第一銀行
First Bank

2023 ANNUAL REPORT

Contents

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Ms. Su-Hwei Tsai
Executive Vice President

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Taiwan Ratings Corp.
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Highlights

(Standalone basis, data as of December 31, 2022 and 2023)

(in millions)	2023 NTD	2022 NTD	2023 USD
Major financial data at year end			
Total assets	4,267,477	4,011,862	138,983
Total liability	4,014,003	3,780,940	130,728
Total equity	253,474	230,922	8,255
Operating results			
Net interest revenue	29,245	35,001	952
Net revenue other than interest	29,474	19,483	960
Profit before tax	26,628	23,788	867
Income tax expense	(5,102)	(3,460)	(166)
Profit	21,526	20,328	701
Capital adequacy ratio	14.56%	13.76%	
World rank			
The Banker - by tier 1 capital (12/22)	195	193	
The Banker - by total assets (12/22)	165	171	
Distribution network			
Domestic full/mini/sub-branches	187/0/0	188/0/0	
Overseas branches/sub-branches/rep. offices/OBU	21/10/3/1	21/10/3/1	
First Commercial Bank (USA)	1 main office and 8 branches	1 main office and 8 branches	
Number of employees	8,606	8,446	

*NT$30.705:US$1.00
*The major financial data and operating results of 2023 and 2022 are in accordance with IFRS.

History

The Bank has grown strongly and steadily with Taiwan's economic development over the last 124 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China's six leading banks; upgrading Hanoi Representative Office into a branch; awarded "The Best Loan Promotion Program to SMEs by Taiwanese Banks" by FSC; OBU launched RMB-denominated business
- 2013 Awarded "Bank of the Year 2013" for Taiwan by The Banker; Winning "USD RTGS Promotion Awards" from BAROC, Taiwan
- 2014 Chengdu Branch opened for business on September 15.
- 2015 Ranked No.1 in SME market share for fifth year in a row; Xiamen Branch opened for business on April 30.
- 2016 Ranked No.1 in SME market share for sixth year in a row; Manila Branch opened for business on December 16.
- 2017 Awarded "Bank of the Year 2017" for Taiwan by The Banker; Ranked No.1 in SME market share for seventh year in a row.
- 2018 Awarded "The Best Cloud Based Initiative, Application or Programme in Taiwan" by The Asian Banker; Awarded "The Best System Stability-Cross Banking Business" and "The Best Service Innovation-Blockchain Auditing Confirmation Service"
- 2019 Awarded "Giant Award of National Enterprise Environmental Protection Award" and "Corporate Sustainability Award of National Sustainable Development Award"
- 2020 Became the first state-owned bank in Taiwan to sign the Equator Principles; awarded the "Best Wealth Management Award of the 10th Taiwan Banking and Finance Best Practice Awards"
- 2021 Houston Branch opened for business on February 26. Awarded "Taiwan Sustainable Investment Awards", and "Gold Award for Environmental Sustainability" and "Silver Award for Social Inclusion" in "Taiwan Sustainability Action Awards"
- 2022 Awarded "National Sustainable Development Award" and "Excellent Award of National Enterprise Environmental Protection Award". Became the Partnership for Carbon Accounting Financials (PCAF), the Science Based Targets initiative (SBTi), and "Coalition of Movers and Shakers on Sustainable Finance".
- 2023 Frankfurt Branch opened for business on January 9. Awarded "Domestic Bank Wealth Enhancement" and "Domestic Bank Best Public Welfare Promotion" awards of Wealth Management Award; Awarded "Climate Leadership Award" and the "Workplace Well-being Leadership Award" in Taiwan Corporate Sustainability Awards (TCSA).

Letter to Shareholders

Operating Performance in 2023

Domestic and Foreign Financial Conditions

1. Global Economic and Financial Conditions

Ye-Chin Chiou
Chairperson

Looking back at the global economy in 2023, the financial environment remained tight, and geopolitical conflicts persisted. There were indications of easing inflationary pressures, which contributed to a boost in domestic consumer demand. According to the International Monetary Fund(IMF)'s estimation(2024/4/16), the global economic growth rate dropped from 3.5% in 2022 to 3.2% in 2023. In terms of major economies, the US inflation declines steadily and moderately, along with strong labor market, increasing the possibility of a soft landing for the economy. The Eurozone is affected by the sluggish demand, which results in a contraction in the manufacturing industry. Moreover, the European Central Bank(ECB) continuously tightens monetary policy, and labor costs and service prices remain high. Therefore, it dragged down the economic recovery process in the Eurozone. In Japan, the government continues to implement economic measures, and the minimum wage is rising. These help alleviate inflationary pressures. Additionally, a surge in international tourists is driving private consumption growth, which is supporting moderate economic growth in Japan. However, the China's real estate market remains sluggish, and weak export performance and rising unemployment are restricting consumer spending, putting pressure on economic growth. Overall, major central banks worldwide are adopting monetary tighten policies in order to combat inflation. This has resulted in a decrease in market demand and a slowdown in economic growth momentum. However, the economy has shown resilience and has performed better than expected.

2. Domestic Economic Environment

On the domestic front, economic growth had being suppressed by factors such as global inflation, interest rate pressures, and the ongoing war between Russia and Ukraine in the first three quarters of 2023. These factors dampened end demand and extended the period of inventory adjustment. Moreover, cautious capital expenditures by businesses hindered the recovery of exports and fixed investments. However, until Q4, exports rebounded due to a lower base period and the continued expansion of artificial intelligence applications. Additionally, the stable labor market and sustained growth in private consumption boosted the momentum of economic growth. According to the preliminary statistics from the Directorate General of Budget, Accounting and Statistics, the economic growth rate decreased from 2.59% in 2022 to 1.31% in 2023. In terms of interest rate, to address domestic inflation expectations, the Central Bank of R.O.C.(Taiwan) increased the policy rate by 12.5 basis points to 1.875% in Q1. However, given the decline in domestic inflation from Q2 to Q4 and the potential for a continued inflation downward trend, the policy rate will remain at 1.875%. In the first three quarters of 2023, the sluggish recovery momentum of the domestic economy and the hawkish of the Federal Reserve (Fed) in maintaining its monetary policy supported the US dollar being strong, causing New Taiwan Dollar exchange rate to fluctuate with weakness. Despite geopolitical risks in the Middle East in Q4, market speculation suggested that the Federal Reserve may cut interest rates in 2024, leading to the convergence of the depreciation of the New Taiwan Dollar as the trend of the international US dollar was suppressed. The cumulative depreciation of the New Taiwan Dollar for the entire year was 0.09%.

Chia-Hsiang Lee
President

3. Domestic Financial Condition

Regarding the operations of the financial industry, the negative impact of high inflation and high interest rates has gradually diminished, the clearance of industry inventory is nearing completion, and there is an increased demand for corporation working capital. Moreover, the restructuring of the supply chain has driven the need for business expansion, and the widening of the Taiwan-US interest rate spread has boosted investment returns. As of the end of 2023, the total outstanding loan and profit before tax of all domestic banks reached NTD 38.4667 trillion and NTD 472.4 billion, respectively, representing a 4.9% and 20.5% increase compared to the same period last year. Furthermore, the non-performing loan(NPL) ratio is 0.14%, which decreased by 0.01%, while the loan loss coverage ratio is 968.74%, which increased by 58.28%.

Organizational Changes

In April 2022, the "Corporate Sustainable Development Committee" was renamed as the "Sustainable Development Committee." In August 2023, the "Green Finance Committee" was merged into the "Sustainable Development Committee." In March 2024, "Information Technology Division" established "Platform Application Dept." under its domain.

Implementation of Business Plan and Operating Strategies

In 2023,the bank focused on "Carry out stable development and realize sustainable digitalization" as the main theme for our annual business strategy, and formulated plans based on five major business concepts of "Exploring the blue ocean through solid foundation," "Creating value through different ecospheres," "Emphasizing on potential regions and deepening local operations," "Maximizing capital efficiency and strengthening management" and "Enabling sustainability and sharing happiness" to implement business development plans and achieve financial budget goals. With the concerted efforts of all employees in the Bank, the achievements of our 2023 business strategy are as follows:

1. Profit reached a record high, and the quality of assets continued to improve.

   In 2023, the Bank achieved a profit before tax of NTD 26.628 billion, representing a significant increase of NTD 2.84 billion (+11.94%) compared to 2022, reaching a new record high. The earnings per share (EPS) before tax stood at NTD 2.61, with return on assets (ROA) and return on equity (ROE) at 0.64% and 10.99% respectively. While the Bank has experienced consistent growth in both business scale and profitability, it has also made continuous improvements to the quality of its assets. As of the end of 2023, the NPL ratio stood at 0.17%, and the loan loss provision coverage ratio reached 826.96%. These figures demonstrate the Bank's unwavering commitment and diligent efforts in risk management. The Bank is classified as a Domestic Systemically Important Banks (D-SIBs). As of the end of December, the capital adequacy ratio (CAR) and Tier 1 capital ratio were 14.56% and 12.61% respectively. The Bank will continue to enhance its capital structure to comply with the capital adequacy requirements of D-SIBs.

2. Continuous expansion of overseas presence and enhancement of global service network

   The Frankfurt Branch of the Bank was established in January 2023, making it the first German branch among national banks. The bank continued to take the lead among state-owned banks, with 42 overseas locations. With the branches located on four continents, including 19 locations in 8 countries in the New Southbound region. This extensive network enables us to connect our global service network, expand our overseas business operations, and capitalize on business development opportunities, thereby enhancing our momentum for overseas profits. The Bank's overseas operations have been recognized by the Overseas Credit Guarantee Fund for many years with awards such as the "Total Financing Amount Performance Excellence Award".

3. Promotion of core business and capitalize on new business opportunities

   As of the end of December 2023, the Bank's outstanding loans to small-and-medium-sized enterprises reached NTD 925.8 billion, with a market share of 9.48%, ranking first among domestic banks for 14 consecutive years, receiving several awards from the Financial Supervisory Commission (FSC), such as "Excellent Bank in SME Loans". In terms of high-wealth management business as of the end of 2023, the Bank has a customer base of 1,314 and assets under management worth NTD 135.4 billion, placing it at the forefront of the industry in terms of high asset business. Additionally, the wealth management business has received two prestigious awards, namely the "Domestic Bank Wealth Enhancement" and "Domestic Bank Best Public Welfare Promotion" awards, from the Wealth Management Award by Wealth Magazine. Besides, the Bank integrated cross-departmental resources to provide comprehensive trust services to customers. Not only the Bank was selected as one of the outstanding-performing banks in the FSC's "Elder Care Trust Evaluation Program" for seven consecutive years, but also won second place in the both "Phase II Trust 2.0 Evaluation Elder Care Trust Award" in two consecutive years and the "Elder Care Trust Award" in 2023.

4. Achieving proficiency in digital channel operations and driving the development of digital innovation

   The Bank has consistently implemented digital customer management and optimized digital channel operations to drive digital development. As of the end of 2023, the Bank ranked 5th in the market in terms of digital accounts number, and its achievements were recognized by various parties, earning us prestigious awards such as the "Asia's Leader in Sustainable Finance" from IDC's Financial Insights Innovation Awards. This recognition positions us as a leading example of sustainable finance in the Asia region.

   The Bank received the "Best Popular Brand" and the "Best Product" at the 20th National Brand Yushan Award in 2023 for its "iLEO Digital Bank", "The Most Transparent and Personalized Online Payroll Platform", and "One Stop Omni-Channel Customer Interaction Platform". The Most Transparent and Personalized Online Payroll Platform even won the first prize nationwide. Moreover, the Bank's information security performance was acknowledged by the Joint Credit Information Center, granting the Bank with the "Golden Safety Award", the "Golden Excellence Award", and the first "Special Contribution Award for Sustainable Financing."

5. Putting the concept of green sustainability into practice and realizing the vision of becoming a happy enterprise

In terms of promoting sustainable finance, the Bank formulated the "Sustainable Credit Policy" as well as "Sustainable Investment Policy", signed the "Equator Principles", and incorporated ESG issues into the investment and financing analysis and decision-making process. Additionally, the Bank has set SBTi carbon reduction targets and actively encourages collaboration with customers to collectively pursue sustainable development. As of the end of December 2023, the cumulative approved green financing loans reached NTD 205.3 billion with a outstanding balance of NTD 115.3 billion; 215 Sustainable-linked loans (SSL) with a total of NTD 346.3 billion had been approved as of the end of December 2023. Moreover, the Bank is actively implementing energy, procurement, and supplier management strategies, enhancing its own low-carbon operations, and consistently prioritizing employee well-being and social involvement. The Bank's ESG performance has been highly recognized by various parties, achieving a position not only in the top 20% of the first "Sustainable Finance Evaluation" by the FSC but also the only financial institution that received the "Excellence Award", the highest honor of the "National Enterprise Environmental Protection Award" for five consecutive years. Furthermore, we have been honored with six awards, including the "Climate Leadership Award" and the "Workplace Wellbeing Leadership Award," in the Taiwan Corporate Sustainability Awards(TCSAs).

Budget Implementation, Financial Revenue, and Profitability Analysis

In 2023, the Bank's net revenue was NTD 58.72 billion, an increase of NTD 4.236 billion from 2022. The profit before tax was NTD 26.628 billion.

- Deposit Business:
  The average deposit balance was NTD 3,377.636 billion, increasing by NTD 254.793 billion from 2022, an increase of 8.16%.
- Loan Business:
  The average loan outstanding balance was NTD 2,361.742 billion, increasing by NTD 149.232 billion from 2022, an increase of 6.74%.
- Trust Business:
  The balance of the trust business at the end of the year was NTD 421.624 billion, an increase of NTD 54.004 billion from 2022, a growth of 14.69%.
- Custody Business:
  The balance of the custody business at the end of the year was NTD 1,213.783 billion, an increase of NTD 76.04 billion from 2022, a growth of 6.68%.

Research and Development

In response to the rapidly changing business environment of the financial industry, the Bank has continually tracked the latest economic, financial and industrial developments in Taiwan and abroad, and regularly issued related reports. Following the changes in domestic and foreign financial regulations, the Bank has also provided research reports and developed bank response strategies from time to time, and will continuously enhance the depth and breadth of analysis reports.

In terms of financial technology patents, as of the end of December 2023, the Bank has submitted 194 patent applications to the Intellectual Property Office, Ministry of Economic Affairs. And 60 invention patents (including "Method and System of Accounting Settlement Based on Blockchain", "System and Method of Commodity Checkout", "Marketing System and Tax Operation Assistance Method", etc.), 101 utility model patents, and 2 design patents have been approved. The Bank successfully maintained the effectiveness of both the patent and trademark of Taiwan Intellectual Property Management System (TIPS) verification (level A) again in 2023, demonstrating its determination to continuously improve the intellectual property management system, effectively utilize business resources and enhance its capabilities of utilizing intellectual property.

Business Plan for 2024

After analyzing the external environment and the bank's strengths and weaknesses, the bank has outlined "Collaborative Leap Forward and Sustainable Innovation" as its vision statement for the year 2024. Responding to dynamic business environments, digital advancements, and sustainable development, the bank will focus on two pivotal operational directions: "Collaborative Progress with Leaping Growth" and "Innovation Leadership with Sustaining Progress." We hope to construct a sustainable business with a strong operational foundation and profit structure, in line with our vision of becoming a niche regional digital bank where people thrive.

Future Development Strategies

Collaborate Together and Enhance Profitability

The Bank implements a collaborative strategy across its various business units to enhance customer contribution through the integration of business processes and product services. This approach leverages the collective strength of all business units and drives overall profitability growth.

In addition to the steady performance of the main divisions, Corporate Banking and Overseas Business, the Bank will improve the profitability in other places, including Personal Banking and Wealth Management Business, by focusing on four dimensions: resource allocation, collaboration, talent development, and trend analysis.

Leveraging Advantages and Expanding Presence

The Bank will utilize its core business strengths to enhance business development by securing lead roles in syndicated loans and strengthening relationship maintenance, developing new corporate clients and prioritizing industry selection, and deepening business interactions and strengthening collaborative partnerships. In the financial operations, the Bank will adaptively adjust the allocation of its investment portfolio to generate consistent long-term returns.

Regarding overseas expansion, the Bank intends to set up a Loan Production Office (LPO) under its subsidiary in the United States and is also considering the establishment of new branches in the New Southbound region. As for domestic operations, the Bank will concentrate on emerging regions with growth potential and make necessary adjustments to certain operational branches.

Intelligent Innovation and Optimizing Services

The Bank has leveraged AI technology to offer external service platforms and develop internal system tools. Moving forward, it will further improve operational efficiency by ensuring compliance with regulations, monitoring cybersecurity, and preventing fraud through AI collaboration. Moreover, we will closely monitor digital development trends in order to maintain our leading position among state-owned banks.

Moreover, the Bank will enhance personal account interactions and improve the usage habits of corporate accounts by optimizing user experience of customers. Expanding its presence in various aspects of people's lives by integrating diverse digital payment and collaborating with different industries. This strategic approach aims to integrate banking services into different life scenarios and actively enhance the profitability of digital services.

Enhancing Risk Management and Ensuring Compliance & Anti-Fraud

The Bank will continue to enhance its capital adequacy ratio(CAR), Tier 1 capital ratio and common equity Tier 1 ratio by guiding business units to develop handling fee businesses, strengthening the management of real estate credit concentration, and carefully selecting loan businesses. This approach aims to prevent excessive expansion of risk-weighted assets and maximize the value of capital utilization. Moreover, we will strive to enhance the overall quality of our assets by continuously improving our credit checking and review as well as post-loan management operations.

In order to improve operational development, the Bank will focus on enhancing its compliance mindset, strengthening internal auditing and control, implementing risk management and monitoring mechanisms, practicing fair customer treatment and integrity principles, and enhancing cybersecurity resilience and innovation capabilities.

Practicing Sustainability and Integrity Management

As we develop our investment and financing business, the Bank will establish SBTi carbon reduction targets and actively engage with our customers. Furthermore, we will strive to reduce emissions in scope 1 and scope 2 categories and implement energy, procurement, and supplier management practices to support our low-carbon operations.

The Bank is committed to implementing corporate governance and continuously improving environmental sustainability, employee care, and social participation. First Bank's objective is to become a trusted and respected sustainable enterprise among our employees, customers, and society.

Influences from the External Competitive Environment, Regulatory Environment, and Overall Business Operation Environment

External Competitive Environment

TThe government's ongoing efforts to promote the "New Southbound Policy," alongside agreements like the "U.S.-Taiwan Initiative on 21st Century Trade" and the "Enhanced Trade Partnership Arrangement" with the United Kingdom, are bolstering Taiwan's banking sector. These initiatives actively support industrial growth and enhance the cross-border competitiveness of Taiwan's financial institutions. However, several countries are enacting semiconductor legislation to reduce dependence on certain Asian countries and achieve self-sufficiency in chip manufacturing. This trend is reshaping the global semiconductor supply chain. Moreover, the transition to green energy has raised concerns about green inflation. For instance, green tariff barriers under the European Union's Carbon Border Adjustment Mechanism (CBAM) could impact supply chain dynamics, presenting both opportunities and challenges for businesses and the financial sector.

Overall, government support is expected to boost private consumption and investment, driving demand for financial services. Additionally, tech innovation and the integration of AI technology into various banking operations such as smart customer service, intelligent underwriting, data analysis, and enhanced anti-money laundering measures, will further propel the industry's development in Taiwan. Nevertheless, the global financial market still faces many uncertainties, including geopolitical tensions, which not only affect price stability but also increase operational costs and risks. In light of these challenges, it is essential not to underestimate the challenges facing Taiwan's banking sector.

Regulatory Environment

In terms of the changes in the domestic regulatory environment, the Bankers Association issued the "Practical Reference Practices for Banking Services for Dementia or Suspected Dementia" on January 31, 2023. To strengthen the security control of the Fast Identity Online (FIDO) between financial institutions and establish consistent operational guidelines, FSC also issued the "Operational Guidelines for Security Control of Fast Identity Online for Financial Institutions" on April 25. Additionally, the competent authority issued the "Guidelines for Refusing Commercial Marketing" on June 13 and revised the "Money Laundering Control Act" on June 14. The Bank has complied with the revised operational standards and implemented enhancement measures. To foster a gender-friendly environment, the competent authorities revised the "Sexual Harassment Prevention Act" and the "Gender Equality Act in Employment" on August 16. They have also made subsequent amendments to the related implementation rules. The Bank will diligently monitor these revisions and promptly adapt our operational norms, enhance educational promotion, and establish compliance measures.

In terms of changes in the international regulatory environment, the Cyberspace Administration of China announced the "Standard Contract for the Cross-border Transfer of Personal Information" on February 22, 2023. Additionally, competent authorities of which several overseas branches locate, such as the New York State Department of Financial Services (NYDFS), the Office of the Superintendent of Financial Institutions (OSFI), the State Bank of Vietnam, and the National Privacy Commission (NPC) of Philippine, have recently enacted or amended regulations concerning personal data protection and information security. The operational regulations for the Bank's overseas branches in these regions have been adjusted accordingly.

Additionally, the Bank's branches and subsidiaries in the United States have reviewed and revised internal regulations in response to the final Policy Statement on Prudent Commercial Real Estate Loans Accommodations and Workouts issued by the US competent authorities on June 29, 2023. Furthermore, in accordance with the Appendix to the Interagency Policy Statement on Funding and Liquidity Risk Management on the Importance of Contingency Funding Plans issued on July 28, our branches and subsidiaries in the United States have not only revised internal regulations but also evaluated the establishment of a rediscount window quota with the Federal Reserve Board (FRB) to address the need for emergency liquidity.

Overall Business Operation Environment

Looking ahead to 2024, several factors may dampen global economic growth. These include lingering effects of monetary policies, a moderate slowdown in the labor market, escalating geopolitical risks, a trend towards localization and diversification in global supply chains and trade, and pressures on businesses to transition towards net-zero emissions. In the United States, although the labor market remains resilient and the Federal Reserve may cut interest rates during the year, high rates are expected to persist for a while. Additionally, weakening government fiscal spending may lead to a moderate economic downturn. In the Eurozone, subdued inflation trends may help drive a resurgence in private consumption, preventing the economy from a recession. In China, despite dual support for expansive fiscal and monetary policies, a sluggish real estate market may dampen consumer activity, hindering economic growth momentum. As for Taiwan, exports and private investment may gradually increase alongside rising demand. Moreover, rising minimum wages and salary hike for military and civil servants are expected to sustain private consumption, with economic growth likely to surpass that of 2023.

In terms of trends in Taiwan's housing market, despite the ongoing government measures to regulate the housing market, which have led to a decline in investments, the introduction of a new scheme in August to provide preferential housing loans for young adults has spurred interest in home purchases. According to statistics from the Ministry of the Interior, the number of property transactions nationwide dipped by 3.5% to 306,000 units in 2023, signaling a notable slowdown in the annual decline trend. Moving forward, with the potential conclusion of the interest rate cycle in major global economies and the ongoing availability of preferential housing loans for young adults, housing market transactions are poised to receive support. However, labor shortages persist domestically. Additionally, with the prospect of rising wages and the introduction of carbon taxes in the future, there is concern that construction costs for developers may rise, limiting the potential for downward adjustments in housing prices. Overall, the housing market in 2024 is expected to exhibit a pattern of "stable quantity and moderate price rise."

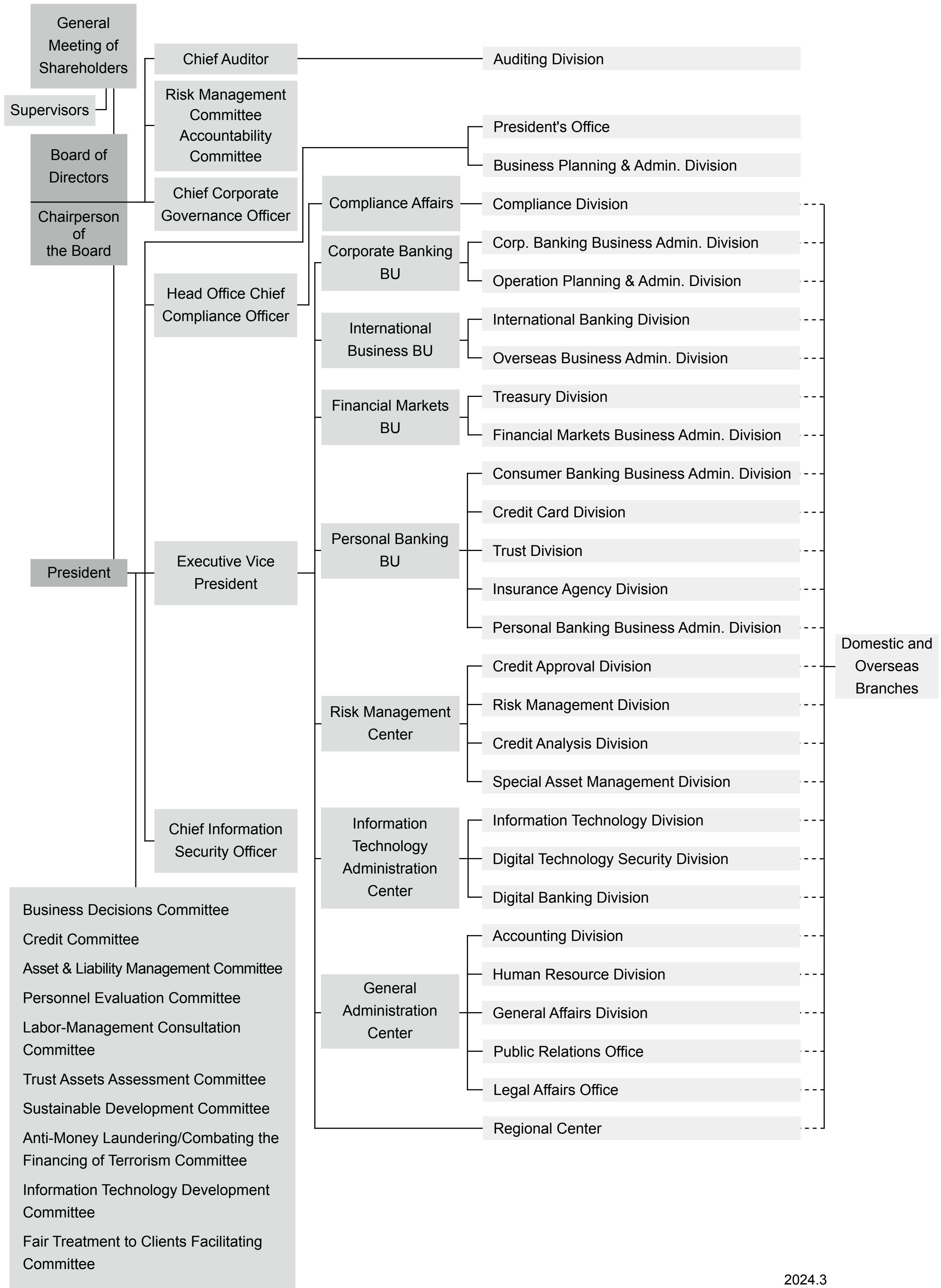
In the evolving landscape for domestic banks, the widened interest rate spread between Taiwan and the US in 2023 resulted in a significant increase in investment income. Furthermore, the strong interest of Taiwanese investors in US bonds, coupled with enthusiasm for overseas travel, drove a notable rise in fee income, leading to record-high profits for domestic banks. Looking ahead, despite the potential decline in bank investment returns due to the high base period in the previous year, there is optimism as the global manufacturing inventory destocking approaches its end. This could uplift industry sentiment from the bottom, potentially driving growth in lending activities for domestic banks. Additionally, steady increases in fee income are anticipated, suggesting a stable profitability outlook for banks in 2024. However, caution is advised, as noted by the credit rating agency Moody's, regarding potential risks to loan quality and the real estate market. Escalating geopolitical tensions, such as the Ukraine-Russia conflict, conflicts in the Middle East, and trade disputes between Europe, the US, and China, along with China's increasing trade pressure on Taiwan and heightened climate risks disrupting global supply chain stability. These factors could accelerate supply chain restructuring and possibly trigger another rise in inflation. In conclusion, given the ongoing challenges posed by international political and economic situations to the global financial industry, it is crucial for banks to closely monitor future developments.

Credit Rating Information

Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	9/18/2023	twA-1 +	twAA +	Stable
Standard & Poor's	9/17/2023	A-1	A	Stable
Moody's	3/28/2024	P-1	A1	Stable

Chairperson of the Board

Organization Chart



2024.3

Board of Directors and Supervisors

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairperson	R.O.C.	Ye-Chin Chiou	Nov.2'20	■ B.S. in Economics, National Taiwan University Branch General Manager, Bank of Taiwan; EVP & General Manager, Dept. of Credit Management, Bank of Taiwan; Senior Executive Vice President, Bank of Taiwan; Managing Director & President, Bank of Taiwan; Director, Small and Medium Enterprise Credit Guarantee Fund of Taiwan; Director, BankTaiwan Securities Co., Ltd.; Director, Cathay United Bank Co., Ltd; Supervisor, Taiwan Power Company; Director, Hua Nan Financial Holdings Co., Ltd; Director, United Taiwan Bank SA; Director, Taipei Forex Inc.; Director, Mega Financial Holding Co., Ltd; Director, Taiwan Financial Holding Co., Ltd.	Chairperson, First Financial Holding Co., Ltd. (FFHC); Chairperson, The First Education Foundation; Chairperson, Trust Association of R.O.C.; Director, National Credit Card Center of R.O.C; Director, Taiwan Stock Exchange Corporation; Managing Director, The Bankers Association of The Republic of China; Director, The Bankers Association of Taipei; Chairperson, The Bankers Association of Taiwan; Director, Taiwan Creative Content Agency; Committee Member & Director, Taiwan Academy of Banking and Finance; Director, Taiwan Financial Services Roundtable
Managing Director & President	R.O.C.	Chia-Hsiang Lee	Aug.31'22	■ MBA, University of Texas-Dallas General Manager of Toronto & New York Branch, FCB; Chief of Overseas Business Admin. Division & EVP, FCB; EVP, First Financial Holding Co., Ltd. (FFHC); Director & President, First Commercial Bank (USA)	Chairperson, First Commercial Bank (USA) ; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Vice Chairperson, The First Education Foundation; Director, Taiwan Asset Management Corporation
Managing Director	R.O.C.	Fen-Len Chen	May.5'21	■ M.S., Economics, State University of N.Y. Branch General Manager, FCB; Chief of Financial Markets Business Admin. Division, Risk Management Division, Credit Approval Division, FCB; Senior Vice President & Regional Head ,Taipei Regional Center 1, Overseas Branch General Manager & EVP, FCB; Consultant & Chef of Risk management Division, FFHC; Supervisor & Director, FCB Leasing Co., Ltd.; Director, FCB International Leasing, Ltd.; Director, First Commercial Bank (USA); Director, Taiwan Urban Regeneration & Financial Services Co. Ltd.; Chairperson, First Life Insurance Co., Ltd.	Director & President, First Financial Holding Co., Ltd. (FFHC); Director, The First Education Foundation
Managing Director	R.O.C.	Chi-Pin Hou	Jul. 26'18	■ Ph.D. in Business Administration, China Fudan University Professor & Head of Accounting Dept., China University of Technology; Associate Professor & Head of Accounting Information Dept., Tzu Chi University of Science and Technology; Instructor, Dept. of Accounting, Chinese Junior College of Industrial and Commercial Management; Researcher, Accounting Research and Development Foundation; Lecturer, Dept. of Accounting, National Chengchi University; Auditor, KPMG Current: Professor of Dept. of Finance & Dean of College of Management, China University of Technology	
Independent Managing Director	R.O.C.	Chun-Hung Lin	Jul. 26'18	■ Ph.D. in Economics, Iowa State University Professor, Head of Industrial Economics, CEO of EMBA, Dean of Student Affairs & Academic Affairs, Chief Administrative Officer of Lanyang Campus, TamKang University; Director, Taiwan Economic Association Current: Appointed Professor, the Dept. of Industrial Economics & Vice President, TamKang University	Independent Director, FFHC; Direct, Eminent II Venture Capital Corporation; Principal, Yu Jie Firm
Independent Director	R.O.C.	Jui-Ching Huang	Jul. 26'18	■ Ph.D. in Finance, National Taiwan University Associate Professor, Dept. of Finance, Ming Chuan University; Associate Professor, Dept. of Finance, Yuan Ze University; Associate Professor, Graduate school of Finance, National Taiwan University of Science and Technology; Professor, Dept. of Finance, National Central University Current: Distinguished Professor, Dept. of Finance, National Central University	Independent Director, FFHC; Managing Director, Taiwan Risk and Insurance Association
Independent Director	R.O.C.	Yen-Liang Chen (Note 1)	Jul. 26'18	■ Ph.D. in Law, Johannes Gutenberg University Mainz Head of Dept. of Law, National Taipei University; Director of Graduate school of Financial and Economic Law, National Dong Hwa University; Arbitrator, Chinese Arbitration Association, Taipei; Arbitrator, Dept. of Labor, Taipei City Government; Petitions and Appeals Committee member, Hualien County Government; New Listing Companies Advisory Committee member, Taipei Exchange; Review Committee Member of Certificate for Judge of Financial Criminal Profession, Judicial Yuan; Commercial Mediators, Intellectual Property and Commercial Court Current: Professor, Dept. of Law, National Taipei University	Independent Director, FFHC; Independent Director, Lien Chang Electronic Enterprise Co., LTD.
Director	R.O.C.	Chia-Yin Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Petitions and Appeals Committee, MOF; Member of LegalAffairs Committee, MOEA; Member of Legal Affairs Committee, Ministry of Education; Member of Complaint Review Board for Government Procurement, Bureau of Foreign Trade, MOEA ; Member of Consultation of Legal Rights Promotion of Military Forces Committee, Ministry of National Defense; Member of Consultation Administrative Procedure Act & Administrative Penalty Act Team, Ministry of Justice; Member of Petitions and Appeals Committee of Mainland Affairs Council & Second Review of Civil Servant Review Committee, Executive Yuan; Member of National Youth Committee & Second Review of Civil Servant Review Committee, Executive Yuan; Member of Senior and Junior Special Examinations, Question drafting and Grading Committee, Examination Yuan; Member of Petitions and Appeals Committee, Taiwan Taipei High Court; Member of Legal Affairs Committee, Central Personnel Administration, Executive Yuan; Member of Legal Affairs Committee & Petitions and Appeals Committee, Information Bureau, Executive Yuan; Member of Legal Affairs Committee & Appeal of Public Works Procurement Committee, Taipei City Government; Director, Taiwan Administrative Law Association; Dean of Dept. of Law, Soochow University Current: Distinguished Professor, Dept. of Law, Soochow University	Member of Petitions and Appeals Committee, MOF
Director	R.O.C.	Nai-Fong Kuo	Jul. 26'18	■ Ph.D. in Economics, National Taipei University Director of Auditing Office, Associate Professor & Head of Dept. of Finance, Secretary General, Secretariat, Shih Shin University Current: Associate Professor, Dept. of Finance, Shih Shin University	Independent Director, Hakers Enterprise Co., LTD.; Consultant, Taiwan Institute of Economic Research; Consultant, Business Today; Director, Fuji Precision Agriculture Technology Co. Ltd.
Director	R.O.C.	Jer-Yuh Wan	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Member of Board of Examiners, Question drafting and Grading Committee, Examination Yuan; Associate Professor, Head of Dept. of Economics, TamKang University; Adjunct Professor, Dept. of Int'l Business, Soochow University Current: Professor, Dept. of Economics, TamKang University	Director, Huihua Venture Capital Co., Ltd.
Director	R.O.C.	Jy-Wen Wu	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Head of Dept. of Int'l Business; Associate Professor, Dept. of Int'l Business; Assistant Professor, Dept. of Int'l Trade, Lunghwa University of Science and Technology Current: Associate Professor, Dept. of Digital Marketing & Cross-Border Commerce, Lunghwa University of Science and Technology; Associate Professor, Dept. of Int'l Business, Soochow University	
Director	R.O.C.	Wehn-Jyuan Tsai	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Assistant Professor, Dept. of Economics, Shih Shin University; Associate Research Fellow, Taiwan Institute of Economic Research Current: Associate Professor, Dept. of Economics, Shih Shin University	
Director	R.O.C.	Hisn-Lu Chang	Oct. 28'21	■ Ph.D. in Information Management, University of Illinois Urbana-Champaign; Assistant Professor and Associate Professor, Dept. of Information Management , National Chengchi University Current: Professor, Dept. of Information Management , National Chengchi University	Director, FFHC
Director	R.O.C.	Yuan-Wei Chen	Jul. 26'18	■ MBA, University of California-Irvine Financial Manager, Asia Pacific Region, Trend Micro Inc.; Financial Manager, Asia Pacific Region, UTStarcom Taiwan Ltd.; Accounting Deputy Manager, LA branch, Taipei Bank	Director, Golden Gate Investment Co., Ltd.; Chairperson, Golden Garden Investment Co., Ltd.; Director, Golden Gate Motor Co., Ltd.
Director	R.O.C.	Ching-Yu Shieh	Apr. 29'21	■ EMBA, in International Finance, National Taipei University Clerk of Nanjing East Road Branch; Clerk, Senior Clerk, of Zhongxiao Road Branch; Associate of Planning Division; Senior Associate of Business Development Dept., Credit Review & Management Dept., and Risk Management Dept.; Junior Assistant Manager, Assistant Manager, Senior Assistant Manager, and Deputy Manager of Risk Management Division. Current: A.V. P.& Department Manager of Risk Management Division	

(to be continued)

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Standing Supervisor	R.O.C.	Chunto Tso	Jul. 26'18	■ Ph.D. in Economics, Texas A&M University Adjunct Professor, Dept. of Greenergy, National University of Tainan; Adjunct Associate Professor, Institute of Management of Technology & Institute of Business and Management, National Chiao Tung University; Adjunct Associate Professor, Graduate Institute of Business Administration & Graduate Institute of Applied Science and Technology, National Taiwan University of Science and Technology; Adjunct Associate Professor, College of Management, Yuan Ze University; Adjunct Associate Professor, Dept. of Materials Engineering, Tatung University; Adjunct Associate Professor, Graduate Institute of Int'l Business, TamKang University; Adjunct Associate Professor, Graduate Institute of Enterprise Innovation, Shih Chien University Current: Associate Dean, Taiwan Institute of Economic Research; Adjunct Associate Professor, Institute of Chemical Engineering, National Taipei University of Technology	Director, Yo Shin Shin Co., Ltd.
Supervisor	R.O.C.	Liang Chen	Jun. 30'11	■ MBA, Finance, Bernard M. Baruch College, The City University of New York Senior Associate, Equity Sales and Trading, Smith Barney Inc.; AVP, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc./ Union Bank of Switzerland;Director, Taiwan Financial Holding Co., Ltd.	Chairperson, Peak Capital Co., Ltd.; Independent Director, President Chain Store Co., Ltd.; Chairperson, Co-Center Company Limited
Supervisor	R.O.C.	Yi-Wen Chen	Oct. 26'17	■ Ph.D. in Business Administration, Marshall Goldsmith School of Management, Alliant International University, USA Accounting Officer, Evergreen Container Terminal Corp.; Executive Officer, Department of Budget, Accounting and Statistics, Taipei City Government; Consultant, Asia Federation of Chinese Traders Association; Dean of Academic Affair Research Center, Dean of International and Cross-strait Affair Center, Dean of Continuing Education Center, Headof Dept. of Accounting and Information, Dean of College of Commerce, Chief Secretary, Professor, Vice President, Hsing Wu University Current: President, Hsing Wu University	Director, Golden Dragon Temple; Chairman, Taiwan New Media Association
Supervisor	R.O.C.	Lieh-Ming Luo	Mar.24'22	■ Ph.D. in International Business, National Chi Nan University Assistant Manager, Dept. of Cash Management, KGI Scurities;Lecturer and Assistant Professor, Dept. of Insurance, Chaoyang University of Technology; Adjunct Assistant Professor, Dept. of Finance, National Chi Nan University; Assistant Professor, Associate Professor, Professor and Chair, Dept. of Finance and International Business, Fu Jen Catholic University; Current: Professor, Dept. of Finance and International Business, Fu Jen Catholic University	

Note 1: May 6, 2024, the Independent Director, Yen-Liang Chen, resigned his position in First Commercial Bank.

May, 2024

Executive Officers

Title	Nationality or Place of Registration	Name	Date of Appointment	Education Background	Other Incumbent Post
President	R.O.C.	Chia-Hsiang Lee	Sep. 14'22	■ MBA, University of Texas-Dallas	Chairperson, First Commercial Bank (USA); Director, Taiwan Asset Management Corporation; Director, Taiwan Small & Medium Enterprise Counseling Foundation
EVP	R.O.C.	Pei-Wen Liu	Oct. 28'16	■ Ph.D. in Electrical Engineering, National Cheng Kung University	EVP & Chief Information Security Officer, First Financial Holding Co., Ltd. (FFHC); Supervisor, Financial Information Service Co., Ltd.
EVP	R.O.C.	Su-Hwei Tsai	Oct. 18'19	■ B.B.A. in Banking and Insurance, Feng Chia University	Director, FCB Leasing Co.,Ltd.; Director, First Financial Assets Management Co., Ltd.
EVP	R.O.C.	Chih-Tiao Shih	Mar. 20'20	■ M.A. in Economics, National Taiwan University	Director, FCB Leasing Co., Ltd.; Director, Taiwan Urban Regeneration & Financial Service Co. Ltd. Supervisor, Taiwan Small & Medium Enterprise Counseling Foundation; Member, Inberbank Services Fee Schedule Review Committee, Financial Information Service Co., Ltd.
EVP	R.O.C.	Frank Y. C. Fang	Dec. 25'20	■ MBA, National Sun Yat-sen University	Director, Taiwan Asset Management Corporation; Director, First Life Insurance Co., Ltd.; Member, Claim Committee, Small and Medium Enterprise Credit Guarantee Fund of Taiwan
EVP	R.O.C.	Mei-Chu Kan	Dec. 21'20	■ B.L., National Chengchi University	Director, First Life Insurance Co., Ltd.; Director, Business Development Committee, Trust Association of R.O.C.
EVP	R.O.C.	Malcolm Wang	May 12'21	■ MBA, St. Edward's University	Director, First Commercial Bank (USA); Director, East Asia Real Estate Management Co., Ltd.; Member, Research & Development Committee, Taipei Foreign Exchange Market Development Foundation
EVP	R.O.C.	Chih-Kuang Chien	Jul. 3'23	■ EMBA, National Chiao Tung University	Director, First Commercial Bank (USA); Director, Taipei Financial Center Corporation; Member, Financial Regulations and Disciplinary Committee, The Bankers Association of The Republic of China
EVP	R.O.C.	Fei-Wei Chen	Jan. 31'24	■ B.B.A. in Accounting, National Chung Hsing University	Director, First Life Insurance Co., Ltd.; Supervisor, Taipei Forex Inc.; Member Representative, R.O.C. Bills Finance Association; Member Representative, Taiwan Securities Association
Chief Auditor	R.O.C.	Miao-Chuan Chen	Dec.23'22	■ EMBA, National Chengchi University	Supervisor, First Securities Investment Trust Co., Ltd; Member, Internal Audit Committee, The Bankers Association of The Republic of China

May, 2024

Major Shareholders of Institutional Shareholder

Institutional Shareholder	Major Shareholders of Institutional Shareholder	Holding %
First Financial Holding Co., Ltd.	Ministry of Finance	11.49
	Bank of Taiwan Co., Ltd.	7.45
	Hua Nan Commercial Bank Co., Ltd.	1.95
	Citibank (Taiwan) Ltd. in custody for Government of Singapore	1.89
	Taiwan Tobacco & Liquor Corporation	1.55
	Cathay Life Insurance Co.,Ltd	1.50
	Taiwan Life Insurance Co., Ltd.	1.49
	Fubon Life Insurance Co.,Ltd	1.36
	Labor Pension Fund	1.30
	KGI Life Insurance Co., Ltd.	1.27

Mar 31, 2024

Operations Overview

Business Activities

Business Scope

General business items commercial banks are authorized to handle in accordance with the law

1. Receipt of various deposits
2. Issuance of financial bonds
3. Processing of loans
4. Processing of discounted bills
5. Investment in securities
6. Processing of domestic exchange
7. Acceptance of commercial bills of exchange
8. Issuance of domestic letters of credit
9. Guarantee the issuance of corporate bonds
10. Handling domestic guarantee business
11. Act as agent for payments
12. Sell public debt, treasury bonds, corporate bonds and company stocks for commission
13. Underwrite securities
14. Proprietary trading of securities
15. Handle custody and warehousing services
16. Handle safe deposit box rental business
17. Handle services stated on the business license or act as agent for services approved by governing authorities
18. Handle credit card business
19. Sell gold bars, gold coins and silver coins for commission
20. Buy and sell gold bars, gold coins and silver coins
21. Handle the guarantee business of export foreign exchange, import foreign exchange, general inward and outward remittance, foreign exchange deposit, foreign currency loan and foreign currency guarantee payments
22. Handle general remittance and foreign exchange deposits
23. Handle foreign currency trading and traveler's check business
24. Handle derivative products approved by governing authorities
25. Handle businesses approved by the Trust Enterprise Act
26. Invest in foreign securities with designated trust funds
27. Handle proprietary trading of government bonds
28. Handle brokerage, proprietary trading, certification and underwriting of short-term bills

29. Provide financial advisory services related to margin trading
30. Act as agent for handling public welfare lottery affairs approved by governing authorities
31. Handle margin trading business between foreign currencies
32. Invest in domestic securities investment trust fund with designated funds
33. Handle investments in domestic securities investment trust fund using designated trust funds
34. Proprietary trading of corporate bonds and financial bonds
35. Act as agent for substantial transaction payments
36. Collaborate with offshore enterprises or assist offshore enterprises to handle electronic payment businesses domestically
37. Provide life insurance agency services while increasing agency services for property insurance
38. High-wealth related financial products and services
39. Handle other related businesses approved by the governing authority

Business items registered and approved by governing authorities and handled by departments dedicated to trust businesses as stated in the Bank's business license

1. Trust business:
   (1) Money trust
   (2) Trust of money claims and security rights of objects
   (3) Securities trust
   (4) Real estate trust
   (5) Superficies trust
   (6) Discretionary investment via fiduciary services
2. Ancillary business
   (1) Act as agent to issue, transfer, register and distribute stock dividend, interest and bonus of marketable securities
   (2) Provide advisory service on issuance and offering of marketable securities
   (3) Provide securities certification service
   (4) Act as trustee for bond issuance and handle related agency services
   (5) Provide custody service
   (6) Act as custodian of securities investment fund
   (7) Provide advisory service on investment, financial management and real estate development
   (8) Provide securities investment advisory service
   (9) Manage the real estate of elderly and disabled persons as an ancillary business of the trust enterprise
   (10) Handle other related businesses approved by the governing authority

Overview of the business over the past two years (including DBU, OBU and overseas branches)

1. Deposit Business

Unit: NTD Thousand

Item		December 31, 2023		December 31, 2022		Amount increase (decrease)	Percentage increase (decrease) %
		Amount	%	Amount	%		
Demand deposits (Note 1)	Cheque deposits	57,861,415	1.5	58,904,622	1.7	-1,043,207	-1.8
	Demand deposits	827,775,706	22.1	896,618,742	25.4	-68,843,036	-7.7
	Current savings deposits	1,008,992,329	26.9	971,933,279	27.5	37,059,050	3.8
	Sub-total	1,894,629,450	50.5	1,927,456,643	54.6	-32,827,193	-1.7
Time deposits (Note 1)	Time deposits	1,050,542,064	28.1	906,999,587	25.7	143,542,477	15.8
	Time savings deposits	554,415,988	14.8	455,441,181	12.9	98,974,807	21.7
	Sub-total	1,604,958,052	42.9	1,362,440,768	38.6	242,517,284	17.8
Others (Note 2)	Interbank deposits	2,276,894	0.1	2,081,121	0.1	195,773	9.4
	Interbank overdraft	501,178	0.0	599,438	0.0	-98,260	-16.4
	Interbank call loans	242,107,020	6.5	237,288,501	6.7	4,818,519	2.0
	Sub-total	244,885,092	6.6	239,969,060	6.8	4,916,032	2.0
Total		3,744,472,594	100.0	3,529,866,471	100.0	214,606,123	6.1

Note: 1. Demand deposits and time deposits include foreign exchange proceeds deposits and public treasury deposits.
2. The interbank deposits include deposits transferred from Chunghwa Post but excludes deposits with the central bank. Interbank call loans also excludes transactions with the central bank.

2. Loan Business

Unit: NTD Thousand

Item	December 31, 2023		December 31, 2022		Amount increase (decrease)	Percentage increase (decrease) %
	Amount	%	Amount	%		
Short-term loans (Note)	573,376,505	23.8	611,798,858	26.4	-38,422,353	-6.3
Mid-term loans	931,680,612	38.6	855,801,986	36.9	75,878,626	8.9
Long-term loans	908,208,301	37.6	850,700,139	36.7	57,508,162	6.8
Total	2,413,265,418	100.0	2,318,300,983	100.0	94,964,435	4.1
Share of total asset (%)	56.6		57.8		-1.2	

Note: Loan discounted, overdrafts and bills negotiations are included.

3. Foreign Exchange Business

Unit: USD Thousand

Item	2023		2022		Amount increase (decrease)	Percentage increase (decrease) %
	Amount	%	Amount	%		
Export	3,176,388	1.3	6,703,618	2.5	-3,527,230	-52.6
Import	4,915,567	2.0	6,187,330	2.3	-1,271,763	-20.6
Remittance	233,470,670	96.7	252,552,880	95.2	-19,082,210	-7.6
Total	241,562,625	100.0	265,443,828	100.0	-23,881,203	-9.0

4. Wealth Management and Insurance Agency Business

Unit: NTD Thousand

Item	2023	2022	Amount increase (decrease)	Percentage increase (decrease) %
	Amount	Amount		
Trust (project trust not included)	108,791,941	87,839,202	20,952,739	23.9
Insurance agency business	19,924,345	20,477,857	-553,512	-2.7

5. Trust Business

Unit: NTD Thousand

Item	December 31, 2023	December 31, 2022	Amount increase (decrease)	Percentage increase (decrease) %
Non-discretionary money trusts investing in domestic securities	88,208,998	87,095,005	1,113,993	1.3
Non-discretionary money trusts investing in foreign securities	166,818,720	151,007,937	15,810,783	10.5
Other trust assets	165,142,483	128,214,844	36,927,640	28.8
Subtotal	420,170,201	366,317,786	53,852,416	14.7
Custodian Business	1,213,783,404	1,137,743,190	76,040,214	6.7

* TDR not included

6. Electronic Financial Services

Unit: NTD Thousand

Item	2023	2022	Amount increase (decrease)	Percentage increase (decrease) %
Corporate online banking	7,992,598,000	7,979,660,000	12,938,000	0.2
Individual online banking	272,433,000	217,357,000	55,076,000	25.3
Mobile banking	859,400,000	653,507,000	205,893,000	31.5

7. Investment

(1) Sale and purchase of domestic bills and underwriting of domestic commercial promissory note

Unit: NTD Thousand

Item	2023	2022	Amount increase (decrease)	Percentage increase (decrease) %
Outright buy/sell (OB/OS) of transaction instruments	800,212,893	904,219,429	-104,006,536	-11.5
Repurchase/Reverse repurchase (RP/RS) of transaction instruments	50,016	50,001	15	0.0
Underwriting of transaction instruments	30,800,000	16,700,000	14,100,000	84.4

(2) Balance of investment in bonds and stocks

Unit: NTD Thousand

Item	2023	2022	Amount increase (decrease)	Percentage increase (decrease) %
	Investment bal. of Dec. 31	Investment bal. of Dec. 31		
	Balance	Balance		
Bond	597,761,173	500,247,436	97,513,737	19.5
Stocks (short-term investment)	20,100,944	23,281,842	-3,180,898	-13.7

8. Credit Card Business

Unit: Number of card; NTD Thousand

Item	2023	2022	Amount increase (decrease)	Percentage increase (decrease) %
Number of active cards	945,372	920,217	25,155	2.7
Transaction amount	75,555,490	65,855,064	9,700,426	14.7
Revolving credit balance	1,523,827	1,613,039	-89,212	-5.5

Note: The number of active cards and revolving credit balance are based on the data on the last date of the year.

9. Analysis of Net Operating Revenue

Unit: NTD Thousand

Item \ Year	2023 Amount	2023 %	2022 Amount	2022 %	Amount increase (decrease)	Percentage increase (decrease) %
Net interest revenue	29,245,355	49.8	35,000,796	64.2	-5,755,441	-16.4
Net service fee revenue	8,918,402	15.2	8,103,249	14.9	815,153	10.1
Gain on financial assets or liabilities measured at fair value through profit or loss	18,547,084	31.6	6,152,568	11.3	12,394,516	201.5
Realized gains on financial assets at fair value through other comprehensive income	128,865	0.2	1,421,828	2.6	-1,292,963	-90.9
(Losses) gains arising from derecognition of financial assets measured at amortised cost	-403,295	-0.7	-58,687	-0.1	-344,608	-
(Impairment losses) reversal of impairment loss on assets	-41,390	-0.1	-3,607	0.0	-37,783	-
Share of profit of associates accounted for using equity method	570,274	1.0	436,766	0.8	133,508	30.6
Foreign exchange gain	1,214,760	2.1	3,047,499	5.6	-1,832,739	-60.1
Net other revenue other than interest income	539,509	0.9	383,371	0.7	156,138	40.7
Total	58,719,564	100.0	54,483,783	100.0	4,235,781	7.8

Highlights of Business Plan (Listed by Major Financial Businesses)

1. Corporate banking and deposits & remittances:
   (1) Maintain the bank's leading position in small and medium-sized enterprise loans, enhance cross-business penetration, and expand asset returns by leveraging various government subsidized loans, complemented by the use of credit guarantee funds.
   (2) Utilize mechanisms such as joint-effort visits, collaborative referrals, and branch advisory to track customers' domestic and international investments, refinance loan for dated projects, seek opportunities to coordinate and lead loan cases, and organize international syndicated loan.
   (3) Grasp the global trends of domestic and international large corporate clients and group clients, leverage the synergies of the bank's intensive service network at home and abroad, and enhance the contribution and business alignment of group clients.
   (4) Align with government policies, explore opportunities in re-development related to "government-led urban renewal," "disaster-prevention urban renewal," "simplified urban renewal," and "aged and damaged building reconstruction," fulfill corporate social responsibility, and enhance the bank's corporate image.

(5) Enhance green enterprise preferential loans, sustainable performance-linked credits, and sustainable loans for renewable energy projects. Design a variety of green lending products, focusing on green financing and sustainable development. Implement appropriate engagements for heavy carbon-emitting enterprises.

(6) Improve the precision of data mining and the use of analysis models. Focus on screening the new customer lists in the manufacturing industry and expand the customer base by integrating the geographic information system (GIS) for customer information management.

(7) Dynamically adjust deposit pricing, control funding costs, and mix of demand deposits and time deposits to establish a stable source of cash flow.

(8) Integrate bank-wide resources to customize payroll account incentives, and strive to become the preferred service bank for large enterprises .

(9) Establish an anti-fraud protection network to enhance the effectiveness of fraud prevention. Implement the principle of fair treatment to create a friendly financial environment.

(10) Adjust business locations, focusing on relocating existing branches to newly developed areas. Additionally, assess the consolidation or closure of some branches.

2. Foreign exchange and international business:

(1) Adjust our strategy for dynamically attracting foreign currency deposits from corporate clients, using digital marketing to tap individual foreign currency depositors.

(2) Link loan underwriting with foreign exchange cash flow and guide customers to choose our bank as their main funding institution.

(3) Organize foreign exchange marketing events aligned with market trends to boost brand visibility. Additionally, offer exclusive campaign for specific customer groups, such as payroll accounts and digital deposit customers, to strengthen cross-business cooperation.

(4) Strengthen collaborative efforts among branches within the same region or country and seize opportunities in "supply chain restructuring" and "deglobalization." Continuously optimize fund allocation in New Southbound countries, cultivate local clients, and balance risks while expanding in European and American regions.

(5) Understand the global layout and cross-border financing opportunities of Taiwanese business customers. Promote "global cross-border financing business" services, integrating customer group resources and risks.

(6) Implement a localization strategy by maintaining good communication and interaction with local supervisory authorities and peers. Enhance executive visits and business expansion momentum, and strengthen customer relations and business development through joint visits by head office to the client's parent companies in Taiwan.

(7) Improve asset-liability management in overseas branches, effectively control funding costs, and apply deductible for risk-weighted assets to reduce risk and enhance capital return.

(8) Continuously explore ESG investment and financing cases, selectively undertake projects, regularly assess the carbon footprint of overseas branch investment and financing activities, and cooperate with bank-wide policies to set carbon reduction targets and monitor implementation.

(9) Optimize the functions of the overseas management platform, consistently implement digital reporting, enhance overseas AML systems, enforce legal compliance, and strengthen AML/CFT effectiveness.

(10) Improve compensation competitiveness, refine the job rotation system, provide local employees with career plans, and establish local marketing teams.

3. Personal banking:

(1) Focus on "resource allocation," "collaborative partnerships," "human resource cultivation," and "trend awareness" to propel the development of personal banking and wealth management businesses as the supplemental profit engine.

(2) Cultivate high-net-worth clients, enhance collaboration with corporate banking services, provide a variety of products, and use in-depth KYC to understand customer needs, penetrating their balance sheets and emphasizing asset planning.

(3) Continue to promote the dollar value averaging business and the "e-First Smart Wealth Management" to attract retail clients and online customers, and expand the bank's wealth management accounts and AUM scale.

(4) Facilitate Trust 2.0 Plan by strengthening cross-industry alliances, and developing comprehensive trust services such as care trust, employee welfare trust, and inheritance trust.

(5) Continuously promote insurance products with favorable sales commissions, increasing the penetration rate of niche high protection products to expand the insurance income landscape.

(6) Enhance the diversity of online insurance products, optimize digital insurance purchase processes, and increase the usage rate of mobile insurance.

(7) Increase the percentage of cases not subject to Bank Act Article 72-2 and adjust non-owner-occupied residential loan interest rates, creating a spread to enhance interest income.

(8) Expand the manpower of the online marketing team and continuously improve online loan functions to further the online application experience, reduce counter services, and expand base for other consumer loan opportunities through close cooperation between online and offline teams.

(9) Focus on mainstream payment services, deepen digital engagement with young customers, and take hold of wealth management opportunities for high net worth customers to grow the credit card spending market share.

(10) Collaborate with TM and First Insurance, providing convenient customer loans and life insurance products for credit card customers. Increase income by improving installment payment and bill installment functions.

4. Treasury and financial market:

(1) Diversify funding sources in both domestic and foreign currencies. For long-term funds, obtain stable and low-cost domestic and foreign currency funding through bond issuance. For short-term funds, adjust the interbank deposits strategy and expand the proportion of domestic and foreign currency bond repurchase agreements (RP).

(2) Adjust FX SWAP trading strategies in response to market interest rate trends, and flexibly manage the durations to boost returns and strengthen the bank's capital base.

(3) Enlarge foreign bond investment positions, increase the proportion of high-quality bonds (such as G-SIBs groups), and optimize the duration adjustment strategy to enhance investment returns and reduce volatility risks.

(4) Respond to market interest rate levels and the demand for green financing, seizing opportunities to issue financial bonds for sustainable development funding and increase the investment proportion of sustainable development bonds.

(5) Restrict the investment proportion in high carbon-emitting industries, optimize the carbon screening process for investment portfolios, and plan SBTi carbon reduction targets.

(6) Plan the issuance of foreign currency structured financial bonds based on domestic market trends, demands from high-net-worth clients, and the bank's issuing efficiency. This aims to strengthen the bank's penetration rate in high-net-worth products.

(7) Enhance the capacity of financial market business through a dual approach of "outreach" and "seminars," providing customers with "one-stop services" and dedicated consultation windows at branches.

(8) Develop various customer groups, adapt to changes and trends in the financial market, and align with customer demands to offer suitable investment portfolio products.

5. Risk management:

(1) Continue to monitor major economic issues and industry trends both domestically and internationally, actively providing analysis reports to enable relevant units to anticipate risks and seize opportunities proactively.

(2) Monitor global political and economic changes, promptly disclose international economic situations and market information, and continuously strengthen control over risk exposure in overseas and China markets, systematically monitoring country risk exposures.

(3) Adjust credit review authorizations, optimize credit limit management, and modify focus points for reviews as needed in response to geopolitical risks and capital conservation trends.

(4) Strengthen ESG risk assessment, particularly climate change transition risks, and incorporate carbon-related indicators into industry-specific credit limit adjustment factors, gradually reducing the credit amount available for highly-polluting (carbon-intensive) industries.

(5) Strengthen post-lending reviews and early warning systems, and handle designated review and warning alerts in response to economic conditions, aiming to improve the quality of asset.

(6) Monitor the effectiveness of M0-M2 debt collection, prevent overdue payments, actively manage collections, and recover bad debts.

(7) Conduct capital planning and overhaul, adjust business structures to strengthen capital allocation and returns, and plan dividend policies based on capital adequacy, issuing subordinated debt or conducting capital increases as needed to meet D-SIBs capital adequacy requirements.

(8) Align with regulatory authorities' schedule for adopting the IRB model by preparing and submitting application documents, conducting trial operations, or submitting improvement plans based on the application review results.

(9) Review all relevant data for carbon auditing under PCAF Scope 3, and systematically integrate the previously fragmented carbon auditing processes. Actively assist the Group in achieving SBTi carbon reduction targets.

(10) Continuously promote the optimization and automation of credit reporting processes and tools, introduce FinTech to improve credit reporting operations and systems, and enhance operational efficiency, and the breadth and depth of information utilization.

(11) Optimize and automate market risk, counterparty credit risk, liquidity, and interest rate risk management processes and improve the accuracy of quantitative control models.

6. Digital banking and information technology:

(1) Integrate the essence of Digital Opportunities Improvement and Innovation (DOIIN) to enhance the user experience of niche products, infusing creative energy into digital channels. Collaborate with the public sector on fraud prevention and establish a robust shield for fraud detection and prevention.

(2) Develop Banking as a Service (BaaS) and Platform as a Service (BaaP) to expand the open banking ecosystem, bolster emerging payment businesses, and continue to expand diverse payment domains.

(3) Integrate diverse internal and external data for value-added applications, expand the application domains of data, and support business momentum. Additionally, establish a cloud environment to enhance data agility and the efficiency of AI applications.

(4) Continually nurture and deepen technological and innovative thinking, and cultivate talents with a spirit of co-creation and innovation.

(5) Undergo core system transformation, adjust the information architecture towards a small core and large periphery to facilitate integration with external systems and further develop the open banking approach.

(6) Expand the use of cloud and AI through effective cloud governance and operations, deepen data middleware applications, and migrate core data backups to the cloud.

(7) Establish a new backup data center network environment with a dual-center architecture. Implement a next-generation data center software-defined network and establish dual-active operational data centers.

(8) Enhance cybersecurity resilience and innovation capabilities through the implementation of a zero-trust framework, execution of cybersecurity incident procedures and red-blue team exercises, and reinforce supply chain risk management for information systems.

(9) Strengthen cloud security protection, implement network and endpoint security mechanisms, and integrate native cloud security platforms to safeguard cloud systems and data.

7. Administration management business:

(1) Establish diverse talent recruitment channels and enhance the reward system to improve talent retention. Implement performance improvements to boost workforce efficiency.

(2) Elevate colleagues' professional skills and practical capabilities, encourage the development of broadened expertise, and cultivate key talents to facilitate business expansion.

(3) Promote diverse welfare, strengthen occupational safety management, and build a friendly and happy workplace.

(4) Activate and enhance return on fixed asset, optimize business environment configuration, and increase corporate visibility.

(5) Improve low-carbon operations, set Scope 1 and 2 carbon reduction goals, establish intelligent energy management systems, and continuously renew existing buildings to achieve green building certification.

(6) Reinforce tax management, implement tax governance, and continue to optimize accounting processes and related systems.

(7) Assist in solving social and environmental issues and implement ESG sustainability strategy by utilizing the bank's core functions and the four public welfare strategies of "Green Care", "Art Creation", "Sports Competition" and "Social Care".

(8) Promote the "Right By Your Side" brand image to increase customer recognition to the bank's brand.

8. Legal compliance affairs:
   (1) Conduct bank-wide compliance and anti-money laundering education and training to foster a deeper compliance culture throughout the bank.
   (2) Strengthen compliance and anti-money laundering risk assessments, enhance warning and monitoring mechanisms, and improve supervisory management for compliance and anti-money laundering in overseas branches to prevent the occurrence of penalty cases.
   (3) Leverage FinTech to establish fraud detection and prevention models, enhance consumer protection for elderly and vulnerable groups, and implement controlled measures to reduce customer complaints, consistently upholding the principle of fair customer treatment.
   (4) Introduce new warning flags and transaction pattern monitoring related to emerging money laundering threats, establishing an abnormal pattern management system for wealth management to effectively mitigate associated operational risks.

Market Analysis

1. As of the end of February 2024, First Bank has 187 local branches and its overseas presence includes 21 branches and 10 sub-branches, 3 representative offices, and 1 subsidiary (with 8 branches). The bank has a presence in major international cities and financial centers in Asia, the Americas, Europe, and Oceania to provide comprehensive financial services to Taiwanese businesses across the world, and will continue to diversify its operations while expanding its markets overseas. The Southeast Asia, Europe, and the US will be bank's major overseas development roadmaps, which are aimed at creating a global network of financial services.
2. Future supply–demand dynamic and growth potential
   (1) Supply side

   Due to an excess of financial institutions, the market has become exceedingly competitive. The combination of a prolonged low-interest-rate environment and the emergence of non-bank players and digital banks that offer e-commerce and online payments have made it challenging for banks to boost their profits and expand their business.

   (2) Demand side

   In response to the global trend of restructuring supply chains, Taiwan's financial industry is proactively diversifying its strategies and expanding its overseas business presence. To maintain momentum in private investment, the government continues to implement policies encouraging Taiwanese businesses to reinvest domestically. This not only draws funds back into Taiwan but also supports banks in broadening their corporate financing services. Moreover, amidst the global wave against tax evasion, high-net-worth clients are placing greater emphasis on tax planning, business succession, and family wealth inheritance, prompting banks to introduce wealth management services tailored to high-net-worth individuals. In addition, as new and emerging technologies reshape the financial landscape, the sector is grappling with heightened cybersecurity concerns. Consequently, the Financial Supervisory Commission (FSC) is consistently fine-tuning regulations, fortifying consumer protection measures, and enhancing information security and financial capabilities. These adjustments aim to foster an environment conducive to the seamless development of digital financial services. Lastly, with the prevailing global trend towards energy conservation and carbon reduction, the FSC considers sustainable finance a vital policy. It actively promotes the "Green Finance Action Plan 3.0" and publishes the "Guidelines for the Determination of Sustainable Economic Activities" to align with international standards and enhance the sustainable finance ecosystem.

3. Competitive advantages, tailwinds and headwinds for growth and counter measures

   Rapid change is constant in the international economic and financial landscape, therefore, First Bank will continue to expand its domestic and overseas markets and deepen its relationships with customers while monitoring the global supply and demand trends and pursuing the goals of steady business development and innovation. In response to the digital finance transformation, the bank will strengthen the digital capabilities of employees, actively adopt technology such as big data and AI to provide diversified digital services and create various applications for open banking, to connect banking services and people's lives, and achieve the goal of perfecting the financial ecosystem.

   (1) Tailwinds

   A. Century-old brand and a business philosophy that stresses steady development
   B. An extensive network of domestic channels, a strong local presence, and deep relationships with customers
   C. An international presence ahead of peers, with extensive footholds in Europe, the US, and the Greater China region
   D. Strong expansion into the Southeast Asian market, forming an Asia-Pacific financial service network
   E. Consolidation of the core corporate banking business to maintain profitability
   F. Well-recognized innovative services for corporate clients that include cross-border supply chain, sales chain, and value chain financing
   G. Accelerated online and offline channel transformation and greater social media presence
   H. Integration of group-wide resources and synergy from diversified businesses
   I. Sound asset quality and rigorous risk control mechanisms
   J. Plain ownership structure and stable management teams

K. A focus on training international finance professionals to enhance competitiveness

L. Deepening Green Finance to assist clients with decarbonization transformation

M. Tailored services for high-net-worth clients to meet their varied financial needs

(2) Headwinds

A. Diversified corporate fundraising channels have weakened the Bank's role as financial intermediaries

B. The Fintech wave is attracting non-banks players to provide financial services and to compete with domestic banks

C. Overbanking in Taiwan and a low-spread environment lead to persistent price competitions

D. Similar financial products and services offered by domestic banks indicate a lack of innovation capability

E. The scale of domestic banks is far from that of international banks

F. International politico-economic uncertainties have intensified fluctuations in the financial market

(3) Counter measures

A. Keep abreast of the latest macroeconomic and industrial trends to devise timely response measures

B. Continue to enhance the integration of business processes; achieve steady growth by planning forward-looking transformation initiatives

C. Accelerate the transformation of online-offline channels, develop diverse smart services, and enhance data-driven marketing

D. Use capital to create value and promote value-driven businesses to increase customer stickiness and create long-term relationships with customers

E. Expand business scale by "Broaden Business Presence, Deepen Local Network" to lead overseas branches to become full-service branches.

F. Support the government's policy of assisting Taiwanese businesses to return and invest in Taiwan, and offer a diverse and high-quality range of financial products to meet the financial service needs of Taiwanese businesses.

G. Review talent pools of the sales workforce and accelerate the cultivation of core competence of the succession teams; continue to foster international talents to enhance the synergy of talent training

H. Embody corporate social responsibility and demonstrate the value of the financial service industry's contribution to society

I. Promote business strategies that incorporate ESG, actively utilizing the negotiating power of financial intermediaries, and implementing the business goal of "sustainable finance"

Financial product research and business development summary

1. The scale and profit and loss of major financial products and business units added in the past two years

   New departments have been established in the last two years: In March 2024, "Information Technology Division" established "Platform Application Dept." under its domain.

   Please refer to the relevant sections in the financial performance report for information regarding the business scale and profit/loss of the main financial products.

2. Research and development expenditure and achievements for the past two years

   (1) R&D expenses over the past two years

   The year of 2022: NT$ 14,184 thousand
   The year of 2023: NT$ 17,416 thousand

   (2) Important business research reports over the last two years

   Apart from acquiring electronic databases and professional publications, the funds were utilized to organize various industry seminars, featuring external research analysts and investment researchers from within the financial group. Additionally, the company provided corresponding industry-focused courses in conjunction with corporate financial integrated marketing courses in the industry. It also hosted internal business research and development report competitions and external campus competitions, such as the "Financial Innovation and Sustainable Finance Research Report Award." Moreover, the company regularly contributed to the "Domestic and Global Economic and Financial Trends Weekly," "Global Economy Weekly," "Global Industrial and Economic Information Weekly," and "Industry and Economic Quarterly Outlook." It also provides research reports from time to time on the latest trends in domestic and foreign industrial and economic situations, including a summary and analysis of important domestic and foreign industrial, economic, and financial information.

   (3) Future R&D projects

   We will enhance the breadth and depth of economic and industrial analysis reports and strengthen their alignment with business aspects. By dissecting the economic trends, interest rates, and exchange rate dynamics of major global countries, we will supplement our analysis with real-time research on domestic and international banking, financial regulations, and economic information. This approach allows for an in-depth examination of both domestic and international financial landscapes. Furthermore, we will integrate industry outlooks, technological advancements, and analyses of industrial competitiveness into our reports. Keeping abreast of key trends in regional industries, we aim to fully disclose information on opportunities and risks. We will provide timely insights over significant industry trends for relevant business departments.

Long- and short-term business development plans

1. For short-term business development plans, please refer to the business plan for the current year.
2. Long-term business development plans
   (1) Expand our international presence
   (2) Strengthen integrated marketing
   (3) Transition to digital services
   (4) Deepen customer relationships and value
   (5) Create a comprehensive cross-border operational platform
   (6) Enhance our ability to innovate business
   (7) Emphasize sustainable operation performance
   (8) Improve risk management, internal control, and internal audit
   (9) Practice climate-related governance
   (10) Optimize IT security and compliance regimes
   (11) Enhance our corporate brand value
   (12) Create a culture of well-being in the company.

Employees

Year		2022	2023	As of February 29, 2024
Number of Employees	Clerk	7,831 persons	7,985 persons	7,949 persons
	Janitors	146 persons	129 persons	124 persons
	Local recruitment in overseas employment	469 persons	492 persons	494 persons
	Total	8,446 persons	8,606 persons	8,567 persons
Average age		42.00	42.03	42.14
Average years of service		16.51	16.43	16.55
Education Background (%)	Ph.D.	0.05	0.05	0.05
	Masters	25.37	26.12	26.30
	University/College	69.60	69.53	69.43
	Senior high school	4.54	3.92	3.84
	Below senior high school	0.44	0.38	0.38
Certifications and Licenses held by Employees	Proficiency Test for Bank Internal Control and Audit	6,514	6,676	6,706
	Basic Proficiency Test for International Banking Personnel	2,424	2,541	2,550
	Basic Proficiency Test for Bank Lending Personnel	3,089	3,207	3,233
	Stock Affair Specialist	834	876	892
	Bond Specialist	318	322	324
	Basic Test on the FinTech Knowledge	3,442	3,693	3,730
	Securities Investment Trust and Consulting Professionals	1,425	1,464	1,475

Year		2022	2023	As of February 29, 2024
Certifications and Licenses held by Employees	Securities Investment Trust and Consulting Regulations	5,394	5,486	5,519
	Trust Operations Personnel	7,032	7,143	7,157
	Investment-linked Insurance Sales Agent	6,064	6,163	6,200
	Financial Derivatives Sales Personnel	5,643	5,813	5,860
	Life Insurance Salesperson	7,332	7,423	7,454
	Life Insurance Broker	7	7	7
	Life Insurance Agent	21	21	21
	Salesperson of Non-investment Insurance Products in Foreign Currencies	5,785	5,850	5,862
	Property Insurance Salesperson	6,526	6,608	6,629
	Securities Specialist	1,685	1,745	1,751
	Senior Securities Specialist	1,741	1,758	1,761
	Securities Investment Analyst	233	234	236
	Securities Margin Trading And Short Selling Specialist	10	9	9
	Futures Specialist	1,373	1,366	1,364
	Futures Broker	0	0	0
	Futures Trading Analyst	15	15	15
	Financial Risk Manager (FRM)	101	102	103
	AML/CFT Specialist	3,077	3,244	3,318
	Certified Anti-Money Laundering Specialist	1,488	1,456	1,456
	Financial Planning Personnel	1,935	1,953	1,948
	Certified Financial Planner (CFP)	44	55	55
	Chartered Financial Analyst (CFA) (Level 1)	9	10	10
	Chartered Financial Analyst (CFA) (Level 2)	1	2	2
	Chartered Financial Analyst (CFA) (Level 3)	11	11	11
	Certification Test for Eldercare Financial Planning consultant	112	208	233
	Certified Internal Auditor	7	6	6
	Certified Information Systems Auditor	4	4	4
	Attorney	25	24	25
	Certified Public Accountant	27	24	24
	Life Insurance Management Institute ROC-Underwriting personnel certificate	4	3	4
	Life Insurance Management Institute ROC-Claims personnel certificate	3	3	3

Year		2022	2023	As of February 29, 2024
Employee Training	Internal training (including online training)	188,765 persons	172,015 persons	8,669 persons
	External training	9,001 persons	11,516 persons	566 persons
	Overseas learning	0 persons	23 persons	0 persons

Note: 1. The personnel and ratios listed in this table do not contain any personnel dispatched by other entities on a temporary term.

2. The number of personnel dispatched by other entities on a temporary term in 2022 and 2023, and as of February of the current year are 66, 63, and 62, respectively.

III.Corporate Social Responsibility and Ethical Conduct

(i) The Bank's charitable events and activities:

1. The Bank is committed to integrating ESG (Environmental, Social, and Governance) principles into our operational strategies and actively implementing sustainable environmental policies. In collaboration with our Cultural and Educational Foundation, we continuously promote the "Green Light Spreads Love" sustainability project. This initiative has supported the installation of 4,371 sets of LED lighting fixtures in 18 schools (the Bank sponsored 12 schools and The First Commercial Bank Cultural and Educational Foundation sponsored 6 schools) across Hsinchu County and Pingtung County. The project aims to create a high-quality educational environment and improve student learning efficiency. It is estimated to reduce carbon emissions by approximately 188 tons annually, significantly lowering energy consumption by the lighting fixtures and achieving energy-saving and carbon reduction benefits.
2. In response to the Ministry of Environment's "Net-Zero Green Living Action Guidelines," our Yuanlin branch, which is housed in a diamond-grade green building, has set up a "Tea Serving Station." The public is encouraged to bring their own containers to use the service, reducing the purchase of bottled water and supporting environmental protection through plastic reduction.
3. To implement the ESG sustainability concept, we participated in the "Taiwan Clean Air, Conserving Soil" campaign organized by the Chinese International Native Restoration Association to stop burning rice stalks and adopt 100 hectares of soils, which is estimated to reduce about 900 tons of carbon emissions annually. We jointly promoted the use of rice straw to decompose bacteria instead of burning rice straw to help farmers implement the sustainable cycle of returning rice straw to the fields and solve the air pollution problem.
4. Sponsored the School Environmental Education Promotion Lecture on the Beauty of Taiwan National Parks organized by the Taiwan Society of Indigo Dyeing and held 23 Campus Environmental Education Promotion Seminars to promote humanistic ecology and environmental education to take root, so that children would be able to contact, learn about, and in turn love nature from an early age. A total of 3,486 students benefited from such charity.

5. Leveraging its core competencies, the Bank conducted anti-fraud awareness sessions at Budai Junior High School in Chiayi County (two sessions) and Xinhe Elementary School in New Taipei City. These sessions aimed to educate students on the importance of preventing financial fraud. In 2023, we successfully completed three sessions, benefiting approximately 331 students.
6. Donated to the "2023 Financial Service Industry Education Charity Fund" organized by Taiwan Financial Services Roundtable to provide substantial assistance to students from underprivileged and disadvantaged families to assist them in completing their studies and participating in financial education courses offered by training institutions, thereby helping them improve their family financial conditions.
7. Upholding the spirit of humanitarianism and care, we donated NT$ 3 million to help the people affected by the earthquake in Turkey to tide over the difficulties as soon as possible and fulfill our corporate social responsibility.
8. To support local farmers in Taiwan, we purchased 2,000 cartons of atemoya, 1,500 cartons of pineapple, and 400 cartons of pomelo to share with social welfare organizations and schools in remote areas to achieve a public welfare multiplier effect and help balance the supply and demand of agricultural products.
9. To help young students from economically disadvantaged families to study with peace of mind, we supported the "Mid-Autumn Festival Charity Plan for the End of COVID-19 Outbreak" jointly launched by the Puren Youth Care Foundation and SunnyHills with actions. We purchased 300 boxes of pineapple cakes to donate to schools supported through our long-term vocational education partnerships, adopted elementary schools, and athletes with special talents, as part of our commitment to corporate social responsibility.
10. To cultivate a broad international perspective among children in remote tribal areas, we sponsored the "Shuang Yue Scout Troop" to participate in the "25th World Scout Jamboree." This initiative aims to enhance the scouts' practical skills and help children from remote areas develop independence. Additionally, through performances featuring Bunun and Paiwan tribal songs, we hope to provide Taiwanese children with the opportunity to showcase their culture on the global stage.
11. On May 11, June 27, and September 5, 7, and 8, we collaborated with the Taiwan Sunshine Care Association and the Shiao Ching-Jen Dance Troupe to conduct the "New Generation Anti-Drug Strategy Alliance Anti-Drug Drama Exhibition" and the "Red Strawberry Say No to Drugs School Tour" at five schools in Taoyuan and Tainan areas. By incorporating artistic performances that educate while entertaining, the events taught students to reject drugs and included gender equality advocacy, aimed at strengthening their self-protection awareness. Approximately 3,557 students benefited from these initiatives.

12. To encourage young students to pursue their dreams of music creation, we collaborated with National Chengchi University's Golden Melody Award and Tamkang University's Jin Shaow Award to organize intercollegiate singing and music composition competitions, and set up the "First Bank Online Popularity Award" to nurture music creation talents.

(ii) The First Commercial Bank Cultural and Educational Foundation, established with donations from the Bank, is committed to promoting arts and cultural education and supporting disadvantaged groups to achieve social welfare goals. In 2023, we actively promoted a range of educational and cultural activities:

1. On July 8, we held the 'Love Fun First, Green Life' carnival at Da'an Forest Park, featuring a variety of engaging booths. These included the Little Pink Lion Dream Bus photo spot, a free tea and water station, a second-hand toy collection drive, recycling DIY workshops, and a sustainability pledge that contributes to tree planting on your behalf. The event also featured performances by several prominent artists, successfully establishing it as a landmark event for promoting green living among thousands of participants in the country.
2. To support local music in Taiwan, we collaborated with the Evergreen Symphony Orchestra to host three concerts, featuring a unique blend of performances that included Pili puppetry, a tap dance troupe, a male choir, and a symphonic orchestra. We invited talented singers to perform, enriching the event with a fusion of diverse cultural, visual, and auditory experiences. These concerts provided a rich and varied cultural feast for the public, and we also invited charitable organizations to participate, fulfilling our corporate social responsibility. The events attracted approximately 5,000 attendees.
3. To continuously cultivate local art, we provide a platform and opportunities for domestic artists and employees to showcase their creative work. In 2023, we hosted five art and cultural exhibitions, attracting approximately 5,000 visitors.
4. To celebrate the Lunar New Year, on January 18 and 19, we hosted the "Fortunate Arrival of the Auspicious Rabbit: Calligraphy Event for Spring Couplets." We invited 12 renowned calligraphers to the Bank's headquarters and branches in Zhongshan, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Wanluan, and Hualien. At these locations, they performed live calligraphy and distributed limited edition spring couplets, enhancing the festive and auspicious spirit of the New Year for the public.
5. In response to the government's initiative to create a friendly environment for local languages and support traditional performing arts, we sponsored the Indigenous Language Singing Competition at National Dong Hwa University. We collaborated through naming rights and provided sponsorship for the prize money, jointly fostering a supportive environment for native languages.

6. Cooperated with the "PLANET Educational Charitable Trust" to promote the "Vulnerable School Children Adoption Program", continued to adopt vulnerable children of Ankeng Elementary School, Zhongzheng Elementary School, Shuangcheng Elementrary School, and Erchong Elementary School in New Taipei City. In 2023 we added the Xinhe Elementary School in New Taipei City to provide remedial teaching, small group counseling and various programs to improve the learning outcomes of low academic achievement students and build their correct values and good attitudes towards life.
7. Donated 0.1% of the First Bank's Glory Card cashback for 2022 to support the education, school lunch, and remedial classes for disadvantaged students and help 1,065 economically disadvantaged students or students whose family suffered from unforeseen incidents to allow them to go to school without interruption through the platform of the "School Education Savings Account" of the Ministry of Education.
8. Made donations to the breakfast program implemented by the "Tannan Elementary School" in Nantou, to provide 98 teachers and students from economically disadvantaged families with breakfast of love throughout the year to enhance their nutrition, so as to assist these disadvantaged students in rural areas with their studies.
9. Organized 9 life education lectures, inviting individuals who have overcome significant life challenges to visit schools and share with students how to face life with an optimistic attitude. Approximately 1,706 students benefited from these seminars.
10. To provide a platform for individuals who have courageously faced life's challenges, we partnered with Taipei City Hospital Zhongxing Branch to host six "Light Up Life: First Dream Stage" concerts. These events, aimed at inspiring and uplifting, successfully attracted approximately 600 attendees.
11. To address the issue of "medical deserts" in Taiwan, we sponsored the installation of five dental chairs at health centers and schools in various rural locations: Dongshi Township and Fanlu Township in Chiayi County, Chenggong Elementary School in Xigang District, Sandu Elementary School in Qigu District, and Cenglin Elementary School in Yujing District, Tainan City. This support aims to improve dental care services for residents and provide safer and more comprehensive dental care for students. Additionally, we sponsored the Taichung Dental Association to upgrade equipment at the Taichung Guguan Dental Mobile Clinic, enhancing medical safety and providing higher quality services in medically underserved areas.
12. Continuing our commitment to rural healthcare, we sponsored the Hualien Mennonite Hospital's Rural Hepatitis Prevention and Screening Program, which includes 20 mobile clinics and health education campaigns. This

initiative assists local residents with hepatitis screenings, establishes correct medical concepts, and increases disease awareness. Additionally, to enhance welfare focused on life and health education, in 2023 we supported the "Unyielding Medical Hope" project by donating 3D modeling and printing equipment. This contribution helps improve the medical environment for disabled patients.

13. To enhance medical resources for offshore islands, we sponsored the Taipei Medical University Maple Apricot Medical Service Team to organize 25 mobile clinics in Penghu, covering the costs of necessary medical equipment. On July 29, volunteers were arranged to go to Huxi Township to assist with the clinic activities and home visits. Additionally, through health education in foreign languages, we provided training to foreign caregivers on the knowledge required for elderly care, aiming to improve the quality of care for older adults. Through professional medical treatment and health education, we are committed to protecting the health of residents on offshore islands.
14. To support disadvantaged students and physically disabled athletes with potential, we provide monthly training funds for two students from National Taiwan Sport University and one person with physical and mental disabilities (archery), one person from National Taiwan Sport University Research Institute (badminton), one person from Taichung School for the Visually Impaired (athletics), one person from National Pingtung University (art), and one person from National Chiayi University (art), so that they can focus on training and learning and continue to progress toward their goals without worries.
15. To take care of the educational development of disadvantaged, aboriginal and new-immigrant students and to reduce their burden of living, 25 outstanding disadvantaged students from domestic colleges and universities with special classes for aborigines (National Ilan University, National Dong Hwa University, National Taitung University, National Chi Nan University, National United University, and National Pingtung University) will be awarded to help them persist in their studies and study with peace of mind.
16. Sponsored the "Kuanyin-Line Charity Concert" held by the Taipei Kuanyin-Line Psychological and Social Service Association at the National Concert Hall on June 20, and raised funds through the concert to help more disadvantaged families and accompany the elderly to have peace of mind, making the society warmer.
17. Joined hands with First Life Insurance to promote micro-insurance, donated free insurance to 406 economically disadvantaged people, provided basic accidental death and accidental disability coverage for the economically disadvantaged, and jointly implemented the concept of inclusive finance.

(iii) In order to show the concept of caring for people and environmental sustainability, the Bank has established a volunteer service team since 2011, and organized volunteer monthly activities in various regions, including "Green Volunteers" who promote environmental education and "Caring Volunteers" who care for the disadvantaged. Green volunteers go to organic farms, assist in land preparation and harvesting, protect the coast, clean up beaches, plant trees to reduce carbon, etc.; caring volunteers accompany the elderly, present art to the countryside, provide festive cares, etc., accompanying the children, the elderly and the disadvantaged via multiangle and diverse events. In 2023, we held a total of 68 public welfare events, including 34 green care events and 34 love care events. A total of 1,052 members participated and 7,732 person-times were benefited, promoting the concept of green life, advocating environmental sustainability, and conveying the core of public welfare and service with practical actions, bringing warmth and positive force to the society.

1. Green Care

(1) Green volunteers went to the organic farm to assist in the production and sales of farming, harvesting, packaging, etc., purchased 1,872 kilograms of organic fruits and vegetables, and completed 26 activities in 2023; A total of 520 volunteers participated and benefited about 2,253 person-times.

(2) In response to World Earth Day and International Beach Cleanup Day, our green volunteers participated in four "I Love the Beautiful Sea" beach cleanup events on April 8, April 29, June 3, and September 16. These events took place at the 10th District Salt Field Wetland in Budai, Chiayi, the Pig Nose Beach in Shalun, Taoyuan, and the Waizaiwei Beach in Bali District, New Taipei City. A total of 475.5 kilograms of waste was collected, with 103 volunteers contributing their efforts to these activities.

(3) In response to Arbor Day, our green volunteers collaborated with the Dongshi Forest District Office of the Forestry Bureau to conduct two tree planting events on March 12 and May 6. The activities took place in Taiping District, Da'an District, and Qingshui District of Taichung City, where a total of 2,005 tree seedlings were planted. These trees are estimated to absorb approximately 20 tons of CO2e annually. This initiative demonstrates our commitment to environmental stewardship, with 70 volunteers participating in these efforts.

(4) To convey the concept of environmental sustainability, on May 6 and October 14, in conjunction with the "Taiwan Indigo Dyeing Society", we invited disadvantaged students from Ankeng Elementary School and Xinhe Elementary School in Xindian District, New Taipei City, to accompany the children to learn about ecology at Bamboo Lake in Yangmingshan and Longfenggu Part in Beitou, and to take environmental education to the next level. A total of 22 volunteers participated and 48 students benefited from the trips.

2. Love and Care

(1) Monthly volunteer activities are held at food banks, elderly homes, nurseries, and new immigrants organizations to donate supplies and equipment, assist in environmental cleanup, and participate in the organization of New Year's food packages. A total of 26 sessions were completed in 2023, with a total of 282 volunteers participating, benefiting about 5,022 people.

(2) On January 7, volunteers were arranged to visit social welfare organizations to promote the knowledge of the Hospice Trust and implement financial inclusion. A total of 5 volunteers participated, benefiting about 200 people.

(3) In an effort to deeply care for remote areas and respond to government policies focusing on the education and cultural heritage of indigenous children in rural areas, we have created the first "Little Pink Lion Dream Bus" in the financial industry, which combines philanthropy with volunteer services. This initiative includes donating books, stationery, choir uniforms, and choir stands to rural schools such as Jiaxing Elementary in Hsinchu County, Sinabalan Elementary in Nantou County, Shanmei Elementary in Chiayi County, and Mingli Elementary in Hualien County. Additionally, we organized fantasy magic shows and DIY silk-screened eco-friendly bag activities. In 2023, a total of 4 events were held, with 27 volunteers participating and approximately 161 beneficiaries.

(4) To optimize training facilities and cultivate emerging sports talents, we provided nutritional supplements, training equipment, and gear to enhance the athletic abilities of players from various teams. These teams included the Tainan City Chongxue Elementary School baseball team, the Changhua County Tianwei Junior High School weightlifting team, and the Hualien County Wanrong Junior High School taekwondo team. Our efforts are aimed at nurturing grassroots sports talent.
In 2023, we successfully completed three support events, with 23 volunteers participating, benefiting approximately 48 individuals.

(iv) The Bank strives to promote various climate change mitigation and adaptation actions, and has set "2050 Net Zero Emissions" as the vision for climate change governance under the sustainable development agenda, adopting an absolute reduction approach, with the SBT target of limiting warming to 1.5°C. The Bank has set a carbon reduction target of 4.2% per year for total carbon emissions in Scope 1 and Scope 2 compared to the base year (2022). The relevant carbon reduction measures and results in 2023 were as follows:

1. Promoting the acquisition of green buildings in domestic and overseas self-owned buildings:

The Bank had 74 self-owned buildings. In order to reduce the heat island effect caused by our office buildings to the environment, the Bank established a team for the "Plan for the Acquisition of Green Building Label" in 2010, and started the renovation process for green building from the headquarters building, with the efforts of replacing with improved air handling systems, replacing energy-consuming lamps with LED energy-saving lamps, using water-saving equipment, and building rainwater recycling systems. By the end of 2023, a total of 36 domestic and overseas operating locations obtained the green building label.

2. Increase the use of renewable energy at domestic locations:

   In response to the green energy policy and after evaluating the sunshine conditions of the operating sites, the Bank has built rooftop solar power systems in Hengchun and Donggang branches since 2016. By the end of 2023, 23 rooftop solar power generation systems were built, generating a total of 246,000 kWh of electricity in 2023, with a total annual carbon reduction of 122.04 metric tons. Starting from 2022, we also expanded the purchase of green power and increase the proportion of renewable energy power in our operating bases to implement the policy of sustainable development of the environment, with the amount of green power transferred in 2023 being 4,819,000 kWh and the annual carbon reduction being 2,385.53 metric tons.

3. Improving information equipment and implementing paperless policy:

   In order to improve the performance of information equipment and replace old servers, the Bank has introduced paperless teaching, paperless meetings, paperless service provision and paperless affairs and has been continually optimizing the credit review system since 2008. The process of credit review and granting has been changed from manual/paper based operations to full-process implementation within the system, and the successive introductions of automatic import of joint crediting materials and domestic and foreign group account allocation operations, along with the active incorporation of digital services into business processes including "marketing", "transactions", "payments" and "accounting", have greatly reduced the use of paper.

4. Strengthening waste classification and resource recycling:

   In order to maximize resource classification and recycling, the Bank sets annual targets for resource recycling and implements waste classification, where waste recycling bins are placed on each floor of the branches and office buildings. Furthermore, the Bank has strictly implemented a zero waste bin policy since 2015, where no personal waste bins are allowed in the office, encouraging fellow colleagues to bring their waste to the waste recycling bins for sorting, and thereby strengthening the promotion of waste reduction and resource classification and recycling, so as to realize resource classification and recycling and domestic waste control in operating sites.

5. Implementing the green procurement policy:

In order to implement the concept of cherishing resources, the Bank is making every effort to promote low-polluting, resource-saving, and recyclable environmentally friendly products, and give priority to purchasing products with less impact on the environment, so as to encourage the production and use of green products.

(1) Prioritize the purchase of environmentally friendly products such as environmental protection labels, energy labels and water efficiency labels, and green building materials.

(2) Promote the use of renewable materials, recyclable, low-polluting or energy-saving materials certified by the Environmental Protection Administration.

(3) Refuse to purchase products that are over packaged and harmful to the environment, non-biodegradable products, and high-energy consuming machinery and equipment.

(4) Ensure that products are purchased based on the principle of consistency, so that they can be reused during the renovation of the Bank premises and the adjustment of mechanical equipment or products.

6. Promoting environmental sustainability:

The Bank's "Green Finance Education Center" was certified by the Environmental Protection Administration as an "Environmental Education Facility" in December 2019, and is the only one of its kind in the financial industry. It is constructed as an environmental education learning area for green finance using resources such as the classroom on the 3rd floor, the green finance display area on the 4th floor, and the eco-hydroponic green roof on the top floor. Currently, we have launched four sets of green finance environmental education courses (physical): "Green Building Energy Saving and Carbon Reduction", "Climate Change Risk Management", "Green Loan and Financing Review", and "Green Consumer Finance", as well as two sets of online interactive environmental education courses (Monetary Evolution, History of Seal and DIY). 28 environmental education courses were held in 2023 for enterprises, government agencies and schools, with a total of 740 participants. In addition, we have introduced environmental protection courses and activities into our business training classes and arranged online environmental education courses for an average of two hours per person per year to deepen employees' awareness of sustainable environmental development.

(v) To fulfill the corporate social responsibility and the responsibility for employee's healthcare, the Bank's on-site physicians were particularly entrusted to organize on-site health services and health seminars every month.

(vi) In order to prevent employees from violating the ethical standards and tarnishing the image of the Bank, the Bank not only strengthened the assessment of employee character review but also established an abnormal sign report and counseling and caring counseling mechanism to implement employee care management and understand their work, physical and psychological, as well as financial conditions. Employee behavior was regulated strictly; should any violation of ethics arise, it would be handled in accordance with regulations.

IV. Number of non-supervisory employees working full time, average and median salary of non-supervisory employees working full time, and the difference compared with the previous year

Unit: Number of People/NTD Thousand

Item	2022	2023	Growth Rate (%)
Number of non-supervisory employees working full time (Person)	7,346	7,396	0.68
Average salary of non-supervisory employees working	1,384	1,439	3.97
Median salary of non-supervisory employees working full time	1,293	1,336	3.33

V. Information equipment

Hardware and software of information systems and maintenance plan

In response to the trend of technological development, the Bank actively introduced the "server virtualization" framework with cloud computing technology and integrated the distributed server framework; various business systems, online banking, automated service system, and management information system were established on the Bank's shared server platform; in addition to saving the hardware equipment, personnel management, and electricity costs effectively, the Bank paid attention to new technology trends and monitored and maintained software and hardware of information equipment centrally to ensure normal operations of the systems.

Future development or procurement plan for hardware and software of information systems

In line with the development of the Bank's business strategy, the Bank will develop new systems and improve existing systems to strengthen customer service and provide operational management information. The information development strategy planned for 2024 is as follows: (1) reshaping the core of digital banking; (2) expanding cloud and AI applications; (3) Implement sustainable finance aligned with ESG; (4) assisting in the development of business systems; (5) improving the information infrastructure. All important projects will planned in detail and executed accordingly.

Emergency backup and security protection measures

1. To ensure sustainable operations and mitigate the impact of extreme climate events and pandemics on business operations, while also strengthening risk response capabilities and operational resilience, the Bank has established an offsite disaster recovery center in Taichung. This center operates on a real-time backup model, where all data from the main center is instantly transmitted to the disaster recovery center via dedicated fiber optic lines,

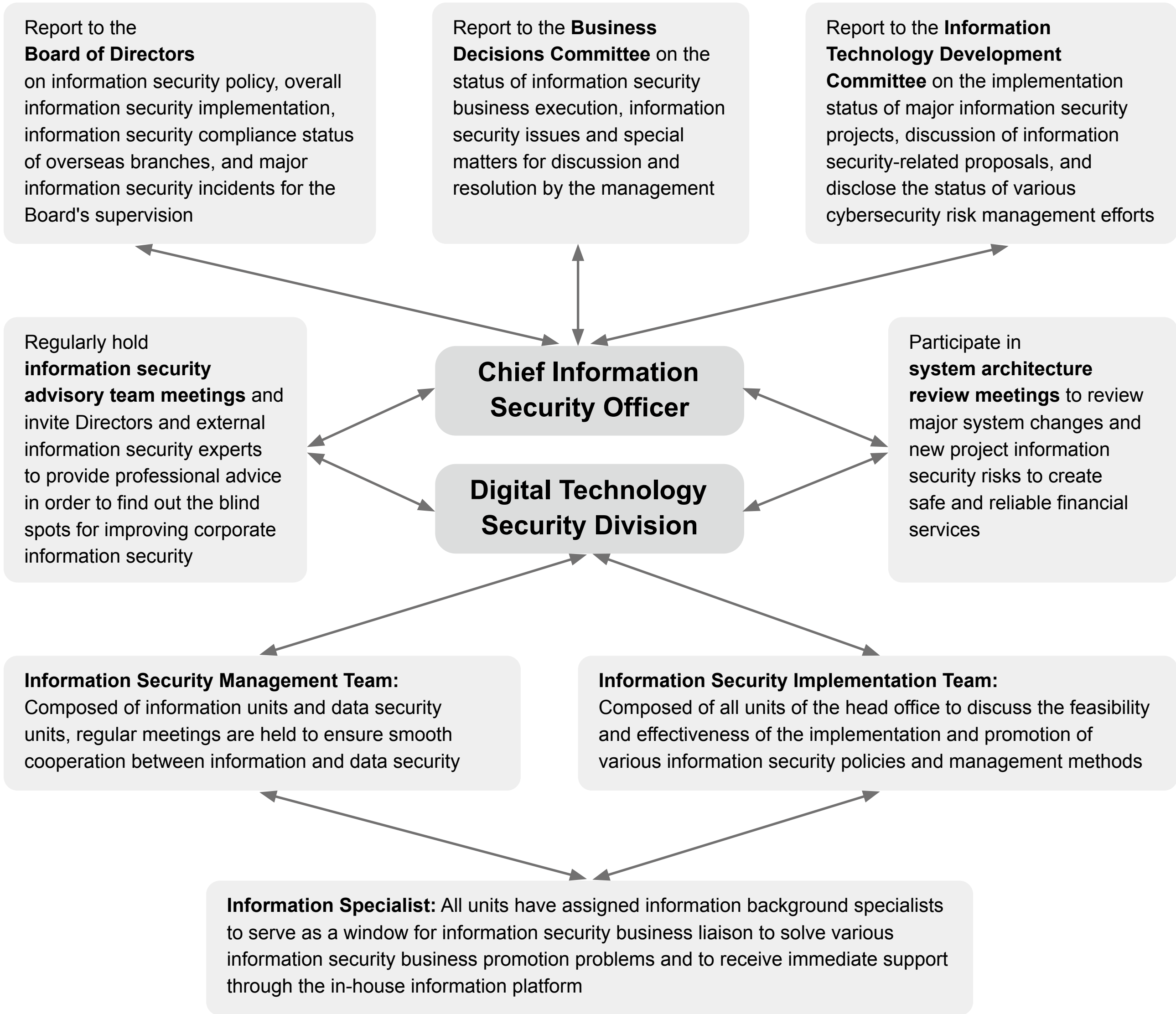
keeping the backup center's data up to date. In the event of a disaster, the system can be switched over to the backup center via network systems, enabling the continuation of services. Regular data restoration and drills are conducted at the offsite disaster recovery center. The "First Commercial Bank 2023 Offsite Disaster Recovery Drill" was successfully completed on September 16, 2023.

2. The Bank adopted central control management of personal computers to control the use and security of the Bank's personal computers.
3. The Bank obtained ISO 27001 and ISO 20000 certification at the same time in the field of information governance as the first bank in Taiwan that has obtained both ISO 27001 and ISO 20000 certification, and the Bank continued to pass the renewal review to maintain the validity of the certification.

VI. Information and communication security management

Information and communication security risk management structure

The Bank's Chief Information Security Officer leads the dedicated unit for information and communication security - the Digital Technology Security Division, which consists of two departments, the "Security Operation Management Department" and the "Security Technology Control Department". The "Security Operation Management Department" is in charge of the digital security development strategy planning, digital security policies, bank-wide digital security management promotion and digital security detection, etc. The "Security Technology Control Department" is in charge of the Bank's digital security incident response, digital security monitoring and protection, etc. In addition, through the organizational structure from the board of directors and other management levels down to all employees (as shown in the figure below), we have been able to bring up the awareness of information security in the entire enterprise organization, cultivate the information security culture, and build a perfect information security risk management structure.



Information and communication security policy

The Bank's "Information Security Management Policy" has been approved by the Board of Directors and is reviewed annually to reflect government laws, information security incidents, emerging technology and the Bank's business development. The content includes the Bank's information security objectives, organization and responsibilities, information security control measures, information security education and training, and manufacturer information security, etc., to ensure the confidentiality, integrity, availability and legality of information operations, for all employees to follow.

Specific management plan and resources invested in information and communication security management

Effectiveness of Information Security Management

Information Security Policy and Regulation Revision

1 Copy of Information Security Policy
9 Copies of Information Security Compliance Procedures
Include key points on information security incident management, ICT system and service supply chain risk management.
In accordance with internal and external regulations, enhance risk control measures, and regularly and irregularly review and revise the Bank's regulations to ensure they remain current and effective.

Report to the Board of Directors

Information Security Management Policy

Implementation of overall Information Security

Computer System Information Security Evaluation Results

Implementation of Information Security at Overseas Branches

(Including New York Branch and Phnom Penh Branch)

International Accreditation

Certified by several international certifications with continuous validity **ISO27001, ISO20000, BS10012**

Information security staffing

Establish the position of **Chief Information Security Officer**
Dedicated unit for information security - Digital Technology Security Division, 8 persons in charge, 12 persons in the "Security Operation Management Department" and 18 persons in the "Security Technology Control Department".

Information Security Management Conference

Reported more than 30 discussions on various information security issues at the Information Development Committee, Information Security Advisory Group, Information Security Management Group, Information Security Implementation Group and other management meetings.

Cybersecurity Education and Certification

All directors and supervisors have successfully completed the one-hour cybersecurity education training with a 100% completion rate.
All employees have successfully completed the 3-hour cybersecurity courses with a 100% completion rate.
All security personnel have successfully completed 100% of the mandatory 18 hours of security training.
In 2023, the designated personnel obtained 26 international cybersecurity certifications, including EC-council-ECIH, EC-council-NDE, EC-council-CTIA, and EC-council-EHE. The entire unit achieved a total of 76 certifications

Social Engineering and Information Security Drills

Conducted quarterly email-based social engineering drills, tested on 8,600 email accounts in average. In 2023, the phishing success rate was 0%.
Organized a total of 5 cybersecurity incident response drills, which included scenarios such as DDoS attacks, ransomware encryption, phishing websites, abnormal ATM withdrawals, and irregular SWIFT transactions.

Information Security Insurance

To prevent losses caused by information security incidents, we will take out "Information System Wrongful Act Insurance" in 2023 to protect the rights of customers and investors.

Overseas Branch Information Security Compliance

To effectively comply with cybersecurity regulations across different countries and ensure compliance at overseas branches, in 2023, we conducted the second phase of the Overseas Branch Cybersecurity Regulatory Advisory Service. This phase included policy and procedure revisions, maturity assessments, and quarterly regulatory inventory checks for seven overseas branches. Additionally, staff were dispatched to provide on-site guidance at branches, including but not limited to the Frankfurt branch, totaling five branches involved in this initiative.

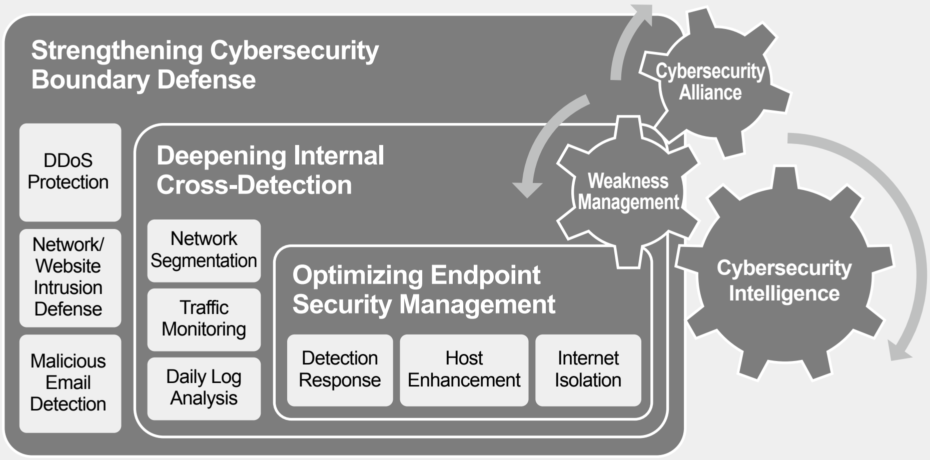
Professional Third Party Evaluation					
Computer System Information Security Evaluation	Information Security Maturity Assessment	Penetration Test	Red Team Assessment	Electronic Payment Institution Verification	SWIFT Customer Security Program

Information Security Budget

The information security budget for 2023 reached NT$ 335 million, accounting for 8.31% of the total information budget.

Effectiveness of Information Security Protection

The Bank has set up a deep protection framework based on information trends to protect the security development of the Bank's core business and emerging businesses and to provide customers with safe and reliable financial services.



In the face of continuous external threats, we have strengthened the protection of the information security boundary and outsourced 7x24 information security monitoring operations. In 2023, we successfully blocked more than 2.51 million website attacks and more than 1.35 million DDoS attacks. In addition, all external emails were sandboxed and more than 8,000 malicious emails were blocked.

In addition to segmentation of internal network segments according to different service nature and risks, we also deploy network traffic detection and response systems in critical segments for advanced and persistent threat (APT) network monitoring. In addition, we have centralized the bank-wide server system logs and information security events of information security devices in the Information Security Event Management (SIEM) platform, and developed monitoring rules to deepen the detection of anomalies of internal horizontal penetration.

For endpoint security, we have introduced the Internet isolation system in Taiwan to prevent malware infection on personal computers and block the access control channel of hackers;

In 2023, in alignment with F-ISAC recommendations and our own research, we progressively introduced enhanced principles for Windows, AIX, and Linux systems, and deployed an Endpoint Detection and Response (EDR/MDR) system across the Bank. Additionally, we strengthened file change monitoring mechanisms in our external service systems to enhance the detection of anomalous endpoint behaviors and optimize our security controls.

In 2023, we handled more than 606 pieces of information security information and shared more than 37 pieces of information security information to F-ISAC, and sent more than 39,000 information security incident tickets to F-SOC. We managed the vulnerability and notification through our own information security risk management system to achieve the effect of joint security prevention.

Safety Inspection

Type of Inspection	Inspection Object	2023 Executive Results
System vulnerability scan	Open Server (Formal and Backup)	Completed about 13,000 vulnerability scans
Web vulnerability scans	Internal and external websites	Completed about 261 scans of external websites Completed approximately 716 scans of internal websites
Source code detection	Web Application System	Completed about 500 projects of source code inspection
Mobile application (APP) testing	Provide mobile applications to external customers	Completed about 72 tests on our mobile applications
Malware testing	Computer system information security assessment of category 1	Completed testing of approximately 443 user computers, 454 servers, 147 ATMs, and 13 sets of client applications
Intrusion penetration testing	External web services and critical internal service servers	Completed about 101 sets of intrusion penetration tests on external and critical systems

The losses, possible impacts and responsive measures arising from major information and communication security incidents in the most recent fiscal year up to the date of publication of the Annual Report

As of the date of the annual report, there have been no major information and communication security incidents in the most recent year. The Bank has established the Computer Security Incident Response Team (CSIRT) to help the Bank effectively respond to the impact of information security incidents and strengthen its ability to handle information security incidents and provide safe and reliable financial services to the Bank's customers.

VII. Labor-management relations

Staff benefit measures

1. The Bank has established the Employee Welfare Committee, which is composed of 15 members in accordance with the Donation Charter and Organization Regulations of the Employee Welfare Committee. The main sources of the welfare fund were 0.15% of the Bank's operating revenue and 0.5% of the employee's salaries every month. This welfare fund enabled all employees to share benefits in a fair and universal manner, and how it was used is as follows:
   (1) Each unit would hold its own cultural and recreational activities in each quarter, and the Employee Welfare Committee would subsidize the activities.
   (2) Organized employee birthday celebration events.
   (3) Accepted applications for educational scholarships for employees' children.
   (4) Gifts to retired employees.

(5) Handled interest-free loans for hospitalization for employees' families, interest-free loans for funeral expenses for employees' families, and death benefits for employees.

(6) Offered subsidies according to each sport and recreational activity organized by the Banks' Sports and Recreation Association.

(7) A restaurant, a laundry, a hairdressing room, and a supply unit have been established that provided general daily necessities to enable employees to enjoy cheap services.

2. Marriage subsidy, childbirth allowance, and pregnancy transportation allowance.
3. Provided labor insurance and National Health Insurance in accordance with regulations.
4. Employees' on-the-job training.
5. Employee health checkup (once every two years).
6. Holiday travel subsidies.
7. Catastrophic illness and disaster care.
8. Employee savings and employee shareholding trusts
9. Set up a medical room to provide employees with health counseling services.

Retirement system and its implementation status

The Bank's employees retired in accordance with the relevant provisions of the "Labor Standards Act" and the "Labor Pension Act".

Protection measures for employees' rights and interests

1. Set up a section dedicated to health on the internal website and also recruited nurses. As for employees' serious diseases and top 10 abnormal items in health checkup, health care information and health counseling services were provided, as well as health seminars and health promotion activities were held from time to time.
2. Arranged the Bank's on-site physicians to provide on-site health services 6 to 7 times every month.
3. The bank implements the "Abnormal Workload-Induced Disease Prevention Program", "Ergonomics Hazard Prevention Program", "Maternal Health Protection Program" and "Prevention for Workplace Illegal Violence, Aggression Program".
4. The bank provides free influenza vaccination service at the headquarter building.
5. The Bank continues to appoint the Teacher Chang Foundation to provide "psychological counseling services" for the employees.
6. The Bank sets up breastfeeding rooms in the head office, Yanping Building, information building and credit card divisions (Zhongshan Building and Bade Building), which all were awarded the excellent rating in the Outstanding Lactation Excellence Certification by the Department of Health, Taipei City Government.

Implementation status of protection measures for employee work environment and personal safety

1. Implementation of occupational safety- and health-related business and education and training

   To ensure the safety and health of employees and to fully implement occupational safety and health management, the company has established its Occupational Safety and Health Management Program to specify the implementation methods of various management measures. Moreover, the Safety and Health Work Code has been submitted to competent authorities and the safety of the workplace relies on the compliance of all members of the company. In addition, in accordance with the "Occupational Safety and Health Education and Training Rules", safety and health education and training were provided to new and current employees to increase their awareness on the issues and create a zero-hazard work environment.

2. Regular implementation of safety maintenance and disaster prevention exercises

   (1) First Bank runs on Security Maintenance and Implement Rules on Self-Protection every 6 months for branch-operation.

   (2) The FFHC headquarter building has assigned a Security Corp with a standard operating procedure for the emergency, ensuring to secure the personal safety of employees as well as property security. 2 for fire-fighting and 1 for annual exercise were carried out every year.

3. Promotion of friendly workplace

   (1) Healthy workplace accredited

   The Bank is committed to promoting tobacco prevention and health promotion in the workplace and values employee health management. 192 units including Head Office Building, the Information Building, Credit Card Divisions (Zhongshan Building and Bade Building) of the Bank, and Anhe Branch were awarded the Badge of Accredited Healthy Workplace for Health Activation.

   (2) Workplace safety accreditation

   In order to further ensure the safety of employees and customers in our business premises and enhance the Bank's corporate social responsibility image, the Bank assisted 61 branches with AEDs, to obtain the "AED workplace safety accreditation".

Labor-management agreement

To demonstrate the belief of mutual trust and co-prosperity between the employer and employees, the Bank has signed a collective agreement and provides labor conditions that are superior to legal requirements. The details of the collective agreement signing are as follows:

Item	Relevant Data and Descriptions
Latest Version of the Collective Agreement	Fifth Edition
Number of Group Consultation Meetings Held in 2023	6 times
Date of Signing	November 29, 2023
Contract Duration	3 years
Contractual Counterparty	Labor Union of First Commercial Bank Ltd.
Key Terms of the Agreement	The agreement covers a range of topics including union activities, employment, job transfers, termination, working hours, holidays, leave and vacation policies, compensation, benefits, safety and health and occupational accident compensation, retirement and pension, labor-management meetings, collective bargaining, and labor disputes.
Agreements that exceed labor law requirements or pertain to profit-sharing arrangements.	The collective agreement of the Bank includes provisions that exceed the requirements of labor laws, such as non-deductible sick leave, marriage leave, maternity leave, paternity leave for prenatal visits and childbirth, and bereavement leave—all of which offer more generous terms than the Labor Standards Act. Additionally, the agreement includes voluntary retirement conditions that are more favorable than those stipulated by law. Furthermore, our collective agreement contains a profit-sharing clause, stipulating that if the Bank achieves a pre-tax profit, an allocation not less than 1% of the pre-tax profit, before deducting employee remuneration, must be set aside for employee compensation.
Coverage Ratio (Number of union members / Number of employees)	89.11%(7,669/8,606)
Other	

The loss arising from labor-management disputes in the most recent fiscal year up to the date of publication of the Annual Report

The Kaohsiung City Labor Affairs Bureau ruled on December 14, 2022 that the Bank had failed to pay salaries for extended working hours which violates Article 24 of the Labor Standards Act and imposed a fine of NTD50,000 on the Bank. Legal action has been initiated, and the administrative litigation is currently underway.

VIII. Significant Contracts

Contract Type	Firm	Contract Duration Date	Content	Terms and conditions
Outsourcing contract	Taiwan Mobile Payment Co., Ltd.	From August 23, 2019 to December 31, 2022 (automatically renewed for two years at the end of the term and thereafter)	I. Handling of card production and card life cycle management for "mobile payment tools" and other data processing services II. Provide the Bank's customers with the application, management and use of "mobile payment tools".	I. Confidentiality clause II. Information Security
LINE Pay Service Cooperation Agreement	LINE Pay Taiwan Ltd.	From January 2, 2024 to December 31, 2024 (automatically renewed for one year at the end of the term and thereafter)	By collaborating with LINE Pay, we offer customers the convenience of quickly linking their credit cards through the First Bank LINE official account or other channels.	Confidentiality clause

Types of securitized products and related information approved after application in the most recent year, in accordance with the Financial Asset Securitization Act or Clauses of the Real Estate Securitization Act	None.

Corporate Governance

Item	Yes/ No	Operation	Discrepancy with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Bank's shareholder structure and shareholder's rights			
1. Has the bank established internal operating procedures to handle shareholder advice, doubts, disputes and litigation matters and implemented them in accordance with the procedures? 2. Is the bank in control of its major shareholders and their ultimate controllers? 3. Has the bank established and enforced risk control and firewalls between the company and its affiliates?	No. Yes. Yes.	1. The Bank's sole shareholder is First Financial Holding Co.; no shareholder's suggestions, doubts, disputes and lawsuits. 2. The Bank is owned by a sole shareholder, the structure is quite simple. 3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies", "Rules for Long Term Equity Investment of First Commercial Bank and Subsidiary Management" and "Operational notice for Long Term Equity Investment of First Commercial Bank and Subsidiary Management".	No difference No difference No difference
B. Members and functions of the Board			
1. Has the Board set up diversified policy and material management goal?	Yes.	1. The Company's Code of Corporate Governance sets out that the Board should be diversified and the concurrent ratio of the manager and board member is moderate, complying with related rules. The board considers operation, business and development to formulate appropriate diversified policy including but not limited to the following two standards: A. Basic conditions: gender, age, and nation, etc. No less than one-third of board members is female. B. Professional knowledge and skill: professional background(ex: law, accounting, industry, finance, marketing, and technology), profession skill, and industrial experience. To achieve the goal for sound corporate governance, the Board of Directors should possess skills including operation management, accounting, financial analysis, business administration, risk management, crisis management, industry knowledge, international market knowledge, leadership and decision making skills.	No difference

Item	Yes/ No	Operation	Discrepancy with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
2. Has the bank voluntarily established other types of functional committees in addition to the Remuneration Committee and Audit Committee established in accordance to law?	Yes.	2. The Bank's sole shareholder is First Financial Holding Co., which has set up "Integrity Management Committee", "Remuneration Committee" and "Audit Committee". Under the supervision of the board, the Bank has set up "Risk Management Committee" and "Accountability Committee".	No difference
3. Has the bank listed at the TWSE or TPEX established a set of policies and tools to review the Board's performance, conducted the performance review on a regular basis annually and take the results into consideration for determining the Director's remuneration and his/her nomination for another term?	No.	3. The Bank is not a TWSE/TPEX listed company.	Not applicable
4. Does the bank regularly evaluate the independence of its certified accountant?	Yes.	4. When the Bank appoints CPAs to audit financial statements and file tax each year, it will seek independent statement from the CPA and submit the appointment of the accountant to the Board of Directors for approval.	No difference
C. Has the bank designated competent and adequate number of personnel and appoint a Company Secretary to be in charge of corporate governance affairs (including but not limited to providing Directors and Supervisors with the information needed to perform their duties, assist Directors and Supervisors to comply with law and regulations, convention of Board Meetings and Shareholder Meetings, and preparation of meeting minutes for Board and Shareholder Meetings, etc)?	Yes.	The Bank has designated an appropriate number of qualified corporate governance personnel and appointed Ms. Fei-Wei Chen as the corporate governance officer to be responsible for matters related to corporate governance.	No difference
D. Has the bank established communication channels with stakeholders (including but not limited to shareholders, employees, and customers), and provided interested parties communication channel under company's official website to respond important CSR issues which were in concern?	Yes.	1. The bank's parent company, FFHC, has listed the contacts of employees, investors, and public relation departments, email address for handling complaints, and customer compliant hotlines and email addresses of FFHC and its Subsidiaries under the "Stakeholder Communication" page of the Company's website. In addition, opinion questionnaire for interested parties are provided under the "ESG-ESG Report" page in order to provide diverse communication channels for interested parties and respond to ESG related issues which they may concern.	No difference

Item	Yes/ No	Operation	Discrepancy with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
		2. According to "Spokesperson System & Procedure Management Method of First Commercial Bank", the Bank has established a spokesperson system, customer feedback hotline and email, and set up a customer service board, VoIP phone and customer text service on its external website along with its branch networks, providing multi-communication channels for the interested parties. The Bank has also established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" and "Principles for First Commercial Bank to Treat Clients Fairly" to protect the interests of customers. 3. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees, along with the sexual harassment grievance system. 4. In accordance with article 32 of the Labor Inspection Act, the Bank has issued "Worker's Complaint Notice", which declared the agencies, persons, scope, format and the procedure of handling worker complaints. If the Bank violates "Labor Standards Act", "Labor Insurance Act", "Labor Inspection Act" and "Employee Service Act", the employee may raise a complaint with supervisors of any branch networks and administrative departments of the Bank, labor competent authorities under county or municipal government and labor inspection authorities following legal procedure and format.	
E. Information Disclosure			
1. Has the bank established a corporate website to disclose information related to the company's financial, business and corporate governance status?	Yes.	1. Annual Report, major financial statements and corporate governance are disclosed on the Bank's website.	No difference
2. Does the bank disclose information via other channels? (For example, setting up an English website, designating personnel responsible for the collection and disclosure of information, appointing spokespersons, webcasting investors' conference via the company's website.)	Yes.	2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are disclosed. The bank also releases material information and makes online filing of public information according to the Securities and Exchange Act. A spokesperson system has also been established and the appointed spokesperson is Ms. Su-Hwei Tsai.	No difference

Item	Yes/ No	Operation	Discrepancy with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
3. Has the bank published and reported its annual financial report after the end of the fiscal year in accordance to the Bank Act and Securities and Exchange Act and has the company published and reported its financial reports for the first, second and third quarter as well as its operating results for each month before the specified deadline?	Yes.	3. A. The Bank releases annual financial report and announces as well as declares before deadline in accordance with the Securities and Exchange Act and Banking Act. B. The quarterly report and the operation situation of the previous month publicly announce and declare before deadline.	No difference
F. Does the bank have other material information to facilitate better understanding of the company's corporate governance practices? (Including but not limited to employee rights, employee wellness, investor relations, stakeholders' rights, Directors or supervisor's training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing of liability insurance for Directors and supervisors and donations to political parties, stakeholders and charities.)	Yes. Yes. Yes. Yes.	1. Employee welfare: The Bank is committed to looking after its employees' well-being through an employee welfare program that includes career development planning, continuing education and training, open channels of communication, health check-ups and regular review of the compensation system. 2. Investor relations and stakeholders' rights: To regulate directors having conflict of interest, legal requirements and procedures of donations as well as constraint and procedure of stakeholders' transactions, the Bank enacted the "Guideline for the Board of Directors Meetings of First Commercial Bank," "Policy for Credit and Non-Credit Transactions of Stakeholders of First Commercial Bank," "Instructions for Stakeholder Credit Business Management of First Commercial Bank", "Directions of Non-Credit Transactions of Stakeholders of First Commercial Bank" and "Principal for Donation Management." 3. Advanced studies of directors and supervisors: In addition to supporting directors' individual needs for advanced studies, the Bank provides directors and supervisors with full access to information on relevant courses. 4. Implementation of risk policies and processes: The Bank has established "First Commercial Bank Risk Management Policy" to establish a risk management mechanism for risk identification, assessment, monitoring and control of the Bank. The above-mentioned policy is also formulated for constructing an integrated risk management system, promoting an appropriate risk management-oriented business model, achieving operational goals, and enhancing shareholder value. The Risk Management Committee, being chaired by the Bank's president, vice chaired by executive vice	No difference

Item	Yes/ No	Operation	Discrepancy with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
	     Yes. Yes.	president and guided by independent director's(flexible) attendance, integrates the deliberation, supervision of the Bank-wide risk management matters and the coordination and operation of all units. 5. Consumer protection policy: To ensure that consumer interests are protected, the Bank has established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank", "Principles for First Commercial Bank to Treat Clients Fairly", "First Commercial Bank Principal for Fair Treatment of Elderly Customers" and "Principle of Friendly Service", clearly stipulating that the protection for financial consumers and the execution of financial-friendly services should be implemented when financial products or services are provided. The Bank has established "Management Framework of Fair Treatment to Clients." Being chaired by the Bank's president, vice chaired by executive vice president and guided by independent director's(flexible) attendance, the "Fair Treatment to Clients Facilitating Committee" reviews implementation results of fair treatment to clients, execution status of friendly service and client's complaint and dispute quarterly. Moreover, the compliance division(due department of fair treatment to clients) shall report to the Board to enhance client services and implementation results of fair treatment to clients. 6. Liability insurance for directors and supervisors: In line with the policy of the parent company, the Bank purchases directors and supervisors liability insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors.	
G. Please describe the improvements made as a result of the most recent Corporate Governance Evaluation Report published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation. For items which improvements are yet to be implemented, please describe the priorities for enhancement and measures to be taken.	No.	The Bank is not a TWSE/TPEX listed company, so the corporate governance evaluation published by the Taiwan Stock Exchange Corporation is not applicable to the Bank.	Not applicable

Risk Management Overview

Credit Risk

A. Strategy, goal, policy for managing credit risk

(a) The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

(b) Process for managing credit risk

i. In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.

ii. The credit limits for the conglomerate, business type, country, stocks listed on TSE or OTC as collateral and real estate loan etc. have been prescribed so as to control loans concentration risk.

iii. For the risk management process to operate effectively, the Bank has set up related internal auditing and control system.

B. Organization and structure for managing credit risk

(a) The Board of Directors is the highest level of decision making and supervision body. Bank-wide risk management policies, systems and procedures, risk limits and authorities, risk measurement methods, evaluation procedures and monitoring systems are all subject to the supervision and management of the Board of Directors.

(b) The Risk Management Committee is under the Board of Directors and is responsible for the integration of the review, supervision, reporting and coordination of operations across the Bank.

(c) Senior management is responsible for supervising and executing the risk management related policies approved by the Board of Directors.

(d) The Risk Control Management Center is independent of the business units and manages bank-wide risk management operations. EVP assists CEO in the implementation of the bank-wide risk management operations. The Center is divided into the Risk Management Division, Credit Review Division, Credit Analysis Division, Special Asset Management Division and six major risk control regional centers. Each division formulates risk management operation procedure and rules according to its authority and duties. They also execute programs and report to senior management and the Board based on the risk management structures and reporting lines. The risk control regional centers handles risk management business such as loan review and extension, collateral valuation and post-loan management within its authorized region.

C. Scope and characteristics of the credit risk report and measurement system

(a) To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.

(b) The Bank developed credit rating modules which measures the risk of borrowers in business loans, credit loans, mortgages, and credit cards, and an assessment tool that measures the risk characteristics of the quotas. The tools are put into system in order to quantify risks and to control risks within acceptable limits.

D. Credit risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks.

(a) Periodic monitoring and reporting of the concentration risk by group, business type, country, collaterals using listed stocks and real estate loan. We revise the acceptable risk limits according to market environment changes, business complexity and risk management strategies to maintain the effectiveness of risk control.

(b) Proper collateral or guarantees are collected based on the borrower's credit or type of credit limit to lower credit risk.

E. The methodology for calculating capital requirements: credit risk standardized approach

Exposure and minimum capital requirements after risk mitigation under the credit risk standardized approach.

December 31, 2023

Unit: NTD thousand

Type of risk exposure	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	1,039,169,106	232,654
Non-central government public sector entities	4,401,631	71,124
Bank (include multilateral development banks)	550,914,216	16,637,471
Corporates (include securities firm and insurance company)	673,679,765	46,501,881
Retail portfolios	198,323,742	7,076,642
Residential property	1,569,150,096	82,582,479
Equity investments	51,512,731	5,249,460
Equity investments in funds and venture capital	1,180,233	94,419
Other assets	78,263,787	3,796,578
Total	4,166,595,307	162,242,708

Note: Minimum capital requirement is exposure after risk mitigation multiplied by the weight of risk and minimal required capital adequacy ratio.

Asset Securitization Risk

A. Strategy and process for managing securitized products

The Bank currently holds all of its securitized products as a non-originating bank, employing strategies and processes the same as those for market risk management.

B. Organization and structure for managing securitization risks

(a) The Board of Directors is the highest management and supervision body for securitized products and is responsible for the approval of the Bank's risk strategy and policies. The strategy and policies include the verification of the strategy for purchasing securitized products, risk tolerance and risk limits.

(b) The unit managing securitized products risk is the Risk Management Division, which is responsible for the management and evaluation of the investment quota for securities investment. Credit-related transactions involving securitized corporate credit are subject to approval of the Credit Review Division. By utilizing the various professions of the different units, risks are identified in order to monitor investments in securitized products.

C. Scope and characteristics of the securitization risk report and measurement system

The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations. The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without specific variations.

D. Securitization hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks

The capital requirement for risk mitigation of securitized products is calculated and reported to competent authorities using the credit risk standard approach. The Bank's hedging policy for securitized products is the same as for market risks.

E. The methodology for calculating capital requirements: credit risk standard approach

The Securitization Risk Exposures and Minimum Capital Requirements— Based on transaction type

December 31, 2023

Unit: NTD thousand

Exposure Type / Book Type / Bank		Asset Type	Traditional					Synthetic		Total		
			Exposure				Minimum capital requirements (2)	Exposure	Minimum capital requirements (4)	Exposure (5)=(1)+(3)	Minimum capital requirements (6)=(2)+(4)	Minimum capital requirements before securitization
			Held or purchased	For Liquidity Facility	For credit enhancement	Sub-Total (1)		Held or purchased (3)				
Non-originator bank	Banking book	Collateralized Mortgage Obligations	13,112,961			13,112,961	209,807			13,112,961	209,807	
	Trading book											-
	Sub-total		13,112,961			13,112,961	209,807			13,112,961	209,807	
Originator Bank	Banking book		-			-	-			-	-	-
	Trading book		-			-	-			-	-	-
	Sub-total		-			-	-			-	-	-
Total			13,112,961			13,112,961	209,807			13,112,961	209,807	

(a) Information on Securitized Products as of December 31, 2023

Unit: NTD thousand

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CMO	Financial assets measured at fair value through other comprehensive income	349,739	1,228	0	350,967
	Financial assets measured at amortised cost	12,726,685	0	(1)	12,726,684
REITs	Financial assets measured at fair value through other comprehensive income	638,206	(14,173)	0	624,033

(b) Single securitized product with original cost above 300 million
(the bank holding as the originator for credit enhancement purpose is not included)

Unit: NTD thousand

Security	Accounting category	Currency	Issuer and Location	Purchasing date	Maturity date	Coupon rate	Rating	Interest and repayment terms	Original cost	Gain/Loss of accumulated valuation	Accumulated impairment	Book value	Attachment point	Asset pool
Millerful No.1 Real Estate Investment Trust	Financial assets measured at fair value through other comprehensive income	TWD	King's Town Bank Taiwan	2021/12/6	N.A.	N.A.	TWA+	N.A.	300,000	1,500	0	301,500	N.A.	N.A.
GNR 2022-66 FA Mtge	Financial assets measured at amortised cost	USD	GINNIE MAE /USA	2022/3/23	2052/5/20	30-days compounded average SOFR plus 1 with upper limit of 3.5 and lower limit of 1.0	Moody's Aaa	Interest is paid monthly. The principal is repaid irregularly	306,012	0	0	306,012	N.A.	Mortgage
GNR 2023-14 A Mtge				2023/1/12	2053/1/31	6.00			301,505	0	0	301,505		
GNR 2023-80 AB Mtge				2023/6/5	2053/6/30	6.00			304,027	0	0	304,027		
GNR 2023-84 MA Mtge				2023/6/22	2053/6/30	6.00			449,142	0	0	449,142		
GNR 2023-113 MA Mtge				2023/8/11	2053/8/31	6.50			306,415	0	0	306,415		
GNR 2023-112 CT Mtge				2023/8/15	2053/8/31	6.50			307,842	0	0	307,842		
GNR 2023-140 CT Mtge				2023/9/21	2053/8/31	6.00			302,292	0	0	302,292		
GNR 2023-173 FH Mtge				2023/11/9	2053/11/20	30-days compounded average SOFR plus 1.25 with upper limit of 7.5 and lower limit of 1.25			306,646	0	0	306,646		
GNR 2023-173 HF Mtge				2023/11/10	2053/11/20	30-days compounded average SOFR plus 1.30 with upper limit of 7.5 and lower limit of 1.30			306,646	0	0	306,646		

Operational Risk

A. Strategy and process for managing operational risk

(a) A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.

(b) Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

(c) The operational risk management methods are differentiated as risk recognition, assessment, monitoring, reporting and response measures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

B. Organization and structure for managing operational risk

(a) The Board of Directors is the highest approval level for operational risk management and regularly reviews operational risk management policies and structures. The Risk Management Committee is responsible for reviewing the execution status for measuring, assessing, monitoring and controlling risk. Senior management is responsible for executing the operational risk management framework approved by the Board and developing relevant methods and procedures to manage operational risk.

(b) A centralized management framework in relation to operational risk is employed with three tiers of control, each with its defined authority and reporting threshold:

i. All units should conduct regular control of daily business activities and carry out operational risk management within the scope of their respective duties and responsibilities.

ii. The Risk Management Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting.

iii. The Audit Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

C. Scope and characteristics of the operational risk report and measurement system

(a) Standardized operational risk management tools are used for risk identification and assessment, allowing managers to observe operational risk profiles and continuously monitor potential operational risk in order to control or offset the risks.

(b) The Risk Management Unit discloses the status of exposure monitoring on a regular basis, compiles operational risk data and other major issues, and reports to top executives, Risk Management Committee, and the Board of Directors.

(c) If a unit discovers a major risk exposure that threatens the Bank's financial or business status, it must report immediately to the Auditing Division and the business management unit, and the Risk Management Unit which must report to the chief auditor and top executives in accordance with the reporting procedures respectively. Should the incident induce disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

D. Operational risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks

(a) The primary method employed to transfer or mitigate operational risk is insurance. It is used to transfer or mitigate loss due to operational risks caused by negligence, personnel, systems or external events. To ensure the continuous use of the risk mitigation tool, the risks and controlling measures are regularly identified and evaluated.

(b) In order to reduce the risk of potential loss from business disruptions caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strikes and other major events, the Bank has established contingency plans, business non-interruption guidelines and rules for implementation.

E. The methodology for calculating capital requirements: credit risk standard approach

Minimum capital requirements for operational risk

December 31, 2023 | Unit: NTD thousand

Year	Operating profit	Minimum capital requirements
2023	60,523,593	
2022	55,160,403	-
2021	45,627,684	
Total	161,311,680	8,137,614

Market Risk

A. Strategy and process for managing market risk

(a) Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and managing rules, scheduled reporting process, and internal auditing system. And through the supervision of independent management units and high-level committees, high performance, balance of risks and capital optimization is achieved.

(b) Process for managing market risk

i. With consideration to operational activities such as business decisions and financial budgets, appropriate market risk management indicators and quotas are established and updated on a scheduled basis in response to changes and trends in the market.

ii. Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure. The market risk management department monitors the compliance status of the business units.

iii. The market risk management department regularly reports the current status and performance of market risk management to the Board of Directors or senior management, so they can be used as references by the management executives to timely adjust the risk control policy.

B. Organization and structure for managing market risk

(a) The Board of Directors is the highest management and supervision body for market risk. The Board is responsible for the verification of risk strategies, policies, risk tolerance levels and various risk limits. The Risk Management Committee is under the authority of the Board, and is responsible for reviewing, supervising and reporting of risk management matters.

(b) The Market Risk Management Unit is under the Risk Management Division and is independent of the Financial Trading Business Unit. It is responsible for the formulation, development, modification and supervision of the Bank's risk management rules and risk assessment tools, and assesses the risk exposure of the business unit from an objective standpoint.

C. Scope and characteristics of the market risk report and measurement system

(a) Scope of market risk management:
The scope covers the expected and unexpected losses on or off balance sheet which are due to changes in the market price. Factors which affect the changes in market prices include interest rates, equity, exchange rates and commodity risks.

(b) Characteristics of market risk management:
Portfolios based on different market risk factors are distinguished for daily assessment, monitoring and management. Risk measuring indicators such as VaR or Greek are employed to measure the degree of exposure to market risks. The market risk report can reflect the extent of risk exposures and is used as references for management to timely adjust the market risk control policy.

D. Market risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks
   (a) The trading positions of financial products dealt with customers will be properly hedged or squared. In consideration to market changes, financial goals and risks, some will be held as risk assets within adequate risk tolerance levels. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.
   (b) Based on the schedules set in management rules, the risk management unit regularly monitors the effects of the risk hedging and reports it to the business unit and senior management.

E. The methodology for calculating capital requirements: credit risk standard approach

Minimum capital requirements for market risk

December 31, 2023 Unit: NTD thousand

Item	Minimum capital requirements
Interest rate risk	2,943,287
Equity exposure risk	35,142
Foreign exchange risk	423,243
Commodities risk	0
Total	3,401,672

Liquidity Risk

Structure analysis of NTD time to maturity of the Bank

December 31, 2023 Unit: NTD thousand

	Total	Amount during time to maturity					
		0 to 10 day	11 to 30 day	31 to 90 day	91 to 180 day	181 days to 1 year	Over 1 year
Primary Capital inflow upon maturity	3,559,379,340	482,727,538	526,122,815	401,333,130	313,596,664	325,896,208	1,509,702,985
Primary Capital outflow upon maturity	4,738,202,610	188,283,220	276,594,060	753,143,604	863,671,023	876,043,758	1,780,466,945
Maturity gap	-1,178,823,270	294,444,318	249,528,755	-351,810,474	-550,074,359	-550,147,550	-270,763,960

Structure analysis of USD time to maturity of the Bank

December 31, 2023 Unit: USD thousand

	Total	Amount during time to maturity				
		0 to 30 day	31 to 90 day	91 to 180 day	181 to 1 year	Over 1 year
Primary Capital inflow upon maturity	49,753,499	15,433,111	9,753,581	8,818,700	4,527,232	11,220,875
Primary Capital outflow upon maturity	55,670,162	19,819,333	14,842,259	8,423,316	7,279,214	5,306,040
Maturity gap	-5,916,663	-4,386,222	-5,088,678	395,384	-2,751,982	5,914,835

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	Dec.31.2023	Dec.31.2022	(After restatement) Dec.31.2021	Dec.31.2020	Dec.31.2019
Cash and cash equivalents, due from the central bank and call loans to banks	424,515,813	403,471,721	405,429,645	303,958,980	326,296,701
Financial assets at fair value through profit or loss	151,577,587	159,901,813	164,561,017	170,912,960	156,410,445
Financial assets at fair value through other comprehensive income	346,332,027	299,156,720	246,058,056	269,253,959	278,096,776
Investments in debt instruments at amortised cost	875,470,627	772,947,239	678,547,362	657,391,632	483,204,788
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	6,450,000	-	-	500,000
Receivables	44,176,284	36,212,122	34,426,368	29,544,916	28,489,181
Current tax assets	1,366,281	1,242,810	1,378,450	1,347,752	1,304,013
Assets classified as held for sale, net	-	-	-	-	-
Discounts and loans, net	2,402,600,036	2,312,245,494	2,035,783,459	1,905,692,247	1,764,670,377
Investments measured by equity method, net	2,867,698	2,779,802	2,641,030	2,603,205	2,453,113
Restricted assets, net	-	-	-	-	-
Other financial assets	281,043	270,880	102,572	147,803	149,465
Property and equipment, net	26,681,890	26,988,813	26,855,189	26,636,726	25,937,524
Right-of-use assets, net	2,553,775	2,431,039	2,335,399	2,654,118	2,845,773
Investment property, net	7,217,634	6,972,725	6,983,971	7,308,423	7,551,986
Intangible assets, net	807,314	853,533	821,086	830,408	617,101
Deferred tax assets	4,303,972	3,298,477	2,515,463	2,854,320	2,852,871
Others assets, net	3,649,045	3,374,398	2,955,564	7,178,644	4,719,506
Total Assets	**4,294,401,026**	**4,038,597,586**	**3,611,394,631**	**3,388,316,093**	**3,086,099,620**
Deposits from the Central Bank and banks	279,067,155	272,729,790	213,044,550	259,115,895	285,023,923
Due to the Central Bank and banks	1,969,240	1,014,530	42,741,220	16,390,000	214,750
Financial liabilities at fair value through profit or loss	18,140,849	13,943,931	7,493,438	20,975,490	34,446,111
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreement	14,394,423	16,605,695	10,556,802	26,919,014	17,894,625
Payables	46,722,175	43,856,522	39,464,504	27,967,469	30,723,342
Current tax liabilities	4,384,953	3,690,578	3,570,820	3,251,122	2,978,144
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	3,521,407,045	3,310,765,651	2,960,260,140	2,712,299,855	2,404,323,978
Bank notes payable	52,350,000	51,850,000	47,800,000	38,950,000	27,950,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	79,536,316	70,756,161	44,047,483	43,413,200	43,169,353
Provisions	4,535,344	4,751,708	5,511,961	5,879,307	5,850,378
Lease liabilities	2,430,107	2,282,133	2,163,054	2,467,323	2,633,825
Deferred income tax liabilities	7,920,218	7,174,507	6,684,432	6,677,528	7,011,095
Other liabilities	8,069,329	8,254,174	4,516,508	4,697,209	4,955,810
Total Liabilities	**4,040,927,154**	**3,807,675,380**	**3,387,854,912**	**3,169,003,412**	**2,867,175,334**
Equity attributable to owners of parent	**253,473,872**	**230,922,206**	**223,539,719**	**219,312,681**	**218,924,286**
Common stock	102,165,000	94,725,000	90,880,000	89,064,000	89,064,000
Capital surplus	34,470,351	34,470,351	34,470,351	34,470,351	34,470,351
Retained earnings	101,039,564	94,664,833	86,253,185	78,784,690	76,733,391
Other equity interest	15,798,957	7,062,022	11,936,183	16,993,640	18,656,544
Treasury shares	-	-	-	-	-
Equity attributable to former owner of business combination under common control	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total Equity	**253,473,872**	**230,922,206**	**223,539,719**	**219,312,681**	**218,924,286**
Total Liabilities and Equity	**4,294,401,026**	**4,038,597,586**	**3,611,394,631**	**3,388,316,093**	**3,086,099,620**

Condensed Statements of Income (IFRS compliant)

NT$,000	**2023**	2022	2021	2020	2019
Interest income	101,488,963	63,825,518	43,118,948	44,704,048	52,462,227
Interest expenses	(70,931,648)	(27,706,783)	(10,039,454)	(15,368,160)	(23,771,254)
Net interest revenue	30,557,315	36,118,735	33,079,494	29,335,888	28,690,973
Net revenue other than interest	29,047,885	19,135,938	14,387,696	15,420,182	19,270,369
Net revenue	59,605,200	55,254,673	47,467,190	44,756,070	47,961,342
Bad debts expense, commitment and guarantee liability provision	(5,816,409)	(6,575,375)	(3,621,467)	(4,514,174)	(3,860,597)
Operating expenses	(26,898,424)	(24,724,442)	(22,804,810)	(21,769,507)	(21,252,568)
Profit from continuing operations before tax	26,890,367	23,954,856	21,040,913	18,472,389	22,848,177
Income tax expense	(5,364,080)	(3,626,889)	(3,389,256)	(2,789,538)	(3,813,406)
Income from continuing operations, net of tax	21,526,287	20,327,967	17,651,657	15,682,851	19,034,771
Income from discontinued operations	-	-	-	-	-
Profit	21,526,287	20,327,967	17,651,657	15,682,851	19,034,771
Other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	8,525,379	(3,945,480)	(4,424,619)	(1,973,596)	6,450,573
Total comprehensive income, net of tax	30,051,666	16,382,487	13,227,038	13,709,255	25,485,344
Profit, attributable to owners of parent	21,526,287	20,327,967	17,651,657	15,682,851	19,018,140
Profit, attributable to former owner of business combination under common control	-	-	-	-	16,631
Profit, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income, attributable to owners of parent	30,051,666	16,382,487	13,227,038	13,709,255	25,455,609
Comprehensive income, attributable to former owner of business combination under common control	-	-	-	-	29,735
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share (In New Taiwan dollars)	2.11	1.99	1.73	1.54	1.86

Financial Ratios (IFRS compliant)

(%)	**2023**	2022	2021	2020	2019
Financial structure					
Debt ratio (total liabilities to total assets)	94.1	94.28	93.81	93.53	92.91
Property & equipment to net worth	10.53	11.69	12.01	12.15	11.85
Solvency					
Liquidity reserve ratio	34.43	34.63	36.96	39.24	37.93
Operating performance					
Loans to deposits	69.26	70.78	69.70	71.22	74.42
NPL ratio	0.17	0.18	0.20	0.24	0.24
Total assets turnover (times)	0.01	0.01	0.01	0.01	0.02
Profitability					
ROA (net income to average total assets)	0.52	0.53	0.50	0.48	0.64
ROE (net income to average shareholders' equity)	8.89	8.95	7.97	7.16	8.97
Profit margin ratio	36.11	36.79	37.19	35.04	39.69
Cash flows					
Cash flow adequacy ratio	279.46	269.16	199.20	25.10	201.38
Capital adequacy					
Capital adequacy ratio	14.54	13.73	14.47	13.88	13.28
Tier-one capital ratio	12.59	11.78	12.54	11.71	11.17

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	**Dec.31.2023**	Dec.31.2022	Dec.31.2021	Dec.31.2020	Dec.31.2019
Cash and cash equivalents, due from the central bank and call loans to banks	418,624,140	398,121,093	400,253,728	298,992,894	321,318,940
Financial assets at fair value through profit or loss	151,577,587	159,901,813	164,561,017	170,912,960	156,410,445
Financial assets at fair value through other comprehensive income	345,702,422	298,147,834	244,996,333	268,449,857	277,242,627
Investment in debt instruments at amortised cost	875,132,672	772,657,841	678,337,912	657,215,278	482,997,678
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	6,450,000	-	-	500,000
Receivables	37,831,927	30,157,286	29,597,747	24,386,135	23,558,598
Current tax assets	1,363,562	1,234,878	1,378,450	1,347,752	1,303,857
Assets classified as held for sale, net	-	-	-	-	-
Discounts and loans, net	2,383,508,919	2,293,302,437	2,020,098,206	1,890,574,925	1,750,439,419
Investments measured by equity method, net	9,421,060	9,025,182	8,178,809	8,071,724	8,056,524
Restricted assets, net	-	-	-	-	-
Other financial assets	281,043	270,880	102,572	147,803	149,465
Property and equipment, net	26,505,523	26,802,037	26,686,265	26,473,848	25,772,659
Right-of-use assets, net	2,452,654	2,308,163	2,229,285	2,544,728	2,717,866
Investment property, net	7,217,634	6,972,725	6,983,971	7,308,423	7,551,986
Intangible assets, net	801,029	842,907	806,919	814,557	613,751
Deferred tax assets	4,131,445	3,080,213	2,297,726	2,643,988	2,653,502
Others assets, net	2,925,879	2,587,271	1,946,382	6,147,216	3,610,169
Total Assets	**4,267,477,496**	**4,011,862,560**	**3,588,455,322**	**3,366,032,088**	**3,064,897,486**
Deposits from the Central Bank and banks	277,163,686	270,732,906	211,357,812	256,699,516	283,524,659
Due to the Central Bank and banks	1,969,240	1,014,530	42,741,220	16,390,000	214,750
Financial liabilities at fair value through profit or loss	18,140,849	13,943,931	7,493,438	20,975,490	34,446,111
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreement	14,394,423	16,605,695	10,556,802	26,919,014	17,894,625
Payables	46,545,431	43,732,903	39,386,549	27,883,007	30,591,826
Current tax liabilities	4,427,082	3,704,338	3,569,520	3,255,006	2,967,366
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	3,502,693,853	3,292,148,393	2,943,931,882	2,697,724,679	2,389,450,067
Bank notes payable	52,350,000	51,850,000	47,800,000	38,950,000	27,950,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	74,405,129	65,767,019	40,100,508	39,314,981	39,320,318
Provisions	4,532,666	4,740,801	5,506,122	5,873,294	5,828,640
Lease liabilities	2,323,543	2,153,936	2,053,520	2,355,791	2,506,068
Deferred income tax liabilities	7,772,409	7,049,263	6,573,435	6,585,686	6,944,481
Other liabilities	7,285,313	7,496,639	3,844,795	3,792,943	4,334,289
Total Liabilities	**4,014,003,624**	**3,780,940,354**	**3,364,915,603**	**3,146,719,407**	**2,845,973,200**
Equity attributable to owners of parent	**253,473,872**	**230,922,206**	**223,539,719**	**219,312,681**	**218,924,286**
Common stock	102,165,000	94,725,000	90,880,000	89,064,000	89,064,000
Capital surplus	34,470,351	34,470,351	34,470,351	34,470,351	34,470,351
Retained earnings	101,039,564	94,664,833	86,253,185	78,784,690	76,733,391
Other equity interest	15,798,957	7,062,022	11,936,183	16,993,640	18,656,544
Treasury shares	-	-	-	-	-
Equity attributable to former owner of business combination under common control	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total Equity	**253,473,872**	**230,922,206**	**223,539,719**	**219,312,681**	**218,924,286**
Total Liabilities and Equity	**4,267,477,496**	**4,011,862,560**	**3,588,455,322**	**3,366,032,088**	**3,064,897,486**

Condensed Statements of Income (IFRS compliant)

NT$,000	**2023**	2022	2021	2020	2019
Interest income	99,512,984	62,522,478	42,214,655	43,723,269	51,341,760
Interest expenses	(70,267,629)	(27,521,682)	(9,951,803)	(15,189,230)	(23,509,806)
Net interest revenue	29,245,355	35,000,796	32,262,852	28,534,039	27,831,954
Net revenue other than interest	29,474,209	19,482,987	14,599,247	15,600,434	19,481,478
Net revenue	58,719,564	54,483,783	46,862,099	44,134,473	47,313,432
Bad debts expense, commitment and guarantee liability provision	(5,762,692)	(6,485,564)	(3,565,559)	(4,428,699)	(3,757,486)
Operating expenses	(26,328,836)	(24,210,000)	(22,378,606)	(21,349,885)	(20,833,636)
Profit from continuing operations before tax	26,628,036	23,788,219	20,917,934	18,355,889	22,722,310
Income tax expense	(5,101,749)	(3,460,252)	(3,266,277)	(2,673,038)	(3,687,539)
Income from continuing operations, net of tax	21,526,287	20,327,967	17,651,657	15,682,851	19,034,771
Income from discontinued operations	-	-	-	-	-
Profit	21,526,287	20,327,967	17,651,657	15,682,851	19,034,771
Other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	8,525,379	(3,945,480)	(4,424,619)	(1,973,596)	6,450,573
Total comprehensive income, net of tax	30,051,666	16,382,487	13,227,038	13,709,255	25,485,344
Profit, attributable to owners of parent	21,526,287	20,327,967	17,651,657	15,682,851	19,018,140
Profit, attributable to former owner of business combination under common control	-	-	-	-	16,631
Profit, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income, attributable to owners of parent	30,051,666	16,382,487	13,227,038	13,709,255	25,455,609
Comprehensive income, attributable to former owner of business combination under common control	-	-	-	-	29,735
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share (In New Taiwan dollars)	2.11	1.99	1.73	1.54	1.86

Financial Ratios (IFRS compliant)

(%)	**2023**	2022	2021	2020	2019
Financial structure					
Debt ratio (total liabilities to total assets)	94.06	94.24	93.77	93.48	92.86
Property & equipment to net worth	10.46	11.61	11.94	12.07	11.77
Solvency					
Liquidity reserve ratio	34.43	34.63	36.96	39.24	37.93
Operating performance					
Loans to deposits	69.08	70.6	69.54	71.04	74.28
NPL ratio	0.17	0.18	0.20	0.24	0.24
Total assets turnover (times)	0.01	0.01	0.01	0.01	0.02
Profitability					
ROA (net income to average total assets)	0.52	0.53	0.51	0.49	0.64
ROE (net income to average shareholders' equity)	8.89	8.95	7.97	7.16	8.97
Profit margin ratio	36.66	37.31	37.67	35.53	40.23
Cash flows					
Cash flow adequacy ratio	276.37	266.26	195.74	23.76	202.32
Capital adequacy					
Capital adequacy ratio	14.56	13.76	14.21	13.63	13.00
Tier-one capital ratio	12.61	11.8	12.48	11.66	11.11
Market share					
Assets	6.37	6.34	6.05	6.16	6.04
Net worth	5.27	5.4	5.25	5.31	5.49
Deposits	6.37	6.28	6.05	6.02	5.85
Loans	6.28	6.33	6.07	6.08	5.97

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

We have audited the accompanying consolidated balance sheets of First Commercial Bank, Ltd. (the "Bank") and its subsidiaries as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as at 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, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation Engagements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries 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 judgement, 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, we do not provide a separate opinion on these matters.

The Bank and its subsidiaries' key audit matters for the year ended December 31, 2023 are stated as follows:

Impairment Assessment for Discounts and Loans

Description

The recognition and measurement of expected credit losses on discounts and loans complies with the requirements under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on discounts and loans, please refer to Note 4(9); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on discounts and loans, please refer to Note 5(3). For information of allowance for bad debts of discounts and loans, which amounted to $34,223,806 thousand, as at December 31, 2023, please refer to Note 6(8); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of discounts and loans of the Company and its subsidiaries is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1 where there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2 where there has been a significant increase in credit risk since initial recognition; or stage 3 where the credit has been impaired). The measurement of expected credit losses mainly considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The aforementioned impairment assessment for discounts and loans involves multiple assumptions, estimates, and judgments. Therefore, the auditor considers the impairment assessment for discounts and loans as one of the key audit matters for 2023.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology, and the approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.

3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested major assumptions for the parameters of the expected credit loss model, including historical data of probability of default, loss given default, and exposure at default.
5. Sampled and tested forward-looking information.
   (1) Sampled and tested the macroeconomics data (economic growth rate, annual inflation rate, etc.) adopted by the management when measuring expected credit losses under IFRS 9 "Financial Instruments".
   (2) Assessed the reasonableness and compositions of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.
7. Assessed whether the provision for impairments is in compliance with relevant regulations of the authorities.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included in financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $9,117,948 thousand, as at December 31, 2023, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks held by the Company and its subsidiaries is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgements and various assumptions and estimates, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.
2. Reviewed whether the expert's report has been evaluated and approved by management and assessed the reasonableness of the evaluation results.
3. Understood and assessed the independence, professionalism, and competence of management expert.
4. Evaluate whether the valuation model and methods used by the management expert are appropriate and widely used in the industry; evaluate the reasonableness of the expert's selection of comparable companies; and sampled and agreed the parameters used in the valuation methods to relevant supporting documents.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of First Commercial Bank, Ltd. as at and for the years ended December 31, 2023 and 2022.

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, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Bank and its subsidiaries' 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

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Auditor's 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 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 Bank and its subsidiaries' 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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Bank and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chou, Chien-Hung

Chou, Chien-Hung

Lo, Chiao-Sen

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or standards on auditing of the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2023 AMOUNT		%	December 31, 2022 AMOUNT		%
11000	Cash and cash equivalents	6(1) and 7	$	56,177,368	1	$	69,711,831	2
11500	Due from the central bank and call loans to banks	6(2) and 7		368,338,445	9		333,759,890	8
12000	Financial assets at fair value through profit or loss	6(3) and 7		151,577,587	4		159,901,813	4
12100	Financial assets at fair value through other comprehensive income	6(4) and 8		346,332,027	8		299,156,720	8
12200	Investments in debt instruments at amortised cost	6(5) and 8		875,470,627	20		772,947,239	19
12500	Securities purchased under resell agreements	6(6)		-	-		6,450,000	-
13000	Receivables	6(7)		44,176,284	1		36,212,122	1
13200	Current tax assets	7		1,366,281	-		1,242,810	-
13500	Discounts and loans, net	6(8) and 7		2,402,600,036	56		2,312,245,494	57
15000	Investments measured by equity method, net	6(9)		2,867,698	-		2,779,802	-
15500	Other financial assets			281,043	-		270,880	-
18500	Property and equipment, net	6(10)		26,681,890	1		26,988,813	1
18600	Right-of-use assets, net	6(11) and 7		2,553,775	-		2,431,039	-
18700	Investment property, net	6(13)		7,217,634	-		6,972,725	-
19000	Intangible assets, net			807,314	-		853,533	-
19300	Deferred tax assets	6(36)		4,303,972	-		3,298,477	-
19500	Other assets, net	6(14) and 8		3,649,045	-		3,374,398	-
	Total assets		$	4,294,401,026	100	$	4,038,597,586	100

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FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
21000	Deposits from the central bank and banks	6(15) and 7	$ 279,067,155	7	$ 272,729,790	7
21500	Due to the central bank and banks		1,969,240	-	1,014,530	-
22000	Financial liabilities at fair value through profit or loss	6(16) and 7	18,140,849	1	13,943,931	-
22500	Notes and bonds issued under repurchase agreement	6(17)	14,394,423	-	16,605,695	1
23000	Payables	6(18)	46,722,175	1	43,856,522	1
23200	Current tax liabilities	7	4,384,953	-	3,690,578	-
23500	Deposits and remittances	6(19) and 7	3,521,407,045	82	3,310,765,651	82
24000	Bank notes payable	6(20)	52,350,000	1	51,850,000	1
25500	Other financial liabilities	6(21)	79,536,316	2	70,756,161	2
25600	Provisions	6(22)	4,535,344	-	4,751,708	-
26000	Lease liabilities	7	2,430,107	-	2,282,133	-
29300	Deferred income tax liabilities	6(36)	7,920,218	-	7,174,507	-
29500	Other liabilities	6(23)	8,069,329	-	8,254,174	-
	Total Liabilities		4,040,927,154	94	3,807,675,380	94
	Equity					
31101	Common stock	6(24)	102,165,000	2	94,725,000	2
31500	Capital surplus	6(24)	34,470,351	1	34,470,351	1
32000	**Retained earnings**					
32001	Legal reserve	6(24)	73,161,890	2	66,784,896	2
32003	Special reserve	6(24)	4,106,928	-	4,165,691	-
32011	Unappropriated earnings	6(25)	23,770,746	1	23,714,246	1
32500	**Other equity interest**	6(26)	15,798,957	-	7,062,022	-
	Total Equity		253,473,872	6	230,922,206	6
	Total Liabilities and Equity		$ 4,294,401,026	100	$ 4,038,597,586	100

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			For the years ended December 31,				Changes
			2023		2022		Percentage
	Items	Notes	AMOUNT	%	AMOUNT	%	(%)
41000	Interest income		$ 101,488,963	170	$ 63,825,518	115	59
51000	Interest expense		(70,931,648)	(119)	(27,706,783)	(50)	156
	Net interest revenue	6(27) and 7	30,557,315	51	36,118,735	65	(15)
	Net revenue other than interest						
49100	Net service fee revenue	6(28) and 7	8,940,930	15	8,138,507	15	10
49200	Gain on financial assets or liabilities measured at fair value through profit or loss	6(3)(29) and 7	18,547,084	31	6,152,568	11	201
43100	Realized gains on financial assets at fair value through other comprehensive income	6(30)	128,849	-	1,421,822	3	(91)
43600	Losses arising from derecognition of financial assets measured at amortised cost	6(5)	(403,295)	-	(58,687)	-	587
45000	Impairment loss on assets	6(31)	(40,326)	-	(3,607)	-	1018
49750	Share of profit of associates accounted for using equity method	6(9)	139,832	-	61,841	-	126
49600	Foreign exchange gain		1,214,741	2	3,047,508	5	(60)
49800	Net other revenue other than interest income	6(32) and 7	520,070	1	375,986	1	38
	Net revenue		59,605,200	100	55,254,673	100	8
58200	Bad debts expense, commitment and guarantee liability provision	6(8)(22)	(5,816,409)	(10)	(6,575,375)	(12)	(12)
	Operating expense						
58500	Employee benefits expenses	6(33) and 7	(16,484,839)	(28)	(15,789,535)	(29)	4
59000	Depreciation and amortization expense	6(34)	(2,127,425)	(3)	(2,078,142)	(4)	2
59500	Other general and administrative expense	6(35) and 7	(8,286,160)	(14)	(6,856,765)	(12)	21
61001	**Profit from continuing operations before tax**		26,890,367	45	23,954,856	43	12
61003	Income tax expense	6(36)	(5,364,080)	(9)	(3,626,889)	(6)	48
64000	**Profit**		$ 21,526,287	36	$ 20,327,967	37	6

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %	Changes Percentage (%)
	Other comprehensive income, net of tax						
	Components of other comprehensive income that will not be reclassified to profit or loss, net of tax						
65201	(Losses) gains on remeasurements of defined benefit plans	6(22)	($ 256,259)	-	$ 1,154,727	2	(122)
65204	Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	6(26)	4,991,440	8	(2,748,472)	(5)	(282)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(36)	51,252	-	(230,945)	-	(122)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax						
65301	Exchange differences on translation	6(26)	(382,274)	(1)	6,331,398	11	(106)
65306	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(9)(26)	(43,548)	-	(217,579)	-	(80)
65308	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(26)	4,218,079	7	(8,337,287)	(15)	(151)
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	(53,311)	-	102,678	-	(152)
65000	Other comprehensive income, net of tax		$ 8,525,379	14	($ 3,945,480)	(7)	(316)
	Total comprehensive income, net of tax		$ 30,051,666	50	$ 16,382,487	30	83
	Profit, attributable to:	6(37)					
67101	Owners of parent		$ 21,526,287	36	$ 20,327,967	37	6
	Comprehensive income, attributable to :						
67301	Owners of parent		$ 30,051,666	50	$ 16,382,487	30	83
	Basic and diluted earnings per share (In New Taiwan dollars)	6(37)					
	Basic and diluted earnings per share		$ 2.11		$ 1.99		

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Equity attributable to owners of the parent							
			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Gain or loss on financial assets at fair value through other comprehensive income	Total equity
Year 2022								
Equity at beginning of period	$ 90,880,000	$ 34,470,351	$ 61,299,547	$ 4,211,125	$ 20,742,513	($ 7,073,503)	$ 19,009,686	$ 223,539,719
Profit	-	-	-	-	20,327,967	-	-	20,327,967
Other comprehensive income	-	-	-	-	923,782	6,113,819	(10,983,081)	(3,945,480)
Total comprehensive income	-	-	-	-	21,251,749	6,113,819	(10,983,081)	16,382,487
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	5,485,349	-	(5,485,349)	-	-	-
Special reserve appropriated	-	-	-	(45,434)	45,434	-	-	-
Cash dividends of ordinary share	-	-	-	-	(9,000,000)	-	-	(9,000,000)
Stock dividends of ordinary share	3,845,000	-	-	-	(3,845,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,899	-	(4,899)	-
Equity at end of period	$ 94,725,000	$ 34,470,351	$ 66,784,896	$ 4,165,691	$ 23,714,246	($ 959,684)	$ 8,021,706	$ 230,922,206
Year 2023								
Equity at beginning of period	$ 94,725,000	$ 34,470,351	$ 66,784,896	$ 4,165,691	$ 23,714,246	($ 959,684)	$ 8,021,706	$ 230,922,206
Profit	-	-	-	-	21,526,287	-	-	21,526,287
Other comprehensive income	-	-	-	-	(205,007)	(425,822)	9,156,208	8,525,379
Total comprehensive income	-	-	-	-	21,321,280	(425,822)	9,156,208	30,051,666
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	6,376,994	-	(6,376,994)	-	-	-
Special reserve appropriated	-	-	-	(52,171)	52,171	-	-	-
Cash dividends of ordinary share	-	-	-	-	(7,500,000)	-	-	(7,500,000)
Stock dividends of ordinary share	7,440,000	-	-	-	(7,440,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(6,549)	-	6,549	-
Reversal of special reserve	-	-	-	(6,592)	6,592	-	-	-
Equity at end of period	$ 102,165,000	$ 34,470,351	$ 73,161,890	$ 4,106,928	$ 23,770,746	($ 1,385,506)	$ 17,184,463	$ 253,473,872

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 26,890,367	$ 23,954,856
Adjustments		
Adjustments to reconcile profit		
Provision for bad debt expense, commitment and guarantee liability	11,358,357	9,114,651
Depreciation expense of property and equipment	915,600	889,608
Depreciation expense of investment property	13,475	11,740
Depreciation expense of right-of-use assets	735,724	722,732
Amortization expense	462,626	454,062
Interest income	(101,488,963)	(63,825,518)
Interest expense	70,931,648	27,706,783
Dividend income	(1,741,153)	(2,111,499)
Share of profit of associates accounted for using equity method	(139,832)	(61,841)
Gain on sale of property and equipment	(57,703)	-
Loss on retired property and equipment	4,797	6,370
Disposal loss recognized in profit or loss, property, plant and equipment	(8,731)	-
Impairment loss recognized in profit or loss, property, plant and equipment	578	-
Impairment loss on assets	40,326	3,607
Gain on lease modification	(6,656)	(1,272)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the central bank	(4,442,787)	(18,377,407)
Decrease in financial assets at fair value through profit or loss	8,324,226	4,659,204
Increase in financial assets at fair value through other comprehensive income	(37,975,588)	(64,183,951)
Increase in investments in debt instruments measured at amortised cost	(102,554,362)	(94,411,161)
(Increase) decrease in receivables	(2,125,875)	4,197,350
Increase in discounts and loans	(101,606,746)	(285,106,698)
Increase in other financial assets	(65,063)	(93,005)
Changes in operating liabilities		
Increase in deposits from the central bank and banks	6,337,365	59,685,240
Increase in financial liabilities at fair value through profit or loss	4,196,918	6,450,493
Decrease in payable	(34,557)	(820,233)
Increase in deposits and remittances	210,641,394	350,505,511
Increase in other financial liabilities	8,780,155	26,708,678
Decrease in provisions	(296,244)	(141,679)
(Decrease) increase in other liabilities	(184,845)	3,737,666
Cash outflow generated from operations	(3,095,549)	(10,325,713)
Interest received	95,574,601	57,466,478
Interest paid	(68,031,055)	(22,494,358)
Dividends received	1,746,967	2,113,371
Income taxes paid	(5,055,019)	(3,792,697)
Net cash flows from operating activities	21,139,945	22,967,081

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	($ 921,070)	($ 1,012,201)
Disposal of property and equipment	77,871	-
Acquisition of intangible assets	(408,887)	(461,160)
Acquisition of investment properties	(1,296)	(494)
Disposal of investment properties	16,315	-
Increase in other assets	(274,647)	(413,727)
Net cash flows used in from investing activities	(1,511,714)	(1,887,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the central bank and banks	954,710	(41,726,690)
(Decrease) increase in notes and bonds issued under repurchase agreement	(2,211,272)	6,048,893
Proceeds from issuing bank notes payable	500,000	4,050,000
Payments of lease liabilities	(722,197)	(666,985)
Cash dividends paid	(7,500,000)	(9,000,000)
Net cash flows used in financing activities	(8,978,759)	(41,294,782)
Effect of exchange rate changes on cash and cash equivalents	(505,110)	6,338,329
Net increase (decrease) in cash and cash equivalents	10,144,362	(13,876,954)
Cash and cash equivalents at beginning of period	308,603,525	322,480,479
Cash and cash equivalents at end of period	$ 318,747,887	$ 308,603,525
The components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	$ 56,183,634	$ 69,723,149
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	262,564,253	232,430,376
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	-	6,450,000
Cash and cash equivalents at end of period	$ 318,747,887	$ 308,603,525

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatised on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. ("FFHC") through an exchange of shares. After the exchange of shares, the Bank ceased from being listed on the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2023, the Bank's operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank's primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorised by the competent authorities;

C. Concurrently engaging in insurance agency related businesses as a commercial bank pursuant to the Insurance Act;

D. Establishing overseas branches to operate business approved by the local government; and

E. Engaging in other businesses approved by the competent authorities.

(3) The Bank's parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank's shares as of December 31, 2023.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. Application of new standards, amendments, and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform – pillar two model rules'	May 23, 2023

Amendments to IAS 12, 'International tax reform – pillar two model rules'

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). An entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

(2)Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) measured at fair value, defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation and foreclosed assets (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period), these consolidated financial statements have been prepared under the historical cost convention.

B. The analysis of expense is classified based on the nature of expenses.

C. The preparation of financial statements in conformity with IFRSs that came into effect as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank and its subsidiaries' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The Bank and its subsidiaries prepare the consolidated financial statements by aggregating the Bank's and its subsidiaries assets, liabilities, revenues and expenses, which have been eliminated versus owners' equity during the consolidation. In addition, the financial statements of the Bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) A subsidiary refers to an investee that the Bank and its subsidiaries have controlling power over. The Bank and its subsidiaries have control over an investee if the following elements are met:

a. power over the relevant activities of the investee, i.e. the investor has voting rights or other existing rights that give it the ability to direct the relevant activities;
b. exposure, or rights, to variable returns from its involvement with the investee;
c. the ability to use its power over the investee to affect the amount of the investor's returns.

(C) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Bank and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Business activities	Percentage of holding shares (%) December 31, 2023	Percentage of holding shares (%) December 31, 2022
FCB	First Commercial Bank (USA)	Banking services	100	100
FCB	FCB Leasing Co. Ltd. (FCBL)	Leasing(Note)	100	100

Note： FCBL was approved for establishment in May 1998. Its main business includes chattel guarantees and related repo trades, lease businesses, and receivable factoring.

C. Subsidiaries not included in the consolidated financial statements：

Investor	Subsidiary	Business activities	Percentage of holding shares (%) December 31, 2023	Percentage of holding shares (%) December 31, 2022	Note
FCBL	First Financial Assets Management (B.V.I) Ltd.	Note 2	100	100	Note1
FCBL	FCBL Capital International (B.V.I) Ltd.	Note 3	100	100	

Note 1: Since the aforementioned subsidiaries' assets and net income do not account for a sizable fraction of consolidated assets and consolidated net income, they are considered immaterial to prepare the consolidated financial statements. Therefore, the Company believes that excluding these subsidiaries does not affect the overall presentation of the consolidated financial statements.

Note 2: The main business activities include financial institution creditors' rights (money) debt and accounts receivable purchase business, as well as real estate trading business, etc.

Note 3: The primary activities include operating chattel mortgage and conditional sale, leasing business, and accounts receivable purchase business.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries' significant restriction to transfer its funds to the parent company: None.

F. Specific operation risks of the foreign subsidiaries: None.

G. Restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the Bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

B. Transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date. Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognised in other comprehensive income.

If a gain or loss on a non-monetary item is recognised in other comprehensive income, any foreign exchange component of that gain or loss is also recognised in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component of that gain or loss is also recognised in profit or loss.

C. Translation of foreign operations

If the Bank and its subsidiaries have a functional currency (not in an economy with high inflation) that is different from their presentation currency in the consolidated financial statements, its operating results and financial position are translated into the presentation currency using the following procedures:

(A) Assets and liabilities presented are translated using the Bank's and its subsidiaries' closing exchange rate at the balance sheet date;

(B) Profit or loss presented is translated using the current average exchange rate (if exchanges rates in the period fluctuate rapidly, then translations use the exchange rates of the dates of transaction); and

(C) All exchange differences arising from translation are recognised in other comprehensive income.

Exchange differences arising from the above-mentioned procedures are recognised as "Exchange differences on translation of foreign financial statements" under equity.

When preparing consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations and monetary hedges considered a part of those net investments are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, related exchange differences that were originally recorded in other comprehensive income are reclassified to profit or loss.

(5) Cash and cash equivalents

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid time deposits and investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash includes cash and cash equivalents, due from central bank and call loans to other banks, securities purchased under resell agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Securities purchased or sold under resell or repurchase agreements

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted under the financing method. The interest expense and interest income are recognised as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognised at the date of sale or purchase.

(7) Financial assets and financial liabilities

The financial assets and liabilities of the Bank and its subsidiaries including derivatives are recognised in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by FSC.

A. Financial assets

All financial assets held by the Bank and its subsidiaries are classified according to the business model and characteristics of the contractual cash flows of the underlying asset. The categories are: "discounts and loans", "receivables", "financial assets at fair value through profit or loss", "financial assets at fair value through other comprehensive income", and "investments in debt instruments at amortised cost".

Business model refers to the method by which the Bank and its subsidiaries manage the financial assets to generate cash flows, which originates from collecting contractual cash flows, selling financial assets, or both. When determining whether the contractual cash flows of the asset are solely payments of principal and interest on principal amount outstanding, the Bank and its subsidiaries assess whether the contractual cash flows are consistent with those required in a basic loan agreement. In other words, the Bank and its subsidiaries determine whether interest is solely based on the time value of money, credit risk related to the principal amount outstanding on specified dates, other risks and costs associated with the basic loan agreement, and marginal profits consideration.

(A) Regular purchase or sale

Financial assets held by the Bank and its subsidiaries, regardless of type or accounting classification, are all accounted for using trade date accounting by convention at the time of purchase or sale.

(B) Discounts and loans

Discounts and loans consist of export bills negotiation, export bills discount, loans, and overdue receivables arising from loans. Discounts and loans are measured at amortised cost using the effective interest rate method. Measurement at initial investment amount is allowed if effect of discounting is immaterial.

If a discounts and loans held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower, so that it is required to be derecognised entirely or partially in accordance with IFRS 9, the old financial asset should be derecognised, and a new financial asset and related gains or losses should be recognised.

If a discounts and loans held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower and the renegotiation and modification do not lead to financial assets derecognized, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset should be recalculated and resulting gains or losses should be recognised in profit or loss.

(C) Receivables

Receivables include those originated and those not originated by the Bank and its subsidiaries. The former originated directly from money, products or services that the Bank and its subsidiaries provided to the debtors, while the latter refers to all other kinds of receivables. Receivables are measured at amortised cost using the effective interest rate method. However, short-term receivables without bearing interest are measured at initial invoice amount if the effect of discounting is immaterial.

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

a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value and recognise the transaction costs in profit or loss. The Bank and its subsidiaries subsequently measure the financial assets at fair value, and recognise the gain or loss in profit or loss.

c. The Bank and its subsidiaries recognise the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

(E) Financial assets at fair value through other comprehensive income

a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Bank and its subsidiaries have made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Bank and its subsidiaries' business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. The Bank and its subsidiaries subsequently measure the financial assets at fair value:

(a) The changes in fair value of equity instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

a. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Bank and its subsidiaries' business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. Interest income from these financial assets is amortised to profit or loss over the period of bond circulation using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised.

c. The Bank and its subsidiaries' time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(G) Reclassification of financial assets

Excluding equity instruments and financial assets designated as at fair value through profit or loss that cannot be reclassified, the Bank and its subsidiaries reclassify certain financial assets when there is a change in the business model used to manage the assets. The reclassification of the asset is applied prospectively from the reclassification date, and previously recognised gains, losses (including impairment or reversal of gains), and interest income cannot be restated.

(H) Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when one of the following conditions is met:

a. The contractual rights to receive the cash flows from the financial asset expire.

b. The contractual rights to receive cash flows of the financial asset have been transferred and the Bank and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

c. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Bank and its subsidiaries have not retained control of the financial asset.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries include financial liabilities at fair value through profit and loss and financial liabilities measured at amortised cost.

(A) Financial liabilities at fair value through profit and loss

These include financial liabilities held for trading and those designated as financial liabilities at fair value through profit and loss.

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis in accordance with documented risk management policy or investment strategy.

At initial recognition, the Bank and its subsidiaries measure the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Bank and its subsidiaries subsequently measure these financial liabilities at fair value with any gain or loss recognised in profit or loss.

If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(B) Financial liabilities carried at amortised cost

Financial liabilities, which are not classified as financial liabilities at fair value through profit or loss, or financial guarantee contract, all belong to financial liabilities at amortised cost.

(C) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(8) Offsetting financial instruments

Financial assets and financial liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognised amounts; and (2) there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(9) Impairment of financial assets

For discounts and loans, receivables, debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost, other financial assets, loan commitments and financial guarantee contracts, at each reporting date, after taking into consideration all reasonable and verifiable information that includes forward-looking information, the Bank and its subsidiaries recognise the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognise the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has significantly increased since initial recognition or credit has been impaired. In measuring the expected credit losses of a financial asset, the Bank and its subsidiaries must reflect the following:

A. Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

B. Discounting for the time value of money.

C. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available at reporting date without undue cost or effort).

At the balance sheet date, impairment loss of credit assets should be evaluated in accordance with relevant regulations such as "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", Jin-Guan-Yin-Guo-Zi No. 10300329440 issued on December 4, 2014 (related to strengthening the ability of domestic banks to bear risks of real estate loans) and Jin-Guan-Yin-Fa-Zi No. 10410001840 issued on April 23, 2015 (related strengthening the management of domestic banks risk exposure in Mainland China and the risk bearing capacity), and the International Financial

Reporting Standard 9 ("IFRS 9"). Between the allowance amount required by the relevant regulations and the allowance amount calculated under IFRS 9, the greater amount should be recorded, and the credit asset should be presented net of such allowance amount.

Loss allowance of lease receivables is measured by lifetime expected credit losses.

(10) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(11) Investments measured by equity method

Investments measured by equity method of the Bank and its subsidiaries refers to investments in associates.

A. Associates are all entities over which the Bank and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Bank's and its subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank's and its subsidiaries' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Bank and its subsidiaries and its associates are eliminated to the extent of the Bank and its subsidiaries' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognised on the basis of the historical cost less accumulated depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the Bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognised as asset. Additionally, the carrying amounts of a replaced item are derecognised.

Major renewals and improvements incurred to increase the future economic benefits of the assets are deemed as capital expenditure. Routine maintenance and repairs are charged to expense as incurred.

Land is not affected by depreciation. Depreciation for other assets is measured on a straight-line basis over the estimated service lives of the assets until salvage value. Service life is as follows:

Land and improvements	3 ~ 30 years
Buildings and structures (including ancillary equipment)	5 ~ 55 years
Transportation equipment	5 ~ 10 years
Machinery and computer equipment	3 ~ 4 years
Miscellaneous assets	5 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years.

On balance sheet date, the Bank and its subsidiaries assess or appropriately adjusts the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the Bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceeds on disposal, and is recognised in the "Net other revenue other than interest income" in the statement of comprehensive income.

(13) Investment property

The properties held by the Bank and its subsidiaries, with an intention to obtain long-term rental profit or capital increase or both and not being used by other entities of the consolidated the Bank and its subsidiaries, are classified as investment property. Investment property includes the office building and land rented in the form of an operating lease.

Part of the property may be held by the Bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the entire property is deemed as investment property.

When the future economic benefit related to the investment property is very likely to flow into the Bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognised as assets. When the future economic benefit generated from subsequent costs is very likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalised. All maintenance cost are recognised as incurred in the consolidated statement of comprehensive income.

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable to property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the Bank and its subsidiaries based on the internal appraisal guidelines.

(14) Foreclosed assets

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(15) Leasing arrangements (lessor)−lease receivables/operating leases

When the Bank and its subsidiaries are the lessor, please refer to Note 4(13) for the accounting treatment of the leased assets satisfying investment property set out in IAS 40, “Investment Property”.

The lease contract of the Bank’s and its subsidiaries’ subsidiaries includes operating leases and finance leases.

A. Operating lease

Rental receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognised as “net other revenue other than interest income” .

B. Finance lease

The asset is derecognised when the finance lease contract is signed and the present value of lease payment is recognised as lease receivable. The difference between the total lease receivable and present value is recognised as unrealised interest income, and transferred to interest income as incurred at the end of the period baesd on accrual basis accounting. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognised as current gain and loss.

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Bank and its subsidiaries. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable; and

(B) Variable lease payments that depend on an index or a rate.

The Bank and its subsidiaries subsequently measure the lease liability at amortised cost using the interest method and recognise interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date;

(C) Any initial direct costs incurred by the lessee; and

(D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liabilities in profit or loss.

(17) Intangible assets

The intangible assets of the Bank and its subsidiaries consist of computer software expenditures, which are recognised by cost and amortised through straight-line method over its economic useful life.
Subsequent measurements are based on the cost model.

(18) Impairment of non-financial assets

When there is any evidence indicating a possible impairment, the Bank and its subsidiaries immediately perform impairment tests in relation to the assets applicable for IAS 36, "Impairment of Assets".

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognised. Recoverable amount refers to the higher of an asset's fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognised in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed what the carrying amounts after deducting depreciation or amortization would have been if the impairment had not been recognised.

(19) Provisions, contingent liabilities, and contingent assets

The Bank and its subsidiaries recognise liabilities when all of the following three conditions are met：

A. present obligation (legal or constructive) has arisen as a result of past event; and

B. the outflow of economic benefits is highly probable upon settlement; and

C. the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognised.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

Contingent liability is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. Or it could be a present obligation as a result of a past event but the payment is not probable or the amount cannot be measured reliably. The Bank and its subsidiaries did not recognise any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible asset that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. The Bank and its subsidiaries did not recognise any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(20) Financial guarantee contract and loan commitments

A financial guarantee contract is a contract that requires the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss which is incurred owing that a specified debtor fails to make payment when they are due in accordance with the original or modified terms of a debt instrument.

The Bank and its subsidiaries initially recognises financial guarantee contracts at fair value on the date of issuance granted. The Bank and its subsidiaries charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognised in deferred accounts and amortised through straight-line method during the contract term.

Subsequently, the Bank and its subsidiaries should measure the contract at the higher of:

A. Loss allowance recognised in accordance with IFRS 9, as endorsed by the FSC; and

B. The amount initially recognised less, when appropriate, cumulative gains recognised in accordance with IFRS 15.

Impairment loss of the aforementioned guarantee policy reserve is assessed in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and IFRS 9, and the greater of the two amounts is recorded as provision.

Expected credit losses are recognised for loan commitments of the Bank and its subsidiaries, and the measurement of expect credit losses is described in Note 4(9).

Provision for credit losses is recognised for loan commitments and financial guarantee contracts. If a financial instrument includes a loan (financial asset) and undrawn commitment component (loan commitment), and if the Bank and its subsidiaries cannot separate the expected credit losses of the loan from that of the loan commitment, the expected credit loss of the loan commitment is recognised along with that of the financial asset. The amount of the total credit loss in excess of the carrying amount of the financial asset should be recognised as a provision.

The increase in liabilities due to financial guarantee contract and loan commitments is recognised in "bad debt expense, commitment and guarantee liabilities provision".

(21) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries recognise undiscounted short-term employee benefits due in the future as expenses during the period that the employees render service.

B. Employee preferential deposit

The Bank provides preferential interest rate for employees, including flat preferential savings rate for current employees and retired employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to Regulations Governing the Preparation of Financial Statements by Public Banks, the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognised under "employee benefit expense". According to Article 30 of Regulations Governing the Preparation of Financial Statements by Public Banks, the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is not yet eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The Bank and its subsidiaries have made commitments in the formal detailed employment termination plan which is irrevocable, and recognises liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The Bank and its subsidiaries adopt both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The pension in each period is recognised as pension cost in the period as incurred. Prepaid pension assets can only be recognised in the range of refundable cash or decrease in future payment.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have approximate duration of the related pension liability.

Remeasurement of defined benefit plan includes: (1) actuarial gains and losses; (2) return on plan assets, but not including amounts already included in net interest of net defined benefit liabilities (assets); and (3) any changes in effect of asset ceiling, but not including amounts already included in net interest of defined benefit plan. The Bank and its subsidiaries choose to categorise remeasurement of defined benefit plan under retained earnings.

Any actuarial gains and losses on pension of the defined benefit plan are all recognised in other comprehensive income. Past service cost is recognised immediately in profit in the period incurred.

E. Employees’ compensation

Employees’ compensation is recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees’ remuneration is different from the actual distributed amounts as resolved, the differences should be recognised based on the accounting for changes in estimates.

(22) Income and expense

Income and expense of the Bank and its subsidiaries are recognised as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. Dividends revenue is recognised in the consolidated statements of comprehensive income when the dividends-collecting right for the Bank and its subsidiaries is established. However, interest income is recognised on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognised as interest income but recorded in the memo accounts.

A. Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest according to relevant regulation and recognised as “interest income” and “interest expense” in the consolidated statements of comprehensive income.

B. Handling fees and expenses are recognised when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognised upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortised or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the Articles 10.8 and 10.11 of the “Regulation Governing the Preparation of Financial Reports by Public Banks”, the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealised interest income of finance lease in relation to lease business, please refer to Note 4(15).

(23) Income tax

A. Current tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where the Bank and its subsidiaries operate and generate taxable income. Except for transactions or other matters that are directly recognised in other comprehensive income or equity, all the other transactions should be recognised as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognised as deferred income tax. The temporary difference of the Bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognised as deferred tax assets.

Temporary difference related to the investees, branches and affiliated entities are recognised as deferred income tax liabilities. However, when the Bank and its subsidiaries are capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognised.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognised as deferred income tax liabilities.

If the future taxable income is probable to be utilised as unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax assets.

C. Consolidated tax return
Pursuant to the provisions of Tai-Cai-Shui-Zi No. 910458039, ‘profit-seeking enterprises shall jointly declare and report profit-seeking enterprise income tax in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers And Acquisitions Act’, in which where a financial holding company holds more than 90% of the outstanding issued shares of a domestic subsidiary, such a financial holding company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire twelve months of the tax year, elect to be the tax payer itself, and jointly declare and report profit-seeking enterprise income tax. Thus, in accordance with the aforementioned Letter, the Company along with its parent company, First Financial Holding Co., Ltd. (FFHC), and affiliated companies, First Securities Inc. (FS); First Securities Investment Trust Co., Ltd. (FSIT); First Financial Asset Management Co., Ltd.; First Venture Capital Co., Ltd.; and First Consulting Co., Ltd., elect to use a consolidated tax return for the declaration and reporting of their profit-seeking income tax and surplus retained earnings, as well as elect FFHC as the tax payer for the consolidated tax return.

The Bank along with its parent company and affiliates elected the consolidated tax return to jointly declare and report their income tax. Related reimbursements and disbursements are accounted for receivables or payables and are presented in net value when preparing the consolidated as financial statements.

D. Certain transactions of the Bank and its subsidiaries are recognised in other comprehensive income. The tax effects on these kinds of transactions are also recognised in other comprehensive income.

E. Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recorded in the Bank's and its subsidiaries' consolidated financial statements in the period in which they are resolved by the Bank's and its subsidiaries' Board of Directors in substitution for the stockholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Operating segments

The Bank and its subsidiaries' operating segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance. The Bank and its subsidiaries' CODM is the Bank and its subsidiaries' Board of Director.

5. Critical accounting judgments, estimates and key source of assumption uncertainty

The consolidated financial statements of the Bank and its subsidiaries may be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, adoption of the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of assets and liabilities in the next financial statements due to lack of resources. Estimate and assumptions of the Bank and its subsidiaries are the best estimates compliance with IFRS as endorsed by FSC. Estimate and assumptions are made on the basis of past experience and other elements deemed to be relevant. The Bank and its subsidiaries will continually monitor the estimates and assumptions.

Certain accounting policies and judgments of management could have significantly affected the recognised amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments - debt instruments and derivatives

The Bank and its subsidiaries evaluate the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then the measurement of financial instrument at fair value can be retrieved from historical data or other appropriate assumptions. Every valuation model of the Bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 12(1)C provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognise that the valuation models and assumptions chosen can be appropriately used to determine the fair value of financial instruments.

(2) Evaluation on financial instruments - equity instruments

The fair value of unlisted stocks without active market held by the Bank and its subsidiaries are measured using valuation techniques that involve observable data or models of financial instruments with similar characteristics. If there are no observable inputs from the market, the fair value of the instrument is measured with appropriate assumptions. If fair value is determined by a valuation model, it should be calibrated so that the end result reflects actual data and market prices, and observable data should be used whenever it is possible.

The measurement of fair value is primarily calculated using recently published market multipliers of comparable publicly listed companies in similar industries, and discounted according to market liquidity and particularity of risk. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(1)C for the financial instruments fair value information.

(3) Expected credit losses

For debt instruments measured at fair value through other comprehensive income and financial assets measured at amortised cost, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2)C for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

A. The criteria used to judge whether there is significant increase in credit risk.

B. The selection of appropriate models and assumptions for measuring expected credit losses.

C. Determining the forward-looking factors that are necessary for the measurement of expected credit losses for each type of product.

D. For the purpose of measuring expected credit losses, classifying the financial instruments according to similar credit risk characteristics.

Judgements and estimations used in above expected credit losses, please refer to Note 12(2)C.

(4) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate and future asset growth rate are included when determining the net pension cost (income), and the Bank and its subsidiaries decide the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

Other significant assumptions on post-employment benefit are made based on the current market situation.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 15,402,425	$ 25,899,867
Checks for clearance	18,594,372	18,565,485
Due from other banks	22,186,837	25,257,797
Less：Allowance for bad debts- due from other banks	(6,266)	(11,318)
Total	$ 56,177,368	$ 69,711,831

Information relating to credit risk is provided in Note 12(2) C.

(2) Due from the central bank and call loans to banks

	December 31, 2023	December 31, 2022
Reserve for deposits-account A	$ 53,290,521	$ 33,304,458
Reserve for deposits-account B	92,430,070	83,210,254
Inter-Bank clearing fund	25,172,012	30,260,355
Deposits of national treasury account	66,557	79,777
Deposits of overseas branches with foreign Central Banks	18,365,034	24,180,508
Reserve for deposits-foreign currency	731,700	783,488
Call loans and overdrafts to other banks	178,310,398	161,970,788
Subtotal	368,366,292	333,789,628
Less: Allowance for bad debt expense - call loans to banks	(27,847)	(29,738)
Total	$ 368,338,445	$ 333,759,890

A. The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

B. Amounts in conformity and not in conformity with cash and cash equivalents as defined by IAS No.7 were as follows：

	December 31, 2023	December 31, 2022
In conformity with cash and cash equivalents as defined by IAS No.7	$ 262,564,253	$ 232,430,376
Not in conformity with cash and cash equivalents as defined by IAS No.7		
Reserve for deposits-account B	92,430,070	83,210,254
Deposits of overseas branches with foreign Central Banks (Note)	13,371,969	18,148,998
Total	$ 368,366,292	$ 333,789,628

Note: The deposits of overseas branches are reserves required by the respective local central banks. The deposits are restricted from deployment.

C. Please refer to Note 8 for details of the above due from the central bank and call loans to banks pledged as collateral as of December 31, 2023.

D. Information relating to credit risk is provided in Note 12(2)C.

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Short-term bills	$ 59,678,808	$ 74,415,592
Stocks	205,954	21,567
Bonds (government bonds, bank debentures, and corporate bonds)	56,761,420	45,498,057
Others	6,617,988	5,525,956
Derivative instruments	14,548,304	18,743,158
Valuation adjustment	638,477	456,978
Subtotal	138,450,951	144,661,308
Financial assets designated as at fair value through profit or loss		
Bonds	11,920,913	14,295,249
Valuation adjustment	1,205,723	945,256
Subtotal	13,126,636	15,240,505
Total	$ 151,577,587	$ 159,901,813

A. Amounts recognised in profit or loss in relation to financial assets and financial liabilities at fair value through profit or loss are listed below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net gains and losses on financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading	$ 18,059,121	$ 5,745,034
Net gains and losses on financial assets and financial liabilities designated as at fair value through profit or loss	487,963	407,534
Total	$ 18,547,084	$ 6,152,568

B. The financial instruments of the Bank and its subsidiaries designated at fair value through profit or loss upon initial recognition were designated to eliminate or reduce recognition inconsistency.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount of debt investments were $136,810,652 and $141,137,444, respectively; the maximum exposure to credit risk in respect of the amount of derivatives were $14,548,304 and $18,743,158, respectively.

D. As of December 31, 2023 and 2022, the fair value of the bonds designated as financial assets measured at fair value through profits or losses, which were under repurchase and resell agreement, were $0 and $304,365, respectively.

(4) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt instruments		
Bonds	$ 302,319,758	$ 256,859,204
Other marketable securities	-	4,063,502
	302,319,758	260,922,706
Valuation adjustment	(2,690,840)	(6,899,117)
Subtotal	299,628,918	254,023,589
Equity instruments		
Stocks - listed	22,567,517	25,932,802
Stocks - unlisted	3,722,435	3,722,376
Other marketable securities	638,206	700,991
	26,928,158	30,356,169
Valuation adjustment	19,774,951	14,776,962
Subtotal	46,703,109	45,133,131
Total	$ 346,332,027	$ 299,156,720

A. The Bank and its subsidiaries have selected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $46,703,109 and $45,133,131 as of December 31, 2023 and 2022, respectively.

B. In 2023 and 2022, in order to diversify risks, the Company and its subsidiaries sold listed (OTC) stock investments with fair values of $5,076,601 and $5,598,282, respectively. The accumulated (losses) gains from disposals were ($6,549) and $4,899, respectively.

C. The Bank and subsidiaries' recognised dividend income in relation to the equity instruments at fair value through other comprehensive income in 2023 and 2022 amounted to $1,668,611 and $2,074,118, respectively. As of December 31, 2023 and 2022, those related to investment held at the end of the periods amounted to $1,433,699 and $1,762,387, respectively.

D. Please refer to Note 8 for details of the above financial assets at fair value through other comprehensive income pledged as collateral as of December 31, 2023.

E. As of December 31, 2023 and 2022, the fair value of the bonds as financial assets measured at fair value through other comprehensive income, which were under repurchase and resell agreement, amounted to $9,348,029 and $10,662,805, respectively.

F. Information relating to credit risk is provided in Note 12(2)C.

(5) Investments in debt instruments at amortised cost

	December 31, 2023	December 31, 2022
Certificates of deposits purchased	$ 647,803,600	$ 588,072,700
Bonds	227,728,106	184,904,644
Subtotal	875,531,706	772,977,344
Less: Accumulated impairment	(61,079)	(30,105)
Total	$ 875,470,627	$ 772,947,239

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income	$ 14,996,988	$ 8,526,794
(Impairment losses) reversal of impairment loss	(31,607)	(10,219)
(Loss) gain on disposal	(403,295)	(58,687)
	$ 14,562,086	$ 8,457,888

B. For the years ended December 31, 2023 and 2022, the Bank and its subsidiaries sold investments in debt instruments for risk management, and the loss on disposal amounted to($403,295) and ($58,687), respectively.

C. Please refer to Note 8 for details of the above financial assets at amortised cost pledged as collateral as of December 31, 2023.

D. As of December 31, 2023 and 2022, the fair value of the bonds as investments in debt investments at amortised cost, which were under repurchase and resell agreement, amounted to $5,445,304 and $6,091,285, respectively.

E. Information relating to credit risk is provided in Note 12(2)C.

(6) Securities purchased under resell agreements

	December 31, 2023	December 31, 2022
Government bonds	$ -	$ 6,450,000

As of December 31, 2023 and 2022, the fair value of the government bonds which were acquired as security for bills with a reverse repo and bond investment amounted to $0 and $6,455,541, respectively.

(7) Receivables

	December 31, 2023	December 31, 2022
Factoring receivable	$ 2,979,749	$ 1,243,459
Interest receivable	19,087,760	13,173,398
Acceptances receivable	4,609,947	4,887,350
Credit card accounts receivable	9,533,703	9,424,551
Installment accounts receivable	4,588,021	4,220,708
Other receivables	4,378,403	4,285,915
Subtotal	45,177,583	37,235,381
Less: Allowance for bad debts	(1,001,299)	(1,023,259)
Net amount	$ 44,176,284	$ 36,212,122

Information relating to credit risk is provided in Note 12(2)C.

(8) Discounts and loans, net

	December 31, 2023	December 31, 2022
Bills and notes discounted and overdrafts	$ 2,846,534	$ 2,772,958
Short-term loans	570,979,660	608,952,001
Medium-term loans	943,995,050	869,272,964
Long-term loans	914,609,706	855,723,432
Import-export bills negotiations	251,894	812,830
Loans transferred to non-accrual loans	4,140,998	4,226,985
Subtotal	2,436,823,842	2,341,761,170
Less: allowance for bad debts	(34,223,806)	(29,515,676)
Net amount	$ 2,402,600,036	$ 2,312,245,494

A. Information relating to credit risk is provided in Note 12(2)C.

B. As of December 31, 2023 and 2022, the recoveries of write-offs, which were accounted as deductions to bad debts expense were $5,541,948 and$2,539,276, respectively.

(9) Investments measured by equity method, net

A. Investments measured by equity method：

Affiliated Companies	December 31, 2023	December 31, 2022
East Asia Real Estate Management Co., Ltd.	$ 17,380	$ 16,863
FCBL Capital International (B.V.I.) Ltd.	2,202,718	2,141,288
First Financial Assets Management (B.V.I.) Ltd.	647,600	621,651
Total	$ 2,867,698	$ 2,779,802

B. The Bank' s and its subsidiaries' share of the operating results in all individually immaterial associates are summarised below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain from continuing operations	$ 139,832	$ 61,841
Other comprehensive loss	(43,548)	(217,579)
Total comprehensive income	($ 96,284)	($ 155,738)

C. Aside from East Asia Real Estate Management Co., Ltd. whose concurrent financial statements have not been audited by a certified public accountant (had the financial statements been audited, the Bank expects the effect to be immaterial), the profit or loss of affiliated companies for the years ended December 31, 2023 and 2022, accounted for by the Bank through the equity method are derived from concurrent financial statements of investees which have been audited and attested by a certified public accountant.

D. The Bank and its subsidiaries are the single largest shareholder of East Asia Real Estate Management Co., Ltd. with a 30% equity interest. Given that four other large shareholders (non-related parties) hold more shares than the Bank and its subsidiaries, which indicates that the Bank and its subsidiaries have no current ability to direct the relevant activities of East Asia Real Estate Management Co., Ltd., the Bank and its subsidiaries have no control, but only have significant influence, over the investee.

(10) Property and equipment, net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2023 and 2022 are as follows:

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2023	$ 18,937,469	$ 13,591,904	$ 3,137,018	$ 849,238	$ 2,489,395	$ 1,118,012	$ 237,457	$ 40,360,493
Additions	-	134,516	428,159	78,640	85,001	10,179	184,575	921,070
Transfers	254,960	66,147	15,176	-	-	-	(336,283)	-
Transfer to investment property	(262,619)	(6,376)	-	-	-	-	-	(268,995)
Transfer to intangible assets	-	-	-	-	-	-	(8,455)	(8,455)
Disposals	(17,019)	(39,724)	(261,264)	(80,628)	(44,629)	(3,131)	-	(446,395)
Foreign exchange	(37)	(5,132)	(6,560)	(7,189)	(8,311)	(18,162)	-	(45,391)
At December 31, 2023	18,912,754	13,741,335	3,312,529	840,061	2,521,456	1,106,898	77,294	40,512,327
Accumulated depreciation								
At January 1, 2023	-	(7,602,746)	(2,339,986)	(564,958)	(1,955,842)	(908,148)	-	(13,371,680)
Depreciation	-	(351,965)	(310,051)	(75,513)	(121,902)	(58,169)	-	(915,600)
Transfer to investment property	-	3,745	-	-	-	-	-	3,745
Disposals	-	35,418	258,300	80,198	44,415	3,099	-	421,430
Foreign exchange	-	1,532	4,814	(5,443)	(6,388)	13,491	-	31,668
At December 31, 2023	-	(7,914,016)	(2,386,923)	(552,830)	(2,026,941)	(949,727)	-	(13,830,437)
Net	$ 18,912,754	$ 5,827,319	$ 925,606	$ 287,231	$ 494,515	$ 157,171	$ 77,294	$ 26,681,890

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2022	$ 18,876,815	$ 13,275,765	$ 3,106,916	$ 833,362	$ 2,438,923	$ 1,043,080	$ 93,496	$ 39,668,357
Additions	55,030	225,263	217,093	113,480	88,727	28,826	283,782	1,012,201
Transfers	-	79,244	6,763	682	2,657	30,484	(119,830)	-
Transfer to intangible assets	-	-	-	-	-	-	(21,862)	(21,862)
Disposals	-	-	(210,373)	(104,897)	(53,139)	(22,046)	-	(390,455)
Foreign exchange	5,624	11,632	16,619	6,611	12,227	(37,668)	1,871	92,252
At December 31, 2022	18,937,469	13,591,904	3,137,018	849,238	2,489,395	1,118,012	237,457	40,360,493
Accumulated depreciation								
At January 1, 2022	-	(7,270,029)	(2,214,840)	(602,950)	(1,879,660)	(845,689)	-	(12,813,168)
Depreciation	-	(329,697)	(320,051)	(61,105)	(119,042)	(59,713)	-	(889,608)
Disposals	-	-	206,691	103,499	51,936	21,959	-	384,085
Foreign exchange	-	(3,020)	(11,786)	(4,402)	(9,076)	(24,705)	-	(52,989)
At December 31, 2022	-	(7,602,746)	(2,339,986)	(564,958)	(1,955,842)	(908,148)	-	(13,371,680)
Net	$ 18,937,469	$ 5,989,158	$ 797,032	$ 284,280	$ 533,553	$ 209,864	$ 237,457	$ 26,988,813

There was no interest capitalised on property and equipment acquired for the years ended December 31, 2023 and 2022.

(11) Leasing arrangements-lessee

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, machinery and computer equipment, business vehicles, etc. Rental contracts are typically made for periods of 1 to 46 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 8,798	$ 1,647
Buildings and structures	2,341,489	2,306,699
Machinery and computer equipment	53,106	71,341
Transportation and communication equipment	135,209	38,388
Miscellaneous equipment	15,173	12,964
	$ 2,553,775	$ 2,431,039

	For the years ended December 31,	
	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 2,378	$ 2,603
Buildings and structures	665,202	653,581
Machinery and computer equipment	21,879	22,248
Transportation and communication equipment	42,080	40,079
Miscellaneous equipment	4,185	4,221
	$ 735,724	$ 722,732

C. For the years ended December 31, 2023 and 2022, the addition to right-of-use assets were $1,080,391 and $830,484, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 42,744	$ 42,821
Expense on short-term lease contracts	73,792	92,551
Expense on leases of low-value assets	10,941	11,975
Expense on variable lease payments	7,857	8,517
Gain on lease modification	6,656	1,272

E. For the years ended December 31, 2023 and 2022, the Bank and its subsidiaries' total cash outflow for leases were $857,531 and $822,849, respectively.

(12) Leasing arrangements-lessor

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, business vehicles, machinery and equipment. Rental contracts are typically made for periods of 1 to 16 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The Bank and its subsidiaries lease machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31,			
	2023		2022	
Finance income from the net investment in the finance lease	$	53,078	$	33,380

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023			December 31, 2022	
2024	$	496,985	2023	$	320,598
2025		278,262	2024		236,768
2026		125,399	2025		99,131
2027		52,571	2026		22,541
2028		20,323	2027		8,447
2029		946	2028		-
Total	$	974,486	Total	$	687,485

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease are provided as follows:

	December 31, 2023		December 31, 2022	
Undiscounted lease payments	$	974,486	$	687,485
Unearned finance income	(	98,902)	(	69,504)
Net investment in the lease	$	875,584	$	617,981

E. For the years ended December 31, 2023 and 2022, the Bank and its subsidiaries recognised rent income in the amount of $557,574 and $648,620, respectively, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023			December 31, 2022	
2024	$	393,491	2023	$	503,137
2025		393,295	2024		330,327
2026		288,018	2025		238,307
2027		183,955	2026		174,554
2028		80,260	2027		97,684
2029		31,346	2028		30,272
After 2030		82,389	After 2029		107,302
Total	$	1,452,754	Total	$	1,481,583

(13) Investment property, net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2023 and 2022:

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2023	$ 6,742,791	542,038	7,284,829
Additions	-	1,296	1,296
Transfer from property and equipment	262,619	6,376	268,995
Disposal	(6,028)	(33,140)	(39,168)
At December 31, 2023	6,999,382	516,570	7,515,952
Accumulated depreciation			
At January 1, 2023	-	(312,104)	(312,104)
Depreciation	-	(13,475)	(13,475)
Transfer from property and equipment	-	(3,745)	(3,745)
Disposal	-	31,006	31,006
At December 31, 2023	-	(298,318)	(298,318)
Investment property, net	$ 6,999,382	$ 218,252	$ 7,217,634

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2022	$ 6,742,791	$ 541,544	$ 7,284,335
Additions	-	494	494
At December 31, 2022	6,742,791	542,038	7,284,829
Accumulated depreciation			
At January 1, 2022	-	(300,364)	(300,364)
Depreciation	-	(11,740)	(11,740)
At December 31, 2022	-	(312,104)	(312,104)
Investment property, net	$ 6,742,791	$ 229,934	$ 6,972,725

A. As of December 31, 2023 and 2022, the investment property at fair value of the Bank and its subsidiaries were $18,307,756 and $17,573,921, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and market approach was adopted for all assessments, which belongs to the fair value in level 2.

B. For the years ended December 31, 2023 and 2022, the rental income from investment property were $111,267 and $105,287 respectively, and the operating expense from investment property were $68,985 and $68,207, respectively.

(14) Other assets, net

	December 31, 2023	December 31, 2022
Leased assets – vehicles	$ 621,987	$ 978,517
Less: Accumulated depreciation	(372,317)	(499,717)
Leased assets, net	249,670	478,800
Foreclosed assets		
Cost	247,328	32,025
Less: Accumulated impairment	(32,025)	(32,025)
Net foreclosed assets	215,303	-
Guarantee deposits paid	2,377,001	1,043,952
Prepayments (Note)	742,827	1,792,286
Others	64,244	59,360
Total	$ 3,649,045	$ 3,374,398

Note: As of December 31, 2023 and 2022, prepayments for working capital of FCB's Frankfurt branch amounted to $0 and $1,276,800, respectively. The Frankfurt branch was officially opened on January 9, 2023.

(15) Deposits from the central bank and banks

	December 31, 2023	December 31, 2022
Call loans from other banks	$ 244,010,730	$ 239,285,626
Transfer deposits from Chunghwa Post Co. Ltd.	1,300	1,300
Overdrafts from other banks	501,178	599,438
Due to other banks	2,275,353	2,079,580
Due to the Central Bank	38,344	38,846
Call loans from central banks	32,240,250	30,725,000
Total	$ 279,067,155	$ 272,729,790

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

	December 31, 2023	December 31, 2022
Financial liabilities held for trading		
Derivative instruments	$ 15,829,677	$ 12,806,522
Financial liabilities designated as at fair value through profit or loss		
Bonds	2,336,650	1,182,913
Valuation adjustment	(25,478)	(45,504)
Subtotal	2,311,172	1,137,409
Total	$ 18,140,849	$ 13,943,931

A. The financial instruments of the Bank designated at fair value through profit or loss upon initial recognition were designated to eliminate or reduce recognition inconsistency.

B. The financial instruments of the Bank issued the financial debentures at the face value. As of December 31, 2023 and 2022, the carrying amounts exclusive of valuation adjustment and the amounts payable to the creditors were identical.

(17) Notes and bonds issued under repurchase agreement

	December 31, 2023	December 31, 2022
Government bonds	$ 1,647,043	$ 3,717,590
Bank debentures	12,747,380	12,888,105
Total	$ 14,394,423	$ 16,605,695

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $14,544,120 and $16,760,626 as of December 31, 2023 and 2022, respectively.

(18) Payables

	December 31, 2023	December 31, 2022
Accounts payable	$ 368,482	$ 406,512
Checks for clearing payable	18,956,134	19,930,504
Bank acceptances	4,758,488	5,032,008
Accrued expenses	6,609,382	5,924,211
Interest payable	10,017,081	7,116,871
Collections payable	1,175,421	611,000
Import bill advance payable	1,556,100	1,574,589
Other payables	3,281,087	3,260,827
Total	$ 46,722,175	$ 43,856,522

(19) Deposits and remittances

	December 31, 2023	December 31, 2022
Checking accounts deposits	$ 57,855,210	$ 58,901,205
Demand deposits	833,518,613	904,546,999
Time deposits	1,055,938,051	903,610,570
Negotiable certificates of deposits	7,580,503	14,081,435
Savings account deposits	1,563,408,318	1,427,374,460
Remittances outstanding and others	3,106,350	2,250,982
Total	$ 3,521,407,045	$ 3,310,765,651

(20) Bank notes payable

The detailed terms of each issuance are as follows for the years ended December 31, 2023 and 2022:

	First issue, 2015
Issue date	March 25, 2015
Issue amount	NT$7 billion (NT$0.65 billion was redeemed at maturity)
Issue price	At par
Coupon rate	Fixed rate:2.05%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

	First issue, 2018
Issue date	May 28, 2018
Issue amount	NT$5 billion
Issue price	At par
Coupon rate	Fixed rate:2.57%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 2 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	Second issue, 2018
Issue date	September 25, 2018
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	Fixed rate:2.36%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and one month, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	Second issue, 2020
Issue date	December 28, 2020
Issue amount	NT$10 billion
Issue price	At par
Coupon rate	Fixed rate:1.25%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and seven month, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	First issue, 2021
Issue date	December 8, 2021
Issue amount	NT$1 billion
Issue price	At par
Coupon rate	Fixed rate:0.52%
Interest and repayment terms	The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years

	Second issue, 2021
Issue date	December 22, 2021
Issue amount	NT$10 billion
Issue price	At par
Coupon rate	Fixed rate:1.4%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and seven month, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	First issue, 2022
Issue date	March 22, 2022
Issue amount	NT$5 billion
Issue price	At par
Coupon rate	Fixed rate:1.05%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

	Second issue, 2022
Issue date	March 25, 2022
Issue amount	NT$5 billion
Issue price	At par
Coupon rate	Fixed rate:1.70%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 4 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	Third issue, 2022
Issue date	August 22, 2022
Issue amount	USD 18.8 million
Issue price	At par
Coupon rate	Combination of fixed interest rate and structured interest rate (range accrual)
Interest and repayment terms	Interest is paid quarterly. The principal is to be paid pursuant to face value at maturity except for the issuer's redemption.
Maturity period	1.5 Years

	Fourth issue, 2022
Issue date	August 22, 2022
Issue amount	USD 19.7 million
Issue price	At par
Coupon rate	Combination of fixed interest rate and structured interest rate (range accrual)
Interest and repayment terms	Interest is paid quarterly. The principal is to be paid pursuant to face value at maturity except for the issuer's redemption.
Maturity period	5 Years

	Fifth issue, 2022
Issue date	September 19, 2022
Issue amount	NT$1.5 billion
Issue price	At par
Coupon rate	Fixed rate:1.50%
Interest and repayment terms	The principal is to be paid pursuant to face value at maturity.
Maturity period	5 Years

	First issue, 2023
Issue date	March 21, 2023
Issue amount	NT$1.5 billion
Issue price	At par
Coupon rate	Fixed rate:1.35%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years

	Second issue, 2023
Issue date	December 22, 2023
Issue amount	USD 17.3 million
Issue price	At par
Coupon rate	Combination of fixed interest rate and structured interest rate (range accrual)
Interest and repayment terms	Interest is paid quarterly. The principal is to be paid pursuant to face value at maturity except for the issuer's redemption.
Maturity period	1.5 Years

	Third issue, 2023
Issue date	December 22, 2023
Issue amount	USD 20.3 million
Issue price	At par
Coupon rate	Combination of fixed interest rate and structured interest rate (range accrual)
Interest and repayment terms	Interest is paid quarterly. The principal is to be paid pursuant to face value at maturity except for the issuer's redemption.
Maturity period	5 Years

As of December 31, 2023 and 2022, the outstanding balances of the above-mentioned bank debentures amounted to $54.687 billion and $53.033 billion New Taiwan dollars, respectively. In addition, among the above-mentioned ordinary debentures with a face value of $2.337 billion and $1.183 billion were designated as financial liabilities at fair value through profit or loss, respectively.

(21) Other financial liabilities

	December 31, 2023	December 31, 2022
Received principal of structured notes	$ 74,064,181	$ 65,188,160
Commercial papers payable	4,631,187	4,189,142
Short-term loan	500,000	800,000
Others	340,948	578,859
Total	$ 79,536,316	$ 70,756,161

The above-mentioned short-term loans are all credit loans. As of December 31, 2023 and 2022, the interest rate range was 1.75% and 1.73% to 1.75%.

(22) Provisions

	December 31, 2023	December 31, 2022
Provisions for employee benefit	$ 2,371,727	$ 2,411,716
Reserve for guarantees	1,466,118	1,507,312
Reserve for loan commitments	615,688	750,858
Others	81,811	81,822
Total	$ 4,535,344	$ 4,751,708

Details for the Bank's provisions for employee benefit are as follows:

	December 31, 2023	December 31, 2022
Consolidated balance sheet:		
Defined benefit plans	$ 1,113,440	$ 1,160,675
Preferential saving plan for employees	1,174,300	1,182,775
Total	$ 2,287,740	$ 2,343,450

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. For the years ended December 31, 2023 and 2022, the pension costs of the Bank and its subsidiaries under the defined contribution plan were $294,984 and $278,325, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognised according to the local regulations. For the years ended December 31, 2023 and 2022, pension expenses of current period were $24,844 and $19,576, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. Also, the Bank would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Bank will make contributions to cover the deficit by next March.

The net pension costs under defined contribution pension plans of the Bank for the years ended December 31, 2023 and 2022 were $247,499 and $271,802, respectively. As of December 31, 2023 and 2022, the balances of the pension fund deposited in the Bank of Taiwan were $8,882,063 and $8,823,734, respectively.

(A) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of funded obligations	$ 10,037,755	$ 10,035,338
Fair value of plan assets	(8,924,315)	(8,874,663)
Net defined benefit liability	$ 1,113,440	$ 1,160,675

(B) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	$ 10,035,338	($ 8,874,663)	$ 1,160,675
Current service cost	233,300	-	233,300
Interest expense (income)	146,718	(132,519)	14,199
	10,415,356	(9,007,182)	1,408,174
Remeasurements (Note):			
Return on plant assets	-	(56,599)	(56,599)
Change in demographic assumptions	-	-	-
Change in financial assumptions	175,835	-	175,835
Experience adjustments	137,023	-	137,023
	312,858	(56,599)	256,259
Pension fund contribution	-	(550,993)	(550,993)
Paid pension	(690,459)	690,459	-
Balance at December 31	$ 10,037,755	($ 8,924,315)	$ 1,113,440

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	$ 10,772,032	($ 8,383,816)	$ 2,388,216
Current service cost	259,107	-	259,107
Interest expense (income)	61,221	(48,526)	12,695
	11,092,360	(8,432,342)	2,660,018
Remeasurements (Note):			
Return on plan assets	-	(666,258)	(666,258)
Change in demographic assumptions	(141,556)	-	(141,556)
Change in financial assumptions	(924,901)	-	(924,901)
Experience adjustments	577,988	-	577,988
	(488,469)	(666,258)	(1,154,727)
Pension fund contribution	-	(344,616)	(344,616)
Paid pension	(568,553)	568,553	-
Balance at December 31	$ 10,035,338	($ 8,874,663)	$ 1,160,675

Note: Return on plan assets excluding amounts included in interest income or expense.

(C) The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Bank and its subsidiaries have no right to participate in managing and operating that fund and hence the Bank and its subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

For the years ended December 31, 2023 and 2022, actual return on plan assets were $189,118 and $714,784, respectively.

For the years ended December 31, 2023 and 2022, defined benefit plan recognised through other comprehensive income a remeasurement of ($256,259) and $1,154,727, respectively, for net defined benefit liability.

(D) The principal actuarial assumptions used were as follows:

	For the years ended December 31, 2023	2022
Discount rate	1.30%	1.50%
Future salary increases	1.50%	1.50%

Assumption on future death rate in 2023 and 2022 were based on the 6th historical life chart by the Taiwan life insurance enterprises, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2023			
Discount rate	±0.25%	($ 219,072)	$ 226,478
Future salary increases	±0.25%	$ 225,459	($ 219,178)

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2022			
Discount rate	±0.25%	($ 226,986)	$ 234,894
Future salary increases	±0.25%	$ 234,306	($ 227,537)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) As of December 31, 2023, the weighted average duration of that retirement plan is 9 years.

(F) Expected contributions to the defined benefit pension plan of the Bank and its subsidiaries for the year ending December 31, 2024 amounts to $426,707.

C. Stock ownership trust

Since January 17, 2019, the Bank has established employee savings and employee shareholding rules, which stipulates that the Bank's regular employees who have served more than half a year, excluding employees hired locally by overseas branches may apply to the "Employee Savings and Employee Stock Ownership Committee of the First Commercial Bank" to monthly deposit in the bank trust account for regular investment and initiate the retirement, resignation or meet other withdrawal conditions, apply to the commission claim. The Bank's pension expense under the above rules were $91,574 and $89,800 for the years ended December 31, 2023 and 2022, respectively.

D. Employee preferential savings plan

The Bank's payment of an allotment for preferential savings of retired and current employees after retirement is in accordance with "First Commercial Bank's preferential savings plan for retired employees". Under the employee preferential savings plan, the Bank recognised pension cost of $511,465 and $628,104 for the years ended December 31, 2023 and 2022, respectively. Please see Note 4(21)B for details.

(A) As of December 31, 2023 and 2022, net liability in the balance sheet were $1,174,300 and $1,182,775, respectively.

(B) Movement in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	$ 1,182,775	$ -	$ 1,182,775
Interest expense	44,860	-	44,860
	1,227,635	-	1,227,635
Remeasurements (Note):			
Change in financial assumptions	(13,319)	-	(13,319)
Experience adjustments	211,806	-	211,806
	198,487	-	198,487
Pension fund contribution	-	(251,822)	(251,822)
Paid pension	(251,822)	251,822	-
Balance at December 31	$ 1,174,300	$ -	$ 1,174,300

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	$ 1,064,421	$ -	$ 1,064,421
Interest expense	40,139	-	40,139
	1,104,560	-	1,104,560
Remeasurements (Note):			
Change in demographic assumptions	118,338	-	118,338
Change in financial assumptions	(20,894)	-	(20,894)
Experience adjustments	235,627	-	235,627
	333,071	-	333,071
Pension fund contribution	-	(254,856)	(254,856)
Paid pension	(254,856)	254,856	-
Balance at December 31	$ 1,182,775	$ -	$ 1,182,775

(C) For the years ended December 31, 2023 and 2022, there were no actuarial loss recognised in other comprehensive income.

(D) The principal actuarial assumptions of employee preferential savings plan were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	4.00%	4.00%
Return on capital deposited	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%

Assumption on future death rate in 2023 and 2022 were based on the 6th historical life chart by the Taiwan life insurance enterprises, respectively.

The analysis for the impact on the present value of the employee preferential savings plan obligation as a result of changes in the primary actuarial assumption is as follows:

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2023			
Discount rate of employee preferential savings	±0.25%	($ 21,709)	$ 22,466
Return rate of capital deposited	±0.25%	($ 173,951)	$ 173,950
Annual diminishing rate of account balance	±0.25%	($ 21,386)	$ 22,051
Potential future variable rate of preferential savings	±10.00%	$ 234,859	($ 234,860)

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2022			
Discount rate of employee preferential savings	±0.25%	($ 21,891)	$ 22,659
Return rate of capital deposited	±0.25%	($ 170,565)	$ 170,565
Annual diminishing rate of account balance	±0.25%	($ 21,567)	$ 22,242
Potential future variable rate of preferential savings	±10.00%	$ 236,555	($ 236,555)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) Expected contributions to the employee preferential savings plan of the Bank for the year ending December 31, 2024 amounts to $121,263.

E. Credit risk information relating to provisions for loan commitments, guarantee liability and others is provided in Note 12(2)C.

(23) Other liabilities

	December 31, 2023	December 31, 2022
Guarantee deposits received	$ 5,624,526	$ 6,163,436
Collections in advance	2,269,659	1,892,580
Temporary receipts and suspense accounts	20,563	59,568
Others	154,581	138,590
Total	$ 8,069,329	$ 8,254,174

(24) Equity

A. Common stock

As of December 31, 2023, the Bank's authorised and paid-in capital were both $102,165,000, consisting of 10,216,500 thousand shares of common stock outstanding with a par value of $10 (in dollars) per share.

The capitalization of the unappropriated earnings in the amount of $7,440,000 are approved by the Board of Directors' meeting on April 21, 2023 and resolved by the Board of Directors in the capacity of the stockholders' meeting on June 14, 2023. Shares increased amounted to 744,000 thousand shares with par value of $10 (in dollars) and the record date for capital increase is August 4, 2023. The issued capital after increase is $102,165,000, and the outstanding shares amounted to 10,216,500 thousand shares with par value of $10 (in dollars).

The capitalization of the unappropriated earnings in the amount of $3,845,000 are approved by the Board of Directors' meeting on April 15, 2022 and resolved by the Board of Directors in the capacity of the stockholders' meeting on June 16, 2022. Shares increase amounted to 384,500 thousand shares with par value of $10 (in dollars) and the record date for capital increase is August 15, 2022. The issued capital after increase is $94,725,000, and the outstanding shares amounted to 9,472,500 thousand shares with par value of $10 (in dollars).

B. Capital surplus

As required by the Company Act, capital surplus resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

As of December 31, 2023 and 2022, the details on the Bank's capital surplus are as follows:

	December 31, 2023	December 31, 2022
Share premium	$ 34,460,326	$ 34,460,326
Share-based payments	1,895	1,895
Reorganization (Note)	8,130	8,130
Total	$ 34,470,351	$ 34,470,351

Note: A subsidiary of the company, FCBL Leasing, acquired the equity of FCBL Financial Asset Management British Virgin Islands Limited by cash on April 11, 2019, using equity method to recognise changes in net equity value of $8,130.

C. Legal reserve and special reserve

(A) Legal reserves

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached 25% of the issued capital stock.

(B) Special reserve

Upon the first-time adoption of IFRSs, regulations require the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung No. 0990073857 dated January 11, 2011. Moreover, the additional special reserve should be transferred to "special earnings reserve" by the net of tax after the annual closing. On the other hand, if the special reserve is insufficient to write-off or to recover the amount that could be written-off or recovered, the insufficiency may be recovered or written-off through the "special earnings reserve". The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted.

In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510, dated May 25, 2016, as a response to the development of financial technology, and to ensure the rights of personnel involved in securities investment trust businesses, the Bank shall, upon appropriating the earnings of 2016 to 2018, provision 0.5% to 1% of income after taxes as special reserve. Starting from the 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transition education and training employee termination or arrangement expenditures resulting from the development of financial technology. In accordance with Jin-Guan-Yin-Fa-Zi letter No. 10802714560 of May 15, 2019, the issuing bank may discontinue setting aside the special surplus reserve for the fiscal year of 2019, and may, when the expenses are incurred, reverse the same amount from the special surplus reserve balance already set aside from the preceding year.

(25) Unappropriated earnings

A. In accordance with the Bank's Articles of Incorporation, if there are earnings upon final account of fiscal year, other than paying all taxes and offsetting cumulative deficits, 30% shall be appropriated as legal reserve and, depending on business needs, a special reserve may be appropriated. The remainder, if any, plus prior year unappropriated earnings, is the amount distributable as bonus. After the Board of Directors' consideration for the Bank's capital adequacy and business development needs, the amount may be distributed upon a resolution by the stockholders' meeting.

B. Prior to legal reserve exceeding total capital or the proprietary capital to risk-weighted assets ratio exceeding banking regulations, the maximum cash dividends which may be distributed shall be distributed according to the Banking Act of the Republic of China and regulations prescribed by the central regulating authority.

C. Dividend policy for the next three years

The Bank is part of a mature industry and has stable profitability and sound financial structure. Distribution of dividends is mainly in cash; however, for the purpose of improving the Bank's proprietary capital to risk-weighted assets ratio in order to strengthen the Bank's competitiveness, distributions are supported with stock dividends.

D. The appropriation of 2022 and 2021 earnings were resolved by the Board of Directors on behalf of the stockholders' meeting dated June 14, 2023 and June 16, 2022, respectively. Relevant information was as follows:

	2022		2021	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 6,376,994	$ -	$ 5,485,349	$ -
Special reserve	(52,171)	-	(45,434)	-
Cash dividends on common stock	7,500,000	0.7918	9,000,000	0.9903
Stock dividends	7,440,000	0.7854	3,845,000	0.4231
	$ 21,264,823	$ 1.5772	$18,284,915	$ 1.4134

The information related to earnings distribution mentioned above was available on Market Observation Post System of TWSE.

(26) Other equity interest

	Exchange differences on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2023	($ 959,684)	$ 8,021,706	$ 7,062,022
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	7,659,957	7,659,957
- Change of accumulated impairment	-	9,800	9,800
- Realised	-	1,546,311	1,546,311
Exchange difference on the financial statements of foreign entities	(382,274)	-	(382,274)
Share of the profit or loss of associates accounted for using the equity method	(43,548)	-	(43,548)

	Exchange differences on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	(53,311)	(53,311)
Balance, December 31, 2023	($ 1,385,506)	$ 17,184,463	$ 15,798,957

	Exchange differences on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2022	($ 7,073,503)	$ 19,009,686	$ 11,936,183
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	(11,737,583)	(11,737,583)
- Change of accumulated impairment	-	(472)	(472)
- Realised	-	647,397	647,397
Exchange difference on the financial statements of foreign entities	6,331,398	-	6,331,398
Share of the profit or loss of associates accounted for using the equity method	(217,579)	-	(217,579)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	102,678	102,678
Balance, December 31, 2022	($ 959,684)	$ 8,021,706	$ 7,062,022

(27) Net interest revenue

	For the years ended December 31,	
	2023	2022
Interest income		
Interest income on discounts and loans	$ 71,151,807	$ 48,127,956
Interest income on securities investment	22,183,391	12,079,618
Interest income due from bank	7,352,817	3,084,887
Other interest income	800,948	533,057
Subtotal	101,488,963	63,825,518
Interest expense		
Interest expense for deposits	(54,905,647)	(20,348,470)
Interest expense due to central banks and banks	(13,438,949)	(5,824,594)
Interest expense, bank debentures	(870,386)	(894,446)
Other interest expense	(1,716,666)	(639,273)
Subtotal	(70,931,648)	(27,706,783)
Total	$ 30,557,315	$ 36,118,735

(28) Net service fee revenue

	For the years ended December 31, 2023	For the years ended December 31, 2022
Service fee income		
Trust business and affiliated business	$ 2,933,591	$ 2,587,568
Insurance agency	2,880,365	2,323,823
Foreign exchange	752,799	757,352
Credit extension	2,200,361	2,109,120
Credit card	1,505,469	1,290,744
Deposits and remittances and other service fee income (Note)	1,435,925	1,430,236
Subtotal	11,708,510	10,498,843
Service fee expense		
Trust business and affiliated business	(293,877)	(291,952)
Insurance agency	(420,927)	(367,697)
Credit card	(1,174,020)	(919,589)
Deposits and remittances and other service fee expense	(878,756)	(781,098)
Subtotal	(2,767,580)	(2,360,336)
Total	$ 8,940,930	$ 8,138,507

Note：

A. As of December 31, 2023 and 2022, the fee income generated by the Bank and its subsidiaries concurrently in electronic payment business amounted to $565 and $463, respectively.

B. Due to the Bank concurrently in electronic payment business, as of December 31, 2023 and 2022 the interest earned from utilizing funds received from users amounted to $4 and $2, respectively, based on the calculation required in Article 4 of “Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions”.

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
Gain or loss from disposal of financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	($ 141,323)	($ 147,404)
Bonds	(258,228)	(195,803)
Stocks	7,922	(71,562)
Interest rate	(1,095,940)	(273,846)
Exchange rate	11,602,551	3,581,696
Options	186,179	200,332
Futures	(1,064)	12,121
Others	3,543	1,139
Subtotal	10,303,640	3,106,673
Gain or loss from evaluation of financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	(838)	6,849
Bonds	(127,353)	(379,319)
Stocks	13,033	(3,410)
Interest rate	74,219	(28,004)
Exchange rate	4,553,321	831,024
Options	(28,670)	42,941
Futures	4,826	(4,539)
Others	(48,684)	(15,284)
Credit risk valuation adjustment	2,013	(9,069)
Subtotal	4,441,867	441,189
Coupon and dividend income on financial assets at fair value through profit or loss	72,542	37,381
Interest income on financial assets at fair value through profit or loss	3,779,466	2,586,600
Interest expense on financial liabilities at fair value through profit or loss	(50,431)	(19,275)
Total	$ 18,547,084	$ 6,152,568

Net income on exchange rate instruments includes realised and unrealised gain and loss on spot and forward exchange contracts, FX options and FX futures.

Interest-linked instruments include interest rate swaps, money market instruments, interest-linked options and other interest related instruments.

(30) Realized gains on financial assets at fair value through other comprehensive income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Dividends income	$ 1,668,611	$ 2,074,118
Gain or loss on disposal of bonds	(1,539,762)	(652,296)
Total	$ 128,849	$ 1,421,822

(31) Impairment loss on assets

	For the years ended December 31,	
	2023	2022
(Impairment losses) reversal of impairment losses on debt instruments at fair value through other comprehensive income	($ 8,719)	$ 1,505
Impairment loss of debt instruments amortised at cost	(31,607)	(10,219)
Reversal of impairment loss on foreclosed assets	-	5,107
Total	($ 40,326)	($ 3,607)

(32) Net other revenue other than interest income

	For the years ended December 31,	
	2023	2022
Net income and losses from rent	$ 347,731	$ 339,200
Loss on over due account and others	172,339	36,786
Total	$ 520,070	$ 375,986

(33) Employee benefits expenses

	For the years ended December 31,	
	2023	2022
Wages and salaries	$ 14,139,562	$ 13,436,350
Labor and health insurance fees	781,671	725,425
Pension costs	1,170,366	1,287,607
Board of Directors' compensation	17,630	19,699
Other employee benefit	375,610	320,454
Total	$ 16,484,839	$ 15,789,535

A. The number of employees are 8,818 and 8,657 for the years of 2023 and 2022, respectively.

B. According to the Bank's Articles of Incorporation, if the Bank has profits before tax, 1% to 6% of income before tax prior to deductions of employees' compensation shall be provisioned as employees' compensation. However, the Bank's accumulated losses should first be covered.

C. As of December 31, 2023 and 2022, the Bank's and its subsidiaries' estimated employees' compensation were $1,697,000 and $1,400,000, respectively. The aforementioned amounts are accounted for under employee benefits expenses.

After considering earnings, employees' compensation for 2023 and 2022 were estimated on a 1% to 6% basis. Employees' compensation for 2022 as resolved by the Board of Directors in 2023 was $1,279,688. This was a decrease of $120,312, compared to employees' compensation recorded in consolidated financial statements amounting to $1,400,000 in 2022. The difference in amounts was due to estimation difference. The changes in estimate in 2022 is treated as a change in accounting estimate, where the difference was recognised as profit or loss in 2023.

D. Information about employees' compensation of the Bank as resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. In addition, the Bank has not distributed any directors' and supervisors' remuneration.

(34) Depreciation and amortization expense

	For the years ended December 31,	
	2023	2022
Depreciation expense	$ 1,664,799	$ 1,624,080
Amortization expense	462,626	454,062
Total	$ 2,127,425	$ 2,078,142

(35) Other general and administrative expense

	For the years ended December 31,	
	2023	2022
Taxes and fees	$ 3,559,610	$ 2,653,027
Rental	92,590	113,043
Insurance premium	752,305	689,077
Printing and binding-Advertising	561,547	584,499
Professional service charge	329,859	301,648
Computer software service charge	747,523	596,697
Post and cable	360,905	348,736
Others	1,881,821	1,570,038
Total	$ 8,286,160	$ 6,856,765

(36) Income tax expense

A. Income tax expense

	For the years ended December 31,	
	2023	2022
Current tax		
Current tax on profits for the period	$ 5,414,636	$ 3,935,698
Adjustments for under provisions of prior years' income tax expense and others	204,686	112,397
Total current tax	5,619,322	4,048,095
Deferred tax		
Origination and reversal of temporary differences	(255,242)	(421,206)
Total deferred tax	(255,242)	(421,206)
Income tax expense	$ 5,364,080	$ 3,626,889

B. Details of reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2023	For the years ended December 31, 2022
Income tax from pretax income calculated at regulated tax rate	$ 5,637,437	$ 4,600,602
Adjustments for under provisions of prior years' income tax expense and others	204,686	112,397
Adjusted effects on income tax exemption and other income tax	(478,043)	(1,086,110)
Income tax expense	$ 5,364,080	$ 3,626,889

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

2023	January 1	Recognised in profit or loss	Recognised in other comprehensive income	other	December 31
Deferred tax assets:					
Allowance for bad debt in excess of tax limits	$ 1,385,200	$ 490,579	$ -	$ -	$ 1,875,779
Impairment loss of foreclosed assets	7,097	(692)	-	-	6,405
Unappropriated employee benefit liabilities reserve	557,155	(12,613)	51,252	-	595,794
Overseas branches and overseas subsidiary	1,191,148	530,872	(28,811)	-	1,693,209
Others	157,877	(592)	(24,500)	-	132,785
Deferred tax assets, net	$ 3,298,477	$ 1,007,554	($ 2,059)	-	$ 4,303,972
Deferred income tax liabilities:					
Increment tax on land value	$ 5,692,710	$ -	$ -	($ 6,601)	$ 5,686,109
Unrealised gain on financial asset	824,416	643,477	-	-	1,467,893
Others	657,381	108,835	-	-	766,216
Deferred income tax liabilities, net	$ 7,174,507	$ 752,312	$ -	($ 6,601)	$ 7,920,218

2022	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 994,942	$ 390,258	$ -	$ 1,385,200
Impairment loss of foreclosed assets	9,798	(2,701)	-	7,097
Unappropriated employee benefit liabilities reserve	745,491	42,609	(230,945)	557,155
Overseas branches and overseas subsidiary	660,866	471,424	58,858	1,191,148
Others	104,366	26,614	26,897	157,877
Deferred tax assets, net	$ 2,515,463	$ 928,204	($ 145,190)	$ 3,298,477

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax liabilities:				
Increment tax on land value	$ 5,692,710	$ -	$ -	$ 5,692,710
Unrealised gain on financial asset	380,889	460,450	(16,923)	824,416
Others	610,833	46,548	-	657,381
Deferred income tax liabilities, net	$ 6,684,432	$ 506,998	($ 16,923)	$ 7,174,507

D. The Bank's filed income tax returns through 2018 have been assessed and approved by the Tax Authority. The Bank disagreed with the assessment of income tax returns in 2018 and availed of administrative remedy by applying for a review of the administrative action with the Tax Authority, which is currently under assessment.

FCBL's filed income tax returns through 2021 have been assessed and approved by the Tax Authority.

E. The Company and its subsidiaries applied the exception provided by the amendment to International Financial Reporting Standard (IFRS) 12, "Income Taxes," issued on May 23, 2023, to the recognition and disclosure of relevant information regarding deferred tax assets and liabilities related to Pillar Two income taxes.

F. The Company and its subsidiaries fall within the scope of the Pillar Two model by the Organization for Economic Co-operation and Development (OECD). The UK, Germany, Vietnam, and Japan, where some overseas branches are registered in, have enacted Pillar Two legislation. Therefore, as of December 31, 2023, the Group does not have current income tax liabilities exposure.

(37) Basic and Diluted earnings per share

Basic

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	For the years ended December 31,	
	2023	2022
Profit or loss attributable to ordinary shareholders of the Bank (after tax)	$ 21,526,287	$ 20,327,967
Weighted average number of ordinary shares outstanding (in thousand shares)	10,216,500	10,216,500
Basic earnings per share attributable to ordinary shareholders of the Bank (in dollars) (after tax)	2.11	1.99

Note: The share was retrospectively adjusted due to the effect of share dividend appropriation on August 4, 2023 and recalculated the basic earnings per share in 2022. For the years ended December 31, 2023 and 2022, basic earnings per share were equal to diluted earnings per share.

7. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd. (Bank of Taiwan)	Substantive related parties
Taiwan Business Bank Co., Ltd (Taiwan Business Bank)(Note 1)	Substantive related parties
Taiwan Cooperative Bank Co., Ltd. (Taiwan Cooperative Bank)(Note 2)	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Financial Holding Co., Ltd. (FFHC)	Parent company of the Bank
First Securities Co., Ltd. (FS)	Affiliated company in the same Group
First Securities Asia, Ltd (FSA)	Affiliated company in the same Group
First Capital Management Co., Ltd. (FCM)	Affiliated company in the same Group
First Securities Investment Trust Co., Ltd. (FSIT)	Affiliated company in the same Group
First Private Capital Co., Ltd. (FPC)	Affiliated company in the same Group
First Financial Asset Management Co., Ltd. (FFAM)	Affiliated company in the same Group
First Venture Capital Co., Ltd. (FVC)	Affiliated company in the same Group
First Consulting Co., Ltd. (FFMC)	Affiliated company in the same Group
First Life Insurance Co., Ltd. (FLI)	Affiliated company in the same Group
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

Note 1: Not a related party since July 16, 2023.

Note 2: A related party from June 17 to July 3, 2023.

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2023		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 12,000,000	$ -	0.970~1.160
		$ -	

	December 31, 2022		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 20,000,000	$ -	0.160~1.100
Taiwan Business Bank	8,000,000	-	0.200~0.590
		$ -	

For the years ended December 31, 2023 and 2022, the interest income on above related parties were $8,612 and $29,945, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2023		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 4,000,000	$ -	0.680~1.160

	December 31, 2022		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Taiwan Business Bank	$ 10,000,000	$ -	0.305~0.430

For the years ended December 31, 2023 and 2022, the interest expense on above related parties were$1,111 and $374, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2023	December 31, 2022
Other related parties		
Bank of Taiwan	$ 435,895	$ 682,944
Taiwan Business Bank	-	540,759
	$ 453,895	$ 1,223,703

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

(Blank below)

D. Loans

December 31, 2023

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	63	$ 23,845	$ 23,435	$ 23,435	$ -	None	None
Residential mortgage loans	Other related parties	207	1,249,398	1,198,557	1,198,557	-	Real estate	None
Other loans	Fellow subsidiary	FFAM	642,000	-	-	-	Real estate	None
Other loans	Other related parties	12	14,911	11,202	11,202	-	Certificates of deposits of the Bank, land	None

December 31, 2022

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	47	$ 18,455	$ 15,130	$ 15,130	$ -	None	None
Residential mortgage loans	Other related parties	203	1,182,696	1,034,415	1,034,415	-	Real estate	None
Other loans	Fellow subsidiary	FFAM	400,000	310,000	310,000	-	Real estate	None
Other loans	Fellow subsidiary	FS	100,000	-	-	-	Real estate	None
Other loans	Other related parties	10	21,968	2,095	2,095	-	Certificates of deposits of the Bank, land, trust beneficiary rights of the Bank	None

For the years ended December 31, 2023 and 2022, the interest income received from the above related parties were $22,409 and $15,123, respectively.

Note 1: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.

Note 2: Account numbers are calculated based on the statistics at the end of the year.

E. Deposits

	December 31, 2023	December 31, 2022
	Ending balance	Ending balance
Parent company		
FFHC	$ 1,889,579	$ 1,568,028
Fellow subsidiary		
FLI	1,127,534	825,044
FS	3,201,843	2,767,121
Others	481,833	386,058
Other related parties		
Others (Note)	1,952,697	1,811,323
Total	$ 8,653,536	$ 7,357,574

The interest expense paid to the above related parties for years ended December 31, 2023 and 2022 were $94,557 and $43,527, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument

December 31, 2023

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2023/10/11~2024/03/29	$ 693,333	$ 20,475	Valuation adjustment for trading liabilities– currency exchange rate	$ 20,475
Other related parties	Bank of Taiwan	Foreign exchange contracts	2023/01/11~2024/06/21	6,448,050	31,708	Valuation adjustment for trading liabilities– currency exchange rate	31,708

December 31, 2022

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2022/12/19~2023/01/31	$ 98,320	($ 385)	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	$ 385
Other related parties	Bank of Taiwan	Foreign exchange contracts	2022/02/11~2023/09/28	7,527,625	(63,566)	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	63,566
Other related parties	Taiwan Business Bank	Foreign exchange contracts	2022/02/08~2023/02/08	1,843,500	(40,230)	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	40,230

Note 1: Gain (loss) on valuation for the current period refers to gains or losses resulting from year-end fair value valuation on derivative instruments as of the balance sheet date.
Note 2: Period-end balance is the year-end balance of those accounted as financial asset or liabilities measured at fair value through profit or loss.

G. Current tax assets

	December 31, 2023	December 31, 2022
Parent company		
FFHC (Note)	$ 741,710	$ 741,710

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2023	December 31, 2022
Parent company		
FFHC (Note)	$ 2,683,158	$ 1,912,758

Note: Payable as a result of consolidated income tax return filing of parent company.

I. The Bank leases buildings and structures from FFAM for lease periods from December 1, 2022 to November 30, 2027. The rent expense will be paid at the beginning of each year. As of December 31, 2023 and 2022, lease liabilities were $22,743 and $29,659, respectively. For the years ended December 31, 2023 and 2022, interest expenses recognised were $435 and $316, respectively, and right-of-use assets obtained from FFAM were $448 and $37,429, respectively.

J. Handling charges income and other income

	For the years ended December 31,	
	2023	2022
Parent company		
FFHC	$ 30,204	$ 29,770
Fellow subsidiary		
FS	86,773	88,293
FSIT	99,717	86,880
FLI	876,817	751,040
FCM	1,530	1,867
FFAM	6,206	6,206
Others	3,160	2,850
Other related parties		
Others	3,062	2,907
Total	$ 1,107,469	$ 969,813

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

K. Other expenses

	For the years ended December 31,	
	2023	2022
Parent company		
FFHC	$ 2,148	$ 2,162
Fellow subsidiary		
FFAM	68,937	69,832
FS	86,051	87,365
FLI	16	9
Other related parties		
Others	15,255	14,777
Total	$ 172,407	$ 174,145

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

L. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 114,508	$ 119,571
Post-employment benefits	2,869	2,871
Other long-term employee benefits	185	210
Total	$ 117,562	$ 122,652

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2023 and 2022 were as follows:

Items	December 31, 2023	December 31, 2022	Purpose of Pledge
Financial assets at fair value through other comprehensive income	5,664,173	7,473,503	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank, operating guarantee deposit, etc.
Investments in debt instruments at amortised cost	40,736,629	40,826,173	Foreign branch's guarantee deposited with Federal Reserve Bank and Federal Home Loan Bank, foreign currency settlement overdraft guarantee, Central Bank foreign currency fund lending guarantee, etc.
Refundable deposits	2,377,001	1,043,952	Derivative transaction guarantee deposit, Guarantees deposited with the court for provisional seizure and deposits for the building lease, etc.
	$ 48,777,803	$ 49,343,628	

9. Significant contingent liabilities and unrecognised contractual commitments

The Bank has the following commitments as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Unused loan commitments	$ 179,970,606	$ 211,002,585
Unused credit commitments for credit cards	117,517,061	112,830,312
Unused letters of credit issued	31,702,784	34,869,999
Guarantees	111,332,384	110,578,438
Collections receivable for customers	91,729,323	99,139,710
Collections payable for customers	407,256,193	322,391,020
Guaranteed notes payable	45,621,054	45,580,622
Trust assets	1,030,790,258	923,196,338
Customers' securities under custody	659,983,589	614,894,135
Book-entry for government bonds under management	220,047,500	211,934,000
Depository for short-term marketable securities under management	213,099,480	210,390,290

10. Significant losses from disasters: None.

11. Significant subsequent events: None.

12. Others:

(1) Fair value and hierarchy information on financial instruments

A. Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction. Financial instruments are initially recognised by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognised by amortised cost. The best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Bank then adopts valuation technique or takes reference to Bloomberg, Reuters or the fair value of financial instrument from counterparties.

B. Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 12(1) C and E.

Except for those listed in the table below, the carrying amount of some of the Bank and its subsidiaries' financial instruments (e.g. cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, discounts and loans, refundable deposits, deposits from the central bank and banks, due to the central bank and banks, notes and bonds issued under repurchase agreement, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value (Please refer to Note 12 (1) D).

	December 31, 2023			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 875,470,627	$ 7,239,522	$ 848,169,778	$ -
Financial liabilities				
Bank Debentures Issued	52,350,000	-	49,414,595	-
	December 31, 2022			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 772,947,239	$ 6,593,286	$ 744,235,142	$ -
Financial liabilities				
Bank Debentures Issued	51,850,000	-	47,641,405	-

C. Financial instruments measured at fair value

(A) Determination of the fair value

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all foundation of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market quotation. If the above condition is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instruments with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and the Taipei Interbank Offered Rate (Taibor) price curve).

When a financial instrument has no Standardised evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopt the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries need to make appropriate estimates based on the assumptions.

The evaluation of derivatives is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward exchange contracts are usually evaluated based on the current forward exchange rate. Structured interest rate derivatives are evaluated based on appropriate option pricing models. The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

(B) Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows:

a. NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

b. NTD corporate bonds & bank debentures: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price.

c. Securitization instruments: prices quoted from Bloomberg.

d. Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

e. NTD short-term bills: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

f. Foreign securities: prices quoted from Bloomberg, Reuters and the company's system evaluation, if there is no relevant quotation or evaluation, the counterparties' quotation is adopted.

g. Listed stocks: the closing price listed in TSE or OTC is adopted.

h. Beneficiary certificates: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the funds as the fair value.

i. Bank debentures designated at fair value issued by the Bank: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

j. Derivatives:

(a) Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

(b) Forward FX, currency swap, interest rate swap and cross currency swap: discounted future cash flows are adopted.

(c) Options: Black-Scholes model is mainly adopted for valuation.

(d) Certain derivatives use the quoted price from counterparties.

k. Unlisted stock: Equity instruments that are not accounted for using the equity method are valued using the market approach, income approach, or net asset approach. The market approach uses the price-to-earnings ratio or the price-to-book ratio of investments with similar characteristics. The income approach includes the discounted cash flow method. The net asset approach includes the net value method.

(C) Adjustments for credit risks

Adjustments for credit risks are mainly credit valuation adjustments and debit valuation adjustments. Definition is as follows:

a. Credit valuation adjustment (CVA) is an adjustment to the valuation of derivatives which are not transacted through the Stock Exchange Market, that is, over the counter (OTC). CVA reflects the possibility of counterparty default and the Company unable to collect the full market value in fair value.

b. Debit valuation adjustment (DVA) is an adjustment to the valuation of derivatives which are not transacted through the Stock Exchange Market, that is, OTC. DVA reflects the possibility of the Company default and unable to pay the full market value in fair value .

CVA is calculated by applying loss given default (LGD) to exposure at default (EAD), along with the consideration of counterparty's probability of default (PD) (under the condition of the Bank does not default). On the other hand, DVA is calculated by applying the Bank's estimated loss to the risk exposure amount, along with the consideration of the Bank's PD (under the condition of the counterparty does not default).

D. Financial instruments not measured at fair value

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows:

(A) The carrying value of cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, purchases in remittances, refundable deposits, deposits from the central bank and banks, due to the central bank and banks, notes and bonds issued under repurchase agreement, payables, guarantee deposits and other financial liabilities which have a short maturity period will be considered as their fair value.

(B) Discounts and loans (including overdue receivables and assumed receivables from leasing subsidiary): Considering the nature of the financial industry, the fair value is determined by the market rate (market price). The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for medium-term or long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, carrying value was used to estimate the fair value.

(C) Investments in debt instruments at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

a. NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

b. NTD corporate bonds, bank debentures, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

(D) Deposits and remittances: Considering the nature of the financial industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years, it is reasonable to use the carrying amount to estimate the fair value.

(E) Bank notes payable: Since the coupon rates of the bank debentures issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the carrying value.

E. Hierarchy of fair value estimation of financial instruments

(A) Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1
Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Bank's and its subsidiaries' investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

b. Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).The fair value of the Bank and its subsidiaries' investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments bank debentures issued by the First Group is included in Level 2.

c. Level 3
Inputs for the asset or liability that are not based on observable market data. The fair value of the Bank and its subsidiaries' investment in the derivatives and certain overseas securities invested by the First Group is included in Level 3.

(Blank below)

(B) Hierarchy of fair value estimation of financial instrument

Assets and Liabilities	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 59,716,400	$ -	$ 59,716,400	$ -
Stock investments	218,631	218,631	-	-
Bond investments	57,376,151	366,242	57,009,909	-
Others	6,591,465	-	6,239,084	352,381
Financial assets designated as at fair value through profit or loss	13,126,636	-	13,126,636	-
Financial assets at fair value through other comprehensive income				
Stock investments	46,079,075	36,961,127	-	9,117,948
Bond investments	299,628,918	39,259,749	260,369,169	-
Others	624,034	624,034	-	-
Liabilities				
Financial liabilities designated as at fair value through profit or loss	2,311,172	-	2,311,172	-
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	14,548,304	117,330	14,430,974	-
Liabilities				
Financial liabilities at fair value through profit or loss	15,829,677	-	15,829,677	-
Total	$ 516,050,463	$ 77,547,113	$ 429,033,021	$ 9,470,329

Assets and Liabilities	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 74,467,893	$ -	$ 74,467,893	$ -
Stock investments	21,211	21,211	-	-
Bond investments	45,881,479	1,920	45,879,559	-
Others	5,547,567	-	5,116,900	430,667
Financial assets designated as at fair value through profit or loss	15,240,505	-	15,240,505	-
Financial assets at fair value through other comprehensive income				
Stock investments	44,437,790	36,025,136	-	8,412,654
Bond investments	249,965,444	27,959,785	222,005,659	-
Others	4,753,486	695,341	4,058,145	-
Liabilities				
Financial assets designated as at fair value through profit or loss	1,137,409	-	1,137,409	-
Derivative instruments				
Assets				
Financial assets at fair value through profit or loss	18,743,158	92,848	18,650,310	-
Liabilities				
Financial liabilities at fair value through profit or loss	12,806,522	-	12,806,522	-
Total	$ 473,002,464	$ 64,796,241	$ 399,362,902	$ 8,843,321

(C) Movement of financial assets and liabilities at fair value classified as Level 3

a. Movement of financial assets at fair value classified as Level 3

For the year ended December 31, 2023

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative instruments								
Financial assets mandatorily measured at fair value through profit or loss	$ 430,667	($ 78,286)	$ -	$ -	$ -	$ -	$ -	$ 352,381
Equity instruments measured at fair value through other comprehensive income	8,412,654	-	705,294	-	-	-	-	9,117,948

For the year ended December 31, 2022

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative instruments								
Financial assets mandatorily measured at fair value through profit or loss	$ 429,007	$ 20,560	$ -	$ -	$ -	($ 18,900)	$ -	$ 430,667
Equity instruments measured at fair value through other comprehensive income	9,037,835	-	(629,836)	4,655	-	-	-	8,412,654

As of December 31, 2023 and 2022, the profit and loss amount of the assets held by the Bank and its subsidiaries which are included in the above gain and loss on valuation recognised in gain or loss were ($78,286) and $19,592, respectively.

As of December 31, 2023 and 2022, the other comprehensive amount of the assets held by the Bank and its subsidiaries which are included in the above gain and loss on valuation recognised in other comprehensive income were $705,294 and ($629,836), respectively.

b. Movement of financial liabilities at fair value classified as Level 3

For the years ended December 31, 2023 and 2022, the Bank and its subsidiaries did not hold any Level 3 financial liabilities.

(D) Material transfers between Level 1 and Level 2

There were no material transfers of the Bank's and its subsidiaries' held financial instruments between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

(E) Sensitivity analysis of fair value to reasonable possible alternative assumptions for Level 3 fair value measurements

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the valuation moves to 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

December 31, 2023	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets mandatorily measured at fair value through profit or loss	$ 35,238	($ 35,238)	$ -	$ -
Equity instruments measured at fair value through other comprehensive income	-	-	911,795	(911,795)

December 31, 2022	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets mandatorily measured at fair value through profit or loss	$ 43,067	($ 43,067)	$ -	$ -
Equity instruments measured at fair value through other comprehensive income	-	-	841,265	(841,265)

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(F) Quantitative information of fair value measurement for significant unobservable inputs (Level 3)

The Bank's and its subsidiaries' Level 3 fair value measurement are mainly financial assets at fair value through other comprehensive income – equity instrument without an active market.

The multiple significant unobservable inputs of equity instrument without an active market are independent from each other, thus, they are not correlative.

Table below summarises quantitative information of significant unobservable inputs:

	Fair value as of December 31, 2023	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets mandatorily measured at fair value through profit or loss					
Other	$ 352,381	Asset approach – Net asset value	Discount for marketability	15%	The higher discount for marketability is, the lower the fair value is.
Financial assets at fair value through other comprehensive income					
Equity investment	9,117,948	Market approach – Market comparable companies	Price-to-earnings ratio multiple	8.32~26.53	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.45~3.67	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	2.67~15.46	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is
		Income approach – Discounted cash flow	Revenue growth rate	2%	The higher the revenue growth rate is, the higher the fair value is
			Discount Rate	7.20%	The higher discount rate is, the lower the fair value is
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is

	Fair value as of December 31, 2022	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets mandatorily measured at fair value through profit or loss					
Other	$ 430,667	Asset approach – Net asset value	Discount for marketability	15%	The higher discount for marketability is, the lower the fair value is.
Financial assets at fair value through other comprehensive income					
Equity investment	8,412,654	Market approach – Market comparable companies	Price-to-earnings ratio multiple	6.98~23.08	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.44~3.36	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	5.41~13.32	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is
		Income approach – Discounted cash flow	Revenue growth rate	2%	The higher the revenue growth rate is, the higher the fair value is
			Discount Rate	7.65%	The higher discount rate is, the lower the fair value is
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is

(G) Fair value measurement process for instruments classified in Level 3

The Bank and its subsidiaries' financial instruments within Level 3 are primarily equity investments in unlisted stocks.

In accordance with "First Financial Holding's Regulations for Equity Investment Valuation", the Bank's equity instruments without an active market are valued using the market approach, income approach, or asset approach. By using publicly available information, valuation results are close to market conditions, and sources for information are independent, reliable, in agreement with other sources and represent exercisable prices. Inputs, information and other necessary fair value adjustments for the valuation model are updated periodically to ensure that the valuation results are reasonable. Relevant valuation results are recorded after the Bank's internal review and approval.

(2) Management objective and policy for financial risk

A. Scope

The Bank's and its subsidiaries' financial risk management objective incorporates the general operating strategy and financial targets. It considers risk appetite and external regulations along with other elements, through effective risk management policies, including but not limited to risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control business risks and potential financial losses within an endurable range in order to ensure a sound business development for the Bank and its subsidiaries and accomplish the objective of maintaining a reasonable risk and return, to further increase shareholders' value.

The primary risks arising from operations of the Bank and its subsidiaries includes but are not limited to credit risks incident upon on-balance-sheet and off-balance-sheet transactions, market risks, operating risks and liquidity risks. In order to put into effect the risk management culture and strategy, the Bank and its subsidiaries has established a risk management policy, system, process and method. The bank and its subsidiaries abides by relevant regulations and evaluates and adjusts in a timely manner. Through managing risks, prescribing limits on each risk, monitoring and reporting periodically, as well as through the internal control and internal audit mechanisms and monitoring of high level committees, the primary risks are effectively identified, evaluated, monitored, and controlled, in order to abide regulations, accomplish strategic objectives and provide reliable financial reporting information.

For climate risk, the Board of Directors of First Financial Holding Co., Ltd., as the highest supervisory unit of First Financial Group, is responsible for approving, guiding, and ensuring the effective operation of risk policies. The First Financial Group has set up a "Sustainable Development Committee" and a "Risk Management Committee" to oversee important strategies related to the Group climate risks. In addition, the legally compliant unit should ensure that all operations of each unit comply with laws and regulations.

The Bank and its subsidiaries' Libor-based derivative and non-derivative instruments will be affected by the interest rate benchmark reform. The Bank and its subsidiaries had made the execution plan of interest rate benchmark reform to reflect the risks of financial and non-financial aspects arising from the interest rate benchmark reform. Contract modification, customer communication, effect assessment of finance and business, amendment of internal control system, changes of systems and procedures, risk management and adjustment of valuation model shall be completed before abandonment of Libor.

As of December 31, 2023, the Bank has completed the conversion without relevant risks.

B. Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority which must be approved by the Board of Directors.

Under the Board of Directors, there is a Risk Management Committee (RMC), which is headed by the Bank's President and comprised of several committee members including Executive Vice President. Besides, Risk Management Division, Credit Approval Division, Credit Analysis Division, Special Asset Management Division, and Compliance Division are required to participate in the committee. Risk Management Division is a business line under Risk Management Committee. It is responsible for handling of overall affairs for the committee. RMC is responsible for integration of review, supervision, reporting and coordinating interaction between each division for firm-wide risk management. Besides, the committee needs to resolve affairs related to risk management policies, system and procedures, risk tolerance limits and authorities, risk measurement methods, assessment procedures and monitoring system, implementation of risk management and status report on anti-money laundering and countering the financing of terrorism, and then deliver orders to each business segment in accordance with their responsibilities and approval procedures. RMC also submits regular reports about the risk evaluation of the Bank to the Board of Directors and supervisors.

The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

C. Credit risk

(A) Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounts and loans and credit card business, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, letter of credit, and loan commitment.

(B) Policy for credit risk management

Risk management program and procedures are as follows:

a. Assessing the credit condition of the counterparty before each transaction; referring to information from domestic and foreign credit rating institutions or establishing its own rating system to set up different credit risk limitation and manage it by different category;

b. Avoiding the concentration risk, that is, limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

c. Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

d. Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

e. Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

f. Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating	Taiwan rating
Low risk	Level 1 to level 7	Above level BB	Above level twBBB+
Medium risk	Level 8 to level 9	Level BB- to level B+	twBBB～twBB+
Medium-high risk	Level 10	Level B (including the debt investments of non rating)	twBB～twBB-
High risk	Level 11 to level 12	Level B- to level C	twB+～twCC
Default	Level 13	Level D	

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

a. <u>Credit business (including accounts receivable of lease business of the lease subsidiaries, loan commitments and guarantees)</u>

Classification for credit assets and internal risk ratings are as follows:

(a)Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

(b)Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to execute risk management.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

I. Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

II. Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment could damage the borrower's willingness and capacity to make the payment of interest and principal.

III. Medium-high risk: Level 10 has a default rate ranging around 5-10%. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

IV. High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

V. Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. It applies to the collective credit extension similarly. Credit rating mainly processed by credit analysis division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

I. Credit rating for petty loans:

Expected Loss (EL) is calculated by Possibility of Default (PD) and Loss Given Default (LGD) which are assessed by credit evaluation module of the borrowers. Based on the expected default frequency within the next year, the credit rating results are classified into 3 levels, which are 'low risk', 'medium-high risk' and 'high risk'.

II. Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce 'expected profit' (revenue minus cost). Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are 'low risk', 'medium risk', 'medium-high risk' and 'high risk', respectively.

b. Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions and the business capacity of counterparty, is responsible for individual assessment and implementation.

c. Debt investment and derivatives

The risk management of the Bank's and its subsidiaries' debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

(C) Recognition and measurement of expected credit losses

In the assessment of impairment and calculation of expected credit losses, the Bank considers reasonable and supportable information (including forward-looking information) about past events, current conditions and reasonable and supportable forecasts of future economic conditions. The Bank determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognises expected credit loss according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit impaired (Stage 3). 12-month expected credit losses are recognised for assets in Stage 1, and lifetime expected credit losses are recognised for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognised for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	There has been no significant deterioration of the credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date.	There has been significant deterioration of the credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired.	The financial asset is credit impaired at the financial reporting date.
Expected credit losses recognition	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(a) Credit business

The Bank considers reasonable and supportable information (including forward-looking information) when determining whether there has been significant increase in credit risk. The main indicators that are taken into account are as follows:

I. The borrower is over 30 days past due.

II. Placed on the warning list of the Bank.

III. Both internal and external credit ratings have deteriorated:

  i. Internal rating: The rating on the rating date has dropped more than 3 scales compared to the rating on the initial recognition date.

  ii. External rating: The external rating agency has lowered the rating by more than 2 scales to a non-investment grade.

IV. Record of bad credit after assessment, including the following circumstances:

  i. Approved the delay of principal payments by borrower while continuing the collection of interest payments due to the deterioration of the financial condition of borrower or concern that loan is not recoverable.

  ii. Terms of the loan agreement have been modified, before being classified as non-performing, so that borrower can pay back principal and interest in installments due to the deterioration of the financial condition of the borrower or concern that loan is not recoverable.

  iii. Borrower makes partial interest payments with the unpaid amount recorded as owed.

  iv. The length of the loan is repeatedly extended.

  v. The debtor is on a "debarred customer" list.

  vi. The pledged collateral of the debtor is compulsorily enforced by another bank.

  vii. The debtor is no longer in business.

  viii. The auditor issues an opinion expressing material uncertainty over the company's ability to continue as a going concern.

  ix. The Bank reported a returned check issued by debtor.

x. The credit of the borrower has deteriorated or subsidiaries, affiliates, or parents of the borrower have ceased operations.

xi. The debtor has other records of bad credit.

If the internal and external credit ratings of a credits asset satisfies the following conditions, it is considered to be "low-risk at the balance sheet date" and assumed to have no significant increase in credit risk.

I. According to internal credit ratings of the Bank, the asset meets the requirements of a "low-risk level" asset, which is estimated to have a default probability less than 2%, and is considered to be "low-risk at the financial reporting date".

II. External credit ratings: investment grade or above.

The Bank will periodically review and assess the appropriateness of the criteria used to determine where there has been a significant increase in credit risk.

(b) <u>Bond investments</u>

If there is a change in a credit risk indicator that crosses a threshold since initial recognition, it is considered to have significant increase in credit risk. The thresholds for changes in the stage of credit risk indicators are as follows:

I. Bonds are over 30 days past due.

II. The final external credit rating has lowered by 2 scales or more, and the bond is rated as non-investment grade at the reporting date.

III. The cost of the financial asset measured at amortised cost compared to its fair value: The market price of the instrument is not more than 50% of its original investment cost, and the decrease is not the result of changes in market interest rates.

IV. Bond is on the Bank's warning list.

A bond investment of the Bank that is not considered to be in Stage 2 or Stage 3 of credit impairment is considered to have no significant increase in credit risk or an asset with low credit risk (Stage 1).

After the impairment assessment of bond investments the associated sales unit will review and confirm the results of the assessment and report to senior management. Data on impairment parameters should be reviewed periodically and updated if necessary; parameters should be updated at least once every year.

a. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in Appendix A of IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset.

(a) <u>Credit business</u>

I. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.

II. New payment schedule is negotiated so that loan is not classified as non-performing.

III. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).

IV. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).

V. Cases where the court has initiated reorganization or liquidation proceedings.

VI. Declaration of bankruptcy in court.

VII. Reclassified as overdue receivables.

VIII. Special criterion for credit card products: credit card accounts closed by the issuer.

IX. Debtor's loans from other banking institutions have been recognised as non-performing, and reclassified as non-accrual or written off as uncollectible.

X. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.

XI. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with applicable rules issued by the Bankers Association.

XII. Non-performing loans with negotiated payment installment plan.

XIII. Loans classified as "in default" according to the Bank's internal credit rating model.

(b) Bond or bill investments

A bond or bill investment by the Bank is considered credit impaired if any of the following conditions apply:

I. Principal or interest payments are over 3 months (90 days) past due.

II. The S&P credit rating of the bond is "in default" or the equivalent rating is assigned by another credit rating agency.

III. Court has initiated reorganization or liquidation proceedings.

IV. Declaration of bankruptcy in court.

V. Bond or bill issuer has led for bankruptcy, reorganization, or other debt clearance proceedings.

b. Write-off policy

If any of the following conditions apply, the Bank writes off its non-performing and non-accrual loans as uncollectible, after deducted the estimated recoverable amount:

(a) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.

(b) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.

(c) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts, and their assumption would bring no financial benefit for the Bank.

(d) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

c. Measurement of expected credit losses

Expected credit losses (ECL) are calculated from the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) <u>Credit business</u>

I. Probability of default (PD)

For the estimation of the PD of domestic credit assets, PD parameters categorization is based on the product type and internal credit ratings, and the estimation of one-year PD and multi-year PD are conducted separately.

i. One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.

ii. Multi-year PD: The multi-year PD is estimated using a Markov Chain with a transition matrix constructed from historical one-year credit ratings, assuming the credit rating transition probability remains constant in each period. Applying the multi-year PD to each loan requires to consider the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

II. Loss given default (LGD)

Loans are grouped according to type (corporate or consumer) and the presence of collateral, and the LGD of each group is calculated based on historical recovery experience.

III. Exposure at default (EAD)

i. On balance sheet-Loans and loan receivables: calculated from credit balance.

ii. Off balance sheet-Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The credit conversion factor is estimated according to the rules described in the “Calculation Method of Equity Capital and Risky Assets and Accompanying Forms-Credit Risk Standard Rules” and the Bank’s and its subsidiaries’ internal historical information on actual drawn down amount.

(b) Bond or bill investments

I. PD calculated based on external credit ratings, incorporating forward-looking information.

II. LGD: Average LGD published by external credit rating agencies.

III. EAD:

i. Stage 1 and stage 3: Total carrying amount (including interest receivable).

ii. Stage 2: The cash flow is determined by the bond issuance agreement in lifetime.

Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

d. Consideration of forward-looking information

(a) Credit business

The Bank incorporates forward-looking information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit loss.

I. Pertaining to significant increase in credit risk

i. The Bank's credit approval process includes evaluation of forward-looking information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

ii. Identify customers with potential risk through the Bank' s early warning system.

II. Pertaining to measuring expected credit loss

Reflected in the adjustment of model parameters including PD and LGD. Historical data is used to identify the important economic factors that affect the credit risk and expected credit loss of each asset portfolio, including the economic growth rate, inflation, unemployment rate, and real estate prices.

Subsequent predictions of the important economic factors are made, including the best estimates for the economy in the coming year. In addition to the basic economic scenario, the Bank also evaluates other possible economic scenarios and relevant information that is weighted accordingly.

By nature, the predicted values and estimated probabilities are highly uncertain, and the actual results may be very different from the predictions. However, the Bank believes the predictions provide the best estimates of the most probable outcomes.

(b) Bond or bill investments

The forward-looking estimate of PD incorporates changes in the business cycle, which can be measured based on economic growth rates. The overall process of the point-in-time (PIT) framework begins with constructing country-specific models, then the PD derived from the country-specific models are linked to GDP growth factor of each nation through regression modeling. The regression models are then adjusted using correction factors in order to obtain the PD rate for each credit rating level and the term structure of conditional default rate.

(D) Credit risk hedging and mitigation policy

a. Collateral

The Bank and its subsidiaries adopt a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured are all well defined to mitigate credit risk in case that the credit event does incur.

b. Credit risk limit and risk concentration control

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

c. Net settlement with gross agreement

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions are terminated in order to further mitigate credit risk.

d. Other credit enhancements

Primarily refers to guarantees by a third-person or credit providing institutions.

(E) Maximum credit risk exposure and concentration of the Bank and its subsidiaries

Maximum credit risk exposure

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2023 and 2022, please see Note 9 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

The total carrying amount of discounts and loans - The Bank’ s and First Commercial Bank (USA) largest credit risk exposure as follows:

December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 2,106,534,440	$ 35,049,620	$ -	$ -	$ 2,141,584,060
Medium risk	171,756,124	47,297,638	-	-	219,053,762
Medium-high risk	7,311,464	27,954,636	-	-	35,266,100
High risk	631,140	27,689,159	5,319,841	-	33,640,140
Default	-	-	7,257,802	-	7,257,802
Gross carrying amount of financial assets	2,286,233,168	137,991,053	12,577,643	-	2,436,801,864
Allowance for bad debts (total impairment recognised under IFRS 9)	(6,917,683)	(3,519,689)	(2,429,619)	-	(12,866,991)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(21,356,815)	(21,356,815)
Net	$ 2,279,315,485	$ 134,471,364	$ 10,148,024	($ 21,356,815)	$ 2,402,578,058

December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 2,041,864,627	$ 30,544,670	$ -	$ -	$ 2,072,409,297
Medium risk	177,596,205	29,868,869	-	-	207,465,074
Medium-high risk	7,426,278	20,422,432	-	-	27,848,710
High risk	410,471	23,579,088	2,148,179	-	26,137,738
Default	-	-	7,872,103	-	7,872,103
Gross carrying amount of financial assets	2,227,297,581	104,415,059	10,020,282	-	2,341,732,922
Allowance for bad debts (total impairment recognised under IFRS 9)	(6,534,382)	(2,592,758)	(1,777,248)	-	(10,904,388)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(18,611,288)	(18,611,288)
Net	$ 2,220,763,199	$ 101,822,301	$ 8,243,034	($ 18,611,288)	$ 2,312,217,246

Credit risk concentration of the credit assets in the balance sheet

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Bank and its subsidiaries concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either products or services), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of bank and its subsidiaries is one of the core businesses; however, the Bank does not significantly carry out transactions with single client or single counterparty, nor does any of total trading volume to a single client or a single counterparty account for more than 5% the balance of discounts and loans and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of the Bank and its subsidiaries by industry, location and collateral are shown as follows:

Discounts and loans and overdue receivable of the Bank and its subsidiaries by industry are shown as follows:

Industry	December 31, 2023			December 31, 2022		
		Amount	%		Amount	%
Private enterprises	$	1,200,057,893	49.25	$	1,205,365,357	51.47
Private individual		838,609,949	34.41		785,146,191	33.53
Overseas and others		336,454,114	13.81		326,083,013	13.92
Government institutions		37,937,622	1.56		9,645,672	0.41
State-owned enterprises		19,500,000	0.80		11,640,715	0.50
Non-profit organizations		4,264,264	0.17		3,880,222	0.17
Total	$	2,436,823,842	100.00	$	2,341,761,170	100.00

Discounts and loans and overdue receivable of the Bank and its subsidiaries by location (Note) are shown as follows:

Geographical location	December 31, 2023			December 31, 2022		
		Amount	%		Amount	%
Asia	$	2,254,031,488	92.50	$	2,169,243,901	92.63
North America		104,987,165	4.31		102,624,916	4.38
Oceania		51,967,443	2.13		47,662,353	2.04
Europe		25,837,746	1.06		22,230,000	0.95
Total	$	2,436,823,842	100.00	$	2,341,761,170	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Discounts and loans and overdue receivable of the Bank and its subsidiaries by collateral are shown as follows:

Collateral type	December 31, 2023			December 31, 2022		
		Amount	%		Amount	%
Unsecured loans	$	603,835,568	24.78	$	572,631,366	24.45
Secured loans						
-Real estate		1,275,277,265	52.33		1,221,110,303	52.14
-Guarantee		151,010,203	6.20		154,303,626	6.59
-Financial collateral		65,145,106	2.67		69,962,606	2.99
-Other collateral		23,855,823	0.98		17,732,844	0.76
Overseas and others		317,699,877	13.04		306,020,425	13.07
Total	$	2,436,823,842	100.00	$	2,341,761,170	100.00

The affected financials from collateral, net settled master netting arrangements and other credit enhancement for the Bank and its subsidiaries assets exposed to credit risk are as follows:

Expressed: In thousands of New Taiwan Dollars

December 31, 2023	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 17,870,051	$ 17,870,051
Derivative instruments	5,863,211	6,583,457	-	12,446,668
Receivables				
Credit card business	12,751	-	-	12,751
Others	5,181,896	-	314,423	5,496,319
Discounts and loans	1,626,600,153	-	171,631,352	1,798,231,505
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	9,063,704	9,063,704
Investments in debt instruments at amortised cost				
Bond investment	-	-	51,973,154	51,973,154
Other financial assets				
Others	116	-	-	116
Off-balance sheet items				
Irrevocable loan commitments	3,482,785	-	298,777	3,781,562
Unused letters of credit issued	5,573,140	-	2,670,890	8,244,030
All types of guarantees	18,794,308	-	10,491,628	29,285,936
Total	$ 1,665,508,360	$ 6,583,457	$ 264,313,979	$ 1,936,405,796

Expressed: In thousands of New Taiwan Dollars

December 31, 2022	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 21,330,598	$ 21,330,598
Derivative instruments	5,992,393	8,441,994	-	14,434,387
Receivables				
Credit card business	8,274	-	-	8,274
Others	4,738,595	-	285,362	5,023,957
Discounts and loans	1,539,633,003	-	171,657,584	1,711,290,587
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	11,155,918	11,155,918
Investments in debt instruments at amortised cost				
Bond investment	-	-	40,211,930	40,211,930
Off-balance sheet items				
Irrevocable loan commitments	5,733,246	-	298,781	6,032,027
Unused letters of credit issued	6,364,167	-	3,510,280	9,874,447
All types of guarantees	19,516,595	-	9,815,086	29,331,681
Total	$ 1,581,986,273	$ 8,441,994	$ 258,265,539	$ 1,848,693,806

Note 1:"Collateral" refers to fixed and non-fixed asset liens, as well as non-fixed asset or equity pledges and guarantees; Collateral for credit assets refer to the lower of appraisal value and maximum exposure.

Note 2: Details of improvement to net settlement master netting arrangements and other credits are provided in Note 12(2) C.(d).

The Bank and subsidiaries closely monitor the value of collateral of financial instruments, taking into account credit-impaired financial assets for which impairment should be recognised. Information on credit-impaired financial assets and the value of collateral that can offset potential losses was as follows:

	December 31, 2023		December 31, 2022	
Impaired financial assets				
On balance sheet items				
Receivables				
Credit card business	$ 176,428	$ 100	$ 172,178	$ 100
Discounts and loans	12,577,643	5,686,680	10,020,282	5,441,400
Off-balance sheet items				
Irrevocable loan commitments	1,147	-	1,574	-
All types of guarantees	491	-	9,891	-
Total	$ 12,755,709	$ 5,686,780	$ 10,203,925	$ 5,441,500

As of December 31, 2023 and 2022, the Bank's written-off financial assets that are still under recourse procedures amounted to $6,450,336 and $4,280,607, respectively.

(F) The changes in the Bank's and its subsidiaries' allowance for bad debt, accumulative impairment and provision for financial assets are as follows:

a. Credit business

(a) For the years ended December 31, 2023 and 2022, the reconciliation of the balance of allowance for uncollectible accounts from expected credit losses was as follows:

I. Discounts and loans

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 6,534,382	$ 2,592,758	$ 1,777,248	$ 10,904,388	$ 18,611,288	$ 29,515,676
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	59,072	(58,996)	(76)	-	-	-
-Transferred to lifetime expected credit losses	(1,455,709)	1,457,599	(1,890)	-	-	-
-Transferred to credit-impaired financial asset	(615,703)	(317,606)	933,309	-	-	-
-Additional provision and reversal	1,954,217	(235,211)	218,681	1,937,687	-	1,937,687
Originated or purchased	3,070,720	558,993	293,598	3,923,311	-	3,923,311
Derecognised	(2,631,057)	(430,339)	(154,401)	(3,215,797)	-	(3,215,797)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	2,745,527	2,745,527
Write-off of uncollectible amount	(199)	(48,570)	(649,370)	(698,139)	-	(698,139)
Foreign exchange and other changes	1,960	1,061	12,520	15,541	-	15,541
Balance at the end of the period	$ 6,917,683	$ 3,519,689	$ 2,429,619	$ 12,866,991	$ 21,356,815	$ 34,223,806

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 5,891,817	$ 2,139,652	$ 1,570,123	$ 9,601,592	$ 15,624,355	$ 25,225,947
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	40,265	(40,233)	(32)	-	-	-
-Transferred to lifetime expected credit losses	(964,124)	973,379	(9,255)	-	-	-
-Transferred to credit-impaired financial asset	(207,995)	(216,551)	424,546	-	-	-
-Additional provision and reversal	772,022	(388,964)	330,367	713,425	-	713,425
Originated or purchased	3,475,773	423,206	17,386	3,916,365	-	3,916,365
Derecognised	(2,577,072)	(322,571)	(108,132)	(3,007,775)	-	(3,007,775)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	2,986,933	2,986,933
Write-off of uncollectible amount	(7,317)	(4,532)	(483,908)	(495,757)	-	(495,757)
Foreign exchange and other changes	111,013	29,372	36,153	176,538	-	176,538
Balance at the end of the period	$ 6,534,382	$ 2,592,758	$ 1,777,248	$ 10,904,388	$ 18,611,288	$ 29,515,676

II. Receivables

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 47,975	$ 44,191	$ 217,474	$ 309,640	$ 604,629	$ 914,269
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	640	(636)	(4)	-	-	-
-Transferred to lifetime expected credit losses	(6,185)	6,285	(100)	-	-	-
-Transferred to credit-impaired financial asset	(9,838)	(26,533)	36,371	-	-	-
-Additional provision and reversal	16,022	27,195	(5,094)	38,123	-	38,123
Originated or purchased	47,211	9,397	4,796	61,404	-	61,404
Derecognised	(34,326)	(10,973)	(35,459)	(80,758)	-	(80,758)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	(40,838)	(40,838)
Write-off of uncollectible amount	(27)	(1,376)	(18,014)	(19,417)	-	(19,417)
Foreign exchange and other changes	16	6,769	(1)	6,784	-	6,784
Balance at the end of the period	$ 61,488	$ 54,319	$ 199,969	$ 315,776	$ 563,791	$ 879,567

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 106,979	$ 54,965	$ 268,529	$ 430,473	$ 230,161	$ 660,634
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	755	(750)	(5)	-	-	-
-Transferred to lifetime expected credit losses	(4,289)	4,331	(42)	-	-	-
-Transferred to credit-impaired financial asset	(8,630)	(18,280)	26,910	-	-	-
-Additional provision and reversal	11,638	15,522	(32,464)	(5,304)	-	(5,304)
Originated or purchased	37,245	1,768	(3,652)	35,361	-	35,361
Derecognised	(95,617)	(17,648)	(29,396)	(142,661)	-	(142,661)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	374,468	374,468
Write-off of uncollectible amount	(33)	(691)	(12,430)	(13,154)	-	(13,154)
Foreign exchange and other changes	(73)	4,974	24	4,925	-	4,925
Balance at the end of the period	$ 47,975	$ 44,191	$ 217,474	$ 309,640	$ 604,629	$ 914,269

III. Provision for loan commitments, provision for guarantee liabilities, and other provisions

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 602,872	$ 76,632	$ 10,258	$ 689,762	$ 1,648,742	$ 2,338,504
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	4,145	(4,145)	-	-	-	-
-Transferred to lifetime expected credit losses	(50,361)	50,364	(3)	-	-	-
-Transferred to credit-impaired financial asset	(382)	(216)	598	-	-	-
-Additional provision and reversal	5,316	(28,800)	(342)	(23,826)	-	(23,826)
Originated or purchased	492,024	12,932	16	504,972	-	504,972
Derecognised	(322,335)	(10,302)	(9,804)	(342,441)	-	(342,441)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	(315,341)	(315,341)
Foreign exchange and other changes	258	(1)	-	257	-	257
Balance at the end of the period	$ 731,537	$ 96,464	$ 723	$ 828,724	$ 1,333,401	$ 2,162,125

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 576,338	$ 78,131	$ 727	$ 655,196	$ 1,147,156	$ 1,802,352
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	5,108	(5,108)	-	-	-	-
-Transferred to lifetime expected credit losses	(9,592)	9,593	(1)	-	-	-
-Transferred to credit-impaired financial asset	(342)	(9,716)	10,058	-	-	-
-Additional provision and reversal	(54,167)	(15,642)	(461)	(70,270)	-	(70,270)
Originated or purchased	395,349	23,923	94	419,366	-	419,366
Derecognised	(312,027)	(4,564)	(159)	(316,750)	-	(316,750)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	501,586	501,586
Foreign exchange and other changes	2,205	15	-	2,220	-	2,220
Balance at the end of the period	$ 602,872	$ 76,632	$ 10,258	$ 689,762	$ 1,648,742	$ 2,338,504

(b) Material changes to the total carrying amount for the years ended December 31, 2023 and 2022.

Material changes to the total carrying amount of allowance for uncollectible accounts for discounts and loans are described as follows:

The Board of Directors approved the write-off of uncollectible accounts for discounts and loans in the amounts of $6,455,265 and $4,338,532 for the years ended December 31, 2023 and 2022, respectively.

Changes to the gross amount of discounts and loans is as follows:

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 2,227,297,581	$ 104,415,059	$ 10,020,282	$ 2,341,732,922
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	20,312,100	(20,295,660)	(16,440)	-
-Transferred to lifetime expected credit losses	(56,155,416)	56,218,679	(63,263)	-
-Transferred to credit-impaired financial asset	(4,755,928)	(1,967,680)	6,723,608	-
-Additional provision and reversal	(85,390,514)	(4,875,874)	(537,697)	(90,804,085)
Originated or purchased	1,002,376,809	35,960,260	404,859	1,038,741,928
Derecognised discounts and loans	(817,710,325)	(27,291,667)	(1,898,287)	(846,900,279)
Write-off of uncollectible amount	(77,241)	(4,204,503)	(2,173,521)	(6,455,265)
Foreign exchange and other changes	336,102	32,439	118,102	486,643
Balance at the end of the period	$ 2,286,233,168	$ 137,991,053	$ 12,577,643	$ 2,436,801,864

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 1,961,014,503	$ 89,189,422	$ 10,790,573	$ 2,060,994,498
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	18,961,470	(18,937,773)	(23,697)	-
-Transferred to lifetime expected credit losses	(39,827,785)	40,149,862	(322,077)	-
-Transferred to credit-impaired financial asset	(2,508,545)	(1,232,772)	3,741,317	-
-Additional provision and reversal	(66,895,626)	(4,297,504)	(519,171)	(71,712,301)
Originated or purchased	1,079,065,727	25,255,489	440,065	1,104,761,281
Derecognised discounts and loans	(736,844,086)	(26,518,158)	(1,032,860)	(764,395,104)
Write-off of uncollectible amount	(924,534)	(112,859)	(3,301,139)	(4,338,532)
Foreign exchange and other changes	15,256,457	919,352	247,271	16,423,080
Balance at the end of the period	$ 2,227,297,581	$ 104,415,059	$ 10,020,282	$ 2,341,732,922

(c) The simplification of expected credit losses of loans, accounts receivable, contract assets and lease receivables

The Bank and FCBL included loans and accounts receivable in the impairment assessment, and the results were as follows:

For the year ended December 31, 2023	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 6,104,467	$ 247,785	$ 16,457	$ 10,459	$ 5,385	$ 6,384,553
Amount of expected credit losses	(102,037)	(7,434)	(1,646)	(5,230)	(5,385)	(121,732)
Net value of loans and receivables	$ 6,002,430	$ 240,351	$ 14,811	$ 5,229	$ -	$ 6,262,821

For the year ended December 31, 2022	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 6,039,428	$ 13,790	$ 28,580	$ 11,802	$ 7,454	$ 6,101,054
Amount of expected credit losses	(92,255)	(522)	(2,858)	(5,901)	(7,454)	(108,990)
Net value of loans and receivables	$ 5,947,173	$ 13,268	$ 25,722	$ 5,901	$ -	$ 5,992,064

b. Debt instruments

(a) The reconciliation of the balance of the cumulative impairment for the years ended December 31, 2023 and 2022 were as follows:

I. Financial assets at fair value through other comprehensive Income

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 58,038	$ -	$ -	$ 58,038	$ 58,038
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	296	-	-	296	296
Originated or purchased	19,897	-	-	19,897	19,897
Derecognised	(12,321)	-	-	(12,321)	(12,321)
Foreign exchange and other changes	1,928	-	-	1,928	1,928
Balance at the end of the period	$ 67,838	$ -	$ -	$ 67,838	$ 67,838

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 58,510	$ -	$ -	$ 58,510	$ 58,510
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(3,224)	-	-	(3,224)	(3,224)
Originated or purchased	12,792	-	-	12,792	12,792
Derecognised	(9,120)	-	-	(9,120)	(9,120)
Foreign exchange and other changes	(920)	-	-	(920)	(920)
Balance at the end of the period	$ 58,038	$ -	$ -	$ 58,038	$ 58,038

II. Investments in debt instruments carried at amortised cost

For the year ended December 31, 2023	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 30,105	$ -	$ -	$ 30,105	$ 30,105
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	12,963	-	-	12,963	12,963
Originated or purchased	19,359	-	-	19,359	19,359
Derecognised	(1,774)	-	-	(1,774)	(1,774)
Foreign exchange and other changes	426	-	-	426	426
Balance at the end of the period	$ 61,079	$ -	$ -	$ 61,079	$ 61,079

For the year ended December 31, 2022	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 18,821	$ -	$ -	$ 18,821	$ 18,821
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	1,141	-	-	1,141	1,141
Originated or purchased	10,372	-	-	10,372	10,372
Derecognised	(999)	-	-	(999)	(999)
Foreign exchange and other changes	770	-	-	770	770
Balance at the end of the period	$ 30,105	$ -	$ -	$ 30,105	$ 30,105

(b) There have been no material changes to the cumulative impairment of debt instruments for the years ended December 31, 2023 and 2022.

(G) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries as of December 31, 2023 and 2022 are of the nature of land and property and the carrying amounts were $215,303 and $0, respectively..

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

(Blank below)

(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Asset quality

Date & year			December 31, 2023				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for bad debts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 2,943,995	$ 822,021,455	0.36%	$ 10,599,894	360.05%
	Unsecured loans		655,821	883,139,683	0.07%	12,151,710	1852.90%
Consumer Banking	Residential mortgage loans (Note 4)		396,398	626,895,462	0.06%	10,133,779	2556.47%
	Cash cards		-	129	-	15	-
	Micro credit loans (Note 5)		9,443	23,165,713	0.04%	280,494	2970.39%
	Others (Note 6)	Secured	93,412	62,144,681	0.15%	731,151	782.72%
		Unsecured	-	39,293	-	454	-
Gross loans business			$ 4,099,069	$ 2,417,406,416	0.17%	$ 33,897,497	826.96%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for bad debts	Coverage ratio
Credit card services			18,638	9,533,703	0.20%	89,880	482,24%
Without recourse factoring (Note 7)			-	2,979,749	-	29,932	-
Date & year			December 31, 2022				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for bad debts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 2,834,116	$ 811,914,734	0.35%	$ 9,501,128	335.24%
	Unsecured loans		687,200	852,914,278	0.08%	10,528,305	1532.06%
Consumer Banking	Residential mortgage loans (Note 4)		427,936	578,266,227	0.07%	8,351,895	1951.67%
	Cash cards		-	168	-	18	-
	Micro credit loans (Note 5)		14,835	17,863,663	0.08%	195,436	1317.40%
	Others (Note 6)	156,580	156,580	61,528,947	0.25%	648,335	414.06%
		-	-	39,951	-	414	-
Gross loans business			$ 4,120,667	$ 2,322,527,968	0.18%	$ 29,225,531	709.24%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for bad debts	Coverage ratio
Credit card services			10,337	9,424,551	0.11%	79,027	764.51%
Without recourse factoring (Note 7)			-	1,243,459	-	12,621	-

Note:

1. The amount recognised as non-performing loans is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with the Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

2. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loans of credit cards /balance of accounts receivable.

3. Coverage ratio for allowance for bad debts of loans=allowance for bad debts of loans/non-performing loans. Coverage ratio for allowance for bad debts of accounts receivable of credit cards＝allowance for bad debts for accounts receivable of credit cards/ Non-performing loan of credit cards.

4. For residential mortgage loans, the borrower provides his/her (or spouse's or minor child's) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

5. Small amount of credit loans applies to the norms of the Jin-Guan-Yin (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

7. Pursuant to the Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009 amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2023	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 5,573	$ 3,221
Perform in accordance with debt liquidation program and restructuring program (Note 2)	7,712	124,740
Total	$ 13,285	$ 127,961

	December 31, 2022	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 371	$ 4,620
Perform in accordance with debt liquidation program and restructuring program (Note 2)	6,346	134,703
Total	$ 6,717	$ 139,323

Note:

1. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Jin-Guan-Yin (1) Letter No. 09510001270 of the FSC dated April 25, 2006.

2. The supplementary disclosure about credit reporting and information disclosure is pursuant to provisions relating to cases such as preliminary negotiation, preliminary conciliation, restructuring and liquidation led by banks under the “Customer Debt Clearance Act”, as regulated in Jin-Guan-Yin-(I)-Zi Letter No. 09700318940 on September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 on September 20, 2016.

c. Profile of concentration of credit risk and credit extensions of the Bank

December 31, 2023			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Iron and Steel Refining	$ 37,624,062	14.84%
2	Group B–Real Estate Development	22,626,684	8.93%
3	Group C–Real Estate Development	19,412,729	7.66%
4	Group D–Manufacture of Liquid Crystal Panel and Components	15,606,085	6.16%
5	Group E–Other Financial Services	14,670,179	5.79%
6	Group F–telecommunication	13,501,457	5.33%
7	Group G–Real Estate Rental and Sales	12,339,343	4.87%
8	Group H–Iron and Steel Rolls over Extends and Crowding	12,050,420	4.75%
9	Group I–Financial holding	11,608,209	4.58%
10	Group J–Financial Leasing	10,861,728	4.29%

December 31, 2022			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Iron and Steel Refining	$ 33,423,955	14.47%
2	Group B–Real Estate	19,590,669	8.48%
3	Group C–Real Estate Rental and Sales	18,529,224	8.02%
4	Group D–Real Estate Development	17,733,442	7.68%
5	Group E–Other Financial Services	16,605,646	7.19%
6	Group F–Retail Sale of Other Integrated	16,068,692	6.96%
7	Group G–Iron and Steel Rolls over Extends and Crowding	12,094,553	5.24%
8	Group H–Financial leasing	11,689,296	5.06%
9	Group I–Manufacture of Liquid Crystal Panel and Components	11,517,618	4.99%
10	Group J–Other Transportation Leasing	11,078,392	4.80%

Note:

1. Ranking the top 10 enterprise groups other than government and government enterprise according to their total outstanding loan amount.
2. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.
3. Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Liquidity risk

(A) Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible into cash or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument into cash and policyholders of interest sensitive insurance exercise the right to terminate contract in advance. Above events may mitigate the cash inflows for loan origination for the bank and its subsidiaries, transactions and investing activities for the lease subsidiaries.

Liquidity risk exists in the Bank's operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters, etc.

Working capital of FCBL is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

(B) Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

<u>Procedure</u>

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the "Management policy of assets and liabilities" and "Management principle of liquidity and interest risk", risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the liquidity risk and other monitoring result regularly to the asset and liability management committee, risk management committee and Board of Directors.

Evaluation method

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes "Analysis table for cash flow gap" and "Adjustment table for cash flow gap" to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with "Contingent plan for liquidity risk".

(C) Duration analysis for the financial assets and financial liabilities held for liquidity risk management are as follows:

a. Financial assets held for the management of liquidity risk

The Bank and its subsidiaries hold cash and highly liquid, high quality interest generating assets to support payment obligations and potential emergency fund demands in the market. Assets hold for the management of liquidity risk include: cash and cash equivalents, due from the central bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments at amortised cost, securities purchased under resell agreements, receivables and discounts and loans etc.

b. Duration analysis for the financial assets and financial liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and financial liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2023	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative instruments						
Cash and due from other banks	$ 125,713,562	$ 10,125,396	$ 6,771,560	$ 12,632,303	$ 50,797,644	$ 206,040,465
Call loans and overdrafts	137,431,060	32,014,035	8,696,550	541,044	-	178,682,689
Securities investment	640,153,542	42,438,783	33,365,723	86,520,150	560,723,521	1,363,201,719
Discounts and loans	196,919,088	267,524,746	275,984,357	266,629,637	1,429,766,996	2,436,824,824
Other capital inflow upon maturity	90,865,985	8,369,640	3,336,350	2,861,715	5,399,447	110,833,137
Derivative instruments	2,561,320	5,453,181	2,514,526	842,977	3,176,300	14,548,304
Total	1,193,644,557	365,925,781	330,669,066	370,027,826	2,049,863,908	4,310,131,138
2.Primary capital outflow upon maturity						
Non-derivative instruments						
Call loans, overdrafts and due to other banks	210,145,519	61,935,087	6,078,317	887,937	-	279,046,860
Demand deposits	71,621,169	77,251,030	75,168,721	169,035,449	1,507,737,477	1,900,813,846
Time deposits	313,218,487	472,576,224	346,609,584	415,763,391	71,609,782	1,619,777,468
Financial liability at fair value through profit or loss-non-derivative instruments	-	1,162.801	-	1,148,371	-	2,311,172
Bank notes payable	-	-	-	-	52,350,000	52,350,000
Lease liabilities	63,596	125,466	167,883	335,635	1,826,923	2,519,503
Other capital outflow upon maturity	94,217,237	23,301,929	12,669,861	4,393,893	73,294,287	207,877,207
Derivative instruments	2,176,855	4,349,587	4,104,298	2,123,085	3,075,852	15,829,677
Total	691,442,863	640,702,124	444,798,664	593,687,761	1,709,894,321	4,080,525,733
3.Gap upon maturity	$ 502,201,694	($ 274,776,343)	($ 114,129,598)	($ 223,659,935)	$ 339,969,587	$ 229,605,405

December 31, 2022	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative instruments						
Cash and due from other banks	$ 113,889,722	$ 9,016,976	$ 5,474,689	$ 12,063,726	$ 49,170,735	$ 189,615,848
Call loans and overdrafts	96,972,998	48,555,905	13,059,378	3,967,678	-	162,555,959
Securities investment	547,407,786	72,868,624	49,157,736	70,287,694	478,293,694	1,218,015,534
Discounts and loans	198,156,277	303,216,275	237,211,422	232,744,267	1,370,586,249	2,341,914,490
Other capital inflow upon maturity	80,798,339	8,749,911	3,129,824	2,632,246	3,886,755	99,197,075
Derivative instruments	2,927,691	5,968,508	3,633,697	2,605,097	3,608,165	18,743,158
Total	1,040,152,813	448,376,199	311,666,746	324,300,708	1,905,545,598	4,030,042,064
2.Primary capital outflow upon maturity						
Non-derivative instruments						
Call loans, overdrafts and due to other banks	147,649,778	109,725,012	14,320,709	458,183	-	272,153,682
Demand deposits	78,830,136	84,338,836	80,900,558	181,129,897	1,510,924,576	1,936,124,003
Time deposits	287,730,974	397,877,006	244,328,924	387,150,143	57,649,704	1,374,736,751
Financial liability at fair value through profit or loss-non-derivative instruments	1,137,409	-	-	-	-	1,137,409
Bank notes payable	-	1,000,000	-	-	50,850,000	51,850,000
Lease liabilities	63,756	120,654	152,406	317,210	1,726,144	2,380,170
Other capital outflow upon maturity	78,527,608	22,428,171	9,019,422	3,404,637	70,050,655	183,430,493
Derivative instruments	3,093,863	4,128,874	980,357	1,016,566	3,586,862	12,806,522
Total	597,033,524	619,618,553	349,702,376	573,476,636	1,694,787,941	3,834,619,030
3.Gap upon maturity	$ 443,119,289	($ 171,242,354)	($ 38,035,630)	($ 249,175,928)	$ 210,757,657	$ 195,423,034

Note: Financial asset and financial liabilities of derivative instruments are disclosed at present value.

Maturity analysis for above demand deposits is amortised to each period based on historical experience of the Bank and its subsidiaries. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2023 and 2022, the payment on period of 0-30 days will be increased by $1,829,192,677 and $1,857,293,867, respectively.

(D)Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor or the issuer of the guaranteed letter of credit.

Please refer to the below table for maturity analysis for items off the balance sheet of the Bank and its subsidiaries:

Financial instruments contracts	December 31, 2023		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 16,246,162	$ 163,724,444	$ 179,970,606
Unused credit commitments for credit cards	117,517,061	-	117,517,061
Unused letters of credit issued	31,174,222	528,562	31,702,784
Guarantees	50,430,576	60,901,808	111,332,384
Total	$ 215,368,021	$ 225,154,814	$ 440,522,835

Financial instruments contracts	December 31, 2022		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 16,164,354	$ 194,838,231	$ 211,002,585
Unused credit commitments for credit cards	112,830,312	-	112,830,312
Unused letters of credit issued	33,985,302	884,697	34,869,999
Guarantees	47,118,472	63,459,966	110,578,438
Total	$ 210,098,440	$ 259,182,894	$ 469,281,334

Note: Above unused loan commitments are irrevocable loan commitment.

(E)Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

	December 31, 2023						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 3,559,379,340	$ 482,727,538	$ 526,122,815	$ 401,333,130	$ 313,596,664	$ 325,896,208	$1,509,702,985
Primary capital outflow upon maturity	4,738,202,610	188,283,220	276,594,060	753,143,604	863,671,023	876,043,758	1,780,466,945
Gap	($1,178,823,270)	$ 294,444,318	$ 249,528,755	($ 351,810,474)	($ 550,074,359)	($ 550,147,550)	($ 270,763,960)

	December 31, 2022						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 3,252,444,077	$ 429,475,068	$ 431,458,214	$ 444,345,089	$ 280,909,429	$ 271,057,931	$1,395,198,346
Primary capital outflow upon maturity	4,265,696,280	177,225,297	231,773,302	678,289,126	673,939,714	797,103,156	1,707,365,685
Gap	($1,013,252,203)	$ 252,249,771	$ 199,684,912	($ 233,944,037)	($ 393,030,285)	($ 526,045,225)	($ 312,167,339)

b. Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

	December 31, 2023					
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 49,753,499	$ 15,443,111	$ 9,753,581	$ 8,818,700	$ 4,527.232	$ 11,220,875
Primary capital outflow upon maturity	55,670,162	19,819,333	14,842,259	8,423,316	7,279,214	5,306,040
Gap	($ 5,916,663)	($ 4,386,222)	($ 5,088,678)	$ 395,384	($ 2,751,982)	$ 5,914,835

	December 31, 2022					
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 46,046,653	$ 15,092,279	$ 13,409,597	$ 4,777,639	$ 4,358,599	$ 8,408,539
Primary capital outflow upon maturity	51,483,222	14,967,108	12,116,850	8,247,706	9,403,315	6,748,243
Gap	($ 5,436,569)	$ 125,171	$ 1,292,747	($ 3,470,067)	($ 5,044,716)	$ 1,660,296

E. Market risk

(A) Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and First Commercial Bank (USA) faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, over-the-counter market, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the Bank, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

(B) Goal of market risk management

The Bank and First Commercial Bank (USA) conduct various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up “Management policy for market risk”, “Management standards for market risk”, “Management standards for liquidity and interest rate risk” and “Management guidelines for market risk” and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank and the First Commercial Bank (USA)’s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 12(2)E(F), (G) and (H). ‘Trading book’ refers to :

a. positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

b. positions held for hedging purpose, and

c. interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of ‘banking book’.

(C) Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

<u>Policy</u>

The Board of the bank is the highest command and supervisory unit in charge of the granting of risk management policy, major risk bearing limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

<u>Procedures</u>

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorised by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarised and reported to the Board of Directors, risk management committee, president, executive vice president and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

(D) Management procedure for market risk

The Bank's management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

a. Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Establish appropriate risk indicators and prescribe risk limits for management. The significant risk indicators of the subsidiaries include, but are not limited to positions, gains and losses, and sensitivity measures (PV01, Delta, Vega, and Gamma). The evaluation of investment portfolios are affected by interest risk, exchange rate risk and equity securities.

b. Monitor and report

For financial instrument evaluated by the market price, the information of independent source should be assessed at least once a day. For those evaluated by modules, the assumption and input used in the evaluation module as provided by the market data of Reuters and Bloomberg, after the module experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The Bank establishes risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, president, chairperson or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

(E) Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate the market risks, the Bank establishes appropriate risk indicators and measurement instruments based on each investment portfolio and business characteristics of trading book and banking book. Meanwhile, by setting up risk limits and controlling mechanism, risk limit control is regularly reported to each responsible segment and reported to the Board of Directors. Above risk indicators include positions, gains and losses, sensitivity indexes (PV01, Delta, Gamma, Vega), stress losses and others.

Definitions of various indicators:

PV01: It is the relative change in the value of interest rate instrument when the interest rate moves by 1 basis point (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the relative change in the value of derivative instrument when the value of underlying asset moves by 100 basis point.

Gamma: It is the relative change in Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the relative change in the amount of PV01 that incurred to the interest rate instrument when interest rate moves by 1 basis point.

Exchange rate-sensitive instruments are the relative change in the amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±150bp interest rate movement, ±15% overall market movement of equity securities, ±5% exchange rate fluctuation on New Taiwan Dollars versus major currencies and other currencies.

(F) Policy and procedures of trading book risk management

Trading book includes financial instruments held for trading or financial instruments and physical commodity positions held for hedging purposes against trading book positions. Positions of financial instruments held for trading refers to positions held for a short-term period with the intention of selling or with the intention of profiting or fixing arbitrage profits from actual or expected short-term price fluctuations. For example, proprietary positions, agency positions (such as transaction match-making brokerage) or positions generated through market making transaction, or positions held to offset all or the majority of risks of asset or portfolio positions on the trading book. Positions not included in the above trading book positions are banking book position.

The Bank establishes specific policies and procedures for their trading strategy of trading book position in order to manage the potential market risk of trading positions and control the risk within limits.

a. Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of "investment portfolio" to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

c. Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market, however, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

d. Evaluation method

The Bank executes stress testing on ±150bps interest rate movement, ±15% equity securities movement, ±5% exchange rate fluctuation on a monthly basis and reports to the risk management committee regularly.

(G) Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

a. Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

b. Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

c. Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

d. Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on +/-150bps annual interest rate movement and reported to the risk management committee regularly.

(H) Risk management for banking book interest

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the Bank. Interest movement might change the Bank's net interest revenue and other interest-sensitive incomes which further affects the Bank's earnings. Meanwhile, interest movement could also affect positions in and off the Bank's balance sheet.

The banking book risk management of the Bank is as follows:

a. Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

b. Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is executed by relevant business unit and reported to the Board of Directors.

c. Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common period and executes stress testing, and calculates the effects on net interest revenue and equity economic value within one year based on the circumstances of "Banking Book Interest Rate Risk Standard"(IRRBB) and the program in public version both issued by competent authority. Every interest rate risk indicator and stress testing result should be reported to management for review.

(I) Risk management for foreign exchange

a. Definition of foreign exchange risk

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Bank and its subsidiaries mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUR, JPY, HKD, AUD, CAD, RMB, etc.

b. Management objective

The objective of risk management for foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

c. Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

d. Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out stress testing and reports the results to the risk management committee given that the major currency and other currency movement are provided at +/-5%.

(J) Risk management for equity securities

a. Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

b. Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Bank and its subsidiaries and enhancement of managing mechanism for market risk.

c. Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

d. Evaluation method

The Bank executes stress testing on +/-15% weighted average index of Taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

(K) Market risk assessment techniques

Value at Risk (VaR)

The VaR model is utilised to measure the maximum potential loss, caused by changes in market risk factors, for investment portfolios under a specific time frame and confidence level. For transaction positions, the Bank utilise the VaR model as an instrument to control market risk. Currently, the Bank’s standard of measuring market risk is electing the historical simulation method to estimate VaR and setting the maximum potential loss under a 99% confidence interval of next day. The VaR of the Bank continually undertakes back testing in order to assess the accuracy of the model. The Board of Directors of the Bank resets the limit for the VaR every year, which is controlled daily by the Bank's risk management department.

Expressed in Thousands of New Taiwan Dollars

	2023					
	Average		Maximum		Minimum	
Foreign exchange VaR	$	131,729	$	150,184	$	85,796
Interest VaR		36,994		57,230		21,919
Equity securities VaR		3,574		7,450		735

Expressed in Thousands of New Taiwan Dollars

	2022					
	Average		Maximum		Minimum	
Foreign exchange VaR	$	64,790	$	107,469	$	42,296
Interest VaR		39,221		116,359		4,349
Equity securities VaR		4,450		13,977		55

(L) Foreign exchange risk gap

As of December 31, 2023 and 2022, the following table summarises financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2023			
	USD		RMB	
Foreign dominated financial assets				
Cash and cash equivalents	$	15,006,828	$	685,038
Due from the central bank and call loans to other banks		123,116,635		53,262,733
Financial assets at fair value through profit or loss		43,928,434		3,705,069
Financial assets at fair value through other comprehensive income		88,677,420		3,416,317
Discounts and loans		245,193,753		23,898,646
Receivables		33,937,183		6,497,989
Investments in debt instruments at amortised cost		119,391,246		25,179,110
Other financial assets		982		5,193,600
Subtotal- foreign dominated financial assets	$	669,252,481	$	121,838,502
Foreign dominated financial liabilities				
Deposits from the central bank and banks	$	152,115,087	$	10,040,961
Deposits and remittances		806,093,448		51,583,148
Financial liabilities at fair value through profit or loss		2,634,348		2,217
Other financial liabilities		23,084,071		1,060,213
Payables		36,637,911		1,288,891
Subtotal- foreign dominated financial liabilities	$	1,019,564,865	$	63,975,430

Expressed In Thousands of New Taiwan Dollars

	December 31, 2022	
	USD	RMB
Foreign dominated financial assets		
Cash and cash equivalents	$ 16,394,976	$ 2,210,860
Due from the central bank and call loans to other banks	103,214,562	47,661,665
Financial assets at fair value through profit or loss	47,795,855	4,673,618
Financial assets at fair value through other comprehensive income	69,104,475	7,967,282
Discounts and loans	289,398,025	21,835,357
Receivables	23,923,537	1,974,984
Investments in debt instruments at amortised cost	90,433,763	28,204,003
Other financial assets	1,332	3,087,700
Subtotal- foreign dominated financial assets	$ 640,266,525	$ 117,615,469
Foreign dominated financial liabilities		
Deposits from the central bank and banks	$ 144,321,666	$ 19,792,186
Deposits and remittances	847,372,869	49,708,744
Financial liabilities at fair value through profit or loss	1,529,753	14,172
Other financial liabilities	23,215,448	1,063,748
Payables	27,724,319	1,038,982
Subtotal- foreign dominated financial liabilities	$ 1,044,164,055	$ 71,617,832

Note: As of December 31, 2023 and 2022, the exchange rate of USD to NTD were 30.705 and 30.725, respectively. In addition, as of December 31, 2023 and 2022, the exchange rate of RMB to NTD were 4.328 and 4.411, respectively.

(M) Sensitivity analysis

a. Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assume that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above, sensitivity analysis of estimated net interest revenue and assessed gain and loss on fair value is as follows:

b. Foreign exchange risk

Assuming that all the other variables remain constant, for the year ended December 31, 2023, if NTD to USD depreciates/appreciates by 3%; EUR depreciates/appreciates by 3%; RMB and other currencies depreciates/appreciates by 4%; and for the year ended December 31, 2022, if NTD to USD depreciates/appreciates by 3%; EUR depreciates/appreciates by 3%; RMB and other currencies depreciates/appreciates by 4%; then the gain or loss sensitivity analysis for the Bank holding the above foreign exchange net positions is as the table below.

c. Equity securities risk

Assuming that all the other variables remain constant, if equity prices rise/fall by 5% (the average rate of rises or falls in the Taiwan Stock Exchange Market Index in the most recent three years); then fair value valuation gains or losses of investment positions in listed and over-the-counter stocks in the trading book and the banking book (excluding reinvestment) held by the Bank are as the table below.

d. Sensitivity analysis is summarised as follows:

December 31, 2023 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 1)	$ 60,986	$ -
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 2)	(60,986)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(822,200)	(3,187,761)
Interest rate risk	Main interest rate curve decreases by 20 bps	803,289	3,288,195
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	13,745	1,064,969
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(13,745)	(1,064,969)

December 31, 2022 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 3)	$ 60,151	$ -
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 4)	(60,151)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(720,847)	(2,384,697)
Interest rate risk	Main interest rate curve decreases by 20 bps	743,711	2,447,223
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	723	700,852
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(723)	(700,852)

Note 1: NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be $57,937, $3,553, ($106,511) and $106,007, respectively.

Note 2: NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be ($57,937), ($3,553), $106,511 and ($106,007), respectively.

Note 3: NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be ($20,048), ($13,697), ($78,609) and $$172,505, respectively.

Note 4: NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be $20,048, $13,697, $78,609 and ($172,505), respectively.

(N) Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2023
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$2,627,427,742	$ 68,362,064	$ 101,522,431	$ 292,933,826	$3,090,246,063
Interest-rate-sensitive liabilities	744,777,065	1,655,878,612	155,377,313	66,368,543	2,622,401,533
Interest-rate-sensitive gap	1,882,650,677	(1,587,516,548)	(53,854,882)	226,565,283	467,844,530
Net					253,473,872
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					117.84%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					184.57%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2022
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$2,476,215,904	$ 62,454,059	$ 67,270,991	$ 246,169,206	$2,852,110,160
Interest-rate-sensitive liabilities	610,968,276	1,565,281,740	125,492,732	57,387,241	2,359,129,989
Interest-rate-sensitive gap	1,865,247,628	(1,502,827,681)	(58,221,741)	188,781,965	492,980,171
Net					230,922,206
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					120.90%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					213.48%

The amounts listed above represent the items denominated in NTD for the Bank, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2023
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 20,530,711	$ 1,613,879	$ 575,759	$ 4,192,644	$ 26,912,993
Interest-rate-sensitive liabilities	25,196,523	10,356,706	2,570,716	40,217	38,164,162
Interest-rate-sensitive gap	(4,665,812)	(8,742,827)	(1,994,957)	4,152,427	(11,251,169)
Net					8,255,133
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					70.52%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					-136.29%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2022
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 17,658,967	$ 1,422,889	$ 406,128	$ 3,672,842	$ 23,160,826
Interest-rate-sensitive liabilities	21,311,904	11,636,512	2,922,294	2,986	35,873,696
Interest-rate-sensitive gap	(3,652,937)	(10,213,623)	(2,516,166)	3,669,856	(12,712,870)
Net					7,515,776
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					64.56%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					-169.15%

The amounts listed above represent the items denominated in USD for the Bank, excluding contingent assets and contingent liabilities.

Note：

A. Interest-rate-sensitive assets and liabilities are those interest earned assets and interest-bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

B. Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

C. Interest-rate-sensitive gap = Interest-rate-sensitive assets — interest-rate-sensitive liabilities.

F. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety.

During the Bank's and its subsidiaries' activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Bank and its subsidiaries may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognised as the Bank and its subsidiaries are still exposed to interest rate risk.

December 31, 2023 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through other comprehensive income		
Repurchase agreement	7,940,392	7,559,468
Debt instruments at amortised cost		
Repurchase agreement	6,095,852	5,187,912

December 31, 2022 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Repurchase agreement	$ 306,217	$ 287,801
Financial assets at fair value through other comprehensive income		
Repurchase agreement	8,117,974	7,672,357
Debt instruments at amortised cost		
Repurchase agreement	6,842,804	5,693,300

G. Offsetting financial assets and financial liabilities

The Bank and its subsidiaries have financial instruments that meet the offsetting criteria in paragraph 42 of IAS 32, the gross financial liability is set off against the gross financial asset, resulting in the presentation of a net amount presented in the balance sheet.

The Bank and its subsidiaries have transactions that do not meet the offsetting criteria but follow the net settled master netting arrangements or other similar arrangements, i.e. global master repurchase agreement, global securities lending agreement or similar agreement with repurchase agreements or reverse repurchase agreement. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

(Blank below)

December 31, 2023 | Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	$ 14,430,974	$ -	$ 14,430,974	$ 6,583,457	$ 5,863,211	$ 1,984,306
Total	$ 14,430,974	$ -	$ 14,430,974	$ 6,583,457	$ 5,863,211	$ 1,984,306

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	$ 15,829,677	$ -	$ 15,829,677	$ 6,583,457	$ 1,678,517	$ 7,567,703
Repurchase agreements	12,747,380	-	12,747,380	12,747,380	-	-
Total	$ 28,577,057	$ -	$ 28,577,057	$ 19,330,837	$ 1,678,517	$ 7,567,703

(Note) Including net settled master netting arrangements and non-cash collaterals.

December 31, 2022

Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	$ 18,650,310	$ -	$ 18,650,310	$ 8,441,994	$ 5,992,393	$ 4,215,923
Resell agreements	6,450,000	-	6,450,000	-	6,450,000	-
Total	$ 25,100,310	$ -	$ 25,100,310	$ 8,441,994	$ 12,442,393	$ 4,215,923

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	$ 12,806,522	$ -	$ 12,806,522	$ 8,441,994	$ 629,357	$ 3,735,171
Repurchase agreements	13,653,458	-	13,653,458	13,653,458	-	-
Total	$ 26,459,980	$ -	$ 26,459,980	$ 22,095,452	$ 629,357	$ 3,735,171

(Note) Including net settled master netting arrangements and non-cash collaterals.

(3)Capital management

In order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure, also to develop business and control risk on both sides for better improvement of capital utilization, the Bank has established "Capital Management Policies of First Commercial Bank" to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the Bank are as follows:

A. Objective of capital management

(A) To comply with statutory minimum requirement of eligible capital, and statutory minimum self-owned capital and risk assets ratio as shown in "Regulations Governing the Capital Adequacy and Capital Category of Banks" of competent authority.

(B) To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realise risk-adjusted performance management and optimal capital allocation.

(C) To have sufficient capital and provisions in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

B. Capital management procedures

The Board of Directors of the Bank is the highest capital management authority of the Bank, and the Risk Management Committee supervises the implementation of capital management policies under the authority of the Board of Directors. The president supervises all units of the head office to ensure the implementation of the Board of Directors' capital strategy. The responsible segments of significant banking effectively identify, evaluate, monitor and control market risk, credit risk, and operating risk, banking book interest rate risk, liquidity risk, legal and compliance risk, and disclose relevant information according to the requirements of the competent authorities with an attempt to reflect evaluation and management situation on the capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board's capital strategies every month in respect of capital adequacy managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

(A) Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

(B) To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

(C) To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

(D) Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

C. Capital adequacy ratio

Combined capital adequacy ratio

Expressed in Thousands of New Taiwan Dollars

Items			December 31, 2023	December 31, 2022
Self-owned capital	Tier 1 Capital of common equity		$ 237,369,900	$ 217,716,517
	Other Tier 1 Capital		37,000,000	37,000,000
	Tier 2 Capital		42,531,900	42,277,591
	Self-owned capital		316,901,800	296,994,108
Total risk - weighted assets	Credit risk	Standardised Approach	2,029,907,986	2,021,779,490
		Internal Ratings Based Approach	-	-
		Asset securitization	3,318,116	2,937,880
	Operation risk	Basic Indicator Approach	-	-
		Standardised Approach/Alternative Standardised Approach	103,790,837	92,983,530
		Advanced Measurement Approaches	-	-
	Market risk	Standardised Approach	42,520,900	45,377,633
		Internal Models Approach	-	-
	Total risk-weighted assets		2,179,537,839	2,163,078,533
Capital adequacy ratio			14.54%	13.73%
Common equity Tier 1 ratio			10.89%	10.07%
Tier 1 Capital ratio			12.59%	11.78%
Leverage ratio			6.01%	5.95%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “the method for calculating Bank’s regulatory capital and risk weighted assets”.

Note 2: The relevant formulas are as follows:

(1) Self-owned capital = Tier 1 Capital of Common equity + Other Tier 1 Capital + Tier 2 Capital

(2) Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

(3) Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

(4) Common equity Tier 1 ratio＝ Tier 1 Capital of Common equity / Total risk-weighted assets

(5) Tier 1 Capital ratio＝(Tier 1 Capital of Common equity + Other Tier 1 Capital) / Total risk-weighted assets

(6) Leverage ratio = Tier 1 capital/ exposures amount

(4) Profitability

Units：%

Items		For the years ended December 31,	
		2023	2022
Return on total assets (%)	Before tax	0.65	0.63
	After tax	0.52	0.53
Return on stockholders' equity (%)	Before tax	11.10	10.54
	After tax	8.89	8.95
Net profit margin ratio (%)		36.11	36.79

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / net revenue.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

Expressed in Thousands of New Taiwan Dollars

Balance Sheet of Trust Accounts

Trust assets	December 31, 2023	December 31, 2022
Bank deposits	$ 48,411,787	$ 44,708,048
Bonds	4,092,757	3,973,264
Stocks	9,168,585	8,476,886
Mutual funds	250,499,836	236,598,668
Structured notes	7,375,971	4,107,183
Real estate(Net)		
Land	88,676,659	60,615,129
Buildings and structures	15,291	15,291
Construction in progress	11,929,315	7,823,316
Customers' securities under custody	610,620,056	556,878,552
Total	$ 1,030,790,257	$ 923,196,337

Trust liabilities	December 31, 2023	December 31, 2022
Payables-customers securities under custody	$ 610,620,056	$ 556,878,552
Payables	372	265
Trust capital	419,316,488	365,729,052
Various reserves and accumulated profit or loss		
Net income	456,144	185,597
Accumulated profit or loss	471,730	447,551
Deferred transferred amount	(74,533)	(44,680)
Total	$ 1,030,790,257	$ 923,196,337

As of December 31, 2023 and 2022, the Offshore Banking Unit had book balance of $5,100,384 and $4,601,961 for designated money trust funds investing in foreign securities; the Offshore Banking Unit had book balance of $471,518 and $722,105 for designated money trust funds investing in local securities, respectively.

Expressed in Thousands of New Taiwan Dollars

Property List of Trust Accounts

Investment items	December 31, 2023	December 31, 2022
Bank deposits	$ 48,411,787	$ 44,708,048
Bonds	4,092,757	3,973,264
Stocks	9,168,585	8,476,886
Mutual funds	250,499,836	236,598,668
Structured notes	7,375,971	4,107,183
Real estate(Net)		
Land	88,676,659	60,615,129
Buildings and structures	15,291	15,291
Construction in progress	11,929,315	7,823,316
Customers' securities under custody	610,620,056	556,878,552
Total	$ 1,030,790,257	$ 923,196,337

Expressed in Thousands of New Taiwan Dollars

Income Statement of Trust Accounts

	For the years ended December 31,	
Trust revenues	2023	2022
Interest income	$ 336,538	$ 72,388
Dividend income	118,308	118,209
Realised gain on bonds	22,032	-
Realised gain on stocks	34,755	13,118
Realised gain on mutual funds	27,828	14,860
Total trust revenues	539,461	218,575
Trust expenses		
Management fee	(7,123)	(6,508)
Other expense	(2,150)	(1,256)
Tax fee	(2,500)	-
Service fee	(1,855)	(2,104)
Realised loss on bonds	(7,505)	(4,055)
Realised loss on stocks	(2,478)	(2,258)
Realised loss on mutual funds	(40,097)	(16,661)
Total trust expenses	(63,708)	(32,842)
Profit before tax	475,753	185,733
Income tax expense	(19,609)	(136)
Profit	$ 456,144	$ 185,597

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities:

Please refer to Note 12(2) F for the transfer of financial assets.

(7) Adjustment of key organization and significant change in regulatory system:

None.

(8) Significant impact arising from changes in government laws and regulations:

None.

(9) Information with respect to the subsidiary holding the capital stock of parent company:

None.

(10) Information for private placement securities:

None.

(11) Information for discontinued operations:

None.

(12) Major operating assets or liabilities transferred from (or to) other financial institutions:

None.

(13) Information of the Bank's and its subsidiaries' engagement in co-marketing:

The Bank has entered to co-marketing contracts with First Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Consulting Co., Ltd., First Financial Asset Management Co., Ltd., and FCB Leasing Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as the arrangement of personnel for co-marketing affairs. Expenses arising from joint usage of operation sites or facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for co-marketing personnel follow the provisions under the "First Financial Group Integrated Co-marketing Scope and Remuneration Rules".

The Bank has entered to cooperative contracts with First Financial Holding Co., Ltd., First Life Insurance Co., Ltd., and First Financial Asset Management Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

(Blank below)

13. Supplementary disclosures

(1) Significant transaction information

A. Cumulative purchases or sales of the same investee's capital stock over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2023:

None.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2023:

None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2023:

None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2023:

None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2023:

The company listed current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2023	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
FCB	FFHC	Parent company of the Bank	$ 741,710	-	$ -	-	$ -	$ -

F. Information regarding non-performing loans of subsidiaries:

None.

G. Information and categories of securitized assets which are approved by authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act :

None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2023:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	First Commercial Bank (USA)	1	Nostro account	$ 7,326	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Vostro account	241	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Interest income	9,361	No significant difference from general customers	0.02%
1	First Commercial Bank (USA)	FCB	2	Nostro account	241	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Vostro account	7,326	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Interest expense	9,361	No significant difference from general customers	0.02%
0	FCB	FCBL	1	Receivables	122	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Other assets	100,000	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Deposits and remittances	387,008	No significant difference from general customers	0.01%
0	FCB	FCBL	1	Payables	95	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Lease liabilities	37	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Interest income	1,523	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Interest expense	2,253	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Net service fee revenue	257	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Net other revenue other	7,484	No significant difference	0.01%

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
				than interest income		from general customers	
2	FCBL	FCB	2	Cash and cash equivalents	387,008	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Receivables	95	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Payables	122	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Other liabilities	100,000	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Interest income	2,249	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Interest expense	1,523	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Net service fee revenue	23	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Net other revenue other than interest income	648	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Other general and administrative expense	7,718	No significant difference from general customers	0.01%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following two categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2023:

None.

(2) Information on investees

A. Loans to others:

The Bank's subsidiary, First Commercial Bank (USA), engages in banking businesses regulated under The Banking Act of The Republic of China, belonging to financial industry. Thus, it is not applicable to this form; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided loan to others.

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest Rate (%)	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	FCB Leasing Co. Ltd.	He-tzung Construction Co., Ltd.	Other receivables-direct financing	N	$ 275,000	$ 240,000	$ 240,000	4.55~5.55	Short-term financing	$ -	Operation turnover	$ 7,200	Real estate	$ 330,000	$ 414,755	$ 2,488,529
2	FCB Leasing Co. Ltd.	Qiaoding Investment Co., Ltd	Other receivables-direct financing	N	200,000	177,500	177,500	4.00~5.00	Short-term financing	-	Operation turnover	-	Stock	22,000	414,755	2,488,529
3	FCB Leasing Co. Ltd.	UNI-WAGON MARINE CO., LTD	Other receivables-direct financing	N	232,000	174,000	174,000	4.65~5.65	Short-term financing	-	Operation turnover	-	None	-	414,755	2,488,529
4	FCB Leasing Co. Ltd.	Xinyi Dentist	Other receivables-direct financing	N	3,016	615	615	3.86~4.86	Short-term financing	-	Operation turnover	-	Property	3,543	414,755	2,488,529
5	FCB Leasing Co. Ltd.	JI - GI SHOE CO., LTD.	Other receivables-direct financing	N	27,338	-	-	4.99~5.99	Short-term financing	-	Operation turnover	-	Real estate	77,190	414,755	2,488,529

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
6	FCB Leasing Co. Ltd.	Guang Xuan Construction & Development Co., Ltd.	Other receivables-direct financing	N	$ 40,000	$ 40,000	$ 40,000	3.35~4.35	Short-term financing	$ -	Operation turnover	$ -	Real estate	$ 46,509	$ 414,755	$ 2,488,529
7	FCB Leasing Co. Ltd.	Haiwan International Development Co.,Ltd.	Other receivables-direct financing	N	300,000	219,000	219,000	5.12~6.12	Short-term financing	-	Operation turnover	-	Land	360,000	414,755	2,488,529

Note: 1. The amount of loans granted to individual companies or firms due to business transactions shall not exceed 10% of the Bank's subsidiaries' net asset value of its latest financial statements. The total amount of loans granted due to business transactions shall not exceed 40% of the Bank's subsidiaries' net value of its latest financial statements.

2. The amount of necessary short-term facilitations to individual companies or firms which do not have business transactions with the Bank's subsidiaries shall not exceed 10% of the Bank's subsidiaries' net asset value of its latest financial statements. The amount of necessary short-term facilitations to individual companies or firms with business transactions with the Bank's subsidiaries shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements. If the borrower of the loan is a subsidiary, the amount of loans shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

3. The total amount of loans of the above two shall not exceed 60% of the Bank's subsidiaries' net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

The Bank’s subsidiary, First Commercial Bank (USA), engages in banking businesses regulated under The Banking Act of The Republic of China, belonging to financial industry. Thus, it is not applicable to this form; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided endorsements and guarantees to others.

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actual used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount accounted for the net value of the latest financial statements	Maximum limit	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name of company	Relationship										
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	$ 12,442,647	$ 2,708,404	$ 2,149,350	$ 153,525	None	51.82%	$ 41,475,490	N	N	N
2	FCB Leasing Co., Ltd.	FCB International Leasing Ltd.	Sub-Subsidiary	12,442,647	1,761,545	1,694,635	554,663	None	40.86%	41,475,490	N	N	Y
3	FCB Leasing Co., Ltd.	FCB Leasing (Xiamen) Ltd.	Sub-Subsidiary	12,442,647	200,070	194,760	60,164	None	4.70%	41,475,490	N	N	Y
4	FCB Leasing Co., Ltd.	FCB Leasing (Chengdu) Ltd.	Sub-Subsidiary	12,442,647	1,341,170	1,171,185	291,188	None	28.24%	41,475,490	N	N	Y

Note: Subsidiaries of the Bank, for business needs, may resolve through its Board of Directors to provided guarantees for external parties.

(Blank below)

C. Securities held at the end of period:

The Bank’s subsidiary, First Commercial Bank (USA), belongs to financial industry. Thus, it is not applicable to this form. Other subsidiaries of the Bank held securities at the end of the period are as follows:

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units (in thousands)	Carrying value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	60,050	$ 2,202,718	100	$ 2,202,718	Note 2
FCBL	First Financial Assets Management (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	30,000	647,600	100	647,600	Note 2
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	763,904	100	763,904	Note 2
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	1,013,987	100	1,013,987	Note 2
First Financial Assets Management (B.V.I.) Ltd	FCB Leasing (Chengdu) Ltd.	Stocks	An investee of First Financial Assets Management (B.V.I.) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	647,567	100	647,567	Note 2

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee.

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

The Bank’s subsidiary, First Commercial Bank (USA), belongs to financial industry. Thus, it is not applicable to this form. Other subsidiaries and indirect investment subsidiaries have no such situation.

E. Information of derivative instrument transactions:

None.

F. Information regarding reinvested business and consolidated stock holdings:

Name of investee company (Note1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognised by the Company for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1): Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)
FIRST COMMERCIAL BANK(USA)	200 East Main Street, Alhambra, CA91801, USA	Note 3	100	$ 5,256,937	$ 412,776	7,000	-	7,000	100
FCBL	4F, No. 38, Yanping S. Rd., Taipei City 100001, Taiwan	Note 4	100	4,146,743	152,325	400,000	-	400,000	100
EAREM	9F, 94, ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 5	30	17,380	5,173	1,500	-	1,500	30
FCBL Capital International (B.V.I) Ltd.	Kingston Chambers, P. O. Box 173, Road Town, Tortola, Virgin Islands, British	Note 4	100	2,202,718	-	60,050	-	60,050	100
FFAM (B.V.I) Ltd.	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Note 4	100	647,600	-	30,000	-	30,000	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	763,904	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100
FCB Leasing (Xiamen) Ltd.	Rm. 1401, No.619, Sishui Road, Huli District, Xiamen City, China	Note 4	100	1,013,987	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100
FCB Leasing (Chengdu) Ltd.	04~05F., 18F., No.7, Guang Hua St., Jin Jiang Dist., Chengdu City, Sihchuan, China	Note 4	100	647,567	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100

Note 1: All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:(1) Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts have not yet signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

(2) The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

(3) The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS9, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Examination and advisory on construction plans and certification of contracts.

(3) Information on investments in Mainland China

A. Information on the Bank's investment in Shanghai branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
First Commercial Bank Shanghai Branch	Banking businesses approved by local government	$ 4,676,508 (CNY 1,000,000)	(1)	$ 4,676,508 (USD 157,440)	$ -	$ -	$ 4,676,508 (USD 157,440)	$ 248,175	N/A	$ 248,175 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 6,441,785	$ -	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 152,084,323

B. Information on the Bank's investment in Chengdu branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
First Commercial Bank Chengdu Branch	Banking businesses approved by local government	$ 4,896,697 (CNY 1,000,000)	(1)	$ 4,896,697 (USD 162,269)	$ -	$ -	$ 4,896,697 (USD 162,269)	$ 177,851	N/A	$ 177,851 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 5,749,770	$ -	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 152,084,323

C. Information on the Bank's investment in Xiamen branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
First Commercial Bank Xiamen branch	Banking businesses approved by local government	$ 5,132,801 (CNY 1,000,000)	(1)	$ 5,132,801 (USD 162,946)	$ -	$ -	$ 5,132,801 (USD 162,946)	$ 242,437	N/A	$ 242,437 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 5,751,051	$ -	$ 5,132,801 (USD 162,946)	$ 5,132,801 (USD 162,946)	$ 152,084,323

D. Information on the Bank's investment in FCB International Leasing Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I.) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
FCB International Leasing Ltd.	Financial Leasing	$ 886,103 (USD 30,000)	(2)	$ 886,103 (USD 30,000)	$ -	$ -	$ 886,103 (USD 30,000)	$ 42,360	100%	$ 42,360 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 763,904	$ -	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 2,488,529

E. Information on the Bank's investment in FCB Leasing (Xiamen) Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
FCB Leasing (Xiamen) Ltd	Financial Leasing	$ 903,495 (USD 30,000)	(2)	$ 903,495 (USD 30,000)	$ -	$ -	$ 903,495 (USD 30,000)	$ 30,819	100%	$ 30,819 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 1,013,987	$ -	$ 903,495 (USD 30,000)	$ 903,495 (USD 30,000)	$ 2,488,529

F. Information on the Bank's investment in FCB Leasing (Chengdu) Ltd through the indirect subsidiary-FFAM (B.V.I.) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2023 (Note 2)
					Outflow	Inflow				
FCB Leasing (Chengdu) Ltd	Financial Leasing	$ 908,634 (USD 30,000)	(2)	$ 908,634 (USD 30,000)	$ -	$ -	$ 908,634 (USD 30,000)	$ 36,841	100%	$ 36,841 2(A)

Carrying value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Investments in Mainland China as of December 31, 2023	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 647,567	$ -	$ 908,634 (USD 30,000)	$ 908,634 (USD 30,000)	$ 2,488,529

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (FCBL Capital International (B.V.I.) Ltd. and FFAM (B.V.I) Ltd.), which then invested in the investee in Mainland China.

(3) Others.

Note 2: In the 'Investment gains (losses) recognised by the Bank for the year ended December 31, 2022' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.)

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by R.O.C. parent company's CPA.)

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

(4) Major shareholders information

Not applicable.

14. <u>Disclosure of financial information by segments</u>

(1) General information

The Bank's and its subsidiaries' operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance. The Bank's CODM is the Bank's Board of Directors.

Inter-segmental transactions are arm's length transactions, and gains or losses arising from such transactions are eliminated by the parent company upon the preparation of the consolidated financial statements. Gain or loss directly attributable to each segment has been considered when segment performance is being evaluated.

The operating segments of the Bank comprise of loan businesses, deposit businesses, wealth management businesses, treasury businesses, overseas business (excluding OBU), and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operational performances.

The Bank and its subsidiaries have a global market, comprising six major business segments; there was no change in the reporting segments during the period.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest revenue. Therefore, performance of all reporting segments is presented by the net value of interest income less interest expense. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest revenue, net service fee revenue, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by each operating segment to the CODM, including segmental gains (losses), segmental assets, segmental liabilities and other related information.

(2)Information about segment gains (losses), assets and liabilities:

Financial information of the Bank and its subsidiaries by business for the years ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31, 2023						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest revenue	$ 20,406,788	$ 7,299,563	$ -	($ 20,147,568)	$ 9,682,619	$ 13,315,913	$ 30,557,315
Net service fee revenue	2,518,797	2,706	5,099,152	(22,821)	607,357	735,739	8,940,930
Net financial instruments income	37,144	426,097	31,974	17,801,290	342,180	948,200	19,586,885
Other net revenue	172	7,186	(120)	16,734	24,464	471,394	520,070
Bad debts expense, commitment and guarantee liability provision	(1,765,967)	-	-	-	(4,758,049)	707,607	(5,816,409)
Operating gross margin after provision	$ 21,196,934	$ 7,735,552	$ 5,131,246	($ 2,352,365)	$ 5,898,571	$ 16,178,853	53,788,791
Operating expense							(26,898,424)
Net profit before tax after provision							$ 26,890,367

	For the year ended December 31, 2022						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest revenue	$ 17,555,359	$ 6,047,593	$ -	($ 4,088,874)	$ 8,043,859	$ 8,560,798	$ 36,118,735
Net service fee revenue	2,453,799	2,090	4,251,048	(370)	626,670	805,270	8,138,507
Net financial instruments income	38,384	449,307	24,839	7,885,132	194,058	2,024,618	10,616,338
Other net revenue	177	8,872	(142)	21,123	9,927	341,136	381,093
Bad debts expense, commitment and guarantee liability provision	(1,934,219)	-	-	-	(1,583,578)	(3,057,578)	(6,575,375)
Operating gross margin after provision	$ 18,113,500	$ 6,507,862	$ 4,275,745	$ 3,817,011	$ 7,290,936	$ 8,674,244	48,679,298
Operating expense							(24,724,442)
Net profit before tax after provision							$ 23,954,856

	December 31, 2023						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 2,122,731,834	$ -	$ 1,958,601,765	$ 468,624,474	$ 247,596,606	($ 503,153,653)	$ 4,294,401,026
Segment liabilities	2,707,797	3,359,989,928	605,902,744	397,776,879	168,297,795	(493,747,989)	4,040,927,154

	December 31, 2022						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 2,037,565,852	$ -	$ 1,624,590,589	$ 433,811,228	$ 227,685,707	($ 285,055,790)	$ 4,038,597,586
Segment liabilities	926,094	3,137,958,847	430,955,784	367,296,049	146,589,334	(276,050,728)	3,807,675,380

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Taiwan	$ 48,316,938	$ 45,810,521
Asia	6,705,339	5,669,708
North America	3,345,326	2,537,301
Others	1,237,597	1,237,143
Total	$ 59,605,200	$ 55,254,673

(4) Information on products

The Bank and its subsidiaries' information on products is consistent with their segment, please refer to Note 14(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank and its subsidiaries.

PWCR23003062

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

We have audited the accompanying balance sheets of First Commercial Bank, Ltd. (the "Bank") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation Engagements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The Bank's key audit matters for the year ended December 31, 2023 are stated as follows:

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Impairment assessment for discounts and loans

Description

The recognition and measurement of expected credit losses on discounts and loans complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on discounts and loans, please refer to Note 4(8); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on discounts and loans, please refer to Note 5(3). For information of allowance for doubtful debts of discounts and loans, which amounted to $33,897,497 thousand, as at December 31, 2023, please refer to Note 6(8); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of discounts and loans of the Company is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1, where there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2, where there has been a significant increase in credit risk since initial recognition; or stage 3, where the credit has been impaired). The measurement of expected credit losses mainly considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The aforementioned impairment assessment for involves multiple assumptions, estimates, and judgements, Therefore, the auditor considers the impairment assessment for discounts and loans as one of the key audit matters for 2023.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology and approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested major assumptions for the parameters of the expected credit loss model, including historical data of probability of default, loss given default, and exposure at default.

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5. Sampled and tested forward-looking information.
   (1) Sampled and tested the macroeconomic data (economic growth rate, annual inflation rate, etc.) adopted by management when measuring expected credit losses under IFRS 9 "Financial Instruments".
   (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.
7. Assessed whether the provision for impairments is in compliance with relevant regulations of the authorities.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included in financial assets at fair value through other comprehensive income), please refer to Note 4(6); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $9,117,948 thousand, as at December 31, 2023, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks held by the Company is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgement and various assumptions and estimates, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.

2. Reviewed whether the expert's report has been evaluated and approved by management and assessed the reasonableness of the evaluation results.
3. Understood and assessed the independence, professionalism, and competency of management's expert.
4. Evaluated whether the valuation models and methods used by management's expert are appropriate and widely used in the industry; evaluated the reasonableness of the expert's selection of comparable companies; and sampled and agreed the parameters used in the valuation methods to relevant supporting documents.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chou, Chien-Hung

Lo, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan
February 23, 2024

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

		December 31, 2023			December 31, 2022		
	ASSETS		AMOUNT	%		AMOUNT	%
11000	Cash and cash equivalents	$	55,971,723	1	$	69,601,536	2
11500	Due from the central bank and call loans to banks		362,652,417	8		328,519,557	8
12000	Financial assets at fair value through profit or loss		151,577,587	4		159,901,813	4
12100	Financial assets at fair value through other comprehensive income		345,702,422	8		298,147,834	8
12200	Investments in debt instruments at amortised cost		875,132,672	21		772,657,841	19
12500	Securities purchased under resell agreements		-	-		6,450,000	-
13000	Receivables		37,831,927	1		30,157,286	1
13200	Current tax assets		1,363,562	-		1,234,878	-
13500	Discounts and loans, net		2,383,508,919	56		2,293,302,437	57
15000	Investments measured by equity method, net		9,421,060	-		9,025,182	-
15500	Other financial assets		281,043	-		270,880	-
18500	Property and equipment, net		26,505,523	1		26,802,037	1
18600	Right-of-use assets, net		2,452,654	-		2,308,163	-
18700	Investment property, net		7,217,634	-		6,972,725	-
19000	Intangible assets, net		801,029	-		842,907	-
19300	Deferred tax assets		4,131,445	-		3,080,213	-
19500	Other assets, net		2,925,879	-		2,587,271	-
	Total Assets	$	4,267,477,496	100	$	4,011,862,560	100

(Continued)

FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
21000	Deposits from the central bank and banks	$ 277,163,686	7	$ 270,732,906	7
21500	Due to the central bank and banks	1,969,240	-	1,014,530	-
22000	Financial liabilities at fair value through profit or loss	18,140,849	1	13,943,931	-
22500	Notes and bonds issued under repurchase agreement	14,394,423	-	16,605,695	1
23000	Payables	46,545,431	1	43,732,903	1
23200	Current tax liabilities	4,427,082	-	3,704,338	-
23500	Deposits and remittances	3,502,693,853	82	3,292,148,393	82
24000	Bank notes payable	52,350,000	1	51,850,000	1
25500	Other financial liabilities	74,405,129	2	65,767,019	2
25600	Provisions	4,532,666	-	4,740,801	-
26000	Lease liabilities	2,323,543	-	2,153,936	-
29300	Deferred income tax liabilities	7,772,409	-	7,049,263	-
29500	Other liabilities	7,285,313	-	7,496,639	-
	Total Liabilities	4,014,003,624	94	3,780,940,354	94
	Equity				
31101	Common stock	102,165,000	2	94,725,000	2
31500	Capital surplus	34,470,351	1	34,470,351	1
32000	**Retained earnings**				
32001	Legal reserve	73,161,890	2	66,784,896	2
32003	Special reserve	4,106,928	-	4,165,691	-
32011	Unappropriated earnings	23,770,746	1	23,714,246	1
32500	**Other equity interest**	15,798,957	-	7,062,022	-
	Total Equity	253,473,872	6	230,922,206	6
	Total Liabilities and Equity	$ 4,267,477,496	100	$ 4,011,862,560	100

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	For the years ended December 31, 2023 AMOUNT	%	2022 AMOUNT	%	Changes Percentage (%)
41000	Interest income	$ 99,512,984	170	$ 62,522,478	115	59
51000	Interest expenses	(70,267,629)	(120)	(27,521,682)	(51)	155
	Net interest revenue	29,245,355	50	35,000,796	64	(16)
	Net revenue other than interest					
49100	Net service fee revenue	8,918,402	15	8,103,249	15	10
49200	Gain on financial assets or liabilities measured at fair value through profit or loss	18,547,084	32	6,152,568	11	201
43100	Realized gains on financial assets at fair value through other comprehensive income	128,865	-	1,421,828	3	(91)
43600	Losses arising from derecognition of financial assets measured at amortised cost	(403,295)	(1)	(58,687)	-	587
45000	Impairment loss on assets	(41,390)	-	(3,607)	-	1047
49750	Share of profit of associates accounted for using equity method	570,274	1	436,766	1	31
49600	Foreign exchange gain	1,214,760	2	3,047,499	5	(60)
49800	Net other revenue other than interest income	539,509	1	383,371	1	41
	Net revenue	58,719,564	100	54,483,783	100	8
58200	Bad debts expense, commitment and guarantee liability provision	(5,762,692)	(10)	(6,485,564)	(12)	(11)
	Operating expense					
58500	Employee benefits expenses	(16,090,398)	(27)	(15,435,184)	(28)	4
59000	Depreciation and amortization expense	(2,082,484)	(3)	(2,033,805)	(4)	2
59500	Other general and administrative expense	(8,155,954)	(14)	(6,741,011)	(12)	21
61001	**Profit from continuing operations before tax**	26,628,036	46	23,788,219	44	12
61003	Income tax expense	(5,101,749)	(9)	(3,460,252)	(7)	47
64000	**Profit**	21,526,287	37	20,327,967	37	6

(Continued)

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	For the years ended December 31, 2023 AMOUNT	2023 %	2022 AMOUNT	2022 %	Changes Percentage (%)
	Other comprehensive income, net of tax					
	Components of other comprehensive income that will not be reclassified to profit or loss, net of tax					
65201	(Losses) gains on remeasurements of defined benefit plans	($ 256,259)	-	$ 1,154,727	2	(122)
65204	Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income	4,991,440	8	(2,748,472)	(5)	(282)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	51,252	-	(230,945)	-	(122)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax					
65301	Exchange differences on translation	(378,543)	(1)	6,033,946	11	(106)
65307	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(40,300)	-	72,027	-	(156)
65308	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	4,208,109	7	(8,326,078)	(15)	(151)
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(50,320)	-	99,315	-	(151)
65000	Other comprehensive income	8,525,379	14	(3,945,480)	(7)	(316)
	Total comprehensive income	$ 30,051,666	51	$ 16,382,487	30	83
	Profit, attributable to:					
	Basic and diluted earnings per share (In New Taiwan dollars)					
	Basic and diluted earnings per share	$ 2.11		$ 1.99		

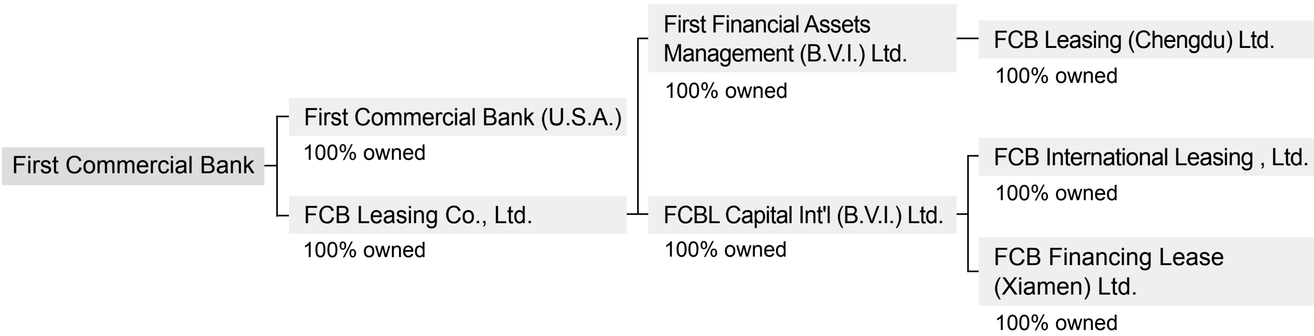
FIRST COMMERCIAL BANK
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Gains or loss on financial assets at fair value through other comprehensive income	Total equity
Year 2022								
Equity at beginning of period	$ 90,880,000	$ 34,470,351	$ 61,299,547	$ 4,211,125	$ 20,742,513	($ 7,073,503)	$ 19,009,686	$ 223,539,719
Profit	-	-	-	-	20,327,967	-	-	20,327,967
Other comprehensive income	-	-	-	-	923,782	6,113,819	(10,983,081)	(3,945,480)
Total comprehensive income	-	-	-	-	21,251,749	6,113,819	(10,983,081)	16,382,487
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	5,485,349	-	(5,485,349)	-	-	-
Special reserve appropriated	-	-	-	(45,434)	45,434	-	-	-
Cash dividends of ordinary share	-	-	-	-	(9,000,000)	-	-	(9,000,000)
Stock dividends of ordinary share	3,845,000	-	-	-	(3,845,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	4,899	-	(4,899)	-
Equity at end of period	$ 94,725,000	$ 34,470,351	$ 66,784,896	$ 4,165,691	$ 23,714,246	($ 959,684)	$ 8,021,706	$ 230,922,206
Year 2023								
Equity at beginning of period	$ 94,725,000	$ 34,470,351	$ 66,784,896	$ 4,165,691	$ 23,714,246	($ 959,684)	$ 8,021,706	$ 230,922,206
Profit	-	-	-	-	21,526,287	-	-	21,526,287
Other comprehensive income	-	-	-	-	(205,007)	(425,822)	9,156,208	8,525,379
Total comprehensive income	-	-	-	-	21,321,280	(425,822)	9,156,208	30,051,666
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	6,376,994	-	(6,376,994)	-	-	-
Special reserve appropriated	-	-	-	(52,171)	52,171	-	-	-
Cash dividends of ordinary share	-	-	-	-	(7,500,000)	-	-	(7,500,000)
Stock dividends of ordinary share	7,440,000	-	-	-	(7,440,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(6,549)	-	6,549	-
Reversal of special reserve	-	-	-	(6,592)	6,592	-	-	-
Equity at end of period	$ 102,165,000	$ 34,470,351	$ 73,161,890	$ 4,106,928	23,770,746	($ 1,385,506)	$ 17,184,463	$ 253,473,872

FIRST COMMERCIAL BANK
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2023	For the years ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 26,628,036	$ 23,788,219
Adjustments		
Adjustments to reconcile profit		
Provision for bad debt expense, commitment and guarantee liability	11,304,640	9,024,840
Depreciation expense of property and equipment	899,461	873,928
Depreciation expense of investment property	13,475	11,740
Depreciation expense of right-of-use assets	711,459	700,905
Amortization expense	458,089	447,232
Interest income	(99,512,984)	(62,522,478)
Interest expense	70,267,629	27,521,682
Dividend income	(1,741,153)	(2,111,499)
Share of profit of associates accounted for using equity method	(570,274)	(436,766)
Gain on sale of property and equipment	(57,703)	-
Loss on disposal of property and equipment	4,793	6,370
Disposal loss recognized in profit or loss, property, plant and equipment	(8,731)	-
Impairment loss recognized in profit or loss, property, plant and equipment	578	-
Impairment losses on assets	41,390	3,607
Gain on lease modification	(6,656)	(1,272)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the central bank	(4,442,787)	(18,377,407)
Decrease in financial assets at fair value through profit or loss	8,324,226	4,659,204
Increase in financial assets at fair value through other comprehensive income	(38,364,839)	(64,225,579)
Increase in investments in debt instruments measured at amortised cost	(102,505,805)	(94,331,213)
(Increase) decrease in receivables	(1,828,408)	5,401,091
Increase in discounts and loans	(101,422,522)	(281,770,401)
Increase in other financial assets	(65,063)	(93,005)
Changes in operating liabilities		
Increase in deposits from the central bank and banks	6,430,780	59,375,094
Increase in financial liabilities at fair value through profit or loss	4,196,918	6,450,493
Decrease in payable	(52,857)	(849,388)
Increase in deposits and remittances	210,545,460	348,216,511
Increase in other financial liabilities	8,638,110	25,666,511
Decrease in provisions	(296,243)	(141,679)
(Decrease)increase in other liabilities	(211,326)	3,651,844
Cash outflow generated from operations	(2,622,307)	(9,061,416)
Interest received	93,615,758	56,217,857
Interest paid	(67,401,860)	(22,325,767)
Dividends received	1,867,017	2,234,234
Income taxes paid	(4,834,843)	(3,620,151)
Net cash flows from operating activities	20,623,765	23,444,757
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(915,404)	(996,269)
Acquisition of investment properties	(1,296)	(494)
Acquisition of intangible assets	(408,719)	(458,269)
Disposals of property and equipment	77,871	-
Disposals of investment properties	16,315	-
Increase in other assets	(338,607)	(635,782)
Net cash flows used in from investing activities	(1,569,840)	(2,090,814)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the central bank and banks	954,710	(41,726,690)
(Decrease) increase in notes and bonds issued under repurchase agreement	(2,211,272)	6,048,893
Proceeds from issuing bank notes payable	500,000	4,050,000
Payments of lease liabilities	(698,393)	(646,036)
Cash dividends paid	(7,500,000)	(9,000,000)
Net cash flows used in from financing activities	(8,954,955)	(41,273,833)
Effect of exchange rate changes on cash and cash equivalents	(495,653)	5,868,225
Net increase (decrease) in cash and cash equivalents	9,603,317	(14,051,665)
Cash and cash equivalents at beginning of period	303,252,897	317,304,562
Cash and cash equivalents at end of period	$ 312,856,214	$ 303,252,897
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 55,977,989	$ 69,612,854
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	256,878,225	227,190,043
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	-	6,450,000
Cash and cash equivalents at end of period	$ 312,856,214	$ 303,252,897

FCB Subsidiaries & Affiliates



December 31, 2023

Key Figures

As of and for the year ended December 31, 2023

Unit: NTD thousand

	Paid-in capital	Total assets	Total liabilities	Stockholder's equity	Operating Revenue	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (U.S.A.)	2,101,600	26,438,596	21,181,659	5,256,937	1,650,739	587,047	412,776	58.97
FCB Leasing Co., Ltd.	4,000,000	10,383,997	6,236,448	4,147,549	530,009	73,964	150,048	0.38
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	2,373,448	169,811	2,203,637	12,274	9,592	95,012	0.05
FCB International Leasing, Ltd.	886,103	1,378,693	614,870	763,823	120,407	49,292	42,277	-
FCB Financing Lease (Xiamen) Ltd.	903,495	1,200,737	186,750	1,013,987	104,935	38,925	30,819	-
First Financial Assets Management (B.V.I.) Ltd.	908,634	647,601	0	647,601	0	0	36,841	0.04
FCB Leasing (Chengdu) Ltd.	908,634	1,206,072	558,504	647,568	95,871	28,698	36,841	-

Domestic Offices Appointed to Conduct Foreign Exchange Business

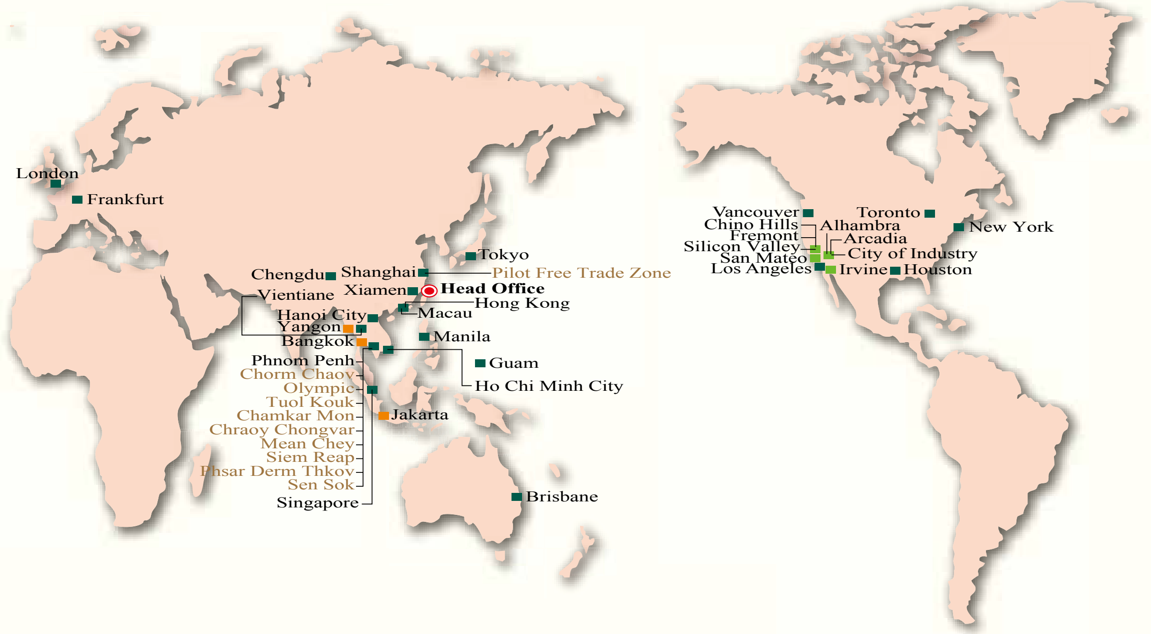
Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 F., No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23481111
Business Division	No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23481111
Anhe Branch	No. 184, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23256000
Nangang Branch	2F.-8, No. 3, Park St., Nangang Dist., Taipei City 115, Taiwan	886-2-26558777
Ximen Branch	No. 52, Xining S. Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23119111
Zhongxiao Road Branch	No. 94, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23416111
Jingmei Branch	No. 28, Jingzhong St., Wenshan Dist., Taipei City 116, Taiwan	886-2-29303011
Dazhi Branch	No. 588, Mingshui Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-85095611
Dadaocheng Branch	No. 63, Sec. 1, Dihua St., Datong Dist., Taipei City 103, Taiwan	886-2-25553711
Xinwei Branch	No. 368 & 370, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27557241
Jiancheng Branch	No. 40, Sec. 1, Chengde Rd., Datong Dist., Taipei City 103, Taiwan	886-2-25556231
Huashan Branch	No. 22, Sec. 1, Chang'an E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25368111
Datong Branch	1 & 2F., No. 60, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City 103, Taiwan	886-2-25913251
Xinsheng Branch	No. 8, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25620256
Jiantan Branch	No. 152, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28802468
Yuanshan Branch	No. 53, Minquan W. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25979234
Zhongshan Branch	No. 61, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25211111
Zhonglun Branch	No. 188, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27606969
Nanjing East Road Branch	No. 125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25062111
Chengdong Branch	No. 103, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25062881
Minsheng Branch	No. 131, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27138512
Songjiang Branch	No. 309, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25017171
Minquan Branch	No. 365, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27192009
Bade Branch	1F. & 2F., No. 3, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27318878
Changchun Branch	No. 169, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27192132
Neihu Branch	No. 143 &145, Sec. 3, Chenggong Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-27932311
Songshan Branch	1 & 2F., No. 760, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27674111
Yanji Branch	No. 289, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27315741
Guangfu Branch	No. 16, Guangfu N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-25773323
Xingya Branch	No. 167, Yongji Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27655935
Yongchun Branch	No. 451, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27682111
Neihu Technology Park Branch	No. 388, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-87978711
Jilin Branch	No. 136, Jilin Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25311677
Ren'ai Branch	No. 50, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27023111
Da'an Branch	No. 382, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27556811
Xinyi Branch	No. 7, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23256811
Fuxing Branch	No. 36-10, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-27722345
Dunhua Branch	No. 267, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27362711
Renhe Branch	No. 376, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27556556
Shimao Branch	No. 65, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27849811
Muzha Branch	No. 11, Baoyi Rd., Wenshan Dist., Taipei City 116, Taiwan	886-2-22345101
Songmao Branch	No. 21, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27236111
Xinhu Branch	No. 159, Xing'ai Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-27931811
Guting Branch	No. 95, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23695222
Nanmen Branch	No. 94, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23947162

Branch	Address	Tel
Gongguan Branch	No. 293, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23623111
Heping Branch	No. 151, Sec. 2, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27035111
Wanhua Branch	No. 87, Kangding Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23719221
Shuangyuan Branch	No. 42, Sec. 2, Zhonghua Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23068620
Tianmu Branch	No. 60 & 62, Sec. 1, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28369898
Beitou Branch	No. 133, Guangming Rd., Beitou Dist., Taipei City 112, Taiwan	886-2-28913921
Shilin Branch	No. 456 & 458, Zhongzheng Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28370011
Jianguo Branch	No. 161 & 163 Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25060110
Shipai Branch	No. 100, Mingde Rd., Beitou Dist., Taipei City 112, Taiwan	886-2-28209111
Banqiao Branch	No. 107, Sec. 1, Sichuan Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Huajiang Branch	No. 329, Sec. 1, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shulin Branch	No. 27-7 & 27-8, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan	886-2-26833191
Tucheng Branch	No. 208, Sec. 3, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan	886-2-22679611
Jiangzicui Branch	No. 388, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Bei Tucheng Branch	No. 37, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkougong'er Branch	No. 498, Zhongshan Rd., Linkou Dist., New Taipei City 244, Taiwan	886-2-26021101
Sanchongpu Branch	No. 70, Sec. 3, Sanhe Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29822111
Changtai Branch	No. 99, Sec. 2, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29884433
Luzhou Branch	No. 12, Zhongshan 1st Rd., Luzhou Dist., New Taipei City 247, Taiwan	886-2-82826788
Touqian Branch	No. 320, Huacheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wugu Branch	No. 90, Siwei Rd., Wugu Dist., New Taipei City 248, Taiwan	886-2-29845577
Chongyang Branch	No. 89, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29868822
Wugu Industrial Park Branch	No. 117, Wugong Rd., Wugu Dist., New Taipei City 248, Taiwan	886-2-22997811
Tamsui Branch	No. 183, Zhongzheng Rd., Tamsui Dist., New Taipei City 251, Taiwan	886-2-26202611
Xinlu Branch	1 & 2F., No. 223, Changrong Rd., Luzou Dist., New Taipei City 247, Taiwan	886-2-22800219
Xindian Branch	No. 134, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	No. 82, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan	886-2-22184651
Taishan Branch	No. 135 & 137, Sec. 1, Mingzhi Rd., Taishan Dist., New Taipei City 243, Taiwan	886-2-29097111
Xinzhuang Branch	No. 316, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29929001
Yingge Branch	No. 1, Ren'ai Rd., Yingge Dist., New Taipei City 239, Taiwan	886-2-26791921
Zhonghe Branch	No. 152, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-22495011
Yonghe Branch	No. 296, Fuhe Rd., Yonghe Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuanghe Branch	No. 91, Anle Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-29408000
Liancheng Branch	No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-82272111
Ruifang Branch	No. 76, Sec. 3, Mingdeng Rd., Ruifang Dist., New Taipei City 224, Taiwan	886-2-24967711
Puqian Branch	1F., No. 3, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-29599211
Danfeng Branch	No. 699-1, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Xizhi Branch	No. 280, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan	886-2-26471688
Xike Branch	No. 133, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan	886-2-86926000
Xingfu Branch	No. 435, Zhongping Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	No. 103, Xiao 3rd Rd., Ren'ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shaochuantou Branch	1 & 2F., No. 57, Yi 1st Rd., Zhongzheng Dist., Keelung City 202, Taiwan	886-2-24266141
Yilan Branch	No. 77, Sec. 3, Zhongshan Rd., Yilan City, Yilan County 260, Taiwan	886-3-9324111
Luodong Branch	No. 165, Zhongzheng Rd., Luodong Township, Yilan County 265, Taiwan	886-3-9545611-8
Su'ao Branch	No. 12, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County 270, Taiwan	886-3-9962711-6
Taoyuan Branch	No. 55, Minzu Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3326111
Beitao Branch	No. 258 & 260, Sec. 2, Sanmin Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3353131
Danan Branch	No. 919, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan	886-3-3661966
Neili Branch	No. 117, Xinyi Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4552410
Zhongli Branch	1 & 2F., No. 146, Zhongzheng Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4225111

Branch	Address	Tel
Xili Branch	No. 30, Sec. 2, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4918111
Pingzhen Branch	No. 68, Huanxi Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4939211
Dayuan Branch	No. 63, Xinsheng Rd., Dayuan Dist., Taoyuan City 337, Taiwan	886-3-3857111
Nankan Branch	No. 112 & 114, Zhongzheng Rd., Luzhu Dist., Taoyuan City 338, Taiwan	886-3-3216882
Qingpu Branch	1 & 2F., No. 208 & 210& 212, Sec.1, Gaotiezhanqian W. Rd., Zhongli Dist., Taoyuan City 320 , Taiwan	886-3-2877001
Huilong Branch	No. 161, Sec. 1, Wanshou Rd., Guishan Dist., Taoyuan City 333, Taiwan	886-3-82006111
Linkou Branch	No. 76 & 78, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333, Taiwan	886-3-3186611
Daxi Branch	No. 111, Kangzhuang Rd., Daxi Dist., Taoyuan City 335, Taiwan	886-3-3882101
Longtan Branch	No. 80, Zhongzheng Rd., Longtan Dist., Taoyuan City 325, Taiwan	886-3-4991111
Hsinchu Branch Swift: FCBKTWTP301	No. 3, Yingming St., North Dist., Hsinchu City 300, Taiwan	886-3-5226111
Dongmen Branch	No. 216, Dongmen St., North Dist., Hsinchu City 300, Taiwan	886-3-5249211
Hsinchu Science Park Branch	1 & 2F., No. 120, Ciyun Rd., East Dist., Hsinchu City 300, Taiwan	886-3-5637111
Zhudong Branch	No. 30, Donglin Rd., Zhudong Township, Hsinchu County 310, Taiwan	886-3-5963251
Guanxi Branch	No. 18, Zhengyi Rd., Guanxi Township, Hsinchu County 306, Taiwan	886-3-5872411
Zhubei Branch	No. 210, Guangming 5th St., Zhubei City, Hsinchu County 302, Taiwan	886-3-5559111
Miaoli Branch	No. 601, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan	886-37-322411
Zhunan Branch	No. 53, Minzu St., Zhunan Township, Miaoli County 350, Taiwan	886-37-477111
Toufen Branch	No. 67, Zhongzheng Rd., Toufen City, Miaoli County 351, Taiwan	886-37-672611
Taichung Branch Swift: FCBKTWTP401	No. 144, Sec. 1, Ziyou Rd., West Dist., Taichung City 403, Taiwa	886-4-22233611
Nan Taichung Branch	No. 33 & 35, Sec. 4, Fuxing Rd., East Dist., Taichung City 401, Taiwan	886-4-22231111
Bei Taichung Branch	No. 501, Sec. 1, Taiwan Blvd., Central Dist., Taichung City 400, Taiwan	886-4-22238111
Zhonggang Branch	No. 912, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	886-4-23136111
Beitun Branch	No. 696, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City 406, Taiwan	886-4-22366111
Jinhua Branch	No. 236, Jinhua N. Rd., North Dist., Taichung City 404, Taiwan	886-4-22300311
Nantun Branch	No. 668, Sec. 2, Wuquan W. Rd., Nantun Dist., Taichung City 408, Taiwan	886-4-23801515
Fengyuan Branch	No. 423, Zhongshan Rd., Fengyuan Dist., Taichung City 420, Taiwan	886-4-25225111
Dali Branch	No. 43, 45 & 47, Dongrong Rd., Dali Dist., Taichung City 412, Taiwan	886-4-24838111
Central Taiwan Science Park Branch	No. 6-3, Zhongke Rd., Daya Dist., Taichung City 428, Taiwan	886-4-25659111
Dongshi Branch	No. 449, Fengshi Rd., Dongshi Dist., Taichung City 423, Taiwan	886-4-25874121
Shalu Branch	No. 355, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan	886-4-26621331
Dajia Branch	No. 361 & 363, Shuntian Rd., Dajia Dist., Taichung City 437, Taiwan	886-4-26882981
Taiping Branch	1 & 2F., No. 50, Zhongxing E. Rd., Taiping Dist., Taichung City 411, Taiwan	886-4-22799011
Qingshui Branch	No. 35-10, Guangming Rd., Qingshui Dist., Taichung City 436, Taiwan	886-4-26238111
Daya Branch	No. 96, Zhongqing E. Rd., Daya Dist., Taichung City 428, Taiwan	886-4-25686111
Nantou Branch	No. 2, Zhongshan 1st St., Nantou City, Nantou County 540, Taiwan	886-49-2223111
Caotun Branch	No. 256, Sec. 2, Taiping Rd., Caotun Township, Nantou County 542, Taiwan	886-49-2338181
Puli Branch	No. 97, Sec. 1, Xi'an Rd., Puli Township, Nantou County 545, Taiwan	886-49-2982711
Changhua Branch	No. 48, Heping Rd., Changhua City, Changhua County 500, Taiwan	886-4-7232161
Yuanlin Branch	No. 26, Yuying Rd., Yuanlin City, Changhua County 510, Taiwan	886-4-8328811
Lukang Branch	No. 301, Zhongshan Rd., Lukang Township, Changhua County 505, Taiwan	886-4-7772111
Xihu Branch	No. 166, Sec. 3, Zhangshui Rd., Xihu Township, Changhua County 514, Taiwan	886-4-8824111
Beidou Branch	No. 35, Sec. 2, Zhongshan Rd., Beidou Township, Changhua County 521, Taiwan	886-4-8782111
Hemei Branch	No. 84, 86 & 88, Hexian Rd., Hemei Township, Changhua County 508, Taiwan	886-4-7551111
Chiayi Branch	No. 307, Zhongshan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Xingjia Branch	No. 425 & 427, Xingye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Puzi Branch	No. 135, Zhongzheng Rd., Puzi City, Chiayi County 613, Taiwan	886-5-3795111
Douliu Branch	No. 16, Taiping Rd., Douliu City, Yunlin County 640, Taiwan	886-5-5324311

Branch	Address	Tel
Beigang Branch	No. 96, Zhongzheng Rd., Beigang Township, Yunlin County 651, Taiwan	886-5-7833211
Xiluo Branch	No. 189, Yanping Rd., Xiluo Township, Yunlin County 648, Taiwan	886-5-5862131
Huwei Branch	No. 83, Zhongzheng Rd., Huwei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	No. 82, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2224131
Fuqiang Branch	No. 31, Sec. 3, Dongmen Rd., East Dist., Tainan City 701, Taiwan	886-6-2904453
Chikan Branch	No. 217, Chenggong Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2268111
Zhuxi Branch	No. 98, Sec. 1, Datong Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2160111
Jincheng Branch	No. 105, Xialin Rd., South Dist., Tainan City 702, Taiwan	886-6-2248833
Annan Branch	No. 500, Sec. 2, Haidian Rd., Annan Dist., Tainan City 709, Taiwan	886-6-2465111
Xinying Branch	No. 150, Zhongshan Rd., Xinying Dist., Tainan City 730, Taiwan	886-6-6324211
Yanshui Branch	No. 57, Sanfu Rd., Yanshui Dist., Tainan City 737, Taiwan	886-6-6521611
Madou Branch	No. 12, Xingzhong Rd., Madou Dist., Tainan City 721, Taiwan	886-6-5729901
Shanhua Branch	No. 366, Zhongshan Rd., Shanhua Dist., Tainan City 741, Taiwan	886-6-5817350
Jiali Branch	No. 288-1 & 290, Yanping Rd., Jiali Dist., Tainan City 722, Taiwan	886-6-7226111
Xinhua Branch	No. 374, Zhongzheng Rd., Xinhua Dist., Tainan City 712, Taiwan	886-6-5901111
Dawan Branch	No. 5, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City 710, Taiwan	886-6-2713251
Southern Taiwan Science Park Branch	2F., No. 15, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan	886-6-5051111
Guiren Branch	No. 55 & 57, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City 711, Taiwan	886-6-3300111
Yongkang Branch	No. 109, Zhongzheng S. Rd., Yongkang Dist., Tainan City 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	No. 28, Minquan 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan	886-7-3350811
Yancheng Branch	No. 115, Daren Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	886-7-5519201
Xinxing Branch	No. 17, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	886-7-2719111
Sanmin Branch	No. 291, Zhonghua 3rd Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-2718111
Lingya Branch	No. 61, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City 801, Taiwan	886-7-2822111
Zuoying Branch	No. 411 & 413, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan	886-7-5815511
Nanzi Branch	No. 3, Nanzi Rd., Nanzi Dist., Kaohsiung City 811, Taiwan	886-7-3511211
Wufu Branch	No. 161, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	886-7-2225111
Shiquan Branch	No. 57, Ziyou 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-3112131
Qianzhen Branch	No. 191, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan	886-7-3344191
Wannei Branch	No. 147, Dashun 2nd Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-3821526
Bo'ai Branch	No. 426, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan	886-7-5588311
Xiaogang Branch	No. 182, Yanhai 1st Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan	886-7-8066601
Wujia Branch	1 & 2F., No. 322, Baotai Rd., Fengshan Dist., Kaohsiung City 830, Taiwan	886-7-7260211
Fengshan Branch	No. 1, Chenggong Rd., Fengshan Dist., Kaohsiung City 830, Taiwan	886-7-7463611
Luzhu Branch	No. 1187, Zhongshan Rd., Luzhu Dist., Kaohsiung City 821, Taiwan	886-7-6963211
Gangshan Branch	No. 275, Gangshan Rd., Gangshan Dist., Kaohsiung City 820, Taiwan	886-7-6212111
Qishan Branch	No. 120, Zhongshan Rd., Qishan Dist., Kaohsiung City 842, Taiwan	886-7-6621811
Linyuan Branch	No. 459, Linyuan N. Rd., Linyuan Dist., Kaohsiung City 832, Taiwan	886-7-6436111
Ziben Branch	No. 306, Zhongzheng Rd., Ziguan Dist., Kaohsiung City 826, Taiwan	886-7-6172111
Pingtung Branch	No. 308, Minsheng Rd., Pingtung City, Pingtung County 900, Taiwan	886-8-7325111
Chaozhou Branch	No. 117, Zhongshan Rd., Chaozhou Township, Pingtung County 920, Taiwan	886-8-7883771
Donggang Branch	No. 23, Chaoyang St., Donggang Township, Pingtung County 928, Taiwan	886-8-8350111
Hengchun Branch	No. 17, Zhongzheng Rd., Hengchun Township, Pingtung County 946, Taiwan	886-8-8893231
Hualien Branch	No. 22, Gongyuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Taitung Branch	No. 397, Sec. 1, Zhonghua Rd., Taitung City, Taitung County 950, Taiwan	886-89-324211
Penghu Branch	No. 88, Guangfu Rd., Magong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network



Overseas Branches

- **Brisbane Branch**
Mezzanine Fl., 199 George Street
Brisbane QLD 4000, Australia
Tel: 61-7-3211-1001

- **Chengdu Branch**
Unit No.1,9,10, 16F, Chengdu
IFS Tower 1, No.1 Hongxing
Road Section 3, Jinjiang District,
Chengdu, Sichuan Province,
610021 China
Tel: 86-28-86586311

- **Frankfurt Branch**
Bockenheimer Landstr.51-53,
60325 Frankfurt am Main, Germany
Tel: 49-69-4080950

- **Guam Branch**
862 South Marine Corps Drive,
Tamuning, Guam 96913, U.S.A.
Tel: 1-671-472-6864

- **Hanoi City Branch**
8th Floor, Charmvit Tower, 117 Tran
Duy Hung Street, Trung Hoa Ward,
Cau Giay District, Hanoi City, Vietnam
Tel: 84-24-3936-2111

- **Ho Chi Minh City Branch**
21 Fl., A&B Tower
76A Le Lai Street, District 1
Ho Chi Minh City, Vietnam
Tel: 84-28-3823-8111

- **Hong Kong Branch**
1702, 17F, Prudential Tower, The
Gateway, Harbour City, 21 Canton
Road, Tsimshatsui, Kowloon, Hong
Kong
Tel: 852-2868-9008

- **Houston Branch**
1201 Louisiana St., Suite 750,
Houston, TX 77002, USA
Tel: 1-713-684-8511

- **London Branch**
Bowman House, 29 Wilson Street
London EC2M 2SJ, U.K.
Tel: 44-20-7417-0000

- **Los Angeles Branch**
600, Wilshire Blvd., Suite 800
Los Angeles, CA 90017, U.S.A.
Tel: 1-213-362-0200

- **Macau Branch**
Unit B-C, 16Fl., Finance and
IT Centre of Macau, Avenida
Commercial de Macau
Tel: 853-2857-5088

- **Manila Branch**
20F., Tower6789, 6789 Ayala Avenue,
Makati City, Metro Manila, Philippines
Tel: 63-2-88968888

- **New York Branch**
750, Third Avenue, 34th Fl.,
New York, NY 10017, U.S.A.
Tel: 1-212-599-6868

- **Phnom Penh Branch**
1F&2F, No.66, Norodom Blvd, Sangkat
Chey Chomnas, Khan Daun Penh,
Phnom Penh, Cambodia
Tel: 855-23-210026-8

- **Chamkar Mon Sub-Branch**
1F, No.216B, Norodom Blvd (41),
Sangkat Tonel Bassac, Khan
Chamkarmorn, Phnom Penh, Cambodia
Tel: 855-23-726806~8

- **Chorm Chaov Sub-Branch**
No.3,5,7&9, Prey Chisak Village,
Chorm Chaov Commune, Dangkor
District, Phnom Penh, Cambodia
Tel: 855-23-865171~3

- **Chraoy Chongvar Sub-Branch**
No.F08-F09, Street National Road No6,
Phum3, Sangkat Chroy Changva, Khan
Russey Keo, Phnom Penh, Cambodia
Tel: 855-23-432156~8

- **Mean Chey Sub-Branch**
No 14A & 15A, Street Chaom Chau,
Phum Damnak Thum, Sangkat Stueng
Meanchey, Khan Meanchey, Phnom
Penh, Cambodia
Tel: 855-92-888602~3

- **Olympic Sub-Branch**
No. 30 ABC (Ground Floor, First Floor
and Second Floor), St. 215, Sangkat
Mittapheab, Khan 7 Makara, Phnom
Penh, Cambodia
Tel: 855-23-880392~4

- **Phsar Derm Thkov Sub-Branch**
No.231, Street 271, Phum 4, Sangkat
Tuol Tumpung Ti Pir, Khan Chamkar
Mon, Phnom Penh, Cambodia
Tel: 855-23-23-2126~8

- **Sen Sok Sub-Branch**
No.111&113, Street 1003, Bayab Village,
Sangkat Phnom Penh Thmei, Khan
SaenSokh, Phnom Penh, Cambodia
Tel: 855-23-89-0371~3

- **Siem Reap Sub-Branch**
No.602&604, Preah Sangreach
Tep Vong Street, Phum Mondol
2, Sangkat Svay Dongkum, Siem
Reap Province, Cambodia
Tel: 855-63-963187~9

- **Tuol Kouk Sub-Branch**
No.89, Street. 289, Phum 14,
Sangkat Boeung Kak II, Khan Tuol
Kork, Phnom Penh, Cambodia
Tel: 855-23-885891~3

- **Shanghai Branch**
86, Ronghua East Road (JH Gubei
88 Building), Changning District,
Shanghai 201103, China
Tel: 86-21-2227-0611

- **Shanghai Pilot Free Trade Zone Sub-Branch**
Room 2305 Shanghai Shimao
Tower,No.55 West Weifang Road,
Pudong New Dist., Shanghai
200122, China
Tel: 86-21-2069-0611

- **Singapore Branch**
No. 77, Robinson Road, #29-01,
Singapore 068896
Tel: 65-6593-0888

- **Tokyo Branch**
〒100-0004 23F Otemachi
NOMURA Building 1-1, Otemachi
2-Chome Chiyoda-Ku,Tokyo,Japan
Tel: 81-3-3279-0888

- **Toronto Branch**
5000 Yonge Street, Suite 1803
Toronto, ON M2N 7E9, Canada
Tel: 1-416-250-8788

- **Vancouver Branch**
#100-5611 Cooney Road
Richmond, BC V6X 3J6, Canada
Tel: 1-604-207-9600

- **Vientiane Branch**
No.61, 23 Singha Road, Phonxay
Village, Saysettha District
Vientiane Capital, Lao PDR
Tel: 856-21-415318

- **Xiamen Branch**
Unit EFGH, 30F, International
Plaza, No.8 Lujiang Road, Siming
District, Xiamen, Fujian Province,
361001 China
Tel: 86-592-8169111

Overseas Representative Office

- **Bangkok Representative Office**
9th Fl., Sathorn City Tower,
No. 175, South Sathorn Road,
Tungmahamek, Sathorn, Bangkok
10120, Thailand
Tel: 662-679-5291

- **Yangon Representative Office**
No.7 Nichol's Avenue, Parami
Road, Mayangone Township,
Yangon, Myanmar
Tel: 95-1-9669568

- **Jakarta Representative Office**
World Trade Centre - WTC3 27th
Floor, Jl. Jend. Sudirman Kav. 29 -
31, Jakarta 12920, Indonesia
Tel: 62-21-3048-8788

Subsidiary

First Commercial Bank (USA)

- **Head Office & Alhambra Branch**
200 E. Main Street
Alhambra, CA 91801, U.S.A.
Tel: 1-626-300-6000

- **Arcadia Branch**
1309 S. Baldwin Ave.
Arcadia, CA 91007, U.S.A.
Tel: 1-626-254-1828

- **Chino Hills Branch**
2911 Chino Avenue, Unit F2, Chino
Hills, CA 91709, U.S.A.
Tel: 1-909-993-5888

- **City of Industry Branch**
18725 E. Gale Ave. Suite 150
City of Industry, CA 91748, U.S.A.
Tel: 1-626-964-1888

- **Fremont Branch**
47000 Warm Springs Boulevard,
Suite 3, Fremont, CA 94539 U.S.A.
Tel: 1-510-933-0270

- **Irvine Branch**
4250 Barranca Parkway, Suite E
Irvine, CA 92604, U.S.A.
Tel: 1-949-654-2888

- **Silicon Valley Branch**
1141 S. De Anza Blvd.
San Jose, CA 95129, U.S.A.
Tel: 1-408-253-4666

- **San Mateo Branch**
2727 S. El Camino Real, Suite G,
San Mateo, CA 94403, U.S.A.
Tel: 1-650-931-8568

April 2024

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