O-Bank Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of O-Bank Co., Ltd (the "Bank"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Bank as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2023 are as follows:

Allowance for Credit Losses of Loans

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

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

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

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

- We obtained an understanding and performed testing on the internal controls with respect to the Bank's loan impairment assessment.

- We examined the classifications of loans and determined that they were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked and confirmed that the allowance has met the requirements of the regulation or not.

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

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

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

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

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

- We obtained an understanding of the internal controls on the estimated impairment of reserve for losses on guarantee contracts and, we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of the amount of credit-granting assets in the schedule and the rationality of the classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked and confirmed that the reserve has met the requirements of the "Bills Finance Companies Regulations for Evaluating Bad Debt" or not.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in parent company only the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Wei-Chun Ma.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

O-BANK CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 3,811,226	1	$ 4,113,060	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	22,597,761	6	17,140,613	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 40)	35,910,367	9	32,835,125	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 40 and 44)	71,310,546	18	63,579,072	18
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10, 40 and 44)	23,672,845	6	24,181,824	7
RECEIVABLES, NET (Notes 11 and 13)	2,862,234	1	2,954,768	1
CURRENT TAX ASSETS	278,401	-	68,713	-
DISCOUNTS AND LOANS, NET (Notes 12, 13 and 39)	203,604,557	52	185,976,501	52
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET (Note 14)	21,521,147	6	20,609,844	6
OTHER FINANCIAL ASSETS (Notes 15 and 40)	922,598	-	614,454	-
PROPERTY AND EQUIPMENT, NET (Note 16)	2,278,118	1	2,281,372	1
RIGHT-OF-USE ASSETS, NET (Note 17)	235,245	-	186,327	-
INTANGIBLE ASSETS, NET (Note 18)	499,648	-	636,363	-
DEFERRED TAX ASSETS (Note 37)	360,075	-	388,985	-
OTHER ASSETS (Notes 17 and 19)	719,016	-	387,305	-
TOTAL	$ 390,583,784	100	$ 355,954,326	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from the Central Bank and other banks (Note 20)	$ 12,435,739	3	$ 13,920,429	4
Financial liabilities at fair value through profit or loss (Note 8)	1,367,475	1	785,585	-
Bills and bonds sold under repurchase agreements (Note 21)	16,819,251	4	8,285,988	2
Payables (Note 22)	4,472,804	1	2,741,713	1
Current tax liabilities	286,570	-	90,074	-
Deposits and remittances (Notes 23 and 39)	297,141,118	76	274,503,978	77
Bank debentures payable (Note 24)	12,950,000	4	13,600,000	4
Other financial liabilities (Note 25)	3,380,674	1	2,870,224	1
Provisions (Notes 13, 26 and 27)	469,238	-	354,875	-
Lease liabilities (Note 17)	242,211	-	195,008	-
Deferred tax liabilities (Note 37)	679,521	-	628,175	-
Other liabilities (Note 28)	237,148	-	256,038	-
Total liabilities	350,481,749	90	318,232,087	89
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 29)				
Capital				
Common stock	27,339,923	7	27,339,923	8
Preferred stock	2,990,140	1	2,990,140	1
Total capital	30,330,063	8	30,330,063	9
Capital surplus	19,624	-	13,652	-
Retained earnings				
Legal reserve	5,789,200	1	4,341,816	1
Special reserve	3,197,011	1	634,610	-
Unappropriated earnings	2,756,051	1	5,469,437	2
Total retained earnings	11,742,262	3	10,445,863	3
Other equity	(1,828,393)	(1)	(3,050,502)	(1)
Treasury stock	(161,521)	-	(16,837)	-
Total equity	40,102,035	10	37,722,239	11
TOTAL	$ 390,583,784	100	$ 355,954,326	100

The accompanying notes are an integral part of the parent company only financial statements.

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
NET INTEREST					
INTEREST REVENUE (Notes 30 and 39)	$ 10,748,737	157	$ 5,812,033	64	85
INTEREST EXPENSE (Notes 30 and 39)	(8,444,229)	(123)	(3,044,145)	(33)	177
NET INTEREST	2,304,508	34	2,767,888	31	(17)
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 31 and 39)	914,467	13	816,035	9	12
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 32)	2,237,276	32	3,232,746	35	(31)
Realized gains on financial assets at fair value through other comprehensive income (Note 33)	358,185	5	247,534	3	45
Foreign exchange gain (loss), net	121,655	2	(2,371,000)	(26)	105
Impairment loss on assets	(5,710)	-	(158)	-	3,514
Share of profit of subsidiaries and associates accounted for using equity method (Note 14)	869,268	13	4,290,855	47	(80)
Other net revenue other than interest (Note 39)	66,864	1	80,076	1	(16)
Total net revenue other than interest revenue	4,562,005	66	6,296,088	69	(28)
TOTAL NET REVENUE	6,866,513	100	9,063,976	100	(24)
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 13)	(444,271)	(6)	(482,416)	(5)	(8)

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O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Note 34)	$ 2,020,094	29	$ 1,920,746	21	5
Depreciation and amortization expenses (Note 35)	510,346	8	520,908	6	(2)
Other general and administrative expenses (Notes 36 and 39)	1,090,850	16	898,080	10	21
Total operating expenses	3,621,290	53	3,339,734	37	8
PROFIT BEFORE INCOME TAX	2,800,952	41	5,241,826	58	(47)
INCOME TAX EXPENSE (Note 37)	308,532	5	207,355	2	49
NET PROFIT FOR THE YEAR	2,492,420	36	5,034,471	56	(50)
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive loss that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans (Note 27)	(8,524)	-	21,899	-	(139)
Revaluation losses on investments in equity instruments measured at fair value through other comprehensive income	(211,721)	(3)	(804,981)	(9)	(74)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	167,883	3	(63,951)	(1)	363
Components of other comprehensive loss that will not be reclassified to profit or loss, net of tax	(52,362)	-	(847,033)	(10)	(94)

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O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	$ (59,795)	(1)	$ 1,235,070	14	(105)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	625,196	9	(1,172,254)	(13)	153
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	674,771	10	(1,867,545)	(21)	136
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 37)	3,318	-	(123,116)	(1)	103
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	1,243,490	18	(1,927,845)	(21)	165
Other comprehensive income (loss) for the year, net of tax	1,191,128	18	(2,774,878)	(31)	143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,683,548	54	$ 2,259,593	25	63
EARNINGS PER SHARE (Note 38)					
Basic	$0.87		$1.80		
Diluted	$0.78		$1.62		

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 29)				Retained Earnings (Notes 9 and 29)				Other Equity (Notes 9 and 29)			
	Common Stock	Preferred Stock	Total	Capital Surplus (Note 29)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive	Treasury Stock (Note 29)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906
Reversal of special reserve	-	-	-	-	-	(648,652)	648,652	-	-	-	-	-
Appropriation and distribution of 2021 earnings												
Legal reserve	-	-	-	-	612,126	-	(612,126)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	485,479	(485,479)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(819,145)	(819,145)	-	-	-	(819,145)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424
Disgorgement exercised	-	-	-	10	-	-	-	-	-	-	-	10
Unclaimed dividends	-	-	-	616	-	-	-	-	-	-	-	616
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	5,034,471	5,034,471	-	-	-	5,034,471
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	31,159	31,159	1,111,954	(3,917,991)	-	(2,774,878)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	5,065,630	5,065,630	1,111,954	(3,917,991)	-	2,259,593
Common shares converted from convertible preferred shares	9,860	(9,860)	-	-	-	-	-	-	-	-	-	-
Transfer of treasury stock to employees under share-based payment arrangements	-	-	-	5,868	-	-	-	-	-	-	21,467	27,335
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(241,014)	(241,014)	-	241,014	-	-
BALANCE AT DECEMBER 31, 2022	27,339,923	2,990,140	30,330,063	13,652	4,341,816	634,610	5,469,437	10,445,863	165,887	(3,216,389)	(16,837)	37,722,239
Reversal of special reserve	-	-	-	-	-	(2,622)	2,622	-	-	-	-	-
Appropriation and distribution of 2022 earnings												
Legal reserve	-	-	-	-	1,447,384	-	(1,447,384)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	2,565,023	(2,565,023)	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(1,037,959)	(1,037,959)	-	-	-	(1,037,959)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,081)	(127,081)	-	-	-	(127,081)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	5,257	-	-	-	-	-	-	-	5,257
Unclaimed dividends	-	-	-	715	-	-	-	-	-	-	-	715
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(144,684)	(144,684)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	2,492,420	2,492,420	-	-	-	2,492,420
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	(12,933)	(12,933)	(56,477)	1,260,538	-	1,191,128
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,479,487	2,479,487	(56,477)	1,260,538	-	3,683,548
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(18,048)	(18,048)	-	18,048	-	-
BALANCE AT DECEMBER 31, 2023	$ 27,339,923	$ 2,990,140	$ 30,330,063	$ 19,624	$ 5,789,200	$ 3,197,011	$ 2,756,051	$ 11,742,262	$ 109,410	$ (1,937,803)	$ (161,521)	$ 40,102,035

The accompanying notes are an integral part of the parent company only financial statements.

O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 2,800,952	$ 5,241,826
Adjustments for:		
Depreciation expense	244,027	253,705
Amortization expense	266,319	267,203
Expect credit losses/recognition of provisions	449,981	482,574
Net gain on financial assets or liabilities at fair value through profit or loss	(2,237,276)	(3,232,746)
Interest expense	8,444,229	3,044,145
Interest revenue	(10,748,737)	(5,812,033)
Dividends income	(385,101)	(302,794)
Share-based payment arrangements	-	8,423
Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	(869,268)	(4,290,855)
Gain on disposal of property and equipment	(3,322)	(113)
Loss on disposal of investments	26,916	55,260
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	(1,641,292)	526,228
Financial assets at fair value through profit or loss	(256,076)	7,923,409
Financial assets at fair value through other comprehensive income	(7,163,902)	14,396,533
Investments in debt instruments at amortized cost	517,257	(24,177,879)
Receivables	296,303	(393,952)
Discounts and loans	(17,941,540)	(29,903,131)
Deposits from the Central Bank and other banks	(1,484,690)	(4,859,747)
Bills and bonds sold under repurchase agreements	8,533,263	7,390,022
Payables	1,334,798	665,100
Deposits and remittances	22,637,140	36,309,514
Provisions	(9,885)	(1,034)
Cash flows generated from operations	2,810,096	3,589,658
Interest received	10,289,615	5,278,644
Dividends received	892,110	658,913
Interest paid	(7,791,559)	(2,462,695)
Income taxes paid	(235,705)	(25,813)
Net cash flows generated from operating activities	5,964,557	7,038,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using the equity method	26,657	-
Proceeds from capital reduction of investments accounted for using the equity method	-	159,140
Acquisition of property and equipment	(171,893)	(87,525)
Proceeds from disposal of property and equipment	3,404	2,959
Increase in refundable deposits	(306,632)	(108,226)

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O-BANK CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of intangible assets	$ (105,601)	$ (37,395)
Decrease in other financial assets	-	217,300
Increase in other assets	(25,079)	(5,757)
Net cash flows generated from (used in) investing activities	(579,144)	140,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bank debentures	1,600,000	1,100,000
Repayments of bank debentures	(2,250,000)	(2,500,000)
Increase in funds intended for specific types of loans	771,667	211,533
Repayments of funds intended for specific types of loans	(963,786)	(573,203)
Repayment of the principal portion of lease liabilities	(100,273)	(98,627)
Increase in other financial liabilities	702,569	917,284
Increase in other liabilities	-	10,366
Decrease in other liabilities	(18,890)	-
Cash dividends paid	(1,165,040)	(946,645)
Payments to acquire treasury stock	(144,684)	-
Transfer of treasury stock to employees	-	18,912
Net cash flows used in financing activities	(1,568,437)	(1,860,380)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,190	453,962
NET INCREASE IN CASH	3,822,166	5,772,785
CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR	12,278,061	6,505,276
CASH AND CASH EQUIVALENT AT END OF THE YEAR	$ 16,100,227	$ 12,278,061

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	**2022**
Cash and cash equivalents reported in the balance sheets	$ 3,811,226	$ 4,113,060
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	11,366,403	7,550,547
Other items qualifying for cash and cash equivalents under the definition of IAS 7	922,598	614,454
Cash and cash equivalents at end of the year	$ 16,100,227	$ 12,278,061

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors (the "Board") approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (FSC) accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank notes; (c) providing loans, discounts, and acceptance business; (d) providing domestic and foreign exchange and guarantee business; (e) issuing letters of credit at home and abroad; (f) making receipts and payments by agents; (g) investing in and underwriting offering of securities; (h) dealing in bonds; (i) factoring; (j) providing financial advisory services to financing and non-financing business; (k) wealth management business; (l) providing personal insurance and property insurance agent business; (m) dealing with credit card business; (n) providing foreign exchange services for client's imports or exports, overseas remittances, foreign currency deposits, and foreign currency loans and guarantees; (o) overseeing trust business under the Trust Business Law and regulations; and (p) dealing in derivative financial instruments and participating in other operations authorized by the central authorities.

As of December 31, 2023, the Bank has eight main department-level units - Financial Service Department, Financial Market Department, Risk Control Department, Operation Management Department, Science and Technology Financial Department, Legal Affairs and Legal Compliance Department, Strategic Development Department, and Internal Audit Department. It also has six domestic branches-Business Department, Nanjing Fuxing branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange (TPEx) starting in August 2004. On April 19, 2016, the Board passed a resolution to apply for stock listing on the Taiwan Stock Exchange (TWSE). The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

The financial statements are presented in the Bank's functional currency, the New Taiwan dollar.

As of December 31, 2023 and 2022, the Bank had 1,198 and 1,099 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorized for issue on March 13, 2024.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively the "IFRSs") endorsed and issued into effect by the FSC

Initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Bank's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Bank has assessed that the application of other standards and interpretations will not have a material impact on the Bank's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

When preparing these parent company only financial statements, the Bank used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Bank in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be clearly identified, accounts included in the financial statements of the Bank were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 44 for the maturity analysis of assets and liabilities.

Foreign Currencies

In preparing the Bank's financial statements, transactions in currencies other than the Bank's functional currency (i.e. foreign currencies) are recognized at the amount in original currency.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting financial statements, the functional currencies of the Bank (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Bank) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments Accounted for Using the Equity Method

The Bank uses the equity method to account for its investments in subsidiaries and associates.

Investments in subsidiaries

A subsidiary is an entity (including the special purpose entity) that is controlled by the Bank.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Bank's share of the profit or loss and other comprehensive income of the subsidiary. The Bank also recognizes the changes in the Bank's share of equity of subsidiaries.

Changes in the Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are accounted for as equity transactions. The Bank recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Bank's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Bank's net investment in the subsidiary), the Bank continues recognizing its share of further loss.

Any excess of the cost of acquisition over the Bank's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Bank loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Bank accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Bank directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Bank.

Investments in associates

An associate is an entity over which the Bank has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but does not control or joint control such policies.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Bank's share of the profit or loss and other comprehensive income of the associate. The Bank also recognizes the changes in the Bank's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Bank's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Bank subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Bank's proportionate interest in the associate. The Bank records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Bank's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Bank's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Bank's net investment in the associate), the Bank discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Bank has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Bank discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Bank accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Bank continues to apply the equity method and does not remeasure the retained interest.

When the Bank transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Bank's financial statements only to the extent of interests in the associate that are not related to the Bank.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement categories

   Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

   1) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the investment in debt instruments at FVTOCI criteria.

      Financial assets are designated as FVTPL in the original recognition. If it can eliminate or significantly reduce the measurement or recognition inconsistency.

      Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 43.

   2) Financial assets at amortized cost

      Financial assets that meet the following conditions are subsequently measured at amortized cost:

      a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

      Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

      Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

      a) Purchased or originated credit impaired financial asset, for which interest revenue is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

      b) Financial assets that are not initially credit impaired or not credit impaired when purchased but subsequently become credit impaired, for which the interest revenue is calculated by applying the effective interest rate to the amortized cost of such financial assets.

A financial asset is credit impaired when one or more of the following events have occurred:

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

b) Breach of contract, such as a default;

c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Bank may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Bank recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounts and loans and receivables), investments in debt instruments that are measured at FVTOCI, lease receivables.

The Bank's policy is to always recognize lifetime expected credit losses (i.e. ECLs) on trade receivables and lease receivables. For all other financial instruments, the Bank will recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank will measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses calculated by using the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Bank determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Bank):

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 90 days past due unless the Bank has reasonable and corroborative information to support a more lagged default criterion.

The Bank recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the FSC, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as noteworthy, substandard, having highly doubtful collectability and uncollectable, on the basis of the customers' financial position, a valuation of the respective collateral and the length of time in which the principal repayments or interest payments have become overdue.

The Bank made minimum provisions of 1%, 2%, 10%, 50% and 100% for credit assets deemed to be uncollectable, to have highly doubtful collectability, to be substandard, to be noteworthy and to have sound credit (excluding assets that represent claims against an ROC government agency), respectively.

Furthermore, the Bank should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

The Bank shall determine the unrecoverable claims and write them off after reporting them to the Board for approval.

c. Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Bank's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

Financial liabilities

a. Subsequent measurement

   Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

   - Financial liabilities at FVTPL

     Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

     A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

     1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

     2) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

     3) The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

     Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 43.

- Financial guarantee contracts

  The Bank measures financial guarantee contract issued at the higher of:

  1) The amount of the loss allowance determined in accordance with IFRS 9; and

  2) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15.

  Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

  Financial guarantee contracts issued by the Bank are measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the amount of the expected credit loss allowance or the amount initially recognized less cumulative amortization recognized.

b. Derecognition of financial liabilities

   The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, are cancelled or expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

<u>Derivative financial instruments</u>

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

<u>Modification of financial instruments</u>

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Bank elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Bank first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Non-performing Loans

Under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans issued by the Banking Bureau, FSC, loans and other credits that remain unpaid as they fall due are transferred to non-performing loans, if the transfer is approved by the Board.

Non-performing loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest revenue or interest expenses over the term of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Except of freehold land without depreciated, depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the assets' estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Bank expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset, which is measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Property and Equipment, Right-of-use Assets and Intangible Assets Other than Goodwill

At the end of each reporting period, the Bank reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deduct amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Bank’s unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

Revenue Recognition

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Group that are classified as non-performing loans. The interest revenue on those loans and credits is recognized upon collection.

Revenue from brokering is recognized when the earnings process has been completed.

Dividend income from investments is recognized on the shareholders’ right to receive payment. The premise is that the economic benefits related to the transaction. They are likely to flow into the Group and the amount of income can be reliably measured it.

Leases

At the inception of a contract, the Bank assesses whether the contract is, or contains, a lease.

The Bank as lessee

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Bank uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Bank remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Bank's defined benefit plans. The net defined benefit assets shall not exceed the present value with the refund withdrawal from the plan or the reduction of future withdrawals.

c. Staff preferential deposit

The Bank provides preferential deposit account for employees, which are used to pay fixed preferential deposits for current employees. The effect of the difference between the interest rate of these preferential deposits and the market interest rate is treated as employee benefits.

Share-based Payment Arrangements

The fair value at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The payment is recognized as an expense in full at the grant date if vested immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and Cash Equivalents

The cash and cash equivalent items in the balance sheet include cash on hand, demand deposits, and short-term and highly liquid investments that can be converted into fixed amount of cash at any time. They have little risk of change in value. For the statements of cash flows, the cash and cash equivalents account refers to the accounts in the balance sheets titled cash and cash equivalents, due from the Central Bank and call loans to banks, and call loans to securities firms that meet the definition of cash and cash equivalents in IAS 7 “Statement of Cash Flows” endorsed and issued into effect by the FSC.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans

The impairment of loans is based on assumptions about the risk of default and expected loss rates. The Bank uses judgment in making these assumptions and in selecting the inputs of the impairment calculation, based on the Bank’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31 2023	December 31 2022
Cash on hand and petty cash	$ 113,524	$ 108,913
Checking for clearing	1,353,302	198,196
Due from banks	2,344,400	3,805,951
	$ 3,811,226	$ 4,113,060

The cash and cash equivalents of the cash flows and the related adjustments of the balance sheets as of December 31, 2023 and 2022, refer to the statements of cash flows.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	December 31 2023	December 31 2022
Reserves for deposits - Type A	$ 3,331,764	$ 1,325,922
Reserves for deposits - Type B	5,837,376	5,907,742
Due from Central Bank - Financial	2,000,712	2,003,091
Call loans to banks	11,366,403	7,857,774
Others	61,506	46,084
	$ 22,597,761	$ 17,140,613

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include asset swap contracts)	$ 796,312	$ 757,778
Derivative financial assets		
Currency swap contracts	662,250	731,899
Forward contracts	31,052	163,969
Interest rate swap contracts	36,605	18,252
Currency option contracts - call	23,461	19,851
Future exchange margins	26,924	-
	780,292	933,971
Non-derivative financial assets		
Negotiable certificates of deposit	23,229,675	27,443,843
Commercial papers	10,702,086	3,699,533
Stocks and beneficiary certificates	402,002	-
	34,333,763	31,143,376
	$ 35,910,367	$ 32,835,125

(Continued)

	December 31	
	2023	2022
Held-for-trading financial liability		
Derivative financial instruments		
Currency swap contracts	$ 1,116,257	$ 619,305
Forward contracts	199,566	133,419
Interest rate swap contracts	36,755	18,375
Currency option contracts - put	14,897	14,486
	$ 1,367,475	$ 785,585

(Concluded)

The Bank engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Bank strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Interest rate swap contracts	$ 4,122,505	$ 3,646,419
Currency swap contracts	133,694,562	112,299,557
Forward contracts	23,920,817	30,015,167
Currency option contracts		
Buy	1,977,359	912,929
Sell	704,187	728,593

Refer to Note 40 for information relating to financial assets at financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI	$ 35,245	$ 39,595
Investments in debt instruments at FVTOCI		
Government bonds	14,541,751	8,786,557
Bank debentures	9,625,500	10,076,440
Corporate bonds	21,360,142	18,558,406
Overseas government bonds	833,466	615,182
Commercial papers	3,447,154	6,249,812
Negotiable certificates of deposit	21,467,288	19,253,080
	$ 71,310,546	$ 63,579,072

a. Investments in equity instruments at FVTOCI

These investments in listed, unlisted, and emerging stocks are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Bank's strategy of holding these investments for long-term purposes.

The Bank disposed stock classified as at FVTOCI for invested management purpose for the years end December 31, 2023 and 2022. The fair value of stocks classified as at FVTOCI which had to be disposed of were $8,011,475 thousand and $6,095,620 thousand and the accumulated gain or loss related to the sold assets of $45,526 thousand loss and $194,575 thousand loss, respectively, was transferred from other equity-unrealized valuation gain or loss on Financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $385,101 thousand and $302,794 thousand were recognized in profit or loss for the years end December 31, 2023 and 2022. The dividends related to investments held at the end of 2022 and 2023 were $0 thousand, respectively.

b. Investments in debt instruments at FVTOCI

Refer to Note 40 for information relating to investments in debt instruments at FVTOCI pledged as security.

Refer to Note 44 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $11,852,045 thousand and $7,530,064 thousand, as of on December 31, 2023 and 2022, respectively.

10. DEBT INSTRUMENTS AS AT AMORTIZED COST

	December 31	
	2023	**2022**
Government bonds	$ 11,029,433	$ 6,970,258
Bank debentures	5,417,533	2,561,252
Corporate bonds	5,311,804	4,739,723
Overseas government bonds	918,376	913,609
Negotiable certificates of deposit	1,000,000	9,000,000
	23,677,146	24,184,842
Less: Allowance for impairment loss	(4,301)	(3,018)
	$ 23,672,845	$ 24,181,824

Refer to Note 40 for information relating to investments in debt instruments as at amortized cost pledged as security.

Refer to Note 44 for information relating to the credit risk management and impairment of investments in debt instruments as at amortized cost.

Debt instruments as at amortized cost under agreement to repurchase were in the face amount of $6,490,252 thousand and $1,753,479 thousand, as of on December 31, 2023 and 2022, respectively.

11. RECEIVABLES, NET

	December 31 2023	December 31 2022
Accounts receivable	$ 266,448	$ 226,068
Investment settlements receivable	29,964	172,524
Income receivable	2,862	1,505
Interest receivable	1,330,252	853,047
Dividends receivable	203	429
Acceptances receivable	205,561	121,272
Factored receivable	837,215	1,477,269
Others	209,337	149,205
	2,881,842	3,001,319
Less: Allowance for credit losses	19,608	46,551
Receivables, net	$ 2,862,234	$ 2,954,768

The changes in gross carrying amount on receivables for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 2,299,072	$ 664,950	$ 37,297	$ 3,001,319
Transfers				
To 12-month ECLs	403	(403)	-	-
To lifetime ECLs	(18,307)	18,307	-	-
To credit-impaired financial assets	(557)	(2,130)	2,687	-
New financial assets purchased or originated	1,725,739	9,937	8,631	1,744,307
Derecognition of financial assets in the reporting period	(1,211,785)	(658,842)	(836)	(1,871,463)
Write-offs	-	-	(43,892)	(43,892)
Exchange rate or other changes	28,459	18,923	4,189	51,571
Balance at December 31, 2023	$ 2,823,024	$ 50,742	$ 8,076	$ 2,881,842
Balance at January 1, 2022	$ 2,066,781	$ 38,762	$ 34,989	$ 2,140,532
Transfers				
To 12-month ECLs	377	(329)	(48)	-
To lifetime ECLs	(620)	620	-	-
To credit-impaired financial assets	(321)	(110)	431	-
New financial assets purchased or originated	1,915,349	661,862	1,492	2,578,703
Derecognition of financial assets in the reporting period	(1,719,425)	(35,892)	(1,718)	(1,757,035)
Exchange rate or other changes	36,931	37	2,151	39,119
Balance at December 31, 2022	$ 2,299,072	$ 664,950	$ 37,297	$ 3,001,319

The Bank provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 13 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 44 for the impairment loss analysis of receivables.

12. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022
Short-term	$ 88,442,870	$ 67,853,043
Medium-term	96,559,313	99,885,289
Long-term	20,641,853	20,347,768
Guaranteed overdraft	185,976	105,522
Export bill negotiated	525,546	-
Overdue loans	195,554	668,187
	206,551,112	188,859,809
Less: Allowance for credit losses	2,946,555	2,883,308
	$ 203,604,557	$ 185,976,501

The changes in gross carrying amount on discount and loans for the years ended December 31, 2023 and 2022 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2023	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ 188,859,809
Transfers				
To 12-month ECLs	390,000	(390,000)	-	-
To lifetime ECLs	(2,129,156)	2,129,156	-	-
To credit-impaired financial assets	(125,857)	(600,005)	725,862	-
New financial assets purchased or originated	136,532,204	5,921,894	280,916	142,735,014
Derecognition of financial assets in the reporting period	(110,316,818)	(13,463,374)	(907,996)	(124,688,188)
Write-offs	-	-	(274,165)	(274,165)
Exchange rate or other changes	(72,412)	(26,456)	17,510	(81,358)
Balance at December 31, 2023	$ 196,247,575	$ 9,046,575	$ 1,256,962	$ 206,551,112
Balance at January 1, 2022	$ 146,664,018	$ 11,147,931	$ 1,234,045	$ 159,045,994
Transfers				
To 12-month ECLs	395,175	(350,111)	(45,064)	-
To lifetime ECLs	(1,485,916)	1,485,916	-	-
To credit-impaired financial assets	(62,692)	(78,158)	140,850	-
New financial assets purchased or originated	115,564,044	11,914,776	431,430	127,910,250
Derecognition of financial assets in the reporting period	(89,977,802)	(8,474,085)	(250,013)	(98,701,900)
Write-offs	-	-	(107,784)	(107,784)
Exchange rate or other changes	872,787	(170,909)	11,371	713,249
Balance at December 31, 2022	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ 188,859,809

The balance of the overdue loans of the Bank as of December 31, 2023 and 2022 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $4,786 thousand and $13,843 thousand for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Bank wrote off credits only upon completing the required legal procedures.

The Bank provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 13 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 44 for the impairment loss analysis of discounts and loans.

13. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The changes in allowance for credit losses and provisions for the year ended December 31, 2023 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance at January 1, 2023	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(101)	101	-	-	-	-
To credit-impaired financial assets	(334)	(9)	343	-	-	-
New financial assets purchased or originated	2,957	67	20,177	23,201	-	23,201
Derecognition of financial assets in the reporting period	(2,118)	(1,092)	(260)	(3,470)	-	(3,470)
Change in model or risk parameters	416	30	17	463	-	463
Difference between IFRS 9 and “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(3,410)	(3,410)
Write-off	-	-	(43,892)	(43,892)	-	(43,892)
Exchange rate or other changes	-	-	164	164	1	165
Balance at December 31, 2023	$ 4,043	$ 201	$ 1,608	$ 5,852	$ 13,756	$ 19,608

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	$ 408,112	$ 76,237	$ 296,640	$ 780,989	$ 2,102,319	$ 2,883,308
Transfers						
To 12-month ECLs	16,090	(16,090)	-	-	-	-
To lifetime ECLs	(24,627)	24,627	-	-	-	-
To credit-impaired financial assets	(71,167)	(4,760)	75,927	-	-	-
New financial assets purchased or originated	279,614	63,620	156,635	499,869	-	499,869
Derecognition of financial assets in the reporting period	(218,083)	(32,204)	(157,004)	(407,291)	-	(407,291)
Change in model or risk parameters	98,296	83,288	166,548	348,132	-	348,132
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(128,949)	(128,949)
Write-offs	-	-	(274,165)	(274,165)	-	(274,165)
Withdrawal after write-offs	-	-	23,928	23,928	-	23,928
Exchange rate or other changes	27	84	7	118	1,605	1,723
Balance at December 31, 2023	$ 488,262	$ 194,802	$ 288,516	$ 971,580	$ 1,974,975	$ 2,946,555

Reserve for Losses on Guarantee Contracts and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2023	$ 86,897	$ 8,068	$ -	$ 94,965	$ 229,529	$ 324,494
Transfers						
To 12-month ECLs	5,240	(5,240)	-	-	-	-
To lifetime ECLs	(18)	18	-	-	-	-
New financial assets purchased or originated	71,540	15,502	-	87,042	-	87,042
Derecognition of financial assets in the reporting period	(59,551)	(2,694)	-	(62,245)	-	(62,245)
Change in model or risk parameters	(479)	79	-	(400)	-	(400)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	91,329	91,329
Exchange rate or other changes	12	-	-	12	(14)	(2)
Balance at December 31, 2023	$ 103,641	$ 15,733	$ -	$ 119,374	$ 320,844	$ 440,218

The changes in allowance for credit losses and provisions for the year ended December 31, 2022 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 4,002	$ 116	$ 22,446	$ 26,564	$ 15,680	$ 42,244
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
To lifetime ECLs	(69)	69	-	-	-	-
To credit-impaired financial assets	(197)	(2)	199	-	-	-
New financial assets purchased or originated	2,340	1,034	494	3,868	-	3,868
Derecognition of financial assets in the reporting period	(3,124)	(103)	(357)	(3,584)	-	(3,584)
Change in model or risk parameters	269	(8)	(3)	258	-	258
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,377	1,377
Exchange rate or other changes	-	-	2,280	2,280	108	2,388
Balance at December 31, 2022	$ 3,222	$ 1,105	$ 25,059	$ 29,386	$ 17,165	$ 46,551

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 324,263	$ 78,499	$ 237,243	$ 640,005	$ 1,657,668	$ 2,297,673
Transfers						
To 12-month ECLs	12,568	(12,541)	(27)	-	-	-
To lifetime ECLs	(11,887)	11,887	-	-	-	-
To credit-impaired financial assets	(35,235)	(1,342)	36,577	-	-	-
New financial assets purchased or originated	247,405	19,151	105,183	371,739	-	371,739
Derecognition of financial assets in the reporting period	(176,067)	(18,638)	(70,763)	(265,468)	-	(265,468)
Change in model or risk parameters	44,343	(4,022)	77,494	117,815	-	117,815
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	389,493	389,493
Write-offs	-	-	(107,784)	(107,784)	-	(107,784)
Withdrawal after write-offs	-	-	18,468	18,468	-	18,468
Exchange rate or other changes	2,722	3,243	249	6,214	55,158	61,372
Balance at December 31, 2022	$ 408,112	$ 76,237	$ 296,640	$ 780,989	$ 2,102,319	$ 2,883,308

Reserve for Losses on Guarantee Contracts and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance at January 1, 2022	$ 103,237	$ 15,176	$ -	$ 118,413	$ 337,768	$ 456,181
Transfers						
To 12-month ECLs	2,371	(2,371)	-	-	-	-
To lifetime ECLs	(209)	209	-	-	-	-
New financial assets purchased or originated	62,662	3,572	-	66,234	-	66,234
Derecognition of financial assets in the reporting period	(70,175)	(7,727)	-	(77,902)	-	(77,902)
Change in model or risk parameters	(11,779)	(791)	-	(12,570)	-	(12,570)
Difference between IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(108,844)	(108,844)
Exchange rate or other changes	790	-	-	790	605	1,395
Balance at December 31, 2022	$ 86,897	$ 8,068	$ -	$ 94,965	$ 229,529	$ 324,494

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 14,526,309	$ 13,368,073
Investments in associates	6,994,838	7,241,771
	$ 21,521,147	$ 20,609,844

a. Investments in subsidiaries

	December 31	
	2023	2022
Domestic listed company		
China Bills Finance Corp.	$ 7,006,296	$ 6,168,856
Domestic unlisted company		
IBT Holdings Corp.	6,273,602	6,119,382
IBT VII Venture Capital Co., Ltd.	928,634	798,896
IBT Management Corp.	317,777	280,939
	$ 14,526,309	$ 13,368,073

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
China Bills Finance Corp.	28.37%	28.37%
Chun Teng New Century Co., Ltd.	99.75%	99.75%
IBT Holdings Corp.	100.00%	100.00%
IBT VII Venture Capital Co., Ltd.	100.00%	100.00%
IBT Management Corp.	100.00%	100.00%

The Bank's the board of directors resolved on July 21, 2022 and approved the management's proposal to reduce its capital by shares in its subsidiary, IBT Leasing Co., Ltd. (the "IBT Leasing"), and as a subsidiary of the IBT Leasing, all shares of IBT VII Venture Capital Co., Ltd. will be offset and returned to the Bank. The capital reduction ratio is 20.98%, and the capital reduction amount is $710,614 thousand. After the capital reduction, the amount of IBT Leasing's paid-in capital is $2,677,290 thousand. The record date for capital reduction was October 19, 2022.

b. Investments in associates

	December 31	
	2023	2022
Material associate		
Infinite Finance Co., Ltd.	$ 5,850,311	$ 6,230,729
Beijing Sunshine Consumer Finance Co., Ltd.	1,144,527	1,011,042
	$ 6,994,838	$ 7,241,771

Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2023	2022
Infinite Finance Co., Ltd.	44.27%	44.48%
Beijing Sunshine Consumer Finance Co., Ltd.	20.00%	20.00%

The investment in Beijing Sunshine Consumer Finance Co., Ltd., was jointly invested by the Bank, China Everbright Bank and China CYTS Tours Holding. The Bank's investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

The Bank's the board of directors resolved on July 21, 2022 and approved the management's proposal merger of subsidiary, the IBT Leasing and Jih-Sun International Leasing and Financing Co., Ltd. (the "Jih-Sun Leasing"). With the Jih-Sun Leasing as the surviving company, and changed its name to Infinite Finance Co., Ltd. Jih-Sun Leasing issued 156,193,000 new shares to the Bank at the ratio of 0.5834 ordinary shares of Jih-Sun Leasing for every 1 ordinary share of IBT Leasing. After the merger, the Bank will hold 44.48% of the shares of the surviving company. The share swap amount was $6,198,618 thousand, and the merger date was December 1, 2022. For the information on the disposal of the IBT Leasing, refer to Note 41 of the Bank's 2023 consolidated financial statements.

On June 19, 2023, the Bank disposed of 713 thousand shares of Infinite Finance for NT$26,738 thousand. After the disposal, the bank's shareholding ratio was 44.27%.

Refer to Table 3 "Name, locations and other information of investees on which the Bank exercises significant influence" and Table 4 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

The financial information of the bank's affiliates is as follows:

Infinite Finance Co., Ltd.

	December 31	
	2023	**2022**
Total assets	$ 86,800,301	$ 76,183,506
Total liabilities	$ 77,516,069	$ 66,645,549

	For the Year Ended December 31	
	2023	**2022**
Net gain	$ 516,300	$ 609,305
Other comprehensive gain	$ 436,645	$ 630,781

Beijing Sunshine Consumer Finance Co., Ltd.

	December 31	
	2023	**2022**
Total assets	$ 50,616,039	$ 55,118,326
Total liabilities	$ 44,900,174	$ 50,049,146

	For the Year Ended December 31	
	2023	**2022**
Net gain	$ 752,643	$ 598,891
Other comprehensive gain	$ 752,643	$ 598,891

c. The Bank's investments accounted for using equity method, the details of its investment income (loss) and gain on disposal are as follows:

	For the Year Ended December 31	
	2023	**2022**
Domestic listed company		
China Bills Finance Corp.	$ 365,534	$ 295,294
Domestic unlisted company		
Chun Teng New Century Co., Ltd.	-	(5,668)
IBT Holdings Corp.	118,615	320,097
IBT Leasing Co., Ltd.	-	260,893
IBT Management Corp.	49,962	13,373
IBT VII Venture Capital Co., Ltd.	173,416	72,377
Infinite Finance Co., Ltd.	13,167	4,554
Beijing Sunshine Consumer Finance Co., Ltd.	154,703	115,816
Gain on disposal for subsidiaries IBT Leasing Co., Ltd.	-	3,214,119
Loss on disposal for associates	(6,129)	-
	$ 869,268	$ 4,290,855

The investments in subsidiaries and associates accounted for using the equity method, the share of profit or loss of associates and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 was based on each of financial statements which have been audited for the same years.

15. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Call loans to securities corporation limited	$ 922,598	$ 614,454

16. PROPERTY AND EQUIPMENT, NET

	December 31	
	2023	2022
Carrying amounts of each class		
Land	$ 698,633	$ 698,633
Buildings	1,183,468	1,221,019
Machinery and computer equipment	243,213	234,924
Transportation equipment	17,807	21,570
Office and other equipment	21,797	28,706
Lease improvement	37,043	46,590
Construction in progress and prepayments for equipment	76,157	29,930
	$ 2,278,118	$ 2,281,372
For own used	$ 2,048,501	$ 2,047,174
Assets leased under operating leases	229,617	234,198
	$ 2,278,118	$ 2,281,372

a. For own used

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2023	$ 613,399	$ 1,649,939	$ 730,582	$ 54,914	$ 224,409	$ 270,414	$ 29,930	$ 3,573,587
Additions	-	6,138	61,232	-	5,686	3,735	94,209	170,999
Disposals and scrapped	-	-	(48,620)	(14,248)	(644)	-	-	(63,512)
Reclassification	-	294	11,714	2,980	160	8,828	(47,982)	(24,006)
Effect of foreign currency exchange differences	-	-	(4)	(3)	(5)	(16)	-	(28)
Balance at December 31, 2023	613,399	1,656,371	754,904	43,643	229,606	282,961	76,157	3,657,040
Accumulated depreciation								
Balance at January 1, 2023	-	577,884	495,658	33,344	195,703	223,824	-	1,526,413
Depreciation expense	-	39,402	64,644	6,674	12,752	22,109	-	145,580
Disposals and scrapped	-	-	(48,608)	(14,181)	(641)	-	-	(63,430)
Effect of foreign currency exchange differences	-	-	(3)	(1)	(5)	(15)	-	(24)
Balance at December 31, 2023	-	617,286	511,691	25,836	207,809	245,918	-	1,608,539
Carrying amounts								
Balance at December 31, 2023	$ 613,399	$ 1,039,085	$ 243,213	$ 17,807	$ 21,797	$ 37,043	$ 76,157	$ 2,048,501

(Continued)

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2022	$ 572,250	$ 1,539,081	$ 717,234	$ 51,851	$ 217,499	$ 261,428	$ 19,968	$ 3,379,311
Additions	-	173	28,743	15,114	2,938	3,366	37,153	87,487
Disposals and scrapped	-	-	(16,679)	(12,678)	(992)	(10,353)	-	(40,702)
Reclassification	41,149	110,685	327	50	3,697	11,910	(27,191)	140,627
Effect of foreign currency exchange differences	-	-	957	577	1,267	4,063	-	6,864
Balance at December 31, 2022	613,399	1,649,939	730,582	54,914	224,409	270,414	29,930	3,573,587
Accumulated depreciation								
Balance at January 1, 2022	-	502,479	454,143	38,197	177,756	196,188	-	1,368,763
Depreciation expense	-	36,858	57,368	6,791	17,899	32,447	-	151,363
Disposals and scrapped	-	-	(16,558)	(11,892)	(934)	(8,484)	-	(37,868)
Reclassification	-	38,547	-	-	-	-	-	38,547
Effect of foreign currency exchange differences	-	-	705	248	982	3,673	-	5,608
Balance at December 31, 2022	-	577,884	495,658	33,344	195,703	223,824	-	1,526,413
Carrying amounts								
Balance at December 31, 2022	$ 613,399	$ 1,072,055	$ 234,924	$ 21,570	$ 28,706	$ 46,590	$ 29,930	$ 2,047,174

(Concluded)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	25-50 years
Machinery and computer equipment	3-25 years
Transportation equipment	5 years
Lease improvement	5-8 years
Office and other equipment	5-15 years

b. Assets leased under operating leases

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ 85,234	$ 229,262	$ 314,496
Additions	-	894	894
Balance at December 31, 2023	$ 85,234	$ 230,156	$ 315,390
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 80,298	$ 80,298
Depreciation expense	-	5,475	5,475
Balance at December 31, 2023	$ -	$ 85,773	$ 85,773
Carrying amounts			
Balance at December 31, 2023	$ 85,234	$ 144,383	$ 229,617

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 126,383	$ 339,909	$ 466,292
Additions	-	38	38
Reclassification	(41,149)	(110,685)	(151834)
Balance at December 31, 2022	$ 85,234	$ 229,262	$ 314,496
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ 110,973	$ 110,973
Depreciation expense	-	7,872	7,872
Reclassification	-	(38,547)	(38,547)
Balance at December 31, 2022	$ -	$ 80,298	$ 80,298
Carrying amounts			
Balance at December 31, 2022	$ 85,234	$ 148,964	$ 234,198

(Concluded)

Operating leases relate to leases of land and building with lease terms between 1 to 5 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods. The buildings are depreciated on a straight-line basis for 25 to 50 years.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2023	2022
Year 1	$ 14,154	$ 14,154
Year 2	938	14,154
Year 3	938	938
Year 4	604	938
Year 5	-	604
	$ 16,634	$ 30,788

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Buildings	$ 224,857	$ 185,739
Machinery equipment	294	588
Transportation equipment	10,094	-
	$ 235,245	$ 186,327

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 141,919	$ 94,964
Depreciation charge for right-of-use assets		
Buildings	$ 90,223	$ 94,176
Machinery equipment	294	294
Transportation equipment	2,455	-
	$ 92,972	$ 94,470

Except for the aforementioned addition and recognized depreciation, the Bank did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts	$ 242,211	$ 195,008

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.35%-5.63%	1.35%-5.13%
Machinery equipment	1.36%	1.36%
Transportation equipment	1.85%-1.98%	-

c. Material lease-in activities

Due to rental of buildings, the Bank has entered into various leasehold contracts with others. These contracts are gradually expiring before the end of October 2028. Refundable deposits paid under operating lease amounted to $30,719 thousand and $23,371 thousand on December 31, 2023 and 2022, respectively.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 2,854	$ 5,550
Expenses relating to low-value asset leases	$ 36	$ 20
Total cash outflow for leases	$ (103,163)	$ (104,197)

18. INTANGIBLE ASSETS

	December 31	
	2023	2022
Carrying amounts of each class of		
Computer software	$ 499,648	$ 636,363

The changes in of intangible assets for the years ended December 31, 2023 and 2022 are summarized as follows:

	Computer Software
Cost	
Balance at January 1, 2023	$ 2,356,611
Additions	105,601
Reclassification	24,006
Disposals	(3,920)
Effect of foreign currency exchange differences	(22)
Balance at December 31, 2023	$ 2,482,276
Accumulated amortization and impairment	
Balance at January 1, 2023	$ 1,720,248
Amortization	266,319
Disposals	(3,920)
Effect of foreign currency exchange differences	(19)
Balance at December 31, 2023	$ 1,982,628
Carrying amounts	
Balance at December 31, 2023	$ 499,648

(Continued)

	Computer Software
Cost	
Balance at January 1, 2022	$ 2,308,902
Additions	37,395
Reclassification	11,207
Disposals	(6,459)
Effect of foreign currency exchange differences	5,566
Balance at December 31, 2022	$ 2,356,611
Accumulated amortization and impairment	
Balance at January 1, 2022	$ 1,455,305
Amortization	267,203
Disposals	(6,447)
Effect of foreign currency exchange differences	4,187
Balance at December 31, 2022	$ 1,720,248
Carrying amounts	
Balance at December 31, 2022	$ 636,363

(Concluded)

The above items of intangible assets are depreciated on a straight-line basis at the following rates per annum:

Computer software	3-15 years

19. OTHER ASSETS

	December 31	
	2023	2022
Refundable deposits	$ 502,754	$ 196,122
Prepayments	74,124	51,467
Others	142,138	139,716
	$ 719,016	$ 387,305

20. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2023	2022
Call loans from banks	$ 4,667,945	$ 5,848,159
Deposits from Chunghwa Post Co., Ltd.	5,000,000	5,000,000
Call loans from Central Bank	2,767,794	3,072,270
	$ 12,435,739	$ 13,920,429

21. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2023	**2022**
Government bonds	$ 7,224,084	$ 1,981,834
Corporate bonds	2,401,198	1,529,269
Bank debentures	7,193,969	4,774,885
	$ 16,819,251	$ 8,285,988
Date of agreements to repurchase	Before March 2024	Before March 2023
Amount of agreements to repurchase	$ 12,144,643	$ 8,347,267

The bank has repurchased bills and bond liabilities with an unspecified maturity date for the year ended December 31, 2023, with a face value of $5,358,766 thousand.

22. PAYABLES

	December 31	
	2023	**2022**
Checks for clearing	$ 1,353,302	$ 198,196
Investment settlements payable	6,099	153,613
Accrued interest	1,489,733	842,650
Accrued expenses	1,076,554	1,062,830
Collections payables	49,840	37,122
Factored payables	141,338	179,931
Acceptances	205,561	121,272
Others	150,377	146,099
	$ 4,472,804	$ 2,741,713

23. DEPOSITS AND REMITTANCES

	December 31	
	2023	**2022**
Deposits		
Checking	$ 1,660,749	$ 2,257,126
Demand	44,736,490	39,203,046
Time	233,062,479	216,027,463
Savings deposits	17,671,769	16,996,792
Export remittances	9,631	19,551
	$ 297,141,118	$ 274,503,978

24. BANK DEBENTURES PAYABLE

	December 31	
	2023	2022
Subordinate bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repay the principal at maturity	$ -	$ 1,500,000
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repay the principal at maturity	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repay the principal at maturity	2,000,000	2,000,000
Subordinate bonds A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	-	750,000
Subordinate bonds B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repay the principal at maturity	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repay the principal at maturity	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	500,000
Subordinate bonds first issued in 2022; fixed 2.30% interest rate; maturity: September 27, 2029; interest paid annually and repay the principal at maturity	1,100,000	1,100,000
Subordinate bonds first issued in 2023; fixed 2.00% interest rate; maturity: April 27, 2030; interest paid annually and repayment of the principal at maturity	900,000	-
Subordinate bonds second issued in 2023; fixed 2.20% interest rate; maturity: September 27, 2030; interest paid annually and repayment of the principal at maturity	700,000	-
	$ 12,950,000	$ 13,600,000

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022
Funds obtained from the government - intended for specific types of loans	$ 1,715,921	$ 1,908,040
Principal of structured products	1,664,753	962,184
	$ 3,380,674	$ 2,870,224

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

26. PROVISIONS

	December 31	
	2023	2022
Provisions for employee benefits	$ 29,020	$ 30,381
Provisions for losses on guarantee contracts	331,997	231,773
Provisions for financing commitments	108,221	92,721
	$ 469,238	$ 354,875

Refer to Note 13 for the details and changes in the reserve for losses on guarantee contracts and financing commitments.

27. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Bank is the required retirement plan stipulated by the government. A pension of 6% of an employee's monthly salary is paid to the Labor Insurance Bureau under each individual's account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2023 and 2022 was recognized in the statements of comprehensive income in the total amounts of $64,994 thousand and $49,766 thousand, respectively.

Defined Benefit Plan

The defined benefit plans adopted by the Bank in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribution amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Bank has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Bank's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 156,407	$ 156,712
Fair value of plan assets	(127,387)	(126,331)
Net defined benefit liabilities	$ 29,020	$ 30,381

Movement in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 170,953	$ (117,639)	$ 53,314
Service cost			
Current service cost	788	-	788
Interest expense (income)	855	(594)	261
Recognized in profit or loss	1,643	(594)	1,049
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,360)	(9,360)
Changes in financial assumptions	(11,343)	-	(11,343)
Experience adjustments	(1,196)	-	(1,196)
Recognized in other comprehensive income (loss)	(12,539)	(9,360)	(21,899)
Employer contributions	-	(2,083)	(2,083)
Benefits paid	(3,345)	3,345	-
Balance at December 31, 2022	$ 156,712	$ (126,331)	$ 30,381
Balance at January 1, 2023	$ 156,712	$ (126,331)	$ 30,381
Service cost			
Current service cost	767	-	767
Net interest expense (income)	2,155	(1,751)	404
Recognized in profit or loss	2,922	(1,751)	1,171
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(928)	(928)
Changes in financial assumptions	2,843	-	2,843
Experience adjustments	6,609	-	6,609
Recognized in other comprehensive income (loss)	9,452	(928)	8,524
Employer contributions	-	(1,996)	(1,996)
Benefits paid	(3,619)	3,619	-
Business paid	(9,060)	-	(9,060)
Balance at December 31, 2023	$ 156,407	$ (127,387)	$ 29,020

Through the defined benefit plans under the Labor Standards Act, the Bank is exposed to the following risks:

a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate(s)	1.13%	1.38%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (2,843)	$ (3,024)
0.25% decrease	$ 2,926	$ 3,118
Expected rate(s) of salary increase		
0.25% increase	$ 2,834	$ 3,024
0.25% decrease	$ (2,768)	$ (2,949)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 2,016	$ 2,062
Average duration of the defined benefit obligation	7.8 years	7.9 years

28. OTHER LIABILITIES

	December 31	
	2023	2022
Guarantee deposits received	$ 179,345	$ 179,781
Advance revenue	47,545	53,714
Others	10,258	22,543
	$ 237,148	$ 256,038

29. EQUITY

a. Capital stock

	December 31	
	2023	2022
Number of stock authorized (in thousands)	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)		
Common stock	2,733,992	2,733,992
Preferred stock	299,014	299,014
Amount of stocks issued	$ 30,330,063	$ 30,330,063

Fully paid common stocks, which have a par value of $10, carry one vote per stock and carry a right to dividends.

On June 27, 2018, the Bank’s board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10. The subscription date was November 29, 2018. The Bank finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.6-year anniversary of the issue date and the day after each subsequent period of 5.6 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders’ approval of the Bank’s financial statements at its annual stockholders’ meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank’s cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks”, Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders’ meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders’ meeting and also at the stockholders’ meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders’ meeting.

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stocks are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority’s approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank’s board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

As of December 31, 2023 and 2022, 986 thousand preferred Series A shares has converted into common stock.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)		
Treasury share transactions	$ 9,061	$ 9,061
Must be used to offset a deficit		
Disgorgement exercised	10	10
Unclaimed dividends	2,672	1,957
	2,682	1,967
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	7,881	2,624
	$ 19,624	$ 13,652

Note: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

	December 31	
	2023	2022
Trading loss and default loss reserve	$ 133,955	$ 133,955
Employee transfer or placement expenditure related to financial technology development	12,554	15,176
Other equity deductions special reserves	3,050,502	485,479
	$ 3,197,011	$ 634,610

The Bank reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

The Bank sets aside and reverses the special surplus reserve for other deductions in equity according to laws and regulations. When there is a reversal of the balance of other equity deductions subsequently, the surplus shall be distributed to the special surplus reserve for the reversal part.

d. Retained earnings and dividend policy

1) The Bank's dividend policy approved by the stockholders' meeting of the Bank on June 17, 2022 is as follows:

   Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In the event of a shortfall in “other previously accumulated net deductions from shareholders’ equity” when the Bank sets aside a portion of distributable earnings for special reserve, it shall first set aside an equal amount of special reserve from undistributed earnings from the previous period. If any shortfall remains, the Bank shall make an allocation from the undistributed earnings of the current period that also take account of net profit plus other items of the current period.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends and the reversal of special reserve for the current year. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank’s total capital, the amount of cash dividends cannot exceed 15% of the Bank’s paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders’ meeting.

2) The dividend policy before June 17, 2022 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank’s paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders’ meeting for distribution of dividends and bonus to stockholders.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank’s total capital, the amount of cash dividends cannot exceed 15% of the Bank’s paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders’ meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 34.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank’s paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank’s paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank’s paid-in capital.

The appropriations of earnings for 2022 and 2021 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on June 16, 2023 and June 17, 2022, respectively. The appropriations and dividends per share were as follows:

	2022 Appropriation of Earnings	2021 Appropriation of Earnings
Legal reserve	$ 1,447,384	$ 612,126
Special reserve appropriated (reversed)	2,562,401	(163,173)
Cash dividends - common stock	1,037,959	819,145
Preferred stock dividends	127,081	127,500

e. Other equity items

1) Exchange differences on the translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 165,887	$ (946,067)
Exchange differences arising on the translating the financial statements of foreign operations	(59,795)	1,235,070
Income tax related to gains arising on the translating the financial statements of foreign operations	(3,318)	(123,116)
Balance at December 31	$ 109,410	$ 165,887

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (3,216,389)	$ 460,588
Recognized during the year		
Unrealized gain - debt instruments	1,296,609	(3,035,273)
Unrealized gain - equity instruments	(39,429)	(878,191)
Loss allowance of debt instruments	3,358	(4,527)
Other comprehensive income recognized in the period	1,260,538	(3,917,991)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	18,048	241,014
Balance at December 31	$ (1,937,803)	$ (3,216,389)

f. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	**2022**
Number of shares at January 1	2,522	5,737
Increase (decrease) during the period	15,000	(3,215)
Number of shares at December 31	17,522	2,522

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand. The Bank transferred 3,215 thousand shares to employees at a price of $5.90 per share in February 2022, thus reducing the cost of treasury stocks by $21,467 thousand.

On August 21, 2023, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period was from August 22, 2023 to October 21, 2023. As of October 20, 2023, the Bank had acquired 15,000 thousand shares of treasury stocks for $144,684 thousand. The Bank transferred 7,061 thousand shares and 2,522 thousand shares to employees at a price of $9.65 per share and $5.90 per share, respectively, in February 2024, thus reducing the cost of treasury stocks by $88,338 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise stockholders' rights on these shares, such as the rights to receive dividends or to vote.

30. NET INTEREST

	For the Year Ended December 31	
	2023	**2022**
Interest revenue		
Discounts and loans	$ 8,223,728	$ 4,702,793
Investments in securities	1,790,613	863,992
Due from the Central Bank and call loans to banks	598,304	167,325
Factoring	43,577	27,553
Others	92,515	50,370
	10,748,737	5,812,033
Interest expense		
Deposits	7,363,187	2,460,894
Bills and bonds sold under repurchase agreements	473,682	103,622
Bank debentures	246,917	272,574
Deposits from Central Bank and other banks	351,314	189,296
Others	9,129	17,759
	8,444,229	3,044,145
	$ 2,304,508	$ 2,767,888

31. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2023	2022
Service fee income		
Import and export business	$ 21,061	$ 20,749
Loan business	473,883	361,755
Guarantee business	234,493	267,217
Credit examining business	128,138	119,155
Acceptance business	1,322	576
Factoring business	17,031	20,023
Trust business	58,545	56,042
Insurance agent business	37,797	30,535
Others	51,358	49,516
	1,023,628	925,568
Service charge		
Remittance	2,300	1,894
Custody	4,546	3,243
Interbank	20,444	17,582
Reward program	19,097	17,509
Others	62,774	69,305
	109,161	109,533
	$ 914,467	$ 816,035

32. REALIZED GAINS (LOSSES) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2023	2022
Realized gains or losses		
Stocks and beneficiary certificates	$ 13,115	$ (59,229)
Bonds	63,875	24,127
Derivatives	2,496,417	2,862,591
	2,573,407	2,827,489
Gains (losses) on valuation		
Stocks and beneficiary certificates	-	(27,611)
Bonds	(2,107)	(3,651)
Derivatives	(758,350)	188,233
Others	473	(319)
	(759,984)	156,652
Interest revenue	423,853	248,605
	$ 2,237,276	$ 3,232,746

33. REALIZED GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2023	2022
Realized income - debt instruments	$ (26,916)	$ (55,260)
Dividend revenue	385,101	302,794
	$ 358,185	$ 247,534

34. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries and wages	$ 1,709,406	$ 1,614,290
Remuneration of directors	83,548	103,869
Labor insurance and national health insurance	104,444	89,511
Others	56,817	62,552
Post-employment benefits		
Pension expenses	65,814	50,497
Pension benefits	65	27
	$ 2,020,094	$ 1,920,746

The shareholders of the Bank held their regular meeting on June 16, 2023, and in that meeting, they resolved the amendments to the Company's Articles of Incorporation (the "Articles"). For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, the Bank accrued employees' compensation and remuneration of directors at rates no lower than 0.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Before the amendment, the Bank accrued employees' compensation and remuneration of directors at rates between 1% to 2.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	1.50%	1.00%
Remuneration of directors	1.50%	1.25%

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 43,314	$ 53,625
Remuneration of directors	$ 43,314	$ 67,031

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate by next year.

The compensation of employees and remuneration of directors for 2022 and 2021, which were approved by the Board on March 14, 2023 and March 16, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 53,625	$ -	$ 26,170	$ -
Remuneration of directors	67,031	-	52,339	-

There are no differences between the 2022 and 2021 actual amounts of compensation of employees and remuneration of directors paid and the 2022 and 2021 amount recognized in the annual financial statements. Information on the bonuses for employees, directors and supervisors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

35. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2023	2022
Property and equipment	$ 151,055	$ 159,235
Intangible assets	266,319	267,203
Right-of-use assets	92,972	94,470
	$ 510,346	$ 520,908

36. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31	
	2023	2022
Taxation	$ 264,724	$ 197,396
Rental fees	2,890	5,570
Management fees	38,591	35,553
Computer operating and consulting fees	363,618	312,057
Entertainment fees	38,674	27,762
Service fees	60,162	49,208
Advertisement fees	65,784	57,544
Postage fees	63,503	55,880
Others	192,904	157,110
	$ 1,090,850	$ 898,080

37. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 221,152	$ 204,368
In respect of prior years	3,806	(22,361)
	224,958	182,007
Deferred tax		
In respect of the current year	83,574	25,348
Income tax expense recognized in profit or loss	$ 308,532	$ 207,355

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 2,800,952	$ 5,241,826
Income tax expense calculated at the statutory rate	$ 560,190	$ 1,048,365
Realized gain on investment in equity instruments measured at fair value through other comprehensive income	(87,005)	(39,223)
Nondeductible expenses and tax-exempt income in determining taxable income	(183,586)	(777,783)
Deductible tax amount of oversea income tax	(203,972)	(163,968)
Unrecognized deductible temporary differences	(2,053)	(1,643)
Overseas income taxes	221,152	163,968
Adjustments for prior years' tax	3,806	(22,361)
Income tax expense recognized in profit or loss	$ 308,532	$ 207,355

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Translation of foreign operations	$ 3,318	$ (123,116)
Income tax expense recognized in other comprehensive income	$ 3,318	$ (123,116)

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
FVTPL financial instrument	$ 26,450	$ (25,928)	$ -	$ 522
Allowance for bad debts	362,535	(2,982)	-	359,553
	$ 388,985	$ (28,910)	$ -	$ 360,075
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 604,796	$ 54,664	$ -	$ 659,460
Translation of foreign operations	23,379	-	(3,318)	20,061
	$ 628,175	$ 54,664	$ (3,318)	$ 679,521

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
FVTPL financial instrument	$ 48,052	$ (21,602)	$ -	$ 26,450
Allowance for bad debts	275,164	87,371	-	362,535
Translation of foreign operations	99,737	-	(99,737)	-
	$ 422,953	$ 65,769	$ (99,737)	$ 388,985

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 517,450	$ 87,346	$ -	$ 604,796
Translation of foreign operations	-	-	23,379	23,379
	$ 517,450	$ 87,346	$ 23,379	$ 628,175

(Concluded)

d. Assessment of the income tax returns

The income tax returns of the Bank through 2019 have been assessed by the tax authorities.

38. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 0.87	$ 1.80
Diluted earnings per share	$ 0.78	$ 1.62

Earning used in calculating earnings per share and weighted average number of common stocks are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit	$ 2,492,420	$ 5,034,471
Less: Declared preferred stock dividend	127,081	127,500
Earnings used in the computation of basic and diluted earnings per share	$ 2,365,339	$ 4,906,971

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common stocks in computation of basic earnings per share	2,727,193	2,730,822
Effect of potentially dilutive common stocks:		
Compensation of employees	5,428	6,982
Convertible preferred stock	299,014	299,265
	304,442	306,247
Weighted average number of common stocks used in the computation of diluted earnings per share	3,031,635	3,037,069

If the Bank offers to settle compensation or bonuses paid to employees in cash or stocks, then the Bank will assume the entire amount of the compensation or bonuses will be settled in stocks, and the dilutive effect of the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential stocks will be included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

39. RELATED PARTY TRANSACTIONS

a. The related parties and their relationships with the Bank

Related Party	Relationship with the Bank
IBT Management Corp. (IBTM)	Subsidiary of Bank
IBT Holdings Corp. (IBTH)	Subsidiary of Bank
China Bills finance Corp. (CBF)	Subsidiary of Bank
IBT VII Venture Capital Co., Ltd. (IBT VII Venture)	Subsidiary of Bank
Beijing Sunshine Consumer Finance Co., Ltd.	Associate
Infinite Finance Co., Ltd. (Infinite Finance)	Associate
Jih Sun International Leasing Co. (Suzhou Jih Sun)	Subsidiaries of associates
Yi Chang Investment Co., Ltd.	The Bank’s legal director
Míng Shan Investment Co., Ltd.	The Group’s legal director
Taixuan Investment Co., Ltd.	The Bank’s legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Bank’s management and their other related parties

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittance)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2023			
Subsidiaries	$ 19,060	$ 82	0.00-1.45
Associates	7,200	119	0.05-1.45
Others	7,396,742	198,909	0.00-7.05
	$ 7,423,002	$ 199,110	
For the year ended December 31, 2022			
Subsidiaries	$ 115,784	$ 1,437	0.00-4.23
Associates	32,061	41	0.00-1.05
Others	9,274,633	91,361	0.00-6.93
	$ 9,422,478	$ 92,839	

2) Loans

	Maximum Balance (Note 1)	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2023				
Associates	$ 281,438	$ 181,438	$ 4,443	2.50-5.01
Others	791,800	791,800	12,999	1.85-2.44
	$ 1,073,238	$ 973,238	$ 17,442	
For the year ended December 31, 2022				
Subsidiaries	$ 46,600	$ -	$ 6	2.26
Associates	241,272	241,272	2,547	2.26-5.01
Others	672,000	672,000	6,578	1.95-2.29
	$ 959,872	$ 913,272	$ 9,131	

December 31, 2023							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Trans-actions with Unrelated Parties**
Others	Infinite Finance	$ 188,540	$ 88,540	$ 88,540	$ -	Real estate and cheque discounting	None
Others	Suzhou Jih Sun	$ 92,898	$ 92,898	$ 92,898	$ -	None	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Others	Ming Shan Investment	$ 114,000	$ 114,000	$ 114,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 73,800	$ 73,800	$ 73,800	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 174,000	$ 174,000	$ 174,000	$ -	Certificates of deposit	None

December 31, 2022							
Category	**Name**	**Maximum Balance (Note)**	**Ending Balance**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference of Terms of the Trans-actions with Unrelated Parties**
Others	Infinite Finance	$ 146,600	$ 146,600	$ 146,600	$ -	Real estate and cheque discounting	None
Others	Suzhou Jih Sun	$ 94,672	$ 94,672	$ 94,672	$ -	None	None
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None
Others	Ming Shan Investment	$ 55,000	$ 55,000	$ 55,000	$ -	Certificates of deposit	None
Others	Yi Chang Investment	$ 67,000	$ 67,000	$ 67,000	$ -	Certificates of deposit	None
Others	Taixuan Investment	$ 120,000	$ 120,000	$ 120,000	$ -	Certificates of deposit	None

Note: The maximum balance of daily totals for each category of loan.

3) Service fee (part of net service fee income)

	For the Year Ended December 31	
	2023	**2022**
Others	$ 11	$ 5

Service fee income is earned by providing authentication, custody and fund purchase services.

4) Other expenses (part of other general and administrative expense)

	For the Year Ended December 31	
	2023	**2022**
Others	$ 11,012	$ 5,600

Other expenses are donations.

5) Rental income and others

	For the Year Ended December 31	
	2023	2022
Subsidiaries	$ 14,016	$ 21,112
Others	-	479
	$ 14,016	$ 21,591

Rental income received by the department is revenue from leasing contract of providing part of the office and equipment and management service contract.

6) Notes and bonds transaction - cumulative transaction amount

	For the Year Ended December 31, 2022			
	Purchase Bills and Bonds From Related Parties	Sold Bills And Bonds to Related Parties	Bills and Bonds Sold Under Repurchase Agreements	Bills and Bonds Purchased Under Resale Agreements
Others	$ 48,754	$ -	$ -	$ -

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 236,768	$ 266,277
Post-employment benefits	3,278	3,144
Share-based payments	-	6,360
	$ 240,046	$ 275,781

The remuneration of directors and other key management personnel is reviewed by the remuneration committee and determined by the Bank’s board of director or chairman.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Article 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

40. PLEDGED ASSETS

	December 31	
	2023	2022
Financial assets at FVTPL	$ 6,600,598	$ 5,001,628
Financial assets at FVTOCI	8,765,297	1,366,783
Investments in debt instruments at amortized cost	1,000,000	7,000,000
	$ 16,365,895	$ 13,368,411

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided negotiable certificates of deposits (part of financial assets at FVTPL, financial assets at FVOCI, and investments in debt instrument at amortized cost) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. Pledged financial assets at FVOCI are bonds, which are mainly trust compensation reserves, bond delivery settlement reserves, undertaking interest rate exchanges, and application for overdrafts and loans. Besides, the Bank contracted for foreign currency call-loan to provide the negotiable certificates of deposits to the Department of Foreign Exchange of Central Bank.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Except for other disclosures, as of December 31, 2023 and 2022, the Bank had commitments as follows:

	December 31	
	2023	2022
Office decorating and contracts of computer software		
Amount of contracts	$ 137,893	$ 60,613
Payments for construction in progress and prepayments for equipment	76,157	29,930

42. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31	
	2023	2022
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Financial assets	4,335,703	4,009,473
Receivable	53	64
Prepayments	1,278	9,409
Real estate	5,935,723	6,947,042
Intangible assets	18,078	-
Structured products	141,605	62,781
Other assets	160	368
Total trust assets	$ 12,216,262	$ 13,129,288

(Continued)

	December 31	
	2023	2022
Trust capital and liability		
Payables	$ 2,695	$ 2,754
Unearned receipts	1,171	1,268
Taxes payable	4,086	4,150
Guarantee deposits received	18,421	27,608
Other liabilities	879	984
Trust capital	11,998,878	12,903,294
Provisions and accumulated profit and loss	190,132	189,230
Trust capital and liability	$ 12,216,262	$ 13,129,288

(Concluded)

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2023	2022
Trust revenue		
Interest revenue	$ 35,710	$ 9,078
Rental revenue	110,878	116,862
Other revenue	2,108	1,929
	148,696	127,869
Trust expenses		
Management fees	(3,511)	(3,598)
Service charge	(4,996)	(10,245)
Tax	(14,072)	(14,131)
Other expenses	(13,855)	(12,808)
Income tax expense	(3,365)	(709)
	(39,799)	(41,491)
	$ 108,897	$ 86,378

Note: The above income accounts of the trust business were not included in the Bank's income statement.

Trust Property List

	December 31	
	2023	2022
Petty cash	$ 100	$ 100
Bank deposits	1,783,562	2,100,051
Stocks	532,777	257,680
Funds	2,575,975	2,824,681
Bonds	1,226,951	927,112
Land	5,124,240	6,134,471
Buildings	811,483	812,571
Superficies	18,078	-
Receivables	53	64
Prepayments	1,278	9,409
Structured products	141,605	62,781
Other	160	368
	$ 12,216,262	$ 13,129,288

43. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments at amortized cost	$ 23,672,845	$ 23,656,776	$ 24,181,824	$ 24,054,376
Financial liabilities				
Bank debentures payable	12,950,000	13,037,986	13,600,000	13,770,715

2) The fair value hierarchy

Financial Instrument Items at Fair Value	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 23,656,776	$ 8,835,398	$ 14,821,378	$ -
Financial liabilities				
Bank debentures payable	13,037,986	-	13,037,986	-

Financial Instrument Items at Fair Value	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 24,054,376	$ 5,510,591	$ 18,543,785	$ -
Financial liabilities				
Bank debentures payable	13,770,715	-	13,770,715	-

Refer to quoted market prices for fair value if there are public quotations on financial instrument with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) The fair value hierarchy of the financial instruments as of December 31, 2023 and 2022 were as follows:

Item	December 31, 2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Bills instruments	$ 10,702,086	$ -	$ 10,702,086	$ -
Debt instruments	402,002	-	402,002	-
Hybrid financial assets	796,312	-	796,312	-
Negotiable certificates of deposit	23,229,675	-	23,229,675	-
Financial assets at FVTOCI				
Equity instruments	35,245	-	-	35,245
Bills instruments	3,447,154	-	3,447,154	-
Debt instruments	46,360,859	17,995,040	28,365,819	-
Negotiable certificates of deposit	21,467,288	-	21,467,288	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	780,292	26,924	753,368	-
Liabilities				
Financial liabilities at FVTPL	1,367,475	-	1,367,475	-

Item	December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Bills instruments	$ 3,699,533	$ -	$ 3,699,533	$ -
Hybrid financial assets	757,778	-	757,778	-
Negotiable certificates of deposit	27,443,843	-	27,443,843	-
Financial assets at FVTOCI				
Equity instruments	39,595	-	-	39,595
Bills instruments	6,249,812	-	6,249,812	-
Debt instruments	38,036,585	16,015,145	22,021,440	-
Negotiable certificates of deposit	19,253,080	-	19,253,080	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	933,971	-	933,971	-
Liabilities				
Financial liabilities at FVTPL	785,585	-	785,585	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

   In a fair deal, the transaction is fully understood and there is willingness to trade by the two sides in exchange of assets or settle of liabilities, and fair value is the amount settled. Financial instruments at fair value through profit or loss, available-for-sale financial assets and financial assets at fair value through other comprehensive income refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

   a) Marking-to-market

      This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

      i. Ensure the consistency and completeness of market data.

      ii. The source of market data should be transparent, easy to access, and should come from independent resources.

      iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

      iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

   b) Marking-to-model

      The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

      Fair values of forward contracts used by the Bank are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex+ information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

      i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

      ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

      iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2023

Financial Assets	Financial Assets at Fair Value through Profit or Loss - Equity Instruments	Financial Assets at Fair Value through Other Comprehensive Income - Equity Instruments	Total
Beginning balance	$ -	$ 39,595	$ 39,595
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(4,350)	(4,350)
Ending balance	$ -	$ 35,245	$ 35,245

For the year ended December 31, 2022

Financial Assets	Financial Assets at Fair Value through Profit or Loss - Equity Instruments	Financial Assets at Fair Value through Other Comprehensive Income - Equity Instruments	Total
Beginning balance	$ -	$ 43,151	$ 43,151
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(3,556)	(3,556)
Ending balance	$ -	$ 39,595	$ 39,595

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2023 and 2022, were consisted of $0 thousand.

4) Transfers between Level 1 and Level 2

The Bank has no significant transfers between Level 1 and Level 2 for year ended December 31, 2023 and 2022.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2023 and 2022 periods would be as follows:

For the year ended December 31, 2023

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Equity instruments	10%	$ -	$ -	$ 3,525	$ (3,525)

For the year ended December 31, 2022

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Equity instruments	10%	$ -	$ -	$ 3,960	$ (3,960)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Bank that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Bank’s obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Bank is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

December 31, 2023

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	$ 11,475,559	$ 10,862,309
Investments in debt instruments at amortized cost		
Bonds sold under repurchase agreements	6,569,060	5,956,942

December 31, 2022

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	$ 7,176,808	$ 6,765,314
Investments in debt instruments at amortized cost		
Bonds sold under repurchase agreements	1,699,045	1,520,674

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

December 31, 2023

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 780,292	$ -	$ 780,292	$ (257,141)	$ (145,530)	$ 377,621

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 1,367,475	$ -	$ 1,367,475	$ (257,141)	$ (294,050)	$ 816,284
Repurchase agreements	16,819,251	-	16,819,251	(16,819,251)	-	-
	$ 18,186,726	$ -	$ 18,186,726	$(17,076,392)	$ (294,050)	$ 816,284

December 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Set Off in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 933,971	$ -	$ 933,971	$ (435,392)	$ (162,204)	$ 336,375

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 785,585	$ -	$ 785,585	$ (435,392)	$ (17,175)	$ 333,018
Repurchase agreements	8,285,988	-	8,285,988	(8,285,988)	-	-
	$ 9,071,573	$ -	$ 9,071,573	$ (8,721,380)	$ (17,175)	$ 333,018

Note: Included non-cash financial collaterals.

44. FINANCIAL RISK MANAGEMENT

a. Overview

To anticipate the potential expected and unexpected risks, the Bank establishes a comprehensive risk management system to distribute resources effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Bank continues to engage actively in the capital adequacy ratio in accordance with the regulator’s requirements and monitors regulations to meet the international requirements of the Basel Commission.

b. Risk management framework

The ultimate responsibility for setting the Bank’s risk appetite rests with the board of directors. The auditing department, audit committee and compensation committee report to the board of directors. The risk management committee is also authorized by the chairman. The chairman serves as the chairman of the committee, and the members of the committee include at least 2 directors authored by the board of directors who have a background in risk management or finance, the president and supervisors at all levels under the chairman. They deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and reviewing the implementation effect, new type of business or setting up risk management. The assets and liabilities committee and loan evaluation subcommittee, which are under the president, hold meetings for discussing and considering risk management proposals regularly. The risk management department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Bank in accordance with agreed terms. The source of credit risks includes the items in balance sheet and off-balance sheet item.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank’s credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, application of the principle of risk diversification, implementation of the Bank's credit risk management, to minimize potential financial losses and pursue optimal rewards.

Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, make credit management and monitoring to ensure compliance with laws and regulations to maintaining high credit standards and asset quality.

c) Credit risk management policy: To establish risk management system and to ensure the integrity of business risk management and compliance, the Bank stipulated its "Risk Management Policy" which is in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank keeps its capital adequately, achieves the goal of credit risk strategy and creates risk adjusted return maximization plan under the Bank's acceptable range of credit risk.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages asset portfolios by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope.
- "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.
- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank shall establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to internal control framework, effectiveness of internal control framework, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval levels and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, climate change, emergencies and other risk management, improve the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meeting to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management and in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, they are still need to be submitted to the competent level for review.

f) Loan Assets Quality Evaluation Meeting: In charge of making policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) The Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It also makes sure the Bank follows the BASEL regulations. It is also responsible for the preparation of risk management reports presented to appropriate management and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

For the credit risks implicated in all products and business activities, new products and business, the Bank regularly monitors the credit risk management and is authorized by the board of directors or appropriate committee.

Credit risk measurement and control procedures include credit review, rating scoring, credit control, post-loan management and collection operations. The risk management units regularly provide analysis reports of various types of credit risk and asset quality in addition to the above operational procedures for management indicators. In addition, the Bank also actively controls and periodically reports the monitoring results to the board of directors to grasp the risk situations faced by the state, the group, the industry, the same related parties and the related enterprise risks.

In order to understand the risk appetite and its changes in the financial environment and the impact on capital adequacy, the Bank handles its credit according to the “Bank Credit Risk Stress Test Guidelines” issued by the FSC, as an important basis for credit risk management, and continues to adjust the direction of business development, credit policy and credit evaluation procedures.

5) Mitigation of risks or hedging of credit risk and monitoring the risk avoidance

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty’s bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Bank has developed collateral management policies and operating procedures, including recognition of collateral data. The Bank uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum credit risk exposure amount of financial assets is the book value of the specific asset on the balance sheet date. The analysis of the maximum credit exposure amount (excluding the fair value of collateral) of each off-balance sheet financial instrument held by the Bank is as follows:

Off-balance Sheet Item	Maximum Exposure Amount	
	December 31, 2023	December 31, 2022
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 27,974,736	$ 21,179,610
Maximum exposure amounts	27,974,736	21,179,610
Loan commitments	60,940,557	62,895,729

7) Concentrations of credit risk exposure

Concentrations of credit risk exist when the counterparty includes only one specific person or include many people who engage in similar business which are similar in economic characteristics. The Bank does not concentrate on single customer or counterparty in trading but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On December 31, 2023 and 2022, the Bank's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Financial intermediary	$ 58,297,364	28	$ 53,934,461	29
Private	44,000,828	21	37,745,778	20
Manufacturing	34,220,696	17	37,332,241	20

b) By counterparty

Credit Risk Profile by Counterparty Sector	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Private sector	$ 162,550,284	79	$ 151,114,031	80
Natural person	44,000,828	21	37,745,778	20

c) By geographical area

Credit Risk Profile by Geographical Area Sector	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Domestic	$ 135,046,203	65	$ 129,677,253	69
Other Asia area	48,829,054	24	36,705,337	19
America	17,396,696	8	17,021,724	9

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resell agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Bank assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Bank adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit-impaired.

The Bank considers both the 12-month and lifetime probability of default (“PD”) of the borrower together with the loss given default (“LGD”), multiplied by the exposure at default (“EAD”), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower’s probability to default, and the LGD refers to losses caused by such default. The Bank applies the PD and LGD for the impairment assessment of the credit business according to each group entity’s historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model (ASRF).

Considering the impact of COVID-19 to the overall economy, the Bank has adjusted the weights of the assessment factors to reflect the estimated influence of the economic indicator changes on the default rate.

The Bank estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. In addition, the Bank estimates the 12-month ECLs and lifetime ECLs of loan commitments based on the guidelines issued by the Bank’s Association and Basel Accords. The Bank calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments.

The Bank uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Bank determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets that are classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Bank also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Bank only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review other public information and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

The Bank considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Bank's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The gross carrying amounts of debt instrument investments by credit category were as follows:

	December 31	
Category	**2023**	**2022**
Performing	$ 96,364,417	$ 89,806,632
Doubtful	-	-
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and amortized cost for the years ended December 31, 2023 and 2022, grouped by credit rating, is reconciled as follows:

Allowance for Impairment Loss	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2023	$ 18,539
New financial assets purchased	9,059
Derecognition of financial assets	(4,794)
Change in model or risk parameters	1,445
Exchange rate or other changes	3
Balance at December 31, 2023	$ 24,252

Allowance for Impairment Loss	Credit Rating Performing (12-month ECLs)
Balance at January 1, 2022	$ 17,758
New financial assets purchased	6,596
Derecognition of financial assets	(5,008)
Change in model or risk parameters	(1,430)
Exchange rate or other changes	623
Balance at December 31, 2022	$ 18,539

In addition to the above, the credit quality analysis of the remaining financial assets of the Bank and its subsidiaries is as follows:

a) Credit analysis for receivables and discounts and loans

	December 31, 2023				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Receivables	$ 2,823,024	$ 50,742	$ 8,076	$ -	$ 2,881,842
Allowance for credit losses	(4,043)	(201)	(1,608)	-	(5,852)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(13,756)	(13,756)
Net total	$ 2,818,981	$ 50,541	$ 6,468	$ (13,756)	$ 2,862,234

	December 31, 2023				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans	$ 196,247,575	$ 9,046,575	$ 1,256,962	$ -	$ 206,551,112
Allowance for credit losses	(488,262)	(194,802)	(288,516)	-	(971,580)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(1,974,975)	(1,974,975)
Net total	$ 195,759,313	$ 8,851,773	$ 968,446	$ (1,974,975)	$ 203,604,557

	December 31, 2022				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Receivables	$ 2,299,072	$ 664,950	$ 37,297	$ -	$ 3,001,319
Allowance for credit losses	(3,222)	(1,105)	(25,059)	-	(29,386)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(17,165)	(17,165)
Net total	$ 2,295,850	$ 663,845	$ 12,238	$ (17,165)	$ 2,954,768

	December 31, 2022				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Discounts and loans	$ 171,969,614	$ 15,475,360	$ 1,414,835	$ -	$ 188,859,809
Allowance for credit losses	(408,112)	(76,237)	(296,640)	-	(780,989)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	(2,102,319)	(2,102,319)
Net total	$ 171,561,502	$ 15,399,123	$ 1,118,195	$ (2,102,319)	$ 185,976,501

b) Credit analysis for marketable securities

	December 31, 2023		
	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 72,687,271	$ 23,677,146	$ 96,364,417
Allowance for impairment loss	(19,951)	(4,301)	(24,252)
Amortized cost	72,667,320	$ 23,672,845	96,340,165
Fair value adjustment	(1,392,019)		(1,392,019)
	$ 71,275,301		$ 94,948,146

	December 31, 2022		
	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 65,621,789	$ 24,184,842	$ 89,806,631
Allowance for impairment loss	(15,521)	(3,018)	(18,539)
Amortized cost	65,606,268	$ 24,181,824	89,788,092
Fair value adjustment	(2,066,791)		(2,066,791)
	$ 63,539,477		$ 87,721,301

As of December 31, 2023 and 2022, the Bank had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Bank’s capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Bank’s is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Bank’s liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Bank have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Bank’s liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank's fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Bank should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are into line with the banking operating environment and conditions and can continue to play its role effectively.

As of December 31, 2023 and 2022, the liquidity reserve ratio was 45.46% and 46.54%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and banks	$ 6,864,704	$ 571,036	$ -	$ 2,000,000	$ 2,999,999	$ 12,435,739
Bills and bonds sold under repurchase agreements	6,917,662	5,230,860	-	292,893	4,440,931	16,882,346
Payables	2,112,794	625,130	447,300	1,185,331	15,384	4,385,939
Deposits and remittances	75,640,168	67,307,537	43,072,131	63,049,571	48,071,711	297,141,118
Bank debentures payable	-	-	-	2,700,000	10,250,000	12,950,000
Lease liabilities	8,744	17,693	23,048	44,213	157,325	251,023
Other financial liabilities	27,678	20,615	124,444	22,508	3,185,429	3,380,674
	$ 91,571,750	$ 73,772,871	$ 43,666,923	$ 69,294,516	$ 69,120,779	$ 347,426,839

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and banks	$ 8,459,591	$ 460,841	$ -	$ 3,000,000	$ 1,999,997	$ 13,920,429
Bills and bonds sold under repurchase agreements	2,914,886	5,432,381	-	-	-	8,347,267
Payables	961,705	347,422	301,477	1,091,865	10,750	2,713,219
Deposits and remittances	66,030,092	88,204,124	33,892,560	34,446,149	51,931,053	274,503,978
Bank debentures payable	-	-	2,250,000	700,000	10,650,000	13,600,000
Lease liabilities	7,277	14,846	22,125	41,790	116,121	202,159
Other financial liabilities	168,975	6,662	9,800	218,743	2,466,044	2,870,224
	$ 78,542,526	$ 94,466,276	$ 36,475,962	$ 39,498,547	$ 67,173,965	$ 316,157,276

4) The Bank assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 173,813	$ 19,060	$ 6,214	$ 479	$ -	$ 199,566
Currency swap contracts	426,510	432,763	171,838	85,146	-	1,116,257
Currency option contracts - put	1,765	8,014	1,507	3,611	-	14,897
	602,088	459,837	179,559	89,236	-	1,330,720
Non-deliverable						
Interest rate swap contracts	82	58	-	-	36,615	36,755
	$ 602,170	$ 459,895	$ 179,559	$ 89,236	$ 36,615	$ 1,367,475

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 126,037	$ 7,231	$ -	$ 151	$ -	$ 133,419
Currency swap contracts	217,277	294,320	50,188	57,520	-	619,305
Currency option contracts - put	7,119	1,499	1,927	3,941	-	14,486
	350,433	303,050	52,115	61,612	-	767,210
Non-deliverable						
Interest rate swap contracts	-	80	-	110	18,185	18,375
	$ 350,433	$ 303,130	$ 52,115	$ 61,722	$ 18,185	$ 785,585

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the balance sheet.

December 31, 2023	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 208,178	$ 1,530,567	$ 134,495	$ 91,857	$ -	$ 1,965,097
Other guarantees	18,431,488	4,820,300	1,355,939	496,375	905,537	26,009,639
Loan commitments	5,685,754	11,371,508	17,057,262	26,826,033	-	60,940,557
	$ 24,325,420	$ 17,722,375	$ 18,547,696	$ 27,414,265	$ 905,537	$ 88,915,293

December 31, 2022	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 264,149	$ 630,828	$ 137,152	$ -	$ -	$ 1,032,129
Other guarantees	12,468,798	5,184,100	1,187,006	439,889	867,688	20,147,481
Loan commitments	5,868,171	11,736,343	17,604,515	27,686,700	-	62,895,729
	$ 18,601,118	$ 17,551,271	$ 18,928,673	$ 28,126,589	$ 867,688	$ 84,075,339

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices, commodity prices, etc.) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manages the market risk with active, careful attitude.

The Bank makes the profit mainly from trading business through knowing how market risk factors fluctuate. (e.g., market price, exchange rate, interest rate). More violent the market risk factors fluctuate, the bigger the opportunity for profit or loss. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussions by the president, the trading department and the market risk management department, it is submitted to the Risk Management Committee and the Board with the plan of loss quotas and product parts quotas to avoid setting up the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute, and stipulates exposure amount, submission of expiration, authorizing management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

   a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the Board, are the top stipulation in market risk management.

   b) Risk Management Committee: In charge of stipulating risk management policy and monitoring the operating of market risk management. The Bank hold a risk management meeting per month to review the market risk limits and regulations, report various market risk limit control situations and market risk related matters.

   c) Risk Management Department: In charge of market risk management. According to the Bank's regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products' type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts Monte Carlo method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years, simulation times is 5,000 times, simulation path is GBM.

The following table illustrates the Value at Risk of the bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest rate and stock price change can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

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	December 31					
	2023			2022		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 14,150	$ 23,128	$ 667	$ 2,692	$ 12,790	$ 284
Fair value risk resulting from interest rate	1,478	3,643	574	2,038	5,147	444
Fair value resulting from stock price	3,369	10,961	-	8,060	22,962	-

6) Effect of interest rate benchmark reform

The bank has completed the conversion plan for USD LIBOR, and financial instruments affected by the change in interest rate benchmarks have been switched to SOFR quotations.

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Foreign Currencies (Thousands)/NT$ (Thousands)

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 1,700,786	30.7533	$ 52,304,734
JPY	8,301,798	0.2172	1,803,101
HKD	11,977,009	3.9382	47,167,618
EUR	26,300	34.0476	895,451
AUD	466,153	20.9960	9,787,331
RMB	844,097	4.3347/4.3289	3,653,999
Investments accounted for using the equity method			
USD	202,664	30.7533	6,232,570
RMB	264,036	4.3347	1,144,527

(Continued)

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary item			
USD	$ 3,389,365	30.7533	$ 104,234,055
JPY	2,927,936	0.2172	635,931
HKD	6,077,037	3.9382	23,932,465
EUR	10,437	34.0476	355,363
AUD	282,432	20.9960	5,929,928
RMB	519,183	4.3289	2,247,480

(Concluded)

	December 31, 2022		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 1,628,447	30.7227	$ 50,030,273
JPY	3,591,733	0.2328	836,119
HKD	8,425,235	3.9397	33,192,899
EUR	25,304	32.7355	828,328
AUD	254,334	20.8626	5,306,071
RMB	671,878	4.4175/4.4086	2,962,067
Investments accounted for using the equity method			
USD	197,261	30.7227	6,060,385
RMB	228,871	4.4175	1,011,042
Financial liabilities			
Monetary item			
USD	3,034,763	30.7227	93,236,127
JPY	4,997,441	0.2328	1,163,354
HKD	4,203,751	3.9397	16,561,516
EUR	9,213	32.7355	301,595
AUD	154,383	20.8626	3,220,844
RMB	633,767	4.4086	2,794,043

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

Banking book’s interest rate risk means the probably loss of non-trading book’s position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

b) Risk Management Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold a risk management assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

The Risk Management Department set the regulation with banking book interest risk as follow, limit of position, Annual loss limit, FS Sensitivity limit, duration/maturity limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Earnings View Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, First Class Capital Interest Rate Sensitivity Warning Limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps. In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in special situation pressure test, and reports the result to the Assets and Liabilities Committee.

The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Climate risk

1) Source and definition of climate risk

Due to the continuous emission of greenhouse gases from various economic activities, the earth is warming up and generating extreme climate change, thus creating climate risk. Climate risk is mainly categorized as: transformation risk due to the impact of external policies and regulations, technological transformation, market preference and reputation in order to achieve the goal of a low-carbon economy, and physical risk due to the impact of climate change or extreme climate.

2) Management strategy and principles of climate risk

The Bank has established climate risk management policies and monitoring indicators to ensure the effectiveness of implementation and the resilience to different climate scenarios, and the Bank conducts annual scenario analyses of physical and transformational risks to assess the impact of climate risk on business and finance.

h. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

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	For the Year Ended December 31			
	2023		2022	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 1,909,110	1.21	$ 888,612	1.15
Call loans to other banks	11,627,831	4.95	8,001,642	1.96
Due from the Central Bank	5,879,246	1.13	5,491,954	0.72
Financial assets at FVTPL	36,310,498	1.23	37,249,454	0.70
Bills and bonds purchased under resell agreements	-	-	192	0.24
Discounts and loans	197,369,221	4.17	178,470,922	2.64
Financial assets at FVTOCI	69,819,720	1.64	70,799,283	0.96
Investments in debt instruments at amortized cost	25,226,926	2.56	11,716,184	1.56
Receivables	1,092,582	3.99	1,259,282	2.19
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	15,881,598	2.71	19,258,679	1.09
Demand deposits	53,160,310	1.33	58,838,253	0.40
Time deposits	234,558,373	2.80	202,186,468	1.09
Bill and bonds sold under repurchase agreements	13,541,376	3.50	6,159,864	1.68
Bank debentures payable	13,191,918	1.87	14,290,685	1.91
Appropriation for loans	1,726,356	0.17	2,101,073	-

45. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Bank's common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis subject to the competent authorities. The calculation of the ratio mentioned above by the competent authority regulations.

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorate such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital in order to take effective measures when capital ratio and leverage ratio are getting worse.

c. Capital adequacy ratio

<u>O-Bank</u>

Items			**December 31, 2023** Standalone Capital Adequacy Ratio	**December 31, 2023** Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 29,970,37	$ 29,970,37
	Other Tier 1 capital		437,75	437,75
	Tier 2 capital		3,478,35	3,478,35
	Eligible capital		33,886,48	33,886,48
Risk-weighted assets	Credit risk	Standardized approach	223,784,585	223,784,585
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	11,403,825	11,403,825
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	7,343,600	7,343,600
		Internal model approach	-	-
	Total risk-weighted assets		242,532,010	242,532,010
Capital adequacy ratio			13.97%	13.97%
Ratio of common equity to risk-weighted assets			12.36%	12.36%
Ratio of Tier 1 capital to risk-weighted assets			12.54%	12.54%
Leverage ratio			7.56%	7.56%

Items \ Year			December 31, 2022	
			Standalone Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common equity		$ 27,276,219	$ 27,276,219
	Other Tier 1 capital		1,437,626	1,437,626
	Tier 2 capital		3,979,520	3,979,520
	Eligible capital		32,693,365	32,693,365
Risk-weighted assets	Credit risk	Standardized approach	210,297,034	210,297,034
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	9,922,725	9,922,725
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	5,461,463	5,461,463
		Internal model approach	-	-
	Total risk-weighted assets		225,681,222	225,681,222
Capital adequacy ratio			14.49%	14.49%
Ratio of common equity to risk-weighted assets			12.09%	12.09%
Ratio of Tier 1 capital to risk-weighted assets			12.72%	12.72%
Leverage ratio			7.80%	7.80%

Note 1: Eligible capital, risk-weighted assets total exposures are calculated under the “Regulations Governing the Capital Adequacy Ratio of Banks” and “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks.”

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank’s standalone and consolidated capital adequacy ratio shall not be lower than 10.5%. The ratio of Tier 1 capital shall not be lower than 8.5%. The ratio of common equity shall not be lower than 7.0%. Should any actual ratios be lower than the requirements, the central competent authority has the right to constrain the earnings distribution.

46. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality: See Table 2.

b. Concentration of credit extensions

December 31, 2023

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 7,437,688	18.55
2	B Group (unclassified other financial service)	6,738,300	16.80
3	C Group (real estate development)	3,706,096	9.24
4	D Group (real estate lease)	2,969,587	7.40
5	E Group (real estate development)	2,693,868	6.72
6	F Group (other holdings)	2,649,386	6.61
7	G Group (unclassified other financial service)	2,450,000	6.11
8	H Group (other holdings)	2,418,644	6.03
9	I Group (real estate development)	2,294,485	5.72
10	J Group (real estate development)	2,279,300	5.68

December 31, 2022

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Group (wireless telecommunication)	$ 7,472,591	19.81
2	C Group (real estate development)	4,106,536	10.89
3	K Group (unclassified other financial service)	3,258,090	8.64
4	G Group (unclassified other financial service)	2,946,000	7.81
5	H Group (other holdings)	2,509,837	6.65
6	L Group (glass and glass made product manufacturing)	2,495,115	6.61
7	F Group (other holdings)	2,397,388	6.36
8	I Group (real estate development)	2,193,282	5.81
9	M Group (non-hazardous waste disposal)	2,128,382	5.64
10	J Group (real estate development)	2,010,000	5.33

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
December 31, 2023

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 176,020,763	$ 8,991,645	$ 15,715,912	$ 45,707,970	$ 246,436,290
Interest rate-sensitive liabilities	68,810,545	65,364,741	61,133,232	37,085,631	232,394,149
Interest rate-sensitive gap	107,210,218	(56,373,096)	(45,417,320)	8,622,339	14,042,141
Net worth					36,421,361
Ratio of interest rate-sensitive assets to liabilities					106.04%
Ratio of interest rate sensitivity gap to net worth					38.55%

December 31, 2022

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 161,086,901	$ 19,727,518	$ 17,766,308	$ 36,239,475	$ 234,820,202
Interest rate-sensitive liabilities	92,312,215	57,417,125	32,550,981	41,773,598	224,053,919
Interest rate-sensitive gap	68,774,686	(37,689,607)	(14,784,673)	(5,534,123)	10,766,283
Net worth					34,148,984
Ratio of interest rate-sensitive assets to liabilities					104.81%
Ratio of interest rate sensitivity gap to net worth					31.53%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

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

Interest Rate Sensitivity Balance Sheet (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,127,301	$ 58,673	$ 3,708	$ 2,234,885	$ 3,424,567
Interest rate-sensitive liabilities	2,284,480	897,103	131,232	211	3,313,026
Interest rate-sensitive gap	(1,157,179)	(838,430)	(127,524)	2,234,674	111,541
Net worth					93,480
Ratio of interest rate-sensitive assets to liabilities					103.37%
Ratio of interest rate sensitivity gap to net worth					119.32%

December 31, 2022

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,172,542	$ 26,403	$ 21,613	$ 1,900,035	$ 3,120,593
Interest rate-sensitive liabilities	2,235,135	674,590	75,064	1,108	2,985,897
Interest rate-sensitive gap	(1,062,593)	(648,187)	(53,451)	1,898,927	134,696
Net worth					104,988
Ratio of interest rate-sensitive assets to liabilities					104.51%
Ratio of interest rate sensitivity gap to net worth					128.30%

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

(In %)

Items		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Return on total assets	Before income tax	0.75	1.56
	After income tax	0.67	1.50
Return on equity	Before income tax	7.20	14.15
	After income tax	6.41	13.59
Net income ratio		36.30	55.54

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets.

Note 2: Return on equity = Income before (after) income tax ÷ Average equity.

Note 3: Net income ratio = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2023

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 287,492,091	$ 50,510,499	$ 26,915,989	$ 31,792,220	$ 24,976,980	$ 18,792,650	$ 134,503,753
Main capital outflow on maturity	332,843,538	22,589,378	33,855,166	55,001,648	50,510,106	88,637,789	82,249,451
Gap	(45,351,447)	27,921,121	(6,939,177)	(23,209,428)	(25,533,126)	(69,845,139)	52,254,302

December 31, 2022

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 273,295,197	$ 50,934,431	$ 23,848,323	$ 31,301,922	$ 29,335,816	$ 17,512,260	$ 120,362,445
Main capital outflow on maturity	320,137,975	21,909,078	35,212,611	69,786,020	50,936,725	63,573,718	78,719,823
Gap	(46,842,778)	29,025,353	(11,364,288)	(38,484,098)	(21,600,909)	(46,061,458)	41,642,622

Note: The Bank amounts refer to the total NTD amounts of the overall Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,552,487	$ 2,652,564	$ 1,288,129	$ 370,007	$ 212,399	$ 1,029,388
Main capital outflow on maturity	5,717,178	2,439,318	1,664,786	488,022	373,069	751,983
Gap	(164,691)	213,246	(376,657)	(118,015)	(160,670)	277,405

December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 5,070,231	$ 2,672,783	$ 752,403	$ 355,202	$ 376,849	$ 912,994
Main capital outflow on maturity	5,290,561	2,461,429	1,477,700	379,100	262,792	709,540
Gap	(220,330)	211,354	(725,297)	(23,898)	114,057	203,454

Note 1: The Bank amounts refer to the total USD amounts of the overall Bank.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,777,724	$ 1,357,804	$ 302,454	$ 22,352	$ 15,023	$ 80,091
Main capital outflow on maturity	1,707,550	783,412	489,857	111,811	66,596	255,874
Gap	70,174	574,392	(187,403)	(89,459)	(51,573)	(175,783)

December 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,711,882	$ 1,262,655	$ 204,457	$ 59,657	$ 35,173	$ 149,940
Main capital outflow on maturity	1,716,968	854,907	400,021	73,929	52,483	335,628
Gap	(5,086)	407,748	(195,564)	(14,272)	(17,310)	(185,688)

47. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2023

	January 1, 2023	Cash Inflow (Outflow)	None Cash		December 31, 2023
			Add Leasing	Other	
Bank debentures payable	$ 13,600,000	$ (650,000)	$ -	$ -	$ 12,950,000
Lease liabilities	195,008	(100,273)	141,919	5,557	242,211
Other financial liabilities	2,870,224	510,450	-	-	3,380,674
Other liabilities	256,038	(18,890)	-	-	237,148
	$ 16,921,270	$ (258,713)	$ 141,919	$ 5,557	$ 16,810,033

For the year ended December 31, 2022

	January 1, 2022	Cash Inflow (Outflow)	None Cash		December 31, 2022
			Add Leasing	Other	
Bank debentures payable	$ 15,000,000	$ (1,400,000)	$ -	$ -	$ 13,600,000
Lease liabilities	190,235	(98,627)	94,964	8,436	195,008
Other financial liabilities	2,314,610	555,614	-	-	2,870,224
Other liabilities	245,682	10,366	-	(10)	256,038
	$ 17,750,527	$ (932,647)	$ 94,964	$ 8,426	$ 16,921,270

48. OTHERS

The Bank has evaluated the economic impact of the COVID-19. Until the issue date of the financial statements, the Bank found no significant impact on its financial condition and operations through its relevant risk management and control procedures.

49. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

b. Names, locations, and other information of investees over which the Bank exercises significant influence

   1) Financing provided: None

   2) Endorsement/guarantee provided: None

   3) Marketable securities held: The Bank - not applicable; investees - Table 1 (attached)

   4) Marketable securities acquired and disposed of at costs or prices of at least NT $300 million or 10% of the paid-in capital: None

   5) Acquisition of individual real estate at costs of at least NT $300 million or 10% of the paid-in capital: None

   6) Disposal of individual real estate at costs of at least NT $300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT $5 million: None

8) Receivables from related parties amounting to at least NT $300 million or 10% of the paid-in capital: None

9) Sale of non-performing loans: None

10) Information of applying for authorization of securitized product type according to the “Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization”: None

11) Other significant transactions which may affect the decisions of users of individual financial reports: None

12) Related information and total stockholding circumstances of “Name, locations and other information of investees on which the Bank exercises significant influence.” - Table 3 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 4 (attached)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 5 (attached)

TABLE 1

O-BANK CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and U.S. dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 202,664	91.78	US$ 202,664	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	24,564	1.02	24,564	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,703	37,215	7.08	37,215	Note 2
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	433	11,392	0.48	11,392	Note 2
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	19,682	126,190	0.46	126,190	Notes 1 and 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	24,409	2.41	24,409	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	5,909	2.17	5,909	Note 2
	Arizon RFID Technology (Cayman) Co., Ltd.	-	Financial asset at FVTPL	129	18,641	0.17	18,641	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,764	0.36	36,764	
	Obigen Pharma, Inc.	-	Financial asset at FVTPL	400	28,280	0.38	28,280	
	Brain Navi Biotechnology Co., Ltd.	-	Financial asset at FVTPL	325	18,548	0.74	18,548	
	High Performance Information Co., Ltd.	-	Financial asset at FVTPL	720	31,512	2.82	31,512	
	Mercuries F&B Co., Ltd.	-	Financial asset at FVTPL	350	33,516	0.58	33,516	
	Anxo Pharmaceutical Co., Ltd.	-	Financial asset at FVTPL	500	24,335	0.90	24,335	
	Foxtron Vehicle Technologies Co., Ltd.	-	Financial asset at FVTPL	600	26,760	0.04	26,760	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	13	4,972	0.02	4,972	
IBT VII Venture Capital Co., Ltd	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	112,420	4.67	112,420	
	Stocks							
	TaiRx Co., Ltd.	-	Financial asset at FVTPL	3,435	90,414	3.12	90,414	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	250	5,787	0.55	5,787	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,687	37,916	3.09	37,916	
	Shihlien China Holdings Corp.	-	Financial asset at FVTPL	41,635	266,943	0.96	266,943	Notes 1 and 2
	Advanced Echem Materials Company Limited.	-	Financial asset at FVTPL	634	195,524	0.58	195,524	Note 2
.	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	87,127	8.35	87,127	Note 2
	Chipwell tech Corporation	-	Financial asset at FVTPL	348	9,915	1.30	9,915	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT VII Venture Capital Co., Ltd	THEVAX GENET ICS Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	$ 434	0.98	$ 434	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	4,190	0.93	4,190	Note 2
	Kaohsiung Rapid Transit Corporation Rights All Reserved	-	Financial asset at FVTPL	3,845	50,780	1.38	50,780	
	Evergreen Aviation Technologies Corporation	-	Financial asset at FVTPL	395	42,857	0.11	42,857	
	Power Win Taiwan Co., Ltd.	-	Financial asset at FVTPL	291	16,609	1.26	16,609	
	Revivegen Environmental Technology Co., Ltd.	-	Financial asset at FVTPL	162	5,711	0.34	5,711	
	Chenfeng Optronics Corporation		Financial asset at FVTPL	1,000	32,748	1.06	32,748	
	Lin Bioscience, Inc	-	Financial asset at FVTPL	6	731	0.01	731	
	Arizon RFID Technology (Cayman) Co., Ltd	-	Financial asset at FVTPL	127	18,352	0.17	18,352	
	Pharmosa Biopharm Inc.	-	Financial asset at FVTPL	419	36,765	0.36	36,765	
	InnoCare Optoelectronics Corporation	-	Financial asset at FVTPL	20	1,706	0.05	1,706	
	Handa Pharmaceuticals, Inc.	-	Financial asset at FVTPL	124	23,030	0.09	23,030	
	Energenesis Biomedical CO., LTD	-	Financial asset at FVTPL	25	1,510	0.03	1,510	
	Caliway Biopharmaceuticals Co., Ltd.	-	Financial asset at FVTPL	15	5,737	0.02	5,737	
	Coremax Corporation	-	Financial asset at FVTPL	100	7,820	0.08	7,820	
	Teclison Corporation	-		125	32,445	0.70	32,445	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	3,581	0.06	3,581	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	24,000	24,995	2.46	24,995	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

(Concluded)

O-BANK CO., LTD.

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2023					December 31, 2022				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 143,281	$ 99,071,715	0.14%	$ 1,404,726	980.40%	$ 394,638	$ 86,004,278	0.46%	$ 1,319,937	334.47%
	Unsecured		4,816	74,623,000	0.01%	1,040,741	21,610.07%	237,315	74,343,072	0.32%	1,162,592	489.89%
Consumer banking	Housing mortgage (Note 4)		8,636	10,417,864	0.08%	156,548	1,812.74%	18,941	10,929,538	0.17%	165,683	874.73%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	3,095,856	-	43,979	-	-	2,511,881	-	31,202	-
	Other (Note 6)	Secured	1,773	5,305,243	0.03%	53,615	3,023.97%	2,823	4,353,546	0.06%	44,052	1,560.47%
		Unsecured	37,048	14,037,434	0.26%	246,946	666.56%	14,470	10,717,494	0.14%	159,842	1,104.64%
Total lending business			195,554	206,551,112	0.09%	2,946,555	1,506.77%	668,187	188,859,809	0.35%	2,883,308	431.51%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	837,215	-	8,695	-	-	1,477,269	-	15,239	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	127,123	-	114,712	-
Total	127,123	-	114,712	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: "Others" in consumer finance refers to other secured or unsecured consumer loans that are not "residential property mortgage", "cash cards", "small amount pure credit loans", excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the "Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association" should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the "Consumer Debt Clearance Regulations" for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

(Concluded)

O-BANK CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Infinite Finance Co., Ltd.	Taipei City, Taiwan	Leasing	44.27	$ 5,850,311	$ 13,167	155,480	-	155,480	44.27	
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	1,144,527	154,703	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,006,296	365,534	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	6,273,602	118,615	10,869	-	10,869	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	317,777	49,962	13,400	-	13,400	100.00	
IBT VII Venture Capital Co., Ltd.	Taipei City, Taiwan	Investment	100.00	928,634	173,416	65,000	-	65,000	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,636	-	300	-	300	0.50	
Non-financial institution										
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,609	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	-	-	244	-	244	2.18	

O-BANK CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(New Taiwan Dollars and U.S. Dollars in Thousands, Unless Stated Otherwise)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 445,646 (US$ 14,491)	Note 2 c.	$ 61,507 (US$ 2,000)	$ -	$ -	$ 61,507 (US$ 2,000)	2.60	$ -	$ 26,887	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	43,347 (RMB 10,000)	Note 2 c.	15,377 (US$ 500)	-	-	15,377 (US$ 500)	2.09	-	6,722	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	235,376 (RMB 54,300)	Note 2 c.	61,507 (US$ 2,000)	-	-	61,507 (US$ 2,000)	2.18	-	-	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,334,740 (RMB 1,000,000)	Note 2 d.	866,948 (RMB 200,000)	-	-	866,948 (RMB 200,000)	20.00	154,703	1,144,527	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$138,391 (US$4,500) $866,948 (RMB200,000)	$138,391 (US$4,500) $866,948 (RMB200,000)	Note 3

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 146,386 (US$ 4,760)	Note 2 c.	$ 2,214 (US$ 72)	$ 277 (US$ 9)	$ -	$ 2,491 (US$ 81)	2.17	$ -	$ 846	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	232,319 (US$ 7,554)	Note 2 c.	13,039 (US$ 424)	1,569 (US$ 51)	-	14,608 (US$ 475)	2.17	-	4,981	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,151 (US$ 200)	Note 2 c.	215 (US$ 7)	-	-	215 (US$ 7)	2.17	-	82	-
Beauty Essential International, Ltd.	Cosmetic retailing	92,260 (US$ 3,000)	Note 2 c.	21,158 (US$ 688)	-	-	21,158 (US$ 688)	2.41	-	23,422	-
Meike information technology	Cosmetic retailing information technology	82,034 (US$ 2,700)	Note 2 c.	892 (US$ 29)	-	-	892 (US$ 29)	0.44	-	987	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	24,602,616 (US$ 800,000)	Note 2 c.	83,003 (US$ 2,699)	-	-	83,003 (US$ 2,699)	0.40	-	116,321	-
Shihlien Brine Huaian Co.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	7,042 (US$ 229)	-	-	7,042 (US$ 229)	0.46	-	9,869	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacture/RFID electronic label packaging/RFID reader design and manufacture	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)	-	6,427 (US$ 209)	9,964 (US$ 324)	0.17	-	18,641	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$139,373 (US$4,532)	$145,800 (US$4,741)	$190,648 (Note 4)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Notes 1 and 5)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,602,616 (US$ 800,000)	Note 2 c.	$ 143,095 (US$ 4,653)	$ -	$ -	$ 143,095 (US$ 4,653)	0.66	$ -	$ 195,870	$ -
Shihlien Brine Huaian Co.	Production of glass materials	984,105 (US$ 32,000)	Note 2 c.	9,933 (US$ 323)	-	-	9,933 (US$ 323)	0.75	-	12,502	-
Arizon RFID Technology Co., Ltd.	RFID antenna design and manufacture/RFID electronic label packaging/RFID reader design and manufacture	842,197 (RMB 194,290)	Note 2 c.	16,391 (US$ 533)	-	6,581 (US$ 214)	9,810 (US$ 319)	0.17	-	18,352	-

Accumulated Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$162,838 (US$5,295)	$169,419 (US$5,509)	$557,180 (Note 4)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 2023.

Note 2: There were five investment approaches stated as follows.

a. Investment in mainland China by remittance via a third country.

b. Indirect investment in mainland China via setting a company in a third country.

c. Indirect investment in mainland China via investing in a current company in a third country. (Via investing Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shilien China Holding Co., Limited, Topping Cuisine International Holding, Ltd., Beauty Essential International, Ltd., Arizon RFID Technology (Cayman) Co., Ltd. and YFY RFID CO. LIMITED (HK)).

d. Direct investment in mainland China.

e. Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in March 2023, so the Bank is not under “the regulation of investing or technology-cooperation in China”.

Note 4: The original investment is within the limit.

Note 5: IBT Management Corp. and IBT VII Venture Capital Co., Ltd. have obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 5

O-BANK

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	292,340,997	9.64
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares is the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.

O-BANK CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

O-BANK CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FVTPL
DECEMBER 31, 2023
(Amounts in Thousands of USD and NTD, Except Unit Price)

Item	Remark	Shares/Units (In Thousands)	Total Face Value (In Thousands)	Rate (%)	Acquisition Cost	Fair Value Unit Price	Fair Value Total Amount	Changes in Fair Value Attributable to Credit Risk
Financial assets mandatorily classified as at FVTPL								
Convertible bonds - domestic	January 24, 2024 - June 15, 2026		$ 793,000	1.200-3.400	$ 793,000		$ 796,312	$ -
Negotiable certificate of deposit	January 3, 2024 - December 20, 2025		23,230,000	0.700-1.375	23,230,000		23,229,675	-
Commercial papers	January 4, 2024 - September 16, 2024		10,707,437	-	10,707,437		10,702,086	-
Government bonds	August 13 2029 - February 21 2030		400,000	0.500-2.125	404,109		402,002	-
Currency swap contracts					-		662,250	-
Forward contracts					-		31,052	-
Interest rate swap contracts					-		36,605	-
Currency option contracts - call					-		23,461	-
Future exchange margins					-		26,924	-
					$ 35,134,546		$ 35,910,367	

Note: In 2023, the Bank pledged negotiable certificate of deposit with the amount of $4,000,000 thousand to provide Central Bank as the collateral for day-term overdraft, a pledge of $1,300,000 thousand financial interbank remittances, and a pledge of $1,300,000 thousand for foreign currency lending.

STATEMENT 2

O-BANK CO., LTD.

STATEMENT OF DISCOUNTS AND LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Short-term	
Loan	$ 31,325,834
Secured loan	57,117,036
	88,442,870
Medium-term	
Loan	57,220,892
Secured loan	39,338,421
	96,559,313
Long-term	
Loan	2,642,153
Secured loan	17,999,700
	20,641,853
Guaranteed overdrafts	185,976
Export bills negotiation	525,546
Overdue loans	195,554
	206,551,112
Less: Allowance for credit losses	2,946,555
Discounts and loans, net	$ 203,604,557

O-BANK CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FVTOCI
DECEMBER 31, 2023
(Amounts in Thousands of USD, HKD and NTD, Except Unit Price)

Item	Remark	Shares/Units (In Thousands)	Total Face Value	Percentage of Ownership (%)	Acquisition Cost	Allowance for Losses	Fair Value		Note
							Unit Price	Total Amount	
Stock of unlisted company - domestic		300			$ 3,000	$ -		$ 1,636	
Stock of unlisted company - foreign		7,241			134,717	-		33,609	
Government bonds	January 10, 2025 - November 22, 2053		$ 14,550,000	0.2500-2.6250	14,710,400	-		14,541,751	
Bank debentures	January 18, 2024 - January 13, 2029		9,704,176	1.0000-6.7443	9,683,790	2,629		9,625,500	
Corporate bonds	January 22, 2024 - May 9, 2033		22,456,979	0.3500-6.8518	22,420,753	12,379		21,360,142	
Overseas government bonds	January 10, 2024 - February 2, 2031		965,740	0.0000-1.3750	954,809	-		833,466	
Commercial papers	January 9, 2024 - January 26, 2024		3,447,520	-	3,447,520	4,943		3,447,154	
Negotiable certificate of deposit	January 4, 2024 - October 18, 2025		21,470,000	0.5350-1.2380	21,470,000	-		21,467,288	
					$ 72,824,989	$ 19,951		$ 71,310,546	

Note 1: The Bank pledged government bonds with the amount of $356,100 thousand as the collateral for the trust compensation reserve, bond settlement reserve, operating deposit of personal insurance department and treasury custody reserve for contracts the year ended December 31, 2023.

Note 2: In 2023, the Bank pledged negotiable certificate of deposit with the amount of $1,000,000 thousand to provide Central Bank as the collateral for day-term overdraft, a pledge of $5,200,000 for financial interbank remittances, and a pledge of $2,200,000 for foreign currency lending.

O-BANK CO., LTD.

STATEMENT OF INVESTMENTS IN DEBT INSTRUMENTS AS AT AMORTIZED COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Remark	Units	Total Face Value	Percentage of Ownership (%)	Allowance for Losses	Unamortized Premium (Discount)	Carrying Amount
Government bonds	June 23, 2027 - August 10, 2045		$ 10,650,000	0.3750-2.3750	$ -	$ 379,433	$ 11,029,433
Bank debentures	July 27, 2025 - June 6, 2038		5,422,867	1.4200-6.3000	(1,736)	(5,334)	5,415,797
Corporate bonds	March 16, 2025 - February 24, 2038		5,449,629	0.4500-6.0200	(2,565)	(137,825)	5,309,239
Overseas government bonds	May 31, 2024 - July 31, 2027		922,596	2.5000-3.0000	-	(4,220)	918,376
Negotiable certificate of deposit	April 18, 2024		1,000,000	0.9000-0.9100	-	-	1,000,000
			$ 23,445,092		$ (4,301)	$ 232,054	$ 23,672,845

Note: The Bank pledged negotiable certificate of deposit with the amount of $1,000,000 thousand to provide central bank as the collateral for day-term overdraft.

O-BANK CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Balance, December 31, 2023			Net Assets Value			
Investees	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	%	Amount	Unit Price (NT$)	Total Amount	Collateral	Note
China Bills Finance Corp.	380,982	$ 6,168,856	-	$ 1,029,409	-	$ 191,969	380,982	28.37	$ 7,006,296	15.10	$ 5,752,828	$ -	Note 1
IBT Holdings Corp.	10,869	6,119,382	-	154,220	-	-	10,869	100.00	6,273,602	577.20	6,273,602	-	Note 2
IBT Management Corp.	13,400	280,939	-	49,962	-	13,124	13,400	100.00	317,777	23.71	317,777	-	Note 3
IBT VII Venture Capital Co., Ltd.	65,000	798,896	-	173,416	-	43,678	65,000	100.00	928,634	14.29	928,634	-	Note 4
Infinite Finance Co., Ltd.	156,193	6,230,729	-	17,931	713	398,349	155,480	44.27	5,850,311	37.63	5,850,311	-	Note 5
Beijing Sunshine Consumer Finance Co., Ltd.	200,000	1,011,042	-	154,703	-	21,218	200,000	20.00	1,144,527	5.72	1,144,527	-	Note 6
		$ 20,609,844		$ 1,579,641		$ 668,338			$ 21,521,147		$ 20,267,679	$ -	

Note 1: In the current period, investment income, capital surplus, unrealized gains on financial assets and disposal of financial assets were $365,534 thousand, $506 thousand, $629,848 thousand and $33,521 thousand; decrease in declared cash dividend and actuarial losses of defined benefit plan were $190,491 thousand and $1,478 thousand, respectively.

Note 2: In the current period, increase in investment income, exchange differences on translating the financial statements of foreign operations and unrealized gains on financial assets were $118,615 thousand, $4,629 thousand and $30,976 thousand.

Note 3: In the current period, increase in investment income was $49,962 thousand; decrease in unrealized losses on financial assets and actuarial losses of defined benefit plan were $6,057 thousand and $7,067 thousand, respectively.

Note 4: In the current period, increase in investment income was $173,416 thousand; decrease in unrealized losses on financial assets were $43,678 thousand.

Note 5: In the current period, increase in investment income, capital surplus and unrealized gains on disposal of financial assets were $13,167 thousand, $4,750 thousand and $14 thousand; decrease in losses on disposal of Infinite Finance Co., Ltd., declared cash dividend, unrealized losses on financial assets, exchange differences on translating the financial statements of foreign operations and actuarial losses of defined benefit plan were $32,787 thousand, $312,386 thousand, $2,931 thousand, $46,668 thousand and $3,577 thousand.

Note 6: In the current period, increase in investment income and exchange differences on translating the financial statements of foreign operations were $154,703 thousand and $21,218 thousand, respectively.

O-BANK CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Increase	Decrease	Balance at December 31, 2023
Cost				
Buildings	$ 373,013	$ 129,370	$ (62,617)	$ 439,766
Machinery equipment	882	-	-	882
Transportation equipment	-	12,549	-	12,549
	373,895	$ 141,919	$ (62,617)	453,197
Accumulated depreciation				
Buildings	187,274	$ 90,223	$ (62,588)	214,909
Machinery equipment	294	294	-	588
Transportation equipment	-	2,455	-	2,455
	187,568	$ 92,972	$ (62,588)	217,952
	$ 186,327			$ 235,245

STATEMENT 7

O-BANK CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Period	Discount Rate (%)	Balance at December 31, 2023
Buildings	June 15, 2016 to October 31, 2028	1.35-5.63	$ 231,654
Machinery equipment	January 1, 2022 to December 31, 2024	1.36	373
Transportation equipment	December 31, 2022 to March 30, 2028	1.85-1.98	10,184
			$ 242,211

O-BANK CO., LTD.

STATEMENT OF INTEREST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Interest revenue from discounts and loans	
From short-term	$ 3,664,727
From medium-term	4,077,894
From long-term	481,107
	8,223,728
Interest revenue from investments in marketable securities	
From financial assets at fair value through comprehensive income	1,144,289
From investments in debt instruments at amortized cost	646,324
	1,790,613
Interest revenue due from the Central Bank and call loans to banks	
From call loans to banks	23,136
Interest revenue due from banks	575,168
	598,304
Others (Note)	136,092
	$ 10,748,737

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 9

O-BANK CO., LTD.

STATEMENT OF INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Interest expense from deposits	
From time deposits	$ 6,468,843
From demand deposits	665,123
From time savings deposits	108,875
From demand savings deposits	107,379
From demand savings deposits of employee	12,967
	7,363,187
From Bills and bonds sold under repurchase agreements	473,682
From bank debenture	246,917
Interest expense from deposits due to the Central Bank and other banks	351,314
Others (Note)	9,129
	$ 8,444,229

Note: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 10

O-BANK CO., LTD.

STATEMENT OF GAINS ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Realized gain or loss	
Stocks	
Stocks and beneficiary certificates	$ 13,115
Bonds	
Government bonds	821
Corporate bonds	60,234
Bank debentures	2,820
	63,875
Derivatives	
Forward contracts	(300,520)
Currency swap contracts	2,812,086
Currency option contracts	(1,597)
Interest rate swap contracts	(33,601)
Asset swap contracts	23,801
Futures contract	(3,752)
	2,496,417
	2,573,407
Gains (losses) on valuation	
Bonds	
When-issued government bonds	(2,107)
Derivatives	
Forward contracts	(199,043)
Currency swap contracts	(566,595)
Currency option contracts	1,781
Interest rate swap contracts	(27)
Asset swap contracts	5,534
	(758,350)
Others	
Negotiable certificates of deposit	5,833
Financing commercial papers	(5,360)
	473
	(759,984)
Interest revenue	423,853
	$ 2,237,276

O-BANK CO., LTD.

STATEMENT OF OTHER NET REVENUE OTHER THAN INTEREST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Rental	$ 18,254
Remuneration of directors and supervisors	7,157
Agency business	33,897
Others (Note)	7,556
	$ 66,864

Note: The amount of each item in others does not exceed 5% of the account balance.

O-BANK CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Employee Benefits Expenses	Net revenue Other Than Interest	Other General and Administrative Expense	Total
Salaries and wages	$ 1,709,406	$ -	$ -	$ 1,709,406
Labor insurance and national health insurance	104,444	-	-	104,444
Directors' remuneration and fees	83,548	-	-	83,548
Pension	65,879	-	-	65,879
Others (Note 1)	56,817	-	12,435	69,252
	$ 2,020,094	$ -	$ 12,435	$ 2,032,529

Note 1: The amount of each item in "others" does not exceed 5% of the account balance.

Note 2: As of December 31, 2023 and 2022, the Bank had 1,143 and 1,039 employees, respectively; of which there were 13 and 14 non-employee directors, respectively.

Note 3: The average employee benefit expense for the year was $1,725 thousand calculated as [(Total employee benefit expenses - Directors' remuneration) ÷ (Number of employees - Number of directors who are not concurrently employed)]. The average employee benefit expense for the previous year was $1,782 calculated as [(Total employee benefit expenses for the previous year - Directors' remuneration for the previous year) ÷ (Number of employees - Number of directors who are not concurrently employed for the previous year)].

Note 4: The average salaries and wages of employees for the year was $1,513 thousand calculated as [Total salary costs ÷ (Number of employees - Number of directors who are not concurrent employees)]. The average salaries and wages of employees for the previous year was $1,575 thousand calculated as [Total salary costs for the previous year ÷ (Number of employees for the previous year - Number of directors who are not concurrent employees for the previous year)].

Note 5: Change in the average salary adjustment of employees: -3.94% calculated as [(Average salary costs - Average salary costs for the previous year) ÷ Average salary costs for the previous year].

Note 6: The bank's salary and remuneration policies (including directors, managers and employees) are as follows:

The director's remuneration policy of the Bank is a comprehensive consideration of the Bank's operating results, director's contribution, responsibilities, and board performance evaluation results (important evaluation items such as: Grasp of company goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relations management and communication, professional and continuous education of directors, internal control, etc.), with reference to industry standards.

(Continued)

In addition, the remuneration paid to managers and employees includes fixed salary and variable bonus. The fixed salary is based on comprehensive considerations such as the responsibilities of the position, work ability performance, and professional skills required for the position, and is assessed with reference to the industry standard; variable salary based on the company's overall operating performance, future risks, and personal performance, it will be allocated reasonably. Personal performance evaluation includes financial indicators (such as net profit before tax, achievement rate of long-term and short-term business goals, etc.) and non-financial indicators (such as company core values, innovation, leadership and management, legal compliance, internal control and risk control, etc.) are oriented to comprehensive considerations.

In addition to providing market-competitive incentive rewards, the overall remuneration system also takes into account the connection of future risk factors, so that the remuneration of managers is closely linked to company performance, so as to establish the company's good reputation and sustainable business foundation, and to make employees, customers and shareholders proud of their work and the company and to maximize their benefits.

(Concluded)