Stock Code:2834

TAIWAN BUSINESS BANK, LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Business Bank, Ltd. and subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Held Banks and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Taiwan Business Bank, Ltd. and subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are LEE, FENG HUI and TSAI, PEI JU.

KPMG

Taipei, Taiwan (Republic of China)
August 16, 2023

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
11000	Cash and cash equivalents (Notes 6(a) and 7)	$ 31,575,471	2	49,260,262	2	24,640,906	1
11500	Due from the Central Bank and call loans to banks (Notes 6(b) and 7)	112,564,231	5	148,557,744	7	135,451,049	7
12000	Financial assets at fair value through profit or loss (Note 6(c))	65,283,254	3	33,913,114	2	11,025,418	-
12100	Financial assets at fair value through other comprehensive income (Notes 6(g) and (q))	191,703,558	9	160,000,410	8	166,917,339	8
12200	Investment in debt instruments at amortized cost (Note 6(h))	242,622,797	12	236,774,247	11	259,746,799	13
12500	Securities purchased under resell agreements (Note 6(d))	2,237,378	-	797,893	-	-	-
13000	Receivables (Note 6(e))	11,584,923	1	9,057,109	-	11,194,640	1
13200	Current tax assets	349,315	-	350,069	-	349,410	-
13500	Discounts and loans, net (Notes 6(f) and 7)	1,404,830,556	67	1,400,112,365	68	1,345,763,420	68
15000	Investments accounted for using equity method (Note 6(i))	-	-	808	-	1,777	-
15500	Other financial assets (Note 6(j))	9,250	-	10,315	-	24,783	-
18500	Property and equipment, net (Note 6(k))	14,062,203	1	14,121,833	1	14,214,001	1
18600	Right-of-use assets, net (Note 6(l))	1,242,140	-	1,212,593	-	1,150,070	-
19000	Intangible assets, net	820,034	-	757,216	-	736,096	-
19300	Deferred tax assets (Note 6(z))	1,681,177	-	1,777,199	-	1,705,315	-
19500	Other assets, net (Note 6(m))	9,001,254	-	15,782,948	1	11,531,985	1
	Total assets	**$ 2,089,567,541**	**100**	**2,072,486,125**	**100**	**1,984,453,008**	**100**

		June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Liabilities						
21000	Deposits from the Central Bank and banks (Notes 6(n) and 7)	$ 171,901,318	8	194,966,177	9	117,416,238	6
21500	Due to the Central Bank and banks (Note 6(o))	1,212,500	-	1,131,025	-	922,315	-
22000	Financial liabilities at fair value through profit or loss (Notes 6(p) and (t))	9,591,566	1	9,925,525	-	9,540,288	1
22500	Notes and bonds issued under repurchase agreement (Note 6(q))	2,397,309	-	2,462,991	-	2,439,839	-
23000	Payables (Note 6(r))	16,345,749	1	21,493,131	1	25,549,427	1
23200	Current tax liabilities	671,902	-	1,101,015	-	488,100	-
23500	Deposits and remittances (Notes 6(s) and 7)	1,704,474,195	82	1,673,580,263	81	1,664,104,418	84
24000	Bank notes payable (Note 6(t))	60,250,000	3	52,250,000	4	52,250,000	3
25500	Other financial liabilities (Note 6(u))	3,224,904	-	2,910,581	-	3,549,679	-
25600	Provisions (Note 6(v))	2,623,950	-	2,676,102	-	3,296,143	-
26000	Lease liabilities (Note 6(w))	1,272,263	-	1,239,919	-	1,174,082	-
29300	Deferred tax liabilities (Note 6(z))	879,056	-	879,056	-	879,056	-
29500	Other liabilities (Note 6(x))	1,995,556	-	3,763,082	-	3,780,848	-
	Total liabilities	1,976,840,268	95	1,968,378,867	95	1,885,390,433	95
	Equity attributable to owners of parent						
31101	Common stock (Note 6(y))	80,296,934	4	80,296,934	4	77,431,952	4
31121	Reserve of capitalization (Note 6(y))	1,927,127	-	-	-	2,864,982	-
31500	Capital Surplus (Note 6(y))	815,900	-	815,900	-	815,900	-
	Retained earnings:						
32001	Legal reserve (Note 6(y))	20,028,865	1	17,239,615	1	17,239,615	1
32003	Special reserve (Note 6(y))	3,954,803	-	185,128	-	185,128	-
32005	Unappropriated retained earnings (Note 6(y))	6,722,539	-	9,339,356	-	3,574,973	-
32500	Other equity interest (Note 6(y))	(1,018,895)	-	(3,769,675)	-	(3,049,975)	-
	Total equity	112,727,273	5	104,107,258	5	99,062,575	5
	Total liabilities and equity	**$ 2,089,567,541**	**100**	**2,072,486,125**	**100**	**1,984,453,008**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
41000	**Interest income (Notes 6(ad) and 7)**	$ 12,484,751	157	7,445,471	111	23,874,942	150	13,813,296	107
51000	**Less: Interest expenses (Notes 6(ad) and 7)**	(7,594,449)	(96)	(2,316,681)	(35)	(14,228,865)	(89)	(3,993,474)	(31)
	Net interest revenue	4,890,302	61	5,128,790	76	9,646,077	61	9,819,822	76
	Net revenue other than interest								
49100	Net service fee revenue (Notes 6(ae) and 13)	1,041,126	13	962,138	14	2,283,183	14	2,115,230	17
49200	(Loss) gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(af))	1,315,495	17	(361,384)	(5)	3,091,601	19	(489,017)	(4)
49310	Realized gain on financial assets at fair value through other comprehensive income (Note 6(ag))	546,502	7	672,378	11	564,008	4	700,854	6
49450	Gain arising from derecognition of financial assets measured at amortized cost (Note 6(h))	49	-	225	-	78	-	510	-
49600	Foreign exchange gain	62	-	215,398	3	99,282	1	542,160	4
49700	(Impairment loss on assets) reversal of impairment loss on assets (Note 6(ah))	(4,158)	-	6,404	-	(12,093)	-	1,624	-
49750	Share of profit of associates and joint ventures accounted for using equity method (Notes 6(h) and 6(ai))	(472)	-	(223)	-	(808)	-	(223)	-
49800	Net other revenue other than interest income (Note 6(aj))	54,630	1	8,095	-	61,862	-	64,240	-
49831	Net securities brokering revenue	93,667	1	81,592	1	167,713	1	171,026	1
	Net revenue	7,937,203	100	6,713,413	100	15,900,903	100	12,926,226	100
58200	**Bad debts expense, commitment and guarantee liability provision (Note 6(ak))**	(591,157)	(7)	(710,199)	(11)	(829,513)	(5)	(965,459)	(7)
	Operating expenses								
58500	Employee benefits expenses (Note 6(al))	(2,533,498)	(32)	(2,306,473)	(34)	(4,720,476)	(30)	(4,412,280)	(34)
59000	Depreciation and amortization expense (Note 6(am))	(317,208)	(4)	(301,566)	(4)	(631,270)	(4)	(617,285)	(5)
59500	Other general and administrative expense (Note 6(an))	(1,159,749)	(15)	(912,162)	(14)	(2,285,219)	(14)	(1,859,069)	(14)
	Total operating expense	(4,010,455)	(51)	(3,520,201)	(52)	(7,636,965)	(48)	(6,888,634)	(53)
61001	**Income from continuing operation before tax**	3,335,591	42	2,483,013	37	7,434,425	47	5,072,133	40
61003	**Less: Income tax expenses (Note 6(z))**	605,878	8	446,630	7	1,232,068	8	911,489	7
	Net income	2,729,713	34	2,036,383	30	6,202,357	39	4,160,644	33
65000	**Other comprehensive income:**								
65200	**Components of other comprehensive income that will not be reclassified to profit or loss**								
65204	Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	1,411,670	18	(2,283,462)	(34)	2,461,799	15	(1,375,499)	(11)
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(z))	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,411,670	18	(2,283,462)	(34)	2,461,799	15	(1,375,499)	(11)
65300	**Components of other comprehensive income that will be reclassified to profit or loss**								
65301	Exchange difference on translation	307,910	4	382,497	6	121,539	1	980,343	7
65308	(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(155,527)	(2)	(2,749,979)	(41)	662,829	4	(5,419,645)	(42)
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(z))	58,865	1	66,235	1	25,540	-	168,920	1
	Components of other comprehensive income that will be reclassified to profit or loss	93,518	1	(2,433,717)	(36)	758,828	5	(4,608,222)	(36)
65000	**Other comprehensive income**	1,505,188	19	(4,717,179)	(70)	3,220,627	20	(5,983,721)	(47)
	Total comprehensive income	**$ 4,234,901**	**53**	**(2,680,796)**	**(40)**	**9,422,984**	**59**	**(1,823,077)**	**(14)**
	Earnings per share (in NT dollar) (Note 6(ab))								
	Basic earnings per share (in NT dollar)	**$**	**0.34**		**0.25**		**0.77**		**0.52**
	Diluted earnings per share (in NT dollar)	**$**	**0.34**		**0.25**		**0.77**		**0.52**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent									
	Share capital			Retained earnings				Other equity interest		
	Common stock	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	$ 77,431,952	-	815,900	15,693,140	185,128	5,227,632	21,105,900	(1,807,265)	4,113,485	101,659,972
Net income for the six months ended June 30, 2022	-	-	-	-	-	4,160,644	4,160,644	-	-	4,160,644
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	-	784,275	(6,767,996)	(5,983,721)
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	4,160,644	4,160,644	784,275	(6,767,996)	(1,823,077)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	1,546,475	-	(1,546,475)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(774,320)	(774,320)	-	-	(774,320)
Stock dividends of ordinary share	-	2,864,982	-	-	-	(2,864,982)	(2,864,982)	-	-	-
Disposal of investment in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(627,526)	(627,526)	-	627,526	-
Balance at June 30, 2022	$ 77,431,952	2,864,982	815,900	17,239,615	185,128	3,574,973	20,999,716	(1,022,990)	(2,026,985)	99,062,575
Balance at January 1,2023	$ 80,296,934	-	815,900	17,239,615	185,128	9,339,356	26,764,099	(597,833)	(3,171,842)	104,107,258
Net income for the six months ended June 30, 2023	-	-	-	-	-	6,202,357	6,202,357	-	-	6,202,357
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	-	97,232	3,123,395	3,220,627
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	6,202,357	6,202,357	97,232	3,123,395	9,422,984
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	2,789,250	-	(2,789,250)	-	-	-	-
Special reserve appropriated	-	-	-	-	3,769,675	(3,769,675)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(802,969)	(802,969)	-	-	(802,969)
Stock dividends of ordinary share	-	1,927,127	-	-	-	(1,927,127)	(1,927,127)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	469,847	469,847	-	(469,847)	-
Balance at June 30, 2023	$ 80,296,934	1,927,127	815,900	20,028,865	3,954,803	6,722,539	30,706,207	(500,601)	(518,294)	112,727,273

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Net income before tax	$ 7,434,425	5,072,133
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	492,716	497,838
Amortization expense	138,554	119,447
Provision for bad debt expense	804,577	919,688
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(705,930)	599,905
Interest expenses	14,228,865	3,993,474
Net gain arising from derecognition of financial assets measured at amortised cost	(78)	(510)
Interest income	(23,874,942)	(13,813,296)
Net change in provisions for guarantee liabilities	30,817	5,990
Net change in other provisions	(5,511)	39,781
Share of loss of associates and joint ventures accounted for using equity method	808	223
Loss on disposal of property and equipment	629	301
(Reversal of impairment loss) impairment loss on financial assets	12,093	(1,624)
Other items	-	(3,784)
Total adjustments to reconcile profit (loss)	(8,877,402)	(7,642,567)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in due from the central bank and call loans to banks	35,996,498	22,650,349
(Increase) decrease in financial assets at fair value through profit or loss	(30,921,374)	29,323,313
(Increase) decrease in securities purchased under resell agreements	(1,439,485)	7,831,274
Increase in receivables	(1,969,171)	(3,299,455)
Increase in discounts and loans	(5,470,376)	(44,353,610)
Decrease in other financial assets	7,143	3,624
Decrease in other assets	5,799,409	63,703
Total changes in operating assets	2,002,644	12,219,198
Changes in operating liabilities:		
(Decrease) Increase in deposits from the central bank and banks	(23,064,859)	14,875,923
(Decrease) Increase in financial liabilities at fair value through profit or loss	(76,795)	826,018
(Decrease) Increase in notes and bonds issued under repurchase agreement	(65,682)	379,146
(Decrease) increase in payable	(8,213,451)	1,066,388
Increase (decrease) in deposits and remittances	30,893,932	(4,552,404)
Increase (decrease) in other financial liabilities	314,323	(815,615)
Decrease in provisions for employee benefits	(77,669)	(170,888)
Total changes in operating liabilities	(290,201)	11,608,568
Total changes in operating assets and liabilities	1,712,443	23,827,766
Total adjustments	(7,164,959)	16,185,199
Cash inflow generated from operations	269,466	21,257,332
Interest received	23,259,426	13,567,842
Interest paid	(12,199,590)	(3,292,389)
Income taxes paid	(1,347,445)	(162,932)
Net Cash flows from operating activities	9,981,857	31,369,853
Cash flows (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(28,588,607)	(16,186,278)
Acquisition of financial assets at amortised cost	(174,550,465)	(135,635,813)
Proceeds from repayments of financial assets at amortised cost	168,699,757	154,932,444
Acquisition of investments accounted for using equity method	-	(2,000)
Acquisition of property and equipment	(227,221)	(128,378)
Proceeds from disposal of property and equipment	-	28
Decrease (Increase) in refundable deposits	1,103,816	(498,415)
Acquisition of intangible assets	(197,070)	(144,533)
Net cash flows (used in) from investing activities	(33,759,790)	2,337,055
Cash flows (used in) from financing activities:		
Increase (Decrease) in due to the central bank and banks	81,475	(49,339,275)
Proceeds from issuing bank notes payable	8,000,000	-
(Decrease) Increase in guarantee deposits received	(1,806,676)	2,147,775
Payment of lease liabilities	(231,259)	(210,429)
Increase (Decrease) in other liabilities	39,150	(1,107,300)
Net cash flows from (used in) financing activities	6,082,690	(48,509,229)
Effect of exchange rate changes on cash and cash equivalents	10,452	(805)
Net decrease in cash and cash equivalents	(17,684,791)	(14,803,126)
Cash and cash equivalents at beginning of period	49,260,262	39,444,032
Cash and cash equivalents at end of period	$ **31,575,471**	**24,640,906**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN BUSINESS BANK, LTD. (the "Bank") was formerly a general savings union known as "Taiwan Mutual Financing Bank" or "Tai-Shio Mutual Financing Bank" when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank's major lines of business are the following:

(a) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;

(b) Trust and securities brokerage businesses as approved by the relevant authority;

(c) International banking business; and

(d) Other relevant businesses as authorized by the relevant authority in-charge.

As of June 30, 2023, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the "Statute for Privatization of State Enterprises" and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of June 30, 2023, December 31 and June 30, 2022, the Bank and subsidiaries has 5,612, 5,581 and 5,617 employees, respectively.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on August 16, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Bank and subsidiaries has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Bank and subsidiaries has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023：

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank and subsidiaries assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(e) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks (hereinafter referred to as "the Regulation") and the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to IFRS endorsed by the FSC) for a complete set of annual consolidated financial statements.

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as the consolidated financial statements as of and for the year ended December 31, 2022. Please refer to Note 4 of the consolidated financial statements as of and for the year ended December 31, 2022 for the detail disclosures of significant accounting policies.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

			Shareholding (Holding %)		
	Established location	**Main business scope**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100	100	100
Taiwan Business Bank International Leasing Co., Ltd.	China	Leasing business	100	100	100
TBB (Cambodia) Microfinance Institution Plc	Cambodia	Financial company	100	100	100
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100	100	100
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100	100	100

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. Income tax expenses for the period and deferred income tax expenses are apportioned based on the proportion of expected income tax expenses for the year and deferred income tax expense. Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment losses on loans

The impairment of loans of the Bank and subsidiaries were evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank and subsidiaries considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank and subsidiaries has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(b) Retirement benefit

The present value of the retirement benefit obligation is the actuarial result based on several assumptions. Any change of the assumptions may influence the carrying amount of the retirement benefit obligation.

The assumptions applied to determine net pension cost (revenue) include the discount rate. The Bank and subsidiaries determines the appropriate discount rate at the end of each year and apply it to calculate the present value of the future cash outflows which are to be paid to the retirement benefit obligation. To determine the appropriate discount rate, the Bank and subsidiaries should consider the interest rate of high-quality corporate bonds and government bonds. The currency of the retirement benefit shall be the same as that of the high-quality corporate bond or government bonds and the duration till maturity date shall comply with the duration of the related pension obligation. Other significant assumptions of retirement benefit obligation are based on the current market situation.

(c) Fair value of financial instruments

Financial instruments without active market or quoted market prices are measured using the valuation models or counterparty prices. When using the valuation model, all the inputs data are using the observable factors as much as possible and the inputs cannot be adjusted manually. In principle, the models used the factors can be long-term stably accessed in the market. In order to avoid the data source changed causing the gap of the financial report between the difference financial years, the models need to be adjusted and verified repeatedly to ensure the output can be measured the value of financial instruments properly.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Petty cash and revolving funds	$ 10,822,842	14,042,641	11,185,701
Foreign currencies on hand	915,605	988,995	875,473
Checks for clearing	2,514,301	11,029,785	2,250,851
Due from other banks	17,322,723	23,198,841	10,328,881
Total	**$ 31,575,471**	**49,260,262**	**24,640,906**

(b) Due from the Central Bank and call loans to banks

	June 30, 2023	December 31, 2022	June 30, 2022
Due from the Central Bank	$ 64,689,379	85,208,065	62,124,463
Deposits transferred to Central Bank	40,129	39,664	32,024
Call loans to banks	47,834,723	63,310,015	73,294,562
Trust fund indemnity reserve deposited	120,000	110,000	110,000
Securities serving as trust fund indemnity reserve deposited	(120,000)	(110,000)	(110,000)
Total	**$ 112,564,231**	**148,557,744**	**135,451,049**

As of June 30, 2023, December 31 and June 30, 2022, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank with the Central Bank amounted to $64,224,016, $84,763,295 and $61,701,188 of which $49,210,309, $47,637,794 and $44,266,109 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount.

As of June 30, 2023, December 31 and June 30, 2022, the Bank's subsidiaries and overseas branches, in compliance with the Central Bank' s reserve requirement set by local authorities, deposited $118,236, $134,809 and $139,886 and in reserve, of which $50,612, $52,137 and $56,972 were restricted.

Effective December 2000, in accordance with the amended "Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of June 30, 2023, December 31 and June 30, 2022, the required reserve with the Central Bank amounted to $347,127, $309,961 and $283,389 respectively, and its use was unrestricted.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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As of June 30, 2023, December 31 and June 30, 2022, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Central Bank of China, the Bank complies with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of June 30, 2023, December 31 and June 30, 2022, the Bank deposited marketable securities of $120,000, $110,000 and $110,000 as trust fund reserves.

(c) Financial assets at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss, mandatorily measured at fair value :			
Derivative instruments not used for hedging:			
Foreign exchange forward contracts	$ 8,158	27,271	16,736
Currency swap contracts	1,474,403	1,088,827	468,712
Foreign currency options-buy	9,886	17,813	1,860
Stock index futures	26,872	26,860	28,779
Interest rate swap	4,947	5,896	5,826
Non-derivative financial assets			
Commercial paper	61,742,295	30,907,810	9,230,644
Listed stocks	1,018,985	752,713	602,510
Unlisted stocks	419,894	471,554	291,199
Beneficiary certificates	377,814	414,370	179,152
Financial debentures	200,000	200,000	200,000
Total	$ 65,283,254	33,913,114	11,025,418

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank and subsidiaries held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

	June 30, 2023	December 31, 2022	June 30, 2022
Currency swaps contract	$ 228,469,560	260,470,257	240,673,759
Interest rate swaps contract	12,503,912	12,665,622	11,533,367
Option contract - buy	1,382,890	1,229,230	1,037,023
Option contract - sell	1,382,890	1,229,230	1,037,023
Forward foreign exchange contract	1,857,295	2,786,130	3,202,199

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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(d) Securities purchased under resell agreements

	June 30, 2023	December 31, 2022
Securities under resell agreements	$ 2,237,378	797,893
Face amount	2,242,100	800,000
Resell period	2023.07.07~2023.07.17	2023.01.05
Range of resell interest rate	1.37%~1.42%	1.24%
Resell price	$ 2,238,973	798,576

(e) Receivables, net

	June 30, 2023	December 31, 2022	June 30, 2022
Interest receivable	$ 4,686,824	4,123,259	3,044,556
Acceptances receivable	1,095,455	791,284	1,370,606
Accrued income	741,319	140,805	754,199
Accounts receivable	1,450,308	1,262,213	2,444,121
Spot exchange receivable-foreign currencies	45,126	9,096	3,823
Refinancing guaranty deposits	6,503	1,505	40
Guaranteed proceeds receivable from refinacing	5,554	1,158	45
Credit cards accounts receivable	1,458,894	1,098,733	933,615
Receivable price of securities purchased for customers	344,607	179,159	1,060,941
Settlement price	53,861	-	-
Installment receivables and leases	1,425,795	1,320,741	1,262,209
Notes receivables	379,031	233,198	432,388
Sub-total	11,693,277	9,161,151	11,306,543
Less: Allowance for bad debts	(108,354)	(104,042)	(111,903)
Total	$ 11,584,923	9,057,109	11,194,640

The outstanding contract amount of financial assets that have been written off and still have recourse as of June 30, 2023, December 31 and June 30, 2022 were $87,049,698, $85,659,528 and $86,405,677 respectively.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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The change in allowance for bad debts was as follows:

	For the six months ended June 30, 2023	2022
Beginning balance	$ 104,042	118,111
Provision (reversal)	4,987	(8,224)
Write-off	(610)	-
Foreign exchange	(65)	2,016
Ending balance	**$ 108,354**	**111,903**

(f) Discounts and loans, net

	June 30, 2023	December 31, 2022	June 30, 2022
Import/export bills negotiated	$ 238,684	111,492	214,766
Bills and notes discounted	669,908	631,574	617,270
Overdrafts	30,372	30,781	34,054
Secured overdrafts	2,637,020	934,845	2,653,237
Short-term loans	159,737,765	175,758,201	170,169,824
Short-term secured loans	219,775,421	222,836,626	218,435,665
Margin loans receivable	2,641,429	2,672,159	2,726,026
Medium-term loans	181,938,607	182,824,935	168,952,809
Medium-term secured loans	298,419,754	293,811,922	285,372,123
Long-term loans	35,176,481	36,127,193	33,255,258
Long-term secured loans	519,914,747	500,599,070	477,387,948
Overdue loans	1,393,823	2,154,653	2,034,949
Sub-total	1,422,574,011	1,418,493,451	1,361,853,929
Less: Adjustment of discount and premium	(250,519)	(302,470)	(286,057)
Less: Allowance for bad debts	(17,492,936)	(18,078,616)	(15,804,452)
Total	**$ 1,404,830,556**	**1,400,112,365**	**1,345,763,420**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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The change in allowance for bad debts was as follows:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Beginning balance	$ 18,078,616	15,576,817
Provision	814,208	929,814
Transfer out	(5,355)	(10,501)
Write-off	(2,196,698)	(1,601,290)
Write-off recovered	806,882	877,261
Foreign exchange	(4,717)	32,351
Ending balance	**$ 17,492,936**	**15,804,452**

(g) Financial asset at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Investment in debt instruments measured at fair value through other comprehensive income：			
Government bonds	$ 52,519,547	48,754,854	48,874,637
Corporate bonds	75,764,713	60,445,796	62,740,646
Financial debentures	36,320,906	32,639,581	32,952,990
Negotiable certificates of deposit	601,980	-	-
Subtotal	165,207,146	141,840,231	144,568,273
Investment in equity instruments measured at fair value through other comprehensive income：			
Listed stocks	20,839,149	12,676,936	16,488,752
Unlisted stocks	5,513,766	5,337,461	5,712,584
Real Estate Investment Trust	143,497	145,782	147,730
Subtotal	26,496,412	18,160,179	22,349,066
Total	**$ 191,703,558**	**160,000,410**	**166,917,339**

(i) Investment in debt instruments measured at fair value through other comprehensive income

The Bank and subsidiaries assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (q) for more details.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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(ii) Investment in equity instruments measured at fair value through other comprehensive income

The Bank and subsidiaries designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank and subsidiaries designated the investments shown above as equity instrument as at fair value through other comprehensive income; therefore, the Bank and subsidiaries recognized $546,451 , $668,386 , $563,864 and $696,242, respectively as dividend revenue for the three months and six months ended June 30, 2023 and 2022.

In which, the disposal equity instruments were recognized $58,770 , $226,611 , $58,770 and $226,611 as dividend revenue for the three months and six months ended June 30, 2023 and 2022.

The Bank and subsidiaries sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are $1,344,737 , $4,174,052 , $1,344,737 and $4,174,052. And (losses) gains on disposal are $469,847 , $(627,526) , $469,847 and $(627,526) for the three months and six months ended June 30, 2023 and 2022. Therefore, accumulated gains on disposal were transferred from other equity to retained earnings.

(iii) Please refer to Note 6(ap) for the credit risk (including the impairment in debt instruments) and market risk information.

(iv) The Bank and subsidiaries assessed the impairment of financial assets measured at fair value through other comprehensive income as of June 30, 2023 and 2022. The changes in allowance for credit losses attribute to the financial assets were as follows:

	For the six months ended June 30,	
	2023	**2022**
Beginning balance	$ 90,852	87,792
Provision	9,901	5,833
Foreign exchange	186	1,023
Ending balance	**$ 100,939**	**94,648**

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Notes to the Consolidated Financial Statements

(h) Investment in debt instruments at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
Certificates of deposit with the Central Bank	$ 189,320,000	195,595,000	216,000,000
Government bonds	29,471,297	24,370,304	24,236,500
Corporate bonds	9,514,824	7,481,434	6,299,350
Financial debentures	14,328,390	9,337,858	13,228,969
Negotiable certificates of deposit	65,394	64,523	62,444
Subtotal	242,699,905	236,849,119	259,827,263
Less:Accumulated impairment	(77,108)	(74,872)	(80,464)
Total	**$ 242,622,797**	**236,774,247**	**259,746,799**

The Bank and subsidiaries assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) Please refer to Note 6(ap) for credit risk.

(ii) The pledged assets provided by the above investment in debt instruments at amortized cost were shown follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds	$ 1,062,400	854,500	878,500
Overseas branches required reserve of overdraft guarantee	65,394	64,523	62,444
Daylight overdraft guarantee (Certificates of deposit with the Central Bank)	2,000,000	2,000,000	2,000,000
Guarantee for borrowing US dollars	29,000,000	29,000,000	29,000,000
Guarantee for borrowing JPY dollars	200,000	200,000	200,000
Sponsorship of Treasury Affairs	-	20,000,000	20,000,000
Total	**$ 32,327,794**	**52,119,023**	**52,140,944**

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(iii) The Bank and subsidiaries assessed the impairment of investment in debt instruments at amortized cost as of June 30, 2023 and 2022. The changes in allowance for credit losses attribute to these financial assets were as follows:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Beginning balance	$ 74,872	87,478
Provision	2,192	(7,457)
Foreign exchange	44	443
Ending balance	**$ 77,108**	**80,464**

(iv) Disposal gain (loss) on disposal investment in assets at amortized cost:

	For the three months ended June 30, 2023: The carrying amount at the date of derecognition	For the three months ended June 30, 2023: Gain (Loss) on disposal	For the six months ended June 30, 2023: The carrying amount at the date of derecognition	For the six months ended June 30, 2023: Gain (Loss) on disposal
Corporate bonds	**$ 4,425**	**49**	**7,079**	**78**

	For the three months ended June 30, 2022: The carrying amount at the date of derecognition	For the three months ended June 30, 2022: Gain (Loss) on disposal	For the six months ended June 30, 2022: The carrying amount at the date of derecognition	For the six months ended June 30, 2022: Gain (Loss) on disposal
Corporate bonds	**$ 24,814**	**225**	**57,373**	**510**

For the three months and six months ended June 30, 2023 and 2022, it is due to the advanced redemption of the issuer.

(i) Investments accounted for using equity method

(i) Associates

The Bank and subsidiaries had significant influence on Media Talk Consultants Co., Ltd. by investing 2 million dollars on December 22, 2021 and holding 20% equity on it. The establishment registration was completed on January 19, 2022. In addition, since Media Fund 1, which was planned to be raised, was not as well funded as expected and the accumulated losses of Media Talk Consultants Co., Ltd. had exceeded 70% of the paid-in capital at the end of 2022, it has ceased its operation with effect from May 1, 2023, after prudent assessment.

The Bank and subsidiaries' financial information for investments accounted for using the equity method are individually insignificant was as follows：

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of individually insignificant associates' equity	**$ -**	**808**	**1,777**

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	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Attributable to the Bank and subsidiaries:				
Net income	$ (472)	(223)	(808)	(223)
Total comprehensive income	$ (472)	(223)	(808)	(223)

(ii) Guarantee

As of June 30, 2023, the Bank and subsidiaries did not provide any investments accounted for using the equity method as collateral for its loans.

(j) Other financial assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Overdue receivable	$ 22,113	58,786	80,839
Less: Allowance for bad debts, overdue receivable	(12,863)	(48,471)	(56,056)
Total	$ 9,250	10,315	24,783

The change in allowance for bad debts was as follows:

	For the six months ended June 30,	
	2023	2022
Beginning balance	$ 48,471	51,392
Reversal	(11,433)	(9,966)
Transfer in	5,355	10,501
Write-off	(39,341)	(5,153)
Written-off recovered	9,811	9,282
Ending balance	$ 12,863	56,056

(k) Property and equipment, net

June 30, 2023	Cost	Revaluation increment	Accumulated depreciation	Accumulated impairment	Total
Land	$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	8,122,136	31,184	4,885,377	14,754	3,253,189
Machinery and equipment	2,695,680	-	2,067,281	-	628,399
Transportation equipment	265,727	-	227,363	-	38,364
Miscellaneous equipment	654,532	-	561,229	-	93,303
Leasehold improvements	202,198	-	115,804	-	86,394
Construction in progress	24,290	-	-	-	24,290
Prepayment for equipment	222,599	-	-	-	222,599
Total	$ 18,930,697	3,017,345	7,857,054	28,785	14,062,203

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December 31, 2022	Cost	Revaluation increment	Accumulated depreciation	Accumulated impairment	Total
Land	$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	8,116,339	31,184	4,790,018	14,754	3,342,751
Machinery and equipment	2,696,721	-	2,012,107	-	684,614
Transportation equipment	272,344	-	230,440	-	41,904
Miscellaneous equipment	658,114	-	557,596	-	100,518
Leasehold improvements	205,430	-	119,731	-	85,699
Construction in progress	20,225	-	-	-	20,225
Prepayment for equipment	130,457	-	-	-	130,457
Total	$ **18,843,165**	**3,017,345**	**7,709,892**	**28,785**	**14,121,833**

June 30, 2022	Cost	Revaluation increment	Accumulated depreciation	Accumulated impairment	Total
Land	$ 6,743,535	2,986,161	-	14,031	9,715,665
Buildings	8,062,862	31,184	4,692,490	14,754	3,386,802
Machinery and equipment	2,732,675	-	2,008,589	-	724,086
Transportation equipment	270,859	-	226,777	-	44,082
Miscellaneous equipment	651,996	-	551,295	-	100,701
Leasehold improvements	201,053	-	100,661	-	100,392
Construction in progress	7,055	-	-	-	7,055
Prepayment for equipment	135,218	-	-	-	135,218
Total	$ **18,805,253**	**3,017,345**	**7,579,812**	**28,785**	**14,214,001**

Change of cost

	January 1, 2023	Increase	Decrease	Foreign Exchange	June 30, 2023
Land	$ 9,729,696	-	-	-	9,729,696
Buildings	8,147,523	5,797	-	-	8,153,320
Machinery and equipment	2,696,721	81,925	83,705	739	2,695,680
Transportation equipment	272,344	2,774	9,447	56	265,727
Miscellaneous equipment	658,114	7,363	10,749	(196)	654,532
Leasehold improvements	205,430	18,363	20,273	(1,322)	202,198
Construction in progress	20,225	5,265	1,200	-	24,290
Prepayment for equipment	130,457	133,961	42,054	235	222,599
Total	$ **21,860,510**	**255,448**	**167,428**	**(488)**	**21,948,042**

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	January 1, 2022	Increase	Decrease	Foreign Exchange	June 30, 2022
Land	$ 9,729,696	-	-	-	9,729,696
Buildings	8,049,138	44,908	-	-	8,094,046
Machinery and equipment	2,393,432	349,728	14,906	4,421	2,732,675
Transportation equipment	272,502	3,132	5,145	370	270,859
Miscellaneous equipment	647,036	8,671	5,353	1,642	651,996
Leasehold improvements	162,953	38,753	668	15	201,053
Construction in progress	40,547	755	34,247	-	7,055
Prepayment for equipment	573,971	12,706	451,576	117	135,218
Total	**$ 21,869,275**	**458,653**	**511,895**	**6,565**	**21,822,598**

Change of depreciation

	January 1, 2023	Increase	Decrease	Foreign Exchange	June 30, 2023
Buildings	$ 4,790,018	95,359	-	-	4,885,377
Machinery and equipment	2,012,107	138,117	83,165	222	2,067,281
Transportation equipment	230,440	6,305	9,429	47	227,363
Miscellaneous equipment	557,596	14,373	10,678	(62)	561,229
Leasehold improvements	119,731	17,837	20,273	(1,491)	115,804
Total	**$ 7,709,892**	**271,991**	**123,545**	**(1,284)**	**7,857,054**

	January 1, 2022	Increase	Decrease	Foreign Exchange	June 30, 2022
Buildings	$ 4,592,658	99,832	-	-	4,692,490
Machinery and equipment	1,865,901	153,868	14,668	3,488	2,008,589
Transportation equipment	225,193	6,402	5,112	294	226,777
Miscellaneous equipment	539,601	15,694	5,295	1,295	551,295
Leasehold improvements	83,416	18,423	668	(510)	100,661
Total	**$ 7,306,769**	**294,219**	**25,743**	**4,567**	**7,579,812**

Accumulated impairment

	January 1, 2023	Increase	Decrease	Foreign Exchange	June 30, 2023
Land	$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	**$ 28,785**	**-**	**-**	**-**	**28,785**

	January 1, 2022	Increase	Decrease	Foreign Exchange	June 30, 2022
Land	$ 14,031	-	-	-	14,031
Buildings	14,754	-	-	-	14,754
Total	**$ 28,785**	**-**	**-**	**-**	**28,785**

When the Bank and subsidiaries first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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As of June 30, 2023, December 31 and June 30, 2022, the appreciation from revaluation of properties all amounted to $3,017,345. Reserve for land incremental tax all amounted to $879,056 (Recognized under deferred tax liabilities).

As of June 30, 2023, December 31 and June 30, 2022, land which was occupied all amounted to $5,496. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(l) Right-of-use assets

The Bank and subsidiaries leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank and subsidiaries as a lessee is presented below:

June 30, 2023	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	$ 2,071,894	887,443	-	1,184,451
Machinery and equipment	26,388	26,357	-	31
Transportation equipment	83,277	33,455	-	49,822
Miscellaneous equipment	14,207	6,371	-	7,836
Total	**$ 2,195,766**	**953,626**	**-**	**1,242,140**

December 31, 2022	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	$ 1,857,074	706,516	-	1,150,558
Machinery and equipment	26,497	26,408	-	89
Transportation equipment	77,477	22,728	-	54,749
Miscellaneous equipment	12,403	5,206	-	7,197
Total	**$ 1,973,451**	**760,858**	**-**	**1,212,593**

June 30, 2022	Cost	Accumulated depreciation	Accumulated impairment	Total
Buildings	$ 1,767,710	652,167	-	1,115,543
Machinery and equipment	26,791	26,504	-	287
Transportation equipment	46,647	19,621	-	27,026
Miscellaneous equipment	11,498	4,284	-	7,214
Total	**$ 1,852,646**	**702,576**	**-**	**1,150,070**

Change of cost

	January 1, 2023	Increase	Decrease	Foreign Exchange	June 30, 2023
Buildings	$ 1,857,074	237,954	26,527	3,393	2,071,894
Machinery and equipment	26,497	-	109	-	26,388
Transportation equipment	77,477	7,558	1,733	(25)	83,277
Miscellaneous equipment	12,403	2,176	372	-	14,207
Total	**$ 1,973,451**	**247,688**	**28,741**	**3,368**	**2,195,766**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2022	Increase	Decrease	Foreign Exchange	June 30, 2022
Buildings	$ 1,795,803	382,884	398,627	(12,350)	1,767,710
Machinery and equipment	27,842	-	1,051	-	26,791
Transportation equipment	74,819	9,141	37,583	270	46,647
Miscellaneous equipment	10,337	1,648	487	-	11,498
Total	$ **1,908,801**	**393,673**	**437,748**	**(12,080)**	**1,852,646**

Change of depreciation

	January 1, 2023	Increase	Decrease	Foreign Exchange	June 30, 2023
Buildings	$ 706,516	206,769	26,527	685	887,443
Machinery and equipment	26,408	58	109	-	26,357
Transportation equipment	22,728	12,470	1,733	(10)	33,455
Miscellaneous equipment	5,206	1,537	372	-	6,371
Total	$ **760,858**	**220,834**	**28,741**	**675**	**953,626**

	January 1, 2022	Increase	Decrease	Foreign Exchange	June 30, 2022
Buildings	$ 683,580	192,360	225,485	1,712	652,167
Machinery and equipment	27,272	283	1,051	-	26,504
Transportation equipment	45,301	10,724	36,487	83	19,621
Miscellaneous equipment	3,353	1,303	372	-	4,284
Total	$ **759,506**	**204,670**	**263,395**	**1,795**	**702,576**

(m) Other assets, net

	June 30, 2023	December 31, 2022	June 30, 2022
Office supplies	$ 28,889	29,019	29,185
Prepayments	4,202,654	8,168,184	4,397,786
Operating guarantee deposits and settlement fund	33,631	31,753	31,753
Guarantee deposits paid	1,537,730	2,641,545	912,820
Deferred assets	120	128	168
Temporary payments and suspense accounts	3,011,130	4,675,748	6,018,263
Proceeds of settlement and margin trading	1,647	60,139	865
Other assets	185,453	176,432	141,145
Total	$ **9,001,254**	**15,782,948**	**11,531,985**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Deposits from the Central Bank and banks

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits from the Central Bank	$ 268,252	232,262	192,285
Due from the Central Bank	14,947,200	14,133,500	12,191,350
Deposits from banks	146,237	705,261	1,019,878
Call loans from banks	21,048,593	31,549,533	36,291,089
Overdrafts on banks	676,491	1,084,076	460,091
Deposits transferred from Chunghwa Post Co., Ltd.	134,814,545	147,261,545	67,261,545
Total	**$ 171,901,318**	**194,966,177**	**117,416,238**

(o) Due to the Central Bank and banks

	June 30, 2023				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Agricultural Bank of Taiwan	TWD	1.457%	2023.10.13	284,000	$ 284,000
Mega International Commercial Bank	TWD	1.630%	2023.9.15	30,000	30,000
First Commercial Bank	TWD	1.750%	2023.10.25~2024.2.8	120,000	120,000
Bank of Kaohsiung Co.,Ltd. (OBU)	USD	7.110%	2026.6.10	10,000	311,400
Sunny Commercial Bank (OBU)	USD	6.654%~6.663%	2023.8.4~2023.8.26	9,000	280,260
KGI Commercial Bank Co., Ltd. (OBU)	USD	6.698%~6.711%	2023.7.10~2023.7.12	5,000	155,700
Chang Hwa Commercial Bank ,Ltd. (OBU)	USD	6.770%	2024.4.27	1,000	31,140
Total					**$ 1,212,500**
Unused credit lines					**$ 1,584,465**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Agricultural Bank of Taiwan	TWD	1.332%	2023.10.13	100,000	$ 100,000
First Commercial Bank	TWD	1.450%~1.575%	2023.2.16~2023.4.25	140,000	140,000
Bank of Kaohsiung Co., Ltd. (OBU)	USD	5.50%	2023.6.10	10,000	307,250
Sunny Commercial Bank (OBU)	USD	5.642%~5.887%	2023.8.4~2023.8.26	9,000	276,525
KGI Commercial Bank Co., Ltd. (OBU)	USD	5.326%~6.261%	2023.1.10~2023.4.7	7,000	215,075
Bank of Panshin	USD	6.60%	2023.5.10~2023.8.18	3,000	92,175
Total					$ 1,131,025
Unused credit lines					$ 1,447,949

	June 30, 2022				
	Currency	Interest Rate	Maturity Date	Original Amount	NTD Amount
Mega International Commercial Bank	TWD	0.90%-1%	2022.11.9	25,000	$ 25,000
First Commercial Bank	TWD	0.80%-1%	2023.2.16	35,000	35,000
Bank of Kaohsiung Co., Ltd. (OBU)	USD	2.52%	2023.6.10	12,000	356,820
Sunny Commercial Bank (OBU)	USD	3.03%	2022.8.27	6,000	178,410
KGI Commercial Bank Co., Ltd. (OBU)	USD	2.49%-3.11%	2023.1.10~2023.6.2	9,000	267,615
Bank of Panshin	USD	2.88%	2023.5.10	2,000	59,470
Total					$ 922,315
Unused credit lines					$ 1,261,555

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Financial liabilities at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities designated at fair value through profit or loss：			
Financial debentures	$ 9,277,020	9,367,595	8,746,658
Financial liabilities held for trading：			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	21,995	10,932	41,110
Currency swap contracts	279,569	524,421	745,412
Foreign currency option-sell	9,909	17,864	1,862
Interest rate contract	3,073	4,713	5,246
Total	$ 9,591,566	9,925,525	9,540,288

Please refer to 6(t) for the information of financial liabilities designated at fair value through profit and loss.

Please refer to 6(c) for the nominal amount of unsettled financial derivatives instrument contracts of June 30, 2023, December 31 and June 30, 2022.

(q) Notes and bonds issued under repurchase agreement

	June 30, 2023			
Assets	**Par value**	**Selling Price (Recognized in securities sold under repurchase agreements)**	**Designated repurchase amount**	**Designated repurchase date**
Financial assets at fair value through other comprehensive income	$ 2,598,689	2,397,309	2,406,015	Prior to July 1, 2024

	December 31, 2022			
Assets	**Par value**	**Selling Price (Recognized in securities sold under repurchase agreements)**	**Designated repurchase amount**	**Designated repurchase date**
Financial assets at fair value through other comprehensive income	$ 2,616,634	2,462,991	2,472,765	Prior to July 1, 2024

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022			
Assets	**Par value**	**Selling Price (Recognized in securities sold under repurchase agreements)**	**Designated repurchase amount**	**Designated repurchase date**
Financial assets at fair value through other comprehensive income	$ 2,594,359	2,439,839	2,448,002	Prior to July 1, 2024

(r) Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accrued interest	$ 6,456,210	4,435,668	3,164,367
Accounts payable	2,675,600	11,042,992	2,499,104
Acceptances	1,115,555	802,824	1,383,079
Accrued expenses	2,725,999	3,277,743	2,227,586
Collection payable	854,716	676,888	13,459,053
Deposits received from securities borrowers	102,154	116,196	86,602
Guaranteed price deposits received from securities borrowers	112,499	108,289	95,141
Spot exchange payable, foreign currencies	90,362	13,625	12,662
Other payables	1,013,143	834,692	792,055
Prices payable of securities sold for customers	386,657	137,155	621,993
Dividends payable	805,693	-	776,953
Settlement payable	-	40,444	427,701
Other	7,161	6,615	3,131
Total	$ **16,345,749**	**21,493,131**	**25,549,427**

(s) Deposits and remittances

	June 30, 2023	December 31, 2022	June 30, 2022
Savings deposits	$ 749,628,092	737,659,280	709,409,873
Time deposits	468,023,103	436,771,576	459,284,396
Demand deposits	464,689,928	465,429,114	473,386,438
Checking account deposits	21,834,393	33,292,182	21,665,530
Remittances	298,679	428,111	358,181
Total	$ **1,704,474,195**	**1,673,580,263**	**1,664,104,418**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Bank notes payable

	Terms of Transactions			Bond Issued			
Bonds	Issue date	Maturity date	Interest Rate & repayment	Type	Amount		
					June 30, 2023	December 31, 2022	June 30, 2022
2015-2A	08/31/2015	08/31/2023	The debentures bear an annual interest rate of 2.05%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	$ 4,700,000	4,700,000	4,700,000
2015-2B	08/31/2015	08/31/2025	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	300,000	300,000	300,000
2016-2	12/20/2016	12/20/2023	The debentures bear an annual interest rate of 1.40%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	2,700,000	2,700,000	2,700,000
2017-1A	03/28/2017	03/28/2024	The debentures bear an annual interest rate of 1.50%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	390,000	390,000	390,000
2017-1B	03/28/2017	03/28/2025	The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	250,000	250,000	250,000
2017-1C	03/28/2017	03/28/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	3,360,000	3,360,000	3,360,000
2017-2	05/23/2017	05/23/2027	The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	1,300,000	1,300,000	1,300,000
2018-2	08/20/2018	08/20/2028	The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	5,450,000	5,450,000	5,450,000
2019-1A	03/21/2019	03/21/2026	The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	1,000,000	1,000,000	1,000,000
2019-1B	03/21/2019	03/21/2029	The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	4,800,000	4,800,000	4,800,000
2020-1	03/25/2020	03/25/2030	The debentures bear an annual interest rate of 0.80%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	〃	10,000,000	10,000,000	10,000,000
2020-2	08/13/2020	None	The debentures bear an annual interest rate of 1.62%.Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date .	Perpetual non-accumulated subordinated financial debentures	10,000,000	10,000,000	10,000,000

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Terms of Transactions			Bond Issued			
Bonds	**Issue date**	**Maturity date**	**Interest Rate & repayment**	**Type**	**Amount**		
					June 30, 2023	**December 31, 2022**	**June 30, 2022**
2021-1	11/17/2021	None	The debentures bear an annual interest rate of 1.60%.Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date .	Perpetual non-accumulated subordinated financial debentures	$ 8,000,000	8,000,000	8,000,000
2023-1	06/20/2023	06/20/2030	The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity.	Unsecured subordinated long-term financial debentures	8,000,000	-	-
					$ 60,250,000	52,250,000	52,250,000

The Bank issued $120,000 and $180,000 dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss.The debentures are as follows:

	Terms of Transactions			Bond Issued			
Bonds	**Issue date**	**Maturity date**	**Interest Rate & repayment**	**Type**	**Amount**		
					June 30, 2023	**December 31, 2022**	**June 30, 2022**
2017-3	10/27/2017	10/27/2047	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	Unsecured dollar-denominated senior financial debentures	$ 3,736,800	3,687,000	3,568,200
2018-3	09/27/2018	09/27/2048	The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity.	〃	5,605,200	5,530,500	5,352,300
				Valuation adjustment	(64,980)	150,095	(173,842)
					$ 9,277,020	9,367,595	8,746,658

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value of corporate bonds	$ 9,277,020	9,367,595	8,746,658
Fair value increase (decrease) not attributable to changes in market conditions that give rise to market risk	223,307	170,133	223,440
Difference between the carrying value and the amount payable at the end of the contract term	(64,980)	150,095	(173,842)

(u) Other financial liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Cumulative earnings on appropriated loans fund	$ 3,224,904	2,910,581	3,549,679

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un-loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(v) Provisions

	June 30, 2023	December 31, 2022	June 30, 2022
Provision for guarantee liabilities	$ 267,937	237,076	264,440
Provision for loan commitments	94,522	100,236	111,869
Indeterminate indemnity provisions	74,989	74,619	73,181
Provision for employee benefits	2,186,502	2,264,171	2,846,653
Total	$ 2,623,950	2,676,102	3,296,143

Change of provision

	January 1, 2023	Increase	Decrease	Use	Foreign exchange	June 30, 2023
Provision for guarantee liabilities	$ 237,076	30,817	-	-	44	267,937
Provision for loan commitments	100,236	-	5,881	-	167	94,522
Indeterminate indemnity provisions	74,619	370	-	-	-	74,989
Provision for employee benefits	2,264,171	100,473	156,386	21,756	-	2,186,502
Total	$ 2,676,102	131,660	162,267	21,756	211	2,623,950

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2022	Increase	Decrease	Use	Foreign exchange	June 30, 2022
Provision for guarantee liabilities	$ 258,065	5,990	-	-	385	264,440
Provision for loan commitments	71,423	39,781	-	-	665	111,869
Indeterminate indemnity provisions	73,181	-	-	-	-	73,181
Provision for employee benefits	3,017,541	105,879	242,765	34,002	-	2,846,653
Total	$ 3,420,210	151,650	242,765	34,002	1,050	3,296,143

Please refer to Note 6(aa) for the information with regard to provision for employee benefits shown above.

(w) Lease liabilities

Lease liabilities as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	$ 370,136	387,320	358,958
More than one year	$ 902,127	852,599	815,124

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest on lease liabilities	$ 4,373	4,131	8,733	8,151
Expenses relating to short-term leases	$ 3,415	3,378	8,385	7,667
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 4,092	3,888	8,094	7,508

The amounts recognized in the statement of cash flows were as follows：

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	$ 247,738	225,604

(i) Real estate leases

The Bank and subsidiaries leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank and subsidiaries to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

The Bank and subsidiaries leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank and subsidiaries has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.

(x) Other liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Advance interest receipts	$ 6,504	6,396	3,552
Unearned revenue	342,646	315,153	284,552
Other advance receipts	61,696	62,411	71,248
Guarantee deposits received	1,566,099	3,372,775	3,416,003
Others	18,611	6,347	5,493
Total	**$ 1,995,556**	**3,763,082**	**3,780,848**

(y) Equity

(i) Common stock

As of June 30, 2023, December 31 and June 30, 2022, the Bank's authorized capital were $100,000,000, $100,000,000 and $100,000,000, and the paid-in capital for common shares of the Bank were $80,296,934, $80,296,934 and $77,431,952, the face value of each share is $10. The outstanding shares were 8,029,693, 8,029,693 and 7,743,195 shares, respectively.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 16, 2023, the Bank increased its capital from the retained earnings by $1,927,127 and issued 192,713 shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on August 16, 2023.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 17, 2022, the Bank increased its capital from the retained earnings by $2,864,982 and issued 286,498 shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on July 12, 2022. The record date of the capital increase is set on August 8, 2022. The Bank has completed the alteration of the registered capital amount on August 26, 2022.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Additional paid-in capital	$ 815,900	815,900	815,900

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Earnings distribution and dividend policy

Under the Bank’s Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100% of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders’ meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NTD$ 0.1, except for otherwise resolved by the shareholder’s meeting, it is not distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder’s meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On June 16, 2023 and June 17, 2022, the shareholder's meetings resolved to distribute the 2022 and 2021 earnings, respectively. The earnings were appropriated as follows:

	2022		2021	
	Distribution rate (NT dollar)	Amount	Distribution rate (NT dollar)	Amount
Dividends to common shareholders				
Stock dividends	$ 0.24	1,927,127	0.37	2,864,982
Cash dividends	0.10	802,969	0.10	774,320
Total		$ 2,730,096		3,639,302

(iv) Other equity interest

	Unrealized gains from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
January 1, 2023	$ (3,171,842)	(597,833)	(3,769,675)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	3,094	(22,150)	(19,056)
Investment in financial assets measured at fair value through other comprehensive income			
-Unrealized amount	3,120,445	-	3,120,445
-Realized amount	(144)	-	(144)
Foreign currency translation difference－Exchange difference	-	119,382	119,382
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(469,847)	-	(469,847)
June 30, 2023	$ (518,294)	(500,601)	(1,018,895)
January 1, 2022	$ 4,113,485	(1,807,265)	2,306,220
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(4,963)	16,071	11,108
Investment in financial assets measured at fair value through other comprehensive income			
-Unrealized amount	(6,758,421)	-	(6,758,421)
-Realized amount	(4,612)	-	(4,612)
Foreign currency translation difference－Exchange difference	-	768,204	768,204
Disposal of investments in equity instruments measured at fair value through other comprehensive income	627,526	-	627,526
June 30, 2022	$ (2,026,985)	(1,022,990)	(3,049,975)

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Income taxes

(i) The income tax expenses were as follows:

		For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
Current tax expense					
Current period	$	566,286	324,776	1,085,556	826,222
Adjustment for prior period		78,732	5,401	60,929	5,401
Additional surtax on undistributed retained earnings		1,949	1,297	1,949	1,297
Income Basic Tax		11,271	-	11,271	-
		658,238	331,474	1,159,705	832,920
Deferred tax expense					
Reversal and origination of temporary different		(54,299)	107,145	70,424	70,558
Changes in unrecognized deductible temporary different		1,939	8,011	1,939	8,011
Income tax expenses	$	**605,878**	**446,630**	**1,232,068**	**911,489**

(ii) The income tax expenses (income) recognized under other comprehensive income were as follows:

		For the three months ended June 30,		For the six months ended June 30,	
		2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign financial statements	$	61,581	76,499	24,307	196,068
Losses on debt instruments at fair value through other comprehensive income		(2,716)	(10,264)	1,233	(27,148)
Total	$	**58,865**	**66,235**	**25,540**	**168,920**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank and subsidiaries has assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(iv) The Bank's income tax returns through 2017, 2019 and 2021 have been assessed by the Tax Authority.

(v) The income tax returns of the subsidiaries TBB Venture Capital Co., Ltd., TBB Consulting Co., Ltd., and TBB International Leasing Co., Ltd. have been assessed until 2021 by the Tax Authority.

(aa) Provision for employee benefit

As of June 30, 2023, December 31 and June 30, 2022, the balance of provision for employee benefit of the Bank and subsidiaries was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Defined benefit plan	$ 1,114,257	1,211,918	1,775,348
Employee deposits with favorable rate	1,072,245	1,052,253	1,071,305
	$ **2,186,502**	**2,264,171**	**2,846,653**

(i) Defined benefit plan

In 2022, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, the pension cost for the interim periods are assessed and discovered at the actuarial costs that were determined on December 31, 2022 and 2021 by the Bank and subsidiaries.

The Bank and subsidiaries recognized the expenses amounting to $40,247 , $42,959 , $80,521 and $85,913 for the three months and six months ended June 30, 2023 and 2022, respectively.

(ii) Defined contribution plan

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, oversea branches, and local authorities responsible for the Bank's subsidiaries amounted to $45,391 , $42,220 , $91,986 and $84,330 for the three months and six months ended June 30, 2023 and 2022, respectively.

(iii) Employee deposit with favorable rate

In 2022, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, the interest cost for the interim periods are assessed and disclosed at the actuarial costs that were determined on December 31, 2022 and 2021 by the Bank and subsidiaries.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Bank and subsidiaries recognized expenses amounting to $64,073 , $63,937 , $128,023 and $126,725 for the three months and six months ended June 30, 2023 and 2022, respectively.

(ab) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income	$ 2,729,713	2,036,383	6,202,357	4,160,644
Weighted average number of common stock shares outstanding (in thousands)	8,029,693	8,029,693	8,029,693	8,029,693
Basic earnings per shares (in dollars)	$ 0.34	0.25	0.77	0.52
Dilutive potential common shares (in thousands) (Note 2)	18,645	14,051	29,710	23,372
Weighted average number of shares outstanding for diluted EPS (in thousands)	8,048,338	8,043,744	8,059,403	8,053,065
Diluted earnings per shares (in dollars)	$ 0.34	0.25	0.77	0.52

Adjusted earnings per share after approvement of increasing capital from the retained earnings of the Bank and subsidiaries were as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income	$ 2,729,713	2,036,383	6,202,357	4,160,644
Weighted average number of common stock shares outstanding (in thousands) (Note 1)	8,222,406	8,222,406	8,222,406	8,222,406
Basic earnings per shares (in dollars)	$ 0.33	0.25	0.75	0.51
Dilutive potential common shares (in thousands) (Note 1, 2)	19,092	14,389	30,423	23,933
Weighted average number of shares outstanding for diluted EPS (in thousands) (Note 1)	8,241,498	8,236,795	8,252,829	8,246,339
Diluted earnings per shares (in dollars)	$ 0.33	0.25	0.75	0.50

Note 1: The earnings per share for the six months June 30, 2022 has applied retrospective adjustments.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Employees and directors' remuneration

In accordance with the articles of incorporation the Bank should contribute 1% to 6% of the profit as employee compensation and less than 0.6% as directors' remuneration when there is profit for the year. However, if the Bank has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and six months ended June 30, 2023 and 2022, the estimated employee remuneration were $265,686 , $156,504 , $423,372 and $260,309, and the estimated directors' remuneration were $18,923 , $15,650 , $37,845 and $28,107, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board’ s meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

For the years ended December 31, 2022 and 2021, the employees' remuneration was accrued at $451,457 and $371,068 and the directors' remuneration was accrued at $75,243 and $37,107, respectively.

There is no difference with actual distribution for 2022 and 2021 remuneration. The information is available at the Market Observation Post System website.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ad) Net interest revenue

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest income:				
Loans	$ 3,267,850	1,683,492	6,251,847	3,006,433
Secured loans	6,418,476	4,495,833	12,412,514	8,424,172
Bills negotiated	1,260	1,039	3,505	1,553
Bank overdrafts	6,539	3,517	12,154	6,428
Discounts	7,577	2,840	16,074	4,823
Time deposit from Central Bank	524,529	288,598	1,001,705	478,258
Due from the Central Bank	123,762	40,129	226,131	63,996
Call loans to banks	532,262	183,829	1,229,265	347,714
Bonds	1,174,542	604,734	2,063,852	1,131,572
International credit card	8,593	8,815	17,308	17,822
Overdue loans	246,935	35,691	304,475	130,517
Bills	22,371	5,751	36,331	18,209
Due from Banks	55,218	21,210	97,422	46,434
Others	94,837	69,993	202,359	135,365
Subtotal	12,484,751	7,445,471	23,874,942	13,813,296
Interest expense:				
Deposits	6,887,313	1,999,405	12,831,481	3,436,221
Deposits from banks	111	956	209	965
Call loans from banks	475,248	106,039	934,699	137,962
Financial debentures	194,351	189,463	381,721	376,845
Notes and bond issued under repurchase agreement	8,091	1,248	12,968	2,144
Others	29,335	19,570	67,787	39,337
Subtotal	7,594,449	2,316,681	14,228,865	3,993,474
Total	**$ 4,890,302**	**5,128,790**	**9,646,077**	**9,819,822**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ae) Net service fee revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Service fee income:				
Remittance service fee	$ 16,305	15,593	31,981	31,385
Import bills negotiated service fee	11,068	13,685	20,703	25,458
Export bills negotiated service fee	2,612	3,562	5,197	7,008
Letter of credit service fee	2,114	2,256	3,733	4,622
Certification service fee	343	399	1,028	676
Acceptance service fee	683	411	1,170	772
Trust service fee	126,266	152,609	241,771	341,694
Guarantee service fee	66,127	61,444	128,012	123,002
Agency service fee	6,475	8,789	12,787	19,662
Interbank service fee	27,766	26,050	54,826	54,979
Card service fee	35,575	23,866	81,683	48,873
Insurance commission	496,517	360,006	1,273,395	728,733
Custodian service fee	49,710	51,491	95,866	104,382
Foreign currency service fee	19,527	21,208	38,032	43,027
Commission of futures	748	777	1,325	1,277
Loan service fee	234,010	269,080	409,267	445,521
Miscellaneous fees	60,801	44,743	108,416	322,038
Subtotal	1,156,647	1,055,969	2,509,192	2,303,109
Service fee expense:				
Foreign currency service fee	7,987	7,529	16,212	14,703
Interbank service fee	50,262	42,676	92,836	86,357
Trust service fee	398	194	736	360
Agency service fee	319	368	679	791
IC card service fee	29,021	16,707	58,109	33,007
Check clearing service fee	1,855	2,110	3,983	4,496
Remittance service fee	1,185	1,373	2,418	2,780
Custodian service fee	15,447	15,353	29,802	31,061
Call loans service fee	3,357	1,735	9,034	2,865
Futures option fee	1	20	1	20
Miscellaneous fees	5,689	5,766	12,199	11,439
Subtotal	115,521	93,831	226,009	187,879
Total	**$ 1,041,126**	**962,138**	**2,283,183**	**2,115,230**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(af) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Valuation gains (losses):				
Corporate bonds	$ -	-	-	(5,636)
Financial debentures	7,163	(13,058)	10,300	(17,006)
Listed stocks and emerging stocks	(53,837)	56,215	178,452	80,227
Unlisted stocks	(12,946)	30,043	(59,435)	42,890
Beneficiary certificates	1,459	(8,719)	3,454	(8,010)
Private fund	(8,069)	(8,885)	(8,265)	(10,847)
Commercial paper	532	8,592	(17,867)	1,157
Derivative financial instruments	81,159	(427,999)	599,291	(682,680)
Subtotal	15,461	(363,811)	705,930	(599,905)
Disposal gains (losses):				
Corporate bonds	-	-	-	6,437
Financial debentures	-	(4,097)	-	(4,097)
Listed stocks and emerging stocks	88,657	(37,549)	146,539	(22,006)
Unlisted stocks	-	(210)	(17,017)	(270)
Beneficiary certificates	3,906	(10,017)	3,906	(17,352)
Commercial paper	87	(1,418)	432	(3,548)
Derivative financial instruments	987,630	14,297	1,865,719	67,373
Subtotal	1,080,280	(38,994)	1,999,579	26,537
Dividend revenue	14,663	7,186	16,016	8,278
Interest income	205,091	34,235	370,076	76,073
Total	**$ 1,315,495**	**(361,384)**	**3,091,601**	**(489,017)**

(ag) Realized gain on financial assets at fair value through other comprehensive income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gain on disposal of government bonds	$ -	3,725	-	4,204
Gain on disposal of corporate bonds	51	262	144	506
Gain (Loss) on disposal of financial debentures	-	5	-	(98)
Dividend revenue	546,451	668,386	563,864	696,242
Total	**$ 546,502**	**672,378**	**564,008**	**700,854**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ah) (Impairment losses on assets) reversal of impairment loss on assets

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Investment in debt instrument measured at fair value through other comprehensive income	$ (6,367)	(1,258)	(9,901)	(5,833)
Investment in debt instrument measured at amortized cost	2,209	7,662	(2,192)	7,457
Total	$ (4,158)	6,404	(12,093)	1,624

(ai) Share of profit of associates and joint ventures accounted for using equity method

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Investment income - Media Talk Consulting Co., Ltd.	$ (472)	(223)	(808)	(223)

(aj) Net other revenue other than interest income

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Rental revenue of operating assets	$ 2,699	2,091	5,095	4,131
Rental expense of operating assets	(435)	(385)	(435)	(385)
Loss on disposal and retirement of property and equipment	(379)	(250)	(629)	(301)
Loss of account error	(65)	(1)	(88)	(42)
Gold deposit book	618	682	947	1,572
Other operating expense	(20,549)	(8,944)	(30,703)	(19,069)
Other miscellaneous income	72,741	14,902	87,675	78,334
Total	$ 54,630	8,095	61,862	64,240

(ak) Bad debts expenses, commitment and guarantee liability provision

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Discounted and loans	$ 606,440	663,846	814,208	929,814
Call loans to banks	(1,427)	13,688	(3,185)	8,064
Receivables and other financial assets	(18,618)	(9,405)	(6,446)	(18,190)
Subtotal	586,395	668,129	804,577	919,688
Provisions for guarantee liabilities	11,172	9,419	30,817	5,990
Provisions for loan commitments	(6,410)	32,651	(5,881)	39,781
Total	$ 591,157	710,199	829,513	965,459

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(al) Employee benefits expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Salary expense	$ 2,107,504	1,891,440	3,870,900	3,596,817
Labor and health insurance	153,416	142,039	290,936	271,890
Pension expense	85,437	85,028	172,155	169,903
Directors' remuneration	22,662	19,377	45,348	35,660
Other employee benefits	164,479	168,589	341,137	338,010
Total	**$ 2,533,498**	**2,306,473**	**4,720,476**	**4,412,280**

(am) Depreciation and amortization expense

	For the three months ended June 30,		For the six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Depreciation				
Property and equipment	$ 136,184	137,811	271,882	293,168
Right-of-use assets	109,137	102,435	220,834	204,670
Amortization				
Computer software	71,883	61,317	138,546	119,440
Other deferred charges	4	3	8	7
Total	**$ 317,208**	**301,566**	**631,270**	**617,285**

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Notes to the Consolidated Financial Statements

(an) Other general and administrative expense

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Compensation loss	$ 124	-	258	4
Utilities fee	19,860	18,427	37,152	35,306
Postage and telecommunication fee	60,702	63,601	124,426	124,109
Transportation fee	9,607	6,335	15,570	11,634
Printing and advertisement fee	52,663	38,713	109,829	86,836
Repair and maintenance fee	74,624	37,648	151,881	129,502
Insurance fee	111,563	92,714	224,043	188,172
Professional service fee	67,495	52,696	122,372	105,905
Materials and supplies	29,644	26,025	70,280	52,091
Rental expenses	7,507	7,266	16,479	15,175
Duties and levies	514,868	375,529	993,718	718,496
Membership, donation and partaking	166,354	150,025	331,132	302,699
Storage, packing and processing fee	11,550	10,916	22,578	22,686
Cash transit fee	15,208	16,210	32,131	34,358
Others	17,980	16,057	33,370	32,096
Total	**$ 1,159,749**	**912,162**	**2,285,219**	**1,859,069**

(ao) Financial Instruments

(i) Fair value information

1) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are record as fair value when original recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides the most reliable evidence of fair value. If financial instruments are without active market, the Bank and subsidiaries adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

2) The definition of fair value hierarchy

a) Level 1

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company and the beneficiary certificates, government bonds and the derivative financial instruments with public quote inactive market processed by the Bank and subsidiaries belong to Level 1.

b) Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments with lower trade volume such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures the Bank and subsidiaries issued are belong to Level 2.

c) Level 3

The input is unobservable for the asset or liability in market or counterparty prices. Unobservable inputs like: Option pricing model using the historical volatility. Because the historical volatility cannot represent the future volatility expected value of whole market participants. The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The assets have been categorized as a Level 3, due to their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank and subsidiaries invested are Level 3.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Based on fair value measurement

a) The fair value hierarchy of information

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

	June 30, 2023			
Assets and Liabilities	**Total**	**Level 1**	**Level 2**	**Level 3**
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	$ 1,438,879	1,018,985	-	419,894
Bond Investments	200,000	-	200,000	-
Others	62,120,109	194,650	61,742,295	183,164
Financial assets at fair value through other comprehensive income				
Security Investments	26,352,915	20,839,149	-	5,513,766
Bond Investments	164,605,166	95,835,921	68,769,245	-
Others	745,477	143,497	601,980	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	9,277,020	-	9,277,020	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	1,524,266	26,872	1,497,394	-
Liabilities:				
Financial liabilities at fair value through profit or loss	314,546	-	314,546	-

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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Assets and Liabilities	December 31, 2022 Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	$ 1,224,267	752,713	-	471,554
Bond Investments	200,000	-	200,000	-
Others	31,322,180	250,691	30,907,810	163,679
Financial assets at fair value through other comprehensive income				
Security Investments	18,014,397	12,676,936	-	5,337,461
Bond Investments	141,840,231	91,536,068	50,304,163	-
Other	145,782	145,782	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	9,367,595	-	9,367,595	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	1,166,667	26,860	1,139,807	-
Liabilities:				
Financial liabilities at fair value through profit or loss	557,930	-	557,930	-

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Assets and Liabilities	June 30, 2022 Total	Level 1	Level 2	Level 3
Instruments measured at fair value on a recurring basis				
Non-derivative financial assets and liabilities:				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss, mandatorily measure at fair value				
Security Investments	$ 893,709	602,510	-	291,199
Bond Investments	200,000	-	200,000	-
Others	9,409,796	26,280	9,230,644	152,872
Financial assets at fair value through other comprehensive income				
Security Investments	22,201,336	16,488,752	-	5,712,584
Bond Investments	144,568,273	94,053,986	50,514,287	-
Other	147,730	147,730	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	8,746,658	-	8,746,658	-
Derivative financial assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	521,913	28,779	493,134	-
Liabilities:				
Financial liabilities at fair value through profit or loss	793,630	-	793,630	-

b) Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

(Continued)

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank and subsidiaries adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank and subsidiaries if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank and subsidiaries, assuming that the contract will be terminated on the balance sheet date. The Bank and subsidiaries adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank and subsidiaries adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.

c) Adjustment for fair value

i) The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process after careful assessment, and appropriately adjusted according to the current market situation.

ii) Credit risk value adjustment

The Bank and subsidiaries’ credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA). To reflect the fair value of the counterparty or the default, and the Bank and subsidiaries may not be received or paid full market value of trading possibilities.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Bank and subsidiaries would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank and subsidiaries assesses the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

d) Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 for the six months ended June 30, 2023 and 2022.

e) Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3 :

	For the six months ended June 30, 2023							
		Valuation profit and loss		Increase		Decrease		
Name	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3	Ending balance
Financial assets at fair value through profit or loss	$ 635,233	(67,699)	-	78,912	-	29,887	13,500	603,059
Investments in equity instruments measured at fair value through other comprehensive income	5,337,461	-	176,305	-	-	-	-	5,513,766

	For the six months ended June 30, 2022							
		Valuation profit and loss		Increase		Decrease		
Name	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transfer into Level 3	Sale Disposition or Settlement	Transfer out from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 508,481	32,044	-	43,286	-	53,684	86,056	444,071
Investments in equity instruments measured at fair value through other comprehensive income	4,974,579	-	738,005	-	-	-	-	5,712,584

Note: The invested stock is registered in the emerging market. Therefore, the measurement of fair value was transferred out from Level 3.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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f) Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss)	$ (67,699)	31,684
Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income)	176,305	738,005

g) Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

The Bank and subsidiaries' financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. Without active market quotation, the Bank and subsidiaries takes professional financial information vendors and widely used by market participants for evaluation or counterparty quotation as reference. The unobservable inputs are as follows :

	June 30, 2023				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through profit or loss					
Private fund	$ 183,164	assets approach	liquidity discount	0.00%~10.00%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	419,894	market approach	liquidity discount	0.00%~42.74%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	5,513,766	market approach assets approach	liquidity discount	12.89%~29.98%	The higher market liquidity discount, the lower fair value.
		income approach	sustainable growth rate	0.00%~1.53%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.40%~12.04%	The higher rate of cost of equity, the lower fair value.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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	December 31, 2022				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss					
Private fund	$ 163,679	assets approach	liquidity discount	0.00%~10.00%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	471,554	market approach	liquidity discount	0.00%~36.67%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	5,337,461	market approach assets approach	liquidity discount	8.62%~29.95%	The higher market liquidity discount, the lower fair value.
		income approach	sustainable growth rate	0.00%~1.55%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.96%~12.68%	The higher rate of cost of equity, the lower fair value.

	June 30, 2022				
	fair value	valuation methods	significant unobservable inputs	range	inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss					
Private fund	$ 152,872	assets approach	liquidity discount	0.00%~10.00%	The higher market liquidity discount, the lower fair value.
Unlisted stocks	291,199	market approach	liquidity discount	0.00%~36.67%	The higher market liquidity discount, the lower fair value.
Financial assets at fair value through other comprehensive income					
Unlisted stocks	5,712,584	market approach assets approach	liquidity discount	8.65%~34.46%	The higher market liquidity discount, the lower fair value.
		income approach	sustainable growth rate	0.00%~1.49%	The higher sustainable growth rate, the higher fair value.
		income approach	cost of equity	10.84%~12.56%	The higher rate of cost of equity, the lower fair value.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

h) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank and subsidiaries for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive profit and loss if using different assumptions:

i) Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank and subsidiaries are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive profit and loss is as follows:

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	**Unfavorable changes (5%)**
June 30, 2023		
Financial assets at fair value through profit or loss		
Unlisted stocks and private fund	$ 36,382	(36,382)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	319,242	(319,242)

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	**Unfavorable changes (5%)**
December 31, 2022		
Financial assets at fair value through profit or loss		
Unlisted stocks and private fund	$ 36,225	(36,225)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	309,605	(309,605)

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	the effects to the net income and other comprehensive income	
	Favorable changes (-5%)	**Unfavorable changes (5%)**
June 30, 2022		
Financial assets at fair value through profit or loss		
Unlisted stocks and private fund	$ 27,926	(27,926)
Financial assets at fair value through other comprehensive income		
Unlisted stocks	329,672	(329,672)

ii) Income approach

Adopting the income approach to evaluate Level 3 financial instruments of the Bank and subsidiaries. The evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1. sustainable growth rate

	the effects to other comprehensive income	
	Favorable changes (0.3%)	**Unfavorable changes (-0.3%)**
June 30, 2023		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	$ 3,428	(3,234)

	the effects to other comprehensive income	
	Favorable changes (0.3%)	**Unfavorable changes (-0.3%)**
December 31, 2022		
Financial assets at fair value through other comprehensive income		
Unlisted stocks	$ 2,975	(2,781)

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		the effects to other comprehensive income	
		Favorable changes (0.3%)	Unfavorable changes (-0.3%)
June 30, 2022			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	$	2,975	(2,846)

2. cost of equity

		the effects to other comprehensive income	
		Favorable changes (-3%)	Unfavorable changes (3%)
June 30, 2023			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	$	72,044	(34,023)

		the effects to other comprehensive income	
		Favorable changes (-3%)	Unfavorable changes (3%)
December 31, 2022			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	$	61,250	(30,146)

		the effects to other comprehensive income	
		Favorable changes (-3%)	Unfavorable changes (3%)
June 30, 2022			
Financial assets at fair value through other comprehensive income			
Unlisted stocks	$	62,415	(30,599)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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4) Not based on fair value measurement

a) Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank and subsidiaries. Except those items, others' fair value is reasonably approximate value, the Bank and subsidiaries does not disclosure their fair value.

	June 30, 2023	
	Book value	**Fair value**
Debt instruments measured at amortized cost	$ 242,622,797	242,585,750

	December 31, 2022	
	Book value	**Fair value**
Debt instruments measured at amortized cost	$ 236,774,247	236,657,427

	June 30, 2022	
	Book value	**Fair value**
Debt instruments measured at amortized cost	$ 259,746,799	259,782,983

b) The fair value hierarchy of information

	June 30, 2023			
Assets and Liabilities	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Debt instruments measured at amortized cost	$ 242,585,750	38,837,106	203,748,644	-

	December 31, 2022			
Assets and Liabilities	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Debt instruments measured at amortized cost	$ 236,657,427	31,336,817	205,320,610	-

	June 30, 2022			
Assets and Liabilities	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Debt instruments measured at amortized cost	$ 259,782,983	29,846,952	229,936,031	-

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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c) Valuation techniques

Methods and assumptions used by the Bank and subsidiaries for fair value evaluation of financial instruments were as follows:

i) Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.

ii) Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.

iii) Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.

1. Central Government Securities (NTD): using the comment of “Bonds a fair price for each of times” from Taipei Exchange.

2. Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.

d) Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.

e) Bank debentures payable: The bank debentures payable, issued by the Bank and subsidiaries, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

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(ap) Financial Risk Information

(i) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(ii) Risk management organization structure

1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non-regulatory compliance in head office and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

a) Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.

b) Risk management report of various risk exposure and agenda processing.

c) The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.

d) Supervise the Bank and subsidiaries’ capital adequacy management.

e) Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.

f) Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

(iii) Credit risk

1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

a) Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.

b) Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.

c) Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.

d) Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

a) Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

i) Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage creditor's rights, the Bank established “Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” , “Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans” and its operating procedure “Operating procedure Governing the Collection of Non-performing/Non-accrual Loans” and “Code of Conduct to Deal With Non-Performing Loans” to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

ii) Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

b) Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

c) Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.

3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank and subsidiaries shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank and subsidiaries considers reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

a) credit assets

i) The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;

ii) When the Bank and subsidiaries conduct review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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iii) The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank and subsidiaries is except;

iv) The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;

v) Borrowers were notified the refund by the Bank and did not conduct refund notice;

vi) The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;

vii) Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;

viii) The customer is classified as an early warning account by the Bank or has bad credit that aware by others.

b) Debt instrument investments

i) The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;

ii) Investment target evaluation loss is up to 30% of investment cost.

4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank and subsidiaries assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower’ s ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

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5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

a) Credit assets

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

ii) A breach of contract, such as a default or past due event ;

iii) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower' s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

iv) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

v) The disappearance of an active market for that financial asset because of financial difficulties;

vi) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;

b) Debt instrument investments

i) Significant financial difficulty of the issuer;

ii) The disappearance of an active market for that financial asset because of financial difficulties;

iii) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.

iv) Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

a) The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.

(Continued)

b) After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank’s reimbursable amount, and the implementation is not beneficial.

c) The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.

d) Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank and subsidiaries, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

7) Modification of contractual cash flow of financial assets

The Bank and subsidiaries may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.

8) Measuring the expected credit losses

a) Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

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In order to assess the expected credit losses of credit assets, the Bank and subsidiaries is divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

<table>
<tr><td rowspan="8">Corporate banking</td><td colspan="2">Government and public institution</td></tr>
<tr><td colspan="2">Financial institution (including banks, ticket companies, securities finance companies)</td></tr>
<tr><td rowspan="3">Large Enterprise</td><td>The guarantee of the credit guarantee mechanism</td></tr>
<tr><td>Secured</td></tr>
<tr><td>Non-secured</td></tr>
<tr><td rowspan="3">Medium and small enterprises</td><td>The guarantee of the credit guarantee mechanism</td></tr>
<tr><td>Secured</td></tr>
<tr><td>Non-secured</td></tr>
<tr><td rowspan="4">Private banking</td><td colspan="2">Mortgage</td></tr>
<tr><td colspan="2">Microcredit</td></tr>
<tr><td colspan="2">Other-Secured</td></tr>
<tr><td colspan="2">Other-Non-secured</td></tr>
<tr><td rowspan="3">Entrepreneurship</td><td colspan="2">The guarantee of the credit guarantee mechanism</td></tr>
<tr><td colspan="2">Secured</td></tr>
<tr><td colspan="2">Non-secured</td></tr>
</table>

If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank and subsidiaries shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank and subsidiaries shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank and subsidiaries considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default (“EAD”), taking into account the time value of money as well evaluate 12-month and lifetime loss.

(Continued)

Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank and subsidiaries measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank and subsidiaries adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

b) Consideration of forward-looking information

The Bank and subsidiaries obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank and subsidiaries identified the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historically data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default (“PD”) are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank and subsidiaries uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default (“LGD”), published by Moody’s. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank and subsidiaries considered to be appropriate after its assessment, the credit ratings will be included in the Bank and subsidiaries’ assessment of related expected credit losses.

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9) Credit risk hedging or diminishing.

a) Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devaluate or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor' s right is intact.

b) Limit of credit risk and the control of credit risk concentration

i) In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity with "Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China" and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.

ii) To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

c) General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

d) Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

10) Information on the financial assets of the Bank and subsidiaries that has been credit derogated and the collateral for mitigating potential losses are as follows:

June 30, 2023	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets：				
Receivables				
Accounts receivables	$ 113,856	9,037	104,819	107,936
Interest receivable	50,482	9,662	40,820	-
Discounts and loans	18,970,680	4,267,143	14,703,537	22,935,007
Overdue receivable	22,113	12,241	9,872	-
Total impairment financial assets	$ 19,157,131	4,298,083	14,859,048	23,042,943

December 31, 2022	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets：				
Receivables				
Accounts receivables	$ 75,222	10,034	65,188	73,243
Interest receivable	42,578	7,050	35,528	-
Discounts and loans	20,309,083	4,784,155	15,524,928	22,707,890
Overdue receivable	58,786	15,898	42,888	-
Total impairment financial assets	$ 20,485,669	4,817,137	15,668,532	22,781,133

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June 30, 2022	Carrying amount	Allowance impairment	Exposure (measured at amortized cost)	Value of collateral
Impairment financial assets：				
Receivables				
Acceptances receivables	$ 65,333	2,824	62,509	65,333
Interest receivable	37,105	6,297	30,808	-
Discounts and loans	19,834,495	4,351,517	15,482,978	21,921,648
Overdue receivable	80,839	24,134	56,706	-
Total impairment financial assets	**$ 20,017,772**	**4,384,772**	**15,633,001**	**21,986,981**

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank and subsidiaries' credit assets.

11) Credit risk concentration

The Bank and subsidiaries does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

a) By industry

Distribution of discounts and loans, overdue loans based on industries.

Industry	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
Private business	$ 893,198,429	62.79 %	894,970,270	63.09 %	861,939,838	63.29 %
Public business	18,483,571	1.30 %	6,415,252	0.45 %	4,223,770	0.31 %
Government institution	48,692,228	3.42 %	70,682,095	4.98 %	73,738,477	5.41 %
Nonprofit organization	2,754,506	0.20 %	2,919,516	0.21 %	2,907,507	0.22 %
Individual	362,239,223	25.46 %	346,079,715	24.40 %	327,776,549	24.07 %
Foreign financial institution	7,249,458	0.51 %	6,899,993	0.49 %	3,937,569	0.29 %
Foreign non-financial institution	88,056,042	6.19 %	87,153,772	6.14 %	84,201,692	6.18 %
Foreign individual	1,900,554	0.13 %	3,372,838	0.24 %	3,128,527	0.23 %
Total	**$ 1,422,574,011**	**100.00 %**	**1,418,493,451**	**100.00 %**	**1,361,853,929**	**100.00 %**

b) By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

Area	June 30, 2023 Amount	%	December 31, 2022 Amount	%	June 30, 2022 Amount	%
Domestic	$ 1,325,367,957	93.17 %	1,321,066,848	93.13 %	1,270,586,141	93.30 %
Foreign	97,206,054	6.83 %	97,426,603	6.87 %	91,267,788	6.70 %
Total	**$ 1,422,574,011**	**100.00 %**	**1,418,493,451**	**100.00 %**	**1,361,853,929**	**100.00 %**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) By collateral

Distribution of discounts and loans, overdue loans based on collateral.

	June 30, 2023		December 31, 2022		June 30, 2022	
Collateral	Amount	%	Amount	%	Amount	%
Unsecured	$ 251,429,338	17.67 %	271,796,900	19.16 %	255,772,512	18.78 %
Stocks	7,945,862	0.56 %	8,846,336	0.63 %	9,650,939	0.71 %
Bonds	23,054,976	1.62 %	23,134,859	1.63 %	22,567,345	1.66 %
Real estate	901,015,156	63.34 %	878,535,410	61.93 %	837,784,426	61.52 %
Chattel	14,258,325	1.00 %	15,849,874	1.12 %	14,851,300	1.09 %
Notes receivable	2,499,160	0.18 %	2,414,280	0.17 %	2,358,931	0.17 %
Guarantees	213,220,855	14.99 %	208,721,552	14.71 %	210,421,321	15.45 %
Others	9,150,339	0.64 %	9,194,240	0.65 %	8,447,155	0.62 %
Total	$ 1,422,574,011	100.00 %	1,418,493,451	100.00 %	1,361,853,929	100.00 %

Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank and subsidiaries, not the discounted value of the signed contract.

12) Maximum credit risk exposure

a) The maximum credit exposure of the assets in the consolidated financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the consolidated balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

	Maximum credit risk exposure		
Off balance sheet items	June 30, 2023	December 31, 2022	June 30, 2022
Issued and irrevocable loan commitments	$ 111,332,833	64,987,007	78,259,461
Irrevocable credit card loan commitments	17,905,137	18,839,955	19,489,913
Letters of credit issued yet unused	8,582,850	8,129,149	11,634,237
Various guarantee proceeds	25,726,091	22,056,496	25,093,611
Total	**$ 163,546,911**	**114,012,607**	**134,477,222**

The Management of the Bank and subsidiaries evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.

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b) The credit quality analyses of the financial assets

i) Credit quality analysis of discounts and loans, receivables, guarantee and commitments

	12-month ECL							Lifetime ECL－not impaired							Lifetime ECL－impaired		
June 30, 2023	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk	Allowance impairment	Total
Receivable																	
Credit card	$ 570,955	241,307	182,690	27	3,832	455,190	1,454,001	880	1,295	2,451	-	151	116	4,893	-	1,214	1,457,680
Acceptances receivable	568,144	408,677	47,306	6,399	-	64,929	1,095,455	-	-	-	-	-	-	-	-	10,955	1,084,500
Other receivables	451,022	2,094,960	525,017	44,307	26,311	4,177,634	7,319,251	303	3,035	1,690	523	1,778	107,734	115,063	164,338	96,185	7,502,467
Discounts and loans																	
Private banking	140,725,332	138,968,758	69,654,027	3,228,329	1,061,475	5,752,578	359,390,499	34,727	199,413	303,672	11,197	144,584	18,142	711,735	4,037,543	4,256,471	359,883,306
Corporate banking	263,462,385	362,729,335	266,564,726	32,371,706	16,976,500	98,105,451	1,040,210,103	139,354	1,066,132	301,401	289,097	406,546	1,088,464	3,290,994	14,933,137	13,236,465	1,045,197,769
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,113	12,863	9,250
Total	$ 405,777,838	504,443,037	336,973,766	35,650,768	18,068,118	108,555,782	1,409,469,309	175,264	1,269,875	609,214	300,817	553,059	1,214,456	4,122,685	19,157,131	17,614,153	1,415,134,972
Guarantee and commitments	$ 28,901,686	13,859,261	7,695,346	438,183	38,283	112,303,716	163,236,475	19,822	153,948	347	-	2,288	145	176,550	133,886	362,459	163,184,452

	12-month ECL							Lifetime ECL－not impaired							Lifetime ECL－impaired		
December 31, 2022	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk	Allowance impairment	Total
Receivable																	
Credit card	$ 426,421	227,850	196,313	79	4,913	238,053	1,093,629	1,688	1,452	1,618	-	326	20	5,104	-	569	1,098,164
Acceptances receivable	375,279	232,317	119,969	25,670	-	38,049	791,284	-	-	-	-	-	-	-	-	7,913	783,371
Other receivables	401,011	1,898,488	493,641	35,741	24,719	3,526,312	6,379,912	408	945	1,952	897	2,387	149,816	156,405	117,800	95,560	6,558,557
Discounts and loans																	
Private banking	130,698,330	132,157,479	70,280,524	3,199,945	1,062,127	6,962,188	344,360,593	56,031	137,190	252,638	22,912	111,432	36,101	616,304	4,475,656	4,181,307	345,271,246
Corporate banking	245,799,786	365,067,368	272,870,989	26,218,577	15,363,104	125,044,694	1,050,364,518	288,453	355,127	556,056	930,623	562,350	150,344	2,842,953	15,833,427	13,897,309	1,055,143,589
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,786	48,471	10,315
Total	$ 377,700,827	499,583,502	343,961,436	29,480,012	16,454,863	135,809,296	1,402,989,936	346,580	494,714	812,264	954,432	676,495	336,281	3,620,766	20,485,669	18,231,129	1,408,865,242
Guarantee and commitments	$ 26,669,887	15,125,762	5,916,207	174,424	45,746	65,833,294	113,765,320	43,098	11,091	421	-	98	-	54,708	192,579	337,312	113,675,295

	12-month ECL							Lifetime ECL－not impaired							Lifetime ECL－impaired		
June 30, 2022	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	Excellent	Good	Medium	Acceptable	Under standard	No rating	Subtotal	High risk	Allowance impairment	Total
Receivable																	
Credit card	$ 348,234	193,409	203,808	169	6,238	178,717	930,575	443	651	1,215	-	700	31	3,040	-	525	933,090
Acceptances receivable	434,833	543,257	340,323	17,376	-	34,817	1,370,606	-	-	-	-	-	-	-	-	13,706	1,356,900
Other receivables	272,070	1,734,563	449,356	35,855	25,466	4,228,371	6,745,681	86	778	1,519	2,047	1,626	195,195	201,251	102,438	97,672	6,951,698
Discounts and loans																	
Private banking	120,508,779	123,080,337	69,485,659	3,569,399	1,032,204	7,730,699	325,407,077	12,479	84,758	267,437	107,200	199,462	17,933	689,269	4,808,730	3,572,085	327,332,991
Corporate banking	204,787,195	332,920,999	292,129,011	32,695,789	18,061,106	131,996,338	1,012,590,438	104,284	445,852	514,171	1,450,032	367,889	450,422	3,332,650	15,025,765	12,232,367	1,018,716,486
Other financial assets																	
Overdue receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,839	56,056	24,783
Total	$ 326,351,111	458,472,565	362,608,157	36,318,588	19,125,014	144,168,942	1,347,044,377	117,292	532,039	784,342	1,559,279	569,677	663,581	4,226,210	20,017,772	15,972,411	1,355,315,948
Guarantee and commitments	$ 29,328,320	17,717,792	7,763,788	236,313	72,051	79,210,867	134,329,131	2,786	2,812	294	203	4,635	-	10,730	137,361	376,309	134,100,913

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Debt instruments

	12-month ECL					Lifetime ECL－not impaired					Lifetime ECL－impaired		
June 30, 2023	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**High risk**	**Total**	**Accumulated impairment(Note)**
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	$ 68,769,245	-	-	-	68,769,245	-	-	-	-	-	-	68,769,245	21,011
NT bonds	95,835,921	-	-	-	95,835,921	-	-	-	-	-	-	95,835,921	79,695
Negotiable certificates of deposit	601,980	-	-	-	601,980	-	-	-	-	-	-	601,980	233
Investment in debt instruments at amortized cost													
Overseas bonds	20,637,494	-	-	-	20,637,494	-	-	-	-	-	-	20,637,494	4,790
NT bonds	32,677,017	-	-	-	32,677,017	-	-	-	-	-	-	32,677,017	16,393
Certificates of deposit with the Central Bank	189,320,000	-	-	-	189,320,000	-	-	-	-	-	-	189,320,000	55,909
Negotiable certificates of deposit	65,394	-	-	-	65,394	-	-	-	-	-	-	65,394	16
Total	$ 407,907,051	-	-	-	407,907,051	-	-	-	-	-	-	407,907,051	178,047

	12-month ECL					Lifetime ECL－not impaired					Lifetime ECL－impaired		
December 31, 2022	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**High risk**	**Total**	**Accumulated impairment(Note)**
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	$ 50,304,163	-	-	-	50,304,163	-	-	-	-	-	-	50,304,163	15,793
NT bonds	91,536,068	-	-	-	91,536,068	-	-	-	-	-	-	91,536,068	75,059
Investment in debt instruments at amortized cost													
Overseas bonds	10,420,185	-	-	-	10,420,185	-	-	-	-	-	-	10,420,185	3,247
NT bonds	30,769,411	-	-	-	30,769,411	-	-	-	-	-	-	30,769,411	13,846
Certificates of deposit with the Central Bank	195,595,000	-	-	-	195,595,000	-	-	-	-	-	-	195,595,000	57,763
Negotiable certificates of deposit	64,523	-	-	-	64,523	-	-	-	-	-	-	64,523	16
Total	$ 378,689,350	-	-	-	378,689,350	-	-	-	-	-	-	378,689,350	165,724

	12-month ECL					Lifetime ECL－not impaired					Lifetime ECL－impaired		
June 30, 2022	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**Investment**	**Sub investment**	**High risk**	**No rating**	**Subtotal**	**High risk**	**Total**	**Accumulated impairment(Note)**
Investment in debt instruments measured at fair value through other comprehensive income													
Overseas bonds	$ 50,014,614	-	-	-	50,014,614	-	-	-	-	-	-	50,014,614	15,621
NT bonds	94,553,659	-	-	-	94,553,659	-	-	-	-	-	-	94,553,659	79,027
Investment in debt instruments at amortized cost													
Overseas bonds	13,860,169	-	-	-	13,860,169	-	-	-	-	-	-	13,860,169	4,789
NT bonds	29,904,650	-	-	-	29,904,650	-	-	-	-	-	-	29,904,650	11,872
Certificates of deposit with the Central Bank	216,000,000	-	-	-	216,000,000	-	-	-	-	-	-	216,000,000	63,788
Negotiable certificates of deposit	62,444	-	-	-	62,444	-	-	-	-	-	-	62,444	15
Total	$ 404,395,536	-	-	-	404,395,536	-	-	-	-	-	-	404,395,536	175,112

Note: The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

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iii) The Maximum credit risk exposure for financial instruments are not subject to impairment regulations are as follows:

June 30, 2023	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
—Debt investments	$ 200,000	-	-
—Commercial paper	61,742,295	-	-
—Listed stocks	1,018,985	-	-
—Unlisted stocks	419,894	-	-
—Beneficiary certificates	377,814	-	-
—Derivative instrument	1,524,266	764,462	798,176

December 31, 2022	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
—Debt investments	$ 200,000	-	-
—Commercial paper	30,907,810	-	-
—Listed stocks	752,713	-	-
—Unlisted stocks	471,554	-	-
—Beneficiary certificates	414,370	-	-
—Derivative instruments	1,166,667	2,527,996	727,720

June 30, 2022	Maximum credit risk exposure	Collateral	Enhancement of other credit
Financial assets at fair value through profit or loss			
—Debit investments	$ 200,000	-	-
—Commercial paper	9,230,644	-	-
—Listed stocks	602,510	-	-
—Unlisted stocks	291,199	-	-
—Beneficiary certificates	179,152	-	-
—Derivative instrument	521,913	2,611,212	664,295

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

13) Changes in the expected credit losses of the Bank and subsidiaries

a) Receivables

	For the six months ended June 30, 2023					
	12-month ECL	**Lifetime ECL－not impaired**	**Lifetime ECL－impaired**	**Impaired (IFRS9)**	**Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "**	**Total**
Beginning balance	$ 29,630	10,712	17,084	57,426	46,616	104,042
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	207	(27)	(180)	-	-	-
－Transferred to lifetime ECL	(34)	46	(12)	-	-	-
－Transferred to the credit-impaired financial assets	(41)	(55)	96	-	-	-
－The financial assets that have been derecognized	(11,202)	(60)	(4,652)	(15,914)	-	(15,914)
New financial assets originated or purchased	21,560	77	4,413	26,050	-	26,050
Other changes	(2,640)	(3,636)	1,950	(4,326)	-	(4,326)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(1,498)	(1,498)
Ending balance	**$ 37,480**	**7,057**	**18,699**	**63,236**	**45,118**	**108,354**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2022					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ 31,774	6,068	28,695	66,537	51,574	118,111
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	93	(13)	(80)	-	-	-
－Transferred to lifetime ECL	(5)	13	(8)	-	-	-
－Transferred to the credit-impaired financial assets	(12)	(14)	26	-	-	-
－The financial assets that have been derecognized	(11,271)	(79)	(2,726)	(14,076)	-	(14,076)
New financial assets originated or purchased	29,230	127	2,859	32,216	-	32,216
Other changes	(559)	445	(19,645)	(19,759)	-	(19,759)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(4,589)	(4,589)
Ending balance	**$ 49,250**	**6,547**	**9,121**	**64,918**	**46,985**	**111,903**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Discounts and loans

	For the six months ended June 30, 2023					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ 5,882,540	138,138	4,784,155	10,804,833	7,273,783	18,078,616
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	104,367	(11,137)	(93,230)	-	-	-
－Transferred to lifetime ECL	(17,441)	24,777	(7,336)	-	-	-
－Transferred to the credit-impaired financial assets	(11,311)	(12,020)	23,331	-	-	-
－The financial assets that have been derecognized	(2,096,442)	(79,691)	(1,120,797)	(3,296,930)	-	(3,296,930)
New financial assets originated or purchased	1,740,190	3,137	99,895	1,843,222	-	1,843,222
Write-off	-	-	(2,175,786)	(2,175,786)	-	(2,175,786)
Other changes	(791,496)	184,545	2,756,911	2,149,960	-	2,149,960
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	893,854	893,854
Ending balance	**$ 4,810,407**	**247,749**	**4,267,143**	**9,325,299**	**8,167,637**	**17,492,936**

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	For the six months ended June 30, 2022					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ 4,166,467	129,977	3,635,336	7,931,780	7,645,037	15,576,817
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	118,949	(12,958)	(105,991)	-	-	-
－Transferred to lifetime ECL	(6,182)	10,607	(4,425)	-	-	-
－Transferred to the credit-impaired financial assets	(10,707)	(4,586)	15,293	-	-	-
－The financial assets that have been derecognized	(1,695,677)	(19,711)	(899,609)	(2,614,997)	-	(2,614,997)
New financial assets originated or purchased	2,196,354	19,008	723,573	2,938,935	-	2,938,935
Write-off	-	-	(1,584,839)	(1,584,839)	-	(1,584,839)
Other changes	787,798	78,359	2,572,179	3,438,336	-	3,438,336
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(1,949,800)	(1,949,800)
Ending balance	**$ 5,557,002**	**200,696**	**4,351,517**	**10,109,215**	**5,695,237**	**15,804,452**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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c) Other financial assets

	For the six months ended June 30, 2023					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ -	-	15,898	15,898	32,573	48,471
Changes in financial instruments that have been identified at the beginning of the period：						
－The financial assets that have been derecognized	-	-	(6)	(6)	-	(6)
New financial assets originated or purchased	-	-	4,242	4,242	-	4,242
Write-off	-	-	(39,401)	(39,401)	-	(39,401)
Other changes	-	-	31,508	31,508	-	31,508
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(31,951)	(31,951)
Ending balance	$ -	-	12,241	12,241	622	12,863

	For the six months ended June 30, 2022					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ -	-	25,545	25,545	25,847	51,392
Changes in financial instruments that have been identified at the beginning of the period：						
－The financial assets that have been derecognized	-	-	(3)	(3)	-	(3)
New financial assets originated or purchased	-	-	4,468	4,468	-	4,468
Write-off	-	-	(5,723)	(5,723)	-	(5,723)
Other changes	-	-	(153)	(153)	-	(153)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	6,075	6,075
Ending balance	$ -	-	24,134	24,134	31,922	56,056

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Guarantee and commitments

	For the six months ended June 30, 2023					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ 178,812	57	61,625	240,494	96,818	337,312
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	-	-	-	-	-	-
－The financial assets that have been derecognized	(50,513)	(24)	(5,986)	(56,523)	-	(56,523)
New financial assets originated or purchased	65,151	1,090	-	66,241	-	66,241
Other changes	(35,552)	(4)	(12,761)	(48,317)	-	(48,317)
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	63,746	63,746
Ending balance	**$ 157,898**	**1,119**	**42,878**	**201,895**	**160,564**	**362,459**

	For the six months ended June 30, 2022					
	12-month ECL	Lifetime ECL－not impaired	Lifetime ECL－impaired	Impaired (IFRS9)	Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	Total
Beginning balance	$ 149,354	69	6,786	156,209	173,279	329,488
Changes in financial instruments that have been identified at the beginning of the period：						
－Transferred to 12-months ECL	2,543	-	(2,543)	-	-	-
－Transferred to the credit-impaired financial assets	(456)	-	456	-	-	-
－The financial assets that have been derecognized	(53,348)	(65)	(2,316)	(55,729)	-	(55,729)
New financial assets originated or purchased	72,833	4	-	72,837	-	72,837
Other changes	25,250	(4)	53,089	78,335	-	78,335
Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans "	-	-	-	-	(48,622)	(48,622)
Ending balance	**$ 196,176**	**4**	**55,472**	**251,652**	**124,657**	**376,309**

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e) Debts investments

	For the six months ended June 30, 2023			
	12-month ECL	Lifetime ECL －not impaired	Lifetime ECL －impaired	Total
Beginning balance	$ 165,724	-	-	165,724
Additions	70,236	-	-	70,236
Derecognition	(58,521)	-	-	(58,521)
Other changes	608	-	-	608
Ending balance	**$ 178,047**	**-**	**-**	**178,047**

	For the six months ended June 30, 2022			
	12-month ECL	Lifetime ECL －not impaired	Lifetime ECL －impaired	Total
Beginning balance	$ 175,270	-	-	175,270
Additions	56,521	-	-	56,521
Derecognition	(57,138)	-	-	(57,138)
Other changes	459	-	-	459
Ending balance	**$ 175,112**	**-**	**-**	**175,112**

14) Collateral management policy

a) Collaterals are recognized under the account of other assets per the rules of “Regulations Governing the Preparation of Financial Reports by Public Banks”.

b) Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of “Regulations Governing the Preparation of Financial Reports by Public Banks” and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Liquidity risk

1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of consolidated financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.

2) The management policy, process and measurement of liquidity risk

a) Policy

i) In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.

ii) Established “Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank” and “Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank” to serve as guidance to effectively control capital liquidity risk.

iii) Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

b) Process

i) Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.

ii) Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.

iii) Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Measurement

i) Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.

ii) Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.

iii) Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.

iv) Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.

3) Financial assets possessed for managing liquidity risk and maturity analysis for non-derivative financial liability

a) Financial assets possessed for managing liquidity risk

The Bank and subsidiaries possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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b) Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank and subsidiaries based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.

	June 30, 2023					
	0-30 days	31-90 days	91 days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	$ 1,119,715,577	207,061,774	524,437,719	51,462,961	57,787,688	1,960,465,719
Deposits from the Central Bank and banks	414,489	-	-	-	-	414,489
Overdrafts on banks	676,491	-	-	-	-	676,491
Call loans from the Central Bank and banks	24,992,977	9,134,417	1,868,399	-	-	35,995,793
Due to the Central Bank and banks	155,700	310,260	435,140	311,400	-	1,212,500
Financial liabilities designated at fair value through profit or loss	-	-	-	-	9,277,020	9,277,020
Notes and bonds issued under repurchase agreement	1,411,582	423,296	562,431	-	-	2,397,309
Interest payable	1,359,078	1,713,869	3,275,277	107,957	29	6,456,210
Deposits transferred from Chunghwa Post Co., Ltd.	5,000,000	10,000,000	119,814,545	-	-	134,814,545
Demand deposits	939,739,119	-	-	-	-	939,739,119
Time deposits	145,610,782	180,700,256	395,069,317	43,051,034	5,008	764,436,397
Remittance	298,679	-	-	-	-	298,679
Bank notes payable	-	4,700,000	3,090,000	6,210,000	46,250,000	60,250,000
Cumulative earnings on appropriated loan fund	3,250	2,750	82,830	1,080,830	2,055,244	3,224,904
Lease liabilities	53,430	76,926	239,780	701,740	200,387	1,272,263

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	December 31, 2022					
	0-30 days	31-90 days	91 days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	$ 1,097,763,808	221,732,162	480,666,633	92,838,661	49,342,955	1,942,344,219
Deposits from the Central Bank and banks	937,523	-	-	-	-	937,523
Overdrafts on banks	1,084,076	-	-	-	-	1,084,076
Call loans from the Central Bank and banks	27,012,375	18,670,658	-	-	-	45,683,033
Due to the Central Bank and banks	92,175	111,450	927,400	-	-	1,131,025
Financial liabilities designated at fair value through profit or loss	-	-	-	-	9,367,595	9,367,595
Notes and bonds issued under repurchase agreement	458,662	157,550	1,292,066	554,713	-	2,462,991
Interest payable	317,254	1,288,484	2,711,772	118,148	10	4,435,668
Deposits transferred from Chunghwa Post Co., Ltd.	9,820,000	21,196,335	75,185,210	41,060,000	-	147,261,545
Demand deposits	954,030,572	-	-	-	-	954,030,572
Time deposits	103,528,154	180,237,487	392,763,469	42,587,346	5,124	719,121,580
Remittance	428,111	-	-	-	-	428,111
Bank notes payable	-	-	7,400,000	6,600,000	38,250,000	52,250,000
Cumulative earnings on appropriated loan fund	2,250	3,750	118,500	1,198,580	1,587,501	2,910,581
Lease liabilities	52,656	66,448	268,216	719,874	132,725	1,239,919

	June 30, 2022					
	0-30 days	31-90 days	91 days-1 year	1-5 years	Over 5 years	Total
Major matured cash outflow	$ 1,120,019,646	185,632,563	429,855,519	69,164,463	49,095,405	1,853,767,596
Deposits from the Central Bank and banks	1,212,163	-	-	-	-	1,212,163
Overdrafts on banks	460,091	-	-	-	-	460,091
Call loans from the Central Bank and banks	26,047,882	19,388,139	3,046,418	-	-	48,482,439
Due to the Central Bank and banks	-	178,410	743,905	-	-	922,315
Financial liabilities designated at fair value through profit or loss	-	-	-	-	8,746,658	8,746,658
Notes and bonds issued under repurchase agreement	451,896	150,329	1,009,247	828,367	-	2,439,839
Interest payable	717,873	813,778	1,549,535	83,177	4	3,164,367
Deposits transferred from Chunghwa Post Co., Ltd.	11,560,000	20,947,000	34,754,545	-	-	67,261,545
Demand deposits	937,635,964	-	-	-	-	937,635,964
Time deposits	141,532,891	144,084,550	388,392,723	52,095,829	4,280	726,110,273
Remittance	358,181	-	-	-	-	358,181
Bank notes payable	-	-	-	14,000,000	38,250,000	52,250,000
Cumulative earnings on appropriated loan fund	2,250	5,250	105,750	1,467,330	1,969,099	3,549,679
Lease liabilities	40,455	65,107	253,396	689,760	125,364	1,174,082

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Derivative financial liabilities maturity analysis

a) Derivative financial instruments settled by net amount

The derivative instruments of the Bank and subsidiaries whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the consolidated financial statement. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement. As of June 30, 2022 and 2023, maturity analysis for the derivative financial liabilities settled by net amount is as follows:

	June 30, 2023					
	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
－Foreign exchange derivative instrument	$ 931	1,718	1,751	780	-	5,180

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
－Foreign exchange derivative instrument	$ -	825	225	-	-	1,050

	June 30, 2022					
	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
Foreign exchange derivative instrument	$ -	346	-	-	-	346

b) Derivative financial instruments settled by gross amount

The derivative instruments of the Bank' s possession settled by gross amount include the following:

i) Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.

ii) Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank and subsidiaries whose possession are settled by gross amount based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement.

The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

June 30, 2023	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
－Foreign exchange derivative instruments						
－Cash outflow	$ 20,411,147	32,835,895	4,576,709	14,043,497	-	71,867,248
－Cash inflow	20,064,886	32,057,453	4,390,182	13,510,844	-	70,023,365
－Interest rate derivative instrument						
－Cash outflow	-	594	1,181	1,761	-	3,536
－Cash inflow	-	1,129	1,894	2,324	-	5,347
Total cash outflow	20,411,147	32,836,489	4,577,890	14,045,258	-	71,870,784
Total cash inflow	20,064,886	32,058,582	4,392,076	13,513,168	-	70,028,712
Net cash flow	**$ 346,261**	**777,907**	**185,814**	**532,090**	**-**	**1,842,072**

December 31, 2022	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
－Foreign exchange derivative instruments						
－Cash outflow	$ 25,782,525	45,415,630	11,979,083	3,463,765	-	86,641,003
－Cash inflow	27,862,886	48,002,551	12,577,650	3,500,326	-	91,943,413
－Interest rate derivative instrument						
－Cash outflow	-	1,168	587	2,955	1,174	5,884
－Cash inflow	-	2,021	724	3,742	1,568	8,055
Total cash outflow	25,782,525	45,416,798	11,979,670	3,466,720	1,174	86,646,887
Total cash inflow	27,862,886	48,004,572	12,578,374	3,504,068	1,568	91,951,468
Net cash flow	**$ (2,080,361)**	**(2,587,774)**	**(598,704)**	**(37,348)**	**(394)**	**(5,304,581)**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2022	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Derivative financial instruments at fair value through profit or loss						
－Foreign exchange derivative instruments						
－Cash outflow	$ 3,246,082	17,284,197	28,265,930	19,173,212	-	67,969,421
－Cash inflow	3,068,261	17,934,884	30,059,373	20,645,944	-	71,708,462
－Interest rate derivative instrument						
－Cash outflow	-	587	1,181	2,936	3,536	8,240
－Cash inflow	-	649	1,298	3,373	4,586	9,906
Total cash outflow	3,246,082	17,284,784	28,267,111	19,176,148	3,536	67,977,661
Total cash inflow	3,068,261	17,935,533	30,060,671	20,649,317	4,586	71,718,368
Net cash flow	$ 177,821	(650,749)	(1,793,560)	(1,473,169)	(1,050)	(3,740,707)

5) Maturity analysis of off-balance sheet items

June 30, 2023	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	$ 734,138	505,065	1,253,871	47,836,888	61,002,871	111,332,833
Irrevocable credit card loan commitments	1,521	37,999	251,216	1,073,300	16,541,101	17,905,137
Letters of credit issued yet unused	1,669,691	5,967,447	783,114	162,598	-	8,582,850
Other guarantees	2,923,686	2,416,382	1,028,579	2,795,637	16,561,807	25,726,091
Total	$ 5,329,036	8,926,893	3,316,780	51,868,423	94,105,779	163,546,911

December 31, 2022	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	$ 1,997,541	512,056	22,218,395	4,683,018	35,575,997	64,987,007
Irrevocable credit card loan commitments	1,117	34,225	55,553	316,313	18,432,747	18,839,955
Letters of credit issued yet unused	2,016,789	4,985,416	716,174	356,064	54,706	8,129,149
Other guarantees	2,667,240	1,001,432	656,793	2,337,749	15,393,282	22,056,496
Total	$ 6,682,687	6,533,129	23,646,915	7,693,144	69,456,732	114,012,607

June 30, 2022	0-30 days	31-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Issued and irrevocable loan commitments	$ 6,846	3,453,173	8,051,009	29,715,727	37,032,706	78,259,461
Irrevocable credit card loan commitments	3,169	48,436	127,027	417,150	18,894,131	19,489,913
Letters of credit issued yet unused	3,051,429	7,672,232	775,499	103,293	31,784	11,634,237
Other guarantees	2,227,723	5,138,842	1,079,685	1,684,943	14,962,418	25,093,611
Total	$ 5,289,167	16,312,683	10,033,220	31,921,113	70,921,039	134,477,222

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Maturity analysis of lease contract commitments

The Bank and subsidiaries only has operating lease contract, operating lease commitment refers to, when the Bank and subsidiaries is the lessor or lessee and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank and subsidiaries operating lease contract commitments:

June 30, 2023	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	$ 1,939	2,103	-	4,042

December 31, 2022	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	$ 1,027	1,389	-	2,416

June 30, 2022	Below 1 year	1-5 years	Over 5 years	Total
Operating lease income (lessor)	$ 1,932	1,626	-	3,558

The capital expenditure commitment of the Bank and subsidiaries refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank and subsidiaries is as follows:

June 30, 2023	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	$ 1,462,658	-	-	1,462,658
Transportation equipment	408	-	-	408
Right-of-use assets	58	-	-	58
Miscellaneous equipment	5,695	-	-	5,695
Total	**$ 1,468,819**	**-**	**-**	**1,468,819**

December 31, 2022	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	$ 1,496,409	-	-	1,496,409
Transportation equipment	2,098	-	-	2,098
Right-of-use assets	620	85	-	705
Miscellaneous equipment	1,024	-	-	1,024
Total	**$ 1,500,151**	**85**	**-**	**1,500,236**

June 30, 2022	Below 1 year	1-5 years	Over 5 years	Total
Machinery and equipment	$ 1,290,076	-	-	1,290,076
Transportation equipment	90	-	-	90
Right-of-use assets	180	107	-	287
Miscellaneous equipment	2,241	-	-	2,241
Total	**$ 1,292,587**	**107**	**-**	**1,292,694**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

1) Definition of market risk

Market risk refers to the possible loss of the Bank’s business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

2) Policies and procedures of market risk management

a) Strategy

i) To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following “ Directions Governing the Market Risk Management of Taiwan Business Bank” and other relevant regulations.

ii) Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.

b) Policies and procedures

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.

3) Process for market risk management

a) Risk identification

In accordance with the rules of “ Directions Governing the Market Risk Management of Taiwan Business Bank” , the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.

b) Risk measurement

i) Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.

ii) The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.

c) Risk monitoring

i) Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.

ii) All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.

d) Risk report

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.

4) Scope and method of market risk management

a) Foreign exchange risk management

i) Definition of foreign exchange risk management

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.

ii) Applicable scope

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.

iii) Purpose for foreign exchange risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.

(Continued)

iv) Procedures of foreign exchange risk management

1. In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluated the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.

2. The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.

v) Process of foreign exchange risk management

1. Identification and measurement

   a. Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank and subsidiaries conducts deal with simple type financial products. For complex financial products, the Bank and subsidiaries conducts back-to-back hedge covering to effectively avoid market risk.

   b. Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek's sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.

   c. Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

(Continued)

2. Monitoring and report

   a. When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.

   b. Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.

b) Equity security risk management

i) Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.

ii) Applicable scope

Financial instruments similar to equity security in all trading books.

iii) Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of equity security risk management

1. All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.

2. The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) Process of equity security risk management

1. Identification and measurement

a. The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank’ s risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.

b. Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

a. When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.

b. Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.

c) Interest rate risk management

i) Definition of interest rate risk

Interest rate risk refers to the price decline of the Bank’s financial products which contain interest risk factors due to the disadvantageous changes in interest rate.

ii) Applicable scope

Financial instruments which contain interest rate factors in all trading books.

iii) Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of interest rate risk management

1. In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.

2. The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In additional, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

v) Process of interest rate risk management

1. Identification and measurement

   a. The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.

   b. Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

   a. The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b. The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.

d) Concentration management

i) The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.

ii) For equity security investments, the Bank set up limits for single institution and single related party.

5) Interest rate risk management of the banking book

a) The definition and management purpose for the interest rate risk of the banking book

i) The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.

ii) The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.

b) The process for the interest rate risk management of the banking book

i) Identification and measurement

When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.

ii) Monitoring and report

The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect to EVE when the market interest rate parallel changes 200 BP to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.

6) Value at Risk

a) Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

b) Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

c) The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

i) Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.

ii) Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.

iii) Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) Foreign exchange risk disclosure and sensitivity analysis

a) Foreign exchange risk exposure

i) Significant net positions of foreign currencies (Market risk)

Significant net positions of foreign currencies (Market risk)
June 30, 2023

Currency	Foreign currency amount (in thousands)	NT$ amount
USD	$ 395,277	12,308,926
JPY	1,978,421	425,361
AUD	15,306	315,151
ZAR	54,151	89,782
CNY	19,372	83,009

Significant net positions of foreign currencies (Market risk)
December 31, 2022

Currency	Foreign currency amount (in thousands)	NT$ amount
USD	$ 504,348	15,496,092
JPY	2,069,083	480,234
AUD	14,865	308,895
ZAR	46,223	83,617
EUR	809	26,503

Significant net positions of foreign currencies (Market risk)
June 30, 2022

Currency	Foreign currency amount (in thousands)	NT$ amount
USD	$ 496,689	14,769,047
JPY	2,047,825	445,812
AUD	14,159	289,552
EUR	58,542	259,751
CNY	2,933	91,040

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Assets and liabilities of foreign currency

	June 30, 2023					
	Monetary financial assets			Monetary financial liabilities		
Currency	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	$ 14,996,544	31.1400	466,992,380	14,570,905	31.1400	453,737,982
AUD	5,016,613	20.5900	103,292,062	4,911,579	20.5900	101,129,412
CNY	10,217,036	4.2850	43,779,999	9,998,583	4.2850	42,843,928
JPY	132,223,918	0.2150	28,428,142	130,752,978	0.2150	28,111,890
HKD	5,278,678	3.9730	20,972,188	4,801,693	3.9730	19,077,126
EUR	413,164	33.8300	13,977,338	412,913	33.8300	13,968,847
ZAR	4,438,332	1.6580	7,358,754	4,441,567	1.6580	7,364,118
GBP	25,582	39.2900	1,005,117	25,465	39.2900	1,000,520
NZD	30,045	18.9200	568,451	29,949	18.9200	566,635
CAD	16,045	23.5000	377,058	15,801	23.5000	371,324
SGD	6,272	22.9600	144,005	6,260	22.9600	143,730
Others (Note)	-	-	226,316	-	-	230,322

Note: Consolidated disclosure is applied for other currencies not over $100,000.

	December 31, 2022					
	Monetary financial assets			Monetary financial liabilities		
Currency	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	$ 15,838,292	30.7250	486,631,513	15,291,888	30.7250	469,843,260
AUD	4,985,648	20.7800	103,601,765	4,890,551	20.7800	101,625,650
CNY	11,948,387	4.4110	52,704,337	11,749,698	4.4110	51,827,917
JPY	184,707,477	0.2321	42,870,605	183,141,677	0.2321	42,507,183
HKD	5,771,939	3.9400	22,741,440	5,348,671	3.9400	21,073,764
EUR	352,406	32.7600	11,544,821	352,361	32.7600	11,543,346
ZAR	4,251,194	1.8090	7,690,410	4,249,572	1.8090	7,687,476
GBP	45,244	37.0700	1,677,195	45,236	37.0700	1,676,899
NZD	34,139	19.4500	664,004	34,124	19.4500	663,712
CAD	14,564	22.6800	330,312	14,475	22.6800	328,293
SGD	7,992	22.8700	182,777	7,969	22.8700	182,251
SEK	34,420	2.9400	101,195	34,431	2.9400	101,227
Others (Note)	-	-	114,540	-	-	119,278
	Non-monetary financial assets			Non-monetary financial liabilities		
USD	974	30.7250	29,926	-	-	-

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	June 30, 2022					
	Monetary financial assets			Monetary financial liabilities		
Currency	Foreign currency amount (in thousands)	Spot rate	NTD amount	Foreign currency amount (in thousands)	Spot rate	NTD amount
USD	$ 15,566,576	29.7350	462,872,125	15,021,800	29.7350	446,673,210
AUD	5,265,126	20.4500	107,671,827	5,175,882	20.4500	105,846,787
CNY	9,620,390	4.4370	42,685,670	9,422,564	4.4370	41,807,918
JPY	99,637,352	0.2177	21,691,052	98,300,155	0.2177	21,399,944
HKD	5,151,362	3.7890	19,518,511	4,767,683	3.7890	18,064,751
EUR	514,010	31.0400	15,954,870	514,565	31.0400	15,972,098
ZAR	3,751,940	1.8280	6,858,546	3,752,925	1.8280	6,860,347
GBP	38,050	36.0500	1,371,703	38,170	36.0500	1,376,029
NZD	41,618	18.4800	769,101	41,780	18.4800	772,094
CAD	15,538	23.0600	358,306	15,637	23.0600	360,589
SGD	8,771	21.3500	187,261	9,014	21.3500	192,449
CHF	4,228	31.1250	131,597	4,230	31.1250	131,659
Others (Note)	-	-	92,137	-	-	96,236

Note: Consolidated disclosure is applied for other currencies not over $100,000.

b) Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis is the analysis that given other conditions remain the same, the influence on profit or loss and equity when each respective currency depreciate or appreciate by 1%.

	June 30, 2023			
	Depreciate by 1%		Appreciate by 1%	
Currency	Income	Equity	Income	Equity
USD	$ (4,465)	(66,672)	4,465	66,672
AUD	4,047	(25,678)	(4,047)	25,678
HKD	3,078	(21,721)	(3,078)	21,721
JPY	62	(3,266)	(62)	3,266
GBP	(49)	-	49	-
SGD	(7)	-	7	-
ZAR	52	-	(52)	-
SEK	3	-	(3)	-
CHF	13	-	(13)	-
CAD	(42)	-	42	-
THB	24	-	(24)	-
EUR	(128)	-	128	-
NZD	(25)	-	25	-
CNY	(55,486)	-	55,486	-
Total	**$ (52,923)**	**(117,337)**	**52,923**	**117,337**

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Currency	December 31, 2022 Depreciate by 1% Income	December 31, 2022 Depreciate by 1% Equity	December 31, 2022 Appreciate by 1% Income	December 31, 2022 Appreciate by 1% Equity
USD	$ (44,000)	(63,299)	44,000	63,299
AUD	4,060	(23,440)	(4,060)	23,440
HKD	3,029	(19,240)	(3,029)	19,240
JPY	(161)	(3,450)	161	3,450
GBP	(15)	-	15	-
SGD	(9)	-	9	-
ZAR	(31)	-	31	-
CHF	51	-	(51)	-
CAD	(5)	-	5	-
THB	(4)	-	4	-
EUR	(37)	-	37	-
NZD	(10)	-	10	-
CNY	(55,663)	-	55,663	-
Total	**$ (92,795)**	**(109,429)**	**92,795**	**109,429**

Currency	June 30, 2022 Depreciate by 1% Income	June 30, 2022 Depreciate by 1% Equity	June 30, 2022 Appreciate by 1% Income	June 30, 2022 Appreciate by 1% Equity
USD	$ (42,910)	(62,836)	42,910	62,836
AUD	3,862	(22,001)	(3,862)	22,001
HKD	2,901	(17,269)	(2,901)	17,269
JPY	29	(2,954)	(29)	2,954
GBP	24	-	(24)	-
SGD	48	-	(48)	-
ZAR	16	-	(16)	-
SEK	26	-	(26)	-
CHF	1	-	(1)	-
CAD	36	-	(36)	-
THB	15	-	(15)	-
EUR	177	-	(177)	-
NZD	23	-	(23)	-
CNY	(50,761)	-	50,761	-
Total	**$ (86,513)**	**(105,060)**	**86,513**	**105,060**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

8) Interest rate risk disclosure and sensitivity analysis

a) Interest rate sensitivity analysis

The assumption of interest rate sensitivity analysis is, under the circumstance that other conditions remain the same, the yield of the market increase or decrease by 1 basis point (1 bp).

	June 30, 2023			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
Currency	**Income**	**Equity**	**Income**	**Equity**
Trading book				
TWD	$ (734)	(2,401)	734	2,401
Banking book				
TWD	-	(51,003)	-	51,003
USD	-	(28,242)	-	28,242
AUD	-	(585)	-	585
HKD	-	(206)	-	206
CNY	-	(1,017)	-	1,017
ZAR	-	(128)	-	128
Total	**$ (734)**	**(83,582)**	**734**	**83,582**

	December 31, 2022			
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp	
Currency	**Income**	**Equity**	**Income**	**Equity**
Trading book				
TWD	$ (512)	(2,661)	512	2,661
Banking book				
TWD	-	(46,200)	-	46,200
USD	-	(3,993)	-	3,993
AUD	-	(364)	-	364
HKD	-	(70)	-	70
CNY	-	(1,335)	-	1,335
ZAR	-	(161)	-	161
Total	**$ (512)**	**(54,784)**	**512**	**54,784**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022				
	Interest rate increases by 1 bp		Interest rate decreases by 1 bp		
Currency	Income		Equity	Income	Equity
Trading book					
TWD	$	(160)	(2,965)	160	2,965
Banking book					
TWD		-	(50,169)	-	50,169
USD		-	(13,476)	-	13,476
AUD		-	(465)	-	465
HKD		-	(61)	-	61
CNY		-	(1,708)	-	1,708
ZAR		-	(182)	-	182
Total	$	(160)	(69,026)	160	69,026

b) Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

	June 30, 2023			
	Effect on NII in 1 year		Effect on EVE	
Scenario	TWD	USD	TWD	USD
Interest rate increases by 100 bp	4,117,478	(26,296)	(5,068,148)	(123,999)
Interest rate decreases by 100 bp	(4,435,154)	24,937	11,809,758	103,636

	December 31, 2022			
	Effect on NII in 1 year		Effect on EVE	
Scenario	TWD	USD	TWD	USD
Interest rate increases by 100 bp	3,962,492	(24,074)	(5,148,928)	(58,960)
Interest rate decreases by 100 bp	(4,598,328)	22,469	13,788,825	27,772

	June 30, 2022			
	Effect on NII in 1 year		Effect on EVE	
Scenario	TWD	USD	TWD	USD
Interest rate increases by 100 bp	3,937,134	(28,732)	(5,344,228)	(31,082)
Interest rate decreases by 100 bp	(5,514,602)	9,071	12,534,801	34,145

9) Managing interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ' IBOR reform'). The Bank and subsidiaries has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Bank and subsidiaries considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform ,even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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The Bank and subsidiaries' main IBOR exposures at the reporting date are loans and corporate debt securities indexed to US dollar LIBOR. In March, 2021, the Financial Conduct Authority (FCA) announced that US dollar setting will either cease to be provided or no longer be representative after June 30, 2023. The Bank and subsidiaries had finished the process of implementing appropriate fallback clauses for all US dollar LIBOR-indexed exposures in 2021.

The following tables show the total amounts of unreformed contracts and those with appropriate fallback language on June 30, 2023, December 31 and June 30, 2022. The amounts of financial assets and liabilities are shown at their carrying amounts, and derivatives are shown at their notional amounts.

	USD LIBOR		EUR LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause
June 30, 2023										
Financial assets										
Discounts and loans (Note 1)	$ 26,120,000	21,086,000	-	-	-	-	-	-	-	-
Bond Investments (Note 2)	6,554,000	622,000	-	-	-	-	-	-	-	-
Financial liabilities										
Due to the Central Bank and banks	436,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	5,605,000	5,605,000	-	-	-	-	-	-	-	-
December 31, 2022										
Financial assets										
Discounts and loans (Note 1)	55,072,000	23,939,000	-	-	-	-	-	-	-	-
Bond Investments (Note 2)	17,391,000	1,259,000	-	-	-	-	-	-	-	-
Financial liabilities										
Due to the Central Bank and banks	891,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	5,531,000	5,531,000	-	-	-	-	-	-	-	-
June 30, 2022										
Financial assets										
Discounts and loans (Note 1)	65,691,262	28,228,015	7,125	7,125	-	-	43,448	43,448	-	-
Bond Investments (Note 2)	21,265,000	1,221,000	-	-	-	-	-	-	-	-
Financial liabilities										
Due to the Central Bank and banks	952,000	-	-	-	-	-	-	-	-	-
Derivatives										
Interest rate swaps	8,921,000	8,921,000	-	-	-	-	-	-	-	-

Note 1 : Position of concentration of credit extensions without appropriate fallback clause will be due for settlement during the current year or in the event of contractual changes, which will not affect the accrual of interest.

Note 2 : Bond investments without appropriate fallback clause will be converted using the interest rate recommended for conversion by the U.S. Alternative Reference Rates Committee (ARRC).

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

10) Equity security risk disclosure and sensitivity analysis

a) Equity security sensitivity analysis (Changes by 1%)

The assumption of equity security sensitivity analysis is, under the circumstance that other conditions remain the same, the price of equity security increased or decreased by 1%.

		June 30, 2023	
Change	**Currency**	**Income**	**Equity**
Equity security price increases by 1 %	TWD	4,437	-
Equity security price decreases by 1 %	TWD	(4,437)	-

		December 31, 2022	
Change	**Currency**	**Income**	**Equity**
Equity security price increases by 1 %	TWD	3,359	-
	USD	10	-
Equity security price decreases by 1 %	TWD	(3,359)	-
	USD	(10)	-

		June 30, 2022	
Change	**Currency**	**Income**	**Equity**
Equity security price increases by 1 %	TWD	1,504	-
Equity security price decreases by 1 %	TWD	(1,504)	-

b) Value at Risk of equity security

	From July 1, 2022 to June 30, 2023		
Value at Risk	**Average**	**Maximum**	**Minimum**
Equity security risk	6,663	17,827	2,716

	For the year ended December 31, 2022		
Value at Risk	**Average**	**Maximum**	**Minimum**
Equity security risk	5,038	13,963	1,399

	From July 1, 2021 to June 30, 2022		
Value at Risk	**Average**	**Maximum**	**Minimum**
Equity security risk	6,152	13,963	1,399

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank and subsidiaries conducts during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank and subsidiaries' obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank and subsidiaries cannot use, sell or pledge those transferred financial assets in availability period, the Bank and subsidiaries has interest rate risk and credit risk, the said transferred assets are not fully derecognized.

As of June 30, 2023, December 31 and June 30, 2022, there were not any financial assets of the Bank that are not fully derecognized.

(vii) Offsetting financial assets and financial liabilities

The Bank and subsidiaries has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforementioned offsetting financial assets and financial liabilities:

June 30, 2023

Financial assets under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 746,747	-	746,747	798,176	764,462	(815,891)

June 30, 2023

Financial liabilities under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (Note)	Cash collateral pledged	
Derivative financial instruments	$ 122,931	-	122,931	-	1,330,262	(1,207,331)

December 31, 2022

Financial assets under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 551,095	-	551,095	727,720	2,527,996	(2,704,621)

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December 31, 2022

Financial liabilities under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet(d) Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 229,816	-	229,816	-	2,422,569	(2,192,753)

June 30, 2022

Financial assets under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d) Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 230,767	-	230,767	664,295	2,611,212	(3,044,740)

June 30, 2022

Financial liabilities under offsetting or general agreement of net amount settlement or similar norm

Item	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d) Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 375,252	-	375,252	-	711,301	(336,049)

Note: Master netting arrangements and non-cash financial collaterals are included.

(aq) Capital Management

(i) The Bank takes business development and risk control into consideration and calculates capital adequacy per "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks". The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.

(ii) In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established "Directions Governing Capital Adequacy" as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president's approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.

(iii) The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.

(iv) To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.

1) Tier 1 capital

a) Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.

b) Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item			June 30, 2023	December 31, 2022	June 30, 2022
Eligible capital	Common stock equity		107,330,893	100,331,196	94,830,691
	Other tier 1 capital		18,000,000	18,000,000	18,000,000
	Tier 2 capital		47,370,713	40,103,704	39,992,650
	Eligible Capital		172,701,606	158,434,900	152,823,341
Risk-weighted assets	Credit risk	Standardized approach	1,205,937,816	1,188,123,617	1,149,357,561
		Internal ratings-based approach	-	-	-
		Securitization	-	-	-
	Operational risk	Basic indicator approach	-	-	-
		Standardized approach/selective standardized approach	43,118,270	43,118,270	39,081,382
		Advanced measurement approach	-	-	-
	Market risk	Standardized approach	46,534,625	38,716,513	30,656,250
		Internal model approach	-	-	-
	Total risk-weighted assets		1,295,590,711	1,269,958,400	1,219,095,193
Capital adequacy ratio			13.33 %	12.48 %	12.54 %
Common stock equity/ Risk-weighted assets ratio			8.28 %	7.90 %	7.78 %
Tier 1 capital / Risk-weighted assets ratio			9.67 %	9.32 %	9.26 %
Leverage ratio			5.70 %	5.47 %	5.42 %

The formulas of the table are listed as follows:

a) The eligible capital, risk-weighted assets and exposure are calculated per "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Calculation and Forms of Eligible Capital and Risk Assets of Banks".

b) The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.

c) Note 1. Eligible Capital = Common stock equity ＋ Other Tier 1 Capital ＋ Tier 2 Capital

Note 2. Total risk-weighted assets = Credit risk weighted asset＋(operational risk charge＋market risk charge) × 12.5

Note 3. Capital adequacy ratio= Eligible Capital ÷ Risk weighted asset.

Note 4. Common stock equity / Risk-weighted assets ratio= Common stock equity / total risk weighted assets

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital)/ Risk-weighted assets

Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.

d) Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.

(ar) Investing and financing activities not affecting current cash flow

The Bank and subsidiaries' investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2023 and 2022 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(l).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	**Cash flows**	**Foreign exchange rate movement**	**Fair value changes**	**Other changes**	**June 30, 2023**
Financial liabilities at fair value through profit or loss	$ 9,367,595	-	124,500	(215,075)	-	9,277,020
Bank notes payable	52,250,000	8,000,000	-	-	-	60,250,000
Lease liabilities	1,239,919	(231,259)	7,182	-	256,421	1,272,263
Total liabilities from financing activities	**$ 62,857,514**	**7,768,741**	**131,682**	**(215,075)**	**256,421**	**70,799,283**

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Foreign exchange rate movement**	**Fair value changes**	**Other changes**	**June 30, 2022**
Financial liabilities at fair value through profit or loss	$ 8,293,730	-	624,000	(171,072)	-	8,746,658
Bank notes payable	52,250,000	-	-	-	-	52,250,000
Lease liabilities	1,149,456	(210,429)	(21,931)	-	256,986	1,174,082
Total liabilities from financing activities	**$ 61,693,186**	**(210,429)**	**602,069**	**(171,072)**	**256,986**	**62,170,740**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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(as) Structured entities that not included in consolidated financial reports

(i) The table below presents the types of structured entities that the Bank and subsidiaries does not include in consolidated financial reports but in which they hold an interest:

Types of structured entities	Nature and purpose	Interests held by the Bank and subsidiaries
Private fund	Investing in funds that cannot be freely traded on the open market	Investing in units or limited partnership interests issued by these funds.
Asset securitization product	Investing in commercial real estate assets securitization products	Investment in asset-backed securities issued by unconsolidated structured entities

(ii) The scales of structures entities not included in consolidated financial reports were as follow:

	June 30, 2023	December 31, 2022	June 30, 2022
Private fund	$ 183,164	163,679	152,872
Asset securitization product	539,879	560,023	605,458
Total	**$ 723,043**	**723,702**	**758,330**

(iii) The carrying amounts of interests held by the Bank and subsidiaries in these structured entities were as follows:

Assets held by the Bank and subsidiaries	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss	$ 183,164	163,679	152,872
Financial assets at fair value through other comprehensive income	461,266	475,485	502,288
Investments in debt instruments at amortized cost	78,613	84,538	103,170
Total	**$ 723,043**	**723,702**	**758,330**

The maximum amount of risk exposure to the Bank and subsidiaries endures to a loss incurred from special purpose entities that is not included in consolidated financial reports is the carrying amount of interests held by the Bank and subsidiaries.

(iv) As of June 30, 2023, December 31 and June 30, 2022, the Bank and subsidiaries has not provided any financial support to its special purpose entities that is not included in consolidated financial reports.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Bank and subsidiaries
Bank of Taiwan	Corporate director of the Bank
Ministry of Finance, R.O.C	Corporate director of the Bank
National Development Fund, Executive Yuan	Corporate director of the Bank
Taiwan Business Bank Guild	Corporate director of the Bank
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Substantive related parties
TBB No. 1 Venture Capital Limited Partnership (Note)	Substantive related parties
Media Talk Consulting Co., Ltd. (Note)	Associates
Others	Management and other related parties of the Bank

Note : Become a related party commencing from the first quarter of 2022.

(b) Significant transactions with related parties

(i) Due from banks

	June 30, 2023	
	Amount	%
Bank of Taiwan	$ 712,439	4.11

	December 31, 2022	
	Amount	%
Bank of Taiwan	$ 164,936	0.71

	June 30, 2022	
	Amount	%
Bank of Taiwan	$ 173,728	1.68

Interest rates are the same as those with regular clients.

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(ii) Call loans to banks

	June 30, 2023	December 31, 2022	June 30, 2022
Bank of Taiwan	$ 311,400	-	-

	Highest balance	Interest Income: For the three months ended June 30, 2023	Interest Income: For the six months ended June 30, 2023	Annual interest rate
Bank of Taiwan	$ 1,541,660	2,395	4,598	1.24%~5.50%

	Highest balance	Interest income: For the three months ended June 30, 2022	Interest income: For the six months ended June 30, 2022	Annual interest rate
Bank of Taiwan	$ 673,778	90	364	0.13%~2.53%

Interest rates are the same as those with regular clients.

(iii) Call loans from banks

	June 30, 2023	December 31, 2022	June 30, 2022
Bank of Taiwan	$ 3,269,700	1,786,360	3,056,995

	Highest balance	Interest Expense: For the three months ended June 30, 2023	Interest Expense: For the six months ended June 30, 2023	Annual interest rate
Bank of Taiwan	$ 17,989,169	45,985	80,493	0.68%~5.50%

	Highest balance	Interest Expense: For the three months ended June 30, 2022	Interest Expense: For the six months ended June 30, 2022	Annual interest rate
Bank of Taiwan	$ 8,434,803	13,353	16,499	0.04%~5.00%

Interest rates are the same as those with regular clients.

(iv) Deposits

	June 30, 2023	
	Amount	%
Others	$ 2,047,871	0.12

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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	December 31, 2022	
	Amount	%
Others	$ 1,851,872	0.11

	June 30, 2022	
	Amount	%
Others	$ 1,697,034	0.10

Interest rates are the same as those with regular clients.

(v) Credit

June 30, 2023							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations: Performing loan	Performing situations: Non-performing Loans	Collaterals	Transaction terms are different to regular clients
Employee consumer loans	39	14,403	11,960	11,960	-	none	none
Self-use home mortgages loans	123	554,182	500,147	500,147	-	real estate	none
Others	Natural person	605,165	548,066	548,066	-	real estate	none

December 31, 2022							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations: Performing loan	Performing situations: Non-performing Loans	Collaterals	Transaction terms are different to regular clients
Employee consumer loans	46	18,311	14,727	14,727	-	none	none
Self-use home mortgages loans	127	557,503	511,280	511,280	-	real estate	none
Others	Natural person	617,163	590,656	590,656	-	real estate	none

June 30, 2022							
Category	Number of clients or name of related party	Highest balance	Ending balance	Performing situations: Performing loan	Performing situations: Non-performing Loans	Collaterals	Transaction terms are different to regular clients
Employee consumer loans	44	16,350	14,710	14,710	-	none	none
Self-use home mortgages loans	124	474,569	450,234	450,234	-	real estate	none
Others	Natural person	513,937	495,798	495,798	-	real estate	none

(vi) Donation:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Small and Medium Enterprise Credit Guarantee Fund of Taiwan	$ 90,339	79,632	180,683	159,266
Taiwan Business Bank Guild	-	-	4,200	2,500
Total	$ 90,339	79,632	184,883	161,766

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Guarantees: None.

(viii) Service fees: None.

(ix) Rental revenue: None.

(x) Derivatives financial instrument transactions: None.

(xi) Sales of Non–Performing Loans Transactions: None.

(xii) Unearned revenue:

	June 30, 2023	December 31, 2022	June 30, 2022
TBB No. 1 Venture Capital Limited Partnership	$ 8,524	-	8,594

(xiii) Other revenue:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
TBB No. 1 Venture Capital Limited Partnership	$ 4,262	4,250	8,524	8,360
Media Talk Consultants Co., Ltd.	-	-	10	-
Total	$ 4,262	4,250	8,534	8,360

(c) Major management salary information

	For the three months ended June 30		For the six months ended June 30,	
	2023	2022	2023	2022
Salary and other short-term employee benefits	$ 38,259	32,209	74,198	61,019
Post-employment benefits	663	581	1,298	1,197
Total	$ 38,922	32,790	75,496	62,216

(8) Pledged assets: Please refer to notes 6(h) for more details.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Marketable securities held for custody	$ 8,522,895	8,659,768	8,927,350
Bills collected for others	39,614,103	43,238,126	45,970,806
Bills lent for others	49,814,901	49,785,210	39,702,076
Guarantees and letters of credit	34,308,941	30,185,645	36,727,848
Trust liabilities	224,030,899	218,150,077	218,933,715
Items held for custody	752,917	901,998	998,928
Registered government bonds for sale	68,283,600	66,327,700	67,538,300
Registered short-term bills for sale	3,085,671	4,290,113	2,742,726
Guarantee notes payable	32,262,400	54,054,530	52,078,530

(b) Unrecognized contractual commitments:

As of June 30, 2023, December 31 and June 30, 2022, major constructions in progress and purchases amounted to $1,135,785, $1,018,993 and $760,348 respectively, of which $965,223, $911,848 and $646,025 respectively, remained unpaid.

(c) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of June 30, 2023, December 31 and June 30, 2022 is as follows:

Trust Balance Sheet

June 30, 2023, December 31 and June 30, 2022

Trust Assets	June 30, 2023	December 31, 2022	June 30, 2022
Cash in Bank	$ 7,218,363	6,303,284	6,792,863
Stocks	1,132,495	928,987	890,498
Funds	70,999,855	73,259,462	74,418,433
Bonds	4,790,994	2,935,786	1,751,970
Real estate	24,358,254	21,657,475	18,797,531
Securities custody	115,122,204	112,621,601	115,806,519
Other assets	408,734	443,482	475,901
Total trust assets	**$ 224,030,899**	**218,150,077**	**218,933,715**

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Trust Liabilities	June 30, 2023	December 31, 2022	June 30, 2022
Payables	$ -	9	9
Securities held for custody	115,122,204	112,621,601	115,806,519
Trust capital	108,820,024	105,439,231	103,051,190
Accumulated loss	(411,889)	(332,731)	(403,208)
Net income	500,560	421,967	479,205
Total trust liabilities	**$ 224,030,899**	**218,150,077**	**218,933,715**

Trust Property Accounts

June 30, 2023, December 31 and June 30, 2022

Investment in	June 30, 2023	December 31, 2022	June 30, 2022
Cash in bank	$ 7,218,363	6,303,284	6,792,863
Stocks	1,132,495	928,987	890,498
Funds	70,999,855	73,259,462	74,418,433
Bonds	4,790,994	2,935,786	1,751,970
Real estate			
Land	15,356,005	14,422,800	13,385,245
Buildings	64,122	29,556	32,698
Construction in progress	8,938,127	7,205,119	5,379,588
Securities in custody	115,122,204	112,621,601	115,806,519
Other assets	408,734	443,482	475,901
Total	**$ 224,030,899**	**218,150,077**	**218,933,715**

Note: As of June 30, 2023, December 31 and June 30, 2022, the amounts above included OBU transaction on " foreign currency designated trust funds investment in foreign negotiable securities business" amounting to $1,557,466, $1,580,471 and $1,519,642, respectively.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Trust Income Statement

For the six months ended June 30, 2023 and 2022

Investment items	For the six months ended June 30 2023	2022
Trust Revenue		
Interest income	$ 83,744	32,405
Realized capital gain-fund	215,193	238,981
Realized gain-stocks	1,340	-
Realized gain-bonds	409	4,267
Dividend revenue	1,033,300	1,082,788
Other revenues	2,380	2,031
Sub-total	1,336,366	1,360,472
Trust Expense		
Administrative expenses	24,675	20,648
Postage and telecommunication expense	197	401
Duties	9	8
Realized loss-stocks	807,050	854,748
Realized loss-bonds	1,628	3,688
Other expenses	1,945	1,740
Sub-total	835,504	881,233
Income before income tax	500,862	479,239
Income tax expense	(302)	(34)
Net income	**$ 500,560**	**479,205**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) In 1996, the Bank’s World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Co., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d’ Invertissement (I.C.C.I.) of the Republic of Zaire, suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requested the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD$7,830 plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels rendered its judgment which the Bank has to make compensation of USD$7,674 plus interest to I.C.C.I.. The Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication which I.C.C.I and the Bank are both responsible for the offense. Furthermore, on November 16, 2011, the judgment of the court indicated that the Bank should be responsible for 90% of the negligence proportion. In terms of the judgment of the court of the second instance, the Bank has filed an appeal on November 3, 2011. On February 6, 2013, the court overruled the Bank’s appeal and the Bank lost the case. However, the Bank and I.C.C.I couldn't reach an agreement on the exchange rate and the calculation of the compensation. In October 2016, I.C.C.I initiated a case with the Court of Frankfurt in Germany, applied for seizing the Bank account in Germany, and the Bank lodged guaranty money of EUR $13,200 to the court to rescind the order for attachment.

In July 2017, I.C.C.I applied for compulsory execution to the guaranty money, the court has transferred the guaranty money to I.C.C.I. The Bank then filed a lawsuit objecting to the debt through the attorney. The case was dismissed by the Court of Frankfurt in November 2018, and remanded back to trial court in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. I.C.C.I. has filed a statement of grounds for objection to the Federal Supreme Court of Justice on March 16, 2019. And request to revoke the "Return of the Judgment of the Frankfurt High Court". The Bank has appointed a lawyer to act as an attorney in the Federal Supreme Court of Justice and filed a defense against I.C.C.I. of objections. The case is currently being tried by the Regional Court of Frankfurt. The Federal Supreme Court of Justice has denied the I.C.C.I interlocutory appeal on May 20, 2021. In October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I to pay USD$1,130 in compensation and held the Bank as jointly liable, and by I.C.C.I, which demanded the Bank to pay USD$20,060 less its reimbursed amount to make a security deposit of EUR$14,000. The Bank has engaged local attorneys to represent itself in court. The Court of Congo will merge the two cases for court. In April 2021, the translation of judgement from the Court of Congo, judging that the Bank should pay around EUR$20,060 for I.C.C.I. Also, I.C.C.I must compensate Star Marine for USD$1,130 as well as make a security deposit of EUR$14,000 in the domestic bank in Congo. According to the statement of plaintiff and considering that I.C.C.I has already received about EUR $14,860, an addition of $74,989 has been provision for lawsuit in 2021. Please refer to Note 6(v) for more details. As of June 30, 2023, the Bank has accrued the compensation of $259,635 and EUR$9,660.

(10) Losses from disasters:None

(11) Subsequent Events:None

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Others:

(a) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(i) Loan quality:

Items			Month/Year	June 30, 2023				
Items				Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Corporate finance	Secured			1,518,651	723,641,760	0.21 %	8,800,711	579.51 %
	Unsecured			624,264	349,208,684	0.18 %	4,435,754	710.56 %
Consumer finance	Residence mortgages(Note 4)			172,752	186,210,521	0.09 %	2,260,662	1,308.62 %
	Cash cards			-	-	- %	-	- %
	Microcredit(Note 5)			4,502	289,978	1.55 %	6,609	146.80 %
	Others (Note 6)	Secured		161,659	150,156,712	0.11 %	1,822,357	1,127.28 %
		Unsecured		14,095	13,066,356	0.11 %	166,843	1,183.70 %
Total loan business				2,495,923	1,422,574,011	0.18 %	17,492,936	700.86 %
				Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business				828	1,480,245	0.06 %	13,315	1,608.09 %
Account receivable factoring-without recourse (Note 7)				-	-	- %	-	- %

Items			Month/Year	December 31, 2022				
Items				Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Corporate finance	Secured			1,602,465	713,092,812	0.22 %	8,945,106	558.21 %
	Unsecured			691,641	372,391,080	0.19 %	4,952,203	716.01 %
Consumer finance	Residence mortgages(Note 4)			187,800	170,335,261	0.11 %	2,130,940	1,134.69 %
	Cash cards			-	-	- %	-	- %
	Microcredit(Note 5)			4,802	325,663	1.47 %	7,370	153.48 %
	Others (Note 6)	Secured		266,055	149,120,110	0.18 %	1,868,990	702.48 %
		Unsecured		14,614	13,228,525	0.11 %	174,007	1,190.69 %
total loan business				2,767,377	1,418,493,451	0.20 %	18,078,616	653.28 %
				Overdue receivables	Total receivables	Delinquency ratio	Allowance for credit losses	Coverage ratio
Credit cards business				437	1,122,771	0.04 %	14,292	3,270.48 %
Account receivable factoring-without recourse (Note 7)				-	-	- %	-	- %

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Items			June 30, 2022 Non-performing loans	Total loans	Non-performing loan ratio	Allowance for credit losses	Coverage ratio
Corporate finance	Secured		1,395,785	695,451,865	0.20 %	7,849,307	562.36 %
	Unsecured		719,447	352,134,824	0.20 %	4,383,060	609.23 %
Consumer finance	Residence mortgages(Note 4)		194,577	152,960,788	0.13 %	1,732,083	890.18 %
	Cash cards		-	-	- %	-	- %
	Microcredit(Note 5)		7,540	364,035	2.07 %	9,063	120.20 %
	Others (Note 6)	Secured	353,548	148,432,986	0.24 %	1,679,211	474.96 %
		Unsecured	27,400	12,509,431	0.22 %	151,728	553.75 %
Total loan business			2,698,297	1,361,853,929	0.20 %	15,804,452	585.72 %
			Overdue receivables	**Total receivables**	**Delinquency ratio**	**Allowance for credit losses**	**Coverage ratio**
Credit cards business			1,836	961,144	0.19 %	16,522	899.89 %
Account receivable factoring-without recourse (Note 7)			-	-	- %	-	- %

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables÷ receivables

Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

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Overdue loans and receivables exempted from reporting

	June 30, 2023		December 31, 2022		June 30, 2022	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note1)	$ 212	957	258	1,112	316	1,313
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	66,133	19,566	54,109	22,489	50,522	24,381
Total	$ **66,345**	**20,523**	**54,367**	**23,601**	**50,838**	**25,694**

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Zi No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the " Consumer Debt Clearance Act."

(ii) Concentration of credit extensions

June 30, 2023			
Ranking	**Group enterprise**	**Credit amount**	**Credit amount to equity ratio (%)**
1	A company. (Railway transportation)	20,228,842	17.94 %
2	B group. (Real estate for sale and rental with own or leased property)	16,397,040	14.55 %
3	C group. (Other holding)	10,079,675	8.94 %
4	D group. (Steel rolling and extruding)	9,425,530	8.36 %
5	E group. (Real estate development)	8,974,925	7.96 %
6	F group. (Liquid crystal panel and components manufacturing)	7,884,842	6.99 %
7	G group. (Real estate development)	6,614,805	5.87 %
8	H group. (Computers manufacturing)	6,293,329	5.58 %
9	I group. (Real estate development)	6,121,264	5.43 %
10	J group. (Financial leasing)	4,964,422	4.40 %

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022			
Ranking	**Group enterprise**	**Credit amount**	**Credit amount to equity ratio (%)**
1	A company. (Railway transportation)	21,202,474	20.37 %
2	B group. (Real estate for sale and rental with own or leased property)	16,381,315	15.74 %
3	C group. (Other holding)	9,788,164	9.40 %
4	E group. (Real estate development)	8,982,725	8.63 %
5	D group. (Steel rolling and extruding)	8,715,755	8.37 %
6	H group. (Computers manufacturing)	6,523,340	6.27 %
7	G group. (Real estate development)	6,261,408	6.01 %
8	I group. (Real estate development)	6,027,170	5.79 %
9	F group. (Liquid crystal panel and components manufacturing)	5,531,674	5.31 %
10	J group. (Financial leasing)	4,565,169	4.39 %

June 30, 2022			
Ranking	**Group enterprise**	**Credit amount**	**Credit amount to equity ratio (%)**
1	A company. (Railway transportation)	21,202,474	21.41 %
2	B group. (Real estate for sale and rental with own or leased property)	13,967,611	14.10 %
3	D group. (Steel rolling and extruding)	9,447,481	9.54 %
4	E group. (Real estate development)	8,998,025	9.09 %
5	C group. (Other holding)	6,637,863	6.70 %
6	I group. (Real estate development)	6,524,484	6.59 %
7	G group. (Real estate development)	5,549,004	5.60 %
8	H group. (Computers manufacturing)	5,469,566	5.52 %
9	J group. (Financial Leasing)	5,159,532	5.21 %
10	K group. (Public transportation)	4,252,688	4.29 %

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the " class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2 Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers' acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.

(iii) Interest rate-sensitivity information

1) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Unit : %

June 30, 2023					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 1,485,915,811	56,609,231	38,241,004	135,434,287	1,716,200,333
Interest rate-sensitive liabilities	1,327,798,754	58,224,986	63,936,451	58,334,661	1,508,294,852
Interest rate sensitivity gap	158,117,057	(1,615,755)	(25,695,447)	77,099,626	207,905,481
Net worth					112,727,273
Ratio of interest rate-sensitive assets to liabilities (%)					113.78
Ratio of interest rate-sensitive gap to net worth (%)					184.43

December 31, 2022					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 1,464,207,488	24,207,477	42,324,132	136,449,514	1,667,188,611
Interest rate-sensitive liabilities	1,333,797,410	31,475,346	65,933,051	49,486,811	1,480,692,618
Interest rate sensitivity gap	130,410,078	(7,267,869)	(23,608,919)	86,962,703	186,495,993
Net worth					104,107,258
Ratio of interest rate-sensitive assets to liabilities (%)					112.60
Ratio of interest rate-sensitive gap to net worth (%)					179.14

June 30, 2022					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 1,313,229,611	83,556,822	29,567,080	179,065,004	1,605,418,517
Interest rate-sensitive liabilities	1,224,955,115	87,227,120	61,496,796	57,190,388	1,430,869,419
Interest rate sensitivity gap	88,274,496	(3,670,298)	(31,929,716)	121,874,616	174,549,098
Net worth					99,062,575
Ratio of interest rate-sensitive assets to liabilities (%)					112.20
Ratio of interest rate-sensitive gap to net worth (%)					176.20

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1 Listed amount refers to the Bank's amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest–yielding assets and interest–bearing liabilities, which are affected by interest rate fluctuations.

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

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

2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit : In Thousands of US Dollars, %

June 30, 2023					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 4,423,455	304,673	135,220	1,876,842	6,740,190
Interest rate-sensitive liabilities	8,097,815	1,524,817	1,598,761	-	11,221,393
Interest rate sensitivity gap	(3,674,360)	(1,220,144)	(1,463,541)	1,876,842	(4,481,203)
Net worth					3,620,015
Ratio of interest rate-sensitive assets to liabilities (%)					60.07
Ratio of interest rate-sensitive gap to net worth (%)					(123.79)

December 31, 2022					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 5,161,097	219,595	116,768	993,718	6,491,178
Interest rate-sensitive liabilities	7,302,641	1,388,445	2,402,052	1,139	11,094,277
Interest rate sensitivity gap	(2,141,544)	(1,168,850)	(2,285,284)	992,579	(4,603,099)
Net worth					3,388,357
Ratio of interest rate-sensitive assets to liabilities (%)					58.51
Ratio of interest rate-sensitive gap to net worth (%)					(135.85)

June 30, 2022					
Item	**1~90 days**	**91~180 days**	**181days~1year**	**over 1 year**	**total**
Interest rate-sensitive assets	$ 5,768,489	421,509	51,791	957,943	7,199,732
Interest rate-sensitive liabilities	7,782,921	1,635,242	1,285,244	-	10,703,407
Interest rate sensitivity gap	(2,014,432)	(1,213,733)	(1,233,453)	957,943	(3,503,675)
Net worth					3,331,514
Ratio of interest rate-sensitive assets to liabilities (%)					67.27
Ratio of interest rate-sensitive gap to net worth (%)					(105.17)

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

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

Note 4 Ratio of interest rate-sensitive assets to liabilities=Interest rate-sensitive assets÷ Interest rate-sensitive liabilities (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).

(iv) Profitability

Unit: %

Item		June 30, 2023	June 30, 2022
The ratio of return on assets	Before income tax	0.36	0.25
	After income tax	0.30	0.21
The ratio of return on equity	Before income tax	6.86	5.05
	After income tax	5.72	4.15
Net income ratio		39.01	32.19

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(v) Maturity analysis for assets and liabilities

1) Maturity analysis in New Taiwan dollars

June 30, 2023							
		Amount during the maturity period from the balance sheet date to due date					
	Total	0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 1,815,483,794	168,280,649	169,645,545	165,582,128	200,601,962	172,788,916	938,584,594
Major maturity capital outflow	2,277,466,491	48,808,662	94,424,032	204,576,065	279,269,861	458,121,554	1,192,266,317
Gap	(461,982,697)	119,471,987	75,221,513	(38,993,937)	(78,667,899)	(285,332,638)	(253,681,723)

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow $463,462,743.

December 31, 2022							
		Amount during the maturity period from the balance sheet date to due date					
	Total	0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 1,798,278,148	171,214,261	167,605,412	186,953,929	204,957,223	152,184,634	915,362,689
Major maturity capital outflow	2,201,577,109	79,002,934	115,025,374	262,893,103	184,927,959	384,673,313	1,175,054,426
Gap	(403,298,961)	92,211,327	52,580,038	(75,939,174)	20,029,264	(232,488,679)	(259,691,737)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow $390,839,630.

June 30, 2022							
		Amount during the maturity period from the balance sheet date to due date					
	Total	0-10days	11-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 1,728,319,340	139,232,735	142,361,711	150,068,188	219,413,498	179,403,953	897,839,255
Major maturity capital outflow	2,116,686,322	55,131,235	147,836,788	194,237,600	251,457,149	359,002,601	1,109,020,949
Gap	(388,366,982)	84,101,500	(5,475,077)	(44,169,412)	(32,043,651)	(179,598,648)	(211,181,694)

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow $386,011,584.

2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

June 30, 2023						
		Amount during the maturity period from the balance sheet date to due date				
	Total	0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 15,508,613	2,989,970	3,030,261	1,559,567	3,296,330	4,632,485
Major maturity capital outflow	16,476,780	4,538,595	4,341,250	2,147,447	2,739,738	2,709,750
Gap	(968,167)	(1,548,625)	(1,310,989)	(587,880)	556,592	1,922,735

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD $949,706.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
		Amount during the maturity period from the balance sheet date to due date				
	Total	0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 16,353,649	5,107,519	4,629,214	1,287,440	1,713,177	3,616,299
Major maturity capital outflow	17,155,496	3,645,117	4,045,473	2,484,679	3,910,394	3,069,833
Gap	(801,847)	1,462,402	583,741	(1,197,239)	(2,197,217)	546,466

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD $912,002.

June 30, 2022						
		Amount during the maturity period from the balance sheet date to due date				
	Total	0-30days	31-90days	91-180days	181days-1year	Over 1 year
Major maturity capital inflow	$ 15,948,369	4,459,778	3,042,248	1,640,489	3,188,308	3,617,546
Major maturity capital outflow	16,653,216	3,365,434	3,571,551	2,542,264	2,905,003	4,268,964
Gap	(704,847)	1,094,344	(529,303)	(901,775)	283,305	(651,418)

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD $836,722.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

(i) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 10% of the capital stock: None.

(ii) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 10% of the capital stock: None.

(iii) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 10% of the capital stock: None.

(iv) Service charge discounts on transactions with related parties in an aggregate amount of NT$5 million or more: None.

(v) Receivables from related parties with amounts exceeding the lower of NT$300 million or 10% of the capital stock: None.

(vi) Information on NPL disposal transaction: None.

(vii) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.

(viii) Business relationships and significant intercompany transactions:

				Transaction status for the six months ended June 30, 2023			
No (Note 1)	Trader	Counterparty	Relationship (Note 2)	Account	Amount	Terms	Percentage accounted for consolidated net revenue or total assets
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Deposits and remittances	38,125	No difference with non-related parties	- %
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-of-use assets	4,025	No difference with non-related parties	- %
1	TBB International Leasing Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	4,033	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB International Leasing Co., Ltd.	1	Net revenue other than interest	393	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Deposits and remittances	120,956	No difference with non-related parties	0.01 %
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-of-use assets	563	No difference with non-related parties	- %
2	TBB Venture Capital Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	569	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Venture Capital Co., Ltd.	1	Net revenue other than interest	87	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	Taiwan Business Bank International Leasing Co., Ltd.	1	Deposits and remittances	258,162	No difference with non-related parties	0.01 %
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Deposits and remittances	74,708	No difference with non-related parties	- %
0	Taiwan Business Bank, Ltd.	TBB Consulting Co., Ltd.	1	Net revenue other than interest	486	No difference with non-related parties	- %
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Right-to-use assets	3,141	No difference with non-related parties	- %
3	TBB Consulting Co., Ltd.	Taiwan Business Bank, Ltd.	2	Lease liabilities	3,169	No difference with non-related parties	- %
2	TBB Venture Capital Co., Ltd.	TBB Consulting Co., Ltd.	3	Business expenses	14,348	No difference with non-related parties	- %

Note: 1. The meaning of the number is as follows.
(1) Zero stands for the parent company
(2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.
2. There are three kinds of relationships with counterparty
(1) Parent company to subsidiary
(2) Subsidiary to parent company
(3) Between subsidiaries

(ix) Other significant transactions that may have substantial influence upon the decisions made by financial report users: None.

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

(i) The following is the information on investees (excluding information on investees in Mainland China):

(Unit : thousand shares)

Name of investee	Location	Main business scope	Shareholding ratio	Book value	Investment gain (loss)	The cross holding of the Bank and its related parties: Number of shares	Number of proforma shares	Total: Number of shares	Total: Shareholding ratio	Note
TBB International Leasing Co., Ltd.	Taiwan	Leasing business	100.00 %	1,513,256	25,999	150,000	-	150,000	100.00 %	Already written-off when preparing the consolidated financial statements
TBB (Cambodia) Microfinance Institution Plc	Cambodia	SMEs and personal finance business	100.00 %	640,236	7,079	20	-	20	100.00 %	〃
TBB Venture Capital Co., Ltd.	Taiwan	Investing business	100.00 %	1,451,326	189,720	105,000	-	105,000	100.00 %	〃
TBB Consulting Co., Ltd.	Taiwan	Consulting business	100.00 %	60,913	6,100	5,000	-	5,000	100.00 %	〃
Media Talk Consulting Co., Ltd.	Taiwan	Investing cultural and creative business	20.00 %	-	(808)	200	-	200	20.00 %	

(ii) Loans to others:

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee: Name	Guarantee: Value	Limited amount for individual object	Total limited amount for loan
1	TBB International Leasing Co., Ltd.	Chao-Yang International Co., Ltd.	Financial receivables	No	10,115	1,672	20,000	2%-10%	2	-	To the lender for buying goods	17	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Hsin Chuan Construc-tion Co., Ltd.	Financial receivables	No	104,430	62,703	100,000	2%-10%	2	-	To the lender for buying goods	627	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Sian Shang Frozen Food Co., Ltd	Financial receivables	No	8,442	-	20,000	2%-10%	2	-	To the lender for buying goods	-	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Xi Quan Restaurant Co., Ltd	Financial receivables	No	98,957	89,380	100,000	2%-10%	2	-	To the lender for buying goods	894	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Acon-Holding INC.	Financial receivables	No	60,000	22,583	30,000	2%-10%	2	-	To the lender for buying goods	226	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Pei Xian Seafood Co., Ltd	Financial receivables	No	10,115	1,672	20,000	2%-10%	2	-	To the lender for buying goods	17	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Maw Shing Top Co., Ltd.	Financial receivables	No	9,616	2,760	15,000	2%-10%	2	-	To the lender for buying goods	28	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Yu Ding Investment Co., Ltd	Financial receivables	No	46,989	31,729	50,000	2%-10%	2	-	To the lender for buying goods	317	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Chaishan Foods Co., Ltd.	Financial receivables	No	50,000	29,484	50,000	2%-10%	2	-	To the lender for buying goods	295	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Chao-Chi Property Management Consulting Co.,Ltd	Financial receivables	No	8,835	2,549	15,000	2%-10%	2	-	To the lender for buying goods	25	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Tai Chang Fiber Co., Ltd	Financial receivables	No	8,851	2,558	15,000	2%-10%	2	-	To the lender for buying goods	26	None	-	379,101	1,516,403

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

NO.	Creditor	Debtor	Interaction Account	Related party	Highest Amount	Ending balance	Actual drawdown amount	Range of interest rate	Nature of the loan	Dealing amount	The necessary reason for short-term loans	Allowance for bad debts	Guarantee		Limited amount for individual object	Total limited amount for loan
													Name	Value		
1	TBB International Leasing Co., Ltd.	Risingsun Wide Food Corp.	Financial receivables	No	27,439	24,189	30,000	2%-10%	2	-	To the lender for buying goods	242	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Yu Cheng Precision Industry Co.,Ltd.	Financial receivables	No	8,054	3,045	12,000	2%-10%	2	-	To the lender for buying goods	30	None	-	379,101	1,516,403
1	TBB International Leasing Co., Ltd.	Jiou Chang Motor Co., Ltd.	Financial receivables	No	9,188	5,069	10,000	2%-10%	2	-	To the lender for buying goods	51	None	-	379,101	1,516,403
1	TBB International Leasing Co.,Ltd.	Liang-wei Tobacco & Liquor Co., Ltd.	Financial receivables	No	9,188	5,072	10,000	2%-10%	2	-	To the lender for buying goods	51	None	-	379,101	1,516,403
1	TBB International Leasing Co.,Ltd.	Jia Ho Food Co., Ltd.	Financial receivables	No	19,044	14,212	20,000	2%-10%	2	-	To the lender for buying goods	142	None	-	379,101	1,516,403

Note1: The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: The amount of loans is still valid up to now.

Note3: The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4: Limited amount for individual object：25% net worth of the latest TBB International Leasing Co.,Ltd's audited financial statements.

Note5: Total limited amount for loan： 100% net worth of the latest TBB International Leasing Co.,Ltd.'s audited financial statements.

(iii) Endorsements and guarantee for others: None

(iv) Acquisition of securities:

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period				Note
				Number of shares	Carrying amount	Share proportion	Market price	
TBB International Leasing Co., Ltd.	Taiwan Business International Leasing Co., Ltd.	Parent company	Investment under equity method	-	945,099	100.00 %	945,099	The transaction has been written off when preparing the consolidated financial statements.
TBB International Leasing Co., Ltd.	G12245、G12246	-	Financial assets at fair value through profit or loss	-	100,000	- %	100,000	Financial debentures
TBB Venture Capital Co., Ltd.	G12245	-	Financial assets at fair value through profit or loss	-	100,000	- %	100,000	〃
TBB Venture Capital Co., Ltd.	Energenesis Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	340	26,520	0.45 %	26,520	Listed Stocks
TBB Venture Capital Co., Ltd.	Powerchip Semiconductor Manufacturing Corporation	-	Financial assets at fair value through profit or loss	250	7,738	0.01 %	7,738	〃
TBB Venture Capital Co., Ltd.	Lungteh Shipbuilding Co., Ltd.	-	Financial assets at fair value through profit or loss	928	94,625	0.86 %	94,625	〃
TBB Venture Capital Co., Ltd.	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	213	23,856	0.06 %	23,856	〃
TBB Venture Capital Co., Ltd.	Eir Genix, Inc.	-	Financial assets at fair value through profit or loss	845	94,640	0.28 %	94,640	OTC Stocks
TBB Venture Capital Co., Ltd.	Chenfull Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	240	30,240	0.41 %	30,240	〃

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period Number of shares	Carrying amount	Share proportion	Market price	Note
TBB Venture Capital Co., Ltd.	Ping Ho Environmental Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	150	9,435	0.51 %	9,435	Emerging Stocks
TBB Venture Capital Co., Ltd.	Handa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	1,141	200,195	0.88 %	200,195	〃
TBB Venture Capital Co., Ltd.	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	972	44,777	0.22 %	44,777	〃
TBB Venture Capital Co., Ltd.	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	1,344	51,072	0.67 %	51,072	〃
TBB Venture Capital Co., Ltd.	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	4,963	169,987	0.27 %	169,987	〃
TBB Venture Capital Co., Ltd.	TFBS Bioscience, Inc.	-	Financial assets at fair value through profit or loss	250	16,850	0.75 %	16,850	〃
TBB Venture Capital Co., Ltd.	Song Chuan Precision Co., Ltd.	-	Financial assets at fair value through profit or loss	415	65,008	0.74 %	65,008	Unlisted Stocks
TBB Venture Capital Co., Ltd.	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	862	46,235	2.87 %	46,235	〃
TBB Venture Capital Co., Ltd.	Hephas Energy Co., Ltd.	-	Financial assets at fair value through profit or loss	816	30,175	2.96 %	30,175	〃
TBB Venture Capital Co., Ltd.	Ren Chin ElectricConductor Co., Ltd.	-	Financial assets at fair value through profit or loss	250	4,653	2.61 %	4,653	〃
TBB Venture Capital Co., Ltd.	Manford Machinery Co.,Ltd.	-	Financial assets at fair value through profit or loss	1,195	21,474	2.99 %	21,474	〃
TBB Venture Capital Co., Ltd.	Yuh Shan Enviromental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	562	19,662	1.94 %	19,662	〃
TBB Venture Capital Co., Ltd.	Iovtec Co., Ltd.	-	Financial assets at fair value through profit or loss	485	13,964	2.93 %	13,964	〃
TBB Venture Capital Co., Ltd.	e-Formula Technologies,Inc.	-	Financial assets at fair value through profit or loss	600	11,778	2.76 %	11,778	〃
TBB Venture Capital Co., Ltd.	Han-win Technology Co.,Ltd	-	Financial assets at fair value through profit or loss	453	5,302	2.20 %	5,302	〃
TBB Venture Capital Co., Ltd.	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000	40,160	0.99 %	40,160	〃
TBB Venture Capital Co., Ltd.	Amazing Cool Technology Corporation.	-	Financial assets at fair value through profit or loss	390	3,444	2.79 %	3,444	〃
TBB Venture Capital Co., Ltd.	Long-Shun Green Energy Technology Ltd.	-	Financial assets at fair value through profit or loss	1,045	41,800	2.99 %	41,800	〃
TBB Venture Capital Co., Ltd.	Gamamobi Taiwan Co.,Ltd.	-	Financial assets at fair value through profit or loss	200	1,690	1.00 %	1,690	〃
TBB Venture Capital Co., Ltd.	Toyo Automation Co.,Ltd.	-	Financial assets at fair value through profit or loss	263	12,269	0.95 %	12,269	〃
TBB Venture Capital Co., Ltd.	aetherAI Co., Ltd.	-	Financial assets at fair value through profit or loss	400	3,080	0.69 %	3,080	〃
TBB Venture Capital Co., Ltd.	GoodLinker Co., Ltd.	-	Financial assets at fair value through profit or loss	1,600	12,896	8.89 %	12,896	〃
TBB Venture Capital Co., Ltd.	Yiyi Pictures Co Ltd.	-	Financial assets at fair value through profit or loss	3,000	19,410	2.95 %	19,410	〃
TBB Venture Capital Co., Ltd.	Inbound Asia Co., Ltd.	-	Financial assets at fair value through profit or loss	600	21,000	1.53 %	21,000	〃
TBB Venture Capital Co., Ltd.	TFBS Bioscience, Inc.	-	Financial assets at fair value through profit or loss	400	12,000	0.46 %	12,000	〃

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TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Company acquired	Type and name of the security	Relationship with the security issuer	Account	At the end of the period: Number of shares	Carrying amount	Share proportion	Market price	Note
TBB Venture Capital Co., Ltd.	GoodLinker Co., Ltd.	-	Financial assets at fair value through profit or loss	100	787	2.86 %	787	Unlisted Stocks
TBB Venture Capital Co., Ltd.	Yiyi Pictures Co Ltd.	-	Financial assets at fair value through profit or loss	9	2,688	2.94 %	2,688	〃
TBB Venture Capital Co., Ltd.	Inbound Asia Co., Ltd.	-	Financial assets at fair value through profit or loss	83	2,096	0.50 %	2,096	〃
TBB Venture Capital Co., Ltd.	Asia Hydrogen Energy Corporation	-	Financial assets at fair value through profit or loss	132	1,216	1.98 %	1,216	〃
TBB Venture Capital Co., Ltd.	Longwalk social enterprise, Co., Ltd.	-	Financial assets at fair value through profit or loss	120	436	12.77 %	436	〃
TBB Venture Capital Co., Ltd.	Carpost Co., Ltd.	-	Financial assets at fair value through profit or loss	330	4,412	2.84 %	4,412	〃
TBB Venture Capital Co., Ltd.	Rising FinTech Corp.	-	Financial assets at fair value through profit or loss	38	3,000	2.29 %	3,000	〃
TBB Venture Capital Co., Ltd.	Taiwania Buffalo III Biotechnology Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	53,156	4.57 %	53,156	Private Fund
TBB Venture Capital Co., Ltd.	Ju He Venture Capital LLP.	-	Financial assets at fair value through profit or loss	-	18,522	2.46 %	18,522	〃
TBB Venture Capital Co., Ltd.	TBB No. 1 Venture Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	13,137	1.12 %	13,137	〃
TBB Venture Capital Co., Ltd.	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	8,975	4.86 %	8,975	〃
TBB Venture Capital Co., Ltd.	Pinkoi Inc.	-	Financial assets at fair value through profit or loss	93	19,262	0.53 %	19,262	Unlisted Stocks
TBB Venture Capital Co., Ltd.	Jia Da International Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,919	32,901	8.52 %	32,901	〃
TBB Consulting Co., Ltd.	Media Talk Consulting Co., Ltd.	Associates	Investment under equity method	200	-	20.00 %	-	
TBB Consulting Co., Ltd.	TBB No.1 Venture Limited Partnership	-	Financial assets at fair value through profit or loss	-	1,314	0.11 %	1,314	Private Fund

(v) Accumulative purchases or sales of the same investee companies amounting to over $300,000 or 10% of paid-in capital: None.

(vi) Acquisition of real estate amounting to over $300,000 or 10% of paid-in capital: None.

(vii) Disposition of real estate amounting to over $300,000 or 10% of paid-in capital: None.

(viii) Discount of commissions and handling fees with related parties amounting to over $5,000: None.

(ix) Receivables from related parties amounting to over $300,000 or 10% of paid-in capital: None.

(x) Transactions of financial derivatives: None.

(xi) Sale of non-performing loans information: None.

(xii) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.

(xiii) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investments in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee company in Mainland China	Major business	Paid-in capital	Investment method (Note 1)	Accumulated amount transferred from Taiwan, beginning of the period	Investment transferred out or recovered		Accumulated amount transferred from Taiwan, end of the period	The current profit or loss of the investee (Note 2)	Shares directly or indirectly possessed by the Bank	Investment income for the period (Notes 2 and 4)	Ending carrying value of investment	Accumulated inward remittance of earnings as of the end of period
					Transferred out	Recovered						
Taiwan Business Bank , Ltd. Shanghai branch	Banking business	3,910,537 (CNY800 million) (Operating capital)	(3)	3,910,537 (CNY800 million)	-	-	3,910,537 (CNY800 million)	-	Shanghai branch of the Bank, not an investee company	Note 4	4,392,057	None
Taiwan Business Bank , Ltd. Wuhan branch	Banking business	3,942,815 (CNY800 million) (Operating capital)	(3)	3,942,815 (CNY800 million)	-	-	3,942,815 (CNY800 million)	-	Wuhan branch of the Bank, not an investee company	Note 4	4,179,056	"
Taiwan Business Bank International Leasing Co., Ltd.	Leasing business	838,305 (CNY170 million) (Operating capital)	(1)	838,305 (CNY170 million)	-	-	838,305 (CNY170 million)	18,958 (2) c	100%	18,958 (2) c	945,099	"

Note 1: Investment method is divided into three categories and are listed as follows:

(1) Directly invest in Mainland China.

(2) Investment in Mainland China companies through a third region.

(3) Others: establishment of oversea branches

Note 2: The column of “Investment gains (losses)”:

(1) If the company is still in the preparation process, and does not have any investment gain or loss, please specify.

(2) The bases for recognition of investment income or loss have three methods, please specify.

a. The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.

b The audited financial reports that are issued by the Taiwan parent company’s designated accounting firm.

c. Others

(3) Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

(ii) Limitation on investment in Mainland China:

Name of Company	Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment authorized by Investment Commission, MOEA
Taiwan Business Bank, Ltd.(Note)	8,691,657 (CNY 1,770 million)	8,691,657 (CNY 1,770 million)	67,636,364

Note: The investment amount in China of the subsidiary TBB International Leasing Co, Ltd is included.

(d) Information of major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Bank of Taiwan	1,301,907,315	16.21 %
National Development Fund, Executive Yuan	471,075,689	5.87 %

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The chief operating decision maker is the general manager of the Bank and subsidiaries who is in charge of all major projects' approval, budget review and performance measurement. In order to express operating activities legitimately, the reportable segments of the Bank are Bank segment, Securities segment, Trust segment, Insurance agency segment and Others. Securities segment, Trust segment, Insurance agency segment and Other segments don't meet the quantitative thresholds, therefore regarded as the same reporting segment. The main operations of the banking segment are engaged in the deposits, remittance and loans in New Taiwanese Dollars or foreign currencies, as well as securities investments. The major operating activities of securities segment are securities brokerage, financing, ancillary business of futures trading and providing clients a platform for securities investment. The trust segment mainly provides customers relevant financial services, including securities under writing, custodian bank service, new type trust business and specific trust funds investing in domestic or foreign securities. Insurance agency segment primarily provides life and property insurance products to clients. Other segments include all the business of subsidiaries, which main operations are leasing, financing, consulting, and venture capital. The profit or loss of the operating segments of the Bank and subsidiaries is measured by income from continuing operation before tax. The reported amount is consistent with the financial statements which were provided to the chief operating decision maker in order to use it as the base of resource allocation and performance measurement.

(b) Segment information

For the three months ended June 30, 2023	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	$ 4,819,976	70,326	-	4,890,302
Net revenue other than interest	2,363,650	717,276	(34,025)	3,046,901
Net revenue	7,183,626	787,602	(34,025)	7,937,203
Bad debt expense, commitment and guarantee liability provision	(606,850)	15,693	-	(591,157)
Operating expenses	(3,831,506)	(186,548)	7,599	(4,010,455)
Income from continuing operation before tax	**$ 2,745,270**	**616,747**	**(26,426)**	**3,335,591**

(Continued)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES
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For the three months ended June 30, 2022	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	$ 5,048,109	80,693	(12)	5,128,790
Net revenue other than interest	1,056,977	641,845	(114,199)	1,584,623
Net revenue	6,105,086	722,538	(114,211)	6,713,413
Bad debt expense, commitment and guarantee liability provision	(732,905)	22,706	-	(710,199)
Operating expenses	(3,353,499)	(171,712)	5,010	(3,520,201)
Income from continuing operation before tax	$ **2,018,682**	**573,532**	**(109,201)**	**2,483,013**

For the six months ended June 30, 2023	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	$ 9,507,460	138,617	-	9,646,077
Net revenue other than interest	4,609,968	1,888,104	(243,246)	6,254,826
Net revenue	14,117,428	2,026,721	(243,246)	15,900,903
Bad debt expense, commitment and guarantee liability provision	(829,364)	(149)	-	(829,513)
Operating expenses	(7,264,611)	(386,702)	14,348	(7,636,965)
Income from continuing operation before tax	$ **6,023,453**	**1,639,870**	**(228,898)**	**7,434,425**
Total assets	$ **2,075,389,262**	**18,362,886**	**(4,184,607)**	**2,089,567,541**
Total liabilities	$ **1,966,194,764**	**11,164,380**	**(518,876)**	**1,976,840,268**

For the six months ended June 30, 2022	Banking Segment	Securities, Trust, Insurance agent and Others	Adjustment and Elimination	Total
Net interest revenue	$ 9,658,960	160,862	-	9,819,822
Net revenue other than interest	1,945,190	1,343,223	(182,009)	3,106,404
Net revenue	11,604,150	1,504,085	(182,009)	12,926,226
Bad debt expense, commitment and guarantee liability provision	(987,590)	22,131	-	(965,459)
Operating expenses	(6,556,791)	(342,321)	10,478	(6,888,634)
Income from continuing operation before tax	$ **4,059,769**	**1,183,895**	**(171,531)**	**5,072,133**
Total assets	$ **1,969,604,127**	**18,687,229**	**(3,838,348)**	**1,984,453,008**
Total liabilities	$ **1,873,665,996**	**12,228,882**	**(504,445)**	**1,885,390,433**

(c) Significant client information:

No single customer represents 10% or more of the Bank and subsidiaries’ operating revenue. Therefore, no disclosure of major customer information is required.