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2023 Annual Report

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Name of Overseas Exchange Where Securities Are Listed and Method of Inquiry: None

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(Summary Translation)

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

Contents

Care for the nature, save the future.
The contents of this Annual Report are printed on FSC-certified eco-friendly paper.

I. Letter to Shareholders

In 2023, the world entered the post-pandemic era, striving for economic recovery. However, economic growth was restrained by weak end-market demand and industrial inventory adjustments, leading to a slowdown in growth momentum. According to statistics from the Directorate General of Budget, Accounting, and Statistics of the Executive Yuan, the GDP expansion for 2023 was 1.31%, down from the previous year. The overall financial industry, buoyed by trends in stock, bond, and foreign exchange markets, saw profits increase by 46.7% year-on-year to NT$703.6 billion. The banking sector, particularly in investment and wealth management, benefited from the expectation that the Federal Reserve's interest rate hike cycle was nearing its end, significantly boosting public investment in bonds. This resulted in a record high profit of NT$505.7 billion, a 17.0% year-on-year increase.

Over the past year, the Bank has continued to seek growth opportunities amidst stability. In terms of parent company only financial statements, O-Bank's total assets in 2023 reached NT$390.6 billion, with a net income of NT$6.9 billion and net profit after tax of NT$2.5 billion, a 50.5% decrease from the previous year. However, excluding the one-time gain from the merger of subsidiaries IBT Leasing Co., Ltd. and Jih Sun International Leasing & Finance Co., Ltd. in the previous year, net profit after tax grew by 24.3%, with an EPS of NT$0.87, the highest since the Bank's establishment in 1999. Furthermore, excluding other investment gains, the Bank's core business pre-tax profit growth rate reached 103.1%, a new high since its transformation into the commercial bank. In terms of asset quality, the Bank's non-performing loan ratio significantly improved to 0.09% by the end of 2023, with a coverage ratio of 1506.8%. The Bank also continued to manage capital adequacy stability, with a capital adequacy ratio of 13.97%, returning to a good level. Additionally, in June 2023, Taiwan Ratings assigned the Bank long-term and short-term credit ratings of "twA" and "twA-1", respectively, with a stable outlook.

In the consolidated financial statements, the Bank's total consolidated assets in 2023 reached NT$626.7 billion, with a consolidated net income of NT$9.5 billion and consolidated net profit after tax of NT$3.4 billion, a 23.3% increase from the previous year after excluding the one-time gain from the leasing merger. Among the Bank's major investment businesses, China Bills Finance Corporation's net profit after tax in 2023 was NT$1.3 billion, a 23.8% increase from the previous year, mainly due to an increase in business scale and interest spread, along with active adjustments in bond investment positions to enhance yield and valuation gains. The Bank's subsidiary, IBT Holdings Corp., which holds EverTrust Bank USA, saw its 2023 net profit after tax affected by a delinquency in a commercial real estate loan due to sharp interest rate hikes by the Federal Reserve and a sluggish commercial office market in specific regions, resulting in a net profit after tax of NT$119 million, a decline from the previous year. The venture capital business benefited from a stock market rebound, achieving a net profit after tax of NT$223 million in 2023, a 160.5% increase from the previous year. Under the equity method, the Bank's former subsidiary IBT Leasing Co., Ltd. merged with Jih Sun International Leasing & Finance Co., Ltd. at the end of 2022 to form Infinite Finance Co., Ltd., with recognized leasing investment income of NT$233 million in 2023. After deducting amortization expenses from the merger, the net investment income was NT$13 million. Additionally, Beijing Sunshine Consumer Finance Co., Ltd., a joint venture with China Everbright Bank and CYTS Tours Holdings Co., Ltd., showed stable growth, with equity method investment gains of NT$155 million in 2023, a 33.6% increase from the previous year.

Regarding budget target achievement rates, due to the aforementioned commercial real estate loan delinquency at EverTrust Bank USA, which required sufficient bad debt provisions, the Bank's 2023 individual net profit after tax budget target achievement rate was 82.3%, and the consolidated net profit after tax budget target achievement rate was 91.4%.

Reflecting on the past year, the Bank's business plans and achievements are summarized as follows:

A. Integrating customer base and product resources to increase fee income

Alongside readjusting the configuration of lending to conglomerate clients and improving the composition of customer segments, emphasis was placed on enhancing the Bank's capacity for product diversification and customization. Through internal incentive systems, the Bank increased organizational collaboration and product penetration, effectively boosting fee income growth in syndication loans, trade finance, and treasury marketing (TMU). The Bank also seized wealth management opportunities with high-net-worth customers and business owners, continuing to implement the boutique bank strategy, resulting in stable growth in net fee income in 2023.

B. Focusing on business transformation and seizing opportunities

In addition to catering to the MME segment, the Bank continued to develop such niche lending as digital personal loans and micro-SME unsecured loans. Such endeavors paid off as the Bank's outstanding balance of unsecured loans already exceeded the NT$10 billion mark. The Hong Kong Branch became a key earnings driver as both its lending scale and interest spread expanded further. Likewise, the Bank's newly formed international finance sales team gave a boost to earnings by effectively taking advantage of interest-spread opportunities to accumulate assets rapidly in overseas markets while helping with risk diversification at the same time. Separately, the Bank also continued to expand emerging scenario opportunities by forging cross-sector collaboration and strategic alliances. External data sources were introduced to offer innovative support for strengthening risk management decision-making and optimizing operational processes.

C. Optimizing deposit structure, expanding interest spread, and strengthening risk control

Further endeavors went toward strengthening asset liability management and the Funds Transfer Pricing (FTP) system in order to help business units focus on attaining the Bank's annual goals. By bolstering customer cash management services and implementing various projects, retail deposit balances exceeded the NT$35 billion milestone for the first time. The Bank also effectively controlled funding costs, gradually improving deposit and interest spread structures, and optimizing liquidity performance indicators such as the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). To address potential risks from global economic uncertainties, the Bank continuously optimized various business credit review processes, risk prediction, and scoring models, introducing intelligent credit review applications for personal finance, and enhancing the monitoring of corporate credit concentration, thereby strengthening risk tolerance. The Bank's non-performing loan ratio at the end of 2023 was 0.09%, significantly better than the industry average.

D. Talent cultivation, deepening ESG, and implementing sustainable operations

In 2023, the Bank launched a training program for fresh graduates and midlevel/senior managers and bolstered interdepartmental rotation to prepare more talent needed for the Bank to achieve sustainable development. Efforts on this front paid off as the Bank once again ranked among the top 5% in the listed company category in the Taiwan Stock Exchange's 2022 Corporate Governance Evaluation and won the Taiwan Corporate Governance Association's highest honor of "Outstanding" in its CG6014 (2023) certification. Meanwhile, the Bank did remarkably well in international ESG ratings. According to statistics compiled by Taiwan Depository and Clearing Corp. (TDCC), the Bank ranked first in Taiwan's financial services industry and second among all local listed companies in the ESG Risk Ratings of Morningstar Sustainalytics as of the end of April 2024. Likewise, FTSE Russel's ESG Ratings placed the Bank at first in Taiwan's financial services industry and fourth among all local listed companies. All these offer an unequivocal testimony to the Bank's dedication to striving for sustainable development and doing good together with all stakeholders.

Looking ahead to 2024, global economic recovery is expected to be slow, with high inflation gradually easing, though geopolitical risks may continue to cause uncertainty. In Taiwan, although the central bank expected that an increase in electricity prices from April would push inflation higher, prompting a 0.5% increase in the policy rate to 2% in March, long-term growth is expected to stabilize.

Looking to the future, in the face of persistent global recession risks, regulatory developments, and competition from emerging cross-disciplinary players, the Bank will continue to execute its 2024 business objectives and key strategic directions with a cautious yet proactive approach as follows:

1. Deepening customer base and optimizing high-quality profit structure

The Bank will deepen customer engagement and product penetration, including enhancing the sale of treasury marketing (TMU) and trade finance products through the corporate finance service platform. The Bank will focus on selling low-capital-consuming products and enhancing the richness and customization capabilities of personal wealth management services to increase fee income. The Bank will also continue to strengthen integrated sales capabilities, deepen customer service, and aim to become the primary bank for both corporate and individual customers.

2. Optimizing deposit structure and improving asset-liability allocation efficiency

The Bank will strengthen the development of salary transfer accounts and securities accounts, expanding online and offline retail deposits. The Bank will also develop corporate owners with trade finance and wealth management needs to increase the scale and retention period of small business deposits. Internally, the Bank will continue to improve the asset-liability management system to ensure effective resource allocation and enhance fund utilization efficiency while complying with liquidity regulations such as the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

3. Enhancing digital transformation and strengthening three pillars

In 2024, the Bank will focus on implementing the three pillars of digital transformation: technology, data, and scenarios. The Bank will empower operations through technology, explore customer financial needs through data mining, and apply these insights to financial scenarios. This includes optimizing and integrating core banking systems and application systems, and introducing technologies such as robotic process automation (RPA) and cloud deployment to enhance operational stability and efficiency. The Bank will also implements data governance and applications, such as expanding external data sources and technologies, deploying scenarios, strengthening data platform infrastructure, and cultivating data talent, effectively achieving the management philosophy of "Business digitization, data monetization". Furthermore, The Bank will expand scenario applications in business, targeting opportunities with micro-enterprises (Micro SME) and franchisees, and expand external cooperation networks to grow our customer base.

4. Accelerating overseas expansion and diversifying group asset allocation

To enhance Group competitiveness and diversify risk while increasing profit sources, the Bank will establish a representative office in Sydney, Australia, to capture local transformation opportunities and aim to upgrade it to a branch in the future. Additionally, the Bank's venture capital subsidiary will establish an office in Singapore to quickly penetrate the Southeast Asian market for in-depth research, establish local networks, and explore fintech industry business and investment opportunities, thereby achieving diversified Group asset allocation and a healthy overall profit structure.

5. Sustainable transformation thinking and integrating banking services to practice sustainable finance

To fully commit sustainable development, the Bank will continue to integrate its core business with sustainable development initiatives, enhancing its international ESG evaluation performance. This includes improving corporate governance, employee care, customer relations, environmental protection, and social participation. The Bank will also continue to promote environmentally and socially friendly financial products, actively manage climate change risks, conduct carbon inventories for the Bank's investment and financing portfolios, and manage climate risks for high-carbon customers. Additionally, the Bank will implement an internal carbon pricing mechanism, incorporating the carbon emissions of investment and financing targets into its internal pricing system through carbon fees. The Bank will also continue to incorporate ESG risk assessments into investment and financing decisions, increase the proportion of credits to environmentally and socially friendly industries, and expand sustainable linked loans and related bond investments.

In the days ahead, the Bank is set to stay on the benevolent way of "benefiting others to fulfill oneself," thereby creating sustainable value for shareholders and stakeholders alike and attaining corporate sustainability. It is my belief that with the concerted efforts of each and every one at O-Bank, our performance will be able to get better with each passing day. We look forward to continued support and guidance from all shareholders.

Tina Y. Lo/Chairman

II. Company Profile

1. Date of Incorporation: July 27, 1999

2. Company History:

Industrial Bank of Taiwan (IBT), precursor of O-Bank, was jointly founded by veteran financiers Samuel C. Shieh and Kenneth C. M. Lo in collaboration with a number of private businesses in 1999. As the first newly established industrial bank in Taiwan, IBT took on the mission to support national economic development, participate in key infrastructure projects, provide investment banking services, and foster strategic emerging industries, thereby accelerating the transformation and restructuring of Taiwan's industrial base. Given the tremendous transformation that Taiwan's industrial structure has undergone over the years, IBT considered it a justifiable statement that it had accomplished its mission to help the government support the manufacturing sector. To better cater to the current financial market, the Bank launched into retail banking in January 2017. Taking on the new name of O-Bank, it aims to provide consumers with simple, convenient, and secure digital banking services and, as Taiwan's first Native Digital Bank, draw on financial technology (FinTech) to make real the vision of financial inclusion. In May 2017, O-Bank was listed on the Taiwan Stock Exchange, no less than a milestone on its path toward moving to higher ground of corporate governance and attaining sustainable development.

Since its inception, O-Bank has stood by the core values of "Trust, Outstanding, Unity, Creativity, and Honor" as it strives for higher-than-average growth and sustainable development. When it comes to corporate banking, the Bank positions itself as a "boutique bank" that provides clients with a full spectrum of financial services. The Bank's corporate banking services cover the following: short- and mid- to long-term lending, trade financing, factoring, financial commodities trading, asset securitization, project financing, trust, foreign exchange, and international finance. As an expert in syndicated lending, the Bank provides corporate clients with funding services armed with a wide range of products. Given its specialization in offering financial advisory services, the Bank has also proven a valuable partner in helping corporate clients devise business strategies and improve financial health. In terms of trade finance, the Bank is ready with tools to help corporate clients meet capital management needs in different stages, from factoring and trade financing to fully integrated cash management solutions, so that they can expand business reach, accomplish restructuring and upgrade, and make inroads internationally. When it comes to trust, the O-Bank Number One Real Estate Investment Trust (REITs) Fund, the first of its kind to have secured Financial Supervisory Commission approval in Taiwan in nearly a decade, was listed on the Taiwan Stock Exchange in June 2018. Thanks to the mutual trust and reciprocity attained through long-term cooperation over the years, O-Bank has been recognized by corporate clients as the best financial advisor and principal bank that can deliver win-win outcomes.

In terms of retail banking, O-Bank took the forward-looking step of crafting the first digitally focused bank in Taiwan that combines cloud systems and big data analytics to offer the best possible consumer experience: fully online account opening application, online unsecured loan applications, online fund subscription, online foreign exchange transaction, 24-hour video customer service, and robot advisory services. The latest technology is adopted to create a real-time inclusive financial environment that is easily accessible and knows no boundary. As far as physical outlets are concerned, the Bank operates its head office and main business department in the Taipei Neihu Technology Park as well as the branches in Taipei Nanjing Fuxing, Taoyuan, Hsinchu,, Taichung, and Kaohsiung.

To enhance international financial banking, the Bank established the Offshore Banking Unit (OBU) in September 2003 and opened its first overseas branch, the Hong Kong Branch, in April 2009. These endeavors aim to facilitate overseas investments, financing, and the introduction of Renminbi services, providing clients with diversified funding channels and financial services, as well as meeting the global financial management and funding needs of Taiwan-based corporations.

In response to the expansion of business operations, the Bank acquired approximately 28% equity stake in China Bills Finance Corporation in January 2006 and December 2007, thereby extending its business scope to the short-term bill sector. This alliance through cooperation across operations, technical expertise, and channel expansion aims to create synergies shared by both parties.

Additionally, to seize new business opportunities and expand the Group's scale, the Bank acquired California-based EverTrust Bank in March 2007. EverTrust Bank primarily engages in deposits, loans, cash management, trade finance, and consumer finance services, with eight branches in the Greater Los Angeles and Silicon Valley areas, catering primarily to an ethnic Chinese clientele.

To meet the financial needs of small and medium-sized enterprise clients, the Bank established IBT Leasing Co., Ltd. as a subsidiary in April 2011. In June of the same year, IBT Leasing Co., Ltd. further invested in establishing IBT International Leasing Corp. in Suzhou, providing diversified financial services and deepening market penetration. In December 2022, IBT International Leasing Corp. merged with Jih Sun International Leasing and Finance CO., Ltd. to form Infinite Finance Co., Ltd., with O-Bank becoming the second-largest shareholders of the company. It is hoped that we will be able to create a new and synergistic leasing business based on a larger scale.

Moreover, O-Bank team up with China Everbright Bank and China CYTS Tours Holding Co., Ltd. to form Beijing Sunshine Consumer Finance Co., Ltd., which became operational in August 2020. The prospective joint venture will provide Chinese consumers with a brand-new digital banking service, thereby giving O-Bank an extra push in its bid for the Greater China market.

While actively expanding the business scope, the Bank is committed to enhancing sustainable performance and established the ESG Development Working Committee (formerly the Corporate Social Responsibility Committee) in 2015. Sustainable operations are divided into six areas: corporate governance, employee care, customer relations, social engagement, environmental protection, and green finance. Annual goals are set and execution effectiveness is regularly monitored, systematically implementing various corporate social responsibility policies. Furthermore, to further implement sustainable operations, O-Bank established the Sustainability Committee under the board of directors in 2023, with a majority of independent directors, to oversee the implementation of environmental, social, and governance (ESG) sustainability goals.

O-Bank has received numerous domestic awards and international recognitions. In October 2017, the Bank was certified as a "B Corporation" by the U.S. B Lab, continuing to embody the concept of shared prosperity of B Corporations. Additionally, the Bank has been awarded the TCSA Taiwan Corporate Sustainability Awards for consecutive years. In 2023, the Bank received the "Taiwan Sustainable Enterprise Excellence Award" in the comprehensive performance category, as well as awards for "Social Inclusion Leadership," "Gender Equality Leadership," "Workplace Well-being Leadership," and "Creativity in Communication Leadership" in the sustainability performance category. The Bank also received the "Corporate Sustainability Report Award – Silver Medal" in the financial and insurance industry for sustainability reporting. The Bank's corporate governance performance ranks in the top 5% among listed companies in the 10th Corporate Governance Evaluation. In terms of employee care, the Bank was selected as a constituent stock of TWSE RAFI® "Taiwan High Compensation 100 Index," reflecting its commitment to employee welfare.

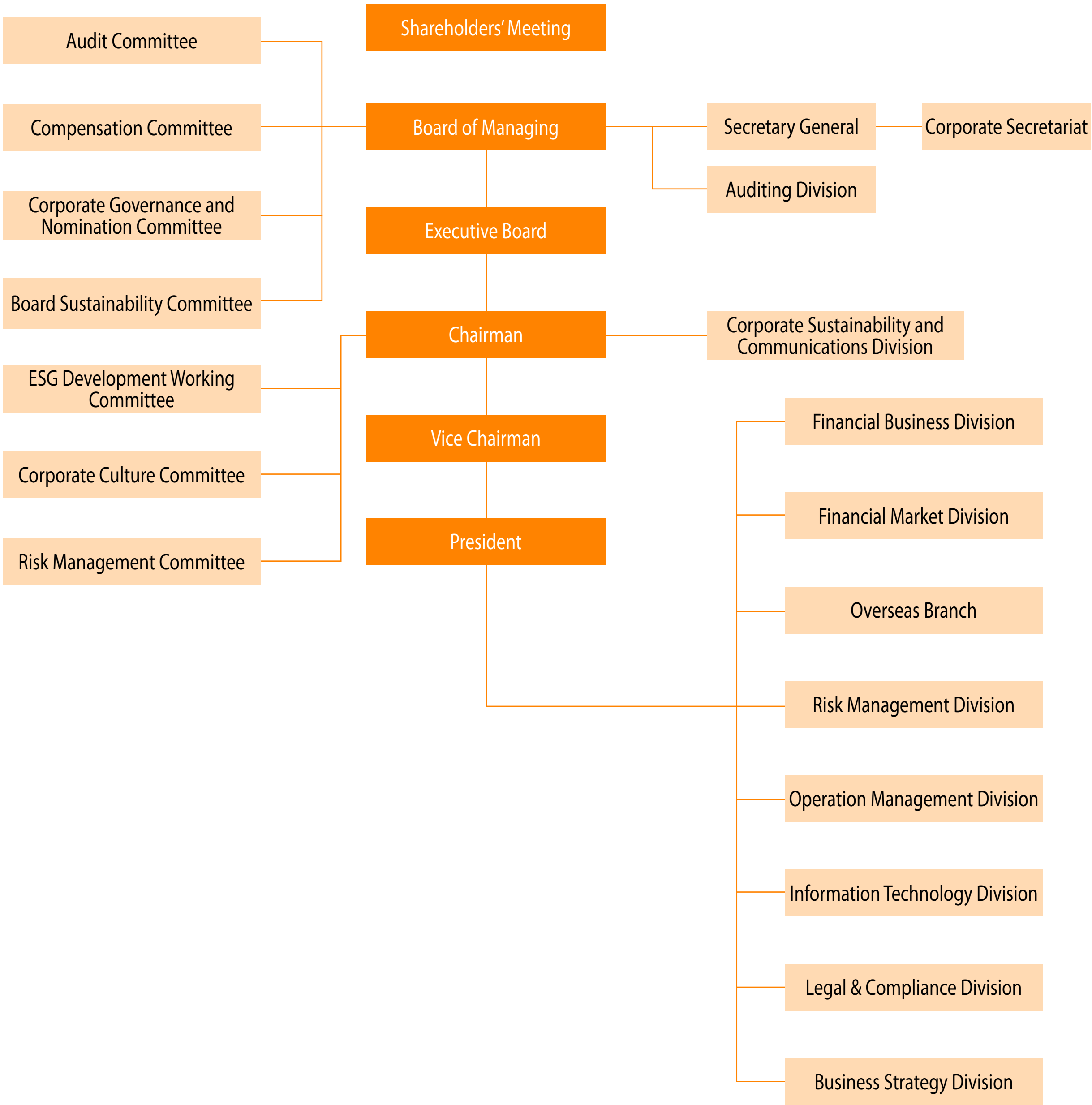
In 2024, O-Bank's ESG Score from FTSE Russell, a subsidiary of the London Stock Exchange Group, was 4.3 out of 5, and it received a score of 7.6 from Sustainalytics, an international sustainability assessment institution, where lower scores are better. According to information from the Taiwan Depository & Clearing Corporation's "ESG IR Platform," as of the end of March 2024, O-Bank ranked first among Taiwan's financial industry peers and fourth among all listed companies in terms of FTSE Russell ESG Score. It also ranked first among Taiwan's financial industry peers and second among all listed companies in terms of Sustainalytics score. Moreover, O-Bank's performance in Sustainalytics' 2023 evaluation earned it recognition as the "Global Banking Industry ESG Best Performance (ESG Industry Top Rated)" and "Asia-Pacific Region Corporate ESG Best Performance (ESG Regional Top Rated)," commending its outstanding commitment to sustainable operations and corporate risk management. Looking ahead, O-Bank will continue to uphold its corporate culture spirit of "Always Sincere, Always Here," committed to sustainable operations and shared prosperity with all stakeholders, continuously advancing towards the goal of becoming a sustainable corporation.

III. Corporate Governance Report

1. Organization

A. Organizational System

Record Date: April 16, 2024



B. The duties of the functional committees are as follows:

1. Audit Committee: Composed of the entire number of independent directors, the committee is intended to assist the Board of Directors in performing the duty of oversight. It is supposed to undertake the following:

   (1) Enact or amend the internal control system, (2) evaluate the effectiveness of the internal control system, (3) evaluate the effectiveness of the information security system, (4) enact or amend the SOP of major financial activities such as acquisition or disposal of assets as well as derivatives transactions, (5) review matters in which directors have personal interests, (6) review major asset or derivatives transactions, (7) review major instances of lending funds or providing endorsements or guarantees, (8) review the offering, issuance, or private placement of equity securities, (9) review the appointment, dismissal, or compensation of CPAs, (10) review the appointment and dismissal of financial, accounting, or internal audit managerial officers, (11) review annual and semi- annual financial statements signed or sealed by the chairman, manager and accounting manager, and (12) review other major items stipulated by the Bank or the competent authority.

2. Compensation Committee: Composed of the entire number of independent directors, the committee is intended to assist the Board of Directors in assessing and supervising the Bank's compensation policy and remunerations for directors and managerial officers.

3. Corporate Governance and Nomination Committee: Composed of 3 directors with over half independent directors, the independent directors shall serve as the convener and chairman of the meeting, and the committee is intended to designate the standard of the Board members and find, review list of director candidates submitted by the Corporate Secretariat department and it is submitted to the shareholders' meeting to elect suitable directors after the resolution of the board of directors is submitted; establish and review the training plans, attendance standards, and succession policies for directors; formulate Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, Anti-Corruption Policy, and Regulations Governing the Performance Evaluation of the Board of Directors. Supervise and guide the company's participation in various corporate governance evaluations, assess the outcomes, and evaluate the performance of the board of directors, and report these findings to the Board for review and improvement.

4. Board Sustainability Committee: With approval of the Board of Directors, the committee shall comprise at least three directors, with at least half of them being independent directors. The chairman of the Bank shall both convene and chair the committee to review the Bank's strategies for sustainable (environmental, social, governance) development that span climate change, corporate governance, and green finance, as well as other matters related to sustainable development. The committee shall also be responsible for overseeing the Bank's implementation of annual plans for sustainable development and attainment of various targets thereof.

5. ESG Development Working Committee: Comprising the chairman, vice chairman, and a number of members, the committee is responsible for devising the Bank's sustainable developing system and policy directions as well as implementation plans. It is supposed to meet on a regular basis for tracking the implementation of relevant projects and submit a report on implementation results to the Board of Directors each year.

6. Corporate Culture Committee: Composed of the chairman, vice chairman, and a number of members, the committee is responsible for setting corporate culture-related regulations and policies and implementing plans. Also, the committee makes an effort to improve internal measures and adopt policies designed to meet employee needs and build corporate culture and internal cohesion.
7. Risk Management Committee: With the board chairman at the helm, the committee comprises a number of members, including at least two directors appointed by the board chairman. The committee is responsible for reviewing the Bank's risk management mechanism and risk management proposals that call for board approval, supervising risk management measures to be implemented, and checking the efficacy of these efforts.

C. Duties of various departments:

1. Corporate Secretariat: Convocation of shareholders' meetings, meetings of the Board of Directors, Audit Committee, Corporate Governance and Nomination Committee; amendment of the Articles of Incorporation; compilation of annual reports; undertaking of archival, confidential, and other office affairs of the Board of Directors; organization and promotion of corporate governance.
2. Auditing Division: Auditing and supervision of the Bank's departments and domestic/overseas subsidiaries, reviews for internal and external deficiencies and follow-up checks on rectification measures, oversight of internal audits, investigations of unsound lending or investment cases, and evaluation of audit operations of the Bank's departments and subsidiaries.
3. Corporate Sustainability and Communications Division: Formulation of the Bank's sustainability policy and strategic guidelines; planning and implementation of sustainable development-related initiatives; building, management, and maintenance of corporate and brand image; integration of the dissemination of important corporate messages and ways of communicating with the public; and planning, execution, and management of media relations and crisis responses.
4. Financial Business Division: Development and management of corporate banking, consumer banking, digital banking, and offshore banking. It is composed of the following:
    (1) Corporate/Commercial Banking Center: Promotion of deposit, lending, and wealth management services; management and upkeep of customer relations.

    (2) Offshore Banking Unit: Upkeep and amendment of OBU management regulations and contracts; handling of matters in relation to OBU services.

    (3) Corporate Finance Department: Operations with regard to syndicated corporate lending as well as structured, project, M&A, and cross-border loans; provision of project finance consulting; development, sales, and management of such products as NT dollar and foreign currency NCDs.

    (4) Global Transaction Service Department: Development, sales, and management of accounts receivable, trade financing, and supply chain financing services.

    (5) Corporate Cash Management and e-Banking Department: Cash management for corporate banking clients; planning, promotion, and upkeep of electronic banking, online banking, and integrated collection and payment services.

(6) Trust Department: Development, planning, promotion, and management of trust services; provision of services for arranging securitized products and advisory services for asset management or realty development.

(7) Consumer Lending Department：Management of consumer banking; Strategy planning and implementation management of sales promotion.

(8) Wealth Management Department: Drafting of business policy, service content, and marketing strategies and plans that target wealth management customers.

(9) Digital Innovation Department: Planning of digital banking strategies, product promotion; management and upkeep of customer relations and customer data analysis.

(10) Deposit and Payment Department: Handling of retail banking savings accounts; Taiwan dollar and foreign currency savings and remittances; planning and implementation of debit card services, payment services, and salary transfer operations for corporates; integration of payment outlet systems and workflows.

(11) Business Department and Domestic Branches: Promotion of deposit, lending, and wealth management services; management and upkeep of customer relations.

(12) Financial Business Management Department: Planning and implementation of corporate banking, retail banking; digital banking development strategies.

5. Financial Market Division: Overall allocation of the Bank's funds; handling of transactions of such financial products as bonds and bills, commodities linked to exchange and interest rates, equity securities, and other derivatives.

6. Risk Management Division: Risk management and planning thereof across the Bank. It is composed of the following:

(1) Risk Management Department: Planning of credit, market and operational risk management policy; planning and drafting of the Bank's lending policy; control of the Bank's risk-weighted assets portfolio and follow- up management of unsound loans; litigations or compulsory enforcement with regard to overdue loans and bad-loan write-offs.

(2) Corporate Credit Management Department: Review of corporate lending applications; introduction and upkeep of the Bank's default probability calculating model and rating system; proposal of annual facility; implementation and control of credit review operations; review of lending contracts and collateral; release of lending facility; identification, measurement, monitoring, management, disclosure, and reporting of credit risk.

(3) Retail Credit Management Department: Undertaking of retail banking credit-checking and credit reviewing procedures; establishment of the Bank's risk management mechanism; management of the Bank's risk-weighted assets portfolio; assessment and management of NPL provisions and losses; management and tracking of accounts flagged for early warning; appraisal of domestic realty collateral for the Bank.

7. Operation Management Division: Operations planning and management of financial and general affairs. It is composed of the following:

(1) Corporate Finance Operations Services Department: Responsible for corporate financial NT dollar and foreign currency credit, deposits and remittances, accounts receivable, securitization, import and export foreign exchange, syndicated loans, money and foreign exchange markets, and the clearing, settlement, account processing, and operational planning for securities and investment-related products.

(2) Personal Finance Operations Services Department: Responsible for personal financial deposit account openings, account processing, centralized operations management, and the operations and services of domestic personal finance branches.

(3) Customer Service Department: Responsible for planning personal financial customer service strategies and service processes, maintaining customer relationships, and managing and executing service marketing.

(4) Operations Planning Department: Responsible for operational strategy, process design and planning, resource allocation, and integrated management.

(5) Finance and Accounting Department: Responsible for accounting, taxation, and the assessment and evaluation of each department's operational performance.

(6) General Affairs Department: Responsible for various construction and property procurement and management, stock affairs, document handling, and various administrative affairs.

8. Information Technology Division: Planning and management of the Bank’s information systems; implementation and upkeep of its information security policy. It is composed of the following:

(1) System Integration Department: Evaluation, planning, integration, design, development, testing, and maintenance of application system frameworks related to data warehousing, operational database, and external connections for middle office operations.

(2) Application Systems Department: Management of system requirements for customer data of both corporate and retail banking, credit checking and lending, financial market business, and wealth management, as well as structural assessment, process planning, development, testing, and maintenance thereof.

(3) Core Systems Department: Structural planning of core, teller, and general ledger systems, as well as management of system requirements for interbank remittances via FISC, Taiwan Clearing House-related channels and cards, foreign exchange and trade finance operations, and lending operations via digital banking, as well as structural assessment and process planning thereof.

(4) Digital Channels Department: Integrated design, development, and maintenance of application systems for digital channels, customer service, and management.

(5) Infrastructure and System Services Department: Implementation and upkeep of policies and standards for various system platforms; operation of the Bank’s problem-reporting center and follow-up management.

(6) Information Security Department: Review and implementation of Information Security regulations; maintenance and drafting of provisions for relevant policies.

9. Legal & Compliance Division: Study of the Bank's legal affairs; planning, management, and supervision of legal compliance; planning and management of anti-money laundering and countering the financing of terrorism, set up the follows:
   (1) Legal Department: Responsible for the deliberation of relevant business contracts of the whole bank, legal consulting services, research on laws and regulations, and deliberation and handling of legal affairs.
   (2) Legal Compliance and Money Laundering Prevention Department: Responsible for the planning, management and supervision of laws and regulations, the planning and management of preventing money laundering and combating terrorism.
10. Business Strategy Division: Planning of the Bank's business guidelines and strategies; management of human resources; evaluation of investments. It is composed of the following:
   (1) Strategic Planning Department: Planning, analysis, and implementation of the Bank's business guidelines and strategies; planning and drafting of development strategies for the Bank's global business; planning and implementation of cross-border strategic alliances; planning, designing, and development of product portfolios; management of and liaison with the Bank's investees, planning and implementation of data governance development strategy.
   (3) Overseas Representative Office: Undertaking of overseas market surveys and analysis and research thereof.
   (4) Human Resources Department: Drafting of human resources policy and regulations governing the administration of personnel; handling of matters in relation to appointment, attendance, compensation, benefits, rewards and penalties, and training.
   (5) Principal Investment Department: Evaluation of investment in domestic and foreign manufacturing and venture capital businesses; follow-up management and disposal of investees.
11. Overseas Branches: Promotion of corporate banking services outside Taiwan; upkeep of customer relations; handling of financial products trading, account affairs, and administrative management.

2. Directors, Supervisors and Management Team

(1) Directors and Supervisors

A. Directors

As of April 16, 2024 Unit: Shares/%

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Lo, Tina Y.)	Female 51-60 years old	2023.6.16	Three years	2002.5.30	108,018 *10,743	0.004 *0.004	108,018 *10,743	0.004 *0.004	-	-	-	-	Vice Chairman, O-Bank、Vice Chairman, EverTrust Bank、Member, MIT Sloan Asian Executive Board、Vice President, Chinese National Association of Industry and Commerce (CNAIC) and convener, CNAIC's Young Entrepreneur Committee、Director, Bankers Association of the Republic of China、Chief Executive, O-Bank Hong Kong Branch、President, IBT Management Corporation MBA, MIT (Massachusetts Institute of Technology) Sloan School of Management, USA	Note 3	Managing Director	Lo, Kenneth C.M.	1st Degree	-
Managing Director (Honorary Chairman)	Republic of China	Ming Shan Investment Co., Ltd. (Rep.: Lo, Kenneth C.M.	Male 81-90 years old	2023.6.16	Three years	2011.6.13 1999.7.12	362,298,574 *23,972,980 1,431,228 *128,945	13.25 *8.02 0.05 *0.04	362,298,574 *23,972,980 1,431,228 *128,945	13.23 *8.15 0.05 *0.04	-	-	-	-	Chairman, O-Bank、Chairman EverTrust Bank、Director, Cross-Strait Common Market Foundation、Managing Director, Cross-Strait CEO Summit、Chairman /Honorary Chairman, Chinese National Association of Industry and Commerce、President Chinatrust Commercial Bank M.A.in Finance, The University of Alabama	Note 4	Chairman	Lo, Tina Y.	1st Degree	-
Managing Director	Republic of China	Tai Hsuan Investment Co., Ltd. (Rep.: Lin, Bill K.C.	Male 51-60 years old	2023.6.16	Three years	2023.6.16 2020.6.19	263,404,275 *23,731,226 165,000	9.63 *7.94 0.006	263,404,275 *23,731,226 165,000	9.62 *8.07 0.01	-	-	-	-	Chairman, IBT VII Venture Capital Co., Ltd.、Director, Guppy digital technology Co., Ltd.、Director, EasyCard Investment Holding Co., Ltd.、Director, EasyCard Corporation、Director, UUPON INC.、Director, Curdoctor Information Service Corp.、Independent Director, GOMAJI Corp. Ltd.、Director, Taiwan Internet and E-Commerce Association (TiEA)、Chairman, 17Life、Chairman, PayEasy.com Travel Agency、Founder and CEO, Payeasy Digital Integration Co., Ltd.、Executive Consultant of Internet Banking, Taishin International Bank、Sales supervisor of Credit Card Business, Taishin International Bank MBA, Chinese Culture University、EMBA, National Taiwan University	Note 5	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	Male 61-70 years old	2023.6.16	Three years	2017.6.14 2015.11.11	54,728	0.002	54,728	0.002	-	-	-	-	Chairman, Abag Enterprise Co., Ltd.、Chairman, Abag Investment Holdings Co., Ltd.、Chairman, San Ho Development Co., Ltd.、Director/ President, San Ho Plastics Fabrication Co., Ltd. MBA, St. John's University	Note 6	-	-	-	-
Director	Republic of China	Lee, Mark J.C.	Male 61-70 years old	2023.6.16	Three years	2011.6.13	100,390 *9,984	0.004 *0.003	100,390 *9,984	0.004 *0.003	-	-	-	-	Chairman, Sung Yuan Development Co., Ltd.、Director, Bai Tong Investment Co., Ltd.、Director, Heng Gi Lie Investment Ltd.、President, Heng Tong Machinery Co., Ltd.、President, Heng Kuo Co., Ltd. Department of Accounting, Feng Chia University	Note 7	-	-	-	-
Director	Republic of China	Mingshan Investment Co., Ltd. (Rep:Chien, Chih-Ming)	Male 61-70 years old	2023.6.16	Three years	2011.6.19 2022.11.2	362,298,874 *23,972,980	13.25 *8.02	362,298,574 *23,972,980	13.23 *8.15	-	-	-	-	Chairman, Infinite Finance Co., Ltd.、Director, Taiwan ICBC Leasing Co., Ltd. Director, Taijun International Leasing Co., Ltd. General Manager, China Securities Finance Co., Ltd. Senior Deputy General Manager, Risk Management Department, O-Bank Bachelor of Economics, National Chung Hsing University	Note 8	-	-	-	-
Director	Republic of China	Tai Ya Investment Co., Ltd. (Rep.:Chen, Alex J.J.)	Female 51-60 years old	2023.6.16	Three years	2002.5.30 2023.6.16	83,137,161 *7,490,185 -	3.04 *2.50 -	83,137,161 *7,490,185 -	3.04 *2.55 -	-	-	-	-	Vice Chairman, IBT VII Venture Capital Co., Ltd.、Business Advisor, O-Bank、Director, HiTrust.com Incorporated、Advisor to Chairman & President, LAKALA Financial Technology Group、China President, WeLab Group、Executive Vice President, China Resource Bank、Senior Vice President, ChinaTrust Commercial Bank、Senior Vice President, Taishin International Bank、Manager, First Commercial Bank, Senior Vice President, Taiwan GM, Visa International M.A. in Computer Science & Information Engineering Science graduate school, National Taiwan University Bachelor of Computer Science, TamKang University	Note 9	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Republic of China	Yi Chang Investment Co., Ltd. (Rep. : Tang, Grace W.S.)	Male 51-60 years old	2023.6.16	Three years	1999.7.12 2023.6.16	268,554,793 *23,786,204 -	9.82 *7.95 -	268,554,793 *23,786,204 -	9.80 *8.09 -	-	-	-	-	President, IBT Management Corp.、Director, IBT VII Venture Capital Co., Ltd. 、Vice President, O-Bank Investment Department、Senior Vice President, Pacific Venture Group MBA, University of California-Riverside BA, National Taiwan University	Note 10	-	-	-	-
Independent Managing Director	Republic of China	Hu, Fu- Hsiung	Male 61-70 years old	2023.6.16	Three years	2020.6.19	-	-	-	-	-	-	-	-	Independent Director, Walsin Lihwa Corporation、Chairman, Taiwan Cooperative Securities Co., Ltd.、Chairman, Joint Credit Information Center、Director, Taiwan Ratings、Director, Mega International Commercial Bank、Committee Member, Executive Yuan Financial Restructuring Fund Committee、Managing Director, Central Trust of China、Vice Chairperson, Executive Yuan Council of Agriculture MBA, National Taiwan University	Note 11	-	-	-	-
Independent Director	Republic of China	Lin, Hank H.K.	Male 61-70 years old	2023.6.16	Three years	2020.6.19	-	-	-	-	-	-	-	-	Chairman, EY Cultural and Educational Foundation、Supervisor, Union MechTronic Inc.、Director, St. Ann Medical Co.,Ltd.、Director, Globe Union Industrial Corp.、Director, PANJIT International Inc. Managing Partner/CPA, EY、Independent Director, Samson Holding Ltd.、Taiwan MBA, City University of New York (Brooklyn College)	Note 12	-	-	-	-

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Chiang, Tina W.N	Female 61-70 years old	2023.6.16	Three years	2023.6.16	-	-	-	-	-	-	-	-	Chairman, Shanda Information Cooperation Ltd.、Chairman, Taipei Financial Education Development Association、SEVP & Chief Officer of Digital Technology, SinoPac Holdings Company Ltd.、Chief Officer of Operations, SinoPac Holdings Company Ltd.、President, Bank SinoPac Co., Ltd、Head of Consumer Banking, Electronig Banking, Integrated Marketing Division, Bank SinoPac Co., Ltd、Senior Vice President & General Manager, MasterCard International Inc., China、Vice President & country Manager, MasterCard International Inc., Taiwan、Senior Vice President & Head of Credit Card Division, Fubon Commercial Bank M.B.A., Specialization of Information Management, Aspen University, USA Bachelor of Business Administration in Business Mathematics, Soochow University	Note 13	-	-	-	-
Independent Director	Republic of China	Wang, Jennifer C.F.	Female 51-60 years old	2023.6.16	Three years	2023.6.16	-	-	-	-	-	-	-	-	Partner, Chen & Lin Attorneys-at-Law、Independent Director, Member of Compensation Committee, Audit Committee and Investment Committee, TXC Corporation、Independent Director, Member of Compensation Committee, Audit Committee , Lotus Pharmaceutical Co., Ltd.、 International Associate, Simpson Thacher & Bartlett LLP Columbia University School of Law (LL.M.) National Taiwan University Law School (LL.M.)	Note 14	-	-	-	-

Note 1: "*" denotes Class A Preferred Shares in this Table.

Note 2: The chairman of the Board of Directors and the president or person of an equivalent post (the highest-ranking manager) are not the same person.

Note 3: Positions concurrently assumed by Tina Y. Lo：Vice Chairman, EverTrust Bank、Director, Taiwan Institute of Financial Incorporation、Director, Ming Shan Investment Co., Ltd.,、Director, Yi Chang Investment Co., Ltd.、Director, Cross-strait Common Market Foundation、Director, Tai Hsuan Investment Co., Ltd.、Director, Tai Ya Investment Co., Ltd.、Director, IBT Holdings Corp.、Director, KC Investments Corp.、Director, Lucky Bamboo Investments Limited、Managing Director of Taiwan Listed Companies Association、Managing Supervisor, Friends of the Police Association、Vice President, Chinese National Association of Industry and Commerce、Director, The Bankers Association of Taipei、 Director, Bankers Association of the Republic of China、Honor Director, Taiwan Women on Boards Association、Director, Criminal Investigate Association of Republic of China.

Note 4: Positions concurrently assumed by representative Kenneth C.M. Lo：Chairman, O-Bank Education Foundation、Chairman, Hong Ju Investment Co., Ltd、Director, National Taiwan University Economic Research Foundation、Director, Taiwan Cement Corporation、Director, Institute for National Policy Research、Director, Andrew T. Huang Medical Education Promotion Fund、Executive Director, Cross-Strait CEO Summit、Director, Taipei Municipal Jianguo High School Alumni Association、Honorary Chairman, Chinese National Association of Industry and Commerce.

Note 5: Positions concurrently assumed by representative Bill K.C. Lin：Chairman, IBT VII Venture Capital Co., Ltd.、Director, Guppy digital technology Co., Ltd. 、Director, Curdoctor Information Service Corp.、Independent Director, GOMAJI Corp. Ltd. 、Director, Corporate legal person Taiwan Long Distance Wisdom Love Public Welfare Alliance.Note 6: Positions concurrently assumed by representative George C.J. Cheng：Chairman, San Ho Development Co., Ltd.、Chairman, Abag Enterprise Co., Ltd.、Chairman, Abag Investment Holdings Co., Ltd.、Director, San Ho Plastics Fabrication Co., Ltd.

Note 7: Positions concurrently assumed by Mark J.C. Lee：Chairman, Sung Yuan Development Co., Ltd.、Director, Chia Wheel Enterprises Co., Ltd.、Director, Heng Jih Song Accurate Industries Co., Ltd.、Director, Heng Tin Feng Invest Development Co., Ltd.、Director, Tong Chuan Invest Development Co., Ltd.、Director, Bai Tong Investment Co., Ltd.、Director, Heng Ying Mahinery Co., Ltd.、Director, Heng Tong Assets Management Co., Ltd.、Director, Heng Tong Machinery Co., Ltd.、Director, Heng Gi Lie Investment Ltd. Company、 Director, Chang Yan Investment Co., Ltd.、Director, Hong Fu Investment Co., Ltd.、Director, Siang Tai Investment Co., Ltd.、Director, Hong Da Investment Co., Ltd.、Director, Heng Kuo Co., Ltd. 、Supervisor, Heng Tong International Development Co., Ltd.

Note 8: Positions concurrently assumed by representative Chien, Chih-Ming： Chairman of Infinite Finance Co., Ltd., Director, Infinite Energy Solutions Co., Ltd Director of Risheng Quantaitong Passenger Car Leasing Co., Ltd., Director of Risheng International Financial Leasing Co., Ltd., Director of Taijun International Financial Leasing Co., Ltd. Supervisor of a joint stock company.

Note 9: Positions concurrently assumed by representative Chen, Alex J.J.：Vice Chairman, IBT VII Venture Capital Co., Ltd.、Director, Castles Technology Co., Ltd.、Director, HiTrust.com Incorporated.

Note 10: Positions concurrently assumed by representative Tang, Grace W.S.：Director, IBT VII Venture Capital Co., Ltd.、Director, IBT Management Corp.

Note 11: Independent executive director Hu Fuxiong concurrently serves as： Independent Director of Walsin Lihwa Co., Ltd.

Note 12: Independent director Lin Hank H.K. concurrently serves as：Chairman of Taipei EY Culture and Education Foundation,、Director, PANJIT International Inc.、Director, Globe Union Industrial Corp.、Director of Taichung Private Jumei Social Welfare and Charity Foundation、Independent director, Johnson Health Tech Co., Ltd.、Independent Director, Samson Holding Ltd.、 Supervisor, Union MechTronic Inc.

Note 13: Independent director Chiang, Tina W.N concurrently serves as：Chairman, Shanda Information Co., Ltd.、Director, Shengli Technology Co., Ltd.、Director, iAPOTel Corp.、Director, Yuwei Information Technology Services Co., Ltd.、Director, Shanda Information(Japan) Co., Ltd. 、Independent Director, Transforex (Hong Kong) Investment Consulting Co., Ltd.、Supervisor, Shengli Investment Co., Ltd.、Chairman, Taipei Financial Education Development Association.

Note 14: Independent director Wang, Jennifer C.F. concurrently serves as：Independent Director, TXC Corporation、Independent Director, Lotus Pharmaceutical Co., Ltd.、Partner, Chen & Lin Attorneys-at-Law.

B. Major shareholders of the institutional shareholders

Apr. 16, 2024

Name of Institutional Shareholders	Major Shareholders
Yi Chang Investment Co., Ltd.	Prudential Fortune Investment Co., Ltd.(55.78%)、Triple Ace Management Co., Ltd.(42.79%)、Lo, Nina Y.C.(1.43%)
Ming Shan Investment Co., Ltd.	KC Investments Corp.(86.11%)、Lo, Kenneth C.M.(3.73%)、Hong Ju Investment Co., Ltd. (3.63%)、Chen, Shih-Tze(3.62%)、Lo, Tina Y.(2.91%)
Abag Investment Holdings Co., Ltd.	Cheng, George C.J.(40%)、Lin Huei-Chen(20%)、Cheng, Po- Yun(20%)、Cheng, Po-Wen(20%)
Tai Hsuan Investment Co., Ltd.	Sky Capital International Group Inc.(37.99%)、Lo, Mona I-Ru(26.16%)、Lo, Kenneth C.M. (21.51%)、Chen, Yu-Shuan(7.17%)、Chen, Yu-Da(7.17%)
Tai Ya Investment Co., Ltd.	Crystal Lake Global Limited(65.91%)、Chen, Shih-Tze(34.09%)

Note: All information disclosed in the above table has been provided by respective institutional shareholders, and O-Bank provided such information accordingly.

C. Major shareholders of the Company's major institutional shareholders

Apr. 16, 2024

Name of Institutional Shareholders	Major Shareholders
Prudential Fortune Investment Co., Ltd.	Lo, Nina Y.C.(96.94%)、Lo, Kenneth C.M.(1.53%)、Chen, Shih-Tze(1.53%)
Triple Ace Management Co., Ltd.	Global Sail Holdings Limited (100%)
KC Investments Corp.	Paradise Palms Ltd.(100%)
Hong Ju Investment Co., Ltd.	Lo, Tina Y.(91.66%)、Lo, Kenneth C.M.(4.17%)、Chen, Shih-Tze(4.17%)
Sky Capital International Group Inc.	Eagle Dynasty Investments Limited(100%)
Crystal Lake Global Limited	Chen, Shih-Tze(100%)

Note: All information disclosed in the above table has been provided by respective institutional shareholders, and O-Bank provided such information accordingly.

D. Professional qualifications and independence analysis of directors

As of April 16, 2024

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lo, Tina Y.	■ Chairman of the Bank ■ Convener of the Bank's Sustainability Committee ■ Member of the Bank's Corporate Governance and Nomination Committee Ms. Tina Y. Lo chairs the Bank and holds the following concurrent positions: Vice-chairman of the Republic of China Chamber of Commerce and Industry and convener of the Youth Affairs Committee, the first female vice-chairman of the Association since its founding 70 years ago; member, MIT Sloan Asian Executive Board; director, Director, Cross-Strait Common Market Foundation; Director, Bankers Association of the Republic of China, etc. Previously Ms. Lo was the Bank's first Hong Kong Branch chief executive, managing director, and vice chairman as well as the O-Bank Group's chief strategy officer. She was also selected to the WEF's Young Global Leaders (YGL) forum and identified as an Eisenhower Fellowships fellow, making her Taiwan's only recipient of both honors. In 2016, she was appointed by President Tsai Ing-wen to Chinese Taipei's mission to APEC's Business Advisory Council (ABAC). With her expertise in business administration, decision-making, international markets, crisis and risk management, banking, corporate governance, sustainable development, and green finance, Ms. Lo is committed to taking the Bank forward while following the benevolent way of "benefiting others to fulfill oneself." The ultimate goal is to create a reciprocal financial service platform sharing prosperity with customers and join all stakeholders in fostering a win-win future of sustainability.		0

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lo, Kenneth C.M.	■ Managing Director of the Bank ■ Honorary Chairman of the Bank ■ Member of the Bank's Sustainability Committee Mr. Kenneth C.M. Lo is the Bank's managing director as well as honorary chairman. He holds the following concurrent positions: managing director, Cross-Strait CEO Summit; honorary director, Chinese National Association of Industry and Commerce (CNAIC), etc. Mr. Lo, a veteran banker, and former central bank governor Samuel Shieh teamed up with a number of private businesses to found Industrial Bank of Taiwan (IBT) in 1999. He went on to transform IBT into O-Bank as a commercial bank and get it listed on the Taiwan Stock Exchange in 2017. In his banking career that spans over half a century, he acted as president of Chinatrust Commercial Bank and chairman of the Bank among others, fully attesting to his meeting the Financial Supervisory Commission's requirements for natural-person professional directors. In his long banking career, Mr. Lo has accumulated all the necessary competences: business administration, leadership, decision-making, international perspectives, crisis and risk management, and lending expertise. In the days ahead, the Bank is ready to continue drawing on Mr. Lo's expertise and experience as it strives for business expansion and earnings growth.		0
Lin, Bill K.C.	■ Managing Director of the Bank ■ Member of the Bank's Sustainability Committee Mr. Bill K.C. Lin is the Bank's managing director. He holds the following concurrent positions: chairman, IBT VII Venture Capital Co., Ltd. ; director, Guppy digital technology Co., Ltd.; director, Curdoctor Information Service Corp.; independent director, GOMAJI Corp. Ltd.; director, Corporate legal person Taiwan Long Distance Wisdom Love Public Welfare Alliance. Mr. Lin spent more than five years at Taishin International Bank where he served in the position of assistant manager or a higher or equivalent position in its head office. Given his professional experience in the banking industry, he fully meets the Financial Supervisory Commission's requirements for natural-person professional directors. Separately, Mr. Lin is also a professional equipped with industry knowledge and expertise in digital banking who holds key positions at 17Life Inc., PayEasy Digital Integration Co., Ltd., PayEasy.com, and the Taiwan Internet and E-Commerce Association (TiEA). The Bank will continue enlisting his professional competence to bolster its capacity for innovating corporate banking, personal banking, and digital banking services and enhancing service quality across the board.		1

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Cheng, George C.J.	■ Director of the Bank Mr. George C.J. Cheng is the Bank's director. He holds the following concurrent positions: chairman, San Ho Development Co., Ltd.; chairman, Abag Enterprise Co., Ltd.; chairman, Abag Investment Holdings Co., Ltd.; director, San Ho Plastics Fabrication Co., Ltd., etc. Mr. Cheng has extensive exposure to industries and competences in business judgment and administration. As Mr. Cheng is well-positioned to counsel on operational strategies and business administration, the Bank is ready to continue enlisting his expertise to bolster operations going forward.		0
Lee, Mark J.C.	■ Director of the Bank Mr. Mark J.C. Lee is the Bank's director. He holds the following concurrent positions: chairman, Sung Yuan Development Co., Ltd.; director, Bai Tong Investment Co., Ltd.; director, Heng Gi Lie Investment Ltd.; director, Heng Tong Machinery Co., Ltd.; director, Heng Kuo Co., Ltd. Mr. Lee is equipped with solid experience in business administration and competences in business judgment, business management, and financial accounting. As Mr. Lee is well-positioned to counsel on operational strategies and financial accounting, the Bank is ready to continue enlisting his expertise to achieve its operational goals.		0
Chien, Chih-Ming	■ Director of the Bank Mr. Chien, Chih-Ming is the Bank's director. He holds the following concurrent positions: chairman of Infinite Finance Co., Ltd.; director of Infinite Energy Solutions Co., Ltd.; director of Risheng International Financial Leasing Co., Ltd.,; director of Taijun International Financial Leasing Co., Ltd. Mr. Chien, Chih-Ming is a senior professional manager with more than 35 years of experience in the financial industry. He once served as a director of ICBC Leasing in Taiwan, as the general manager of China Securities Securities Co., Ltd., and as the chief risk control officer of the Bank. He has operational judgment, operation management, and financial knowledge , risk management and crisis management and other professional capabilities, the bank will continue to develop its business steadily by relying on Mr. Chien, Chih-Ming's financial expertise and rich practical experience.		0

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chen, Alex J.J.	■ Director of the Bank Mr. Chen, Alex J.J. is the Bank's director. He holds the following concurrent positions: vice chairman, IBT VII Venture Capital Co., Ltd.; director, Castles Technology Co., Ltd. Previously Mr. Chen, Alex J.J. served as director, HiTrust.com Incorporated, China president, WeLab Group, executive vice President, China Resource Bank, senior vice President, ChinaTrust Commercial Bank, senior Vice President, Taiwan GM, Visa International etc. Mr. Chen, Alex J.J. has extensive banking qualifications, industry knowledge, digital financial innovation, corpotate sustainability, information security. The Bank will continue enlisting his professional competence to bolster its capacity for enhancing the Bank's corporate governance, and information risk management.		1
Tang, Grace W.S.	■ Director of the Bank Ms. Tang, Grace W.S. is the Bank's director. She holds the following concurrent positions: director, IBT VII Venture Capital Co., Ltd.; director, IBT Management Corp. Ms. Tang, Grace W.S. is equipped with the capacity for business judgment, business administration, crisis and risk management, and other professional capabilities, the bank will continue to develop its business steadily by relying on Ms. Tang, Grace W.S.'s financial expertise and rich practical experience.		0

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hu, Fu-Hsiung	■ Independent Managing Director of the Bank ■ Convener of the Bank's Compensation Committee ■ Convener of the Bank's Corporate Governance and Nomination Committee ■ Member of the Bank's Audit Committee ■ Member of the Bank's Sustainability Committee Mr. Fu-Hsiung Hu is not only the Bank's independent managing director but also Walsin Lihwa Corp.'s independent director. Previously Mr. Hu served as chairman of Taiwan Cooperative Securities Co., Ltd. and Joint Credit Information Center and director of Taiwan Cooperative Bank, Mega International Commercial Bank, and Taiwan Ratings Corp. He also had experience working for such government agencies as the Executive Yuan, Ministry of Economic Affairs, and Council of Agriculture. Given his extensive experience spanning both the financial services industry and the public sector, he fully meets the Financial Supervisory Commission's requirements for natural-person professional directors. In the days ahead, the Bank is ready to further enhance management efficiency by enlisting Mr. Hu's experience and expertise in banking, corporate governance, and risk management.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Hu: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank. ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	1

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Lin, Hank H.K.	■ Independent Director of the Bank ■ Convener of the Bank's Audit Committee ■ Member of the Bank's Compensation Committee ■ Member of the Bank's Corporate Governance and Nomination Committee ■ Member of the Bank's Sustainability Committe Mr. Hank H.K. Lin is the Bank's independent director. He holds the following concurrent positions: chairman, Taipei EY Cultural and Educational Foundation; independent director, Johnson Health Tech Co., Ltd.; independent director, Samson Holding Ltd.; supervisor, Union MechTronic Inc.; director, Globe Union Industrial Corp. Mr. Lin spent over 20 years at EY Taiwan as CPA, managing partner, and chief CPA at its Taichung branch. With his ample experience in auditing and competences in finance, accounting, and corporate governance, he helped the Bank's Audit Committee facilitate communication between CPAs and internal audit officers as the Bank strives to improve corporate governance by ensuring fair presentation of financial statements, effective implementation of internal control, and sound management of operational risk.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Lin: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	1

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chiang, Tina W.N	■ Independent Director of the Bank Ms. Chiang, Tina W.N is the Bank's independent director. She holds the following concurrent positions: chairman, Shanda Information Co., Ltd.; director, Shengli Technology Co., Ltd.; chairman, Taipei Financial Education Development Association; supervisor, Shengli Investment Co., Ltd.; independent director, Transforex (Hong Kong) Investment Consulting Co.,; director, Shanda Information(Japan) Co., Ltd. Previously Ms. Chiang, Tina W.N served as president, Bank SinoPac Co., Ltd., senior vice president & head of credit card division, Fubon Commercial Bank, senior vice president & general manager, MasterCard International Inc., China, vice president & country manager, MasterCard International Inc., Taiwan etc. Ms. Chiang, Tina W.N has extensive banking qualifications, industry knowledge, information security. The Bank will continue enlisting her professional competence to bolster its capacity for enhancing the Bank's corporate governance, and information risk management.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Lin: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	0

Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wang, Jennifer C.F.	■ Independent Director of the Bank Ms. Wang, Jennifer C.F. is the Bank's independent director. She holds the following concurrent positions: independent director, TXC Corporation; independent director, Lotus Pharmaceutical Co., Ltd.; partner, Chen & Lin Attorneys-at-Law. Wang, Jennifer C.F. has been involved in handling mergers and acquisitions between domestic and multinational companies. joint ventures, capital market cases, compliance with the Fair Trade Act, etc. She is equipped with the capacity for rich legal experience in the field, International market outlook, crisis and risk management, and other professional capabilities. The Bank will continue enlisting her legal expertise talent and experience to sustain development going forward.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Lin: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	2

Note 1: None of the Bank's directors has committed any of the violations listed in Article 30 of the Company Act.

Note 2: The Bank's directors faithfully stand by the principle of recusal. When it comes to any item involving personal interests that may harm the Bank's interests, directors do not participate in the discussion of and voting on the said item and do not vote on behalf of other directors.

Note 3: "Company with a specific relationship with the Bank" refers to a company defined by Subsection 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

E. Board Diversification and Independence

1. Board Diversification

The selection of Board members of the Bank follows the provisions of the Bank's Articles of Incorporation, using a "nomination system." The selection criteria are not limited by gender, age, race, or nationality. It is preferable to include elite talents with expertise and rich experience in various fields needed for the diversified development of the Bank. Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board as a whole should have capabilities including operational judgment and management skills, accounting and financial skills, risk management capabilities, crisis handling abilities, financial expertise, industry knowledge, international market perspectives, investment and merger abilities, leadership and decision-making skills, corporate sustainability, law, information technology, and cybersecurity knowledge.

The ninth Board of Directors of the Bank emphasizes diversity, composed of elites from the financial, industrial, and academic fields. Among them, 10 directors hold master's degrees, and 2 directors hold bachelor's degrees, covering professional fields such as economics, business, management, accounting, law, and information technology. The Board as a whole has capabilities in operational judgment, management, and leadership decision-making, represented by directors Tina Y. Lo, Yi, Kenneth C.M. Lo, Chih-Ming Chien, and George C.J. Cheng. Directors with expertise in finance and accounting include Hank H.K. Lin, Mark J.C. Lee, Fu-Hsiung Hu, and Tina W.N. Chiang. Those skilled in risk management and crisis handling include Kenneth C.M. Lo, Chih-Ming Chien, and Bill K.C. Lin. Directors with extensive international market perspectives include Tina Y. Lo, George C.J. Cheng, and Grace W.S. Tang. Experts in information technology and cybersecurity include Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, and Alex J.J. Chen. Directors with legal knowledge include Fu-Hsiung Hu and Jennifer C.F. Wang. All Board members possess the necessary knowledge, skills, and qualities to perform their duties and have extensive expertise in finance, accounting, business, law, and industry. Among the current 12 directors, 4 are independent directors, accounting for 33%. The tenure of the 4 independent directors is less than 9 years. The age distribution of directors is: 5 under 60 years old, 6 between 61 and 70 years old, and 1 over 71 years old, fully integrating rich experience and innovative ideas. Furthermore, the Bank also emphasizes gender equality in the composition of the Board, with a target of 1/3 female directors. Currently, there are 4 female directors, achieving the target. Additionally, 1 director is an employee (including affiliates), accounting for 8.3%.

Moreover, on December 23, 2020, the eighth Board of Directors passed the "Board Member Diversity Policy, Independence Standards, and Training and Succession Plan Guidelines," renamed on August 21, 2023, to the "Board of Directors Diversity Policy, Standards for Independence, and Refreshment Policy," with some articles amended on March 13, 2024. These measures aim to continuously enhance corporate governance and sustainable development through the implementation of board diversity, improved independence and decision-making capabilities of the board, and strengthened board functions.

Board Diversity Professional Capabilities:

Diversification Ability / Name of the directors	Operational Judgment and Operational Management Capabilities	Accounting and financial analysis skills	Risk management ability	Crisis handling ability	Financial professional and industry knowledge	International market outlook and ability to invest in mergers and acquisitions	Leadership and Decision-Making	Corporate Sustainability Knowledge	legal knowledge	IT Security Capabilities
Lo, Tina Y.	✓	✓	✓	✓	✓	✓	✓	✓		
Lo, Kenneth C.M.	✓	✓	✓	✓	✓	✓	✓	✓		
Lin, Bill K.C.	✓	✓	✓	✓	✓		✓	✓		✓
Cheng, George C.J	✓	✓	✓	✓	✓	✓	✓	✓		
Lee, Mark J.C.	✓	✓	✓	✓	✓		✓	✓	✓	
Chien, Chih-Ming	✓	✓	✓	✓	✓		✓	✓	✓	
Chen, Alex J.J.	✓	✓	✓	✓	✓		✓		✓	✓
Tang, Grace W.S.	✓	✓	✓	✓	✓	✓	✓	✓		
Hu, Fu- Hsiung	✓	✓	✓		✓	✓	✓	✓	✓	✓
Lin, Hank H.K	✓	✓	✓	✓	✓	✓				✓
Chiang, Tina W.N	✓	✓	✓	✓	✓	✓	✓	✓		✓
Wang, Jennifer C.F.			✓	✓		✓	✓	✓	✓	

2. Board Independence

Among the Bank's current 12 directors, there are 4 independent directors, accounting for 33%. The nomination and selection of independent directors of the Bank, their qualifications, professionalism, independence, and number of concurrent positions are all in accordance with the "Securities and Exchange Law", "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to Be Followed" and the Taiwan Stock Exchange Standardize the conditions for independent directors. In addition, a written declaration of independence of independent directors is required at the time of nomination and election, and through the evaluation of various independence requirements, it is confirmed that independent directors meet the independence requirements. In addition, in order to ensure that independent directors avoid reducing their independence due to long-term tenure and exercise their powers objectively, all independent directors of the Bank have not served three consecutive terms. Additionally, to improve the governance quality of directors, the Bank has also established restrictions on concurrent positions. Directors are not allowed to simultaneously serve as directors or supervisors in more than four listed companies, including their roles as director or independent directors of the Bank.

The Bank's board of directors has two directors who are spouses or relatives within the second degree of relationship (please refer to the "Directors' Information" section of this annual report), which complies with the provisions of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. In addition, the Bank has no government agencies or single legal person organizations or subsidiaries that account for more than one- third of the board of directors. Accordingly, the Bank comprehensively assessed that the composition of the Board of Directors is independent.

(2) Management Team

Apr. 16, 2024
Unit: Shares/%

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Republic of China	Lee, Elton F.Y.	Male	2020.02.01	2,630,525	0.10	-	-	-	-	Deputy President, O-Bank MBA, Manchester Business School	Director, EverTrust Bank	-	-	-	-
Deputy President	Republic of China	Lin, Roger Y. F.	Male	2017.03.01	2,423,004* 300,000	0.09 *0.10	-	-	-	-	Senior Executive Vice President, O-Bank Master of International Business, National Taiwan University	Director, Beijing Sunshine Consumer Finance Co., Ltd.	-	-	-	-
Senior Executive Vice President	Republic of China	Xu, Chengzhou	Male	2022.8.24	500,000	0.02					CFO of Yushan Financial Holdings Master of Business Administration, Sun Yat-sen University					
Senior Executive Vice President	Republic of China	Fan, Vivian H.J.	Female	2024.04.01	697,085 *300,000	0.03 *0.10					Senior Vice President, O-Bank Bachelor of Science in Information Management, Fu Jen Catholic University					
Senior Executive Vice President	Republic of China	Xiao, Zhongcheng	Male	2023.04.06	400,000	0.01					HSBC (Taiwan) Commercial Bank, Senior Vice President, Large Enterprise Division, Industrial and Commercial Banking Division Master of Business Administration, University of California, Riverside	-	-	-	-	-
Executive Vice President	Republic of China	Lai, Fengren	Male	2014.3.1	650,020* 90,000	0.02 *0.03					Senior vice president, O-Bank Master of Business Administration, University of Birmingham, UK					

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Executive Vice President	Republic of China	Chao, Tillie C.L.	Female	2021.07.28	290,465	0.01	-	-	-	-	Chief Risk Officer, ANZ Banking MBA, National Taiwan University Science & Technology	Supervisor, IBT Management Corporation、Supervisor, IBT VII Venture Capital Co., Ltd.	-	-	-	-
Executive Vice President	Republic of China	Siew, Joy C.Y.	Female	2021.03.01	856,261 *300,000	0.03 *0.10	-	-	-	-	Senior Vice President, O-Bank Master of Arts in International Relations, Johns Hopkins University	Director, China Bills Finance Corp.	-	-	-	-
Executive Vice President	Republic of China	Xie, Jun	Male	2023.3.29	120,000	0.00					Senior Deputy General Manager of Infinite Finance Co., Ltd. Head of Risk Control, Taiwan ICBC Leasing Company/(Suzhou) Taijun International Leasing Company PhD in Economics, Shanghai University of Finance and Economics					
Executive Vice President	Republic of China	Chen, Paul H.J.	Male	2021.01.01	150,894 *50,000	0.01 *0.02	-	-	-	-	Senior Vice President, O-Bank Master of Law, National Cheng Chi University	-	-	-	-	-
Executive Vice President	Republic of China	Hong, Lizhen	Female	2022.11.03	150,000	0.01					Project Manager, Strategic Planning Division, Cathay United Bank Department of Transportation Management, Tamkang University					
Executive Vice President	Republic of China	Chang, Ophelia L.W.	Female	2024.04.01	253,604 *300,000	0.01 *0.10					Vice President, O-Bank Bachelor of International Business, National Taiwan University	Director, Infinite Finance Co., Ltd.				
Executive Vice President	Republic of China	Tang, Ruoheng	Male	2021.07.29	85,000	0.00					Senior Manager, Regional Financial Division, Taipei Fubon Bank Department of Finance, Chaoyang University of Science and Technology					
Executive Vice President	Republic of China	Chin, Teddy Y.T.	Male	2016.03.01	375,917 *30,000	0.01 *0.01					O-Bank Senior Manager National Taiwan University Master of Economics					
Executive Vice President	Republic of China	Fang, Huanwen	Male	2018.03.15	424,911	0.02	-	-			Senior Manager, Payment Finance Division, Taishin Bank Tamkang University Master of International Business					
Executive Vice President	Republic of China	Peng, Christina B.J.	Female	2023.07.10	60,000	0.00	-	-			Chief financial officer, Titan Stone Holdings National Central University Master of Industrial Economics					
Executive Vice President	Republic of China	Lee, Yaochung	Male	2023.12.04	-	-	-	-			Senior Analyst, Immigration Information Division of National Immigration Agency National Chiao Tung University Master of Information Management					
Executive Vice President	Republic of China	Wang, Alan J.J.	Male	2021.08.21	20,000	0.00					Executive Vice President, TK3C Bachelor of Computer Science and Information Engineering, Fu Jen Catholic University					
Executive Vice President	Republic of China	Tyane, Edward F.C.	Male	2022.08.29	61,802 *120,000	0.00 0.04					Executive Vice President, O-Bank National Cheng Kung University Master of Accountancy					
Senior Vice President	Republic of China	Chang, Samson W.Y.	Male	2020.09.01	155,406	0.01	-	-	-	-	Vice President, OBU, Yuanta Bank MBA, Tunghai University	-	-	-	-	-
Senior Vice President	Republic of China	Soong, Grace L.H.	Female	2019.03.01	210,000	0.01	-	-	-	-	Vice President, O-Bank MBA, University of California	-	-	-	-	-
Senior Vice President	Republic of China	Fang, Andy C.P.	Male	2017.03.01	201,802	0.01	-	-	-	-	Vice President, O-Bank Master of Science in Information Resource Management, Syracuse University of New York	-	-	-	-	-

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President	Republic of China	Hsu, Pei Ling	Female	2019.08.26	167,208	0.01	-	-	-	-	Vice President, Corporate Development Division, Fubon Financial Holding Co. Ltd. MBA, Massachusetts Institute of Technology, Sloan School of Management	-	-	-	-	-
Senior Vice President	Republic of China	Li, Zhikuan	Male	2013.04.01	408,010	0.01					O-Bank Vice President Department of Accounting, Tamkang University					
Senior Vice President	Republic of China	Chen, Yanliang	Male	2022.11.03	40,000	0.00					Vice President, Consumer Finance, DBS Bank Master of International Trade, National Chengchi University					
Senior Vice President	Republic of China	Hung, Ida K.Y.	Female	2022.03.01	253,010 *10,397	0.01 *0.00	-	-	-	-	Vice President, O-Bank Master of Statistics, National Cheng Chi University	-	-	-	-	-
Senior Vice President	Republic of China	Ye, Chengxian	Male	2022.10.01	61,802	0.00					Senior Vice President of Inspection Department of Taiwan Leasing Co., Ltd. Master of Economics, National Chengchi University					
Senior Vice President	Republic of China	Chen, Gaven Y.	Male	2020.03.01	291,802 *30,000	0.01 *0.01	-	-	-	-	Vice President, O-Bank Bachelor of Finance and Economic, Tamsui Oxford University College	-	-	-	-	-
Senior Vice President	Republic of China	Guan, Shusen	Female	2022.12.28	88,000	0.00					Lawyer at Tianleping Law Firm in Mainland China Department of Law, Soochow University					
Senior Vice President	Republic of China	Liu, Arnold H.I	Male	2022.01.01	76,109	0.00	-	-	-	-	Senior Finance Manager, ANZ Bank Taiwan MBA, Fu Jen Catholic University	-	-	-	-	-
Senior Vice President	Republic of China	Yang, Yawen	Female	2016.05.16	83,505	0.00					Vice President of Citigroup (Taiwan) Bank Telephone Banking Service Center Master of Business Administration, Golden Gate University, California					
Senior Vice President	Republic of China	Li, Dexin	Female	2023.04.01	212,062	0.01					O-Bank Senior Manager Master of Business Administration, Cornell University					
Senior Vice President	Republic of China	Chen, C.Y.	Male	2020.03.01	178,203	0.01	10,383	0.00	-	-	Vice President, O-Bank EMBA, National Tsing Hua University	-	-	-	-	-
Senior Vice President	Republic of China	Jiang, Yanshu	Male	2022.11.03	39,108	0.00					Senior Associate, Information Department, Yuanfu Securities Co., Ltd. Master of Information Management, National Taiwan University of Science and Technology					
Senior Vice President	Republic of China	Lin, Doris C. J.	Female	2022.03.01	230,812 *10,000	0.01 *0.00	-	-	-	-	Vice President, O-Bank Master of Management Sciences, Tamkang University	-	-	-	-	-
Senior Vice President	Republic of China	Zong, Fuzhen	Female	2024.04.01	120,000 *10,000	0.00 *0.00					O-Bank Associate Master of Business Administration, National Chengchi University					
Senior Vice President	Republic of China	Lin, Claudia X.H.	Female	2024.03.18	-	-	-	-	-	-	Officer, Taipei Fubon Bank Wealth Management Zhongzheng District EMBA, National Cheng Kung University	-	-	-	-	-
Senior Vice President	Republic of China	Huang, Kelvin F.C	Male	2024.04.15	-	-	-	-	-	-	Senior Vice President, Business Division of EasyCard Corporation Master of Environmental Planning and Management, National Taipei University of Technology	-	-	-	-	-

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Republic of China	Lin, Ted K.T.	Male	2021.05.06	30,000	0.00	-	-	-	-	Vice President, Bank of East Asia Master of Statistics and Information Science, Fu Jen Catholic University	-	-	-	-	-
Vice President	Republic of China	Chang, Wesley S.C.	Male	2015.11.01	148,604 *12,585	0.01 *0.00	-	-	-	-	Assistant Vice President, O-Bank Master of Law in International and European Business law, University of Leeds	-	-	-	-	-
Vice President	Republic of China	Zhang, Yulin	Male	2022.11.03	60,000	0.00					O-Bank Associate Master of Information Management, National Taiwan University					
Vice President	Republic of China	Zhu, Tingyi	Male	2022.11.03	30,000	0.00					Manager of System and Information Security Management Department, SinoFung Bank Master of Information Management, Tamkang University					
Vice President	Republic of China	Xu, Steven H.J.	Male	2024.03.14	24,000 *7,000	0.00 *0.00	8,000	0.00			Assistant Vice President, O-Bank Master of Finance, National Sun Yat-Sen University					
Vice President	Republic of China	Chang, Joanna H.W.	Female	2024.04.01	36,382	0.00					Assistant Vice President, O-Bank Associate Degree of International Trade, Shih Chien College of Home Economics					
Vice President	Republic of China	Chien, Jay S.C.	Male	2024.04.01	25,000	0.00					Assistant Vice President, O-Bank Bachelor of Computer Science and Information Engineering, Chung Hua University					
Vice President	Republic of China	Tu, Eric Z.X.	Male	2024.04.01	25,000	0.00					Assistant Vice President, O-Bank Master of Finance, Chaoyang University of Technology					
Senior Assistant Vice President	Republic of China	Tai, Hsin Yi	Female	2021.11.12	47,000 *200,000	0.00 *0.07	-	-	-	-	Assistant Vice President, O-Bank Master of Accounting, National Taiwan University	-	-	-	-	-
Senior Assistant Vice President	Republic of China	Lin, Yanliang	Male	2024.04.01	20,000	0.00					O-Bank Manager Master of Business Administration, Soochow University					
Senior Assistant Vice President	Republic of China	Liu, Michael J.H	Male	2024.01.01	-	-					Assistant Vice President, O-Bank Master of Public Policy and Management, University of Southern Calofornia					
Assistant Vice President	Republic of China	Huang, Yanzhi	Male	2023.02.16	25,000	0.00					O-Bank Manager Qiaoguang Commercial College Bank Insurance Division		-	-	-	
Assistant Vice President	Republic of China	Chiu, Em Y.C.	Female	2022.01.01	16,000	0.00	-	-	-	-	Manager, O-Bank MBA, National Kaohsiung University of Science and Technology	-	-	-	-	-
Senior Vice President	Republic of China	Guan, Shusen	Female	2022.12.28	88,000	0.00					Lawyer at Tianleping Law Firm in Mainland China Department of Law, Soochow University					
Senior Vice President	Republic of China	Liu, Arnold H.I	Male	2022.01.01	76,109	0.00	-	-	-	-	Senior Finance Manager, ANZ Bank Taiwan MBA, Fu Jen Catholic University	-	-	-	-	-
Senior Vice President	Republic of China	Yang, Yawen	Female	2016.05.16	83,505	0.00					Vice President of Citigroup (Taiwan) Bank Telephone Banking Service Center Master of Business Administration, Golden Gate University, California					
Senior Vice President	Republic of China	Li, Dexin	Female	2023.04.01	212,062	0.01					O-Bank Senior Manager Master of Business Administration, Cornell University					
Senior Vice President	Republic of China	Chen, C.Y.	Male	2020.03.01	178,203	0.01	10,383	0.00	-	-	Vice President, O-Bank EMBA, National Tsing Hua University	-	-	-	-	-
Senior Vice President	Republic of China	Jiang, Yanshu	Male	2022.11.03	39,108	0.00					Senior Associate, Information Department, Yuanfu Securities Co., Ltd. Master of Information Management, National Taiwan University of Science and Technology					

Title	Nationality	Name	Gender	Effective Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President	Republic of China	Lin, Doris C. J.	Female	2022.03.01	230,812 *10,000	0.01 *0.00	-	-	-	-	Vice President, O-Bank Master of Management Sciences, Tamkang University	-	-	-	-	-
Senior Vice President	Republic of China	Zong, Fuzhen	Female	2024.04.01	120,000 *10,000	0.00 *0.00					O-Bank Associate Master of Business Administration, National Chengchi University					
Senior Vice President	Republic of China	Lin, Claudia X.H.	Female	2024.03.18	-	-	-	-	-	-	Officer, Taipei Fubon Bank Wealth Management Zhongzheng District EMBA, National Cheng Kung University	-	-	-	-	-
Senior Vice President	Republic of China	Huang, Kelvin F.C	Male	2024.04.15	-	-	-	-	-	-	Senior Vice President, Business Division of EasyCard Corporation Master of Environmental Planning and Management, National Taipei University of Technology	-	-	-	-	-
Vice President	Republic of China	Lin, Ted K.T.	Male	2021.05.06	30,000	0.00	-	-	-	-	Vice President, Bank of East Asia Master of Statistics and Information Science, Fu Jen Catholic University	-	-	-	-	-
Vice President	Republic of China	Chang, Wesley S.C.	Male	2015.11.01	148,604 *12,585	0.01 *0.00	-	-	-	-	Assistant Vice President, O-Bank Master of Law in International and European Business law, University of Leeds	-	-	-	-	-
Vice President	Republic of China	Zhang, Yulin	Male	2022.11.03	60,000	0.00					O-Bank Associate Master of Information Management, National Taiwan University					
Vice President	Republic of China	Zhu, Tingyi	Male	2022.11.03	30,000	0.00					Manager of System and Information Security Management Department, SinoFung Bank Master of Information Management, Tamkang University					
Vice President	Republic of China	Xu, Steven H.J.	Male	2024.03.14	24,000 *7,000	0.00 *0.00	8,000	0.00			Assistant Vice President, O-Bank Master of Finance, National Sun Yat-Sen University					
Vice President	Republic of China	Chang, Joanna H.W.	Female	2024.04.01	36,382	0.00					Assistant Vice President, O-Bank Associate Degree of International Trade, Shih Chien College of Home Economics					
Vice President	Republic of China	Chien, Jay S.C.	Male	2024.04.01	25,000	0.00					Assistant Vice President, O-Bank Bachelor of Computer Science and Information Engineering, Chung Hua University					
Vice President	Republic of China	Tu, Eric Z.X.	Male	2024.04.01	25,000	0.00					Assistant Vice President, O-Bank Master of Finance, Chaoyang University of Technology					
Senior Assistant Vice President	Republic of China	Tai, Hsin Yi	Female	2021.11.12	47,000 *200,000	0.00 *0.07	-	-	-	-	Assistant Vice President, O-Bank Master of Accounting, National Taiwan University	-	-	-	-	-
Senior Assistant Vice President	Republic of China	Lin, Yanliang	Male	2024.04.01	20,000	0.00					O-Bank Manager Master of Business Administration, Soochow University					
Senior Assistant Vice President	Republic of China	Liu, Michael J.H	Male	2024.01.01	-	-					Assistant Vice President, O-Bank Master of Public Policy and Management, University of Southern Calofornia					
Assistant Vice President	Republic of China	Huang, Yanzhi	Male	2023.02.16	25,000	0.00					O-Bank Manager Qiaoguang Commercial College Bank Insurance Division		-	-	-	
Assistant Vice President	Republic of China	Chiu, Em Y.C.	Female	2022.01.01	16,000	0.00	-	-	-	-	Manager, O-Bank MBA, National Kaohsiung University of Science and Technology	-	-	-	-	-

Note1: "*" denotes Class A Preferred Shares in this Table.

Note2: Where the president of the Board of Directors and the chairman or person of an equivalent post (the highest-ranking manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for such and the reasonableness and necessity thereof, as well as the measures adopted in response thereto, such as increasing seats for independent directors and having a majority of directors refrain from serving concurrently as employees or managerial officers.

(3) Return to consultant

Chairmen of the board and presidents rehired as consultant after retiring from the Bank or its affiliate enterprises: None.

3. Remuneration of Directors, President, Deputy Presidents, Vice Presidents and Consultants, and Remuneration of employees in the Most Recent Fiscal Year

(1) Remuneration of Non-independent Directors and Independent Directors

The Eighth Board of Directors (2023.1.1~2023.6.15)

December 31, 2023 Unit: NT$ thousands/%

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E) (Note 1)		Severance Pay (F)		Employee Compensation (G) (Note 2)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Lo, Tina Y.	11,110	11,608	161	161	0	0	763	1,275	12,035 0.48	13,044 0.52	0	0	0	0	0	0	0	0	12,035 0.48	13,044 0.52	None
Chairman	Ming Shan Investment Co., Ltd. (Rep.: Lo, Tina Y.)	825	825	0	0	4,076	4,076	0	0	4,901 0.02	4,901 0.02	0	0	0	0	0	0	0	0	4,901 0.02	4,901 0.02	None
Managing Director	Lo, Kenneth C.M.	413	413	0	0	2,038	2,038	758	758	3,209 0.01	3,209 0.01	0	0	0	0	0	0	0	0	3,209 0.01	3,209 0.01	None
Managing Director	Huang, Edward Chien-Chiang	0	0	0	0	0	0	60	60	60 0.00	60 0.00	0	0	0	0	0	0	0	0	60 0.00	60 0.00	None
Managing Director	Taiwan Cement Corporation (Rep.: Huang, Edward Chien-Chiang)	413	413	0	0	2,038	2,038	0	0	2,451 0.01	2,451 0.01	0	0	0	0	0	0	0	0	2,451 0.01	2,451 0.01	None
Managing Director	Jian, Zhi-Ming	0	0	0	0	0	0	60	60	60 0.00	60 0.00	0	0	0	0	0	0	0	0	60 0.00	60 0.00	3,882
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Jian, Zhi-Ming)	413	413	0	0	2,038	2,038	0	0	2,451 0.01	2,451 0.01	0	0	0	0	0	0	0	0	2,451 0.01	2,451 0.01	None
Director	Chen, Shih-Tze	0	0	0	0	0	0	18	18	18 0.00	18 0.00	0	0	0	0	0	0	0	0	18 0.00	18 0.00	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Chen, Shih-Tze)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lee, Mark J.C.	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None
Director	Lee, Elton F.Y.	0	401	0	0	0	0	18	52	18 0.00	453 0.00	19,187	19,187	50	50	611	0	611	0	19,865 0.01	20,300 0.01	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Lee, Elton F.Y.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lin, Gordon W.C.	0	0	0	0	0	0	18	18	18 0.00	18 0.00	0	0	0	0	0	0	0	0	18 0.00	18 0.00	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Lin, Gordon W.C.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Yeh, Roy J.Y.	0	2,586	0	0	0	0	18	39	18 0.00	2625 0.01	0	0	0	0	0	0	0	0	18 0.00	2,625 0.01	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Yeh, Roy J.Y.)	275	275	0	0	1,359	1,359	0	0	1,634 0.01	1,634 0.01	0	0	0	0	0	0	0	0	1,634 0.01	1,634 0.01	None
Director	Lin, Bill K.C.	275	275	0	0	1,359	1,359	18	18	1,652 0.01	1,652 0.01	0	0	0	0	0	0	0	0	1,652 0.01	1,652 0.01	None

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E) (Note 1)		Severance Pay (F)		Employee Compensation (G) (Note 2)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Independent Managing Director	Hu, Fu- Hsiung	1,100	1,100	0	0	0	0	114	114	1,214 0.00	1,214 0.00	0	0	0	0	0	0	0	0	1,214 0.00	1,214 0.00	None
Independent Director	Lin, Hank H.K.	825	825	0	0	0	0	72	72	897 0.00	897 0.00	0	0	0	0	0	0	0	0	897 0.00	897 0.00	None
Independent Director	Liu, Richard R.C.	825	825	0	0	0	0	60	60	885 0.00	885 0.00	0	0	0	0	0	0	0	0	885 0.00	885 0.00	None

Note 1: Compensation for chauffeurs assigned to directors amounted to NT$1,092 thousand and that for those assigned to employees charged with concurrent posts, NT$450 thousand.

Note 2: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.

1. Spell out the policy, system, criteria, and structure concerning remuneration of independent directors as well as such remuneration' correlation with their duties, risk assumed, and time devoted:
   In accordance with its Articles of Incorporation, the Bank excludes independent directors from distribution of earnings but may pay them remuneration no matter if it makes a profit or loss. The Board of Directors is authorized to decide on remuneration for independent directors on the basis of their involvement in the Bank's operations, the value of their contributions, and the result of performance evaluation of the Board while also taking into account such remuneration among industry peers.
2. Except for the items disclosed above, remuneration collected by directors for rendering services (to the Company, companies in its consolidated financial statements, or its investees as non-employee advisors) during the most recent year: None.

Note 3: The compensation amounts disclosed here are not a conceptual equivalent to the "income" defined in the Income Tax Act. As such, these numbers are meant for information disclosure instead of taxation.

The Ninth Board of Directors (2023.6.16~2023.12.31)

December 31, 2023 Unit: NT$ thousands/%

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D) (Note 1)				Salary, Bonuses, and Allowances (E) (Note 1)		Severance Pay (F)		Employee Compensation (G) (Note 2)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Lo, Tina Y.	13,130	13,718	190	190	6,440	6,440	902	1,507	20,662 0.08	21,855 0.09	0	0	0	0	0	0	0	0	20,662 0.08	21,855 0.09	None
Managing Director	Lo, Kenneth C.M.	0	0	0	0	0	0	933	933	933 0.00	933 0.00	0	0	0	0	0	0	0	0	933 0.00	933 0.00	None
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Lo, Kenneth C.M.)	263	263	0	0	3,220	3,220	0	0	3,483 0.01	3,483 0.01	0	0	0	0	0	0	0	0	3,483 0.01	3,483 0.01	None
Managing Director	Lin, Bill K.C.	0	1,438	0	0	0	0	96	111	96 0.00	1,549 0.06	0	0	0	0	0	0	0	0	96 0.00	1,549 0.06	None
Managing Director	Tai Hsuan Investment Co., Ltd. (Rep.: Lin, Bill K.C.)	263	263	0	0	3,220	3,220	0	0	3,483 0.01	3,483 0.01	0	0	0	0	0	0	0	0	3,483 0.01	3,483 0.01	None
Director	Lee, Mark J.C.	175	175	0	0	2,147	2,147	30	30	2,352 0.01	2,352 0.01	0	0	0	0	0	0	0	0	2,352 0.01	2,352 0.01	None
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	175	175	0	0	2,147	2,147	30	30	2,352 0.01	2,352 0.01	0	0	0	0	0	0	0	0	2,352 0.01	2,352 0.01	None
Director	Chien, Chih-Ming	0	0	0	0	0	0	30	30	30 0.00	30 0.00	0	0	0	0	0	0	0	0	30 0.00	30 0.00	4,588
Director	Ming Shan Investment Co., Ltd. (Rep.: Chien, Chih-Ming)	175	175	0	0	2,147	2,147	0	0	2,322 0.01	2,322 0.01	0	0	0	0	0	0	0	0	2,322 0.01	2,322 0.01	None
Director	Chen, Alex J.J.	0	1,083	0	0	0	0	30	45	30 0.00	1,128 0.05	0	0	0	0	0	0	0	0	30 0.00	1,128 0.05	None
Director	Tai Ya Investment Co., Ltd. (Rep.: Chen, Alex J.J.)	175	175	0	0	2,147	2,147	0	0	2,322 0.01	2,322 0.01	0	0	0	0	0	0	0	0	2,322 0.01	2,322 0.01	None
Director	Tang, Grace W.S	0	0	0	0	0	0	30	63	30 0.00	63 0.00	0	3,384	0	59	0	0	136	0	166 0.00	3,506 0.01	None
Director	Yi Chang Investment Co., Ltd. (Rep.: Tang, Grace W.S)	175	175	0	0	2,147	2,147	0	0	2,322 0.01	2,322 0.01	0	0	0	0	0	0	0	0	2,322 0.01	2,322 0.01	None
Independent Managing Director	Hu, Fu- Hsiung	700	700	0	0	0	0	174	174	874 0.00	874 0.00	0	0	0	0	0	0	0	0	874 0.00	874 0.00	None
Independent Director	Lin, Hank H.K.	525	525	0	0	0	0	108	108	633 0.00	633 0.00	0	0	0	0	0	0	0	0	633 0.00	633 0.00	None
Independent Director	Chiang, Tina W.N	525	525	0	0	0	0	90	90	615 0.00	615 0.00	0	0	0	0	0	0	0	0	615 0.00	615 0.00	None
Independent Director	Wang, Jennifer C.F.	525	525	0	0	0	0	84	84	609 0.00	609 0.00	0	0	0	0	0	0	0	0	609 0.00	609 0.00	None

Note 1: Compensation for chauffeurs assigned to directors amounted to NT$1,291 thousand and that for those assigned to employees charged with concurrent posts, NT$0 thousand.

Note 2: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.

1. Spell out the policy, system, criteria, and structure concerning remuneration of independent directors as well as such remuneration' correlation with their duties, risk assumed, and time devoted:
   In accordance with its Articles of Incorporation, the Bank excludes independent directors from distribution of earnings but may pay them remuneration no matter if it makes a profit or loss. The Board of Directors is authorized to decide on remuneration for independent directors on the basis of their involvement in the Bank's operations, the value of their contributions, and the result of performance evaluation of the Board while also taking into account such remuneration among industry peers.
2. Except for the items disclosed above, remuneration collected by directors for rendering services (to the Company, companies in its consolidated financial statements, or its investees as non-employee advisors) during the most recent year: None.

Note 3: The compensation amounts disclosed here are not a conceptual equivalent to the "income" defined in the Income Tax Act. As such, these numbers are meant for information disclosure instead of taxation.

(2) Remuneration of President and Vice Presidents

December 31, 2023
Unit: NT$ thousands/%

Title	Name	Remuneration										Total Remuneration (A+B+C+D) and ratio to Net Income (%)		Compensation Paid to President and Vice Presidents from an Invested Company Other than the Company's Subsidiary or from the Company
		Base Compensation (A)		Severance Pay (B)		Bonus to Supervisors (C)(note1)		Allowances (D) (note2)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Lee, Elton F.Y.	12,300	13,174	108	108	29,554	29,629	1,333	–	1,333	–	43,2951.74	44,2431.78	None
Deputy President	Lin, Roger Y.F.	66,704	66,704	2,819	2,819	86,699	86,810	4,437	-	4,437	-	160,659 6.45	160,770 6.45	None
Senior Executive Vice President	Xu, Chengzhou													
Senior Executive Vice President	Xiao, Zhongcheng(Note 3)													
Senior Executive Vice President	Wang, Chia Chi(Note 3)													
Senior Executive Vice President	Chyr, Y. H. (Note 3)													
Senior Executive Vice President	Fan, Vivian H.J.													
Executive Vice President	Lai, Fengren													
Executive Vice President	Siew, Joy C.Y.													
Executive Vice President	Chao, Tillie C.L.													
Executive Vice President	Xie, Jun(Note 3)													
Executive Vice President	Chen, Paul H.J.													
Executive Vice President	Hung, Lichen													
Executive Vice President	Tang, Ruoheng													
Executive Vice President	Chin, Teddy Y.T.													
Executive Vice President	Fang, Stanley H.W.													
Executive Vice President	Peng, Christina B.J.(Note 3)													
Executive Vice President	Shao, Wen W.C.													
Executive Vice President	Tyane, Edward F.C													
Executive Vice President	Wang, Alan J.J.													
Executive Vice President	Kuo, Catherine H.X.													
Executive Vice President	Lee, Yaochung(Note 3)													
Executive Vice President	Chih, Eric V. C.(Note 3)													
Executive Vice President	Wang, John Y.C.(Note 3)													
Executive Vice President	Hsieh, Leo T. J.(Note 3)													
Executive Vice President	Tang, Jack J.H.(Note 3)													

Note 1: Compensation for chauffeurs amounted to NT$3,294 thousand.
Note 2: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.
Note 3: 2023 tenure of managerial officers: Xiao, Zhongcheng(4.6~12.31)、Wang, Chia Chi(1.1~1.31)、Chyr, Y. H.(1.1~12.8)、Xie, Jun(3.29~12.31)、Peng, Christina B.J.(7.10~12.31)、Lee, Yaochung(12.4~12.31)、Chih, Eric V. C.(1.1~2.28)、Wang, John Y.C.(1.1~3.19)、Hsieh, Leo T. J.(1.1~4.14)、Tang, Jack J.H.(1.1~8.31).

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Less than NT$ 1,000,000	Wang, Chia Chi.、Hsieh, Leo T. J.、Wang, John Y.C.、Chih, Eric V. C.、Lee, Yaochung	Wang, Chia Chi、Hsieh, Leo T. J.、Wang, John Y.C.、Chih, Eric V. C.、Lee, Yaochung
NT$ 1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Tang, Jack J.H.	Tang, Jack J.H.
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Peng, Christina B.J.、Wang, Alan J.J.	Peng, Christina B.J.、Wang, Alan J.J.
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Chyr, Y. H.、Xie, Jun、Kuo, Catherine H.X.	Chyr, Y. H.、Xie, Jun、Kuo, Catherine H.X.
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Fan, Vivian H.J.、Siew, Joy C.Y.、Lai, Fengren、Chao, Tillie C.L.、Tang, Ruoheng、Shao, Wen W.C.、Chin, Teddy Y.T.、Fang, Stanley H.W.、Hung, Lichen、Tyane, Edward F.C.	Fan, Vivian H.J.、Siew, Joy C.Y.、Lai, Fengren、Chao, Tillie C.L.、Tang, Ruoheng、Shao, Wen W.C.、Chin, Teddy Y.T.、Fang, Stanley H.W.、Hung, Lichen、Tyane, Edward F.C.
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	Xu, Chengzhou、Xiao, Zhongcheng	Xu, Chengzhou、Xiao, Zhongcheng
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	Lin, Roger Y.F.、 Chen, Paul H.J.	Lin, Roger Y.F.、 Chen, Paul H.J.
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	Lee, Elton F.Y.	Lee, Elton F.Y.
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)	-	-
More than or equal to NT$100,000,000	-	-
Total	26	26

Note: Given conceptual differences, the numbers given here are meant for information disclosure instead of taxation.

(3) Remuneration of Employees

December 31, 2023 Unit: NT$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
	President	Lee, Elton F.Y.	-	1,333 (Note 1)	1,333	0.02
Executive officers	Deputy President	Lin, Roger Y.F.	-	4,437 (Note 1)	4,437	0.18
	Senior Executive Vice President	Xu, Chengzhou				
	Senior Executive Vice President	Xiao, Zhongcheng(Note 2)				
	Senior Executive Vice President	Fan, Vivian H.J.				
	Executive Vice President	Lai, Fengren				
	Executive Vice President	Chao, Tillie C.L.				
	Executive Vice President	Siew, Joy C.Y.				
	Executive Vice President	Xie, Jun(Note 2)				
	Executive Vice President	Chen, Paul H.J.				
	Executive Vice President	Hung, Lichen				
	Executive Vice President	Tang, Ruoheng				
	Executive Vice President	Chin, Teddy Y.T.				
	Executive Vice President	Fang, Stanley H.W.				
	Executive Vice President	Peng, Christina B.J.(Note 2)				
	Executive Vice President	Shao, Wen W.C.				
	Executive Vice President	Tyane, Edward F.C.				
	Executive Vice President	Wang, Alan J.J.				
	Executive Vice President	Kuo, Catherine H.X.				
	Executive Vice President	Lee, Yaochung(Note 2)				

Note 1: As of the date of publication of this annual report, the Bank had yet to finalize details with regard to distributing employee remunerations for 2023. The amount given here is an estimate based on the actual distribution for 2022.

Note 2: 2023 tenure of managerial officers: Xiao, Zhongcheng(4.6~12.31)、Xie, Jun(3.29~12.31)、Peng, Christina B.J.(7.10~12.31) 、Lee, Yaochung(12.4~12.31).

(4) Analysis of the compensation for directors, the president, and vice presidents during the most recent two years:

A. Total compensation paid by the Bank and companies in the consolidated financial statements to directors, the president, and vice presidents during the most recent two years as ratios to the Bank's unconsolidated net profit:

Title \ Year	2023					2022				
	Number of persons	Amount		Ratio to net profit		Number of persons	Amount		Ratio to net profit	
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director/ Independent Director	18	82,875	90,703	3.33%	3.64%	21	106,735	123,728	2.12%	2.46%
President and Vice President	26	203,953	205,013	8.18%	8.23%	24	170,481	171,652	3.39%	3.41%
Net Income	2,492,420					5,034,471				

B. Remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operating performance and future risk exposure:

1) Article 22 and 32 of the Bank's Articles of Incorporation prescribe respectively distribution of director remunerations and employee remunerations. If the Bank records a profit in a year, the Bank shall appropriate not more than 2.5% of the profit for director remunerations (independent directors shall be excluded from such distribution) and 1-2.5% for employees. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.
2) The Bank's Board of Directors has set up the Compensation Committee. Composed of the entire number of independent directors, the committee is intended to assist the board in drafting and periodically reviewing performance evaluation for directors and managerial officers as well as the policy, system, criteria, and structure of compensation-setting, the committee also assesses remunerations for directors and managerial officers on a regular basis.
3) With remuneration granted by industry peers also considered for reference, the Bank's director remuneration policy takes account of its own business performance, director contributions and responsibilities, and the result of performance evaluation of Board of Directors. The key evaluation aspects include grasp of company targets and missions, understanding of the directors' duties and responsibilities, participation in company operations, internal relationship management and communications, professional qualifications of directors and continued knowledge development, internal control, etc. Compensation for senior executives comprises fixed pay and variable pay. The Bank basically takes into consideration what is being paid in the industry when deciding on fixed pay that is commensurate with the responsibilities and specialized skills required of their respective positions as well as their on-the-job performance. Variable pay, on the other hand, is subject to the Bank's business performance and future risks as well as the personal performance of the managerial officers in question, based on which reasonable distribution is to be achieved. The performance of managerial officers is appraised against both financial indicators (pretax profit, attainment of short- and long-term business objectives, etc.) and nonfinancial indicators (the Bank's core value, innovation, leadership and

management, legal compliance, internal control, risk management, corporate sustainability, etc.). The Bank's remuneration mechanism not only offers competitive incentives but also takes account of future risks to ensure that managerial remuneration is closely aligned with the Bank's business performance, thereby creating a respectable corporate image, laying a solid foundation for sustainable development, and maximizing employee, customer, and shareholder interests.

5) The Bank's remuneration package, pursuant to the Compensation Committee Organizational Regulations, comprises cash compensation, stock warrants, employee stock bonus grants, pensions or severance pays, and allowances or other substantive incentive measures; its scope corresponds to that specified for remuneration for directors and managers in the Regulations Governing Information to Be Published in Annual Reports of Banks.

(1) Remuneration Policy for Directors and Senior Executives:

- Director Remuneration Principles:

  a. The remuneration of the Bank's directors should be determined by considering the company's operational results, the directors' contributions, their responsibilities, and the results of board performance evaluations. Performance evaluation criteria include understanding of company goals and tasks, awareness of director duties, participation in company operations, internal relationship management and communication, director professionalism and continuous education, and internal controls. The remuneration should be benchmarked against industry standards.

  b. Director remuneration should be handled according to Article 22 of the Bank's Articles of Incorporation. If the company has profits for the year, the allocation should not exceed 2.5% of the profits. Independent directors do not participate in the distribution of director remuneration. If there are accumulated losses, amounts should be reserved to cover these first.

  c. If a director severely violates laws or regulations related to company directors or fails to complete the required training hours as stipulated by the regulatory authorities, the board may decide not to grant the director's remuneration.

  d. If a director engages in unethical behavior or causes significant negative impact on the company's image during their tenure, the Board may decide to implement a clawback mechanism for the director's remuneration.

- Senior Executive Remuneration Principles:

  a. The remuneration of senior executives is determined by considering their responsibilities, professional skills, and job performance, benchmarked against industry standards.

  b. Variable bonuses for senior executives are based on the overall operational results of the Bank, the performance of the unit they belong to, and individual performance. Part of the remuneration may be in the form of equity-linked payments tied to the company's stock price, aligning with the company's long-term performance.

  c. If a senior executive violates laws or internal regulations or engages in improper conduct causing significant risk events and resulting in foreseeable or actual losses to the company, the Bank may stop deferred bonuses or reclaim part or all of the paid variable remuneration, establishing a system that links remuneration to long-term performance.

(2) Compensation Committee:

The Board has the Compensation Committee composed entirely of independent directors. The Committee assists the Board in setting and regularly reviewing policies, systems, standards, and structures for evaluating and compensating directors and managers. It also regularly assesses the remuneration of directors and managers.

The Bank's compensation package, as defined by the Compensation Committee Organizational Rules, includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances, and other substantial incentives. These are consistent with the requirements outlined in the "Guidelines for the Annual Report of Banks" concerning director and manager remuneration.

(3) Policy Linking Senior Executive Remuneration and Performance Evaluation:

The remuneration policy for senior executives is managed according to the "Managerial Remuneration Management Measures" approved by the Board. Remuneration for senior executives includes fixed and variable components. Fixed salaries are determined by the responsibilities of their positions, job performance, and required professional skills, annually benchmarked against industry standards to maintain market competitiveness. Variable salaries are based on overall company performance, future risks, and individual performance, reasonably allocated. Personal performance assessments include financial and non-financial indicators, such as pre-tax net profit, achievement rates of short- and long-term business goals, annual profitability, cost-income ratio, and asset quality. Non-financial indicators include core company values, strategic objectives, innovation, legal compliance, internal control, risk management, and sustainability goals, with sustainability goals accounting for no less than 5%, ensuring the implementation of the Bank's sustainability strategy.

The remuneration system aims to provide market-competitive incentives while considering future risk factors. Managerial bonuses are partially equity-linked or deferred in cash, with a long-term incentive plan issued as virtual stock, linking bonus value to future stock prices. This strengthens the association between executive remuneration and the company's long-term performance, building a foundation for good company reputation and sustainable operations. Executives violating internal controls or risk management principles, resulting in anticipated or actual losses, will be held accountable, and the Bank may reclaim all or part of the unvested deferred bonuses to establish a foundation for sustainable operations.

4. Implementation of Corporate Governance

(1) Board of Directors

A. Board of Managing Directors

A total of 7 meetings of the 8th Board of Managing Directors were held from 2023.1.1 to 2023.6.15.

The attendance of managing directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Ming Shan Investment Co., Ltd. (Rep.: Lo, Tina Y.)	6	1	86	
Managing Director	Lo, Kenneth C. M.	5	2	71	
Managing Director	Taiwan Cement Corporation (Rep. : Huang Jianqiang)	7	0	100	
Managing Director	Mingshan Investment Co., Ltd. (Rep: Jian Zhiming)	7	0	100	
Independent Managing Director	Hu, Fu-Hsiung	7	0	100	

A total of 11 meetings of the 9th Board of Managing Directors were held from 2023.6.16 to 2023.12.31.

The attendance of managing directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Lo, Tina Y.	11	0	100	
Managing Director	Mingshan Investment Co., Ltd. (Rep: Lo, Kenneth C. M.)	11	0	100	
Independent Director	Tai Hsuan Investment Co., Ltd. (Rep: Lin, Bill K.C.)	11	0	100	
Independent Managing Director	Hu, Fu-Hsiung	11	0	100	

B. Board of Directors

A total of 3 meetings of the 8th Board of Directors were held from 2023.1.1 to 2023.6.15.

The attendance of directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Ming Shan Investment Co., Ltd. (Rep. : Lo, Tina Y.)	3	0	100	
Managing Director	Lo, Kenneth C. M	3	0	100	
Managing Director	Taiwan Cement Corporation (Rep. : Huang Jianqiang)	3	0	100	
Managing Director	Ming Shan Investment Co., Ltd. (Rep.: Chien, Chih-Ming))	3	0	100	
Independent Managing Director	Hu, Fu- Hsiung	3	0	100	
Independent Director	Lin, Hank H.K.	3	0	100	
Independent Director	Liu, Richard R.C.	3	0	100	
Director	Tai Ya Investment Co., Ltd. (Rep.: Chen, Shih-Tze)	3	0	100	
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	3	0	100	
Director	Lee, Mark J.C.	3	0	100	
Director	Tai Ya Investment Co., Ltd. (Rep.: Lee, Elton F.Y.)	3	0	100	
Director	Yi Chang Investment Co., Ltd. (Rep. : Lin, Gordon W.C.)	3	0	100	
Director	Yi Chang Investment Co., Ltd. (Rep. : Yeh, Roy J.Y.)	3	0	100	
Director	Lin, Bill K.C.	3	0	100	

A total of 5 meetings of the 9th Board of Directors were held from 2023.6.16 to 2023.12.31.

The attendance of directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Lo, Tina Y.	5	0	100	
Managing Director	Ming Shan Investment Co., Ltd. (Rep: Lo, Kenneth C. M.)	5	0	100	
Managing Director	Tai Hsuan Investment Co., Ltd. (Rep: Lin, Bill K.C.)	5	0	100	
Director	Abag Investment Holdings Co., Ltd. (Rep.: Cheng, George C.J.)	5	0	100	
Director	Lee, Mark J.C.	5	0	100	
Director	Ming Shan Investment Co., Ltd. (Rep.: Chien, Chih-Ming)	5	0	100	
Director	Tai Ya Investment Co., Ltd. Representative: Chen, Alex J.J.	5	0	100	
Director	Yi Chang Investment Co., Ltd. Representative: Tang, Grace W.S	5	0	100	
Independent Managing Director	Hu, Fu- Hsiung	5	0	100	

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Lin, Hank H.K.	5	0	100	
Independent Director	Chiang, Tina W.N	5	0	100	
Independent Director	Wang, Jennifer C.F.	4	1	80	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act: Not applicable because, as required by law, the Bank has established the Audit Committee.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors：None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2023.2.15 The 8th Board of Directors in its 21th meeting	Proposal for making a donation to the O-Bank Education Foundation	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	The Bank's directors stand by the principle of recusal and refrain from participating in the discussion of and voting on motions that may cause conflicts of interest.
	Proposal for making a donation to the Chinese National Association of Industry and Commerce	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen		
2023.3.14 The 8th Board of Directors in its 22th meeting	Proposal for director remunerations and employee remunerations for 2022	Distribution of Directors' Remunerations (the entire number of non-independent directors): Tina Y. Lo, Kenneth C.M. Lo, Jianqiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Gordon W.C. Lin, Elton F.Y. Lee, Roy J.Y. Yeh, Bill K.C Lin Distribution of Employee Remunerations: Elton F.Y. Lee		
	Revision of the full-range monthly salary standard for staff of various grades in the Hong Kong region of the Bank	Elton F.Y. Lee		
	Revision of the Audit Plan of the Bank for the Year 2023	Elton F.Y. Lee		
	Change of the Credit Terms Application by the Bank's Credit Clients	Chih-Ming Chien		
2023.5.3 The 8th Board of Directors in its 23th meeting	Application for Change of Responsible Person by the Bank's Credit Clients	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, Gordon W.C. Lin, Roy J.Y. Yeh		
	Proposal for Election of the Bank's 9th Board of Directors	Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, Shih-Tze Chen, George C.Y. Cheng, Mark J.C. Lee, Bill K.C. Lin		
	Application by the 9th Board of Directors and Their Affiliated Legal Entities for Release of Non-competition Restrictions	Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, Shih-Tze Chen, George C.Y. Cheng, Mark J.C. Lee		

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2023.6.16 The 9th Board of Directors in its 1st meeting	Appointment of Members for the Bank's 6th Compensation Committee	Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Jennifer C.F. Wang		
	Appointment of Members for the Bank's 2nd Corporate Governance and Nomination Committee	Tina Y. Lo, Kenneth C.M. Lo, Fu-Hsiung Hu, Hank H.K. Lin		
2023.6.29 The 9th Board of Directors in its 2nd meeting	Changes in Members of the Bank's Risk Management Committee	Bill K.C. Lin, Chih-Ming Chien, Alex J.J. Chen		
	Nomination of a Representative to Select the Chairman for the Bank's Investment Subsidiary	Bill K.C. Lin, Grace W.S. Tang, Alex J.J. Chen		
	Approval of the Remuneration for the Bank's Chairman	Tina Y. Lo, Kenneth C.M. Lo		
2023.8.21 The 9th Board of Directors in its 3rd meeting	Appointment of Members for the Bank's 1st Board Sustainability Committee	Tina Y. Lo, Kenneth C.M. Lo, Bill K.C. Lin, Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, Jennifer C.F. Wang		
	Donation to the Chinese National Federation of Industries by the Bank	Tina Y. Lo, Kenneth C.M. Lo		
2023.11.1 The 9th Board of Directors in its 4th meeting	Donation to the Foundation of National Taiwan University Economic Research by the Bank	Tina Y. Lo, Kenneth C.M. Lo		

3. Evaluation of Board of Directors:

2023 Internal Evaluation of the Performance of Board of Directors and Functional Committees	
Evaluation Cycle	Once a year
Evaluation Period	January 1 to December 31, 2023
Evaluation Scope	Board of Directors, Functional Committees (including Audit Committee, Compensation Committee, Corporate Governance and Nomination Committee, and Board Sustainability Committee), and Board members (self-assessment)
Evaluation Method	Self-evaluation of Board of Directors, Functional Committees, and Board Members
Evaluation Contents	(1) The Bank's internal evaluation of the performance of the Board of Directors employs 5-point scale: "Excellent (5 points), Very Good (4 points), Good (3 points), Fair (2 points), Needs Improvement (1 point)" for quantified evaluation. The resulting average scores are then used for measurement. (2) The Bank's Board performance evaluation covers 5 aspects: A. Participation in company operations B. Improvement on the quality of the board's decision making C. Composition and structure of the board of directors D. Election of directors and continued knowledge development E. Internal control F. Others (issues such as fair treatment of clients, personal information management, AML/CFT, legal compliance, information security management, ESG development, corporate social responsibility, ethical corporate management, etc.) (3) Functional committee performance evaluation covers 5 aspects: A. Participation in company operations B. Understanding of the committee members' duties and responsibilities C. Improvement on the quality of the committee's decision making D. Composition of the committees and election of the committee members E. Internal control

2023 Internal Evaluation of the Performance of Board of Directors and Functional Committees

(4) Board member performance evaluation (self-assessment) covers 6 aspects:

A. Understanding of company goals and missions
B. Understanding of the directors' duties and responsibilities
C. Participation in company operations
D. Internal relationship management and communications
E. Professional qualifications of directors and continued knowledge development
F. Internal control

(5) Result of 2023 Performance Evaluation:

A. The average score of Board performance evaluation on each aspect is between 4.68~4.95:

Evaluation Aspect	Average Score
(A) Participation in company operations	4.68
(B) Improvement on the quality of the board's decision making	4.86
(C) Composition and structure of the board of directors	4.95
(D) Election of directors and continued knowledge development	4.93
(E) Internal control	4.92
(F) Others (issues such as fair treatment of clients, personal information management, AML/CFT, legal compliance, information security management, ESG development, corporate social responsibility, ethical corporate management, etc.)	4.92

B. The average score of functional committee performance evaluation on each aspect is between 4.90~5 in Audit Committee, 4.94~5 in Compensation Committee, 5 in Corporate Governance and Nomination Committee, and 4.94~5 in Sustainability Committee:

Evaluation Aspect	Average Score of Audit Committee	Average Score of Compensation Committee	Average Score of Corporate Governance and Nomination Committee	Average Score of Sustainability Committee
A. Participation in company operations	4.94	4.94	5	4.96
B. Understanding of the committee members' duties and responsibilities	4.90	5	5	4.94
C. Improvement on the quality of the committee's decision making	4.96	4.96	5	4.98
D. Composition of the committees and election of the committee members	5	5	5	5
E. Internal control	4.90	5	5	5

C. The average score of Board member performance evaluation (self-assessment) on each aspect is between 4.75~ 5:

Evaluation Aspect	Average Score
(A) Understanding of company goals and missions	4.83
(B) Understanding of the directors' duties and responsibilities	5
(C) Participation in company operations	4.77
(D) Internal relationship management and communications	4.75
(E) Professional qualifications of directors and continued knowledge development	4.94
(F) Internal control	4.75

2023 Internal Evaluation of the Performance of Board of Directors and Functional Committees	
	D. The result of 2023 Internal Performance Evaluation of Board of Directors was deliberated and approved by the Corporate Governance and Nomination Committee and the Board of Directors on March 13, 2024. They will serve as references for the continuous improvement of the Board of Directors (including functional committees and board members) and for director compensation, re-election nominations. Overall, the Bank's Board of Directors and functional committees are operating competently by adequately fulfilling their duties of supervising and advising on the Bank's strategic plans, major business, and risk management. Moreover, all the functional committees are operating properly, thereby improving the board functions. In the meantime, the board members' understanding of their responsibilities, participation in the Bank's operations, and offer in proper decision-making effectively improve the Bank's corporate governance. E. Below are the improvement suggestions of 2023 Internal Performance Evaluation of Board of Directors:

Improvement Item	Improvement Plan
1. The average actual attendance of each director at board meetings.	Advance planning and announcing the dates of board meeting, as well as utilizing various methods such as video conferencing and in-person participation, to enhance director attendance rate at board meetings.
2. The attendance of directors at Shareholder meetings.	Advance noticing the dates of Shareholder's meeting, actively inviting and encouraging the directors to fully participate in Shareholder's meeting, enhancing director attendance rate.

2021 External Evaluation of the Performance of Board of Directors and Functional Committees	
Evaluation Cycle	At least once every 3 years by external evaluation institutions or panel of external experts and scholars
Evaluation Period	June 1, 2020 to May 31, 2021
Evaluation Scope	Board of Directors (including the implementation status of the functional committees authorized by the board)
Evaluation Method	External-evaluation
Evaluation Contents	(1) Summary of Implementation In April 2021, the Bank commissioned Taiwan Corporate Governance Association (hereinafter "the association") to conduct the board performance evaluation. The evaluation period is from June 1, 2020 to May 31, 2021. The association is a non-profit and professional public interest group that advocates corporate governance, and helps businesses improve corporate governance, competitiveness, and sustainability. Also, it provides such services as offering training courses for directors, conducting corporate governance system assessment and board performance evaluation, and issuing publications on corporate governance. The association's evaluation panel is composed of 4 association members, experienced in corporate governance assessment, corporate governance evaluation, and board performance evaluation. That is, the evaluation panel is equipped with professional competence in conducting the Bank's board performance evaluation. In addition, the association clarified the independence of the panel in the statement of the evaluation report. The association conducted the evaluation based on the open-ended questionnaire, other materials provided, public information, and on-site visit. On September 30, 2021, the evaluation panel met in person with the Bank's Chairman, independent directors, CPA, President, and management team for evaluation. The evaluation includes: the composition of board of directors, direction, delegation, supervision, communication, internal control and risk management, and self-discipline. It also covers other aspects such as board meetings and the support system. The association issued the report of the Bank's board performance evaluation on October 12, 2021. The Bank submitted the report and improvement plans to the 1st Corporate Governance and Nomination Committee in its 5th meeting and to the 8th Board of Directors in its 12th meeting on December 29, 2021, and the 2022 implementation of the recommendations of the evaluation report was submitted to the 9th meeting of the first corporate governance and nomination committee of the bank and the 8th Board of Directors in its 20th meeting for consideration and approval on December 27, 2022

2021 External Evaluation of the Performance of Board of Directors and Functional Committees

(2) Summary of General Evaluation

1. The Bank actively participated in the corporate governance system assessment and invited an independent and professional institution to conduct the board performance evaluation, demonstrating the board's proactive attitude in implementing corporate governance and improving the board functions through the independent and objective observations.
2. The Bank's independent directors are outstanding individuals from different industries and perform their duties faithfully. They actively participate in and contribute to the board affairs, and strengthen the board functions via functional committees, thereby enhancing the quality of the board's decision-making. All of which build a competent and positive board meeting culture.
3. The Chairman creates an atmosphere of openness among the board with her open leadership. The Chairman's attention in brainstorming and respect for board members' opinions allow the board sufficient discussion and increase the quality of the board's decision-making. The directors, through different meetings, also faithfully supervise the board by contributing their expertise and actively participating in setting the Bank's future prospects and strategic target.
4. The Bank appoints a head of corporate governance, who is in charge of arranging board meeting agendas, helping directors with director training, providing them with materials within or outside the meetings, and offering them information related to directors both occasionally and on a regular basis. The head of corporate governance also helps directors take hold of important information on the Bank, businesses, international corporate governance trend through compiling quarterly Director Newsletter on news regarding directors, banks, finance, legal announcement, special topics report, and international corporate governance trend. All of which shows that the Board is fully backed up with the support system and shows the accountability of the head of corporate governance.

(3) Summary of suggestions and improvement plan

Suggestions (summary)	Improvement Plan
The appraisal and remuneration of the Bank's Chief Auditor are reported to the Compensation Committee, whose members identical to those of the Audit Committee, and approved by the Chairman, who is authorized by the board. The association suggests that the Bank's Chairman take into account the Audit Committee's opinion, in order to further enhance the independence of the internal audit and reinforce the Audit Committee's supervisory responsibility.	In response to the association's suggestion, the improvement initiatives have been already implemented.
The Bank has disclosed its Whistleblowing Policy, reporting hotline, email address, and mailing address on its website. The association suggests that the Bank grant access to the Audit Committee or independent directors to provide stakeholders with direct communication channels, so as to allow the Audit Committee to receive material information.	The Bank's amended Whistleblowing Policy was approved by the Board of Directors on December 29, 2021, and disclosed on its website. After taking into account of the association's suggestion and the Bank's practical operations, the Bank provided stakeholders with a direct communication channel and enabled the Audit Committee to receive immediate material information.
The association suggests that the Bank set up Succession Planning for senior management in line with the Bank's future prospects, strategies, and global ESG trend. Also, it suggests that the Bank report the implementation status to the Board on a regular basis, thereby attaining sustainable development.	The Bank has already disclosed the Succession Planning of Senior Management on its website. In response to the association's suggestion, the Bank will review the Succession Planning regularly and report to the board from 2022.

2021 External Evaluation of the Performance of Board of Directors and Functional Committees	
Suggestions (summary)	**Improvement Plan**
To help newly-elected directors understand the duties and familiarize with the Bank's business earlier, the Bank arranges meetings for managerial officers to introduce their business and relevant information. The association suggests that the Bank compile Director Handbook and provide it to directors for reference. It is advised that the acceptance receipt of the Handbook is signed and filed, and that the Handbook covers such aspects as the Bank's business, industry dynamics, legal compliance, the duties and obligations of directors, and directors' training. Also, it suggests that the Bank establish a director seminar system for newly-elected directors in order to help the Bank facilitate its implementation in the future.	In response to the association's suggestions: (1) Include the Board Orientation in Corporate Governance Best Practice Principles. (2) Compile Director handbook. The Handbook is provided to directors for reference starting from 9th Board of Directors meeting.
The Bank discloses its implementation results of CSR initiatives and communications with stakeholders in its CSR report and on its website. The association suggests that the Bank report the Bank's annual CSR Plan to the Board of Directors to help directors understand the Bank's CSR initiatives.	In response to the association's suggestion, the improvement initiatives have been already implemented.

4. Assessment of Objectives and Implementation of Strengthening the Board of Directors' Functions for the Current and Recent Years:

A. Enhancing Information Transparency:

- To enhance the transparency of Board of Directors' operations, the Bank (1) discloses important decisions of the Board of Directors in the annual report and on the Bank's website; (2) discloses the attendance of Directors at Board meetings in the annual report and on the Market Observation Post System (MOPS); (3) discloses the continuing education status of Directors on the MOPS.

B. Functional Committees:

- To ensure effective corporate governance, the Bank introduced the Audit Committee to its 5th Board of Directors in accordance with the Securities and Exchange Act in 2011. All independent directors were called upon to make up the Audit Committee under the Board of Directors, and the Bank's Audit Committee Organizational Rules were enacted accordingly. Also put in place were the Bank's Regulations Governing the Scope of Duties of Independent Directors. On August 21, 2020, the Board of Directors approved amendments to the Audit Committee Organizational Rules and Regulations Governing the Scope of Duties of Independent Directors. Partial articles were amended on March 13, 2024, to comply with regulatory revisions and strengthen committee responsibilities.
- To build a comprehensive compensation management mechanism, the Bank established the Compensation Committee under the Board of Directors and adopted the Compensation Committee Organizational Rules in 2009. It was followed by the Board's amendments to the Rules and changing of its Chinese name in 2011. The committee is composed of the entire number of independent directors. In accordance with statutory revisions, the Board of Directors approved amendments to the Compensation Committee Organizational Rules on March 22, 2021.
- To strengthen the election system for directors (including independent directors), and to construct a diversified and professional Board of Directors, the Bank established the Corporate Governance and Nomination Committee under the Board of Directors on November 4, 2020. The Corporate Governance

and Nomination Committee Organizational Rules were formulated, with three directors as members, and the majority of members being independent directors. Its main responsibilities include formulating standards for the selection of Board members, reviewing and nominating director candidates, and after resolution by the Board of Directors, proposing suitable directors for election at the shareholders' meeting. It also formulates and reviews director training plans, attendance standards, succession policies, corporate governance practices, integrity codes, ethical conduct guidelines, anti-corruption policies, and methods for evaluating the performance of the Board of Directors. It supervises and guides participation in various corporate governance evaluations, evaluates results, and reports to the Board of Directors for review and improvement.

- To implement sustainable business operations and achieve goals that consider environmental, social, and governance (ESG) factors, the Bank established the Board Sustainability Committee under the Board of Directors on August 21, 2023. The Board Sustainability Committee Organizational Rules were formulated, with at least three directors as members, the majority of whom are independent directors. Its main responsibilities include reviewing the Bank's sustainability (environmental, social, governance) development strategies, including climate change, corporate governance, green finance, and other sustainable development-related decision-making matters. It oversees the Bank's annual sustainability development plans and the achievement of various goals.

C. Enhancing Corporate Governance Regulations:

- To bolster corporate governance and assist directors in performing their duties, thereby strengthening board functions, the Board of Directors approved adopting O-Bank's Standard Operating Procedures for Handling Director Requests in 2019.
- To accommodate statutory revisions by the competent authority, the Board approved amendments to the Bank's Procedural Rules Governing Board Meetings with regard to defining matters to be resolved at a board meeting that may make directors interested parties on January 31,2024.
- To build a sound corporate governance system and promote sound business development, the Board of Directors approved O-Bank Co., Ltd. Corporate Governance Principles in 2017. In line with regulatory revisions, amendments to certain provisions were approved by the Board on August 21, 2023.
- To enhance the Bank's board functions and implement corporate governance, the Bank adopted O-Bank's Regulations Governing the Performance Evaluation of the Board of Directors in 2019, specifying that the board and functional committees should conduct an internal board performance evaluation at least once a year. Also, the evaluation should be conducted at least once every 3 years by external evaluation institutions or panel of external experts and scholars. In accordance with statutory revisions, the Board of Directors approved amendments to the Regulations on December 27, 2023. The internal performance evaluation for the board in 2023 and the external performance evaluation in 2021 have been completed. For more information, please refer to "Corporate Governance Report-Board of Directors- other mentionable items- Evaluation of Board of Directors" section of this annual report.

D. Strengthening Board Operations:

- To fulfill the Bank's goal of sustainability and commitment to strengthening the functions of the Board of Directors, the Bank, when planning succession candidates for the Board, takes into consideration its diversification policy, the candidates' familiarity to the industry, and the mid- to long-term operation strategies.

- In addition to further promoting its functions and enhance the Bank's corporate governance throughout, the Board of Directors has endorsed the competent authority's guideline over getting aligned with international practices and, through keeping close communication with the Bank's management, helped promote and implement policies with regard to corporate social responsibility, fair treatment of clients, ethical management, AML/CFT, personal information protection, and information security management.
- To further upgrade and improve corporate governance endeavors, the Bank commissioned the Taiwan Corporate Governance Association (TCGA) to evaluate and certify its corporate governance system in 2023. As such, an independent, third-party assessment was conducted to evaluate the comprehensiveness, implementation, and feedback mechanism of the aforesaid system. The TCGA subsequently granted the Bank a CG6014 (2023) Certificate of Outstanding (valid for December 26, 2023-December 25, 2025).

(2) Audit Committee

To ensure effective corporate governance, the Board of Directors adopted the resolution on establishing the Audit Committee in lieu of supervisors and enacted the Audit Committee Organizational Rules on February 24, 2011. Established on June 13 of the same year upon approval of a regular shareholders' meeting, the Audit Committee is composed of the entire number of independent directors.

1. Fair presentation of the Bank's financial statements.
2. Selection (dismissal) of CPAs and their independence and performance.
3. Effective implementation of the Bank's internal control system.
4. The Bank's compliance with applicable laws and regulations.
5. Control of the Bank's existing or potential risks.

The Audit Committee is supposed to perform the following duties:

1. Enact or amend the internal control system and evaluate its effectiveness.
2. Assess the effectiveness of the information security systems.
3. Enact or amend the SOP of major financial activities such as acquisition or disposal of assets and derivatives transactions.
4. Review matters in which directors have personal interests.
5. Review major asset or derivatives transactions.
6. Review major instances of lending funds or providing endorsements or guarantees.
7. Review the offering, issuance, or private placement of equity securities.
8. Review the appointment, dismissal, or compensation of CPAs.
9. Review the appointment and dismissal of financial, accounting, or internal audit managerial officers.
10. Review annual financial statements signed or sealed by Chairman, managerial officers, and Head of Accounting, and semi-annual financial statements.
11. Review other major items required by the Bank or the competent authority.

A total of 3 meetings of the 4th Audit Committee meetings were held from 2023.1.1 to 2023.6.15.

The attendance of independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Lin, Hank H.K.	3	0	100	Convener
Independent Managing Director	Hu, Fu-Hsiung	3	0	100	
Independent Director	Liu, Richard R.C.	3	0	100	

A total of 5 meetings of the 5th Audit Committee meetings were held from 2023.6.16 to 2023.12.31.

The attendance of independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Lin, Hank H.K.	5	0	100	Convener
Independent Managing Director	Hu, Fu-Hsiung	5	0	100	
Independent Director	Chiang, Tina W.N	5	0	100	
Independent Director	Wang, Jennifer C.F.	5	0	100	

Note: For more information on the professional qualifications and experiences of the 5th Audit Committee members, please refer to "Directors, Supervisors and Management Team" section of this annual report.

- Examine financial statements

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2023 audited by CPAs Kuan-Hao Lee and Wei-Chun Ma of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports, the Audit Committee has found them to meet the requirements of applicable laws and regulations.

- Evaluate the effectiveness of the Bank's internal control system

In accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking industries and the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies enacted by the Financial Supervisory Commission, the Bank has established its internal control system, for which three lines of defense are set up to ensure its ongoing and effective operation and the Bank's sound management.

The Audit Committee meets on a regular basis to examine the internal control system adopted or revised by the Bank and evaluate its effectiveness as well as review matters in which directors have personal interests, selection (dismissal) of CPAs, appointment or dismissal of managerial officers charged with accounting or internal audits, and the Bank's financial statements. By also drawing on the Auditing Division's inspection reports and routine updates, the Audit Committee stays up to date with the Bank's implementation of auditing affairs and its control mechanism already adopted in order to conduct oversight and correct deficiencies thereof. To ensure the effective operation of the internal control system, the committee also meets with internal audit personnel twice every year to jointly examine internal control deficiencies.

• Appointment of CPAs

Due to internal adjustments needed within the audit firm of the Bank's certifying accountants, starting with the audit certification of the 2023 annual financial report, the certifying accountants have been changed from Accountant Kuan-Hao Lee and Wang-Sheng Lin of Deloitte Taiwan to Accountant Kuan-Hao Lee and Wei-Chun Ma.

According to the Corporate Governance Best-Practice Principles for Banking Industries," and referencing the Financial Supervisory Commission's letter No. 11103826071, and in line with the "Corporate Governance 3.0" initiative to adopt the "Audit Quality Indicators (AQI)" for evaluating the independence and suitability of the appointed accountants, Deloitte Taiwan has been appointed to handle the audit certification of the Bank's financial and tax reports starting in 2023. The independence and suitability of the certifying accountants were assessed, and the results were reported to the Audit Committee on December 26, 2023, and subsequently approved by the Board of Directors on December 27, 2023.

• Risk Supervisions

The Audit Committee reviews the risk quota, risk appetite, and risk management mechanisms that call for board approval, as well as oversees the implementation of the Bank's risk management, thereby ensuring the effectiveness and completeness of its risk management procedures.

A summary of the major proposals reviewed by the Audit Committee in 2023 and the results thereof is as follows:

Board meeting	Proposal and subsequent measures	Item listed in Article 14-5 of the Securities and Exchange Act	Item rejected by the Audit Committee but approved by the Board of Directors in a not less than 2/3 majority vote
2023.2.15 21th meeting	Donation to the "O-Bank Education Foundation."	✓	-
	Donation to the "Chinese National Association of Industry and Commerce, Taiwan."	✓	-
	Change of Chief Auditor.	✓	-
	Outcome of the Audit Committee's deliberations: (2023.2.15) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		
2023.3.14 Directors in its 22th meeting	Audit Plan for 2023.	✓	-
	Internal Control System Statement for 2022 (including insurance agency business).	✓	-
	Business Report, Consolidated Financial Statements, and Individual Financial Statements for 2022.	✓	-
	Credit application for R○○○ Leasing Co., Ltd.	✓	-
	Credit application for N○○○ Biotechnology Co., Ltd.	✓	-
	Revision of "Buyer Credit Line Review Authority for Accounts Receivable."	✓	-
	Revision of "Credit and Financial Transaction Authorization Review Authority."	✓	-
	Revision of "Credit Line Control Measures for the Same Legal Entity and the Same Group."	✓	-
	Revision of "Liquidity Management Measures for the Hong Kong Branch."	✓	-
	Revision of "Risk Management Policy."	✓	-
	Write-off of bad debts for 65 accounts, including "Chen ○○."	✓	-
	Fair Treatment Evaluation Results for 2022.	✓	-

Board meeting	Proposal and subsequent measures	Item listed in Article 14-5 of the Securities and Exchange Act	Item rejected by the Audit Committee but approved by the Board of Directors in a not less than 2/3 majority vote
	Comprehensive AML and CFT Risk Assessment Report for 2022.	✓	-
	AML and CFT Risk Assessment Report for Insurance Agency Business for 2022.	✓	-
	Statement on the Design and Implementation of Internal Control Systems for AML and CFT for 2022.	✓	-
	AML and CFT Risk Prevention Plan for 2023.	✓	-
	Revision of "Personal Loan Product Pricing Method."	✓	-
	Outcome of the Audit Committee's deliberations: (2023.3.14) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		
2023.5.3 The 4th Board of Directors in its 23th meeting	Consolidated Financial Statements for Q1 2023.	✓	-
	Appointment and remuneration of the external auditor for 2023 and 2024.	✓	
	Profit distribution plan for 2022.	✓	-
	Revision of "Real Estate Credit Concentration Management Guidelines."	✓	-
	Write-off of bad debts for 39 accounts, including "D◯◯ International Limited" and "Li ◯◯."	✓	-
	Credit customer request to change responsible person.	✓	-
	Revision of "Compliance System Measures."	✓	-
	Revision of "Code of Conduct for the Hong Kong Branch."	✓	-
	Establishment of "Three Lines of Defense in Internal Control for the Hong Kong Branch."	✓	-
	Revision and renaming of "Approval and Risk Assessment Procedures for New Financial Products and Businesses for the Hong Kong Branch" to "Approval and Risk Assessment Procedures for New Products or Services for the Hong Kong Branch."	✓	-
	Lifting of non-compete restrictions for directors and their affiliated legal entities.	✓	-
	Revision of the "Articles of Association."	✓	-
	Revision of the "Rules of Procedure for Shareholders' Meetings."	✓	-
	Audit Committee Operations for 2022.	✓	-
	Revision of "Handling Procedures for Financial and Business Transactions with Group Enterprises and Related Parties."	✓	-
	Acquisition of common shares of Taiwan IB Technology Venture Investment Co., Ltd. from the former subsidiary IB Leasing Co., Ltd. in 2022.	✓	-
	Revision of "Sustainable Development Practices Guidelines."	✓	-
	Revision of "Procedures for the Acquisition or Disposal of Assets."	✓	-
	Revision of the "Responsibility Chart."	✓	-
	Outcome of the Audit Committee's deliberations: (2023.5.3) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		

Board meeting	Proposal and subsequent measures	Item listed in Article 14-5 of the Securities and Exchange Act	Item rejected by the Audit Committee but approved by the Board of Directors in a not less than 2/3 majority vote
2023.6.29 The 5th Board of Directors in its 2nd meeting	Revision of the "Accounting System" and "Tax Governance Policy."	✓	-
	Improvement of Financial Inspection Deficiencies in the Hong Kong Branch.	✓	-
	Revision of the "Whistleblower Handling Procedures."	✓	-
	Credit application for "W◯◯ Industries Co., Ltd."	✓	-
	Write-off of bad debts for 54 accounts, including "J◯◯ Industrial Co., Ltd." and "Liu ◯◯."	✓	-
	Change of Risk Management Committee Members.	✓	-
	Revision of "Credit Line Control Measures for Individual Financial Institutions."	✓	-
	Revision of "Credit Policy."	✓	-
	Revision of National Risk Limits for 2023.	✓	-
	Amendment to "Liquidity Management Measures for the Hong Kong Branch."	✓	-
	Revision of the "Recovery Plan for the Hong Kong Branch."	✓	-
	Approval of Credit Limits for the Hong Kong Branch Recovery Plan.	✓	-
	Revision of "Financial Transaction Business Management Policy."	✓	-
	Revision of "Dual-role Person Internal Management Measures."	✓	-
	Revision of "Investment Enterprise Management Measures."	✓	-
	Establishment of "Policy for Inter-Institutional Data Sharing."	✓	-
	Establishment of "Anti-Corruption Policy."	✓	-
	Appointment of Directors and Deputy Directors for the Investment Selection Committee.	✓	-
	The Bank's handling of the Audit Committee's opinion: (2023.6.29) Unanimous approval by all directors present		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		

Board meeting	Proposal and subsequent measures	Item listed in Article 14-5 of the Securities and Exchange Act	Item rejected by the Audit Committee but approved by the Board of Directors in a not less than 2/3 majority vote
2023.8.21 The 5th Board of Directors in its 3rd meeting	Revision of "Internal Control Measures for Securities Brokers" and "Detailed Rules for Internal Audit Implementation by Securities Brokers."	✓	-
	Proposal for the 2023 first half-year consolidated financial report and individual financial report.	✓	-
	Proposal to buy back the company's shares for transfer to employees.	✓	-
	Proposal to plan the sale of shares in the company's subsidiary.	✓	-
	Proposal to establish the "Sustainability Committee" and formulate its organizational regulations.	✓	-
	Proposal to donate to the "Chinese National Federation of Industries."	✓	-
	Proposal to write off bad debts for 55 accounts, including the account of "Zheng ◯◯."	✓	-
	Proposal to revise the "Liquidity Management Measures" and the "Emergency Plan for Liquidity Risk" for the Hong Kong Branch.	✓	-
	Proposal to initiate the insurance referral business in the Hong Kong Branch.	✓	-
	Proposal to revise the "Fiduciary Governance Guidelines" and the compliance statement for the "2023 Institutional Investor Stewardship Code."	✓	-
	Proposal to revise the "Anti-Money Laundering and Counter-Terrorism Financing Policy."	✓	-
	Proposal to revise the "Anti-Money Laundering and Counter-Terrorism Financing Guidelines."	✓	-
	Proposal to revise the "Anti-Money Laundering and Counter-Terrorism Financing Guidelines for Insurance Agency Business."	✓	-
	Proposal for the 2022 comprehensive money laundering and terrorism financing risk assessment report.	✓	-
	Proposal to revise the "Corporate Governance Practice Principles."	✓	-
	Proposal to establish the "Direct Investment Management Procedures."	✓	-
	Outcome of the Audit Committee's deliberations: (2023.8.21) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		
2023.11.1 The 5th Board of Directors in its 4th meeting	Proposal for the 2023 third-quarter consolidated financial report.	✓	-
	Proposal to donate to the "National Taiwan University Academic Foundation for Economic Research."	✓	-
	Proposal to revise the "Sustainable Development Best Practice Principles."	✓	-
	Proposal to write off bad debts for 53 accounts, including "Jun ◯◯◯ Enterprise Co., Ltd.," "Yi ◯◯ Industrial Co., Ltd.," and "Cai ◯◯."	✓	-
	Proposal for the "2023 Comprehensive Anti-Money Laundering and Counter-Terrorism Financing Plan - Summary Report on Key Improvements."	✓	-
	Proposal to revise the "Customer Complaints and Financial Consumer Dispute Handling Procedures."	✓	-
	Outcome of the Audit Committee's deliberations: (2023.11.1) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		

Board meeting	Proposal and subsequent measures	Item listed in Article 14-5 of the Securities and Exchange Act	Item rejected by the Audit Committee but approved by the Board of Directors in a not less than 2/3 majority vote
2023.12.27 The 5th Board of Directors in its 5th meeting	Evaluation of the independence and suitability of the accountants for appointment to audit and certify the bank's financial and tax statements starting from 2023.	✓	-
	Revision of the bank's "Security Maintenance Operational Guidelines."	✓	-
	Write-off of bad debts for 59 accounts, including "Feng ◯◯◯ Co., Ltd." and "Chen ◯◯."	✓	-
	Revision of the bank's 2024 industry risk limits.	✓	-
	Revision of the bank's "Hong Kong Branch New Product or Service Development Approval and Risk Assessment Review Procedures."	✓	-
	Revision of the bank's "Hong Kong Branch Code of Conduct."	✓	-
	Amendment of the bank's "General Credit Asset Disposal Procedures."	✓	-
	2023 report on the business strategy, operational guidelines, and performance review for conducting derivative financial product transactions.	✓	-
	Revision of the bank's "Standard Regulations for Securities Firms' Internal Control Systems."	✓	-
	Revision of the bank's "Procedures for Securities Firms to Trade Foreign Bonds Proprietarily."	✓	-
	The bank's 2024 audit plan.	✓	-
	The bank's 2024 audit plan for the insurance agency business.	✓	-
	Revision of the bank's "Operational Inspection Procedures," "Self-Audit and Self-Assessment Procedures," and "Credit and Investment Responsibility and Reward/Penalty Procedures."	✓	-
	Revision of the bank's "Corporate Governance and Nomination Committee Charter."	✓	-
	Revision of the bank's "Board Performance Evaluation Procedures."	✓	-
	The bank's application to establish a representative office in Sydney, Australia.	✓	-
	Revision of the bank's "Personal Data Management Policy" and "Personal Data File Security Maintenance Procedures."	✓	-
	The bank's 2023 self-assessment report on personal data protection.	✓	-
	Outcome of the Audit Committee's deliberations: (2023.12.27) Unanimous approval by all members		
	The Bank's handling of the Audit Committee's opinion: Unanimous approval by all directors present		

Other mentionable items:

1. Any independent director raising objections, retaining opinions, or making major proposals: None.
2. In the event that any matter listed in Article 14-5 of the Securities and Exchange Act has failed to secure the approval of the Audit Committee but has won the consent of two-thirds or more of all directors, the date of the given board meeting, term of the board, contents of the matter, outcome of the Audit Committee's deliberations, and the Company's handling of the Audit Committee's opinion shall be recorded in the minutes of the aforesaid board meeting: None (please refer to the table above).
3. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
4. Communications between the independent directors, the Company's chief internal auditor and CPAs

   (1) Communication between the chief internal auditor and independent directors:

   A. In addition to submitting updates of its work to independent directors, the Auditing Division communicates with independent directors at audit seminars held twice a year; the minutes of such seminars are presented to the Board of Directors.

   B. Each year the Bank issues a statement on internal control, which will be submitted to the Board of Directors for approval after being examined by the Audit Committee.

   C. The reports compiled by the Auditing Division after its audits of the Bank's departments and subsidiaries are submitted to independent directors.

   D. With respect to the opinions of and shortfalls detected by financial examination agencies, CPAs, internal audit units, and various departments after self-audits, as well as the items specified by the Statement on Internal Control as in need of improvement, the Auditing Division is responsible for conducting follow- up examination and submitting reports on the status of improvement to the Audit Committee and Board of Directors.

   E. Before a fiscal year runs its course, the Auditing Division is supposed to present the audit plan for the following year to the Audit Committee for review and to the Board of Directors for approval.

   F. The Bank's chief auditor has maintained smooth communication with independent directors who, in turn, have been able to keep track of the Bank's implementation of audit operations and the result thereof.

The summary of the communication through individual meetings in 2023 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.2.15	The 4th Audit Committee in its 21th meeting	Independent directors and Chief Auditor	The Bank's conducting audit operations in 2022	Approved for reference
2023.3.14	The 4th Audit Committee in its 22th meeting	Independent directors and Chief Auditor	The Bank's Internal Control System Statement for 2022 (including the Bank's concurrent conducting of insurance agent business)	Approved for reference
			The Bank's designated project audit report on "Implementation Status of LIBOR Conversion" (as of Dec.31, 2022)	Approved for reference
			Revision of the Bank's 2023 Annual Audit Plan	No objection; submitted to the Board of Directors for examination
			CPA report on the Bank's implementation of negotiations with regard to its internal control system in 2022 (including the Bank's concurrent conducting of insurance agent business)	No objection; submitted to the Board of Directors for examination
2023.5.3	The 4th Audit Committee in its 23th meeting	Independent directors and Chief Auditor	The Bank's conducting audit operations in the first quarter of 2023	Approved for reference
			Examination opinions (Table B) and subsequent improvement measures of FSC's general business inspection of the Bank in 2022 (Inspection Report No.: 111B027)	Approved for reference
2023.6.27	The 5th Audit Committee in its 2nd meeting	Independent directors and Chief Auditor	Improvement of financial inspection deficiencies in the overseas branch (Hong Kong Branch)	No objection; submitted to the Board of Directors for examination
			Revision of the Bank's "Whistleblowing Policy" to comply with FTSE Sustainability Assessment, FSC announcements of deficiency patterns, and organizational adjustments	No objection; submitted to the Board of Directors for examination
2023.8.18	The 5th Audit Committee in its 3rd meeting	Independent directors and Chief Auditor	Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of the Bank in 2022 (Inspection Report No.: 111B027)	Approved for reference
			The Bank's conducting of audit operations in the first half of 2023	Approved for reference
			Audit report by Ernst & Young Enterprise Advisory Services Ltd. for "2023 Audit of the Bank's Use of Salesforce.com Singapore Private Limited (SFDC) Cloud Services"	Approved for reference
2023.10.31	The 5th Audit Committee in its 4th meeting	Independent directors and Chief Auditor	The Bank's conducting of audit operations in the third quarter of 2023	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of the Bank for 2022 (Inspection Report No.: 111B027)	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of Taoyuan Branch from 2023.2.18 to 2023.2.24 (Inspection Report No.: 112B011)	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspection of Kaohsiung Branch from 2023.2.13 to 2023.2.17 (Inspection Report No.: 112B010)	Approved for reference

Date	Means	Counterparty	Subject	Outcome
2023.12.26	The 5th Audit Committee in its 5th meeting	Independent directors and Chief Auditor	2023 Annual Audit and Evaluation Results of Each Unit	Approved for reference
			Examination opinions (Table B) and subsequent improvement measures following FSC's project inspection on Overseas Risk Control Management of the Bank in 2023 (Inspection Report No.: 112B024)	Approved for reference
			2023 Annual Subsidiary Audit Work Evaluation Results	Approved for reference
			Designated project audit report for the implementation status of improvement measures for the significant accidental event "Early Crediting of NT$6,000 Cash on March 31, 2023" conducted by the Audit Department	Approved for reference
			Subsequent improvement measures following the examination opinions (Table B) of FSC's general business inspections of the Bank, Taoyuan Branch, and Kaohsiung Branch in 2022 and 2023 (Report Nos.: 111B027, 112B010, 112B011)	Approved for reference
			Audit report by Ernst & Young Enterprise Advisory Services Ltd. for "General Audit of the Bank's Use of Salesforce.com Singapore Private Limited (SFDC) Cloud Services in 2023"	Approved for reference
			2024 Annual Audit Plan	No objection; submitted to the Board of Directors for examination
			2024 Annual Audit Plan of Concurrently Insurance Agency Business	No objection; submitted to the Board of Directors for examination
			Revision of three internal regulations: O-Bank's Operation Inspection Measures, O-Bank's Self-inspection and Self-Assessment Measures, O-Bank's Credit and Investment Responsibility Assignment and Reward and Punishment Measures	No objection; submitted to the Board of Directors for examination

A summary of the communication between directors (including independent directors) and the chief internal auditor in 2023 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.2.15	Audit Meeting	Directors of the Bank (including independent directors), chief auditor and colleagues of the audit department	Review on the deficiency of internal control system in the second half of 2022	1. Implement the recommendations 2. The minutes of the meeting were submitted to 8th board of directors in its 22th meeting on 2023.3.14 for approval
2023.8.21	Audit Meeting	Directors of the Bank (including independent directors), chief auditor and colleagues of the audit department	Review on the deficiency of internal control system in the first half of 2023	1. Implement the recommendations 2. The minutes of the meeting were submitted to 9th board of directors in its 4th meeting on 2023.11.1 for approval

(2) Communication between CPAs and independent directors:

The Bank's CPAs keep up effective communication and discussion with independent directors during either the Audit Committee's quarterly meetings or individual meetings, separate conferences, thereby keeping the latter informed of the scope of financial statements being reviewed and their plan for and scope of any forthcoming audit, as well as any update to applicable laws and regulations.

A summary of the communication between CPAs and independent directors as well as the reports presented therein in 2023 is as follows:

Date	Means	Counterparty	Subject	Outcome
2023.3.14	Individual communication meeting	Independent directors of the Bank, CPA	The audit status and key audit matters of consolidated and individual financial reports for 2022	No disagreement
	The 4th Audit Committee in its 22th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The audit results and key audit matters of consolidated and individual financial reports for 2022	No objection, submit to the board of directors for approval
2023.5.3	The 4th Audit Committee in its 23th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The review status of consolidated financial report for the first quarter of 2023	No objection, submit to the board of directors for approval
2023.8.18	Individual communication meeting	Independent directors of the Bank, CPA	The audit status and key audit matters of consolidated and individual financial reports for the first half of 2023, and financial report audit planning for 2023	No disagreement
	The 5th Audit Committee in its 3rd meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The audit results and key audit matters of consolidated and individual financial reports for the first half of 2023	No objection, submit to the board of directors for approval
2023.10.31	The 5th Audit Committee in its 4th meeting	Independent directors of the Bank, CPA, head of the operation management department, head of the financial and accounting department, and head of accounting	The review status of consolidated financial report for the third quarter of 2023	No objection, submit to the board of directors for approval

(3) Disclosures required under the Banking Industry Corporate Governance Best-Practice Principles

Please refer to the Bank's website (https://www.o-bank.com) and the Market Observation Post System (https://mops.twse.com.tw).

(4) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best Practice Principles for Banks

Item Evaluated	Status			Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies
	Yes	No	Brief Explanation	
1. Shareholding Structure and Shareholders' Equity				None
(1) Does the Bank enact a set of internal operational procedures for handling shareholder proposals, doubts, disputes, and litigations, as well as act in accordance with the said procedures?	✓		(1) On the Bank's website, the section for investors contains "Contact Us" and the section for corporate governance offers direct access to services meant specifically for stakeholder- shareholders. Shareholders may, by phone or email, present proposals, doubts, disputes, and litigations, and the Bank's designated personnel will respond to them as warranted.	
(2) Does the Bank have access to the major shareholders who have actual control over the Bank as well as that of their ultimate control persons?	✓		(2) As required by regulations, the Bank files monthly reports on stockholding changes of major shareholders. Verification of the roster of shareholders is conducted to coincide with book closure, thereby taking hold of the stockholding of the major shareholders who have actual control over the Bank. Also, the Bank discloses related legal announcement and such forms on its website to make public to general shareholders, thereby taking hold of the list of the major shareholders' ultimate control persons.	
(3) Does the Bank establish and implement risk management and firewall mechanisms for its dealings with affiliated businesses?	✓		(3) The Bank and its affiliated businesses have in place clearly defined division of management duties and powers. The O-Bank Co., Ltd. Regulations on Investee Management is enacted precisely forthis purpose.	
2. Composition and Duties of the Board of Directors				None
(1) Does the Board of Directors adopt a policy of diversity and specific management goals thereof?	✓		(1) In accordance with the Articles of Incorporation, the Bank adopts the candidate nomination system for elections of directors. The selection of board members is not dictated by gender, age, race, or nationality, and the Bank shall bring into professional and experienced elites from various fields to conform to the Bank's diversified development. The Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the overall capabilities that the board should possess include operational judgment, management abilities, accounting and financial skills, risk management abilities, crisis management capabilities, expertise in finance and industry knowledge, international market insight, investment and merger skills, leadership and decision-making abilities, corporate sustainability, legal knowledge, information technology, and information security. The members of the Bank's 9th Board of Directors emphasize diversity, comprising elites from the financial, industrial, and academic fields. Among them, 10 directors hold master's degrees, and 2 directors hold bachelor's degrees, covering fields such as economics, business, management, accounting, law, and information. The Board as a whole possesses operational judgment, management, and leadership decision-making skills, represented by Directors Tina Y. Lo, Kenneth C.M. Lo, Chih-Ming Chien, and George C.J. Cheng. Financial and accounting expertise is represented by Directors Hank H.K. Lin, Mark J.C. Lee, Fu-Hsiung Hu, and Tina W.N. Chiang. Risk management and crisis handling are strengths of Directors Kenneth C.M. Lo, Chih-Ming Chien, and Bill K.C. Lin. Those with extensive international market perspectives include Directors Tina Y. Lo, George C.J. Cheng, and Grace W.S. Tang. Information technology and security expertise is represented by Directors Fu-Hsiung Hu, Hank H.K. Lin, Tina W.N. Chiang, and Bill K.C. Lin. Legal knowledge is possessed by Directors Fu-Hsiung Hu and Jennifer C.F. Wang. All board members possess the necessary knowledge, skills, and qualities required for their roles, with extensive expertise in finance, commerce, law, and industry. Currently, the Bank's board consists of 12 directors, including 4 independent directors, making up 33%. The tenure of the independent directors is all below 9 years. The age distribution of the directors is as follows: 5 are under 60 years old, 6 are between 61 and 70 years old, and 1 is over 71 years old, effectively combining rich experience with innovative ideas. Moreover, the Bank values gender equality among board members, aiming for female directors to make up 1/3 of the Board. Presently, there are 4 female directors, achieving this target. Additionally, one director represents employees (including those from affiliated companies), accounting for 8.3%. Furthermore, on December 23, 2020, during the 5th meeting of the 8th Board of Directors, the "Diversity Policy, Independence Standard, Continuing Education Initiative Program, and Succession Planning for the Board of Directors" were established. On August 21, 2023, it was renamed the "Board of Directors Diversity Policy, Standards for Independence, and Refreshment Policy," with partial amendments made on March 13, 2024. These measures aim to enhance the diversity of board composition, improve the independence and decision-making of the board, and strengthen board functions, continuously improving corporate governance and sustainable development goals.	

Item Evaluated	Status			Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies
	Yes	No	Brief Explanation	
(2) Besides setting up the Compensation Committee and Audit Committee,as required by law, does the Bank voluntarily establish other functional committees?	✓		(2) In addition to setting up the Compensation Committee and Audit Committee, as required by law, the Bank has established the Corporate Governance and Nomination Committee, Board Sustainability Committee, ESG Development Working Committee, and Corporate Culture Committee. These functional committees have been formed to help the Board of Directors better conduct governance and supervision.	
(3) Does the TSEC/TPEx listed Bank enact regulations and methods for evaluating Board of Directors performance, conduct such evaluation on an annual basis, present evaluation results to the Board of Directors, and use these as reference for considering the remuneration and reelection nomination of each director? (Note1)	✓		(3) To further improve corporate governance, bolster the Board of Directors, and establish goals for strengthening its operations, the 7th Board of Directors enacts the Bank's Regulations Governing the Performance Evaluation of the Board of Directors in its 18th meeting on June 26, 2019, and amended relevant articles on December 27, 2023. The Board of Directors and functional committees should conduct an internal performance evaluation at least once a year. Also, the evaluation should be conducted at least once every 3 years by external evaluation institutions or panel of external experts and scholars. The Bank has completed its 2023 internal and Performance Evaluation of the Board of Directors. The result was reported to the Corporate Governance and Nomination Committee and the Board of Directors respectively on March 13, 2024. All in all, the Board of Directors and functional committees have operated smoothly. Fully aware of their duties, directors actively engage in corporate operations and deliver fitting decisions, thereby helping enhance governance quality. The result of the aforesaid evaluation is not only intended for the reference of the Bank's directors, Board of Directors and functional committees in striving for improvement but also taken into account alongside the Bank's business performance, director involvement in corporate operations, and director contributions and responsibilities as the basis for setting director remuneration. Meanwhile, the Bank is ready to undertake regular review, whenever this is warranted by the state of business and applicable laws and regulations, to ensure that the Bank's business guidelines remain compatible with its commitment to corporate governance. For the result of the Bank's Performance Evaluation of the Board of Directors, please refer to "Corporate Governance Report-Board of Directors- other mentionable items- Evaluation of Board of Directors" of this annual report. There are no deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.	
(4) Does the Bank evaluate the independence of its CPAs on a regular basis?	✓		(4) According to the "Corporate Governance Best Practice Principles for Banks" and the Bank's "Corporate Governance Best Practice Principles," the Bank annually assesses the independence and suitability of the certifying accountants. The assessment results are reported to the Audit Committee and the Board of Directors for review and approval. Starting from the certification of the 2023 annual financial report, the certifying accountants are Mr. Kuan-Hao Lee and Mr. Wei-Chun Ma from Deloitte & Touche. The Bank's procedure for assessing the independence and suitability of the certifying accountants references the Financial Supervisory Commission's Letter No. 11103826071 and incorporates the "Audit Quality Indicators (AQI)" adopted in the promotion of "Corporate Governance 3.0." The assessment results were reported to the Bank's Audit Committee on December 26, 2023, and the Board of Directors on December 27, 2023. Mr. Kuan-Hao Lee and Mr. Wei-Chun Ma from Deloitte & Touche meet the Bank's independence and suitability assessment standards (Note 2) and are deemed capable of serving as the Bank's certifying accountants. An independence declaration letter has been obtained from the accountants.	

Item Evaluated	Status			Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies
	Yes	No	Brief Explanation	
3. Does the Bank appoint a reasonable number of eligible corporate governance personnel and place a managerial officer in charge of corporate governance affairs (including but not limited to preparation of materials for directors and supervisors to perform their duties, assistance to directors and supervisors for legal compliance, undertaking of matters related to board meetings and shareholders' meetings, and compilation of board and shareholders' meeting minutes)?	✓		The Corporate Governance Subcommittee under the ESG Development Working Committee is served by Corporate Secretariat and is charged with the responsibility of implementing the Bank's corporate governance operations, including enacting the Bank's guiding principles for business development and handling corporate governance affairs related to ethical management and risk management. In particular, these include legal compliance, transparency of information disclosure, information protection, and protection of shareholder rights and interests. On December 27, 2017, the Board of Directors enacted the O-Bank Co., Ltd. Corporate Governance Principles to further bolster the Bank's corporate governance system. The said principles spell out endeavors to ensure legal compliance and upgrade internal management, protect shareholder rights and interests, strengthen the functions of the Board of Directors, maximize the functions of the Audit Committee, honor the rights and interests of interested parties, and increase the transparency of information disclosure. Separately, the Board of Directors approved the appointment of Vice President Chang, Wesley S.C. as the Bank's head of corporate governance on February 27, 2019; he had previously accumulated a managerial experience with respect to legal, stock, or meeting affairs at a public company for more than three years. The Bank's head of corporate governance is charged with providing information needed for directors to perform their duties; helping directors comply with applicable laws and regulations, assume office, and continue to undergo training; undertaking matters in relation to Board of Directors and shareholders' meetings and produce the minutes thereof; and conducting other duties prescribed in the Articles of Incorporation and relevant contracts. A summary of the duties performed in 2023 is as follows: 1. Assist directors and independent directors in performing their duties and providing the information needed as well as make arrangements for their training.： (1) Bring members of the Board of Directors up to date with the latest statutory developments in the areas of corporate management and governance on a regular basis. (2) Determine the classification levels of relevant information based on which to provide directors with such and help facilitate communication between directors and heads of various business departments. (3) Assist directors and independent directors in setting annual training programs and scheduling courses based on the Bank's business characteristics and their educational and occupational backgrounds. 2. Help ensure the compliance of procedures and resolutions of Board of Directors and shareholders' meetings： (1) Ascertain whether Board of Directors and shareholders' meetings comply with applicable laws and corporate governance principles. (2) Remind directors of applicable laws and regulations they are supposed to comply with over the course of performing duties or before the Board of Directors adopts any resolution; speak up when the Board of Directors adopts any illegal resolution. (3) Assist in relaying information on major resolutions of the Board of Directors to the Bank's spokesperson for disclosing material information, thereby ensuring information symmetry for investors. 3. Draft the agenda of a scheduled Board of Directors meeting and present it to directors by the statutory deadline; convene the said meeting and provide the materials thereof. 4. Register the date of any forthcoming shareholders' meeting, as required by law; produce the meeting notice, agenda handbook, and minutes by a given deadline; notify the responsible unit of any amendment to the Articles of Incorporation or board reelection.	None

<table>
<tr><th rowspan="2">Item Evaluated</th><th colspan="3">Status</th><th rowspan="2">Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>5. Formulate and implement the Bank's ethical management policy and preventive measures thereof as well as report to the Board of Directors on a regular basis.
A summary of the Bank's implementation of ethical management in 2023 is as follows：
(1) Implement quantitative indicators for ethical management.
(2) Establish a mechanism for assessing the risk of unethical conduct.
(3) Signing of compliance with ethical operation policies.
(4) Conduct bank-wide "Ethical Operation Advocacy" education and training.
(5) Directors' seminar on "Ethical Operation and Fair Customer Treatment."
(6) Implement the whistleblower system effectively.
(7) Conduct audits and effectiveness assessments of ethical operation.
A summary of the Bank's training for the head of corporate governance in 2023 is as follows:
<table>
<tr><th>Date</th><th>Organizer</th><th>Course</th><th>Hour</th></tr>
<tr><td>4/12</td><td>Securities and Futures Market Development Foundation</td><td>How Directors and Supervisors Should Supervise Corporate Risk Management and Crisis Handling</td><td>3</td></tr>
<tr><td>9/4</td><td>Financial Supervisory Commission</td><td>14th Taipei Corporate Governance Forum</td><td>6</td></tr>
<tr><td>10/6</td><td>Chinese National Association of Industry and Commerce</td><td>Practical Application of AI and Legal Analysis</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>4. Has the Bank established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), assigned a stakeholder section on its website, and addressed major corporate social responsibility issues that stakeholders are concerned about in a proper manner?</td><td>✓</td><td></td><td>The Bank's website has a "Stakeholders" section meant specifically for stakeholders with a view to providing customers, shareholders, employees, suppliers, the general public, and government agencies with comprehensive information on CSR issues of concern to stakeholders and on the channels and frequency of communication therewith. Meanwhile, the Bank has assigned specific liaison personnel to ensure smooth communication with all stakeholders.</td><td>None</td></tr>
<tr><td>5. Information Disclosure
(1) Does the Bank install a website for disclosing information on finances, operations, and corporate governance?</td><td>✓</td><td></td><td>(1) The Bank has installed a company website to disclose information with regard to financial operations, corporate governance, and other material matters. The Bank also conducts information publication and disclosure on the Market Observation Post System in accordance with applicable regulations.</td><td>None</td></tr>
<tr><td>(2) Does the Bank adopt other means of information disclosure (such as installing an English website, designating personnel to collect and disclose material information, appointing a spokesperson to communicate with the general public, and making public the recordings of investor briefings on its website)?</td><td>✓</td><td></td><td>(2) The Bank's website is presented in both Chinese and English for the reference of domestic and overseas investors. Meanwhile, responsible departments place specific personnel in charge of information gathering and disclosure. The Bank has also appointed a spokesperson and an acting spokesperson who are responsible for announcing financial information and information with regard to corporate operations in a timely fashion. Meanwhile, information with regard to presentations at the Bank's investor briefings is made public and disclosed on both its website and the Market Observation Post System in accordance with applicable regulations.</td><td></td></tr>
<tr><td>3. Does the Bank, in accordance with applicable provisions of the Banking Act and the Securities and Exchange Act, publish and report its annual financial statements by the specified deadline after the end of a fiscal year, and publish and report, by the respective specified deadlines, its financial statements for the first, second, and third quarters of the current year as well as its operating results of each month before the specified deadline?</td><td>✓</td><td></td><td>(3) The Bank, in accordance with applicable provisions of the Banking Act and the Securities and Exchange Act, publishes and reports its financial statements for the most recent fiscal year and for the first, second, and third quarters of the current year as well as its operating results of each month before the respective specified deadlines.</td><td></td></tr>
</table>

Item Evaluated	Status			Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies
	Yes	No	Brief Explanation	
6. Is there other important information that can facilitate better understanding of the Bank's corporate governance practices (including but not limited to employee rights and interests, employee care, investor relations, rights and interests of interested parties, records of training for directors and supervisors, implementation of risk management policy and risk evaluation criteria, implementation of customer relations policy, purchases of professional indemnity insurance for directors and supervisors, and donations to political parties, stakeholders, and charitable groups)?	✓		(1) Employee rights and interests and employee care: The Bank gives priority to employee rights and interests and devotes itself toward employee care. In addition to having employees covered by labor and national health insurance, as dictated by law, the Bank also provides employees with group insurance, regular health check-ups and periodic consultations with physicians. The Bank appropriates funds, as stipulated by law, for the establishment of an employee welfare committee that offers information regarding cultural and artistic activities and sponsors various group activities to promote employee wellbeing and facilitate their holistic development. The Bank honors its commitment to communicating with employees by hosting employee assemblies on a regular basis, introducing the "WeCare 2.0" campaign, and installing mailboxes specifically for them. To further cement employee identification with the Bank, the Employee Shareholders Association has been formed. Employees are encouraged to save over the long term and prepare for retirement by holding the Bank's shares and sharing in its growth. (2) Investor relations: The Bank's website comes with an investor section that provides investors with real-time information concerning corporate updates, finances, stock affairs, investor activities and services, etc. (3) Rights and interests of interested parties: The rights and interests of the Bank's stakeholders are protected under applicable laws and regulations as well as the Bank's internal rules. The Bank's website offers specific information on how all stakeholders can get in touch. (4) Training for directors: The Bank is committed to continuously enhancing the diversity of expertise among directors and improving their skills and decision-making capabilities. The Bank plans director training with reference to regulatory requirements from regulatory authorities and corporate governance trends, as well as the "Director Training Roadmap" provided by the TWSE. Timely provision of professional development courses for directors is a priority. In 2023, the total training hours for all directors (including those who resigned within the year) amounted to 158 hours. Details of the training have been disclosed in accordance with regulations on the Corporate Governance section of the Market Observation Post System. (https://mops.twse.com.tw). (5) Implementation of risk management policy and risk evaluation criteria: The Board of Directors has enacted the Bank's risk management policy, capital adequacy and risk management information disclosure policy, credit risk management guidelines, regulations for managing liquidity and interest rate sensitiveness risks, regulations for market risk management, regulations for managing operational risks, lending business risk management mechanism, evaluation mechanism for asset quality and classification, and mechanism for safeguarding information security as the bedrock of the Bank's risk management. The control of various risks (including the control of loan portfolio, market, interest rate, liquidity, and operational risks; and risk control at EverTrust Bank) is submitted to the Board of Directors for approval and reference. The Bank has also established a Risk Management section under the Corporate Governance tab on the company's website. This section covers three main areas: Risk Management Mechanism, Climate Change Risks, and Equator Principles. In the Risk Management Mechanism section, the Bank's risk management policies and procedures, management scope, organizational structure, and operational status are disclosed. The Climate Change Risks section reveals the Bank's climate risk policies and governance, identification of climate risks and opportunities, analysis of physical and transition risks related to climate change, and scenario analysis for climate change. Under the Equator Principles section, the Bank discloses its implementation of project financing in accordance with the Equator Principles, including systems and frameworks for compliance and the execution status for the current year. The Bank has also assigned a section on its website for capital adequacy and risk management under Statutory Public Disclosure. Information disclosed therein includes the Bank's capital adequacy management, credit risk management system, market risk management system, operational risk management system, IRRBB management system, and liquidity risk management system. (6) Implementation of customer relations policy: To provide customers with comprehensive financial services, the Bank enacts and implements a customer relations policy that takes account of both business characteristics and customer needs.	None

Item Evaluated	Status			Deviations (if any) from the Corporate Governance Best-Practice Principles for Banks and reasons for such discrepancies
	Yes	No	Brief Explanation	
			(7) Purchases of professional indemnity insurance for directors: The Bank began purchasing professional indemnity insurance for directors in June 2009 with a view to offering directors and managerial officers buffers against the risk and liability they assume. Renewal of the said professional indemnity insurance in 2023 was already reported to the Board of Directors and disclosed in the corporate governance section of the Market Observation Post System (https://mops.twse.com.tw). (8) Donations to political parties, stakeholders, and charitable groups: (Unit: New Taiwan Dollar) In 2023, the Bank donated NT$10,000,000 to O-Bank Education Foundation, NT$900,000 to the Chinese National Association of Industry and Commerce, NT$112,000 to the Academia Sinica Economic Research Foundation, NT$150,000 to Chang Bing Show Chwan Memorial Hospital, NT$66,000 to the Taiwan Society of Radiology, NT$3,750,000 to the Sports Administration, Ministry of Education. Additionally, donated goods to Jiqing Elementary School in Ruifang District, New Taipei City, and Pinglin Elementary School in Pinglin District, New Taipei City. The total donation amount for the year, including donated goods, was NT$15,017,000.	

7. Please describe the status of improvement already made based on the results of the Corporate Governance Evaluation System released by the Taiwan Stock Exchange Corporate Governance Center in the most recent year, as well as priority matters and measures in areas where improvement has yet to be made:
   - The Bank continues to enhance corporate governance and promote sustainable development. The Bank has been ranked in the top 5% of listed companies in corporate governance evaluations for four consecutive terms (from the 7th to the 10th terms; 2020 to 2023), and in 2023, the Bank's ranking in the financial and insurance category improved to the top 10%.
   - In 2023, the Bank participated in Corporate Governance System Assessment and Certification and was awarded the highest rating of "Outstanding."
   - In 2023, the Bank continued to enhance various corporate governance initiatives, such as increasing the number of female directors and expanding the number of independent director positions to strengthen the soundness of the board of directors and enhance its oversight function. The Bank also strengthened financial business operation regulations with related parties to ensure that related party transactions do not harm the interests of the company or shareholders. The Bank introduced online live streaming of shareholder meetings to facilitate investors in understanding meeting content in a diversified manner. The Bank also enhanced corporate information disclosure to ensure that investors receive timely and accurate information. Furthermore, the Bank encouraged diversity and gender equality in the workforce, valued its impact on the community, and supported cultural development in various aspects of sustainable development.

Note 1: Explain the reason for any deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
Note 2: Criteria for Evaluating the Independence of CPAs

Item Evaluated	Evaluation Result	Compliance with Independence Requirements
A. Independent assessment		
1. Do the CPAs have a direct or material indirect financial interest in the Bank?	No	✓
2. Do the CPAs have any business relationship with the Bank, its directors, or managers that could affect their independence?	No	✓
3. Do the CPAs have a close business relationship and a potential employment relationship with the Bank?	No	✓
4. Do the CPAs and members of their audit team currently serve as the Bank's directors or managerial officers or hold positions that may exert significant influence over the subject matter of their engagement, or did the same hold true in the most two recent years?	No	✓
5. Do the CPAs provide the Bank with non-audit services that may influence the independence of their audit work?	No	✓
6. Do the CPAs broker equities or other securities issued by the Bank?	No	✓
7. Do the CPAs serve as the Bank's advocate or seek to reconcile the Bank's conflicts with third parties on its behalf?	No	✓
8. Do the CPAs have family relationship with anyone who is a director or managerial officer of the Bank or whose position may exert significant influence over the subject matter of their engagement?	No	✓
9. Have the CPAs received significant gifts or presents from the bank, its directors, managers, or major shareholders (the value of which does not exceed the standard of general social etiquette)?	No	✓

Item Evaluated	Evaluation Result	Compliance with Independence Requirements
B. Suitability assessment		
1. Whether the senior inspectors have sufficient audit experience to perform the audit work	Yes	✓
2. Whether accountants/senior auditors receive sufficient education and training every year to continuously acquire professional knowledge and skills	Yes	✓
3. Whether the firm maintains enough senior human resources	Yes	✓
4. Whether the firm has enough professionals (such as evaluators) to support the inspection team	Yes	✓
5. Whether the workload of accountants is appropriate	Yes	✓
6. Check whether the input of team members in each check stage is appropriate	Yes	✓
7. Whether the EQCR accountant devotes enough time to the review of audit cases	Yes	✓
8. Whether the firm has sufficient quality control manpower to support the inspection team	Yes	✓
9. Whether the firm's quality control and audit cases are implemented in accordance with relevant laws and standards	Yes	✓
10. The accounting firm's commitment to improving audit quality, including the accounting firm's innovation capability and planning	Yes	✓
11. Whether the certified accountant can provide timely improvement suggestions for the major shortcomings of the bank	Yes	✓
12. How much the visa accountant/audit manager attaches importance to the audit work	Yes	✓
13. Can the firm complete the audit work within the time limit required by the Bank?	Yes	✓

(5) Composition, Responsibilities and Operations of the Compensation Committee and other Functional Committees

A. Compensation Committee

Based on a resolution adopted by the Board of Directors, the Compensation Committee was established on April 22, 2009. It was followed by the board's adopting the Compensation Committee Organizational Rules on August 26 of the same year and changing the committee's Chinese name on December 28, 2011. Composed of the entire number of independent directors, the committee is intended to assist the Board of Directors in drafting and periodically reviewing performance evaluation for directors and managerial officers as well as the policy, system, criteria, and structure of compensation-setting; assessing remunerations for directors and managerial officers on a regular basis; and setting down the criteria for evaluating the performance of service personnel and standards for deciding on their compensation. The committee shall convene at least twice a year and may convene at any time when necessary. In 2023, the committee met on January 12, February 15, March 14, May 3, June 16, June 27, August 18, October 31, and December 26.

Pursuant to Article 4 of the Bank's Compensation Committee Organizational Rules, the Committee shall exercise the duty of care to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

(1) Establish and periodically review the policies, systems, standards, and structures with regard to evaluating the performance of directors and managerial officers and setting their remuneration.

(2) Assess the remuneration of directors and managerial officers on a regular basis.

(3) Establish the performance evaluation and remuneration standards for salespeople, that is, Employees whose remuneration or performance evaluation derives from the sale of financial products and services.

a. Compensation Committee Members

Title \ Criteria / Name		Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Compensation Committee Member
Independent Managing Director (Convener)	Hu, Fu- Hsiung	Mr. Fu-Hsiung Hu is not only the Bank's independent managing director but also Walsin Lihwa Corp.'s independent director. Previously Mr. Hu served as chairman of Taiwan Cooperative Securities Co., Ltd. and Joint Credit Information Center, and director of Mega International Commercial Bank and Taiwan Ratings Corp. He also had experience working for such government agencies as the Executive Yuan, Ministry of Economic Affairs, and Council of Agriculture. Given his extensive experience spanning both the financial services industry and the public sector, he fully meets the Financial Supervisory Commission's requirements for natural-person professional directors. In the days ahead, the Bank is ready to further enhance management efficiency by enlisting Mr. Hu's experience and expertise in banking, corporate governance, and risk management.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Hu: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank. ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	1
Independent Director	Lin, Hank H.K.	Mr. Hank H.K. Lin is the Bank's independent director. He also serves as the Chairman of Taipei Ernst & Young Cultural and Educational Foundation, an independent director of Johnson Health Tech Co., Ltd., an independent director of Shun Cheng Holdings Ltd., a supervisor of Union MechaTronic Inc., and a director of Globe Union Industrial Corp. Mr. Lin spent over 20 years at EY Taiwan as CPA, managing partner, and chief CPA at its Taichung branch. With his ample experience in auditing and competences in finance, accounting, and corporate governance, he helped the Bank's Audit Committee facilitate communication between CPAs and internal audit officers as the Bank strives to improve corporate governance by ensuring fair presentation of financial statements, effective implementation of internal control, and sound management of operational risk.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Mr. Lin: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank. ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	1

Title	Criteria / Name	Professional Qualifications and Experiences	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Compensation Committee Member
Independent Director	Chiang, Tina W.N.	Ms. Tina W.N. Chiang is an independent director of the Bank. She also serves as the Chairman of Syntec Technology Co., Ltd., a director of Syntech Technology Co., Ltd., the Chairperson of the Taipei Financial Education Development Association, a supervisor of Synlead Investment Co., Ltd., an independent director of Tonghui (Hong Kong) Investment Consulting Co., Ltd., and a director of Syntec Japan Co., Ltd. Ms. Chiang has previously served as the General Manager of SinoPac Bank, Senior Vice President and Credit Card Department Manager of Fubon Bank, Senior Vice President and General Manager for China at Mastercard International, and Vice President and General Manager for Taiwan at Mastercard International. She has extensive experience in banking, including management, business development, information technology, and information security. The Bank will continue to leverage Ms. Chiang's expertise to enhance the management and information security execution.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Ms. Chiang: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank. ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	0
Independent Director	Wang, Jennifer C.F.	Ms. Jennifer C.F. Wang is an independent director of the Bank. She also serves as an independent director of Taiwan Crystal Corporation, an independent director of ScinoPharm Taiwan, Ltd., and a partner lawyer at Hung & Partners Law Firm. Ms. Wang has extensive legal experience in handling mergers and acquisitions, joint ventures, capital market transactions, and compliance with the Fair Trade Act for both domestic and multinational corporations. She also possesses professional skills in international markets, risk management, crisis handling, and leadership decision-making. The Bank will continue to leverage Ms. Wang's legal expertise and experience to ensure the steady development of the Bank's business.	The Bank appoints its independent directors in accordance with the qualification requirements listed in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities and Exchange Act. On top of requesting a written declaration of independence in the nomination and appointment process, the Bank conducted evaluation against the following criteria to ascertain the independence of Ms. Wang: ■ Not a person, spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship who acts as a director, supervisor, or employee of the Bank or any of its affiliates. ■ Not holding any shares, together with those held by his spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship. ■ Not acting as a director, supervisor, or employee of any company with a specific relationship with the Bank. ■ Not providing commercial, legal, financial, accounting or related services to the Bank or any affiliate of the Bank in the past two years.	2

Note: For more information on the comprehensive professional qualifications and experiences of the committee members, please refer to "Directors, Supervisors and Management Team" section of this annual report.

b. Attendance of Members at Compensation Committee Meetings

1. There are four members in the Compensation Committee.
2. The term of the 5th Compensation Committee is from June 19, 2020, to June 15, 2023. The committee held 4 meetings in 2023. The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Hu, Fu-Hsiung	4	0	100	
Committee Member	Lin, Hank H.K.	4	0	100	
Committee Member	Liu, Richard R.C.	4	0	100	

3. The term of the 6th Compensation Committee is from June 16, 2023, to June 15, 2026. The committee held 5 meetings in 2023. The attendance record of the Compensation Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Hu, Fu-Hsiung	5	0	100	
Committee Member	Lin, Hank H.K.	5	0	100	
Committee Member	Chiang, Tina W.N.	5	0	100	
Committee Member	Wang, Jennifer C.F.	5	0	100	

Other mentionable items:

a. A Summary of the major proposals reviewed by the Compensation Committee in 2023 and the results thereof is as follows：

<table>
<tr><th>Date and Meetings of the Compensation Committee</th><th>Proposal</th><th>Outcome of the deliberations</th><th>Company's dealing with the deliberations of the Compensation Committee</th></tr>
<tr><td>2023.1.12
The 5th Compensation Committee in its 21th meeting</td><td>Performance evaluation and year-end bonus distribution for the Chairman and managers for 2022</td><td rowspan="21">Approved upon the chair's putting it before all committee members present at the meeting</td><td rowspan="21">Except for the proposals approved by the Chairman with the authorization by the Board, the rest are submitted to the Board of Directors and approved by all directors present</td></tr>
<tr><td>2023.2.15
The 5th Compensation Committee in its 22th meeting</td><td>Compensation for newly appointed managers</td></tr>
<tr><td rowspan="5">2023.3.14
The 5th Compensation Committee in its 23th meeting</td><td>Distribution of directors' remuneration and employee compensation for 2022</td></tr>
<tr><td>Approval of senior management and key personnel at the Hong Kong Branch who meet the remuneration disclosure scope</td></tr>
<tr><td>Compensation for newly appointed managers</td></tr>
<tr><td>Salary adjustment plan for 2023 and revision of monthly salary range standards for various positions in the Hong Kong region</td></tr>
<tr><td>Salary adjustment for the Chairman and managers for 2023</td></tr>
<tr><td rowspan="4">2023.5.3
The 5th Compensation Committee in its 24th meeting</td><td>Periodic review of the directors' remuneration policy</td></tr>
<tr><td>Amendments to the "Bonus Scheme for Financial Trading Business" and "Bonus Scheme for Equity Trading Business"</td></tr>
<tr><td>Compensation for board representatives of the bank's investment ventures</td></tr>
<tr><td>Compensation for newly appointed managers</td></tr>
<tr><td>2023.6.16
The 6th Compensation Committee in its 1st meeting</td><td>Nomination and election of the convener and chairman of the 6th Compensation Committee</td></tr>
<tr><td rowspan="3">2023.6.27
The 6th Compensation Committee in its 2nd meeting</td><td>Remuneration for the Chairman</td></tr>
<tr><td>Distribution of employee compensation for managers for 2022</td></tr>
<tr><td>Compensation for newly appointed managers</td></tr>
<tr><td rowspan="2">2023.8.18
The 6th Compensation Committee in its 3rd meeting</td><td>Formulation of the new "Managerial Remuneration Management Measures" and amendments to the "Performance Bonus Allocation and Distribution Measures"</td></tr>
<tr><td>Formulation of the new "Long-term Incentive Bonus Plan Implementation Measures"</td></tr>
<tr><td>2023.10.31
The 6th Compensation Committee in its 4th meeting</td><td>Compensation for newly appointed managers</td></tr>
<tr><td rowspan="3">2023.12.26
The 6th Compensation Committee in its 5th meeting</td><td>Amendments to the "Board Performance Evaluation Measures"</td></tr>
<tr><td>Revisions to the directors' remuneration policy</td></tr>
<tr><td>Compensation for newly appointed managers</td></tr>
</table>

b. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the compensation committee's opinion (eg., the compensation passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.

c. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

B. Corporate Governance and Nomination Committee

a. The Qualifications and Responsibilities of the Corporate Governance and Nomination Committee members The Bank's Corporate Governance and Nomination Committee was established on November 4, 2020 with the approval of the Board of Directors. With such approval, the Committee shall comprise at least 3 directors with over half independent directors and it is the independent director who shall be the convener and chairman of the Committee.

In accordance with Article 5 of the Bank's Corporate Governance and Nomination Committee Organizational Rules, the committee shall exercise the duty of care to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion:

(1) Establish the standards of independence and a diversified background covering the expertise, experience, gender, etc. of members of the board, and find, review, and nominate candidates for directors based on such standards.

(2) Formulate and review standards for directors' training, attendance rates, and succession policy.

(3) Establish the Bank's Corporate Governance Principles

(4) Establish the Bank's Regulations Governing the Performance Evaluation of the Board of Directors

(5) Establish the Bank's Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and Anti-Corruption Policy, and oversee the implementation of these policies and related projects.

(6) Oversee and supervise the Bank's participating in Corporate Governance Evaluation System, System Assessment, and Performance Evaluation of the Board, and then report to the Board for review and further improvement.

(7) Board of Directors pointed out the other matters that need to be handled by the Committee.

In addition, in accordance with Article 6 of the Bank's Corporate Governance and Nomination Committee Organizational Rules, the committee shall convene at least once a year and may convene at any time when necessary.

b. Professional Qualifications and the attendance of the Corporate Governance and Nomination Committee Members

The Corporate Governance and Nomination Committee of the Bank consists of three members. The term of the first committee ended on June 16, 2023, and the term of the second committee is from June 16, 2023, to June 15, 2026. In 2023, the Corporate Governance and Nomination Committee held a total of five meetings. The professional qualifications and experience of the committee members, their attendance, and the matters discussed are as follows:

Title	Name	Professional Qualifications and Experiences	Attendance in Person		By Proxy	Attendance Rate (%)	Remarks
			1st Term	2nd Term			
Convener	Hu, Fu-Hsiung	Previously Mr. Hu served as chairman of Taiwan Cooperative Securities Co., Ltd. and Joint Credit Information Center. Given his experience and expertise in banking, corporate governance, and risk management, he fully meets the Committee's professional qualification requirements.	2	3	0	100	(Note)
Committee Member	Lo, Tina Y.	Previously Ms. Tina Lo was the Bank's first Hong Kong Branch chief executive, managing director, and vice chairman as well as the O-Bank Group's chief strategy officer. With her expertise in business administration, decision-making, international markets, crisis and risk management, banking, corporate governance, sustainable development, and green finance, she fully meets the Committee's professional qualification requirements.	2	3	0	100	(Note)
Committee Member	Lin, Hank H.K.	Mr. Lin spent over 20 years at EY Taiwan as CPA, managing partner, and chief CPA at its Taichung branch. With his ample experience in auditing and competences in finance, accounting, and corporate governance, he fully meets the Committee's professional qualification requirements.	2	3	0	100	(Note)

Note: Please refer to "Directors, Supervisors and Management Team" section of this annual report for the comprehensive professional qualifications and experiences of the committee members.

Other mentionable items:

a. A Summary of the major proposals reviewed by the Corporate Governance and Nomination Committee in 2023 and the results thereof is as follows:

Date and Meetings of the Corporate Governance and Nomination Committee	Proposal	Items suggested or rejected by the Committee members	Outcome of the Deliberations	Company's dealing with the deliberations of the Corporate Governance and Nomination Committee
2023.2.15 The 1st Corporate Governance and Nomination Committee in its 10th meeting	Discussion on the Bank's "Board of Directors Internal Performance (Self-Evaluation) Assessment Results" for 2022.	Suggestions: Independent Managing Director Fu-Hsiung Hu and Independent Director Hank H.K. Lin suggested that the Bank evaluate participating in the Corporate Governance System Assessment and Certification again in 2023. Outcome: The Bank decided to participate in the Corporate Governance System Assessment and Certification in 2023. Objections: None.	Approved upon the chair's putting it before all committee members present at the meeting.	Approved upon the chair's putting it before all directors present at the Board meeting.

Date and Meetings of the Corporate Governance and Nomination Committee	Proposal	Items suggested or rejected by the Committee members	Outcome of the Deliberations	Company's dealing with the deliberations of the Corporate Governance and Nomination Committee
2023.5.3 The 1st Corporate Governance and Nomination Committee in its 11th meeting	Review of the Bank's "9th Corporate Governance Evaluation Results" for 2022.	None	Approved upon the chair's putting it before all committee members present at the meeting.	Approved upon the chair's putting it before all directors present at the Board meeting.
	Discussion on the revision of the Bank's "Board Member Diversity Policy, Independence Standards, Training, and Succession Plan Guidelines."	None		
	The proposal to elect the 9th Board of Directors at the 2023 Annual General Meeting, as the term of the current board is about to expire.	None	Committee members with conflicts of interest on the matter recused themselves according to Article 5, Paragraph 3 of the Committee Charter. The proposal was passed without objection after the Chair/ Acting Chair consulted with the other attending members.	Board members with conflicts of interest on the matter recused themselves according to Article 14 of the Bank's Board Meeting Rules. The proposal was passed without objection after the Chair/ Acting Chair consulted with the other attending directors.
2023.6.16 The 2nd Corporate Governance and Nomination Committee in its 1st meeting	Nomination of the convener and chairman of the 2nd Corporate Governance and Nomination Committee.	None	Independent Managing Director Fu-Hsiung Hu was unanimously elected as the convener and chair of the 2nd Corporate Governance and Nomination Committee by all attending members.	Not applicable
2023.8.21 The 2nd Corporate Governance and Nomination Committee in its 2nd meeting	Review of the Bank's "Corporate Governance and Nomination Committee Operations from 2022 to the First Half of 2023."	None	Approved upon the chair's putting it before all committee members present at the meeting.	Approved upon the chair's putting it before all directors present at the Board meeting.
	Discussion on the revision of the Bank's "Corporate Governance Best Practice Principles."	None		
	Discussion on the revision of the Bank's "Board of Directors Diversity Policy, Independence Standards, Training, and Succession Plan Guidelines," and renaming it to "Board of Directors Diversity Policy, Standards for Independence, and Refreshment Policy."	Suggestions: Independent Managing Director Fu-Hsiung Hu and Independent Director Hank H.K. Lin suggested revising the terminology in the "Board Succession and Renewal Policy." Outcome: The Bank adjusted the terminology as per the independent directors' suggestions to "Board Succession Policy." Objections: None.		
2023.12.26 The 2nd Corporate Governance and Nomination Committee in its 3rd meeting	Discussion on the report of the "Ethical Corporate Management Implementation for 2023."	None	Approved upon the chair's putting it before all committee members present at the meeting.	Approved upon the chair's putting it before all directors present at the Board meeting.
	Discussion on the revision of the Bank's "Corporate Governance and Nomination Committee Organizational Rule."	None		
	Discussion on the revision of the Bank's "Regulations Governing the Performance Evaluation of the Board of Directors."	None		

b. If the board of directors declines to adopt or modifies a recommendation of the Corporate Governance and Nomination Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the committee's opinion: None.

c. Resolutions of the Corporate Governance and Nomination Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

C. Board Sustainability Committee

a. The Qualifications and Responsibilities of the Board Sustainability Committee members

The Bank's Board Sustainability Committee was established on August 21, 2023 with approval of the Board of Directors. The Committee shall comprise at least 3 directors, with at least half of them being independent directors. The chairman of the Bank shall both convene and chair the committee.

In accordance with Article 4 of the Sustainability Committee Organizational Rules, the committee shall act on the authorization of the Board of Directors and exercise the due care of a good administrator to perform the following duties and present recommendations to the Board of Directors for deliberation:

(1) Deliberation of the Bank's strategies for sustainable (environmental, social, governance) development that span climate change, corporate governance, and green finance.

(2) Oversight of the Bank's implementation of annual plans for sustainable development and attainment of various targets thereof.

(3) Review of the Bank's decisions on others matters related to sustainable development.

b. Professional Qualifications and Experiences of the Board Sustainability Committee Members and the Committee's Operations

The Board Sustainability Committee is composed of seven members. While the tenure of the first members runs from August 21, 2023 to June 15, 2026, the committee convened once in 2023. A summary of committee members' professional qualifications, experiences, and attendance records as well as matters discussed by the committee is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Professional Qualifications and Experiences
Convener	Lo, Tina Y., Chairman	1	0	100%	Chairman Tina Lo, who used to serve as the first chief executive of the Bank's Hong Kong Branch, managing director, and vice chairman as well as the O-Bank group's chief strategy officer, have solid expertise in business administration, decision-making, and risk management. Since 2015, she has concurrently chaired the Corporate Social Responsibility Committee (renamed ESG Development Working Committee in 2024) to oversee the Bank's sustainability initiatives. With her at the helm, the Bank has secured B Corp. certification that attests to its commitment to sustainable operations and a corporate vision of mutual benefit for all stakeholders. Well-versed in corporate sustainability, corporate governance, and green finance issues, Chairman Lo fully meets the committee's professional qualification requirements.
Committee Member	Lo, Kenneth C.M., Managing Director	1	0	100%	A banking industry veteran of over 50 years who held such positions as president of Chinatrust Commercial Bank and chairman of the Bank, Mr. Kenneth C.M. Lo meets the Financial Supervisory Commission's requirements for natural person professional directors. Additionally, in his former capacity as chairman of the O-Bank Education Foundation, Mr. Lo also committed himself to activities aimed at promoting culture and the arts as well as the public good. With expertise and experience in management, decision-making, risk management, corporate governance, corporate sustainability, and social care, Mr. Lo fully meets the committee's professional qualification requirements.
Committee Member	Lin, Bill K.C., Managing Director	1	0	100%	Mr. Bill K.C. Lin previously held deputy managerial or higher positions at Taishin International Bank's head office. Given his professional experience in banking operations, Mr. Lin meets the Financial Supervisory Commission's requirements for natural person professional directors. Additionally, Mr. Lin also has extensive experience in social care endeavors, including serving as a partner at the social enterprise Guppy Inclusive Ltd., chairman of the nonprofit Wise Love Alliance, and a jurist of the Ministry of Education's University Social Responsibility (USR) initiative and the Global Views Educational Foundation's University Social Responsibility Awards. Always attentive to domestic and international sustainability trends, Mr. Lin fully meets the committee's professional qualification requirements.

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Professional Qualifications and Experiences
Committee Member	Hu, Fu-Hsiung, Independent Managing Director	1	0	100%	Mr. Hu, Fu-Hsiung previously served as chairman of Taiwan Cooperative Securities Co., Ltd. and Joint Credit Information Center, and director of Mega International Commercial Bank and Taiwan Ratings Corp. He also had experience working for such government agencies as the Executive Yuan, Ministry of Economic Affairs, and Council of Agriculture. Mr. Hu's experience and expertise in banking, corporate governance, and risk management.
Committee Member	Lin, Hank H.K., Independent Director	1	0	100%	Mr. Lin, Hank H.K. previously served at EY Taiwan as CPA, managing partner, chief CPA at its Taichung branch and vice president at EY Management Services Inc. Mr. Lin has ample experience in auditing and competences in finance, accounting, and corporate governance, information technology and security.
Committee Member	Chiang, Tina W.N., Independent Director	1	0	100%	Ms. Chiang, Tina W.N previously served as president, Bank SinoPac Co., Ltd., senior vice president & head of credit card division, Fubon Commercial Bank, senior vice president & general manager, MasterCard International Inc., China, vice president & country manager, MasterCard International Inc., Taiwan etc. Ms. Chiang has extensive banking management, business development and information security.
Committee Member	Wang, Jennifer C.F., Independent Director	1	0	100%	Ms. Wang, Jennifer C.F. has been involved in handling mergers and acquisitions between domestic and multinational companies. joint ventures, capital market cases, compliance with the Fair Trade Act, etc. Ms. Wang is equipped with the capacity for rich legal experience in the field, international market outlook, crisis and risk management, and other professional capabilities.

Note: Please refer to "Directors, Supervisors and Management Team" section of this annual report for the comprehensive professional qualifications and experiences of the committee members.

Other mentionable items:

a. A Summary of the major proposals reviewed by the Board Sustainability Committee in 2023 and the results thereof is as follows:

Date and Meetings of the Corporate Governance and Nomination Committee	Proposal	Items suggested or rejected by the Committee members	Outcome of the Deliberations	Company's dealing with the deliberations of the Corporate Governance and Nomination Committee
2023.12.27 The 1st Board Sustainability Committee in its 1st meeting	The Bank's participation in domestic and overseas sustainability-related assessment	None.	Approved upon the chair's putting it before all committee members present at the meeting.	Approved upon the chair's putting it before all directors present at the Board meeting.
	Implementation status and management measures related to the Bank's compiling carbon inventory for its investment and financing portfolio	None		
	The Bank's major results in attaining CSR targets in 2023	None		
	The Bank's climate risk report	None		

b. If the Board of Directors declines to adopt or modifies a suggestion of the Board Sustainability

Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Bank's response to the committee's opinion: None.

c. Resolutions of the Board Sustainability Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(6) Implementation of Sustainable Development

1. Implementation of Sustainable Development and Differences from the Practices of Listed Companies:

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Bank establish a governance structure and set up an exclusive (concurrent) unit to promote sustainable development, with the Board of Directors authorizing senior executives to take charge and supervise on its operations?	✓		In January 2015, the Bank established the "ESG Development Working Committee" (originally the Corporate Social Responsibility Committee). The members include the Chairman, President, and top supervisory officials from various departments. In 2023, four meetings were held. The ESG Development Working Committee is responsible for promoting sustainable development across the Bank. It sets annual CSR goals and reports them to the Board of Directors. Additionally, the annual sustainability report, which includes CSR management goals, strategies, and implementation results, is submitted to the Board for approval, enabling the Board to oversee sustainable development. To further enhance the supervisory mechanism for sustainable development, the Bank established a "Board Sustainability Committee" under the Board of Directors in August 2023. The committee members are comprised of directors, with a majority being independent directors. In 2023, one meeting was held. The bank also has a dedicated sustainability unit within the Corporate Sustainability and Communication Division, specifically the Sustainability Development Section, which coordinates the promotion of sustainable development initiatives across the Bank.	None
2. Does the Bank, based on the materiality principle, undertake risk assessment of environmental, social, and corporate governance issues in relation to its business operations and adopt a risk management policy or strategy accordingly?	✓		The Bank's ESG Development Working Committee (formerly the Corporate Social Responsibility Committee) conducts annual reviews, surveys, and analyses of various significant issues, assessing their impact on the economy, environment, and people (human rights), as well as their influence on the Bank's operations, to identify key topics. In 2023, these key topics included corporate governance, environmental protection, employee care, customer relationships, social participation, and green finance. Each subgroup within the ESG Development Working Committee develops relevant policies, management strategies, and annual goals based on the potential risks and opportunities of these issues (with the assessment boundaries primarily focused on the Company). Quarterly meetings are held to track the progress and effectiveness of these implementations. Detailed explanations of the impacts of these key topics on the company, management strategies, key performance indicators, and their outcomes and benefits can be found in Section 7 of this report.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
3. Environmental Concerns				None
(1)Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1)The Bank is committed to addressing environmental issues in its daily operations, striving for the symbiosis and prosperity of both its operations and the environment. Since 2018, The Bank has obtained ISO 14001 Environmental Management System certification annually. This certification covers its headquarters building, customer service center, information center, Taoyuan branch, Hsinchu branch, Taichung branch, Kaohsiung branch, and the Tainan district business department. The Bank plans to expand the certification scope to all global operation locations by 2024 to establish a comprehensive and robust environmental management mechanism, ensuring effective environmental management practices and compliance with relevant regulations. Additionally, since 2019, the Bank has conducted annual greenhouse gas inventory activities and obtained ISO 14064 certification statements, gradually expanding the inventory scope. Starting from 2022, the greenhouse gas inventory scope has included the Bank's global operation locations, continually monitoring greenhouse gas emissions. In 2023, the verification scope added the Taipei Nanjing Fuxing branch and new leased premises in the Taichung and Taoyuan branches. In 2023, the Bank adopted an implied price method to establish an internal carbon pricing, based on the cost of using renewable energy within the Bank. This method calculates the additional cost required to reduce one metric ton of CO2 equivalent greenhouse gases. Carbon fees are then charged according to the electricity consumption of each department's floor or branch, and this serves as the basis for internal pricing used in measures such as replacing energy-efficient equipment, purchasing renewable energy, and bonuses for energy-saving competitions.	
(2)Does the company endeavor to utilize energy more efficiently and use renewable materials which have low impact on the environment?	✓		(2)Besides continually upgrading energy-efficient equipment and implementing energy-saving measures, the Bank headquarters building adopted the ISO 50001 energy management system in 2021, certified by a third party (valid from December 17, 2021, to December 16, 2024), to enhance energy efficiency. The Bank's ISO 14001 environmental management system, covering all its operational locations in Taiwan, is annually certified by a professional agency (valid from November 24, 2023, to December 4, 2024), with plans to include the Hong Kong branch and Tianjin representative office in 2024. The ISO 14064 GHG inventory is certified by the British Standards Institution (BSI), covering global operations, with 2023 data completed for third-party verification on May 9, 2024. The Bank has set a target to reduce the per capita electricity consumption of the global operations by 6% by 2030, based on 2020 levels. Additionally, the Bank aims for the Taiwan operations to achieve 50% renewable energy use by 2030 and 100% by 2050. In 2022, the Bank's country-wide operations used 5.485 million kWh of electricity, with a per capita consumption of 5,580.04 kWh. In 2023, the Bank used 5.583 million kWh, with a per capita consumption of 5,179.46 kWh, a reduction of approximately 7.18% from the previous year. The Bank's global operations used 5.7836 million kWh in 2023, with a per capita consumption of 4,876.57 kWh, a 6.68% decrease from 2022, meeting our 2023 reduction target. At the same time, the Bank actively adopted renewable energy sources. In 2023, the usage of solar renewable energy amounted to 770,588 kWh, representing a 1151% increase compared to the 61,600 kWh used in 2022. This accounted for 13.35% of its total electricity consumption in 2023. The Bank prioritizes environmentally friendly suppliers and those with eco-labels, using recycled paper and recyclable toner cartridges, practicing green procurement to reduce environmental impact.	
(3)Does the company evaluate the potential risk and opportunities in climate change with regard to the present and future of its business, and take appropriate action?	✓		(3)The Board of Directors of the Bank is the highest supervisory unit for climate risk management, with the Board Sustainability Committee under the Board reviewing climate change strategies. The Green Finance Team under the ESG Development Working Committee drives climate risk initiatives, reporting annually on climate-related issues and management measures to the Board, and including these in the sustainability report. Following the TCFD framework by the Financial Stability Board (FSB), the Bank assess climate change risks and opportunities every six months, updating its evaluations. At the end of 2023, the Bank completed the latest climate risk assessment, identifying 29 risk issues and 19 opportunity issues related to climate change, and conducted scenario analyses to determine their potential impact, resulting in climate risk and opportunity matrices. Major identified risks include regulatory climate risks for financial industries, the substitution of existing products with lower-emission options, and carbon pricing mechanisms. Major opportunities include improving sustainability/ESG index ratings, diversifying financial assets, and developing new revenue streams from emerging environmental markets and products, with strategies developed to mitigate financial impacts. Detailed information on climate change risks and opportunities can be found in the "Green Finance" chapter of the Bank's sustainability report, available on the Bank's company website.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4)Does the company take inventory of their greenhouse gas emissions, water consumption, and total waste produced over the last two years, and implement policies on carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4)The Environmental Protection Team under the ESG Development Working Committee has set environmental management goals, targeting an 8% reduction in per capita water usage and a 5% reduction in per capita waste by 2030 for global operations. The Bank also aims for net-zero carbon emissions by 2050. Comprehensive details are in the "Environmental Sustainability" chapter of the Bank's sustainability report. The Bank GHG inventory, including scopes 1, 2, and 3, revealed 3,463.3 tons of emissions in 2021, with a per capita emission of 3.97 tons. From 2022, the Bank GHG inventory expanded to include global operations, covering categories 1, 3, and 5 of scope 3, with total emissions of 4,391 tons and per capita emissions of 4.05 tons. In 2023, the Bank global operations' GHG emissions, including categories 1, 3, 5, 6, and 7 of scope 3, were 4,245.84 tons, a 3.31% decrease from the previous year, with a per capita emission of 3.58 tons. Scope 1 and 2 emissions based on market calculations for 2023 were 2,758.66 tons, an 11.19% decrease from 2022. In 2022, the Bank's Taiwan operations used 14,916 million liters of water, with a per capita usage of 0.015 million liters. In 2023, including overseas operations, the total water usage was 18.50 million liters, with Hong Kong and Tianjin Branch using 0.15 million and 0.11 million liters respectively, resulting in a per capita usage of 0.016 million liters. Waste generation was 54.09 tons in 2022, with a per capita generation of 0.05 tons, increasing to 67.88 tons in 2023, with a per capita generation of 0.06 tons, which increasing to 0.01 tons. The sustainability report provides detailed information. Specific energy and resource reduction measures include using energy-efficient products in machine rooms, upgrading water-efficient hardware, and promoting paper reuse and waste reduction. In 2022, the Bank initiated a food waste recycling program at the headquarters, turning food waste into compost for employee use. In November 2023, the Bank introduced dedicated recycling bins for food paper containers, further expanding recycling efforts. Additionally, the Bank replaced seven fuel-powered vehicles with plug-in hybrid electric vehicles in January to reduce gasoline consumption and scope 1 carbon emissions.	
4. Social Concerns (1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights??	✓		(1)The Bank is committed to safeguarding human rights, adhering to international human rights standards such as the "United Nations Universal Declaration of Human Rights," "United Nations Global Compact," "International Labour Organization Conventions," "United Nations Guiding Principles on Business and Human Rights," "ILO Declaration on Fundamental Principles and Rights at Work," and "Core Labour Standards." To this end, the Bank has established the "O-Bank Co., Ltd. Human Rights Policy" to prevent any human rights violations. This includes promoting workplace diversity, ensuring non-discriminatory treatment, providing a safe working environment, and creating diverse communication channels. Additionally, the Bank annually assess potential human rights risks faced by its employees, using HR data to identify risk levels and establishing mitigation measures and management objectives based on the findings to reduce harm and impact on employees. To enhance employees' basic awareness of human rights, the Bank incorporates topics such as regulatory compliance, gender equality, sexual harassment prevention, workplace violence prevention, and support for vulnerable groups in the training for new hires. The Bank also continuously deepens the human rights concepts among its current employees, implementing human rights education.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(2)Does the Company set out and implement reasonable employee benefits (including pay, leave, and other benefits), and reasonably reflect operating performance or results into its employee compensation policy?	✓		(2)In the Bank's Regulations for Managing Employee Compensation, stipulations are spelled out concerning how salaries and other forms of compensation are to be granted. As an extra incentive for employees to bring out their potential and strive for excellence, bonuses equivalent to a certain percentage of annual profits, if any, are to be paid out on the basis of every employee's position and performance. In 2023, more than 89% of employees who participated in the annual assessment received salary adjustments, with an average salary adjustment rate of 3.4%, and the highest rate of individual salary adjustments exceeded 20% (including promotion salary adjustments.) Moreover, the Bank tracks the salaries granted by industry peers on a regular basis for the reference of revising its own compensation policy so as to keep up a competitive compensation regime. The Bank has thus been included as a component of the TWSE RAFI® Taiwan High Compensation 100 Index for six straight years. The Bank gives top priority to ensuring employee diversity and gender equality at the workplace. In 2023, women accounted for 47.55% of the workforce and the ratio of female supervisors came in at 40.91%. Above all, the Bank took the lead to offer homosexual employees leave and other benefits no different from those granted to their heterosexual colleagues. In addition to mandated leaves such as sick leave, menstrual leave, marriage leave, bereavement leave, parental leave, prenatal check-up leave, paternity leave, and family care leave, the Bank also provides additional leaves that exceed legal requirements. These include honorary leave, compassionate leave, public service leave, adoption leave, organ donation leave, baby care leave, and parental (check-up) leave, during which salaries are still paid to maintain employees' work-life balance. Furthermore, the Bank offers employees holiday bonuses, birthday vouchers, marriage allowances, childbirth allowances, and medical subsidies. To implement the policy of equal pay for equal work, the Bank ensures that salaries and rewards are not influenced by gender. The Bank annually reviews the fixed salaries of male and female employees in the same positions to ensure fairness and gradually reduce any disparities.	
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The Bank is dedicated to providing a safe, healthy, and comfortable work environment. This includes installing pre-cooling air conditioning systems and fresh air intake systems in office buildings, regularly testing carbon dioxide emissions, performing daily cleaning, and conducting weekly or bi-weekly disinfection during pandemics to reduce harmful factors in the work environment. The Bank conducts indoor air quality tests and building safety inspections every two years, hold comprehensive fire drills twice a year, clean water tanks semi-annually, test drinking water quarterly, and maintain elevators twice a month. To prevent occupational accidents, the Bank has established the "Occupational Safety and Health Work Guidelines," which clearly outline the precautions and hygiene standards for workplaces. The Bank collaborates with the HR department to conduct ISO 45001 third-party verification and have obtained certification valid from August 3, 2023, to August 2, 2026. The Bank holds at least one occupational safety and health education training session annually, striving to minimize the risk of workplace injuries. In 2022, there were zero recordable occupational injury incidents at the Bank. In 2023, there were zero fire incidents and no casualties. The Bank also prioritizes employee health by regularly organizing diverse exercise classes and club activities to encourage a healthy lifestyle, conducting regular health check-ups and health seminars. The Bank's efforts in promoting a healthy workplace have earned us the Healthy Workplace Certification and the Sports Enterprise Certification. Over recent years, the headquarters building has gradually replaced many energy-consuming lighting fixtures, and in 2023, The Bank applied for the Green Building Label Certification based on our longstanding efforts in energy conservation. After evaluation under the carbon reduction benefits assessment method for the improvement of old buildings, the Bank received the Green Building Label at the Bronze level on December 7, 2023, from the Ministry of the Interior, with the certification valid from December 7, 2023, to December 6, 2028.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4)Does the company provide its employees with career development and training sessions?	✓		(4)Based on employees' needs for career development, the Bank devises training programs that take account of its core competence requirements each year. These courses cover such categories as work skills, management skills, financial expertise, and general knowledge. In 2023, the Bank recorded an average of over 89.4 training hours per person ; training hours averaged 93.9 for managerial employees and 88.6 for nonmanagerial ones. To stay on top of the economic trends and market changes, we invited outside experts to give talks, and we asked in-house experts to devise online courses so that employees could strengthen their expertise in financial technology and related issues.	
(5)Does the Company comply with applicable laws and regulations and international guidelines on issues such as customer health, safety, and privacy in marketing and labeling its products and services, as well as implement a consumer protection policy and reporting procedures for consumers or clients to file complaints?	✓		(5)The Bank not only complies with Personal Data Protection Act but also implements its own Regulations for Safeguarding the Security of Personal Information and other information security management mechanisms. Separately, the Bank offers comprehensive explanations of its products and discloses information concerning service fee charging standard on its official website. That is, the Bank implements a well-rounded explanatory mechanism for its products so that customers can fully understand product characteristics, risks, and fees before engaging in any transaction. In terms of advertisement, the Bank adopts Guidelines for Advertisement Solicitation and Sales Campaigns to ensure that the Bank's publicity activities meet the spirit of honesty and protecting financial consumers. In terms of protecting consumer rights and interests and creating channels for consumer complaints, the Bank has enacted such internal regulations as Regulations on Handling Customer Complaints and Financial Consumer Disputes, Guidelines for Reporting and Handling Customer Complaints and Dispute Incidents, and Procedures for Accepting and Handling Disputes in the Trust Business, and thereby formulating a well-rounded mechanism for consumers to file complaints and effectively protecting their rights and interests.	
(6)Does the Company implement supplier management policies to require suppliers observe certain regulations and implementation status on environmental protection, occupational health and safety, or labor human rights?	✓		(6)The Bank's Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers encourage suppliers to adopt corporate, ethical, labor, and environmental standards. The Bank also resorts to a "Supplier CSR Self-Assessment Form" to assess supplier performance on this front, including employment equality, employees' human rights, safety and health, and environmental protection. Transactions can proceed only if suppliers are confirmed to have committed no violations thereof. If suppliers are found to have broken their pledge in terms of ethical management and corporate social responsibility or have otherwise incurred a conspicuous impact on the environment and society, the Bank may blacklist and block them from bidding for procurement, maintenance, and installation projects. On December 8, 2023, the Bank held a supplier conference to promote the latest trends in ESG, the Bank's supplier management, corporate social responsibility policies and concepts, and to encourage suppliers to jointly commit to implementing corporate social responsibility. In 2023, the total number of suppliers for O-Bank was 155. Among them, there were 60 suppliers required to undergo self-assessment for procurement amounts exceeding NT$1 million. All of them completed their self-assessments, resulting in a 100% implementation rate. There were 6 suppliers that required on-site inspections, all of which were completed, resulting in a 100% on-site inspection rate. Suppliers who completed both self-assessment and on-site inspections showed no significant actual or potential negative impacts on environmental protection, safety and health, human rights, and labor.	
5. Does the Company refer to internationally accepted guidelines or guidance for compiling a corporate sustainability report and the like for disclosing nonfinancial information? Has the aforesaid report been verified or certified by a third party?	✓		The Bank's corporate sustainability report is compiled and structured in accordance with the GRI Sustainability Reporting Standards (GRI Standards) the AA1000 Accountability Principles, with reference also taken from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, ISO 26000 Guidance on Social Responsibility, the UN Global Compact, and the Sustainable Development Goals. The report is subsequently assured by the British Standards Institution (BSI) pursuant to the GRI Sustainability Reporting Standards and the AA1000's Type 1—Accountability Principles to perform third-party verification, and the Bank has obtained the BSI Independent Assurance Opinion every year. At the same time, every year the accounting firm is also entrusted to follow the Confidence Standard No. 3000 of the Accounting Research and Development Foundation of the Republic of China "confirmation cases that are not historical financial information checks or reviews" (referenced by the International Confidence Standard ISAE 3000), issue an independent limited confidence report for specific sustainable performance indicators.	None
6. If the Company has established the corporate social responsibility principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies s," please describe any discrepancy between the Principles and their implementation: None.				

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

7. Other important information to facilitate better understanding of the Bank's sustainable development practices:

- **Corporate Governance**
  1. Female and Independent Directors Ratio: In the Bank's 9th Board, comprising 12 members, both female directors and independent directors account for over one-third, with 4 in each category.
  2. Total Training Hours for Directors: In 2023, all directors collectively completed 158 training hours, exceeding the legal standard by 32 hours, with a 100% completion rate.
  3. Transparent Disclosure of Director Compensation: The Bank publicly discloses the individual remuneration of all directors and reports the director remuneration policy for approval at the 2024 shareholders' meeting.
  4. Continued ISO 27001 Certification: The Bank continuously achieves ISO 27001 information security management certification annually, covering 100% of its information units.
- **Customer Relations**
  1. 18 Charity Affinity Cards Launched: In 2023, the Bank launched one new charity affinity card, totaling 18, with users accounting for about 9.2% of its total customer base.
  2. Personal Green Loans: The Bank introduced personal green credit and green mortgage loans to encourage customers to purchase energy-efficient products and green buildings.
  3. 24-Hour Online Currency Exchange: Customers can apply for foreign currency accounts online and buy/sell 12 types of foreign currencies 24 hours a day.
  4. Increasing Customer Satisfaction: The Bank's individual customer satisfaction reached 90.9%, and corporate customer satisfaction reached 99.4%.
- **Employee Care**
  1. Long-Term Incentive Bonus Plan: The Bank encourages employees to pursue long-term performance by setting long-term goals and issuing bonuses in virtual stock based on achievement.
  2. High Female Representation in Management: In 2023, females made up nearly half of our workforce, with 41% in management roles and 44% in senior management. Females accounted for 55.7% of promotions.
  3. Equal Benefits for Same-Sex Partners: The Bank is the industry leader in providing equal leave and subsidies to employees with same-sex partners.
  4. ISO 45001 Certification: The Bank continually improves its occupational safety management system and has achieved ISO 45001 certification.
  5. Promoting a Healthy Workplace: The Bank received the "Healthy Workplace Certification" from the Ministry of Health and Welfare and the "Sports Enterprise Certification" from the Ministry of Education.
- **Environmental Protection**
  1. Net Zero Carbon by 2050: The Bank commits to achieving net zero carbon emissions at all global operations by 2050, setting carbon reduction targets for Scope 1 and 2 based on scientific guidelines (SBT).
  2. 12% Renewable Energy Use: In 2023, the Bank's global operations achieved over 12% usage of green electricity.
  3. Reduction in Greenhouse Gas Emissions: In 2023, the Bank's market-based greenhouse gas emissions (Scope 1-2) decreased by approximately 11.19% year-on-year, with per capita emissions reduced by 18.53%.
  4. Green Building Certification: The Bank's headquarters building received the Bronze-level Green Building Mark from the Ministry of the Interior in 2023 for its energy-saving and carbon reduction achievements.
  5. 153% Growth in Green Procurement: The Bank saw a 153% increase in green procurement in 2023 compared to the previous year, meeting the EPA's green procurement definition.
- **Green Finance**
  1. Climate Risk Scenario Analysis: The Bank completed an analysis of physical and transition risks related to climate change and incorporated climate factors into the review process for high-risk industries and investment targets. The Bank discloses climate-related information following the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and is the TCFD supporter.
  2. Increased Carbon Accounting and High-Carbon Industry Management: The Bank is the fourth financial institution in Taiwan to join the Carbon Accounting Financials Alliance, covering 100% of corporate loans and medium-to-long-term investments, continuously tracking and controlling high-carbon industries.
  3. Internal Carbon Pricing Mechanism: The Bank implemented an internal carbon pricing system in its investment and financing operations, guiding business units to choose lower-carbon targets and avoid high-carbon ones, promoting low-carbon industry transformation.
  4. Coal and Unconventional Oil & Gas Exclusion Guidelines: The Bank established exclusion guidelines for coal and unconventional oil & gas industries, referencing the global exit lists published by the international NGO Urgewald, committing to fully divest from related enterprises by 2030.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

- **Social Engagement**
  1. Consumption Carbon Emission Details: The Bank pioneered the "Consumption Carbon Emission Details" feature, allowing customers to check the carbon emissions of each credit card transaction, and launched a low-carbon living card with a carbon reduction reward mechanism.
  2. Transport Carbon Emission Details: In cooperation with EasyCard, the Bank introduced the "Transport Carbon Emission Details" feature for customers to check emissions from public transport use compared to driving.
  3 Promoting Green Consumption: Leading the industry, the Bank promoted conscious consumption, collaborating with 29 social enterprises and B Corporations on the "Green Consumption Power Project."
  4. Impact Projects: The Bank launched the "Impact Project," pooling customer deposits to provide microloans to economically disadvantaged groups, with its social investment return report certified by Social Value International.
  5. O for YOU Assistance Deposit Project: This project offers a tiered interest rate savings plan for economically disadvantaged groups, encouraging them to accumulate assets gradually.
  6. Supporting Social Enterprise Products: The Bank consistently supports social enterprise products, winning the Buying Power Procurement Award from the Ministry of Economic Affairs' SME Administration for seven consecutive years.
  7. Educating Disadvantaged Students: Since 2015, The Bank's summer internship program has benefited 42 disadvantaged students.
  8. TiDing Star Program: Over 14 years, the Bank has supported 1,290 emerging artists through its TiDing Star Arts Promotion Project.

- **The impact explanation and affected value chain (including key risks and opportunities), internal management policies, and scope of influence regarding the major themes of the Bank as follows:**

Material Issue	Explanation and Affected Value Chain (Including Key Risks & Opportunities)	Major Internal Policy	Scope of Impact					
			Direct Relationship	Commercial Relationship		Indirect Relationship		
			The Bank and Employees	customers	suppliers	shareholders	the general public	government agencies
Ethical Management and Corporate Governance	Potential Negative Impact (Risk): The financial industry bears the responsibility of safeguarding people's assets. Dishonest behavior or non-transparent corporate governance may result in government penalties or loss of trust from customers and shareholders, severely impacting the company's operational performance and causing revenue loss. The Bank upholds integrity as a core value and utilizes a professional and independent board of directors to make key decisions and fulfill supervisory duties to gain the trust and support of stakeholders.	• Ethical Corporate Management Best Practice Principles • Code of Ethical Conduct • Corporate Governance Principles	O	O	O	O		O
Risk Management	Potential Negative Impact (Risk): Accurately identifying traditional and emerging risks and effectively implementing risk management can prevent or mitigate various risks that may adversely affect the company. This approach ensures that business operations remain normal during major incidents, keeping risks within manageable limits. Actual Positive Impact (Opportunity): Effective risk management can enhance the company's competitiveness when market or environmental risks arise, thereby increasing trust from customers and shareholders.	• Risk Management Policy • Lending Policy • Regulations for Managing Operational Risk • Guidelines for Managing Credit Risk • Regulations for Managing Market Risk • Regulations for Handling Major Contingencies • Major Accident Emergency Response and Recovery Plan Implementation Guidelines	O	O	O	O		O

Material Issue	Explanation and Affected Value Chain (Including Key Risks & Opportunities)	Major Internal Policy	Scope of Impact					
			Direct Relationship	Commercial Relationship		Indirect Relationship		
			The Bank and Employees	customers	suppliers	shareholders	the general public	government agencies
Legal Compliance and Internal Audit	Potential Negative Impact (Risk): The financial industry is highly regulated by supervisory authorities and must strictly comply with legal and regulatory requirements. Inadequate compliance with laws and internal audit systems will lead to non-compliance behaviors, increasing operational and reputational risks, resulting in losses for the company and its customers. The Bank strictly adheres to various financial regulations and internal audit systems to ensure that all employees comply with the regulations.	• Practical Guidelines for the Three Lines of Defense in Internal Control • Regulatory Compliance System Measures • Prevention of Money Laundering and Combating Terrorist Funding Policy • Personal Data Management Policy	O	O	O	O		O
Transparency of Information and Product Disclosure	Potential Negative Impact (Risk): Establishing transparent and open information disclosure channels to increase stakeholders' understanding and trust in the Bank is crucial. This includes financial information, governance status, and product disclosures. Incomplete disclosure of information or products can result in losses for the company or related stakeholders. Actual Positive Impact (Opportunity): Comprehensive disclosure of company and product information enhances stakeholders' trust in the Bank. This includes enabling shareholders to understand operational and financial conditions, helping customers clearly understand financial products, and informing the public about the Bank's sustainability actions.	• Capital Adequacy and Risk Management Information Disclosure Policy		O		O		O
Information Security	Potential Negative Impact (Risk): Creating a secure financial transaction environment and adequately protecting customer data are responsibilities of the financial industry. Digital Financial services must especially ensure information security to avoid the risk of cybersecurity incidents.	• Information Security Policy	O	O				O
Business Performance	Actual Positive Impact (Opportunity): Profit and growth are fundamental objectives of corporate operations. Creating long-term and stable operating performance contributes to the sustainable development of a business. The continuous improvement in the Bank's operating performance supports the advancement of the company in various aspects.	• Articles of Incorporation • Regulations for Implementing Management by Objectives	O			O		
Innovation and Strategy	Potential Positive Impact (Opportunity): It is essential to implement well- defined strategies for short-, medium-, and long-term development. Equally important is to persist with innovation and grow uniqueness and competitiveness in order to stay abreast of the market.	• Articles of Incorporation	O	O		O		
Service Quality and Customer Satisfaction	Actual Positive Impact (Opportunities): Providing customers with high-quality financial service experiences and a comprehensive complaint channel continually enhances customer satisfaction and builds excellent customer relationships. Potential Negative Impact (Risks): Maintaining good service quality and improving customer satisfaction can prevent damage to the company's brand image and reputation.	• Principles for Fair Treatment of Customers • Regulations for Handling Customer Complaints and Financial Consumer Disputes		O				O

Material Issue	Explanation and Affected Value Chain (Including Key Risks & Opportunities)	Major Internal Policy	Scope of Impact: Direct Relationship — The Bank and Employees	Commercial Relationship — customers	Commercial Relationship — suppliers	Indirect Relationship — shareholders	Indirect Relationship — the general public	Indirect Relationship — government agencies
Green Finance	Actual Negative Impact (Risks): For industries with environmental and social risks, the Bank has designated prohibited counterparties and conducts ESG risk classification for lending and investment, implementing various control measures. Actual Positive Impact (Opportunities): The Bank, acting as a financial intermediary, can promote sustainable development across industries by directing funds towards sectors that benefit the environment and society.	• Sustainable Lending and Investment Policy		O				O
Climate Strategy	Actual Negative Impact (Risks): To mitigate the impact of climate change, companies must actively manage and respond to climate risks. Besides reducing its own operational carbon emissions, the Bank also needs to assess the carbon emissions of its lending and investment portfolios, guiding customers in reducing carbon emissions and jointly creating a sustainable environment. Actual Positive Impact (Opportunities): Climate strategies bring in new types of customers, including those in the renewable energy and electric vehicle industries. Additionally, the Bank can invest in green bonds, expanding business opportunities related to climate initiatives.	• Environmental Management Policy • Climate Risk Management Policy		O	O			O
Environmental Sustainability	Actual Negative Impact (Risk): Continuous use of various resources in company operations can lead to negative environmental impacts. By improving resource use efficiency, businesses can mitigate their environmental impact, enabling sustainable coexistence with the environment. Potential Positive Impact (Opportunity): Reducing energy consumption and waste can promote ecological conservation and biodiversity.	• Environmental Management Policy	O		O		O	
Talent Cultivation and Training	Actual Positive Impact (Opportunity): Corporate growth hinges on talent; well-rounded talent cultivation is crucial for the Bank to stay on long- term growth track in an increasingly competitive environment.	• Guidelines for Implementing Employee Training • Regulations of Works	O					
Employee Compensation and Benefits	Actual Positive Impact (Opportunity): The Bank builds a comprehensive and fair compensation system and provides competitive compensation and benefits in order to attract fine talents, thereby driving the company's progress and development.	• Regulations Governing Employee Compensation • Regulations of Works	O					
Equal and Friendly Workplace	Actual Positive Impact (Opportunity): The Bank offers a diverse, equitable, and healthy working environment and uninhibited channels for internal communication, thereby creating a happy workplace that can effectively meet employee needs, and to attract talent and increase talent retention rate.	• Human Rights Policy • Occupational Safety and Health Rules	O					O
Financial Inclusion	Actual Positive Impact (Opportunity): The Bank leverages its core strengths to develop a business model conducive to social and environmental sustainability, enabling more consumers to access financial services effectively. This, in turn, guides industries towards sustainable development, embodying sustainable finance."	• Articles of Incorporation		O			O	O

2. Implementation Status of Climate-Related Information

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>1. Describe how the Board of Directors and management have monitored and performed governance of climate-related risks and opportunities.</td><td>The Bank's Board of Directors has drafted "Climate Risk Management Policy," which specifies that the Board shall serve as the highest supervisory unit, and the Board Sustainability Committee subordinate to the Board performs review of climate change development strategies; the ESG Development Working Committee under the Chairman organizes promotion of the Bank's climate risk-related measures, and the Risk Management Committee is in charge of reviewing climate risk-related policies.
The Climate Risk-Related Risk and Opportunity Governance Framework Diagram and detailed explanation can be found in the "7. Green Finance" chapter of the Bank's Sustainability Report. (The Sustainability Report can be downloaded from the Sustainability Development section of the Bank's website.)</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities will affect the Bank's business services, strategies, and finances (short-term, mid-term, long-term).</td><td>In order to minimize financial impact, the Bank has formulated response measures addressing the three major risks of climate change; it is estimated that financial impact will be NT$250.36 million, and this total includes the approximately NT$214.18 million impact of investment and financing position on profit. Capital expenditures including the purchase of renewable energy and electric cars, etc. will be approximately NT$24.18 million, and it is anticipated that penalties imposed by the competent authority under various scenarios will amount to roughly NT$12 million; the cost of risk management measures will amount to NT$11.71 million, all of which will go toward operating expenses involving internal human resources, including research, education, and training expenses. To address the three major opportunities brought by climate change, the Bank's departments are developing relevant products and services in accordance with their service categories, and the financial impact has been estimated as approximately NT$448.37 million, which includes the opportunity to obtain an additional NT$356.37 million in funds due to sustainability assessments, etc., and an additional NT$92 million in revenue from product diversification and new environmental markets; the cost of opportunity management measures will be approximately NT$16.44 million, all of which will go toward operating expenses, including the expense of research, education, and training.
The following are the three major risks and three major opportunities associated with climate change:
<table>
<tr><th>Climate risk issue</th><th>Type of financial impact</th><th>Estimated amount of financial impact</th><th>Risk management measures</th><th>Estimated cost of risk management measures</th><th>Length of impact period</th></tr>
<tr><td>Regulation of climate-related risks connected with the financial industry (transitional risks)</td><td>1. Climate change-related laws and policies may affect the value or service life of high carbon emissions assets, causing the value of such assets to collapse, and making them stranded assets; this will impact the finances of such enterprises, and increase the enterprises' risk of default.
2. The competent authority will intensify climate risk regulation of financial institutions, increasing relevant management costs; in addition, when there are violations of policy or legal requirements, the Bank may be subject to the competent authority's fines or corrective actions.</td><td>NT$184,180,000</td><td>1. Review of asset portfolio and collateral types and distribution areas, adjustment of business development strategies, and drafting of a climate risk exclusion list.
2. Assessment of the magnitude of expected losses due to climate change risk, and adoption of appropriate control measures in order to reduce level of exposure and expected losses, and assessment of the re-allocation of resources.
3. Maintaining close attention to any changes in the competent authority's climate-related risk regulations and policies, and drafting or reviewing relevant company regulations in accordance with policy or legal requirements.
4. Conducting education and training to enhance the climate change-related knowledge of internal personnel and promote relevant improvement measures.</td><td>NT$7,180,000</td><td>Short-, mid-, long-term</td></tr>
</table>
</td></tr>
</table>

Item	Status of implementation					
	Climate risk issue	**Type of financial impact**	**Estimated amount of financial impact**	**Risk management measures**	**Estimated cost of risk management measures**	**Length of impact period**
	Lower-emissions options replace existing products and services (transitional risks)	1. Failure to strive to achieve a low-carbon transition will impact corporate image and the impression received by stakeholders. 2. The replacement of high carbon emissions clients' products will cause the Bank's revenue from relevant industries to be reduced. 3. Gradual increases in the Bank's renewable energy usage will cause the proportion of green power used by business locations worldwide to increase to 50% by 2030, and to 100% by 2050.	NT$45,180,000	A climate risk review item can be added to investment and corporate credit decision-making procedures, climate risk assessment can be performed of industries with climate risk, and control measures can be taken in the case of industries with high climate risk. In personal finance and home loan credit cases, factors such as whether flooding or landslide, etc. may cause damage to collateral may be included within lending assessment procedures, and the credit ratio controlled.	NT$3,480,000	Short-, mid-, long-term
	Carbon pricing mechanism (transitional risks)	1. If national governments levy carbon fees or carbon taxes, this will cause the operating costs of investment and financing clients to increase, which in turn will cause the Bank's credit risk and market risk to rise. 2. The implementation of an internal carbon pricing mechanism will increase internal operating costs.	NT$21,000,000	1. Continuing attention to international carbon taxes and related legal trends, enhanced engagement with investment and financing recipients that are subject to carbon fees or carbon taxes; continued optimization of investment and credit granting review checklists, and strengthened assessment of impacts on clients. 2. Continued optimization of internal carbon pricing mechanisms, and regular publicization of carbon reduction actions to various relevant agencies.	NT$1,050,000	Short-, mid-, long-term
	Climate opportunity issue	**Type of financial impact**	**Estimated amount of financial impact**	**Opportunity management measures**	**Estimated cost of risk management measures**	**Length of impact period**
	Raising of sustainability / ESG indicators and ratings	The raising of the Bank's sustainability assessment ratings or scores will serve to attract domestic and foreign investors, increasing opportunities to obtain funds and the influence of the Bank's financing.	NT$356,370,000	1. Use existing manpower to research and plan ESG improvement measures, which will enhance external ESG ratings. 2. Enhancement of information disclosure and strengthening of communication with stakeholders, ensuring that stakeholders have a better understanding of the Bank's financial business and sustainability actions.	NT$14,560,000	Short-term

Item	Status of implementation					
	Climate risk issue	Type of financial impact	Estimated amount of financial impact	Risk management measures	Estimated cost of risk management measures	Length of impact period
	Enhanced diversification of financial assets	1. Issuance of green bonds or sustainable development bonds. 2. Development of green industry accounts receivables or securitized financial asset products. 3. Increasing the proportion of investment in green bonds and sustainable development bonds, while simultaneously increasing the proportion of lending to the green energy industry.	NT$66,000,000	1. Providing education and training to internal business personnel to provide knowledge concerning emerging industries. 2. Revision of policies concerning the development of new financial products and new services. 3. Drafting of a sustainable lending and investment policies, incorporating ESG factors into loan granting procedures and investment decision-making procedures, and drafting of ESG–related business targets.	NT$1,5000,000	Short-term
	Development of new revenue streams from new environmental markets and products	1. Development of new groups of business clients in the solar power and electric vehicle industries, etc. 2. Assessment of securitized green industry financial asset products, effort to increase financial consulting, trust management, and service charge income. 3. Addition of ESG–related investment targets, including companies in the green energy and electric vehicle industries.	NT$26,000,000	1. Provided education and training to internal business personnel to increase knowledge about emerging industries. 2. Drafting of lending standards for emerging industries, and drafting of responsible lending targets. 3. Expansion of investment targets among ESG–related industries, and drafting of responsible investment targets.	NT$380,000	Short-term
	A detailed explanation of the financial impact of the three major risks and opportunities of climate change, risk management measures, and the affected time periods can be found in the "7. Green Finance" chapter of the Bank's Sustainability Report. (The Sustainability Report can be downloaded from the Sustainability Development section of the Bank's website.)					

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>3. Describe the financial impact of extreme climate events and transformational actions.</td><td>In order to effectively assess the possible impact of climate change risks on the Bank's operating locations and investment and financing services, the Bank has adopted the National Science and Technology Center for Disaster Reduction's (NCDR) assessment of physical risks in the Taiwan area, which is based on the simulation results in Global Warning Level (GWL) in the IPCC's (Intergovernmental Panel on Climate Change) Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6), and has used the Think Hazard information platform to assess the physical risks in other areas based on the physical risks for high-risk areas of Hong Kong, including low-lying areas and areas exposed to the wind, announced by the Hong Kong Drainage Services Department. The scope of assessment includes business locations,
business leasing and rental, credit and real estate collateral, and passbook investment position. In addition, the Bank has also used the Network for Greening the Financial System's (NGFS) GCAM 6.0 V4.2 Phase 4 climate change scenario modeling tool to assess transition risks, and the scope of this assessment includes business locations and investment and financing services. A detailed explanation of the overall scope of assessment can be found in the following table.
<table>
<tr><th>Climate risk</th><th>Business item</th><th>Financial impact</th></tr>
<tr><td>Physical risks</td><td>The Bank's business locations
Business leasing and rental</td><td>• The Bank's business locations will be impacted by extreme climate, causing damage to assets or interruption of operations.
• Business leasing and rental will be affected by extreme climate, and may cause reductions in the value of assets.</td></tr>
<tr><td></td><td>Investment and financing services</td><td>• When investment recipients suffer the effects of extreme climate at their registered locations, the risk of issuer default will rise.
• The impact of extreme climate on the real estate collateral of financing recipients may cause reductions in the value of assets.</td></tr>
<tr><td>Transition risks</td><td>The Bank's business locations</td><td>• The carbon emissions generated by the Bank's business locations will be affected by the future price of carbon, increasing operating expenses.</td></tr>
<tr><td></td><td>Investment and financing services</td><td>• The carbon emissions of investment and financing recipients will be affected by the future price of carbon, and implementation of low-carbon transition projects will increase their operating costs.</td></tr>
</table></td></tr>
<tr><td>4. Describe how climate risk identification, assessment, and management procedures are integrated in the risk management system.</td><td>In the face of increasingly daunting climate change risks, the Bank has been actively assessing the risks and opportunities that climate change may bring to bank operation, and has added a emerging risk management section to its Risk Management Policy; this section specifies that emerging risk factors include climate change–related risks, and that relevant risks must be included in assessment when drafting or reviewing service and strategy plans.
The Bank has also drafted the Climate Risk Management Policy, which specifies procedures for the identification, assessment, and management of climate risks, and designates the board of directors as the highest supervisory unit; a sustainability committee under the board bears responsibility for deliberating climate change development strategies, and a sustainability task force under the chairman organizes and promotes the Bank's climate change-related measures; furthermore, a risk management committee bears responsibility for reviewing climate change-related policies and supervising and reviewing climate risk management mechanisms.
Risk management units must report relevant climate risk information to the board of directors and risk management committee at least once annually, which facilitates the drafting of strategic plans by the board of directors and upper management, and this information is taken into consideration when supervising business. When any major abnormalities or unusual situations are discovered in the course of climate risk monitoring, response measures are taken promptly in accordance with internal regulations, and the situation is reported to the board of directors.
The Bank has established a three line of defense internal framework to control climate risks, and has specified the climate risk management duties of each line of defense:
(1) The first line of defense serves to identify and assess climate risks when various services are conducted, and focuses especially on clients and asset positions in high climate risk industries.
(2) In the second line of defense, risk management units effectively manage and monitor the implementation of climate risk management by the first line of defense, and the legal compliance unit confirms that the operations of all units are in compliance with the law.
(3) The third line of defense consists of the assessment of the effectiveness of climate risk monitoring by the first and second lines of defense, and provision of recommendations for improvement at appropriate times.
Please refer to section 7. Green Finance of the Bank's Sustainability Report for a detailed explanation of the Bank's Climate Risk Management Policy (the Bank's Sustainability Report can be downloaded from the Sustainability area of the company website).</td></tr>
</table>

Item	Status of implementation
5. If scenario analysis is employed to assess resilience in the face of climate change risks, please explain the scenarios used, parameters, assumptions, and analytical factors, as well as primary financial impact thereof.	In order to understand the financial impact of climate change risk factors and the Bank's climate risk tolerance, the Bank is employing The Bankers Association of the Republic of China's "Operating Plans for Climate Change Scenario Analysis by Domestic Banks" to perform climate change stress testing. The "Operating Plans for Climate Change Scenario Analysis by Domestic Banks" specifies scenario analysis combining climate risks with conventional financial stress scenarios; the scenario analysis methodology employs the MESSAGE-GLOBIOM 1.1 integrated assessment model (IAM), and the NGFS Phase 2 climate change scenarios simulated by the NiGEM macroeconomic model, which are used to derive the macroeconomic factors in each scenario. In addition, the representative concentration pathway (RCPs, including RCP 2.6 and RCP 8.5) scenarios generated in the IPCC's AR5 serve as the basis for environmental information. The three climate scenarios of orderly transition, disorderly transition, and no policy have been set in analysis, and the climate change time scale and banking industry cycle have been taken into consideration. 2030 and 2050 have been taken as the scenario generation times, and the mean probability of default (PD), mean loss given default (LGD), and exposure at default (EAD) estimated for each climate scenario. The resulting information is used to estimate future changes in expected loss (EL), which is employed to assess the Bank's overall risk acceptance ability. The most recent climate change scenario analysis was based on the Bank's financial asset portfolio including domestic and foreign branches and overseas business units (OBUs) as of December 31, 2023. This analysis employed the "static asset and liability assumption," and provided the basis for inferring climate risks faced by the Bank under different climate scenarios. Stress testing results indicate that in a disorderly transition scenario, in which initiation over carbon reduction transition policy is delayed, the impact of rising carbon price levels on investment and financing positions will cause significant reductions in operating revenue, and will result in more significant expected losses and cost increases than under the orderly transition and no policy scenarios. The Bank has additionally analyzed expected losses due to credit risk under various scenarios as a share of the Bank's 2023 overall pretax income and net value; such expected losses will account for 84.79%-121.49% of the Bank's 2023 overall pretax income and 5.92%-8.49% of the Bank's 2023 net value. A detailed explanation of climate change scenario analysis can be found in the "7. Green Finance" chapter of the Bank's Sustainability Report. (The Sustainability Report can be downloaded from the Sustainability Development section of the Bank's website.)

<table>
<tr><th>Item</th><th colspan="2">Status of implementation</th></tr>
<tr><td rowspan="7">6. If there is a transition plan for response to and management of climate-related risks, please explain the content of this plan and indicators and targets used in the identification and management of physical risks and transition risks.</td><td colspan="2">In order to adequately manage climate-related risks and opportunities, the Bank has established key climate indicators and targets, which are used to assess and implement sustainable development. Relevant indicators and target settings are in compliance with the Principles for Responsible Banking (PRB).</td></tr>
<tr><td>Indicators and targets</td><td>Content</td></tr>
<tr><td>Greenhouse gas emissions</td><td>In order to effectively inventory and monitor carbon emissions from operating processes, the Bank adopted ISO 14064-1: 2018 greenhouse gas inventories in 2018, and performs verification on an annual basis. Furthermore, the Bank included its overseas branch in Hong Kong and its representative office in Tianjin in inventories starting in 2022. The scope of inventories and verification includes 100% of the Bank's global business locations. At the same time, in reference to the SBTi (Science-based Target Setting Tool) version 2.1, the Bank has set greenhouse gas reduction targets for global business location Category 1 and Category 2. These targets have been included in corporate social responsibility targets used in annual performance assessment of the director of the Bank's Operation Management Department. The Bank hopes to jointly realize the Paris Agreement's vision of limiting global warming to less than 1.5°C.</td></tr>
<tr><td>Energy use</td><td>The Bank is actively promoting various low-carbon transition projects. Apart from continuing to reduce energy consumption from daily operating activities and enhance energy efficiency, the Bank also pledges that the use of renewable energy by its business locations in Taiwan will reach 50% by 2030 and 100% by 2050.
In order to achieve these targets, the Bank is striving to conduct greenhouse gas emissions management, energy management, water resource management, and waste management, and also seeks to create a low-energy-consumption operating model through the establishment of relevant environmental management reduction targets.</td></tr>
<tr><td>Low-carbon transition</td><td>In order to assess and review carbon emissions due to investment and financing positions, the Bank became a signatory to the PCAF in February 2022, and has adopted carbon emissions management standards for international investment and financing. The Bank performs carbon inventories for its investment and financing services in accordance with the "Global GHG Accounting and Reporting Standard for the Financial Industry" issued by PCAF.
In accordance with inventory results, and taking industry type and length of impact period into consideration, the Bank has implemented differentiated management of investment and financing positions. For instance, it has drafted a list of 10 major carbon-emitting industries, and set upper limits on investment and financing ratios in industries with high carbon emissions. Credit position ratios in industries with high carbon emissions will be set as less than 3% at the end of 2024, as less than 2.9% at the end of 2025, and as less than 2.8% in 2030. In addition, bankbook investment positions in industries with high carbon emissions will be set as less than 16% at the end of 2024, as less than 12% at the end of 2027, and as less than 5% in 2030.</td></tr>
<tr><td>Climate opportunities</td><td>In reference to the Sustainability Linked Loan Principles (SLLP) issued by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), and Asia Pacific Loan Market Association (APLMA), the Bank is actively negotiating "sustainability-linked loans" with corporate clients, and has drafted sustainability performance targets based on the characteristics of different industries that must be met by corporate clients. When it meets the specified sustainability performance target, a client may enjoy preferential financing. The Bank has also established sustainability-linked loan balance targets, and is using funds to encourage corporate clients to draft and implement sustainability related projects and action plans.</td></tr>
<tr><td>Internal carbon pricing</td><td>The Bank has adopted an implied price method to draft an internal carbon pricing mechanism for its operations. This pricing mechanism is based on the Bank's renewable energy electrical expenses, and is used to calculate the additional cost of reducing emissions of the greenhouse gas carbon dioxide by 1 ton. The resulting internal pricing information is used in the planning of measures including the replacement of energy conservation equipment, purchase of renewable energy, and Energy Conservation Battle Competition awards.
Furthermore, addressing corporate financing positions and mid-/long-term investment positions, the Bank has been adjusting its internal carbon pricing mechanism for investment and financing services on an annual basis in light of the average carbon emissions per NT$1 million of all investment and financing recipients. When recipients are higher than the average value, additional carbon fees must be collected from relevant business units when conducting internal pricing; when much higher than the average, carbon fees are calculated with a weighting multiple. This is how the Bank is guiding its business units to incorporate clients' carbon emissions in their business decision procedures.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, please explain the basis for setting prices.</td><td>(1) The Bank is promoting energy efficiency and energy-conserving emissions-reduction policies in accordance with the "Financial Industry Carbon Reduction Target Setting and Strategic Planning Guidelines," and has implemented internal carbon pricing and collects carbon fees from various units.
(2) The Bank has adopted implicit prices for carbon, which are based on the cost of green power that the company must purchase for every reduction in carbon emissions by 1 ton. Targets set using this method are used to determine the marginal cost of emissions reductions when seeking to reduce GHG emissions or comply with climate-related laws. The bank has also used this as the basis for the drafting of its "Internal Carbon Pricing Operating Procedures," which incorporate ISO two-stage management tasks and guide relevant work.
(3) In 2023, the Scope 2 internal carbon price was calculated as NT$3,556/ton CO2e, and carbon fees were collected from all units after performing relevant statistical tasks. These fees are chiefly used for relevant reduction measures intended to achieve the goal of net zero emissions. Scope 3 (investment and financing) internal carbon pricing was calculated as NT$50-70/ton CO2e, and the PCAF methodology was used to calculate the Bank's absolute carbon emissions attributable to investment and financing, average carbon emissions per each NT$1 million balance, and carbon emissions for high carbon emissions industries 2022; this data is disclosed in the 6. Environmental sustainability section of the Bank's Sustainability Report (the Bank's Sustainability Report can be downloaded from the Sustainability area of the company website).</td></tr>
<tr><td>8. If climate-related targets have been set, please provide information including relevant activities, greenhouse gas emission categories, planning time periods, yearly attainment progress, etc.; if carbon offsets or renewable energy certificates (RECs) are used to attain relevant targets, please explain the sources and quantities of the offsetting carbon reductions or number of renewable energy certificates (RECs).</td><td>(1) Environmental management targets at the Bank's operating locations worldwide
<table>
<tr><th></th><th>Short-term (2023)</th><th>Mid-term (2025)</th><th>Long-term (2030)</th></tr>
<tr><td>Per capita power use reduction target</td><td>3.0%</td><td>4.5%</td><td>6.0%</td></tr>
<tr><td>Per capita water use reduction target</td><td>3.0%</td><td>5.0%</td><td>8.0%</td></tr>
<tr><td>Per capita waste generation reduction target</td><td>1.0%</td><td>3.0%</td><td>5.0%</td></tr>
</table>
(2) The Bank has drafted Scope 1 and Scope 2 GHG emissions reduction targets for operating locations worldwide using the Science-based Target Setting Tool Ver. 2.1 developed by the Science Based Target initiative, SBTi, and these targets are premised on the scenario that global warming is limited to less than 1.5°C. When based on the GHG emissions of operating locations worldwide in 2023, the scope of the reduction target was calculated as 65.04% (Scope 1 + Scope 2 emissions/total emissions). The Bank also pledges that renewable energy use at operating locations worldwide will account for 50% of all energy use by 2030, and 100% of all energy use by 2050, which will meet the Bank's pledge to achieve net zero emissions at operating locations worldwide by 2050. In addition, as a member of the Chinese National Association of Industry and Commerce, the Bank has lent its public support to the Association's "1.5°C Climate Action Pledge," and pledges to cooperate with and support the plans and targets in Taiwan's 2050 Net Zero Pathway. At the same time, the Bank is also complying with plans in the Financial Supervisory Commission's "Sustainable Development Roadmap for Listed/OTC-traded Companies." It was announced by the National Renewable Energy Certification Center in 2023 that the Bank had obtained 742 renewable energy certificates.</td></tr>
<tr><td>9. Status of greenhouse gas inventory compilation and verification, strategies, and specific action plans.</td><td>Please refer to the following (1), (2)</td></tr>
</table>

1. Company GHG inventories and state of assurance during the most recent two years

A. GHG inventory information

GHG emissions (tons CO2e), intensity (tons CO2e/NT$1 m), and scope of information coverage during the most recent two years

As required in the Sustainable Development Roadmap for Listed/OTC-traded Companies, the scope of data coverage includes:

(1) Parent company entities were required to keep inventories starting in 2018.

(2) Subsidiaries on consolidated financial reports are required to keep inventories starting in 2025.

(3) The combined company has established a GHG inventory mechanism based on the GHG Protocol issued by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) and ISO 14064-1: 2018 GHG inventory standards. An inventory of the company's GHG emissions has been taken on an annual basis starting in 2018; these inventories have allowed the company to monitor GHG use and emissions, and have shown the effectiveness of certification and emissions reduction actions.

(4) GHG inventory data for the most recent two years was based on operating control rights settings and the organization's boundary settings; the compiled data constitutes the GHG emissions of this Company and branches worldwide, as explained below:

Year		Scope 1	Scope 2		Scope 3						Total emissions equivalent	
		Direct emissions	Energy indirect emissions (market-based)	Energy indirect emissions (geographically-based)	Type 1: Purchased products and services	Type 3: Fuel- and energy-related activities	Type 5: Operating wastes	Type 6: Business travel	Type 7: Employee commuting	Scope 3 Total emissions equivalent	Market-based	Geographically-based
2023	Metric tons CO2-equivalent	287.07	2, 471.59	2, 838.58	201.45	568.37	88.00	55.47	637.60	1, 550.90	4, 309.65	4, 676.63
	Market-based share (%)	6.66%	57.35 %		4.67%	13.19%	2.04%	1.29%	14.79%	35.99%	100%	
	Carbon emissions equivalent per unit operating revenue (tons CO2e/NT$1 m)	0.04	0.36	0.41						0.22	0.62	0.68
2022	Metric tons CO2-equivalent	271.54	2, 834.82	2, 866.17	207.83	488.00	6.09	1.16	581.98	1,285.06	4, 391	4, 423
	Market-based share (%)	6.18%	64.55%		4.73%	11.11%	0.14%	0.03%	13.25%	29.27%	100%	
	Carbon emissions equivalent per unit operating revenue (tons CO2e/NT$1 m)	0.03	0.31	0.32						0.14	0.48	0.49

Note 1: The scope of GHG inventory in this table consisted of 100% of the Bank's operating locations worldwide (calculated on the basis of employee numbers).

Note 2: Total Scope 1 and Scope 2 GHG emissions in 2023 according to market-based calculations consisted of 2,758.66 metric tons CO2-equivalent; total Scope 1 and Scope 2 GHG emissions according to geographically-based calculations consisted of 3,125.64 metric tons CO2-equivalent.

Note 3: Carbon emissions equivalent per unit operating revenue was calculated on the basis of the Bank's 2023 individual net income of NT$6,867,000,000.

B. GHG assurance information

The following is an explanation of state of assurance during the two-year period up to the date of annual report printing, and includes the scope of assurance, assurance organizations, assurance criteria, and assurance opinions
In accordance with the Sustainable Development Roadmap for Listed/OTC-traded Companies, the scope of data coverage included the following: (1) Parent company entities were required to keep inventories starting in 2018. (2) Subsidiaries on consolidated financial reports are required to keep inventories starting in 2025. 3) The Bank adopted ISO 14064-1: 2018 GHG inventories in 2018, and receives verification assurance from the third party external certification organization BSI on an annual basis. Starting in 2022, the overseas Hong Kong Branch and Tianjin representative office were included in inventories, and the scope of inventories and verification now includes 100% of the Bank's operating locations worldwide. The scope of the Bank's global operating locations worldwide includes the headquarters building, customer service center, information center, Taipei Nanjing-Fuxing Branch, Taoyuan Branch, Hsinchu Branch, Taichung Branch, Kaohsiung Branch, and the Business Department's Tainan District; however, the scope does not include subsidiaries occupying the headquarters building, including the China Bills Finance Corporation (occupying 100% of floor space on the 4th floor); overseas locations consist of the Hong Kong Branch and Tianjin representative office. The Bank has provided a GHG emissions statement with a reasonable level of assurance. The GHG statement includes the items required by ISO 14064-1 (description of organization, responsible person, period included, and organizational boundaries, etc.), and provides information concerning GHG policies and emissions volumes. (4) The level of assurance of direct GHG emissions and indirect GHG emissions from imported energy (Type 1 and Type 2 in ISO 14064-1: 2018) on the Bank's 2022 GHG inventory report was reasonable assurance, and the level of assurance of other indirect GHG emissions (Types 3-6) was limited assurance. The results on the GHG inventory report for that year constituted unqualified opinions, and are fully consistent with relevant regulations and the appropriate and correct disclosure of GHG information. (5) The level of assurance of direct GHG emissions and indirect GHG emissions from imported energy (Type 1 and Type 2 in ISO 14064-1: 2018) on the Bank's 2023 GHG inventory report was reasonable assurance, and conclusions concerning other indirect GHG emissions (Types 3-6) were obtained through confirmation and negotiation procedures. The results on the GHG inventory report for that year constituted unqualified opinions, and are fully consistent with relevant regulations and the appropriate and correct disclosure of GHG information.

2. GHG reduction targets, strategies, and specific action plans

GHG reduction base year and data, reduction targets, strategies, and specific action plans and reduction target attainment for the year

A. The Bank has determined Scope 1, Scope 2, and Scope 3 reduction targets for its operating locations worldwide. In 2023, the Scope 1 total carbon emissions reduction target was 267.47 tons CO2e (a 1.5% decrease compared with 2022); the Scope 2 total carbon emissions reduction target was 2, 528.66 tons CO2e (a 10.8% decrease compared with 2022); and the Scope 3 total carbon emissions reduction target was 1,272.21 tons CO2e (a 1% decrease compared with 2022).

B. GHG reduction base year and reduction targets:
The Bank has determined annual total GHG emissions reduction targets for its operating locations worldwide (compared with the base year of 2022)

Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total GHG emissions reduction target	10%	15%	21%	28%	35%	40%	45%	50%	54.2%	58.4%

Note: Because the scope of the Bank's GHG emissions inventories was expanded from all operating locations in Taiwan to all locations worldwide starting in 2022, the 3,106.3 tons (Scope 1 and Scope 2) of GHG emissions calculated using the market-based method for all of the Bank's operating locations worldwide in 2022 constitutes the basis for comparison of total GHG emissions reductions.

C. GHG reduction strategies and specific action plans

(a) Lighting equipment:
The Bank has been gradually switching to environmentally-friendly power-saving lamps in office areas and public areas on all floors, the switches for external wall lighting and signs are controlled in accordance with day length and weather, lights are turned off for one hour at noon, guards patrol all floors and make sure that lights have been turned off at 22:00 each day, and employees are made aware that they must turn off lights and power to equipment when leaving the printing room and conference rooms.

(b) Air conditioning equipment:
Temperature settings shall be for over 26°C, and temperatures are adjusted appropriately during different seasons. To save energy, air filters and main heat exchangers are cleaned regularly, and refrigerant and fans are inspected regularly. During winter at bank headquarters, main heat pumps are operated on a rotating basis, and frequency conversion air conditioning is employed. At 18:00 each day, the central controller automatically shuts off the air conditioning power switches on all floors. Inset ceiling-mounted energy-conserving fans have been installed to increase the circulation of cool air.

(c) Elevator equipment:
Elevator dispatching is performed to enhance operating efficiency and decrease average use time. The number of elevators in use is controlled to reflect peak and off-peak time periods, and only one elevator is kept in use during weekends and holidays. Employees are reminded to take the stairs as much as possible when going to perform business on adjacent floors.

(d) Renewable energy:
The headquarters building began using green power in November 2022, and has been steadily increasing the ratio of green power usage. All branches throughout Taiwan were required to begin using green power in 2023. In order to gradually achieve the goal of net zero carbon emissions, targets of 50% renewable energy use by 2030 and 100% renewable energy use by 2050 have been set for operating locations worldwide.

(e) Water resources:
Air conditioning units employ air-cooled equipment. When doing so will not affect normal usage, the water volume from water supply equipment has been reduced, and water is only allowed to flow for a certain number of seconds. To prevent leaks, water meters are inspected regularly. The water used by the sprinkler systems in buildings' landscaped areas is adjusted in accordance with the season and weather.

(f) Attainment of reduction targets
In 2023, the total GHG emissions (Scope 1-3) of the Bank's operating locations worldwide according to market-based calculations constituted 4,309.7 metric tons CO2-equivalent, which represented a reduction of 1.85% compared with the previous year, and per capita carbon emissions were 3.63 metric tons CO2-equivalent, which represented a decrease of 10.28% compared with the previous year. When only calculating Scope 1 and Scope 2 GHG emissions, in 2023, the carbon emissions of the Bank's operating locations worldwide according to market-based calculations constituted 2,758.66 tons, which was a drop of 11.18% compared with the previous year, while per capita carbon emissions were 2.33 tons, which represented a decrease of 18.67%. In addition, the Scope 1 and Scope 2 carbon emissions of operating locations worldwide per NT$1 million in net income constituted 0.40 tons (or approximately 12.35 tons per USD 1 million), while Scope 1 carbon emissions per NT$1 million in net individual income constituted 0.04 tons, and Scope 2 carbon emissions per NT$1 million in net individual income constituted 0.36 tons. If more detailed information is required, please refer to the 6. Environmental sustainability section of the Bank's Sustainability Report (the Bank's Sustainability Report can be downloaded from the Sustainability area of the company website).

(7) Ethical Corporate Management Implementation Status and Deviations from "the Ethical Corporate Management

Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				None
(1)Does the Bank enact an ethical management policy that has been approved by the Board of Directors and declare in both internal regulations and external documents this ethical management policy, relevant measures, and the commitment of the Board of Directors and senior executives to rigorously implementing the said policy?	✓		(1)Upon its establishment in 1999, the Bank enacted the Self-Discipline Rules for Ethical Conduct. Employees were required to conform to all applicable codes and regulations. The guiding principle for interaction with customers was that one shall not, by virtue of his/her position at the Bank, secure any personal gains; shall not solicit business or secure business or personal gains by bribery, kickback, allowances, gratuities, or other illegal means; shall remain fair and impartial when conducting procurement or issuing invitations for bids; and shall not assist customers in falsifying documentation or overvaluing assets. The Bank also included the foregoing provisions together with Article 35 of the Banking Act—neither the responsible person nor any staff member of a Bank shall accept, under any pretense, commissions, rebates, and the amount of other unwarranted benefits from depositors, borrowers, or other customers— as common items for legal compliance. Training and examination thereof were conducted on a regular basis. In line with statutory changes and amendments, the Board of Directors adopted the Code of Ethical Conduct and Ethical Corporate Management Best Practice Principles in 2015, followed by the enactment of the Procedures for Ethical Corporate Management and Guidelines for Conduct in 2016. Given their conviction of ethical management and commitment to being honest, transparent, and responsible, members of both the Board of Directors and management are set to keep up their implementation of ethical management policies, creating sound corporate governance, and building an environment for sustainable development. In addition, the Bank discloses its ethical management policies and the implementation of ethical management in its sustainability report, and on the its website and the Market Observation Post System.	
(2)Does the Bank establish a mechanism for analyzing and assessing aspects of its business operations that have a relatively higher vulnerability to unethical conduct and, in turn, adopt a program for preventing unethical conduct that at least covers the acts listed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2)To ensure ethical management and enhance employee awareness thereof, the Bank started in 2019 to undertake self-assessment of risk on this front throughout the entire workforce and to implement preventive measures to mitigate vulnerability to unethical conduct in business operations. Meanwhile, the Bank's directors and senior executives were asked to sign a statement on compliance with its ethical management policy and all employees, a declaration of consent to comply with the said policy and faithfully stand by the preventive measures laid out in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, thereby preventing unethical conduct. In 2023, the signing rate of directors, managers, and employees of the Bank for the documents was 100%. Moreover, the Bank requires personnel of specific departments to undergo periodic rotation so as to ensure a well-rounded internal control system and operational security. The Bank also resorts to negotiating with employees about taking holidays in a bid to further bolster risk management. Separately, the Bank has adopted the Regulations Governing the Review of Making Donations as the guideline for such activities. On top of the principles of honesty, integrity, and prudence, all business activities are undertaken in accordance with applicable regulations.	
(3)Does the Bank spell out operating procedures, guidelines for conduct, punishment for violation, and rules of appeal in the aforesaid program for preventing unethical conduct, implement it faithfully, and review and amend it on a regular basis?	✓		(3)The Bank's Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Code of Ethical Conduct all unequivocally prohibit unethical conduct by employees and specify matters for their attention in the course of performing duties. Upon the discovery of any violation of ethical corporate management and conduct regulations, a report shall be made immediately to an independent director or managerial officer, the chief internal auditor, or another suitable managerial officer. Upon verification of any such allegations, the violator shall be dealt with in accordance with applicable laws and regulations or the Bank's internal regulations on employee rewards and penalties. In 2020, the Bank's Code of Ethical Conduct and Procedures for Ethical Management and Guidelines for Conduct were amended in compliance with applicable laws and regulations and in conformity with the Bank's operations. Separately, while offering training to newly recruited employees and to all employees with regard to legal compliance, the Bank makes it a point to exhort them to stay honest and fair and conform to applicable laws and regulations in the course of performing their duties. As such, training on regulations related to ethical management is undertaken to ensure that all employees always keep good-faith management in mind and act accordingly.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
2. Fulfill operations integrity policy (1)Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?(	✓		(1)In accordance with applicable laws and regulations, the Bank has in place specific regulations governing lending, investment, trust, financial transactions, or other business dealings that involve interested parties. Also adopted are clearly defined regulations that specify the following: with the exception of those granted priority status thanks to a solid CSR track record in accordance with the Bank's Guidelines for Urging Suppliers to Fulfill Corporate Social Responsibility, there shall be no preference for any specific party over the course of conducting procurement or issuing invitations for bids, and internal audit personnel shall be involved in the price negotiation process for procurement projects of NT$1 million or more; personnel engaging in investment or lending shall conform to applicable internal regulations and honor the obligation of reporting when warranted, thereby preventing conflicts of interest. Over the course of conducting business, the Bank shall incorporate compliance with and commitment to ethical corporate policy into all contracts signed with transaction counterparties lest it should transact with any party that has engaged in unethical conduct. Given that the banking industry is required to secure sanctioning of the competent authority and thus subject to stringent supervision, the Bank is obligated to ensure that its business activities, donations, accounting system, and business secrets conform to the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and Banking Act. In accordance with applicable laws and regulations, the Bank has also established an internal control and audit system and a self- audit system. Internal auditors and CPAs conduct random checks on the undertaking of business activities and submit reports to the Audit Committee and Board of Directors at least on a quarterly basis, thereby promoting sound management and ensuring the efficiency of business operations, reliability of financial reporting, and compliance with applicable laws and regulations.	None
(2)Does the Bank establish a unit under the Board of Directors that is devoted exclusively to promoting ethical management and reports on a regular basis (at least once a year) to the Board of Directors on its supervision of the Bank's implementation of its ethical management policy and program for preventing unethical conduct?	✓		(2)To attain ethical corporate management, the corporate governance team under the EPG Development Working Committee (formerly Corporate Social Responsibility Committee) is charged with the responsibility of enacting and implementing the Bank's ethical corporate management policy and related plans. It is also responsible for submitting reports on implementation results to the Board of Directors each year (at least once a year). Such reports are to contain results of promotion and training of ethical corporate management, accomplishment of the "informant's mailbox," and measures taken to prevent unethical conduct and the results thereof, which are all intended to ensure the Bank's ethical corporate management.	
(3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3)It is specified in the Bank's Corporate Governance Principles that when the Board of Directors, Audit Committee, Compensation Committee, or Corporate Governance and Nomination Committee meets, the Bank's highly self-disciplined directors shall refrain from participating in the discussion and voting process in relation to any matters that involve their personal interests and do not exercise the voting rights of other directors by proxy. Directors also exercise self- discipline and refrain from extending one another improper support otherwise. Furthermore, in the Bank's Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, it is stipulated that the directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the Bank to obtain improper benefits for themselves, spouses, parents, children, or any other person. Meanwhile, corporate governance courses are made available to directors to enhance their capacity for supervision and governance, in turn strengthening the Bank's corporate governance and attaining ethical corporate management. Separately, the Bank has installed its whistleblower system in the corporate governance section of its website. Available therein are the Bank's Whistleblowing Policy and the means by which to file such reports. Anyone who finds reason to implicate any person of the Bank in criminal acts, frauds, or violations of laws and regulations may file a report to the Bank by phone, email, mail, etc. To uphold corporate governance and ethical management, the Bank shall keep confidential both the identity of the whistleblower and the contents of the aforesaid report and take action to verify allegations therein.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(4)Does the Bank, in order to ensure ethical management, establish effective accounting and internal control systems and have its internal audit department take account of the result of its assessment of unethical conduct risk while mapping out an audit plan to examine the Bank's compliance with its program for preventing unethical conduct or engage CPAs for conducting such audits?	✓		(4)To faithfully conduct ethical management, the Bank has established effective internal control and accounting systems in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. In addition to conducting audits of domestic business, financial, asset custody, information, other management units, and overseas outlets on a regular basis, the Bank engages CPAs for routine audits in order to ensure effective operations of the said systems. Separately, the Bank's Auditing Division has incorporated the result of its assessment of unethical conduct risk into its auditing plan to ensure the Bank's ethical management.	
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5)As prescribed by applicable regulations, the Bank organizes sessions to promote employee awareness of ethical management and offers training thereof each year. Highlights include the Principles for Ethical Management and the Procedures for Ethical Management and Guidelines for Conduct as well as instances of unethical conduct. Separately, the Bank undertakes sessions on a regular basis to familiarize all employees with the latest statutory developments and important instances of domestic banks or financial holding companies being penalized, thereby helping employees enhance ethical standards and strengthen compliance awareness. Meanwhile, training of self-audit personnel is also conducted on a regular basis to ensure effective implementation of self-audits, strengthen internal control of business units, and prevent unethical conduct.	
3. Operation of the integrity channel (1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1)The Bank has, in accordance with law, established a whistleblower system, including the Whistleblowing Policy and a whistleblower mailbox. Employees are encouraged to report on unlawful and unethical conduct and any other act in violation of ethical management. Meanwhile, a unit with the capacity for performing duties independently is charged with the acceptance and investigations of whistleblower reports. Anyone found to have violated applicable laws and regulations shall be dealt with in accordance with the Bank's Regulations Governing the Rewards and Penalties for Employees and other applicable regulations.	None
(2)Does the Bank establish standard operating procedures for investigating whistleblower allegations, follow-up measures in the wake of such an investigation, and the confidentiality mechanism thereof?	✓		(2)The Bank has adopted stringent operating procedures for conducting investigations on allegations in whistleblower reports. The contents of these reports and the handling thereof as well as other related information are all kept confidential to protect both the whistleblower and personnel involved in such investigations. After such an investigation is completed, the Bank follows up with courses of action and other pertinent measures it deems proper.	
(3)Does the company provide proper whistleblower protection?	✓		(3)The Bank keeps confidential all whistleblower reports—internal and external—so as to make sure that the whistleblower is not subject to any improper treatment accordingly.	
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		Not only does the Bank disclose its Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Code of Ethical Conduct, on its website and the Market Observation Post System (MOPS), the Bank also disclose its implementation of ethical management both in its annual report and on its website. Separately, the Bank's website also fully discloses other information with regard to its business operations, interest rates, and assessment of economic conditions for the reference of the general public. In accordance with applicable laws and regulations, the Bank also discloses material financial and operational information on the Market Observation Post System (MOPS) in a timely fashion. Meanwhile, the Bank's work toward sustainable development is disclosed in its annual report.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: There have been no differences.				

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company's ethical corporate management policies.
To effectively implement its ethical management policy and promote sound business, the Bank has established a whistleblower system and relevant regulations. Strategic management is conducted to secure quantitative data for the evaluation of the Bank's effectiveness in implementing its ethical management policy:
(1)Success rate of training on ethical management:
To effectively establish measures to promote ethical management and prevent unethical conduct, the Bank organized a lecture on corporate governance and ethical management for directors in 2023. A lecturer from the Taiwan Corporate Governance Association helped the Bank's directors enhance awareness of corporate ethics and strengthen their capacity for corporate governance by speaking on the ethics principles and fair treatment of customers. Separately, training on ethical management was also conducted across the Bank. Covered were such topics as the Principles of Four-Lines of Defense for Ethical Management, the Procedures for Ethical Management and Guidelines for Conduct, instances of unethical conduct, and preventive measures for business activities vulnerable to the risk of unethical conduct. A total of 1,116 employees participated in the training, 558 hours of training, translating into a 100% success rate.
(2)Establishment of a whistleblower system:
To encourage internal and external personnel to report unethical conduct or misconduct, the Bank adopted its Whistleblowing Policy. Any person who discovers that a director, supervisor, manager, employee, or mandatary of O-Bank or a member of the O-Bank Group, or a person having substantial control of O-Bank or the Group, has possibly committed crimes, cheating, or regulatory violations, may report it to the Bank's Audit Division and convener of the Audit Committee by phone, email, or mail. As the Bank's whistleblowing mechanism stands, an investigation shall be initiated within a given period if preliminary deliberation warrants it. If the alleged perpetrator is determined to have violated applicable laws or regulations, the case shall be turned over to the Bank's human resources unit for disciplinary action in accordance with its internal rules, the Bank's Regulations Governing the Rewards and Penalties for Employees. In the event of a particularly serious offense, the Bank may directly hand it over to law enforcement authorities for investigation. To keep the whistleblower up to date, the Bank may report the latest developments by phone, email, mail, or other means. Information pertaining to the whistleblower's identity shall be kept confidential. The Bank shall not, due to the filing of a whistleblowing report: fire, dismiss, or demote the whistleblower; harm the rights and interests that the whistleblower ought to enjoy under law, contract, or established practice; or otherwise take actions prejudicial to the interests of the whistleblower. In 2023, O-Bank's whistleblower mailbox received a total of 22 letters. Upon review, none of these letters contained specific individual being reported, substantia evidence, or fell under the categories of reportable cases. As a result, they did not meet the acceptance criteria outlined in Articles 4 and 6 of the Bank's "Whistleblower Case Handling Procedures." Therefore, the actual number of valid whistleblower cases was zero.
(3)Ratio of imposing penalties against reports being presented on conduct in violation of ethical management principles: No report was recorded on any conduct in violation of ethical management principles in 2023 and, therefore, no penalty was imposed.</td></tr>
</table>

(8) Corporate Governance Guidelines and Regulations

Please refer to the Bank's website (https://www.o-bank.com) as well as the Market Observation Post System (https:// mops.twse.com.tw).

(9) Other Important Information Regarding Corporate Governance

A. Succession Planning of the Board of Directors

(A) Board of Directors

The Board of Directors of O-Bank adopts the candidate nomination system in accordance with the Bank's Articles of Incorporation. The qualifications for Board members must comply with relevant banking laws and regulations. The Board as a whole should possess a diverse range of professional skills necessary for their duties, including operational judgment and management ability, accounting and financial expertise, risk management, crisis handling, financial industry knowledge, international market insight, investment and merger capabilities, leadership and decision-making skills, corporate sustainability, legal knowledge, IT and information security expertise. It should also include professionals with diverse backgrounds and rich experience to support the Bank's development. To further the Bank's sustainable development philosophy and enhance the Board's functions, the "Corporate Governance and Nomination Committee" was established on November 4, 2020. This committee is responsible for nominating board and independent director candidates and strengthening board functions. The " Board of Directors Diversity Policy, Standards for Independence, and Refreshment Policy" (available on the Bank's website at https://www.o-bank.com) outlines diversity policies, independence standards, training programs, attendance requirements, and succession planning for Board members. When planning successors, the Bank considers regulatory requirements, sustainable development, mid-to-long-term business strategies, and the aforementioned succession policy to construct the Board's composition. At the Shareholder Meeting on June 16, 2023, the Bank completed the election of the 9th Board of Directors, selecting 12 directors (including 6 natural-person directors), with Ms. Tina Y. Lo serving as the chairman.

The training of Board members aims to continually enhance their diverse professional skills, board functions, and decision-making efficiency. In 2023, all directors underwent at least six hours of professional training as required by the " Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEx Listed Companies," with a total of 158 hours of training completed. Overall, the training was conducted successfully.

(B) Senior Management

To meet the needs of organizational development and ensure the continuity of the leadership team and talent, the Bank has comprehensively established the "Senior Talent Succession and Management Development Plan" based on its business strategy. This plan was submitted and approved by the Board of Directors on June 22, 2022. The status of talent development is reported to the Board annually to maintain sustainable operations and enhance competitive advantage.

This training program for next-generation managers centers on a number of core concepts. That is, would-be managers are to be imbued with core competences that are defined by Trust, Outstanding, Unity, Creativity, and Honor. In addition to an excellent working capacity, they are supposed to hold personal values compatible with the Bank's corporate culture and possess such traits as honesty, passion, and leadership. In keeping up with the Bank's business plan and future prospects, Elton F.Y. Lee was appointed as the President of O-Bank by the Board of Directors on October 24, 2019.

We draw from specialized training to ensure that employees primed for key positions, from senior managers to departmental supervisors, fully understand the importance of their personal development to the Bank's future development. Emphasis is placed on giving trainees opportunities to temper themselves and develop a solid capacity for decision making and judgment calls. The training comprises:

- Management Competency: Domestic and foreign experts are engaged to lecture on leadership to different levels of managerial employees.
- Personal development plan: According to the priority development order of individual potential talents, tailor a personal development plan, link corresponding learning resources, and cooperate with the general manager's regular meeting and counseling system to assist them to effectively improve their abilities.
- EMBA Programs or the Taiwan Academy of Banking and Finance's Leading Executive Apex Program (LEAP): Employees who hold promise are enrolled in such programs of eminent institutions for industry-academia training to grow them into top-tier managers who possess a global vision, the capacity for comprehensive strategic thinking, and skills in information technology.
- Proxy System: The proxy system makes it possible for senior managers reporting directly to the CEO to undergo training in the capacity as the latter's deputy, thereby bolstering their decision-making and management capability.
- Rotation of Managerial Positions among Affiliates: Next-generation leaders are to undergo rotation of managerial positions among affiliates to help them get familiar with different operations of the O-Bank Group and accumulate a hands-on experience in cross-sector management.
- Assignments as Directors/Supervisors of Affiliates: The experience of serving as directors and supervisors of affiliates is crucial to strengthening the capacity for corporate governance, operations of the Board of Directors, and legal practices associated with business management, thereby creating an all-encompassing managerial capacity.

B. Please refer to the Bank's website (https://www.o-bank.com) for other important information.

(10) Internal Control Systems

A. Statement on Internal Control System

O-Bank Co., Ltd.

Statement on Internal Control System

On behalf of O-Bank Co., Ltd., we hereby certify that in the period from January 1, 2023 to December 31, 2023, the Bank duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing its internal control system, conducting risk management, designating an independent audit department to conduct audits, and presenting reports to the Board of Directors and supervisors/ Audit Committee/Board of Supervisors on a regular basis. Also, the Bank duly complied with Paragraph 5, Article 38 and Article 38-1 of the aforesaid Rules, and the Self-Regulatory Rules on Information Security by Taiwan Securities Association. With regard to the securities business, the Bank assessed the effectiveness of the design and implementation of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets." With regard to the Bank's concurrent conducting of insurance agent or insurance Broker business, the Bank evaluates the effectiveness of the design and implementation of its internal control system based on the criteria provided in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies." After prudent evaluation, we hereby certify that except items listed in the attachments, the internal control and legal compliance systems, and information security of all departments were effectively implemented during the year:

This Statement will be included as a major component of the Bank's annual report and other prospectuses and disclosed to the public. Any information contained in this Statement that is found to involve falsification, concealment, or other illegalities shall be subject to legal liabilities prescribed in Articles 20, 32, 171, and 174 of the Securities and Exchange Act listed above.

The Statement is submitted to the Financial Supervisory Commission Declarant

Chairman: Lo, Tina Y.

President: Lee, Elton F.Y.

Chief Auditor: Xie, Jun

Chief Compliance Officer: Chao, Tillie C.L.

Chief Information Security Officer: Lee, Yaochung

March 13, 2024

O-Bank Internal Control System:

Items in Need of Improvement and Corrective Plan

Record Date: December 31, 2023

Items in Need of Improvement	Corrective Measure	Time Expected for Completion of Improvement
A purchase of shares issued by the company where an independent director of the Bank concurrently holds the same position is a violation of Article 74-1 of the Banking Act and Provision 5 of the Directions Governing Limitations on Types and Amounts of the Securities in Which a Commercial Bank May Invest.	Improve and coordinate information gathering with regard to director-related interested parties (such as examination of public information), as well as increase the frequencies and channels of advance notice. Information with regard to the said interested parties will be updated ahead of a director's taking office. The same procedure will be followed for any subsequent addition or change.	The improvement is completed.
Funds from the NT$6,000 Tax Rebate Universal Cash for All Program were booked ahead of schedule on March 31, 2023.	Introduce the function of prescheduling into proxy payment and distribution operations. As such, these operations can be conducted within the prescheduled period. If any task fails to be completed within the said period, the system will automatically alert relevant operators and managers to help track and complete all tasks.	The improvement is completed.
Branch core systems have yet to record and store audit logs of user access to personal information.	In alignment with the way how the Bank's application system audit logs have been designed, personal information access logs will be recorded and incorporated into the centralized audit log host for storage.	The improvement is expected to be completed before March 31, 2024.
Some clients were unable to log into the Bank's IBMB system on July 10, 2023.	1. Optimize the internal alert mechanism for system service anomalies, as well as the setup and verification procedures for the official website's activity pages; integrate these to the login page for online banking. 2. Improve the customer contact mechanism for system service anomalies. 3. Upgrade the Bank's online/mobile banking platform to strengthen cybersecurity mechanisms and enhance service quality.	1. The improvement is completed. 2. The improvement is expected to be completed before March 31, 2024. 3. The improvement is expected to be completed before September 30, 2024.
Password storage for online banking	On top of encrypted protection, storage will be conducted after irreversible processing (hashing).	The improvement is expected to be completed before December 31, 2024.

O-Bank Co., Ltd.

Statement on AML/CFT Internal Control System

On behalf of O-Bank Co., Ltd., we hereby certify that in the period from January 1, 2023 to December 31, 2023, the Bank duly complied with relevant regulations on AML/CFT in establishing its internal control system, conducting risk management, designating an independent audit department to conduct audits, and presenting reports to the Board of Directors and Audit Committee on a regular basis. After prudent evaluation, we hereby certify that except items listed in the attachment of "AML/CFT Internal Control System: Items in Need of Improvement and Corrective Plan," the AML/CFT internal control systems of all departments were effectively implemented during the year.

The Statement is submitted to the Financial Supervisory Commission Declarant

Chairman: Lo, Tina Y. President: Lee, Elton F.Y.

Chief Auditor/Head of Auditing Division: Xie, Jun

Chief AML/CFT Compliance Officer: Chao, Tillie C.L.

March 13, 2024

O-Bank AML/CFT Internal Control System:

(the Bank and Trust Business)

Items in Need of Improvement and Corrective Plan

Record Date: December 31, 2023

Items in Need of Improvement	Corrective Measure	Time Expected for Completion of Improvement
None (no item is in need of improvement)		

O-Bank AML/CFT Internal Control System:

(the Bank's Insurance Agent Business)

Items in Need of Improvement and Corrective Plan

Record Date: December 31, 2023

Items in Need of Improvement	Corrective Measure	Time Expected for Completion of Improvement
None (no item is in need of improvement)		

B. Where a CPA has been hired to carry out a special audit of the internal control system, the audit report shall be disclosed: None.

(11) Status of any sanctions imposed due to violations of laws or regulations in the most recent two years and up to the publication date of this annual report, and major deficiencies and status of the improvement thereof

Item	2022		2023		2024,up to the publication date of this annual report	
	Violation and Fine	Status of Improvement	Violation and Fine	Status of Improvement	Violation and Fine	Status of Improvement
1. Any indictment of a responsible person or employee by the prosecution for an occupational offense	None	-	None	-	None	-
2. (1) Any fine imposed by the Financial Supervisory Commission for statutory violations or penalty slapped by the Bank on internal personnel for violating provisions of its internal control system, either of which may have a material impact on shareholders' equity or share price or can be interpreted as ranking among matters listed in Article 2 of the Financial Supervisory Commission's Explanatory Notes on Taking Major Punitive Measures for Violations of Financial Regulations	None	-	Investing in the stocks issued by the company where the Bank's independent director serves as an independent director violates Article 74-1 of the Banking Act and point 5 of the "Regulations Governing the Types and Amounts of Securities Investments by Commercial Banks." According to Article 130, paragraph 4 of the Banking Act, the Financial Supervisory Commission imposed a fine of NT$1 million on the Bank.	To improve the collection of information on directors' interested parties (such as reviewing public information) and synchronize operations with relevant units, the notification timing and methods will be enhanced. Before the appointment of a new director, the process of updating and maintaining the interested parties' database will be completed. Any new or changed information will also be processed according to the established procedures.	None	-
2. (2) Any sanctions imposed by the Financial Supervisory Commission pursuant to Article 61-1 of the Banking Act	None		None	-	None	-
3. Any security incident arising from employee infidelity or material contingencies (e.g. fraudulent acquisition, theft, misappropriation, or robbery of assets; forgery of documents or securities; acceptance of a bribe; losses from natural disaster; losses from external causes; hacker attack, data theft, or leak of trade secrets or customer data; or other such material incidents) or failure to faithfully adopt necessary measures for upholding security. If actual losses, whether singly or in aggregate, exceed NT$50 million in any given year, disclose the nature and amount of such losses.	None	-	None	-	None	-
4. Other disclosures required by the Financial Supervisory Commission	None		None	-	None	-

(12) Major Resolutions of Shareholders' Meeting and Board Meetings

A. Major Resolutions of 2023 General Shareholders' Meeting

1) Ratification of business report and financial statements for 2022

Implementation result: The aforesaid report and statements were disclosed by means of a public announcement in accordance with applicable regulations and submitted to the competent authority for future reference.

2) Ratification of proposal for distribution of 2022 earnings
Implementation result: The Bank set August 2, 2023 as the ex-dividend record date and August 23 of the same year as the payout day. Shareholders were paid cash dividends of NT$0.425 for every preferred share, totaling NT$127,080,950 and cash dividend of NT$0.38 for every common share, totaling NT$1,037,958,714.
3) Amended some provisions of the Bank's Articles of Association: The revised Articles of Association has been announced on the Bank's website, and was approved for registration by the Ministry of Economic Affairs on July 18, 2023.
4) Approval of amendments to the Bank's Procedural Rules Governing Shareholders' Meetings
Implementation result: The amended Procedural Rules Governing Shareholders' Meetings was uploaded to the Market Observation Post System (MOPS) and made public on the Bank's website. Such procedures have been conducted accordingly since.
5) Approval of amendments to the Bank's Election Procedures for Directors
Implementation result: The amended Election Procedures for Directors was uploaded to the Market Observation Post System (MOPS) and made public on the Bank's website. Such procedures have been conducted accordingly since.
6) Election of 12 members to make up the 9th Board of Directors. The roster of the newly elected directors, whose three-year term is due to run from June 16, 2023 to June 15, 2026, is as follows:

Elected Director		Election Quota (votes)
Lo, Tina Y.		4,076,591,714
Ming Shan Investment Co., Ltd.	Representative: Lo, Kenneth C.M.	3,279,328,062
Tai Hsuan Investment Co., Ltd	Representative: Lin, Bill K.C.	2,871,099,658
Abag Investment Holdings Co., Ltd.	Representative: Cheng, George C.J.	2,434,527,548
Lee, Mark J.C.		2,391,454,745
Ming Shan Investment Co., Ltd.	Representative: Chien, Chih-Ming	2,350,272,156
Tai Ya Investment Co., Ltd	Representative: Chen, Alex J.J.	2,309,589,625
Yi Chang Investment Co., Ltd.	Representative: Tang, Grace W.S.	2,267,848,596
Hu, Fu-Hsiung (Independent Director)		996,962,187
Lin, Hank H.K. (Independent Director)		909,856,282
Chiang, Tian W.N. (Independent Director)		855,364,513
Wang, Jennifer C.F. (Independent Director)		853,456,054

Implementation result: The foregoing roster was made public on the Bank's website and the Market Observation Post System (MOPS) on June 16, 2023, as required by regulations; the Ministry of Economic Affairs approved registration of the same on July 18 of the same year.

7) Approval has been granted for Release of Non-competition Restrictions on Directors of the Bank:

Director	Position at the Bank	Positions at other companies
Lo., Tina Y.	Natural-person Director	Vice Chairman, EverTrust Bank Director, Ming Shan Investment Co., Ltd. Director, Tai Ya Investment Co., Ltd. Director, Tai Hsuan Investment Co., Ltd. Director, Yi Chang Investment Co., Ltd. Director, IBT Holdings Corp. Director, KC Investments Corporation Director, Lucky Bamboo Investments Limited
Ming Shan Investment Co., Ltd.	Juristic-person Director	Director, China Bills Finance Corporation
Lo, Kenneth C.M.	Representative of Juristic-person Director (Ming Shan Investment Co., Ltd.)	Chairman, Hong Ju Investment Co., Ltd.
Lee, Mark J.C.	Natural-person Director	Director, Heng Tin Feng Invest Development Co., Ltd. Director, Tong Chuan Invest Development Co., Ltd. Director, Bai Tong Investment Co., Ltd. Director, Heng Gi Lie Investment Co., Ltd. Director, Chang Yan Investment Co., Ltd. Director, Hong Fu Investment Co., Ltd. Director, Siang Tai Investment Co., Ltd. Director, Hong Da Investment Co., Ltd.
Cheng, George C.J.	Representative of Juristic-person Director (Abag Investment Holdings Co., Ltd.)	Chairman, Abag Investment Holdings Co., Ltd.
Chien, Chih-Ming	Representative of Juristic-person Director (Ming Shan Investment Co., Ltd.)	Chairman, Infinite Finance Co., Ltd. Director, JIH SUN INTERNATIONAL FINANCIAL LEASING&FINANCE Ltd. Director, IBT International Financial Leasing Corp. Director, Jih Sun Formosa Auto Leasing Co., Ltd.
Tang, Grace W.S.	Representative of Juristic-person Director (Yi Chang Investment Co., Ltd.)	Director, IBT Management Corporation Director, IBT VII Venture Capital Co., Ltd. President, IBT Management Corporation President, IBT VII Venture Capital Co., Ltd.

B. Major Resolutions of Board Meetings in 2023 and up to April 16, 2024

(1) 2023.2.15 The 21st meeting of the 8th Board of Directors

- Approved the results of the Bank's 2022 Board of Directors performance (self) evaluation.
- Approved the replacement of the Bank's chief auditor.

(2) 2023.3.14 The 22nd meeting of the 8th Board of Directors

- Approved the Bank's 2022 business report, consolidated and parent financial statements, and director and employee remuneration proposals.
- Approved the Bank's Statement on Internal Control System, Headquarters Edition Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report, Insurance Agency Business Anti-Money Laundering and Counter-Terrorism Financing Risk Assessment Report, and Anti-Money Laundering and Counter-Terrorism Financing Internal Control Statement for 2022, as well as self-assessment of the implementation of the Treating Customers Fairly Principle.
- Approved the Bank's 2023 Money Laundering and Terrorism Financing Risk Prevention Plan.
- Approved the Bank's revised 2023 Audit Plan.
- Approved matters related to the Bank's 2023 Annual General Meeting.

- Approved lending to Jih ◯ ◯ ◯ International Leasing Co., Ltd. and "Hsin ◯ Agricultural Biotechnology Co., Ltd.
- Approved the Bank's amended Risk Management Policy.
- Approved the Bank's 2023 Headquarters Version Anti-Money Laundering and Counter-Terrorism Financing Plan.

(3) 2023.5.3 The 23rd meeting of the 8th Board of Directors

- Approved the Bank's consolidated financial statements for the first quarter of 2023.
- Approved the Bank's 2023 and 2024 remuneration for its CPAs.
- Approved the Bank's earnings distribution proposal for 2022.
- Approved the Bank's proposal to apply for a subordinate financial debenture issue.
- Approved an update of matters related to the Bank's convocation of its 2023 Annual General Meeting.
- Approved the Bank's nominees for members (including independent directors) of the 9th Board of Directors.
- Approved the application of the Bank's nominees for members (including independent directors) of the 9th Board of Directors to lift non-competition restrictions.
- Approved the proposal to review director remuneration on a regular basis.
- Approved modification of the terms of lending to Yi ◯ Investment Co., Ltd.
- Approved the Bank's purchase of common stock in Taiwan ICBC Seven Venture Capital Co., Ltd. from its former subsidiary IBT Leasing Co., Ltd.
- Approved the Bank's proposal for 2023 CSR/ESG Targets.
- Approved amendments to the Bank's Articles of Incorporation, Procedural Rules for Shareholders' Meetings, Procedures for the Acquisition or Disposal of Assets, Legal Compliance System Regulations, and Regulations Governing Financial/Business Transactions Between O-Bank and Affiliates/Interested Parties.

(4) 2023.6.16 The 1st meeting of the 9th Board of Directors

- Approved the appointment of members to the 6th Compensation Committee.
- Approved the appointment of members to the 2nd Corporate Governance and Nomination Committee.

(5) 2023.6.29 The 2nd meeting of the 9th Board of Directors

- Approved the appointment of members to the 6th Compensation Committee.
- Approved the Bank's appointment of representatives as candidates for the positions of chairman and vice chairman at an invested company.
- Approved the Bank's proposed remuneration for the chairman.
- Approved lending to Ho ◯ Co., Ltd.
- Approved a proposed member change to the Risk Management Committee.
- Approved the designation of August 2, 2023 as the record date for 2022 dividend distribution for both common and preferred stock.
- Approved the Bank's amended Regulations for Handling the Reporting of Offenses.
- Approved the Bank's implementing the Information Sharing Among Financial Institutions Policy.

(6) 2023.8.21 The 3rd meeting of the 9th Board of Directors

- Approved the Bank's establishment of the Sustainability Committee, implementation of its organizational rules, and appointment of members to the first committee.
- Approved the Bank's proposed stock buyback for transfer to employees.

- Approved the Bank's consolidated and parent financial statements for the first half of 2023.
- Approved the Bank's 2022 Bank-wide Edition Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report.
- Approved amendments to the Bank's Regulations for Appropriating and Distributing Performance Bonuses, Anti-Money Laundering and Counter-Terrorism Financing Policy, Noteworthy Points for Anti-Money Laundering and Counter-Terrorism Financing, Noteworthy Points for Insurance Agency Business Anti-Money Laundering and Counter-Terrorism Financing, and Corporate Governance Best Practice Principles.
- Approved amendments to the Bank's Regulations Governing the Implementation of Long-Term Incentive Bonuses, Regulations Governing Managerial Remuneration, and Regulations Governing Direct Investment.
- Approved the Bank's amended Guideline for the Policy on Diversification of Board of Directors Members, Independence Standards, and Director Training and Succession Plan and renaming it Policy on Diversification of Board of Directors Members, Independence Standards, and Directorship Succession and Renewal Policy.
- Approved the Bank's proposal to sell the assets of a subsidiary's subsidiary.

(7) 2023.11.1 The 4th meeting of the 9th Board of Directors

- Approved the Bank's amended Sustainable Development Best Practice Principles.
- Approved the Bank's summarized report on key areas for improvement in the O-Bank group's 2023 Anti-Money Laundering and Counter-Terrorism Financing Plan.
- Approved the Bank's consolidated financial statements for the third quarter of 2023.

(8) 2023.12.27 The 5th meeting of the 9th Board of Directors

- Approved the Bank's 2024 Budget, Audit Plan, and Insurance Agency Business Audit Plan.
- Approved the Bank's review of its implementation of Personal Information Self-Assessment in 2023.
- Approved amendments to the Bank's Personal Information Management Policy, Regulations for Guarding the Security of Personal Information Files, Corporate Governance and Nomination Committee Organizational Rules, Regulations for Evaluating the Performance of the Board of Directors, and Director Remuneration Policy.
- Approved the Bank's proposal to apply for the establishment of a representative office in Sydney, Australia.

(9) 2024.1.31 The 6th meeting of the 9th Board of Directors

- Approved amendments to the Bank's Procedural Rules for Board of Directors Meetings, Organizational Rules, and Asset and Liability Management Committee Organizational Rules.
- Approved the Bank's proposed amount of shares to be bought back for transfer to employees.
- Approved the Bank's amendment to its Information Security Policy and abolition of the Information Security Regulations.

(10) 2024.3.13 The 7th meeting of the 9th Board of Directors

- Approved the Bank's proposal for 2024 CSR/ESG Targets.
- Approved amendments to the Bank's Sustainable Development Best Practice Principles, Corporate Social Responsibility Committee Organizational Rules, and Corporate Culture Promotion Committee Organizational Rules.

- Approved the Bank's Headquarters Edition Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report, Insurance Agency Business Anti-Money Laundering and Counter-Terrorism Financing Risk Assessment Report, Anti-Money Laundering and Counter-Terrorism Financing Internal Control Statement, and Statement on Internal Control System for 2023.
- Approved the Bank's 2024 Headquarters Version Anti-Money Laundering and Counter-Terrorism Financing Plan.
- Approved the Bank's 2023 business report as well as consolidated and parent financial statements.
- Approved amendments to the Bank's Audit Committee Organizational Rules and Policy on Diversification of Board of Directors Members, Independence Standards, and Directorship Succession.
- Approved matters related to the Bank's 2024 Annual General Meeting.
- Approved the results of the Bank's 2023 Board of Directors performance (self) evaluation.
- Approved the Bank's CG6014 (2023) corporate governance assessment report.

(11) 2024.4.9 The 8th meeting of the 9th Board of Directors

- Approved the Bank's 2023 director and employee remuneration proposals.
- Approved the Bank's 2023 self-assessment of the implementation of the Treating Customers Fairly Principle.
- Approved lending to Chung ◯◯◯ Co., Ltd.
- Approved the Bank's Risk Management Committee Organizational Rules, Risk Management Policy, and Climate Risk Management Policy.
- Approved the Bank's 2024 Assessment Report on the Appropriateness of Internal Regulations for Detecting Operational Risk.
- Approved the Bank's earnings distribution proposal for 2023.
- Approved the Bank's proposal to apply for a subordinate financial debenture issue.
- Approved the proposal to review director remuneration on a regular basis.
- Approved the Bank's 2024 Audit Plan.
- Approved the proposal for one of the Bank's subsidiaries to set up an outlet in Singapore.

(13) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(14) Resignation or Dismissal of the Company's Key Individuals

April 16, 2024

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Heard of Auditing Division	Fan, Vivian H.J.	2017.4.17	2023.3.29	Job rotation

5. Information Regarding the Company's Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee (Note)	Total	Remarks
Deloitte & Touche	Lee, Kuan-Hao Lin, Wang-Sheng	1st quarter to 3rd quarter of 2023	7,249	22,503	29,752	Due to internal adjustments by Deloitte & Touche, the CPAs was changed to Lee, Kuan-Hao and Ma, Wei-Chun from Lee, Kuan-Hao and Lin, Wang-Sheng
	Lee, Kuan-Hao Ma, Wei-Chun	4th quarter of 2023				

Note: Non-audit fees were meant for services with regard to negotiations (NT$2,251 thousand), information technology projects (NT$3,492 thousand), counseling for legal compliance (NT$4,681 thousand), tax compliance (NT$481thousand), and other special projects (NT$11,598thousand).

6. Replacement of CPA

(1) Regarding the former CPA

<table>
<tr><th>Date of replacement</th><th colspan="4">Approved by the Board of Directors on December 27, 2023</th></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">Due to internal adjustments by Deloitte & Touche, the CPAs were changed to Lee, Kuan-Hao and Ma, Wei-Chun from Lee, Kuan-Hao and Lin, Wang-Sheng.</td></tr>
<tr><td rowspan="3">Terminated by the Company or declined by the CPA</td><td colspan="2">Party / Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">Not Applicable</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>The opinion and reason for any audit report expressing anything other than an unqualified opinion in the past two years</td><td colspan="4">Not Applicable</td></tr>
<tr><td rowspan="6">Dissenting opinions with the Bank</td><td rowspan="4">Yes</td><td>-</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td>-</td><td colspan="2">Audit scope or steps</td></tr>
<tr><td>-</td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Remarks: None</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(2) Regarding the successor CPA

Accounting firm	Deloitte & Touche
Name of CPA	Ma, Wei-Chun
Date of appointment	Approved by the Board of Directors on December 27, 2023
Consultation opinions and results on accounting treatments or principles with respect to specific transactions and the Bank's financial reports that the CPA might issue prior to the engagement.	None
Written opinions of succeeding CPAs that differ from those of former CPAs	None

(3) The reply letter from former CPAs with regard to matters spelled out in Article 10.6.1 and Article 10.6.2-3 of these Regulations：Not Applicable.

7. Audit Independence

The Company's Chairman, President, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2023.

8. Changes in Shareholding of Directors, Managers and Major Shareholders

(1) Changes of Shareholding

A. Directors and managerial officers

Unit: Shares

Title		Name	2023		As of Apr. 16, 2024	
			Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares	Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares
The eighth board of director (2023.1.1~2023.6.15)	Chairman	Ming Shan Investment Co., Ltd.(Note 1)	-	-	/	/
		Rep.: Lo, Tina Y.	-	-	/	/
	Managing Director	Lo, Kenneth C.M.	-	-	/	/
	Managing Director	Taiwan Cement Corporation(Note1)	-	-	/	/
		Rep. : Huang, Edward Chien-Chiang	-	-	/	/
	Managing Director	Ming Shan Investment Co., Ltd.(Note 1)	-	-	/	/
		Rep.: Jian, Zhi-Ming	-	-	/	/
	Independent Managing Director	Hu, Fu- Hsiung	-	-	/	/
	Independent Director	Lin, Hank H.K.	-	-	/	/
	Independent Director	Liu, Richard R.C.	-	-	/	/
	Director	Tai Ya Investment Co., Ltd. (Note 1)	-	-	/	/
		Chen, Shih-Tze				
	Director	Abag Investment Holdings Co., Ltd.	-	-	/	/
		Cheng, George C.J.	-	-	/	/
	Director	Lee, Mark J.C.	-	-	/	/
	Director	Tai Ya Investment Co., Ltd. (Note 1)	-	-	/	/
		Rep.: Lee, Elton F.Y.	-	-	/	/
	Director	Yi Chang Investment Co., Ltd. (Note 1)	-	-	/	/
		Lin, Gordon W.C.	-	-	/	/
	Director	Yi Chang Investment Co., Ltd. (Note 1)	-	-	/	/
		Rep.: Yeh, Roy J.Y.	-	-	/	/
	Director	Lin, Bill K.C.	25,000	-	/	/

Title		Name	2023		As of Apr. 16, 2024	
			Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares	Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares
The ninth board of director (2023.6.16~2023.12.31)	Chairman	Lo, Tina Y.	-	-	-	-
	Managing Director	Ming Shan Investment Co., Ltd. (Note 1)	-	-	-	-
		Rep.: Lo, Kenneth C.M.	-	-	-	-
	Managing Director	Tai Hsuan Investment Co., Ltd. (Note 1)	-	-	-	-
		Rep.: Lin, Bill K.C.	-	-	-	-
	Independent Managing Director	Hu, Fu- Hsiung	-	-	-	-
	Independent Director	Lin, Hank H.K.	-	-	-	-
	Independent Director	Chiang, Tina W.N	-	-	-	-
	Independent Director	Wang, Jennifer C.F.	-	-	-	-
	Director	Ming Shan Investment Co., Ltd. (Note 1)	-	-	-	-
		Chien, Chih-Ming	-	-	-	-
	Director	Abag Investment Holdings Co., Ltd.	-	-	-	-
		Rep.: Cheng, George C.J.	-	-	-	-
	Director	Lee, Mark J.C.	-	-	-	-
	Director	Tai Ya Investment Co., Ltd. (Note 1)	-	-	-	-
		Rep.: Chen, Alex J.J.	-	-	-	-
	Director	Yi Chang Investment Co., Ltd. (Note 1)	-	-	-	-
		Rep.: Tang, Grace W.S	-	-	-	-
President		Lee, Elton F.Y.	60,530	-	1,200,995	-
Deputy President		Lin, Roger Y.F.	113,312	-	692,601	-
Senior Executive Vice President		Chyr, Y. H. (2023.12.9 outgoing)	-	-	/	/
Senior Executive Vice President		Wang, Chia Chi (2023.2.1 outgoing)	-	-	/	/
Senior Executive Vice President		Xu, Chengzhou	-	-	370,000	-
Senior Executive Vice President		Xiao, Zhongcheng (2023.4.6 incoming)	-	-	400,000	-
Senior Executive Vice President		Fan, Vivian H.J.	13,453	-	337,239	-
Executive Vice President		Siew, Joy C.Y.	18,237	-	342,024	-
Executive Vice President		Chih, Eric V. C. (2023.3.1 outgoing)	-	-	/	/
Executive Vice President		Chao, Tillie C.L.	1,943	-	258,522	-
Executive Vice President		Chen, Paul H.J.	17,490	-	49,307	-
Executive Vice President		Wang, John Y.C. (2023.3.20 outgoing)	-	-	/	/
Executive Vice President		Chin, Teddy Y.T.	-	-	30,000	-
Executive Vice President		Tang, Ruoheng	-	-	60,000	-
Executive Vice President		Lai, Fengren	-	-	138,020	-
Executive Vice President		Fang, Stanley H.W.	-	-	129,911	-
Executive Vice President		Hsieh, Leo T. J. (2023.4.15 outgoing)	10,000	-	/	/
Executive Vice President		Tang, Jack J.H. (2023.9.1 outgoing)	-	-	/	/

Title	Name	2023		As of Apr. 16, 2024	
		Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares	Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares
Executive Vice President	Wang, Alan J.J.	-	-	-	-
Executive Vice President	Shao, Wen W.C. (2024.2.7 outgoing)	-	-	-	-
Executive Vice President	Tyane, Edward F.C	-	-	61,802	-
Executive Vice President	Kuo, Catherine H.X. (2024.3.18 outgoing)	-	-	30,000	-
Executive Vice President	Hung, Lichen	-	-	150,000	-
Executive Vice President	Chang, Ophelia L.W.	-	-	3,604	-
Executive Vice President	Xie, Jun (2023.3.29 incoming)	-	-	120,000	-
Executive Vice President	Peng, Christina B.J. (2023.7.10 incoming)	-	-	60,000	-
Executive Vice President	Lee, Yaochung (2023.12.4 incoming)	-	-	-	-
Senior Vice President	Soong, Grace L.H.	-	-	30,000	-
Senior Vice President	Fang, Andy C.P.	-	-	31,802	-
Senior Vice President	Yang, Yawen	-	-	19,505	-
Senior Vice President	Li, Dexin	-	-	33,604	-
Senior Vice President	Tsou, Landy H.C. (2023.3.15 outgoing)	-	-	/	/
Senior Vice President	Hsu, Pei Ling	-	-	7,208	-
Senior Vice President	Chen, Gaven Y.	-	-	61,802	-
Senior Vice President	Hung, Ida K.Y.	-	-	109,010	-
Senior Vice President	Chen, C.Y.	-	-	18,604	-
Senior Vice President	Chang, Samson W. Y.	-	-	55,406	-
Senior Vice President	Lin, Doris C. J.	-	-	105,812	-
Senior Vice President	Liu, Arnold H.I	-	-	76,109	-
Senior Vice President	Huang, Colleen S.J. (2023.3.31 outgoing)	-	-	/	/
Senior Vice President	Li, Barry C.K.	-	-	69,010	-
Senior Vice President	Ye, Chengxian	-	-	61,802	-
Senior Vice President	Chen, Yanliang	-	-	40,000	-
Senior Vice President	Jiang, Yanshu	-	-	30,000	-
Senior Vice President	Guan, Shusen	-	-	88,000	-
Senior Vice President	Zong, Fuzhen (2023.3.15 incoming)	-	-	120,000	-
Senior Vice President	Lin, Claudia X.H. (2024.3.18 incoming)	/	/	-	-
Senior Vice President	Huang, Kelvin F.C (2024.4.15 incoming)	/	/	-	-
Vice President	Chang, Wesley S.C.	-	-	33,604	-
Vice President	Lin, Ted K.T.	-	-	15,000	-
Vice President	Chen,Yi-Zhen (2023.3.1 outgoing)	-	-	/	/
Vice President	Zhu, Tingyi	-	-	30,000	-
Vice President	Zhang, Yulin	-	-	60,000	-
Vice President	Wang, Li-Juan (2023.5.4 incoming;2024.3.1 outgoing)	-	-	20,000	-
Vice President	Chang, Joanna H.W. (2023.7.1 incoming)	-	-	30,000	-
Vice President	Chien, Jay S.C. (2023.11.2 incoming)	-	-	25,000	-

Title	Name	2023		As of Apr. 16, 2024	
		Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares	Holding Increase (Decrease) *Preferred Shares	Pledged Holding Increase (Decrease) *Preferred Shares
Vice President	Tu, Eric Z.X. (2024.3.1 incoming)	/	/	-	-
Vice President	Xu, Steven H.J. (2024.3.14 incoming)	/	/	-	-
Senior Assistant Vice President	Tai, Hsin Yi	-	-	20,000	-
Senior Assistant Vice President	Lu, Ze-Zheng (2023.1.1 incoming;2023.4.14 outgoing)	-	-	/	/
Senior Assistant Vice President	Chen, Judy S.F. (2023.4.1 outgoing)	-	-	/	/
Senior Assistant Vice President	Lin, Yanliang (2023.4.1 incoming)	-	-	20,000	-
Senior Assistant Vice President	Liu, Michael J.H (2024.1.1 incoming)	/	/	-	-
Assistant Vice President	Chiu, Em Y.C.	-	-	16,000	-
Assistant Vice President	Huang, Yanzhi (2023.2.16 incoming)	-	-	25,000	-

Note 1: Major shareholders who hold over 1% of the total number of issued shares of the Bank.
Note 2: "*" denotes Class A Preferred Shares in this Table.
Note 3: In columns of this table "-" is used to indicate no increase or decrease.
Note 4: The incoming date refers to the date that person is listed in the table for the first time.

B. Reporting on transfers of shareholdings and changes in pledges of such in accordance with Article 11 of the Regulations Governing a Same Person or Same Related Person Holding the Issued Shares with Voting Rights Over a Particular Ratio of a Bank

Unit: Shares

Title	Name	2023		As of Apr. 16, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Same Person or Same Related Person	Lo, Kenneth C.M.	-	-	-	-
Same Person or Same Related Person	Lo, Tina Y.	-	-	-	-
Same Person or Same Related Person	Chen, Yu-Shuan	-	-	-	-
Same Person or Same Related Person	Chen, Yu-Da	-	-	-	-
Same Person or Same Related Person	Ming Shan Investment Co., Ltd.(Note1)	-	-	-	-
Same Person or Same Related Person	Yi Chang Investment Co., Ltd.(Note1)	-	-	-	-
Same Person or Same Related Person	Tai Ya Investment Co., Ltd(Note1)	-	-	-	-
Same Person or Same Related Person	Tai Hsuan Investment Co., Ltd.(Note1)	-	-	-	-

Note 1: Major shareholders who hold over 1% of the total number of issued shares of the Bank.
Note 2: Class A Preferred Shares issued by the Bank do not come with voting rights, and therefore the numbers of shareholding refer to common shares.
Note 3: In columns of this table "-" is used to indicate no increase or decrease.

(2) Shares Transfer Information: None.

(3) Shares Pledge Information: None.

9. Relationship among the Top Ten Shareholders

As of April 16, 2024 Unit: shares/%

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 2)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ming Shan Investment Co., Ltd. Rep. : Chen, Shih-Tze	386,271,554	12.74%	-	-	-	-	Yi Chang Investment Co., Ltd. 、 Tai Hsuan Investment Co., Ltd. 、 Tai Ya Investment Co., Ltd.	The representative is the same person	
Yi Chang Investment Co., Ltd. Rep. : Chen, Shih-Tze	292,340,997	9.64%	-	-	-	-	Ming Shan Investment Co., Ltd. 、 Tai Hsuan Investment Co., Ltd. 、 Tai Ya Investment Co., Ltd.		
Tai Hsuan Investment Co., Ltd. Rep. : Chen, Shih-Tze	287,135,501	9.47%	-	-	-	-	Ming Shan Investment Co., Ltd. 、 Yi Chang Investment Co., Ltd. 、 Tai Ya Investment Co., Ltd.		
Tai Ya Investment Co., Ltd. Rep. : Chen, Shih-Tze	90,627,346	2.99%	-	-	-	-	Ming Shan Investment Co., Ltd. 、 Yi Chang Investment Co., Ltd. 、 Tai Hsuan Investment Co., Ltd.		
Heng Tong Machinery Co., Ltd. Rep. : Tseng, Tsai-Bau	148,374,456	4.89%	-	-	-	-	-	-	
China Steel Corporation Rep. : Wong, Chao-Tung	103,847,695	3.42%	-	-	-	-	-	-	
Chen Yu Development Co. Ltd. Rep. : Liao, Chi-Cheng	99,329,695	3.27%	-	-	-	-	-	-	
San Ho Plastics Fabrication Co., Ltd. Rep.: Cheng, Chung-Ming	54,852,278	1.81%	-	-	-	-	Cheng, Chung-Ming	The representative and the top 9th shareholder is the same person	
Cheng, Chung-Ming	51,923,847	1.71%	-	-	-	-	San Ho Plastics Fabrication Co., Ltd.	Cheng, Chung-Ming is the representative of the top 8th shareholder	
KGI Securities Co., Ltd. Trust Account for Mei Ta Industrial Co., Ltd.	50,000,000	1.65%	-	-	-	-		-	

Note 1: Numbers and ratios of shareholdings refer to both common and preferred shares.
Note 2: The relationship in between is disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks.

10. Ownership of Shares in Affiliated Enterprises

As of Dec. 31, 2023 Unit: shares/ %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors and Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
IBT Holdings Corp.	10,869,286	100.00	-	-	10,869,286	100.00
IBT Management Corporation	13,400,000	100.00	-	-	13,400,000	100.00
Infinite Finance Co., Ltd.	155,480,074	44.27	-	-	155,480,074	44.27
China Bills Finance Corporation	380,981,600	28.37	1,549,600	0.12	382,531,200	28.48
Taiwan Mobile Payment Co., Ltd.	300,000	0.50	-	-	300,000	0.50
Beijing Sunshine Consumer Finance Co., Ltd.	200,000,000	20.00	-	-	200,000,000	20.00
IBT VII Venture Capital Co., Ltd.	65,000,000	100.00			65,000,000	100.00

Note: Affiliated enterprises are referred to the investments made in accordance with Article 74 of the Banking Act of the Republic of China.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

A. Issue Shares

As of April 16,2024
Unit: NT$; shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Aug. 1999	10	2,300,000,000	23,000,000,000	2,300,000,000	23,000,000,000	Initial capital	-	1999/5/14 (1999) Tai-Cai-Zheng (1) No. 16978
Aug. 2000	10	35,234,043	352,340,430	35,234,043	352,340,430	Capital increase from retained earnings	-	2000/7/12 (2000) Tai-Cai-Zheng (1) No. 60116
Aug. 2001	10	30,358,043	303,580,430	30,358,043	303,580,430	Capital increase from retained earnings	-	2001/7/12 (2001) Tai-Cai-Zheng (1) No. 145190
July 2002	10	24,914,215	249,142,150	24,914,215	249,142,150	Capital increase from retained earnings	-	2002/7/9 Tai-Cai-Zheng-Yi-Zi No. 0910137604
July 2004	10	200,000,000	2,000,000,000			Appropriation for employee share subscription warrants	-	2004/7/16 Jing-Shou-Shang-Zi No. 0930129910
May 2017	7~9.3			22,500,000	225,000,000	Capital increase by cash	-	2017/5/4 Tai-Zheng-Shang- Yi-Zi No. 10600075162 2017/7/4 Jing-Shou-Shang-Zi No. 10601090090
Nov. 2018	10	909,493,699	9,094,936,990	300,000,000	3,000,000,000	Issuance of preferred stock A	-	2018/10/3 Jin-Guan-Zheng-Fa No.1070335566 2018/12/21 Jing-Shou-Shang-Zi No.10701154030
Oct. 2020	6.35			320,000,000	3,200,000,000	Capital increase by cash	-	2020/8/26 Jin-Guan-Zheng-Fa No.1090353284 2020/11/16 Jing-Shou-Shang-Zi No.10901206490
Mar. 2022	10					Preferred shares converted into common shares 354,000 shares		2022/4/13 Jing-Shou-Shang-Zi No.11101057690

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Apr. 2022	10					Preferred shares converted into common shares 632,000 shares		2022/9/1 Jing-Shou-Shang-Zi No.11101123310
Apr. 2024	10					Preferred shares converted into common shares 5,000,000 shares		Will apply for changes after the printing date and await approval from the MEA
Total		3,500,000,000	35,000,000,000	Common Shares: 2,738,992,301 Preferred Shares: 294,014,000	Common Shares: 27,389,923,010 Preferred Shares: 2,940,140,000		-	

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	2,738,992,301	466,993,699	3,500,000,000	Listed Shares
Preferred Shares	294,014,000			

Note: Treasury stock is included and please refer to (9) Buyback of Treasury Stock for more information.

(2) Status of Shareholders

A. Common Shares

As of April 16, 2024
Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Individuals	Treasury Stock	Total
Number of Shareholders	1	4	128	153	34,634	1	34,921
Shareholding (shares)	100	17,040,601	1,782,950,584	192,578,995	738,483,021	7,939,000	2,738,992,301
Percentage	0.00%	0.62%	65.10%	7.03%	26.96%	0.29%	100.00%

B. Preferred Shares

As of April 16, 2024
Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Individuals	Treasury Stock	Total
Number of Shareholders	0	1	42	1	3,690	0	3,734
Shareholding (shares)	0	4,855,000	229,244,265	19,000	59,895,735	0	294,014,000
Percentage	0.00%	1.65%	77.97%	0.01%	20.37%	0.00%	100.00%

(3) Shareholding Distribution Status

A. Common Shares

As of April 16, 2024
Par value per share: NT$10

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	5,227	1,396,021	0.05%
1,000 ~ 5,000	16,037	38,002,699	1.39%
5,001 ~ 10,000	4,416	37,353,511	1.36%
10,001 ~ 15,000	3,670	42,361,554	1.55%
15,001 ~ 20,000	1,284	24,354,680	0.89%
20,001 ~ 30,000	1,161	29,862,812	1.09%
30,001 ~ 40,000	576	20,828,786	0.76%
40,001 ~ 50,000	505	23,934,242	0.87%
50,001 ~ 100,000	933	70,025,416	2.56%
100,001 ~ 200,000	499	70,998,299	2.59%
200,001 ~ 400,000	268	77,132,859	2.82%
400,001 ~ 600,000	111	55,372,343	2.02%
600,001 ~ 800,000	54	37,745,138	1.38%
800,001 ~ 1,000,000	24	21,891,111	0.80%
1,000,001 or over	156	2,187,732,830	79.87%
Total	34,921	2,738,992,301	100.00%

B. Preferred Shares

As of April 16, 2024
Par value per share: NT$10

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	629	187,603	0.06%
1,000 ~ 5,000	2,093	7,272,778	2.47%
5,001 ~ 10,000	356	2,922,581	0.99%
10,001 ~ 15,000	119	1,544,261	0.53%
15,001 ~ 20,000	81	1,516,458	0.52%
20,001 ~ 30,000	92	2,415,522	0.82%
30,001 ~ 40,000	65	2,367,495	0.81%
40,001 ~ 50,000	111	5,149,212	1.75%
50,001 ~ 100,000	57	4,531,966	1.54%
100,001 ~ 200,000	57	8,156,355	2.77%
200,001 ~ 400,000	33	9,130,338	3.11%
400,001 ~ 600,000	8	3,815,523	1.30%
600,001 ~ 800,000	5	3,459,000	1.18%
800,001 ~ 1,000,000	2	1,723,000	0.59%
1,000,001 or over	26	239,821,908	81.57%
Total	3,734	294,014,000	100.00%

(4) List of Major Shareholders

As of April 16, 2024

Shareholder's Name	Shareholding	
	Shares	Percentage (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74%
Yi Chang Investment Co., Ltd.	292,340,997	9.64%
Tai Hsuan Investment Co., Ltd.	287,135,501	9.47%
Heng Tong Machinery Co., Ltd.	148,374,456	4.89%
China Steel Corporation	103,847,695	3.42%
Chen Yu Development Co. Limited	99,329,695	3.27%
Tai Ya Investment Co., Ltd	90,627,346	2.99%
San Ho Plastics Fabrication Co., Ltd.	54,852,278	1.81%
Cheng, Chung-Ming	51,923,847	1.71%
KGI Securities Co., Ltd. Trust Account for Mei Ta Industrial Co., Ltd.	50,000,000	1.65%
The Great Taipei Gas Corp.	48,595,777	1.60%
TECO Electric & Machinery Co., Ltd.	47,838,847	1.58%
Chailease Finance Co., Ltd.	41,786,047	1.38%
Taiwan Cement Corp.	35,764,625	1.18%
Chi Yi Investment Co., Ltd	33,032,000	1.09%

Note: Numbers and ratios of shareholdings refer to both common and preferred shares.

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$

Items	2024/4/16	2023	2022
Market Price per Share			
Highest Market Price	10.35	10.50	11.30
Lowest Market Price	9.29	8.33	7.71
Average Market Price	9.92	9.74	8.69
Net Worth per Share			
Before Distribution	13.80 (Note 2)	13.30	12.44
After Distribution	Not applicable	Note 1	12.05
Earnings per Share			
Weighted Average Shares (thousand shares)	3,026,218 thousand (Note 2)	3,031,635 thousand	3,037,069 thousand
Diluted Earnings Per Share	0.32(Note 2)	0.78	1.62
Dividends per Share			
Cash Dividends	Not applicable	Note 1	0.38
Stock Dividends			
Dividends from Retained Earnings	-	-	-
Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 1)	-	12.49	5.36
Price / Dividend Ratio (Note 2)	-	Note 1	22.87
Cash Dividend Yield Rate (Note 3)	-	Note 1	4.37%

Note 1: Not for disclosure as the amount has not yet been approved by the general shareholder's meeting.
Note 2: The figures are calculated based on financial statements dated March 31, 2024 but not yet audited by CPA.

(6) Dividend Policy and Implementation Status

A. Dividend Policy

The Bank's dividend policy is spelled out in Article 32-1 of the Articles of Incorporation:

If there is a profit after its annual closing of books, the Bank shall first set aside funds for taxes and offset the accumulated losses from previous years before appropriating 30% of the profit toward its legal reserve. No appropriation shall be required if the Bank's legal reserve already equals the total amount of its paid-in capital. After appropriation or reverse of any special reserve and distribution of cash dividends for preferred shares, if a profit remains as the annul undistributed earnings, the outstanding balance together with undistributed earnings from previous years shall be used as the basis for the Board of Directors to propose distribution and seek a resolution of a shareholders' meeting thereof.

In case of a shortfall in "the cumulative amount of net other equity deductions in the previous period" when the Bank sets aside earnings as a special reserve in accordance with law, the Bank shall allocate an amount equivalent to the said shortfall from the undistributed earnings of the previous period ahead of earnings distribution. Should a shortfall remain, another allocation shall be made from the net income of the current period plus items added to the current period's undistributed earnings other than current-year net income.

The distribution of common stock dividend shall not be lower than 20% of distributable earnings of the current year. The said distributable earnings refers to the undistributed earnings of the current year cited above after deducting distributable but not yet distributed preferred stock dividends for the current year and the balance after reversal of the current year's special reserve in accordance with law.

Separately, before the legal reserve equals the total amount of capital stock, the maximum cash distribution of earnings shall not exceed 15% of the total amount of paid-in capital.

With regard to the foregoing distribution of common stock dividends, the Bank adopts a policy of stability and balance that takes into account capital budget planning, capital needs for business operations, and commitment to a sound financial structure. The aforesaid method of dividend distribution is intended only as a principle- based guideline; the Bank may consider actual needs and, via the Board of Directors, propose an amendment and seek shareholder approval in the form of a resolution adopted by a shareholders' meeting.

B. Proposed Distribution of Dividend

It is proposed at the 2024 Shareholders' Meeting that shareholders will be entitled to a cash dividend of NT$0.425 per preferred share A, totaling NT$124,955,950 and cash dividend of NT$0.45 per common share, totaling NT$1,228,973,986.

(7) Impact of the stock dividend distribution proposed at this shareholders' meeting upon the Bank's business performance and earnings per share: Not applicable.

(8) Compensation of Employees and Directors

A. Information Relating to Compensation of Employees and Directors in the Articles of Incorporation

Article 22

If the Bank records a profit in a year, the Bank shall allocate no more than 2.5% of the profit for director remunerations, but independent directors shall be excluded from such distribution. If the Bank has accumulated losses, however, the aforesaid profit shall be used to offset accumulated losses first.

Article 32

If the Bank records a profit in a year, the Bank shall allocate no less than 0.5% of the profit for employee remunerations. If the Bank has accumulated losses, however, the profit shall be used to offset the aforesaid accumulated losses first.

Distribution of employee remunerations in stock or cash shall require a resolution adopted through a majority vote of the directors present at a meeting attended by not less than two-thirds of all directors, which in turn shall be submitted to a shareholders' meeting. The employees entitled to the aforesaid remunerations may include those employed by the Bank's affiliated companies who meet specific requirements.

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Bank takes a given year's pretax profit prior to distribution of employee compensation and remuneration of directors as the basis for the said distribution at rates prescribed in the Articles of Incorporation. After the Bank's publication of financial statements, changes in accounting estimates shall be made and an adjusting entry added for the following year should any discrepancy arise from the amount of distribution decided by the Board of Directors.

C. Distribution of Compensation of Employees and Directors for 2024 Approved in the Board of Directors Meeting

(1) In 2023, the Board of Directors approved cash dividends of NT$43,313,682 in employee remunerations and NT$43,313,682 in director remunerations, showing no discrepancy with those specified in the Bank's financial statements for 2023.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

D. On March 14, 2023, the Board of Directors approved cash dividends of NT$53,624,814 in employee remunerations and NT$67,031,017 in director remunerations for 2022, showing no discrepancy with those specified in the Bank's financial statements for 2022.

(9) Buyback of Treasury Stock:

The Bank's Share Repurchase and its implementation (already completed)

As of April 16, 2024

Batch of Repurchase	First Batch	First Batch
Purpose of repurchase	Transfer to employees	Transfer to employees
Period for the repurchase	March 23-April 28, 2020	August 23-October 20, 2023
Price range for the repurchase	NT$5.00-7.00 per share	NT$7.00-14.00 per share
Types and number of shares actually repurchased	5,737,000 common shares	15,000,000 common shares
Total monetary amount of shares actually repurchased	NT$38,304,469 (transaction fees included)	NT$144,683,044 (transaction fees included)
Ratio of number of shares already repurchased against the planned number of shares to be repurchased (%)	16.39%	100%
Capital adequacy ratio before the repurchase	Record date: 2019.12.31 Ratio: 14.00%	Record date: 2023.6.30 Ratio: 13.10%
Capital adequacy ratio after the repurchase	Record date:2020.6.30 Ratio:12.32%	Record date:2023.12.31 Ratio:13.97%
Number of shares retired and transferred	5,737,000 shares transferred	7,061,000 shares transferred
Accumulated number of own shares held	0 shares	7,939,000 shares
Ratio of accumulated number of own shares held during the repurchase period against the total number of the Bank's issued shares (%)	0%	0.29%
Progress in implementing transfer of the repurchased shares to employees	Transfer completed in full	Transferred 7,061,000 shares
Instances where the Bank has failed to complete transfer within 3 years after repurchase and thereby caused the FSC to adopt restrictions	None	None

2. Issuance of Bank Debenture

As of April 16, 2024

Bank Debenture Type	2016 Subordinated Bank Debentures, Phase I, Batch B	2017 Subordinated Bank Debentures, Phase I
Date/reference number of the competent authority's approval letter	2016/4/20 Jin-Guan-Yin-Piao-Zi No. 10500083270	2016/9/8 Jin-Guan-Yin-Piao-Zi No. 10500215650
Date of issuance	2016/6/29	2017/9/5
Denomination	NT$10 million	NT$10 million
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$1.5 billion	NT$2 billion
Interest rate	1.80% per annum	1.97% per annum
Tenor	8 years maturity date: 2024/6/29	10 years maturity date: 2027/9/5
Priority	Subordinated	Subordinated
Guarantor	-	-
Consignee	-	-
Underwriter	Yuanta Securities as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Yang, Chen-Hsiu	Yang, Chen-Hsiu
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding balance	NT$1.5 billion	NT$2 billion
Paid-in capital of the previous year	NT$23,905,063 thousand	NT$23,905,063 thousand
Shareholders' equity of the previous year	NT$28,482,879 thousand	NT$28,478,741 thousand
Performance	-	-
Terms for redemption or early repayment	None	None
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Subordinated
Funds utilization plan	Medium- and long-term lending	Medium- and long-term lending
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	63.02%	65.49%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	Yes/Tier 2 capital
Credit rating agency, rating date, and rating assigned	-	-
Date/reference number of the competent authority's approval letter	2017/11/13 Jin-Guan-Yin-Piao-Zi No. 10600259320	2017/11/13 Jin-Guan-Yin-Piao-Zi No. 10600259320
Date of issuance	2017/12/27	2018.6.29
Denomination	NT$10 million	NT$10 million

Bank Debenture Type	2016 Subordinated Bank Debentures, Phase I, Batch B	2017 Subordinated Bank Debentures, Phase I
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$1 billion	NT$700 million
Interest rate	1.82% per annum	4.00% per annum
Tenor	10 years maturity date: 2027/12/27	Maturity date: none (Note)
Priority	Subordinated	Subordinated
Guarantor	-	-
Consignee	-	-
Underwriter	Yuanta Securities as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Yang, Chen-Hsiu	Yang, Chen-Hsiu
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	(Note)
Outstanding balance	NT$1 billion	NT$700 million
Paid-in capital of the previous year	NT$23,905,063 thousand	NT$24,130,063 thousand
Shareholders' equity of the previous year	NT$28,478,741 thousand	NT$28,558,691 thousand
Performance	-	-
Terms for redemption or early repayment	None	None
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Subordinated
Funds utilization plan	Medium- and long-term lending	Medium- and long-term lending
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	71.63%	62.50%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	Yes/Tier 1 capital
Credit rating agency, rating date, and rating assigned	-	-

Note: The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5.3 years after their issuance (after 2023/10/16) if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.

Bank Debenture Type	2018 Subordinated Bank Debentures, Phase I, Batch B	2019 Subordinated Bank Debentures, Phase I
Date/reference number of the competent authority's approval letter	2017/11/13 Jin-Guan-Yin-Piao-Zi No. 10600259320 and 2018/6/14 Jin-Guan-Yin-Piao-Zi No. 10702116800	2018/6/14 Jin-Guan-Yin-Piao-Zi No. 10702116800
Date of issuance	2018.6.29	2019.6.6
Denomination	NT$10 million	NT$10 million
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$1.05 billion	NT$2.5 billion
Interest rate	1.75% per annum	1.5% per annum
Tenor	10 years Maturity date: 2028/6/29	7 years Maturity date: 2026/6/6
Priority	Subordinated	Subordinated
Guarantor	-	-
Consignee	-	-
Underwriter	Yuanta Securities as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Yang, Chen-Hsiu	Chen, Yin-Chou
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding balance	NT$1.05 billion	NT$2.5 billion
Paid-in capital of the previous year	NT$24,130,063 thousand	NT$27,130,063 thousand
Shareholders' equity of the previous year	NT$28,558,691 thousand	NT$31,558,691 thousand
Performance	-	-
Terms for redemption or early repayment	None	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Subordinated
Funds utilization plan	Medium- and long-term lending	Medium- and long-term lending
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	62.50%	59.25%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	Yes/Tier 2 capital
Credit rating agency, rating date, and rating assigned	-	-

Bank Debenture Type	2021 Subordinated Bank Debentures, Phase I	2021 Subordinated Bank Debentures, Phase II
Date/reference number of the competent authority's approval letter	2021/2/22 Jin-Guan-Yin-Piao-Zi No. 1100203414	2021/2/22 Jin-Guan-Yin-Piao-Zi No. 1100203414
Date of issuance	2021.6.25	2021.12.22
Denomination	NT$10 million	NT$10 million
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$1 billion	NT$0.5 billion
Interest rate	0.9% per annum	0.65% per annum
Tenor	7 years Maturity date: 2028/6/25	3 years Maturity date: 2024/12/22
Priority	Subordinated	Senior
Guarantor	-	-
Consignee	-	-
Underwriter	KGI Securities Co., Ltd. as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Chen, Yin-Chou	Chen, Yin-Chou
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding balance	NT$1 billion	NT$0.5 billion
Paid-in capital of the previous year	NT$30,330,063 thousand	NT$30,330,063 thousand
Shareholders' equity of the previous year	NT$32,166,500 thousand	NT$34,882,941 thousand
Performance	-	-
Terms for redemption or early repayment	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.	None
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Senior
Funds utilization plan	Medium- and long-term lending	Lending for green investment
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	45.08%	43.00%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	None
Credit rating agency, rating date, and rating assigned	-	-

Bank Debenture Type	2022 Subordinated Bank Debentures, Phase I	2022 Subordinated Bank Debentures, Phase I
Date/reference number of the competent authority's approval letter	2022/5/17 Jin-Guan-Yin-Piao-Zi No. 1110137858	2022/5/17 Jin-Guan-Yin-Piao-Zi No. 1110137858
Date of issuance	2022.9.27	2023.4.27
Denomination	NT$10 million	NT$10 million
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$1.1 billion	NT$900 million
Interest rate	2.3% per annum	2.0% per annum
Tenor	7 years Maturity date: 2029/9/27	7 years Maturity date: 2030/4/27
Priority	Subordinated	Subordinated
Guarantor	-	-
Consignee	-	-
Underwriter	KGI Securities Co., Ltd. as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Li,Guan-Hao	Li,Guan-Hao
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding balance	NT$1.1 billion	NT$900 million
Paid-in capital of the previous year	NT$30,330,063 thousand	NT$30,330,063 thousand
Shareholders' equity of the previous year	NT$35,434,261 thousand	NT$35,434,261 thousand
Performance	-	-
Terms for redemption or early repayment	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Subordinated
Funds utilization plan	Medium- and long-term lending	Medium- and long-term lending
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	41.20%	40.92%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	Yes/Tier 2 capital
Credit rating agency, rating date, and rating assigned	-	-

Bank Debenture Type	2023 Subordinated Bank Debentures, Phase II	2023 Subordinated Bank Debentures, Phase I
Date/reference number of the competent authority's approval letter	2023/5/17 Jin-Guan-Yin-Piao-Zi No. 1120213421	2023/5/17 Jin-Guan-Yin-Piao-Zi No. 1120213421
Date of issuance	2023.9.27	2024.3.27
Denomination	NT$10 million	NT$10 million
Place of issuance and for trading	-	-
Currency	NT$	NT$
Issue price	Issue by denomination	Issue by denomination
Total amount	NT$700 million	NT$1.5 billion
Interest rate	2.2% per annum	2.3% per annum
Tenor	7 years Maturity date: 2030/9/27	7 years Maturity date: 2031/3/27
Priority	Subordinated	Subordinated
Guarantor	-	-
Consignee	-	-
Underwriter	KGI Securities Co., Ltd. as lead underwriter	Yuanta Securities as lead underwriter
Certifying attorney	-	-
CPA	Li,Guan-Hao	Li,Guan-Hao
Certifying institution	-	-
Repayment method	Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding balance	NT$700 million	NT$1.5 billion
Paid-in capital of the previous year	NT$30,330,063 thousand	NT$30,330,063 thousand
Shareholders' equity of the previous year	NT$36,557,199 thousand	NT$36,557,199 thousand
Performance	-	-
Terms for redemption or early repayment	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.	The Bank may, upon approval of the competent authority, allow early redemption of the said debentures 5 years and 1 month after their issuance if the Bank's capital adequacy ratio meets the minimum requirement after this redemption.
Terms for conversion and exchange	None	None
Restrictive clause	Subordinated	Subordinated
Funds utilization plan	Medium- and long-term lending	Medium- and long-term lending
Issuance amount plus the outstanding balance of previous issues against shareholders' equity of the previous year (%)	35.42%	39.53%
Whether included as eligible equity capital and its category	Yes/Tier 2 capital	Yes/Tier 2 capital
Credit rating agency, rating date, and rating assigned	-	-

3. Preferred Shares

Item / Issuance (launch) date		November 29, 2018
Face value		NT$10
Issuance price		NT$10 per share
Number of shares		300,000,000 shares
Total issuance amount		NT$3,000,000,000
Rights and obligations	Distribution of dividends and bonuses	These preferred shares offer dividends of 4.25% per annum (5-year IRS 0.94375%+3.30625% as of the record date—October 29, 2018) calculated pursuant to the issuance price per share. The 5-year IRS rate will be reset on the day after 5 years and 6 months of the issuance date and the day after each subsequent 5-year-and-6-month period thereafter, and the record date thereof shall be the second business day for financial institutions in Taipei prior to the aforesaid day of rate reset. The 5-year IRS rate shall be the arithmetic mean of 5-year IRS quotations as published by Reuters, PYTDWFIX, and COSMOS3 at 11:00 a.m. of the day of the reset record date (must be a business day for Taipei's financial institutions). If the above quotations cannot be obtained on the reset record date, the Bank shall decide on such in good faith while taking into account reasonable market rates. If the Bank's annual accounting shows any profit, after having paid all taxes and dues and covering the losses accumulated in previous years, it shall set aside a legal reserve as well as appropriate or reverse a special reserve in accordance with the laws before giving priority to using the balance for the year's dividend distribution for these preferred shares. The Bank has sole discretion on dividend distribution for these preferred shares. When no or not sufficient profit is recorded for distributing dividends for preferred shares in a given year, or if preferred share dividend declaration would render the Bank's capital adequacy ratio below the minimum level required by law or the competent authority, or due to any other necessary considerations, the Bank may decide not to declare preferred stock dividends, to which holders of these preferred shares shall file no opposition. These preferred shares are not cumulative in nature, that is, undeclared or underdeclared dividends are not to be paid in subsequent years with profits recorded. Dividends for these preferred shares are declared in cash once per year. After the Bank's financial statements secure approval at its annual shareholders' meeting, the Board of Directors shall set the record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual days after issuance in the year in question. Dividends distributed shall be specified in the dividend certificate. Except for receipt of dividends at the aforementioned dividend rate, holders of these preferred shares cannot participate in distribution of cash or stock dividends to holders of common shares from profits or additional paid-in capital.
	Priority of claims in liquidation	When it comes to priority of claims in liquidation, holders of these preferred shares have the same order of priority as holders of common shares when, in accordance with the Regulations Governing the Capital Adequacy and Capital Category of Banks, the competent authority assigns officials to take receivership over the Bank, order the Bank to suspend and wind up business, or liquidate the Bank. In the event of the Bank's subsequent distribution of residue property, holders of these preferred shares shall be superior to holders of common shares— the same priority of claims for holders of all other preferred shares issued by the Bank—but inferior to holders of Tier 2 capital, depositors, and other general creditors. Claims by holders of these preferred shares shall be capped at the total issuance amount.
	Exercise of voting rights	Holders of these preferred shares have no voting rights and cannot elect directors at the general meetings of shareholders. This restriction does not apply to meetings of holders of preferred shares and general meetings of shareholders that address matters with regard to the rights and obligations of holders of preferred shares, occasions where holders of preferred shares have the rights to vote and be elected directors.
	Others	When the Bank conducts rights issues for cash, holders of these preferred shares have the same subscription rights as holders of common shares.

Item \ Issuance (launch) date			November 29, 2018
Outstanding preferred shares		Amount redeemed or converted	NT$59,860,000
		Balance of shares not yet redeemed or converted	NT$2,940,140,000
		Terms of redemption or conversion	1. These shares of Preferred Stock A have no maturity date but the Bank may, upon approval of the competent authority, redeem all or part of these preferred shares at the issuance price on the day after 5 years and 6 months of the issuance date. Holders of any unredeemed preferred shares shall thereafter be entitled to the same rights and obligations listed above. If the General Meeting of Shareholders resolves on paying dividends for a given year when the Bank is redeeming these preferred shares, dividend distribution thereof shall be calculated pursuant to actual days in the year up to the date of redemption. 2. These preferred shares shall not be convertible within 1 year of the issuance date (inclusive). From the day after the first anniversary of issuance, holders of these preferred shares may apply to convert all or part of their holdings into common shares at a conversion ratio of 1:1, after which the rights and obligations entailed by common shares shall apply. Dividend distribution for the years of conversion shall be calculated pursuant to actual days in the year up to the date of conversion. Nevertheless, holders of preferred shares who convert their holdings into common shares prior to the ex-rights (ex-dividend) record date in a given year shall not be entitled to distribution of dividends for these preferred shares for the same year and the subsequent year. Such shareholders, however, shall be entitled to distribution of earnings and capital reserves among holders of common shares.
Market price per share	2021	High	NT$10.25
		Low	NT$9.89
		Average	NT$10.09
	2022	High	NT$10.85
		Low	NT$9.76
		Average	NT$10.15
	2023	High	NT$10.65
		Low	NT$9.96
		Average	NT$10.26
	Year to date as of April 16, 2024	High	NT$10.55
		Low	NT$10.25
		Average	NT$10.39
Other rights	Amount converted or subscribed to as of the date of publication of this annual report		NT$59,860,000
	Issuance and conversion/subscription rules		These preferred shares shall not be convertible within 1 year of the issuance date (inclusive). From the day after the first anniversary of issuance, holders of these preferred shares may apply to convert all or part of their holdings into common shares at a conversion ratio of 1:1, after which the rights and obligations entailed by common shares shall apply. Dividend distribution for the years of conversion shall be calculated pursuant to actual days in the year up to the date of conversion. Nevertheless, holders of preferred shares who convert their holdings into common shares prior to the ex- rights (ex-dividend) record date in a given year shall not be entitled to distribution of dividends for these preferred shares for the same year and the subsequent year. Such shareholders, however, shall be entitled to distribution of earnings and capital reserves among holders of common shares.

Item \ Issuance (launch) date	November 29, 2018
Impact of issuance on equity of shareholders of preferred shares and possible dilution of equity	The Bank's capital increase via this issuance of Preferred Stock A comes with no maturity date. Investors are not given a put option but may convert their holdings into common shares at a 1:1 conversion ratio 1 year after issuance. As holders of these preferred shares are expected to exercise conversion at different points of time, any dilution of equity will be deferred and an immediate impact on the Bank's managerial control and earnings per share is deemed unlikely. If all the holders of these preferred shares choose to convert their holdings into common shares, the maximum equity dilution ratio will be: $= \frac{\text{Number of new shares issued for this capital increase}}{\text{Number of shares outstanding} + \text{Number of new shares issued for this capital increase}}$ $= \frac{300{,}000{,}000 \text{ shares}}{2{,}413{,}006{,}000 \text{ shares} + 300{,}000{,}000 \text{ shares}}$ 11.06% As shown above, if all the holders of these preferred shares choose to convert their holdings into common shares, the maximum equity dilution ratio will be 11.06%, a reasonably acceptable level. Moreover, no dilution will be incurred until holders of these preferred shares start to apply for conversion. Any dilution of equity is thus expected to be deferred and only a limited impact on the equity of existing shareholders is to be expected over the long term.
Impact on equity of existing shareholders	Dividend distribution for the years of conversion shall be calculated pursuant to actual days in the year up to the date of conversion. Nevertheless, holders of preferred shares who convert their holdings into common shares prior to the ex-rights (ex-dividend) record date in a given year shall not be entitled to distribution of dividends for these preferred shares for the same year and the subsequent year. Such shareholders, however, shall be entitled to distribution of earnings and capital reserves among holders of common shares. In terms of the impact on equity of existing shareholders, issuance of these preferred shares necessitates distribution of dividends among their holders prior to conversion, thereby reducing the earnings available for distribution among holders of common shares. Upon conversion of these shares of Preferred Stock A into common shares, however, dividend distribution for preferred shares will decrease as well. While holders of these preferred shares are entitled to convert their holdings into common shares, their conversion tends to occur at different points of time and thus the dilution of earnings per share will not be immediate. Moreover, this capital increase has ushered in regulatory capital, which not only gives an immediate boost to the Bank's capital adequacy ratio but also can be used in extending loans. This will help the Bank enhance its earnings capacity over the medium-to-long term and thus have a positive effect on equity of existing shareholders.
Impact of redeeming preferred shares on the ratio of regulatory capital to risk-weighted assets	Not applicable

4. Global Depository Receipts、Employee Stock Options、New Restricted Employee Shares and Information of Other Financial Institutions Acquired or Transferred: None.

5. Financing Plans and Implementation

A. Plan Content:

Any uncompleted public issue or private placement of equities or bank dentures or any such issue and placement that was completed in the most recent three years but has not yet fully yielded the intended benefits: None.

B. Implementation Status: None.

V. Operational Highlights

1. Business Activities

The Bank mainly operates the following businesses:

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

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

Weight of Business Profits

Unit: NT$ thousands

Item \ Year	2023 Amount	2023 %	2022 Amount	2022 %
Net interest income	2,304,508	34	2,767,888	31
Net fee income	914,467	13	816,035	9
Gains or losses on financial assets (liabilities) at fair value through profit or loss	2,237,276	32	3,232,746	35
Gains from sale of fair value through other comprehensive income financial assets	358,185	5	247,534	3
Net gain or loss on exchange	121,655	2	(2,371,000)	(26)
Impairment loss on assets	(5,710)	-	(158)	-
Share of profit or loss of subsidiaries and affiliated businesses accounted for using equity method	869,268	13	4,290,855	47
Net profit apart from interest	66,864	1	80,076	1
Net income	6,866,513	100	9,063,976	100

Weight of Major Business Operations

Unit: NT$ thousands

Asset	2023.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022.12.31	Percentage (%)
Loans- Corporate Banking	173,712,730	44	8	160,349,812	45
Loans- Retail Banking	32,838,381	8	15	28,509,997	8
Deposits- Corporate Banking (Note 2)	266,975,933	76	4	256,828,405	81
Deposits - Retail Banking (Note 2)	35,155,554	10	55	22,656,022	7
Investment	131,816,356	34	9	121,210,475	34
Investment under Equity Method	21,521,147	6	4	20,609,844	6

Note 1: the proportion of each major business operation item in total assets or total liabilities
Note 2: Deposits include: demand deposits, time deposits and re-deposits from the Chunghwa Post Co.

Unit: NT$ thousands

Revenue	2023	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022	Percentage (%)
Corporate Banking Services	4,058,983	59	30	3,112,891	34
Investment	1,299,973	19	22	1,067,518	12
Consumer Finance	718,389	10	28	560,915	6
Financial Management	68,912	1	10	62,730	1
Investment under Equity Method and Others	720,256	11	(83)	4,259,922	47
Net Income	6,866,513	100	(24)	9,063,976	100

Volume of Foreign Exchange:

Unit: US$ thousands

Item	2023	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022	Percentage (%)
Import (Issuance of L/C;DA;DP)	313,149	1.34	(38.70)	510,879	2.05
Export (Negotiation;Collection;DA;DP)	200,767	0.86	28.22	156,580	0.63
Remittance (Outward;Inward)	22,843,993	97.80	(5.70)	24,225,100	97.32
Total	23,357,909	100.00	(6.17)	24,892,559	100.00

Trust Asset:

Unit: NT$ thousands

Item	2023.12.31	Percentage (%)	Percentage Increase (Decrease) from the previous year	2022.12.31	Percentage (%)
Monetary	9,143,083	74.84	2.58	8,913,046	67.89
Real Estate	3,055,102	25.01	(27.54)	4,216,242	32.11
Surface Rights	18,077	0.15	-	-	-
Total	12,216,262	100	(6.95)	13,129,288	100

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

(1) Business Review

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

1) Credit Extension

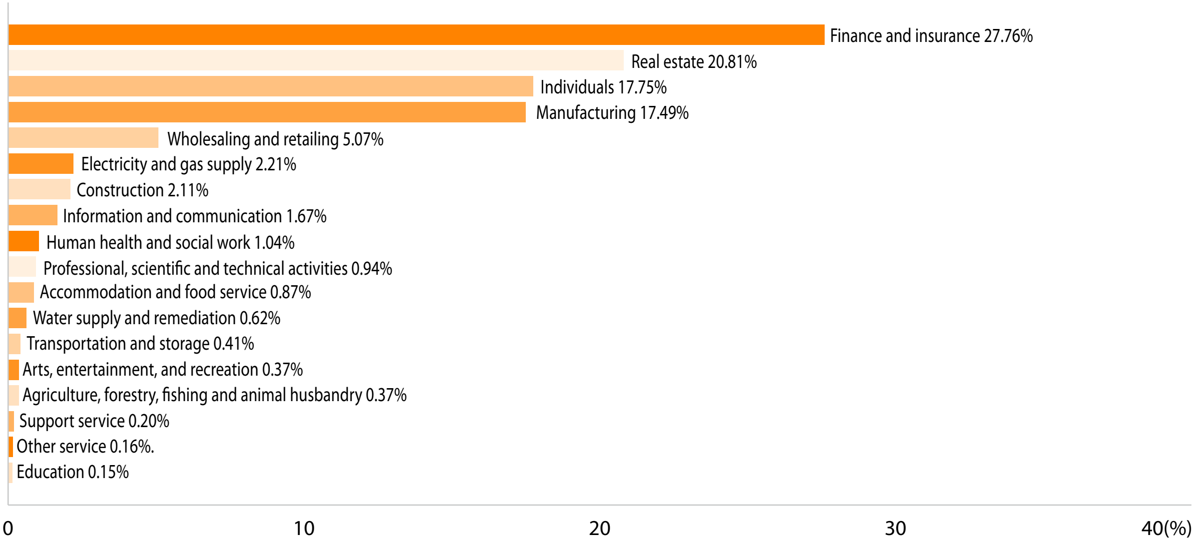
In 2023, the Bank made aggressive inroads into the personal banking sector while continuing to actively cultivate clients in Taiwan and abroad for its corporate banking services. In order to cater to different customer sectors, the Bank developed a wide range of loan products that truly meet customer needs. To keep up growth momentum, the Bank placed emphasis on further digitizing marketing endeavors and catering to funding needs of existing customers. All this bore fruit in the form of a 15% year-over-year increase in the balance of mortgage loans. In line with government policy, the Bank shouldered its social responsibility by offering lenient flexibilities to borrowers who had been furloughed or suffered otherwise due to the Covid-19 pandemic.

Facing with the unstable global political and economic environment in 2023, the Bank would rather adopt a prudent approach toward expanding its corporate banking business. Rather than seeking a major increase in lending, the objective was to make the best of the limited interest spread and grow fee income while keeping credit risk under control.

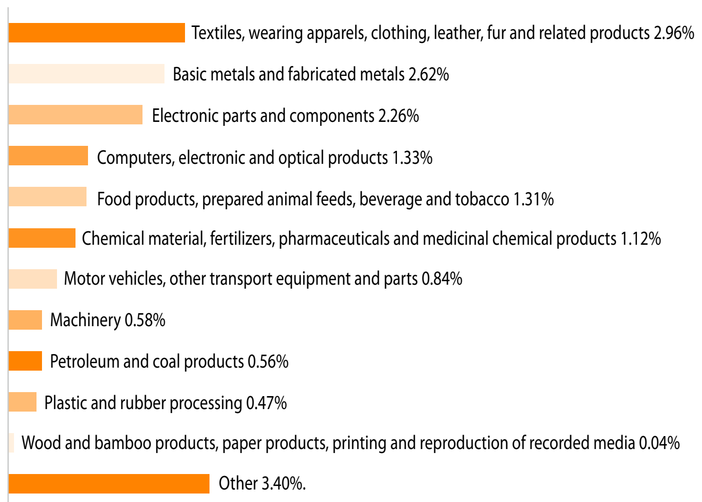
By Standard Industrial Classification of Directorate General of Budget, Accounting and Statistics, the Bank's 2023 overall credit risk exposure came in at NT$235.6 billion, including loans, factoring, receivable acceptance, guarantee, and receivable L/C amounts; NT$225.8 billion, excluding that fully secured by the Bank's certificates of deposit. Of these numbers, the financial and insurance industry category accounted for the greatest share of our credit risk exposure at 27.76%. Next came the real estate industry category with 20.81%, the individuals with 17.75%, the manufacturing industries with 17.49%, the wholesaling and retailing industry with 5.07%, the electricity and gas supply industry with 2.21%, the construction industry with 2.11%, the information and communication industry with 1.67%, the human health and social work industry with 1.04%, the professional, scientific and technical activities industry with 0.94%, the accommodation and food service industry with 0.87%, the water supply and remediation industry with 0.62%, the transportation and storage industry with 0.41%, the agriculture, forestry, fishing and animal husbandry industry with 0.37%, the arts, entertainment and recreation

industry with 0.37%, the support service industry with 0.20%, the other service industry with 0.16%, the education industry with 0.15%. Within the manufacturing sector, the textiles, wearing apparels, clothing, leather, fur and related products industry recorded the greatest credit risk exposure of 2.96%, followed by the basic metals and fabricated metals industry with 2.62%, the electronic parts and components industry with 2.26%, the computers, electronic and optical products industry with 1.33%, the food products, prepared animal feeds, beverage and tobacco industry with 1.31%, the chemical material, fertilizers, pharmaceuticals and medicinal chemical products industry with 1.12%, the motor vehicles, other transport equipment and parts industry with 0.84%, the machinery industry with 0.58%, the petroleum and coal products industry with 0.56%, the plastic and rubber processing with 0.47%, the wood and bamboo products, paper products, printing and reproduction of recorded media industry with 0.04%, and other industry with 3.40%.

The credit risk exposure, excluding that fully secured by the Bank's certificates of deposit, at the end of 2023:



The credit risk exposure within the manufacturing sector (17.49%):



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

Syndicated loans have always been the mainstay of our lending business. The Bank established the Corporate Finance Department to provide customized, quick and precise financing solutions to clients, raise funds for them, and help them solve critical problems. Our target customers are mainly based in the Greater China area (Taiwan and Hong Kong) from all business sectors. Coming with a full spectrum of customized funding solutions, the Bank is ready to share growth with domestic and international businesses. Furthermore, with refined and professional services, not only does the Bank help corporates keep growing, but also boost its own competitiveness in the market.

In 2023, although the Federal Reserve in the United States slowly ceased continuous interest rate hikes, major currencies globally still maintained high interest rate levels. Additionally, the adjustments in industries and trade policies due to the post-pandemic situation in various countries continue. Businesses are facing challenges with maintaining high financing costs and uncertain order visibility, leading to cautious operational and investment strategies. The number of syndicated loan cases in the market decreased due to being replaced by single loans, making it difficult for organizer to attract. Yet, on top of a solid customer base built over the years, the Bank always prides itself on being a "boutique bank" that refrains from vying for small margins, stays focused on the referral from corporate clients and from affiliates with growth prospects, offers corporate clients financing strategies tailored to their financial planning, develops such businesses as green energy and environmental protection in line with future trends at home and abroad, and continues to design and develop its financing business on ESG sustainability.

2) Deposits

As of the end of 2023, the Bank's outstanding balance of NT dollar and foreign currency deposits, excluding export remittances, came in at approximately NT$302.1 billion and increased 22.6 billion compared with last year. For the sake of both liquidity and security, the Bank gives priority to deposit stability. As such, emphasis is placed on diversifying the maturities of time deposits while actively soliciting demand deposits and small and medium-sized enterprises (SMEs) deposits to bring down capital costs. The Bank continues to launch preferential deposit plans to support B-type and social enterprises, fulfilling the Bank's corporate social responsibility and assisting the development of related enterprises.

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

3) Foreign Exchange and Offshore Banking

We continued to offer trade financing services and give priority to maintaining a reasonable interest spread in our foreign exchange financing operations. Regarding international financial business foundation under controllable risks. It gradually deepens its presence in Southeast Asia and Australia-New Zealand financial business to enhance service quality for customers and bring more business opportunities through business expansion.

In addition, the Bank is also actively extending the group's financial services through overseas branches, with business territory covering the three places across Taiwan Strait, including affiliated companies such as Hong Kong branch, Tianjin representative office, American commercial bank subsidiary, investment using the equity method in financial leasing company, and consumer financing company in mainland China, etc., and continues to expand operations scale, promote the global financial layout.

4) Direct Investment

The Bank adopted a proactive approach to disposing of its direct investment portfolio after obtaining permission from the Financial Supervisory Commission to become a commercial bank in March 2015. As of the end of 2023, all such divestments had been completed except two cases.

5) Financial Product and securities Trading

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

In 2023, although major central banks ceased their rate hikes, they continued to implement high-interest-rate policies to curb inflation. The effectiveness gradually became apparent, with inflationary pressures caused by disrupted supply chains gradually easing, marking the end of the rate hike cycle. However, central banks in Europe and the United States considered interest rate cuts, needing more evidence of inflation cooling, facing a balance between economic growth and price stability. Geopolitical risks persisted, leading to divergent expectations for rate cuts in the market, resulting in significant fluctuations in bond yields. The bank continued to strengthen risk management for its overall fixed-income portfolio, focusing on high-quality fixed-income products. However, due to previously held positions with low yields and the persistence of high-interest-rate policies, the fixed-income portfolio incurred losses from market depreciation and negative spreads that were difficult to recover from. The Bank's securities investment business remained primarily focused on TWSE/TPEx listed companies. Despite expectations of a nearly 20% decline in overall profitability of listed companies compared to the previous year and heightened geopolitical risks, the Taiwan Stock Exchange rallied under the influence of strong performance in the US stock market and AI-related sectors. The year-end closing index reached 17,930.81 points, a 26.83% increase for the year, exceeding the bank's budget targets and achieving an overall rate of 109.03%. The interest received amounted to NT$3.85 billion, achieving a rate of 213.94%.

6) Project Finance

Project finance encompasses project financing and financial advisory. Project financing chiefly provides private companies with a wide range of project financing and project development services. We provide comprehensive

project financial planning, investment feasibility assessment, and repayment schedule planning tailored to project income. Services range from structuring of syndicated project loans, transfer of trust beneficiary rights, drafting of strategies for contract negotiations, and assistance with the acquisition of funds to participate in equity investments. This enables enterprises to have more flexible and appropriate financial planning when executing projects. Our financial advisory services are meant to provide clients with tailor-made solutions, that is, consulting regarding corporate consolidation and M&As, debt arrangement, reorganization, fund-raising, M&A financing, and tax planning.

7) Trust Business

When it comes to trust business, the Bank primarily operates trust business products, asset securitization, and trust asset management services. Our trust business products mainly focus on monetary and real estate trust, with approval obtained in 2022 to operate surface rights trust business.; our asset securitization services are geared toward developing various kinds of securitized products; and our trust asset management services are mainly aimed at helping clients allocate assets and build well-rounded portfolios.

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

As of the end of 2023, the outstanding balance of assets entrusted to the Bank came in at NT$12.2 billion, a year-over-year decrease of NT$9.0 billion.

8) Cash Management and e-Banking

The Bank has upgraded both tangible and intangible aspects to optimize its remittances and transfer services. Its corporate internet banking and other products help customers conclude massive transactions in no time. By staying flexible to offer customized services, the Bank was able to help corporate clients reduce financial and manpower costs and enhance transaction efficiency. This stride toward meeting a growing variety of customer needs certainly contributed to strengthening customer loyalty. The Bank's corporate e-Banking platform recorded a total of online transactions to 564,779 in 2023 and increased 40,247 compared with 524,532 in 2022.

In response to the burgeoning digital landscape, the Bank embarked on a digital corporate banking platform to support our customer relationship management (CRM) on corporate clients initiative in 2022, encompassing the upgrading of corporate internet banking channels, bolstering compatibility with a multitude of operating systems, and furnishing diverse operational modalities tailored to various customer segments. This platform strengthens our sales, management, and efficiency across the Bank. Also promoted was a dynamic security verification mechanism for transactions by fax, a move meant to make the Bank's payment service more efficient. Furthermore, we initiated an automated confirmation-handling mechanism to deliver automatic output. The new initiative proved effective in enhancing efficiency and reducing operating risk. In terms of collection outlets, convenience stores are added to the Bank's collection services network with a view to attracting more deposits and cashflows.

In terms of deposits products, in 2023, in alignment with business expansion, we not only continued our existing interest rate initiatives but also introduced a variety of deposit incentive schemes. These include, by our Preferential Time Deposits Campaigns, the "B-type corporate NT dollar tiered current deposit preferential interest rate," the "social enterprise preferential NT dollar tiered current deposit preferential interest rate," and the "financial interbank time deposit preferential interest rate," thereby offering diverse choices of fund allocation to the clients.

9) Digital Retail Banking Services

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

10) Payment Services

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

11) Insurance Services

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

12) Wealth Management Services

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

(2) Business Plan for 2024

1) Credit Extension

In the face of an intensely competitive financial market, we strategically consider ourselves a "boutique bank" in the corporate banking sector. We are ready to build on our existing customer base and implement the following action plans:

(A) Deeply cultivate the Bank's customer base: In addition to bolstering the existing customer base from the O-Bank group, we will work equally hard to make inroads into the mid-market enterprises sector and green energy sector to extend the customer sector from corporate banking clients to high-asset customers in family businesses. Through provision of a full spectrum of wealth management products, we aim to become the primary bank they count on.

(B) Strengthen trade finance and forex trading: Promote trade finance services, foster deposits derived from customers' capital flow, thereby complementing the growth in fee income and demand deposits. The Bank takes the advantage of existing large clients as the basis for expanding to other members of their supply chains.

(C) Develop different types of project financing opportunities and vie for domestic and overseas syndicated loans: in addition to promoting project loans in tandem with government policy, the Bank also uncover structured deal opportunities and actively vie for quality domestic and overseas syndicated loans as a lead bank and as a syndicate member, in order to meet customer needs for fund-raising and capital allocation, thereby increasing fee income and the interest spread.

(D) Offer integrated services: Bolster interdepartmental collaboration and strengthen integration and marketing of retail banking products to maximize synergies and come up with a comprehensive lineup of products and services.

(E) Optimize deposit structure and enhance ROE: Aim to expand the corporate deposit base, continuously adjust the structure of credit facilities, and focus on promoting fee-based income products to increase ROE. Our goal is to achieve profit maximization within a certain scale of credit assets.

In the retail banking segment, we persistently enhance both volume and interest-driven momentum. Through four key strategies for stable growth and proactive innovation:

1. Customer Acquisition: We continue to implement the "one bank" collaborative strategy, catering to the funding needs of corporate clients and payroll employees, utilizing big data to optimize precise customer acquisition.
2. Risk Management: Leveraging third-party data for precise customer identification, we enhance risk assessment capabilities while balancing risk and return. By optimizing risk segmentation, we aim to boost profitability.
3. Product Development: Upholding an innovative spirit, we serve inclusive finance clients by developing new products tailored to the needs of the inclusive finance community, providing a comprehensive range of loan products.
4. Process Enhancement: Customer experience remains a focal point for us. In response to regulatory changes and the development of financial technology, we will continue to offer optimized digital loan application services to our customers.

2) Deposits

To expand sources of stable funds, reduce liquidity risk and lower capital cost, we still make it a point to increase the weighting of demand deposits and strengthen solicitation of small and medium-sized enterprises (SMEs) deposits in terms of corporate deposits in 2024.

Restructuring into a commercial bank means that our bid for attracting more depositors is no longer bound by regulations governing industrial banks and that we are free to pursue expansion by building on our corporate customer base. Meanwhile, we will continue to optimize our corporate e-banking services, improve collection and payment services for cash management, enhance incentives for new deposits, offer favorable terms for large corporate deposits that are invariably price-sensitive, and strengthen solicitation of small and medium- sized enterprises (SMEs) deposits, thereby securing long-term, low-interest funds and keeping up our interest spread on the back of low-cost funds. Based on our business goals, we will come up with different deposit plans designed specifically for different customer segments. Such preferential offers as tiered-rate demand deposit packages will be introduced to persuade customers to keep more deposits with us, thereby making O-Bank their primary partner bank.

To cater to both potential and existing customers, the Bank will usher in various types of preferential Taiwan dollar and foreign currency deposits projects, in an effort to meet customer needs for long- and short- term savings and fund allocation. Simultaneously, the Bank address economic vulnerabilities and gender wage disparities in the workplace by offering supportive deposit initiatives. Bolster account capabilities to further increase customer dealings, and introduce children's accounts to help the young generation familiarize themselves with wealth management early on by means of our digital banking services, making the Bank as their primary account for fund management. Under our member-get-member (MGM) initiative, we will further encourage existing clients to recommend new ones and integrate resources within the O-Bank Group to attract more salary transfer accounts and thus accelerate expansion of our customer base. At the same time, we are relying on cross-industry alliances to gain access to the existing clients of our partners. We are also taking advantage of internet and social media to expand our exposure and recognition and in turn facilitate customer growth. Priority is to be given to building a secure, reliable environment for electronic transactions by applying trustworthy digital verification mechanisms to document signatories and promoting digitization of operational procedures.

3) Foreign Exchange and Offshore Banking

In 2024, the Bank will continue adapting to the cross-border operating mode of customers by meeting their capital needs through provision of foreign currency financing services. Likewise, currency hedging services will be made available to customers who need to engage in cross-border payments and collections. Through its financial service platform, the Bank is set to provide customers with diverse services and one-stop shopping of financial products, thereby meeting the needs of Taiwan's companies to allocate capital across the world and helping them stay competitive.

The Bank currently has established a presence in the markets of the United States, Hong Kong, and mainland China, aiming to mitigate regional concentration risks and optimize group-wide performance. With a focus on comprehensive benefits, we strategize to expand our overseas market presence.

In 2007, the Bank acquired California-based EverTrust Bank, successfully enabling entry into the U.S. financial markets. There are a total of eight outlets in the Greater Los Angeles Area and Silicon Valley. Catering primarily to an ethnic Chinese clientele, EverTrust Bank deals mainly in deposits, loans, cash management, trade finance, and consumer lending services, with the overall business growing and developing steadily. In the days ahead, the Bank is set to further broaden lending business and strengthen the capital efficiency by bolstering its sales team and expanding Small Business Administration (SBA) loans and syndicated loans, thereby increasing our loan base and mitigating risks. When it comes to Hong Kong and mainland China, the Bank established a branch in Hong Kong in 2009, actively serving local enterprises and seizing opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, while enhancing cross-border collaboration among the Bank's affiliated businesses while placing emphasis on both business growth and asset quality.

In 2012, the Bank established a representative office in Tianjin to gather market information and assist the O-Bank Group's operations in mainland China. In the leasing sector, the Bank's subsidiary IBT Leasing Co., Ltd. merged with Jih Sun International Leasing & Finance Co., Ltd. in December 2022. As an affiliated business defined under the equity method, the merged entity Infinite Finance Co., Ltd. will combine various types of businesses and operational locations to achieve high complementary benefits. Adapting to the economic situation in mainland China, apart from solidifying our presence in the mainland financing lease market, the Bank aim to diversify regional risks, expand opportunities in Southeast Asia, and gradually enter the consumer finance field.

Beijing Sunshine Consumer Finance Co., Ltd., the Bank's joint venture with China Everbright Bank and China CYTS Tours Holding Co., Ltd., became operational in August 2020. As a consumer finance company dominated by banks, it enjoys a solid capital base and cost advantage. On the operational front, China Everbright Bank offers support through its customer resources and technological capacity for digital risk control. Beijing Sunshine Consumer Finance will take prudent steps toward developing China's consumer banking market by developing a capital-light business model geared mainly toward online channels.

In recent years, the Asia-Pacific region has seen vibrant economic development and benefits from a demographic dividend. In evaluating development potential and the Bank's strengths and weaknesses, we have identified Australia and Singapore as targets for our next phase of overseas expansion. The Bank will integrate with the O-Bank Group's international financial branches, international syndicated loan business, and investment business to layout markets in Australia, Southeast Asia, and India, actively constructing a comprehensive global presence.

4) Direct Investment

In the wake of the Bank's reorganization from an Industrial Bank into a commercial bank, we will give priority to disposing of our original investment portfolio in 2024. Such disposals are expected to be completed by the end of 2024.

5) Financial Product Trading and Securities Investment

With inventory adjustments nearing completion, global manufacturing has seen an increase in new orders and trade volumes. The manufacturing PMI (Purchasing Managers' Index) has risen above 50 since January 2024, and the services PMI continues to climb from its lowest point. Although global inflation is decreasing, it is not dropping as quickly as expected. To curb inflation, major central banks in the US, Europe, and other regions continue to maintain high-interest rate policies. The pace of rate cuts is expected to be slow, thereby suppressing economic growth momentum. Additionally, ongoing conflicts such as the Russia-Ukraine war, new hostilities in the Middle East, and intensified extreme climate changes contribute to the uncertainties affecting global economic performance.

On March 21, 2024, during its board meeting, Taiwan's central bank decided to raise the rediscount rate, secured loan facility rate, and short-term loan facility rate by 0.125 percentage points each, adjusting them from 1.875%, 2.25%, and 4.125% per annum to 2%, 2.375%, and 4.25%, respectively. The central bank also revised the forecasted annual growth rates of the CPI (Consumer Price Index) and core CPI for 2024 to 2.16% and 2.03%, respectively. While the central bank anticipates that domestic inflation will ease gradually each quarter, the higher price increases since 2021, coupled with the rise in domestic electricity rates in April, have heightened inflation expectations. This rate hike aims to curb inflation expectations, promote price stability, and ensure stable economic and financial development.

Looking ahead, major central banks in the US, Europe, and China are expected to shift towards lowering interest rates, while Japan may increase rates again. The monetary policy directions of central banks in major economies and developments such as supply chain restructuring add to the uncertainties in the international financial markets. Additionally, geopolitical risks and climate change will continue to influence the global inflation cooling process.

(a) Trading and investing in fixed-income products

In addition to strengthening the functionality of balance sheet management and strict control of asset quality and related investment ratios, this year we continue to pay attention to dealing in high-quality asset investments in response to dual-rate management, effectively utilizing funds to increase profitability and enhance liquidity reserves. Given ongoing drastic changes across financial markets, the Bank will be set to strengthen post-investment managing and stringently control and monitor asset rate and credit risk.

(b) Marketing financial products

With priority given to serving corporate clients on this front, the Bank aims to provide them with hedging instruments, such as foreign exchange and interest rate derivatives, and wealth management products. Committed to sustaining long-term relations with customers, our sales team will, based on market conditions and customer characteristics and needs, carefully assess their risk tolerance while delivering meticulous market analysis and diverse financial products to help them hedge risk and conduct investment.

(c) Securities Trading.

Looking ahead to 2024, despite the impact of high-interest rate environments and geopolitical risks, although the Federal Reserve's interest rates in the United States will enter a rate-cutting cycle and the probability of a soft landing in the US economy increases, uncertainties remain in the Chinese and European consumption markets. Moreover, with global stock market valuations being excessively high, the stock market in 2024 is estimated to present both opportunities and risks. The trend of the Taiwan stock market is estimated to be in a large box-like range of volatility. Only by grasping the pulse of the stock market and adopting a steady operational approach can there be further room for profit growth in equity investment in 2024. Current plans include layouts with high dividend yields and value stocks, coupled with growth stocks, which are expected to be more conducive to annual performance.

6) Project Finance

We will build on our extensive customer base in the Greater China area (Taiwan and Hong Kong) to continue to cultivate group customers and expand our niche customer segments. We deliver tailored boutique banking services and provide corporate clients with optimal customized solutions. Assistance will be offered in such areas as corporate consolidation and green lending, M&As, renewable energy lending, debt arrangement, restructuring, fund-raising, M&A financing, and tax planning. At the same time, we will develop feasible solutions tailored to the characteristics of various development projects, offering diversified product designs and customized financing arrangements to create potential business opportunities.

7) Trust Business

With a commitment to deepening relationships with the Bank's existing clients and serving the vast consumer base in the financial market, we continue to support the 'Trust 2.0' and 'ESG Sustainability Goals' policies. In addition to actively promoting trust business and diversifying trust products, providing customers with a variety of new investment and wealth management options, we focus on customer needs, service, and compliance with regulations at the core. We customize trust contracts to meet the diverse trust purposes in the market, including real estate development trusts, land rights trusts, transaction security deposit trusts, advance payment trusts, and personal trust services.

8) Cash Management and e-Banking

Since 2018, the Bank has introduced the O-Bank Corporate Digital Platform, providing seamless and convenient operational management services to internal business units. In 2023, we optimized the platform to further accommodate the expansion of new businesses, integrating relevant information to provide customers with a more comprehensive 360-degree view. We continuously upgrade security components to enhance transaction security and expand services to cater to a wider range of customers with diverse operating systems. Additionally, we will continue to expand and enhance the Bank's corporate cash flow collection and payment services. For example, we will continue to collaborate with convenience stores to introduce new collection services and expand services such as the eACH collection and payment service. Furthermore, in 2024, the Bank will continue to develop more diverse deposit projects for corporate clients, aiming to increase the proportion of funds in USD current deposits in addition to TWD deposits. This will enhance the Bank's liquidity assets, reduce funding costs, deepen cooperation with customers, and create a win-win situation.

9) Digital Retail Banking Services

In terms of business strategies in 2024, we will continue to focus on seeking out new quality customers while strengthening our partnership with existing ones. Furthermore, we plan to deliver digital innovation to improve transaction safety and convenience.

- E-banking Services: Continue to optimize platform layout and operations, refine customer experiences, upgrade services. In addition, continue to optimize the underlying systems of E-banking to provide customers with even more stable and safer transaction service.
- Digital Wealth Management Services: Complement preferential mutual fund offerings with our Robot Advisory initiative to give customers not only fee discounts but also custom-made recommendations with regard to their investment portfolios, thereby providing customers with diverse wealth management services and promoting financial inclusion.

10) Payment Services

- Card Payment Services: In 2024, the Bank will continue issuing cards that meet customer demands and possess distinctive features. Leveraging the data analytics expertise of our digital bank, we will understand customer spending preferences and enhance card issuance volume, transaction rates, and spending amounts through online and offline integration capabilities. Additionally, we will maintain our long-standing corporate culture by collaborating with charitable organizations to issue affinity cards. This model allows customers to contribute to charity while making card transactions, embodying the altruistic spirit "benefiting others to fulfill oneself" of O-Bank Group.

- Electronic Payment Services: We will leverage the advantages of our digital bank in 2024 by actively developing new products tailored to the needs of younger customers. This includes evaluating the functionality integration of new electronic payment platforms and expanding our reach to younger demographics through campus initiatives and cross-industry collaborations, deepening engagement with digital finance. We will also continue to form alliances with e-commerce platforms, startups, and electronic payment providers to meet diverse customer payment needs.

11) Insurance Services

In 2024, we will expand our offerings to include products from multiple life insurance companies and increase collaboration with property and casualty insurance operators. This will provide both existing and potential clients with a wider range of insurance options and convenient services, offering comprehensive coverage to meet client needs and enhance loyalty.

12) Wealth Management Services

(A) Continue to offer diversified and customized investment products, enhancing online financial knowledge and market information to cater to both high-net-worth clients and the general public.

(B) Deepen cross-selling opportunities with corporate clients of the Bank and Group subsidiaries to maximize benefits for both clients and the Bank.

(C) Strengthen the professionalism of our wealth management team to provide clients with comprehensive wealth management services.

(D) Enhance risk management mechanism, focusing on sales processes and operations, to ensure compliance with regulations and safeguard customer rights and interests.

(3) Market Analysis

A. Banking industry status and future prospects

Looking back on 2023, the global economy demonstrated resilience, with inflation decreasing since reaching its peak in 2022. However, economic activity has yet to reach pre-pandemic levels. This is mainly due to the prolonged conflict in Ukraine-Russia, tightening monetary policies to address inflation, reduced fiscal spending in a high-debt environment, and the increasing geopolitical tensions leading to fragmentation in the global economy. Domestically, the post-pandemic expansion trend was observed in the domestic market, particularly in the service sector, with improvements seen in industries such as retail and tourism compared to 2022. However, weak global demand impacted Taiwan's exports and external performance, consequently affecting investment performance as well. The Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan announced a significant decrease in Taiwan's GDP growth for 2023 to 1.31%, compared to 2.59% in 2022.

In 2023, domestic banks recorded a pre-tax net profit of NT$472.4 billion with ROE of 10.4%, outperforming NT$391.9 billion and 9.2% respectively in 2022. This was primarily due to the stabilization of the stock and bond markets, boosting net investment and other income for domestic banks. Fee-based income also grew concurrently, and stable growth was observed in net interest income in a high-interest-rate environment. The non-performing loan ratio remained at 0.14%, slightly lower than in 2022, indicating overall sound asset quality in the market.

Looking ahead to the global economic situation in 2024, the IMF predicts a high risk of global economic recession. Various risk factors facing the global economy include the crisis in China's real estate sector and its potential global spillover effects, exacerbated fluctuations in commodity prices due to geopolitical tensions and worsening climate change, as well as widespread fiscal resource constraints in major economies post-pandemic. The main support for Taiwan's economy relies primarily on investment and consumption, benefiting from potential interest rate cuts due to weak economic conditions globally, the recovery of manufacturing activities in major economies, and the continuation of growth in Taiwan's foreign trade and private investment. According to the latest estimates from the Directorate-General of Budget, Accounting and Statistics of Executive Yuan, Taiwan's GDP growth rate is expected to be positive at 3.43% in 2024.

Regarding the status of the domestic banking industry, market expectations suggest that Taiwan's economic performance will remain robust in 2024. Inflation is moderate compared to European and American countries, and with the 12.5BPS interest rate hike in March 2024, Taiwan's interest rate differentials for NT dollar deposits are expected to be maintained. However, it is anticipated that major economies will find it difficult to reverse their tightening monetary policies in the short term, and uncertainties related to China and geopolitics persist. Additionally, regulatory authorities are increasingly stringent in their requirements for capital and liquidity, indicating that caution is still warranted in the overall profit prospects for domestic banks.

B. Emerging financial and cross-sector players expanding into the financial landscape

In response to the trend of financial digitization and to meet consumer demand, the Financial Supervisory Commission (FSC) issued three licenses for internet-only banks in July 2019. The recipients were LINE Bank, Next Bank, and Rakuten International Commercial Bank. It was followed in July 2021 by regulatory consolidation of electronic payment services and electronic stored value cards and business scope expansion for electronic payment institutions. This relaxation attracted a good number of new entrants, including FamilyMart (PlusPay) and Pxmart (PXPay Plus). Third-party payment provider LINE Pay has established a complete payment ecosystem by combining payment scenarios with allied financial institutions. As these emerging players are all cross-domain teams, their business thinking differs significantly from traditional banks, focusing on business innovation and linking financial services to diverse consumer platforms, developing new business models, and providing differentiated and competitive products and services. Moreover, these cross-sector entrants can combine the information and data they have with their core operations, thereby enhancing consumer loyalty and building a better-rounded business ecosystem. In the trend of digital banking, with the rapid growth of emerging players and the potential loosening of business restrictions, they will continue to impact on the local financial market.

C. Digital transformation of banks driven by technology advancements

With the rapid advances in financial technology (FinTech), not only has it changed the way banks interact with customers, but it has also revolutionized the operating models of traditional banks. Meanwhile, non-financial companies entering the financial industry through technological expertise have put pressure on banking institutions to undergo digital transformation. Recognizing this, the FSC released the FinTech Development Roadmap (1.0) in 2020, which includes 60 promotion measures across 8 dimensions to shape a friendly ecosystem for FinTech development and enhance the efficiency, accessibility, and quality of financial services. Subsequently, various measures have been gradually implemented according to plan, with several concrete achievements reached by August 2023.

Building upon the previous policy framework, the FSC formulated the FinTech Development Roadmap (2.0) in August 2023, which includes four main aspects and 15 promotion measures, totaling 65 specific promotion items to be implemented in stages over a three-year period. The four main aspects include optimizing FinTech legislation and policies, deepening support resources and talent cultivation, promoting FinTech technology and applications, and enhancing financial inclusion and digital financial literacy. It can be observed that along with domestic and international development trends, regulations are being continuously revised and relaxed, and public and private institutions, as well as startups, are increasingly investing in technology development. Digital finance will enable more people to enjoy convenient financial services. Differing from traditional banks that rely mainly on large physical networks, our bank adopts an operational strategy that combines the virtual and physical realms, providing banking services through innovative models. Additionally, we actively seek opportunities for collaboration with other industries to leverage the technological expertise or customer base of tech companies or platform operators and seek new market opportunities through differentiated models.

D. Development strategy and positive/negative factors

(A) Development strategy:

The Bank's retail banking services focuses on digitalization as its core development strategy. It utilizes advanced and flexible information systems and technologies, integrates social media marketing interaction, utilizes big data analysis and strategic partnerships, creates integrated omnichannel services, and continues to increase product diversity and optimize transaction processes. Additionally, leveraging the customer base accumulated since the Bank's restructuring, it continuously strengthens customer relationship management in terms of depth and breadth. It not only develops high-margin credit business but also builds a comprehensive wealth management service platform through the collaboration of professional wealth management teams and Group-wide cooperation. As a latecomer to the market, the Bank expands its customer base through distinctive promotion and product marketing strategies. In terms of corporate banking services, the Bank continues to focus on "intensive cultivation" as its main strategy, expanding its client base along the upstream and downstream industries of existing customers. The Bank actively develops MME and international financial business clients while strengthening risk management mechanisms and deepening business referral mechanisms and product penetration rates to improve asset quality and effectively increase customer profitability contribution, maximizing capital utilization efficiency. In terms of digital finance, the Bank actively expands micro-enterprise and individual digital lending through B2B2C, FinTech, and leasing company alliances, while optimizing digital channel experiences to meet customers' needs for convenient financial services and enhance customer stickiness. Unlike the conventional banking industry practice of distinguishing between corporate and personal banking service groups, the Bank operates under the "One Bank" principle, eliminating internal organizational barriers, and integrating corporate and personal banking products and customer groups for joint operations with one single customer view.

In addition, the Bank actively deploys domestic and overseas financial ventures, enhances profitability stability and business synergy through diversified investment in business, and achieves optimal operational performance. Among the Bank's major investments, China Bills Finance Corp. maintains a leading market position, maintain excellent asset quality and contributing steady profits over the years. U.S.-based EverTrust Bank, committed to serving ethnic Chinese customers in California, has registered a solid track record in both operations and finances. In the leasing sector, to enhance operational scale and seize regional economic development opportunities, the Bank's subsidiary IBT Leasing Co., Ltd. merged with Jih Sun International Leasing & Finance Co., Ltd. in 2022 to form Infinite Finance Co., Ltd., becoming an equity-investment-related enterprise of the Bank. It will utilize the highly complementary benefits of the merger to develop leasing on both sides of the Taiwan Strait. With an eye on the ASEAN market, it is establishing a regional leasing platform and planning to establish leasing business in Thailand to promote the growth of leasing business. Simultaneously, focusing on the prospects of leasing business in consumer finance, it seeks to gradually enter the consumer finance field through strategic investment. The Bank, in conjunction with China Everbright Bank and China CYTS Tours Holding Co., Ltd., has established Beijing Sunshine Consumer Finance Co., Ltd., aiming to capitalize on the vast opportunities in the mainland's retail banking market through a sustainable, online-centric, capital-light business model. In the venture capital sector, the Bank continues to explore promising emerging industries to enhance investment returns. Simultaneously, there is ongoing deepening of Group resource integration, maximizing the synergies of reinvestment.

The Bank will take the next milestone, to continue advancing towards the vision of being "Taiwan's leading boutique digital bank," leveraging its agility advantage, improving resource utilization efficiency, and progressing from pursuing EPS growth to steadily increasing ROE to double digits.

(B) Positive factors:

The Bank prides itself in being spared any burden of outdated systems and running on a highly agile organization. We are ready to adopt advanced information systems, and our organizational structure is highly flexible, allowing us to make rapid business decisions. We are using digital and virtual channels, supplemented by physical branches, to develop a business model characterized by agility, speed, and convenience, through which customers are provided with financial services of excellent quality at reasonable prices.

We have accumulated ample corporate banking experiences and an extensive customer base comprising business conglomerates. All these naturally form a solid backing for our launching into retail banking. In the future, the O-Bank Group will continue to adopt an all-encompassing strategy to build on our existing corporate and individual clients for creating the customer base in MME, wealth management, offshore banking, and alliance with strategic digital partners.

(C) Negative factors:

The Bank began operating in the retail banking market in 2017, so its visibility and customer base cannot yet compare with other banks. The Bank will continue to seek exposure through multiple channels such as social media and traditional media, expand its customer base in conjunction with promotional campaigns, attract customers' attention through physical branches, promote brand image, and construct a comprehensive virtual and physical integrated service network. By increasing the complementarity between virtual channels and physical branches, customers can feel the Bank's financial services at their fingertips at all times.

(4) Financial Product Research and Business Development

A. Principal financial products and new lines of business added in the past two years and their scale and profitability as of the date of publication of this annual report

■ Corporate Banking:

In recent years the Bank has committed itself to strengthening both tangible and intangible channels as well as optimizing cash management services. Newly added services include transactions by fax without the need for original copies, shifting of corporate banking services online, remittances via the FXML system, and payment collections by convenience stores. In 2022, further optimization of corporate internet banking will be pursued, with project-based enhancements to improve software and hardware efficiency, enabling services to support multiple operating systems and attract clientele beyond Microsoft Windows users. Continuing into 2023, the development of eACH services will be sustained, offering customers more immediate and flexible services.

Furthermore, the Bank has made it a point to offer preferential-rate offerings for NTD demand deposits with a view to attracting new customers. Since 2022, the Bank's preferential tiered-rate demand deposit initiative for social enterprises and B Corp. businesses attested to our commitment to corporate social responsibility. Similarly, the Bank's preferential-rate demand deposits for SMEs and preferential-rate time deposits for small businesses are both extra options for corporate banking clients in capital allocation.

■ Retail Banking：

In recent years, the bank has been committed to establishing and expanding wealth management services, continually increasing the variety of wealth management products. In 2022, new additions included overseas stock products and ETF products, with multiple fund series added in 2023, enhancing the wealth management platform to increase customer satisfaction and retention.

■ Digital Banking：

To speed up digital transformation and enhance competitiveness, the Bank established the Digital Innovation Department on January 1, 2022:

(1) To accommodate the introduction of B2B2C financial trading, an operational data management platform was ushered in to match trading numbers for account articulation and chart analysis.

(2) Promoting online SME small and micro-enterprise new business models comprehensively, utilizing third-party data assistance for rapid approval and lending to meet the financing needs of business owners and assist in the development of small and micro-enterprises.

(3) Continuously expanding cooperation and partnership channel strategies, integrating credit processes, including online integration of web/app application for digital loans, collaborating with intelligent catering platforms to apply for top-up loans via Line, establishing a fully automated digital personal loan process to enhance service efficiency and customer experience.

■ Trust Business:

In pursuit of cultivating our existing customers and serving the vast consumer market in financial services, we continue to support "Trust 2.0" and "ESG Sustainable Goals" policies. In addition to existing monetary, real estate trust, and custody services, we actively promote financial planning and trust services, such as family (high-net-worth family asset inheritance) trusts and surface rights trusts, to offer customers diversified investment and financial planning options.

Trust products offered during the most recent two years and their amounts:

Unit: NT$ millions

Item	2023	2022
Non-discretionary money trusts for investing in domestic and foreign securities	3,167	2,797
Other monetary trusts	2,334	2,347
Real estate investment trusts	3,217	3,226
Advance collections trusts	425	543
Total	9,143	8,913
Real estate trusts	3,055	4,216
Other-Surface rights trusts	18	-
Total	3,073	4,216

※ For the information on the scale and profitability of the Bank's principle financial products, please refer to "Weight of Major Business Operations" of this Chapter: Business Activity.

B. R&D expenditures incurred in the past two years and the results achieved; future R&D projects

■ Corporate Banking:

Against rapidly changing times, the Bank is proactive to bolster the security of its online corporate banking platform. On top of end-to-end encryption, we make it a point to upgrade security components whenever warranted and offer financial solutions applicable to multiple browsers. As such, multiple operating system services were made available in 2022 for corporate banking clients to choose from. In 2023, the Bank will continue optimizing its online corporate banking services, such as enhancing mechanisms for salary transfers. In 2024, the Bank will focus on implementing a simplified version of internet banking.

The Bank provides a dynamic security authentication mechanism for fax transactions that enhances security by avoiding the risk associated with delivery of physical copies and reducing operating costs for both customers and the Bank. Meanwhile, the Bank takes corporate social responsibility seriously and upholds sustainability as an ultimate goal. In terms of payment collection, the Bank has expanded our network of suchoutlets; across-the-board payment collection by convenience stores got under way in 2022. New offerings planned for 2023 on this front include joining the Taiwan Clearing House's eACH initiative and expanding services rendered via convenience stores. In 2024, the Bank will focus on enhancing eACH functionality and internal infrastructure system construction.

R&D expenditures during the most recent two years and expected future expenditures:

Unit: NT$ thousands

Year	2024 (projected number)	2023 (actual number)	2022 (actual number)
Amount	25,129	3,000	3,217
Growth rate (%)	737.63%	(6.7%)	824.43%

■ Retail Banking

The Bank's R&D expenses of the most recent two years went toward optimizing its existing features and services.

(1) Electronic Banking: In 2023, the Bank completed the infrastructure needed for C3 certification to deliver services of greater convenience and speed. When customers apply for credit loans via mobile banking, C3 validation can be used in authorizing transactions electronically. Direct access to the Joint Credit Information Center for inquiries of public sector data eliminates the need for customers to provide additional financial proof, thereby rendering a significantly enhanced customer experience.

(2) Robot Advisory: We provide customers with easy and rational choices when it comes to investing and managing their assets. Our system's algorithm lets customers assemble investment portfolios that match their risk attributes and notifies them of opportune times for portfolio adjustments offered by changes in the market. To cater to different customer needs, we introduced the "Dividend Robot" and the "Brand Robot". In response to increasing global attention to corporate social responsibility and sustainable development, the Bank raised the weighting of ESG considerations in formulating its fund portfolios beginning in 2023.

(3) Impact Loans project: This project was designed specifically to help the economically disadvantaged employees or assisted subjects of the Bank's partner institutions and expand the scope of application to those who hold family certificates in special circumstances and those who support relatives who hold handbooks or certificates of disabilities issued by the government, as long as they meet the above conditions and have a fixed income so that they can tide over emergencies in life. Joining forces with consumers to give relief to the less fortunate attests to our altruistic ideal of "benefiting others to fulfill oneself."

(A) R&D expenditures during the most recent two years and expected future expenditures:

Unit: NT$ thousands

Year	2024 (projected number)	2023 (actual number)	2022 (actual number)
Amount	128,345	46,464	33,270
Growth Rate(%)	176.22%	39.65%	89.59%

(B) Research and development results during 2023

Unit: NT$ thousands

Project	Investment
Strengthening of e-banking	8,038
Strengthening of T24 system	3,998
Wealth management/investment system (including overseas stocks)	7,058
Strengthening of loan business and surrounding system	27,370

(C) Future research and development plans

Unit: NT$ thousands

Plans/projects during the most recent year	Current progress	Further required R&D expenses	Expected date of completion	Main factors weighing on success of future R&D
Implementing of AI marketing robots	In progress	13,350	2024.3.31	Integrity of business planning and availability of system development manpower
Strengthening of fund business system	In progress	4,682	2024.9.30	
Strengthening of electronic banking functions	In progress	33,134	2024.12.31	
Strengthening of cloud service platform	In progress	61,419	2024.12.31	
Strengthening of loan business and surrounding system	In progress	15,760	2024.12.31	

In the days ahead, we will always give priority to meeting customer needs as we adapt to a rapidly changing market and take up the challenge posed by an anticipated outburst of internet-only banks. We will focus our resources on developing and delivering features and services that customers really want and need, thereby making their bank of first choice.

■ Digital Banking:

As going digital increasingly gains traction, the Bank is proactive to funnel resources toward building an operational data management platform for B2B2C financial business transactions and developing digital loans for individuals and online financing for SMEs and micro and small businesses.

(1) Corporate Banking

To better manage B2B2C financial trading of strategic alliance partners, an operational data management platform was established in 2020. In addition to bringing together trading numbers of these partners, it finds its use in account articulation and chart analysis and helps users undertake consolidation and analysis of business conditions. Subsequent optimization was mainly focused on NPL management and account articulation. Thanks to the new features added in 2022, the Bank's online corporate banking system is now charged with collecting payment data of C-end customers, which is in turn transferred to the said operational data management platform for consolidation. This goes a long way toward further strengthening account articulation and authenticating transactions.

Develop online and digital financial products to spare SMEs and micro businesses all the paperwork required of the conventional loan application process or the trouble and time necessitated by dealing with physical branches. The Bank establishes online loan application processes and continuously optimizing them towards the goal of complete digitalization. In the future, the Bank will work with third-party service providers (TSP)to facilitate cross verification of business data so as to complete a grading system that can draw on such data for reviewing loan applications of SMEs and micro businesses. This not only enhances customer experience but also meets the corporate responsibility and sustainability goals of promoting green energy and environment protection and reaching more underserved financial groups.

(2) Personal Banking

Capitalize on the country's opening to digital banking and, through strategic alliance channels, introduce the credit process, including:

- Online digital loan：Online Digital Loan Application: A click on the app or webpage of our partners readily gives access to the Bank's webpage meant specifically for applying for digital unsecured loans. Without involving any human contact in loan application, approval, and allocation, this service greatly streamlines the application process and enhances customer satisfaction.
- Toujiadai, a smart catering platform：Lending for Smart Food and Beverage Platforms: Having tided over the pandemic, many restaurateurs are now equipped with digital competence. Smart food and beverage platforms enable them to accept reservations, take orders, offer deliveries and takeouts, handle cashflow, conduct customer management, and even procure from suppliers. Meanwhile, there is greater transparency of business numbers accordingly. By working with platform operators, the Bank is able to learn more about their food and beverage vendors: how long they have been in business, how much revenue they generate, and whether their order intakes are reasonably stable. All this information will be taken into account for the Bank's provision of online loans to food and beverage vendors, which promises to be a more convenient, faster service for them.

R&D expenditures during the most recent two years and expected future expenditures:

Unit: NT$ thousands

Year	2024 (projected number)	2023 (actual number)	2022 (actual number)
Amount	15,760	14,692	4,625
Growth rate (%)	7%	218%	339%

- Risk Management

  In accordance with pertinent statutory requirements, the Bank teamed up with our consulting team to establish a GRC (Governance, Risk Management, Compliance) management platform in 2018 in order to effectively implement a risk-driven internal control mechanism, build a more efficient and fully integrated internal control system, and make possible timely risk analysis and management.

  The GRC platform was officially launched in early 2019, initially focusing on operational risk management modules. By the end of 2023, the regulatory compliance and auditing functionalities were completed and brought online. With this, the platform's full development cycle has been accomplished.

  The installation of GRC platform costs a total of NT$13,963 thousand and the expenditures during the most recent years:

Unit: NT$ thousands

Year	2023 (projected number)	2022 (actual number)	2021 (actual number)
Amount	1,980	0	0
Growth rate (%)	100%-	-	-

In accordance with the "Fundamental Review of the Trading Book" (FRTB) issued by the International Basel Committee, a more risk-sensitive standard methodology for calculating market risk capital charges has been proposed. This methodology increases computational complexity and incorporates correlations between various risk factors into the calculation. Regulatory authorities have announced that the implementation of FRTB will be officially postponed until 2025. The Bank initiated relevant research and trial calculations in 2022 and aims to complete the comprehensive assessment and implementation work within the timeframe specified by regulatory authorities to ensure compliance with capital charge regulations.

Separately, the Bank has implemented our Climate Risk Management Policy in a bid to comply with the government's avowed objective of attaining net-zero emissions in 2050. This Policy takes into account the Guidelines for Domestic Banks' Climate-Related Financial Disclosures implemented by Taiwan's Financial Supervisory Commission, the Hong Kong Monetary Authority's Supervisory Policy Manual-GS1-Climate Risk Management, and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD). By ushering in climate risk management, carbon footprint verification, and identification of high climate risk regions, the Bank aims to better grasp and gradually reduce the impact of climate risks on our businesses and operations, thereby attaining sustainability in a low-carbon economy.

(5) Short- and Mid- to Long-Term Business Development Plans

Taking into account current political, industry outlook and economic conditions at home and abroad and various factors favorable and unfavorable to our development, the Bank will work vigorously for business continuing growth. To achieve the said goal, we have drafted the following short- and mid- to long-term business development plans:

A. Short-term business development plans:

(A) Improve Deposit Structure, Enhance Operational Efficiency

Since our transformation into a commercial bank, the Bank has striven for sustainable growth by reducing customer concentration and diversifying deposit sources away from large clients. Indeed, deposits made by small businesses and individuals tend to come in relatively small amounts from all manner of sources. In 2024, we will continue to focus on attracting such deposits. This will be achieved through differentiated product design and management, streamlined electronic platforms and processes, and strengthened customer engagement. When it comes to corporate banking, we aim to attract business owners who may have needs for trade finance and wealth management. By incorporating cash flow interaction with such clients, we can not only reduce lending risks but also help them with capital utilization, thereby further deepening bilateral relationships and cementing our status as their primary bank. In expanding the customer base and channels for retail banking, we will focus on such areas as salary transfers, securities accounts, and digital banking-prone individuals while also expanding application scenarios, increasing account usage frequencies and thus customer stickiness, and retaining stable funds.

In terms of operational management, we will enhance asset and liability management and adopt an internal pricing system, quantifiable indicators, and rolling adjustment to allocate resources more effectively. In turn, this will help both ensure compliance with statutory liquidity risk requirements and maximize the efficiency of capital utilization

(B) Put Capital to Effective Use, Develop Light-Capital Business

Since the implementation of Basel III, the importance of core capital has become increasingly significant. To optimize capital utilization, efforts are made to examine capital consumption and enhance capital efficiency. That is, the capital consumption and revenue contribution of corporate banking clients are subject to review for the reference of our "clearing the cage, changing the bird" strategy. Meanwhile, the corporate banking service platform is bolstered to further meet customer needs by offering light-capital services, such as trade finance, TMU, wealth management, and trust. Serving clients by providing them with needed solutions is to replace the price war in lending. As the bank's business scale and customer base grow, we are also poised to expand our team of veteran wealth management professionals and create a well-rounded platform for rendering personalized services therein. As is fitting for ongoing economic developments, we will offer fully consolidated product mix and customized services that meet customer needs for financial products and capital allocation.

(C) Undertake Digital Transformation to Make a Boutique Digital Bank

With the advent of fintech, the Bank is poised to undertake digital transformation by focusing on the following three key arenas: creation of business from scenarios, governance by data, and empowerment by applications and technology. Technology empowerment will serve as the foundation for our operational infrastructure; data will be employed to seek out customer needs and then gain access to financial scenarios.

Meanwhile, the Bank will optimize and integrate its information systems. Emphasis will be placed on leveraging technologies such as robotic process automation (RPA) and strengthening the cloud environment to enhance operational stability and efficiency. The Bank will also bolster its own digital infrastructure and data mining skills, and enhance collaboration with third-party partners through the expansion of external data sources and data technologies. With the gradual deregulation of digital banking and growing customer needs for online applications, the Bank is proactive to take advantage of its edge on this front to improve application efficiency and reduce operational costs. While barriers between financial institutions and technology companies are being brought down, we are ready to broaden collaboration with strategic partners in scenario-based applications, thus expanding business outreach by ushering in customers inaccessible through physical channels.

(D) Incorporate Green Finance to Strive for Sustainability

Faced with external changes, evolving regulatory standards, and the trend of low-carbon transformation, the Bank will continue to take sustainability considerations into its decision-making process. This includes incorporating ESG risk factors into lending and investment decisions, expanding sustainability-linked loans, increasing the proportion of credit to environmentally and socially friendly industries, raising the percentage of investment in sustainability-related bonds, and reducing the proportion of investment and financing in high-carbon emission industries. These are measures essential to our responsible lending and investment. Meanwhile, the Bank is also proactive to reduce not only its own carbon emissions but also those from its investment and financing portfolio. In the highlight are our taking steps to increase the weighting of renewable energy by the year, devise and implement an internal carbon pricing mechanism, and raise carbon emission inventory compilations conducted in our investment and financing portfolio, thereby achieving sustainable transformation.

(E) Diversify Regional Risks, Accelerate Overseas Expansion

Given regional economic prospects and geopolitical conditions, the Bank is ready to come up with well-rounded plans for accelerating its overseas push and thus reducing regional risks. With development potential and the Bank's own strengths and vulnerabilities taken into account, Australia and Singapore have been singled out as points of departure on this front. Firstly, Australia's political and economic environment as well as financial markets are sound. Its brisk syndicated loan market is of economies of scale and thus suitable for the Bank to open shop, quickly accumulate assets and profits, and incur less financial pressure in the short term. As such, the country promises to align with our medium to long-term strategic development. Secondly, Singapore is the most developed economy in Southeast Asia. Considering the O-Bank group's strategic development, we plan to make Singapore our base for making inroads into Southeast Asia's emerging markets.

B. Mid- to long-term business development plans:

(A) Strengthen Infrastructure and Customer Relations

The Bank has established the "Dig Deep" strategy, with focus placed mainly on strengthening infrastructure and deepening reform, thereby creating a positive cycle and attaining transformation. High on the agenda are adding to tangible and intangible fundamental aspects, readjusting operational structures and systems, and consolidating technologies, data, services, and products to cement customer relations. Relying on the One Bank platform to integrate corporate and retail banking services and leveraging resources of the entire O-Bank group, the Bank aims for a "refined" and "digitized" business model. As such, the Bank is poised to stand out among local peers as Taiwan's premier boutique digital bank.

(B) Enhance overall efficiency via M&As or strategic alliances

To consolidate resources, expand business, and create synergies, the Bank will continue evaluating M&A and investment plans or opportunities inside or outside the country in line with its operational strategy. To improve the breadth and depth of the group's financial services and improve the quality and stability of earnings, we will make adjustment of existing investees, investment in FinTech ventures, and formation of cross-sector strategic alliances.

(C) Continue to promote the O-Bank spirit

We have long believed that every enterprise is defined by its corporate culture. Thus, the Bank is proactive not only to promote the "O-Bank (benevolent way)" spirit of "benefiting others to fulfill oneself" internally but also to share this altruistic ideal with all stakeholders. As the Bank continues to expand, we will stand by this benevolent way as we invite more like-minded professionals to get on board. While our organization is set to get bigger and bigger, the Bank will enhance communication and operational efficiency through following this benevolent way faithfully. Externally, the Bank has also taken the lead to demonstrate our commitment to this altruistic ideal by endorsing the B Corporation initiative, and further launched a number of innovative Social Impact Programs. In the days ahead, we expect to develop financial services that combine our corporate social responsibility, ESG sustainability goal and professional financial expertise and prove even more beneficial to the public.

2. Human Resources

(1) The Bank's number of employees, as well as their average years of service, average age, educational background, and professional licenses held during the most recent two years and the current year up to the date of publication of this annual report:

Year		2024/4/16	2023/12/31	2022/12/31
Number of Employees	Clerks	1,183	1,169	1,067
	Workers	16	17	18
	Total	1,199	1,186	1,085
Average Age		41.81	45.5	41.4
Average Years of Service		4.4	4.4	4.3
Distribution of Academic Degrees	PhD	0.17%	0.08%	0.0%
	MA	27.86%	28.84%	28.9%
	BA	65.80%	64.67%	64.2%
	Senior High School	6.17%	6.41%	6.9%
Professional Licenses Held	Banks' Internal Control and Audit Exam	464	465	423
	Exam on Financial Market Knowledge and Professional Ethics	446	451	423
	Trust Services Competency Exam	400	402	371
	Structured Commodities Salesperson Qualification Exam	133	137	129
	Financial Derivatives Salesperson Qualification Exam	112	104	80
	Securities Brokerage Salesperson Qualification Exam	81	85	76
	Securities Brokerage Senior Salesperson Qualification Exam	124	126	117
	Personal Insurance Salesperson Qualification Exam	266	272	225
	Property Insurance Salesperson Qualification Exam	190	189	165
	Exam for Personal Insurance Salespeople Selling Foreign Currency, Non-Investment Products	89	86	67
	Entry-Level Lending Personnel Qualification Exam	226	232	186
	Entry-Level Forex Personnel Qualification Exam	169	168	157
	Bond Trading Competency Exam	21	21	23
	Forex Trading Competency Exam	8	8	10
	Bills Salesperson Qualification Exam	35	37	38
	Securities Investment and Trust Salesperson Qualification Exam	75	74	68
	Securities Analyst Qualification Exam	6	7	6
	ACAMS Certification	8	8	6
	CISA Certification	2	2	2
	CPA Certification of the ROC	5	5	5

Note: The employee tallies in the table do not take account of those working at overseas branch entities.

(2) Status of employee training:

To meet the need for migrating toward digital banking and ushering in a new business model, the Bank devises comprehensive training programs and career paths for employees based on its operating strategy and goal while paying special attention to incorporating the Bank's core values and specific requirements. Each year, training programs that focus on management capacity and specialized skills are designed separately for employees of different levels to enhance their competitiveness.

In 2023, the Bank hosted 825 internal training courses and drew on outside organizations for another 754 courses. Trainees totaled 65,682 persons. Combined, the Bank's employees underwent a total of 104,538.4 hours of training, averaging out to 89.4 hours at an average cost of over NT$6,227 per person.

On top of the internal and external courses cited above, the Bank's digital learning platform—O-Bank Digital Academy—also provides a wide range of in-house and outsourced courses that cover various financial disciplines, legal compliance, and management issues. In 2023, a total of 1,088 such online training courses were offered and employee attendances amounted to 56,717 hours.

To accommodate migration toward updated international criteria for certification of personal information protection, the Bank offered a series of training on personal information protection in 2023 to get aligned with international practices and enhance employee awareness on this front.

3. Corporate Social Responsibilities and Code of Ethical Conduct

Committed to sustainable development since its inception, the Bank has continuously devoted itself to the six major corporate social responsibility areas of corporate governance, employee care, customer service, environmental protection, social engagement, and green finance. In January 2015, the Bank established its ESG Development Working Committee (formerly the Corporate Social Responsibility Committee) and took in the highest-ranking managerial officers of all departments as committee members. Reporting to the Board Sustainability Committee and the Board of Directors on an annual basis, the committee is charged with the task of making real the Bank's belief in ethical management and sustainability throughout, thereby ensuring that the Bank fulfills its responsibilities to all stakeholders: employees, customers, shareholders, suppliers, and the public. Since publishing its first year report to disclose results of implementing corporate social responsibility initiatives in 2016, the Bank has to date emerged a recipient of the TCSA Taiwan Corporate Sustainability Awards granted by the Taiwan Institute for Sustainable Energy (TAISE) for eight consecutive years.

■ Overview of the 6 Corporate Social Responsibility Areas

In the area of corporate governance, we make it a point to fulfill ethical management, and maintain information transparency and open disclosure. Besides the appointment of independent directors, we have established various functional committees to ensure the effective supervision of internal company operations. In addition, we have established Whistleblower System, an internal reporting system, set up anti-corruption and fraud prevention policies, and promoted employee training and awareness, thereby making real our belief in ethical management. With regard to employee care, we continue to provide annual financial training courses and develop a digital platform for e-learning so that employees can take courses at their own convenience. Meanwhile, we provide various types of benefits and care measures, and pay attention to employees' work-life balance, thus creating a working environment of gender equality as well as diversity and equity. In the area of customer service, we faithfully comply with the competent authority's regulations and effectively protect customer privacy and transaction security. Moreover, in the spirit of "benefiting others to fulfill oneself", we have launched a charity affinity card platform and routed partial cashback benefits to the cooperating non-profit organizations. As of year-end 2023, we worked with 18 non-profit organizations. The launch of affinity card allows each customer to support the social issues he or she chooses and do good deeds in each swipe of the affinity card.

In terms of environmental protection, the bank actively implements energy conservation, carbon reduction, water resource management, and waste reduction. It also commits to the goal of using renewable energy at its global operational sites, reaching 50% by 2030 and 100% by 2050. Additionally, it continuously promotes green procurement and encourages suppliers to implement corporate social responsibility policies. The bank has completed the implementation of ISO 14001:2015 Environmental Management System, ISO 14064-1:2018 Greenhouse Gas Inventory, and ISO 50001:2018 Energy Management System. Moreover, it obtained green building certification for its headquarters building in December 2023. These efforts reflect its vision of coexisting with the environment. In terms of social engagement, our bank has upheld the belief in caring for humanity. Over the years, we have continuously supported rural schools, bringing different resources and experiences to rural students. Additionally, we have long-term partnerships with social enterprises and B-type enterprises, organizing diverse activities to support the development of mutual-benefit enterprises.

In the realm of green finance, in 2021, our bank signed the "Equator Principles," examining the environmental and social aspects of project financing for potential risks. In 2022, we joined the "Partnership for Carbon Accounting Financials" (PCAF), examining the carbon emissions of investment and financing positions. By 2023, the scope of carbon assessment covered 100% of long-term investment balances and 100% of corporate loan balances. Furthermore, in response to the increasingly severe climate change, our bank has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework, becoming a TCFD supporter. This allows us to evaluate and identify climate opportunities and risks faced by the Bank itself and its investment portfolio. Since the beginning of 2022, O-bank has integrated all investment and financing decisions into ESG risk assessments, effectively implementing responsible lending and investing, and practicing sustainable finance.

Under the multifaceted and systematic promotion of corporate sustainability, the Bank obtained "B Corporation Certification" in 2017 and was re-certified in 2021. Additionally, O-Bank has been consistently recognized with the TCSA Taiwan Corporate Sustainability Awards. In 2023, the Bank received awards such as the "Taiwan Sustainable Enterprise Excellence Award," "Social Prosperity Leadership Award," "Gender Equality Leadership Award," "Workplace Well-being Leadership Award," "Creative Communication Leadership Award," and "Silver Award for Sustainable Reporting in Financial and Insurance Industries." In terms of international sustainability assessments, our bank scored 4.3 points (out of 5) on the ESG Score launched by FTSE Russell, a subsidiary of the London Stock Exchange, and scored 7.6 points (the lower the score, the better) on ESG risk ratings by international sustainability assessment agency Sustainalytics. According to information from the Taiwan Depository & Clearing Corporation's "Corporate Investor Relations Integration Platform" as of the end of April 2024, our bank ranks first among Taiwan's financial industry peers and fourth among all listed companies in terms of FTSE Russell ESG Score, and first among Taiwan's financial industry peers and second among all listed companies in terms of Sustainalytics scores, recognizing the Bank's achievements in sustainability.

- Social Engagement Achievements

To support environmentally and socially responsible businesses, the Bank has been purchasing products from social enterprises and B-type enterprises for many years, using them as gifts for employees and media during festivals. In 2023, the amount spent on purchasing products from social enterprises and B-type enterprises exceeded NT$1.427 million. Additionally, apart from organizing social enterprise markets and encouraging employees to support social enterprises, our Bank has launched exclusive "Corporate Preferential Savings Interest Rate Projects," "Salary Transfer Preferential Projects," and "B-type Enterprise Loan Projects" targeting social enterprises and B-type enterprises, using financial strength to support the development of mutual-benefit enterprises.

To encourage more consumers to support social enterprises and B-type enterprises, O-Bank has taken the lead in advocating conscious consumption within the industry. We have collaborated with 29 social enterprises and B-type enterprises to create a green consumer power cooperation brand. By providing an additional 4.22% cashback, we encourage customers to choose to purchase green products, thereby using the power of consumption to effect change.

To further use the power of finance to care for the disadvantaged persons, the Bank launched the Social Impact Program in later 2020. The Bank was the first to build a sustainable business model that combines three parties: The Bank, the customers, and the disadvantaged persons. The Bank set up customers to open accounts under the Social Impact Program and promised the funds to be used solely for the specific purpose of backing microloans that would be provided with no service charges to help economically disadvantaged persons, including the economically disadvantaged employees and successfully mentored employees of the Social Impact program's cooperating entities, anyone in Taiwan who holds government-issued proof of low income or medium-low income status, and Certificates of families in special circumstances and those who support relatives with certificates of physical and mental disabilities and whose income is eligible The Social Impact Program turns customers' time deposit into emergent resources, allowing customers to do good deeds and provide funds to the economically disadvantaged persons. The Bank fully makes use of the power as the financial median and create the positive financial cycle.

Separately, the Bank is proactive to encourage and induce carbon reduction among consumers. In March 2022, we collaborated with Mastercard to launch the "Carbon Emission Calculator" project. Thanks to this pioneer initiative, consumers can find out the carbon emission from each purchase, an effective incentive for taking action. Moreover, the Bank took the lead in launching a low-carbon credit card that offers cashbacks on the basis of carbon emissions: the less carbon emissions, the higher cashbacks for cardholders. Consumers are given a solid incentive to do more for our planet.

- Education in Culture and the Arts

In July 2000, the Bank established the "O-Bank Education Foundation," combining corporate expertise, government support, and private resources to actively promote various industry-academia cooperation projects, technology management seminars, entrepreneurship workshops, and series of cultural activities. These initiatives aim to broaden the horizons of the public and young generations, stimulate innovative spirit, cultivate appreciation for the arts, and thereby enhance the nation's industrial competitiveness and cultural literacy. The achievements of the O-Bank Education Foundation in sponsoring and serving in arts public welfare, innovation and entrepreneurship, and social care have been recognized with the "Arts and Business Awards" from the

Ministry of Culture in 2010 and 2023, as well as the "9th National Public Welfare Award" from the Ministry of the Interior in 2011, demonstrating the Bank's efforts in fulfilling corporate social responsibility.

To promote arts education, the Bank Education Foundation has been organizing a series of arts and cultural activities since 2008, including "Star of Tiding 2.0 Cultural Appreciation," "Star of Tiding 2.0 Art Exhibition," "Star of Tiding 2.0 Submission Grant Program," "Art Private School," and "Creative Reproduction・Experience Activities." These activities provide a stage for emerging artists, mentor them in interdisciplinary learning, promote the development of the arts industry, and also assist in developing the artistic creativity of economically disadvantaged elementary school students from grades three to six.

In 2023, O-Bank Education Foundation organized a total of 55 cultural activities, including 5 concerts, 3 cross-disciplinary performances, 7 cultural lectures, 4 art exhibitions, 23 promotional events, 4 workshops, 2 Christmas events, 3 external collaborative events, and 4 arts and cultural experience activities for disadvantaged students. The total investment amounted to NT$1.2 million, attracting nearly 3,400 participants to physical events. In terms of cultivating artistic talents, the 2023 "Star of Tiding 2.0" submission grant program supported a total of 37 performing and artistic talents, with a total investment of NT$1.28 million, providing them with creative resources and exhibition platforms, aiming to inject artistic vitality into the community and enhance the aesthetic appreciation of the people.

To expand the age range of art appreciation enthusiasts, 4 "Creative Reproduction・Experience Activities" were organized for school-age children. Emerging young artists highlighted from the "Star of Tiding 2.0" submission grant program extended the exhibition theme to design tailored lesson plans for children, aiming to stimulate their artistic creativity and imagination. Nearly 70 disadvantaged students benefited from this series of activities. In establishing a platform for shared appreciation of arts and culture, external rich cultural resources were integrated, and experts in the field of arts were invited to conduct special "Art Private School" lectures, providing opportunities for deep two-way exchanges. Nearly 480 people participated in this series of events.

In addition to deepening the cultivation of artistic talents and promoting cultural activities, O-Bank Education Foundation also sponsored NT$1.3 million to support the Taipei Philharmonic Foundation in organizing the "2023 Taipei International Choral Festival and Music Festival," promoting international choral exchange activities and enhancing the domestic choral atmosphere. It also sponsored NT$1 million for the public performance of "Scatter Drama" by the Minghua Yuan Drama Troupe, encouraging outstanding traditional Chinese opera teams in Taiwan.

Furthermore, O-Bank Education Foundation initiated a project in collaboration with Professor Lin Man-li, former director of the National Palace Museum, called the "Taiping Elementary School Museum Operation and Construction" project. This project invited National Cultural Award Winner Architect Huang Sheng-yuan to serve as the spatial planner, ensuring the proper preservation of the precious works of Taiwan's first sculptor to study in Japan, Huang Tu-Shui's sculpture "Bust of a Girl," at his alma mater. In the first phase of the industry-academia cooperation project, O-Bank Education Foundation sponsored NT$2.46 million and began planning educational promotion activities and exhibition projects. In 2023, a total of 29 workshops on plant dyeing and architectural structures were held on campus, with nearly 630 student participants.

4. Number, Average Salary, and Median Salary of Fulltime and Non-Executive Employees; Their Differences from the Previous Year:

Year	2023	2022	Difference (%)
Number of Non-Executive Employees	875	800	9.38
Average Salary of Employees (NT$ thousands)	1,317	1,279	2.97
Median Salary of Employees (NT$ thousands)	1,081	1,032	4.75

Note: The employee tallies in the table do not take account of those working at overseas branch entities.

5. Information Equipment

(1) Hardware and Software Configurations of Major Information Systems

The Bank's major information systems include those meant for front-end trading, mid-end management, back-end operations, and office automation. The primary hardware lineup includes IBM RS6000, Oracle SPARC, HP ProLiant, and Lenovo xServer while software, IBM AIX, RedHat Linux, Oracle Solaris, Windows Server, VMware, Oracle DB, and Windows SQL DB. Besides conducting in-house supervision and maintenance of the said major hardware and software, the Bank has also contracted suppliers for routine maintenance and emergency repairs in order to make sure that all information equipment runs smoothly at all times. The Bank is ready to gradually expand the foregoing information systems in coming years if this is warranted by business needs and performance considerations.

(2) System Development or Procurement

A. Major Special Projects Undertaken in 2023:

(1) MUREX System Upgrade Project: The upgrade, designed to optimize the functionality of the MUREX system and meet the needs of new product development, went online in September 2023.

(2) Upgrade of Big Data Database: The project, designed to introduce an upgraded data warehouse system in place of its EOS predecessor and in turn enhance cybersecurity protection and system efficiency, went online in September 2023.

(3) Online Banking's 24-Hour Forex Business Project: This project, designed to help the Bank increase income from such transactions and expand our clientele, went online in January 2024.

(4) Securities Settlement Project: The project, devised to provide such services as securities settlement, online authorization by customers, and funds deduction for securities settlement and thus expand customer sources, increase natural person deposits, secure a differential in demand deposit interest rates, and reduce capital costs, went online in October 2023.

(5) Upgrade of Customer Service Video System: Our in-house video system, previously incompatible with apps incorporating Apple Inc.'s XCODE 14, underwent an upgrade and went online in September 2023.

(6) Going online in 2023, our platform for serving centralized depository and clearing services significantly enhances the efficiency of settlement operations.

(7) To accommodate the EOS of the Linux system, ROBOT and WMS software was updated to ensure transaction security.

(8) Corporate Online Banking's eACH Originator Project: In alignment with the Taiwan Clearing House's real-time authorization and trading system, our corporate online banking system has introduced a proactive service for payment receipt or deduction. With interbank authorization also an option, corporate customers can thus readily handle funds payment or collection through our bank and other banks.

(9) C3 Certificate Management Platform: The platform, intended to offer the needed infrastructure for accommodating online banking's 24-hour forex business and access to the Joint Credit Information Center for public-sector information inquiries, went online in September 2023.

(10) Optimization of Corporate Online Banking's Payroll Service: Going online in October 2023, the project draws from both corporate online banking's receipt of detailed payroll information from employers and retail online banking's provision of attendance records for customer viewing and PDF downloading. Such diversification of online banking services promises to help expand our depositor base.

(11) In accordance with Visa Inc.'s latest regulations and to enhance credit card security, our updated transaction algorithm went online in October 2023.

(12) Credit Card Debt Redemption: Aimed at providing potential customers with products they need, we decide to readjust our credit facilities that can help customers repay credit card debts owed to other banks. Focusing on existing customers, a project of streamlining the aforesaid operation by drawing from post-lending joint check results went online in May 2023.

(13) Cybersecurity Governance Maturity Assessment: Taking our lead from the cybersecurity assessment tool (CAT) of the U.S. Federal Financial Institutions Examination Council, the Bank concluded this self-assessment of cybersecurity risk in August 2023 with a view to further bolstering cybersecurity management.

(14) Network Detection and Response System: The system, designed to track network traffic in real time as well as respond to and tackle threats rapidly, went online in February 2023.

(15) With installation of an insulation framework for cybersecurity, the project intended to effectively block malware threats and ensure security in web browsing was completed in March 2023.

(16) The establishment of a cybersecurity information sharing mechanism within the F-SOC and F-ISAC frameworks was completed in September 2023.

(17) Consolidation of Virtual Servers Throughout the Bank: Going online in August 2023, the project is designed to strengthen the overall infrastructure of virtual servers in the data center and remote backup sites, thereby reducing the number of licenses and costs.

(18) Renewal of EOS Network Equipment in Hong Kong: To bolster communications security and enhance internet speed and stability, the Hong Kong Branch renewed outdated network equipment no longer serviced by suppliers and put its successor online in October 2023.

(19) Optimization/Upgrade and Consolidation of Corporate Banking, Financial Trading, and Database Systems: The two projects went online in August and September 2023 respectively.

B. Major Special Projects to be Undertaken in 2024 and Beyond:

(1) SWIFT MT's Conversion to MX in Hong Kong: To accommodate the conversion from SWIFT MT to MX, the Hong Kong Branch is in the process of modifying its core system and corporate online banking platform. Both modifications are scheduled to go online in April 2024.

(2) Conversion of NTD Bond System: To enhance the information system's operational efficiency, we are moving NTD-denominated government bonds to the MUREX system and taking the current NTD bond system offline. The project is scheduled to be completed by the end of 2024.

(3) Installation of System for Maintaining Relations With Lending-Related Interested Parties: Alongside procedural adjustments, the said system for interested parties will be optimized to include such features as maintenance, automatic entry, transfer of JCIC inquiries, and cable queries, thereby increasing operational efficiency, improving data accuracy, and enhancing timeliness.

(4) Official Website Sitecore Update: The update, intended to increase system efficiency, enhance customer service, and bolster cybersecurity, is scheduled to go online in the fourth quarter of 2024.

(5) AI Smart Customer Service System: The system, the first phase of which is scheduled to go online by the end of June 2024, is meant to expand the capacity for customer service and upgrade the customer experience as well as optimize financial services.

(6) Update of Corporate Online Banking's Mid-End Software: The project, designed to enhance system efficiency and execution speed, improve service quality, and conform to cybersecurity regulations and business needs in the future, is scheduled to go online by the end of 2024.

(7) Expansion of Insurer Partnerships: The project, designed to diversify insurance products and scheduled to be completed in the fourth quarter of 2024, will cover TransGlobe Life Insurance, Cardif Assurance Vie, Chung Kuo Insurance, and CTBC Insurance.

(8) Updates of Application Systems Software: In order to provide more stable and advanced customer service, ensure the security of all transactions, and concurrently upgrade the Windows system, upgrades and updates are being carried out for the software of both the insurance agent system and investment trading system, with the former scheduled to be completed by the end of June 2024 and the latter, by the end of 2024.

(9) Installation of a New Regular Reporting System: In response to the regular reporting system's imminent EOS, reporting and data processing logic is being modified to strengthen the verification of business and financial data to ensure the accuracy of the final reports. With the first phase scheduled to go online by the end of 2024, the entire project is due to be completed by the end of July 2025.

(10) Upgrade of Retail Online Banking's Identification Capability: Enhance the capacity for optical character recognition (OCR) to achieve high accuracy, thus doing away with the need for human intervention in document review and facilitating the launch of E2E services for loan applications without the need for opening accounts. It is expected to go online by the end of September 2024.

(11) Money Laundering Control Based on NPA Reprimands: The project, designed to attain money laundering control based on reprimands issued by the National Police Agency, is scheduled to go online in the first quarter of 2024.

(12) Expansion of the Bank's Listed Interest Rate Hierarchy for Large Time Deposits: The project, intended to set interest rates with greater precision and thus effectively keep interest expenses under control, is scheduled to go online in August 2024.

(13) Account Opening-Free ETE Process for Lending: After a loan is approved, no account opening is required to establish the contract. Automatic debiting is facilitated via eACH operations, including customer consent to auto-debit through IBMB, authorization through the Taiwan Clearing House, and monthly debiting. The project is scheduled to go online in September 2024.

(14) In preparation for the imminent EOS of the IBMB system's MFP 8 foundation, an upgrade and optimization of the original systemic structure is being planned. Such planning is scheduled to be completed by the end of 2024.

(15) Introduction of Revolving Credit Products for Key and General Customers: The first phase aims to cater to customers in need of capital; they may take out loans in installments within the approved credit limit, reuse the funds repeatedly, and repay in installments. In the second phase, emphasis will be shifted to customers seeking to make investment or in need of short-term liquidity; they may activate and repay their loans anytime. The project is scheduled to go online in December 2024.

(16) ISO27001:2022 Update and Verification: The project, meant to uphold the effectiveness of international cybersecurity standards, is scheduled to be completed in July 2024.

(17) Upgrade of Maturity Grade Under Cybersecurity Governance Maturity Assessment: Completion is slated for November 2024.

(18) Breach and Attack Simulation (BAS): With completion slated for October 2024, the project employs attacker mindset to examine the effectiveness of cybersecurity monitoring and defense measures.

(19) Financial Cybersecurity Action Plan 2.0: Assess and phase in identity authentication for "Zero Trust Network" to enhance the Bank's connection verification and authorization control. The first phase of implementation is expected to be completed in December 2024.

(20) SDW Optimization Project: The project is aimed at enhancing the Bank's internet viability and minimizing service disruptions caused by equipment malfunction.

(21) Mobile Office Project: Intranet WiFi access will be made available to all meeting rooms on different floors of the head office to make it easier to connect to our intranet during internal meetings.

(22) Virtual Platform Project: Drawing from emerging technologies and conforming to market trends, a three-year blueprint for our virtual platform has been developed to ensure its operational stability and enhance cost effectiveness.

(23) New Privileged Account Management System Project: The privileged account management system is being replaced to ensure security on this front. Undertaken in two stages, the project is scheduled to go online in the fourth quarter of 2024.

(3) Mock Drills for Information Security

The Bank conducts drills for DDoS Attacks, Malware Attacks, and Personal Information Leakage on an annual basis. The objective is to make sure that the Bank, in the event of any accident caused by natural disasters, human errors, or malignant attacks, can report and handle it in a timely manner and thus keep its impact to a minimum.

1. Drills for DDoS Attacks: Every year the Bank joins forces with telecom operators to organize drills for DDoS attacks to get thoroughly familiar with all the emergency response procedures. Meanwhile, the Bank's Emergency Response Program for DDoS Attacks is subject to revision whenever warranted.

2. Drills for Malware Attacks: Simulations are implemented annually for IT personnel to get familiar with all the procedures—evaluation, notification, sequestration, handling, and recovery—in the event of a malware attack against PCs or servers.

3. Drills for Personal Information Leakage: With a different scenario designed each year, the drills may involve more participants if this is warranted by the scope and severity of the simulated impact. A post-drill review is conducted to ensure a swift response in the event of an actual leakage going forward.

(4) Protective Measures for Information Security

To ensure the security of its information environment, the Bank has installed the following: antivirus software, double firewalls, intrusion prevention, file and mainframe access control, network traffic anomaly detection, automatic updating of patches, website links control, instant messaging control, email filtering, control of USB storage devices, information leakage prevention, database monitoring, control of mobile devices, management of privileged accounts, 2FA, laptop HD encryption, APT protection, and protection against DDoS attacks, and endpoint detection and response, endpoint internet isolation, network detection and response system, vulnerability tracking management system and other measures. In terms of application security, the Bank has adopted source code, black box, and open source tools and built an online inspection and testing mechanism. Meanwhile, the Bank also engages specialized institutions to verify the information security of apps on an annual basis.

6. ICT Security Management

(1) ICT Security and Risk Management Framework

When it comes to managing ICT security, the Bank plans and implements measures from the perspective of operations management, thereby bolstering its overall capacity for upholding information security. The chief information security officer ("CISO") is charged with policy implementation and resources allocation to strengthen the Bank's information security management as well as supervision of planning and monitoring on this front. In addition to devising a fitting overall system as well as surveillance and protection mechanisms, the unit responsible for information security and composed of 10 people shall join related departments to conduct risk assessment and implement management and control measures.

To effectively implement its information security management system and enforce relevant operations, the Bank established an information security promotion team and an information security implementation and examination team in November 2016. Convened by the Head of Information Technology Division, the information security promotion team is responsible for supervising and deciding on matters in relation to the information security management system. The team also convenes meetings every six months to examine the implementation status of the information security management system and provide the resources needed.

With a plan to report to the Board annually, on January 31, 2024, the Bank's CISO filed a report to the Board of Directors on overall information security implementation during 2023. As such, the Board of Directors and senior management are charged with the responsibility of overseeing security on this front. Each year the CISO was joined by the chairman of the board, the president, the chief auditor, the chief compliance officer in issuing the Declaration of Overall Information Security Implementation.

(2) ICT Security Management System:

To ensure the confidentiality, completeness, usability, and legality of information assets and prevent intentional or accidental threats both within and without, the Bank has taken account of its business needs while enacting its information security policy and operational regulations, and thus "Information Security Policy" was approved by the Board of Directors. From setting information security policies and goals and adopting implementation and maintenance measures to reviewing and amending policies and regulations on a regular basis and assessing risks, the Bank follows the PDCA (Plan-Do-Check-Act) cycle as it seeks ceaselessly to improve and strengthen all relevant aspects on this front. After securing ISO 27001 certification Operational Highlights for information security management in January 20, 2017, the Bank won recertification after a three-year cycle in December 2022 and extended the effective certification period from January 20, 2023 to October 31, 2025, giving testimony to the effective operations of its information security management system.

The Bank's information security goals are as follows:

- Ensure the confidentiality of information assets by enforcing control of access to information and requiring that only authorized personnel are given such access.
- Ensure the completeness of information operations management to prevent unauthorized alteration.

- Ensure the uninterrupted functioning of information operations.
- Ensure the compliance of information operations with applicable laws and regulations.

(3) ICT Security Management and Resources

The Bank is proactive to funnel resources toward information security management, including construction of a well-rounded managerial and technical infrastructure, procurement of protective equipment, surveillance of external intelligence, assignment of dedicated personnel, joining the Financial Information Sharing and Analysis Center (F-ISAC), and training of all employees on this front.

In 2023, cybersecurity expenses (including those for software, hardware, and authorization) accounted for 9% of the Bank's total IT budget. As of December 2023, the number of international cybersecurity certifications obtained by personnel in the information unit is 24.

A comprehensive defensive mechanism is installed across application systems, servers, and network equipment (such as firewall systems, firewalls for web applications, intrusion detection systems, and clean pipe operations) to ward off malicious external attacks. Establish a surveillance system, review daily routine records, and conduct early warning operations. Tackle information system anomalies and potential information security threats, thereby effectively upholding information security and minimizing the risk of data leakage and malicious intrusions.

A. Measures for enhancing information security

In 2023, the Bank implemented additional cybersecurity measures to enhance security protections, including the deployment of an endpoint internet isolation system and a network detection and response system. The Bank also participated in the Financial Services Information Sharing and Analysis Center (F-ISAC) Financial Services Operations Center (F-SOC) to facilitate information sharing and collective defense mechanisms among financial institutions. Furthermore, the Bank continuously integrated external threat intelligence into its cybersecurity monitoring system to strengthen its defense mechanisms.

In alignment with the Financial Supervisory Commission's "Financial Cybersecurity Action Plan," the Bank adopted the Cybersecurity Assessment Tool (CAT) developed by the Federal Financial Institutions Examination Council (FFIEC) of the United States. The Bank conducts regular cybersecurity maturity assessments based on this tool's framework and periodically review and improve the Bank's operations according to the assessment results.

B. Information security measures to foster customer transactions

1) While the Bank sustained a 68% increase in malicious scanning, vulnerability detection, attacks, and intrusions in 2022, no impact or damage was recorded thanks to its monitoring, analysis, and blocking.
2) To determine and enhance the security of websites and apps offered to customers, the Bank engaged a specialized information security company to conduct penetration tests.
3) Electronic equipment insurance was secured to offer protection against material damage and financial losses due to sudden, unexpected accidents.

C. ICT Security Training and Awareness Promotion:

In 2023, the Bank provided all employees with 3 hours training and monthly e-mail promotion on information security to help them better grasp its importance and the threats and regulatory trends on this front as well as advocated information security otherwise on an irregular basis, thus enhancing their information security awareness and vigilance. Separately, the Bank's dedicated personnel charged with information security are required to undergo relevant training of not less than 15 hours.

(4) Major ICT Security Incidents

The Bank has not recorded any major ICT security incident during the most recent year and the current year up to the date of publication of this annual report.

In 2023, however, there was one information security incident that fell short of being categorized as major. It had no impact on customers as it was ascertained as being caused by software anomalies rather than hacking or viruses.

The Bank has implemented a set of procedures for reporting and handling information security incidents to prepare for possible losses and consequences as well as countermeasures should they do occur. Information security incidents are assigned different grades. Upon receipt of notice of any information security incident, the handling unit shall address and resolve it within the prescribed timeframe. Subsequently it is also supposed to analyze causes of the incident and adopt remedial measures so as to prevent a repeat.

7. Labor Relations

(1) Employee benefit plans and retirement system as well as the status of their implementation; the status of labor- management agreements and measures for preserving employee rights and interests:

A. Benefit Plans:

(1) Employee Insurance: In addition to offering labor insurance and national health insurance, as required by law, the Bank provides employees and their families with group insurance and increases their coverage under term insurance, accident and injury insurance, hospitalization insurance, cancer insurance, accident insurance for overseas business trips, and occupational hazard insurance. This makes a well-rounded insurance scheme that helps create a carefree working environment for employees.

(2) Health Checkups: The Bank conducts annual health check-ups for employees, providing examinations exceeding regulatory requirements. Arrange on-site physician consultations based on employees' examination results and provide continuous follow-up care to ensure employees' physical and mental health is well taken care of.

(3) Study Grants: The Bank offers grants for employees to take outside courses, pursue academic degrees, go abroad for advanced studies, and take various certification tests.

(4) Preferential Loans: The Bank provides employees with preferential loans to meet personal needs, including mortgages and consumer loans, and to offer emergency relief so as to stabilize their lives.

(5) Employee Stock Ownership Trust (ESOT): Enable employees to share the Bank's success and bolster their identification therewith while helping them cultivate long-term savings and accumulate personal wealth.

(6) Counseling: To help employees relieve stress, the Bank teams up with "Teacher Chang" to offer counseling on family and interpersonal relations and those between the sexes as well as self-adjustment at the workplace. Employees are free to go to Teacher Chang and book a counseling session directly.

(7) Massaging: Visually impaired massagists are engaged to help employees relieve stress in the office while giving people with visual impairments a job opportunity.

(8) Health Station: Employees are provided with a variety of fitness and recreational facilities, including treadmills, spinning bikes, cross trainers, stationary bikes, dart machines, and golf driving range equipment, to help them relieve stress and stay efficient in the office.

(9) Reading Room: All sorts of books, periodicals, and magazines are offered to help employees gain knowledge and relax themselves.

(10) Other Allowance and Cohesion Activities: To enhance employee wellbeing, the Bank offers gifts of money for major traditional holidays and birthdays, childcare subsidies, and wedding, funeral, childbirth, and illness allowances, as well as organizes family day events, year-end dinners, and club activities.

(11) Considering employees' needs to take care of their families, the Bank offers special leave in the event of family members getting sick, leave for volunteering, leave for male employees to keep their wives company for pregnancy checkups, leave in the event of employees earning special honors, and flexible working hours. Meanwhile, the Bank has taken the lead to care for transgender employees. With same-sex partner certificates issued by the relevant household registration office or other relevant certificates, employees are equally entitled to marital leave, leave for keeping partners company for pregnancy checkups, paternity leave, funeral leave, and leave in the event of family members getting sick.

(12) The Bank organizes a diversity of arts and humanities activities—artistic and cultural performances, guided concerts, and guided visits to art exhibitions—on a non-routine basis.

(13) O-Bank Life Circle: The Bank cooperates with multiple businesses to provide employees with discounted offers or prices.

(14) Legal Consultation Service: The Bank collaborates with three law firms to provide employees with discounted legal consultation services.

(15) Other Welfare Measures: Monthly subsidies for healthy meal boxes, monthly fruits, weekly car washing, and laundry services provided by a company-contracted laundry shop.

B. Retirement System:

To effectively care for employees, the Bank implements an employee retirement system in accordance with the Labor Standards Act, the Labor Pension Act, and the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds. Based on the Bank's Regulations Governing Employee Retirement, all employees in Taiwan are entitled to the following retirement system:

(A) Retirement system under the Labor Standards Act: The Bank, in accordance with provisions of the Labor Standards Act, makes a monthly labor pension reserve appropriation equivalent to 2% of an employee's total wage and has the Labor Pension Reserve Fund Supervisory Committee deposit this amount in a designated account at the Bank of Taiwan whose management is entrusted to the Bureau of Labor Funds, Ministry of Labor. In 2023, the Bank's appropriations toward this end amounted to NT$9,695 thousand.

(B) Labor Pension Act: The Bank makes monthly appropriations to be deposited in the labor pension reserve fund account. Upon implementation of the Labor Pension Act, the Bank also began, on a monthly basis, making labor pension contributions not lower than 6% of qualified employees' monthly wages to their individual accounts at the Bureau of Labor Insurance, Ministry of Labor. In terms of employees who voluntarily make contributions out of their wages to the labor pension reserve fund, the Bank shall withhold a percentage of their wages of their choosing and deposit the amount in their individual accounts at the Bureau of Labor Insurance, Ministry of Labor. In 2023, the Bank's appropriations toward this end amounted to NT$64,994 thousand.

(C) Qualifications for Employees to Apply for Retirement:

a. Voluntary Retirement

An employee may apply for voluntary retirement under any of the following circumstances:

1. Where the employee attains the age of 55 and has worked for not fewer than 15 years.
2. Where the employee has worked for not fewer than 25 years.
3. Where the employee attains the age of 60.
4. Where the employee attains the age of 55 and has worked as a driver or security guard.

b. Compulsory Retirement

The Bank shall notify an employee of compulsory retirement if either of the following situations has occurred:

1. Where the employee attains the age of 65.
2. Where the employee is unable to perform his/her duties due to disability.

(D) Criteria for Payment of Pensions:

a. For employees who reported to work prior to June 30, 2005 and choose to retain applicability to the retirement mechanism in the Labor Standards Act:

Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be not more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months;

In accordance with Article 55, paragraph 1, subparagraph 2, an additional 20% on top of the aforesaid amount shall be given to employees forced to retire due to disability incurred from the execution of their duties.

b. For employees applicable to provisions of the Labor Pension Act, which went into effect July 1, 2005:

- Of the employees who reported to work prior to June 30, 2005, their years of service before their choosing a switch of applicability to the Labor Pension Act shall be reserved and, in turn, their pension entitlement for the given period shall be calculated in accordance with provisions laid out above.
- In terms of the employees applicable to provisions of the Labor Pension Act, which went into effect July 1, 2005, the Bank shall, pursuant to the Table of Monthly Contributions for Labor Pension promulgated by the Ministry of Labor, contribute the equivalent to 6% of their monthly wages as labor pension on a monthly basis.

C. Labor-Management Agreements:

To promote labor-management relations and hear what employees have to say, the Bank's has established a number of channels for communicating with them:

(A) Hold labor-management meetings on a regular basis: The annual labor-management meeting is held to discuss matters with regard to the protection of labor under applicable laws and regulations, such as overtime work and nighttime work for female employees. Any resolution adopted by the meeting shall be incorporated into the Bank's working regulations and made known to all employees. Meanwhile, the

Bank continues to promote employee awareness of key regulations governing attendance and overtime work, thereby ensuring the rights and interests of all employees.

(B) Organize employee conferences and "WeCare 2.0" events on a regular basis: To strengthen the interaction between employees and senior managers, the Bank holds employee conferences on a regular basis and WeCare 2.0 event once a month. "WeCare 2.0" events allow employees to meet senior managers at the managers' office during the designated hour to exchange and share opinions, thereby improving bilateral communication between the company and employees.

(C) Install mailboxes to communicate with and care for employees: To protect employee rights and ensure effective communication, the Bank has established mailboxes for employees to file general complaints and sexual harassment charges. Complaint documents and letters shall be treated as confidential information to protect the rights and interests of the informing party. Separately, the "WeCare Mailbox" is put in place to encourage employees to make suggestions on employee care and help establish a workplace open to communication.

(D) "Corner for O-Bank Employees": The Bank has established "Corner for O-Bank Employees" on Facebook to make public all sorts of information whenever warranted and thus keep employees stay up to date. In addition, the Bank is proactive to uncover employee needs and suggestions through its internal publication "TOUCH News" and by way of non-routine employee surveys.

Any newly introduced or corrective measures that bear on labor-management relations shall be preceded by full communication and consensus building between the two sides. Employees can also present their personal opinions through internal channels or directly to supervisors, thereby attaining effective communication and promoting labor-management relations.

D. Measures for Preserving Employee Rights and Interests: In addition to enacting well-rounded internal regulations and operating procedures, the Bank makes it a point to uphold employee rights and interests and make sure that employees perform their duties in accordance with applicable laws or regulations and internal control regulations. The said regulations and procedures contain clearly defined provisions with regard to working hours, requesting and taking leave, salaries and bonuses, rewards and penalties, retirement, and occupational safety and health. To spare employees from sexual harassment and uphold gender equality at the workplace, the Bank has also implemented preventive measures and adopted regulations for filing complaints and imposing penalties. A sexual harassment complaint handling committee is now in place to receive allegations, conduct investigations, and take whatever action is warranted accordingly.

(2) Losses sustained as a result of labor disputes (including violations of the Labor Standards Act detected in labor inspections):

The Bank has not recorded any labor dispute and violations of the Labor Standards Act detected in labor inspections during the most recent year and the current year up to the date of publication of this annual report.

8. Material Contracts:

Type of Contract	Contracting Parties	Commencement and Expiration Dates	Major Content	Restrictive Clauses
Contract on authorization and maintenance of the Bank's new core system	The Bank and International Integrated Systems, Inc.	2015.11.9-2030.11.8	Installation of a new core system after the Bank's transformation to a commercial bank	As provided by the contract
Contract on authorization for system use and provision of special project service	The Bank and SYSTEX Software & Service Corp.	2022.2.15-2025.1.31	The Bank holds licenses for Microsoft Corporation's related products	As provided by the contract
Contract on maintenance of the Bank's hardware and storage equipment	The Bank and IBM Taiwan	2022.9.1-2025.8.31	Maintenance of the Bank's primary systems and storage equipment	As provided by the contract
Contract on outsourced production and delivery of bank/debit cards	The Bank and Thales DIS Taiwan Co., Ltd.	2022.10.6-2024.10.5	Outsourced production and delivery of bank/debit cards	As provided by the contract
Contract on outsourced production and delivery of bank/debit cards	The Bank and Taiwan Name Plate Co., Ltd.	2021.6.5-2024.6.4	Outsourced production and delivery of bank/debit cards	As provided by the contract
Contract on cash transport for the Bank	The Bank and Taiwan Security Co., Ltd.	2023.7.1-2025.6.30	Cash transport	As provided by the contract
Contract on cash transport for the Bank	The Bank and Lee Bao Security Co., Ltd.	2023.1.1-2024.12.31	Cash transport	As provided by the contract
Contract on licenses for Client Management Platform System (Relationship Management and Customer Management Platform)	The Bank and Salesforce.com Singapore Pte. Ltd.	2024.2.1-2025.1.31	The Bank holds licenses for Salesforce.com SaaS products	As provided by the contract
Contract on licenses for Client Management Platform System (Marketing Management Platform)	The Bank and Salesforce.com Singapore Pte. Ltd.	2024.2.1-2026.1.31	The Bank holds licenses for Salesforce.com SaaS products	As provided by the contract

9. Securitization:

The O-Bank Number One Real Estate Investment Trust (REITs) Fund, for which the Bank acts as lead arranger and trustee, was listed on the Taiwan Stock Exchange on June 21, 2018. The ninth REITs fund to go public in Taiwan, it marks the first instance of the local financial services industry launching into real estate securitization in nearly 11 years. Currently, the Fund holds mainly office buildings and shopping malls worth some NT$3 billion. During their meeting on December 26, 2022, beneficiaries resolved that New Light International shall replace Sinyi Global as the Fund's management institution to expand its asset size and improve its management efficiency.

VI. Financial Information

1. Five-Year Financial Summary-Condensed Balance Sheet and Comprehensive Income Statement

(1) Condensed Consolidated Balance Sheets

Unit: NT$ thousands

Item \ Year	The Last Five Years				
	2023	2022	2021	2020	2019
CASH AND CASH EQUIVALENTS, DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	29,076,159	24,200,768	24,760,696	27,746,758	25,881,765
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	154,882,250	144,850,687	151,899,447	162,494,696	172,913,193
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	170,682,918	155,223,551	191,156,680	172,509,235	142,112,770
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST	25,859,398	25,665,306	-	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS	2,865,025	3,951,999	5,364,108	4,732,882	100,013
RECEIVABLES, NET	4,605,691	3,691,557	20,076,514	14,952,859	16,483,174
CURRENT TAX ASSETS	625,032	299,379	324,529	362,328	422,886
DISCOUNTS AND LOANS, NET	222,933,448	204,312,972	172,727,589	183,710,973	194,246,229
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	6,994,838	7,241,771	880,879	789,863	-
OTHER FINANCIAL ASSETS	1,059,166	785,669	875,733	858,462	1,229,503
PROPERTY AND EQUIPMENT, NET	2,389,637	2,405,135	2,545,050	2,672,567	2,854,194
RIGHT-OF-USE ASSETS, NET	446,591	420,124	332,938	429,678	485,426
INTANGIBLE ASSETS, NET	1,675,179	1,809,664	1,946,051	2,207,244	2,319,547
DEFERRED TAX ASSETS, NET	959,517	1,125,574	900,743	895,887	734,542
OTHER ASSETS	1,694,152	1,358,976	1,289,712	1,050,198	916,774
TOTAL ASSETS	626,749,001	577,343,132	575,080,669	575,413,630	560,700,016
DEPOSITS FROM THE CENTRAL BANK AND BANKS	30,339,249	23,427,644	27,876,301	28,479,755	43,439,398
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,401,705	1,008,165	441,337	790,298	533,582
SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE	194,087,268	180,156,757	187,952,616	181,165,826	159,553,385
ACCOUNTS PAYABLES	5,232,200	3,272,901	2,467,406	2,740,642	3,687,621
CURRENT TAX LIABILITIES	302,271	112,306	238,572	172,428	46,361
DEPOSITS AND REMITTANCES	316,562,298	293,164,986	259,379,425	267,719,672	265,731,824
BANK DEBENTURES	12,950,000	13,600,000	15,000,000	16,400,000	18,700,000
OTHER FINANCIAL LIABILITIES	3,736,137	5,156,808	20,580,832	18,102,763	12,909,259

Item \ Year		The Last Five Years				
		2023	2022	2021	2020	2019
PROVISIONS		1,979,779	1,872,637	2,076,334	2,102,012	1,915,054
LEASE LIABILITIES		463,732	432,826	350,370	444,659	498,832
DEFERRED TAX LIABILITIES		715,671	628,178	830,510	793,255	451,572
OTHER LIABILITIES		460,945	500,360	2,719,579	2,249,555	2,416,851
TOTAL LIABILITIES	BEFORE DISTRIBUTION	568,231,255	523,333,568	519,913,282	521,160,865	509,883,739
	AFTER DISTRIBUTION	Note 2	524,498,608	520,859,927	521,833,819	510,976,442
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANKS		40,102,035	37,722,239	36,380,906	35,555,895	33,259,203
CAPITAL STOCK	BEFORE DISTRIBUTION	30,330,063	30,330,063	30,330,063	30,330,063	27,130,063
	AFTER DISTRIBUTION	Note 2	30,330,063	30,330,063	30,330,063	27,130,063
CAPITAL SURPLUS		19,624	13,652	6,734	5,966	9,750
RETAINED EARNINGS	BEFORE DISTRIBUTION	11,742,262	10,445,863	6,567,892	5,200,426	6,186,867
	AFTER DISTRIBUTION	Note 2	9,280,823	5,621,647	4,527,472	5,094,164
OTHER EQUITY		(1,828,393)	(3,050,502)	(485,479)	57,744	(67,477)
TREASURY STOCK		(161,521)	(16,837)	(38,304)	(38,304)	-
NON-CONTROLLING INTERESTS		18,415,711	16,287,325	18,786,481	18,696,870	17,557,074
TOTAL EQUITY	BEFORE DISTRIBUTION	58,517,746	54,009,564	55,167,387	54,252,765	50,816,277
	AFTER DISTRIBUTION	Note 2	52,844,524	54,220,742	53,579,811	49,723,574

Note 1: The fiscal years for which reports were CPA audited.
Note 2: The appropriation of earnings for 2023 has yet to be approved by 2024 general shareholders' meeting.

(2) Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ thousands; EPS in dollars

Item \ Year	The Last Five Years				
	2023	2022	2021	2020	2019
Interest revenue	13,939,144	9,347,757	6,830,219	7,733,670	9,559,209
Less: Interest expenses	11,812,867	4,766,262	2,170,292	3,709,021	5,674,337
Net interest	2,126,277	4,581,495	4,659,927	4,024,649	3,884,872
Net revenue other than interest	7,417,668	7,539,324	4,654,885	4,031,842	4,427,079
Total net revenue	9,543,945	12,120,819	9,314,812	8,056,491	8,311,951
Bad debt expenses and guarantee liability provisions (miscellaneous provision)	(897,034)	(608,103)	(553,924)	(599,286)	(1,002,491)
Total operating expenses	(4,618,171)	(4,895,490)	(4,521,920)	(4,357,908)	(4,597,225)
Profit (loss) from continuing operations before income tax	4,028,740	6,617,226	4,238,968	3,099,297	2,712,235
Income tax expenses	(602,681)	(808,871)	(1,034,348)	(785,791)	(681,601)
Profit (loss) from continuing operations	3,426,059	5,808,355	3,204,620	2,313,506	2,030,634
Net profit (loss) from discontinued operations	-	-	(4,697)	(12,577)	(4,033)
Net profit for the year	3,426,059	5,808,355	3,199,923	2,300,929	2,026,601
Other comprehensive income, net of income tax	2,865,588	(5,182,417)	(777,217)	915,112	438,919
Total comprehensive income	6,291,647	625,938	2,422,706	3,216,041	2,465,520
Net profit (loss) attributable to: Owners of the Bank	2,492,420	5,034,471	1,840,842	1,147,403	1,100,433
Net profit (loss)attributable to: Non-controlling interests	933,639	773,884	1,359,081	1,153,526	926,168
Total comprehensive income attributable to: Owners of the bank	3,683,548	2,259,593	1,497,197	1,384,692	1,280,355
Total comprehensive income attributable to: Non-controlling interests	2,608,099	(1,633,655)	925,509	1,831,349	1,185,165
Earnings per share	0.87	1.80	0.63	0.41	0.45

Note: The fiscal years for which reports were CPA audited.

(3) Condensed Individual Balance Sheets

Unit: NT$ thousands

Item \ Year	The Last Five Years				
	2023	2022	2021	2020	2019
CASH AND CASH EQUIVALENTS, DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	26,408,987	21,253,673	16,067,776	20,693,345	21,821,456
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35,910,367	32,835,125	37,056,448	56,042,294	80,623,826
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	71,310,546	63,579,072	80,744,358	65,178,855	35,244,741
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST	23,672,845	24,181,824	-	-	-
RECEIVABLES, NET	2,862,234	2,954,768	2,098,288	1,413,105	3,233,348
CURRENT TAX ASSETS	278,401	68,713	143,645	74,418	89,717
DISCOUNTS AND LOANS, NET	203,604,557	185,976,501	156,748,321	163,916,864	173,981,178
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	21,521,147	20,609,844	17,335,412	16,542,108	14,920,171
OTHER FINANCIAL ASSETS, NET	922,598	614,454	771,094	219,108	517,198
PROPERTY AND EQUIPMENT, NET	2,278,118	2,281,372	2,365,867	2,489,958	2,661,050
RIGHT-OF-USE ASSETS, NET	235,245	186,327	182,470	246,147	309,517
INTANGIBLE ASSETS, NET	499,648	636,363	853,597	1,084,891	1,163,114
DEFERRED TAX ASSETS, NET	360,075	388,985	422,953	367,617	288,087
OTHER ASSETS	719,016	387,305	273,322	584,938	399,430
TOTAL ASSETS	390,583,784	355,954,326	315,063,551	328,853,648	335,252,833
DEPOSITS FROM THE CENTRAL BANK AND BANKS	12,435,739	13,920,429	18,780,176	22,339,755	28,938,529
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,367,475	785,585	316,245	637,659	519,880
SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE	16,819,251	8,285,988	895,966	1,439,016	2,863,548
ACCOUNTS PAYABLES	4,472,804	2,741,713	1,617,652	1,925,339	2,681,645
CURRENT TAX LIABILITIES	286,570	90,074	100,670	23,946	46,360
DEPOSITS AND REMITTANCES	297,141,118	274,503,978	238,194,464	246,420,823	243,645,080
BANK DEBENTURES	12,950,000	13,600,000	15,000,000	16,400,000	18,700,000
OTHER FINANCIAL LIABILITIES	3,380,674	2,870,224	2,314,610	2,848,008	3,468,649

Item \ Year		The Last Five Years				
		2023	2022	2021	2020	2019
PROVISIONS		469,238	354,875	509,495	512,847	370,856
LEASE LIABILITIES		242,211	195,008	190,235	253,261	313,446
DEFERRED TAX LIABILITIES		679,521	628,175	517,450	435,263	400,449
OTHER LIABILITIES		237,148	256,038	245,682	61,836	45,188
TOTAL LIABILITIES	BEFORE DISTRIBUTION	350,481,749	318,232,087	278,682,645	293,297,753	301,993,630
	AFTER DISTRIBUTION	Note 2	319,397,127	279,629,290	293,970,707	303,086,333
CAPITAL STOCK	BEFORE DISTRIBUTION	30,330,063	30,330,063	30,330,063	30,330,063	27,130,063
	AFTER DISTRIBUTION	Note 2	30,330,063	30,330,063	30,330,063	27,130,063
CAPITAL SURPLUS		19,624	13,652	6,734	5,966	9,750
RETAINED EARNINGS	BEFORE DISTRIBUTION	11,742,262	10,445,863	6,567,892	5,200,426	6,186,867
	AFTER DISTRIBUTION	Note 2	9,280,823	5,621,247	4,527,472	5,094,164
OTHER EQUITY		(1,828,393)	(3,050,502)	(485,479)	57,744	(67,477)
TREASURY STOCK		(161,521)	(16,837)	(38,304)	(38,304)	-
TOTAL EQUITY	BEFORE DISTRIBUTION	40,102,035	37,722,239	36,380,906	35,555,895	33,259,203
	AFTER DISTRIBUTION	Note 2	36,557,199	35,434,261	34,882,941	32,166,500

Note 1: The fiscal years for which reports were CPA audited.
Note 2: The appropriation of earnings for 2023 has yet to be approved by 2024 general shareholders' meeting.

(4) Condensed Individual Income Statement

Unit: NT$ thousands; EPS in dollars

Year / Account	The Last Five Years				
	2023	2022	2021	2020	2019
Interest revenue	10,748,737	5,812,033	3,471,339	4,359,827	5,763,585
Less: Interest expenses	8,444,229	3,044,145	1,261,044	2,445,244	3,806,134
Net interest	2,304,508	2,767,888	2,210,295	1,914,583	1,957,451
Net revenue other than interest	4,562,005	6,296,088	3,301,005	2,736,893	3,347,764
Total net revenue	6,866,513	9,063,976	5,511,300	4,651,476	5,305,215
Bad debt expenses and guarantee liability provisions	(444,271)	(482,416)	(474,298)	(429,960)	(921,016)
Total operating expenses	(3,621,290)	(3,339,734)	(3,021,932)	(2,985,225)	(3,174,107)
Profit (loss) from continuing operations before income tax	2,800,952	5,241,826	2,015,070	1,236,291	1,210,092
Income tax expenses	(308,532)	(207,355)	(174,228)	(88,888)	(109,659)
Profit (loss) from continuing operations	2,492,420	5,034,471	1,840,842	1,147,403	1,100,433
Net profit for the year	2,492,420	5,034,471	1,840,842	1,147,403	1,100,433
Other comprehensive income, net of income tax	1,191,128	(2,774,878)	(343,645)	237,289	179,922
Total comprehensive income	3,683,548	2,259,593	1,497,197	1,384,692	1,280,355
Net profit (loss) attributable to: Owners of the Bank	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Net profit (loss) attributable to: Non-controlling interests	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total comprehensive income attributable to: Owners of the bank	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total comprehensive income attributable to: Non-controlling interests	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Earnings per share	0.87	1.80	0.63	0.41	0.45

Note: The fiscal years for which reports were CPA audited.

(5) Auditors' Opinions from 2019 to 2023:

Year	Accounting Firm	CPA	Audit Opinion
2023	Deloitte & Touche	Lee, Kuan-Hao、Ma, Wei-Chun	Unmodified Opinion
2022	Deloitte & Touche	Lee, Kuan-Hao、Lin, Wang-Sheng	Unmodified Opinion
2021	Deloitte & Touche	Lee, Kuan-Hao、Lin, Wang-Sheng	Unmodified Opinion
2020	Deloitte & Touche	Chen, Yin-Chou、Lin, Wang-Sheng	Unmodified Opinion
2019	Deloitte & Touche	Chen, Yin-Chou、Lin, Wang-Sheng	Unmodified Opinion

2. Five-Year Financial Analysis

(1) Consolidated Financial Analysis

Unit: NT$ thousands

Analysis Item \ Year		The Last Five Years 2023	2022	2021	2020	2019
Operating Capacity	Loan to deposit Ratio (%)	71.59	70.78	67.62	69.55	74.14
	NPL Ratio (%)	0.09	0.35	0.41	0.42	0.75
	Ratio of interest payments against annual average deposit balance (%)	2.57	0.92	0.39	0.80	1.24
	Ratio of interest revenues against annual average loan balance (%)	4.40	2.95	2.16	2.50	2.99
	Total assets turnover rate (times)	0.02	0.02	0.02	0.01	0.01
	Average revenue per employee (in NTD thousand)	6,774	7,790	6,285	5,472	5,571
	Average earnings per employee (in NTD thousand)	2,432	3,733	2,159	1,563	1,358
Profitability	Return on Tier 1 capital (%)	13.63	23.44	15.48	8.47	6.00
	Return on assets (%)	0.57	1.01	0.56	0.41	0.36
	Return on equity (%)	6.09	10.64	5.85	4.38	4.06
	Net income ratio (%)	35.90	47.92	34.35	28.56	24.38
	Earnings per share (in NT$ dollars)	0.87	1.80	0.63	0.41	0.45
Financial structure	Total liabilities to total assets ratio (%)	90.39	90.37	90.10	90.27	90.66
	Total property and equipment to equities ratio (%)	4.08	4.45	4.61	4.93	5.62
Growth rate	Growth rate of assets (%)	8.56	0.39	(0.06)	2.62	(0.20)
	Growth rate of profitability (%)	(39.12)	56.28	37.18	13.98	1.30
Cash Flow	Cash flow ratio (%)	3.52	2.77	Note 8	Note 8	Note 8
	Cash flow adequacy ratio (%)	71.12	132.38	173.44	203.93	55.65
	Cash flow satisfied ratio (%)	1,453.64	204.45	Note 8	Note 8	Note 8
Liquidity reserves ratio (Individual) (%)		45.46	46.54	46.81	46.39	45.89
Total secured loans to related parties (Individual)		256,710	883,911	2,835,864	769,742	836,242
Ratio of total secured loans to related parties against total loans (Individual) (%)		0.11	0.42	1.45	0.38	0.42
Scale of Operations (Individual)	Market share of assets (%)	0.58	0.55	0.52	0.57	0.64
	Market share of worth (%)	0.79	0.83	0.83	0.84	0.81
	Market share of deposits (%)	0.57	0.56	0.52	0.58	0.64
	Market share of loans (%)	0.54	0.52	0.47	0.54	0.61

Please explain the reasons for any changes in financial ratios in the past two years. (Analysis is not required if the changes were smaller than 20%)

1. Non-performing loan ratio: mainly due to a decrease in overdue loans compared to the previous year, coupled with an increase in the total amount of loans.
2. Ratio of interest payments against annual average deposit balance: mainly due to the increase in deposits and interest rates, resulting in an increase in interest expenses.
3. Ratio of interest revenues against annual average loan balance: mainly due to the increase in the total amount of loans and the rise in interest rates, resulting in an increase in interest income.
4. Average earnings per employee: mainly due to the decrease in net profit of this year compared to the previous year, the average profit of employees decreased compared to the previous year.
5. Return on Tier 1 capital: mainly due to the decrease in net profit before tax this year compared to the previous year, resulting in a decrease in the rate of return on Type I capital compared to the previous year.
6. Return on assets: mainly due to the decrease in net profit this year compared to the previous year, resulting in a decrease in return on assets compared to the previous year.

7. Return on equity: mainly due to the decrease in net profit in this year compared to the previous year, resulting in a decrease in return on equity compared to the previous year.
8. Net income ratio: mainly due to the decrease in net profit in this year compared to the previous year, resulting in a decrease in net profit ratio compared to the previous year.
9. Earnings per share: mainly due to the decrease in net profit for this year compared to the previous year, resulting in a decrease in earnings per share compared to the previous year.
10. Growth rate of assets: mainly due to the increase in total assets due to increases in fair value measured financial assets, fair value measured financial assets through other comprehensive income, and loans compared to the previous year.
11. Growth rate of profitability: mainly due to the decrease in pre-tax net profit this year compared to the previous year.
12. Cash flow ratio: mainly due to an increase in net cash flow from operating activities compared to the previous year.
13. Cash flow adequacy ratio: mainly due to the decrease in net cash flow from operating activities in the last five years (2019-2023) compared to the previous period (2018-2022).
14. Cash flow satisfied ratio: mainly due to an increase in net cash flow from operating activities and a decrease in net cash flow from investment activities compared to the previous year.
15. Total secured loans to interested parties: mainly due to the partial repayment of secured loans of interested parties in this year, resulting in a decrease in the total balance of secured loans of interested parties compared to the previous year.
16. Ratio of total secured loans to interested parties against total loans: mainly due to the total balance of secured loans by interested parties in this year decreased but the total balance of loans increased compared to the previous year, so the total balance of secured loans by interested parties accounted for the total balance of loan ratio decreased.

Note 1: The fiscal years for which reports were CPA audited.

Note 2: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Operating ability
   (1) Ratio of loans to deposits = total loans / total deposits
   (2) Non-performing loan ratio = (loans overdue + other overdue) / total loans
   (3) Ratio of interest cost to annual average deposits = interest cost / annual average deposits
   (4) Ratio of interest income to annual average loans outstanding = interest income / annual average loans outstanding
   (5) Total assets turnover = net operating revenue / average of total assets
   (6) Average operating revenue per employee (Note 6) = net operating revenue / number of employees
   (7) Average profit per employee = after-tax income / total number of employees
2. Profitability
   (1) Return on tier 1 capital = before-tax earnings or losses / Net Average Tier I Capital
   (2) Return on assets = net income / average of total assets
   (3) Return on equity = net income / average of total equity
   (4) Ratio of net income = net income / total revenue
   (5) Earnings per share = (net income – preferred stock dividend)/average weighted outstanding stock (Note 4)
3. Financial structure
   (1) Ratio of liabilities to assets = liabilities / total assets
   (2) Ratio of real estate & equipment to equity = real estate and equipment assets / equity
4. Growth rate
   (1) Asset growth rate = (total assets of the year – total assets of previous year) / total assets of previous year
   (2) Profit growth rate = (before-tax earnings or losses of the year – before-tax earnings or losses of previous year) / before-tax earnings or losses of previous year
5. Cash flow (Note 7)
   (1) Ratio of cash flow = net cash flow from business activities / (call loans and overdrafts from banks + commercial paper payable + financial liabilities measured at fair value through profit or loss (fvtpl) + bonds and bills sold under repurchase agreements + current portion of payables)
   (2) Cash flow adequacy ratio = net cash flow from business activities for the past five years / (capital expenditures + cash dividends) for the past five years
   (3) Cash flow satisfied ratio = net cash flow from business activities / net cash flow from investing activities
6. Liquidity reserves ratio = liquid assets stipulated by CBC / reserves appropriated for various types of deposits
7. Operating scale
   (1) Market share of asset = total assets / total assets of the major financial institutions (Note 5)
   (2) Market share of net worth = net worth / total net worth of the major financial institutions
   (3) Market share of deposit = total deposits / total deposits of the major financial institutions
   (4) Market share of loan = total loans / total loans of the major financial institutions

Note 3: Total liabilities are deducted from guarantee liability preparation and accidental loss provisions

Note 4: The calculation formula for the earnings per share of the preceding paragraph should pay particular attention to the following matters when measuring:
(1) Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
(2) In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
(3) In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
(4) If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.
(5) In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Financial institutions capable of operating deposits and loans, including the local banks, branches of China's banks in Taiwan, branches of foreign banks in Taiwan, credit cooperatives, credit departments of agriculture and fishery associations.

Note 6: Revenue refers to the total of interest income and non-interest income.

Note 7: Give special attention to the following matters when carrying out cash flow analysis:
(1) Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
(2) Capital expenditures means the amounts of cash out-flows for annual capital investment.
(3) Cash dividend includes cash dividends from both common shares and preferred shares.

Note 8: If the net cash flow from operating activities is negative, it will not be calculated. Moreover, if the cash flow satisfied ratio's net cash flow from operating activities is negative or the net cash flow of investment activities is positive, it shall not be calculated.

Consolidated Capital Adequacy

Unit: NT$ thousands

Year / Analysis Item			The Last Five Years				
			2023 (Note 3)	2022 (Note 3)	2021 (Note 3)	2020 (Note 3)	2019
Eligible Capital	Common Equity		29,970,378	27,276,219	27,505,405	26,668,441	43,690,516
	Other Tier 1 Capital		437,750	1,437,626	235,115	300,001	2,223,697
	Tier 2 Capital		3,478,357	3,979,520	2,194,638	2,843,868	7,492,885
	Eligible Capital		33,886,485	32,693,365	29,935,158	29,812,310	53,407,098
Amount of risk-weighted assets	Credit risk	Standard	223,784,585	210,297,034	184,900,099	204,697,317	305,810,019
		Internal ratings-based approach	-	-	-	-	-
		Asset securitization	-	-	-	-	-
	Operational risk	Basic indicator approach	11,403,825	9,922,725	9,483,113	9,020,363	9,966,550
		Standard/ alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standard	7,343,600	5,461,463	9,171,150	21,536,500	86,130,688
		Internal models approach	-	-	-	-	-
	Total risk-weighted assets		242,532,010	225,681,222	203,554,362	235,254,180	401,907,257
Capital adequacy ratio			13.97%	14.49%	14.71%	12.67%	13.29%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.72%	13.63%	11.46%	11.42%
Ratio of common equity to risk-weighted assets			12.36%	12.09%	13.51%	11.34%	10.87%
Leverage ratio			7.56%	7.80%	7.99%	7.49%	7.07%

Note 1: The fiscal years for which reports were CPA audited.

Note 2: The table shall disclose the calculation formula as follows:
(1) Eligible Capital = Common Shares Equity Tier 1 + other tier 1 capital + tier 2 capital
(2) Risk weighted assets = credit risk weighted assets + (capital requirement for operational risk + capital requirement for market risk) ×12.5
(3) Capital adequacy ratio = Eligible Capital / amount of risk-weighted assets
(4) Common Shares Equity Tier 1 risk based capital ratio = Common Shares Equity Tier 1/amount of risk-weighted assets
(5) Common stock based capital ratio = (Common Shares Equity Tier 1+ Other Tier 1 Capital) / amount of risk-weighted assets
(6) Leverage ratio = Common Shares Equity Tier 1+ Other Tier 1 Capital / total risk exposure

Note 3: In accordance with Article 3 of Regulations Governing the Capital Adequacy and Capital Category of Banks, the items originally required for the calculation of the consolidated capital adequacy ratio are then changed to be deducted from the eligible capital from 2020.

(2) Individual Financial Analysis

Unit: NT$ thousands

Analysis item		2023	2022	2021	2020	2019
Operating Capacity	Loan to deposit Ratio (%)	69.52	68.81	66.81	67.42	72.42
	NPL Ratio (%)	0.09	0.35	0.41	0.42	0.75
	Ratio of interest payments against annual average deposit balance (%)	2.54	0.93	0.38	0.79	1.21
	Ratio of interest revenues against annual average loan balance (%)	4.15	2.62	1.89	2.15	2.61
	Total assets turnover rate (times)	0.02	0.03	0.02	0.01	0.02
	Average revenue per employee (in NTD thousand)	6,007	8,724	5,939	4,917	5,486
	Average earnings per employee (in NTD thousand)	2,181	4,845	1,984	1,213	1,138
Profitability	Return on Tier 1 capital (%)	9.48	18.57	7.37	4.70	4.81
	Return on assets (%)	0.67	1.50	0.57	0.35	0.33
	Return on equity (%)	6.41	13.59	5.12	3.33	3.37
	Net income ratio (%)	36.30	55.54	33.40	24.67	20.74
	Earnings per share (in NTD)	0.87	1.80	0.63	0.41	0.45
Financial structure	Total liabilities to total assets ratio (%)	89.65	89.34	88.34	89.08	90.02
	Total property and equipment to equities ratio (%)	5.68	6.05	6.50	7.00	8.00
Growth rate	Growth rate of assets (%)	9.73	12.98	(4.19)	(1.91)	0.27
	Growth rate of profitability (%)	(46.57)	160.13	62.99	2.17	7.40
Cash Flow	Cash flow ratio (%)	17.04	27.39	Note 3	Note 3	Note 3
	Cash flow adequacy ratio (%)	167.07	341.72	128.13	90.14	101.07
	Cash flow satisfied ratio (%)	1,029.89	Note 3	Note 3	Note 3	Note 3
Liquid reserves ratio (%)		45.46	46.54	46.81	46.39	45.89
Total secured loans to related parties (in NTD thousand)		256,710	883,911	2,835,864	769,742	836,242
Ratio of total secured loans to related parties against total loans (%)		0.11	0.42	1.45	0.38	0.42
Scale of Operations	Market share of assets (%)	0.58	0.55	0.52	0.57	0.64
	Market share of worth (%)	0.79	0.83	0.83	0.84	0.81
	Market share of deposits (%)	0.57	0.56	0.52	0.58	0.64
	Market share of loans (%)	0.54	0.52	0.47	0.54	0.61

Please explain the reasons for any changes in financial ratios in the past two years. (Analysis is not required if the changes were smaller than 20%)

1. Non-performing loan ratio: mainly due to a decrease in overdue loans compared to the previous year, coupled with an increase in the total amount of loans.
2. Ratio of interest payments against annual average deposit balance: mainly due to the increase in deposits and interest rates, resulting in an increase in interest expenses.
3. Ratio of interest revenues against annual average loan balance: mainly due to the increase in the total amount of loans and the rise in interest rates, resulting in an increase in interest income.
4. Average revenue per employee: mainly due to the decrease in the net income of this year compared to the previous year, the average income of employees decreased compared to the previous year.
5. Average earnings per employee: mainly due to the decrease in net profit of this year compared to the previous year, the average profit of employees decreased compared to the previous year.

6. Return on Tier 1 capital: mainly due to the decrease in net profit before tax this year compared to the previous year, resulting in a decrease in the rate of return on Type I capital compared to the previous year.
7. Return on assets: mainly due to the decrease in net profit in this year compared to the previous year, resulting in a decrease in return on assets compared to the previous year.
8. Return on equity: mainly due to the decrease in net profit in this year compared to the previous year, resulting in a decrease in return on equity compared to the previous year.
9. Net income ratio: mainly due to the decrease in net profit in this year compared to the previous year, resulting in a decrease in the net profit ratio compared to the previous year.
10. Earnings per share: mainly due to the decrease in net profit for this year compared to the previous year, resulting in a decrease in earnings per share compared to the previous year.
11. Growth rate of assets: mainly due to the increase in loans this year, resulting in an increase in total assets compared to the previous year.
12. Growth rate of profitability: mainly due to the decrease in pre-tax net profit this year compared to the previous year.
13. Cash flow ratio: mainly due to the decrease in net cash flow from operating activities this year compared to the previous year.
14. Cash flow adequacy ratio: mainly due to the decrease in the amount of net cash flow from operating activities in the last five years (2019~2023) compared to the previous period (2018~2022).
15. Cash flow satisfaction ratio: mainly due to the exclusion of positive net cash flow from investing activities in the previous year's calculation, and the negative net cash flow from investing activities in this year.
16. Total secured loans to interested parties: mainly due to the partial repayment of secured loans of interested parties in this year, resulting in a decrease in the total balance of secured loans of interested parties compared to the previous year.
17. Ratio of total secured loans to interested parties against total loans: mainly due to the total balance of secured loans by interested parties in this year decreased but the total balance of loans increased compared to the previous year, so the total balance of secured loans by interested parties accounted for the total balance of loan ratio decreased.

Note 1: The fiscal years for which reports were CPA audited.
Note 2: Please refer to consolidated financial analysis for the calculation formulas for each item in the above Table.
Note 3: If the net cash flow from operating activities is negative, it will not be calculated. Moreover, if the cash flow satisfied ratio's net cash flow from operating activities is negative or the net cash flow of investment activities is positive, it shall not be calculated. Non-performing loan ratio is over than that of the previous year mainly to an increase in the amount of overdue loans.
Cash flow adequacy ratio is lower than that of the previous year mainly due to a decrease in cash flow from operating activities.

Individual Capital Adequacy

Unit: NT$ thousands

Analysis Item (Year)			The Last Five Years				
			2023	2022	2021	2020	2019
Eligible Capital	Common Equity		29,970,378	27,276,219	27,505,405	26,668,441	25,023,843
	Other Tier 1 Capital		437,750	1,437,626	235,115	300,001	639,356
	Tier 2 Capital		3,478,357	3,979,520	2,194,638	2,843,868	4,212,975
	Eligible Capital		33,886,485	32,693,365	29,935,158	29,812,310	29,876,174
Amount of risk- weighted assets	Credit risk	Standard	223,784,585	210,297,034	184,900,099	204,697,317	188,883,844
		Internal ratings-based approach	-	-	-	-	-
		Asset securitization	-	-	-	-	-
	Operational risk	Basic indicator approach	11,403,825	9,922,725	9,483,113	9,020,363	8,785,450
		Standard/ alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standard	7,343,600	5,461,463	9,171,150	21,536,500	15,774,738
		Internal models approach	-	-	-	-	-
	Total risk-weighted assets		242,532,010	225,681,222	203,554,362	235,254,180	213,444,032
Capital adequacy ratio			13.97%	14.49%	14.71%	12.67%	14.00%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.72%	13.63%	11.46%	12.02%
Ratio of common equity to risk-weighted assets			12.36%	12.09%	13.51%	11.34%	11.72%
Leverage ratio			7.56%	7.8%	7.99%	7.49%	7.31%

Note 1: The fiscal years for which reports were CPA audited.
Note 2: Please refer to consolidated capital adequacy for the calculation formulas for each item in the above Table.

3. Review Report of 2023 Financial Statements by the Audit Committee

O-Bank Co., Ltd.

Audit Committee Report

The Board of Directors has compiled and submitted the Bank's consolidated and parent balance sheets, income statements, statements of changes in shareholders' equity, and cash flow statements for 2023 audited by certified public accountants Kuan-Hao Lee and Wei-Chun Ma of Deloitte & Touche, business report, and statement of distribution of earnings to the Audit Committee. After reviewing the abovementioned statements and reports and discussing with the CPAs, the Audit Committee has found them to meet the requirements of applicable laws and regulations. This report is hereby prepared and submitted in accordance with Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act.

Hank H.K Lin

Convener of the Audit Committee

O-Bank Co., Ltd.

Date: April 8, 2024

4. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report: Please refer to Appendix 1.

5. Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report: Please refer to Appendix 2.

6. Any Financial Distress Experienced by the Bank or Its Affiliated Enterprises and Impact on the Bank's Financial Status, in the Latest Year Up till the Publication Date of This Annual Report: None.

VII. Review of Financial Conditions, Operation Results, and Risk Management

1. Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
CASH AND CASH EQUIVALENTS	$ 3,811,226	$ 4,113,060	(301,834)	(7)
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	22,597,761	17,140,613	5,457,148	32
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	35,910,367	32,835,125	3,075,242	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	71,310,546	63,579,072	7,731,474	12
DEBT INSTRUMENTS MEASURED AT AMORTIZED COST	23,672,845	24,181,824	(508,979)	(2)
RECEIVABLES, NET	2,862,234	2,954,768	(92,534)	(3)
CURRENT TAX ASSETS	278,401	68,713	209,688	305
DISCOUNTS AND LOANS, NET	203,604,557	185,976,501	17,628,056	9
INVESTMENTS MEASURED BY EQUITY METHOD	21,521,147	20,609,844	911,303	4
OTHER FINANCIAL ASSETS, NET	922,598	614,454	308,144	50
PROPERTY AND EQUIPMENT, NET	2,278,118	2,281,372	(3,254)	-
RIGHT-OF-USE ASSETS, NET	235,245	186,327	48, 918	26
INTANGIBLE ASSETS, NET	499,648	636,363	(136,715)	(21)
DEFERRED TAX ASSETS, NET	360,075	388,985	(28,910)	(7)
OTHER ASSETS, NET	719,016	387,305	331,711	86
TOTAL ASSETS	390,583,784	355,954,326	34,629,458	10
DEPOSITS FROM THE CENTRAL BANK AND BANKS	12,435,739	13,920,429	(1,484,690)	(11)
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,367,475	785,585	581,890	74
NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENT	16,819,251	8,285,988	8,533,263	103
ACCOUNTS PAYABLE	4,472,804	2,741,713	1,731,091	63
CURRENT TAX LIABILITIES	286,570	90,074	196,496	218
DEPOSITS AND REMITTANCES	297,141,118	274,503,978	22,637,140	8
BANK NOTES PAYABLE	12,950,000	13,600,000	(650,000)	(5)
OTHER FINANCIAL LIABILITIES	3,380,674	2,870,224	510,450	18
PROVISIONS	469,238	354,875	114,363	32
LEASE LIABILITIES	242,211	195,008	47,203	24
DEFERRED TAX LIABILITIES	679,521	628,175	51,346	8
OTHER LIABILITIES	237,148	256,038	(18,890)	(7)
TOTAL LIABILITIES	350,481,749	318,232,087	32,249,662	10
CAPITAL STOCK	30,330,063	30,330,063	-	-
CAPITAL SURPLUS	19,624	13,652	5,972	44
RETAINED EARNINGS	11,742,262	10,445,863	1,296,399	12
OTHER EQUITY	(1,828,393)	(3,050,502)	1,222,109	(40)
TREASURY STOCK	(161,521)	(16,837)	(144,684)	859
TOTAL EQUITY	40,102,035	37,722,239	2,379,796	6

Analysis of the changes:

1. Due from the central bank and call loans to banks are higher than those of the previous year mainly due to an increase in call loans to banks.
2. Current tax assets are higher than those of the previous year mainly due to an increase in income tax refund receivables.
3. Other financial assets: The net is higher than that of the previous year mainly due to an increase in call loans to securities brokerages.
4. Right-of-use assets: The net is higher than that of the previous year mainly due to an increase in such assets.
5. Intangible assets: the net is lower than that of the previous year mainly due to the amortization expenses recognized this year.
6. Other assets: The net is higher than that of the previous year mainly due to an increase in refundable deposits paid out as security.
7. Financial liabilities at fair value through profit or loss are higher than those of the previous year mainly due to an increase in loss of the unrealized value of derivatives financial products.
8. Bills & bonds sold under repurchase agreements are higher than those of the previous year mainly due to an increase in bond transactions under repurchase agreements.
9. Account payables are higher than those of the previous year mainly due to an increase in interest payables and checks for clearing payables.
10. Current tax assets are higher than those of the previous year mainly due to an decrease in income tax refund receivables.
11. Provisions are higher than those of the previous year mainly due to an increase in guaranteed liability.
12. Lease liabilities are higher than those of the previous year mainly due to an increase in such liabilities in houses.
13. Capital surplus is higher than that of the previous year mainly due to an increase recognized under the equity method.
14. The decline in other equity mainly reflects a decrease in unrealized losses from financial assets.
15. The increase in treasury stock reflects the year’s buyback.

2. Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2023		2022		Change Amount	Change Ratio(%)
	Subtotal	Total	Subtotal	Total		
Interest revenue		$10,748,737		$ 5,812,033	$4,936,704	85
Less: Interest expenses		8,444,229		3,044,145	5,400,084	177
Net interest revenue		2,304,508		2,767,888	(463,380)	(17)
Non-interest revenue						
Net service fee revenue	$ 914,467		$ 816,035			
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	2,237,276		3,232,746			
Realized gains on financial assets at fair value through other comprehensive income	358,185		247,534			
Foreign exchange gain (loss), net	121,655		(2,371,000)			
Share of profit of associates and joint ventures accounted for using equity method	869,268		4,290,855			
Other net revenue other than interest income	61,154		79,918			
Net Non-interest revenue		4,562,005		6,296,088	(1,734,083)	(28)
Net income		6,866,513		9,063,976	(2,197,463)	(24)
Less: Bad debt expenses and guarantee liability provisions (miscellaneous provision)		444,271		482,416	(38,145)	(8)
Operating expenses						
Employee welfare costs	2,020,094		1,920,746			
Depreciation and Amortization expenses	510,346		520,908			
Other general and administrative expenses	1,090,850		898,080			
Total operating expenses		3,621,290		3,339,734	281,556	8
Less: Profit from continuing operations before income tax		2,800,952		5,241,826	(2,440,874)	(47)
Less: Tax expense		308,532		207,355	101,177	49
Profit		$ 2,492,420		$ 5,034,471	$(2,542,051)	(50)

Analysis of the changes:

1. Interest revenue is higher than that of the previous year mainly due to an increase in loans and the total amount extended and interest rate.
2. Interest expenses are higher than those of the previous year mainly due to an increase in deposit and interest rate.
3. Net non-interest revenue is lower than that of the previous year mainly due to a decrease in earnings of associates and joint ventures accounted for using equity method.

3. Analysis of Cash Flow

(1) Analysis of Changes of Cash Flow in the Most Recent Year:

A. Operating Activities: There was a NT$1,074,150,000 year-on-year decrease in the net cash inflow from operating activities mainly due to a smaller increase in deposits and remittances than that in loans made during the year.

B. Investing Activities: There was a NT$719,640,000 year-on-year increase in the net cash inflow from investment activities mainly due to an increase in refundable deposits, a decrease in the previous year's financial assets, and receipt of an investee's funds from its capital reduction.

C. Financing Activities: 3. There was a NT$291,943,000 year-on-year decrease in the net cash outflow from financing activities mainly due to an increase in financial debentures issued and a decrease in repayment of such debentures.

(2) Improvement Plan of Insufficient Liquidity: Not Applicable.

(3) Analysis of Cash Flow for the Coming Year:

Unit: NT$ thousands

Amounts of cash and cash equivalents-beginning of period	Estimated annual net cash flows from (used in) operating activities	Projected net cash flow from investment and financing activities	Estimated fiscal deficit(surplus) of cash and cash equivalents	Remedy if cash and cash equivalents in deficit	
				Investment plan	Financing plan
16,100,227	1,446,458	(1,305,447)	16,241,238	-	-

4. Major Capital Expenditure Items and Effect on The Company's Future Business: Not Applicable.

5. Investment Policy, Main Causes of Profits or Losses, and Improvement and Investment Plans for the Coming Year

In keeping with the trends and changes across domestic and regional financial environments, the Bank adopts an investment strategy that centers on increasing earnings diversity and stability and striking a balance between risks and rewards for its investment portfolio. In line with the mainstream thinking of the financial services industry with regard to risk management, the Bank seeks to diversify its investments in domestic and foreign financial businesses to reduce the volatility of its investment portfolio. Currently, the Bank's domestic and foreign investment businesses cover securities finance, financial leasing, American commercial banks, Mainland China consumer finance, venture capital and venture capital management consultants, etc., aiming to provide diversified financial services for customers in various life cycles and regions.

For 2023, the Bank booked from the businesses in which it holds stakes, under the equity method, a combined profit of NT$1.09 billion (excluding amortizable differences from disposal of subsidiaries), representing a 14% decrease from a year earlier (excluding gains from disposal of subsidiaries). Of the Bank's invested companies, China Bills Finance Corp. saw its net profit grow 24% year-on-year to NT$1.289 billion in 2023 due to its raising the yield from its bond portfolio as the Fed's rate hike cycle tapered off, keeping under control unrealized and realized bond losses, and widening the spread of bills. For its part, IBT Holdings Corp. (U.S.-based EverTrust Bank's holding company) managed to stay on growth track by controlling capital costs and increasing lending rates in a hefty interest rate environment. Still, it would rather stay prudent and set aside a sufficient provision for a single nonperforming loan made against commercial property. In turn, the year's net profit dropped 63% from a year earlier to NT$119 million. Thanks to handsome contributions from our medium- and long-term investment targets, the Bank's venture capital business scored a 160% jump in net profit to NT$223 million in 2023.

In December 2022, the Bank's subsidiary IBT Leasing Co., Ltd. merged with Jih Sun International Leasing & Finance Co., Ltd., thereby creating Infinite Finance Co., Ltd. Now an affiliated business of the Bank under the equity method, Infinite Finance stands out as Taiwan's fourth-largest leasing company by assets. By consolidating the two partners' business operations and outlets, it is set to maximize the synergies thus created and accelerate its pace of expansion down the road. In 2023, the mainland Chinese economy stopped short of growing strongly despite the lifting of pandemic restrictions at the beginning of the year. Coupled with woes in the property market and worries over local debts, its recovery proved weaker than expected. Still, Infinite Finance managed to generate net profit of NT$516 million for the year by means of pursuing prudent expansion and firmly upholding asset quality. Separately, Beijing Sunshine Consumer Finance Co., Ltd.—the Bank's joint venture with China Everbright Bank and China CYTS Tours Holding Co., Ltd.—grew steadily after becoming operational in 2020. For 2023, it brought the Bank an investment profit of NT$155 million calculated under the equity method, up 34% from a year earlier.

As the year 2024 unfolds, the Bank will retain a prudent approach toward investing against the prospect that the global economy is likely to head for a slowdown amid many uncertainties. In addition to keeping abreast of the Fed's possible reverting to rate cut mode, the Bank will give priority to bolstering asset quality and accelerating our overseas push, searching for expansion opportunities, and attaining reasonable growth targets.

6. Risk Management

(1) Qualitative and Quantitative Information of Various Risks

A. Credit risk management system and required capital

2023 Credit Risk Management System

Item	Content
1. Credit risk strategy, goals, policy, and procedures	■ Credit risk strategy 1. Create an independent credit risk management organization. 2. Adopt a clearly defined credit risk management policy and regulations. 3. Establish credit risk assessment, identification, and management systems. 4. Fully report and disclose the results of credit risk monitoring. 5. Adopt information system SOPs for control of credit-checking and lending as well as assigning of rating scores. ■ Credit risk goals 1. Minimize potential financial losses and attain an optimal ratio of risk to reward by drawing on an appropriate risk management strategy and policy as well as fitting procedures, comply with the principle of risk diversification to implement rigorous credit risk management. 2. Ensure compliance with applicable laws and regulations and group-wide risk management, in turn upholding credit standards and asset quality, by enforcing sound risk management mechanisms and control procedures, strengthening information integration and analysis, bolstering the effectiveness of early warnings, and carrying out lending management and monitoring without fail. ■ Credit risk management policy 1. In order to establish an effective risk management system, ensure the Bank's sound operation and development, and provide a basis for business risk management and implementation, the Bank has drafted a risk management policy in tandem with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission. The Bank has also drafted a set of credit risk management guidelines to govern the management of credit risk and establish credit risk management mechanisms to ensure that credit risk is controlled within an acceptable range. With capital adequacy rigorously upheld, the Bank will continue to control the bank's credit risk and achieve operational and management goals.

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	2. The Bank has also drafted the Lending Policy to serve both as guidelines for credit checking and lending work and as implementation indicators. The content of this policy includes lending principles and credit asset portfolio management. At the same time, the Bank has also compiled credit extension handbooks that specify credit checking and lending procedures and related operating details, ensure that policies will be continuously and effectively implemented, maintain strict loan approval standards, and facilitate the control of credit risk, assessment of possible business opportunities, and identification and management of NPLs. ■ Credit risk management procedures 1. Risk identification Credit risk management starts with the identification of existing and potential risk, including all bankbook, blotter, and on- and off-balance sheet transactions. With the arrival of financial innovation and emergence of increasingly complex loan services, the Bank's responsible units must gain a full understanding of the credit risk of sophisticated services before engaging in any existing or new types of business. The Bank must also determine the probability that any breach of contract may occur when entering into a loan arrangement or transaction. 2. Risk assessment (1) Establish a credit risk rating mechanism as a key tool for management of the Bank's asset portfolio. (2) Portfolio management is intended to achieve the following three goals: a. Establish and monitor the Bank's loan asset portfolio to ensure that risk is kept within an acceptable range. b. Impose concentration limits to prevent risk concentration, in turn attaining the goal of risk diversification. c. Achieve the objective of optimal earnings. 3. Risk communication (1) Internal reporting: The risk management unit shall establish an appropriate credit risk reporting mechanism based on which to regularly provide upper man- agement with correct, consistent, and real-time credit risk information, thereby ensuring that any instances in which limits are exceeded or exceptions occur are promptly reported and serving as reference for subsequent decision-making. Such reports may cover such items as asset quality, asset portfolio status, rating status, and all types of exceptions. (2) External disclosure: In accordance with capital adequacy requirements and the principle of market discipline, units responsible for credit risk shall pro- vide self-assessment of the Bank's performance against quantitative and qualitative credit risk indicators as well as information regarding the Bank's credit risk management system and status in terms of required capital. They shall do so using the format and covering the items stipulated by the competent author- ity in the way and frequency it requires. 4. Risk monitoring (1) The Bank shall establish a monitoring system to assess changes in credit risk of borrowers or transaction counterparties, which will facilitate the prompt dis- covery of problematic assets or transactions, while enabling the Bank to take action quickly, and respond to any possible breach of con- tract. (2) Apart from monitoring individual credit risks, the Bank shall also perform monitoring and management of its loan portfolio. (3) The Bank shall establish rigorous credit checking processes and lending regulations based on which to take into account lending factors worthy of con- sideration, perform post-lending management of new, renewed, and existing loans, and preserve credit checking and lending records. At the same time, the Bank monitors closely the proportions of various types of loans in its loan portfolio. (4) The Bank shall establish a limit management system to prevent excessive concentrations of credit risk, including country risk, industry risk, same-group risk, and same concerned party risk. (5) The Bank shall establish a security management system to ensure that security is managed effectively.
2. Credit risk management organization and structure	■ Board of Directors: The Board of Directors is the Bank's highest supervisory body that is responsible for establishing an effective risk management mechanism, approving and reviewing the Bank's credit risk strategy and major credit risk policies, and setting down a bank-wide credit risk management organizational framework and major credit risk management regulations. The Bank's credit risk strategy should correspond to the degree of risk that the Bank can withstand and the profitability standards that the Bank expects to reach against all types of credit risk. ■ Audit Committee: 1. Members: The committee is composed of all of the Bank's independent directors, who shall total not fewer than three. One of them shall serve as convener, and at least one of them shall possess accounting or financial expertise. 2. Chief duties: The committee is responsible for the adopted or revised internal control system; evaluating the effectiveness of the internal control system; evaluating the effectiveness of the information security system; determining or revising procedures for the handling of major financial business actions involving the acquisition or disposal of assets and the trading of derivatives; reviewing matters that involve directors as stakeholders; reviewing major asset and derivative transactions, major lending cases, endorsements, and provision of guarantees; reviewing issuance or private offerings of equity-type securities; reviewing CPA appointment/discharge or remuneration; reviewing the appointment and discharge of financial and accounting or internal audit managers; reviewing annual and semi-annual financial statements signed or sealed by the chairman, manager and accounting supervisor; and reviewing other major matters stipulated by the Bank or the competent authority.

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	■ Risk Management Committee: 1. Members: The Chairman shall chair the Risk Management Committee, whose member shall include at least two directors equipped with professions in risk management or finance, and appointed by the Board of Directors. Also, the President, Head of Operation Management Division, Head of Legal & Compliance Division, Head of Business Strategy Division, Head of Risk Management Division, Head of Information Technology Division, Head of Financial Business Division, Head of Financial Market Division, and Head of Corporate Governance shall serve as the committee members. 2. Chief duties: The committee is responsible for reviewing the Bank's risk management policies and regulations, annual risk appetite, quota, and risk management proposals and mechanisms that call for board approval, reviewing the risk management mechanism for new business applications, as well as overseeing and reviewing risk management measures concerning credit, market, and operational risk, liquidity, information security, AML, personal information, climate and natural change, and emergency risks, thereby bolstering the Bank's risk management regime and ensuring the effectiveness of its risk management procedures. ■ Loan Evaluation Subcommittee: 1. Members: The President shall serve as convener, and the managers of the lending and risk management departments shall serve as subcommittee members. The subcommittee shall meet once each week as a rule, and may hold an interim meeting when necessary. 2. Chief duties: The committee is responsible for reviewing loan applications forwarded by the Corporate Credit Management Department and Retail Credit Management Department. After giving its approval, the committee shall still present such applications to the relevant supervisory body for deliberation. ■ Loan Assets Quality Assessment Meeting: 1. Members: The Head of Risk Management Division or Head of Corporate Credit Management Department shall serve as convener and chairman of the conference. Personnel from various relevant units shall attend meetings, and the President may attend when the situation warrants. 2. Chief duties: The conference is responsible for assessing the current state of credit asset quality; determining and reviewing strategies and action plans; assessing losses that loan assets are likely to suffer; and reviewing the adequacy of NPL and guarantee liability provisions. If the conference decides to propose an increase in NPL and guarantee liability provisions, it shall first submit the proposal to the President for approval. ■ Risk Management Units: The Bank's risk management units include the Risk Management Department, Corporate Credit Management Department, and Retail Credit Management Department. 1. Risk Management Department: Charged with managing the Bank's credit, market, operating, and liquidity risk, the Risk Management Department is also responsible for supervising and keeping track of countermeasures taken by relevant units with regard to risk management decisions and assignments. Upon detection of any risk exposure that threatens to undermine the Bank's finances or business operations, it shall immediately take proper action and present a report in a timely manner. 2. Corporate Credit Management Department: The Corporate Credit Management Department is responsible for identifying, assessing, monitoring, and managing corporate banking risk; drafting loan review standards; drafting and revising contracts and forms; and controlling and releasing loan contracts and collateral. 3. Retail Credit Management Department: The Retail Credit Management Department is charged with the identification, evaluation, monitoring, domestic real estate appraisal work, and management of retail banking risk, appropriation of provisions, loss assessment, and post-lending management.
3. Scope and characteristics of credit risk reporting and assessment system	With regard to the credit risk inherent in all products and business activities and before introducing new products and launching into any new line of business, the Bank has in place appropriate risk measures and controls, which have secured approval of Risk Management Committee, Audit Committee, or the Board of Directors. Credit risk assessment and control procedures include credit checking, rating assignment, credit line control, post-lending management, and debt collection. Apart from implementing the foregoing operating procedures, risk management units also regularly present various types of credit risk and asset quality analysis reports as management indicators. In addition, the Bank actively controls risk from country, group, industry, same concerned party, and same affiliated enterprise, and regularly submits monitoring results to the Board of Directors so that it can keep track of the Bank's exposure to various types of risk. In order to understand the Bank's risk-bearing capacity and the impact on its capital adequacy in the event of changes in economic conditions and the financial environment, the Bank performs credit risk stress testing in accordance with the Financial Supervisory Commission's Plan for Domestic Banks' Conducting Stress Testing and Operating Guidelines for Banks' Credit Risk Stress Testing. The results not only serve as an important basis for credit risk management but also are used for reference in continuously adjusting the Bank's business development, lending policy, and credit assessment procedures.
4. Credit risk hedging or risk mitigation policy, and strategies and procedures for continuous validity of risk supervision, avoidance and mitigation tools	The Bank mainly uses the following risk mitigation tools to reduce exposure to credit risk: (1) provision of security by transaction counterparties or third parties; (2) on-balance sheet netting, such as using the deposits of a transaction counterparty at its financing bank for the purpose; and (3) third-party guarantees. Although credit risk mitigation tools can reduce or transfer credit risk, the simultaneous use of such tools may increase other residual risks, including legal risk, operational risk, liquidity risk, and market risk. The Bank has adopted rigorous procedures to control these types of risk, including formulation of policies, drafting of operating procedures, implementation of credit review and appraisal, establishment of control systems, contract management, etc. The Bank has established security management policies and operating procedures, verified bank-wide security data, and built a security management system. In order to apply a comprehensive approach to risk mitigation, the Bank has completed collection and analysis of data needed for security offsetting, linked the credit checking and lending system with its security management system, and established a capital requirement calculation platform.
5. Method for meeting statutory capital requirement	Standardized approach

Risk exposure and required capital after risk mitigation employing the standardized approach for credit risk

Base Date: March 31, 2024
Unit: NT$ thousands

Type of risk exposure	Risk exposure after risk mitigation	Required capital
Sovereigns	59,511,773	0
Non-central government public sector entities	0	0
Banks (including multilateral development banks and Qualifying Central Counterparty)	34,469,989	872,849
Corporates (including securities firms and insurance companies)	108,084,485	7,713,519
Retail portfolios	35,702,458	2,523,962
Exposure in real estate	112,496,252	6,551,869
Equity securities investment	4,368,123	808,343
Equity securities investment in funds and venture capital business	1,039,222	151,869
Other assets	4,962,547	299,286
Total	360,634,849	18,921,697

B. Securitization risk management system, risk exposure, and required capital

2023 securitization risk management system

Item	Content
1. Securitization management strategy and procedures	The Bank's asset securitization management strategy focuses on increasing the efficiency of funds use and asset liquidity, and relies on adjustment of the asset/liability structure and shifting of asset risk. As a consequence, apart from carefully assessing its loan assets and analyzing risk exposure, the Bank also makes active use of asset securitization as a channel and tool to ensure that it does not assume excessive risk in the course of pursuing profitability. Each securitization case must be approved by management and reported to the Board of Directors for consent, and must also be approved by the competent authority before implementation.
2. Securitization management organization and structure	In securitization cases for which the Bank serves as the originating entity, all loan assets in the asset pool must be reviewed and approved in advance by the Bank's operating and review units, and the credit status of target assets in the asset pool must be assessed and analyzed. The risk management unit bears responsibility for controlling and assessing relevant market risk.
3. Scope and characteristics of securitization risk reporting and assessment system	Before issuance of securitized products, the Bank's relevant units will handle target assets in the asset pool in accordance with the Bank's general credit checking and lending procedures, screen asset quality, assess risk, and gradually establish a securitization system. After issuance, depending on the status of target assets in the asset pool, the Bank will regularly perform re- assessment and reveal asset quality in a timely fashion. With regard to holdings taken on in response to credit rating upgrade or subscriptions to newly issued securitized products, the Bank will continue to perform follow-up risk management, model assessment, asset portfolio limit monitoring, asset quality control, bookkeeping, and compilation of information. These steps are intended to prevent deterioration of asset quality and facilitate response measures, when needed, to safeguard the Bank's rights as creditor.
4. Securitization hedging or risk mitigation policy, and strategies and procedures for continuous validity of risk supervision, avoidance and mitigation tools	The Bank trades securitized products only of the conventional type, and all hedging is geared toward shifting the primary credit risk of the asset pool to third parties and creating insulation on the legal front. With regard to required capital after issuance, the Bank makes it a point to attain a level not higher than that when no risk mitigation instruments are employed, thereby reducing risk and maintaining profitability. When it comes to monitoring the continued effectiveness of subsequent hedging and risk mitigation tools, the Bank considers it a fundamental requirement that relevant documents must possess binding power over all related parties as well as legal force. At the same time, the Bank will perform necessary review to ensure the continued existence of mandatory force in law. The Bank shall perform the foregoing procedures, including drafting of strategies and operating procedures, implementation of credit review and assessment, establishment of control systems, and contract termination risk management, in accordance with its internal rules, regulations, and business handbook requirements.
5. Method for meeting statutory capital requirement	Standardized approach

Status of the Asset Securitization:

The O-Bank Number One Real Estate Investment Trust (REITs) Fund, for which the Bank acts as lead arranger and trustee, was listed on the Taiwan Stock Exchange on June 21, 2018. The ninth REIT fund to go public in Taiwan, it marks the first instance of the local financial services industry launching into real estate securitization in nearly 11 years. The underlying assets of this NT$3 billion fund include two types: office building and commercial complex, and the resolution of the beneficiary meeting on December 26, 2022 agreed that the management agency should be changed from Sinyi Global Asset Management Co., Ltd. to New Light International Co., Ltd. to help enhance management efficiency and the fund size.

Securitization risk exposure and required capital (by transaction type): None.

Information concerning securitized products:

(A) Summarized information on investing in securitized products: None.

(B) a. Information to be disclosed on investment in securitized products at an initial cost of NT$300 million or more (not including holdings taken on by the Bank as originator for the purpose of credit enhancement): None.

b. Information to be disclosed on holdings taken on by the Bank as originator for the purpose of credit enhancement: None.

c. Information to be disclosed on the Bank acting as a purchasing organization or a settlement purchasing organization for credit-impaired assets: None.

(C) Information to be disclosed on the Bank acting as a guarantee institution or providing liquidity financing credit lines: None.

C. Operational risk management system and required capital

2023 Operational Risk Management System

Item	Content
1. Operational risk management strategy and procedures	■ Operational risk management strategy 1. The Bank has established a comprehensive risk management environment and has instilled operational risk management consciousness throughout personnel at all levels, including the Board of Directors, thereby enabling internalization of the Bank's risk management culture. 2. The Bank has established a risk management organization with clearly defined duties and powers in order to promote the implementation of bank-wide operational risk management. 3. In order to enhance the effectiveness of operational risk management, the Bank has drafted a clear operational risk management framework, implementation regulations, and guidelines complying with the competent authority's requirements. 4. The Bank implements independent and professional internal audits in order to check the effectiveness of operational risk management mechanisms. ■ Operational risk management procedures The Bank's operational risk management procedures include process cataloging, risk analysis, risk identification, risk assessment, risk monitoring, and risk reporting. Meanwhile, the Bank employs such management tools as risk control self-assessment (RCSA), loss data collection (LDC), key risk indicators (KRIs), and Clean Desk (CD).

Item	Content
2. Operational risk management organization and structure	The Bank's operational risk management organization comprises the Board of Directors, Audit Committee, Risk Management Committee, Risk Management Department, Auditing Division, and other units. Roles of the operational risk management and responsibilities of personnel at various levels are as follows: ■ Board of Directors: 1. Serving as the Bank's highest level of operational risk management decision-maker. 2. Ensuring the establishment of an appropriate risk management system and culture. 3. Approval of a bank-wide operational risk management framework and strategy, including operational risk policy, organization, and duties, and regular review of the aforesaid items. 4. Supervision of the functioning of operational risk management mechanisms to ensure their effectiveness. 5. Provision of clearly defined guidelines over the identification, assessment, communication, and supervision of operational risk. 6. Review of operational risk management reports and other risk-related information in order to gain an understanding of risk assumed by the Bank and ensure that internal resources are properly utilized and allocated. 7. Ensuring that the Bank's operational risk management framework has been subject to internal audits by independent, properly trained employees with the necessary skills. ■ Audit Committee: 1. The committee is composed of all of the Bank's independent directors, who shall total not fewer than three. One of them shall serve as convener, and at least one of them shall possess accounting or financial expertise. 2. The committee is responsible for the adopted or revised internal control system; evaluating the effectiveness of the internal control system; evaluating the effectiveness of the information security system; determining or revising procedures for the handling of major financial business actions involving the acquisition or disposal of assets and the trading of derivatives; reviewing matters that involve directors as stakeholders; reviewing major asset and derivative transactions, major lending cases, endorsements, and provision of guarantees; reviewing issuance or private offerings of equity-type securities; reviewing CPA appointment/discharge or remuneration; reviewing the appointment and discharge of financial and accounting or internal audit managers; reviewing annual and semi-annual financial statements signed or sealed by the chairman, manager and accounting supervisor; and reviewing other major matters stipulated by the Bank or the competent authority. ■ Risk Management Committee: 1. Review of the Bank's operational risk management policies and regulations, annual operational risk appetite, and proposals for operational risk management that call for Board approval. 2. Review of operational risk management mechanisms for applying for or launching new lines of business (self-started or out of strategic alliances). 3. Supervision of operational risk management. 4. Supervision of operational risk early warning, exception management, and countermeasures warranted. 5. Supervision of operational risk management at the Bank's U.S. operations. 6. Supervision of the setup of risk management mechanism of all departments and its implementation. 7. Review of the implementation of operational risk management. 8. Planning and drafting of operational risk management mechanisms in response to environmental, regulatory, or market changes. ■ Risk Management Department: This department is the Bank's second line of defense for controlling operational risk. 1. Drafting of bank-wide operational risk management and control strategy, policy, and procedures. 2. Drafting of consistent operational risk identification, assessment, monitoring, and mitigation standards applicable throughout the Bank. 3. Implementation of the independent operational risk management framework and decisions approved by the Board of Directors, and establishment of a bank- wide operational risk management system. 4. Formulation of the powers and responsibilities of the Risk Management Department and of management at various levels, as well as their relationships in the Bank's chain of command. 5. Coordination and communication with various units about operational risk management matters, and continued supervision of their implementation performance. 6. Compilation of bank-wide operational risk information and, depending on the nature of such information, reporting it to the Board of Directors, the president, or the Head of Risk Management Division charged with supervising the department. 7. Implementation of operational risk training. ■ Other units: 8. Act as the Bank's first line of defense for operational risk management, these relevant units are responsible for determining and managing regulations and handbooks concerning the operational risk of the business and matters under their management. Each unit must designate one person to serve as its operational risk manager, who is to collaborate with the Risk Management Department in performing first-line defense tasks in the control of operational risk associated with the business and matters under the unit's management. 9. Comply with and implement the Bank's operational risk management regulations, actively monitor and control operational risk associated with their respective duties and operations, and report to the appropriate superior or unit in accordance with regulations.

Item	Content
	10. Identify operational risk within each unit, including its sources and contributing factors. 11. Assess the frequency and severity of risk generated by each unit's operational processes on a regular basis; supervise and track efforts to address the inadequacy in terms of risk control. 12. File regular reports on operational risk issues, including major operational risk exposure and losses as well as measures taken to improve risk control or operational processes. ■ Auditing Division: In accordance with the Bank's Principles for Three Lines of Defense for Internal Control, act as the third line of defense and assess and verify the effectiveness of the Bank's risk management and internal control mechanisms.
3. Scope and characteristics of operational risk reporting and assessment system	The Bank employs risk control self-assessment (RCSA), loss data collection (LDC), key risk indicators (KRIs), and Clean Desk (CD) as operational risk assessment and monitoring tools. The results thus obtained are compiled as qualitative or quantitative risk information of the relevant organization and opera- tions. In turn, the Risk Management Department presents independent analytical reports to the Board of Directors and upper management, while implementa- tion results are relayed to relevant departments and senior managers for their reference in drafting policies and allocating resources, thereby ensuring that the Bank puts its capital to optimal use.
4. Operational risk hedging or risk mitigation policy, and strategies and procedures for continuous validity of risk supervision, avoidance, and mitigation tools	The Bank makes use of appropriate outsourcing and control of tasks as an operational risk mitigation policy. One of the outsourced tasks is cash transport. The Bank relies on appropriate insurance as a hedging strategy for addressing certain types of operational risk. For both outsourcing and insurance, the Bank always sets down clearly defined cooperative relationships and legal agreements, thereby ensuring the quality of such cooperation, service reliabil- ity, and effectiveness of risk shifting.
5. Method for meeting statutory capital requirement	Basic indicator method (BIA) The Bank adopts the basic indicator method, spelled out in the An Explanation on Banks'Calculating Equity Capital and Risk-Weighted Assets—Calculating Operational Risk promulgated by the Financial Supervisory Commission, to calculate its operational risk charge. That is, the Bank shall hold capital for operational risk equal to the average over the previous three years of 15% of positive annual gross profit.

Required capital for operational risk

Base Date: Dec. 31, 2023
Unit: NT$ thousands

Year	Gross Profit	Required Capital
2021	5,436,625	
2022	5,907,487	
2023	6,902,007	
Total	18,246,119	912,306

D. Market risk management system and required capital

2023 market risk management system

Item	Content
1. Market risk management strategy and procedures	■ market risk management strategy 1. The Bank takes a proactive stance toward rigorously managing market risk. 2. Transactions are one of the Bank's major earnings sources: money is made on accurately capturing swings in market risk factors (stock prices, exchange rates, and interest rates). The paramount principle is to earn reasonable rewards while keeping risk exposure under effective control. The Bank takes account of its own macroeconomic and industry analyses as well as those undertaken by peer institutions. Targets are determined after in-depth discussions among the President, trading departments, and the department charged with market risk management. Such targets reviewed by the Risk Management Committee, are submitted to the Board of Directors for approval. 3. In light of the risk attributes of various transactions, the Bank has in place clearly defined management regulations and risk management indicators that govern risk exposure limits, reporting of such limits being exceeded, and managerial personnel authorized for decision-making and countermeasures warranted under such circumstances. Priority is given to rigorous implementation in order to ensure that traders always adhere to trading discipline and that the Bank's market risk exposure is kept within a reasonable range. ■ Market risk management procedures 1. The planning of market risk transaction amounts for any given year is performed in conjunction with the compilation of business and financial budget targets. At the end of each year, trading departments submit their respective amount applications to the Risk Management Department's Market Risk Management Section. When reviewing such applications, the section also takes into account the Bank's overall budget limits and estimate of capital consumption under capital adequacy before moving on to propose bank-wide transaction quotas and an overall stop-loss threshold. These proposals are then submitted to the Risk Management Committee for review and the Board of Directors for approval. 2. Based on the aforesaid overall stop-loss threshold approved by the Board of Directors, the Risk Management Department's Market Risk Management Section goes on to draft monthly stop-loss limits for each product line, VaR limits, and MAT (management action trigger) limits. These, upon approval by the President, will serve as the basis for the Bank's market risk management.
2. Market risk management organization and structure	■ The Board of Directors is the Bank's highest supervisory body for market risk management: 1. When it comes to managing market risk inherent in various transactions, the bank-wide transaction quotas and overall loss threshold approved by the Board of Directors at the end of each year serve as the ultimate guidelines for market risk management. Based on the aforesaid overall stop-loss threshold for the coming year, the board authorizes the President to determine individual thresholds for various transactions by product. 2. The board also performs annual assessment to determine whether the Bank's performance in various transactions is consistent with preset business strategies and whether the assumed risk is within the Bank's tolerable range. In the event of a major abnormality in transactions or an instance of management by exception, review or retroactive approval of the board is warranted. ■ The Audit Committee is charged with the control of the Bank's existing or potential risks.: 1. The committee is composed of all of the Bank's independent directors, who shall total not fewer than three. One of them shall serve as convener, and at least one of them shall possess accounting or financial expertise. 2. The committee is responsible for the adopted or revised internal control system; evaluating the effectiveness of the internal control system; evaluating the effectiveness of the information security system; determining or revising procedures for the handling of major financial business actions involving the acquisition or disposal of assets and the trading of derivatives; reviewing matters that involve directors as stakeholders; reviewing major asset and derivative transactions, major lending cases, endorsements, and provision of guarantees; reviewing issuance or private offerings of equity-type securities; reviewing CPA appointment/discharge or remuneration; reviewing the appointment and discharge of financial and accounting or internal audit managers; reviewing annual and semi-annual financial statements signed or sealed by the chairman, manager, and the accounting manager; and reviewing other major matters stipulated by the Bank or the competent authority. ■ The Risk Management Committee is a supervisory body responsible for setting market risk management guidelines and overseeing implementation of market risk management. 1. The Chairman shall chair the Risk Management Committee, whose member shall include at least two directors equipped with professions in risk management or finance, and appointed by the Board of Directors. The members shall also include the President, Head of Operation Management Division, Head of Legal & Compliance Division, Head of Business Strategy Division, Head of Risk Management Division, Head of Information Technology Division, Head of Financial Business Division, Head of Financial Market Division, and Head of Corporate Governance. 2. The committee shall gather relevant departments for risk management meetings to discuss and report issues with regard to risk management. In addition, the committee shall each year review market risk management guidelines and product quotas for transactions as well as the overall stop-loss threshold for the coming year that are to be proposed to the Board of Directors. ■ The Risk Management Department is the operating department responsible for implementing market risk management. In accordance with the Bank's organizational rules, the Market Risk Management Section of the Risk Management Department bears responsibility for performing market risk management tasks with regard to planning, statistics, reporting, and monitoring.

Item	Content
3. Scope and characteristics of market risk reporting and assessment system	An explanation is hereby given on the following three fronts—internal management regulations, framework of trading limits, and reporting procedures: ■ Internal management regulations Based on the risk attributes of equities, interest rates, and exchange rates, the Bank has in place management regulations and guidelines that spell out risk management indicators and risk exposure limits, as well as the reporting, decision-making, and responding mechanisms in the event of over-limit events. ■ Framework of trading limits 1. To bolster the framework for managing market risk, the Risk Management Department takes into account the specific risk attributes of various products and sets VaR limits, MAT limits, 20-day average liquidity limits, and sensitivity limits (such as DV01, Delta etc.) that complement trading limits and stop-loss thresholds separately imposed on individual products. Upon approval of the President, the aforesaid complementary limits will serve as the basis for market risk management. 2. After the overall stop-loss threshold and quotas of product holdings for trading departments become effective upon approval of the Board of Directors, authorized the President to distribute among trading units, thereby authorizing the latter to set down their respective monthly loss limit. In turn, heads of trading departments shall conduct allocations among traders and report these to the Risk Management Department in writing as the basis for risk control. ■ Reporting procedures Against previously authorized trading limits, the Risk Management Department shall compile statistics on the risk exposure of trading departments and individual traders. In accordance with internal management regulations, it shall also submit risk reports, monitor over-limit events, and implement follow-up measures.
4. Market risk hedging or risk mitigation policy; strategies and procedures for continuous validity of risk supervision, avoidance, and mitigation tools	■ All of the Bank's trading departments put in place their respective limits on trading positions and loss thresholds as well as other control mechanisms. The Market Risk Management Division of Risk Management Department is responsible for managing such risk by monitoring and assessing risk exposure on a daily basis. ■ In terms of hedging transactions conducted for financial derivatives, the risk exposure and sensitivity of the said derivatives are taken into account in assessing the effectiveness of hedging. ■ The Bank regularly undergoes market risk sensitivity assessment and stress tests, the results of which are presented to the Risk Management Committee and Board of Directors.
5. Method for meeting statutory capital requirement	Standardized approach

Market risk required capital

Base Date: March 31, 2024
Unit: NT$ thousands

Risk Type	Required Capital
Interest rate risk	220,914
Equity securities risk	59,568
Foreign Exchange rate risk	360,443
Product risk	0
Options (simplified approach)	39,711
Total	680,636

E. Evaluation of liquidity risk includes a maturity analysis of assets and liabilities and an explanation of the methods adopted to manage asset liquidity and funds gap liquidity:

In terms of asset liquidity and funds gap liquidity management, the Bank has in place the Regulations on Managing Liquidity Risk and Interest Rate Risk, based on which various units are responsible for conducting cash flow control and compiling liquidity risk reports for submission to upper management on a regular basis. The Bank has also prepared a liquidity emergency plan to fill in any liquidity gap, reduce liquidity risk, and ensure smooth operations across the Bank.

Term Structure Analysis of New Taiwan Dollar-denominated Assets & Liabilities

Base Date: March 31, 2024
Unit: NT$ thousands

	Total	Amounts remaining during the period prior to the due date					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	More than 1 year
Major matured capital inflows	297,459,980	49,117,187	33,436,665	33,385,740	19,647,604	22,088,238	139,784,546
Major matured capital outflows	345,776,242	21,231,135	34,315,445	62,379,078	80,225,088	58,237,707	89,387,789
Capital gap	(48,316,262)	27,886,052	(878,780)	(28,993,338)	(60,577,484)	(36,149,469)	50,396,757

Note: This table contains only Taiwan dollar (excluding foreign currency) amounts at the Bank's headquarters and domestic branches.

Term Structure Analysis of U.S. Dollar-denominated Assets & Liabilities

Base Date: March 31, 2024
Unit: US$ thousands

	Total	Amounts remaining during the period prior to the due date				
		0-30 days	31-90 days	91-180 days	181 days-1 year	More than 1 year
Major matured capital inflows	6,222,459	3,571,619	839,138	325,199	392,568	1,093,935
Major matured capital outflows	6,388,302	3,405,410	1,144,778	562,670	507,217	768,227
Capital gap	(165,843)	166,209	(305,640)	(237,471)	(114,649)	325,708

Note: 1. The table contains U.S. dollar amounts at the Bank as a whole.
There is no need for reporting off-book amounts (e.g. planned issuance of NCDs, bonds, or equities).
Note: 2. Where offshore assets account for 10% or more of the bank's total assets, disclosure of supplementary information is warranted. (Branch assets accounted for 16.74% of the Bank's total assets as of March 2024.)

【Disclosure of supplementary Information】

Term Structure Analysis of U.S. Dollar-denominated Assets & Liabilities Hong Kong Branch

Base Date: March 31, 2024
Unit: US$ thousands

	Total	Amounts remaining during the period prior to the due date				
		0-30 days	31-90 days	91-180 days	181 days-1 year	Longer than 1 year
Major matured capital inflows	1,931,325	1,502,363	300,781	24,243	4,118	99,820
Major matured capital outflows	1,870,995	882,403	415,238	220,359	98,836	254,159
Capital gap	60,330	619,960	(114,457)	(196,116)	(94,718)	(154,339)

(2) Impact of major domestic and foreign policies and legal changes on the Bank's finances and operations as well as countermeasures

■ February 24, 2023: The newly amended Regulations Governing Information to be Published in Annual Reports of Banks were promulgated (the Financial Supervisory Commission's Order Jin Guan Yin Fa Zi No. 11202703341).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ April 13, 2023: The newly amended Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks were promulgated (the Financial Supervisory Commission's Order Jin Guan Yin Guo Zi No. 11201318981).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.

2. It has yet to have any material impact on the Bank's finances or operations.

■ June 13, 2023: The newly amended Self-Regulations for Banks Conducting Financial Derivatives were promulgated (approved by the Financial Supervisory Commission for future reference per its Letter Jin Guan Yin Wai Zi No. 1120139908).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations

■ June 28, 2023: The newly amended Banking Act was promulgated (the Presidential Office's Order Hua Zong Yi Jing Zi No. 11200053951).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ July 12, 2023: The newly amended Corporate Governance Best-Practice Principles for Banks were promulgated (approved by the Financial Supervisory Commission for future reference per its Letter Jin Guan Yin Guo Zi No. 1120137861).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations

■ August 23, 2023: The newly amended Matters to be Complied with by the Board of Directors of Listed Companies on the Taiwan Stock Exchange Corporation were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1120347912).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ August 25, 2023: The newly amended Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operation were promulgated (the Financial Supervisory Commission's Order Jin Guan Yin Wai Zi No. 11202726731).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ December 6, 2023: The newly amended Financial Consumer Protection Act was promulgated (the Presidential Office's Order Hua Zong Yi Jing Zi No. 11200105811).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ December 7, 2023: The Regulations Governing Risk Management for Banks Conducting Trust Business were promulgated (approved by the Financial Supervisory Commission per Letter Jin Guan Yin Piao Zi No. 1120149327).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ December 12, 2023: The newly amended Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers were promulgated (the Financial Supervisory Commission's Order Jin Guan Yin Wai Zi No. 11202740971).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ January 3, 2024: The newly amended Risk Management Regulations for Banks Conducting Securities Business were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1120152651).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ January 12, 2024: The newly amended Procedures for Verification and Public Disclosure of Material Information by Listed Companies on the Taiwan Stock Exchange Corporation were promulgated (approved for implementation by the Financial Supervisory Commission Letter No. 1120363854).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ January 16, 2024: The newly amended Regulations Governing the Preparation of Financial Reports by Public Banks were promulgated (order issued by the Financial Supervisory Commission Letter No. 11202745811).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ January 19, 2024: The newly amended Self-Regulation on the Implementation of the Responsibility Map System in the Banking Industry were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1120152563).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ January 26, 2024: The newly amended Regulations Governing the Preparation and Reporting of Sustainability Reports by Listed Companies on the Taiwan Stock Exchange were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1130330523).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.

2. It has yet to have any material impact on the Bank's finances or operations.

■ February 5, 2024: The newly amended Self-Regulation on the Cooperation between Member Banks of the Bankers Association and Third-Party Service Providers were promulgated (approved for record by the Financial Supervisory Commission Letter No. 11202239051).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ March 11, 2024: The newly amended Self-Regulation on Liquidity Risk Management in the Banking Industry were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1120153869).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ March 29, 2024: The newly amended Self-Regulation on Fair Treatment of Elderly Customers in the Banking Industry were promulgated (approved for record by the Financial Supervisory Commission Letter No. 1130134303).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

■ April 15, 2024: The newly amended Matters to be Noted for Public Reporting of Information on the Internet by Public Companies were promulgated (approved for record by the Financial Supervisory Commission letter No. 1130337070).

1. The revision was forwarded to relevant units at the Bank, and they were instructed to act accordingly. In addition to reviewing other related internal regulations, the Bank also incorporated it into legal compliance procedures for immediate implementation.
2. It has yet to have any material impact on the Bank's finances or operations.

(3) Impact of technological changes (including ICT security risks) and industrial changes on the Bank's finances and operations as well as countermeasures

Deregulation, technological advancements, and the entry of nonfinancial companies have brought rapid changes across the financial industry. In the highlight are service innovation, integration of transaction scenarios, and cross-sector cooperation. Prime examples include open banking's entry into its third phase, or payment applications; the public and private sectors joining forces in the "Eagle Eye" alliance for fraud detection; and application scenarios for electronic and third-party payment. Committed to providing customers with the best possible service since our inception, the Bank made the timely move of taking transactions to the digital sphere after its transformation as a commercial bank and launch into retail banking. The 2019 outbreak of the COVID-19 pandemic drastically changed how people transact with one another around the world, thus giving online transactions a further boost. With an open mindset for digital banking while always taking care to comply with relevant laws and regulations, the Bank has employed cutting-edge technology to take advantage of the business boom on the internet. Online trading mechanisms have thus been established for different lines of business. Priority is given to optimizing the digital banking experience. Meanwhile, the Bank is proactive to work with strategic partners across sectors (B2B2C, fintech, and leasing companies) in creating an ecosystem of digital brands. The ultimate goal is to develop digital banking services that are both competitive and inclusive

On the other hand, ICT security is increasingly a risk management concern as fintech advances. Using emerging technologies can help to reduce the cost, improve the efficiency and promote the development of financial market, which raise potential risks such as information correctness and integrity, information security and privacy protection, and the security of suppliers' services. In particular, suppliers of software and hardware become the vulnerable points that hackers to look for the bug of information security protection as springboards to attack and then obtain client information or confidential information for commercial blackmail, resulting in financial losses or damage of goodwill. The Bank's operating system may be hacked and then system services, operating activities or service will be affected and interrupted, so the customer litigation, financial loss and litigation risks will be occurred.

In the future, the Bank is continuing to focus on the development of emerging financial technologies. Before implementing the emerging technologies, the Bank will set: (1) supplier management procedures, pre-outsourcing analysis planning, vendor selection process, contract signing, risk assessment and management, contract termination and service change and termination; (2) The supplier must ensure the delivery of the information system and service components without malicious programs and backdoors; (3) 24-hour monitoring, analysis of network traffic and identification of malicious program activities, detection and protection of unknown external malicious threats; (4) Emerging technologies and new types of security attack patterns will be continuously reviewed and revised of self-regulatory or operations. After controlling the security risks through the compliance, data protection and technology application, we provide the innovative financial services that are safe, simple, convenient and fun to the clients.

In addition, to keep abreast of technological changes and reduce the risk of industry volatility, the Bank formulates operational strategies in response to domestic and international economic conditions annually. Surveys and analyses are also done to gauge the development and trends of various industries. These in turn find their way into risk diversification for lending, deposit, and investment operations as well as the setting of ceilings imposed on different industries. Additionally, through education and training seminars, the Bank provides employees with insights into industry changes, trends, and prospects. Regular reviews are conducted to strengthen post-lending management and rigorously uphold asset quality. Priority is given to adhering to self-discipline in risk management and risk minimization, thereby bolstering the Bank's financial stability. While the competent authority is vigorously promoting Green Finance Action Plan 3.0, the initiative promises to rank high among top priorities for striving toward sustainable development. In a similar vein, climate risk and carbon reduction in investment and financing portfolios promise to emerge as key ESG concerns. In alignment with the world's moving toward sustainable finance and carbon reduction, the Bank is poised to persist with its commitment to developing green finance and leading local industry onto the path of sustainable development and low-carbon transformation.

(4) Impact of changes in the Bank's public image on its crisis management as well as countermeasures

After our transformation into a commercial bank, the Bank has drawn on multiple media exposure channels and taken advantage of social media for interacting with the public. To regulate social media applications and consolidate our external communication policy, the Bank has implemented a set of procedures for social media management. This is also meant to help the Bank better manage the appropriateness and risk of how we present messages and our brand name on emerging media. Likewise, a mechanism for managing public statements is put in place to ensure the accuracy, consistency, and appropriateness of the Bank's messages meant for the public. Authorized spokespersons are appointed to represent the Bank in relaying accurate information and upholding our public image. Meanwhile, the Public Relations Section under the Bank's Corporate Sustainability and Communications Division is responsible for helping uphold our brand image, facilitate effective communication, and track news coverage of the Bank and monitor our social media exposure on a daily basis. The objective is to stay up to date with media coverage and consumer perception, thereby upholding our reputation and image and minimizing the risk of their being undermined by misunderstanding or inappropriate information. Moreover, the Bank has established a well-rounded mechanism for interdepartmental coordination and communication to respond to various demands of stakeholders in no time.

(5) Expected benefits and potential risks of M&As as well as countermeasures

"Mergers and acquisitions" represent a pathway for corporate growth. Mergers and acquisitions can expand the magnitude and scope of corporate business, disperse operating risk, distribute markets, enlarge financial product lines, boost operating efficiency, and enhance overall competitiveness. As a consequence, the Bank cannot rule out possible M&A plans when opportunities present themselves, and may employ mergers and acquisitions to quickly boost its market status and competitiveness.

The Bank will consider the rights and interests of all stakeholders when implementing any possible future M&A plans, and will strive to cautiously assess possible cooperating partners that will benefit the Company's long-term development under the premise that no harm is done to employees, customers, and shareholder's equity. As of the date of printing of this annual report, the Bank had no concrete M&A plans.

(6) Expected benefits and potential risks of expansion of business outlets as well as countermeasures

After the Bank changed to a commercial bank, it has emphasized that development of its digital financial services, and its service development efforts have focused on virtual channels such as online and mobile banking. In turn, physical outlets are charged with the task of promoting the Bank's brand image and acting as a venue for excellent financial services. Expanding our business locations can increase our service coverage, expand our channels and customer base, and achieve the benefits of dispersing risk and training more professional manpower. Due to the limited number of domestic branches of the Bank, and because we must perform prudent cost-benefit analysis before establishing any new locations, which is necessary to ensure that all locations provide the greatest possible benefit, we are exposed to limited risk from the expansion of business locations.

To date the Bank has built a presence in the U.S., Hong Kong, and mainland Chinese markets. Planning on further overseas expansion is under way so as to reduce the risk of excessive concentration and optimize synergies of the group as a whole. With development potential and the Bank's own strengths and vulnerabilities taken into account, Australia and Singapore have been singled out as priority targets. Both with renown for rule of law, the two countries have a stringent financial regulatory regime in place. Opening shop there is set to necessitate coping with legal compliance and operational risks. While the said overseas outlets are being planned as part of the group's development strategy, representative offices may be set up as a point of departure. The Bank is ready to apply to them its experience in operating existing overseas outlets and internal control and legal compliance mechanisms.

(7) Risks incurred by business concentration and countermeasures

Our change to a commercial bank in 2017 has allowed us to expand our customer base from corporations toindividuals. On top of corporate banking, retail banking, financial trading, and securities trading, the Bank has made inroads into the bills sector and invested in leasing operations, a commercial bank in the U.S., a consumer banking venture in mainland China, venture capital and venture capital management consulting services. Our business is diversified and spans across Taiwan, mainland China, Hong Kong, and Macau, with each sector operating steadily. Our next phase of overseas development targets Australia and Singapore, which will further facilitate risk diversification and concentration of our overall business.

(8) Effect upon and risk to the Bank associated with any change in managerial control, as well as countermeasures: None.

(9) Effect upon or risk to the Bank if a large quantity of shares held by a director, supervisor, or major shareholder with not less than a 1% stake are to be transferred or otherwise change hands, as well as countermeasures: There was no transfer of a large quantity of shares or other form of changing hands thereof by any of the Bank's directors and major shareholders. Changes in shareholdings on the part of some shareholders holding more than 1% stake had no impact on the Bank's operations.

(10) Litigious and non-litigious matters: None.

(11) Other major risks and countermeasures:

- Information security risks

The Bank performs the following two assessment tasks with regard to information security risks:

1. Information asset risk assessment

   We perform information asset risk assessment tasks every half-year. These assessments consider such factors as the value of information assets, weaknesses, threats, internal issues, external issues (including laws and regulations, major information security incidents, technological changes, and industry changes, etc.), and take the requirements of stakeholder groups into consideration, and seek to understand the risk entailed by such information assets, and facilitate the adoption of appropriate security control measures able to reduce information security risks.

   In 2023 the assessment found no high risk or major operating risk matters.

2. Computer system information security assessment

   In accordance with the "Regulations for the Information Security Assessment of Computer Systems by Financial Institutions," annual information security assessments are conducted by external information security institution. These assessments inspect and confirm various information security threats and weaknesses, and implement control measures addressing technological and management aspects in order to strengthen network and information system security ability. Assessment tasks include the following:

   (1) Inspection of information architecture: We inspect network architecture configuration, the adequacy of information equipment security management rules, the greatest impact and risk acceptance ability in the case of single-point malfunctions, and the ability to maintain operations, etc.

   (2) Inspection of network activity: We inspect network equipment and server access records and user rights, information security equipment monitoring records, and malicious Internet usage or abnormal DNS server queries, etc.

   (3) Testing of network equipment, servers, terminal equipment, and Internet of Things devices: We perform equipment vulnerability scans and patches, testing of whether malicious programs exist, and testing of the complexity of account numbers and passwords.

(4) Testing of network equipment, servers, and Internet of Things devices, and connection with the Internet: We perform penetration testing, website vulnerability scans, and inspection of server directory and website access rights, and database security settings, etc.

(5) Customer-end applications programs: We perform testing of applications programs given to customers.

(6) Inspection of security settings: We inspect server password setting principles and account number determination principles, the adequacy of firewall settings, operating system and antivirus software updating settings and updating status, and key storage protection mechanisms and access, etc.

(7) Compliance inspection: We inspect computer systems to determine whether they meet the competent authority's standards.

(8) Social engineering drills: We implement annual e-mail social engineering drills involving all employees, and conduct social engineering attack awareness and training.

In 2023, the implementation results found no high risk or major operating risk matters.

7. Crisis management and response mechanisms

In order to strengthen the Bank's ability to respond to major crises and disasters, the Bank has drafted the "Major Accident Emergency Response and Recovery Plan Implementation Guidelines". These guidelines contain emergency response measures and notification and handling principles for natural or man-made disasters, major epidemics, information system crashes, personal data invasion accidents, and liquidity crises. We have also strengthened our disaster prevention simulations, drills, and testing. In the event of an accident or disaster, we hope to eliminate or reduce damage to the Bank as quickly as possible, maintain the normal functioning of our banking services, and ensure the customers' rights and interests. Furthermore, the Bank has established the "Emergency Response Committee Organizational Guidelines," with the President serving as the convener. This ensures that in the event of a major incident, the Bank can promptly notify relevant personnel and integrate cross-departmental crisis management contingency measures.

The Bank is proactive to effectively control operational risk by conducting simulations of various crisis scenarios. An unscheduled drill, for instance, is held each year on allocating funds to the Bank's Interbank Funds Transfer Guarantee Special Account to guard against a balance shortfall outside business hours, a scenario that will adversely affect customers and tarnish our image due to the resultant halt to interbank funds withdrawals and transfers. Separately, the Bank also conducts annual information and business continuity exercises to ascertain that our remote backup information systems and major business operations can run smoothly in the event of any disaster serious enough to disrupt operations of the Bank's headquarters and information building. In the remote backup exercise, the business and operation units are included in the actual business operation exercise to verify that the simulation mechanism can fully operate effectively at critical moments. In the event of major crises and disasters, in addition to the aforementioned preventive measures and drills, if unfounded rumors emerge in the market, depending on the situation, the spokesperson of the Bank may make a material information announcement or provide clarification on financial and operational conditions in a timely manner.

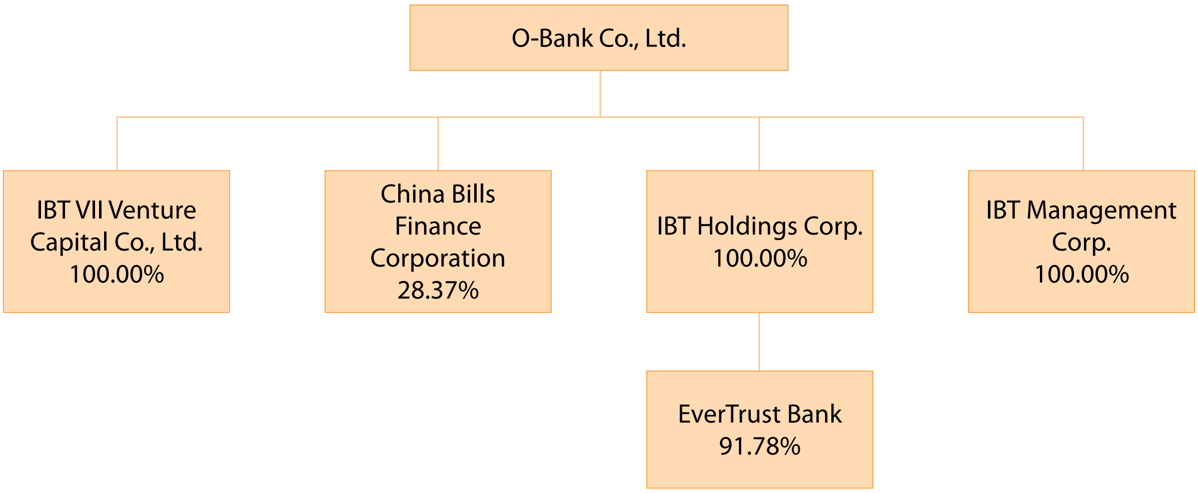
8. Other major items: None.

VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Organizational Chart

As of December 31,2023



(2) Backgrounds of Affiliated Companies

As of December 31,2023 Unit：NT$ thousands / US$ thousands

Name of Company	Established Date	Address	Paid in Capital	Main Business
IBT Management Corporation	2000.7.31	8F, No.99, Sec.2,Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	134,000	1. Investment Advisory Business 2. Business Management Advisory Business 3. Venture Capital Investment and Management Consulting Business
IBT VII Venture Capital Co., Ltd.	2014.8.12	6F, No.99, Sec.2,Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	650,000	Venture Capital Business
China Bills Finance Corporation	1978.10.19	4F, No.99, Sec.2,Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	13,429,600	1. H102011 Bills Finance 2. H301011 Securities Brokerage
IBT Holdings Corp.	2006.5.30	13191 Crossroads Pkwy N., Suite 505, City of Industry, CA 91746.	USD 110,209	Financial Holding Company
EverTrust Bank	1994.9.19	13191 Crossroads Pkwy N., Suite 505, City of Industry, CA 91746	USD 118,402	Commercial Bank

Note: Exchanging rate on reporting date as of Dec. 31, 2023: USD 30.75327

(3) Common Shareholders among Controlling and Controlled Entities: Not applicable.

(4) Backgrounds of directors, supervisors and presidents of affiliated companies

As of December 31,2023
Unit：Shares/%

Name of Company	Title/Represented Institution	Name or Representative	Share Holding	
			No.of Shares	Ratio%
IBT Management Corporation	Juristic-person director：			
	O-Bank Co., Ltd.	Yeh, Roy J.Y.	13,400,000	100.00
	O-Bank Co., Ltd.	Tang, Grace W.S.	13,400,000	100.00
	O-Bank Co., Ltd.	Chang, Sean W.H.	13,400,000	100.00
	O-Bank Co., Ltd.	Cheng, Wayne Y.W.	13,400,000	100.00
	Supervisor：			
	O-Bank Co., Ltd.	Chao, Tillie C.L.	13,400,000	100.00
	President：			
	Tang, Grace W.S.		0	0.00
IBT VII Venture Capital Co., Ltd.	Juristic-person director：			
	O-Bank Co., Ltd.	Lin, Bill K.C.	65,000,000	100.00
	O-Bank Co., Ltd.	Tang, Grace W.S.	65,000,000	100.00
	O-Bank Co., Ltd.	Chang, Sean W.H.	65,000,000	100.00
	O-Bank Co., Ltd.	Chen, Alex J.J.	65,000,000	100.00
	O-Bank Co., Ltd.	Cheng, Wayne Y.W.	65,000,000	100.00
	Supervisor：			
	O-Bank Co., Ltd.	Chao, Tillie C.L.	65,000,000	100.00
China Bills Finance Corporation	Juristic-person director：			
	O-Bank Co., Ltd.	Chang, David C.C.	380,981,600	28.37
	O-Bank Co., Ltd.	Wei, Jonathan C.H.	380,981,600	28.37
	O-Bank Co., Ltd.	Hsu, Matt	380,981,600	28.37
	O-Bank Co., Ltd.	Siew, Joy C.Y.	380,981,600	28.37
	Ming Shan Investment Co., Ltd.	Lo, Mona I-Ru	1,509,600	0.11
	Hezhu Investment Co., Ltd.	Cheng, Si-Tsung	77,084,000	5.73
	Hezhu Investment Co., Ltd.	Peng, Tzu-Hou	77,084,000	5.73
	Hezhu Investment Co., Ltd.	Huang, Tang-Hsuan	77,084,000	5.73
	Independent Directors：			
	Wu, Wayne Wen-Ya		0	0.00
	Kuo, Chung-Ming		0	0.00
	Lin, Horng-Dar		0	0.00
	President：			
	Wei, Jonathan C.H.		0	0.00
IBT Holdings Corp. (note 1)	Directors：			
	Jesse C.K. Kung		0	0.00
	Tina Y. Lo		0	0.00
	Charles Hsieh		0	0.00
	President：			
	Charles Hsieh		0	0.00

Name of Company	Title/Represented Institution	Name or Representative	Share Holding	
			No.of Shares	Ratio%
EverTrust Bank	Directors：			
(note 2)	Jesse C.K. Kung		0	0.00
	Tina Y. Lo		0	0.00
	Hsieh, Charles		0	0.00
	Bloom, Steven N.		0	0.00
	Ho, Joanna		0	0.00
	Lee, Elton F.Y.		0	0.00
	Ross, John Thomas		0	0.00
	Chen, Steven Hsin-Chien		0	0.00
	Wang & Wang, LLC	Daine Wang Hsu	960,095	8.22
	President：			
	Charles Hsieh		0	0.00

Note: 1. Shareholding of O-Bank Co., Ltd. to IBT Holdings Corp. ：10,869,286 shares ：at a holding ratio of 100%
2. Shareholding of IBT Holdings Corp.to EverTrust Bank ：10,713,699 shares ：at a holding ratio of 91.78

(5) Performance of Affiliated Companies

As of December 31, 2023
Unit ：NT$ thousands /US$ thousands

Name	Capital Stock	Total Assets	Total Liabilities	Net Worth	Operation Revenue	Profit from Operations	Net Income (after tax)	Earnings Per Share (in dollar) (after tax)
O-Bank Co., Ltd.	30,330,063	390,583,784	350,481,749	40,102,035	6,866,513	2,800,952	2,492,420	0.87
IBT Management Corporation	134,000	475,591	157,844	317,747	74,959	38,653	40,124	2.99
IBT VII Venture Capital Co., Ltd.	650,000	1,152,148	223,514	928,634	217,070	136,114	134,781	2.07
China Bills Finance Corporation	13,429,600	222,355,859	197,422,635	24,933,224	2,019,127	1,522,524	1,288,522	0.96
IBT Holdings Corp.	USD 110,209	USD 203,530	USD -	USD 203,530	USD 1	USD 5,731	USD 3,803	USD 0.35
EverTrust Bank	USD 118,402	USD 871,052	USD 650,320	USD 220,731	USD 36,304	USD 5,744	USD 4,158	USD 0.36

Note: Exchanging rate on reporting date as of Dec. 31, 2023: USD30.75327

(6) Consolidated Financial Statements of Affiliated Companies: Please refer to Consolidated Financial Statements of Financial Status.

(7) Reports of Affiliated Companies: Not applicable.

2. Private Placement Securities and Financial Bonds: None.

3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: Not applicable.

4. Other Important Supplementary Information: None.

5. Events Occurred in the Previous Year and Up to the Publication of this Annual Report, Which Significantly Affect Shareholders' Equity or Price of Shares Pursuant to Item 2, Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

O-Bank and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” as of and for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Company name: O-BANK
Chairman: Tina Y. C. Lo
Date: March 13, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2023 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

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

- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation.

Assessment of Reserve for Losses on Guarantee Contracts

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

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

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts, and we tested the effectiveness of the operation of the controls.

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

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

<u>*Notice to Readers*</u>

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 5,555,800	1	$ 6,414,978	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	23,520,359	4	17,785,790	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 43)	154,882,250	25	144,850,687	25
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 43 and 47)	170,682,918	27	155,223,551	27
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 10, 43 and 47)	25,859,398	4	25,665,306	5
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 11)	2,865,025	1	3,951,999	1
RECEIVABLES, NET (Notes 12 and 14)	4,605,691	1	3,691,557	1
CURRENT TAX ASSETS	625,032	-	299,379	-
DISCOUNTS AND LOANS, NET (Notes 13, 14, 42 and 43)	222,933,448	36	204,312,972	35
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	6,994,838	1	7,241,771	1
OTHER FINANCIAL ASSETS (Note 17)	1,059,166	-	785,669	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 44)	2,389,637	-	2,405,135	1
RIGHT-OF-USE ASSETS, NET (Note 19)	446,591	-	420,124	-
INTANGIBLE ASSETS, NET (Note 20)	1,675,179	-	1,809,664	-
DEFERRED TAX ASSETS (Note 39)	959,517	-	1,125,574	-
OTHER ASSETS (Notes 19 and 21)	1,694,152	-	1,358,976	-
TOTAL	$ 626,749,001	100	$ 577,343,132	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks (Note 22)	$ 30,339,249	5	$ 23,427,644	4
Financial liabilities at fair value through profit or loss (Note 8)	1,401,705	-	1,008,165	-
Bills and bonds sold under repurchase agreements (Note 23)	194,087,268	31	180,156,757	31
Payables (Note 24)	5,232,200	1	3,272,901	1
Current tax liabilities	302,271	-	112,306	-
Deposits and remittances (Notes 25 and 42)	316,562,298	51	293,164,986	51
Bank debentures payable (Note 26)	12,950,000	2	13,600,000	3
Other financial liabilities (Note 27)	3,736,137	1	5,156,808	1
Provisions (Notes 14, 28 and 29)	1,979,779	-	1,872,637	-
Lease liabilities (Note 19)	463,732	-	432,826	-
Deferred tax liabilities (Note 39)	715,671	-	628,178	-
Other liabilities (Note 30)	460,945	-	500,360	-
Total liabilities	568,231,255	91	523,333,568	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,339,923	4	27,339,923	5
Preferred stock	2,990,140	1	2,990,140	-
Total capital	30,330,063	5	30,330,063	5
Capital surplus	19,624	-	13,652	-
Retained earnings				
Legal reserve	5,789,200	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-
Unappropriated earnings	2,756,051	-	5,469,437	1
Total retained earnings	11,742,262	2	10,445,863	2
Other equity	(1,828,393)	(1)	(3,050,502)	(1)
Treasury stock	(161,521)	-	(16,837)	-
Total equity attributable to owners of the Bank	40,102,035	6	37,722,239	6
NON-CONTROLLING INTERESTS	18,415,711	3	16,287,325	3
Total equity (Note 31)	58,517,746	9	54,009,564	9
TOTAL	$ 626,749,001	100	$ 577,343,132	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 32 and 42)	$ 13,939,144	146	$ 9,347,757	77	49
INTEREST EXPENSE (Notes 32 and 42)	(11,812,867)	(124)	(4,766,262)	(39)	148
NET INTEREST	2,126,277	22	4,581,495	38	(54)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 33 and 42)	2,243,871	23	2,349,341	19	(4)
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 34)	4,481,784	47	3,899,414	32	15
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	374,340	4	153,972	1	143
Foreign exchange gain (loss), net	102,848	1	(2,402,766)	(20)	104
Reversal of (losses on) impairment of assets	(1,931)	-	7,909	-	(124)
Share of profit of associates accounted for using equity method (Notes 16 and 41)	161,741	2	3,334,489	28	(95)
Other net revenue other than interest (Note 42)	55,015	1	196,965	2	(72)
Total net revenue other than interest revenue	7,417,668	78	7,539,324	62	(2)
NET REVENUE	9,543,945	100	12,120,819	100	(21)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 14)	(897,034)	(10)	(608,103)	(5)	48

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Notes 29, 36 and 42)	$ 2,719,436	28	$ 2,986,679	25	(9)
Depreciation and amortization expenses (Note 37)	569,103	6	623,209	5	(9)
Other general and administrative expenses (Notes 38 and 42)	1,329,632	14	1,285,602	10	3
Total operating expenses	4,618,171	48	4,895,490	40	(6)
PROFIT BEFORE INCOME TAX	4,028,740	42	6,617,226	55	(39)
INCOME TAX EXPENSE (Note 39)	602,681	6	808,871	7	(25)
NET PROFIT FOR THE YEAR	3,426,059	36	5,808,355	48	(41)
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 29)	(15,038)	-	55,366	-	(127)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	181,539	2	(929,852)	(8)	120
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(6,494)	-	(19,864)	-	(67)
Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss (Note 39)	1,303	-	(6,693)	-	119
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	161,310	2	(901,043)	(8)	118

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023 Amount	2023 %	2022 Amount	2022 %	Percentage Increase (Decrease) %
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	$ (59,405)	(1)	$ 1,284,555	11	(105)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	2,955,661	31	(5,918,474)	(49)	150
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (Note 39)	(191,978)	(2)	352,545	3	(154)
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	2,704,278	28	(4,281,374)	(35)	163
Other comprehensive income (loss) for the year, net of tax	2,865,588	30	(5,182,417)	(43)	155
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 6,291,647	66	$ 625,938	5	905
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 2,492,420	26	$ 5,034,471	42	(50)
Non-controlling interests	933,639	10	773,884	6	21
	$ 3,426,059	36	$ 5,808,355	48	(41)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 3,683,548	39	$ 2,259,593	19	63
Non-controlling interests	2,608,099	27	(1,633,655)	(14)	260
	$ 6,291,647	66	$ 625,938	5	905
EARNINGS PER SHARE (Note 40)					
Basic	$0.87		$1.80		
Diluted	$0.78		$1.62		

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906	$ 18,786,481	$ 55,167,387
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-	-	-
Appropriation and distribution of 2021 earnings														
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616	1,072	1,688
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(865,780)	(865,780)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471	773,884	5,808,355
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)	(2,407,539)	(5,182,417)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593	(1,633,655)	625,938
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction of subsidiaries for cash received by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(793)	(793)
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335	-	27,335
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-	-	-
BALANCE AT DECEMBER 31, 2022	27,339,923	2,990,140	30,330,063	13,652	4,341,816	634,610	5,469,437	10,445,863	165,887	(3,216,389)	(16,837)	37,722,239	16,287,325	54,009,564
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-	-	-
Appropriation and distribution of 2022 earnings														
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715	1,276	1,991
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)	-	(144,684)
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(480,989)	(480,989)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420	933,639	3,426,059
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128	1,674,460	2,865,588
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548	2,608,099	6,291,647
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-	-	-
BALANCE AT DECEMBER 31, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 19,624	$ 5,789,200	$ 3,197,011	$ 2,756,051	$ 11,742,262	$ 109,410	$ (1,937,803)	$ (161,521)	$ 40,102,035	$ 18,415,711	$ 58,517,746

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,028,740	$ 6,617,226
Adjustments for:		
Depreciation expense	298,265	343,952
Amortization expense	270,838	279,257
Expected credit losses/recognition of provisions	898,965	600,194
Share-based payment arrangements	-	8,423
Net gain on financial assets or liabilities at fair value through profit or loss	(4,481,784)	(3,899,414)
Interest expense	11,812,867	4,766,262
Interest revenue	(13,939,144)	(9,347,757)
Dividend income	(511,373)	(462,266)
Share of profit of associates accounted for using equity method	(161,741)	(3,334,489)
Loss (gain) on disposal of property and equipment	(798)	4,710
Loss on disposal of investments	137,033	308,294
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,641,292)	526,228
Financial assets at fair value through profit or loss	(6,114,136)	10,254,007
Financial assets at fair value through other comprehensive income	(12,118,430)	29,676,220
Investment in debt instruments at amortized cost	(185,814)	(25,661,361)
Bills and bonds purchased under resell agreements	1,086,974	1,412,109
Receivables	(295,789)	(520,532)
Discounts and loans	(19,386,660)	(32,198,962)
Deposits from the Central Bank and other banks	6,911,605	(4,448,657)
Financial liabilities at fair value through profit or loss	393,540	566,828
Bills and bonds sold under repurchase agreements	13,930,511	(7,795,859)
Payables	1,326,470	(35,274)
Deposits and remittances	23,397,312	33,785,561
Provisions	(20,659)	4,016
Cash generated from operations	5,635,500	1,448,716
Interest received	13,248,448	8,775,223
Dividends received	897,408	497,786
Interest paid	(10,972,748)	(4,118,272)
Income taxes paid	(675,122)	(795,671)
Net cash flows generated from operating activities	8,133,486	5,807,782
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using the equity method	26,657	-
Proceeds from disposal of subsidiaries (Note 41)	-	(2,540,264)
Acquisition of property and equipment	(180,013)	(128,890)
Proceeds from disposal of property and equipment	3,423	59,600
Increase in refundable deposits	(310,826)	(99,334)
Acquisition of intangible assets	(109,062)	(50,212)
Proceeds from disposal of intangible assets	-	34,276

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in other financial assets	$ 34,647	$ 90,905
Increase in other assets	(24,350)	(206,762)
Net cash flows used in investing activities	(559,524)	(2,840,681)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	12,000	1,234,630
Decrease in commercial papers	(1,931,025)	(2,976,269)
Proceeds from issuing bank debentures	1,600,000	1,100,000
Repayments of bank debentures	(2,250,000)	(2,500,000)
Proceeds from long-term borrowings	-	6,113,689
Repayments of long-term borrowings	-	(5,010,824)
Repayments of the principal portion of lease liabilities	(140,290)	(138,845)
Increase in other financial liabilities	497,521	568,543
Decrease in other liabilities	(39,415)	(432,016)
Dividends paid to owners of the Bank	(1,165,040)	(946,645)
Payments to acquire treasury stock	(144,684)	-
Transfer of treasury stock to employees	-	18,912
Dividends paid to non-controlling interests	(480,989)	(865,780)
Net cash flows used in financing activities	(4,041,922)	(3,834,605)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10,203	894,464
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,542,243	26,960
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,225,156	15,198,196
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 18,767,399	$ 15,225,156

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents reported in the consolidated balance sheets	$ 5,555,800	$ 6,414,978
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	12,289,001	8,195,724
Other items qualifying for cash and cash equivalents under the definition of IAS 7	922,598	614,454
Cash and cash equivalents at the end of the year	$ 18,767,399	$ 15,225,156

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

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (the "FSC") accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

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

As of December 31, 2023, the Bank has eight main departments - Financial Business Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department and Internal Audit Department. It also has Operating Segment, Nanjing Fuxing branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

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

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

As of December 31, 2023 and 2022, the Bank and its subsidiaries (the "Group") had 1,466 and 1,374 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 13, 2024.

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

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

Initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. New IFRS Accounting Standards in issued but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IFRS Accounting Standards endorsed and issued into effect by the FSC.

Basis of Preparation

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

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 47 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

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

Refer to Note 15, Table 3 and Table 4 for the list of main business activities and ownership percentages of subsidiaries.

Foreign Currencies

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

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

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

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

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

Investments in Associates

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

The Group uses the equity method to account for its investments in associates.

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

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

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

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

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

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

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

Financial Instruments

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

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

<u>Financial assets</u>

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

a. Measurement categories

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

   1) Financial assets at FVTPL

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

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 46.

2) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

b) Breach of contract, such as a default;

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

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

The repurchase of the Bank’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank’s own equity instruments.

Financial liabilities

a. Subsequent measurement

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

   1) Financial liabilities at FVTPL

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

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

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

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

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

      Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 46.

   2) Financial guarantee contracts

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

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

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

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

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

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

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

Modification of financial instruments

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

Non-performing Loans

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

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

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

Repurchase and Resale Transactions

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

Property and Equipment

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

Goodwill

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

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

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

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

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

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

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

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

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

Provisions

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

<u>Onerous contracts</u>

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

Revenue Recognition

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

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

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

Leases

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Staff preferential deposit

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

Share-based Payment Arrangements

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

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax

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

Cash and Cash Equivalents

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans and Financial Guarantee Contract

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and petty cash	$ 147,882	$ 137,007
Checking for clearing	1,353,302	198,196
Due from banks	4,054,616	6,079,775
	$ 5,555,800	$ 6,414,978

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

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

	December 31	
	2023	2022
Reserves for deposits - Type A	$ 3,331,764	$ 1,325,922
Reserves for deposits - Type B	5,837,376	5,907,742
Due from Central Bank - Financial	2,000,712	2,003,091
Call loans to banks	12,289,001	8,502,951
Others	61,506	46,084
	$ 23,520,359	$ 17,785,790

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include assets swap contracts)	$ 6,157,388	$ 8,493,617
Derivative financial assets		
Currency swap contracts	717,198	764,815
Forward contracts	31,052	163,969
Interest rate swap contracts	36,605	18,252
Currency option contracts - call	23,461	19,851
Future exchange margins	49,686	24,710
Promised purchase contracts	664	26,010
	858,666	1,017,607
Non-derivative financial assets		
Commercial paper	112,290,378	98,462,696
Commercial paper contracts	236,866	9,781
Negotiable certificates of deposit	32,528,876	35,244,589
Stocks and beneficiary certificates	1,389,794	1,622,397
Government bonds	402,002	-
Corporate bonds	1,018,280	-
	147,866,196	135,339,463
	$ 154,882,250	$ 144,850,687
Held-for-trading financial liabilities		
Derivative financial instruments		
Currency swap contracts	$ 1,116,259	$ 622,379
Forward contracts	199,566	133,419
Interest rate swap contracts	36,755	18,375
Currency option contracts - put	14,897	14,486
Promised purchase contracts	12,826	-
	1,380,303	788,659
Non-derivative financial liabilities		
Commercial paper contracts	21,402	219,506
	$ 1,401,705	$ 1,008,165

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

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Interest rate swap contracts	$ 9,109,905	$ 11,244,419
Currency swap contracts	136,153,362	114,694,781
Forward contracts	23,920,817	30,015,167
Currency option contracts		
Buy	1,977,359	912,929
Sell	704,187	728,593
Promised purchase contracts	6,450,000	15,000,000

As of December 31, 2023 and 2022, financial assets at fair value through profit and loss under agreement to repurchase were in the face amount of $92,833,500 thousand and $86,836,200 thousand, respectively.

Refer to Note 43 for information relating to financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI	$ 2,910,766	$ 1,968,197
Investments in debt instruments at FVTOCI		
Government bonds	22,665,893	20,281,761
Bank debentures	27,848,639	26,254,996
Corporate bonds	87,533,071	76,558,979
Overseas government bonds	2,352,438	2,091,497
Commercial paper contracts	3,447,154	6,249,812
Negotiable certificates of deposit	21,467,288	19,253,080
Mortgage-backed securities	2,457,669	2,565,229
	$ 170,682,918	$ 155,223,551

a. Investments in equity instruments at FVTOCI

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

The Group disposed stock classified as at FVTOCI for invested management purpose for the years ended December 31, 2023 and 2022. The fair value of stocks classified as at FVTOCI which had to be disposed of were $9,692,431 thousand and $6,740,837 thousand and the accumulated gain or loss related to the sold assets of $18,048 thousand loss and $241,014 thousand loss, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $511,373 thousand and $462,266 thousand were recognized in profit or loss for the years ended December 31, 2023 and 2022. The dividends related to investments held at the end of 2023 and 2022 were $94,473 thousand and $137,406 thousand, respectively.

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

b. Investments in debt instruments at FVTOCI

1) Refer to Note 43 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 47 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $92,107,406 thousand and $87,026,300 thousand as of on December 31, 2023 and 2022, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AS AT AMORTIZED COST

	December 31	
	2023	2022
Government bonds	$ 13,215,986	$ 8,453,740
Bank debentures	5,417,533	2,561,252
Corporate bonds	5,311,804	4,739,723
Overseas government bonds	918,376	913,609
Negotiable certificates of deposit	1,000,000	9,000,000
	25,863,699	25,668,324
Less: Allowance for impairment loss	(4,301)	(3,018)
	$ 25,859,398	$ 25,665,306

Refer to Note 43 for information relating to investments in debt instruments at amortized cost pledged as security.

Refer to Note 47 for information relating to the credit risk management and impairment assessment of investments in debt instruments at amortized cost.

Investments in debt instruments at amortized cost under agreement to repurchase was in the face amount of $6,490,252 thousand and $1,753,479 thousand, as of on December 31, 2023 and 2022, respectively.

11. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of December 31, 2023 and 2022, bonds and bills in the amounts of $2,865,025 thousand and $3,951,999 thousand, respectively, had been purchased under resell agreements would subsequently be sold for $2,867,919 thousand and $3,954,765 thousand before February 2023 and February 2022, respectively. As of December 31, 2023 and 2022, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $2,410,000 thousand and $3,144,400 thousand, respectively.

12. RECEIVABLES, NET

	December 31 2023	December 31 2022
Factored receivable	$ 837,215	$ 1,477,269
Interest receivable	2,263,845	1,555,067
Accounts receivable	266,448	226,068
Investment settlements receivable	828,701	196,270
Acceptances receivable	205,561	121,272
Dividend receivable	5,203	429
Others	218,326	161,733
	4,625,299	3,738,108
Less: Allowance for credit losses	19,608	46,551
Receivables, net	$ 4,605,691	$ 3,691,557

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108
Transfers				
To 12-month ECLs	403	(403)	-	-
To lifetime ECLs	(19,259)	19,259	-	-
To credit-impaired financial assets	(557)	(2,130)	2,687	-
New financial assets purchased or originated	2,771,668	9,937	8,632	2,790,237
Derecognition of financial assets	(1,240,639)	(670,524)	(836)	(1,911,999)
Write-offs	-	-	(43,892)	(43,892)
Exchange rate or other changes	28,226	20,431	4,188	52,845
Balance at December 31, 2023	$ 4,563,763	$ 53,458	$ 8,078	$ 4,625,299
Balance at January 1, 2022	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720
Transfers				
To 12-month ECLs	19,595	(19,547)	(48)	-
To lifetime ECLs	(451,121)	451,121	-	-
To credit-impaired financial assets	(321)	(191,626)	191,947	-
New financial assets purchased or originated	19,391,228	666,774	1,492	20,059,494
Derecognition of financial assets	(18,704,708)	(102,245)	(50,679)	(18,857,632)
Write-offs	-	(3,133)	(126,414)	(129,547)
Exchange rate or other changes	(17,424,825)	(260,285)	(230,817)	(17,915,927)
Balance at December 31, 2022	$ 3,023,921	$ 676,888	$ 37,299	$ 3,738,108

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

Refer to Note 47 for the impairment loss analysis of receivables.

13. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Short-term	$ 90,699,082	$ 70,438,914
Medium-term	107,744,707	111,528,492
Long-term	27,278,469	24,756,153
Export bill negotiated	525,546	-
Guaranteed overdraft	185,976	105,522
Overdue loans	195,554	668,187
	226,629,334	207,497,268
Less: Allowance for credit losses	3,695,886	3,184,296
	$ 222,933,448	$ 204,312,972

The changes in gross carrying amount on discounts and loans for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268
Transfers				
To 12-month ECLs	390,000	(390,000)	-	-
To lifetime ECLs	(2,232,302)	2,232,302	-	-
To credit-impaired financial assets	(125,857)	(600,005)	725,862	-
New financial assets purchased or originated	143,500,480	5,930,041	280,916	149,711,437
Derecognition of financial assets	(114,829,559)	(14,511,597)	(908,130)	(130,249,286)
Write-offs	-	-	(274,165)	(274,165)
Exchange rate or other changes	(55,107)	(18,325)	17,512	(55,920)
Balance at December 31, 2023	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ 226,629,334
Balance at January 1, 2022	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535
Transfers				
To 12-month ECLs	478,268	(433,204)	(45,064)	-
To lifetime ECLs	(2,580,395)	2,580,395	-	-
To credit-impaired financial assets	(62,692)	(78,158)	140,850	-
New financial assets purchased or originated	122,894,215	12,039,761	431,430	135,365,406
Derecognition of financial assets	(95,939,686)	(9,364,707)	(250,401)	(105,554,794)
Write-offs	-	-	(107,784)	(107,784)
Exchange rate or other changes	2,567,724	(81,420)	11,601	2,497,905
Balance at December 31, 2022	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ 207,497,268

The balance of the overdue loans of the Group as of December 31, 2023 and 2022 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $4,786 thousand and $13,843 thousand for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 43 for information relating to discounts and loan assets pledged as security.

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

Refer to Note 47 for the impairment loss analysis of discounts and loans.

14. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the years ended December 31, 2023 and 2022 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(101)	101	-	-	-	-
To credit-impaired financial assets	(334)	(9)	343	-	-	-
New financial assets purchased or originated	2,957	67	20,177	23,201	-	23,201
Derecognition of financial assets	(2,118)	(1,092)	(260)	(3,470)	-	(3,470)
Change in model or risk parameters	416	30	17	463	-	463
Difference between IFRS 9 and local requirements	-	-	-	-	(3,410)	(3,410)
Write-offs	-	-	(43,892)	(43,892)	-	(43,892)
Exchange rate or other changes	-	-	164	164	1	165
Balance at December 31, 2023	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296
Transfers						
To 12-month ECLs	16,090	(16,090)	-	-	-	-
To lifetime ECLs	(24,848)	24,848	-	-	-	-
To credit-impaired financial assets	(71,167)	(4,759)	75,926	-	-	-
New financial assets purchased or originated	332,826	66,960	156,634	556,420	-	556,420
Derecognition of financial assets	(261,954)	(44,833)	(157,124)	(463,911)	-	(463,911)
Change in model or risk parameters	98,296	83,288	166,548	348,132	-	348,132
Difference between IFRS 9 and local requirements	-	-	-	-	325,543	325,543
Write-offs	-	-	(274,165)	(274,165)	-	(274,165)
Withdrawal after write-offs	-	-	23,928	23,928	-	23,928
Exchange rate or other changes	(39)	221	10	192	(4,549)	(4,357)
Balance at December 31, 2023	$ 556,255	$ 200,184	$ 289,738	$ 1,046,177	$ 2,649,709	$ 3,695,886

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2023	$ 103,759	$ 8,528	$ -	$ 112,287	$ 1,595,732	$ 1,708,019
Transfers						
To 12-month ECLs	5,240	(5,240)	-	-	-	-
To lifetime ECLs	(19)	19	-	-	-	-
New financial assets purchased or originated	76,639	15,502	-	92,141	-	92,141
Derecognition of financial assets	(65,104)	(3,112)	-	(68,216)	-	(68,216)
Change in model or risk parameters	(3,631)	77	-	(3,554)	-	(3,554)
Difference between IFRS 9 and local requirements	-	-	-	-	93,695	93,695
Withdrawal after write-offs	-	-	-	-	6,942	6,942
Exchange rate or other changes	64	6	-	70	(299)	(229)
Balance at December 31, 2023	$ 116,948	$ 15,780	$ -	$ 132,728	$ 1,696,070	$ 1,828,798

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

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2022	$ 382,077	$ 108,320	$ 238,363	$ 728,760	$ 1,840,186	$ 2,568,946
Transfers						
To 12-month ECLs	13,687	(13,660)	(27)	-	-	-
To lifetime ECLs	(20,826)	20,826	-	-	-	-
To credit-impaired financial assets	(35,235)	(1,342)	36,577	-	-	-
New financial assets purchased or originated	288,894	23,191	105,279	417,364	-	417,364
Derecognition of financial assets	(217,132)	(46,515)	(70,763)	(334,410)	-	(334,410)
Change in model or risk parameters	44,343	(4,022)	77,494	117,815	-	117,815
Difference between IFRS 9 and local requirements	-	-	-	-	412,809	412,809
Write-offs	-	-	(107,784)	(107,784)	-	(107,784)
Withdrawal after write-offs	-	-	18,468	18,468	-	18,468
Exchange rate or other changes	11,243	3,751	374	15,368	75,720	91,088
Balance at December 31, 2022	$ 467,051	$ 90,549	$ 297,981	$ 855,581	$ 2,328,715	$ 3,184,296

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

15. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	Percentage of Ownership (%) December 31 2023	Percentage of Ownership (%) December 31 2022	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	Founded in 2006 in California	Yes
	IBTM	Investment consulting	100.00	100.00	Founded in 2000	Yes
	Chun Teng New Century Co., Ltd. (formerly known as IBTS)	Investment (former securities firm)	99.75	99.75	Founded in 1961 (Note 1)	No
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	Founded in 2014 (Note 2)	Yes
Chun Teng New Century Co., Ltd. (formerly known as IBTS)	IBTS Holding B.V.I. Limited (IBTSH)	Holding company	100.00	100.00	Founded in 2003 in the British Virgin Islands	No
IBTSH	IBTS Financial (HK) Limited	Investment	100.00	100.00	Founded in 2003 in Hong Kong	No
	IBTS Asia (HK) Limited	Securities and investment	100.00	100.00	Founded in 2004 in Hong Kong	No
IBTH	EverTrust Bank	Banking	91.78	91.78	Founded in 1994 in California	Yes

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

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

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

The summarized financial information below represents amounts before intragroup eliminations:

	December 31 2023	2022
CBF		
Equity attributable to:		
Owners of CBF	$ 7,073,256	$ 6,234,894
Non-controlling interests of CBF	17,859,968	15,743,106
	$ 24,933,224	$ 21,978,000

	For the Year Ended December 31	
	2023	2022
Net revenue	$ 2,019,127	$ 1,645,023
Net profit from continuing operations	$ 1,288,522	$ 1,040,282
Other comprehensive income (loss) for the year	2,336,400	(3,412,299)
Total comprehensive income for the year	$ 3,624,922	$ (2,372,017)
Profit attributable to:		
Owners of CBF	$ 365,538	$ 295,115
Non-controlling interests of CBF	922,984	745,167
	$ 1,288,522	$ 1,040,282
Total comprehensive income attributable to:		
Owners of CBF	$ 1,028,347	$ (672,913)
Non-controlling interests of CBF	2,596,575	(1,699,104)
	$ 3,624,922	$ (2,372,017)
Net cash inflow (outflow) from:		
Operating activities	$ (5,985,602)	$ 3,322,693
Investing activities	(12,490)	(6,678)
Financing activities	5,708,278	(3,313,055)
Net cash (outflow) inflow	$ (289,814)	$ 2,960
Dividends paid to non-controlling interests of CBF	$ 480,989	$ 865,780

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	December 31	
	2023	2022
Associates - Infinite Finance Co., Ltd.	$ 5,850,311	$ 6,230,729
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	1,144,527	1,011,042
	$ 6,994,838	$ 7,241,771

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

The Bank's the board of directors resolved on July 21, 2022 and approved the management's proposal merger of subsidiary, the IBT Leasing and Jih-Sun International Leasing and Financing Co., Ltd. (the "Jih-Sun Leasing"). With the Jih-Sun Leasing as the surviving company, and changed its name to Infinite Finance Co., Ltd. Jih-Sun Leasing issued 156,193,000 new shares to the Bank at the ratio of 0.5834 ordinary shares of Jih-Sun Leasing for every 1 ordinary share of IBT Leasing. After the merger, the Bank will hold 44.48% of the shares of the surviving company. The share swap amount was $6,198,618 thousand, and the merger date was December 1, 2022. For the information on the disposal of the IBT Leasing. Refer to Note 41 for information relating to disposal of IBT Leasing.

On June 19, 2023, the Bank disposed 713 thousand shares of Infinite Finance for NT$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%.

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

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

Infinite Finance Co., Ltd.

	December 31	
	2023	**2022**
Total assets	$ 86,800,301	$ 76,183,506
Total liabilities	$ 77,516,069	$ 66,645,549

	For the Year Ended December 31	
	2023	**2022**
Net profit for the year	$ 516,300	$ 609,305
Total other comprehensive income for the year	$ 436,645	$ 630,781

Beijing Sunshine Consumer Finance Co., Ltd.

	December 31	
	2023	**2022**
Total assets	$ 50,616,039	$ 55,118,326
Total liabilities	$ 44,900,174	$ 50,049,146

	For the Year Ended December 31	
	2023	**2022**
Net profit for the year	$ 752,643	$ 598,891
Total other comprehensive income for the year	$ 752,643	$ 598,891

17. OTHER FINANCIAL ASSETS

	December 31 2023	December 31 2022
Time deposits with original maturities more than 3 months	$ 77,190	$ 76,807
Call loans to securities corporation limited	922,598	614,454
Repurchase agreement margins	59,378	94,408
	$ 1,059,166	$ 785,669

18. PROPERTY AND EQUIPMENT

	December 31 2023	December 31 2022
Carrying amounts of each class of		
Land	$ 781,970	$ 781,970
Buildings	1,153,883	1,193,110
Machinery and computer equipment	259,555	252,007
Transportation equipment	20,645	25,146
Office and other equipment	28,756	37,471
Lease improvement	68,671	85,501
Construction in progress and prepayments for equipment	76,157	29,930
	$ 2,389,637	$ 2,405,135

The movements of property and equipment for the years ended December 31, 2023 and 2022 are summarized as follows:

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Additions	-	7,032	64,788	64	6,359	4,019	97,751	180,013
Disposals and scrapped	-	-	(67,400)	(14,323)	(3,598)	(1,622)	-	(86,943)
Reclassification	-	294	13,026	2,980	242	8,828	(51,524)	(26,154)
Effect of foreign currency exchange differences	-	-	(8)	-	61	114	-	167
Balance at December 31, 2023	$ 781,970	$ 1,913,782	$ 814,516	$ 56,887	$ 287,586	$ 396,050	$ 76,157	$ 4,326,948
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Disposals and scrapped	-	-	(64,999)	(14,237)	(3,460)	(1,622)	-	(84,318)
Depreciation expense	-	46,553	67,856	7,458	15,210	29,821	-	166,898
Other	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	1	1	29	(30)	-	1
Balance at December 31, 2023	$ -	$ 759,899	$ 554,961	$ 36,242	$ 258,830	$ 327,379	$ -	$ 1,937,311
Carrying amounts								
Balance at December 31, 2023	$ 781,970	$ 1,153,883	$ 259,555	$ 20,645	$ 28,756	$ 68,671	$ 76,157	$ 2,389,637

(Continued)

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2022	$ 781,970	$ 1,906,173	$ 856,234	$ 76,998	$ 283,582	$ 407,191	$ 20,190	$ 4,332,338
Additions	-	283	36,297	16,765	10,590	20,579	44,376	128,890
Disposals and scrapped	-	-	(84,016)	(26,487)	(18,318)	(70,211)	(7,445)	(206,477)
Reclassification	-	-	(6,112)	50	3,283	11,910	(27,191)	(18,060)
Effect of foreign currency exchange differences	-	-	1,707	840	5,385	15,242	-	23,174
Balance at December 31, 2022	$ 781,970	$ 1,906,456	$ 804,110	$ 68,166	$ 284,522	$ 384,711	$ 29,930	$ 4,259,865
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ -	$ 666,951	$ 552,227	$ 52,112	$ 233,950	$ 282,048	$ -	$ 1,787,288
Disposals and scrapped	-	-	(66,189)	(18,998)	(12,970)	(44,010)	-	(142,167)
Depreciation expense	-	46,395	71,009	9,394	21,860	50,286	-	198,944
Other	-	-	(6,367)	-	(415)	-	-	(6,782)
Effect of foreign currency exchange differences	-	-	1,423	512	4,626	10,886	-	17,447
Balance at December 31, 2022	$ -	$ 713,346	$ 552,103	$ 43,020	$ 247,051	$ 299,210	$ -	$ 1,854,730
Carrying amounts								
Balance at December 31, 2022	$ 781,970	$ 1,193,110	$ 252,007	$ 25,146	$ 37,471	$ 85,501	$ 29,930	$ 2,405,135

(Concluded)

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

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

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Buildings	$ 431,604	$ 416,289
Machinery	294	588
Transportation equipment	12,672	1,457
Office equipment	2,021	1,790
	$ 446,591	$ 420,124

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 157,327	$ 234,118
Depreciation charge for right-of-use assets		
Buildings	$ 125,975	$ 131,665
Machinery	294	294
Transportation equipment	4,063	11,998
Office equipment	1,035	1,051
	$ 131,367	$ 145,008

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts	$ 463,732	$ 432,826

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.35%-5.63%	0.67%-5.13%
Machinery	1.36%	1.36%
Transportation equipment	1.85%-2.62%	2.05%-2.17%
Office equipment	1.08%-4.48%	0.63%-4.42%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of March 2033. As of December 31, 2023 and 2022, refundable deposits paid under operating lease amounted to $32,198 thousand and $24,849 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 2,820	$ 29,616
Expenses relating to low-value asset leases	$ 4,653	$ 6,643
Total cash outflow for leases	$ (147,763)	$ (175,104)

20. INTANGIBLE ASSETS

	December 31	
	2023	2022
Carrying amounts of each class of		
Computer software	$ 508,134	$ 643,769
Goodwill	1,167,045	1,165,895
	$ 1,675,179	$ 1,809,664

The changes in of intangible assets for the years ended December 31, 2023 and 2022 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2023	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Additions	109,062	-	-	109,062
Disposals	(7,214)	-	-	(7,214)
Reclassification	26,154	-	-	26,154
Effect of foreign currency exchange differences	(33)	1,150	8	1,125
Balance at December 31, 2023	$ 2,538,244	$ 1,167,045	$ 7,508	$ 3,712,797
Accumulated amortization and impairment				
Balance at January 1, 2023	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Amortization	270,838	-	-	270,838
Disposals	(7,214)	-	-	(7,214)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	(20)	-	8	(12)
Balance at December 31, 2023	$ 2,030,110	$ -	$ 7,508	$ 2,037,618
Carrying amounts				
Balance at December 31, 2023	$ 508,134	$ 1,167,045	$ -	$ 1,675,179

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2022	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Additions	50,212	-	-	50,212
Disposals	(85,748)	-	-	(85,748)
Reclassification	11,207	-	-	11,207
Effect of foreign currency exchange differences	7,532	114,139	740	122,411
Balance at December 31, 2022	$ 2,410,275	$ 1,165,895	$ 7,500	$ 3,583,670
Accumulated amortization and impairment				
Balance at January 1, 2022	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Amortization	279,257	-	-	279,257
Disposals	(51,472)	-	-	(51,472)
Reclassification	-	-	-	-
Effect of foreign currency exchange differences	5,944	-	740	6,684
Balance at December 31, 2022	$ 1,766,506	$ -	$ 7,500	$ 1,774,006
Carrying amounts				
Balance at December 31, 2022	$ 643,769	$ 1,165,895	$ -	$ 1,809,664

(Concluded)

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

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

The computer software and other intangible assets are amortized on a straight-line basis of 1 and 15 years, respectively.

21. OTHER ASSETS

	December 31	
	2023	2022
Refundable deposits	$ 1,069,832	$ 759,006
Life insurance cash surrender value	339,929	339,879
Prepayments	98,378	72,679
Others	186,013	187,412
	$ 1,694,152	$ 1,358,976

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Call loans from banks	$ 22,571,455	$ 15,355,374
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000
Call loans from the Central Bank	2,767,794	3,072,270
	$ 30,339,249	$ 23,427,644

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2023	2022
Bills	$ 90,136,887	$ 85,784,753
Government bonds	17,107,445	15,869,712
Corporate bonds	64,867,239	59,111,195
Bank debentures	21,975,697	18,841,944
Beneficiary securities	-	549,153
	$ 194,087,268	$ 180,156,757
Date of agreements to repurchase	Before December 2024	Before December 2023
Amount of agreements to repurchase	$ 189,761,652	$ 180,489,847

The bank and its subsidiaries have repurchase bills and bond liabilities with an unspecified maturity date for the twelve months ended December 31, 2023, with a face value of $5,358,766 thousand.

24. PAYABLES

	December 31	
	2023	2022
Investment settlements payable	$ 73,344	$ 153,613
Acceptances	205,561	121,272
Accounts payable	66,196	48,380
Accrued interest	1,819,835	993,372
Accrued expenses	1,324,896	1,347,725
Collections payable	144,514	109,902
Factored payables	141,338	179,931
Checks for clearing payables	1,353,302	198,196
Others	103,214	120,510
	$ 5,232,200	$ 3,272,901

25. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Deposits		
Checking	$ 5,051,462	$ 5,717,211
Demand	48,807,145	43,666,389
Time	245,022,291	226,765,043
Savings deposits	17,671,769	16,996,792
Export remittances	9,631	19,551
	$ 316,562,298	$ 293,164,986

26. BANK DEBENTURES PAYABLE

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

(Continued)

	December 31	
	2023	2022
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	$ 700,000	$ 700,000
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repayment of the principal at maturity	1,100,000	1,100,000
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	-
Subordinate bonds second issued in 2023; fixed 2.20% interest rate; maturity: September 27, 2030; interest paid annually and repayment of the principal at maturity	700,000	-
	$ 12,950,000	$ 13,600,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Bank borrowings	$ 64,000	$ 52,000
Commercial papers payable	291,463	2,221,655
Principal of structured products	1,664,753	962,184
Funds obtained from the government - intended for specific types of loans	1,715,921	1,908,040
Repurchase agreement margins	-	12,929
	$ 3,736,137	$ 5,156,808

a. Bank borrowings

	December 31	
	2023	2022
Short-term borrowings	$ 64,000	$ 52,000
Interest rate interval (%)		
New Taiwan dollars	1.95%-2.07%	2.14%

b. Commercial papers payable

	December 31	
	2023	2022
Commercial papers payable	$ 292,000	$ 2,223,000
Less: Unamortized discount	(537)	(1,345)
	$ 291,463	$ 2,221,655
Interest rate interval (%)	2.08%-2.14%	1.50%-2.09%

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

	December 31	
	2023	2022
Funds obtained from the government - intended for specific types of loans	$ 1,715,921	$ 1,908,040

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	December 31	
	2023	2022
Provisions for employee benefits	$ 150,981	$ 164,618
Provisions for losses on guarantees contracts	1,720,577	1,615,298
Provisions for losses on financing commitments	108,221	92,721
	$ 1,979,779	$ 1,872,637

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

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2023 and 2022 was recognized in the consolidated statements of comprehensive income in the total amounts of $81,554 thousand and $76,175 thousand, respectively.

Defined Benefit Plan

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

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

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 464,509	$ 477,559
Fair value of plan assets	(313,528)	(312,941)
Net defined benefit liabilities	$ 150,981	$ 164,618

Movement in net defined benefit liabilities were as follows:

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

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	$ 477,559	$ (312,941)	$ 164,618
Service cost			
Current service cost	9,790	-	9,790
Net interest expense (income)	4,883	(4,377)	506
Recognized in profit or loss	14,673	(4,377)	10,296
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,179)	(2,179)
Changes in financial assumptions	10,703	-	10,703
Experience adjustments	6,514	-	6,514
Recognized in other comprehensive income	17,217	(2,179)	15,038
Employer contributions	-	(12,410)	(12,410)
Benefits paid	(18,379)	18,379	-
Business paid	(9,060)	-	(9,060)
Other	(17,501)	-	(17,501)
Balance at December 31, 2023	$ 464,509	$ (313,528)	$ 150,981

(Concluded)

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

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

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

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

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

	December 31	
	2023	2022
Discount rate(s)	1.13%	1.38%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	$ (6,563)	$ (7,165)
0.25% decrease	$ 6,756	$ 7,385
Expected rate(s) of salary increase		
0.25% increase	$ 6,543	$ 7,167
0.25% decrease	$ (6,390)	$ (6,991)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	$ 12,711	$ 13,051
Average duration of the defined benefit obligation	7.8-8 years	7.9-8.5 years

30. OTHER LIABILITIES

	December 31	
	2023	2022
Guarantee deposits received	$ 179,345	$ 179,781
Advance revenue	51,076	53,746
Payable for custody	8,137	27,482
Receipts in suspense and pending settlement	119,241	116,753
Deferred revenue	95,976	114,343
Others	7,170	8,255
	$ 460,945	$ 500,360

31. EQUITY

a. Capital stock

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

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

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

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

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

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

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

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

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

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

As of December 31, 2023 and 2022, 986 thousand of preferred Series A shares has been converted into common stock.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)		
Treasury share transactions	$ 9,061	$ 9,061
Must be used to offset a deficit		
Exercised disgorgement	10	10
Unclaimed dividends	2,672	1,957
	2,682	1,967
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	7,881	2,624
	$ 19,624	$ 13,652

Note: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

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

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

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

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

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

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

d. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting. For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 36.

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

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

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

e. Other equity items

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

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ 165,887	$ (946,067)
Exchange differences arising on translating the financial statements of foreign operations	(59,795)	1,235,070
Income tax related to gains or losses arising on translating the financial statements of foreign operations	3,318	(123,116)
Balance at December 31	$ 109,410	$ 165,887

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (3,216,389)	$ 460,588
Recognized during the period		
Unrealized loss - debt instruments	1,366,086	(3,234,967)
Unrealized gain (loss) - equity instruments	(39,429)	(878,191)
Tax effects	(69,477)	199,694
Loss allowance of debt instruments	3,358	(4,527)
Other comprehensive income recognized in the period	1,260,538	(3,917,991)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	18,048	241,014
Balance at December 31	$ (1,937,803)	$ (3,216,389)

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 16,287,325	$ 18,786,481
Attribute to non-controlling interests		
Shares of profit for the year	933,639	773,884
Capital surplus	1,276	1,072
Exchange differences arising on translation of foreign entities	390	53,324
Unrealized valuation gains and losses on FVTOCI		
Debt instruments	1,586,217	(2,678,980)
Equity instruments	217,405	(73,189)
Tax effects	(125,819)	272,127
Actuarial profit and loss of defined benefit plans	(3,733)	19,179
Capital reduction of subsidiaries for cash received by non-controlling interest	-	(793)
Cash dividends distributed by subsidiary	(480,989)	(865,780)
Balance at December 31	$ 18,415,711	$ 16,287,325

g. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Number of shares at January 1	2,522	5,737
Increase (decrease) during the year	15,000	(3,215)
Number of shares at December 31	17,522	2,522

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period is from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand. The Bank had transferred 3,215 thousand shares to employees at the price of $5.90 per share in February 2022. As a result, treasury shares decreased by $21,467 thousand.

On August 21, 2023, the board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from August 22, 2023 to October 21, 2023. As of October 20, 2023, the Bank had acquiring 15,000 thousand shares of treasury stocks for $144,684 thousand. The Bank had transferred 7,061 thousand and 2,522 thousand shares to employees at the price of $9.65 and $5.90 per share in February 2024, respectively. As a result, treasury shares decreased by $88,388 thousand.

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

32. NET INTEREST

	For the Year Ended December 31	
	2023	**2022**
Interest revenue		
Discounts and loans	$ 9,540,590	$ 5,657,787
Investments in securities	3,422,287	2,098,279
Installment sales and leases	-	1,175,802
Due from the Central Bank and call loans to banks	802,521	231,985
Others	173,746	183,904
	13,939,144	9,347,757
Interest expense		
Deposits	7,827,712	2,553,367
Deposits from the Central Bank and other banks	621,355	311,396
Bank debentures	246,917	272,574
Bills and bonds sold under repurchase agreements	3,084,827	1,167,635
Others	32,056	461,290
	11,812,867	4,766,262
	$ 2,126,277	$ 4,581,495

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2023	**2022**
Service fee income		
Guarantee business	$ 958,318	$ 991,594
Loan business	491,959	375,866
Underwrite business	565,578	465,949
Trust business	58,545	56,042
Lease business	-	351,496
Credit examining business	128,138	119,155
Import and export business	21,061	20,749
Factoring business	17,031	20,023
Insurance agent business	37,797	30,535
Others	91,365	75,995
	2,369,792	2,507,404
Service charge		
Others	125,921	158,063
	$ 2,243,871	$ 2,349,341

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

	For the Year Ended December 31	
	2023	2022
Realized gains or losses		
Bills	$ (28,142)	$ (63,007)
Stocks and beneficiary certificates	125,385	(41,202)
Bonds	118,868	64,236
Derivatives	2,376,206	2,898,072
	2,592,317	2,858,099
Gains (losses) on valuation		
Bills	448,631	(276,140)
Stocks and beneficiary certificates	155,695	36,567
Bonds	40,241	(85,480)
Derivatives	(681,208)	283,375
	(36,641)	(41,678)
Interest revenue	1,926,108	1,082,993
	$ 4,481,784	$ 3,899,414

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

	For the Year Ended December 31	
	2023	2022
Realized income - debt instruments	$ (137,033)	$ (308,294)
Dividend revenue	511,373	462,266
	$ 374,340	$ 153,972

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries and wages	$ 2,238,097	$ 2,452,751
Labor insurance and national health insurance	151,686	152,772
Others	237,738	296,651
Post-employment benefits		
Pension expenses	91,850	84,478
Pension benefits	65	27
	$ 2,719,436	$ 2,986,679

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

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	1.50%	1.00%
Remuneration of directors	1.50%	1.25%

Amount

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	$ 43,314	$ 53,625
Remuneration of directors	$ 43,314	$ 67,031

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

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

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

There are no differences between the 2022 and 2021 actual amounts of compensation of employees and remuneration of directors paid and the 2022 and 2021 amount recognized in the annual consolidated financial statements.

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

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2023	2022
Property and equipment	$ 166,898	$ 198,944
Right-of-use assets	131,367	145,008
Intangible assets	270,838	279,257
	$ 569,103	$ 623,209

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Year Ended December 31	
	2023	2022
Taxation	$ 334,403	$ 270,595
Rental fees	7,473	21,339
Management fees	42,702	40,975
Computer operating and consulting fees	388,139	342,033
Entertainment fees	43,187	36,475
Professional services fees	83,757	122,582
Advertisement fees	65,810	57,613
Postage fees	82,725	78,053
Others	281,436	315,937
	$ 1,329,632	$ 1,285,602

39. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 529,449	$ 932,622
Income tax on unappropriated earnings	6,367	13,385
Adjustment of prior years	3,833	(21,896)
	539,649	924,111
Deferred tax		
In respect of the current year	63,032	(115,240)
Income tax expense recognized in profit or loss	$ 602,681	$ 808,871

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 4,028,740	$ 6,617,226
Income tax expense calculated at the statutory rate	$ 951,280	$ 1,753,826
Realized gain on investment in equity instruments measured at fair value through other comprehensive income	(63,373)	(33,044)
Nondeductible expenses and tax-exempt income in determining taxable income	(317,812)	(910,041)
Tax credits for Foreign Income Source Tax Act	(203,972)	(163,968)
Unrecognized unused loss carryforwards	6,523	(82,977)
Unrecognized deductible temporary differences	(5,628)	89,600
Additional income tax under the Alternative Minimum Tax Act	4,311	18
Income tax on unappropriated earnings	6,367	13,385
Overseas income taxes	221,152	163,968
Adjustments for prior years' tax	3,833	(21,896)
Income tax expense recognized in profit or loss	$ 602,681	$ 808,871

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Translation of foreign operations	$ 3,318	$ (119,277)
Remeasurement of defined benefit plans	1,303	(6,693)
Unrealized gains or losses on financial assets at FVTOCI	(195,296)	471,822
Income tax recognized in other comprehensive income	$ (190,675)	$ 345,852

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 90,631	$ (90,108)	$ -	$ -	$ 523
Property and equipment	11,399	1,944	-	(16)	13,327
Exchange differences on translating the financial statements of foreign operations	6,561	-	-	-	6,561
Defined benefit plans	30,334	(6,607)	1,303	94	25,124
Allowance for bad debts	452,012	141,219	-	(1,935)	591,296
Provisions	86,438	(19,386)	-	-	67,052
Other	448,199	717	(195,296)	2,014	255,634
	$ 1,125,574	$ 27,779	$ (193,993)	$ 157	$ 959,517

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 604,891	$ 54,664	$ -	$ -	$ 659,555
Exchange differences on translating the financial statements of foreign operations	23,379	-	(3,318)	-	20,061
Other	(92)	36,147	-	-	36,055
	$ 628,178	$ 90,811	$ (3,318)	$ -	$ 715,671

(Concluded)

For the year ended December 31, 2022

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

d. Assessment of the income tax returns

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

40. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share	$ 0.87	$ 1.80
Diluted earnings per share	$ 0.78	$ 1.62

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Profit for the period attributable to owners of the Bank	$ 2,492,420	$ 5,034,471
Less: Declared preferred stock dividend	127,081	127,500
Earnings used in the computation of basic and diluted earnings per share	$ 2,365,339	$ 4,906,971

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common stocks in computation of basic earnings per share	2,727,193	2,730,822
Effect of potentially dilutive common stocks:		
Compensation of employees	5,428	6,982
Convertible preferred stock	299,014	299,265
	304,442	306,247
Weighted average number of common stocks in the computation of diluted earnings per share	3,031,635	3,037,069

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

41. DISPOSAL OF SUBSIDIARIES

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

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

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

b. Gain on disposal of subsidiaries

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

c. Net cash inflow on disposal of subsidiaries

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

42. RELATED PARTY TRANSACTIONS

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

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

Related Party	Relationship with the Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associate
Jih Sun IBT International Leasing Co. (Jih Sun IBT)	Associate
Jih Sun International Financial Leasing Co. (Jih Sun Suzhou)	Subsidiary of associate
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
Taixuan Investment Co., Ltd.	The Bank's legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Group's management and their other related party

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

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2023			
Associates	$ 7,200	$ 119	0.05-1.45
Others	7,396,742	198,909	0.00-7.05
	$ 7,403,942	$ 199,028	
For the year ended December 31, 2022			
Associates	$ 32,061	$ 41	0.00-1.05
Others	9,274,633	91,361	0.00-6.93
	$ 9,306,694	$ 91,402	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2023				
Associates	$ 281,438	$ 41,940	$ 4,443	2.50-5.01
Others	876,878	513,157	14,075	1.84-2.52
	$ 1,158,316	$ 555,097	$ 18,518	

(Continued)

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2022				
Associates	$ 241,272	$ 241,272	$ 2,547	2.26-5.01
Others	672,000	672,000	6,578	1.95-2.29
	$ 913,272	$ 913,272	$ 9,125	

(Concluded)

December 31, 2023							
Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Consumer loans	4	$ 3,433	$ 3,121	$ 3,121	$ -	None	None
Self-used residential mortgage	3	$ 81,645	$ 80,036	$ 80,036	$ -	Real estate	None
Other loans	Jih Sun IBT	$ 188,540	$ 41,940	$ 41,940	$ -	Real estate and check	None
Other loans	Suzhou Jih Sun	$ 92,898	$ -	$ -	$ -	None	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Other loans	Ming Shan Investment	$ 114,000	$ -	$ -	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 73,800	$ -	$ -	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 174,000	$ -	$ -	$ -	Certificates of deposit	None

December 31, 2022							
Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Other loans	Jih Sun IBT	$ 146,600	$ 146,600	$ 146,600	$ -	Real estate and check	None
Other loans	Suzhou Jih Sun	$ 94,672	$ 94,672	$ 94,672	$ -	None	None
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Other loans	Ming Shan Investment	$ 55,000	$ 55,000	$ 55,000	$ -	Certificates of deposit	None
Other loans	Yi Chang Investment	$ 67,000	$ 67,000	$ 67,000	$ -	Certificates of deposit	None
Other loans	Taixuan Investment	$ 120,000	$ 120,000	$ 120,000	$ -	Certificates of deposit	None

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

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

	For the Year Ended December 31	
	2023	2022
Others	$ 11	$ 5

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

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

	For the Year Ended December 31	
	2023	2022
Others	$ 11,012	$ 5,600

Other expenses are donations.

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

	For the Year Ended December 31, 2022
Others	$ 479

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

6) Notes and bonds transaction - Cumulative transaction amount

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

c. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 325,243	$ 391,262
Post-employment benefits	5,041	6,021
Stock-based payments	-	6,360
	$ 330,284	$ 403,643

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

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

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

43. PLEDGED ASSETS

	December 31 2023	December 31 2022
Financial assets at FVTPL	$ 8,603,214	$ 6,404,835
Financial assets at FVTOCI	9,237,138	2,672,541
Investment in debt instruments at amortized cost	3,061,641	8,483,463
Discounts and loans	6,922,749	7,032,245
	$ 27,824,742	$ 24,593,084

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

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31 2023	December 31 2022
Office decorating and contracts of computer software		
Amount of contracts	$ 137,893	$ 60,613
Payments for construction in progress and prepayments for equipment	76,157	29,930

45. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31 2023	December 31 2022
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Financial assets	4,335,703	4,009,473
Receivables	53	64
Prepayments	1,278	9,409
Real estate	5,935,723	6,947,042
Intangible assets	18,078	-
Structured products	141,605	62,781
Other assets	160	368
Total trust assets	$ 12,216,262	$ 13,129,288

(Continued)

	December 31	
	2023	2022
Trust liabilities and capital		
Payables	$ 2,695	$ 2,754
Unearned receipts	1,171	1,268
Taxes payable	4,086	4,150
Guarantee deposits received	18,421	27,608
Other liabilities	879	984
Trust capital	11,998,878	12,903,294
Provisions and accumulated profit and loss	190,132	189,230
Total trust liabilities and capital	$ 12,216,262	$ 13,129,288

(Concluded)

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2023	2022
Trust revenue		
Interest revenue	$ 35,710	$ 9,078
Rent revenue	110,878	116,862
Other revenue	2,108	1,929
	148,696	127,869
Trust expenses		
Management fees	(3,511)	(3,598)
Service charge	(4,996)	(10,245)
Tax	(14,072)	(14,131)
Other expenses	(13,855)	(12,808)
Income tax expense	(3,365)	(709)
	(39,799)	(41,491)
	$ 108,897	$ 86,378

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

Trust Property List

	December 31	
	2023	2022
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Stocks	532,777	257,680
Funds	2,575,975	2,824,681
Bonds	1,226,951	927,112
Land	5,124,240	6,134,471
Buildings	811,483	812,571
Right of superficies	18,078	-
Receivables	53	64
Prepayments	1,278	9,409
Structured products	141,605	62,781
Other	160	368
	$ 12,216,262	$ 13,129,288

46. FINANCIAL INSTRUMENTS

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

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

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

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments at amortized cost	$ 25,859,398	$ 25,864,895	$ 25,665,306	$ 25,561,220
Financial liabilities				
Bank debentures payable	12,950,000	13,037,986	13,600,000	13,770,715

2) The fair value hierarchy

Financial Instrument Items at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 25,864,895	$ 8,835,398	$ 17,029,497	$ -
Financial liabilities				
Bank debentures payable	13,037,986	-	13,037,986	-

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

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

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

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

Item	December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,389,794	$ 618,482	$ 496,030	$ 275,282
Debt instruments	1,420,282	-	1,420,282	-
Bills	112,527,244	-	112,527,244	-
Hybrid financial assets	6,157,388	373,088	796,312	4,987,988
Negotiable certificates of deposit	32,528,876	-	32,528,876	-
Financial assets at FVTOCI				
Equity instruments	2,910,766	1,901,962	129,437	879,367
Bills	3,447,154	-	3,447,154	-
Debt instruments	142,857,710	17,995,040	124,862,670	-
Negotiable certificates of deposit	21,467,288	-	21,467,288	-
Liabilities				
Financial liabilities at FVTPL	21,402	-	21,402	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	858,666	49,686	808,980	-
Liabilities				
Financial liabilities at FVTPL	1,380,303	-	1,380,303	-

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

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

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

   a) Marking-to-market

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

      i. Ensure the consistency and completeness of market data.

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

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

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

   b) Marking-to-model

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

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

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

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

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

3) Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2023

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 7,508,377	$ 192,744	$ 843,274	$ 8,544,395
Recognition in profit or loss - financial assets at fair value through profit or loss	90,211	25,497	-	115,708
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	30,093	30,093
Purchases	2,425,900	90,277	6,000	2,522,177
Disposals	(5,036,500)	-	-	(5,036,500)
Transferred into Level 1 (Note)	-	(33,236)	-	(33,236)
Ending balance	$ 4,987,988	$ 275,282	$ 879,367	$ 6,142,637

For the year ended December 31, 2022

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

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2023 and 2022, were consisted of $24,903 thousand in profit and $69,305 thousand in loss, respectively.

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

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2023 and 2022 would be as follows:

For the year ended December 31, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 664	$ (664)	$ -	$ -
Equity instruments	10%	27,528	(27,528)	96,207	(96,207)

For the year ended December 31, 2022

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

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Group that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Group is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

December 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 90,057,852	$ 90,136,887
Bonds sold under repurchase agreements	2,550,201	2,533,422
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	91,546,140	93,306,462
Financial assets at amortized cost		
Bonds sold under repurchase agreements	6,569,060	5,956,942
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	2,415,025	2,153,555

December 31, 2022

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

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

December 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 858,002	$ -	$ 858,002	$ (257,141)	$ (145,530)	$ 455,331

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 1,367,477	$ -	$ 1,367,477	$ (257,141)	$ (294,050)	$ 816,286
Repurchase agreements	194,087,268	-	194,087,268	(191,912,910)	-	2,174,358
	$ 195,454,745	$ -	$ 195,454,745	$ (192,170,051)	$ (294,050)	$ 2,990,644

December 31, 2022

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

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

Note: Included non-cash financial collaterals.

47. FINANCIAL RISK MANAGEMENT

a. Overview

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

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is also authorized by the Chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who own the background of risk management or finance, president and supervisors at all levels under the Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect, new type business or setting up risk management. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold Meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.

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

c. Credit risk

1) Sources and definition of credit risk

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

2) Strategy/objectives/policies and procedures

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

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

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

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

d) Credit risk management process:

i. Risk identification

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

ii. Risk measurement

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

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

ii) Portfolio management:

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

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

- It achieves the optimal profits.

iii. Risk communication

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

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

iv. Risk monitoring

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

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

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

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

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

3) Credit risk management and framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Maximum exposure to credit risk

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

Off-balance Sheet Item	**Maximum Exposure Amount**	
	December 31, 2023	**December 31, 2022**
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 131,572,860	$ 116,144,464
Maximum exposure amounts	131,572,860	116,144,464
Loan commitments	60,940,557	62,895,729

7) Concentrations of credit risk exposure

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

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

a) By industry

Credit Risk Profile by Industry Sector	**December 31, 2023**		**December 31, 2022**	
	Amount	**%**	**Amount**	**%**
Financial intermediary	$ 95,367,896	29	$ 85,682,579	28
Real estate	68,325,909	21	58,474,313	19
Manufacturing	53,601,696	16	54,424,241	18

b) By counterparty

Credit Risk Profile by Industry Sector	**December 31, 2023**		**December 31, 2022**	
	Amount	**%**	**Amount**	**%**
Private sector	$ 180,798,779	80	$ 168,018,883	81
Natural person	45,830,555	20	39,478,385	19

c) By geographical area

Credit Risk Profile by Industry Sector	**December 31, 2023**		**December 31, 2022**	
	Amount	**%**	**Amount**	**%**
Domestic	$ 135,046,203	60	$ 129,677,253	62
Other Asia area	48,829,054	22	36,705,337	18
America	37,474,918	17	35,659,183	17

8) Credit quality and impairment assessment of financial assets

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

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

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

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

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

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

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

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

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

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

b) Credit risk management for investments in debt instruments

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

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

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

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

The Group's gross carrying amounts of debt instrument investments by credit category were as follows:

	December 31	
Category	**2023**	**2022**
Performing	$ 196,265,696	$ 184,108,502
Doubtful	-	400,000
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the years ended December 31, 2023 and 2022, grouped by credit rating, is reconciled as follows:

	Credit Rating		
	Performing (12-month ECLs)	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**Total**
Balance at January 1, 2023	$ 38,906	$ 1,481	$ 40,387
New financial assets purchased or originated	12,230	-	12,230
Derecognition of financial assets	(9,811)	(1,481)	(11,292)
Change in model or risk parameters	984	-	984
Exchange rates or others	12	-	12
Balance at December 31, 2023	$ 42,321	$ -	$ 42,321
Balance at January 1, 2022	$ 42,456	$ 5,218	$ 47,674
New financial assets purchased or originated	11,625	-	11,625
Derecognition of financial assets	(11,094)	(2,284)	(13,378)
Change in model or risk parameters	(5,946)	(1,453)	(7,399)
Exchange rates or others	1,865	-	1,865
Balance at December 31, 2022	$ 38,906	$ 1,481	$ 40,387

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

a) Credit analysis for receivables and discounts and loans

December 31, 2023

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 4,563,763	$ 53,458	$ 8,078	$ -	$ 4,625,299
Allowance for credit losses	(4,043)	(201)	(1,608)	-	(5,852)
Difference of impairment loss under regulations	-	-	-	(13,756)	(13,756)
Net total	$ 4,559,720	$ 53,257	$ 6,470	$ (13,756)	$ 4,605,691
Discounts and loans	$ 215,289,947	$ 10,080,624	$ 1,258,763	$ -	$ 226,629,334
Allowance for credit losses	(556,255)	(200,184)	(289,738)	-	(1,046,177)
Difference of impairment loss under regulations	-	-	-	(2,649,709)	(2,649,709)
Net total	$ 214,733,692	$ 9,880,440	$ 969,025	$ (2,649,709)	$ 222,933,448

December 31, 2022

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 3,023,921	$ 676,888	$ 37,299	$ -	$ 3,738,108
Allowance for credit losses	(3,222)	(1,105)	(25,059)	-	(29,386)
Difference of impairment loss under regulations	-	-	-	(17,165)	(17,165)
Net total	$ 3,020,699	$ 675,783	$ 12,240	$ (17,165)	$ 3,691,557
Discounts and loans	$ 188,642,292	$ 17,438,208	$ 1,416,768	$ -	$ 207,497,268
Allowance for credit losses	(467,051)	(90,549)	(297,981)	-	(855,581)
Difference of impairment loss under regulations	-	-	-	(2,328,715)	(2,328,715)
Net total	$ 188,175,241	$ 17,347,659	$ 1,118,787	$ (2,328,715)	$ 204,312,972

b) Credit analysis for marketable securities

December 31, 2023

	At FVTOCI Debt Instruments	At Amortized Cost - Debt Instruments	Total
Gross carrying amount	$ 170,401,997	$ 25,863,699	$ 196,265,696
Allowance for impairment loss	(38,020)	(4,301)	(42,321)
Amortized cost	170,363,977	$ 25,859,398	196,223,375
Fair value adjustment	(2,591,825)		(2,591,825)
	$ 167,772,152		$ 193,631,550

December 31, 2022

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

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

d. Liquidity risk

1) Source and definition of liquidity risk

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

Liquidity risk is the risk that the Group's fund is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

   a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

   b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

   c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group's liquidity.

   d) To establish an appropriate information system to measure, monitor and report liquidity risk.

   e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

   f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

   g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

   h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

   As of December 31, 2023 and 2022, the liquidity reserve ratio was 45.46% and 46.54%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 24,768,214	$ 571,036	$ -	$ 2,000,000	$ 2,999,999	$ 30,339,249
Financial liabilities at fair value through profit or loss	-	117	12	-	21,273	21,402
Bills and bonds sold under repurchase agreements	147,036,014	40,412,203	2,150,158	460,049	4,440,931	194,499,355
Payables	2,449,471	739,768	528,173	1,198,899	41,069	4,957,380
Deposits and remittances	79,109,128	69,216,208	52,502,375	63,049,571	52,685,016	316,562,298
Bank debentures payable	-	-	-	2,700,000	10,250,000	12,950,000
Other financial liabilities	27,678	326,078	174,444	22,508	3,185,429	3,736,137
Lease liabilities	11,999	24,886	33,441	65,011	368,056	503,393
	$ 253,402,504	$ 111,290,296	$ 55,388,603	$ 69,496,038	$ 73,991,773	$ 563,569,214

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

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

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 173,813	$ 19,060	$ 6,214	$ 479	$ -	$ 199,566
Currency swap contracts	426,512	432,763	171,838	85,146	-	1,116,259
Others	1,765	8,014	1,734	3,611	12,599	27,723
	602,090	459,837	179,786	89,236	12,599	1,343,548
Non-deliverable						
Interest rate swap contracts	82	58	-	-	36,615	36,755
	$ 602,172	$ 459,895	$ 179,786	$ 89,236	$ 49,214	$1,380,303

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

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 339,802	$ 1,530,567	$ 134,495	$ 91,857	$ -	$ 2,096,721
Other guarantees	48,007,188	75,775,900	4,201,539	585,975	905,537	129,476,139
Loan commitments	5,685,754	11,371,508	17,057,262	26,826,033	-	60,940,557
	$ 54,032,744	$ 88,677,975	$ 21,393,296	$ 27,503,865	$ 905,537	$ 192,513,417

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

e. Market risk

1) Source and definition of market risk

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

2) Market risk management strategy and process

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

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

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

3) Market risk management organization and framework

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

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

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

4) Market risk report and evaluation system

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

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

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

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

5) Value at Risk

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

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

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	December 31					
	2023			**2022**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 14,150	$ 23,128	$ 667	$ 2,692	$ 12,790	$ 284
Fair value risk resulting from interest rate	1,478	3,643	574	2,038	5,147	444
Fair value resulting from stock price	3,369	10,961	-	8,060	22,962	-

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences among these benchmarks. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group has completed the USD LIBOR transition plans, and all the affected financial instruments were transitioned to SOFR.

The subsidiary, China Bills Finance Corporation, will update the basic information on bonds according to the supplementary agreements based on the benchmark interest rates linked to the floating-rate foreign currency bonds for each period. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications.

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

The following table contains details of all of the financial instruments held by the Group at December 31, 2023 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	**Transition Progress**
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 153,827	This subsidiary and the counterparty of the financial instrument agree to set the subsequent interest rate based on the quotation of USD LIBOR before exit and adopt the synthetic USD LIBOR as the unfinished interest indicator.

7) Foreign currency rate risk information

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

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

	December 31, 2023		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,286,167	30.7533	$ 101,060,395
JPY	8,301,798	0.2172	1,803,101
HKD	11,977,009	3.9382	47,167,618
EUR	26,300	34.0476	895,451
AUD	466,153	20.9960	9,787,331
RMB	844,097	4.3347/4.3289	3,654,001
Investments accounted for using the equity method			
RMB	264,036	4.3347	1,144,527
Financial liabilities			
Monetary item			
USD	4,761,685	30.7533	146,437,392
JPY	2,927,936	0.2172	635,931
HKD	6,077,037	3.9382	23,932,465
EUR	10,437	34.0476	355,363
AUD	282,432	20.9960	5,929,928
RMB	519,183	4.3289	2,247,480

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

f. Banking book interest rate risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

g. Climate risk

1) Source and definition of climate risk

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

2) Management strategy and principles of climate risk

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

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

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

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	For the Year Ended December 31			
	2023		2022	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 1,909,110	1.21	$ 888,612	1.15
Call loans to other banks	11,627,831	4.95	8,001,642	1.96
Due from the Central Bank	5,879,246	1.13	5,491,954	0.72
Financial assets at FVTPL	36,310,498	1.23	37,249,454	0.70
Bills and bonds purchased under resell agreements	-	-	192	0.24
Discounts and loans	197,369,221	4.17	178,470,922	2.64
Financial assets at FVTOCI	69,819,720	1.64	70,799,283	0.96
Financial assets at amortized cost	25,226,926	2.56	11,716,184	1.56
Account receivables from factoring	1,092,582	3.99	1,259,282	2.19
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	15,881,598	2.71	19,258,679	1.09
Demand deposits	53,160,310	1.33	58,838,253	0.40
Time deposits	234,558,373	2.80	202,186,468	1.09
Bills and bonds sold under repurchase agreements	13,541,376	3.50	6,159,864	1.68
Bank debentures payable	13,191,918	1.87	14,290,685	1.91
Appropriation for loans	1,726,356	0.17	2,101,073	-

China Bills Finance Corporation (CBF)

	For the Year Ended December 31						
	2023			2022			
	Average Balance		Average Rate (%)	Average Balance		Average Rate (%)	
Interest-earning assets							
Cash and cash equivalents (including certificate of deposit)	$	822,634	0.51	$	811,375	0.10	
Call loans to banks		186,740	1.05		264,192	0.73	
Financial assets at fair value through profit or loss - bonds and bills		105,968,056	1.35		94,630,559	0.74	
FVTOCI - debt instruments		91,461,385	1.70		96,349,592	1.24	
Financial instruments at fair value through profit or loss - hybrid financial assets		5,584,855	1.48		9,076,850	1.47	
Investment in debt instruments at amortized cost		1,716,693	1.45		191,012	1.40	
Securities purchased under resell agreements		3,963,770	0.76		4,674,231	0.37	
Interest-bearing liabilities							
Call loans from other banks		14,611,261	1.85		13,841,460	0.88	
Bank overdraft		2,067	2.18		1,680	0.77	
Securities sold under repurchase agreements		169,730,258	1.54		164,406,330	0.65	
Commercial paper payable		594,521	1.42		2,556,493	0.85	

48. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

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

b. Capital assessment program

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

c. Capital adequacy ratio

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Items		Year	December 31, 2023 Standalone Capital Adequacy Ratio	December 31, 2023 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 29,970,378	$ 29,970,378
	Other Tier 1 capital		437,750	437,750
	Tier 2 capital		3,478,357	3,478,357
	Eligible capital		33,886,485	33,886,485
Risk-weighted assets	Credit risk	Standardized approach	223,784,585	223,784,585
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,343,600	7,343,600
		Internal model approach	-	-
	Total risk-weighted assets		242,532,010	242,532,010
Capital adequacy ratio			13.97%	13.97%
Ratio of common equity to risk-weighted assets			12.36%	12.36%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.54%
Leverage ratio			7.56%	7.56%

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

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

Note 2: Formulas used were as follows:

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

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

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

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

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

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

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

China Bills Finance Corporation

Items	Year	December 31, 2023	December 31, 2022
Eligible capital	Tier 1 capital	$ 23,915,707	$ 21,523,754
	Tier 2 capital	240,710	333,339
	Tier 3 capital	389,507	58,146
	Eligible capital	24,545,924	21,915,239
Risk-weighted assets	Credit risk	116,654,052	105,657,859
	Operational risk	4,374,960	4,605,970
	Market risk	57,567,137	53,767,610
	Total risk-weighted assets	178,596,149	164,031,439
Capital adequacy ratio (Note)		13.74%	13.36%
Ratio of Tier 1 capital to risk-weighted assets (Note)		13.39%	13.12%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.13%	0.20%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.22%	0.04%
Ratio of common shareholders' equity to total assets (Note)		6.04%	6.47%

Note: Formulas used were as follows:

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

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

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

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

49. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

a. Asset quality: Refer to Table 2.

b. Concentration of credit extensions

December 31, 2023

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Company (telecommunications)	$ 7,437,688	18.55
2	B Company (unclassified other financial service)	6,738,300	16.80
3	C Company (real estate development)	3,706,096	9.24
4	D Company (real estate leasing and rental)	2,969,587	7.40
5	E Company (real estate development)	2,693,868	6.72
6	F Company (trusts, funds, and similar financial entities)	2,649,386	6.61
7	G Company (unclassified other financial service)	2,450,000	6.11
8	H Company (other holding company)	2,418,644	6.03
9	I Company (real estate development)	2,294,485	5.72
10	J Company (real estate development)	2,279,300	5.68

December 31, 2022

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

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
December 31, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 176,020,763	$ 8,991,645	$ 15,715,912	$ 45,707,970	$ 246,436,290
Interest rate-sensitive liabilities	68,810,545	65,364,741	61,133,232	37,085,631	232,394,149
Interest rate-sensitive gap	107,210,218	(56,373,096)	(45,417,320)	8,622,339	14,042,141
Net worth					36,421,361
Ratio of interest rate-sensitive assets to liabilities					106.04%
Ratio of interest rate sensitivity gap to net worth					38.55%

December 31, 2022

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

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

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

Interest Rate Sensitivity Balance Sheet (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,127,301	$ 58,673	$ 3,708	$ 2,234,885	$ 3,424,567
Interest rate-sensitive liabilities	2,284,480	897,103	131,232	211	3,313,026
Interest rate-sensitive gap	(1,157,179)	(838,430)	(127,524)	2,234,674	111,541
Net worth					93,480
Ratio of interest rate-sensitive assets to liabilities					103.37%
Ratio of interest rate sensitivity gap to net worth					119.32%

December 31, 2022

(In Thousands of U.S. Dollars)

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

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

(In %)

Items		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Before income tax	0.75	1.56
	After income tax	0.67	1.50
Return on equity	Before income tax	7.20	14.15
	After income tax	6.41	13.59
Net income ratio		36.30	55.54

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 287,492,091	$ 50,510,499	$ 26,915,989	$ 31,792,220	$ 24,976,980	$ 18,792,650	$ 134,503,753
Main capital outflow on maturity	332,843,538	22,589,378	33,855,166	55,001,648	50,510,106	88,637,789	82,249,451
Gap	(45,351,447)	27,921,121	(6,939,177)	(23,209,428)	(25,533,126)	(69,845,139)	52,254,302

December 31, 2022

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

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

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,552,487	$ 2,652,564	$ 1,288,129	$ 370,007	$ 212,399	$ 1,029,388
Main capital outflow on maturity	5,717,178	2,439,318	1,664,786	488,022	373,069	751,983
Gap	(164,691)	213,246	(376,657)	(118,015)	(160,670)	277,405

December 31, 2022

(In Thousands of U.S. Dollars)

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

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

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

Maturity Analysis of Overseas Branch's Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,777,724	$ 1,357,804	$ 302,454	$ 22,352	$ 15,023	$ 80,091
Main capital outflow on maturity	1,707,550	783,412	489,857	111,811	66,596	255,874
Gap	70,174	574,392	(187,403)	(89,459)	(51,573)	(175,783)

December 31, 2022

(In Thousands of U.S. Dollars)

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

China Bills Finance Corporation

a. Asset quality

Item / Period	December 31, 2023	December 31, 2022
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,257,549	1,176,048
Actual provision for credit losses and reserve for losses on guarantees	1,371,077	1,382,077

b. The principal operation

Item / Period	December 31, 2023	December 31, 2022
Balance of guarantees and endorsement securities	$ 103,466,500	$ 94,873,300
Multiple of guarantees and endorsement securities to net worth	4.93	3.96
Short-term bills and bonds sold under repurchase agreement	$ 177,617,009	$ 172,142,580
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	8.47	7.18

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

d. Concentrations of credit extensions

(In %)

<table>
<tr><th>Item \ Period</th><th colspan="2">December 31, 2023</th><th colspan="2">December 31, 2022</th></tr>
<tr><td>Credit of the common interested party</td><td colspan="2">$ -</td><td colspan="2">$ -</td></tr>
<tr><td>Ratio of credit extensions to common interest parties</td><td colspan="2">-</td><td colspan="2">-</td></tr>
<tr><td>Ratio of credit extensions secured by pledged share</td><td colspan="2">18.92</td><td colspan="2">18.72</td></tr>
<tr><td rowspan="4">Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)</td><td>Type of Industry</td><td>%</td><td>Type of Industry</td><td>%</td></tr>
<tr><td>Finance and insurance industry</td><td>31.55</td><td>Finance and insurance industry</td><td>29.22</td></tr>
<tr><td>Real estate industry</td><td>25.32</td><td>Real estate industry</td><td>27.69</td></tr>
<tr><td>Manufacturing industry</td><td>18.73</td><td>Manufacturing industry</td><td>18.02</td></tr>
</table>

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

December 31, 2023

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 108,194	$ 9,583	$ 8,742	$ 90,462	$ 216,981
Interest rate-sensitive liabilities	192,879	2,129	164	-	195,172
Interest rate-sensitive gap	(84,685)	7,454	8,578	90,462	21,809
Net worth					24,933
Ratio of interest rate-sensitive assets to liabilities (%)					111.17
Ratio of interest rate sensitivity gap to net worth (%)					87.47

December 31, 2022

(In Millions of New Taiwan Dollars)

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

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

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

f. The use of funding sources table

December 31, 2023

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 49,298	$ 53,017	$ 6,077	$ 2,495	$ -
	Bonds	1,745	1,001	3,506	6,247	90,462
	Due from banks	268	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	2,285	580	-	-	-
	Total	53,596	54,598	9,583	8,742	90,462
Cash provided by	Borrowing	17,904	-	-	-	-
	Securities sold under repurchase agreements	139,908	35,067	2,129	164	-
	Eligible capital	-	-	-	-	24,933
	Total	157,812	35,067	2,129	164	24,933
Net cash flows		(104,216)	19,531	7,454	8,578	65,529
Accumulated cash flows		(104,216)	(84,685)	(77,231)	(68,653)	(3,124)

December 31, 2022

(In Millions of New Taiwan Dollars)

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

g. Matters requiring special notation

Causes	December 31, 2023	December 31, 2022
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

50. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2023

	January 1, 2023	Cash Inflow (Outflow)	None-cash Change		December 31, 2023
			Add Leasing	Other	
Bank debentures payable	$ 13,600,000	$ (650,000)	$ -	$ -	$ 12,950,000
Lease liabilities	432,826	(140,290)	157,327	13,869	463,732
Other financial liabilities	5,156,808	(1,421,504)	-	833	3,736,137
Other liabilities	500,360	(39,415)	-	-	460,945
	$ 19,689,994	$ (2,251,209)	$ 157,327	$ 14,702	$ 17,610,814

For the year ended December 31, 2022

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

51. OTHERS

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

52. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

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

1) Financing provided: None

2) Endorsement/guarantee provided: None

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

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

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

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

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

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

9) Sale of non-performing loans: None

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

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

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

13) Derivative instrument transactions: Note 8

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

d. Business relationships and significant transactions among the Group: Table 5 (attached)

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6 (attached)

53. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4. The same material accounting policy information. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by Banking Law Article 71.

b. Overseas: Overseas banking business.

c. Leasing: Leasing business.

d. Bills: Bills-related business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Bills	Others	Eliminations	Consolidated
For the year ended December 31, 2023						
Net interest						
From unaffiliated segment	$ 2,304,590	$ 1,085,363	$ (1,257,307)	$ (6,689)	$ 320	$ 2,126,277
From other segment	(82)	-	-	82	-	-
	$ 2,304,508	$ 1,085,363	$ (1,257,307)	$ (6,607)	$ 320	$ 2,126,277
Net revenue other than interest						
From unaffiliated segment	$ 4,541,192	$ 38,643	$ 3,296,035	$ 238,576	$ -	$ 8,114,446
From other segment	20,813	-	(19,601)	(706)	(697,284)	(696,778)
	$ 4,562,005	$ 38,643	$ 3,276,434	$ 238,870	$ (697,284)	$ 7,417,668
Income from continuing operation	$ 2,492,420	$ 129,282	$ 1,288,506	$ 174,904	$ (659,053)	$ 3,426,059
Identifiable assets	$ 376,057,475	$ 26,799,738	$ 222,355,970	$ 1,627,739	$ (91,921)	$ 626,749,001
Depreciation and amortization	$ 510,346	$ 46,200	$ 25,152	$ 1,086	$ (13,681)	$ 569,103
Capital expenditures	$ 171,893	$ 2,258	$ 5,832	$ 30	$ -	$ 180,013

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the year ended December 31, 2022							
Net interest							
From unaffiliated segment	$ 2,768,822	$ 955,614	$ 849,482	$ 9,157	$ (2,243)	$ 663	$ 4,581,495
From other segment	(934)	-	192	-	742	-	-
	$ 2,767,888	$ 955,614	$ 849,674	$ 9,157	$ (1,501)	$ 663	$ 4,581,495
Net revenue other than interest							
From unaffiliated segment	$ 6,257,260	$ 30,507	$ 457,951	$ 1,666,374	$ 160,421	$ -	$ 8,572,513
From other segment	38,828	-	(6,619)	(30,507)	6,711	(1,041,602)	(1,033,189)
	$ 6,296,088	$ 30,507	$ 451,332	$ 1,635,867	$ 167,132	$ (1,041,602)	$ 7,539,324
Income from continuing operation	$ 5,034,471	$ 348,818	$ 251,487	$ 1,040,298	$ 119,681	$ (986,400)	$ 5,808,355
Identifiable assets	$ 342,586,253	$ 25,819,384	$ -	$ 207,659,776	$ 1,376,403	$ (98,684)	$ 577,343,132
Depreciation and amortization	$ 520,908	$ 34,725	$ 60,339	$ 24,862	$ 2,936	$ (20,561)	$ 623,209
Capital expenditures	$ 87,525	$ 9,931	$ 29,657	$ 1,709	$ 68	$ -	$ 128,890

TABLE 1

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and U.S. dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 202,664	91.78	US$ 202,664	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	3,059	24,564	1.02	24,564	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd	-	Financial asset at FVTPL	1,703	37,215	7.08	37,215	Note 2
	TaiRx Co., Ltd	-	Financial asset at FVTPL	433	11,392	0.48	11,392	Note 2
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	19,682	126,190	0.46	126,190	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	24,409	2.41	24,409	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	5,909	2.17	5,909	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	129	18,641	0.17	18,641	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,764	0.36	36,764	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	28,280	0.38	28,280	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	18,548	0.74	18,548	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	31,512	2.82	31,512	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	33,516	0.58	33,516	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	24,335	0.90	24,335	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	26,760	0.04	26,760	
	CALIWAY BIOPHARMACEUTICALS CO., LTD.	-	Financial asset at FVTPL	13	4,972	0.02	4,972	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	14,000	112,420	4.67	112,420	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	90,414	3.12	90,414	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	250	5,787	0.55	5,787	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,687	37,916	3.09	37,916	
	Shihlien China Holding Co., Limited	-	Financial asset at FVTPL	41,635	266,943	0.96	266,943	Notes 1 and 2
	Advanced Echem Materials Company Limited.	-	Financial asset at FVTPL	634	195,524	0.58	195,524	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	87,127	8.35	87,127	Note 2
	Chipwell Tech Corporation	-	Financial asset at FVTPL	348	9,915	1.30	9,915	Note 2
	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	434	0.98	434	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,190	0.93	4,190	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	US$ 50,780	1.38	US$ 50,780	
	Evergreen Aviation Technologies Corporation	-	Financial asset at FVTPL	395	42,857	0.11	42,857	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	16,609	1.26	16,609	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	162	5,711	0.34	5,711	
	Chenfeng Optronics Corporation	-	Financial asset at FVTPL	1,000	32,748	1.06	32,748	
	Lin BioScience, Inc.	-	Financial asset at FVTPL	6	731	0.01	731	
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	127	18,352	0.17	18,352	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,765	0.36	36,765	
	InnoCare Optoelectronics Corporation	-	Financial asset at FVTPL	20	1,706	0.05	1,706	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	23,030	0.09	23,030	
	Energenesis Biomedical CO., LTD	-	Financial asset at FVTPL	25	1,510	0.03	1,510	
	Hua Hsu Silicon Materials Co., Ltd.	-	Financial asset at FVTPL	15	5,737	0.02	5,737	
	Coremax Corporation	-	Financial asset at FVTPL	100	7,820	0.08	7,820	
	Teclison Corporation	-	Financial asset at FVTPL	125	32,445	0.70	32,445	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	3,581	0.06	3,581	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	24,000	24,995	2.46	24,995	

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

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

(Concluded)

TABLE 2

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2023					December 31, 2022				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 143,281	$ 99,071,715	0.14%	$ 1,404,726	980.40%	$ 394,638	$ 86,004,278	0.46%	$ 1,319,937	334.47%
	Unsecured		4,816	74,623,000	0.01%	1,040,741	21,610.07%	237,315	74,343,072	0.32%	1,162,592	489.89%
Consumer banking	Housing mortgage (Note 4)		8,636	10,417,864	0.08%	156,548	1,812.74%	18,941	10,929,538	0.17%	165,683	874.73%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	3,095,856	-	43,979	-	-	2,511,881	-	31,202	-
	Other (Note 6)	Secured	1,773	5,305,243	0.03%	53,615	3,023.97%	2,823	4,353,546	0.06%	44,052	1,560.47%
		Unsecured	37,048	14,037,434	0.26%	246,946	666.56%	14,470	10,717,494	0.14%	159,842	1,104.64%
Total lending business			195,554	206,551,112	0.09%	2,946,555	1,506.77%	668,187	188,859,809	0.35%	2,883,308	431.51%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	837,215	-	8,695	-	-	1,477,269	-	15,239	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	127,123	-	114,712	-
Total	127,123	-	114,712	-

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

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

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

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

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

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

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

(Continued)

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

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

(Concluded)

TABLE 3

O-BANK CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	44.27	$ 5,850,311	$ 13,167	155,480	-	155,480	44.27	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,144,527	154,703	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,006,296	365,534	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,273,602	118,615	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	317,777	49,962	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd.	Taipei City, Taiwan	Investment	100.00	928,634	173,416	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information Software Services Industry	0.50	1,636	-	300	-	300	0.50	
Non-financial institution										
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,609	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	-	-	244	-	244	2.18	

TABLE 4

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 445,646 (US$ 14,491)	Note 2 c.	$ 61,507 (US$ 2,000)	$ -	$ -	$ 61,507 (US$ 2,000)	2.60	$ -	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	43,347 (RMB 10,000)	Note 2 c.	15,337 (US$ 500)	-	-	15,377 (US$ 500)	2.09	-	6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	235,376 (RMB 54,300)	Note 2 c.	61,507 (US$ 2,000)	-	-	61,507 (US$ 2,000)	2.18	-	-	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,334,740 (RMB 1,000,000)	Note 2 d.	866,948 (RMB 200,000)	-	-	866,948 (RMB 200,000)	20.00	154,703	1,144,527	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$138,391 (US$4,500) $866,948 (RMB200,000)	$138,391 (US$4,500) $866,948 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 146,386 (US$ 4,760)	Note 2 c.	$ 2,214 (US$ 72)	$ 277 (US$ 9)	$ -	$ 2,491 (US$ 81)	2.17	$ -	$ 846	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	232,319 (US$ 7,554)	Note 2 c.	13,039 (US$ 424)	1,569 (US$ 51)	-	14,608 (US$ 475)	2.17	-	4,981	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,151 (US$ 200)	Note 2 c.	215 (US$ 7)	-	-	215 (US$ 7)	2.17	-	82	-
Beauty Essential International, Ltd.	Cosmetic retailing	92,260 (US$ 3,000)	Note 2 c.	21,158 (US$ 688)	-	-	21,158 (US$ 688)	2.41	-	23,422	-
Meike information technology	Cosmetic retailing information technology	82,034 (US$ 2,700)	Note 2 c.	892 (US$ 29)	-	-	892 (US$ 29)	0.44	-	987	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,602,616 (US$ 800,000)	Note 2 c.	83,003 (US$ 2,699)	-	-	83,003 (US$ 2,699)	0.40	-	116,321	-
Shihlien Brine Huaian Co.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	7,042 (US$ 229)	-	-	7,042 (US$ 229)	0.46	-	9,869	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)		6,427 (US$ 209)	9,964 (US$ 324)	0.17	-	18,641	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$139,373 (US$4,532)	$145,800 (US$4,741)	$190,648 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,602,616 (US$ 800,000)	Note 2 c.	$ 143,095 (US$ 4,653)	$ -	$ -	$ 143,095 (US$ 4,653)	0.66	$ -	$ 195,870	$ -
Huaian Shiyuan Cailu Co., Ltd.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	9,933 (US$ 323)	-	-	9,933 (US$ 323)	0.75	-	12,502	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacturing, RFID electronic label packaging, RFID reader design and manufacturing	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)	-	6,581 (US$ 214)	9,810 (US$ 319)	0.17	-	18,352	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$162,838 (US$5,295)	$169,419 (US$5,509)	$557,180 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 2023.

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

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

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

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

d. Direct investment in mainland China.

e. Others.

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

Note 4: The original investment is within the limit.

Note 5: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. have obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 5

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	IBTM and IBTVC7	a	Deposits	$ 19,060	Note 3	-
		IBTM and IBTVC7	a	Interest expense	82	Note 3	-
		IBTM and CBF	a	Other net revenue other than interest	20,813	Note 3	0.22
		BTM and IBTVC7	a	Paybles	12	Note 3	-
1	IBTM	The Bank	b	Cash and cash equivalents	11,818	Note 3	-
		The Bank	b	Interest revenue	36	Note 3	-
		The Bank	b	Other operating and administrative expenses	736	Note 3	0.01
		The Bank	b	Lease interest expense	48	Note 3	-
		The Bank	b	Accounts receivable	4	Note 3	-
		IBTVC7	b	Consultancy service income	17,398	Note 3	0.18
2	CBF	The Bank	c	Other operating and administrative expenses	19,777	Note 3	0.21
		The Bank	c	Lease interest expense	272	Note 3	-
3	IBTVC7	The Bank	b	Cash and cash equivalents	7,242	Note 3	-
		The Bank	b	Interest revenue	46	Note 3	-
		The Bank	b	Accounts receivable	8	Note 3	-
		IBTM	c	Other operating and administrative expenses	17,398	Note 3	0.18

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

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

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

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

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

TABLE 6

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

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

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

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

O-Bank Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of O-Bank Co., Ltd (the "Bank"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Bank as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2023 are as follows:

<u>Allowance for Credit Losses of Loans</u>

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

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

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

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

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

- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation or not.

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

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

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

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts and, we tested the effectiveness of the operation of the controls.

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

O-BANK CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 3,811,226	1	$ 4,113,060	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	22,597,761	6	17,140,613	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 40)	35,910,367	9	32,835,125	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 40 and 44)	71,310,546	18	63,579,072	18
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 40 and 44)	23,672,845	6	24,181,824	7
RECEIVABLES, NET (Notes 11 and 13)	2,862,234	1	2,954,768	1
CURRENT TAX ASSETS	278,401	-	68,713	-
DISCOUNTS AND LOANS, NET (Notes 12, 13 and 39)	203,604,557	52	185,976,501	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Note 14)	21,521,147	6	20,609,844	6
OTHER FINANCIAL ASSETS (Notes 15 and 40)	922,598	-	614,454	-
PROPERTY AND EQUIPMENT, NET (Note 16)	2,278,118	1	2,281,372	1
RIGHT-OF-USE ASSETS, NET (Note 17)	235,245	-	186,327	-
INTANGIBLE ASSETS, NET (Note 18)	499,648	-	636,363	-
DEFERRED TAX ASSETS (Note 37)	360,075	-	388,985	-
OTHER ASSETS (Notes 17 and 19)	719,016	-	387,305	-
TOTAL	$ 390,583,784	100	$ 355,954,326	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks (Note 20)	$ 12,435,739	3	$ 13,920,429	4
Financial liabilities at fair value through profit or loss (Note 8)	1,367,475	1	785,585	-
Bills and bonds sold under repurchase agreements (Note 21)	16,819,251	4	8,285,988	2
Payables (Note 22)	4,472,804	1	2,741,713	1
Current tax liabilities	286,570	-	90,074	-
Deposits and remittances (Notes 23 and 39)	297,141,118	76	274,503,978	77
Bank debentures payable (Note 24)	12,950,000	4	13,600,000	4
Other financial liabilities (Note 25)	3,380,674	1	2,870,224	1
Provisions (Notes 13, 26 and 27)	469,238	-	354,875	-
Lease liabilities (Note 17)	242,211	-	195,008	-
Deferred tax liabilities (Note 37)	679,521	-	628,175	-
Other liabilities (Note 28)	237,148	-	256,038	-
Total liabilities	350,481,749	90	318,232,087	89
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 29)				
Capital				
Common stock	27,339,923	7	27,339,923	8
Preferred stock	2,990,140	1	2,990,140	1
Total capital	30,330,063	8	30,330,063	9
Capital surplus	19,624	-	13,652	-
Retained earnings				
Legal reserve	5,789,200	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-
Unappropriated earnings	2,756,051	1	5,469,437	2
Total retained earnings	11,742,262	3	10,445,863	3
Other equity	(1,828,393)	(1)	(3,050,502)	(1)
Treasury stock	(161,521)	-	(16,837)	-
Total equity	40,102,035	10	37,722,239	11
TOTAL	$ 390,583,784	100	$ 355,954,326	100

The accompanying notes are an integral part of the parent company only financial statements.

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
NET INTEREST					
INTEREST REVENUE (Notes 30 and 39)	$ 10,748,737	157	$ 5,812,033	64	85
INTEREST EXPENSE (Notes 30 and 39)	(8,444,229)	(123)	(3,044,145)	(33)	177
NET INTEREST	2,304,508	34	2,767,888	31	(17)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 31 and 39)	914,467	13	816,035	9	12
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 32)	2,237,276	32	3,232,746	35	(31)
Realized gains on financial assets at fair value through other comprehensive income (Note 33)	358,185	5	247,534	3	45
Foreign exchange gain (loss), net	121,655	2	(2,371,000)	(26)	105
Impairment loss on assets	(5,710)	-	(158)	-	3,514
Share of profit of subsidiaries and associates accounted for using equity method (Note 14)	869,268	13	4,290,855	47	(80)
Other net revenue other than interest (Note 39)	66,864	1	80,076	1	(16)
Total net revenue other than interest revenue	4,562,005	66	6,296,088	69	(28)
TOTAL NET REVENUE	6,866,513	100	9,063,976	100	(24)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 13)	(444,271)	(6)	(482,416)	(5)	(8)

(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses (Note 34)	$ 2,020,094	29	$ 1,920,746	21	5
Depreciation and amortization expenses (Note 35)	510,346	8	520,908	6	(2)
Other general and administrative expenses (Notes 36 and 39)	1,090,850	16	898,080	10	21
Total operating expenses	3,621,290	53	3,339,734	37	8
PROFIT BEFORE INCOME TAX	2,800,952	41	5,241,826	58	(47)
INCOME TAX EXPENSE (Note 37)	308,532	5	207,355	2	49
NET PROFIT FOR THE YEAR	2,492,420	36	5,034,471	56	(50)
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive loss that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 27)	(8,524)	-	21,899	-	(139)
Revaluation losses on investments in equity instruments measured at fair value through other comprehensive income	(211,721)	(3)	(804,981)	(9)	(74)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	167,883	3	(63,951)	(1)	363
Components of other comprehensive loss that will not be reclassified to profit or loss, net of tax	(52,362)	-	(847,033)	(10)	(94)

(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	$ (59,795)	(1)	$ 1,235,070	14	(105)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	625,196	9	(1,172,254)	(13)	153
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	674,771	10	(1,867,545)	(21)	136
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 37)	3,318	-	(123,116)	(1)	103
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	1,243,490	18	(1,927,845)	(21)	165
Other comprehensive income (loss) for the year, net of tax	1,191,128	18	(2,774,878)	(31)	143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,683,548	54	$ 2,259,593	25	63
EARNINGS PER SHARE (Note 38)					
Basic	$0.87		$1.80		
Diluted	$0.78		$1.62		

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 29)				Retained Earnings (Notes 9 and 29)				Other Equity (Notes 9 and 29)			
	Common Stock	Preferred Stock	Total	Capital Surplus (Note 29)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive	Treasury Stock (Note 29)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-
Appropriation and distribution of 2021 earnings												
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-
BALANCE AT DECEMBER 31, 2022	27,339,923	2,990,140	30,330,063	13,652	4,341,816	634,610	5,469,437	10,445,863	165,887	(3,216,389)	(16,837)	37,722,239
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-
Appropriation and distribution of 2022 earnings												
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-
BALANCE AT DECEMBER 31, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 19,624	$ 5,789,200	$ 3,197,011	$ 2,756,051	$ 11,742,262	$ 109,410	$ (1,937,803)	$ (161,521)	$ 40,102,035

The accompanying notes are an integral part of the parent company only financial statements.

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 2,800,952	$ 5,241,826
Adjustments for:		
Depreciation expense	244,027	253,705
Amortization expense	266,319	267,203
Expect credit losses/recognition of provisions	449,981	482,574
Net gain on financial assets or liabilities at fair value through profit or loss	(2,237,276)	(3,232,746)
Interest expense	8,444,229	3,044,145
Interest revenue	(10,748,737)	(5,812,033)
Dividends income	(385,101)	(302,794)
Share-based payment arrangements	-	8,423
Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	(869,268)	(4,290,855)
Gain on disposal of property and equipment	(3,322)	(113)
Loss on disposal of investments	26,916	55,260
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,641,292)	526,228
Financial assets at fair value through profit or loss	(256,076)	7,923,409
Financial assets at fair value through other comprehensive income	(7,163,902)	14,396,533
Investments in debt instruments at amortized cost	517,257	(24,177,879)
Receivables	296,303	(393,952)
Discounts and loans	(17,941,540)	(29,903,131)
Deposits from the Central Bank and other banks	(1,484,690)	(4,859,747)
Bills and bonds sold under repurchase agreements	8,533,263	7,390,022
Payables	1,334,798	665,100
Deposits and remittances	22,637,140	36,309,514
Provisions	(9,885)	(1,034)
Cash flows generated from operations	2,810,096	3,589,658
Interest received	10,289,615	5,278,644
Dividends received	892,110	658,913
Interest paid	(7,791,559)	(2,462,695)
Income taxes paid	(235,705)	(25,813)
Net cash flows generated from operating activities	5,964,557	7,038,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using the equity method	26,657	-
Proceeds from capital reduction of investments accounted for using the equity method	-	159,140
Acquisition of property and equipment	(171,893)	(87,525)
Proceeds from disposal of property and equipment	3,404	2,959
Increase in refundable deposits	(306,632)	(108,226)

(Continued)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of intangible assets	$ (105,601)	$ (37,395)
Decrease in other financial assets	-	217,300
Increase in other assets	(25,079)	(5,757)
Net cash flows generated from (used in) investing activities	(579,144)	140,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bank debentures	1,600,000	1,100,000
Repayments of bank debentures	(2,250,000)	(2,500,000)
Increase in funds intended for specific types of loans	771,667	211,533
Repayments of funds intended for specific types of loans	(963,786)	(573,203)
Repayment of the principal portion of lease liabilities	(100,273)	(98,627)
Increase in other financial liabilities	702,569	917,284
Increase in other liabilities	-	10,366
Decrease in other liabilities	(18,890)	-
Cash dividends paid	(1,165,040)	(946,645)
Payments to acquire treasury stock	(144,684)	-
Transfer of treasury stock to employees	-	18,912
Net cash flows used in financing activities	(1,568,437)	(1,860,380)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,190	453,962
NET INCREASE IN CASH	3,822,166	5,772,785
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	12,278,061	6,505,276
CASH AND CASH EQUIVALENT AT END OF THE YEAR	$ 16,100,227	$ 12,278,061

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents reported in the balance sheets	$ 3,811,226	$ 4,113,060
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	11,366,403	7,550,547
Other items qualifying for cash and cash equivalents under the definition of IAS 7	922,598	614,454
Cash and cash equivalents at end of the year	$ 16,100,227	$ 12,278,061

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

O-BANK CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors (the "Board") approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (FSC) accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

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

As of December 31, 2023, the Bank has eight main department-level units - Financial Service Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, and Internal Audit Department. It also has six domestic branches-Business Department, Nanjing Fuxing branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange (TPEx) starting in August 2004. On April 19, 2016, the Board passed a resolution to apply for stock listing on the Taiwan Stock Exchange (TWSE). The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

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

As of December 31, 2023 and 2022, the Bank had 1,198 and 1,099 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorized for issue on March 13, 2024.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

As of the date the financial statements were authorized for issue, the Bank has assessed that the application of other standards and interpretations will not have a material impact on the Bank's financial position and financial performance.

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

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis of Preparation

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

When preparing these parent company only financial statements, the Bank used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Bank in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be clearly identified, accounts included in the financial statements of the Bank were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 44 for the maturity analysis of assets and liabilities.

Foreign Currencies

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

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

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

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

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

Investments Accounted for Using the Equity Method

The Bank uses the equity method to account for its investments in subsidiaries and associates.

Investments in subsidiaries

A subsidiary is an entity (including the special purpose entity) that is controlled by the Bank.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Bank's share of the profit or loss and other comprehensive income of the subsidiary. The Bank also recognizes the changes in the Bank's share of equity of subsidiaries.

Changes in the Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are accounted for as equity transactions. The Bank recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Bank's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Bank's net investment in the subsidiary), the Bank continues recognizing its share of further loss.

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

When the Bank loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Bank accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Bank directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Bank.

Investments in associates

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

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

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

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

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

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

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

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

Financial Instruments

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

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

Financial assets

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

a. Measurement categories

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

   1) Financial assets at FVTPL

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

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

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 43.

   2) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

b) Breach of contract, such as a default;

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

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

3) Investments in debt instruments at FVTOCI

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

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

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

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

4) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

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

The repurchase of the Bank's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

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

   - Financial liabilities at FVTPL

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

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

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

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

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

     Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 43.

- Financial guarantee contracts

  The Bank measures financial guarantee contract issued at the higher of:

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

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

  Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

  Financial guarantee contracts issued by the Bank are measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the amount of the expected credit loss allowance or the amount initially recognized less cumulative amortization recognized.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

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

Modification of financial instruments

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

Non-performing Loans

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

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

Repurchase and Resale Transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest revenue or interest expenses over the term of each agreement.

Property and Equipment

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Derecognition of intangible assets

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

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

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deduct amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Provisions

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

Onerous contracts

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

Revenue Recognition

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

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

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

Leases

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

The Bank as lessee

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Staff preferential deposit

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

Share-based Payment Arrangements

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

Taxation

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax for the period

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

Cash and Cash Equivalents

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and petty cash	$ 113,524	$ 108,913
Checking for clearing	1,353,302	198,196
Due from banks	2,344,400	3,805,951
	$ 3,811,226	$ 4,113,060

The cash and cash equivalents of the cash flows and the related adjustments of the balance sheets as of December 31, 2023 and 2022, refer to the statements of cash flows.

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

	December 31	
	2023	2022
Reserves for deposits - Type A	$ 3,331,764	$ 1,325,922
Reserves for deposits - Type B	5,837,376	5,907,742
Due from Central Bank - Financial	2,000,712	2,003,091
Call loans to banks	11,366,403	7,857,774
Others	61,506	46,084
	$ 22,597,761	$ 17,140,613

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

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include asset swap contracts)	$ 796,312	$ 757,778
Derivative financial assets		
Currency swap contracts	662,250	731,899
Forward contracts	31,052	163,969
Interest rate swap contracts	36,605	18,252
Currency option contracts - call	23,461	19,851
Future exchange margins	26,924	-
	780,292	933,971
Non-derivative financial assets		
Negotiable certificates of deposit	23,229,675	27,443,843
Commercial papers	10,702,086	3,699,533
Stocks and beneficiary certificates	402,002	-
	34,333,763	31,143,376
	$ 35,910,367	$ 32,835,125

(Continued)

	December 31	
	2023	2022
<u>Held-for-trading financial liability</u>		
Derivative financial instruments		
Currency swap contracts	$ 1,116,257	$ 619,305
Forward contracts	199,566	133,419
Interest rate swap contracts	36,755	18,375
Currency option contracts - put	14,897	14,486
	$ 1,367,475	$ 785,585

(Concluded)

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

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Interest rate swap contracts	$ 4,122,505	$ 3,646,419
Currency swap contracts	133,694,562	112,299,557
Forward contracts	23,920,817	30,015,167
Currency option contracts		
Buy	1,977,359	912,929
Sell	704,187	728,593

Refer to Note 40 for information relating to financial assets at financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI	$ 35,245	$ 39,595
Investments in debt instruments at FVTOCI		
Government bonds	14,541,751	8,786,557
Bank debentures	9,625,500	10,076,440
Corporate bonds	21,360,142	18,558,406
Overseas government bonds	833,466	615,182
Commercial papers	3,447,154	6,249,812
Negotiable certificates of deposit	21,467,288	19,253,080
	$ 71,310,546	$ 63,579,072

a. Investments in equity instruments at FVTOCI

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

The Bank disposed stock classified as at FVTOCI for invested management purpose for the years end December 31, 2023 and 2022. The fair value of stocks classified as at FVTOCI which had to be disposed of were $8,011,475 thousand and $6,095,620 thousand and the accumulated gain or loss related to the sold assets of $45,526 thousand loss and $194,575 thousand loss, respectively, was transferred from other equity-unrealized valuation gain or loss on Financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $385,101 thousand and $302,794 thousand were recognized in profit or loss for the years end December 31, 2023 and 2022. The dividends related to investments held at the end of 2022 and 2023 were $0 thousand, respectively.

b. Investments in debt instruments at FVTOCI

Refer to Note 40 for information relating to investments in debt instruments at FVTOCI pledged as security.

Refer to Note 44 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $11,852,045 thousand and $7,530,064 thousand, as of on December 31, 2023 and 2022, respectively.

10. DEBT INSTRUMENTS AS AT AMORTIZED COST

	December 31	
	2023	**2022**
Government bonds	$ 11,029,433	$ 6,970,258
Bank debentures	5,417,533	2,561,252
Corporate bonds	5,311,804	4,739,723
Overseas government bonds	918,376	913,609
Negotiable certificates of deposit	1,000,000	9,000,000
	23,677,146	24,184,842
Less: Allowance for impairment loss	(4,301)	(3,018)
	$ 23,672,845	$ 24,181,824

Refer to Note 40 for information relating to investments in debt instruments as at amortized cost pledged as security.

Refer to Note 44 for information relating to the credit risk management and impairment of investments in debt instruments as at amortized cost.

Debt instruments as at amortized cost under agreement to repurchase were in the face amount of $6,490,252 thousand and $1,753,479 thousand, as of on December 31, 2023 and 2022, respectively.

11. RECEIVABLES, NET

	December 31 2023	December 31 2022
Accounts receivable	$ 266,448	$ 226,068
Investment settlements receivable	29,964	172,524
Income receivable	2,862	1,505
Interest receivable	1,330,252	853,047
Dividends receivable	203	429
Acceptances receivable	205,561	121,272
Factored receivable	837,215	1,477,269
Others	209,337	149,205
	2,881,842	3,001,319
Less: Allowance for credit losses	19,608	46,551
Receivables, net	$ 2,862,234	$ 2,954,768

The changes in gross carrying amount on receivables for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 2,299,072	$ 664,950	$ 37,297	$ 3,001,319
Transfers				
To 12-month ECLs	403	(403)	-	-
To lifetime ECLs	(18,307)	18,307	-	-
To credit-impaired financial assets	(557)	(2,130)	2,687	-
New financial assets purchased or originated	1,725,739	9,937	8,631	1,744,307
Derecognition of financial assets in the reporting period	(1,211,785)	(658,842)	(836)	(1,871,463)
Write-offs	-	-	(43,892)	(43,892)
Exchange rate or other changes	28,459	18,923	4,189	51,571
Balance at December 31, 2023	$ 2,823,024	$ 50,742	$ 8,076	$ 2,881,842
Balance at January 1, 2022	$ 2,066,781	$ 38,762	$ 34,989	$ 2,140,532
Transfers				
To 12-month ECLs	377	(329)	(48)	-
To lifetime ECLs	(620)	620	-	-
To credit-impaired financial assets	(321)	(110)	431	-
New financial assets purchased or originated	1,915,349	661,862	1,492	2,578,703
Derecognition of financial assets in the reporting period	(1,719,425)	(35,892)	(1,718)	(1,757,035)
Exchange rate or other changes	36,931	37	2,151	39,119
Balance at December 31, 2022	$ 2,299,072	$ 664,950	$ 37,297	$ 3,001,319

The Bank provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 13 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 44 for the impairment loss analysis of receivables.

12. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Short-term	$ 88,442,870	$ 67,853,043
Medium-term	96,559,313	99,885,289
Long-term	20,641,853	20,347,768
Guaranteed overdraft	185,976	105,522
Export bill negotiated	525,546	-
Overdue loans	195,554	668,187
	206,551,112	188,859,809
Less: Allowance for credit losses	2,946,555	2,883,308
	$ 203,604,557	$ 185,976,501

The changes in gross carrying amount on discount and loans for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ 188,859,809
Transfers				
To 12-month ECLs	390,000	(390,000)	-	-
To lifetime ECLs	(2,129,156)	2,129,156	-	-
To credit-impaired financial assets	(125,857)	(600,005)	725,862	-
New financial assets purchased or originated	136,532,204	5,921,894	280,916	142,735,014
Derecognition of financial assets in the reporting period	(110,316,818)	(13,463,374)	(907,996)	(124,688,188)
Write-offs	-	-	(274,165)	(274,165)
Exchange rate or other changes	(72,412)	(26,456)	17,510	(81,358)
Balance at December 31, 2023	$ 196,247,575	$ 9,046,575	$ 1,256,962	$ 206,551,112
Balance at January 1, 2022	$ 146,664,018	$ 11,147,931	$ 1,234,045	$ 159,045,994
Transfers				
To 12-month ECLs	395,175	(350,111)	(45,064)	-
To lifetime ECLs	(1,485,916)	1,485,916	-	-
To credit-impaired financial assets	(62,692)	(78,158)	140,850	-
New financial assets purchased or originated	115,564,044	11,914,776	431,430	127,910,250
Derecognition of financial assets in the reporting period	(89,977,802)	(8,474,085)	(250,013)	(98,701,900)
Write-offs	-	-	(107,784)	(107,784)
Exchange rate or other changes	872,787	(170,909)	11,371	713,249
Balance at December 31, 2022	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ 188,859,809

The balance of the overdue loans of the Bank as of December 31, 2023 and 2022 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $4,786 thousand and $13,843 thousand for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Bank wrote off credits only upon completing the required legal procedures.

The Bank provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 13 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 44 for the impairment loss analysis of discounts and loans.

13. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The changes in allowance for credit losses and provisions for the year ended December 31, 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(101)	101	-	-	-	-
To credit-impaired financial assets	(334)	(9)	343	-	-	-
New financial assets purchased or originated	2,957	67	20,177	23,201	-	23,201
Derecognition of financial assets in the reporting period	(2,118)	(1,092)	(260)	(3,470)	-	(3,470)
Change in model or risk parameters	416	30	17	463	-	463
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(3,410)	(3,410)
Write-off	-	-	(43,892)	(43,892)	-	(43,892)
Exchange rate or other changes	-	-	164	164	1	165
Balance at December 31, 2023	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	$ 408,112	$ 76,237	$ 296,640	$ 780,989	$ 2,102,319	$ 2,883,308
Transfers						
To 12-month ECLs	16,090	(16,090)	-	-	-	-
To lifetime ECLs	(24,627)	24,627	-	-	-	-
To credit-impaired financial assets	(71,167)	(4,760)	75,927	-	-	-
New financial assets purchased or originated	279,614	63,620	156,635	499,869	-	499,869
Derecognition of financial assets in the reporting period	(218,083)	(32,204)	(157,004)	(407,291)	-	(407,291)
Change in model or risk parameters	98,296	83,288	166,548	348,132	-	348,132
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(128,949)	(128,949)
Write-offs	-	-	(274,165)	(274,165)	-	(274,165)
Withdrawal after write-offs	-	-	23,928	23,928	-	23,928
Exchange rate or other changes	27	84	7	118	1,605	1,723
Balance at December 31, 2023	$ 488,262	$ 194,802	$ 288,516	$ 971,580	$ 1,974,975	$ 2,946,555

Reserve for Losses on Guarantee Contracts and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	$ 86,897	$ 8,068	$ -	$ 94,965	$ 229,529	$ 324,494
Transfers						
To 12-month ECLs	5,240	(5,240)	-	-	-	-
To lifetime ECLs	(18)	18	-	-	-	-
New financial assets purchased or originated	71,540	15,502	-	87,042	-	87,042
Derecognition of financial assets in the reporting period	(59,551)	(2,694)	-	(62,245)	-	(62,245)
Change in model or risk parameters	(479)	79	-	(400)	-	(400)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	91,329	91,329
Exchange rate or other changes	12	-	-	12	(14)	(2)
Balance at December 31, 2023	$ 103,641	$ 15,733	$ -	$ 119,374	$ 320,844	$ 440,218

The changes in allowance for credit losses and provisions for the year ended December 31, 2022 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 4,002	$ 116	$ 22,446	$ 26,564	$ 15,680	$ 42,244
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(69)	69	-	-	-	-
To credit-impaired financial assets	(197)	(2)	199	-	-	-
New financial assets purchased or originated	2,340	1,034	494	3,868	-	3,868
Derecognition of financial assets in the reporting period	(3,124)	(103)	(357)	(3,584)	-	(3,584)
Change in model or risk parameters	269	(8)	(3)	258	-	258
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,377	1,377
Exchange rate or other changes	-	-	2,280	2,280	108	2,388
Balance at December 31, 2022	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 324,263	$ 78,499	$ 237,243	$ 640,005	$ 1,657,668	$ 2,297,673
Transfers						
To 12-month ECLs	12,568	(12,541)	(27)	-	-	-
To lifetime ECLs	(11,887)	11,887	-	-	-	-
To credit-impaired financial assets	(35,235)	(1,342)	36,577	-	-	-
New financial assets purchased or originated	247,405	19,151	105,183	371,739	-	371,739
Derecognition of financial assets in the reporting period	(176,067)	(18,638)	(70,763)	(265,468)	-	(265,468)
Change in model or risk parameters	44,343	(4,022)	77,494	117,815	-	117,815
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	389,493	389,493
Write-offs	-	-	(107,784)	(107,784)	-	(107,784)
Withdrawal after write-offs	-	-	18,468	18,468	-	18,468
Exchange rate or other changes	2,722	3,243	249	6,214	55,158	61,372
Balance at December 31, 2022	$ 408,112	$ 76,237	$ 296,640	$ 780,989	$ 2,102,319	$ 2,883,308

Reserve for Losses on Guarantee Contracts and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 103,237	$ 15,176	$ -	$ 118,413	$ 337,768	$ 456,181
Transfers						
To 12-month ECLs	2,371	(2,371)	-	-	-	-
To lifetime ECLs	(209)	209	-	-	-	-
New financial assets purchased or originated	62,662	3,572	-	66,234	-	66,234
Derecognition of financial assets in the reporting period	(70,175)	(7,727)	-	(77,902)	-	(77,902)
Change in model or risk parameters	(11,779)	(791)	-	(12,570)	-	(12,570)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(108,844)	(108,844)
Exchange rate or other changes	790	-	-	790	605	1,395
Balance at December 31, 2022	$ 86,897	$ 8,068	$ -	$ 94,965	$ 229,529	$ 324,494

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 14,526,309	$ 13,368,073
Investments in associates	6,994,838	7,241,771
	$ 21,521,147	$ 20,609,844

a. Investments in subsidiaries

	December 31	
	2023	2022
Domestic listed company		
China Bills Finance Corp.	$ 7,006,296	$ 6,168,856
Domestic unlisted company		
IBT Holdings Corp.	6,273,602	6,119,382
IBT VII Venture Capital Co., Ltd.	928,634	798,896
IBT Management Corp.	317,777	280,939
	$ 14,526,309	$ 13,368,073

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
China Bills Finance Corp.	28.37%	28.37%
Chun Teng New Century Co., Ltd.	99.75%	99.75%
IBT Holdings Corp.	100.00%	100.00%
IBT VII Venture Capital Co., Ltd.	100.00%	100.00%
IBT Management Corp.	100.00%	100.00%

The Bank's the board of directors resolved on July 21, 2022 and approved the management's proposal to reduce its capital by shares in its subsidiary, IBT Leasing Co., Ltd. (the "IBT Leasing"), and as a subsidiary of the IBT Leasing, all shares of IBT VII Venture Capital Co., Ltd. will be offset and returned to the Bank. The capital reduction ratio is 20.98%, and the capital reduction amount is $710,614 thousand. After the capital reduction, the amount of IBT Leasing's paid-in capital is $2,677,290 thousand. The record date for capital reduction was October 19, 2022.

b. Investments in associates

	December 31	
	2023	2022
Material associate		
Infinite Finance Co., Ltd.	$ 5,850,311	$ 6,230,729
Beijing Sunshine Consumer Finance Co., Ltd.	1,144,527	1,011,042
	$ 6,994,838	$ 7,241,771

Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2023	2022
Infinite Finance Co., Ltd.	44.27%	44.48%
Beijing Sunshine Consumer Finance Co., Ltd.	20.00%	20.00%

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

The Bank's the board of directors resolved on July 21, 2022 and approved the management's proposal merger of subsidiary, the IBT Leasing and Jih-Sun International Leasing and Financing Co., Ltd. (the "Jih-Sun Leasing"). With the Jih-Sun Leasing as the surviving company, and changed its name to Infinite Finance Co., Ltd. Jih-Sun Leasing issued 156,193,000 new shares to the Bank at the ratio of 0.5834 ordinary shares of Jih-Sun Leasing for every 1 ordinary share of IBT Leasing. After the merger, the Bank will hold 44.48% of the shares of the surviving company. The share swap amount was $6,198,618 thousand, and the merger date was December 1, 2022. For the information on the disposal of the IBT Leasing, refer to Note 41 of the Bank's 2023 consolidated financial statements.

On June 19, 2023, the Bank disposed of 713 thousand shares of Infinite Finance for NT$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%.

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

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

Infinite Finance Co., Ltd.

	December 31	
	2023	2022
Total assets	$ 86,800,301	$ 76,183,506
Total liabilities	$ 77,516,069	$ 66,645,549

	For the Year Ended December 31	
	2023	2022
Net gain	$ 516,300	$ 609,305
Other comprehensive gain	$ 436,645	$ 630,781

Beijing Sunshine Consumer Finance Co., Ltd.

	December 31	
	2023	2022
Total assets	$ 50,616,039	$ 55,118,326
Total liabilities	$ 44,900,174	$ 50,049,146

	For the Year Ended December 31	
	2023	2022
Net gain	$ 752,643	$ 598,891
Other comprehensive gain	$ 752,643	$ 598,891

c. The Bank's investments accounted for using equity method, the details of its investment income (loss) and gain on disposal are as follows:

	For the Year Ended December 31	
	2023	2022
Domestic listed company		
China Bills Finance Corp.	$ 365,534	$ 295,294
Domestic unlisted company		
Chun Teng New Century Co., Ltd.	-	(5,668)
IBT Holdings Corp.	118,615	320,097
IBT Leasing Co., Ltd.	-	260,893
IBT Management Corp.	49,962	13,373
IBT VII Venture Capital Co., Ltd.	173,416	72,377
Infinite Finance Co., Ltd.	13,167	4,554
Beijing Sunshine Consumer Finance Co., Ltd.	154,703	115,816
Gain on disposal for subsidiaries IBT Leasing Co., Ltd.	-	3,214,119
Loss on disposal for associates	(6,129)	-
	$ 869,268	$ 4,290,855

The investments in subsidiaries and associates accounted for using the equity method, the share of profit or loss of associates and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 was based on each of financial statements which have been audited for the same years.

15. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Call loans to securities corporation limited	$ 922,598	$ 614,454

16. PROPERTY AND EQUIPMENT, NET

	December 31	
	2023	2022
Carrying amounts of each class		
Land	$ 698,633	$ 698,633
Buildings	1,183,468	1,221,019
Machinery and computer equipment	243,213	234,924
Transportation equipment	17,807	21,570
Office and other equipment	21,797	28,706
Lease improvement	37,043	46,590
Construction in progress and prepayments for equipment	76,157	29,930
	$ 2,278,118	$ 2,281,372
For own used	$ 2,048,501	$ 2,047,174
Assets leased under operating leases	229,617	234,198
	$ 2,278,118	$ 2,281,372

a. For own used

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 613,399	$ 1,649,939	$ 730,582	$ 54,914	$ 224,409	$ 270,414	$ 29,930	$ 3,573,587
Additions	-	6,138	61,232	-	5,686	3,735	94,209	170,999
Disposals and scrapped	-	-	(48,620)	(14,248)	(644)	-	-	(63,512)
Reclassification	-	294	11,714	2,980	160	8,828	(47,982)	(24,006)
Effect of foreign currency exchange differences	-	-	(4)	(3)	(5)	(16)	-	(28)
Balance at December 31, 2023	613,399	1,656,371	754,904	43,643	229,606	282,961	76,157	3,657,040
Accumulated depreciation								
Balance at January 1, 2023	-	577,884	495,658	33,344	195,703	223,824	-	1,526,413
Depreciation expense	-	39,402	64,644	6,674	12,752	22,109	-	145,580
Disposals and scrapped	-	-	(48,608)	(14,181)	(641)	-	-	(63,430)
Effect of foreign currency exchange differences	-	-	(3)	(1)	(5)	(15)	-	(24)
Balance at December 31, 2023	-	617,286	511,691	25,836	207,809	245,918	-	1,608,539
Carrying amounts								
Balance at December 31, 2023	$ 613,399	$ 1,039,085	$ 243,213	$ 17,807	$ 21,797	$ 37,043	$ 76,157	$ 2,048,501

(Continued)

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2022	$ 572,250	$ 1,539,081	$ 717,234	$ 51,851	$ 217,499	$ 261,428	$ 19,968	$ 3,379,311
Additions	-	173	28,743	15,114	2,938	3,366	37,153	87,487
Disposals and scrapped	-	-	(16,679)	(12,678)	(992)	(10,353)	-	(40,702)
Reclassification	41,149	110,685	327	50	3,697	11,910	(27,191)	140,627
Effect of foreign currency exchange differences	-	-	957	577	1,267	4,063	-	6,864
Balance at December 31, 2022	613,399	1,649,939	730,582	54,914	224,409	270,414	29,930	3,573,587
Accumulated depreciation								
Balance at January 1, 2022	-	502,479	454,143	38,197	177,756	196,188	-	1,368,763
Depreciation expense	-	36,858	57,368	6,791	17,899	32,447	-	151,363
Disposals and scrapped	-	-	(16,558)	(11,892)	(934)	(8,484)	-	(37,868)
Reclassification	-	38,547	-	-	-	-	-	38,547
Effect of foreign currency exchange differences	-	-	705	248	982	3,673	-	5,608
Balance at December 31, 2022	-	577,884	495,658	33,344	195,703	223,824	-	1,526,413
Carrying amounts								
Balance at December 31, 2022	$ 613,399	$ 1,072,055	$ 234,924	$ 21,570	$ 28,706	$ 46,590	$ 29,930	$ 2,047,174

(Concluded)

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

Buildings	25-50 years
Machinery and computer equipment	3-25 years
Transportation equipment	5 years
Lease improvement	5-8 years
Office and other equipment	5-15 years

b. Assets leased under operating leases

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ 85,234	$ 229,262	$ 314,496
Additions	-	894	894
Balance at December 31, 2023	$ 85,234	$ 230,156	$ 315,390
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 80,298	$ 80,298
Depreciation expense	-	5,475	5,475
Balance at December 31, 2023	$ -	$ 85,773	$ 85,773
Carrying amounts			
Balance at December 31, 2023	$ 85,234	$ 144,383	$ 229,617

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 126,383	$ 339,909	$ 466,292
Additions	-	38	38
Reclassification	(41,149)	(110,685)	(151834)
Balance at December 31, 2022	$ 85,234	$ 229,262	$ 314,496
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ 110,973	$ 110,973
Depreciation expense	-	7,872	7,872
Reclassification	-	(38,547)	(38,547)
Balance at December 31, 2022	$ -	$ 80,298	$ 80,298
Carrying amounts			
Balance at December 31, 2022	$ 85,234	$ 148,964	$ 234,198

(Concluded)

Operating leases relate to leases of land and building with lease terms between 1 to 5 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. The buildings are depreciated on a straight-line basis for 25 to 50 years.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2023	2022
Year 1	$ 14,154	$ 14,154
Year 2	938	14,154
Year 3	938	938
Year 4	604	938
Year 5	-	604
	$ 16,634	$ 30,788

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Buildings	$ 224,857	$ 185,739
Machinery equipment	294	588
Transportation equipment	10,094	-
	$ 235,245	$ 186,327

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 141,919	$ 94,964
Depreciation charge for right-of-use assets		
Buildings	$ 90,223	$ 94,176
Machinery equipment	294	294
Transportation equipment	2,455	-
	$ 92,972	$ 94,470

Except for the aforementioned addition and recognized depreciation, the Bank did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts	$ 242,211	$ 195,008

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.35%-5.63%	1.35%-5.13%
Machinery equipment	1.36%	1.36%
Transportation equipment	1.85%-1.98%	-

c. Material lease-in activities

Due to rental of buildings, the Bank has entered into various leasehold contracts with others. These contracts are gradually expiring before the end of October 2028. Refundable deposits paid under operating lease amounted to $30,719 thousand and $23,371 thousand on December 31, 2023 and 2022, respectively.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 2,854	$ 5,550
Expenses relating to low-value asset leases	$ 36	$ 20
Total cash outflow for leases	$ (103,163)	$ (104,197)

18. INTANGIBLE ASSETS

	December 31	
	2023	2022
Carrying amounts of each class of		
Computer software	$ 499,648	$ 636,363

The changes in of intangible assets for the years ended December 31, 2023 and 2022 are summarized as follows:

	Computer Software
Cost	
Balance at January 1, 2023	$ 2,356,611
Additions	105,601
Reclassification	24,006
Disposals	(3,920)
Effect of foreign currency exchange differences	(22)
Balance at December 31, 2023	$ 2,482,276
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 1,720,248
Amortization	266,319
Disposals	(3,920)
Effect of foreign currency exchange differences	(19)
Balance at December 31, 2023	$ 1,982,628
Carrying amounts	
Balance at December 31, 2023	$ 499,648

(Continued)

	Computer Software
Cost	
Balance at January 1, 2022	$ 2,308,902
Additions	37,395
Reclassification	11,207
Disposals	(6,459)
Effect of foreign currency exchange differences	5,566
Balance at December 31, 2022	$ 2,356,611
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 1,455,305
Amortization	267,203
Disposals	(6,447)
Effect of foreign currency exchange differences	4,187
Balance at December 31, 2022	$ 1,720,248
Carrying amounts	
Balance at December 31, 2022	$ 636,363

(Concluded)

The above items of intangible assets are depreciated on a straight-line basis at the following rates per annum:

Computer software	3-15 years

19. OTHER ASSETS

	December 31	
	2023	2022
Refundable deposits	$ 502,754	$ 196,122
Prepayments	74,124	51,467
Others	142,138	139,716
	$ 719,016	$ 387,305

20. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Call loans from banks	$ 4,667,945	$ 5,848,159
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000
Call loans from Central Bank	2,767,794	3,072,270
	$ 12,435,739	$ 13,920,429

21. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2023	2022
Government bonds	$ 7,224,084	$ 1,981,834
Corporate bonds	2,401,198	1,529,269
Bank debentures	7,193,969	4,774,885
	$ 16,819,251	$ 8,285,988
Date of agreements to repurchase	Before March 2024	Before March 2023
Amount of agreements to repurchase	$ 12,144,643	$ 8,347,267

The bank has repurchased bills and bond liabilities with an unspecified maturity date for the year ended December 31, 2023, with a face value of $5,358,766 thousand.

22. PAYABLES

	December 31	
	2023	2022
Checks for clearing	$ 1,353,302	$ 198,196
Investment settlements payable	6,099	153,613
Accrued interest	1,489,733	842,650
Accrued expenses	1,076,554	1,062,830
Collections payables	49,840	37,122
Factored payables	141,338	179,931
Acceptances	205,561	121,272
Others	150,377	146,099
	$ 4,472,804	$ 2,741,713

23. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022
Deposits		
Checking	$ 1,660,749	$ 2,257,126
Demand	44,736,490	39,203,046
Time	233,062,479	216,027,463
Savings deposits	17,671,769	16,996,792
Export remittances	9,631	19,551
	$ 297,141,118	$ 274,503,978

24. BANK DEBENTURES PAYABLE

	December 31	
	2023	2022
Subordinate bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repay the principal at maturity	$ -	$ 1,500,000
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repay the principal at maturity	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repay the principal at maturity	2,000,000	2,000,000
Subordinate bonds A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	-	750,000
Subordinate bonds B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repay the principal at maturity	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repay the principal at maturity	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repay the principal at maturity	1,100,000	1,100,000
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	-
Subordinate bonds second issued in 2023; fixed 2.20% interest rate; maturity: September 27, 2030; interest paid annually and repayment of the principal at maturity	700,000	-
	$ 12,950,000	$ 13,600,000

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Funds obtained from the government - intended for specific types of loans	$ 1,715,921	$ 1,908,040
Principal of structured products	1,664,753	962,184
	$ 3,380,674	$ 2,870,224

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

26. PROVISIONS

	December 31	
	2023	2022
Provisions for employee benefits	$ 29,020	$ 30,381
Provisions for losses on guarantee contracts	331,997	231,773
Provisions for financing commitments	108,221	92,721
	$ 469,238	$ 354,875

Refer to Note 13 for the details and changes in the reserve for losses on guarantee contracts and financing commitments.

27. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Bank is the required retirement plan stipulated by the government. A pension of 6% of an employee's monthly salary is paid to the Labor Insurance Bureau under each individual's account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2023 and 2022 was recognized in the statements of comprehensive income in the total amounts of $64,994 thousand and $49,766 thousand, respectively.

Defined Benefit Plan

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 156,407	$ 156,712
Fair value of plan assets	(127,387)	(126,331)
Net defined benefit liabilities	$ 29,020	$ 30,381

Movement in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 170,953	$ (117,639)	$ 53,314
Service cost			
Current service cost	788	-	788
Interest expense (income)	855	(594)	261
Recognized in profit or loss	1,643	(594)	1,049
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,360)	(9,360)
Changes in financial assumptions	(11,343)	-	(11,343)
Experience adjustments	(1,196)	-	(1,196)
Recognized in other comprehensive income (loss)	(12,539)	(9,360)	(21,899)
Employer contributions	-	(2,083)	(2,083)
Benefits paid	(3,345)	3,345	-
Balance at December 31, 2022	$ 156,712	$ (126,331)	$ 30,381
Balance at January 1, 2023	$ 156,712	$ (126,331)	$ 30,381
Service cost			
Current service cost	767	-	767
Net interest expense (income)	2,155	(1,751)	404
Recognized in profit or loss	2,922	(1,751)	1,171
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(928)	(928)
Changes in financial assumptions	2,843	-	2,843
Experience adjustments	6,609	-	6,609
Recognized in other comprehensive income (loss)	9,452	(928)	8,524
Employer contributions	-	(1,996)	(1,996)
Benefits paid	(3,619)	3,619	-
Business paid	(9,060)	-	(9,060)
Balance at December 31, 2023	$ 156,407	$ (127,387)	$ 29,020

Through the defined benefit plans under the Labor Standards Act, the Bank is exposed to the following risks:

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

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

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

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

	December 31	
	2023	**2022**
Discount rate(s)	1.13%	1.38%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (2,843)	$ (3,024)
0.25% decrease	$ 2,926	$ 3,118
Expected rate(s) of salary increase		
0.25% increase	$ 2,834	$ 3,024
0.25% decrease	$ (2,768)	$ (2,949)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 2,016	$ 2,062
Average duration of the defined benefit obligation	7.8 years	7.9 years

28. OTHER LIABILITIES

	December 31	
	2023	2022
Guarantee deposits received	$ 179,345	$ 179,781
Advance revenue	47,545	53,714
Others	10,258	22,543
	$ 237,148	$ 256,038

29. EQUITY

a. Capital stock

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

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

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

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.6-year anniversary of the issue date and the day after each subsequent period of 5.6 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

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

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

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

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

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

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

As of December 31, 2023 and 2022, 986 thousand preferred Series A shares has converted into common stock.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)		
Treasury share transactions	$ 9,061	$ 9,061
Must be used to offset a deficit		
Disgorgement exercised	10	10
Unclaimed dividends	2,672	1,957
	2,682	1,967
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	7,881	2,624
	$ 19,624	$ 13,652

Note: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

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

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

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

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

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

The Bank sets aside and reverses the special surplus reserve for other deductions in equity according to laws and regulations. When there is a reversal of the balance of other equity deductions subsequently, the surplus shall be distributed to the special surplus reserve for the reversal part.

d. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 34.

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

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

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

e. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 165,887	$ (946,067)
Exchange differences arising on the translating the financial statements of foreign operations	(59,795)	1,235,070
Income tax related to gains arising on the translating the financial statements of foreign operations	(3,318)	(123,116)
Balance at December 31	$ 109,410	$ 165,887

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (3,216,389)	$ 460,588
Recognized during the year		
Unrealized gain - debt instruments	1,296,609	(3,035,273)
Unrealized gain - equity instruments	(39,429)	(878,191)
Loss allowance of debt instruments	3,358	(4,527)
Other comprehensive income recognized in the period	1,260,538	(3,917,991)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	18,048	241,014
Balance at December 31	$ (1,937,803)	$ (3,216,389)

f. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	**2022**
Number of shares at January 1	2,522	5,737
Increase (decrease) during the period	15,000	(3,215)
Number of shares at December 31	17,522	2,522

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand. The Bank transferred 3,215 thousand shares to employees at a price of $5.90 per share in February 2022, thus reducing the cost of treasury stocks by $21,467 thousand.

On August 21, 2023, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from August 22, 2023 to October 21, 2023. As of October 20, 2023, the Bank had acquired 15,000 thousand shares of treasury stocks for $144,684 thousand. The Bank transferred 7,061 thousand shares and 2,522 thousand shares to employees at a price of $9.65 per share and $5.90 per share, respectively, in February 2024, thus reducing the cost of treasury stocks by $88,338 thousand.

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

30. NET INTEREST

	For the Year Ended December 31	
	2023	**2022**
Interest revenue		
Discounts and loans	$ 8,223,728	$ 4,702,793
Investments in securities	1,790,613	863,992
Due from the Central Bank and call loans to banks	598,304	167,325
Factoring	43,577	27,553
Others	92,515	50,370
	10,748,737	5,812,033
Interest expense		
Deposits	7,363,187	2,460,894
Bills and bonds sold under repurchase agreements	473,682	103,622
Bank debentures	246,917	272,574
Deposits from Central Bank and other banks	351,314	189,296
Others	9,129	17,759
	8,444,229	3,044,145
	$ 2,304,508	$ 2,767,888

31. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2023	2022
Service fee income		
Import and export business	$ 21,061	$ 20,749
Loan business	473,883	361,755
Guarantee business	234,493	267,217
Credit examining business	128,138	119,155
Acceptance business	1,322	576
Factoring business	17,031	20,023
Trust business	58,545	56,042
Insurance agent business	37,797	30,535
Others	51,358	49,516
	1,023,628	925,568
Service charge		
Remittance	2,300	1,894
Custody	4,546	3,243
Interbank	20,444	17,582
Reward program	19,097	17,509
Others	62,774	69,305
	109,161	109,533
	$ 914,467	$ 816,035

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

	For the Year Ended December 31	
	2023	2022
Realized gains or losses		
Stocks and beneficiary certificates	$ 13,115	$ (59,229)
Bonds	63,875	24,127
Derivatives	2,496,417	2,862,591
	2,573,407	2,827,489
Gains (losses) on valuation		
Stocks and beneficiary certificates	-	(27,611)
Bonds	(2,107)	(3,651)
Derivatives	(758,350)	188,233
Others	473	(319)
	(759,984)	156,652
Interest revenue	423,853	248,605
	$ 2,237,276	$ 3,232,746

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

	For the Year Ended December 31	
	2023	2022
Realized income - debt instruments	$ (26,916)	$ (55,260)
Dividend revenue	385,101	302,794
	$ 358,185	$ 247,534

34. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries and wages	$ 1,709,406	$ 1,614,290
Remuneration of directors	83,548	103,869
Labor insurance and national health insurance	104,444	89,511
Others	56,817	62,552
Post-employment benefits		
Pension expenses	65,814	50,497
Pension benefits	65	27
	$ 2,020,094	$ 1,920,746

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

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	1.50%	1.00%
Remuneration of directors	1.50%	1.25%

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 43,314	$ 53,625
Remuneration of directors	$ 43,314	$ 67,031

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

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

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

There are no differences between the 2022 and 2021 actual amounts of compensation of employees and remuneration of directors paid and the 2022 and 2021 amount recognized in the annual financial statements. Information on the bonuses for employees, directors and supervisors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

35. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2023	2022
Property and equipment	$ 151,055	$ 159,235
Intangible assets	266,319	267,203
Right-of-use assets	92,972	94,470
	$ 510,346	$ 520,908

36. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2023	2022
Taxation	$ 264,724	$ 197,396
Rental fees	2,890	5,570
Management fees	38,591	35,553
Computer operating and consulting fees	363,618	312,057
Entertainment fees	38,674	27,762
Service fees	60,162	49,208
Advertisement fees	65,784	57,544
Postage fees	63,503	55,880
Others	192,904	157,110
	$ 1,090,850	$ 898,080

37. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 221,152	$ 204,368
In respect of prior years	3,806	(22,361)
	224,958	182,007
Deferred tax		
In respect of the current year	83,574	25,348
Income tax expense recognized in profit or loss	$ 308,532	$ 207,355

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 2,800,952	$ 5,241,826
Income tax expense calculated at the statutory rate	$ 560,190	$ 1,048,365
Realized gain on investment in equity instruments measured at fair value through other comprehensive income	(87,005)	(39,223)
Nondeductible expenses and tax-exempt income in determining taxable income	(183,586)	(777,783)
Deductible tax amount of oversea income tax	(203,972)	(163,968)
Unrecognized deductible temporary differences	(2,053)	(1,643)
Overseas income taxes	221,152	163,968
Adjustments for prior years' tax	3,806	(22,361)
Income tax expense recognized in profit or loss	$ 308,532	$ 207,355

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Translation of foreign operations	$ 3,318	$ (123,116)
Income tax expense recognized in other comprehensive income	$ 3,318	$ (123,116)

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
FVTPL financial instrument	$ 26,450	$ (25,928)	$ -	$ 522
Allowance for bad debts	362,535	(2,982)	-	359,553
	$ 388,985	$ (28,910)	$ -	$ 360,075
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 604,796	$ 54,664	$ -	$ 659,460
Translation of foreign operations	23,379	-	(3,318)	20,061
	$ 628,175	$ 54,664	$ (3,318)	$ 679,521

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
FVTPL financial instrument	$ 48,052	$ (21,602)	$ -	$ 26,450
Allowance for bad debts	275,164	87,371	-	362,535
Translation of foreign operations	99,737	-	(99,737)	-
	$ 422,953	$ 65,769	$ (99,737)	$ 388,985

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 517,450	$ 87,346	$ -	$ 604,796
Translation of foreign operations	-	-	23,379	23,379
	$ 517,450	$ 87,346	$ 23,379	$ 628,175

(Concluded)

d. Assessment of the income tax returns

The income tax returns of the Bank through 2019 have been assessed by the tax authorities.

38. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 0.87	$ 1.80
Diluted earnings per share	$ 0.78	$ 1.62

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit	$ 2,492,420	$ 5,034,471
Less: Declared preferred stock dividend	127,081	127,500
Earnings used in the computation of basic and diluted earnings per share	$ 2,365,339	$ 4,906,971

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common stocks in computation of basic earnings per share	2,727,193	2,730,822
Effect of potentially dilutive common stocks:		
Compensation of employees	5,428	6,982
Convertible preferred stock	299,014	299,265
	304,442	306,247
Weighted average number of common stocks used in the computation of diluted earnings per share	3,031,635	3,037,069

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

39. RELATED PARTY TRANSACTIONS

a. The related parties and their relationships with the Bank

Related Party	Relationship with the Bank
IBT Management Corp. (IBTM)	Subsidiary of Bank
IBT Holdings Corp. (IBTH)	Subsidiary of Bank
China Bills finance Corp. (CBF)	Subsidiary of Bank
IBT VII Venture Capital Co., Ltd. (IBT VII Venture)	Subsidiary of Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associate
Infinite Finance Co., Ltd. (Infinite Finance)	Associate
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiaries of associates
Yi Chang Investment Co., Ltd.	The Bank’s legal director
Míng Shan Investment Co., Ltd.	The Group’s legal director
Taixuan Investment Co., Ltd.	The Bank’s legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Bank’s management and their other related parties

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

1) Deposits (part of deposits and remittance)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2023			
Subsidiaries	$ 19,060	$ 82	0.00-1.45
Associates	7,200	119	0.05-1.45
Others	7,396,742	198,909	0.00-7.05
	$ 7,423,002	$ 199,110	
For the year ended December 31, 2022			
Subsidiaries	$ 115,784	$ 1,437	0.00-4.23
Associates	32,061	41	0.00-1.05
Others	9,274,633	91,361	0.00-6.93
	$ 9,422,478	$ 92,839	

2) Loans

	Maximum Balance (Note 1)	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2023				
Associates	$ 281,438	$ 181,438	$ 4,443	2.50-5.01
Others	791,800	791,800	12,999	1.85-2.44
	$ 1,073,238	$ 973,238	$ 17,442	
For the year ended December 31, 2022				
Subsidiaries	$ 46,600	$ -	$ 6	2.26
Associates	241,272	241,272	2,547	2.26-5.01
Others	672,000	672,000	6,578	1.95-2.29
	$ 959,872	$ 913,272	$ 9,131	

December 31, 2023							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Transactions with Unrelated Parties**
Others	Infinite Finance	$ 188,540	$ 88,540	$ 88,540	$ -	Real estate and cheque discounting	None
Others	Suzhou Jih Sun	$ 92,898	$ 92,898	$ 92,898	$ -	None	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Others	Ming Shan Investment	$ 114,000	$ 114,000	$ 114,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 73,800	$ 73,800	$ 73,800	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 174,000	$ 174,000	$ 174,000	$ -	Certificates of deposit	None

December 31, 2022							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Transactions with Unrelated Parties**
Others	Infinite Finance	$ 146,600	$ 146,600	$ 146,600	$ -	Real estate and cheque discounting	None
Others	Suzhou Jih Sun	$ 94,672	$ 94,672	$ 94,672	$ -	None	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Others	Ming Shan Investment	$ 55,000	$ 55,000	$ 55,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 67,000	$ 67,000	$ 67,000	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 120,000	$ 120,000	$ 120,000	$ -	Certificates of deposit	None

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

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

	For the Year Ended December 31	
	2023	**2022**
Others	$ 11	$ 5

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

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

	For the Year Ended December 31	
	2023	**2022**
Others	$ 11,012	$ 5,600

Other expenses are donations.

5) Rental income and others

	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 14,016	$ 21,112
Others	-	479
	$ 14,016	$ 21,591

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

6) Notes and bonds transaction - cumulative transaction amount

	For the Year Ended December 31, 2022			
	Purchase Bills and Bonds From Related Parties	Sold Bills And Bonds to Related Parties	Bills and Bonds Sold Under Repurchase Agreements	Bills and Bonds Purchased Under Resale Agreements
Others	$ 48,754	$ -	$ -	$ -

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 236,768	$ 266,277
Post-employment benefits	3,278	3,144
Share-based payments	-	6,360
	$ 240,046	$ 275,781

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

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

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

40. PLEDGED ASSETS

	December 31 2023	December 31 2022
Financial assets at FVTPL	$ 6,600,598	$ 5,001,628
Financial assets at FVTOCI	8,765,297	1,366,783
Investments in debt instruments at amortized cost	1,000,000	7,000,000
	$ 16,365,895	$ 13,368,411

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided negotiable certificates of deposits (part of financial assets at FVTPL, financial assets at FVOCI, and investments in debt instrument at amortized cost) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. Pledged financial assets at FVOCI are bonds, which are mainly trust compensation reserves, bond delivery settlement reserves, undertaking interest rate exchanges, and application for overdrafts and loans. Besides, the Bank contracted for foreign currency call-loan to provide the negotiable certificates of deposits to the Department of Foreign Exchange of Central Bank.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for other disclosures, as of December 31, 2023 and 2022, the Bank had commitments as follows:

	December 31 2023	December 31 2022
Office decorating and contracts of computer software		
Amount of contracts	$ 137,893	$ 60,613
Payments for construction in progress and prepayments for equipment	76,157	29,930

42. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31 2023	December 31 2022
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Financial assets	4,335,703	4,009,473
Receivable	53	64
Prepayments	1,278	9,409
Real estate	5,935,723	6,947,042
Intangible assets	18,078	-
Structured products	141,605	62,781
Other assets	160	368
Total trust assets	$ 12,216,262	$ 13,129,288

(Continued)

	December 31	
	2023	2022
Trust capital and liability		
Payables	$ 2,695	$ 2,754
Unearned receipts	1,171	1,268
Taxes payable	4,086	4,150
Guarantee deposits received	18,421	27,608
Other liabilities	879	984
Trust capital	11,998,878	12,903,294
Provisions and accumulated profit and loss	190,132	189,230
Trust capital and liability	$ 12,216,262	$ 13,129,288

(Concluded)

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2023	2022
Trust revenue		
Interest revenue	$ 35,710	$ 9,078
Rental revenue	110,878	116,862
Other revenue	2,108	1,929
	148,696	127,869
Trust expenses		
Management fees	(3,511)	(3,598)
Service charge	(4,996)	(10,245)
Tax	(14,072)	(14,131)
Other expenses	(13,855)	(12,808)
Income tax expense	(3,365)	(709)
	(39,799)	(41,491)
	$ 108,897	$ 86,378

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

Trust Property List

	December 31	
	2023	2022
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Stocks	532,777	257,680
Funds	2,575,975	2,824,681
Bonds	1,226,951	927,112
Land	5,124,240	6,134,471
Buildings	811,483	812,571
Superficies	18,078	-
Receivables	53	64
Prepayments	1,278	9,409
Structured products	141,605	62,781
Other	160	368
	$ 12,216,262	$ 13,129,288

43. FINANCIAL INSTRUMENTS

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

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

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments at amortized cost	$ 23,672,845	$ 23,656,776	$ 24,181,824	$ 24,054,376
Financial liabilities				
Bank debentures payable	12,950,000	13,037,986	13,600,000	13,770,715

2) The fair value hierarchy

Financial Instrument Items at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 23,656,776	$ 8,835,398	$ 14,821,378	$ -
Financial liabilities				
Bank debentures payable	13,037,986	-	13,037,986	-

Financial Instrument Items at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 24,054,376	$ 5,510,591	$ 18,543,785	$ -
Financial liabilities				
Bank debentures payable	13,770,715	-	13,770,715	-

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

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

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

Item	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Bills instruments	$ 10,702,086	$ -	$ 10,702,086	$ -
Debt instruments	402,002	-	402,002	-
Hybrid financial assets	796,312	-	796,312	-
Negotiable certificates of deposit	23,229,675	-	23,229,675	-
Financial assets at FVTOCI				
Equity instruments	35,245	-	-	35,245
Bills instruments	3,447,154	-	3,447,154	-
Debt instruments	46,360,859	17,995,040	28,365,819	-
Negotiable certificates of deposit	21,467,288	-	21,467,288	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	780,292	26,924	753,368	-
Liabilities				
Financial liabilities at FVTPL	1,367,475	-	1,367,475	-

Item	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Bills instruments	$ 3,699,533	$ -	$ 3,699,533	$ -
Hybrid financial assets	757,778	-	757,778	-
Negotiable certificates of deposit	27,443,843	-	27,443,843	-
Financial assets at FVTOCI				
Equity instruments	39,595	-	-	39,595
Bills instruments	6,249,812	-	6,249,812	-
Debt instruments	38,036,585	16,015,145	22,021,440	-
Negotiable certificates of deposit	19,253,080	-	19,253,080	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	933,971	-	933,971	-
Liabilities				
Financial liabilities at FVTPL	785,585	-	785,585	-

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

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

   a) Marking-to-market

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

      i. Ensure the consistency and completeness of market data.

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

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

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

   b) Marking-to-model

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

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

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

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

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

3) Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2023

Financial Assets	Financial Assets at Fair Value through Profit or Loss - Equity Instruments	Financial Assets at Fair Value through Other Comprehensive Income - Equity Instruments	Total
Beginning balance	$ -	$ 39,595	$ 39,595
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(4,350)	(4,350)
Ending balance	$ -	$ 35,245	$ 35,245

For the year ended December 31, 2022

Financial Assets	Financial Assets at Fair Value through Profit or Loss - Equity Instruments	Financial Assets at Fair Value through Other Comprehensive Income - Equity Instruments	Total
Beginning balance	$ -	$ 43,151	$ 43,151
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(3,556)	(3,556)
Ending balance	$ -	$ 39,595	$ 39,595

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2023 and 2022, were consisted of $0 thousand.

4) Transfers between Level 1 and Level 2

The Bank has no significant transfers between Level 1 and Level 2 for year ended December 31, 2023 and 2022.

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

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2023 and 2022 periods would be as follows:

For the year ended December 31, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Equity instruments	10%	$ -	$ -	$ 3,525	$ (3,525)

For the year ended December 31, 2022

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Equity instruments	10%	$ -	$ -	$ 3,960	$ (3,960)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Bank that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Bank's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Bank is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

December 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	$ 11,475,559	$ 10,862,309
Investments in debt instruments at amortized cost		
Bonds sold under repurchase agreements	6,569,060	5,956,942

December 31, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	$ 7,176,808	$ 6,765,314
Investments in debt instruments at amortized cost		
Bonds sold under repurchase agreements	1,699,045	1,520,674

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

December 31, 2023

				Related Amounts Not Set Off in the Balance Sheet		
Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Financial Instruments (Note)	Cash Collateral Pledged	Net Amount
Derivatives	$ 780,292	$ -	$ 780,292	$ (257,141)	$ (145,530)	$ 377,621

				Related Amounts Not Set Off in the Balance Sheet		
Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Financial Instruments (Note)	Cash Collateral Pledged	Net Amount
Derivatives	$ 1,367,475	$ -	$ 1,367,475	$ (257,141)	$ (294,050)	$ 816,284
Repurchase agreements	16,819,251	-	16,819,251	(16,819,251)	-	-
	$ 18,186,726	$ -	$ 18,186,726	$(17,076,392)	$ (294,050)	$ 816,284

December 31, 2022

				Related Amounts Not Set Off in the Balance Sheet		
Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Financial Instruments (Note)	Cash Collateral Pledged	Net Amount
Derivatives	$ 933,971	$ -	$ 933,971	$ (435,392)	$ (162,204)	$ 336,375

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 785,585	$ -	$ 785,585	$ (435,392)	$ (17,175)	$ 333,018
Repurchase agreements	8,285,988	-	8,285,988	(8,285,988)	-	-
	$ 9,071,573	$ -	$ 9,071,573	$ (8,721,380)	$ (17,175)	$ 333,018

Note: Included non-cash financial collaterals.

44. FINANCIAL RISK MANAGEMENT

a. Overview

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

b. Risk management framework

The ultimate responsibility for setting the Bank's risk appetite rests with the board of directors. The auditing department, audit committee and compensation committee report to the board of directors. The risk management committee is also authorized by the chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who have a background in risk management or finance, the president and supervisors at all levels under the chairman. They deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and reviewing the implementation effect, new type of business or setting up risk management. The assets and liabilities committee and loan evaluation subcommittee, which are under the president, hold meetings for discussing and considering risk management proposals regularly. The risk management department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.

c. Credit risk

1) Sources and definition of credit risk

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

2) Strategy/objectives/policies and procedures

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

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

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

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

d) Credit risk management process:

   i. Risk identification

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

   ii. Risk measurement

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

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

      ii) Portfolio management:

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

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

         - It achieves the optimal profits.

   iii. Risk communication

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

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

iv. Risk monitoring

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

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

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

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

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

3) Credit risk management and framework

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Maximum exposure to credit risk

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

Off-balance Sheet Item	Maximum Exposure Amount	
	December 31, 2023	**December 31, 2022**
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 27,974,736	$ 21,179,610
Maximum exposure amounts	27,974,736	21,179,610
Loan commitments	60,940,557	62,895,729

7) Concentrations of credit risk exposure

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

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

a) By industry

Credit Risk Profile by Industry Sector	December 31, 2023		December 31, 2022	
	Amount	**%**	**Amount**	**%**
Financial intermediary	$ 58,297,364	28	$ 53,934,461	29
Private	44,000,828	21	37,745,778	20
Manufacturing	34,220,696	17	37,332,241	20

b) By counterparty

Credit Risk Profile by Counterparty Sector	December 31, 2023		December 31, 2022	
	Amount	**%**	**Amount**	**%**
Private sector	$ 162,550,284	79	$ 151,114,031	80
Natural person	44,000,828	21	37,745,778	20

c) By geographical area

Credit Risk Profile by Geographical Area Sector	December 31, 2023		December 31, 2022	
	Amount	**%**	**Amount**	**%**
Domestic	$ 135,046,203	65	$ 129,677,253	69
Other Asia area	48,829,054	24	36,705,337	19
America	17,396,696	8	17,021,724	9

8) Credit quality and impairment assessment of financial assets

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

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

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

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

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

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

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

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

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

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

b) Credit risk management for investments in debt instruments

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

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

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

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

The gross carrying amounts of debt instrument investments by credit category were as follows:

	December 31	
Category	**2023**	**2022**
Performing	$ 96,364,417	$ 89,806,632
Doubtful	-	-
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the years ended December 31, 2023 and 2022, grouped by credit rating, is reconciled as follows:

Allowance for Impairment Loss	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2023	$ 18,539
New financial assets purchased	9,059
Derecognition of financial assets	(4,794)
Change in model or risk parameters	1,445
Exchange rate or other changes	3
Balance at December 31, 2023	$ 24,252

Allowance for Impairment Loss	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2022	$ 17,758
New financial assets purchased	6,596
Derecognition of financial assets	(5,008)
Change in model or risk parameters	(1,430)
Exchange rate or other changes	623
Balance at December 31, 2022	$ 18,539

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

a) Credit analysis for receivables and discounts and loans

	December 31, 2023				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Receivables	$ 2,823,024	$ 50,742	$ 8,076	$ -	$ 2,881,842
Allowance for credit losses	(4,043)	(201)	(1,608)	-	(5,852)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(13,756)	(13,756)
Net total	$ 2,818,981	$ 50,541	$ 6,468	$ (13,756)	$ 2,862,234

	December 31, 2023				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans**	**Total**
Discounts and loans	$ 196,247,575	$ 9,046,575	$ 1,256,962	$ -	$ 206,551,112
Allowance for credit losses	(488,262)	(194,802)	(288,516)	-	(971,580)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(1,974,975)	(1,974,975)
Net total	$ 195,759,313	$ 8,851,773	$ 968,446	$ (1,974,975)	$ 203,604,557

	December 31, 2022				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans**	**Total**
Receivables	$ 2,299,072	$ 664,950	$ 37,297	$ -	$ 3,001,319
Allowance for credit losses	(3,222)	(1,105)	(25,059)	-	(29,386)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(17,165)	(17,165)
Net total	$ 2,295,850	$ 663,845	$ 12,238	$ (17,165)	$ 2,954,768

	December 31, 2022				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans**	**Total**
Discounts and loans	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ -	$ 188,859,809
Allowance for credit losses	(408,112)	(76,237)	(296,640)	-	(780,989)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(2,102,319)	(2,102,319)
Net total	$ 171,561,502	$ 15,399,123	$ 1,118,195	$ (2,102,319)	$ 185,976,501

b) Credit analysis for marketable securities

	December 31, 2023		
	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 72,687,271	$ 23,677,146	$ 96,364,417
Allowance for impairment loss	(19,951)	(4,301)	(24,252)
Amortized cost	72,667,320	$ 23,672,845	96,340,165
Fair value adjustment	(1,392,019)		(1,392,019)
	$ 71,275,301		$ 94,948,146

	December 31, 2022		
	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 65,621,789	$ 24,184,842	$ 89,806,631
Allowance for impairment loss	(15,521)	(3,018)	(18,539)
Amortized cost	65,606,268	$ 24,181,824	89,788,092
Fair value adjustment	(2,066,791)		(2,066,791)
	$ 63,539,477		$ 87,721,301

As of December 31, 2023 and 2022, the Bank had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

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

Liquidity risk is the risk that the Bank's is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Bank's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Bank have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Bank's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank's fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Bank should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are into line with the banking operating environment and conditions and can continue to play its role effectively.

As of December 31, 2023 and 2022, the liquidity reserve ratio was 45.46% and 46.54%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and banks	$ 6,864,704	$ 571,036	$ -	$ 2,000,000	$ 2,999,999	$ 12,435,739
Bills and bonds sold under repurchase agreements	6,917,662	5,230,860	-	292,893	4,440,931	16,882,346
Payables	2,112,794	625,130	447,300	1,185,331	15,384	4,385,939
Deposits and remittances	75,640,168	67,307,537	43,072,131	63,049,571	48,071,711	297,141,118
Bank debentures payable	-	-	-	2,700,000	10,250,000	12,950,000
Lease liabilities	8,744	17,693	23,048	44,213	157,325	251,023
Other financial liabilities	27,678	20,615	124,444	22,508	3,185,429	3,380,674
	$ 91,571,750	$ 73,772,871	$ 43,666,923	$ 69,294,516	$ 69,120,779	$ 347,426,839

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and banks	$ 8,459,591	$ 460,841	$ -	$ 3,000,000	$ 1,999,997	$ 13,920,429
Bills and bonds sold under repurchase agreements	2,914,886	5,432,381	-	-	-	8,347,267
Payables	961,705	347,422	301,477	1,091,865	10,750	2,713,219
Deposits and remittances	66,030,092	88,204,124	33,892,560	34,446,149	51,931,053	274,503,978
Bank debentures payable	-	-	2,250,000	700,000	10,650,000	13,600,000
Lease liabilities	7,277	14,846	22,125	41,790	116,121	202,159
Other financial liabilities	168,975	6,662	9,800	218,743	2,466,044	2,870,224
	$ 78,542,526	$ 94,466,276	$ 36,475,962	$ 39,498,547	$ 67,173,965	$ 316,157,276

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

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 173,813	$ 19,060	$ 6,214	$ 479	$ -	$ 199,566
Currency swap contracts	426,510	432,763	171,838	85,146	-	1,116,257
Currency option contracts - put	1,765	8,014	1,507	3,611	-	14,897
	602,088	459,837	179,559	89,236	-	1,330,720
Non-deliverable						
Interest rate swap contracts	82	58	-	-	36,615	36,755
	$ 602,170	$ 459,895	$ 179,559	$ 89,236	$ 36,615	$ 1,367,475

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 126,037	$ 7,231	$ -	$ 151	$ -	$ 133,419
Currency swap contracts	217,277	294,320	50,188	57,520	-	619,305
Currency option contracts - put	7,119	1,499	1,927	3,941	-	14,486
	350,433	303,050	52,115	61,612	-	767,210
Non-deliverable						
Interest rate swap contracts	-	80	-	110	18,185	18,375
	$ 350,433	$ 303,130	$ 52,115	$ 61,722	$ 18,185	$ 785,585

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the balance sheet.

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 208,178	$ 1,530,567	$ 134,495	$ 91,857	$ -	$ 1,965,097
Other guarantees	18,431,488	4,820,300	1,355,939	496,375	905,537	26,009,639
Loan commitments	5,685,754	11,371,508	17,057,262	26,826,033	-	60,940,557
	$ 24,325,420	$ 17,722,375	$ 18,547,696	$ 27,414,265	$ 905,537	$ 88,915,293

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 264,149	$ 630,828	$ 137,152	$ -	$ -	$ 1,032,129
Other guarantees	12,468,798	5,184,100	1,187,006	439,889	867,688	20,147,481
Loan commitments	5,868,171	11,736,343	17,604,515	27,686,700	-	62,895,729
	$ 18,601,118	$ 17,551,271	$ 18,928,673	$ 28,126,589	$ 867,688	$ 84,075,339

e. Market risk

1) Source and definition of market risk

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

2) Market risk management strategy and process

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

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

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

3) Market risk management organization and framework

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

b) Risk Management Committee: In charge of stipulating risk management policy and monitoring the operating of market risk management. The Bank hold a risk management meeting per month to review the market risk limits and regulations, report various market risk limit control situations and market risk related matters.

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

4) Market risk report and evaluation system

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

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

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

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

5) Value at risk

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

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

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	December 31					
	2023			2022		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 14,150	$ 23,128	$ 667	$ 2,692	$ 12,790	$ 284
Fair value risk resulting from interest rate	1,478	3,643	574	2,038	5,147	444
Fair value resulting from stock price	3,369	10,961	-	8,060	22,962	-

6) Effect of interest rate benchmark reform

The bank has completed the conversion plan for USD LIBOR, and financial instruments affected by the change in interest rate benchmarks have been switched to SOFR quotations.

7) Foreign currency rate risk information

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

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

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 1,700,786	30.7533	$ 52,304,734
JPY	8,301,798	0.2172	1,803,101
HKD	11,977,009	3.9382	47,167,618
EUR	26,300	34.0476	895,451
AUD	466,153	20.9960	9,787,331
RMB	844,097	4.3347/4.3289	3,653,999
Investments accounted for using the equity method			
USD	202,664	30.7533	6,232,570
RMB	264,036	4.3347	1,144,527

(Continued)

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary item			
USD	$ 3,389,365	30.7533	$ 104,234,055
JPY	2,927,936	0.2172	635,931
HKD	6,077,037	3.9382	23,932,465
EUR	10,437	34.0476	355,363
AUD	282,432	20.9960	5,929,928
RMB	519,183	4.3289	2,247,480

(Concluded)

	December 31, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 1,628,447	30.7227	$ 50,030,273
JPY	3,591,733	0.2328	836,119
HKD	8,425,235	3.9397	33,192,899
EUR	25,304	32.7355	828,328
AUD	254,334	20.8626	5,306,071
RMB	671,878	4.4175/4.4086	2,962,067
Investments accounted for using the equity method			
USD	197,261	30.7227	6,060,385
RMB	228,871	4.4175	1,011,042
Financial liabilities			
Monetary item			
USD	3,034,763	30.7227	93,236,127
JPY	4,997,441	0.2328	1,163,354
HKD	4,203,751	3.9397	16,561,516
EUR	9,213	32.7355	301,595
AUD	154,383	20.8626	3,220,844
RMB	633,767	4.4086	2,794,043

f. Banking book interest rate risk

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

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

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

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

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

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

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

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

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

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

The Risk Management Department set the regulation with banking book interest risk as follow, limit of position, Annual loss limit, FS Sensitivity limit, duration/maturity limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Earnings View Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, First Class Capital Interest Rate Sensitivity Warning Limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps. In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

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

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

g. Climate risk

1) Source and definition of climate risk

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

2) Management strategy and principles of climate risk

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

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

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

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

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	For the Year Ended December 31			
	2023		2022	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 1,909,110	1.21	$ 888,612	1.15
Call loans to other banks	11,627,831	4.95	8,001,642	1.96
Due from the Central Bank	5,879,246	1.13	5,491,954	0.72
Financial assets at FVTPL	36,310,498	1.23	37,249,454	0.70
Bills and bonds purchased under resell agreements	-	-	192	0.24
Discounts and loans	197,369,221	4.17	178,470,922	2.64
Financial assets at FVTOCI	69,819,720	1.64	70,799,283	0.96
Investments in debt instruments at amortized cost	25,226,926	2.56	11,716,184	1.56
Receivables	1,092,582	3.99	1,259,282	2.19
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	15,881,598	2.71	19,258,679	1.09
Demand deposits	53,160,310	1.33	58,838,253	0.40
Time deposits	234,558,373	2.80	202,186,468	1.09
Bill and bonds sold under repurchase agreements	13,541,376	3.50	6,159,864	1.68
Bank debentures payable	13,191,918	1.87	14,290,685	1.91
Appropriation for loans	1,726,356	0.17	2,101,073	-

45. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

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

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorate such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital in order to take effective measures when capital ratio and leverage ratio are getting worse.

c. Capital adequacy ratio

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Items		Year	**December 31, 2023**	
			Standalone Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common equity		$ 29,970,37	$ 29,970,37
	Other Tier 1 capital		437,75	437,75
	Tier 2 capital		3,478,35	3,478,35
	Eligible capital		33,886,48	33,886,48
Risk-weighted assets	Credit risk	Standardized approach	223,784,585	223,784,585
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,343,600	7,343,600
		Internal model approach	-	-
	Total risk-weighted assets		242,532,010	242,532,010
Capital adequacy ratio			13.97%	13.97%
Ratio of common equity to risk-weighted assets			12.36%	12.36%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.54%
Leverage ratio			7.56%	7.56%

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

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

Note 2: Formulas used were as follows:

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

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

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

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

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

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

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

46. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality: See Table 2.

b. Concentration of credit extensions

December 31, 2023

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 7,437,688	18.55
2	B Group (unclassified other financial service)	6,738,300	16.80
3	C Group (real estate development)	3,706,096	9.24
4	D Group (real estate lease)	2,969,587	7.40
5	E Group (real estate development)	2,693,868	6.72
6	F Group (other holdings)	2,649,386	6.61
7	G Group (unclassified other financial service)	2,450,000	6.11
8	H Group (other holdings)	2,418,644	6.03
9	I Group (real estate development)	2,294,485	5.72
10	J Group (real estate development)	2,279,300	5.68

December 31, 2022

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 7,472,591	19.81
2	C Group (real estate development)	4,106,536	10.89
3	K Group (unclassified other financial service)	3,258,090	8.64
4	G Group (unclassified other financial service)	2,946,000	7.81
5	H Group (other holdings)	2,509,837	6.65
6	L Group (glass and glass made product manufacturing)	2,495,115	6.61
7	F Group (other holdings)	2,397,388	6.36
8	I Group (real estate development)	2,193,282	5.81
9	M Group (non-hazardous waste disposal)	2,128,382	5.64
10	J Group (real estate development)	2,010,000	5.33

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
December 31, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 176,020,763	$ 8,991,645	$ 15,715,912	$ 45,707,970	$ 246,436,290
Interest rate-sensitive liabilities	68,810,545	65,364,741	61,133,232	37,085,631	232,394,149
Interest rate-sensitive gap	107,210,218	(56,373,096)	(45,417,320)	8,622,339	14,042,141
Net worth					36,421,361
Ratio of interest rate-sensitive assets to liabilities					106.04%
Ratio of interest rate sensitivity gap to net worth					38.55%

December 31, 2022

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

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

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

Interest Rate Sensitivity Balance Sheet (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,127,301	$ 58,673	$ 3,708	$ 2,234,885	$ 3,424,567
Interest rate-sensitive liabilities	2,284,480	897,103	131,232	211	3,313,026
Interest rate-sensitive gap	(1,157,179)	(838,430)	(127,524)	2,234,674	111,541
Net worth					93,480
Ratio of interest rate-sensitive assets to liabilities					103.37%
Ratio of interest rate sensitivity gap to net worth					119.32%

December 31, 2022

(In Thousands of U.S. Dollars)

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

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

(In %)

Items		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Before income tax	0.75	1.56
	After income tax	0.67	1.50
Return on equity	Before income tax	7.20	14.15
	After income tax	6.41	13.59
Net income ratio		36.30	55.54

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 287,492,091	$ 50,510,499	$ 26,915,989	$ 31,792,220	$ 24,976,980	$ 18,792,650	$ 134,503,753
Main capital outflow on maturity	332,843,538	22,589,378	33,855,166	55,001,648	50,510,106	88,637,789	82,249,451
Gap	(45,351,447)	27,921,121	(6,939,177)	(23,209,428)	(25,533,126)	(69,845,139)	52,254,302

December 31, 2022

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

Note: The Bank amounts refer to the total NTD amounts of the overall Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,552,487	$ 2,652,564	$ 1,288,129	$ 370,007	$ 212,399	$ 1,029,388
Main capital outflow on maturity	5,717,178	2,439,318	1,664,786	488,022	373,069	751,983
Gap	(164,691)	213,246	(376,657)	(118,015)	(160,670)	277,405

December 31, 2022

(In Thousands of U.S. Dollars)

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

Note 1: The Bank amounts refer to the total USD amounts of the overall Bank.

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

Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,777,724	$ 1,357,804	$ 302,454	$ 22,352	$ 15,023	$ 80,091
Main capital outflow on maturity	1,707,550	783,412	489,857	111,811	66,596	255,874
Gap	70,174	574,392	(187,403)	(89,459)	(51,573)	(175,783)

December 31, 2022

(In Thousands of U.S. Dollars)

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

47. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2023

	January 1, 2023	Cash Inflow (Outflow)	None Cash		December 31, 2023
			Add Leasing	Other	
Bank debentures payable	$ 13,600,000	$ (650,000)	$ -	$ -	$ 12,950,000
Lease liabilities	195,008	(100,273)	141,919	5,557	242,211
Other financial liabilities	2,870,224	510,450	-	-	3,380,674
Other liabilities	256,038	(18,890)	-	-	237,148
	$ 16,921,270	$ (258,713)	$ 141,919	$ 5,557	$ 16,810,033

For the year ended December 31, 2022

	January 1, 2022	Cash Inflow (Outflow)	None Cash		December 31, 2022
			Add Leasing	Other	
Bank debentures payable	$ 15,000,000	$ (1,400,000)	$ -	$ -	$ 13,600,000
Lease liabilities	190,235	(98,627)	94,964	8,436	195,008
Other financial liabilities	2,314,610	555,614	-	-	2,870,224
Other liabilities	245,682	10,366	-	(10)	256,038
	$ 17,750,527	$ (932,647)	$ 94,964	$ 8,426	$ 16,921,270

48. OTHERS

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

49. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

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

1) Financing provided: None

2) Endorsement/guarantee provided: None

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

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

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

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

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

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

9) Sale of non-performing loans: None

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

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

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

13) Derivative instrument transactions: Note 8

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

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 5 (attached)

TABLE 1

O-BANK CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and U.S. dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 202,664	91.78	US$ 202,664	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	24,564	1.02	24,564	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	37,215	7.08	37,215	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	11,392	0.48	11,392	Note 2
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	19,682	126,190	0.46	126,190	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	24,409	2.41	24,409	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	5,909	2.17	5,909	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	129	18,641	0.17	18,641	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,764	0.36	36,764	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	28,280	0.38	28,280	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	18,548	0.74	18,548	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	31,512	2.82	31,512	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	33,516	0.58	33,516	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	24,335	0.90	24,335	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	26,760	0.04	26,760	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	13	4,972	0.02	4,972	
IBT VII Venture Capital Co., Ltd	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	112,420	4.67	112,420	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	90,414	3.12	90,414	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	250	5,787	0.55	5,787	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,687	37,916	3.09	37,916	
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	41,635	266,943	0.96	266,943	Notes 1 and 2
	Advanced Echem Materials Company Limited.	-	Financial asset at FVTPL	634	195,524	0.58	195,524	Note 2
.	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	87,127	8.35	87,127	Note 2
	Chipwell tech Corporation	-	Financial asset at FVTPL	348	9,915	1.30	9,915	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT VII Venture Capital Co., Ltd	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	$ 434	0.98	$ 434	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,190	0.93	4,190	Note 2
	Kaohsiung Rapid Transit Corporation Rights All Reserved	-	Financial asset at FVTPL	3,845	50,780	1.38	50,780	
	Evergreen Aviation Technologies Corporation	-	Financial asset at FVTPL	395	42,857	0.11	42,857	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	16,609	1.26	16,609	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	162	5,711	0.34	5,711	
	Chenfeng Optronics Corporation		Financial asset at FVTPL	1,000	32,748	1.06	32,748	
	Lin Bioscience, Inc	-	Financial asset at FVTPL	6	731	0.01	731	
	Arizon RFID Technology (Cayman) Co., Ltd	-	Financial asset at FVTPL	127	18,352	0.17	18,352	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,765	0.36	36,765	
	InnoCare Optoelectronics Corporation	-	Financial asset at FVTPL	20	1,706	0.05	1,706	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	23,030	0.09	23,030	
	Energenesis Biomedical CO., LTD	-	Financial asset at FVTPL	25	1,510	0.03	1,510	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	15	5,737	0.02	5,737	
	Coremax Corporation	-	Financial asset at FVTPL	100	7,820	0.08	7,820	
	Teclison Corporation	-		125	32,445	0.70	32,445	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	3,581	0.06	3,581	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	24,000	24,995	2.46	24,995	

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

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

(Concluded)

TABLE 2

O-BANK CO., LTD.

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2023					December 31, 2022				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 143,281	$ 99,071,715	0.14%	$ 1,404,726	980.40%	$ 394,638	$ 86,004,278	0.46%	$ 1,319,937	334.47%
	Unsecured		4,816	74,623,000	0.01%	1,040,741	21,610.07%	237,315	74,343,072	0.32%	1,162,592	489.89%
Consumer banking	Housing mortgage (Note 4)		8,636	10,417,864	0.08%	156,548	1,812.74%	18,941	10,929,538	0.17%	165,683	874.73%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	3,095,856	-	43,979	-	-	2,511,881	-	31,202	-
	Other (Note 6)	Secured	1,773	5,305,243	0.03%	53,615	3,023.97%	2,823	4,353,546	0.06%	44,052	1,560.47%
		Unsecured	37,048	14,037,434	0.26%	246,946	666.56%	14,470	10,717,494	0.14%	159,842	1,104.64%
Total lending business			195,554	206,551,112	0.09%	2,946,555	1,506.77%	668,187	188,859,809	0.35%	2,883,308	431.51%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	837,215	-	8,695	-	-	1,477,269	-	15,239	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	127,123	-	114,712	-
Total	127,123	-	114,712	-

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

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

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

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

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

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

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

(Continued)

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

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

(Concluded)

TABLE 3

O-BANK CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	44.27	$ 5,850,311	$ 13,167	155,480	-	155,480	44.27	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,144,527	154,703	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,006,296	365,534	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,273,602	118,615	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	317,777	49,962	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd.	Taipei City, Taiwan	Investment	100.00	928,634	173,416	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,636	-	300	-	300	0.50	
Non-financial institution										
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,609	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	-	-	244	-	244	2.18	

TABLE 4

O-BANK CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(New Taiwan Dollars and U.S. Dollars in Thousands, Unless Stated Otherwise)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 445,646 (US$ 14,491)	Note 2 c.	$ 61,507 (US$ 2,000)	$ -	$ -	$ 61,507 (US$ 2,000)	2.60	$ -	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	43,347 (RMB 10,000)	Note 2 c.	15,377 (US$ 500)	-	-	15,377 (US$ 500)	2.09	-	6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	235,376 (RMB 54,300)	Note 2 c.	61,507 (US$ 2,000)	-	-	61,507 (US$ 2,000)	2.18	-	-	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,334,740 (RMB 1,000,000)	Note 2 d.	866,948 (RMB 200,000)	-	-	866,948 (RMB 200,000)	20.00	154,703	1,144,527	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$138,391 (US$4,500) $866,948 (RMB200,000)	$138,391 (US$4,500) $866,948 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 146,386 (US$ 4,760)	Note 2 c.	$ 2,214 (US$ 72)	$ 277 (US$ 9)	$ -	$ 2,491 (US$ 81)	2.17	$ -	$ 846	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	232,319 (US$ 7,554)	Note 2 c.	13,039 (US$ 424)	1,569 (US$ 51)	-	14,608 (US$ 475)	2.17	-	4,981	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,151 (US$ 200)	Note 2 c.	215 (US$ 7)	-	-	215 (US$ 7)	2.17	-	82	-
Beauty Essential International, Ltd.	Cosmetic retailing	92,260 (US$ 3,000)	Note 2 c.	21,158 (US$ 688)	-	-	21,158 (US$ 688)	2.41	-	23,422	-
Meike information technology	Cosmetic retailing information technology	82,034 (US$ 2,700)	Note 2 c.	892 (US$ 29)	-	-	892 (US$ 29)	0.44	-	987	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,602,616 (US$ 800,000)	Note 2 c.	83,003 (US$ 2,699)	-	-	83,003 (US$ 2,699)	0.40	-	116,321	-
Shihlien Brine Huaian Co.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	7,042 (US$ 229)	-	-	7,042 (US$ 229)	0.46	-	9,869	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacture/RFID electronic label packaging/RFID reader design and manufacture	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)	-	6,427 (US$ 209)	9,964 (US$ 324)	0.17	-	18,641	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$139,373 (US$4,532)	$145,800 (US$4,741)	$190,648 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,602,616 (US$ 800,000)	Note 2 c.	$ 143,095 (US$ 4,653)	$ -	$ -	$ 143,095 (US$ 4,653)	0.66	$ -	$ 195,870	$ -
Shihlien Brine Huaian Co.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	9,933 (US$ 323)	-	-	9,933 (US$ 323)	0.75	-	12,502	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacture/RFID electronic label packaging/RFID reader design and manufacture	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)	-	6,581 (US$ 214)	9,810 (US$ 319)	0.17	-	18,352	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$162,838 (US$5,295)	$169,419 (US$5,509)	$557,180 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 2023.

Note 2: There were five investment approaches stated as follows.

a. Investment in mainland China by remittance via a third country.

b. Indirect investment in mainland China via setting a company in a third country.

c. Indirect investment in mainland China via investing in a current company in a third country. (Via investing Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shilien China Holding Co., Limited, Topping Cuisine International Holding, Ltd., Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd. and YFY RFID CO. LIMITED (HK)).

d. Direct investment in mainland China.

e. Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in March 2023, so the Bank is not under “the regulation of investing or technology-cooperation in China”.

Note 4: The original investment is within the limit.

Note 5: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. have obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 5

O-BANK

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	292,340,997	9.64
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares is the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.

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