\$12,278,061</u>	<u>\$ 6,505,276</u>

(Concluded)

## Appendix IV

### O-Bank Co., Ltd. Proposed Distribution of 2022 Earnings

	Currency: NT\$
Undistributed earnings as of the beginning of the period	644,821,412
Net income	5,034,470,939
Plus/Less: Undistributed earnings adjustment items	
1. Disposal of investments in equity instrument designated as at fair value through other comprehensive income, with cumulative gains or losses directly transferred to retained earnings	(194,575,312)
2. Adjustment of investment accounted for using equity method	(37,178,747)
3. Adjustment of remeasurements of defined benefit plans	21,899,000
Current undistributed earnings adjustment items other than net profit after tax plus net profit after tax	4,824,615,880
Less: Legal reserve appropriation (30%)	(1,447,384,764)
Less: Special reserve set aside—pursuant to Article 41 of the Securities and Exchange Act	(2,565,022,990)
Plus: Reversal of special reserve—training expenses for fintech development	2,622,279
Earnings available for distribution	1,459,651,817
Distribution items:	
Preferred stock dividend (annual rate 4.25%)	(127,080,950)
Common stock dividend -2,730,484,301 shares (NT\$0.38 per share)	(1,037,958,714)
Undistributed earnings as of the end of the period	294,612,153

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Accounting Officer: Tai, Hsin Yi

## Appendix V

### *O-Bank Co., Ltd.'s Articles of Incorporation:*

#### Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 7: The total authorized capital of the Bank shall be NT\$35 billion, divided into 3.5 billion shares with a par value of NT\$10 each and including common and preferred shares. The Board of Directors is authorized to, in accordance with the <i>Company Act</i> and applicable laws and regulations, issue such shares in installments if necessary. The source of capital contribution by shareholders is limited to cash only.</p> <p><u>The Bank may issue employee stock option certificates and new shares with restricted employee rights within the preceding total amount of shares, and the relevant operations shall be handled in accordance with relevant laws and regulations.</u></p>	<p>Article 7: The total authorized capital of the Bank shall be NT\$35 billion, divided into 3.5 billion shares with a par value of NT\$10 each and including common and preferred shares. The Board of Directors is authorized to, in accordance with the <i>Company Act</i> and applicable laws and regulations, issue such shares in installments if necessary. The source of capital contribution by shareholders is limited to cash only. <u>The Bank may issue employee share subscription warrants and 200 million shares of the foregoing capital stock shall be set aside for the purpose of issuing such warrants.</u></p>	<p>Correct the relevant text in accordance with company's internal rewards practice.</p>
<p>Article 32: If the Bank records a profit in a year, the Bank shall set aside <u>no less than 0.5%</u> of the profit for employee remunerations. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.</p>	<p>Article 32: If the Bank records a profit in a year, the Bank shall set aside <u>1-2.5%</u> of the profit for employee remunerations. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.</p>	<p>Relax the company's employee remuneration appropriation ratio to increase flexibility.</p>



Amended Article	Original Article	Explanation
<p>Distribution of employee remunerations in stock or cash shall require a resolution adopted through a majority vote of the directors present at a meeting attended by not less than two-thirds of all directors, which in turn shall be reported to a shareholders' meeting. The employees entitled to the aforesaid remunerations may include those employed by the Bank's affiliated companies who meet specific requirements.</p>	<p>Distribution of employee remunerations in stock or cash shall require a resolution adopted through a majority vote of the directors present at a meeting attended by not less than two-thirds of all directors, which in turn shall be reported to a shareholders' meeting. The employees entitled to the aforesaid remunerations may include those employed by the Bank's affiliated companies who meet specific requirements.</p>	
<p>Article 34  These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . . ; the 15<sup>th</sup> amendment on June 2, 2015; the 16<sup>th</sup> amendment on October 2, 2015; the 17<sup>th</sup> amendment on June 3, 2016; the 18<sup>th</sup> amendment on June 14, 2017; the 19<sup>th</sup> amendment on June 14, 2018; the 20<sup>th</sup> amendment on June 19, 2020; the 21<sup>th</sup> amendment on June 17, 2022; <u>and the 22<sup>th</sup> amendment on June 16, 2023.</u></p>	<p>Article 34  These <i>Articles of Incorporation</i> were enacted on June 22, 1998 . . . ; the 15<sup>th</sup> amendment on June 2, 2015; the 16<sup>th</sup> amendment on October 2, 2015; the 17<sup>th</sup> amendment on June 3, 2016; the 18<sup>th</sup> amendment on June 14, 2017; the 19<sup>th</sup> amendment on June 14, 2018; the 20<sup>th</sup> amendment on June 19, 2020; the 21<sup>th</sup> amendment on June 17, 2022.</p>	<p>The date and ordinal number of another amendment are added.</p>

## Appendix VI

### ***O-Bank Co., Ltd. Procedural Rules Governing Shareholders' Meetings:***

#### Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 3 Unless otherwise provided by applicable laws or regulations, the shareholders' meetings of the Company shall be convened by the Board of Directors.</p> <p><u>Unless otherwise provided in Regulations Governing the Administration of Shareholder Services of Public Companies, a company that will convene a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of it shall require the attendance of more than two-thirds of the directors and the consent of more than half of the directors present.</u></p> <p>The following paragraphs are omitted.</p>	<p>Article 3 Unless otherwise provided by applicable laws or regulations, the shareholders' meetings of the Company shall be convened by the Board of Directors.</p> <p>The following paragraphs are omitted.</p>	<p>Since the company holds a video-conference shareholders meeting, shareholders can only participate in the shareholders meeting in the form of a video conference, thus there are restrictions on the rights and interests of shareholders. In order to protect the rights and interests of shareholders, the 2nd paragraph is added. Unless otherwise stipulated in Regulations Governing the Administration of Shareholder Services of Public Companies, it shall be specified in the articles of incorporation and resolved by the board of directors, and the company's convening of a video-conference shareholders' meeting shall require the attendance of more than two-thirds of the directors and the consent of more than half of the directors present (i.e. The resolutions of the special resolutions) shall be carried out, and the rest of the Articles shall be adjusted accordingly.</p>

Amended Article	Original Article	Explanation
<p>Article 6-1 To convene a visual communication shareholders meeting, the Company shall include the follow particulars in the shareholders' meeting notice: Paragraph 1 and 2 are omitted.</p> <p>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online shall be specified. <u>Unless otherwise provided in Article 44-9, Item 6 of Regulations Governing the Administration of Shareholder Services of Public Companies, when the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</u></p>	<p>Article 6-1 To convene a visual communication shareholders meeting, the Company shall include the follow particulars in the shareholders' meeting notice: Paragraph 1 and 2 are omitted.</p> <p>3. To convene a virtual-only shareholders' meeting, appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online shall be specified.</p>	<p>1. Considering the convening of the video-conference shareholders meeting, shareholders can only participate in the shareholders meeting through video-conference, in order to provide appropriate alternative measures for shareholders who have difficulty participating in the video-conference method, and to assist them to use connection equipment to participate in the shareholder meeting, please refer to the third In the latter part of the new paragraph, it is stipulated that the company shall at least provide the connection equipment and venue for shareholders to participate in the meeting held via video conference, and assign relevant personnel on the spot to provide necessary assistance to shareholders, and shall specify the period during which shareholders can apply to the company and other related considerations.</p> <p>2. In addition, in the event of the provisions of R Article 44-9, Item 6 of the Regulations Governing the Administration of</p>

Amended Article	Original Article	Explanation
		<p>Shareholder Services of Public Companies, due to natural disasters, accidents, or other force majeure events, the Ministry of Economic Affairs announces that the company shall, within a certain period of time, not stipulated in the articles of association In special circumstances where the shareholders' meeting can be convened by way of video conferencing, since it is necessary to provide relevant necessary supporting measures depending on the situation at the time, the cancellation document is added to the third paragraph, which clearly stipulates that if the situation stipulated in the sixth paragraph of Article 44-9 occurs, there is no need to the latter paragraph of paragraph 3 applies.</p>
<p>Article 22 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online. <u>Unless otherwise provided in Article 44-9, Item 6 of</u></p>	<p>Article 22 When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a visual communication shareholders meeting online.</p>	<p>The reason for the amendment is the same as Article 6-1.</p>

Amended Article	Original Article	Explanation
<u>Regulations Governing the Administration of Shareholder Services of Public Companies, when the company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.</u>		

## Appendix VII

### O-Bank Co., Ltd.'s *Procedures for Assets Acquisition or Disposal*:

Comparison Table of Original and Amended Articles

Amended Article	Original Article	Explanation
<p>Article 12</p> <p>Paragraph 1 to 3 are omitted.</p> <p>If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 % or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 24, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more</p>	<p>Article 12</p> <p>Paragraph 1 to 3 are omitted.</p> <p>If the company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach 10 % or more of the public company's total assets, the public company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the public company and its parent company or subsidiaries or between its subsidiaries.</p> <p>The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 24, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more</p>	<p>Align with the newly added indicators of corporate governance evaluation and refer to Provisions of Article 9-1 and Article 11, Item 6 of the Operating Standards for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises of this article is added.</p>

Amended Article	Original Article	Explanation
<p>than half of all audit committee members and for which a Board of Directors and the shareholders' meeting resolution has been secured need not be counted toward the transaction amount.</p> <p><u>If the company has the first transaction with a related party, it shall submit the actual transaction status (including the actual transaction amount, transaction conditions, and the information of the first item, etc.) to the latest shareholders' meeting report after the end of the year.</u></p>	<p>than half of all audit committee members and for which a Board of Directors and the shareholders' meeting resolution has been secured need not be counted toward the transaction amount.</p>	