

## CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 44)	\$ 119,616,535	3	\$ 65,389,093	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 4, 7, 44 and 45)	266,322,216	7	234,546,475	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	234,300,043	6	285,354,534	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 44, 45 and 49)	480,180,321	12	313,368,538	9
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Notes 4, 10, 11, 45 and 49)	516,862,982	13	571,901,742	16
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 12)	22,766,209	1	42,029,115	1
RECEIVABLES, NET (Notes 4, 13, 15 and 44)	119,638,809	3	103,894,679	3
CURRENT INCOME TAX ASSETS (Note 4)	9,243	-	2,740	-
ASSETS HELD FOR SALE, NET (Notes 4 and 18)	-	-	283,087	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 44)	2,045,082,457	53	1,807,076,659	52
INVESTMENTS MEASURED BY EQUITY METHOD, NET (Notes 4 and 17)	1,622,125	-	1,832,266	-
OTHER FINANCIAL ASSETS, NET (Note 6)	-	-	4,346,973	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	24,261,902	1	24,504,088	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 19 and 44)	3,613,004	-	3,660,366	-
INVESTMENT PROPERTIES, NET (Notes 4 and 20)	2,220,443	-	657,440	-
INTANGIBLE ASSETS, NET (Notes 4 and 21)	8,378,349	-	8,250,600	-
DEFERRED TAX ASSETS (Notes 4 and 42)	4,139,231	-	4,612,273	-
OTHER ASSETS, NET (Notes 22 and 44)	<u>38,017,257</u>	<u>1</u>	<u>27,612,414</u>	<u>1</u>
<b>TOTAL</b>	<u>\$ 3,887,031,126</u>	<u>100</u>	<u>\$ 3,499,323,082</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 23 and 44)	\$ 97,309,239	3	\$ 74,605,174	2
DUE TO THE CENTRAL BANK AND BANKS	-	-	1,076,000	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 44 and 49)	121,052,878	3	75,884,932	2
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS (Notes 4 and 24)	30,731,806	1	37,161,652	1
PAYABLES (Notes 25 and 44)	34,397,688	1	27,055,843	1
CURRENT TAX LIABILITIES (Notes 4 and 42)	324,437	-	71,994	-
DEPOSITS AND REMITTANCES (Notes 26 and 44)	3,246,161,847	84	2,935,693,967	84
FINANCIAL DEBENTURES PAYABLE (Note 27)	37,147,398	1	46,800,000	2
OTHER FINANCIAL LIABILITIES (Note 28)	56,019,197	1	31,502,729	1
PROVISIONS (Notes 4, 15 and 29)	3,942,660	-	3,810,166	-
LEASE LIABILITIES (Notes 4, 19 and 44)	3,636,660	-	3,679,114	-
DEFERRED TAX LIABILITIES (Notes 4 and 42)	1,633,989	-	2,872,121	-
OTHER LIABILITIES (Notes 4, 31 and 44)	<u>12,949,241</u>	<u>-</u>	<u>8,382,187</u>	<u>-</u>
Total liabilities	<u>3,645,307,040</u>	<u>94</u>	<u>3,248,595,879</u>	<u>93</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 32)</b>				
Capital stock				
Common stock	<u>108,598,655</u>	<u>3</u>	<u>106,985,830</u>	<u>3</u>
Capital surplus	<u>38,858,661</u>	<u>1</u>	<u>38,687,276</u>	<u>1</u>
Retained earnings				
Legal reserve	78,748,709	2	71,182,447	2
Special reserve	2,077,665	-	2,083,756	-
Unappropriated earnings	<u>24,025,533</u>	<u>1</u>	<u>25,236,235</u>	<u>1</u>
Total retained earnings	<u>104,851,907</u>	<u>3</u>	<u>98,502,438</u>	<u>3</u>
Other equity	<u>(14,574,995)</u>	<u>(1)</u>	<u>2,175,568</u>	<u>-</u>
Total equity attributable to owners of the Bank	237,734,228	6	246,351,112	7
NON-CONTROLLING INTERESTS (Note 32)	<u>3,989,858</u>	<u>-</u>	<u>4,376,091</u>	<u>-</u>
Total equity	<u>241,724,086</u>	<u>6</u>	<u>250,727,203</u>	<u>7</u>
<b>TOTAL</b>	<u>\$ 3,887,031,126</u>	<u>100</u>	<u>\$ 3,499,323,082</u>	<u>100</u>

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

# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	2022		2021		Changes (%)
	Amount	%	Amount	%	
NET INTEREST REVENUE (Notes 4, 33 and 44)					
Interest income	\$ 70,173,678	94	\$ 49,074,607	76	43
Interest expense	<u>(21,469,188)</u>	<u>(29)</u>	<u>(10,535,553)</u>	<u>(16)</u>	104
Total net interest revenue	<u>48,704,490</u>	<u>65</u>	<u>38,539,054</u>	<u>60</u>	26
NET REVENUE OTHER THAN INTEREST					
Net service fee revenue (Notes 4, 34 and 44)	18,245,515	24	18,345,926	28	(1)
Gain on financial assets or liabilities at fair value through profit or loss (Notes 4, 35 and 44)	5,204,765	7	2,438,755	4	113
Realized (loss) gain on financial assets at fair value through other comprehensive income (Notes 4, 9 and 36)	(484,378)	(1)	3,706,722	6	(113)
Loss arising from derecognition of financial assets measured at amortised cost (Notes 4, 10 and 14)	(128,826)	-	(648,158)	(1)	(80)
Foreign exchange gain (Notes 4 and 50)	2,180,645	3	1,231,018	2	77
Impairment (loss) reversal on assets (Notes 4, 5 and 37)	(90,202)	-	105,970	-	(185)
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 17)	29,074	-	121,224	-	(76)
Net other revenue other than interest income (Notes 4 and 44)	<u>1,180,365</u>	<u>2</u>	<u>501,896</u>	<u>1</u>	135
Total net revenue other than interest	<u>26,136,958</u>	<u>35</u>	<u>25,803,353</u>	<u>40</u>	1
NET REVENUE	<u>74,841,448</u>	<u>100</u>	<u>64,342,407</u>	<u>100</u>	16
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4, 5, 13, 14, 15 and 38)	<u>(5,523,994)</u>	<u>(8)</u>	<u>(2,986,134)</u>	<u>(4)</u>	85

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# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		Changes (%)
	Amount	%	Amount	%	
TOTAL OPERATING EXPENSES					
Employee benefits expenses (Notes 4, 39 and 44)	\$ (19,304,586)	(26)	\$ (17,602,180)	(27)	10
Depreciation and amortization expense (Notes 4, 18, 19, 21 and 40)	(3,635,350)	(5)	(3,514,761)	(6)	3
Other general and administrative expense (Notes 4, 41 and 44)	<u>(15,367,198)</u>	<u>(20)</u>	<u>(12,759,836)</u>	<u>(20)</u>	20
Total operating expenses	<u>(38,307,134)</u>	<u>(51)</u>	<u>(33,876,777)</u>	<u>(53)</u>	13
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	31,010,320	41	27,479,496	43	13
INCOME TAX EXPENSE (Notes 4 and 42)	<u>(5,298,617)</u>	<u>(7)</u>	<u>(3,671,182)</u>	<u>(6)</u>	44
INCOME FROM CONTINUING OPERATIONS, NET OF TAX	<u>25,711,703</u>	<u>34</u>	<u>23,808,314</u>	<u>37</u>	8
OTHER COMPREHENSIVE LOSS, NET OF TAX (Notes 4 and 32)					
Components of other comprehensive loss that will not be reclassified to profit or loss, net of tax					
Remeasurement of defined benefit plans	(418,071)	(1)	(88,612)	-	372
Gain on property revaluation	1,322,404	2	46,076	-	2770
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	(4,133,074)	(5)	1,712,190	3	(341)
Change in fair value of financial liability attributable to change in credit risk of liability	575,753	1	736,634	1	(22)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	(5,073)	-	8,070	-	(163)
Income tax related to components of other comprehensive loss that will not be reclassified to profit or loss (Notes 4 and 42)	103,523	-	192,125	-	(46)

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# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	2022		2021		Changes (%)
	Amount	%	Amount	%	
Components of other comprehensive loss that will be reclassified to profit or loss, net of tax					
Exchange differences on translating the financial statements of foreign operations	\$ 2,225,364	3	\$ (1,010,242)	(2)	320
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	(170,735)	-	(81,572)	-	109
Losses from investments in debt instruments measured at fair value through other comprehensive income	(18,289,400)	(24)	(5,586,572)	(9)	227
Income tax related to components of other comprehensive loss that will be reclassified to profit or loss (Notes 4 and 42)	<u>368,985</u>	<u>-</u>	<u>338,279</u>	<u>1</u>	9
Other comprehensive loss, net of tax	<u>(18,420,324)</u>	<u>(24)</u>	<u>(3,733,624)</u>	<u>(6)</u>	393
TOTAL COMPREHENSIVE INCOME, NET OF TAX	<u>\$ 7,291,379</u>	<u>10</u>	<u>\$ 20,074,690</u>	<u>31</u>	(64)
PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	\$ 25,590,195	34	\$ 23,344,196	36	10
Non-controlling interests	<u>121,508</u>	<u>-</u>	<u>464,118</u>	<u>1</u>	(74)
	<u>\$ 25,711,703</u>	<u>34</u>	<u>\$ 23,808,314</u>	<u>37</u>	8
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	\$ 7,259,606	10	\$ 19,586,240	30	(63)
Non-controlling interests	<u>31,773</u>	<u>-</u>	<u>488,450</u>	<u>1</u>	(93)
	<u>\$ 7,291,379</u>	<u>10</u>	<u>\$ 20,074,690</u>	<u>31</u>	(64)
EARNINGS PER SHARE (Note 43)					
Basic	<u>\$ 2.36</u>		<u>\$ 2.15</u>		

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

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**CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Bank										Total Equity		
	Capital Stock Common Stock	Capital Surplus	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Other Equity				
			Legal Reserve	Special Reserve	Unappropriated Earnings				Changes in the Fair Value of Financial Liabilities Attributable to Changes in the Credit Risk	Losses on Remeasurements of Defined Benefit Plans		Gain on Property Revaluation	Total
BALANCE AT JANUARY 1, 2021	\$ 106,985,830	\$ 38,687,276	\$ 64,526,043	\$ 2,084,653	\$ 22,122,582	\$ (2,034,967)	\$ 12,999,487	\$ (1,478,705)	\$ (1,910,070)	\$ 314,743	\$ 7,890,488	\$ 4,358,749	\$ 246,655,621
Appropriation of 2020 earnings	-	-	6,656,404	-	(6,656,404)	-	-	-	-	-	-	-	-
Legal reserve	-	-	6,656,404	-	(6,656,404)	-	-	-	-	-	-	-	(15,532,000)
Cash dividends	-	-	-	-	(15,532,000)	-	-	-	-	-	-	-	23,808,314
Net income for the year ended December 31, 2021	-	-	-	-	23,344,196	-	-	-	-	-	-	464,118	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(731,471)	(3,580,365)	589,308	(70,618)	35,190	(3,757,956)	24,332	(3,733,624)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	23,344,196	(731,471)	(3,580,365)	589,308	(70,618)	35,190	(3,757,956)	488,450	20,074,690
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(471,108)	(471,108)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,892,039	-	(1,892,039)	-	-	-	(1,892,039)	-	-
Others	-	-	-	(897)	65,822	-	-	-	-	(64,925)	-	-	-
BALANCE AT DECEMBER 31, 2021	106,985,830	38,687,276	71,182,447	2,083,756	25,236,235	(2,766,438)	7,527,083	(889,397)	(1,980,688)	285,008	2,175,568	4,376,091	250,727,203
Appropriation of 2021 earnings	-	-	7,566,202	-	(7,566,202)	-	-	-	-	-	-	-	-
Legal reserve	-	-	7,566,202	-	(7,566,202)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(16,047,875)	-	-	-	-	-	-	-	(16,047,875)
Stock dividends	1,612,825	-	-	-	(1,612,825)	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	25,590,195	-	-	-	-	-	-	121,508	25,711,703
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	(89,735)	(18,420,324)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	25,590,195	1,474,468	(21,245,202)	460,602	(332,184)	1,311,727	(18,330,589)	31,773	7,291,379
Recognition of share-based payments granted by the parent company	-	171,385	-	-	-	-	-	-	-	-	-	-	171,385
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(418,006)	(418,006)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,564,662)	-	1,564,662	-	-	-	1,564,662	-	-
Others	-	-	-	(6,091)	(9,273)	-	-	-	-	15,364	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 108,598,655	\$ 38,858,661	\$ 78,748,709	\$ 2,077,665	\$ 24,025,533	\$ (1,291,970)	\$ (2,153,457)	\$ (428,795)	\$ (2,312,872)	\$ 1,612,099	\$ (14,574,995)	\$ 3,989,858	\$ 241,724,086

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

# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 31,010,320	\$ 27,479,496
Adjustments:		
Depreciation expense	3,061,162	2,988,517
Amortization expense	574,188	526,244
Expected credit loss/bad debt expense	5,523,994	2,986,134
Net gains on financial assets and liabilities at fair value through profit or loss	(5,204,765)	(2,438,755)
Interest expense	21,469,188	10,535,553
Net losses arising from derecognition of financial assets measured at amortised cost	128,826	648,158
Interest income	(70,173,678)	(49,074,607)
Dividend income	(1,452,773)	(1,579,529)
Compensation costs of share-based payments	171,385	-
Share of profit of associates and joint ventures accounted for using equity method	(29,074)	(121,224)
Losses on disposal of property and equipment	26,692	5,688
Gains on disposal of investment properties	(2,300)	(23,700)
Gains on disposal of assets held for sale	(440,613)	-
Losses (gains) on disposal of investments	1,937,151	(2,127,193)
Impairment loss (reversal) on financial assets	90,202	(105,970)
Losses (gains) on fair value adjustment of investment property	(208,109)	14,305
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(8,406,645)	(11,737,020)
Financial assets at fair value through profit or loss	182,416,550	20,116,265
Financial assets at fair value through other comprehensive income	(191,248,975)	21,070,228
Investments in debt instruments at amortised cost	54,897,299	(70,803,926)
Receivables	(12,348,330)	(4,227,982)
Discounts and loans	(243,452,897)	(148,784,345)
Other financial assets	4,346,973	(4,346,605)
Other assets	(852,568)	3,971,583
Deposits from the Central Bank and banks	22,704,065	8,474,115
Financial liabilities at fair value through profit or loss	(81,213,178)	(18,552,116)
Notes and bonds issued under repurchase agreement	(6,429,846)	27,069,594
Payables	1,710,451	3,131,708
Deposits and remittances	310,467,880	286,698,943
Other financial liabilities	24,516,468	(8,245,595)
Provisions	(326,584)	(131,259)
Other liabilities	511,333	439,353
Cash generated from operations	43,773,792	93,856,058
Interest received	69,112,725	51,107,468
Dividends received	1,493,044	1,591,474
Interest paid	(19,819,761)	(12,244,540)
Income tax paid	(2,765,287)	(4,399,835)
Net cash generated from operating activities	<u>91,794,513</u>	<u>129,910,625</u>

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# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of assets held for sale	\$ 723,700	\$ -
Acquisition of property and equipment	(1,400,606)	(1,054,796)
Proceeds from disposal of property and equipment	2,115	1,384
Acquisition of intangible assets	(325,823)	(330,851)
Proceeds from disposal of investment properties	36,800	117,100
Other assets	(9,873,814)	2,293,266
Dividends received	<u>63,407</u>	<u>78,625</u>
Net cash generated from (used in) investing activities	<u>(10,774,221)</u>	<u>1,104,728</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in due to the Central Bank and banks	(1,076,000)	-
Proceeds from issuance of financial debentures	693,116	-
Repayments of financial debentures payable	(10,384,260)	(7,000,000)
Payments of the principal portion of lease liabilities	(1,561,131)	(1,525,218)
Other liabilities	4,019,118	(2,889,289)
Cash dividends paid	<u>(16,465,881)</u>	<u>(16,003,108)</u>
Net cash used in financing activities	<u>(24,775,038)</u>	<u>(27,417,615)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>2,068,728</u>	<u>(1,009,809)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	58,313,982	102,587,929
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>254,581,778</u>	<u>151,993,849</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 312,895,760</u>	<u>\$ 254,581,778</u>

(Continued)

# CATHAY UNITED BANK CO., LTD. AND SUBSIDIARIES

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

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	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
RECONCILIATIONS OF CASH AND CASH EQUIVALENTS REPORTED IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THOSE REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021		
Cash and cash equivalents reported in the consolidated balance sheets	\$ 119,616,535	\$ 65,389,093
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	170,513,016	147,163,570
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>22,766,209</u>	<u>42,029,115</u>
Cash and cash equivalents at the end of the year	<u>\$ 312,895,760</u>	<u>\$ 254,581,778</u>

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

(Concluded)