

2023

ANNUAL REPORT



NOTICE TO READERS

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

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- Taiwan Ratings Corporation

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Name of Any Exchanges Where the Company's Securities are Traded Offshore and Inquiry Method:

None.

Website:

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2023 Sustainability Performance

Overall Performance

- Selected as the constituent stock of Dow Jones Sustainability World Index, and Ranked in the Top 10% of the Sustainability Yearbook Member in S&P Global Sustainability Yearbook 2023
- Ranked in the Top 20% of the banking industry in the First Sustainable Finance Evaluation
- Selected as the Global Top 500 Banking Brands for 14 times
- Awarded 2023 National Sustainable Development Award (Corporates)
- Awarded Sustainable Comprehensive Performance Award - Taiwan Top 100 Sustainable Exemplary Enterprises by 2023 Taiwan Corporate Sustainability Awards (TCSA)
- Awarded 11 prizes from 20th National Brand Yushan Awards in the categories of "Outstanding Corporate," "Outstanding Corporate Leadership," two awards in "Best Brand Popularity," and seven awards in "Best Product" and secured "Outstanding Corporate Leadership" and "Best Product - Relationship Manager Risk Dashboard" the Prestigious National First Prize
- Awarded the 7th Better Business Awards - "Merit Award in Business Leader of the Year" by British Chamber of Commerce in Taipei (BCCT) in 2023
- Selected as the constituent stock of the FTSE4Good TIP Taiwan ESG Index for 11 consecutive terms
- Selected as the constituent stock of Taiwan High Compensation 100 index for 10 consecutive years
- Selected as the constituent stock of the FTSE4Good Emerging Index for 7 consecutive years
- Selected as the constituent stock of Taiwan Employment Creation Index 99 for 7 consecutive years
- Awarded the Banking for Women Initiative of the Year - Taiwan for 3 consecutive years by Asian Banking & Finance Magazine
- Awarded the 2023 TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards [Gold] by the Taiwan Institute for Sustainable Energy
- Awarded the "Sustainability Resilience Pilot Award" by the British Standards Institution (BSI) for 4 consecutive years and "BSI Security and Resilient Award" in 2023

Environmental Sustainability

- Awarded Bronze Level of the 5th National Enterprise Environmental Protection Award by the Ministry of Environment
- Rated "A-" (leadership level) in the Carbon Disclosure Project (CDP) climate change questionnaire
- Awarded the Outstanding Green Procurement Corporation by the Environmental Protection Department of the Taipei City Government for 6 consecutive years
- Awarded the 2023 Outstanding Green Procurement Corporation by the Environmental Protection Department of the New Taipei City for 2 consecutive years
- Received a Certificate of Appreciation for the "Environmental Protection Adoption Program for Non-public Use Marginal Land" from the National Property Administration, Ministry of Finance
- The Changhwa Branch and the Shulin Branch have passed the PAS 2060 carbon neutrality standard. The Hsi-Sung Branch has been certified under ISO 14064-2 for voluntary greenhouse gas reduction projects. The Beimen Branch has been awarded the Green Building Candidate Certificate by the Ministry of the Interior
- Received Carbon Footprint ISO 14067 and Water Footprint ISO 14046 certification for Credit Cards
- The TCFD report has passed the verification of the British Standard Institution (BSI) and has been awarded the highest level of certification, "Level 5+: Excellence"

Corporate Governance

- Awarded the top 5% of TWSE-Listed Companies of Corporate Governance Evaluation for 3 consecutive years
- Selected as the constituent stock of TWSE CG 100 Index
- Certified "Excellence" by Taiwan Corporate Governance Association in its CG6013(2021) Corporate Governance System Evaluation (valid until 2024/12/28)
- Awarded the Taiwan Intellectual Property Management System (TIPS) Level A Verification for 2 consecutive times (valid until 2024/12/31)

Social Inclusion

- Awarded "Excellent Bank for Small and Medium Enterprise Loans Group A", "Excellent Bank that Organizes Loans in Target Countries under the New Southbound Policy", and "Agricultural Credit Special Awards" by The Financial Supervisory Commission
- Awarded "Post-Pandemic Revitalization Award", "Young Entrepreneurs, Startup, and Microenterprise - Business Support Award", and "Assistance in Regional Post-Pandemic Revitalization and Transformation Award" and "Excellent Performance Award for Collection of Credit Guarantee Cases" by the SME Credit Guarantee Fund of Taiwan in 2024
- Selected List of companies with better institutional investor stewardship disclosure 2023 by the Taiwan Stock Exchange
- Awarded the 2023 "Gold Excellence Award" and "Special Contribution Award - Sustainability Financing" in Exceptional Institutions by the Joint Credit Information Center
- Awarded the 3rd Taiwan Sustainable Investment Award - Individual Influence Silver Award by the Taiwan Institute for Sustainable Energy in 2023
- Awarded the 9th Futures Diamond Award "Over-the-Counter Centralized Settlement Contribution Diamond Award" by Taiwan Futures Exchange
- Awarded "Outstanding Performance Institution Award in Financial Cyber Security Attack and Defense Drills Award" and "Best Financial Security Hacking Defense Team Award" (1st place) by the Financial Supervisory Commission. Awarded the "F-ISAC Outstanding Institution Award for Members' Performance in Information Sharing" (1st place) for 2 consecutive years
- Awarded First Place in Auxiliary Personnel Group in 2023 Microinsurance Promotion by Financial Supervisory Commission
- Awarded the 2023 Financial Information System Annual Conference's Best Reliable Interbank System Award by Financial Information Service Co., Ltd.
- Awarded 2023 Digital Financial Award - Excellence Award for Digital Inclusion, Excellence Award for Digital Service, and Gold Award for Digital Information Security by Commercial Times
- Awarded the Best Small Medium Enterprise Service Award and Best Customer Recommendation Award in 2023 Excellent Banking Evaluation - Non-Financial Holding Banks by The Excellence Magazine
- Awarded 2023 3rd Trust Award - Diverse Trust Innovation Award, Excellence Award for Best Urban Renewal and Unsafe and Old Building Trust Innovation, Excellence Award for Best Real Estate Management Trust Innovation, Excellence Award for Best Trust Marketing, and Trust Special Creativity Award by Commercial Times
- Awarded the 17th Annual Wealth Management and Securities Evaluation by Business Weekly 2023 - "Best Customer Trust Award" Bank Group's first place
- Awarded Outstanding Achievement Award for Elderly Financial Planning Consultant Trust Industry Group by Trust Association of Republic of China
- Received a Merit Award in the 2024 Inclusive Trust Creative Slogan Contest
- Awarded 2023 National Occupational Safety and Health Award - Special Award for Labor Health by Ministry of Labor
- Awarded the 2023 Sports Promoter Award - Bronze Award for Sponsorship by the Sports Administration, Ministry of Education
- Awarded the Silver Award for "the SDG10 Chang Hwa Bank Happy Family Public Welfare Action Plan" and the Bronze Award for "the SDG17 Chang Hwa Bank Sharing Love Without Time Difference Action Plan" by Taiwan Institute for Sustainable Energy (TAISE) 2023 3rd Taiwan Sustainability Action Award (TSAA)



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Chairperson *Joanne Ling*

I | Letter to Shareholders

A. 2023 Results of Operations

a. The domestic and overseas financial environments

In 2023, despite facing adverse events such as the collapse of Silicon Valley Bank, defaults in Chinese real estate firms, downgrades in U.S. credit ratings, and geopolitical conflicts, as well as the significant tightening effects of major central banks raising interest rates, the dampening impact on global trade momentum due to subdued end-demand led to a slowdown in manufacturing activities worldwide. However, the resilience of the global economy persisted, supported by robust performance in the employment markets and consumer behavior of major economies.

Regarding the domestic economy, the ongoing effects of major central bank monetary tightening have led brands and retailers to adjust their inventories continuously. This has suppressed the export momentum of domestic manufacturers and limited private investment growth. Nevertheless, consumer spending momentum has remained strong since the lifting of domestic pandemic restrictions. Consumers have shifted their focus to expenditures on dining, entertainment, and domestic and international travel, which has supported the domestic demand momentum and economic growth performance of our country this year. Banks are responsible for providing funding to address the financing needs of businesses affected by the pandemic and assist enterprises in transitioning towards low-carbon, intelligent, and compliance with environmental and safety requirements. Banks are making efforts to assist industries in upgrading and transforming, leading to an increase in the loan balances of domestic banks. Additionally, the widening of the interest spread due to central bank interest rate hikes has significantly boosted banks' interest income.

b. Bank organization and change

None.

c. Operational planning and implementation results of management strategies

1. In profit performance, driven by the Bank's internal operational strategies and coupled with the external economic environment, the Bank achieved outstanding performance in 2023, with a net income after tax of NT\$ 12.982 billion, a growth of 18.33% from the previous year, and EPS of NT\$1.20, with ROE of 7.27%. The Bank's credit asset quality also showed stable improvement, with a non-performing loan ratio of 0.18% and a coverage ratio of 693.38%.

2. Business development:

(1) Deposit/Loan business:

- i The Bank is committed to developing and strengthening the credit extension of the existing SME customer base, optimizing the deposit and loan structure, and expanding the spread of deposits. The SMEs loan balance has increased by more than NT\$55 billion compared with the end of 2022. Meanwhile, we aligned with government policies to promote post-pandemic recovery and support low-carbon smart projects, offering specialized loans in collaboration with the SME Credit Guarantee Fund. This aids SMEs in post-pandemic recovery, enhances competitiveness, and restores operational prosperity. In addition, to support youth entrepreneurship and small and micro enterprises, the Bank provided a wide range of loan products, supported over 13,000 young entrepreneurs, ranked third among banks in Taiwan, and promoted home ownership through residential mortgage loans, leveraging the New Youth Advantage Interest Subsidy and expanding Bank's mortgage business.
- ii In line with the global trend of sustainable development, we are actively implementing various loan programs to support green initiatives. These include the Sustainability Linked Loan Projects, the Green Enterprise Project Loans, and the Solar Photovoltaic Equipment Installation Project Loan. Moreover, we are intensifying the Program to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries, focusing on related industries of Green Power and Renewable Energy. We have established the Equator Principles Credit Case Operation Guidelines to effectively manage and evaluate the potential environmental and social risks associated with large-scale project financing. Additionally, in light of climate change concerns, we have enhanced the risk management of our real estate collateral financing operations and implemented a climate risk forecasting model to categorize the risk associated with real estate collateral into low, medium, and high levels, which serves as a reference during the review process.
- iii In 2023, the Bank's deposit and loan volumes continued to grow steadily, with average deposit balances increasing by 4.62% and average loan balances increasing by 3.96% compared to the previous year.



President *Chao-Chung Chou*

(2) Digital finance business:

- i In response to the digital transformation trend, banks continue to improve various digital financial services and create a digital financial ecosystem. Initiatives include implementing the Smart Teller Machine system to simplify account opening processes, reduce waiting times, and leverage cross-selling capabilities. A dedicated payment and collection mechanism for traditional meat markets and online project financing services were introduced to promote diverse mobile payment transactions. Expanding e-payment services for medical institutions was also initiated, providing a convenient and diverse payment channel. The Bank also collaborated with Taipower to develop an innovative supply chain finance, integrating online disbursement and repayment based on transaction data to expand online credit services for businesses. It introduced a Revolving Loan (premises-secured revolving credit loan) with a fully online application process.
- ii The Bank prioritizes the customer financial service experience and continuously improves our online service functionalities. For instance, we have introduced the Mobile-amulet 2.0 mechanism, which enhances transaction security and simplifies the application process for personal online and mobile banking. Additionally, we have optimized our intelligent robot system and the Chang Hwa Bank Mobile Network App interface. Furthermore, we have comprehensively upgraded and redesigned the Fund Management Website to offer a smoother and more comprehensive user experience.

- (3) Wealth management business: Actively expanding foreign securities business, the transaction fee income from foreign bonds in 2023 grew by 482.03% compared to the previous year. Our wealth management system has developed the Customer Financial Label feature to effectively target our customer base and enhance our service capacity for existing and new customers. Moreover, we provide our customers with differentiated and prestigious high-quality services through the Wealth Management VIP Customer Exclusive Benefits program. In 2023, the Bank's net wealth management fee income accounted for 66.22% of the overall net fee income, an increase of 38.26% compared with the same period of the previous year.

3. Sustainable development:

The Bank has been paying attention to the international trend in sustainable finance. To implement the sustainable development policy, the Bank has incorporated ESG factors into its core business and operational activities and reviewed its sustainable development plan every year to implement the policy. In 2023, the Bank has achieved important environmental, social, and governance goals.

- (1) Environmental: In line with the government's 2050 net-zero transition pathway, the Bank has progressively adopted international standards about environmental sustainability. Our head office and the Hsi-Sung Branch have implemented the greenhouse gas offset project and obtained ISO 14064-2 certification in 2023, making us the first financial institution in Taiwan to attain this certification. In addition, the Bank released the TCFD Report for three consecutive years and again obtained the highest "Level 5+: Excellence" certification from the British Standards Institution (BSI) in 2023. This demonstrates the Bank's commitment to mitigating the impacts of climate risks, seizing opportunities for transformation, and taking concrete actions to achieve the goal of net zero emissions.
- (2) Social: In our commitment to friendly financial services, the Bank established 85 bilingual branches offering bilingual environments and consultation services in Chinese and English. We have partnered with the Taiwan Association of Sign Language Interpreters to introduce the Transcription Appointment service. The Bank has implemented a Priority Answering Service for Customers Aged 65 and Above to minimize customer waiting time. We have also introduced online reservation applications for elderly care, nurturing, and disability trusts, allowing customers to save time by avoiding branch visits and enhancing the efficiency of trust case planning through online form submission. Furthermore, the Bank's automated teller machines (ATMs) meet barrier-free models, and 245 have barrier-free voice functions.
- (3) Governance: The Bank is committed to furthering the soundness of the corporate governance system, ranking in the top 5% of the 9th Corporate Governance Evaluation among listed companies and within the top 4 in the financial and insurance category.
- (4) The Bank also attaches great importance to sustainable finance. In 2023, we were ranked among the top 20% of the banking industry in the first Sustainable Finance Evaluation conducted by the Financial Supervisory Commission (FSC) and selected as a constituent stock of the Dow Jones Sustainability™ World Index for the first time, which underscores the recognition of our accomplishments in advancing ESG development.

d. Budget execution

1. The total deposit volume was NT\$2,363,310,621 thousand or 96.04% of the budget target.
2. The total loan volume was NT\$1,736,328,559 thousand or 98.18% of the budget target.
3. The total investment business (securities) average volume was NT\$741,277,402 thousand or 91.52% of the budget target.
4. The foreign exchange transactions were US\$117,810,708 thousand or 65.51% of the budget target.
5. The securities brokerage transactions were NT\$213,013,279 thousand or 104.11% of the budget target.
6. Trust fund subscription business was NT\$47,576,093 thousand or 127.57% of the budget target.
7. The assets under custody was NT\$368,366,190 thousand or 113.53% of the budget target.
8. The insurance agency transactions were NT\$9,422,899 thousand, or 60.99% of the budget target.
9. Card business (Volume of transaction) was NT\$24,420,583 thousand or 103.74% of the budget target.

e. Financial highlights

1. Net interest income: NT\$22,232,574 thousand.
2. Net non-interest income: NT\$16,337,498 thousand
3. Net revenue and gains: NT\$38,570,072 thousand.
4. Bad debts expenses, commitment and guarantee liability provision: NT\$ 3,241,455 thousand.
5. Operating expenses: NT\$19,092,029 thousand.
6. Income before income tax: NT\$16,236,588 thousand.
7. Income tax expense: NT\$3,254,446 thousand.
8. Net income: NT\$12,982,142 thousand.
9. Other comprehensive income: NT\$11,814,097 thousand.
10. Total comprehensive income: NT\$24,796,239 thousand.
11. EPS after tax: NT\$1.20
12. Return on Assets (ROA): 0.46%.
13. Return on Equity (ROE): 7.27%.

f. Research and development

1. Innovative financial services

Regarding R&D patents, the Bank continued to accumulate innovation in FinTech. In 2023, the Bank obtained 24 utility model patents and 9 invention patents; 7 are currently under review.

2. Business Research

To keep abreast of the latest industry and economic trends, the Bank has set up a dedicated unit to collect and analyze relevant information on the economy, industry, and market and prepare overall economic and industry outlooks and research reports as a reference for business promotion and marketing interviews of all bank units. Additionally, to promote business innovation and development, all employees are encouraged to research current business development trends and financial-related issues, and 23 business research reports were issued in 2023.

3. Big data application and development

We introduced the Real Estate Appraisal Positioning Assistance System, which incorporates a self-developed model for rectifying registered parking space prices and monitoring unusual registered unit prices, efficiently capturing the dynamics of the real estate transaction market.

4. Introducing Robotic Process Automation (RPA) technology.

RPA technology is being gradually implemented in various operational processes, including anti-money laundering, credit granting, wealth management, insurance, funds, and alert accounts to enhance operational efficiency, reduce workforce burden, mitigate operational risks, minimize resource consumption, and improve service quality.

B. 2024 Highlights of Business Plans

a. Business directions and operational policies

In 2024, the Bank will uphold the main strategies of “Customer orientation, Sustainability, and Integrity” and the 4Cs sustainability targets (Carbon Reduction, Sustainable Capital, Responsible Credit, and Financial Inclusion of Customers) to construct six major business principles as follows:

1. Consolidate core business and expand overseas presence.
2. Promote digital transformation and innovate financial technology.
3. Integrate multidimensional services and deepen engagement with wealth management clients.
4. Adhere to integrity and compliance and strengthen risk management and cybersecurity.
5. Enhance fair treatment of customers and promote social inclusion.
6. Foster sustainable governance and drive sustainable operations.

Important operating policies are as follows:

- Operation:
 1. Maintain a prudent credit asset quality, strengthen the deposit loan structure, and enhance interest rate spread.
 2. Develop diversified financial products, enrich professional financial services, and tap into high-asset customer groups.
 3. Arrange housing loan capacity by diversifying customer sources, increasing penetration of cross-business products, and deepening customer loyalty.
 4. Expend the niche of authorized store business, broaden the digital financial ecosystem, and create profitable blue oceans.
 5. Accelerate overseas expansion, accumulate local development momentum, and strengthen overseas profit dynamics.
 6. Seize green opportunities, focus on sustainable financial products, and promote the implementation of sustainable development.
- Management:
 1. Strengthen climate resilience, cultivate sustainable finance talents, and foster sustainable development.
 2. Improve corporate governance, refine ethical operations, and enhance integrity management and legal compliance mechanisms.
 3. Ensure the protection of the rights and interests of the financial consumer, build a financial-friendly environment, and actively engage in social care initiatives.
 4. Optimize operation process, improve operational efficiency, and reduce operational risk.
 5. Enhance information security measures, strengthen monitoring capabilities, and deepen information security governance.
- b. Business operational targets
 1. Deposits Volume: NT\$2,489,254,536 thousand.
 2. Loans Volume: NT\$1,817,361,114 thousand.
 3. Investment Business (Securities): NT\$808,491,267 thousand.
 4. Foreign Exchange Transactions: US\$119,854,330 thousand.
 5. Securities Brokerage Transactions: NT\$220,619,587 thousand.
 6. Trust Fund Subscription: NT\$49,321,270 thousand.
 7. Assets under Custody: NT\$358,800,000 thousand.
 8. Insurance Agency Transactions: NT\$9,132,408 thousand.
 9. Card Business (Volume of transaction): NT\$27,000,000 thousand.

C. Future Development Strategy

Looking ahead to 2024, to realize the Bank's vision of becoming "the most trustworthy financial service provider", we will continue to expand diversified financial products, enhance service quality across our operational branches, promote sustainable financial products, and collaborate with customers to achieve sustainability development goals. We aim to establish customer segmentation marketing and increase cross-industry collaborations, build diversified relationships, expand customer base, and create a comprehensive digital financial environment to enhance digital financial inclusivity. Furthermore, the Bank will actively strengthen the operational capabilities of our high-asset service team, focusing on developing and managing high-asset customers and professional investors. We will leverage the synergies of our customer resources to increase wealth management revenue and service quality. We will continue to expand our overseas presence, carefully assessing profitability and economic conditions and strengthening international financial talents to augment overseas profits.

The Bank will continue to pursue its goal of developing its core businesses and actively pursue a variety of revenue streams while embracing the trend and opportunities of contactless financial services driven by digital technology. It is also committed to promoting positive change in corporate governance, responsible finance, employee care, social inclusion, and environmental sustainability and implementing sustainable development goals. We look forward to creating new milestones with steady and solid steps.

D. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

a. The impact of external competitive environment

1. Adapting to global economic trends, we adopt a dynamic approach to adjust short-term fund allocations. While ensuring liquidity, we aim to increase interest income by maximizing interest rate differentials. Additionally, we leverage FX SWAP transactions and provide short-term credit loans to enhance the overall yield of deployable funds.
2. To address the growing trend of population aging and the increasing opportunities in the trust business, the Bank is actively training Eldercare Financial Planning Consultants and Family Trust Planning Consultants to enhance their expertise in delivering professional services to high-net-worth and elderly clients.

b. The impact of regulatory environment

1. In May 2023, the Executive Yuan approved the Next Generation Anti-Fraud Strategy Guidelines Version 1.5 to prevent fraud through public-private cooperation. The Bank actively collaborates with the government in the fight against fraud. Moreover, on October 16, 2023, the Bank joined the Eagle Eye Anti-Fraud Alliance, established by the Criminal Investigation Bureau of the Ministry of the Interior. The Alliance aims to leverage the patented AI detection technology of the Eagle Eye model to improve the identification of suspicious transactions and the detection rate of abnormal accounts. This will enable prompt fraud prevention and protection of customer assets.
2. To sustain the momentum of financial technology innovation and build upon the existing foundation, the FSC released the FinTech Development Roadmap (2.0) in August 2023. The Bank is also committed to continuously enhancing digital technology and financial services while proactively managing the cybersecurity risks associated with the evolving trends and integrating digital finance and emerging technologies.
3. In recent years, there has been a steady rise in the intensity of financial regulation, accompanied by an increase in consumer awareness of the need for financial protection. This has resulted in higher costs for the monitoring mechanisms associated with these regulations. The Bank will continue to optimize the code of conduct and management mechanisms for financial advisors, supplemented by monitoring and auditing mechanisms and timely revisions of relevant operational guidelines, to enhance the professional ethics and compliance awareness of wealth management personnel.

c. The impact of macroeconomic environment

Since 2023, global economic performance has been impacted by increasing inflationary pressures, a gradual rise in interest rates, and a lackluster post-pandemic recovery in China. These factors have dampened global demand for finished goods, resulting in ongoing inventory liquidation and even company layoffs. Likewise, the tightening of funds has spread, leading to higher investment costs and a sluggish pace of corporate investment. The substantial interest expenses associated with high default risks have placed significant pressure on the financial market, further weighing down global economic performance. Nevertheless, global inflation has been effectively managed due to the decrease in international oil prices, enhancements in the supply chain, and a slowdown in the competitive labor market. It is anticipated that major central banks will initiate a cycle of interest rate cuts in the coming year, which will have positive implications for corporate production, investment, and private consumption. Yet, it is important to acknowledge that the global economy is still confronted with numerous uncertainties, including national elections, geopolitics, climate change, and fluctuations in raw material prices, which persistently influence the rate of global economic recovery.

In general, the uncertainty in the macroeconomic environment is still dependent on the inflationary developments in different countries and the monetary policy trends of major economies. These factors will have an impact on the global financial market. However, as the pressure of inventory reduction in the manufacturing industry eases and terminal demand gradually recovers, domestic exports are expected to move towards positive growth. This is anticipated to drive private investment and increase inventory expansion by businesses. In addition, consumer momentum is expected to remain strong. Looking ahead to 2024, despite facing numerous challenges, the economic outlook is still expected to remain positive.

E. Latest Credit Ratings

Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2023/12	-	-	twAA+	twA-1+	Stable
S&P	2023/12	A	A-1	-	-	Stable
Moody's	2024/3	A2	P-1	-	-	Stable

Chairperson

Joanne Ling

President

Shan, Luo Ling

II | Bank Profile

A. Date of Incorporation

Date of Registration: July 1950

ID: 51811609

B. The Bank's Profile and History

The origin of the Chang Hwa Bank (the Bank) dates back to the colonial period under Japan's governance when Mr. Wu Ju-Hsiang founded the Kabushiki Kaisha Shoka Ginko in Chang Hwa on June 5, 1905, with initial capital of 220,000 Japanese yen raised from local businessmen and landlords.

Kabushiki Kaisha Shoka Ginko relocated its head office to Taichung in 1910 to better coordinate its expansion efforts of setting up branches and offices in all major and prosperous cities in Taiwan. In 2023, the Bank celebrated its 118th anniversary for its firmness.

On October 25, 1945, Taiwan was retroceded and on October 16, 1946, the Bank established the Chang Hwa Commercial Bank Preparatory Office with Mr. Lin Hsien-Tang as the Director and the government took over the shares from the Japanese shareholders. In February 1947, the founding shareholders' meeting was held and the Board of Directors elected Mr. Lin Hsien-Tang as the Chairman. On March 1 of the same year, Chang Hwa Commercial Bank was formally reorganized and established with capital of 15 million old Taiwan dollars and was issued a license to register as a company limited by shares by the Ministry of Economic Affairs in July 1950.

In December 1950, the Bank's capital was adjusted to NT\$2.4 million and in December 1997, the Taiwan Provincial Government made its shareholdings public for the Bank's common stock in order to implement the policy of privatizing the public sector. On January 1, 1998, it was formally restructured into private enterprise.

In response to the trend of cross-industry operation in the financial industry to enhance competitiveness, by the resolutions of the 2nd meeting of the 19th Board of Directors on January 12, 2001, and the 80th meeting of the 19th Board of Managing Directors on November 14, 2022, the Bank reinvested to establish "CHB Life Insurance Agency Co., Ltd." and "CHB Insurance Brokerage Co., Ltd." In order to meet the market demand for "consumer finance, complex products, and comprehensive wealth management" and to build a "one-stop-shopping" environment, the Bank provides customers with complete financial, insurance consulting and sales services; however, in order to reduce the business tax burden, comply with government policies and enhance consumer protection, the former companies were merged into the Bank on April 1, 2016, by way of a simple merger to establish an Insurance Agency Division, with the Bank assuming all rights and obligations, and at the same time operated the insurance agency business including life and non-life.

In 2005, the Bank issued 1.4 billion registered series B preferred stock in a private placement for domestic cash capital increase, which was awarded to Taishin Financial Holding Co., Ltd., with the record date for the cash subscription set for October 3, 2005. After the capital increase, the Bank's paid-in capital amounted to NT\$63,594,756,000. On October 3, 2008, the shares were fully converted to common stocks at the expiry of 3 years after the issue date in accordance with the Bank's Articles of Incorporation, and the public offering procedure for listing was completed on March 31, 2020.

In order to expand the Bank's financial services in China, the Bank was approved by the China Banking and Insurance Regulatory Commission to establish the subsidiary "Chang Hua Commercial Bank, Ltd." The subsidiary is headquartered in Nanjing City, Jiangsu Province, China, with the existing branch offices of Kunshan Branch, Kunshan Huaqiao Sub-Branch, Dongguan Branch, and Fuzhou Branch, Nanjing Branch was additionally set up. The Nanjing subsidiary was officially opened on December 11, 2018.

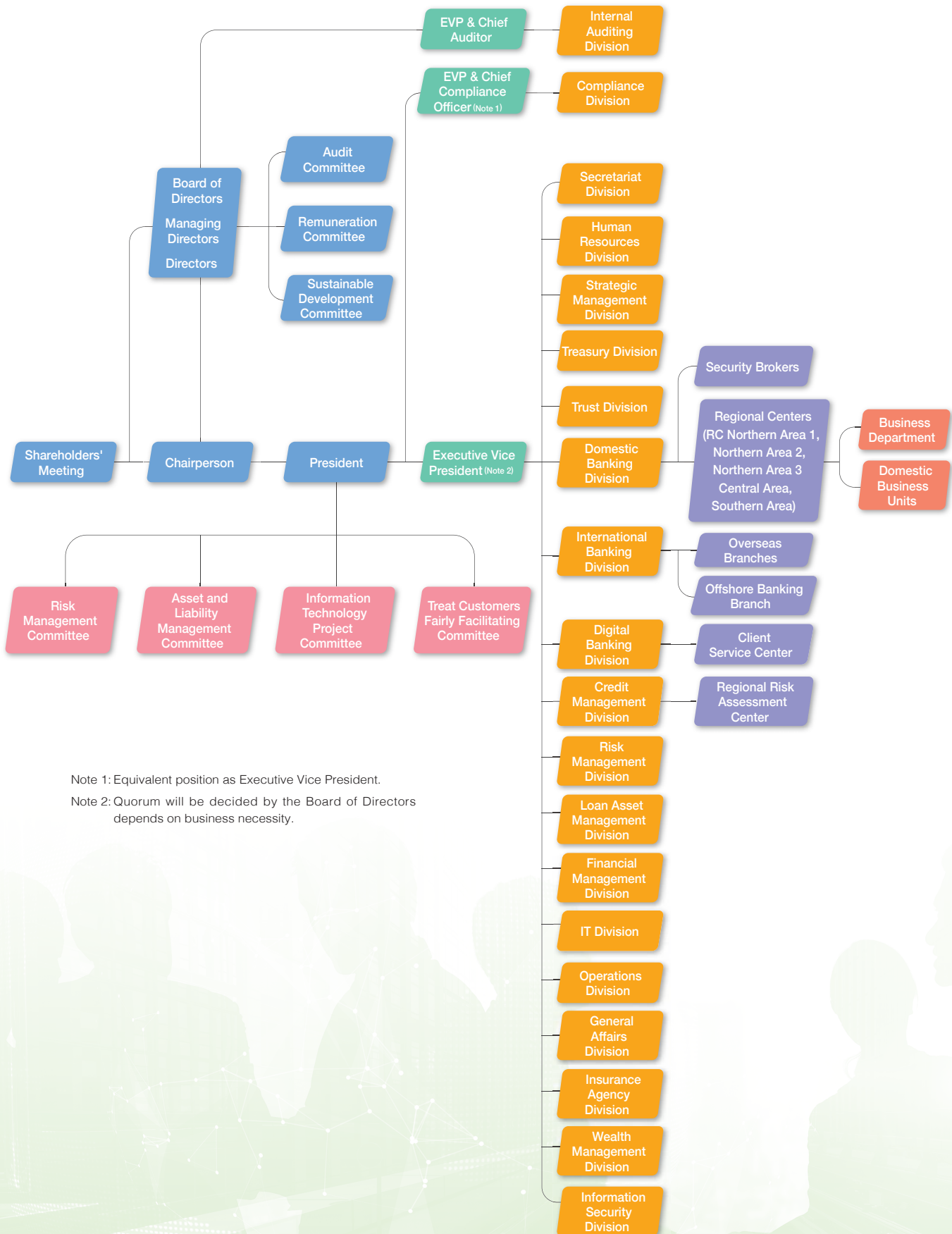
In order to actively assist domestic small and medium-sized enterprises to obtain the necessary funds for their development and to support the development of emerging industries and to expand the added value of the industry, the Bank reinvested in a wholly-owned subsidiary, CHB Venture Capital Co., Ltd. and it was officially opened on May 16, 2019, with paid-in capital of NT\$1,042,686,470 now. Its main business is to directly provide funds to the invested enterprise and provide enterprise operation, management, and consulting services.

As of the end of 2023, the Bank's authorized capital was NT\$120 billion and its paid-in capital was NT\$108,582,929,630. The Bank is one of the leading banks in Taiwan with strong capital and a solid foundation.

III | Corporate Governance Report

A. Organization

a. Organization Chart



Note 1: Equivalent position as Executive Vice President.

Note 2: Quorum will be decided by the Board of Directors depends on business necessity.

Management Team of CHB



A Chairperson | Jong-Yuan Ling

C Executive Vice President | Hsiu-Chuan Teng

E Executive Vice President | Chih-Chen Hsu

G Executive Vice President | Hui-Jen Wu

(assuming office on 2024/2/1)

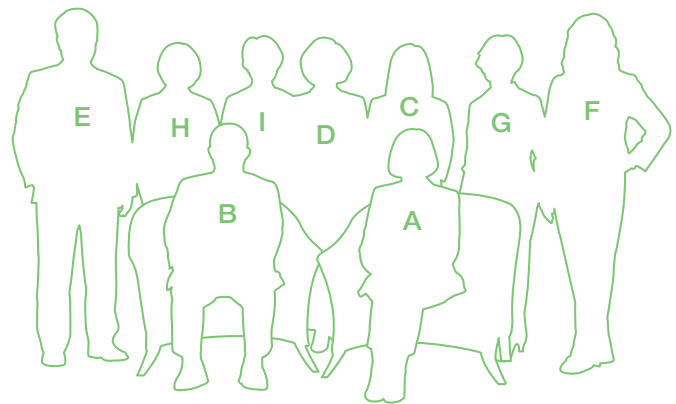
I EVP & Chief Auditor | Mei-Fang Wu

B President | Chao-Chung Chou

D Executive Vice President | Shwu-Fang Wang

F Executive Vice President | Yu-Yeh Lin

H EVP & Compliance Officer | Rueih-Hwa Cheng



b. Functions of key divisions

Division	Functions
Internal Auditing Division	Managing the internal control system of each business and its implementation, audit and evaluation, including the execution of the Bank's sustainable development policy goals. Also, following the findings of the audits, the Internal Auditing Division will provide improvement recommendations in a timely manner to serve as a basis for review and revision.
Compliance Division	Responsible for the management and execution of compliance system, anti-money laundering and counter financing of terrorism (AML/CFT) matters.
Secretariat Division	In charge of corporate governance development, legal affairs, paperwork, trademark management, related matters of Board of Directors, Audit Committee, and Sustainable Development Committee, public relations, and investor relations.
Human Resources Division	Responsible for human resources policies, human resources administration, employee training programs, performance appraisal standards, and compensation and benefits systems.
Strategic Management Division	Responsible for overseeing the comprehensive operational development strategy, which encompasses financial industry trends, product development, data analysis and applications.
Treasury Division	Managing capital deployment, financial instruments trading operations, client trading services, allocation, and management of long-term equity investments.
Trust Division	In charge of the management of trust business and its subsidiary business.
Domestic Banking Division	Responsible for the operation and management of domestic business units and securities brokers, syndicated loan business, and the evaluation of setting up business operation units and business development.
International Banking Division	In charge of the development strategies and business planning of overseas branches, the management of deposit/correspondent relationships, and the management and operation of foreign exchange backend control panel.
Digital Banking Division	Responsible for planning, research and development of digital finance, card business and online consumer loan, marketing, management and assessment, credit investigation and risk assessment of online consumer loan, client service center operation and management, and social media management.
Credit Management Division	Supervise, support and control the risk assessment and loan review of all credit cases and formulate credit-related regulations and matters.
Risk Management Division	Responsible for the formulation and revision of risk management policies, the planning and monitoring of risk management mechanisms, and the formulation and integration of risk management rules and regulations.
Loan Asset Management Division	Overseeing the planning, execution, and management of overdue loans, collections, and bad debt collection.
Financial Management Division	Administering issues including financial accounting, tax planning and management, MIS performance management and analysis, asset and liability planning and management, and account auditing.
IT Division	In charge of the research, analysis, planning and execution of information business, development, construction and maintenance of information systems.
Operations Division	Responsible for the management of NTD deposit and remittance business planning and management; centralized operations related to bills, remittances, collections, automated clearing house (ACH) on the counter, and off-bank ATM outsourcing.
General Affairs Division	Managing general affairs, cashier, procurement of goods, building maintenance, real estate revitalization management, leasing, security maintenance and occupational safety and health, etc.
Insurance Agency Division	Planning, promotion and execution of insurance agency business.
Wealth Management Division	Planning, promotion and execution of wealth management business.
Information Security Division	In charge of planning, monitoring, and execution of information security management; to establish information security protection mechanisms; and to compile information security notifications and evaluate and track subsequent improvements.
Regional Center	Supervise, assist, and support the operation and centralized operation of business units within the region.
Business Units	Handle business operations as defined by the Bank's business projects or the business stipulated in the Articles of Incorporation.

B. Information on Directors, Senior Managers and Consultants

a. Director information

1. Director information (1):

Title	Nationality or Place of Registration	Name	Gender Age	Elected Date	Term	Date of First Elected Representative of Institution / Institution	Shareholding when elected		Current Shares		Current shareholding of principal, spouse, and minor children	
							Shares	%	Shares	%	Shares	%
Chairperson	The Republic of China (R.O.C.)	Jong-Yuan Ling (Delegate of Ministry of Finance (MOF))	Female 61~70 years old	2023/6	3 years	2019/4 1947/2	1,291,658,617	12.19	1,323,950,082	12.19	0	0
Managing Director	The Republic of China (R.O.C.)	Chao-Chung Chou (Delegate of MOF)	Male 51~60 years old	2023/6	3 years	2021/3 1947/2	1,291,658,617	12.19	1,323,950,082	12.19	104,560	0
Managing Director (Independent Director)	The Republic of China (R.O.C.)	Yu-Hsueh Wu	Male 51~60 years old	2023/6	3 years	2023/6	79,981	0	81,980	0	81,980	0
Director	The Republic of China (R.O.C.)	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd.)	Female 51~60 years old	2023/6	3 years	2022/11 2020/6	794,554,300	7.50	814,418,157	7.50	0	0
Director	The Republic of China (R.O.C.)	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	Male 51~60 years old	2023/6	3 years	2018/6 2008/11 (Note)	574,468,579	5.42	588,830,293	5.42	0	0
Director	The Republic of China (R.O.C.)	Wen-Siung Lee	Male 61~70 years old	2023/6	3 years	2020/6	0	0	0	0	0	0

December 31, 2023

	Shareholding under other's name		Education and Experience	Other Current Positions within the company or other companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Chairperson and President or personnel of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.
	Shares	%			Title	Name	Relationship	
	0	0	<p>Master of Public Finance, National Chengchi University Chairperson, Land Bank of Taiwan Chairperson, The Export-Import Bank of the Republic of China Supervisor, BankTaiwan Insurance Brokers Co., Ltd. Director, Mega Financial Holding Co., Ltd. Director-General, National Treasury Administration, MOF Supervisor, Mega Financial Holding Co., Ltd. Director-General, National Taxation Bureau of Taipei, MOF Director-General, National Taxation Bureau of the Northern Area, MOF Director, Land Bank of Taiwan Chief Secretary, MOF Director, Taxation Administration, MOF Deputy-Director, Taxation Administration, MOF</p>	<p>President, The Bankers Association of Taipei Managing Supervisor, The Bankers Association of the Republic of China Supervisor, Taiwan Stock Exchange Corporation Director, Chung-Hua Institution for Economic Research Director, CDIB & Partners Investment Holding Corp.</p>	None	None	None	None
	0	0	<p>Master of Business Administration, Da-Yeh University Chairperson, First Financial AMC EVP, Risk Management Center of First Commercial Bank SVP & Division Head, Risk Management Division of First Financial Holding Co., Ltd. Spokesperson, First Commercial Bank EVP, General Administration Center of First Commercial Bank VP & GM, Phnom Penh Branch of First Commercial Bank VP & GM, Hsin-Wei Branch of First Commercial Bank VP & GM, Hsi-Chih Branch of First Commercial Bank</p>	<p>President, Chang Hwa Bank Director, Taiwan Urban Regeneration & Financial Services Co., Ltd. Director, Chang Hua Commercial Bank, Ltd. Director, Taiwan Asset Management Corporation Director, Taiwan SMECF</p>	None	None	None	None
	0	0	<p>Master of Management, National Taiwan University Master of Laws, National Defense University National Compensation Panel Member, National Immigration Agency, Ministry of the Interior Secretary-general/ Deputy Secretary-general, Taiwan Bar Association, R.O.C. Supervisor, Taipei Bar Association Delegate, National Assembly Commission Member, Central Election Commission Consultant, Public Service Pension Fund Management Board Committee Member, Law and Regulation Commission, Council of Labor Affairs, Executive Yuan Lecturer, Department of Law, Ming Chuan University Lecturer, Central Police University Senior Clerk, Central Trust of China</p>	<p>Attorney-at-Law, JIN-YI Law Firm Independent Director, China Metal Products Co., Ltd. Gender Equality Committee Member, Legislative Yuan Committee Member, Ill-gotten Party Assets Settlement Committee Director, Cooperative Association of Wanhua District, Taipei City Commission Member, Taipei City Election Commission Commission Member, Research Ethic Commission, Taiwan Blood Services Foundation</p>	None	None	None	None
	0	0	<p>Master of Economics, National Taiwan University Director, Taiwan Business Bank Chief Secretary, National Treasury Administration, MOF Director, National Treasury Administration, MOF</p>	<p>Deputy Director-General, National Treasury Administration, MOF</p>	None	None	None	None
	0	0	<p>Ph.D., Economics, National Taipei University Director, Research Division II, Taiwan Institute of Economic Research Deputy Director, Research Division II, Taiwan Institute of Economic Research Assistant Professor, Department of Economics, Ming Chuan University Associate Research Fellow, Taiwan Institute of Economic Research</p>	<p>President, Taiwan Institute of Economic Research Managing Independent Director, CPC Corporation, Taiwan Director, Taiwan Institute for Sustainable Energy Director, Taipei Exchange Director, Central Bank of the Republic of China (Taiwan) Independent Director, United Renewable Energy Co., Ltd. Director, Yang Ming Marine Transport Corp. Director, Asia Pacific Emerging Industry Venture Capital Co., Ltd. Member, Wholesale and Retail Committee, Taiwan Coalition of Service Industries Research Fellow, Taiwan Institute of Economic Research</p>	None	None	None	None
	0	0	<p>Ph.D., Business Administration, University of Houston Chairperson, Land Bank Insurance Brokerage Co., Ltd. Adjunct Associate Professor, Finance Department, National Central University Managing Director, Land Bank of Taiwan Associate Professor, Finance Department, Chien Hsin University of Science and Technology Director, Securities and Futures Bureau, FSC Director, Banking Bureau, FSC</p>	<p>Adjunct Associate Professor, Finance Department, Chien Hsin University of Science and Technology</p>	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	Elected Date	Term	Date of First Elected Representative of Institution / Institution	Shareholding when elected		Current Shares		Current shareholding of principal, spouse, and minor children	
							Shares	%	Shares	%	Shares	%
Director	The Republic of China (R.O.C.)	Kuo-Tung Huang (Delegate of MOF)	Male 51~60 years old	2023/6	3 years	2023/6 1947/2	1,291,658,617	12.19	1,323,950,082	12.19	3,407	0
Director (Independent Director)	The Republic of China (R.O.C.)	Shu-Hua Lee	Female 51~60 years old	2023/6	3 years	2023/6	0	0	0	0	0	0
Director (Independent Director)	The Republic of China (R.O.C.)	Chao-Kuei Huang	Female 51~60 years old	2023/6	3 years	2023/6	0	0	0	0	0	0

Note: The previous term of representative of the National Development Fund of Executive Yuan served as the supervisor of the Bank from November 2008 to December 2014.

2. Major shareholders of institutional shareholders:

April 23, 2024

Name of institutional shareholder	Major shareholders of institutional shareholder
Ministry of Finance	Government institution
Chungwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)
National Development Fund, Executive Yuan	Government owned (100%)

	Shareholding under other's name		Education and Experience	Other Current Positions within the company or other companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Chairperson and President or personnel of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.
	Shares	%			Title	Name	Relationship	
	0	0	Department of Business Administration, National Kaohsiung University of Science and Technology Manager, Operations Division, Chang Hwa Bank Electronic Finance Officer, Tainan Branch, Chang Hwa Bank Corporate and Consumer Banking Officer, Commercial Regional Center 5, Chang Hwa Bank	President, Chang Hwa Bank Corporate Union Director, Taiwan Confederation of Trade Unions Vice President, Taiwan Federation of Financial Unions	None	None	None	None
	0	0	Ph. D., Department and Graduate Institute of Accounting, National Taiwan University Associate Professor /Assistant Professor, Department of Accountancy, National Taipei University In-Charge, Deloitte Touche Tohmatsu Limited (T N SOONG & CO, 1993- 1995) R.O.C. CPA	Professor, Department of Accountancy, National Taipei University Committee Member, Taiwan Financial Reporting Standards Committee, Accounting Research and Development Foundation Committee Member, Financial Accounting Issues Task Force, Accounting Research and Development Foundation External Reviewer, Securities Listing Review Committee, Taiwan Stock Exchange Corporation	None	None	None	None
	0	0	Ph. D., Business Administration, National Cheng Kung University Reviewer, The Current Psychology, Electronic Commerce Research and Application SSCI Journal Editorial Board Member, Internet Research SSCI Journal Visiting Professor, Program of International Management, FHWS, Germany Master Program Chair, IMBA, National Kaohsiung University of Science and Technology Committee Member, Innovation Applied Service Research and Development Project Committee, Ministry of Economics P/T Professor, Global Business Program, FH Joanneum, Austria Professor /Associate Professor /Assistant Professor, Department of Information Management, National Kaohsiung First University of Science and Technology Deputy Dean of College of Management, National Kaohsiung First University of Science and Technology	Professor, Department of Information Management, National Kaohsiung University of Science and Technology Professional Committee Member of the Government Procurement Selection Committee, Public Construction Commission, Executive Yuan	None	None	None	None

3. Main shareholders of the institutional shareholders that are listed as main shareholders in the preceding table:

April 23, 2024

Name of institutional shareholder	Main shareholders of institutional shareholder
N.A.	N.A.

4. Director information (2):

(1) Disclosure of Professional Qualifications of Directors and Independence Status of Independent Directors:

Name	Criteria Professional Qualifications and Experience / Independence Status	Number of other public companies in which the individual is concurrently serving as an Independent Director
Jong-Yuan Ling (Chairperson)	Professional Qualifications and Experience	0
	<p>Ms. Jong-Yuan Ling has served in the Ministry of Finance (MOF) for more than 20 years, and as Director of the Taxation Administration, Chief Secretary of the MOF, Director-General of National Taxation Bureau of the Northern Area, Director-General of National Taxation Bureau of Taipei, and Director-General of the National Treasury Administration of the MOF. During this period, she also served as the Supervisor and Director of Mega Financial Holding Co., Ltd. and the Supervisor of BankTaiwan Insurance Brokers Co., Ltd. After leaving the Ministry of Finance, she served as the Chairperson of the Export-Import Bank of R.O.C. in 2015, the Chairperson of the Land Bank of Taiwan in 2016, and the Chairperson of the Bank since 2019, and currently serving as Supervisor of Taiwan Stock Exchange Corporation and Director of CDIB & Partners Investment Holding Corp.</p> <p>Ms. Jong-Yuan Ling has a rich work experience as required by the bank's business, the ability to carry out taxation, administration, leadership and corporate management, meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act, so as to improve the decision quality of our Bank's Board of Directors, corporate governance, and sustainable development. She also serves as Chairperson of Board of Directors and Board of Managing Directors, and convener of Sustainable Development Committee.</p> <p>【Industrial experience and professional competence】 Banking, Insurance, Securities, Venture Capital, Administration, Taxation, Risk Management, ESG and Sustainability.</p>	
	Independence Status	
	All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; the Chairman and President are not the same person; she, her spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.	
Chao-Chung Chou (Managing Director and President)	Professional Qualifications and Experience	0
	<p>Mr. Chao-Chung Chou has worked for the First Bank for more than 20 years, and successively served as VP & GM of Phnom Penh Branch of First Commercial Bank, SVP & Division Head, Risk Management Division of First Financial Holding Co., Ltd. and EVP, General Administration Center of First Commercial Bank. From 2017 to 2021, he served as the Chairman of First Financial AMC. He has rich experience in banking practice and risk management and is familiar with the international financial market. Since 2021, he has served as the Managing Director and President of the Bank.</p> <p>Mr. Chao-Chung Chou possess working experience required for banking business, serves as Managing Director and Resolutions of the Board of Directors to comprehensively manage the Bank's business. He serves as member of Sustainable Development Committee, Chairman of Asset and Liability Management Committee, Risk Management Committee and Information Technology Project Committee. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Administration, Asset Management, Business, Risk Management, ESG and Sustainability.</p>	
	Independence Status	
	All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; the Chairman and President are not the same person; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.	
Yu-Hsueh Wu (Managing Independent Director)	Professional Qualifications and Experience	1
	<p>Mr. Yu-Hsueh Wu holds a Master of Laws and a Master of Management. He is currently the Attorney-at-Law at Jin-Yi Law Firm, with over 27 years of experience in practice. His Master's thesis in Management is titled "Trends and Challenges of Promoting Sustainable Finance in Taiwan." He previously held a number of positions, including Senior Clerk at the Central Trust of China; Committee Member at the Law and Regulation Commission, Council of Labor Affairs, Executive Yuan; Consultant to the Public Service Pension Fund Management Board; and Delegate of the National Assembly. Furthermore, he previously served as a Lecturer at the Central Police University and the Department of Law, Ming Chuan University. At present, in addition to being an Independent Director of the Bank and a Member of the Gender Equality Committee, Legislative Yuan, he also serves as an Independent Director of China Metal Products Co., Ltd. He possesses expertise and practical experience in banking, law, labor rights and compensation management, and ESG and sustainability.</p> <p>Mr. Yu-Hsueh Wu has been serving as a member of the Bank's Remuneration Committee since 2020 and a Managing Director and Independent Director of the Bank since 2023. He is also the convener of the Bank's Audit Committee and Remuneration Committee, as well as a member of the Bank's Sustainability Committee. In other words, he possesses the working experience required for the banking business. Therefore, he meets the professional qualifications stipulated in the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Law, Labor Rights and Compensation Management, ESG and Sustainability.</p>	
	Independence Status	
	He, his spouse, or a relative within the second degree of kinship does not hold a position as Director, Supervisor or employee of the Bank or its affiliated enterprises; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders; there are no matters specified in Article 3, Paragraph 1, Subparagraphs 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", thus meeting the requirements for independence.	

Name	Criteria Professional Qualifications and Experience / Independence Status	Number of other public companies in which the individual is concurrently serving as an Independent Director
Shiu-Yen Lin (Director)	Professional Qualifications and Experience	0
	<p>Ms. Shiu-Yen Lin served as the Director and Chief Secretary of National Treasury Administration, MOF, and has been serving as the Deputy Director-General of National Treasury Administration since 2018 until present. She also served as Director of Taiwan Business Bank from 2014 to 2022. She is experienced with administrative management roles at state-owned enterprise and state-owned banks, and serves as the Director of the Bank since 2022. She specializes in finance, economics, budgeting and treasury management, and her expertise is in finance, thus having the required work experience for duties at a bank. She meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Administration, Economics.</p>	
	Independence Status	
	<p>All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; she, her spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.</p>	
Chien-Yi Chang (Director)	Professional Qualifications and Experience	2
	<p>Mr. Chien-Yi Chang is a Ph.D. in economics. After entering the Taiwan Institute of Economic Research, he has served as Research Fellow, Associate Research Fellow and Director of Research Division II, Taiwan Institute of Economic Research. He has been served as the President of the Taiwan Institute of Economic Research since 2019, and Director of Central Bank of the Republic of China (Taiwan) since 2020. He has been served as a Director of the Bank since 2018, and currently serving as Managing Independent Director of CPC Corporation, Taiwan, Director of Yang Ming Marine Transport Corp., Director of Asia Pacific Emerging Industry Venture Capital Co., Ltd. and Independent Director, United Renewable Energy Co., Ltd. He specializes in emerging market venture capital, monetary policy, macroeconomics and microeconomic research, manufacturing and service industry issues, industrial development and policy planning, with industrial experiences of energy technology and venture capital. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Technology, Venture Capital, Economics, Monetary Policy.</p>	
	Independence Status	
	<p>All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.</p>	
Wen-Siung Lee (Director)	Professional Qualifications and Experience	0
	<p>Mr. Wen-Siung Lee has a Ph.D. in business administration. He has served as Director of Banking Bureau and Director of Securities and Futures Bureau of FSC, Chairman of Land Bank Insurance Brokerage Co., Ltd. Mr. Wen-Siung Lee has been served as a Director of the Bank since 2020 and is also an adjunct associate professor of Finance Department of Chien Hsin University of Science and Technology with his supervision and management experiences of banking, insurance and securities, and expertise in administration and business. Mr. Wen-Siung Lee meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Insurance, Securities, Administration, Business.</p>	
	Independence Status	
	<p>All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.</p>	
Kuo-Tung Huang (Director)	Professional Qualifications and Experience	0
	<p>Mr. Kuo-Tung Huang is not only the President of the Bank's Corporate Union, but also a Director of the Taiwan Confederation of Trade Unions and the Vice President of the Taiwan Federation of Financial Unions. He has been participating in labor union activities and serving in labor unions for more than 20 years.</p> <p>Since joining the Bank in 1994, Mr. Kuo-Tung Huang has held a number of positions at the Bank, including Corporate and Consumer Banking Officer at Commercial Regional Center 5, Electronic Finance Officer at the Tainan Branch, and Manager of the Operations Division. With 30 years of experience in banking, he is familiar with the mode of operation in the banking sector, and he possesses experience and expertise in both banking and marketing. Therefore, he meets the professional qualifications stipulated in the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Banking, Marketing, Labor Rights and Compensation Management.</p>	
	Independence Status	
	<p>All matters are compliant with Article 26-3, Paragraph 3, of the Securities and Exchange Act; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders, thus meeting the requirements for independence.</p>	

Name	Criteria	Professional Qualifications and Experience / Independence Status	Number of other public companies in which the individual is concurrently serving as an Independent Director
Shu-Hua Lee (Independent Director)	Professional Qualifications and Experience	<p>Ms. Shu-Hua Lee holds a Ph.D. in Accounting and is a certified public accountant in the Republic of China. She previously served as the Auditor-in-Charge at T.N. Soong & Co. (currently Deloitte & Touche Tohmatsu Limited) and a member of the International Financial Reporting Standards Sustainability Disclosure Standards S1 and S2 Translation Review Task Force at the Accounting Research and Development Foundation of the Republic of China (ARDF). At present, she is a Professor in the Department of Accountancy at National Taipei University, a Committee Member of the Taiwan Financial Reporting Standards Committee and the Financial Accounting Issues Task Force at the ARDF, and an External Reviewer of the Securities Listing Review Committee at Taiwan Stock Exchange Corporation.</p> <p>Ms. Shu-Hua Lee has been serving as an Independent Director, a member of the Audit Committee, a member of the Remuneration Committee, and a member of the Sustainability Committee at the Bank since 2023. She is a member of the Audit Committee with accounting expertise and possesses the work experience required in the banking sector. Therefore, she meets the professional qualifications stipulated in the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Accounting, Finance, ESG and Sustainability..</p>	0
	Independence Status	<p>She, her spouse, or a relative within the second degree does not hold a position as Director, Supervisor or employee of the Bank or its affiliated enterprises; she, her spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders; there are no matters specified in Article 3, Paragraph 1, Subparagraphs 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", thus meeting the requirements for independence.</p>	
Chao-Kuei Huang (Independent Director)	Professional Qualifications and Experience	<p>Ms. Chao-Kuei Huang holds a Ph.D. in Business Administration, and is currently a Professor in the Department of Information Management at National Kaohsiung University of Science and Technology. She previously served as a part-time Professor in the Global Business Program at FH Joanneum University of Applied Sciences in Austria, a visiting Professor in the Program of International Management at the University of Applied Sciences Würzburg-Schweinfurt (FHWS) in Germany, an Editorial Board Member of international SSCI journal "Internet Research," a Reviewer of international SSCI journal "The Current Psychology, Electronic Commerce Research and Application," a Committee Member of the Ministry of Economics' "Innovation Applied Service Research and Development Project Committee", and a co-project investigator in the National Science and Technology Council's research project titled "Dapp Implementation of Carbon Coin Issuance Anchored on Extra Carbon Capture and Its Business Model Design." She possesses experience and expertise in marketing, technology, business, as well as ESG and Sustainability.</p> <p>Ms. Chao-Kuei Huang has been serving as an Independent Director, a member of the Audit Committee, a member of the Remuneration Committee, and a member of the Sustainability Committee at the Bank since 2023. She possesses the work experience required in the banking sector. Therefore, she meets the professional qualifications stipulated in the Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p> <p>【Industrial experience and professional competence】 Marketing, Technology, Business, Information Management, e-Commerce and Online Marketing, ESG and Sustainability.</p>	0
	Independence Status	<p>She, her spouse, or a relative within the second degree does not hold a position as Director, supervisor or employee of the Bank or its affiliated enterprises; she, her spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders; there are no matters specified in Article 3, Paragraph 1, Subparagraphs 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", thus meeting the requirements for independence.</p>	

(2) The Board of Directors' Diversity and Independence

① Board of Directors' diversification policy and its implementation

- I Diversification Policy: The election of Directors of the Bank adopts a diversified composition policy, including the following two general standards, namely, basic requirements and values (including gender, age, nationality, race, and culture, etc.. Among them, the number of directors of different genders may not be less than one, and the proportion of female directors should reach one-third of the directors), professional knowledge and skills (including professional background, skills, and industry experience, etc.), which are stipulated according to Article 29, Paragraph 2 of the Corporate Governance Best Practice Principles of the Bank.
- II The Bank's Board of Directors is composed of nine Directors, including three Independent Directors (33.3%). Apart from Mr. Chao-Chung Chou, who holds the positions of Director and President of the Bank, and Mr. Kuo-Tung Huang, who is an employee of the Bank (22.2%), no other directors concurrently hold managerial positions or serve as an employee at the Bank. The Directors have professional backgrounds in accounting, finance, banking, insurance, law, marketing, technology, securities, venture capital, administration, taxation, asset management, economics, business, information management, e-commerce and online marketing, monetary policy, labor rights and compensation management, ESG and sustainability, etc., and based on their background and

experience, they are equipped with the competencies - operating judgment, accounting and financial analysis, business management, risk management, crisis management, knowledge of the industry, international market perspective, leadership and decision-making - as stipulated in Article 29 of the Bank's Corporate Governance Best Practice Principles. Among them, 3 Directors have the qualifications of persons in charge of commercial banks, and the export-import bank, 1 is a Director of the Central Bank, 1 has served in the FSC, and one Director is the current President of the Bank's Corporate Union. Of the three Independent Directors, one holds the qualifications of a practicing lawyer; one holds the qualifications of an accountant; and one is an expert in the field of information management, demonstrating a complementary result. The member, gender and expertise composition of the Board are in compliance with the Bank's goal of board diversity. The 27th Board of Directors has 4 female directors (44.4% of all directors), moving toward the goal of having more than 1/3 of the Board per gender. There are 3 new professional independent directors, and 1 natural directors. All Directors are nationals of the Republic of China, aged between 51-60 (seven persons), and 61-70 (two persons). All Directors are equipped with the required knowledge, skills and competencies for their duties, and are compliant with the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks".

Name	Criteria	Basic Composition							
		Nationality	Gender	Age				Tenure of Independent Director	
				51-60 years old	61-70 years old	71-80 years old	81-90 years old	Less than 3 years	6 years - 9 years
Jong-Yuan Ling	R.O.C.	Female		✓					
Chao-Chung Chou	R.O.C.	Male	✓						
Yu-Hseuh Wu	R.O.C.	Male	✓					✓	
Shiu-Yen Lin	R.O.C.	Female	✓						
Chien-Yi Chang	R.O.C.	Male	✓						
Wen-Siung Lee	R.O.C.	Male		✓					
Kuo-Tung Huang	R.O.C.	Male	✓						
Shu-Hua Lee	R.O.C.	Female	✓					✓	
Chao-Kuei Huang	R.O.C.	Female	✓					✓	

III The implementation status of the Bank's diversity policy and specific management goals:

Specific management goals: the number of directors of different genders may not be less than one, and the proportion of female directors should reach one-third of the directors; having diverse professional background.

Current implementation status: The Directors' background encompasses an array of fields, including accounting, finance, banking, insurance, law, marketing, technology, securities, venture capital, administration, taxation, asset management, economics, business, information management, e-commerce and online marketing, monetary policy, risk management, labor rights and remuneration management, ESG and sustainability, etc., which is in line with the Bank's operational development. At present, the Bank has four female Directors, thus realizing the Bank's goal of Board diversity.

② Independence Status of the Board of Directors:

I Structure of the Board of Directors:

The Board of Directors consists of 9 Directors with 3 Independent Directors; the proportion of Independent Directors is 33.3%.

II Independence of the Board of Directors:

In accordance with the provisions on Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the

Responsible Persons of Banks, the Bank confirms the independence of each Director according to the information provided and disclosed by each Director or public information.

After checking the above regulations and information:

- i None of the members of the Board of Directors of the Bank is related to each other as a spouse or relative within the second degree of kinship. There is no circumstance specified in Paragraph 3 of Article 26-3 of the Securities and Exchange Act.
- ii Apart from Mr. Chao-Chung Chou, serving as Managing Director and President, Mr. Yu-Hsueh Wu, serving as Managing Independent Director, and Mr. Kuo-Tung Huang, serving as Director, other Directors do not hold shares of the Bank, while Mr. Chao-Chung Chou, serving as Managing Director and President, Mr. Yu-Hsueh Wu, serving as Managing Independent Director and, Mr. Kuo-Tung Huang serving as Director, each holds less than 1% of the total issued shares of the Bank.
- iii Apart from Mr. Yu-Hsueh Wu, serving as the Managing Independent Director of the Bank and Independent Director of China Metal Products Co., Ltd., and Mr. Chien-Yi Chang, serving as the Director of the Bank, Director of Yang Ming Marine Transport Corp., Independent Director of United Renewable Energy Co., Ltd. and Managing Independent Director of CPC Corporation, Taiwan, none of the Directors are concurrently Directors or Independent Directors of other public companies.
- iv In 2023, the Bank reviewed the eligibility of the newly appointed independent directors in the 27th Board of Directors (i.e., Mr. Yu-Hsueh Wu, Ms. Shu-Hua Lee, and Ms. Chao-Kuei Huang) according to the rules and regulations set forth by Taiwan Stock Exchange Corporation, while both the Bank and the new independent directors issued the Statement of Independent Directors (during the term of office). The results of review on the eligibility of Independent Directors during the term of office were submitted to the 3rd meeting of the 27th Board of Directors on August 17, 2023 for deliberation and examination.

In summary, all Directors of the Bank have the independence required to exercise their duties.

b. Information on President, EVPs, SVPs, VPs, and Heads of Divisions and Business Units

As of December 31, 2023

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Head Office	President	Chao-Chung Chou	M	R.O.C	2021/03/23	104,560	0	0	0	0	0	MBA, Da-Yeh University	1. Director, Chang Hua Commercial Bank, Ltd. 2. Director, Taiwan Urban Regeneration & Financial Services Co., Ltd. 3. Director, Taiwan Asset Management Corporation 4. Director, Taiwan SMECF	None	None	None	None
Head Office	Executive Vice President	Hsiu-Chuan Teng	F	R.O.C	2021/01/18	746	0	0	0	0	0	EMBA, National Chengchi University	1. Supervisor, Chang Hwa Bank Venture Capital Co., Ltd. 2. Director, Trust Association of R.O.C. 3. Supervisor, Financial eSolution Co., Ltd.	None	None	None	None
Head Office	Executive Vice President	Shwu-Fang Wang	F	R.O.C	2022/01/01	194,255	0	0	0	0	0	Department of Business Administration, Soochow University	Director of Lan An Service Corp.	None	None	None	None
Head Office	Executive Vice President	Chih-Chen Hsu	M	R.O.C	2023/04/26	0	0	0	0	0	0	Department of Economics, National Taiwan University	1. Director, Chang Hua Commercial Bank, Ltd. 2. Director, Chang Hwa Bank Venture Capital Co., Ltd. 3. Director, Taipei Forex Inc. 4. Supervisor, Taiwan Financial Asset Service Corp.	None	None	None	None
Head Office	Executive Vice President	Yu-Yeh Lin	F	R.O.C	2023/11/01	270	0	0	0	0	0	Department of Economics, National Chengchi University	Director, Taiwan Mobile Payment Co., Ltd.	None	None	None	None
Head Office	EVP & Chief Auditor	Mei-Fang Wu	F	R.O.C	2021/01/18	0	0	0	0	0	0	Department of Law, Fu Jen Catholic University	None	None	None	None	None
Legal Affairs and Compliance Division	EVP & Chief Compliance Officer	Rueih-Hwa Cheng	F	R.O.C	2023/11/16	234,700	0	0	0	0	0	Master of Computer Science, PACE University	Director, Chang Hua Commercial Bank, Ltd.	None	None	None	None
Internal Auditing Division	SVP & Division Head	Shu-Ming Lin	F	R.O.C	2022/04/01	727	0	897	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
Secretariat Division	SVP & Division Head	Mei-Ching Chang	F	R.O.C	2023/11/01	88,020	0	0	0	0	0	Master Program of Business Administration in Practicing, Chinese Culture University	None	None	None	None	None
Human Resources Division	SVP & Division Head	Yu-Hsueh Liu	F	R.O.C	2018/03/01	29,062	0	0	0	0	0	MBA, National Sun Yat-sen University	None	None	None	None	None
Strategic Management Division (Note 2)	SVP & Division Head	Cheng-Chi Chuang	M	R.O.C	2022/03/01	776	0	0	0	0	0	Institute of Economics, Feng Chia University	None	None	None	None	None
Treasury Division	SVP & Division Head	Yu-Li Teng	F	R.O.C	2023/05/15	7,316	0	0	0	0	0	Department of Business Administration, National Taiwan University	None	None	None	None	None
Trust Division	SVP & Division Head	Ruei-Jan Chen	F	R.O.C	2022/09/01	82,777	0	0	0	0	0	Master of Science in Finance, Fu Jen Catholic University	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Domestic Banking Division	SVP & Division Head	Yu-Chin Fan	F	R.O.C	2021/01/18	15,581	0	0	0	0	0	Institute of Management, National Taiwan University of Science and Technology	None	None	None	None	None
International Banking Division	SVP & Division Head	Jung-Chien Hu	M	R.O.C	2023/11/16	2,013	0	0	0	0	0	EMBA, National Chengchi University	None	None	None	None	None
Digital Banking Division	SVP & Division Head	Hsiu-Hsia Tsai	F	R.O.C	2018/10/01	15,566	0	2,074	0	0	0	Master of Banking and Finance, Tamkang University	None	VP & GM	Yi-Ming Wang	Spouse	None
Credit Management Division	SVP & Division Head	Chi-Min Chung	M	R.O.C	2023/11/01	5,766	0	0	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Risk Management Division	SVP & Division Head	Hsin Nieh	F	R.O.C	2023/11/16	18,791	0	0	0	0	0	Institute of Accountancy, National Taipei University	None	None	None	None	None
Loan Asset Management Division	SVP & Division Head	Hsueh-Wen Wang	M	R.O.C	2022/03/01	155,297	0	0	0	0	0	Master of Financial and Economic Law, Chung Yuan Christian University	None	None	None	None	None
Financial Management Division	SVP & Division Head	Fu-Jinn Chiou	M	R.O.C	2020/03/01	495	0	0	0	0	0	Department of Business Administration, Chinese Culture University	Director, Chang Hwa Bank Venture Capital Co., Ltd.	None	None	None	None
IT Division	SVP & Division Head	Chang-Ho Wang	M	R.O.C	2023/12/01	41,602	0	0	0	0	0	Department of Business Administration, Soochow University	None	None	None	None	None
Operations Division	SVP & Division Head	Hui-Ling Lee	F	R.O.C	2023/01/01	3,136	0	471	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
General Affairs Division	SVP & Division Head	Shu-Hsuan Lin	F	R.O.C	2022/05/23	1,397	0	0	0	0	0	Department of Economics, National Chung Hsing University	None	None	None	None	None
Insurance Agency Division	SVP & Division Head	Hui-Jen Wu (Note 3)	F	R.O.C	2019/09/09	62,867	0	0	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Wealth Management Division	SVP & Division Head	Hui-Yu Chen	F	R.O.C	2016/04/01	0	0	0	0	0	0	MBA, Tulane University	None	None	None	None	None
Information Security Division	SVP & Division Head	Yao-Ju Lu	F	R.O.C	2022/01/01	8,331	0	0	0	0	0	Graduate Institute of Computer Science, National Chengchi University	None	None	None	None	None
Regional Center Northern Area 1	SVP & Center Head	Chi-Hsiang Chen	M	R.O.C	2023/04/01	1,148	0	21,103	0	0	0	Master of Management and Sciences, Aletheica University	None	None	None	None	None
Regional Center Northern Area 2	SVP & Center Head	Su-Hwa Tsai	F	R.O.C	2023/11/01	54,207	0	0	0	0	0	Department of Cooperative Economics, Feng Chia University	None	None	None	None	None
Regional Center Central Area	SVP & Center Head	Pei-Chung Yang	M	R.O.C	2023/02/01	50,482	0	0	0	0	0	EMBA (Senior Business Administration), Feng Chia University	None	None	None	None	None
Regional Center Southern Area	SVP & Center Head	Mei-Hui Wu	F	R.O.C	2022/03/01	11,942	0	0	0	0	0	EMBA, National Chiayi University	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Offshore Banking Branch	VP & GM	Li-Min Cheng	F	R.O.C	2021/04/15	3,943	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Business Department	VP & GM	Li-Fen Tzeng	F	R.O.C	2020/05/01	27,979	0	0	0	0	0	Department of Public Finance, National Chung Hsing University	None	None	None	None	None
Central Branch	VP & GM	Fang-Yuan Wu	F	R.O.C	2018/03/01	47,417	0	0	0	0	0	Department of Cooperative Economics, Tamkang University	None	None	None	None	None
Taipei Securities Broker	VP & GM	Jui-Mei Ho	F	R.O.C	2021/07/01	834	0	0	0	0	0	Master of Business Administration, Soochow University	None	None	None	None	None
Taichung Securities Broker	VP & GM	Shuo-Hung Huang	M	R.O.C	2016/05/01	46,982	0	0	0	0	0	Department of Food and Nutrition, Chinese Culture University	None	None	None	None	None
Chi-Hsien Securities Broker	VP & GM	Chuen-Lan Fu	F	R.O.C	2020/08/01	0	0	0	0	0	0	Master of Finance, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Taichung Branch	VP & GM	Rong-Hong Way	M	R.O.C	2019/03/11	20,440	0	0	0	0	0	Institute of Business and Management, Asia University	None	None	None	None	None
Pei-Taichung Branch	VP & GM	Tung-Sheng Huang	M	R.O.C	2022/12/01	4,144	0	0	0	0	0	Master of Finance, National Chung Cheng University	None	None	None	None	None
Nan-Taichung Branch	VP & GM	You-Chen Lee	M	R.O.C	2019/03/11	22,815	0	0	0	0	0	IMBA, National Changhua University of Education	None	None	None	None	None
Peitun Branch	VP & GM	Yuan-Fen Chen	F	R.O.C	2023/02/01	14,671	0	0	0	0	0	Master of Finance, Chaoyang University of Technology	None	None	None	None	None
Chung-Kang Branch	VP & GM	Chiung-Hsiao Hung	F	R.O.C	2020/03/01	77,609	0	0	0	0	0	Department of International Trade, National Taichung College of Business	None	None	None	None	None
Shuinan Branch	VP & GM	Mei-Ling Chiu	F	R.O.C	2020/03/01	13,131	0	0	0	0	0	EMBA, Feng Chia University	None	None	None	None	None
Nantun Branch	VP & GM	Jiunn-Hong Lin	M	R.O.C	2020/03/01	39,485	0	0	0	0	0	Department of Banking and Insurance, National Taichung College of Business	None	None	None	None	None
Hsitun Branch	VP & GM	Su-Min Hsin	F	R.O.C	2018/07/09	13,367	0	25,678	0	0	0	EMBA, Tunghai University	None	None	None	None	None
Keelung Branch	VP & GM	Chun-Yuan Chen	M	R.O.C	2023/01/01	837	0	0	0	0	0	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Jenai Branch	VP & GM	Yung-Hua Rao	M	R.O.C	2023/12/01	0	0	0	0	0	0	Master of Science in Finance, Fu Jen Catholic University	None	None	None	None	None
Tung-Keelung Branch	VP & GM	Shinn-Guang Duh	M	R.O.C	2019/09/09	8,549	0	0	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
Ilan Branch	VP & GM	Kao-Jung Hsu	M	R.O.C	2021/02/04	11,222	0	1,071	0	0	0	Master of Institute of Law, Chinese Culture University	None	None	None	None	None
Lotung Branch	VP & GM	Hsi-Peng Hsu	M	R.O.C	2022/03/01	19	0	5,215	0	0	0	Master of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Suao Branch	VP & GM	Yu-Chen Lee	F	R.O.C	2023/08/01	0	0	0	0	0	0	Institute of Finance, National Central University	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Taipei Branch	VP & GM	Yi-Huei Chiu	F	R.O.C	2023/04/01	16,972	0	0	0	0	0	Department of International Business Administration, Finance Management Section / Master of Business Administration, Chinese Culture University	None	None	None	None	None
Chengnei Branch	VP & GM	Chih-Hong Chiang	M	R.O.C	2022/03/01	0	0	0	0	0	0	Department of Finance, National Taipei College of Business	None	None	None	None	None
Tunhua Branch	VP & GM	Cheng-Tong Chien	M	R.O.C	2022/09/01	813	0	0	0	0	0	Department of Accounting, Tamkang University	None	None	None	None	None
Wanhua Branch	VP & GM	Yi-Chieh Hou	M	R.O.C	2022/03/01	22,509	0	5,305	0	0	0	Master of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Shuangyuan Branch	VP & GM	Tsung-Ming Lai	M	R.O.C	2022/03/01	0	0	0	0	0	0	Department of Banking Management, Tamsui Institute of Business Administration	None	None	None	None	None
Hsimen Branch	VP & GM	Hui-Lan Yang	F	R.O.C	2021/05/21	28	0	0	0	0	0	Department of English, Tamkang University	None	None	None	None	None
Peimen Branch	VP & GM	Jiun-Uei Lin	M	R.O.C	2023/01/01	55,369	0	1,178	0	0	0	Master of Risk Management and Insurance Department, EMBA, Tamkang University	None	None	None	None	None
Yunglo Branch	VP & GM	Shih-Maw Wang	M	R.O.C	2020/09/01	12,947	0	0	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Chiencheng Branch	VP & GM	Jui-Hui Hsu	F	R.O.C	2021/03/08	13,903	0	8,206	0	0	0	Department of Public Finance, China University of Technology	None	None	None	None	None
Tatung Branch	VP & GM	Ai-Fen Hu	F	R.O.C	2022/09/05	12,352	0	0	0	0	0	EMBA, Tamkang University	None	None	None	None	None
Min-Sheng Branch	VP & GM	Wei-Shuo Luo	M	R.O.C	2023/04/01	23,209	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None
Chungshan North Rd. Branch	VP & GM	Hsueh-Ni Hsieh	F	R.O.C	2023/11/01	44,268	0	0	0	0	0	LLM, National ChengChi University	Director, Chang Hua Commercial Bank, Ltd.	None	None	None	None
Ching-Kuang Branch	VP & GM	Nai-Chia Chang	F	R.O.C	2023/03/26	0	0	0	0	0	0	Master of Laws Program for Executives, National Chengchi University	None	None	None	None	None
Chien-Kuo Branch	VP & GM	Shu-Lin Liu	F	R.O.C	2022/03/01	47,748	0	0	0	0	0	EMBA, National Changhua University of Education	None	None	None	None	None
Chilin Branch	VP & GM	Kui-Fang Tsai	M	R.O.C	2020/08/01	10,295	0	13,983	0	0	0	Department of Business Administration, Chung Yuan Christian University	None	None	None	None	None
Chang-An E. Rd. Branch	VP & GM	Jenq-Jong Chen	M	R.O.C	2023/08/17	3,481	0	86,384	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Tungmen Branch	VP & GM	Chin-Li Lin	F	R.O.C	2021/03/08	303	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Chung-Cheng Branch	VP & GM	Jinn-Sheng Wu	M	R.O.C	2023/09/01	611	0	30	0	0	0	EMBA, National Taipei University	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Others Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remarks (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Kuting Branch	VP & GM	Ching-Hsing Chao	M	R.O.C	2022/09/01	4,419	0	0	0	0	0	Finance and Taxation, Tamsui Institute of Business Administration	None	None	None	None	None
Chung-Hsiao Tung Lu Branch	VP & GM	Hsi-Lung Wu	M	R.O.C	2023/12/01	480	0	0	0	0	0	EMBA, National Ilan University	None	None	None	None	None
Yung-Chun Branch	VP & GM	Jung Chen	F	R.O.C	2023/09/01	872	0	0	0	0	0	Department of Economics, Feng Chia University	None	None	None	None	None
Wufenpu Branch	VP & GM	Ya-Cheng Chang	F	R.O.C	2021/02/04	0	0	0	0	0	0	EMBA Department of Risk Management and Insurance, Ming Chuan University	None	None	None	None	None
Taan Branch	VP & GM	Hsiu-O Hsieh	F	R.O.C	2023/12/01	602	0	12,109	0	0	0	Department of Economics, National Chung Hsing University	None	None	None	None	None
Hsin-Yi Branch	VP & GM	Chiu-Min Shen	F	R.O.C	2022/05/23	2,119	0	0	0	0	0	Master of Business Administration, Providence University	None	None	None	None	None
Jen-Ho Branch	VP & GM	Yi-Cheng Chu	M	R.O.C	2022/09/05	0	0	0	0	0	0	MS in Finance, University of Maryland, College Park	None	None	None	None	None
Taipei World Trade Center Branch	VP & GM	Chiu-Ling Chen	F	R.O.C	2022/12/01	0	0	0	0	0	0	MBA of Banking and Finance, Tamkang University	None	None	None	None	None
Guanglong Branch	VP & GM	Shu-Chen Yang	F	R.O.C	2023/09/01	1,509	0	0	0	0	0	EMBA, Tamkang University	None	None	None	None	None
Chengtung Branch	VP & GM	Ming-Hua Huang	M	R.O.C	2022/03/01	63	0	25,349	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	VP & GM	Lin-Li Ku	Spouse	None
Chunglun Branch	VP & GM	Chih-Feng Teng	M	R.O.C	2023/04/01	7,563	0	0	0	0	0	Department of International Business, Feng Chia University	None	None	None	None	None
Fu-Hsing Branch	VP & GM	Chih-Hao Lo	M	R.O.C	2022/12/01	1,032	0	0	0	0	0	EMBA, Feng Chia University	None	VP & GM	Yu-Fang Chang	Spouse	None
Sung-Chiang Branch	VP & GM	Ting-Feng Cho	F	R.O.C	2020/02/01	24,908	0	0	0	0	0	Department of International Trade, Chihlee Institute of Technology	None	None	None	None	None
Chengde Branch	VP & GM	Chih-Huang Huang	M	R.O.C	2021/04/01	71,955	0	32,384	0	0	0	Graduate Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Shihlin Branch	VP & GM	Chin-Shiang Ding	F	R.O.C	2023/12/01	0	0	0	0	0	0	Department of Statistics, Tamkang University	None	None	None	None	None
Beitou Branch	VP & GM	Ya-Hui Chen	F	R.O.C	2023/05/16	15,070	0	0	0	0	0	EMBA, Tunghai University	None	None	None	None	None
Tienmu Branch	VP & GM	Chia-Chen Shen	F	R.O.C	2022/09/01	12,686	0	0	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Sungshan Branch	VP & GM	Su-Man Hsueh	F	R.O.C	2021/03/08	15,213	0	0	0	0	0	Master of Industrial Engineering and Management, St.John's University	None	None	None	None	None
Hsi-Sung Branch	VP & GM	Kuo-Hsien Chien	M	R.O.C	2022/04/01	3,177	0	6,006	0	0	0	Department of Law, National Chengchi University	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Others' Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Tung-Taipei Branch	VP & GM	Chien-Mei Yu	F	R.O.C	2021/05/12	18,132	0	0	0	0	0	EMBA in International Business, Tamkang University	None	None	None	None	None
Dongxing Branch	VP & GM	Yu-Cheng Chang	F	R.O.C	2021/05/01	586	0	0	0	0	0	Department of Economics, Soochow University	None	None	None	None	None
Hsi-NeiHu Branch	VP & GM	Mei-Fen Shieh	F	R.O.C	2020/08/01	1,005	0	8,231	0	0	0	IEMBA, National Taipei University	None	None	None	None	None
Tachih Branch	VP & GM	Wen-Chieh Chang	M	R.O.C	2023/11/01	403	0	0	0	0	0	EMBA, Tamkang University	None	None	None	None	None
Nei-Hu Branch	VP & GM	Shu-Fen Liu	F	R.O.C	2019/09/09	13,983	0	0	0	0	0	Department of Business Administration, College of Management, National Taipei University of Business	None	None	None	None	None
Tung-Hu Branch	VP & GM	Yao-Sheng Hsieh	M	R.O.C	2023/12/01	0	0	0	0	0	0	Department of Print And Photography, Shih Hsin University	None	None	None	None	None
Sinhu Branch	VP & GM	Mu-Kun Lin	M	R.O.C	2023/09/01	1,000	0	4,543	0	0	0	EMBA, Chang Gung University	None	None	None	None	None
Nankang Branch	VP & GM	Ying-Hui Hung	F	R.O.C	2022/09/01	67,023	0	0	0	0	0	Department of International Trade, Tamkang University	None	None	None	None	None
Mucha Branch	VP & GM	Yi-Ming Wang	M	R.O.C	2023/12/01	2,074	0	15,566	0	0	0	Master of Science in Finance, Ming Chuan University	None	SVP & Division Head	Hsiu-Hsia Tsai	Spouse	None
Nankang Science Industrial Park Branch	VP & GM	Chien-Shan Liu	M	R.O.C	2023/02/20	0	0	0	0	0	0	Master of Business Administration, National Chung Cheng University	None	None	None	None	None
Heping Branch	VP & GM	Tsung-Jen Wang	M	R.O.C	2020/08/01	514	0	0	0	0	0	Department of Public Administration, Tamkang University	None	None	None	None	None
Hsi-Chih Branch	VP & GM	Ling-Fei Lin	F	R.O.C	2023/01/01	19,227	0	41,963	0	0	0	Graduate Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Xike Branch	VP & GM	Ho-Hsiung Huang	M	R.O.C	2020/05/01	29,499	0	0	0	0	0	EMBA, National Taipei University	None	None	None	None	None
Tanshui Branch	VP & GM	Feng-Chiou Lai	M	R.O.C	2022/06/02	2,773	0	0	0	0	0	Department of Risk Management and Insurance, Tamkang University	None	None	None	None	None
Juifang Branch	VP & GM	Shu-Hui Chen	F	R.O.C	2023/01/01	12,887	0	294	0	0	0	Business Management Section, National Taipei College of Business	None	None	None	None	None
Sanchungpu Branch	VP & GM	Ya-Fang Lee	F	R.O.C	2021/04/01	13,405	0	0	0	0	0	EMBA Science in Technology Management, Fu Jen Catholic University	None	None	None	None	None
Pei-Sanchungpu Branch	VP & GM	Ming-Jung Lee	F	R.O.C	2023/12/01	0	0	0	0	0	0	Institute of Business and Management, National Chiao Tung University	None	None	None	None	None
Hsi-Sanchung Branch	VP & GM	Ying-Chin Chang	F	R.O.C	2023/05/01	0	0	0	0	0	0	Department of History, Chinese Culture University	None	None	None	None	None
Nan-Sanchung Branch	VP & GM	Ya-Huei Hung	F	R.O.C	2021/12/01	9,779	0	0	0	0	0	Department of Law, Tunghai University	None	None	None	None	None

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						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
San Ho Rd. Branch	VP & GM	Kun-Lin Lee	M	R.O.C	2022/04/01	51,000	0	0	0	0	0	EMBA, National Sun Yat-sen University	None	None	None	None	None
Luchou Branch	VP & GM	Chih-Ning Chang	F	R.O.C	2023/04/01	1	0	0	0	0	0	Master of Economics, Shih Hsin University	None	None	None	None	None
Hsintien Branch	VP & GM	Cheng-Hua Yin	M	R.O.C	2020/05/01	0	0	0	0	0	0	Master of Business Administration in Finance, National Taiwan University	None	None	None	None	None
Pei Hsin Branch	VP & GM	Yun-Ping Lin	F	R.O.C	2023/09/01	18,238	0	0	0	0	0	Master of Banking and Finance, Tamkang University	None	None	None	None	None
ChiCheng Branch	VP & GM	Quei-Ying Ho	F	R.O.C	2020/05/01	75,114	0	0	0	0	0	Department of Banking, Tamkang University	None	None	None	None	None
Yungho Branch	VP & GM	Cheng-I Huang	M	R.O.C	2022/03/01	0	0	0	0	0	0	Ph.D of Electronic and Computer Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
Fuho Branch	VP & GM	Yin-Chao Liao	M	R.O.C	2019/07/01	602	0	54,234	0	0	0	Master of Management, Fo Guang University	None	None	None	None	None
Chungho Branch	VP & GM	Hsiao-Hsia Lu	F	R.O.C	2021/05/01	107,985	0	0	0	0	0	EMBA, National Sun Yat-sen University	None	None	None	None	None
Shuangho Branch	VP & GM	Kui-Min Hsiao	F	R.O.C	2021/03/08	1,223	0	0	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Lide Branch	VP & GM	Feng-Pin Lu	M	R.O.C	2020/08/01	1,852	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Hsinchuang Branch	VP & GM	Mei-Hsing Lin	F	R.O.C	2023/11/01	17,754	0	0	0	0	0	Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Sinshu Branch	VP & GM	Meng-Chen Chiang	F	R.O.C	2019/07/01	17,000	0	0	0	0	0	Master of Information Management, College of Management, Fu Jen Catholic University	None	None	None	None	None
Wugu Industrial Park Branch	VP & GM	Ming-Hui Tsai	F	R.O.C	2023/04/01	0	0	0	0	0	0	Secretarial Science, Chung Yu Junior College of Business Administration	None	None	None	None	None
SyYuan Branch	VP & GM	Ai-Ling Wang	F	R.O.C	2023/01/01	30,621	0	0	0	0	0	Department of International Business, National Taipei University of Business	None	None	None	None	None
Taishan Branch	VP & GM	Yu-Ying Tung	M	R.O.C	2023/04/01	10,373	0	1,741	0	0	0	Department of Law, National Chung Hsing University	None	None	None	None	None
Linkou Branch	VP & GM	Ming-Thur Chen	M	R.O.C	2021/05/01	31,034	0	18,130	0	0	0	Master of Business Administration, Lunghwa University of Science and Technology	None	None	None	None	None
New Linkou Branch	VP & GM	Yu-Ching Huang	F	R.O.C	2021/12/01	633	0	0	0	0	0	Advanced Master of Business Administration, National Chengchi University	None	None	None	None	None
Shulin Branch	VP & GM	Li-Lan Yang	F	R.O.C	2022/04/01	196	0	1,547	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Panchiao Branch	VP & GM	Lin-Li Ku	F	R.O.C	2019/09/09	25,349	0	63	0	0	0	Master of Science in Finance, Ming Chuan University	None	VP & GM	Ming-Hua Huang	Spouse	None

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						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Kuang-Fu Branch	VP & GM	Shr-Jan Tzeng	M	R.O.C	2020/08/01	867	0	0	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Chiang Tsui Branch	VP & GM	Shu-Fen Cheng	F	R.O.C	2023/01/01	5	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Tucheng Branch	VP & GM	Chi-Hsin Chao	F	R.O.C	2023/04/01	2	0	0	0	0	0	Department of Business Administration, Tunghai University	None	None	None	None	None
Sanhsia Branch	VP & GM	Te-Cheng Pan	M	R.O.C	2021/08/01	0	0	0	0	0	0	Institute of the Law of the Sea, National Taiwan Ocean University	None	None	None	None	None
Taoyuan Branch	VP & GM	Yueh-Chiu Lai	F	R.O.C	2019/09/09	44,973	0	0	0	0	0	Department of Accounting, Tunghai University	None	None	None	None	None
Pei-Taoyuan Branch	VP & GM	Su-Jane Lin	F	R.O.C	2021/05/01	0	0	0	0	0	0	Master of Business and Management, Lunghwa University of Science and Technology	None	None	None	None	None
Ba De Branch	VP & GM	Chiou-Shin Liang	M	R.O.C	2023/04/01	0	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University	None	None	None	None	None
Longtan Branch	VP & GM	Yuan-Kuang Pan	M	R.O.C	2019/05/06	1,170	0	691	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Nankan Branch	VP & GM	Shen-Hui Lu	M	R.O.C	2023/12/01	37,537	0	0	0	0	0	Department of Economics, Chinese Culture University	None	None	None	None	None
Tung-Linkou Branch	VP & GM	Li-Chiao Li	F	R.O.C	2022/05/26	17,840	0	0	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
Chungli Branch	VP & GM	Su-Min Cheng	F	R.O.C	2021/04/01	19,718	0	0	0	0	0	Master of Finance, Chang Gung University	None	None	None	None	None
Pei-Chungli Branch	VP & GM	Cheng-Chu Wang	M	R.O.C	2023/04/01	138	0	1,086	0	0	0	Department of Accounting, Chung Yuan Christian University	None	None	None	None	None
Qingpu Branch	VP & GM	Han-Bin Huang	M	R.O.C	2022/03/01	69	0	23,617	0	0	0	Master of Business Administration, Chien Hsin University of Science and Technology	None	None	None	None	None
Hsin-Ming Branch	VP & GM	Pan-Der Chin	M	R.O.C	2023/12/01	760	0	0	0	0	0	Department of Economics, Fu Jen Catholic University	None	None	None	None	None
Yangmei Branch	VP & GM	Pei-Fen Shieh	F	R.O.C	2021/03/08	185,637	0	1,045	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Puhsin Branch	VP & GM	Feng-Fu Jang	M	R.O.C	2023/04/01	1,031	0	0	0	0	0	Department of Electronic Data Processing, National Taichung College of Business	None	None	None	None	None
Hsinchu Branch	VP & GM	Jui-Yueh Wu	M	R.O.C	2021/04/01	0	0	0	0	0	0	Department of Construction Management, Chung Hua University	None	None	None	None	None
Pei-Hsinchu Branch	VP & GM	Shiow-Ling Kao	F	R.O.C	2020/02/01	1,230	0	0	0	0	0	Department of Banking, Tamkang University	None	None	None	None	None

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						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Hsinchu Science-based Industrial Park Branch	VP & GM	Su-Chen Cheng	F	R.O.C	2023/04/01	403	0	0	0	0	0	Department of Banking and Insurance, National Taichung Institute of Commerce	None	None	None	None	None
Jhubei Branch	VP & GM	Chien-Tien Lee	M	R.O.C	2022/04/01	0	0	0	0	0	0	Department of Information Management, Chaoyang University of Technology	None	None	None	None	None
Chutung Branch	VP & GM	Kuo-Lung Lin	M	R.O.C	2021/02/04	348	0	0	0	0	0	School of Management, EMBA, Ming Chuan University	None	None	None	None	None
Zhunan Branch	VP & GM	Hui-Fang Chen	F	R.O.C	2022/05/23	0	0	0	0	0	0	Department of Public Finance, Feng Chia University	None	None	None	None	None
Miaoli Branch	VP & GM	Man-Sui Liu	F	R.O.C	2022/03/01	40,035	0	0	0	0	0	Master of Business Administration, National Taichung University of Science and Technology	None	None	None	None	None
Yuanli Branch	VP & GM	Yen-Chun Chen	F	R.O.C	2022/12/01	16,830	0	0	0	0	0	Department of Foreign Languages and Literature, Providence University	None	None	None	None	None
Tachia Branch	VP & GM	Chun-Hong Yeh	M	R.O.C	2023/02/01	557	0	0	0	0	0	EMBA, National Changhua University of Education	None	None	None	None	None
Chingshui Branch	VP & GM	Shiu-Hwa Chang	F	R.O.C	2023/02/01	3,573	0	0	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung	None	None	None	None	None
Shalu Branch	VP & GM	Kuen-Shan Wang	M	R.O.C	2019/03/11	3,650	0	0	0	0	0	Department of International Business, Tunghai University	None	None	None	None	None
Tatu Branch	VP & GM	Yu-Fang Chang	F	R.O.C	2023/02/01	0	0	1,032	0	0	0	Bachelor's Program of Business, Feng Chia University	None	VP & GM	Chih-Hao Lo	Spouse	None
Taiping Branch	VP & GM	Wen-Ching Chen	M	R.O.C	2018/07/09	43,550	0	0	0	0	0	Master of Finance, National Yunlin University of Science and Technology	None	None	None	None	None
Fengyuan Branch	VP & GM	Chin-Ping Lai	F	R.O.C	2022/03/01	50,141	0	0	0	0	0	IMBA, National Changhua University of Education	None	None	None	None	None
Daya Branch	VP & GM	Tain-Maw Chang	M	R.O.C	2023/02/01	6,416	0	0	0	0	0	EMBA, National Chung Hsing University	None	None	None	None	None
Tantzu Branch	VP & GM	Li-Mei Chang	F	R.O.C	2020/03/01	25,777	0	0	0	0	0	Department of Business and Applied Commerce, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None
Tungshih Branch	VP & GM	Shiow-Ju Hwu	F	R.O.C	2023/02/01	14,796	0	0	0	0	0	Department of Money and Banking, National Chengchi University	None	None	None	None	None
Wufeng Branch	VP & GM	Kuo-Heng Hsu	M	R.O.C	2023/02/01	11,823	0	0	0	0	0	EMBA, Feng Chia University	None	None	None	None	None
Dali Branch	VP & GM	Yi-Chen Wang	F	R.O.C	2019/03/11	110,726	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None

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						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Tsaotun Branch	VP & GM	Shao-Mao Wang	M	R.O.C	2022/03/01	103,480	0	61,045	0	0	0	EMBA Business Management Group, National Chung Hsing University	None	None	None	None	None
Nantou Branch	VP & GM	Kung-Ming Chang	M	R.O.C	2022/03/01	64,789	0	0	0	0	0	Department of Business Administration, Chaoyang University of Technology	None	None	None	None	None
Puli Branch	VP & GM	Wen-Liang Wang	M	R.O.C	2021/07/01	4	0	0	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Shuilikeng Branch	VP & GM	Ming-Te Hsu	M	R.O.C	2023/04/01	10,426	0	509	0	0	0	EMBA, National Central University	None	None	None	None	None
Changhua Branch	VP & GM	A - R Liu	F	R.O.C	2019/03/11	19,100	0	3,174	0	0	0	EMBA, National Changhua University of Education	None	None	None	None	None
Lukang Branch	VP & GM	Tsuey-Shya Jang	F	R.O.C	2022/12/01	14,068	0	0	0	0	0	Master of Science in Technology Management, Chung Hua University	None	None	None	None	None
Hemei Branch	VP & GM	Wen-Chung Chen	M	R.O.C	2020/05/01	53,991	0	0	0	0	0	EMBA Seminar on Finance, National Chung Hsing University	None	None	None	None	None
Yuanlin Branch	VP & GM	Yi - Tien Liao	M	R.O.C	2021/07/01	2,433	0	26,246	0	0	0	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Hsihu Branch	VP & GM	Jui-Chen Chen	M	R.O.C	2021/07/01	91,141	0	56,900	0	0	0	EMBA, National Changhua University of Education	None	None	None	None	None
Peitou Branch	VP & GM	Jui-Hung Weng	M	R.O.C	2019/07/01	5,766	0	0	0	0	0	Department of Finance, Chaoyang University of Technology	None	None	None	None	None
Erlin Branch	VP & GM	Ming-Chuan Lin	F	R.O.C	2023/04/01	105,021	0	5,885	0	0	0	Department of Business, National Open University	None	None	None	None	None
Hsiluo Branch	VP & GM	Shinn-Huei Leu	M	R.O.C	2022/03/01	13,649	0	0	0	0	0	Department of Finance, National Formosa University of Science and Technology	None	None	None	None	None
Touliu Branch	VP & GM	Ming-Jer Lin	M	R.O.C	2021/02/04	5,088	0	0	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None
Tounan Branch	VP & GM	Wen-Ling Tsai	M	R.O.C	2022/03/01	2,150	0	1,925	0	0	0	Department of Business Management, Chinese Culture University	None	None	None	None	None
Huwei Branch	VP & GM	Er-Lang Kuo	M	R.O.C	2022/03/01	0	0	14	0	0	0	Department of Economics, Soochow University	None	None	None	None	None
Tukoo Branch	VP & GM	Tsung-Min Hsieh	M	R.O.C	2022/12/01	0	0	0	0	0	0	Institute of International Economics, National Chung Cheng University	None	None	None	None	None
Peikang Branch	VP & GM	Long-Chi Lin	M	R.O.C	2022/03/01	239	0	7,491	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Tainan Branch	VP & GM	Chin-Huan Huang	M	R.O.C	2023/06/15	1,218	0	0	0	0	0	College of Finance and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Chiayi Branch	VP & GM	Chung-Shing Her	M	R.O.C	2019/09/09	0	0	0	0	0	0	Department of Public Finance, Private Feng Chia University	None	None	None	None	None
Tung-Chiayi Branch	VP & GM	Show-Fone Lu	F	R.O.C	2019/09/09	41,698	0	0	0	0	0	Department of Business, National Open University	None	None	None	None	None
Pei-Chiayi Branch	VP & GM	Shu-Hui Ke	F	R.O.C	2020/10/01	0	0	0	0	0	0	Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Hsiinying Branch	VP & GM	Lih-Lan Kuo	F	R.O.C	2022/03/01	0	0	9,627	0	0	0	Department of Accounting, Chinese Culture University	None	None	None	None	None
Yungkuang Branch	VP & GM	Hsiu-Chih Huang	F	R.O.C	2023/06/01	57,484	0	0	0	0	0	EMBA, Southern Taiwan University of Science and Technology	None	None	None	None	None
Chung-Hua Road Branch	VP & GM	Ming-Han Tsai	M	R.O.C	2023/09/01	119	0	0	0	0	0	Master of Finance, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Tainan Branch	VP & GM	Fen-Lan Lu	F	R.O.C	2022/03/01	39,787	0	0	0	0	0	Department of Business Administration, National Cheng Kung University	None	None	None	None	None
Yenping Branch	VP & GM	Shu-Hui Lin	F	R.O.C	2019/05/06	0	0	0	0	0	0	Department of International Trade, Chinese Culture University	None	None	None	None	None
Hsi-Tainan Branch	VP & GM	Yen-Yu Liu	F	R.O.C	2020/05/01	658	0	0	0	0	0	EMBA, National Chiayi University	None	None	None	None	None
Tung-Tainan Branch	VP & GM	Shu-Chin Hsui	F	R.O.C	2022/03/01	0	0	0	0	0	0	Department of Economics, National Chung Hsing University	None	None	None	None	None
Nan-Tainan Branch	VP & GM	Ying-Dai Chen	F	R.O.C	2023/02/01	1,168	0	0	0	0	0	Department of Business Administration, Southern Taiwan University of Science and Technology	None	None	None	None	None
Pei-Tainan Branch	VP & GM	Li-Chu Hsu	F	R.O.C	2020/05/01	0	0	0	0	0	0	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Guiren Branch	VP & GM	Yu-Tang Wu	M	R.O.C	2020/08/01	0	0	0	0	0	0	Department of Business Administration, Tunghai University	None	None	None	None	None
An-Nan Branch	VP & GM	Pin-Shen Ho	M	R.O.C	2023/06/01	0	0	0	0	0	0	EMBA, Feng Chia University	None	None	None	None	None
Chishan Branch	VP & GM	Su-Wei Liang	F	R.O.C	2022/10/01	26,083	0	0	0	0	0	Department of Banking and Insurance, Feng Chia University	None	None	None	None	None
Kangshan Branch	VP & GM	Show-Ching Chen	F	R.O.C	2023/06/01	43	0	0	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None
Fengshan Branch	VP & GM	Hui-Ju Lee	F	R.O.C	2019/10/07	51,766	0	0	0	0	0	Department of International Trade, National Taichung College of Business	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Luchu Branch	VP & GM	Chen-Ying Wu	F	R.O.C	2023/06/01	4,029	0	0	0	0	0	EMBA, Southern Taiwan University of Science and Technology	None	None	None	None	None
Ta-Fa Branch	VP & GM	Che-Fang Hung	M	R.O.C	2023/11/01	22,370	0	0	0	0	0	Master of Finance and Information, National Kaohsiung University of Science and Technology	None	None	None	None	None
Kaohsiung Branch	VP & GM	Su-Chuan Wang	F	R.O.C	2019/10/07	3,000	0	0	0	0	0	Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Yencheng Branch	VP & GM	Shu-Mei Yeh	F	R.O.C	2022/10/01	0	0	0	0	0	0	Department of International Business, National Chengchi University	None	None	None	None	None
Tung-Kaohsiung Branch	VP & GM	Hsu-Lin Huang	F	R.O.C	2023/11/01	202,666	0	0	0	0	0	Department of International Trade, International Business College	None	None	None	None	None
Nan-Kaohsiung Branch	VP & GM	Sheng-Ming Lin	M	R.O.C	2023/01/01	0	0	0	0	0	0	Graduate Institute of Industrial Economics, National Central University	None	None	None	None	None
Pei-Kaohsiung Branch	VP & GM	Chin-Hsien Shen	M	R.O.C	2021/04/01	14,170	0	0	0	0	0	Master of Business Administration, Chaoyang University of Technology	None	None	None	None	None
Sanmin Branch	VP & GM	Ta-Tai Lai	M	R.O.C	2023/11/01	11,000	0	0	0	0	0	Graduate Institute of China Studies, National Dong Hwa University	None	None	None	None	None
Hsinhsing Branch	VP & GM	Shu-Fen Lee	F	R.O.C	2023/11/01	82,151	0	0	0	0	0	Department of International Business, National Kaohsiung University of Science and Technology	None	None	None	None	None
Chan Chen Branch	VP & GM	Chia-Hsiang Tsai	M	R.O.C	2020/02/01	0	0	3,236	0	0	0	Department of Business Administration, National Chung Hsing University	None	None	None	None	None
Chiu-Ju Lu Branch	VP & GM	Kuo-Yuan Wu	M	R.O.C	2023/02/01	0	0	0	0	0	0	Institute of Finance, National Central University	None	None	None	None	None
Chienhsing Branch	VP & GM	Huang-Chou Chio	M	R.O.C	2022/10/01	0	0	56,663	0	0	0	Department of Industrial Management, National Chin-Yi University of Technology	None	None	None	None	None
Po-Ai Branch	VP & GM	Shu-Hei Chang	F	R.O.C	2020/02/01	54,871	0	0	0	0	0	International Trade, Providence College of Arts and Sciences for Women	None	None	None	None	None
Lingya Branch	VP & GM	Shu-Yun Hsu	F	R.O.C	2023/01/01	3,862	0	0	0	0	0	Department of Business Administration, National Taiwan University of Science and Technology	None	None	None	None	None
Ta-Shun Branch	VP & GM	Chen-Huan Liu	F	R.O.C	2022/10/01	0	0	5,545	0	0	0	Department of International Trade, Chinese Culture University	None	None	None	None	None
Zuoying Branch	VP & GM	Chia-Hsiung Tung	M	R.O.C	2023/11/01	0	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None
Pingtung Branch	VP & GM	Hsiu-Yun Shih	F	R.O.C	2023/01/01	1,107	0	0	0	0	0	Master of Finance, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Chaochou Branch	VP & GM	Shu-Fen Wu	F	R.O.C	2023/01/01	19,259	0	0	0	0	0	Department of International Business, National Chengchi University	None	None	None	None	None
Tungkang Branch	VP & GM	Lien-Chen Shih	F	R.O.C	2023/09/01	586	0	0	0	0	0	Master of Money and Banking, National Kaohsiung University of Science and Technology	None	None	None	None	None

Name of Unit	Title	Name	Gender	Nationality	Assignment Date (yyyy/mm/dd)	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Other's Title		Education and Experience	Concurrent Positions at Other Companies	Managers who are spouses or within the second degree of kinship			Remark (Note 1)
						Shares	Ratio of Shareholding	Shares	Ratio of Shareholding	Shares	Ratio of Shareholding			Title	Name	Relationship	
Hengchun Branch	VP & GM	Tzu-An Kuo	M	R.O.C	2023/09/01	1,213	0	0	0	0	0	Department of Applied Business, Open College of Continuing Education Affiliated to National Taichung University of Science and Technology	None	None	None	None	None
Hualien Branch	VP & GM	Hsi-Ying Lin	M	R.O.C	2023/12/11	101	0	280	0	0	0	Department of Business and Applied Commerce, Open Junior College of Continuing Education Affiliated to National Taipei College of Business	None	None	None	None	None
Taitung Branch	VP & GM	Te-Hsing Hsueh	M	R.O.C	2023/11/01	4,831	0	0	0	0	0	Master of Accountancy and Graduate Institute of Finance, National Cheng Kung University	None	None	None	None	None
New York Branch	VP & GM	Cheng-Yi Hsieh	M	R.O.C	2023/08/28	0	0	0	0	0	0	Department of Insurance, National Chengchi University	None	None	None	None	None
Los Angeles Branch	VP & GM	Wan-Chin Chang	F	R.O.C	2023/11/01	205,567	0	0	0	0	0	MBA in Banking and Finance, Tamkang University	None	None	None	None	None
Tokyo Branch	VP & GM	Li-Fang Liu	F	R.O.C	2023/08/28	0	0	0	0	0	0	Department of International Business, Tunghai University	None	None	None	None	None
London Branch	VP & GM	Hui-Chen Tai	F	R.O.C	2023/08/28	58,187	0	0	0	0	0	Department of Agricultural Economics, National Chung Hsing University	None	None	None	None	None
HongKong Branch	VP & GM	Huei-Jin Lin	F	R.O.C	2023/08/28	6,918	0	0	0	0	0	EMBA, National Taipei University	None	None	None	None	None
Singapore Branch	VP & GM	Kai-Hung Cheng	M	R.O.C	2023/08/28	0	0	0	0	0	0	Graduate Institute of Industrial Management Science, National Cheng Kung University	None	None	None	None	None
Manila Branch	VP & GM	Hung-Chieh Chou	M	R.O.C	2023/11/07	0	0	3,566	0	0	0	Master of Science in Finance, Fu Jen Catholic University	None	None	None	None	None

Note 1. Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.

Note 2. On January 29, 2024, at the 9th meeting of the 27th Board of Directors, it was approved the reorganization of the former Product Management Division into the Strategic Management Division.

Note 3. On January 29, 2024, at the 9th meeting of the 27th Board of Directors, it was resolved to appoint Hui-Jen Wu as Executive Vice President, effective from February 1, 2024.

Note 4. On October 23, 2023, at the 5th meeting of the 27th Board of Directors, it was resolved and approved that Wan-Chin Chang, the former Los Angeles Branch General Manager (GM), would be transferred to the Nan-Hsinchuang Branch GM position. Before the new GM of the Nan-Hsinchuang Branch takes office, starting from November 1, 2023, Yu-Tang Shen, the newly appointed GM of the Los Angeles Branch, will assume the duties of the Nan-Hsinchuang Branch GM concurrently while waiting for the appointment until he takes office in the Los Angeles Branch.

Note 5. On November 9, 2023, at the 6th meeting of the 27th Board of Directors, it was resolved and approved that Tzu-Hung Li, the former Vice President of Chang Hua Commercial Bank Ltd., would be transferred to the Chi-Hsien Branch GM position. Before the new GM of the Chi-Hsien Branch takes office, starting from December 1, 2023, the Assistant General Manager Nan-Hui Hsieh will assume the duties of the Chi-Hsien Branch GM.

c. Information on retired Chairpersons and Presidents from the Bank or affiliates serving as consultants: None.

C. Remuneration

a. Remuneration of Directors and Independent Directors

Title	Name	Directors' Remuneration							
		Base compensation (A)		Severance pay and pension (B)		Remuneration (C) (Note 1, Note 2)		Business expense allowances (D)	
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement
Members of the 26 th Board of Directors (The term was effective before June 18, 2023)									
Chairperson	Jong-Yuan Ling (Delegate of MOF)								
Managing Director	Chao-Chung Chou (Delegate of MOF)								
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd.)								
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)								
Director	Wen-Siung Lee								
Director	Hwai-Chou Chen								
	MOF								
	Chunghwa Post Co., Ltd.								
	National Development Fund, Executive Yuan								
		9,002,633	9,002,633	0	0	68,649,152	68,649,152	0	0
Members of the 27 th Board of Directors (the term became effective on June 19, 2023)									
Chairperson	Jong-Yuan Ling (Delegate of MOF)								
Managing Director	Chao-Chung Chou (Delegate of MOF)								
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd.)								
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)								
Director	Wen-Siung Lee								
Director	Kuo-Tung Huang								
	MOF								
	Chunghwa Post Co., Ltd.								
	National Development Fund, Executive Yuan								

January 1, 2023 ~ December 31, 2023 Unit: NT\$, %

Total remuneration (A+B+C+D) and the ratio of total remuneration to net income after tax (%)		Relevant remuneration received by Directors who are also employees								Total remuneration (A+B+C+D+E+F+G) and the ratio of total remuneration to net income after tax (%)		Remuneration from reinvested companies other than subsidiaries or the parent company
		Salary, bonus and allowances (E)		Severance pay and pension (F) (Note 3)		Remuneration to employees (G)						
The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank		All companies in the financial statement		The Bank	All companies in the financial statement	
						Cash	Stock	Cash	Stock			
77,651,785 (0.5981%)	77,651,785 (0.5981%)	8,174,680	8,174,680	221,052	221,052	0	0	0	0	86,047,517 (0.6628%)	86,047,517 (0.6628%)	609,800

Title	Name	Directors' Remuneration							
		Base compensation (A)		Severance pay and pension (B)		Remuneration (C) (Note 1, Note 2)		Business expense allowances (D)	
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement
Members of the 26 th Board of Directors (The term was effective before June 18, 2023)									
Managing Director (Independent Director)	Jung-Chun Pan								
Independent Director	Jong-Horng Lin								
Independent Director	Chih-Jong Suen								
Members of the 27 th Board of Directors (the term became effective on June 19, 2023)									
Managing Director (Independent Director)	Yu-Hsueh Wu	2,520,000	2,520,000	0	0	0	0	0	0
Independent Director	Shu-Hua Lee								
Independent Director	Chao-Kuei Huang								

1. Please describe the Independent Director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their duties, risks, and invested time:

In accordance with Article 20, Subparagraph 13 of the Bank's Articles of Incorporation, remunerations for Independent Directors have been approved by the Board of Directors in line with other financial institutions of equivalent size and scope to the Bank. The procedure for determining remuneration is based on the Bank's "Rules of Performance Evaluation of the Board of Directors", in addition to referring to the company's overall operating performance, the quality of decision-making by the Board of Directors and various functional committees, and internal control, it also refers to the performance evaluation result of the Bank's Directors

Note 1: The Directors' remuneration for 2023 earnings appropriation is estimated by the proposed amount submitted to the Board of Directors for discussion before the Shareholders' Meeting multiplied by the actual allotment ratio last year.

Note 2: The scheme of non-salaried director remunerations for independent directors was approved by the 3rd meeting of the 27th Board of Directors of the Bank held on August 17, 2023.

Note 3: Appropriated amount of severance pay and pension expenses in 2023: NT\$221,052. (10% under the old pension system and 6% under the new pension system)

	Total remuneration (A+B+C+D) and the ratio of total remuneration to net income after tax (%)		Relevant remuneration received by Directors who are also employees								Total remuneration (A+B+C+D+E+F+G) and the ratio of total remuneration to net income after tax (%)		Remuneration from reinvested companies other than subsidiaries or the parent company	
			Salary, bonus and allowances (E)		Severance pay and pension (F) (Note 3)		Remuneration to employees (G)							
	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank		All companies in the financial statement		The Bank	All companies in the financial statement		
						Cash	Stock	Cash	Stock					
	2,520,000 (0.0194%)	2,520,000 (0.0194%)	0	0	0	0	0	0	0	0	0	2,520,000 (0.0194%)	2,520,000 (0.0194%)	0

(Evaluation includes seven main aspects: "alignment of the goals and missions of the Bank," "awareness of the duties of a director," "participation in the operation of the Bank," "management of internal relationships and communication," "directors' professionalism and continuing education," "internal control," and "attention to ESG.") for giving reasonable remuneration, and the rationality of relevant remuneration is reviewed by the Remuneration Committee and the Board of Directors to achieve a balance between the company's sustainable operation and risk control.

2. In addition to the disclosure in the above table, the Directors of the Bank have received other remunerations for providing services in a non-employee capacity, such as an advisor to the parent company / any companies in the financial statement / investee enterprises within the current fiscal year: None.

Remuneration Bracket

Remuneration bracket of the Bank's Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	All companies in the financial statement	The Bank	The parent company and reinvested companies
Under NT\$1,000,000	Chao-Chung Chou Chien-Yi Chang Shiu-Yen Lin Jung-Chun Pan Jong-Horng Lin Chih-Jong Suen Kuo-Tung Huang Yu-Hsueh Wu Shu-Hua Lee Chao-Kuei Huang	Chao-Chung Chou Chien-Yi Chang Shiu-Yen Lin Jung-Chun Pan Jong-Horng Lin Chih-Jong Suen Kuo-Tung Huang Yu-Hsueh Wu Shu-Hua Lee Chao-Kuei Huang	Chien-Yi Chang Shiu-Yen Lin Jung-Chun Pan Jong-Horng Lin Chih-Jong Suen Yu-Hsueh Wu Shu-Hua Lee Chao-Kuei Huang	Chien-Yi Chang Shiu-Yen Lin Jung-Chun Pan Jong-Horng Lin Chih-Jong Suen Yu-Hsueh Wu Shu-Hua Lee Chao-Kuei Huang
NT\$ 1,000,000 ~ NT\$ 2,000,000(exclusive)				
NT\$ 2,000,000 ~ NT\$ 3,500,000(exclusive)	Hwai-Chou Chen	Hwai-Chou Chen	Hwai-Chou Chen Kuo-Tung Huang	Hwai-Chou Chen Kuo-Tung Huang
NT\$ 3,500,000 ~ NT\$ 5,000,000(exclusive)				
NT\$ 5,000,000 ~ NT\$ 10,000,000(exclusive)	Jong-Yuan Ling Wen-Siung Lee Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Jong-Yuan Ling Wen-Siung Lee Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Jong-Yuan Ling Chao-Chung Chou Wen-Siung Lee Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Jong-Yuan Ling Chao-Chung Chou Wen-Siung Lee Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan
NT\$10,000,000 ~ NT\$ 15,000,000(exclusive)				
NT\$15,000,000 ~ NT\$ 30,000,000(exclusive)				
NT\$30,000,000 ~ NT\$ 50,000,000(exclusive)	MOF	MOF	MOF	MOF
NT\$50,000,000 ~ NT\$100,000,000(exclusive)				
NT\$100,000,000 (inclusive) or more				
Total (persons)	16	16	16	16

b. Remuneration of President and Executive Vice Presidents

January 1, 2023 ~ December 31, 2023 Unit: NT\$; %

Title	Name	Salary (A)		Severance pay and pension (B) (Note 1)		Bonus and allowances (C) (Note 2)		Remuneration to employees (D) (Note 2)				Total remuneration (A+B+C+D) and the ratio of total remuneration to net income after tax (%)		Remuneration from reinvested companies other than subsidiaries or the parent company
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank		All companies in the financial statement		The Bank	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
President	Chao-Chung Chou													
Executive Vice President	Bin Chen (retired on 2023/12/12)													
Executive Vice President	Ya-Ling Lin (retired on 2023/10/1)													
Executive Vice President	Hsiu-Chuan Teng													
Executive Vice President	Shwu-Fang Wang													
Executive Vice President	Chih-Chen Hsu (assigned on 2023/4/26)	26,463,569	26,463,569	27,782,902	27,782,902	18,637,849	18,637,849	3,919,953	0	3,919,953	0	76,804,273 (0.5916%)	76,804,273 (0.5916%)	633,000
Executive Vice President	Yu-Yeh Lin (assigned on 2023/11/1)													
EVP & Chief Auditor	Mei-Fang Wu													
EVP & Chief Compliance Officer	Hsiang-Chun Wu (retired on 2023/11/1)													
EVP & Chief Compliance Officer	Rueih-Hwa Cheng (assigned on 2023/11/16)													

Note 1: The information of "severance pay and pension" is disclosed as the following notes:

(1) Actual paid amount of severance pay and pension in 2023: NT\$26,199,654

(2) Appropriated amount of severance pay and pension expense in 2023: NT\$1,583,248. (10% under the old pension system and 6% under the new pension system)

Note 2: In 2023, bonuses and employee remuneration for President and EVPs are estimated in accordance with the Bank's regulations.

Note 3: The remuneration for drivers of the head officers of the company: The Bank paid the 10 drivers of the head officers of the company in total of NT\$9,058,283 a year. They are not assigned for them only; the Bank can assign drivers for other business needs.

Remuneration Bracket

Remuneration bracket of the Bank's President and EVPs	Name of President and EVPs	
	The Bank	The parent company and reinvested companies
Under NT\$1,000,000		
NT\$ 1,000,000 ~ NT\$ 2,000,000(exclusive)		
NT\$ 2,000,000 ~ NT\$ 3,500,000(exclusive)		
NT\$ 3,500,000 ~ NT\$ 5,000,000(exclusive)	Chih-Chen Hsu Yu-Yeh Lin Rueih-Hwa Cheng	Chih-Chen Hsu Yu-Yeh Lin Rueih-Hwa Cheng
NT\$ 5,000,000 ~ NT\$ 10,000,000(exclusive)	Chao-Chung Chou Bin Chen Hsiu-Chuan Teng Shwu-Fang Wang Mei-Fang Wu	Chao-Chung Chou Bin Chen Hsiu-Chuan Teng Shwu-Fang Wang Mei-Fang Wu
NT\$10,000,000 ~ NT\$ 15,000,000(exclusive)	Ya-Ling Lin (retired on 2023/10/1) Hsiang-Chun Wu (retired on 2023/11/1)	Ya-Ling Lin (retired on 2023/10/1) Hsiang-Chun Wu (retired on 2023/11/1)
NT\$15,000,000 ~ NT\$ 30,000,000(exclusive)		
NT\$30,000,000 ~ NT\$ 50,000,000(exclusive)		
NT\$50,000,000 ~ NT\$100,000,000(exclusive)		
NT\$100,000,000 (inclusive) or more		
Total (persons)	10	10

c. Name of the managerial officers and employee bonus amount paid to managerial officers:

December 31, 2023 Unit: NT\$: %

Title	Name	Stock	Cash	Total	Total amount to after-tax net income ratio (%)			
Executive Vice President	Hsiu-Chuan Teng							
Executive Vice President	Shwu-Fang Wang							
Executive Vice President	Chih-Chen Hsu							
Executive Vice President	Yu-Yeh Lin							
EVP & Chief Auditor	Mei-Fang Wu							
EVP & Chief Compliance Officer	Rueih-Hwa Cheng							
Division Heads and General Managers	Shu-Ming Lin	Mei-Ching Chang	Yu-Hsueh Liu	Cheng-Chi Chuang	0	64,146,212	64,146,212	0.4941%
	Yu-Li Teng	Ruei-Jan Chen	Yu-Chin Fan	Jung-Chien Hu				
	Hsiu-Hsia Tsai	Chi-Min Chung	Hsin Nieh	Hsueh-Wen Wang				
	Fu-Jinn Chiou	Chang-Ho Wang	Hui-Ling Lee	Shu-Hsuan Lin				
	Hui-Jen Wu	Hui-Yu Chen	Yao-Ju Lu	Li-Min Cheng				
	Chi-Hsiang Chen	Su-Hwa Tsai	Pei-Chung Yang	Mei-Hui Wu				
	Li-Fen Tzeng	Fang-Yuan Wu	Jui-Mei Ho	Shuo-Hung Huang				
	Chuen-Lan Fu	Rong-Hong Way	Tung-Sheng Huang	You-Chen Lee				
	Yuan-Fen Chen	Chiung-Hsiao Hung	Mei-Ling Chiu	Jiunn-Hong Lin				
	Su-Min Hsin	Chun-Yuan Chen	Yung-Hua Rao	Shinn-Guang Duh				
	Kao-Jung Hsu	Hsi-Peng Hsu	Yu-Chen Lee	Yi-Huei Chiu				
	Chih-Hong Chiang	Cheng-Tong Chien	Yi-Chieh Hou	Tsung-Ming Lai				
	Hui-Lan Yang	Jiun-Uei Lin	Shih-Maw Wang	Jui-Hui Hsu				
	Ai-Fen Hu	Wei-Shuo Luo	Hsueh-Ni Hsieh	Nai-Chia Chang				
	Shu-Lin Liu	Kui-Fang Tsai	Jenq-Jong Chen	Chin-Li Lin				
	Jinn-Sheng Wu	Ching-Hsing Chao	Hsi-Lung Wu	Jung Chen				
	Ya-Cheng Chang	Hsiu-O Hsieh	Chiu-Min Shen	Yi-Cheng Chu				
	Chiu-Ling Chen	Shu-Chen Yang	Ming-Hua Huang	Chih-Feng Teng				
	Chih-Hao Lo	Ting-Feng Cho	Chih-Huang Huang	Chin-Shiang Ding				
	Ya-Hui Chen	Chia-Chen Shen	Su-Man Hsueh	Kuo-Hsien Chien				
	Chien-Mei Yu	Yu-Cheng Chang	Mei-Fen Shieh	Wen-Chieh Chang				
	Shu-Fen Liu	Yao-Sheng Hsieh	Mu-Kun Lin	Ying-Hui Hung				
	Yi-Ming Wang	Chien-Shan Liu	Tsung-Jen Wang	Ling-Fei Lin				
	Ho-Hsiung Huang	Feng-Chiou Lai	Shu-Hui Chen	Ya-Fang Lee				
	Ming-Jung Lee	Ying-Chin Chang	Ya-Huei Hung	Kun-Lin Lee				
	Chih-Ning Chang	Cheng-Hua Yin	Yun-Ping Lin	Quei-Ying Ho				
	Cheng-I Huang	Yin-Chao Liao	Hsiao-Hsia Lu	Kui-Min Hsiao				
	Feng-Pin Lu	Mei-Hsing Lin	Meng-Chen Chiang	Ming-Hui Tsai				
	Yu-Tang Shen	Ai-Ling Wang	Yu-Ying Tung	Ming-Thur Chen				
	Yu-Ching Huang	Li-Lan Yang	Lin-Li Ku	Shr-Jan Tzeng				
	Shu-Fen Cheng	Chi-Hsin Chao	Te-Cheng Pan	Yueh-Chiu Lai				
	Su-Jane Lin	Chiou-Shin Liang	Yuan-Kuang Pan	Shen-Hui Lu				
	Li-Chiao Li	Su-Min Cheng	Cheng-Chu Wang	Han-Bin Huang				
Pan-Der Chin	Pei-Fen Shieh	Feng-Fu Jang	Jui-Yueh Wu					
Shiow-Ling Kao	Su-Chen Cheng	Chien-Tien Lee	Kuo-Lung Lin					
Hui-Fang Chen	Man-Sui Liu	Yen-Chun Chen	Chun-Hong Yeh					

Title	Name				Stock	Cash	Total	Total amount to after-tax net income ratio (%)
Division Heads and General Managers	Shiu-Hwa Chang	Kuen-Shan Wang	Yu-Fang Chang	Wen-Ching Chen				
	Chin-Ping Lai	Tain-Maw Chang	Li-Mei Chang	Shiow-Ju Hwu				
	Kuo-Heng Hsu	Yi-Chen Wang	Shao-Mao Wang	Kung-Ming Chang				
	Wen-Liang Wang	Ming-Te Hsu	A - R Liu	Tsuey-Shya Jang				
	Wen-Chung Chen	Yi - Tien Liao	Jui-Chen Chen	Jui-Hung Weng				
	Ming-Chuan Lin	Shinn-Huei Leu	Ming-Jer Lin	Wen-Ling Tsai				
	Er-Lang Kuo	Tsung-Min Hsieh	Long-Chi Lin	Chin-Huan Huang				
	Chung-Shing Her	Show-Fone Lu	Shu-Hui Ke	Lih-Lan Kuo				
	Hsiu-Chih Huang	Ming-Han Tsai	Fen-Lan Lu	Shu-Hui Lin				
	Yen-Yu Liu	Shu-Chin Hsui	Ying-Dai Chen	Li-Chu Hsu				
	Yu-Tang Wu	Pin-Shen Ho	Su-Wei Liang	Show-Ching Chen				
	Hui-Ju Lee	Chen-Ying Wu	Che-Fang Hung	Su-Chuan Wang				
	Shu-Mei Yeh	Hsu-Lin Huang	Sheng-Ming Lin	Chin-Hsien Shen				
	Ta-Tai Lai	Shu-Fen Lee	Chia-Hsiang Tsai	Kuo-Yuan Wu				
	Huang-Chou Chio	Shu-Hei Chang	Shu-Yun Hsu	Chen-Huan Liu				
	Chia-Hsiung Tung	Hsiu-Yun Shih	Shu-Fen Wu	Lien-Chen Shih				
	Tzu-An Kuo	Hsi-Ying Lin	Te-Hsing Hsueh	Cheng-Yi Hsieh				
	Wan-Chin Chang	Li-Fang Liu	Hui-Chen Tai	Huei-Jin Lin				
	Kai-Hung Cheng	Hung-Chieh Chou						

Note: Employee bonus for managerial officers in 2023 is estimated in accordance with the Bank's regulation.

d. Analysis of the ratio of total remuneration paid to Directors, President, and EVPs in the last two years to the after-tax net income of the Bank and all companies in the financial statements, and remuneration policies, standards, packages, procedure for determining remuneration, and linkage thereof to business performance and future risk.

1. Analysis of the ratio of total remuneration paid to Directors, President, and EVPs in the last two years to the after-tax net income of the Bank and all companies in the financial statements:

Unit: NT\$ thousand; %

Item	2023				2022				Increase / decrease		Increase / decrease (%)	
	The Bank		All companies in the financial statements		The Bank		All companies in the financial statements		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)				
Remuneration of Directors	80,172	0.62	80,172	0.62	68,272	0.62	68,272	0.62	11,900	11,900	17.43	17.43
Remuneration of President and Executive Vice Presidents	76,804	0.59	76,804	0.59	49,480	0.45	49,480	0.45	27,324	27,324	55.22	55.22
Total	156,976	1.21	156,976	1.21	117,752	1.07	117,752	1.07	39,224	39,224	33.31	33.31

2. Remuneration policies, standards, packages, and procedure for determining remuneration:

(1) Remuneration of Directors:

Remuneration of Directors (including Chairperson and Independent Directors) is regulated by Article 20, Subparagraph 13 of the Bank's Articles of Incorporation. The remuneration of the Directors to be on par with the remuneration levels of Directors of financial institutions similar in size to the Bank. The Remuneration Committee and the Board of Directors will combine the performance evaluation results of the Board of Directors in 2022 in accordance with the provisions of Article 7, Paragraph 1, Subparagraph 2 of Rules of Performance Evaluation of the Board of Directors 【Evaluation includes seven main indicators: "alignment of the goals and missions of the Bank," "awareness of the duties of a director," "participation in the operation of the Bank," "management of internal relationships and communication," "directors' professionalism and continuing education," "internal control," and "attention to ESG." The self-evaluation criteria of Board of Directors incorporate ESG implementation. (environmental protection, inclusive society, sustainable governance)】, periodically evaluate the remuneration of Directors (including Chairperson and Independent Directors) annually, and were reported to the 30th Meeting of the 5th Remuneration Committee held on March 15, 2023 and the 37th Meeting of the 26th Board of Directors held on March 25, 2023, respectively.

- (2) Remuneration of President is determined by the Board of Directors in accordance with Article 20, Subparagraph 14 of the Bank's Articles of Incorporation. To comply with the assignment of the President by the 1st Interim Meeting of the 26th Board of Directors on March 15, 2021, were reported to the 11th Meeting of the 5th Remuneration Committee held on April 7, 2021 and the 12th Meeting of the 26th Board of Directors on April 20, 2021, respectively for approval; the President's salary is tied to the 2022 performance evaluation results, which evaluate both financial and non-financial indicators, and were reported to the 30th Meeting of the 5th Remuneration Committee held on March 15, 2023 and the 37th Meeting of the 26th Board of Directors on March 25, 2023 for regular evaluation of President.
- (3) In accordance with Article 20, Subparagraph 14 of the Bank's Articles of Incorporation, remuneration of Executive Vice Presidents is determined by the Board of Directors within the scope of the Bank's "Salary Scales List for Personnel".
3. Correlations with Business Performance and Future Risks:
- (1) Remuneration of Directors:
- In accordance with Article 38 of the Bank's Articles of Incorporation, at the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of Directors), if any, shall be distributed up to 0.8% as remuneration of Directors. Meanwhile, the Bank's operating results and the performance of the Directors' duties are considered, after deliberation by the Remuneration Committee and proposed to the Board of Directors for approval, Directors will be offered reasonable remuneration after reporting to the Shareholders' Meeting.
- (2) Remuneration of President and Executive Vice Presidents:
- In accordance with Article 38 of the Bank's Articles of Incorporation, at the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of Directors), if any, shall be distributed with 1% to 6% of the profit as employees' bonuses, after deliberation by the Remuneration Committee and proposed to the Board of Directors for approval, President and Executive Vice Presidents will be offered remuneration after reporting to the Shareholders' Meeting.
- (3) Performance Bonus of President and Executive Vice Presidents:
- In accordance with the Bank's "Employee Bonus Payment Regulations", bonuses shall be paid to the President and Executive Vice Presidents based on their individual performance, after deliberation by the Remuneration Committee and submission to the Board of Directors for approval.
- (4) The amount of performance bonus is determined based on the Bank's business performance, indicators are as follows:
- The achievement rate of earnings targets, ROE, non-performing loan ratio, coverage ratio of allowances for non-performing loan, performance of innovation and research and specific performance of the reformation etc., after deliberation by the Remuneration Committee and submission to the Board of Directors for approval; if there are any policy or other significant factors beyond the control of the Bank, the Bank should provide a description of the specific facts.
- (5) In accordance with "Employee Bonus Payment Regulations", including the President, the Executive Vice Presidents, the EVP & Chief Auditor, the EVP & Chief Compliance Officer, heads of divisions at the head office, regional centers, and domestic and overseas business units, 80% of the performance bonus should be paid first, and the remaining 20% should be deferred and paid three months later. Provided, during the period, the Board of Directors does not resolve a decision to retain the performance bonus due to a risk of improper conduct, which may cause the Bank to suffer losses.
4. Performance Evaluation Criteria for Directors, Managers and Sales Staff:
- (1) Directors:
- The performance evaluation criteria of the Bank's directors are based on the Bank's "Rules of Performance Evaluation of the Board of Directors", the scope of the evaluation of the board of directors contains the board as a whole, individual director and functional committees. Evaluations include the operational performance evaluation of the board, self-evaluation made by individual board members, and evaluation made by appointed external evaluation units, or other appropriate methods. The indexes of performance evaluation of the board of directors shall be set based on the practical operation and necessity of the Bank

and suitable and appropriate for evaluations by the Bank, such as participation in the operation of the Bank, improvement of the quality of the boards of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control, and action in respect to environmental, social, and governance (ESG). In the year in which the external evaluation unit conducts the external evaluation, it should determine the indexes. The results of performance evaluation of the board of directors of the Bank may be considered as a reference when determine or periodically review the remuneration of directors so as to improve the operation efficiency of the board of directors and application of evaluation results.

(2) Managers:

The performance evaluation criteria of the Bank's President, Executive Vice Presidents, EVP & Chief Auditor, EVP & Chief Compliance Officer, SVP & division heads of the Bank's head office, and the VP & GM of the branches are based on the Bank's "Employee Performance Appraisal Regulations", and appropriate ratings are given based on the performance of individual duty, functional competencies and achievement of goals, and the business performance of their respective units. 【Indicators include financial aspect, non-financial aspect (customer aspect, internal process aspect and learning and growth aspect) and internal audit and internal control】.

(3) Business Personnel:

- ① The Bank provides bonuses for business personnel of financial product in accordance with external relevant remuneration system, and stipulates the "Distribution of Bonuses for Wealth Management Business." The calculation of remuneration is determined by performance index; the indexes include financial aspects such as wealth management fee income, number of new customers, AUM maintenance rate, and non-financial indexes such as audit/financial examination findings, customer complaints, abnormal transactions, service quality, education and training to balance and consider the possible risks brought by the customer rights or wealth management services which may influence the Bank and customers.
- ② The Bank follows the "Principles of Complying with the Remuneration System for Business Personnel of Insurance Agent Companies" stipulated by the Insurance Agency Association of the R.O.C., and external related remuneration regulation to stipulate "Measures for Remuneration Payments to Insurance Business Personnel" for business personnel of non-financial insurance products. The calculation of remuneration is based on a certain percentage of commission for the first year when product launches to the market, and then after a comprehensive evaluation of non-financial indexes to balance and consider the possible risks brought by the customer rights, non-financial insurance products or services which may influence the Bank and customers.

D. Implementation Status of Corporate Governance

a. Implementation of Board of Directors

A total of 6 Meetings of 26th Board of Directors were held in 2023, the attendance of Directors was as follows:

The 26 th Board of Directors Operations (2023/1/1 – 2023/6/18)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Chairperson	Jong-Yuan Ling (Delegate of MOF)	6	0	100	
Managing Director (President)	Chao-Chung Chou (Delegate of MOF)	6	0	100	
Managing Director (Independent Director)	Jung-Chun Pan	6	0	100	
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd.)	4	2	66.67	
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	6	0	100	

The 26 th Board of Directors Operations (2023/1/1 – 2023/6/18)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Director	Wen-Siung Lee	6	0	100	
Director	Hwai-Chou Chen	3	0	100	Resigned on April 12, 2023, therefore the number of meetings to attend should be three times.
Director (Independent Director)	Jong-Horng Lin	6	0	100	
Director (Independent Director)	Chih- Jong Suen	5	1	83.33	

Note: The actual attendance rate (%) is calculated based on the number of meetings of Board of Directors and the number of attendance in person during the term of incumbency.

A total of 8 Meetings of 27th Board of Directors were held in 2023, the attendance of Directors was as follows:

The 27 th Board of Directors Operations (2023/6/19 – 2023/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Chairperson	Jong-Yuan Ling (Delegate of MOF)	8	0	100	
Managing Director (President)	Chao-Chung Chou (Delegate of MOF)	8	0	100	
Managing Director (Independent Director)	Yu-Hsueh Wu	8	0	100	
Director	Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd.)	8	0	100	
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	8	0	100	
Director	Wen-Siung Lee	8	0	100	
Director	Kuo-Tung Huang (Delegate of MOF)	8	0	100	
Director (Independent Director)	Shu-Hua Lee	8	0	100	
Director (Independent Director)	Chao-Kuei Huang	8	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of Board of Directors and the number of attendance in person during the term of incumbency.

【Other mentionable items】

1. If the Board of Directors' meeting is held under any of the following circumstance, date, session, content of motion and opinion of Independent Directors and the Bank's handling of the opinion of the Independent Directors shall be stated:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:

Please refer to D. Implementation Status of Corporate Governance, n. 2. Important Resolutions of Board of Directors in 2023.

(2) In addition to the aforementioned matters, other resolutions of the Board of Directors that have been objected or reserved by Independent Directors and have records or written statements:

None.

2. The implementation of the Directors' recusal to content of motion in conflicts of interest:

The implementation of the Directors' recusal to content of motion in conflicts of interest of the 26 th Board of Directors (2023 / 1 / 1 – 2023 / 6 / 18)			
Content of motion	Name of Directors	Reasons for Recusal	Voting Results
Regular evaluation of the Chairperson's remuneration, benefits, and related matters	Chairperson Jong-Yuan Ling	According to Article 206 of the Company Act, which applies mutatis mutandis with the provisions of Article 178 of the same Act, the Director shall recuse from voting because the proposals may present a conflict of interest for them.	Except for the directors who recused themselves from potential conflicts of interest, the remaining attending directors approved the proposals as submitted.
Regular evaluation of the President's remuneration, benefits, and related matters	Managing Director and President Chao-Chung Chou		
Regular evaluation of the monthly remunerations for Directors (excluding regular Independent Directors)	Director Shiu-Yen Lin Director Chien-Yi Chang Director Wen-Siung Lee Director Hwai-Chou Chen		
Regular evaluation of the monthly remuneration for Independent Directors.	Managing Independent Director Jung-Chun Pan Independent Director Jong-Hong Lin Independent Director Chih-Jong Suen		
Approved the special incentive program for 2022 to the Bank's President, EVP & Chief Auditor, Executive Vice President, EVP & Chief Compliance Officer, and executives from the Head Office, the Regional Center, and business units	Managing Director and President Chao-Chung Chou		
Reviewed the list of candidates for directors (including Independent Directors) of the Bank	Chairperson Jong-Yuan Ling Managing Director and President Chao-Chung Chou Director Shiu-Yen Lin Director Chien-Yi Chang Director Wen-Siung Lee		
9 Credit case of stakeholders	Director Chien-Yi Chang		
Approved the renewal of the Bank's directors' and officers' liability insurance of 2023	Director Shiu-Yen Lin		Except for Director Shiu-Yen Lin 's recusal, all other attending Directors unanimously approved the proposed proposal.

The implementation of the Directors' recusal to content of motion in conflicts of interest of the 27 th Board of Directors (2023 / 6 / 19 – 2023 / 12 / 31)			
Content of motion	Name of Directors	Reasons for Recusal	Voting Results
Assigned the proposal for the 6 th members of the Bank's Remuneration Committee	Managing Independent Director Yu-Hsueh Wu Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang	According to Article 206 of the Company Act, which applies mutatis mutandis with the provisions of Article 178 of the same Act, the Director shall recuse from voting because the proposals may present a conflict of interest for them.	Except for the directors who recused themselves from potential conflicts of interest, the remaining attending directors approved the proposals as submitted.
Assigned the proposal for the Chairperson, three independent directors, and President, totaling five individuals, to serve as members of the Bank's 3 rd Sustainable Development Committee	Chairperson Jong-Yuan Ling Managing Independent Director Yu-Hsueh Wu Managing Director and President Chao-Chung Chou Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang		
Amendments to the attendance fee for the 6 th members of the Bank's Remuneration Committee	Managing Independent Director Yu-Hsueh Wu Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang		
Amendments to the attendance fee for the members of the 4 th Audit Committee of the Bank	Managing Independent Director Yu-Hsueh Wu Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang		
Amendments to the attendance fee for the members of the 3 rd Sustainable Development Committee	Chairperson Jong-Yuan Ling Managing Independent Director Yu-Hsueh Wu Managing Director and President Chao-Chung Chou Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang		

The implementation of the Directors' recusal to content of motion in conflicts of interest of the 27 th Board of Directors (2023/6/19 – 2023/12/31)			
Content of motion	Name of Directors	Reasons for Recusal	Voting Results
Distribution of Director's remuneration in 2022	Director Wen-Siung Lee		
Amendment of the remuneration, welfare and related matters of the Bank's Chairperson	Chairperson Jong-Yuan Ling		
Amendment of the monthly remuneration for directors (excluding regular Independent Directors)	Director Shiu-Yen Lin Director Chien-Yi Chang Director Wen-Siung Lee Director Kuo-Tung Huang		
Amendment of the monthly remuneration for Independent Directors	Managing Independent Director Yu-Hsueh Wu Independent Director Shu-Hua Lee Independent Director Chao-Kuei Huang		
Adjustment of the remunerations, welfare and related matters of the Bank's Chairperson	Chairperson Jong-Yuan Ling		
Adjustment of the remunerations, welfare and related matters of the Bank's President	Managing Director and President Chao-Chung Chou	Managing Director Chao-Chung Chou concurrently serves as the President and receives only the remuneration of the President. As the proposal is related to the interests of the Director, Director Chao-Chung Chou shall recuse himself according to Article 206 of the Company Act, which applies mutatis mutandis with the provisions of Article 178 of the same Act.	Except for Director Chao-Chung Chou's recusal, all other attending Directors unanimously approved the proposed proposal.
1 Credit case of stakeholders	Director Shiu-Yen Lin	The proposals do not involve any conflicts of interest for the Director, but recusal should be applied from a highly rigorous corporate governance perspective.	Except for Director Shiu-Yen Lin 's recusal, all other attending Directors unanimously approved the proposed proposal.
7 Credit case of stakeholders	Director Chien-Yi Chang		Except for Director Chien-Yi Chang 's recusal, all other attending Directors unanimously approved the proposed proposal.
The Bank's auditing plan for fiscal year 2024	Managing Director and President Chao-Chung Chou Director Kuo-Tung Huang	The proposal does not involve the personal conflicts of interests of the Director. However, due to the confidential nature of the case, the Directors, as President and Chairman of the Labor Union, should recuse themselves to maintain the confidentiality of the case.	Except for Managing Director and President Chao-Chung Chou and Director Kuo-Tung Huang's recusal, all other at- tending Directors unanimously approved the proposed proposal.

3. Evaluation on the implementation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
<p>Internal evaluation is executed once a year and an external evaluation conducted by independent professional institution or a panel of external experts and scholars at least once every three years to the board of directors.</p>	<p>To evaluate the performance of the Board of Directors of the Bank from January 1, 2023 to December 31, 2023.</p>	<p>The scope of the performance evaluation of the board of directors contains the board as a whole, individual director and functional committees (including the Audit Committee, the Remuneration Committee and the Sustainable Development Committee).</p>	<p>Methods of the year 2023 evaluations include the operational performance evaluation of the board, self-evaluation of performance of the members of the board of directors and the functional committees.</p>	<p>According to the evaluation indexes stipulated in Article 6 of the Rules of Performance Evaluation of the Board of Directors of the Bank:</p> <ol style="list-style-type: none"> 1. The criteria for evaluating the performance of the board of directors should cover the following six aspects: "participation in the operation of the Bank", "improvement of the quality of the board of directors' decision making", "composition and structure of the board of directors", "election and continuing education of the directors", "internal control", and "action in respect to environmental, social, and governance (ESG)". 2. (1) The criteria for self-evaluating the performance of the board members should cover the following seven aspects: "alignment of the goals and missions of the Bank", "awareness of the duties of a director", "participation in the operation of the Bank", "management of internal relationship and communication", "The director's professionalism and continuing education", "internal control", and "Attention to environmental, social, and governance (ESG)". (2) The criteria for evaluating the performance of functional committees should cover the following five aspects: "participation in the operation of the Bank", "awareness of the duties of the functional committee", "improvement of quality of decisions made by the functional committee", "makeup of the functional committee and election of its members", and "internal control".

4. Evaluation of the goals and implementation status of strengthening the functions of the Board of Directors in the current year and last year.

- (1) The Bank's official website has a "Corporate Governance" section, which discloses information on the Board of Directors, important resolutions of the Board of Directors, internal audit and internal control systems, and corporate governance-related rules and regulations.
- (2) The Bank has three Independent Directors with legal, accounting and technology expertise to provide independent and professional advice on the supervision and management of the Bank's business; and three Independent Directors form the Audit Committee to review major resolutions of the Bank in accordance with the Securities and Exchange Act to enhance the Bank's corporate governance.
- (3) The Bank's Directors continue to attend courses and seminars on corporate governance related to finance, risk management, business, commerce, legal affairs, accounting, AML, fair trade policy, information security and sustainable governance (ESG) to enrich their professional knowledge and further strengthen the functions of the Board of Directors; all Directors have completed required training hours with regulations in 2023.
- (4) In order to strengthen corporate governance, the Bank has appointed a corporate governance officer who is responsible for providing information necessary for Directors to carry out their duties effectively. The "Rules of Procedures for Board of Directors Meetings" of the Bank stipulates the terms and conditions of standard procedures for handling Directors' requests in order to enhance the effectiveness of the Board of Directors.
- (5) The Bank has established the "Sustainable Development Committee" under the Board of Directors, with the Chairperson as the convener and three Independent Directors and the President as members, to promote the integration of ethical corporate management, corporate ethics, sustainable development values into the Bank's business strategies and to oversee the implementation and effectiveness of ethical corporate management and sustainable development related issues. The Bank's Sustainable Development Committee held six meetings in 2023, with 100% attendance of committee members.

(6) In order to enhance the functions of the Board of Directors of the Bank, establish performance targets, and strengthen the efficiency of the Board of Directors, the Bank has formulated the "Rules of Performance Evaluation of the Board of Directors", which was amended and adopted by the 32nd meeting of the 26th Board of Directors on November 10, 2022, and the regular review of evaluation indicators are also conducted. According to the actual operation of the Board of Directors and various functional committees in 2023 and the self-assessment results of Directors (including Independent Directors) and committee members, the Bank's overall assessment results are all "beyond the standard," with individual director members being rated as "excellent," and were noted the report to the 9th Meeting of the 27th Board of Directors on January 29, 2024, and were disclosed on the official website of the Bank.

b. Implementation of the Audit Committee

The 3rd Audit Committee held 6 meetings in 2023, and the attendance of Independent Directors was as follows:

3 rd Audit Committee (2023/1/1 – 2023/6/18)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Independent Director	Jung-Chun Pan	6	0	100	Convener
Independent Director	Jong-Hong Lin	6	0	100	Member
Independent Director	Chih-Jong Suen	6	0	100	Member

Note: The actual attendance rate (%) is calculated based on the number of meetings of Audit Committee and the number of attendances in person during the term of incumbency.

The 4th Audit Committee held 7 meetings in 2023, and the attendance of Independent Directors was as follows:

3 rd Audit Committee (2023/6/19 – 2023/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Independent Director	Yu-Hsueh Wu	7	0	100	Convener
Independent Director	Shu-Hua Lee	7	0	100	Member
Independent Director	Chao-Kuei Huang	7	0	100	Member

Note: The actual attendance rate (%) is calculated based on the number of meetings of Audit Committee and the number of attendances in person during the term of incumbency.

【Other mentionable items】

1. If the Audit Committee is held under any of the following circumstance, date, session, content of motion, opposed opinion, qualified opinion or significant recommendation of Independent Directors, Audit Committee resolutions, and the Bank's handling of such resolutions shall be stated:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date, terms of the meetings	Content of motion	Opposed opinion, qualified opinion or significant recommendation of Independent Directors	Audit Committee Resolutions, and the Bank's handling of such resolutions
January 9, 2023 The 34 th meeting of the 3 rd term	Amendment to the Bank's "Operational Guidelines for the Portfolio Products Undertaken with Customers."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Amendments to the Bank's Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading.		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors.
February 14, 2023 The 35 th meeting of the 3 rd term	Amendments to the Bank's Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading.		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors.
	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	The Bank's 2022 Business Report and Financial Statements.		Approved unanimously by the attending Independent Directors, ratified by the Board of Directors, and acknowledged by the Shareholders' Meeting.

Date, terms of the meetings	Content of motion	Opposed opinion, qualified opinion or significant recommendation of Independent Directors	Audit Committee Resolutions, and the Bank's handling of such resolutions
March 15, 2023 The 36 th meeting of the 3 rd term	The Bank's 2022 "Internal Control Statement."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Amendments to the Bank's "Internal Control System for Trust Enterprises."		
	Authorization for the New York Branch manager to sign the 2022 Compliance Statement to the New York State Department of Financial Services.		
	The Bank's 2022 "Internal Control System Statements for AML/CFT".		
	The appointment and remuneration of the auditor for the financial and tax audit of the Bank for 2023.		
April 19, 2023 The 37 th meeting of the 3 rd term	Distribution of the Bank's 2022 earnings.		Approved unanimously by the attending Independent Directors, ratified by the Board of Directors, and acknowledged by the Shareholders' Meeting.
	The Bank's earnings capitalization proposal.		Approved unanimously by the attending Independent Directors, ratified by the Board of Directors, and approved by the Shareholders' Meeting.
	The Bank has purchased the current leased premises of the Nangang Software Park branch and has added it to this year's budget proposal.		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Proposal for the amendments to the Bank's "KYC Procedures for Professional Clients of Derivative"	Recommendations for amending and supplementing the proposal document of the Board of Directors regarding the revision of the name and certain clauses of the amendment regulations.	Except for the revisions made to the textual explanations provided for the amendments and supplements submitted to the Board of Directors, which are based on the opinions of independent directors, the remaining sections were approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors.
May 8, 2023 The 38 th meeting of the 3 rd term	Approved the proposal for the change of the Bank's Financial Officer (S.V.P & Division Head of Treasury Division.)		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
May 24, 2023 The 39 th meeting of the 3 rd term	Adjustment of the construction budget of the Bank's "Chiencheng Building Construction Project."	Recommendations for adding explanations for the increase or decrease in expenses related to this proposal in the Board of Directors' proposal document, as well as including key points regarding adjustments to bidding documents and contracts.	Except for incorporating an explanation regarding significant price increases and decreases based on the opinions of independent directors and supplementing key points of contract amendments, the remaining sections were approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors.
August 15, 2023 The 2 nd meeting of the 4 th term	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."		
	Amendments to the Bank's "Internal Control System for Securities Firms."		
	The Bank's 2023 semi-annual financial statement.		
	Proposal for additional budget to purchase land in the Beitou District of Taipei City from the Taipei City Government.		

Date, terms of the meetings	Content of motion	Opposed opinion, qualified opinion or significant recommendation of Independent Directors	Audit Committee Resolutions, and the Bank's handling of such resolutions
September 4, 2023 The 3 rd meeting of the 4 th term	Amendments to the Bank's "Internal Control System for Trust Enterprises."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Proposal for the upgrade and redesign of the "Personal Internet Banking App/ Personal Internet Banking" of the Bank.	Suggestions for considerations during the upgrade and redesign process and recommendations to supplement the proposal to the Board of Directors with estimated amounts covering the scope of work items.	Except for discussing the supplementary materials proposed to be supplied to the board of directors at the meeting, the remaining sections were approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
October 11, 2023 The 4 th meeting of the 4 th term	Proposal for the amendments to the "Authorization Criteria for Designated Foreign Exchange Branches to Conduct Derivative Financial Product Promotion Business" of the Bank.		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Amendments to the Bank's "Internal Control System for Securities Firms."		
	Amendments to the Bank's "Internal Control System for Securities Firms."		
November 24, 2023 The 6 th meeting of the 4 th term	The Increase of the construction budget of Urban Renewal Project of 764 and 764-1, Subsection 1, Changchun Sec., Zhongshan Dist., Taipei		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	The Bank's draft budget for 2024.		
December 14, 2023 The 7 th meeting of the 4 th term	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved unanimously by the attending Independent Directors and subsequently ratified by the Board of Directors according to the proposal.
	Amendments to the Bank's Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading.		
	Amendments to the Bank's "Internal Control System for Securities Firms."		
	The Bank's auditing plan for 2024.		

【The Bank's handling of the Audit Committee's opinions】 All are handled in accordance with the recommendations.

(2) In addition to the matters mentioned above, other resolutions that have not been passed by the Audit Committee but have been approved by more than two-thirds of all Directors:

None.

2. The implementation of Independent Directors' recusal to content of motion in conflicts of interests, with his/her name, content of motion, reasons for recusal and voting participation that should be clearly stated.

None.

3. Communication between the Independent Directors and internal auditing officer and accountant (Should include the significant matters, methods and results of communication on the Bank's financial and business status, etc.):

(1) Between the Independent Directors and internal auditing officer:

- ① The Bank's internal audit reports are submitted to the Audit Committee and Independent Directors for review after the Chairperson's review in accordance with the regulations.
- ② The Internal Auditing Division reports to the Board of Directors and delivers to the Audit Committee on the improvement of the external audit opinions, and the Independent Directors actively supervise and follow up on the improvement parts listed in the inspection reports.
- ③ The Chief Auditor reports to the Audit Committee and the Board of Directors on a quarterly basis on the execution of the audit.
- ④ The Independent Directors maintain close contact and well communication with the Chief Auditor and SVP & Division Head of Internal Auditing Division.

⑤ With respect to the deficiencies in the Bank's internal control system, the Bank's Directors, Independent Directors have regularly hold meetings with the internal auditors with discussions recorded for report to the Board of Directors.

(2) Between Independent Directors and CPAs:

The Independent Directors of the Bank have meeting with the CPAs at least three times (on January 9, February 14 and August 15, 2023) a year through meetings on the status of the Bank's financial report audits; other issues such as business conditions and internal control system are discussed from time to time.

4. The work of the Audit Committee focuses on:

- (1) To assist the Board of Directors in decision making and supervise the proper presentation of financial statements, the selection (dismissal) of CPA and the assessment of their independence and suitability, effective implementation of the Bank's internal control system, compliance with laws and regulations, and operation of the risk control mechanism, etc., and review important content of motion required by the Bank or the competent authority.
- (2) Regarding the various reports of the management department and the auditing unit, which involve the effectiveness of the Bank's internal control system, including the control operations of overseas subsidiary banks and major cases that have been reported, put forward specific improvement suggestions, and require the management department to implement.
- (3) To review the Bank's secured loans to interested parties under Article 33 of the Banking Act, if the amount of secured loan exceeds the amount required by the central competent authority and if the Bank's Directors have personal conflict of interest in the matter.

c. Information to be disclosed in accordance with the Corporate Governance Best-Practice Principles of the Bank.

Please refer to the "Corporate Governance" section of the Bank's official website (<https://www.bankchb.com>) for the items that the Bank is required to disclose.

d. The Bank's corporate governance implementation status and the deviation from the Corporate Governance Best-Practice Principles for Banks and the reasons for deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
1. Shareholding structure and shareholders' equity				
1-1 Has the Bank established internal procedures to handle shareholders' proposals, questions, disputes and litigations, and implement them in accordance with the procedures?	✓		1-1 The Bank has a dedicated unit to handle shareholders' proposals, questions, disputes and litigations, and the contact information disclosed in "Investor Relations" section on official website.	1-1 No deviation.
1-2 Does the Bank maintain a list of the major shareholders with controlling power over the Bank and the ultimate controllers of the major shareholders?	✓		1-2 Based on the Bank's shareholders' register (after the book closure date) and the information on the changes of shareholding declared by the insiders and major shareholders according to regulations, the Bank has maintained its list of major shareholders which is disclosed on the Market Observation Post System (MOPS), the Bank's annual report or official website.	1-2 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
1-3 Has the Bank established and implemented risk control mechanism and firewall mechanisms between the Bank and its affiliates?	✓		1-3 The Bank has established the "Long-Term Equity Investment Business and Subsidiaries Management Principles" and "Overseas Subsidiary Bank Management Guideline" to regulate business transactions between the Bank and its subsidiaries or overseas subsidiaries in compliance with relevant laws and regulations; in the case of interested party transactions, the Bank's "Regulations for Handling of Transactions of Credit Extension with Interested Parties" and "Regulations for Handling of Transactions other than Credit Extension with Interested Parties" and relevant regulations of the competent authorities are followed. In addition, the Bank has established an information segregation mechanism between the Bank and its affiliates, and controls access to sensitive information under the need-to-know and separation of powers and responsibilities principles to maintain information security.	1-3 No deviation.
2. Composition and Responsibilities of the Board of Directors				
2-1 Does the Board of Directors have a diversity policy and specific management objectives?	✓		2-1 The Bank's diversity policy of Board of Directors is stipulated according to Article 29, Paragraph 2 and Paragraph 3 of the "Corporate Governance Best-Practice Principles" of the Bank. The Bank's specific management goals and implementation status of diversity policy of the Board of Directors, please refer to this chapter, B. a. "4. Director information (2), The Board of Directors' Diversity and Independence" and are disclosed on the Bank's official website "Corporate Governance" section → Board of Directors.	2-1 No deviation.
2-2 In addition to the Remuneration Committee and the Audit Committee, does the Bank voluntarily establish other functional committees?	✓		2-2 In addition to the Remuneration Committee and the Audit Committee, the Bank's Board of Directors has also established the Sustainable Development Committee, which is responsible for promoting the ethical corporate management, corporate ethics and sustainable development values into the Bank's business strategies in order to implement the Bank's sustainable management philosophy.	2-2 No deviation.
2-3 Has the Bank established "Rules of Performance Evaluation of the Board of Directors" and its assessment methods, and conducted performance evaluations annually and regularly, and submitted the results of the performance evaluations to the Board of Directors for reference in the remuneration of individual Directors and their nomination for reappointment?	✓		2-3 The Bank has established the "Rules of Performance Evaluation of the Board of Directors," which stipulates that the Board of Directors of the Bank shall conduct an internal evaluation once a year and an external evaluation by an external professional and independent organization or a team of external experts and scholars at least once every three years, and shall complete and report to the Board of Directors before the first quarter of the following year. a. The performance evaluation methods include performance evaluation of the operation of the Board of Directors, self-evaluation of the performance of the members of the Board of Directors, appointment of an external evaluation unit or other appropriate methods for performance evaluation. b. The results of the performance evaluation of the Board of Directors of the Bank shall be used as a reference for the selection or nomination of candidates for election as Directors or for the Remuneration Committee to determine or regularly review the remuneration of Directors (including the Chairperson, Managing Directors, Independent Directors and Non-Independent Directors). The Bank has applied the results of the 2023 performance evaluation of the Board of Directors for regularly review the individual Directors' remuneration and reference for nomination for reappointment.	2-3 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons				
	Yes	No	Summary					
2-4 Does the Bank regularly evaluate the independence of Certified Public Accountants (CPAs)?	✓		<p>2-4 When appointing the CPA, the Bank shall, in addition to confirming that the members of the audit team have no material financial interests or business relationships with the Bank that would affect independence, and regularly (at least once a year) critically assess the independence (Note 1) and suitability (Note 2) of the CPA appointed for audit and submit to the Audit Committee and the Board of Directors for deliberation as the following matters:</p> <ol style="list-style-type: none"> a. The CPA does not hold any shares, loans, co-investment or benefit-sharing relationship with the Bank. b. The CPA is not a representative of the Bank, Director, manager or officer of the Bank. c. The CPA does not violate the "Code of Ethics No. 10 Independence for Audit and Review Engagements" of the National Federation of Certified Public Accountants of the Republic of China. d. The auditing CPA has not received any disciplinary action from the competent authority and the CPA Association in the past two years. In addition, both the CPA and the audit team members possess relevant knowledge or training experience regarding the business of the Bank. e. The Bank has provided Audit Quality Indicators (AQI) information regarding the auditing CPA as a reference for evaluating their independence and suitability. This information was submitted for review in the 11th Meeting of 27th Board of Directors held on March 20, 2024. <p>(Note 1) The standard for assessing the independence of accountants:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #92d050;">Items</th> </tr> </thead> <tbody> <tr> <td> <ol style="list-style-type: none"> 1. Has the accountant not been changed for multiple consecutive years? 2. Has the accountant been subject to any disciplinary action? 3. Financial statements of the service organization may not be audited and certified during the first two years of practice. 4. Ownership of the client's shares is prohibited. 5. There shall be no monetary lending or borrowing with the client except for normal financial transactions. 6. There shall be no joint investment or sharing of benefits with the client. 7. It is prohibited to concurrently hold a regular position with the client and receive a fixed salary, such as serving as the client's person-in-charge, Director, supervisor, manager, or employee. 8. Being involved in the client's management functions related to decision-making is prohibited. 9. 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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
3. Does the Bank have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for Directors and Supervisors to perform their business, assisting Directors and Supervisors to comply with laws and regulations, conducting Board of Directors and Shareholders' Meeting-related matters in accordance with the law, and preparing minutes of Board of Directors and Shareholders' Meetings, etc.)?	✓		<p>3-1 The Bank established the position of Governance Officer responsible for corporate governance-related matters, which was approved by the Bank's Board of Directors on June 21, 2019, and designated the then SVP & Division Head of Secretariat Division Hsueh-Ni Hsieh (term of the office from June 21, 2019 to December 3, 2023) as the corporate governance officer who has more than 3 years of experience as a unit head of a financial institution or a public company engaged in legal affairs, conference logistics, stock affairs, corporate governance, and compliance related matters. Subsequently, the appointment was approved by the Board of Directors on December 4, 2023, with Chih-Chen Hsu, Executive Vice President, appointed to the role. Mr. Hsu has more than 3 years of experience as a unit head of a financial institution or a public company engaged in finance. The Bank also has a suitable and appropriate number of staffs of corporate governance to handle corporate governance related matters.</p> <p>3-2 The management matters on corporate governance are as follows:</p> <ul style="list-style-type: none"> a. Handle matters related to the Meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law. b. Prepare minutes of the Board of Directors' Meetings and Shareholders' Meetings. c. Assist Directors in their induction and continuing education. d. Provide information necessary for the Directors to carry out their business. e. Assist Directors in complying with laws and regulations. f. Report to the Board of Directors the assessment results on whether the qualifications of the Independent Directors comply with relevant laws and regulations during the nomination, election, and term of office. g. Handling matters related to changes in the Board of Directors. h. Manage stipulation and amendment of corporate governance regulations. i. Other matters as provided for in the Articles of Incorporation or contract. <p>3-3 The continuing education situation is as follows:</p> <ul style="list-style-type: none"> a. The Ministry of Finance, "The Essence of Corporate Governance, Development Trends of Indicators, and Case Analysis of Practices for 3 hours. b. The Taiwan Stock Exchange and Taipei Exchange, "Sustainable Development Action Plan for TWSE and TPEX Listed Companies" for 3 hours. c. The Taiwan Academy of Banking and Finance, "2023 Green ESG Finance Leadership Roundtable Forum – Advancing Net Zero Efforts in Taiwan: the Deep Waters of Sustainable Finance"" for 3.6 hours. d. The Securities & Futures Institute, "2023 Insider Trading Prevention Promotion Conference" for 3 hours and "Analysis of Common Violations of the Securities and Exchange Act" for 3 hours. e. Taipei Bar Association, "2023 Corporate Governance Forum – Governance of Group Enterprises" Seminar for 3 hours. <p>The total number of hours of continuing education completed by the Bank's corporate governance officer in 2023 is 18.6 hours and is disclosed on the MOPS and the Bank's official website.</p>	No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
4. Has the Bank established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the corporate's website, and appropriately responded to important CSR issues of concern to stakeholders?	✓		<p>4-1 The Bank has set up a "Stakeholder Communication" section on its official website to provide a contact information for the general public, shareholders, employees, customers and suppliers as a channel to communicate with relevant stakeholders. The Bank's ESG implementations are disclosed in the "Sustainability" section, and material ESG issues stakeholders concern about are also disclosed in the sustainability report.</p> <p>4-2 The Bank's communication with various stakeholders in 2023 has been reported to the Bank's 3rd Meeting of the 3rd Sustainable Development Committee on December 8, 2023 and the 8th Meeting of the 27th Board of Directors on December 25, 2023.</p> <p>4-3 The Bank also compiled the English and Chinese versions of the 2023 ESG Summary (Sustainability Governance Summary) and Task Force on Climate-Related Financial Disclosure Report (TCFD Report) (December 2022), which are disclosed on the "Sustainability" section of the Bank's official website to provide real-time, summarized ESG information to enhance the Bank's multifaceted communication with stakeholders.</p>	No deviation.
5. Information Disclosure				
5-1 Has the Bank set up a website to disclose information on financial operations and corporate governance?	✓		5-1 The Bank has set up "Investor Relations" and "Corporate Governance" sections on its official website to disclose detailed annual and quarterly financial statements, material business information and corporate governance-related information.	5-1 No deviation.
5-2 Has the Bank adopted other methods of information disclosure (e.g. setting up an English website, designating a person responsible for the collection and disclosure of corporate information, implementing a spokesperson system, placing the process of investor conference on the corporate website, etc.)?	✓		<p>5-2 a. The Bank has English and Chinese version official websites, and the relevant units are responsible for collecting and disclosing financial and business information in accordance with their business responsibilities. Regarding material information, the Bank designates dedicated unit to conduct and dedicated person for making disclosure in both English and Chinese on the MOPS website.</p> <p>b. The Bank has a spokesperson system, and in accordance with the Bank's "Guidelines for Handling Material Inside Information", the spokesperson will explain the Bank's financial, business and material information to the public within the scope of authorization.</p> <p>c. The Bank held four online investor conference in 2023, and the related video and presentation information were disclosed on the MOPS and the Bank's official website in accordance with the regulations.</p>	5-2 No deviation.
5-3 Does the Bank announce and report its annual financial statement within the deadline after the end of the fiscal year in accordance with the Banking Act and the Securities and Exchange Act, announce and report its first, second and third quarterly financial statements and monthly operations well in advance of the prescribed deadline?	✓		<p>5-3 a. The Bank's annual and quarterly financial statements of first, second, third and monthly operations are published on the MOPS and the Bank's official website in accordance with the regulations.</p> <p>b. The Bank's annual financial statement which was approved by the Bank's Audit Committee and Board of Directors, was audited and announced in February 2024 in advance.</p>	5-3 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
6. Does the Bank have other important information that can help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, stakeholder rights, Director and Supervisor on-the-job education, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Bank's purchase of liability insurance for Directors and Supervisors, donations to political parties, stakeholders and public welfare organizations, etc.)?	✓		<p>6-1 Matters related to the Board of Directors</p> <p>a. The attendance of the Bank's Directors (including Independent Directors) at the Board of Directors and the attendance of Independent Directors at the Audit Committee are disclosed on the MOPS in accordance with the regulations.</p> <p>b. The Bank's Directors (including Independent Directors) recuse themselves from the Board of Directors' Meetings and do not participate in discussions or voting on matters in which they or the legal entities they represent have conflicts of interest.</p> <p>c. In accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," the Bank has established the "Directions for the Implementation of Continuing Education for Directors." In 2023, the Bank's Directors (including Independent Directors) completed their continuing education hours in accordance with the aforementioned directions and disclosed their further education on the MOPS and the Bank's official website.</p> <p>d. In order to improve the corporate governance of the Bank and to reduce the business risk they bear for the Bank, the Bank has insured "Directors, Supervisors and Managers Liability Insurance" for its Directors and managers and is disclosed on the MOPS.</p> <p>e. All Directors completed a 3-hour fair treatment of consumer and financial friendly training course in 2023.</p> <p>f. The Bank strictly adheres to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and restricts the Directors from trading the Bank's shares during the blackout period (30 days before the annual financial report announcement and 15 days before the quarterly financial report announcement). The Bank provides advance notification of the commencement of each blackout period to all Directors.</p> <p>6-2 Employee Rights and Benefits, and Employee Care Please refer to "V. Operational Overview, G. Labor-Management Relations, a. The Bank's employee welfare measures, retirement system and implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees."</p> <p>6-3 Investor Relations The Bank's official website in English and Chinese include "Investor Relations," "Corporate Governance" and "Sustainability" sections, which provide financial, business, corporate governance and ESG-related information for domestic and foreign investors.</p> <p>6-4 Stakeholder Rights</p> <p>a. The Bank conducts its business in accordance with the Banking Act and approved by the central competent authorities. Based on the overall benefits of the funding contributors (including clients, beneficiaries or shareholders of the Bank), the Bank has established "Stewardship Principles" and declares to comply with "Stewardship Principles for Institutional Investors" in order to implement shareholder actions to urge investee companies to strengthen their corporate governance. In addition, the Bank regularly discloses its stewardship activities on its official website, including interactions with investees and participation in voting at their Shareholders' Meetings and other material information.</p> <p>b. For stakeholder information, please refer to "4. Establish communication channels with stakeholders, set up a stakeholder section on the corporate's website, and appropriately respond to important CSR issues of concern to stakeholders" in this table.</p>	No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
			<p>6-5 Risk Management Policy and Implementation Status</p> <p>a. In order to establish a professional and complete risk management function, the Bank has established three risk management divisions, Credit Management Division, Risk Management Division, and Loan Asset Management Division. (1) Credit Management Division is responsible for credit case review, business unit credit case review, and management and maintenance of the e-Loan credit automation system, in order to strictly monitor the credit checking and credit review process; (2) Risk Management Division is responsible for policy stipulation and risk control of integrated risk, credit risk, market risk and operational risk; (3) Loan Asset Management Division is responsible for the control of overdue loans, collections, and bad debts, as well as non-performing debts (including the e-Loan Debt Management Subsystem); all divisions can execute in accordance with regulations.</p> <p>b. The Bank has Risk Management Committee, which is responsible for assessing and monitoring the Bank's risk capacity and current risk exposure, determining risk response strategies and compliance with risk management procedures, and submitting risk management reports to the Audit Committee and the Board of Directors on a quarterly basis. The Bank's risk management policies are reviewed and discussed by the Risk Management Committee and approved by the Board of Directors for implementation.</p> <p>6-6 Implementation of Customer Policy</p> <p>To reinforce our dedication to consumer protection and cultivate a corporate culture that prioritizes "fair customer treatment," the Bank has developed the "Fair Customer Treatment Code", "Guidelines for Fair Treatment of Elderly Customers", "Guidelines for Friendly Financial Services for People with Disabilities" and "Notes on Providing Financial Services for People with Disabilities." We have established the "Treat Customers Fairly Facilitating Committee," which meets regularly to review our implementation of fair customer treatment principles and provides periodic reports to the Board of Directors. In addition, the Bank has formulated "Financial Consumer Protection Policy", "Operation Guidelines for Financial Consumer Protection", "Handling Guidelines for Consumer Complaint", to protect the rights and interests of financial consumers, effectively handle financial consumer disputes, regularly review and analyze the types and causes of disputes, and discuss relevant countermeasures or improvement measures and report to the Board of Directors to review the completeness of the Bank's financial consumer protection system.</p> <p>6-7 Donations to political parties, stakeholders and public welfare organizations</p> <p>a. Donations to political parties: None.</p> <p>b. Donations to stakeholders: None.</p> <p>c. Donations to public welfare organizations: Please refer to "V. Operational Overview, C. Corporate Responsibility and Moral Behavior."</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
7. Please provide information on the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation last year, and propose priorities and measures for improvement.				
7-1 The Bank was ranked among the top 5% of TWSE-listed companies in the 9 th Corporate Governance Evaluation, which affirms our long-term efforts and achievements in improving corporate governance. Based on the results of the 9 th Corporate Governance Evaluation, we continue to review and improve the following:				
a. To ensure timely access to comprehensive and accurate information for investors, the Bank discloses information in accordance with relevant regulations such as the Procedures for Verification and Disclosure of Material Information of TWSE and TPEX Listed Companies and Information Reporting Operations.				
b. The Bank is committed to continuously enhancing our internal controls, conducting business with integrity, promoting sustainable development, and implementing various governance mechanisms to comply with relevant laws and regulations.				
7-2 The Bank was certified "Excellence" by the Taiwan Corporate Governance Association in its CG6013(2021) Corporate Governance System Evaluation. (Certification Validity Period 2022/12/29~2024/12/28)				

e. Compositions, duties and implementation status of the Remuneration Committee

1. Composition of the Remuneration Committee:

(1) The Information of the 5th Remuneration Committee Members

Identity	Name	Criteria	Independence Status	Numbers as Serving as the Member of Remuneration Committee for Other Public Companies
		Professional Requirements and Experience		
Independent Director (Convener)	Jung-Chun Pan	<p>Mr. Jung-Chun Pan worked at the Bank of Communications for 18 years. From 1991 to 2002 he served as an Assistant Vice President of Da-An Bank, in 2002 as an Assistant Vice President of Taishin International Bank, from 2002 to 2003 as Chairman and COO of Concord Asia Finance Ltd., and from 2003 to 2013 as the Director and President of Mega Asset Management Corp. He also served as an Independent Director of Taiwan Microloops Corp. since 2021. Mr. Pan's major was banking and insurance and served as senior managers in commercial banking, finance and asset management, possesses expertise in finance, industrial management, accounting, etc successively.</p> <p>Mr. Jung-Chun Pan has been an Independent Director of the Bank from 2014 to June 2023, the convener of the Audit Committee and the Remuneration Committee from 2020 to June 2023, and served as the Bank's Managing Director and member of Sustainable Development Committee, possess working experience required for banking business. He meets the qualification requirements of Regulations Governing Qualification and Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p>	<p>He, his spouse, or a relative within the second degree of kinship does not hold a position as Director, Supervisor or employee of the Bank or its affiliated enterprises; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders; there are no matters specified in Article 3, Paragraph 1, Subparagraphs 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", thus meeting the requirements for independence.</p>	1
Independent Director	Chih-Jong Suen	<p>Mr. Chih-Jong Suen worked for the Central Deposit Insurance Corporation from 1985 to 1992, served as Chief Auditor, VP and SVP of Taishin International Bank from 1991 to 2000, as the General Manager, EVP and SVP of China Development Industrial Bank from 2001 to 2006, as the Chairman of Pharma Engine, Inc. from 2016 to 2020, and as Independent Director, member of the Audit Committee, the Remuneration Committee and Sustainable Development Committee of the Bank from 2020 to June 2023. Mr. Chin-Jong Suen served as senior managers in financial institutions, possesses working experience in deposit insurance corporation, familiarizing with the various risks faced by the Bank. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matter for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.</p>	<p>He, his spouse, or a relative within the second degree of kinship does not hold a position as Director, Supervisor or employee of the Bank or its affiliated enterprises; he, his spouse, and relatives within the second degree of kinship (or under any other person's name) do not hold shares in a total of more than one percent of the total issued shares of the Bank or rank among the top ten natural shareholders; there are no matters specified in Article 3, Paragraph 1, Subparagraphs 5 to 9 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", thus meeting the requirements for independence.</p>	0

Criteria		Professional Requirements and Experience	Independence Status	Numbers as Serving as the Member of Remuneration Committee for Other Public Companies
Identity	Name			
Remuneration Committee Member	Yu-Hsueh Wu	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		1

(2) The Information of the 6th Remuneration Committee Members

Criteria		Professional Requirements and Experience	Independence Status	Numbers as Serving as the Member of Remuneration Committee for Other Public Companies
Identity	Name			
Independent Director (Convener)	Yu-Hsueh Wu	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		1
Independent Director	Shu-Hua Lee	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		0
Remuneration Committee Member	Chao-Kuei Huang	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		0

2. The Duties of the Remuneration Committee:

The members of the Remuneration Committee shall faithfully perform the following duties and responsibilities with the attention of good stewardship:

- (1) Evaluate and review the Bank's overall salary and remuneration policy.
- (2) Establish and periodically review the performance evaluation (including performance evaluation standards) and remuneration policies, systems, standards and structures of the Directors, President, Executive Vice Presidents, Chief Auditor, Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank, and fully disclose the performance evaluation standards to shareholders in the annual report.
- (3) Periodically evaluate and set the remuneration of Directors, President, Executive Vice Presidents, Chief Auditor, Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank.
- (4) Establish performance evaluation standards and remuneration standards for the Bank's sales staff of various financial products and services, and fully disclose the principles, methods and objectives of such standards or structures and systems to shareholders in the annual report.
- (5) Deliberate the following matters of the Bank's subsidiaries:
 - ① Decision on salary and remuneration levels of Directors, Supervisor, Chairperson, President, and Executive Vice Presidents.
 - ② Formulation and revision of rules governing salary, bonus and remuneration for employees.

3. Implementation of the Remuneration Committee:

- (1) There are 3 members of the Remuneration Committee of the Bank. (More than half of the members of the 5th term are Independent Directors. All the members of the 6th term are Independent Directors.)
- (2) The term of the 5th Remuneration Committee members is from July 27, 2020 to June 18, 2023. The term of the 6th Remuneration Committee members is from July 13, 2023 to June 18, 2026. A total of 12 Meetings of Remuneration Committee were held in 2023, and the attendance of members is as follows:

Implementation Status of the 5 th Remuneration Committee (2023/1/1-2023/6/18)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Convener	Jung-Chun Pan	6	0	100	Independent Director
Committee Member	Chih-Jong Suen	6	0	100	Independent Director
Committee Member	Yu-Hsueh Wu	6	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of attendances in person during the term of incumbency.

Implementation Status of the 6 th Remuneration Committee (2023/7/13-2023/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Convener	Yu-Hsueh Wu	6	0	100	Independent Director
Committee Member	Shu-Hua Lee	6	0	100	Independent Director
Committee Member	Chao-Kuei Huang	6	0	100	Independent Director

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of attendances in person during the term of incumbency.

4. The Remuneration Committee's 2023 meeting date, the ordinal number of meetings, the content of motions, the resolution result, and the Bank's dealing with the opinions of the Remuneration Committee:

(1) The 28th Meeting of the 5th Remuneration Committee on January 9, 2023 (submitted to the 35th Meeting of the 26th Board of Directors on January 18, 2023, for review).

- ① Approved the proposal for the "Performance-Based Remuneration Recovery and Deduction Policy" of the Bank's subsidiary, Chang Hua Commercial Bank, Ltd.
- ② Approved the amendment to the "Employee Bonus Payment Regulations" of the Bank's subsidiary, Chang Hua Commercial Bank, Ltd.

(2) The 29th Meeting of the 5th Remuneration Committee on February 14, 2023 (submitted to the 36th Meeting of the 26th Board of Directors on February 23, 2023, for review).

- ① Approved the proposal of the remunerations, benefits and related matters of Chiao-Hsiang Chang, the Chairperson of CHB Venture Capital Co., Ltd., a subsidiary of the Bank.
- ② Approved the proposal of the 2022 employee performance bonus payment at the Bank.
- ③ Approved the Bank's 2022 special incentive fund allocation ratio and the distribution ratio of business units and other units.

(3) The 30th Meeting of the 5th Remuneration Committee on March 15, 2023 (submitted to the 37th Meeting of the 26th Board of Directors on March 25, 2023, for review).

Approved the proposal of director's remuneration (including chairperson, directors and independent directors) based on the performance evaluation results in 2022 at the Bank, which include assessments on seven aspect ("alignment of the goals and missions of the Bank," awareness of the duties of a director," "participation in the operation of the Bank," "management of internal relationship and communication," "the director's professionalism and continuing education," "internal control," and "attention to environmental, social, and governance (ESG)" and reviewed the following ①~③.

- ① Approved the proposal for the regular assessment of the Chairperson's remuneration, benefits, and related matters at the Bank.
- ② Approved the proposal for regular assessment of the monthly remunerations of Directors (excluding Independent Directors) of the Bank.
- ③ Approved the proposal for regular assessment of the monthly remunerations of Independent Directors of the Bank.
- ④ Approved the proposal for the regular assessment of the President's remuneration, benefits, and related matters at the Bank, which is linked to the 2022 performance evaluation results of the Bank's President (including financial and non-financial indicators).
- ⑤ Approved the proposal for the 2022 special incentive bonus amount issued to the President, the EVP & Chief Auditor, Executive Vice Presidents, the EVP & Chief Compliance Officer, and the Division Heads of Head Office, Regional Centers, and Business Units.
- ⑥ Approved the Bank's 2022 proposal of the amount and ratio of distribution regarding the remuneration for Directors and employees.

(4) The 31st Meeting of the 5th Remuneration Committee on April 19, 2023 (submitted to the 38th Meeting of the 26th Board of Directors on April 26, 2023, for review).

- ① Approved the Bank's proposal of the 2023 annual salary adjustment for employees.

- ② Approved the amendment to the remuneration and benefits standards for the Chairman of the Bank's subsidiary, Chang Hua Commercial Bank, Ltd.
- (5) The 32nd Meeting of the 5th Remuneration Committee on May 8, 2023 (submitted to the 39th Meeting of the 26th Board of Directors on May 11, 2023, for review).
Approved the proposal for the remuneration and benefits for Chih-Chen Hsu, the Executive Vice President of the Bank.
- (6) The 33rd Meeting of the 5th Remuneration Committee on May 24, 2023 (submitted to the 40th Meeting of the 26th Board of Directors on June 7, 2023, for review).
Approved the proposal for the 2023 salary adjustment for employees and senior management of the Bank's subsidiary, Chang Hua Commercial Bank, Ltd.
- (7) The 1st Meeting of the 6th Remuneration Committee on July 25, 2023
Mr. Yu-Hsueh Wu was elected as the convener and Chairperson of the 6th Remuneration Committee of the Bank.
- (8) The 2nd Meeting of the 6th Remuneration Committee on August 15, 2023 (submitted to the 3rd Meeting of the 27th Board of Directors on August 17, 2023, for review).
- ① Approved the proposal for the attendance fees for the member of the 6th Remuneration Committee at the Bank.
- ② Approved the proposal for the attendance fees for the member of the 4th Audit Committee at the Bank.
- ③ Approved the proposal for the attendance fees for the member of the 3rd Sustainable Development Committee at the Bank.
- ④ Approved the proposal for the 2023 annual adjustment of employee salary of the subsidiary, CHB Venture Capital Co., Ltd.
- ⑤ Approved the proposal for the amount of the 2022 special incentives issued to Yu-Ling Tang, the President of CHB Venture Capital Co., Ltd., a subsidiary of the Bank.
- ⑥ Approved the proposal for the Bank's 2022 Distribution of Remunerations to Directors.
- ⑦ Approved the proposal for the remuneration, benefits, and other related matters for Jong-Yuan, Ling, the Chairperson of the Bank.
- ⑧ Approved the proposal for the monthly remunerations of Directors (excluding Independent Directors).
- ⑨ Approved the proposal for the monthly remunerations of Independent Directors.
- (9) The 3rd Meeting of the 6th Remuneration Committee on October 11, 2023 (submitted to the 5th Meeting of the 27th Board of Directors on October 23, 2023, for review).
- ① Approved the amendment to the "Employee Bonus Payment Regulations" of the Bank's subsidiary, CHB Venture Capital Co., Ltd.
- ② Approved the proposal for the "Principles of Staff Promotion and Salary Adjustment" of the Bank's subsidiary, CHB Venture Capital Co., Ltd.
- ③ Approved the adjustment proposal for the remunerations, benefits, and related matters of Chiao-Hsiang Chang, the Chairperson of CHB Venture Capital Co., Ltd., a subsidiary of the Bank.
- ④ Approved the proposal for the "Implementation Plan for Health Checkups for Management Personnel" of the Bank's subsidiary, Chang Hua Commercial Bank, Ltd.
- ⑤ Approved the proposal for the adjustment of remuneration, benefits, and other related matters for Jong-Yuan, Ling, the Chairperson of the Bank.
- ⑥ Approved the proposal for the adjustment of remuneration, benefits, and other related matters for Chao-Chung Chou, the President of the Bank.
- (10) The 4th Meeting of the 6th Remuneration Committee on November 6, 2023 (submitted to the 6th Meeting of the 27th Board of Directors on November 9, 2023, for review).
- ① Approved the proposal for the remuneration and benefits for Yu-Yeh Lin, the Executive Vice President of the Bank.

- ② Approved the amendment to the “Unit Executive Health Check Subsidy Regulations” and renamed it as the “Senior Executive Health Check Subsidy Regulations” (submitted to the 7th meeting of the 27th Board of Directors on December 4, 2023, for review)
 - ③ Approved the proposal to review various assessment indexes of the Bank’s “Rules of Performance Evaluation of the Board of Directors” regularly and modify them accordingly and sections of the evaluation.
- (11) The 5th Meeting of the 6th Remuneration Committee on November 24, 2023 (submitted to the 7th Meeting of the 27th Board of Directors on December 4, 2023, for review).
Approved the proposal for the remuneration, benefits, and other related matters for Rueih-Hwa Cheng, the EVP & Chief Compliance Officer of the Bank.
- (12) The 6th Meeting of the 6th Remuneration Committee on December 14, 2023 (submitted to the 8th Meeting of the 27th Board of Directors on December 25, 2023, for review).
- ① Approved the proposal for employee lunch expenses adjustment at the Bank.
 - ② Approved the proposal for attendance fees for members of the specialized committees under the Board of Directors of Chang Hua Commercial Bank, Ltd., a subsidiary of the Bank.
 - ③ Approved the amendment to the “Employee Bonus Payment Regulations” of the Bank’s subsidiary, Chang Hua Commercial Bank, Ltd.
 - ④ Approved the proposal for the “Standard for Special Allowances for Non-Secondment of Parent Bank Personnel” of our subsidiary, Chang Hua Commercial Bank, Ltd.
 - ⑤ Approved the proposal for the allowances and salary adjustment for senior management of the Bank’s subsidiary, Chang Hua Commercial Bank, Ltd.
 - ⑥ Approved the amendment to the Bank’s “Measures for Compensation, Benefits, and Subsidies of Expatriates.”
 - ⑦ Approved the amendment to the Bank’s “Standards and Recipients for Executives Position Allowance” and “Salary Table for Incumbent Personnel.”

【The Bank's handling of the Remuneration Committee's opinions】 All are handled in accordance with the recommendations.

【Other mentionable items】

1. If the Board of Directors does not adopt or revise the recommendations of the Remuneration Committee, the meeting date, session, content of motion, and resolution result of the Board of Directors as well as the Bank’s handling of the Remuneration Committee’s opinions (e.g. to state the differences and reasons if the remuneration adopted by the Board of Directors is better than that recommended by the Remuneration Committee) shall be stated:
None.
 2. With respect to any resolution by the Remuneration Committee, if any member has dissenting or qualified opinion that is on record or in a written statement, the meeting date, ordinal number of meeting, and content of motion for the Remuneration Committee as well as all the members’ opinions with whose handling shall all be stated:
None.
- f. Compositions, duties and implementation status of the Sustainable Development Committee
1. Composition of the Sustainable Development Committee:
The Committee is composed of five members, including the Bank’s Directors and senior managers, in which Chairperson, President and all Independent Directors are included. Both Chairperson Jong-Yuan Ling and Managing Independent Director and President Chao-Chung Chou have extensive banking experiences. Three Directors, Managing Independent Director Yu-Hsueh Wu, Independent Director Shu-Hua Lee and Independent Director Chao-Kuei Huang, are equipped with professional abilities in law, accounting and information management respectively. The members of the committee have professional backgrounds in accounting,

taxation, finance, business, banking, insurance, law, technology, asset management, information management, labor rights and compensation management, all members have ESG (environmental, social, governance) and sustainability and integrity management capabilities based on their experiences and backgrounds. For detailed information, please refer to this chapter, B. (1) Director information.

2. The Duties of the Sustainable Development Committee:

- (1) Promote the integration of ethical corporate management, corporate ethics and sustainability values into the Bank's business strategy.
- (2) Oversee and coordinate the establishment of the Bank's ethical corporate management and sustainability related systems.
- (3) Supervise and review the implementation and effectiveness of the Bank's ethical corporate management and sustainable policy.
- (4) Regularly review the implementation reports related to ethical corporate management and sustainability.
- (5) Other related matters for consideration or review.

3. Implementation of the Sustainable Development Committee:

A total of 3 Meetings of 2nd Sustainable Development Committee were held in 2023, and the attendance of the members is as follows:

Implementation of 2 nd Sustainable Development Committee and related professional competencies (2023 / 1 / 1-2023 / 6 / 16)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Professional Competencies
Chairperson (Convener)	Jong-Yuan Ling	3	0	100	Each committee member has the professional competencies of corporate governance, responsible banking, investment stewardship, green finance, fair treatment of consumers, financial inclusion, environmental protection and labor rights and other aspects required for the sustainable development of the banking industry.
Managing Director and President	Chao-Chung Chou	3	0	100	
Independent Director	Jung-Chun Pan	3	0	100	
Independent Director	Jong-Horng Lin	3	0	100	
Independent Director	Chih-Jong Suen	3	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Sustainable Development Committee and the number of attendances in person during the term of incumbency.

A total of 3 Meetings of 3rd Sustainable Development Committee were held in 2023, and the attendance of the members is as follows:

Implementation of 3 rd Sustainable Development Committee and related professional competencies (2023/7/13-2023/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Professional Competencies
Chairperson (Convener)	Jong-Yuan Ling	3	0	100	Each committee member has the professional competences of corporate governance, responsible banking, investment stewardship, green finance, fair treatment of consumers, financial inclusion, environmental protection and labor rights and other aspects required for the sustainable development of the banking industry.
Managing Director and President	Chao-Chung Chou	3	0	100	
Independent Director	Yu-Hsueh Wu	3	0	100	
Independent Director	Shu-Hua Lee	3	0	100	
Independent Director	Chao-Kuei Huang	3	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Sustainable Development Committee and the number of attendances in person during the term of incumbency.

4. The resolution results of motions of the Sustainable Development Committee in 2023:

Date, terms of the meetings	Content of motion	Resolution result	Remark
January 7, 2023 The 11 th meeting of the 2 nd term	Reported on the implementation status of the Bank's ethical corporate management in 2022.	Noted.	Submitted to the 35 th Meeting of the 26 th Board of Directors on January 18, 2023, for recognition.
	Reported on the Bank's human rights due diligence implementation status in 2022.	Noted.	
	Reported on occupational safety and health implementation status in 2022.	Noted.	
	Approved the Bank's Sustainable Development Plan for 2023.	All Directors in attendance unanimously approved the proposal.	Submitted to the 35 th Meeting of the 26 th Board of Directors on January 18, 2023, for review and approval.
March 24, 2023 The 12 th meeting of the 2 nd term	Reported on the Bank's progress of greenhouse gas inventory and certification for the first quarter of 2023.	Noted.	Submitted to the 38 th Meeting of the 26 th Board of Directors on April 26, 2023, for recognition.
	Approved the amendments of the Bank's Sustainable Development Best Practice Principles.	All Directors in attendance unanimously approved the proposal.	Submitted to the 38 th Meeting of the 26 th Board of Directors on April 26, 2023, for review and approval.
May 24, 2023 The 13 th meeting of the 2 nd term	Reported on the proposal regarding the implementation status of the Bank's four major prevention plans of occupational safety and health in 2022.	Noted.	Submitted to the 40 th Meeting of the 26 th Board of Directors on June 7, 2023, for recognition.
	Reported on the implementation status of the Bank's "Task Force on Climate-related Financial Disclosures (TCFD)" project.	Noted.	
August 31, 2023 The 1 st meeting of the 3 rd term	Reported on the goals of the Bank's occupational safety and health in 2023.	Noted.	Submitted to the 4 th Meeting of the 27 th Board of Directors on September 18, 2023, for recognition.
	Reported on the implementation result of the Bank's greenhouse gas and environmental-related indicators in 2022.	Noted.	
	Reported on the proposal for the execution results of Sustainable Development related business initiatives in 2022 and the implementation status of the Financial Supervisory Commission's Sustainable Development Action Plans for TWSE and TPEX Listed Companies.	Noted.	

Date, terms of the meetings	Content of motion	Resolution result	Remark
November 17, 2023 The 2 nd Meeting of the 3 rd term	Reported on the proposal for the Bank's 2024 greenhouse gas inventory and verification work plan.	Noted.	Submitted to the 7 th Meeting of the 27 th Board of Directors on December 4, 2023, for recognition.
	Reported on the proposal regarding the adjustment plan for the 2024 employee health check budget of the Bank, including the addition of health check items for middle-aged and senior employees.	Noted.	
December 8, 2023 The 3 rd Meeting of the 3 rd term	Reported on the Bank's Intellectual Property Management Plan and its Execution in 2023.	Noted.	Submitted to the 8 th Meeting of the 27 th Board of Directors on December 25, 2023, for recognition.
	Reported on the Bank's Communication with Various Stakeholders in 2023.	Noted.	

【The Bank's handling of the Sustainable Development Committee's opinions】 All are handled in accordance with the recommendations.

g. Implementation of promoting sustainable development and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons for deviation.

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with Reasons
	Yes	No	Summary	
1. Has the Bank established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is delegated by the Board of Directors to senior management, and is supervised by the Board of Directors?	✓		<p>1-1 In December 2019, the Bank set up the "Sustainable Development Committee" under the Board of Directors. It is a dedicated unit for promoting sustainable development, the members are composed of senior managers and all Independent Directors, and the Chairperson serves as the convener; the committee is responsible for promoting the implementation of sustainable development, coordinating the establishment of relevant systems, supervising and reviewing the implementation of sustainable development policies and its effectiveness, and regularly reviewing relevant implementation reports. A total of 6 Meetings of Sustainable Development Committee were held in 2023, for the compositions, duties, implementation status and content of motion of the Sustainable Development Committee, please refer to this chapter, D. Implementation Status of Corporate Governance, f. Compositions, duties and implementation status of the Sustainable Development Committee.</p> <p>1-2 In order to achieve the goal of sustainable development, an inter-departmental " ESG Task Force" is set up under the Sustainable Development Committee, the ESG Task Force consists of the head office management unit and was reassigned based on primary promoting working groups (corporate governance, responsible finance, employee care, social inclusion and sustainable environment). It is responsible for the implementation of sustainable development-related affairs, and regularly reporting the annual work plan, implementation results and stakeholders' communication status to the Sustainable Development Committee, and reporting to the Board of Directors in accordance with regulations.</p> <p>1-3 The Board of Directors is responsible for supervising the Bank's practice of sustainable development and enhancing its business image and competitive advantage based on sustainable development, and stipulated the Bank's "Sustainable Development Best Practice Principles" and "Sustainable Development Policy". The aforementioned 2023 annual work plan, 2022 implementation results and 2023 stakeholders' communication status have been reviewed and recognized by the Board of Directors on January 18, 2023, September 18, 2023 and December 25, 2023.</p>	No deviation.

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEX Listed Companies with Reasons								
	Yes	No	Summary									
2. Does the Bank conduct risk assessments on environmental, social and corporate governance issues related to the business operations based on the materiality principle and formulate relevant risk management policies or strategies?	✓		<p>2-1 The risk assessment boundary of the Bank is mainly based on the Bank's operating activities in Taiwan and overseas units and branches, excluding subsidiaries included in the consolidated financial statements. The disclosed information covers the sustainable development performance of the Bank's main bases from January to December, 2023.</p> <p>2-2 The Bank referred to the significant theme guidance of the GRI Sustainability Reporting Standards 2021, reviewed its operational activities, sustainability context, work plans, and stakeholder opinions (including various communication channels and questionnaire surveys), and referred to international sustainable development trends and normative standards, industry concerns and directions, to extensively collect various sustainable issues related to its operations through various channels. The Bank conducted external sustainability impact assessments on significant environmental, social, and corporate governance impacts that may arise during its operations. Additionally, sustainability impact issues have linked to the Bank's 16 business risks for financial materiality assessment. The results from these assessments have been formulated relevant measures and strategies to ensure continuous monitoring and management. The Bank hereby presents the top two topics for each aspect identified in the 2023 identification results. For complete information, please refer to the Bank's 2023 ESG Report.</p> <table border="1" data-bbox="539 992 1209 1680"> <thead> <tr> <th>Major issues</th> <th>Risk assessment item</th> <th>Risk management strategy</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Corporate Governance</td> <td>Operational Performance and Profitability</td> <td>The Bank is committed to enhancing its operational performance and profitability to create greater economic value for its stakeholders while also contributing to the development of the overall economic environment. The relevant results are as follows: 1. The net income after tax for 2023 was NT\$ 12.982 billion. 2. Selected as the Global Top 500 Banking Brands by Brand Finance for 14 times. 3. Awarded the USD Clearing Elite Quality Recognition Award and the EUR Clearing Quality Recognition Award by J.P Morgan.</td> </tr> <tr> <td>Corporate Governance</td> <td>The Bank has established a sound corporate governance framework and a Board of Directors with diverse expertise and independence. The Bank has improved its operational performance and resilience through the Board's performance evaluation results. The overall evaluation results of the Board of Directors and various functional committees for 2023 are "beyond the standard."</td> </tr> </tbody> </table>	Major issues	Risk assessment item	Risk management strategy	Corporate Governance	Operational Performance and Profitability	The Bank is committed to enhancing its operational performance and profitability to create greater economic value for its stakeholders while also contributing to the development of the overall economic environment. The relevant results are as follows: 1. The net income after tax for 2023 was NT\$ 12.982 billion. 2. Selected as the Global Top 500 Banking Brands by Brand Finance for 14 times. 3. Awarded the USD Clearing Elite Quality Recognition Award and the EUR Clearing Quality Recognition Award by J.P Morgan.	Corporate Governance	The Bank has established a sound corporate governance framework and a Board of Directors with diverse expertise and independence. The Bank has improved its operational performance and resilience through the Board's performance evaluation results. The overall evaluation results of the Board of Directors and various functional committees for 2023 are "beyond the standard."	No deviation.
Major issues	Risk assessment item	Risk management strategy										
Corporate Governance	Operational Performance and Profitability	The Bank is committed to enhancing its operational performance and profitability to create greater economic value for its stakeholders while also contributing to the development of the overall economic environment. The relevant results are as follows: 1. The net income after tax for 2023 was NT\$ 12.982 billion. 2. Selected as the Global Top 500 Banking Brands by Brand Finance for 14 times. 3. Awarded the USD Clearing Elite Quality Recognition Award and the EUR Clearing Quality Recognition Award by J.P Morgan.										
	Corporate Governance	The Bank has established a sound corporate governance framework and a Board of Directors with diverse expertise and independence. The Bank has improved its operational performance and resilience through the Board's performance evaluation results. The overall evaluation results of the Board of Directors and various functional committees for 2023 are "beyond the standard."										

Promotion Item	Implementation Status		Summary	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with Reasons													
	Yes	No															
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<p>3. Environmental Issues</p> <p>3-1 Has the Bank established proper environmental management systems based on the characteristics of the industries?</p>	✓		<p>3-1 a. To implement the enterprise sustainable development, the Bank follows “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, and formulated “Sustainable Development Best Practice Principles”, established an appropriate environmental management system according to the characteristics of the financial industry, and set up an environmental management unit, which is responsible for formulating, promoting and maintaining relevant environmental management systems and specific action plans, and reviewing the effectiveness of their operation.</p> <p>b. The Bank has passed the relevant international verification standards as follows:</p> <p>(a) The domestic, oversea, and subsidiary business units of the Bank have passed ISO 14064-1 greenhouse gas inventory certification.</p> <p>(b) The Taipei Building of the Head Office has passed ISO 14001 environmental management system certification (certificate period is 2021/12/21~2024/12/20), ISO 50001 energy management system certification (certificate period is 2022/10/24~2025/10/24), ISO 46001 water efficiency management system certification (certificate period is 2021/11/11~2024/11/10).</p> <p>(c) Changhwa Branch and Shulin Branch has been verified through PAS 2060 carbon neutrality standard.</p> <p>(d) Hsi-Sung Branch has been certified under ISO 14064-2 for voluntary greenhouse gas reduction projects.</p> <p>(e) The credit card has obtained ISO 14067 certification for carbon footprint inventory verification (certificate valid from 2024/1/2 to 2026/1/1), as well as ISO 14046 certification for water footprint inventory verification. (certificate period is 2024/2/17~2026/2/16)</p>	3-1 No deviation.
<p>3-2 Does the Bank endeavor to utilize the energy more efficiently and use renewable materials that have low impact on the environment?</p>	✓		<p>3-2 a. In order to improve energy efficiency, the Bank has formulated an environmental resource and energy use management policy as follows:</p> <p>(a) Replace outdated and energy-consuming air-conditioning equipment, improve the efficiency, and set the indoor temperature above 26 degrees to reduce the electricity load of the air-conditioner.</p> <p>(b) Replace the old energy-consuming lamps with high-efficiency LED lamps, appropriately adjust the on and off times of advertising signs, and install power sequence controllers in drinking water equipment to reduce energy consumption, etc.</p> <p>In 2020, the Bank's total electricity consumption is approximately 30,613,102kWh, and in 2023, the Bank's total electricity consumption is approximately 26,567,369kWh (all domestic and overseas business units and subsidiaries).</p> <p>b. The bank has increased its utilization of renewable energy through the implementation of green energy supply and the establishment of solar-powered branches. By 2023, the bank aims to achieve a renewable energy usage target of 1.28%.</p> <p>c. In order to achieve the goal of environmental sustainability, the Bank continues to purchase environmentally friendly products, the implementation results are as follows:</p>	3-2 No deviation.

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3-3 Does the Bank assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		<p>(a) In order to fulfill its social responsibility for environmental protection, the photocopying paper purchased by the Bank is environmentally friendly paper certified by international FSC or PEFC; the Taipei Building of the head office also uses environmentally friendly recycled hand towels and toilet paper.</p> <p>(b) "Green building materials" coating is used in priority in the decoration of business units or offices.</p> <p>(c) In response to the Environmental Protection Bureau's active promotion of green procurement (purchasing environmentally friendly products with environmental protection labels, carbon labels, energy-saving labels, water-saving labels, green building materials labels), the purchase amount in 2023 reached NT\$85,340,000.</p> <p>d. The significant goal of the Bank's IT Division is to build green data center of energy saving and carbon reduction and continuously extend server virtualization, replace and reduce existing physical mainframe step by step. In addition to improving energy efficiency, through the energy-saving improvement project of the computer room, it decreases the power consumption other than the server (such as air conditioning, lighting, UPS loss and fan power consumption), and enhance the power supply efficiency so as to reduce impacts of the Bank's business operations on the environment.</p> <p>3-3 a. In the face of climate change, the Bank has continued to participate in the international Carbon Disclosure Project (CDP) climate change questionnaire since 2018, and disclosed relevant risk assessments and responses to the risk impacts and developing opportunities that may be brought about by climate change. Since 2019, the Bank has consistently achieved a management (B) level ranking in four consecutive years, and in 2023, reached the recognition of Leadership level (A-) in CDP Climate Change Questionnaire.</p> <p>b. The Bank follows international regulations such as the United Nations Framework Convention on Climate Change and its agreements, as well as the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to establish the "Climate Risk Management Policy" to manage and respond to climate risks. The Board of Directors serves as the highest governing unit for climate issues in the Bank. The Board of Directors is responsible for guiding, overseeing, and managing the exposure to climate risks by following the "Climate Risk Management Policy" which The Bank's Board of Directors approved, and has the ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective climate risk management mechanism.</p> <p>c. The Bank formed "the Task Force on Climate-related Financial Disclosures (TCFD)" to identify and assess climate risks and opportunities. The Bank developed relevant environmental action plans based on its climate-related policies and oversees their implementation. The Risk Management Division consolidates the progress and reports the monitoring status on a quarterly basis to the Risk Management Committee, the Audit Committee, and the Board of Directors. For the assessment and response measures regarding climate change-related risks and opportunities, please refer to this chapter, D. Implementation Status of Corporate Governance, h. The Bank's climate-related information.</p> <p>d. The Bank's TCFD Report (December 2022) has passed the verification of the British Standards Institution (BSI) and has been awarded the highest level of certification, "Excellent" (Level 5+: Excellence).</p>	3-3 No deviation.

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3-4 Does the Bank inspect its greenhouse gas (GHG) emissions, water consumption and total weight of wastes in the past two years and formulate policies on energy saving and carbon reduction, GHG reduction, water reduction or waste management?	✓		<p>3-4 a. In response to climate change and national greenhouse gas reduction policy, the Bank has voluntarily introduced the greenhouse gas inventory since 2017, and has mastered the GHG emissions of all business units in Taiwan, and has passed the ISO 14064-1:2018 certification, the Bank aims to reduce the carbon emissions for a 42% decrease by 2030 compared with the base year of 2020. The Bank has completed GHG inventory and verification of domestic and overseas business units, subsidiaries, and the GHG emissions in 2023 are as follows:</p> <p style="text-align: right;">unit: tonne of CO₂e</p> <table border="1"> <thead> <tr> <th></th> <th>2023</th> <th>2022</th> <th>2020 (base year)</th> </tr> </thead> <tbody> <tr> <td>Direct GHG Emissions (Note1)</td> <td>2,133.566</td> <td>2,075.020</td> <td>2,374.304</td> </tr> <tr> <td>Indirect GHG Emissions Associated with Energy (Note2)</td> <td>13,008.712</td> <td>15,016.773</td> <td>15,862.188</td> </tr> <tr> <td>Total Carbon Emissions (Direct+ Indirect GHG Emissions Associated with Energy)</td> <td>15,142.278</td> <td>17,091.793</td> <td>18,236.491</td> </tr> <tr> <td>Carbon Intensity (tonnes of CO₂e/NT\$ million)</td> <td>0.3926</td> <td>0.5007</td> <td>0.6676</td> </tr> <tr> <td>Data Coverage of Direct and Indirect GHG Emissions Associated with Energy</td> <td colspan="3">All domestic, oversea, and subsidiary business units</td> </tr> <tr> <td>Other Indirect GHG Emissions (Note3)</td> <td>14,676.566</td> <td>14,559.872</td> <td>13,023.129</td> </tr> <tr> <td>Data Coverage of Other Indirect GHG Emissions</td> <td colspan="3">All domestic business units</td> </tr> </tbody> </table> <p>(Note 1): Direct GHG emissions refers to Category 1, also known as Scope 1. (Note 2): Indirect GHG emissions associated with energy refers to Category 2, also known as Scope 2. (Note 3): Other indirect GHG emissions refers to Category 3-5, also known as Scope 3.</p> <p>b. In order to reduce the risk of future water shortage impact, the Bank proactively introduced a water resource efficiency management system in 2021, formulated water resource efficiency policies and relevant reduction measures, such as using water-saving label equipment, installing water-saving accessories on faucets, adjusting the method of cleaning items, tracking water leakage, air conditioning water saving, etc., to implement water resource efficiency management, and passed the ISO 46001 water efficiency management system certification (certificate period: 2021/11/11~2024/11/10). The Bank aims to reduce the water consumption for a 10% decrease by 2030 compared with the base year of 2020, the statistical results of water consumption in 2023 are as follows:</p>		2023	2022	2020 (base year)	Direct GHG Emissions (Note1)	2,133.566	2,075.020	2,374.304	Indirect GHG Emissions Associated with Energy (Note2)	13,008.712	15,016.773	15,862.188	Total Carbon Emissions (Direct+ Indirect GHG Emissions Associated with Energy)	15,142.278	17,091.793	18,236.491	Carbon Intensity (tonnes of CO ₂ e/NT\$ million)	0.3926	0.5007	0.6676	Data Coverage of Direct and Indirect GHG Emissions Associated with Energy	All domestic, oversea, and subsidiary business units			Other Indirect GHG Emissions (Note3)	14,676.566	14,559.872	13,023.129	Data Coverage of Other Indirect GHG Emissions	All domestic business units			3-4 No deviation.
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<p>4. Social Issues</p> <p>4-1 Does the Bank formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>4-1 a. In accordance with the spirit and principles of International Bill of Human Rights (including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, etc.), the Bank has formulated the Human Right Policy and the Human Right Due Diligence Procedures to build an honest, fair, respectful and open working environment, and is committed to enhancing the attention to human rights-related issues and conducting relevant risk assessment and management to protect labor human rights.</p> <p>b. Based on the characteristics and development strategies of the financial industry, the Bank formulates concerned issues which include: "Human Rights Protection in the Workplace", "Health and Safety in the Workplace", "Support for Freedom of Association", "Protection of Personal Privacy", "Anti-corruption, Prohibition of Bribery/Bribery and Other Dishonest Behaviors" and "Human Rights Policy Promotion"; in addition, the Bank's human right policy has been disclosed on the Bank's official website/Corporate Governance/Major Internal Policy; the annual human rights due diligence assessment process and risk mitigation measures have been disclosed in the Bank's ESG Report and official website/Sustainability/Social Aspect.</p> <p>c. The Bank has implemented education and training related to policies or procedures of human rights. The average training time per employee is 0.5 hours, and the percentage of trained employees is 100%. The Bank continues to pay attention to human rights protection matters and enhance awareness of human rights protection.</p>	4-1 No deviation.																																

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4-2 Does the Bank formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits) and appropriately reflect operating performance or results in employee compensation?	✓		<p>4-2 a. The Bank is committed to creating a diverse and equal happy workplace, with female employees accounting for 64.38% of the total workforce and female managers accounting for 59.40% of all managers. For the various employee welfare measures of the Bank, including further education, training, vacation, retirement system and other welfare measures, please refer to V. Operational Overview, G. Labor-Management Relations.</p> <p>b. In response to the needs of various business development, we recruit young students to join us every year by participating in campus talent recruitment, we also adopt irregular internal and external recruitment for professional vacancies such as financial marketing, technology, and legal affairs, to enlist experienced or cross-disciplinary digital talents, thereby enriching human assets and creating business performance.</p> <p>In terms of employee recruitment and promotion, the Bank adheres to the principle of people-oriented and merit-based application. At the same time, the Bank follows laws and regulations. The Bank does not give different treatment or discrimination due to factors such as gender, race, religion, political party, etc. The Bank provides market-competitive salary levels, and plan complete training, generous welfare measures and annual promotion system to attract talents. To ensure the stability of the personnel system, the Bank does not employ part-time staff. In 2023, there were no human rights violations, hire of child worker, infringement of indigenous rights and discrimination events.</p> <p>c. The Bank reviews salary of its employees in accordance with the "Salary Scales List for Personnel", reasonable and competitive remuneration is given to employees according to the appointment and responsibility so as to ensure that they do not have different remuneration as a result of their gender, age or race. All salaries are in conformity with basic salary standards, each year the Bank determines the level of its salary-adjustment based on consumer price index and its performance and capability. The Bank's average salary adjustment rate for 2023 is 2.18%.</p> <p>d. According to the Article 38 of Articles of Incorporation of the Bank, at the end of fiscal year, if there are any profit, shall be distributed with 1% to 6% of the profit as employees' bonuses; the Bank issues a performance bonus in accordance with the Bank's overall business operating performance and various indicators of its "Employee Performance Appraisal Regulations", "Employee Bonus Payment Regulations", and "Employee Remuneration Distribution Plans", by combining individual employee's professional performance with their performance review.</p>	4-2 No deviation.

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with Reasons
	Yes	No	Summary	
4-3 Does the Bank provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		<p>4-3 a. The Bank has an Occupational Safety and Health Committee with 9 members, including 3 labor representatives, and holds regular quarterly meetings to review, coordinate and recommend the Bank's occupational safety and health policies and improve the Bank's safety and health management quality.</p> <p>b. The Bank has "Safety and Health Work rules" to implement occupational safety and health policy, and we also have "Program to Prevent Employee Musculoskeletal Disorders Brought on by Repetitive Tasks", "Program to Prevent Employee Ailments Brought on by Exceptional Workload", "Program to Protect Maternal Employee's Health", and "Program to Prevent Employee Infringement Happened in Workplace", "Labor Health Service Program" and "Labor Health Management Program" to prevent occupational disasters and diseases.</p> <p>c. Employees are regularly selected to participate in occupational safety and health training, professionals are invited to hold health education lectures from time to time, and relevant occupational safety and health digital education and training courses are provided to maintain employee safety and protect employee health. To enhance employees' occupational safety and health related knowledge and ability, "2023 Occupational Safety and Health In-Service Education and Training" was specially recorded, and the trained employees are 6,581 in total.</p> <p>d. The Bank's Taipei Building has passed the ISO 45001 occupational safety and health management system certification (certificate period is 2022/11/4~2025/11/3, certification renewal passed on 2023/9/6). The Bank actively implements employee workplace safety and health, and improves occupational safety and health in the workplace.</p> <p>With reference to international standards, the Bank actively manages risks and establishes an appropriate safety and health foundation and management system early to protect the safety and health of employees and related workers.</p> <p>e. In 2023, there were a total of 5 occupational accidents in the Bank, involving 5 individuals. This accounts for a ratio of 0.074% of the total number of employees. None of these accidents were significant. These cases will be used as examples in the "Occupational Safety and Health In-Service Education and Training Program" to prevent similar incidents in the future. In addition, a total of 16 employees from the Bank applied for sick leave in 2023 due to work-related injuries. In 2023, 13 employees of the Bank were injured during commuting, and 3 were injured due to official duties, accounting for 0.23% of the total number of employees, no major occupational accidents happened. In the Bank's annual executive meeting, managers at all levels are requested to publicize to their colleagues to pay attention to traffic and personal safety to avoid accidents.</p> <p>f. There were no fire incidents at the Bank in 2023.</p> <p>g. For information on employee safety and security, please refer to V. Operational Overview, G. Labor-Management Relations, a. 3. Employee Safety and Security Measures.</p>	4-3 No deviation.

Promotion Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies with Reasons
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4-4 Does the Bank establish effective career development and training plans for its employees?	✓		<p>4-4 a. The Bank attaches great importance to the career development of on-the-job employees. During the period of service in the Bank, employees are supplemented by diversified training channels, including orientation training for new employees, assistant manager training, supervisor function training, etc., to improve employees' professional knowledge and encourage employees to participate in various functional training courses, license verification and online English courses, etc., and provide the digital platform courses of CWLC to cultivate employees' self-learning atmosphere and cultivate cross-disciplinary talents; moreover, the Bank has built a new generation of online digital learning network to improve knowledge management and inheritance, and continue to develop multi-career capabilities and training.</p> <p>b. The Bank continues to provide employees training through digital and hands-on courses, assisting them to specialize in finance; the Bank provided 466,676.5 hours training in total, with the per capita training hours of 69.73 based on 6,693 employees as of December 31, 2023.</p>	4-4 No deviation.
4-5 Does the Bank comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	✓		<p>4-5 The Bank handles financial products and services in accordance with the relevant regulations and international standards of the business competent authorities to safeguard the rights and interests of consumers:</p> <p>a. In purchase of various types of thermal paper rolls, each unit of the Bank requires manufacturers to produce product test reports and comply with national standards to protect customers' rights and interests.</p> <p>b. In order to implement personal data protection, the Bank has formulated "Personal Data File Security Maintenance Plan" and related management specifications in accordance with the "Security Maintenance Measures for Personal Data Files of Non-Governmental Organizations Designated by the Financial Supervisory Commission". In addition, to comply with the EU "General Data Protection Regulation" and the UK "2018 Data Protection Act", the Bank also has formulated the EU and UK Personal Data Management Regulations; the Bank has done the personal data management procedures for the collection, processing and utilization of the Bank's operational activities, and personal data security management measures, and set mechanisms such as emergency response and notification of personal data security incidents to maintain customer privacy.</p> <p>c. The Bank's marketing and labeling of various financial products and services shall explain the important contents and exposed risks in the contract, express them in prominent fonts or methods, and list the complaint channels of consumers for disputes arising from financial products or services provided by the Bank.</p>	4-5 No deviation.

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4-6 Does the Bank formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		<p>d. In order to protect the rights and interests of financial consumers and handle financial consumption disputes fairly, reasonably and effectively, in accordance with “Guidelines for Fair Treatment to Customers in the Financial Services Industry”, “Financial Consumer Protection Act” and its relevant sub-laws, the Bank has formulated “Guidelines for Fair Treatment to Customers”, “Policies to Protect Financial Consumers”, “Guidelines to Conduct Protection for Financial Consumers” and “Consumer Complaint Handling Guidelines”, and the “Treat Customers Fairly Facilitating Committee” was established in 2022, ensuring all divisions provide products and services meet the standard of fair treatment through transaction in design, advertisement, sale, contract fulfillment, service counseling and dealing customer complaints, and complying with the financial consumer protection principle so as to implement financial consumer rights and interest protection and improve service quality of the Bank.</p> <p>4-6 a. To cooperate with suppliers in being committed to the practice of corporate social responsibility, and comply with relevant laws and regulations such as labor rights and human rights, occupational safety and health, environmental protection, and ethical corporate management. The Bank has issued the “Supplier CSR Policy”, which stipulates that when the Bank signs a contract with a supplier, the supplier shall be required to sign a “Supplier Social Responsibility Commitment” and the content shall be implemented to comply with the Bank’s ethical corporate management best practice principles and corporate social responsibility policy of both parties. The Bank may terminate or rescind the contract at any time when abovementioned policies have been violated and have a great impact on environment and society to the source of community, or if the supplier is involved in dishonest behavior.</p> <p>b. To fulfill commitment and responsibility for supplier management, the Bank has stipulated “Implementation of CSR Guidelines for Suppliers” to promote CSR policies through communication meetings with suppliers and requires suppliers to fill in the “Self-assessment of CSR Guidelines for Suppliers” and substantive transactions can be carried out after the Bank’s review that there is no violation of laws and regulations. The Bank also visits suppliers with large transaction irregularly, and fills in “Visiting Report for Suppliers” according to results to make sure the current status of suppliers to supervise them to implement corporate social responsibility.</p>	4-6 No deviation.

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	Yes	No	Summary	
5. Does the Bank refer to internationally-used standards or guidelines for the preparation of reports such as ESG reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation unit?	✓		The Bank published its 2022 ESG Report in 2023, following the GRI Sustainability Reporting Standards 2021 and the SASB Commercial Banks Standard. Both reports received independent assurance opinions from BSI, a third-party verification body. The former underwent a Type 2 moderate assurance in accordance with the AA1000 Assurance Standard V3, while the latter underwent a Type 1 adherence assurance. In addition, in accordance with the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Bank engaged EY as its independent limited assurance provider in accordance with the Standards on Assurance Engagement No. 3000 on Assurance Engagements Other than Audits or Reviews of Historical Financial Information; the aforementioned ESG Report is disclosed on the Bank's official website.	No deviation.
6. If the Bank has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", describe the implementation and any deviations from such principles: The Bank's "Sustainable Development Best Practice Principles" is formulated with reference to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", (former name refers to Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies) the implementation of relevant affairs is in accordance with the principles currently, and there is no deviation.				
7. Other important information to facilitate a better understanding of sustainable development practices: For other implementation of sustainable development by the Bank, please refer to V. Operational Overview, C. Corporate Responsibility and Moral Behavior, and the Bank's 2023 ESG Report.				

h. Climate-related Information for the Bank

1. Implementation Status on Climate-related Information

Item	Implementation Status																												
<p>1. Description of the Board's and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Board of Directors serves as the highest governance body for climate-related matters that oversees, supervises, and manages the Bank's exposure to climate risks, ensuring that the qualitative and quantitative measures adopted by the Bank align with its risk appetite. In late 2021, the Bank formed the Task Force on Climate-related Financial Disclosures, led by the Risk Management Department, to identify and assess climate risks and opportunities. The Bank developed relevant environmental action plans based on its climate-related policies and oversees their implementation. The Risk Management Department consolidates the progress and reports the monitoring status on a quarterly basis to the Risk Management Committee, Audit Committee, and the Board of Directors in a sequential manner. Additionally, the Sustainable Development Task Force provides regular and ad hoc reports to the Sustainable Development Committee on the progress of greenhouse gas inventory, verification, achievements in greenhouse gas reduction, and key climate-related decision-making. Additionally, overseas branches/subsidiaries are gradually establishing climate governance frameworks compliant to local regulatory requirements. They report climate-related opportunities, risks, and relevant management measures back to the headquarters.</p>																												
<p>2. Description of how the identified climate risks and opportunities affect the Company's business, strategy, and finances (in the short, medium, and long term).</p>	<p>The Bank adheres to the TCFD framework for identifying and evaluating climate risk factors. This includes the recommended risk types outlined by TCFD, such as immediate and long-term physical risks, policy and regulatory risks (including current laws and potential emerging regulations), and transformation risks including technology, market, reputation, etc. The factors considered for identifying and evaluating climate opportunities encompass resource efficiency, energy sources, products and services, market conditions, and resilience. Regarding the top three climate change risk opportunities identified for the Bank, the assessment of their impact on our operations is as follows:</p> <p>(1) Climate Risk:</p> <table border="1" data-bbox="424 853 1444 2101"> <thead> <tr> <th data-bbox="424 853 555 936">Type of Risk</th> <th data-bbox="555 853 683 936">Risk Event</th> <th data-bbox="683 853 767 936">Financial Impact Time</th> <th data-bbox="767 853 863 936">Degree of Financial Impact</th> <th data-bbox="863 853 967 936">Scope of Impact</th> <th data-bbox="967 853 1262 936">Business and Strategy Impact</th> <th data-bbox="1262 853 1444 936">Corresponding response</th> </tr> </thead> <tbody> <tr> <td data-bbox="424 936 555 1346">Transformation</td> <td data-bbox="555 936 683 1346">The financing/ investment targets facing regulatory risks related to transformation.</td> <td data-bbox="683 936 767 1346">Medium-term</td> <td data-bbox="767 936 863 1346">High</td> <td data-bbox="863 936 967 1346">Investment and Financing Business</td> <td data-bbox="967 936 1262 1346">As demands for high-carbon emission industries in Taiwan and internationally continue to rise, and even imposing carbon taxes / fees. This has resulted in increased operating costs for carbon-intensive industries, which may indirectly impact the profitability of the investment and financing targets and increase the default risk. If the Bank has a significant exposure to investments or loans in carbon-intensive industries, credit risks to be borne by the Bank may also escalate.</td> <td data-bbox="1262 936 1444 1346"> ① Incorporate climate risk assessment into the investment and financing process. ② Engage in negotiations with investment or financing targets. ③ Establish a database for greenhouse gas emissions. </td> </tr> <tr> <td data-bbox="424 1346 555 1644">Physical</td> <td data-bbox="555 1346 683 1644">Disruption of operations and reduced production capacity due to natural disasters</td> <td data-bbox="683 1346 767 1644">Medium-term</td> <td data-bbox="767 1346 863 1644">High</td> <td data-bbox="863 1346 967 1644">Own Operations</td> <td data-bbox="967 1346 1262 1644">Due to climate change, typhoons and heavy rainfall have become more severe and frequent, posing a risk to the Bank's operational sites. This could result in damage to buildings, information equipment, and transportation equipment, leading to higher maintenance costs for our facilities, and may even result in operational disruptions or casualties.</td> <td data-bbox="1262 1346 1444 1644"> ① Develop a Business Continuity Plan (BCP). ② Enhance climate change adaptation and disaster prevention advocacy. </td> </tr> <tr> <td data-bbox="424 1644 555 2101">Transformation</td> <td data-bbox="555 1644 683 2101">The investment/ financing targets facing technological transformation.</td> <td data-bbox="683 1644 767 2101">Medium-term</td> <td data-bbox="767 1644 863 2101">High</td> <td data-bbox="863 1644 967 2101">Investment and Financing Business</td> <td data-bbox="967 1644 1262 2101">The investment and financing targets of the Bank may need to allocate a substantial amount of resources, including manpower and expenses, towards research and development in order to meet the low-carbon transformation requirements of future markets and regulations. Failure to achieve this transformation in a timely manner could result in irrecoverable investment costs, leading to a decline in revenue and even the risk of default, thereby indirectly impacting the Bank's earnings.</td> <td data-bbox="1262 1644 1444 2101"> ① Regularly monitor investment portfolios and adjust investment positions as necessary. ② Establish effective communication with credit clients, provide loans and guidance to help customers transition to a low-carbon model, and improve operational strategies. </td> </tr> </tbody> </table>	Type of Risk	Risk Event	Financial Impact Time	Degree of Financial Impact	Scope of Impact	Business and Strategy Impact	Corresponding response	Transformation	The financing/ investment targets facing regulatory risks related to transformation.	Medium-term	High	Investment and Financing Business	As demands for high-carbon emission industries in Taiwan and internationally continue to rise, and even imposing carbon taxes / fees. 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	<p>(2) Climate Opportunity:</p> <table border="1" data-bbox="395 230 1401 1216"> <thead> <tr> <th data-bbox="395 230 523 320">Type of Risk</th> <th data-bbox="523 230 655 320">Risk Event</th> <th data-bbox="655 230 740 320">Financial Impact Time</th> <th data-bbox="740 230 836 320">Degree of Financial Impact</th> <th data-bbox="836 230 938 320">Scope of Impact</th> <th data-bbox="938 230 1222 320">Business and Strategy Impact</th> <th data-bbox="1222 230 1401 320">Corresponding response</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 320 523 645">Products and Services</td> <td data-bbox="523 320 655 645">Increasing credit facilities for green energy sectors</td> <td data-bbox="655 320 740 645">Short-term</td> <td data-bbox="740 320 836 645">Significant</td> <td data-bbox="836 320 938 645">Financing Business</td> <td data-bbox="938 320 1222 645">Continue to develop credit clients in the green energy technology industry, such as participating in syndicated loan projects for green industry infrastructure, financing equipment and engineering for solar power plants, wind power generation, and environmental recycling projects. This not only builds resilience to climate change risks, but also creates green business opportunities.</td> <td data-bbox="1222 320 1401 645">In response to the government's "Six Core Strategic Industries Promotion Plan," the Bank is actively developing credit customers in the green energy technology industry.</td> </tr> <tr> <td data-bbox="395 645 523 947">Products and Services</td> <td data-bbox="523 645 655 947">Development of green financial services</td> <td data-bbox="655 645 740 947">Short-term</td> <td data-bbox="740 645 836 947">High</td> <td data-bbox="836 645 938 947">Product and Sales, Investment Business</td> <td data-bbox="938 645 1222 947">In response to the global trend of sustainable finance, we are developing low-carbon products and services and offering green-related financial services, such as green deposits and bonds, to capitalize on new business opportunities.</td> <td data-bbox="1222 645 1401 947"> ① Continued issuance of green-related bonds. ② Continue to promote insurance products that reduce the risks associated with climate change. </td> </tr> <tr> <td data-bbox="395 947 523 1216">Products and Services</td> <td data-bbox="523 947 655 1216">Expanding digital financial services</td> <td data-bbox="655 947 740 1216">Short-term</td> <td data-bbox="740 947 836 1216">High</td> <td data-bbox="836 947 938 1216">Product and Sales, Self-Operation</td> <td data-bbox="938 947 1222 1216">Expand the range of digital financial services offered to promote the use of e-services, including online banking, mobile payments, and online ordering/ insurance transactions. This initiative will help reduce paper consumption in our operations and customer interactions, resulting in lower operating costs.</td> <td data-bbox="1222 947 1401 1216"> ① Actively promote the mobile insurance business. ② Continuously promote our online services. </td> </tr> </tbody> </table>							Type of Risk	Risk Event	Financial Impact Time	Degree of Financial Impact	Scope of Impact	Business and Strategy Impact	Corresponding response	Products and Services	Increasing credit facilities for green energy sectors	Short-term	Significant	Financing Business	Continue to develop credit clients in the green energy technology industry, such as participating in syndicated loan projects for green industry infrastructure, financing equipment and engineering for solar power plants, wind power generation, and environmental recycling projects. This not only builds resilience to climate change risks, but also creates green business opportunities.	In response to the government's "Six Core Strategic Industries Promotion Plan," the Bank is actively developing credit customers in the green energy technology industry.	Products and Services	Development of green financial services	Short-term	High	Product and Sales, Investment Business	In response to the global trend of sustainable finance, we are developing low-carbon products and services and offering green-related financial services, such as green deposits and bonds, to capitalize on new business opportunities.	① Continued issuance of green-related bonds. ② Continue to promote insurance products that reduce the risks associated with climate change.	Products and Services	Expanding digital financial services	Short-term	High	Product and Sales, Self-Operation	Expand the range of digital financial services offered to promote the use of e-services, including online banking, mobile payments, and online ordering/ insurance transactions. This initiative will help reduce paper consumption in our operations and customer interactions, resulting in lower operating costs.	① Actively promote the mobile insurance business. ② Continuously promote our online services.
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<p>3. Description of the impact of extreme climate events and transformational actions on finances.</p>	<p>(1) The Bank has identified the top three risks for 2023. These include "operational disruptions, capacity reduction, or interruptions resulting from natural disasters" due to extreme weather events. Additionally, there are the risks arising from the Bank's business transformation, which include the "exposure of investment/ financing targets to restructuring-related regulatory risks" and the "exposure of investment/financing targets to technological transformation". The details of the related financial impacts are described in the preceding paragraph.</p> <p>(2) To mitigate the relevant risks, the bank has formulated a Business Continuity Plan (BCP) to ensure seamless operations during extreme weather events. The plan also incorporates strategies to bolster climate change adaptation and disaster prevention awareness, thereby minimizing the effects of climate change. To incorporate climate risk assessment into the investment/financing process and to engage in discussions with investment/financing targets from high-carbon emission industries in order to comply with the international trends and respond to the carbon reduction goals of the Paris Agreement.</p>																																		
<p>4. Description of how processes for identifying, evaluating, and managing climate risk are integrated into the overall risk management system.</p>	<p>The Bank adheres to the TCFD framework and has integrated climate risks into its "Overall Risk Management Policy". In order to establish a mechanism for managing climate risks, the Bank has developed a "Climate Risk Management Policy" that clearly outlines the responsibilities for managing climate risks at different levels. The Bank has also established assessment methods and procedures for evaluating climate risks. Through the Task Force of TCFD, which is led by the Risk Management Division, the Bank brings together and coordinates all units to propose goal setting and regular monitoring for suggested modifications to TCFD-related policies and measures to address climate opportunities and impacts. Implementation plans are also presented to support the achievement of these objectives.</p>																																		

Item	Implementation Status																											
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts should be described.	<p>(1) In addition to conducting scenario and time horizon-based assessments of our own credit portfolio's transition risks, we also perform scenario analyses based on the "Operational Plan for Taiwanese Banks Conducting Climate Change Scenario Analysis (2022 Edition)" issued by the FSC to calculate the expected credit risk losses as a percentage of net worth and pre-tax income for base year.</p> <p>(2) Reference principles for climate change scenario design in "Domestic Banks' Plan for Analyzing Climate Change Scenarios (2022 Edition) in Taiwan", using the "Net Zero 2050", "Delay Transition", and "Baseline" scenarios, which assume no transformation measures under the Network for a Green Financial System (NGFS) scenarios, as the overall economic factors for each analysis scenario. The environmental factors for different analytical scenarios are determined based on the RCP2.6 and RCP8.5, which were developed by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations in its Fifth Assessment Report (AR5). Percentage of expected credit risk loss to equity and the base year's pre-tax income under each analyzed scenario is shown in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2" style="background-color: #4CAF50; color: white;">Percentage</th> <th colspan="2" style="background-color: #4CAF50; color: white;">Orderly Transition</th> <th colspan="2" style="background-color: #4CAF50; color: white;">Disorderly transition</th> <th colspan="2" style="background-color: #4CAF50; color: white;">Absence of Policy</th> </tr> <tr> <th style="background-color: #4CAF50; color: white;">2030</th> <th style="background-color: #4CAF50; color: white;">2050</th> <th style="background-color: #4CAF50; color: white;">2030</th> <th style="background-color: #4CAF50; color: white;">2050</th> <th style="background-color: #4CAF50; color: white;">2030</th> <th style="background-color: #4CAF50; color: white;">2050</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e8f5e9;">Percentage of expected loss to base year's pre-tax income</td> <td style="background-color: #e8f5e9;">69%</td> <td style="background-color: #e8f5e9;">91%</td> <td style="background-color: #e8f5e9;">69%</td> <td style="background-color: #e8f5e9;">119%</td> <td style="background-color: #e8f5e9;">64%</td> <td style="background-color: #e8f5e9;">64%</td> </tr> <tr> <td style="background-color: #e8f5e9;">Percentage of expected loss to equity</td> <td style="background-color: #e8f5e9;">7%</td> <td style="background-color: #e8f5e9;">9%</td> <td style="background-color: #e8f5e9;">7%</td> <td style="background-color: #e8f5e9;">12%</td> <td style="background-color: #e8f5e9;">6%</td> <td style="background-color: #e8f5e9;">6%</td> </tr> </tbody> </table> <p>(3) To assess the physical risk on the operation and financing side, the impact on the Bank's net worth is based on the scenarios of RCP2.6 and RCP8.5 of the United Nations Intergovernmental Panel on Climate Change (IPCC); and for transformation risk assessment on the financing side, we assess the impact on the Bank's net worth based on the scenarios of the Central Bank's and regulatory agency's Network of Green Financial Systems (NGFS) with net-zero emissions in 2050, delayed transformation, and national ownership contribution.</p>	Percentage	Orderly Transition		Disorderly transition		Absence of Policy		2030	2050	2030	2050	2030	2050	Percentage of expected loss to base year's pre-tax income	69%	91%	69%	119%	64%	64%	Percentage of expected loss to equity	7%	9%	7%	12%	6%	6%
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	2030	2050	2030	2050	2030	2050																						
Percentage of expected loss to base year's pre-tax income	69%	91%	69%	119%	64%	64%																						
Percentage of expected loss to equity	7%	9%	7%	12%	6%	6%																						
6. If there is a transition plan for managing climate-related risks, the plan's details, as well as the indicators and goals used to identify and manage both physical and transition risks should be described.	<p>(1) In order to strengthen the strict control of industries with high climate risk, the Bank has decreased the investment and financing limits for industries with high carbon emissions. Furthermore, as a condition of linking the third-party verified sustainability indicators, such as "control of greenhouse gas emissions", "carbon reduction effectiveness", "power management", "energy consumption", and "waste reduction", if one of the indicators improves compared to the previous year, it will be used as the basis for the next interest rate increase or decrease of the sustainability performance link credit concessionary loans. This is done in order to achieve the purpose of encouraging enterprises to increase their financing for green and sustainable development.</p> <p>(2) The Bank has established goals to reduce greenhouse gas emissions for its own operations with 2020 as the base year. For the investment and financing portfolio, the Bank has established carbon reduction paths and goals with 2022 as the base year, and has set relevant targets and action plans based on asset types and green-related business goals to enhance low-carbon transformation.</p>																											
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be described.	The Bank implements its internal carbon pricing using the Shadow Pricing model, in accordance with Article 56 of the Climate Change Response Act. The internal carbon pricing rate of the bank is set at NT\$1,500 per ton.																											
8. If climate-related goals are set, the information on the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual achieving progress should be described; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the related goals, the source and amount of carbon reduction credits offset or the amount of Renewable Energy Certificates (RECs) should be described.	The Bank's greenhouse gas reduction target is based on the Science Based Targets initiative (SBTi), using the 2020 total greenhouse gas emissions (carbon emissions from Category 1 and Category 2) as the base year. The Bank has set a mid-term target of reducing emissions by 42% by 2030 compared to 2020. In 2023, the bank's greenhouse gas emissions were 15,142.278 tonnes of CO ₂ e (purchasing 337,672 MWh of green electricity), representing a reduction of 16.97% compared to 2020. The progress of implementation is 41%.																											
9. Inventory and assurance of greenhouse gas emissions, reduction targets, strategies, and specific action plans (be completed in Sections 1-1 and 1-2).																												

1-1 Greenhouse Gas Inventory and Assurance Results of the Bank for the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

Description of GHG emissions (tonnes of CO ₂ e), intensity (tonnes of CO ₂ e per million NT\$), and data coverage for the last two years.				
	2023	2022	2021	2020
Direct GHG Emissions (tonnes of CO ₂ e)	2,133.566	2,075.020	2,097.131	2,374.304
Indirect GHG Emissions Associated with Energy (tonnes of CO ₂ e)	13,008.712	15,016.773	15,356.797	15,862.188
Total Carbon Emissions (Direct + Indirect GHG Emissions Associated with Energy)	15,142.278	17,091.793	17,453.927	18,236.491
Carbon Intensity (tonnes of CO ₂ e per NT\$ million)	0.3926	0.5007	0.6084	0.6676
Data Coverage of Direct and Indirect GHG Emissions Associated with Energy	All domestic, oversea, and subsidiary business units			
Other Indirect GHG Emissions (tonnes of CO ₂ e)	14,676.566	14,559.872	13,588.282	13,023.129
Data Coverage of Other Indirect GHG Emissions	All domestic business units			

Note: Direct emissions (Category 1, also known as Scope 1, refers to emissions directly from emission sources owned or controlled by the company), indirect energy emissions (Category 2, also known as Scope 2, refers to indirect greenhouse gas emissions resulting from the use of purchased electricity, heat, or steam), and other indirect emissions (Categories 3-5, also known as Scope 3, refers to emissions generated by company activities that are not indirect energy emissions but instead originate from emission sources owned or controlled by other companies).

1-1-2 Greenhouse Gas Assurance Information

Description of the assurance status for the last two years ending on the publication date of the Annual Report, including the assurance scope, the assurance agency, the assurance criteria, and the assurance opinion.		
	2023	2022
Assurance Scope	All domestic and oversea business units, including subsidiaries.	All domestic and oversea business units, including subsidiaries.
Assurance Agency	BSI Taiwan Branch (British Standards Institution)	BSI Taiwan Branch (British Standards Institution)
Assurance Criteria	ISO 14064-3 : 2006	ISO 14064-3 : 2006
Assurance Opinion	After completing BSI GHG emissions verification / validation procedures, the following conclusions were drawn: <ol style="list-style-type: none"> The corrective and preventive actions for outstanding issues are accepted. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018. The level of assurance of direct greenhouse gas emissions and indirect greenhouse gas emissions from imported energy (ISO 14064-1:2018 Category 1 and 2) in the inventory report is reasonable, and the validation and agreed-upon procedures (AUP) process for the other indirect greenhouse gas emissions (Category 3-6) is applied. 	After completing BSI GHG emissions verification procedures, the following conclusions were drawn: <ol style="list-style-type: none"> The corrective and preventive actions for outstanding issues are accepted. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018. The level of assurance of direct greenhouse gas emissions and indirect greenhouse gas emissions from imported energy (ISO 14064-1:2018 Category 1 and 2) in the inventory report is reasonable and limited for the other indirect greenhouse gas emissions (Category 3-6).

1-2 Greenhouse gas reduction goals, strategies, and specific action plans

Description of the baseline year and data, reduction targets, strategies, specific action plans, and the achievement of reduction targets for greenhouse gas emissions.
<p>The Bank's greenhouse gas reduction goal is based on the Science Based Targets initiative (SBTi). The goal is to reduce emissions by 42% by 2030 compared to the baseline year of 2020, which had a total of 18,236.491 tonnes of CO₂e in greenhouse gas emissions (Category 1 and Category 2 carbon emissions). The Bank has established three strategies to reduce carbon: improving energy efficiency in air conditioning and lighting, transitioning fuel vehicles to hybrid or electric vehicles, and increasing the use of renewable energy to offset carbon emissions. Additionally, the bank will replace all lighting equipment with LED, prioritize the replacement of air conditioning units older than 30 years, replace fuel cars with hybrid cars, replace fuel motorcycles with electric motorcycles, install solar power systems on branch roofs for self-consumption, and purchase green energy. These six actions will be implemented to promote greenhouse gas reduction throughout the bank. By 2023, the Bank's greenhouse gas emissions are projected to be 15,142.278 tonnes of CO₂e, representing a reduction of 16.97% compared to 2020. The progress of implementation is 41%.</p>

i. Implementation of Ethical Corporate Management and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons.

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and program				
1-1 Does the Bank have policies and practices for ethical corporate management passed by the Board of Directors and clearly state them in regulations and publicly available documents? Do the Board of Directors and senior management make commitments to actively implement those business policies?	✓		1-1 To implement the policy of ethical corporate management, and actively guard against unethical behavior, the Bank has formulated the "Ethical Corporate Management Best Practice Principles" and approved by the Board of Directors, stipulating that the Bank's personnel (including directors, supervisors, managerial officers, employees, appointees, etc.) shall properly implement the philosophy of honesty, fairness, respect, openness and transparency within the scope of business activities. During the performing of all duties, personnel shall uphold the aforementioned corporate ethics core value, and comply with all relevant laws, regulations and company policy, in order to ensure conducts and behaviors complying with the professional ethics and moral, and establish proper corporate governance and risk control mechanism, thereby creating a management environment of sustainable development. The Board of Directors and management level of the Bank shall actively implement these Principles in order to use such Principles as the code of conduct, and shall properly execute it in the internal management and external commercial activities.	1-1 No deviation.
1-2 Does the Bank establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Do the Bank have any plan which at least includes the precautionary measures prescribed in Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		1-2 a. The Bank implements unethical behavior and internal fraud risk assessment mechanism, regularly analyzes and assesses unethical behavior and internal fraud risks in every aspect of business operation. According to related documents and data of the Bank's and other bank's unethical behavior and internal fraud cases, and the current year's operating conditions, internal audit results, inspections by competent authorities, and the results of the Personnel Review Committee's review results, etc., to comprehensively assess the residual risks, and based on the assessment results, the Bank's business supervision unit will formulate and revise relevant preventive measures. The relevant content covers various behavior's preventive measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies." The Bank's "Ethical Corporate Management Best Practice Principles" which stipulates: that the Bank's personnel shall not provide or receive, either directly or indirectly command or require any unreasonable presents, hospitality or other improper benefits; that they shall abide by related regulations pertaining to intellectual property rights, the Bank's guidelines and contract regulations; nor can they engage in unfairly competitive conduct; that they shall comply with the "Securities and Exchange Act" and shall not use privileged and undisclosed information to engage in inside trading, or disclose it to any third party in order to prevent other parties from using such undisclosed information for inside trading, etc. Meanwhile, relevant business management units have also added or strengthened existing control measures and procedures for higher-risk projects. b. The Bank's "Employee Code of Conduct" stipulates the following related guidelines: (a) Employees need to obtain the Bank's permission before taking part in political campaign activities, political fund-raising activities, charitable activities, non-for-profit activities or volunteer activities in the name of the Bank. (b) Employees shall not promise customers on sharing interest and undertaking financial losses, and refrain from demanding, offering or receiving, directly or indirectly, any improper funds, things of value, donations, hospitality or other benefits, which may impact their professional judgment and the objectivity of executing duties. (c) Employees shall protect the Bank's assets as well as other assets under his / her dutiful custody. (d) Employees shall provide premium customer with service and innovative products, and shall not seek competitive benefits via unethical or illicit business activities, and shall not promise customer on providing specific interest, consideration, undertaking losses, promoting investment of specific financial products. c. The Bank has formulated the "Regulations for External Donation," stipulates any donation shall be examined beforehand, each business division which is being a donator shall examine eligibility of the donee, donation purpose, rationality of the donation amount, and shall assess whether the donation is benefit for the morality, which have substantial benefits or devotions for the Bank's corporate image and business promotion are allowed to perform or recognize. In 2023, relevant donations meet standard of the Bank's relevant regulations, none of them are provided with illicit political donations, charitable donations, bribes in disguise.	1-2 No deviation.

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies" with Reasons
	Yes	No	Summary	
1-3 Does the Bank establish any program that clearly define operating procedures, behavior guidelines, punishment and complaint systems for violations in the unethical conduct prevention plan, and implement them, regularly review and revise the program?	✓		1-3 a. The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and the relevant regulations to guard against unethical conduct, which include the "Rules of Procedures for Board of Directors Meetings," "Code of Ethical Conduct," "Employee Code of Conduct," "Work Rules," "Directions for Treasury Division to Conduct Financial Transactions," "Operation Regulations for Transactions with Stakeholders regarding Credit Operation," "Operating Regulations for Transactions with Stakeholders Other Than Credit Operation," etc., in order to prevent unethical conduct, and regularly review aforesaid related regulations. b. The Bank has also adopted the "Employees Reward and Discipline Implementation Regulations" as a basis for punishments and remedies; any employee who is found and proved to have committed an unethical conduct will be transferred to the Personnel Review Committee for punishment. If the employee subject to disciplinary action refuses to accept the result of the disciplinary action, he or she may state the reasons and file an appeal with relevant evidence.	1-3 No deviation.
2. Implementation of ethical corporate management				
2-1 Does the Bank evaluate the business partner's ethical records and include ethics-related clauses in the business contracts signed with counterparties?	✓		2-1 The Bank's "Ethical Corporate Management Best Practice Principles" stipulates that prior to engaging commercial relations with any third party, the Bank shall examine whether the parties have been implicated in prior incidents of unethical conduct in accordance with the Bank's related rules and regulations (for example: Guidelines for Suppliers' Corporate Social Responsibility), and shall formulate terms with respect to good faith in contracts (for example: related activity contracts of retail channel, etc.) Relevant clauses were included in important commercial contracts established by all divisions of the Bank in the year.	2-1 No deviation.
2-2 Does the Bank have a specialized unit that promotes ethical management and report its performance to the Board of Directors on a regular basis (at least once a year) of integrity operation policy and program of preventing unethical conduct and implementation of monitoring?	✓		2-2 The Bank's "Sustainable Development Committee" is instituted under the Board of Directors and is responsible for promotion of ethical corporate management, and designates Compliance Division to report to Sustainable Development Committee and the Board of Directors annually and shall responsible for the following matters: a. Assisting relevant units to cooperate with regulatory system in order to incorporate ethics and moral values into the company's business strategy and adopt relevant prevention measures against corruption and malfeasance in order to ensure ethical management. b. Assisting the relevant units to analyze and assess on a regular basis business activities within their business scope which are at a risk of being involved in unethical conduct, and adopt relevant regulations to prevent such unethical conducts. c. Assisting the inspection of the internal organization, staffing and job duties, establish mutual supervision and balance mechanisms for operating activities of relatively higher unethical conduct risk in the scope of business. d. Promoting and coordinating ethical policy promotion and training. e. Planning a complaint filing system and ensuring its operating effectiveness. f. Assisting the Board of Directors and management level in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and periodically preparing reports on the assessment of compliance with ethical management in operating procedures. The Bank's FY 2023 ethical corporate management performance was reported to the Sustainable Development Committee and the Board of Directors on January 12 and January 29, 2024 for their recognition.	2-2 No deviation.
2-3 Does the Bank have any policy that prevents conflict of interest, and provide appropriate reporting channels and implement such policy?	✓		2-3 a. The Bank's "Ethical Corporate Management Best Practice Principles" specifically stipulates articles for recusal of conflict of interest, as the Bank's Board of Directors, management and all employees shall abide by relevant regulations such as the Bank's "Code of Ethical Conduct," "Rules of Procedure for Board of Directors Meetings," "Operation Regulations for Transactions with Stakeholders regarding Credit Operation," "Operating Regulations for Transactions with Stakeholders Other Than Credit Operation," "Stewardship Principles" and "Chang Hwa Bank Long-Term Equity Investment Business and Subsidiaries Management Principles" in order to prevent conflict of interest. The Directors shall practice self-discipline and must not support one another in improper dealings. b. The Bank's "Rules of Procedures for Board of Directors Meetings" stipulates if a Director or a juristic person that the Director represents is an interested party in relation to an agenda item, the Director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Bank, that Director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.	2-3 No deviation.

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies" with Reasons
	Yes	No	Summary	
2-4 Has the Bank implemented effective accounting system and internal control system for maintaining ethical corporate management? Are these systems formulated with related audited plan according to the result of unethical conduct risk, and apply it to prevent unethical conduct of implementation of program, or by external auditors?	✓		<p>c. The Bank's "Employee Code of Conduct" outlines its policy against conflict of interest, specifically requiring employees to prioritize seeking the best interest of the Bank in performing their business operations, as well as to prevent conflict or contradiction between an employee's personal interest and the Bank's interest, including possible conflict of interest involving customers, trading counterparties, competitors or other employees as a result of the performance of duties on his/ her post. Once employee alerts incidents happen stipulated in "Employee Code of Conduct," or other possible incidents involved in conflict of interest, he/ she shall refuse and resort confirmation to manager or compliance supervisor of the unit at once, and make sure after exclusion of possible conflict of interest, employee shall proceed to former conduct or activity.</p> <p>d. The Bank shall comply with relevant regulations set forth by the Banking Act and stipulated by competent authority when conducting credit-rendering business with the Bank's stakeholders. In 2023, the Bank did not have any conflict of interest violations.</p> <p>e. Article 26 of the Corporate Governance Best Practice Principles of the Bank stipulates that when the Bank and its stakeholders or shareholders enter into financial and business transactions between each other shall be made in accordance with related regulations of the Bank, for significant transactions, the proposal should be submitted to the board meetings for approval, and Shareholders' Meeting for approval/report.</p> <p>2-4 a. The Bank establishes its accounting policies and amended it in a timely manner in accordance with regulations as bookkeeping guidelines for business operations and management. Furthermore, multiple layers of authority and accountability have been implemented to ensure sound internal control so that all employees can conduct the Bank's various business operations in good faith.</p> <p>b. The Bank's "Ethical Corporate Management Best Practice Principles" stipulates: "The Bank shall establish an effective accounting system and internal control system, and shall not keep external books or retain secret accounts. Furthermore, it shall review these systems at all times in order to ensure the continued effectiveness of the design and enforcement of these systems. The Bank's internal audit units shall audit whether the aforementioned systems are in compliance with a regular basis and compile audit reports for submission to the Board of Directors." In line with the aforementioned regulation, the Bank's internal audit has planned and implemented related audit plan based on the unethical behavior and internal fraud risk assessment.</p>	2-4 No deviation.
2-5 Does the Bank organize internal or external training regarding ethical management on a regular basis to maintain business integrity?	✓		<p>2-5 a. The Bank regularly conducts education training in relation to ethical corporate management, in FY2023, the Bank conducted the "Ethical Corporate Management Best Practice and Code of Conduct" training course (including compliance with laws and regulations, "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Code of Conduct for Employees," "Internal Reporting Rules," and "Prohibition of Insider Trading"), 6,722 employees attended this course and adding up to 2,823 person-hours.</p> <p>b. The Bank collects the material disciplinary actions in the financial industry announced by the FSC for references of business units to evaluate the legality of their business operations, and publishes those disciplinary actions on the Bank's internal website.</p> <p>c. In order to strengthen the anti-fraud ability of the person in charge of the business unit, internal training courses such as self-assessment are regularly held every year. In addition to in-depth review of the causes of fraud incidents in financial institutions and explanations of the Bank's related internal control operations, the content of the course also discusses the key points of fraud prevention and monitoring for effectively implement self-inspection work, strengthen internal control of business units, and prevent the occurrence of dishonest behavior.</p>	2-5 No deviation.
3. Implementation of a complaint filing system				
3-1 Has the Bank stipulated a specific complaint and reward system, established channels to facilitate complaint, and assigned appropriate personnel to handle party being complained?	✓		<p>3-1 The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," setting up address, mailbox, hotlines, related channel for complaints. In the circumstances of unethical behavior is identified, including commit crime, misconduct, violation of regulation, the Bank's Internal Auditing Division which is the receiving unit shall designate appropriate personnel to deal with the incident. If the whistle-blower meets the standard of "Implementation Regulations of Employees Reward and Punishment," the Bank would give reward based on practical circumstance.</p>	3-1 No deviation.

Evaluation Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies" with Reasons
	Yes	No	Summary	
3-2 Has the Bank implemented any standard procedures, subsequent measures after the procedures, or confidentiality measures for handling reported complaint?	✓		3-2 a. The Bank has formulated "Rules of Internal Whistle-blowing," which clarified on the investigated whistle-blowing cases, organization responsibilities of the reviewing unit, recusal of interest, whistleblower protection, file management. The investigation of whistle blowing cases' review or reexamination which identifies to be true would be proceeded by the aforementioned regulation, related investigative unit shall review its internal control system and operational procedure, and submit improvement measures to prevent from occurrence of identical conduct. In addition, respondent and relevant respondent are required to stop doing related behavior and shall be proper handled by related personnel management regulation, and shall be handled by legal procedure for loss claim or dealing by prosecution authority. Receiving unit of complaints shall summarize and report, results of review, related information of improvement measures suggested by relevant unit, should submit to the Audit Committee and the Board of Directors regularly. In 2023, the Bank did not receive any report of violations of ethical conduct. b. The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," which ensure the confidentiality of the identity of whistle-blowers and the content of complaints, while investigations in line with regulations and public announcement by competent authority should be revealed.	3.2 No deviation.
3-3 Does the Bank take measures to protect whistleblowers from being improperly dealt with for whistleblowing?	✓		3-3 The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," which ensure the confidentiality of all information with regard to whistle-blowers; the Bank also makes sure that they will not suffer improper treatment including not to be fired, dismissed, degraded, salary reduction, and shall not be deprived from entitled interest of its legal regulations, contracts or habits, and other inadequate arrangements.	3-3 No deviation.
4. Enhancing information disclosure Has the Bank disclosed its Ethical Corporate Management Best Practice Principles and result of implementation on its website and MOPS?	✓		The "Ethical Corporate Management Best Practice Principles" formulated by the Bank is disclosed on the Bank's official website as well as MOPS. In addition, the Bank's implementation of ethical corporate management is also disclosed in the "Corporate Governance Report" section of the Annual Report as well as on the Bank's official website. An electronic version of the Annual Report is also disclosed on the Bank's official website and MOPS.	4. No deviation.
5. If the Company has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies," please describe the Company's implementation of the principles and any deviation therein and explain: The Bank has stipulated "Ethical Corporate Management Best Practice Principles" according to "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies," and has conducted according to the principles and there is no deviation.				
6. Other information to understand more about the Bank's Ethical Corporate Management practice: (such as reviews over the Bank's Ethical Corporate Management Best Practice Principles, etc.) The Bank shall follow the development of domestic and international guidelines regarding ethical corporate management as a basis for review and improvement of the Bank's ethical corporate management regulations, and for its implementation, to improve the effectiveness of ethical corporate management.				

- j. If the Bank has formulated Corporate Governance Best Practice Principles and related regulations, it shall disclose its inquiry methods.
The Bank has formulated Corporate Governance Best Practice Principles and relevant regulations, please refer to the "Corporate Governance" section → Major Internal Policies; or please refer to MOPS.
- k. Other important information sufficient to enhance the understanding of the Bank's corporate governance implementation.
Please refer to this chapter "D. Implementation Status of Corporate Governance, d. The Bank's corporate governance implementation status and the deviation from the Corporate Governance Best-Practice Principles for Banks and the reasons for deviation. '6. Does the Bank have other important information that can help understand the operation of corporate governance.'"

- I. Execution of Internal Control System
 1. Internal Control System Statement:

Chang Hwa Commercial Bank, Ltd.
 Internal Control Statement

March 20, 2024

To : Financial Supervisory Commission, R.O.C.

- I. On behalf of Chang Hwa Commercial Bank, Ltd. (the "Bank"), we hereby declare that from January 1, 2023, to December 31, 2023, the Bank has duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing its internal control system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Audit Committee, and indeed comply with the provisions of Article 38, paragraph 5 and Article 38-1 of the rules mentioned above, and the "Self-Regulations on Information Security" established by the Bankers Association.
- II. With respect to the securities business, evaluation of the effectiveness of the design and implementation of its internal control system has been done in accordance with the criteria for evaluating effectiveness of internal control systems described in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets."
- III. With respect to the insurance agency business, evaluation of the effectiveness of the design and implementation of its internal control system has been done in accordance with the criteria for evaluating effectiveness of internal control systems described in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies."
- IV. After prudential evaluation, except for items listed in the table attached below, the internal control, legal compliance systems, and the overall information security implementation of each department have been in effect during the year 2023.
- V. This Statement will be included as the main content of the Bank's annual report and prospectus and will be made public. If there is any illegal activity such as fraud or concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Act or aforementioned Regulations will be involved.
- VI. This Statement has been approved by the Board of Directors on March 20, 2024.

Chairman :

Joanne Ling

President :

Chen Hao-hung

Executive Vice President &
 Chief Auditor :

Mei-fang, Wu

Executive Vice President &
 Chief Compliance Officer :

Antwaley

Executive Vice President &
 Chief Information Security Officer :

Liu Yuk Yeh

【 Attached list】

Chang Hwa Commercial Bank, Ltd. Issue and Corrective Actions for Internal Control Statement

(As of December 31, 2023)

Issue for Improvement	Corrective Actions	Target Completion Date
A former employee of Tanshui Branch was involved in misappropriation of customer funds, borrowed money from customers and engaged in improper investments between 2013-2014, which was against the code of conduct.	<ol style="list-style-type: none"> The Bank had reaffirmed that all employees must strictly abide by work rules and the code of conduct, and conducted compliance training. The Bank has adequate control mechanisms for relevant operations. In addition to reiterating the operating rules related to this case and supervising its implementation, the Bank also reviewed whether the relevant control mechanisms still need to be strengthened based on the deficiencies involved in this case to strengthen internal control. 	The Bank has completed improving the issue, and reported the remediation actions to FSC.

2. Report of Independent Auditor appointed to conduct special audit on the Bank's internal control system:

Independent Auditors' Report on Applying Agreed-Upon Procedures

The Board of Directors and Shareholders

Chang Hwa Commercial Bank, Ltd. (hereinafter refer as "CHB")

Pursuant to the protocol procedure, we have performed independent review on the correctness of reports for the year of 2023 submitted by CHB to competent authority, execution status of internal control system and legal compliance system, appropriateness of loan loss reserve policies and execution status of personal information protection system. Your company made the final decision in these procedures; therefore, we do not express our opinions regarding whether these procedures were sufficient. This work is conducted in accordance with the Statement on Standards on Related Services TWSRS 4400, TWSRS4400 "Perform Agreed-Upon Procedures Regarding Financial Information" whose purpose is to assist your company to evaluate the compliance status with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" promulgated by the Financial Supervisory Commission. Complying with the aforementioned regulation is the responsibility of your company's management. We have provided the procedures we conducted and the associated findings in the attachments herein, respectively.

The audits we performed are not in accordance with Auditing Standards; hence, we do not assure your company of the correctness of the report submitted to the competent authority execution status of internal control system and legal compliance system, the appropriateness of policies for loan loss reserve policies, and the execution status of personal information protection system. If we perform additional procedures or audits in accordance with Auditing Standards, we may have other findings.

This report is only provided to your company for the purpose stated in the first paragraph, and cannot be distributed to third parties for other purposes.

Deloitte & Touche

March 20, 2024

- m. In the past two years and up to the published date of the annual report, the disciplinary action brought against the Bank and the Bank's major non-conformities and corresponding corrective action:
- The responsible person or employee was prosecuted by the prosecutor for business-related crimes:

None.
 - Violations of laws and regulations fined by the FSC, or penalties imposed by the FSC under Article 61-1 of the Banking Act, or penalties imposed by the Bank on its internal personnel for violations of the internal control

system, the results of which may have a significant impact on shareholders' equity or securities prices or meet the requirements of Article 2 of the FSC's Regulations on the Public Disclosure of Significant Penalties for Violations of Financial Laws and Regulations:

None.

3. Any person whose individual or total actual loss exceeds NT\$50 million in each year due to personnel fraud, major incidental cases or failure to perform safety maintenance work:

None.

4. Any other matters designated by the FSC that should be disclosed:

None.

n. Important resolutions of the Shareholders' Meeting and Board of Directors' Meeting in 2023 and the status of implementation.

1. Resolutions of the 2023 Shareholders' Meeting:

Date	Resolution	Resolution Result	Implementation and Review
	The Bank's 2022 Business Report and Financial Statements.	Voted and acknowledged as proposed.	The relevant registers have been filed with the competent authorities for inspection and announcement in accordance with the Company Act and the Securities and Exchange Act.
	The Bank's distribution of 2022 profit.	Voted and acknowledged as proposed.	The General Shareholders' Meeting resolved to distribute NT\$5,826,401,102 in cash dividends (NT\$0.55 per share) and NT\$2,648,364,130 in stock dividends (NT\$0.25 per share) to the shareholders; the Board of Directors approved August 16, 2023, as the record date, and September 13, 2023, as the distribution date for cash dividend distribution, stock dividend distribution, and surplus to capital increasing.
	Discussion and ratification of the Bank's issuance of new shares through capitalization of earnings.	Voted and approved as proposed.	In accordance with the resolutions of the Shareholders' Meeting, it was reported to the FSC to declare and take effect on July 11, 2023, and was approved by the Ministry of Economic Affairs on August 30, 2023, to change the registration. The new shares were delivered and listed for trading on September 13, 2023.
June 16, 2023	Election of 27 th term of the Bank's Directors (including Independent Directors).	Nine directors (including independent directors) shall be elected for the 27 th term, and the names of the elected directors are as follows: Jong-Yuan Ling (Delegate of Ministry of Finance (MOF)) Chao-Chung Chou (Delegate of MOF) Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan) Shiu-Yen Lin (Delegate of Chunghwa Post Co., Ltd) Kuo-Tung Huang (Delegate of MOF) Wen-Siung Lee Independent Directors: Yu-Hsueh Wu Shu-Hua Lee Chao-Kuei Huang	The term of office for the 27 th Board of Directors commenced on June 19, 2023 and will end on June 18, 2026, and the change of registration was completed with the Ministry of Economic Affairs on June 27, 2023 in accordance with the regulations.
	The release of non-competition restrictions for the Bank's directors (including independent directors) of the 27 th term is proposed for approval.	Voted and approved as proposed.	None.

2. Important Resolutions of Board of Directors in 2023:

- (1) The 35th Meeting of the 26th Board of Directors held on January 18, 2023:
 - ① Noted the report on the implementation of Human Rights Due Diligence in FY 2022.
 - ② Noted the result of the performance evaluation for the Board of Director and Functional Committees of 2022.
 - ③ Noted the report on implementation of the Bank's Ethical Corporate Management Best Practice Principles for FY 2022.
 - ④ Approved the Bank's "Sustainable Development Working Plan of 2023."
 - ⑤ Adopted amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."
- (2) The 36th Meeting of the 26th Board of Directors held on February 23, 2023:
 - ① Approved the proposal to acknowledge the 2022 annual business report and financial statement during the General Shareholders' meeting.
 - ② Adopted amendments to the Bank's "Internal Control System for Securities Firms."
 - ③ Approved the establishment of the branch in Sydney, Australia.
 - ④ Approved the establishment of the sub-branch in Osaka, Japan.
 - ⑤ Adopted amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."
- (3) The 37th Meeting of the 26th Board of Directors held on March 25, 2023:
 - ① Noted the Bank's report on the implementation of promote "Treat Customers Fairly Principles." from the November of 2022 to the January of 2023.
 - ② Noted the report on the Bank's implementation of the "Treat Customers Fairly Principles" assessment form of 2023.
 - ③ Noted the analysis report of the Bank's "Financial Consumer Dispute Cases" in the second half of 2022.
 - ④ Noted the report on business of Digital Banking Division.
 - ⑤ Approved the Bank's 2022 "Internal Control System Declaration."
 - ⑥ Approved the commissioning and fees for the Bank's 2023 annual finances and tax auditing accountant.
 - ⑦ Adopted amendments to the Bank's "Internal Control System for Trust Enterprises."
 - ⑧ Approved the Bank's 2022 "Internal Control System Statements for AML/CFT."
 - ⑨ Approved the resolution to elect the 27th term of directors (including independent directors).
 - ⑩ Approved to propose the release of non-competition restrictions for the Bank's directors (including independent directors) of the 27th term during the 2023 General Shareholders' Meeting.
 - ⑪ Approved the convening of the Bank's 2023 General Shareholders' Meeting.
 - ⑫ Adopted amendments to the Bank's "Corporate Governance Best Practice Principles."
 - ⑬ Approved the regular evaluation of remunerations, benefits and the related matters for the Chairperson of the Board.
 - ⑭ Approved the regular evaluation of remunerations, benefits and the related matters for the President.
 - ⑮ Approved the regular evaluation of the monthly remunerations of the directors (excluding regular independent directors).
 - ⑯ Approved the regular evaluation the monthly remunerations for independent directors.
- (4) The 38th Meeting of the 26th Board of Directors held on April 26, 2023:
 - ① Reviewed and approved the list of director (including independent director) candidates.
 - ② Approved to propose the distribution of 2022 earnings during the General Shareholders' meeting for recognition.
 - ③ Approved the proposal to discuss earnings capitalization during the General Shareholders' meeting.
 - ④ Adopted amendments to the Bank's "Regulations for Governing of Long-Term Equity Investment Business and Subsidiaries."
 - ⑤ Adopted amendments to the Bank's "Sustainable Development Best Practice Principles."

- (5) The 39th Meeting of the 26th Board of Directors held on May 11, 2023:
- ① Approved the “Business plan”, “Capital Adequacy Assessment Results” and “Self-Assessment of Risk Indicators” for FY 2023.
 - ② Adopted amendments to the Bank’s “Rules of Procedure for Board of Directors Meetings.
 - ③ Approved the change of the Bank’s Financial Officer (S.V.P & Division Head of Treasury Division.)
- (6) The 40th Meeting of the 26th Board of Directors held on June 7, 2023:
- ① Noted the report on business of Digital Banking Division.
 - ② Noted the Bank’s report on the implementation of “Task Force on Climate-related Financial Disclosures, TCFD.”
 - ③ Adopted amendments to the Bank’s “Policy of Information Security.”
- (7) The 1st Meeting of the 27th Board of Directors held on June 16, 2023:
Directors voted among themselves and elected director Ling, Jong-Yuan, director Chou, Chao-Chung, and independent director Wu, Yu-Hsueh, as managing directors.
- (8) The 1st Extraordinary Meeting of the 27th Managing Directors held on June 16, 2023:
Managing directors selected Ling, Jong-Yuan as Chairperson of the Board.
- (9) The 2nd Meeting of the 27th Board of Directors held on July 13, 2023:
- ① Noted the Bank’s report on the implementation of promote “Treat Customers Fairly Principles” from February to April 2023.
 - ② Assigned managing independent director Wu, Yu-Hsueh, independent director Lee, Shu-Hua, and independent director Huang, Chao-Kuei as the committee of the 6th Remuneration Committee.
 - ③ Assigned the Chairperson of the Board, all Independent Directors and the President as members of the 3rd Sustainability Committee.
 - ④ Approved the baseline date for the Bank’s 2022 cash and stock dividends and capitalization of retained earnings, as well as the distribution date for the Bank’s 2022 cash dividends.
- (10) The 3rd Meeting of the 27th Board of Directors held on August 17, 2023:
- ① Adopted amendments to the Bank’s “Internal Control System for Securities Firms.”
 - ② Adopted amendments to the Bank’s “Internal Control System for Securities Brokerage Firm’s Auxiliary Business of Futures Trading.”
 - ③ Adopted the issuance of the senior unsecured financial debentures for NT\$1 billion.
 - ④ Approved the Bank’s 2023 semi-annual financial statement.
 - ⑤ Approved the Bank’s 2022 remuneration resolution of directors.
 - ⑥ Approved the regular evaluation of remunerations, benefits and the related matters for the Chairperson of the Board.
 - ⑦ Approved the regular evaluation of the monthly remunerations of the directors (excluding regular independent directors).
 - ⑧ Approved the regular evaluation the monthly remunerations for independent directors.
- (11) The 4th Meeting of the 27th Board of Directors held on September 18, 2023:
- ① Noted the report on business of Digital Banking Division.
 - ② Noted the report on the implementation of sustainable development in FY 2022.
 - ③ Adopted amendments to the Bank’s “Internal Control System for Trust Enterprises.”
- (12) The 5th Meeting of the 27th Board of Directors held on October 23, 2023:
- ① Noted the analysis report of the Bank’s “Financial Consumer Dispute Cases” in the first half of 2023.
 - ② Noted the Bank’s report on the implementation of promote “Treat Customers Fairly Principles” from May to July 2023.
 - ③ Adopted amendments to the Bank’s “Internal Control System for Securities Firms.”
 - ④ Adopted amendments to the Bank’s “Corporate Governance Best Practice Principles.”
 - ⑤ Assigned Ms. Yu-Yeh Lin as the Executive Vice President of the Bank.
 - ⑥ Approved the adjustment of remunerations, benefits and the related matters for the Chairperson of the Board.
 - ⑦ Approved the adjustment of remunerations, benefits and the related matters for the President.

- (13) The 6th Meeting of the 27th Board of Directors held on November 9, 2023:
Adopted amendment to the Bank's "Audit Committee Charter."
- (14) The 7th Meeting of the 27th Board of Directors held on December 4, 2023:
- ① Noted the Bank's report on the implementation of promote "Treat Customers Fairly Principles" from August to October 2023.
 - ② Adopted the Bank's draft budget for fiscal year 2024.
 - ③ Assigned Mr. Chih-Chen Hsu as the Chief Corporate Governance Officer of the Bank.
- (15) The 8th Meeting of the 27th Board of Directors held on December 25, 2023:
- ① Noted the report on the Bank's communication with various stakeholders in 2023.
 - ② Noted the report on the Bank's Management Plan and Its Performance of IPs of 2023.
 - ③ Noted the report on business of Digital Banking Division.
 - ④ Approved the "2024 Chang Hwa Bank Risk Appetite Declaration."
 - ⑤ Adopted amendments to the Bank's "Internal Control System for Securities Firms."
 - ⑥ Adopted amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."
 - ⑦ Approved the Bank's auditing plan for fiscal year 2024.

3. Important resolutions of the Board of Directors from January 1, 2024 to the published date of the Annual Report:
Please refer to the "Corporate Governance" section of the Bank's official website → Material Resolutions of the Board of Directors.

o. During the current fiscal year and up to the published date of the Annual Report, any Directors have different opinions that were recorded or documented on important resolutions passed by the Board of Directors:

None.

p. Disclosures of the resignation or dismissal of relevant personnel of the Bank:

December 31, 2023

Title	Name	Date of Appointment	Date of Dismissal	Reasons for Resignation or Dismissal
EVP	Ya-Ling Lin	January 18, 2021	October 1, 2023	Mandatory Retirement
EVP & Chief Compliance Officer	Hsiang-Chun Wu	May 23, 2022	November 1, 2023	Mandatory Retirement
EVP	Bin Chen	March 1, 2017	December 12, 2023	Apply for retirement

E. Information on the Professional Fees of the CPAs

Unit: NT\$ thousand

Name of Accounting Firm	Name of the CPAs	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Amanda Wu	2023/01/01~2023/12/31	10,755	17,438	28,193	Other service content for non-audit fees: IT equipment and penetration test project, information security and operation management system project, AML and CFT consulting project, Robotic Process Automation advisory consulting, etc.
	Jerry Gung					

a. Change in accounting firm and decrease in audit fees in the year of change compared to the audit fees in the year before the change:

None.

b. In the event that the audit fee is reduced by 10% or more from the previous year:

None.

F. Information on Change of Accountant

a. About the former accountant:

Replacement Date	January 1, 2023		
Reasons for the change and explanation	Internal organizational adjustment of the accounting firm		
To state whether the appointment was terminated or not accepted by the appointor or the accountant	Event	Party	Appointer
	Terminate the appointment voluntarily		Not applicable
	No longer accept (continue) the appointment		Not applicable
Opinions on audit reports other than unqualified opinions issued within the last two years and the reasons for them	None		
Whether there is any disagreement with the Bank	Yes		Accounting Principles and practices
			Disclosure of Financial Reports
			Scope or Procedure of Audit
			Other
	None	✓	
	Reason		
Other disclosures (to be disclosed under Article 10.6.A.d of the Regulations Governing Information to be Published in Annual Reports of Bank.)	None		

b. About the successor to the accountant:

Name of Firm	Deloitte & Touche
Name of Accountant	Jerry Gung
Date of appointment	January 1, 2023
Matters on which we have consulted prior to the appointment regarding the accounting treatment or accounting principles for specific transactions and the possible issuance of opinions on financial reports and the results there of	None
Written opinion of the successor accountant on matters on which the predecessor accountant disagreed	None

c. The former accountant's response letter to Item 2-3 and Item 1, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports:

None.

G. The Bank's Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Who Has Worked with the CPA Firm or Its Affiliates Which Conducts the Audit of the Company in the Most Recent Year

None.

H. The Changes in Shareholding

- a. Changes in share transfer of Directors, managerial officers, and Shareholders Conform to the Regulations Governing the Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank, Article 11.

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
Chairperson (Delegate of Ministry of Finance(MOF))	Jong-Yuan Ling	0	0	0	0
Managing Director and President (MOF)	Chao-Chung Chou	2,550	0	0	0
Managing Director (Independent Director)	Yu-Hsueh Wu	1,999	0	0	0
Director (Delegate of Chunghwa Post Co., Ltd.)	Shiu-Yen Lin	0	0	0	0
Director (Delegate of National Development Fund, Executive Yuan)	Chien-Yi Chang	0	0	0	0
Director	Wen-Siung Lee	0	0	0	0
Director (MOF)	Kuo-Tung Huang	83	0	0	0
Director (Independent Director)	Shu-Hua Lee	0	0	0	0
Director (Independent Director)	Chao-Kuei Huang	0	0	0	0
Executive Vice President	Hsiu-Chuan Teng	18	0	0	0
	Shwu-Fang Wang	4,737	0	0	0
	Chih-Chen Hsu	0	0	0	0
	Yu-Yeh Lin	6	0	0	0
EVP& Chief Auditor	Mei-Fang Wu	0	0	0	0
EVP & Chief Compliance Officer	Rueih-Hwa Cheng	5,724	0	0	0
SVP & Division Head	Shu-Ming Lin	17	0	0	0
	Mei-Ching Chang	0	0	0	0
	Yu-Hsueh Liu	708	0	0	0
	Cheng-Chi Chuang	18	0	0	0
	Yu-Li Teng	178	0	0	0
	Ruei-Jan Chen	2,018	0	0	0
	Yu-Chin Fan	380	0	0	0
	Jung-Chien Hu	49	0	0	0
	Hsiu-Hsia Tsai	379	0	0	0
	Chi-Min Chung	140	0	0	0
	Hsin Nieh	0	0	0	0
	Hsueh-Wen Wang	153,787	0	0	0
	Fu-Jinn Chiou	12	0	0	0
	Chang-Ho Wang	0	0	0	0
	Hui-Ling Lee	76	0	0	0
	Shu-Hsuan Lin	34	0	0	0
	Hui-Jen Wu	1,533	0	0	0
Hui-Yu Chen	0	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
SVP & Division Head	Yao-Ju Lu	203	0	0	0
	Chi-Hsiang Chen	28	0	0	0
	Su-Hwa Tsai	1,322	0	0	0
	Pei-Chung Yang	1,231	0	0	0
	Mei-Hui Wu	291	0	0	0
VP & GM	Jui-Mei Ho	20	0	0	0
	Shuo-Hung Huang	1,145	0	0	0
	Chuen-Lan Fu	0	0	0	0
	Li-Min Cheng	96	0	0	0
	Li-Fen Tzeng	682	0	0	0
	Fang-Yuan Wu	1,156	0	0	0
	Rong-Horng Way	498	0	0	0
	Tung-Sheng Huang	101	0	0	0
	You-Chen Lee	556	0	0	0
	Yuan-Fen Chen	357	0	0	0
	Chiung-Hsiao Hung	1,892	0	0	0
	Mei-Ling Chiu	320	0	0	0
	Jiunn-Horng Lin	963	0	0	0
	Su-Min Hsin	326	0	0	0
	Chun-Yuan Chen	20	0	0	0
	Yung-Hua Rao	0	0	0	0
	Shinn-Guang Duh	208	0	0	0
	Kao-Jung Hsu	273	0	0	0
	Hsi-Peng Hsu	0	0	0	0
	Yu-Chen Lee	0	0	0	0
	Yi-Huei Chiu	413	0	0	0
	Chih-Hong Chiang	0	0	0	0
	Cheng-Tong Chien	19	0	0	0
	Yi-Chieh Hou	549	0	0	0
	Tsung-Ming Lai	0	0	0	0
	Hui-Lan Yang	0	0	0	0
	Jiun-Uei Lin	1,350	0	0	0
	Shih-Maw Wang	315	0	0	0
	Jui-Hui Hsu	339	0	0	0
	Ai-Fen Hu	301	0	0	0
Wei-Shuo Luo	566	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
VP & GM	Hsueh-Ni Hsieh	1,079	0	0	0
	Nai-Chia Chang	0	0	0	0
	Shu-Lin Liu	1,164	0	0	0
	Kui-Fang Tsai	251	0	0	0
	Jenq-Jong Chen	84	0	0	0
	Chin-Li Lin	7	0	0	0
	Jinn-Sheng Wu	14	0	0	0
	Ching-Hsing Chao	107	0	0	0
	Hsi-Lung Wu	11	0	0	0
	Jung Chen	21	0	0	0
	Ya-Cheng Chang	0	0	0	0
	Hsiu-O Hsieh	14	0	0	0
	Chiu-Min Shen	51	0	0	0
	Yi-Cheng Chu	0	0	0	0
	Chiu-Ling Chen	0	0	0	0
	Shu-Chen Yang	36	0	0	0
	Ming-Hua Huang	1	0	0	0
	Chih-Feng Teng	184	0	0	0
	Chih-Hao Lo	25	0	0	0
	Ting-Feng Cho	607	0	0	0
	Chih-Huang Huang	51,755	0	0	0
	Chin-Shiang Ding	0	0	0	0
	Ya-Hui Chen	367	0	0	0
	Chia-Chen Shen	309	0	0	0
	Su-Man Hsueh	371	0	0	0
	Kuo-Hsien Chien	77	0	0	0
	Chien-Mei Yu	442	0	0	0
	Yu-Cheng Chang	14	0	0	0
	Mei-Fen Shieh	24	0	0	0
	Wen-Chieh Chang	9	0	0	0
	Shu-Fen Liu	341	0	0	0
	Yao-Sheng Hsieh	0	0	0	0
	Mu-Kun Lin	0	0	0	0
Ying-Hui Hung	1,634	0	0	0	
Yi-Ming Wang	50	0	0	0	
Chien-Shan Liu	0	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
VP & GM	Tsung-Jen Wang	12	0	0	0
	Ling-Fei Lin	468	0	0	0
	Ho-Hsiung Huang	719	0	0	0
	Feng-Chiou Lai	67	0	0	0
	Shu-Hui Chen	1,314	0	0	0
	Ya-Fang Lee	326	0	0	0
	Ming-Jung Lee	0	0	0	0
	Ying-Chin Chang	0	0	0	0
	Ya-Huei Hung	238	0	0	0
	Kun-Lin Lee	18,505	0	0	0
	Chih-Ning Chang	0	0	0	0
	Cheng Hua Yin	0	0	0	0
	Yun-Ping Lin	444	0	0	0
	Quei-Ying Ho	1,832	0	0	0
	Cheng-I Huang	0	0	0	0
	Yin-Chao Liao	14	0	0	0
	Hsiao-Hsia Lu	2,633	0	0	0
	Kui-Min Hsiao	29	0	0	0
	Feng-Pin Lu	45	0	0	0
	Mei-Hsing Lin	433	0	0	0
	Meng-Chen Chiang	(37,239)	0	0	0
	Ming-Hui Tsai	0	0	0	0
	Ai-Ling Wang	(5,107)	0	0	0
	Yu-Ying Tung	253	0	0	0
	Ming-Thur Chen	756	0	0	0
	Yu-Ching Huang	15	0	0	0
	Li-Lan Yang	4	0	0	0
	Lin-Li Ku	618	0	0	0
	Shr-Jan Tzeng	21	0	0	0
	Shu-Fen Cheng	0	0	0	0
	Chi-Hsin Chao	0	0	0	0
	Te-Cheng Pan	0	0	0	0
	Yueh-Chiu Lai	1,096	0	0	0
Su-Jane Lin	0	0	0	0	
Chiou-Shin Liang	0	0	0	0	
Yuan-Kuang Pan	28	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
VP & GM	Shen-Hui Lu	915	0	0	0
	Li-Chiao Li	435	0	0	0
	Su-Min Cheng	480	0	0	0
	Cheng-Chu Wang	3	0	0	0
	Han-Bin Huang	1	0	0	0
	Pan-Der Chin	18	0	0	0
	Pei-Fen Shieh	4,527	0	0	0
	Feng-Fu Jang	25	0	0	0
	Jui-Yueh Wu	0	0	0	0
	Shiow-Ling Kao	30	0	0	0
	Su-Chen Cheng	9	0	0	0
	Chien-Tien Lee	0	0	0	0
	Kuo-Lung Lin	8	0	0	0
	Hui-Fang Chen	0	0	0	0
	Man-Sui Liu	976	0	0	0
	Yen-Chun Chen	410	0	0	0
	Chun-Hong Yeh	13	0	0	0
	Shiu-Hwa Chang	87	0	0	0
	Kuen-Shan Wang	89	0	0	0
	Yu-Fang Chang	0	0	0	0
	Wen-Ching Chen	1,062	0	0	0
	Chin-Ping Lai	1,222	0	0	0
	Tain-Maw Chang	156	0	0	0
	Li-Mei Chang	628	0	0	0
	Shiow-Ju Hwu	360	0	0	0
	Kuo-Heng Hsu	288	0	0	0
	Yi-Chen Wang	2,700	0	0	0
	Shao-Mao Wang	2,523	0	0	0
	Kung-Ming Chang	3,531	0	0	0
	Wen-Liang Wang	0	0	0	0
	Ming-Te Hsu	254	0	0	0
	A - R Liu	465	0	0	0
	Tsuey-Shya Jang	343	0	0	0
Wen-Chung Chen	1,316	0	0	0	
Yi - Tien Liao	59	0	0	0	
Jui-Chen Chen	2,222	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
VP & GM	Jui-Hung Weng	140	0	0	0
	Ming Chuan Lin	2,561	0	0	0
	Shinn-Huei Leu	332	0	0	0
	Ming-Jer Lin	124	0	0	0
	Wen-Ling Tsai	52	0	0	0
	Er-Lang Kuo	0	0	0	0
	Tsung-Min Hsieh	0	0	0	0
	Long-Chi Lin	5	0	0	0
	Chin-Huan Huang	29	0	0	0
	Chung-Shing Her	0	0	0	0
	Show-Fone Lu	1,017	0	0	0
	Shu-Hui Ke	0	0	0	0
	Lih-Lan Kuo	0	0	0	0
	Hsiu-Chih Huang	1,402	0	0	0
	Ming-Han Tsai	2	0	0	0
	Fen-Lan Lu	970	0	0	0
	Shu-Hui Lin	0	0	0	0
	Yen-Yu Liu	16	0	0	0
	Shu-Chin Hsui	0	0	0	0
	Ying-Dai Chen	28	0	0	0
	Li-Chu Hsu	0	0	0	0
	Yu-Tang Wu	0	0	0	0
	Pin-Shen Ho	0	0	0	0
	Su-Wei Liang	636	0	0	0
	Show-Ching Chen	1	0	0	0
	Hui-Ju Lee	1,262	0	0	0
	Chen-Ying Wu	98	0	0	0
	Che-Fang Hung	545	0	0	0
	Su-Chuan Wang	73	0	0	0
	Shu-Mei Yeh	0	0	0	0
	Hsu-Lin Huang	4,943	0	0	0
	Sheng-Ming Lin	0	0	0	0
	Chin-Hsien Shen	345	0	0	0
Ta-Tai Lai	0	0	0	0	
Shu-Fen Lee	2,003	0	0	0	
Chia-Hsiang Tsai	0	0	0	0	

Title	Name	2023		As of February 29, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
VP & GM	Kuo-Yuan Wu	0	0	0	0
	Huang-Chou Chio	0	0	0	0
	Shu-Hei Chang	1,338	0	0	0
	Shu-Yun Hsu	94	0	0	0
	Chen-Huan Liu	0	0	0	0
	Chia-Hsiung Tung	0	0	0	0
	Hsiu-Yun Shih	27	0	0	0
	Shu-Fen Wu	469	0	0	0
	Lien-Chen Shih	14	0	0	0
	Tzu-An Kuo	0	0	0	0
	Hsi-Ying Lin	0	0	0	0
	Te-Hsing Hsueh	0	0	0	0
	Cheng-Yi Hsieh	0	0	0	0
	Wan-Chin Chang	5,013	0	0	0
	Li-Fang Liu	0	0	0	0
	Hui-Chen Tai	1,419	0	0	0
	Huei-Jin Lin	168	0	0	0
	Kai-Hung Cheng	0	0	0	0
	Hung-Chieh Chou	0	0	0	0
	Yu-Tang Shen	0	0	0	0
Ya-Ching Chen	127	0	0	0	
The Government or Juristic Person Shareholder Representative by Director (Major Shareholder)(Note)	Ministry of Finance	32,291,465	0	0	0
	Chunghwa Post Co., Ltd.	19,863,857	0	0	0
	National Development Fund, Executive Yuan	14,361,714	0	0	0

Note: The shareholder holding 1% or more of the Bank's shares.

b. Information of shareholding transfer

None.

c. Information for shareholding pledge

None.

I. Information Disclosing the Relationship between Any of the Bank's Top Ten Shareholders

April 23, 2024

Name	Shareholding		Shareholding by Spouse and Minor Children		Shareholding under Others' Name		Names and the Relationship among the Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ministry of Finance (Representative Tsui-Yun Chuang)	1,323,950,082	12.19	0	0	0	0	First Commercial Bank Co., Ltd.	The Ministry of Finance is a shareholder represented by the Director of its parent company, First Financial Holding Co., Ltd.	None
							Taiwan Cooperative Bank Co., Ltd.	The Ministry of Finance is a shareholder represented by the Director of its parent company, Taiwan Cooperative Financial Holding Co., Ltd.	
							Bank of Taiwan Co., Ltd	The Ministry of Finance holds 100% of shares of its parent company, Taiwan Financial Holding Co., Ltd.	
							Land Bank of Taiwan Co., Ltd.	100% owned by the Ministry of Finance.	
							Hua Nan Commercial Bank, Ltd.	The Ministry of Finance is a shareholder represented by the Director of its parent company, Hua Nan Financial Holding Co., Ltd.	
Chunghwa Post Co., Ltd. (Representative Hong-Mo Wu)	814,418,157	7.50	0	0	0	0	None	None	None
Taishin Financial Holding Co., Ltd. (Representative Tong-Liang Wu)	606,410,256	5.58	0	0	0	0	Excel Chemical Co., Ltd.	The Chairperson of Excel Chemical Co., Ltd. serves as the Juristic Person Director and the major shareholder's Chairperson of Taishin Financial Holding Co., Ltd.	None
National Development Fund, Executive Yuan (Representative Ming-Hsin Kung)	588,830,293	5.42	0	0	0	0	None	None	None

Name	Shareholding		Shareholding by Spouse and Minor Children		Shareholding under Others' Name		Names and the Relationship among the Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
First Commercial Bank Co., Ltd. (Representative Ye-Chin Chiou)	541,877,322	4.99	0	0	0	0	Ministry of Finance	The Ministry of Finance is a shareholder represented by the Director of First Financial Holding Co., Ltd., the parent company of First Commercial Bank Co., Ltd.	None
							Bank of Taiwan Co., Ltd.	Bank of Taiwan Co., Ltd. is a shareholder represented by the Director of First Financial Holding Co., Ltd., the parent company of First Commercial Bank Co., Ltd.	None
Excel Chemical Co., Ltd. (Representative Cheng-Ching Wu)	274,664,772	2.53	0	0	0	0	Taishin Financial Holding Co., Ltd.	The Chairperson of Excel Chemical Co., Ltd. serves as the Juristic Person Director and the major shareholder's Chairperson of Taishin Financial Holding Co., Ltd.	None
Taiwan Cooperative Bank Co., Ltd. (Representative Yen-Mao Lin)	259,719,233	2.39	0	0	0	0	Ministry of Finance	The Ministry of Finance is a shareholder represented by the Director of Taiwan Cooperative Financial Holding Co., Ltd., the parent company of Taiwan Cooperative Bank Co., Ltd.	None
Bank of Taiwan Co., Ltd. (Representative Jye-Cherng Lyu)	196,506,041	1.81	0	0	0	0	Ministry of Finance	The Ministry of Finance holds 100% of shares of Bank of Taiwan Co., Ltd.'s parent company, Taiwan Financial Holding Co., Ltd.	None
							First Commercial Bank Co., Ltd.	Bank of Taiwan Co., Ltd. is a shareholder represented by the Director of its parent company, First Financial Holding Co., Ltd.	
							Hua Nan Commercial Bank, Ltd.	Bank of Taiwan Co., Ltd. is a shareholder represented by the Director of its parent company, Hua Nan Financial Holding Co., Ltd.	
Land Bank of Taiwan Co., Ltd. (Representative Chuan-Chuan Hsieh)	195,833,534	1.80	0	0	0	0	Ministry of Finance	The Ministry of Finance holds 100% of shares of Land Bank of Taiwan Co., Ltd.	None
Hua Nan Commercial Bank, Ltd. (Representative Yun-Peng Chang)	194,810,214	1.79	0	0	0	0	Ministry of Finance	The Ministry of Finance is a shareholder represented by the Director of Hua Nan Financial Holding Co., Ltd., the parent company of Hua Nan Commercial Bank Co., Ltd.	None
							Bank of Taiwan Co., Ltd.	Bank of Taiwan Co., Ltd. is a shareholder represented by the Director of Hua Nan Financial Holding Co., Ltd., the parent company of Hua Nan Commercial Bank Co., Ltd.	

J. Omnibus Shareholding Ratio

December 31, 2023 Unit: Shares; %

Invested Venture (Note 1)	The Bank's Investment		The investment directly or indirectly controlled and managed by Directors, President, Executive Vice Presidents, the chief of each division or branch and the Bank (Note 4)		Omnibus Investment	
	Shares	%	Shares	%	Shares	%
Taiwan Stock Exchange Corporation	34,764,152	3.00	0	0	34,764,152	3.00
Taiwan Sugar Corporation	23,246,159	0.41	0	0	23,246,159	0.41
Taiwan Power Company	235,726,532	0.49	11,499	0.00	235,738,031	0.49
Taipei Forex Inc	700,000	3.53	0	0	700,000	3.53
Lan An Service Corporation	125,000	5.00	0	0	125,000	5.00
CDIB & Partners Investment Holding Corp.	54,000,000	4.95	0	0	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	1,413,725	4.09	0	0	1,413,725	4.09
Financial Information Service Co., Ltd.	6,589,242	1.26	6,460,857	1.24	13,050,099	2.50
Taiwan Futures Exchange	5,456,551	1.00	4,092,403	0.75	9,548,954	1.75
Taiwan Asset Management Corporation	120,000,000	11.35	0	0	120,000,000	11.35
Taiwan Financial Asset Service Corporation	5,000,000	2.94	0	0	5,000,000	2.94
Financial ESolution Co., Ltd.	905,475	4.12	0	0	905,475	4.12
Taiwan Depository & Clearing Corporation	542,696	0.08	0	0	542,696	0.08
Sun Asset Management Co., Ltd.	41,768	0.70	0	0	41,768	0.70
Taiwan Mobile Payment Co., Ltd.	1,800,000	3.00	2,400,000	4.00	4,200,000	7.00
Taiwan Urban Regeneration & Financial Services Co., Ltd.	2,500,000	5.00	0	0	2,500,000	5.00
Taiwan High Speed Rail Corporation	44,500,000	0.79	120,019,000	2.13	164,519,000	2.92
Outstanding Capital Limited Partnership	18,529,517	10.00	0	0	18,529,517	10.00
Taiwania Capital Buffalo Fund VI, L.P.	66,666,666	3.33	0	0	66,666,666	3.33
Chang Hua Commercial Bank, Ltd. (Note 2)	-	100.00	0	0	-	100.00
CHB Venture Capital Co., Ltd. (Note 3)	104,268,647	100.00	0	0	104,268,647	100.00

Note 1: Pursuant to Article 74 of the Banking Act.

Note 2: Chang Hua Commercial Bank, Ltd. is a wholly-owned subsidiary of the Bank, without issued shares and a capital contribution of CNY 2,500,000 thousand dollars.

Note 3: CHB Venture Capital Co., Ltd. is a wholly-owned subsidiary of the Bank.

Note 4: Government or Juristic Person Shareholder Representative by Director are included.

IV | Capital Overview

A. Shares and Dividends

a. Source of capital:

Year / Month	Par Value	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital	Others
2023 / 12	NT\$10	12,000,000,000	120,000,000,000	10,858,292,963	108,582,929,630	Capitalization of Additional Paid-in Capital NT\$7,322,073,289	Letter No. 0910135530 issued by MOF registration effective on June 28, 2002.
						Capitalization of Cash NT\$17,197,857,875	Letter No. 0920144278 issued by MOF registration effective on September 18, 2003.
						Capitalization of Cash (private placement) NT\$14,000,000,000	Letter No. 0942000915 issued by FSC registration effective on September 29, 2005. Letter No. 109033812 issued by FSC registration effective on March 23, 2020. (applied for public offerings); listed date: March 31, 2020.
						Capitalization of Earnings NT\$70,062,998,466	Approved by FSC and effective on July 11, 2023.

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Non-Issued Shares	Total	
Common Stock	10,858,292,963	1,141,707,037	12,000,000,000	Listed Stocks

b. Composition of shareholders:

April 23, 2024

Quantity	Composition of Shareholders						Total
	Government Agencies	Financial Institutions	Other Juridical Person	Individuals	Foreign Institutions and Foreigners		
Number of Shareholders	11	65	606	246,195	667	247,544	
Number of Shares Held	2,313,046,021	3,205,216,856	902,391,189	2,934,153,145	1,503,485,752	10,858,292,963	
Shareholding Percentage (%)	21.30	29.52	8.31	27.02	13.85	100	

c. Distribution of shareholders:

April 23, 2024 / The par value for each share is NT\$10

Tiers of Shareholding	Number of Shareholders	Total Shares Held	Shareholding Percentage (%)
1 ~ 999	79,246	15,873,147	0.15
1,000 ~ 5,000	90,662	202,093,645	1.86
5,001 ~ 10,000	29,294	205,445,431	1.89
10,001 ~ 15,000	14,447	170,827,384	1.57
15,001 ~ 20,000	7,985	138,876,331	1.28
20,001 ~ 30,000	8,335	199,816,363	1.84
30,001 ~ 40,000	4,303	147,489,618	1.36
40,001 ~ 50,000	2,622	117,070,571	1.08
50,001 ~ 100,000	5,458	375,200,568	3.46
100,001 ~ 200,000	2,936	398,520,344	3.67
200,001 ~ 400,000	1,233	331,861,372	3.06
400,001 ~ 600,000	344	166,913,798	1.54
600,001 ~ 800,000	165	113,231,854	1.04
800,001 ~ 1,000,000	90	80,657,379	0.74
1,000,001 ~	424	8,194,415,158	75.46
Total	247,544	10,858,292,963	100.00

d. Major shareholders:

April 23, 2024

Ranking	Name of Major Shareholders	Number of Shares Held	Shareholding Percentage (%)
1	Ministry of Finance	1,323,950,082	12.19
2	Chunghwa Post Co., Ltd.	814,418,157	7.50
3	Taishin Financial Holding Co., Ltd.	606,410,256	5.58
4	National Development Fund, Executive Yuan	588,830,293	5.42
5	First Commercial Bank Co., Ltd.	541,877,322	4.99
6	Excel Chemical Co., Ltd.	274,664,772	2.53
7	Taiwan Cooperative Bank Co., Ltd.	259,719,233	2.39
8	Bank of Taiwan	196,506,041	1.81
9	Land Bank of Taiwan Co., Ltd.	195,833,534	1.80
10	Hua Nan Commercial Bank, Ltd.	194,810,214	1.79
11	Taiwan Business Bank, Ltd.	151,925,640	1.40
12	Taiwan Tobacco & Liquor Corporation	143,796,123	1.32
13	Labor Pension Fund (New Pension System)	139,366,718	1.28
14	Labor Pension Fund (Old Pension System)	119,159,689	1.10

Note: The table lists shareholders that held more than 1% shares of the Bank.

e. Market price, net worth, earnings, dividends per share and other relevant information for the past two fiscal years:

Unit: NT\$

Items		FY	2022	2023	As of February 29, 2024 (Note 5)
Market price per share	Highest		19.95	19.05	17.90
	Lowest		16.05	16.75	17.15
	Average		17.65	17.74	17.55
Net worth per share	Before distribution		15.96	17.31	17.57
	After distribution		15.03	16.24	-
Earnings per share	Weighted average number of shares (thousand shares)		10,593,457	10,858,293	10,858,293
	Earnings per share	Before amendment	1.04	1.20	0.24
		After amendment	1.04	1.20	-
Dividends per share	Cash dividends (Note 1)		0.55	0.55	-
	Distribution of bonus shares	Stock dividends from retained earnings	0.25	0.32	-
		Stock dividends from capital reserve	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	Price / Earnings Ratio (Note 2)		16.97	14.78	-
	Price / Dividend Ratio (Note 3)		32.09	32.25	-
	Cash Dividend Yield Rate (%) (Note 4)		3.12	3.10	-

Note 1: The earnings distribution of 2023 has not yet been approved by the 2024 Shareholders' Meeting.

Note 2: Price/Earnings Ratio= Average Closing Price Per Share / Earnings Per Share for a given year.

Note 3: Price/Dividend Ratio= Average Closing Price Per Share / Cash Dividends Per Share for a given year.

Note 4: Cash Dividend Yield Rate=Cash Dividends Per Share / average closing price per share for a given year.

Note 5: Calculated based on preliminary figure of nearly month.

f. Dividend policies and implementation status:

1. Dividend policies:

According to Article 38-1 of Articles of Incorporation of the Bank, the dividend policies are as follows:

“After the final closing of accounts, surplus, if any, shall be used to make up for the prior year’s loss and payment of tax before setting aside 30% of the net profit as statutory reserve in accordance to Banking Act and provision or reverse of special reserves under other relevant law. 30% to 100% of shareholders’ dividends and bonuses and other undistributed surplus of previous years can be distributed, to be proposed by the Board of Directors and approved at the Shareholders’ Meeting before distribution.

In order to continuously expand the bank’s operation and increase its profitability, the Bank adopts the residual dividend approach. According to the Bank’s business needs and taking into account future plan for capital budgeting, shareholders’ dividend and bonus shall be given primarily in the form of stock dividend in order to reserving an amount for necessary funds and distributing the remainder in the form of cash, provided such cash dividend shall not be less than 10% of the total dividends. No cash dividend will be distributed if the cash dividend falls short of NTD0.1 per share, unless otherwise determined in the Shareholders’ Meeting.

The Bank shall not distribute cash profits or buy back shares if any situation stipulated in Article 44-1, subparagraph 1 of the Banking Act occurs.

If the total amount of the legal reserves as stipulated in subparagraph 1 has not reached the total amount of capital, the amount of profit distributed as cash may not exceed 15% of the total capital.

In the event that the legal reserve equals or exceeds the Bank’s paid-in capital or the Bank is sound in both its finance and business operations and has set aside legal reserve in compliance with the company Act, the restrictions stipulated in paragraph 1 and paragraph 4 shall not apply.”

2. The dividend distribution proposed by the Shareholders' Meeting:

(1) A cash dividend (NT\$0.55per share) is distributed among common stockholders: a total of NT\$5,972,061,129.

(2) A stock dividend (NT\$0.32per share) is distributed among common stockholders: a total of NT\$3,474,653,740

g. The impact of the proposed bonus shares distribution at the shareholders' meeting on the Bank's operational performance and earnings per share:

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies and the Taiwan Stock Exchange Corporation Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts, because the Bank has not disclosed its financial forecast for 2024, it is unable to disclose any projected information on the proposed bonus shares distribution's potential impact on the Bank's operating revenue, profit and loss, and earnings per share. As a result, this provision does not apply to the Bank.

h. Bonuses of employees and remuneration of directors:

1. According to Article 38 of Articles of Incorporation of the Bank, the bonuses of employees and remuneration of directors are as follows:

“At the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of directors), if any, shall be distributed with 1% to 6% of the profit as employees’ bonuses and up to 0.8% distributed as remuneration of directors. However, if the bank has any accumulated losses, profit shall be reserved to cover such amounts first.

The aforementioned bonuses of employees can be in the form of stocks or cash; while remuneration for directors shall be in the form of cash. The aforementioned bonuses and remuneration shall be proposed at the Board of Directors’ Meeting attended by at least two-thirds of the directors and approved by at least half the directors present at the meeting, and reported at the Shareholders’ Meeting.”

2. This section covers the estimation basis for the amount of remuneration for employees and directors, the calculation basis for the stock-based employee compensation in terms of the number of shares to be distributed, and the accounting treatment for any discrepancy between the actual distribution amount and the estimated amount.

During the accounting period in which the employees provided their services, the Bank will make the most appropriate estimation based on experience for the possible amounts for employee and director remuneration and recognize it as an expense. Suppose there are any changes in the amounts after the publication date of the annual financial report. In that case, they will be treated as accounting estimates and recognized in the next year's profit and loss statement.

3. The remuneration distribution approved by the board of directors is as follows:

(1) The remuneration approved for cash distribution to Directors (excluding Independent Director) is NT\$68,649,152, NT\$858,114,400 for employee remuneration, and NT\$0 for employee remuneration distributed in the form of stocks. The difference between the aforementioned total amount and the estimated expense recognized by the Bank for the year is NT\$1,063,552. This difference results from modifications to accounting estimates and will be recognized in the 2024 income statement.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employee compensation: None.

4. Actual distribution to employees' bonus and remuneration to directors for the previous year:

In the previous year (2022), the Bank distributed cash bonus to employee of NT\$689,611,400, the Director (excluding Independent Director) remuneration totaled NT\$55,168,912, the same as what had been approved by the Shareholders' Meeting.

i. Repurchase of the Banks' Shares: None.

B. Issuance Status of Financial Bonds

Unit: NT\$ thousand

Types of Financial Bonds	1 st Subordinate Financial Debentures Issue in 2014	1 st Subordinate Financial Debentures Issue in 2016	1 st Subordinate Financial Debentures Issue in 2017	1 st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2018
Date and serial No. approved by authority	June 13, 2013 Letter No. (FSC) Gin-Guan-Ying Guo 10200162140	August 23, 2016 Letter No. (FSC) Gin-Guan-Ying Guo 10500201300	August 23, 2016 Letter No. (FSC) Gin-Guan-Ying Guo 10500201300	November 10, 2017 Letter No. (FSC) Gin-Guan-Ying Guo 10600263560
Issuing Date	April 16, 2014	September 27, 2016	March 29, 2017	April 26, 2018
Face Value	10 million	10 million	10 million	10 million
Issuance & Trading Location	Taipei City	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$	NT\$
Offering Price	Issued at Par Value	Issued at Par Value	Issued at Par Value	Issued at Par Value
Issuing Amount	B: 5,300,000 C: 2,500,000	B: 3,300,000	A: 1,530,000 B: 8,670,000	7,000,000
Coupon Rate	B: 1.85% C: The annual rate is a floating rate of the index rate (Note) plus 0.45%.	B: 1.20%	A: 1.50% B: 1.85%	2.66%
Maturity	B: 10-year term, maturity date: April 16, 2024 C: 10-year term, maturity date: April 16, 2024	B: 10-year term, maturity date: September 27, 2026	A: 7-year term, maturity date: March 29, 2024 B: 10-year term, maturity date: March 29, 2027	Perpetual
Rank	Second-Lien	Second-Lien	Second-Lien	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.
Guarantor	-	-	-	-
Trustee	-	-	-	-
Underwriter	-	-	-	-
Verification Lawyer	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang
Verification Accountant	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung
Verification Financial Institution	-	-	-	-
Payment	Bullet	Bullet	Bullet	Five years and three months after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Outstanding Amount	B: 5,300,000 C: 2,500,000	B: 3,300,000	A: 1,530,000 B: 8,670,000	7,000,000
Prior Year Paid-in Capital	77,490,592	84,573,232	84,573,232	94,130,007
Prior Year Net Book Value	103,084,694	126,514,896	126,514,896	133,758,323
Payment Status	Normal	Normal	Normal	Normal
Redemption or Early Settlement Terms	None	None	None	Five years and three months after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Conversion and Exchange Terms	None	None	None	None
Restriction Terms	Subordinate bonds	Subordinate bonds	Subordinate bonds	Subordinate bonds
Use of Proceeds	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank
Debt / Prior Year Net Book Value (Debt includes current new issue plus all outstanding issue amount) (%)	51.66%	52.14%	38.90%	40.59%
Ranking of Capital Assets (Tier I, Tier II ...)	Yes, Tier II	Yes, Tier II	Yes, Tier II	Yes, Tier I
Credit Rating Agency, Rating Date and Rating	Taiwan Ratings October 24, 2022 Bond Rating twA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +

Types of Financial Bonds	2 nd Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2018	1 st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2019	1 st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2020	2 nd Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2020	1 st Issue of Senior Unsecured Financial Debentures in 2023
Date and serial No. approved by authority	November 10, 2017 Letter No. (FSC) Gin-Guan-Ying Guo 10600263560	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665	October 14, 2022 Letter No. (FSC) Gin-Guan-Ying Guo 1110226884
Issuing Date	November 8, 2018	June 27, 2019	May 27, 2020	December 25, 2020	February 22, 2023
Face Value	10 million	10 million	10 million	10 million	10 million
Issuance & Trading Location	Taipei City	Taipei City	Taipei City	Taipei City	Taipei City
Currency	NT\$	NT\$	NT\$	NT\$	NT\$
Offering Price	Issued at Par Value	Issued at Par Value	Issued at Par Value	Issued at Par Value	Issued at Par Value
Issuing Amount	3,000,000	5,960,000	4,040,000	6,800,000	1,000,000
Coupon Rate	2.30%	1.90%	1.40%	1.25%	1.40%
Maturity	Perpetual	Perpetual	Perpetual	Perpetual	5-year term, maturity date: February 22, 2028
Rank	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	senior
Guarantor	-	-	-	-	-
Trustee	-	-	-	-	-
Underwriter	-	-	-	-	-
Verification Lawyer	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang	Lawyer Ya-Ping Chiang	-
Verification Accountant	Deloitte & Touche Jerry Gung	Deloitte & Touche Jimmy S. Wu	Deloitte & Touche Jimmy S. Wu	Deloitte & Touche Mei-Hui Wu	-
Verification Financial Institution	-	-	-	-	-
Payment	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Bullet
Outstanding Amount	3,000,000	5,960,000	4,040,000	6,800,000	1,000,000
Prior Year Paid-in Capital	94,130,007	97,895,207	99,853,111	99,853,111	105,934,566
Prior Year Net Book Value	140,711,714	150,296,338	150,296,338	158,243,071	163,201,817
Payment Status	Normal	Normal	Normal	Normal	Normal
Redemption or Early Settlement Terms	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	None
Conversion and Exchange Terms	None	None	None	None	None
Restriction Terms	Subordinate bonds	Subordinate bonds	Subordinate bonds	Subordinate bonds	None
Use of Proceeds	To strengthen the capital structure according to the mid-to long-term requirements of the Bank	To strengthen the capital structure according to the mid-to long-term requirements of the Bank	To strengthen the capital structure according to the mid-to long-term requirements of the Bank	To strengthen the capital structure according to the mid-to long-term requirements of the Bank	To use for Green Projects and Social Projects
Debt / Prior Year Net Book Value (Debt includes current new issue plus all outstanding issue amount) (%)	40.72%	42.14%	39.46%	38.61%	30.09%
Ranking of Capital Assets (Tier I, Tier II ...)	Yes, Tier I	Yes, Tier I	Yes, Tier I	Yes, Tier I	No
Credit Rating Agency, Rating Date and Rating	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 24, 2022 Bond Rating twAA +	Taiwan Ratings October 27, 2023 Bond Rating twAA +

Note: The index rate is the average of the fixing rate of the 90 days commercial paper in the secondary market shown on page 6165 of Reuters information screen around 11:00 am (Taipei Time) on the issuance day and 2 days before the rate adjusting day. However, starting from January 1, 2015, the above benchmark interest has been changed to the 3-month Taipei Interbank Offered Rate (TAIBOR) published on Bankers Association website 2 banking business days before the adjustment date. If there is no quotation of the benchmark interest due to any reason, an interest rate of equivalent tenor available 1 banking business day before the adjustment date can be used instead.

C. Issuance of Preferred Share

None.

D. Issuance of Global Depositary Receipt

None.

E. Status of Employee Stock Option Plan

None.

F. Status of Employee Restricted Stock Awards

None.

G. Merger and Acquisition

None.

H. Fund Utilization Plan and Implementation Status

FY	Plan	Date and Serial No. approved by FSC	Purpose	Implementation and Quota Usage Status	Comparison with the Expected Performance
2020	The Bank was approved by FSC on May 29, 2019 to issue the subordinate bonds and the non-cumulative perpetual subordinate bonds. Total amount of NT\$13 billion with maximum amount of NT\$ 10 billion from the non-cumulative perpetual subordinate bonds. Valid for one year from the approval date (on May 29, 2020).	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	Increase capital of the Bank, and strengthen capital structure	(1) Implementation: The Bank has issued NT\$4.04 billion of the non-cumulative perpetual subordinate bonds on May 27, 2020. All capital obtained from the issuance bond were used for the capital needs of lending and investment businesses. (2) Quota Usage: The remaining amount of the total quota is NT\$3 billion, and the bond issuance has not been implemented before the deadline.	Met expectations to enrich the capital performance. The Bank's consolidated capital adequacy ratio rose above 15% at the end of December 2020.
	The Bank was approved by FSC on November 16, 2020 to issue the non-cumulative perpetual subordinate bonds. Total amount of NT\$ 15 billion valid for one year from the approval date (on November 16, 2021).	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665		(1) Implementation: The Bank has issued NT\$6.8 billion of the non-cumulative perpetual subordinate bonds on December 25, 2020. All capital obtained from the issuance bond were used for the capital needs of lending and investment businesses. (2) Quota Usage: The remaining NT\$8.2 billion of the total quota has not yet been implemented.	
2021	The Bank was approved by FSC on November 16, 2020 to issue the non-cumulative perpetual subordinate bonds. Total amount of NT\$ 15 billion valid for one year from the approval date (on November 16, 2021).	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665	Increase capital of the Bank, and strengthen capital structure	(1) Implementation: The quota has not been implemented in 2021. (2) Quota Usage: The remaining amount of the total quota is NT\$8.2 billion, and the bond issuance has not been implemented before the deadline.	Met expectations to enrich the capital performance. The Bank's consolidated capital adequacy ratio rose above 15% at the end of December 2021.

V | Operational Overview

A. Business Information

a. Business performance for the last two years

The proportion of each major business asset and/or revenue to total assets and/or revenue and its growth and changes is as follows:

1. Deposits:

Unit: NT\$ thousand

Item	FY	2023		2022		Increase (Decrease) Amount	Increase (Decrease) Rate %
		Amount	Proportion %	Amount	Proportion %		
Demand Deposit		1,336,711,300	54.02	1,335,637,893	56.87	1,073,407	0.08
Time Deposit		1,137,484,612	45.97	1,012,502,018	43.11	124,982,594	12.34
Interbank Deposit		402,859	0.01	476,150	0.02	(73,291)	-15.39
Total		2,474,598,771	100.00	2,348,616,061	100.00	125,982,710	5.36
Proportion (to liabilities and equity)		2,900,874,139	85.31	2,684,852,319	87.48	216,021,820	8.05

Note: The total amount of liabilities and equity by the end of 2023 and 2022 were NT\$2,900,874,139 thousand and NT\$2,684,852,319 thousand.

2. Loans:

Unit: NT\$ thousand

Item	FY	2023		2022		Increase (Decrease) Amount	Increase (Decrease) Rate %
		Amount	Proportion %	Amount	Proportion %		
Short-term Loans		413,788,797	22.71	374,604,203	21.98	39,184,594	10.46
Mid-term Loans		606,562,892	33.29	571,256,828	33.53	35,306,064	6.18
Long-term Loans		801,602,862	44.00	758,023,442	44.49	43,579,420	5.75
Total		1,821,954,551	100.00	1,703,884,473	100.00	118,070,078	6.93
Proportion (to total assets)		2,900,874,139	62.81	2,684,852,319	63.46	216,021,820	8.05

Note: The amount of total assets by the end of 2023 and 2022 were NT\$2,900,874,139 thousand and NT\$2,684,852,319 thousand.

3. Foreign Exchange:

Unit: US\$ thousand

Item	FY	2023	2022	Increase (Decrease) Amount	Increase (Decrease) Rate %
		Amount	Amount		
Exports		2,166,977	3,179,375	(1,012,398)	-31.84
Imports		3,699,493	4,643,155	(943,662)	-20.32
Foreign Exchange		111,944,239	152,805,808	(40,861,569)	-26.74
Total		117,810,709	160,628,338	(42,817,629)	-26.66

4. Cards:

Unit: Card / NT\$ thousand

Item	Item	2023	2022	Increase (Decrease)	Increase (Decrease) Rate%
Card Issuance	Cards in Force	624,491	571,039	53,452	9.36
	Active Cards	291,323	277,206	14,117	5.09
	Retail Sales Volume	24,413,078	21,691,901	2,721,177	12.54
	Revolving Balance	350,681	327,005	23,676	7.24
Acquiring Service	Physical Stores, Online Stores and ATM transaction amount	21,357,317	17,600,440	3,756,877	21.35

5. Digital Banking:

Unit: NT\$ million / individual / million transactions

Item	FY	2023	2022	Increase (Decrease)	Increase (Decrease) Rate %
Online Loan Average Balance		3,932	839	3,093	368.65
Total Number of Digital Deposit Accounts		771,092	549,622	221,470	40.29
Total Number of Online / Mobile Banking Transactions		108	111	(3)	-2.70

6. Trust Business:

(1) Trust Operating Volume:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Non-discretionary Money Trust Investing in Foreign Securities		25,897	15,622	65.77
Non-discretionary Money Trust Investing in Domestic Securities		21,679	16,624	30.41
Trust Custody Service (year-end balance)		368,366	294,408	25.12
Attestation of Securities		43,615	30,362	43.65
Securities Trust (year-end balance)		1,869	1,648	13.41
Real Estate Trust (year-end balance)		38,782	27,958	38.72

(2) Trust Business Fee Income:

Unit: NT\$ million

Item	FY	2023		2022		Growth Rate of Trust Business Fee Income %
		Trust Business Fee Income	Proportion (to fee income of the Bank) %	Trust Business Fee Income	Proportion (to fee income of the Bank) %	
Non-discretionary Money Trust Investing in Foreign Securities		736	10.98	489	8.65	50.51
Non-discretionary Money Trust Investing in Domestic Securities		286	4.27	250	4.42	14.40
Trust Custody Service		430	6.41	415	7.35	3.61
Attestation of Securities		8	0.12	5	0.09	60.00
Other		89	1.33	82	1.45	8.54
Total		1,549	23.11	1,241	21.96	24.82

Note: Fee income of the Bank by the end of 2023 and 2022 were NT\$6,702 million and NT\$5,650 million.

7. Wealth Management Business:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Insurance Agency Business		2,293.24	1,582.64	44.90
Trust Business		1,549.43	1,241.13	24.84
Structured Products		3.77	4.23	-10.87
Total		3,846.44	2,828.00	36.01

8. Investment Business:

(1) Investment in Securities:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Government Bonds		92,079	100,720	-8.58
Financial Bonds		133,380	104,913	27.13
Corporate Bonds		79,954	82,990	-3.66
Stocks (short-term investment)		15,362	14,128	8.73

(2) Short-term Bills Underwriting and Trading:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Outright Purchases		495,618	200,268	147.48
Outright Sales		185	7,526	-97.54
Repurchase Agreements		8,345	17,518	-52.36

(3) Proprietary Trading in Government Bonds:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Volume of Proprietary Trading in Government Bonds (Outright Transactions)		29,466	46,349	-36.43
Volume of Proprietary Trading in Government Bonds (with Repo)		8,363	7,450	12.26
Balance of Proprietary Trading in Government Bonds		22,823	28,314	-19.39

9. Securities Business:

Unit: NT\$ million

Item	FY	2023	2022	Growth Rate %
Securities Underwriting		1,500	400	275
Securities Brokerage Operations		213,013	174,222	22.27
Credit Outstanding in the Security Financing Business		263.67	270.10	-2.38

10. Weights and Changes of Net Income:

Unit: NT\$ thousand

Items	FY	2023		2022		Increase (Decrease)	Increase (Decrease) Rate %
		Amount	Proportion%	Amount	Proportion%		
Net Income of Interest		22,232,574	57.64	24,645,303	72.19	(2,412,729)	-9.79
Net Service Fee Income		5,142,288	13.33	4,256,183	12.47	886,105	20.82
Net Trading Income		11,018,289	28.57	5,021,080	14.71	5,997,209	119.44
Net Securities Brokerage and Underwriting Income		136,230	0.35	110,417	0.32	25,813	23.38
Other Operating Net Income		40,691	0.11	105,607	0.31	(64,916)	-61.47
Total		38,570,072	100.00	34,138,590	100.00	4,431,482	12.98

b. Business Plan for the Year 2024

Please refer to Annual Report, I. Letter to Shareholders "B. 2024 Highlights of Business Plans".

c. Market Analysis

1. Major regions in which the Bank operates:

The Bank's service network spans Asia, Europe, U.S.A. and Taiwan with 185 domestic offices, Offshore Banking Branch (OBU), 7 overseas units, 1 sub-branch and 1 representative office located in the world's major financial centers, including branches in New York, Los Angeles, Tokyo, London, Hong Kong, Singapore, Manila, sub-branch in Osaka (inaugurated on 2024/3/25) and Yangon Representative Office; the Bank has a subsidiary "Chang Hua Commercial Bank, Ltd." which was established with Kunshan Branch, Dongguan Branch, Fuzhou Branch, Nanjing Branch, and Kunshan Huaqiao Sub-Branch under its jurisdiction. The Bank provides far-reaching and prompt services around the clock to customers who require access to their funds and financial services. For the locations of the Bank's global service network, please refer to Annual Report, IX. Directory of Head Office & Branches & Subsidiaries.

2. Supply and demand in the market and possible future growth:

In terms of market supply, there are numerous banks in Taiwan, leading to a high degree of market saturation. Moreover, there is little differentiation in business projects, resulting in fierce competition in various financial services. This easily leads to price competition. Furthermore, with the development of financial technology (FinTech), traditional banks face challenges from non-bank entities and pure online banks when developing related business areas. This inevitably impacts the business expansion and profitability of banking institutions.

In terms of market demand, Taiwanese companies capitalize on their competitive advantage in semiconductors, as well as the ongoing opportunities in high-performance computing, artificial intelligence, and automotive electronics. Furthermore, with the anticipated recovery of global end-demand, domestic exports and investments are projected to overcome the stagnation experienced in 2023 and contribute to a rise in the demand for related funds by 2024. Furthermore, in recent years, with the ongoing US-China trade and technology war and the wave of supply chain relocation, Taiwanese businesses have had to adjust their global supply chain layout. Except that some production capacity is relocated back to Taiwan, they have also moved from China to Southeast Asia, India, and the southern United States and northern Mexico to set up factories and make investment, and the relevant capital needs are expected to benefit the banking industry. As for the Taiwanese funds that are subject to the special law for repatriation of overseas funds, there is an opportunity to bring vitality to domestic investment and wealth management business. In addition, with the trend of international net zero emissions, the Financial Supervisory Commission also encourages financial institutions to assist enterprises in carbon reduction transformation, and continues to promote policies such as the Green Finance Action Plan to promote sustainable development of domestic industries and financial markets.

Finally, although variables such as the monetary policy direction of major countries, inflation, and geopolitical risks still pose uncertainties and add to the profitability uncertainty of financial institutions, the IMF expects global trade growth to

rebound from 0.3% in 2023 to 3.0% in 2024. Additionally, with domestic unemployment rates at a near 10-year low and the expected salary adjustments for public servants in 2024 likely to drive overall wage growth, thereby supporting consumer spending momentum, the domestic economy is expected to recover with the resurgence of external demand and stable domestic demand in 2024. The Directorate-General of Budget, Accounting and Statistics forecasts that the economic growth rate in 2024 will reach 3.43%. The fundamentals of the domestic economy are conducive to the operating prospects of the financial industry. In addition, it is expected that the Federal Reserve of the United States will initiate interest rate cuts in 2024. However, the magnitude of the cuts for the whole year is not expected to be significant, which means that the federal funds rate is still expected to remain relatively high for a long time. Furthermore, due to domestic central bank concerns about inflationary pressures, the likelihood of interest rate cuts in 2024 is not significant. This is expected to help banks maintain the yield spread between the New Taiwan Dollar and foreign currencies, as well as ensure steady growth in various business operations.

3. Competitive niche and development prospects, positive and negative factors, and response measures:

(1) Competitive niche of the Bank:

① Long-standing reputation and large customer base:

The Bank has a history of over a century, solid brand image is trusted by the public. In addition, the Bank has a large corporate customer base. Competitive advantages in corporate finance and foreign exchange business, to combine with personal banking and wealth management etc., the Bank meet customers' needs by providing diversified financial products and services.

② Dense service network:

The Bank has numerous domestic offices in Taiwan. As of the end of December 2023, the Bank's network has 185 domestic branches and 640 ATMs to meet customers' needs for deposits, withdrawals and transfers, providing customers with complete and convenient financial products and services.

③ First-mover advantage in overseas markets:

The Bank started overseas business early, cultivated many professionals who fully understand the practices of local financial markets. With the opening of the subsidiary bank in China, the Bank will expand its business items and service objects, and improve the layout planning by combining the market advantage of the Bank's long-term exploration in China and the competitive advantage of integrating cross-strait channels.

(2) Positive factors::

① The six core strategic industries, Post-pandemic recovery and Low-Carbon Smart Loan Management will facilitate the expansion of the banking business.

② The maintenance of high interest rates in both the US and Taiwanese markets helps to sustain the interest rate differential, which contributes to a favorable operating environment for banks.

③ The global supply chain restructuring has altered the global landscape for Taiwanese businesses and has resulted in corresponding capital expenditure requirements.

④ The return of Taiwanese businesses, the accelerated investment initiatives for Taiwanese businesses, those rooted in Taiwan, and small and medium enterprises are driving opportunities in domestic factory financing, cash flow services, and wealth management businesses, which are favorable for the expansion of banking operations.

⑤ The competent authority has released limits on bank's investments in FinTech that are highly related to their core business, which help differentiate services and financial products to improve efficiency.

⑥ The popularization of digital finance reduces the cost of banking operations and increases profitability.

⑦ Private consumption remains robust, contributing to the growth of transaction fee revenue from credit cards and other types of transactions.

⑧ The new Preferential Housing Loans for the Youth has stimulated the housing market and contributed to its growth, thereby benefiting the expansion of the mortgage business volume.

(3) Negative factors:

- ① Too many banks and high similarity of financial products in the domestic banking sector causes fierce market competition.
 - ② Internet-only banking operators engaged in the small-scale wealth management and lending market, becoming competitors of banking business.
 - ③ The increasing stringency of global regulations related to anti-money laundering, personal data protection, tax reporting, minimum tax liabilities, etc., has resulted in higher compliance costs and increased operating costs for banks.
 - ④ The monetary policy trends, inflation, and geopolitical risk variables of the main countries continue to exist, adding to the operation uncertainty.
 - ⑤ The global economic recovery is weak due to factors such as persistent high interest rates, uncertain prospects for the Chinese economy, and political risks arising from elections in major economies. These factors have affected opportunities for overseas credit business opportunities.
 - ⑥ The rapid development of the financial environment has evolved from the traditional physical branch channels to a hybrid virtual and physical operating model, which has gradually impacted traditional banking businesses and operations.
- (4) Response measures:
- ① In response to the circular economy and aging population demands, the Bank launched products and services that meet market and consumer experience to create market segmentation.
 - ② Control credit amount of industries and mortgage and redirect capital to other potential industries, policy incentives, small and medium-sized enterprises, and new businesses development.
 - ③ Expand the wealth management team and product offerings, and actively strive for inheritance and wealth management business opportunities of return Taiwan businesspeople and small and medium-sized enterprise families.
 - ④ Establishing new digital financing channels and mobile payment features, leveraging AI and big data analysis to manage the Bank's customer remittances and identifying potential customers with financial transactions with the Bank, in order to expand the Bank's new credit customer base.
 - ⑤ Expand overseas operational business bases and gradually increase overseas revenue.
 - ⑥ Establish customer segmentation for marketing and increase cross-industry collaborations to cultivate diverse relationships with customers and expand customer base.
 - ⑦ Seize green opportunities, focus on sustainable financial products, and promote the implementation of sustainable development.
 - ⑧ On the premise of prudently promote overseas credit business, strive to host and co-host international syndicated loans, enhance visibility and the growth quantity and energy of overseas financial business. Actively developing direct loan projects, expanding deposit business, deepening local customer base, and increasing the Bank's earnings.
 - ⑨ Utilize data analysis for precision marketing and continuously optimize financial product and service processes, proactively grasp the essence of financial products and services, and provide banking services in a more cost-effective and innovative way to increase trust and loyalty with customers.

d. Financial product research and business development

1. The scale and profit and loss situation of the major financial products and newly established business units for the last two years and as of the published date of Annual Report:

(1) Major financial products:

① Deposit and remittance:

- I Establish STM intelligent account opening system to reduce account opening time and leverage the account opening counter for cross-selling functions.
- II In compliance with government policy, all ATMs in Taiwan offered the "Universal Cash Distribution" cash withdrawal service from April 10 to October 31, 2023.
- III In response to the government's Green Finance Action Plan and policies such as the 2050 Net Zero Emissions Pathway, we have launched the "Green Deposits" project to drive a sustainable

financial ecosystem that promotes a positive cycle and benefits the financial, business, and social environments.

- IV In response to the government's policy of promoting digital finance, the Bank continues to promote the "Financial Blockchain Correspondence Inquiry Service" and the digitization of correspondence to replace manual filling.
- V The Bank enhanced friendly financial services and continued to add bilingual forms for foreign currency transactions.
- VI Offer customers diverse range of choices, setting up new dynamic quoted interest rates for foreign currency time deposits in USD and EUR.

② Corporate banking:

- I Assist in the post-pandemic recovery of businesses, launching the Small and Medium Enterprise Ten Billion Revitalization Financing Program and the Post-Pandemic Recovery and Low-Carbon Smart Loan Management Project.
- II The Bank launches the rooted Taiwanese enterprises accelerated investment project loan, welcome Taiwanese businesspeople to return to Taiwan for investment project loan and SME accelerated investment loan.
- III Continuously promoting green financing such as solar equipment setup loans, green enterprise loans, and sustainable performance-linked credit projects, and providing project loan products such as youth entrepreneurship.
- IV In accordance with the Government's Urban Renewal 2.0 policy, we are dedicated to advancing the Urban Renewal and Reconstruction Loan for Unsafe and Old Buildings.

③ Consumer banking:

- I Continue to cooperate with the government to handle various policy loans, such as the "Housing Subsidy Loan for Self-purchase and Renovation of Houses" and the "Preferential Loan for Young People to Purchase Houses for the First Time".
- II Provide loans for the purchase of homes that comply with the "Green Building Label" recognized by the Taiwan Architecture & Building Center.
- III Continuing to respond to the government's policy on rebuilding dangerous and aging homes, the Bank continued to provide "Loan for Rebuilding Dangerous and Aging Homes".
- IV Promoted the "Real Estate Pension Loan for the Elderly" project in accordance with government policies.

④ Cards:

Introduced the "Small Amount Credit Card Overpayment Inheritance" measure, providing service for increasing credit card limits through online applications.

⑤ Trust:

Introducing the sale of "Overseas Structured Products" to provide high-net-worth clients with diversified investment options.

⑥ Digital Finance:

- I Participating in the Finance and Banking Company's electronic payment shared platform, and when merchants apply for acquiring services from our bank, they can simultaneously apply for the "Electronic Payment Interinstitutional Shared Platform (TWQR) - Shopping" service, enabling the acceptance of transactions from other electronic payment accounts.
- II Introducing the "Mobile Guardian 2.0," a low-risk transaction security and control mechanism.
- III Adding "Financial FIDO - Chip Financial Card Identity Verification Mechanism" service to online ATMs.
- IV Introducing integrated payment services and real-time transaction inquiry features for contracted stores, offering electronic signature, multiple payment options, and account inquiry services.
- V Collaborated with Taiwan Power Company to promote "TaiPower Supply Chain Financing Service," which includes online disbursement and repayment.
- VI Conduct the activity for the "Agricultural Products Market Underwriter Working Capital Loan."

(2) New Business Units:

Please refer to Annual Report, I. Letter to Shareholders "A. 2023 Results of Operations, b. Bank organization and change".

(3) Scale and profit and loss situation of the major financial products for the last two years:

Please refer to this chapter, A. Business Information, "a. Business performance for the last two years".

2. Research and development expenses and results for the last two years:

(1) The Bank's research and development expenses for the last two years.

NT\$4,592 thousand in 2023.

NT\$3,555 thousand in 2022.

(2) The Bank's research and development results for the last two years:

① The bank continues to leverage financial technology to develop various digital financial products. In 2023, the Bank obtained a total of 24 utility model patents and 9 invention patents, with 7 invention patents currently under review, and applied the results of financial technology research and development to provide safe and convenient services to customers, enhance information security and operational efficiency, strengthen risk control and explore potential customers and new business opportunities.

② A total of 43 research reports of business development, digital finance and technology, sustainable development, employee rights and development, risk management, internal audit and internal control, financial tax, legal compliance, global economic trend, customer rights, green finance, and overseas layout were completed in 2022 and 2023, and are available in the Bank's library for the Bank's employees to access at any time, so as to enhance their professional skills in practice and effectively promote the innovation and development of the Bank's business.

(3) Future research and development plans:

① To align with future business development trends and regulatory requirements, we have implemented various systems, including the paperless system platform, OCR application system, and the entrusted regular investment plan in the securities system, to enhance our digital financial service capabilities.

② Research and analyze the application and development of big data to grasp business opportunities, and continue to develop and apply for various fintech patents, so as to cultivate research and development momentum, and enhance the Bank's fintech competitiveness.

e. Long-term and short-term business development plans

1. Short-term business development plans:

Please refer to Annual Report, I. Letter to Shareholders, "B. 2024 Highlights of Business Plans".

2. Long-term business development plans:

The Bank's long-term business development plans are summarized as follows.

(1) Optimize deposit/loan structure to increase interest spread:

Expand the customer base of small and medium-sized enterprises with potential development, grasp the cash flow to improve the deposit ratio, and increase the credit proportion to small and medium-sized enterprises, so as to expand the foundation of the deposit/loan business and increase the interest margin and increase the income.

(2) Enhance wealth management business:

Propose an operational model for a high-level asset wealth management business and apply for a business license for the "High-level Asset Wealth Management Center." Steadily expand the high-asset customer segment, increase the number of professional investor clients, and develop new customer segments for the wealth management business. Expanding the professional wealth management team, enhancing product research and development and innovation capabilities, and meeting the comprehensive needs of wealth management services.

(3) Elevate digital financial services:

Upgrade online banking user interface, and provide intuitive operation process. Extend the service hours of live text customer service, and add new body recognition mechanism and service items to help increase the utilization rate of text communication channels and enhance friendly service.

(4) Deepen foreign financial business:

- ① Strengthen the business development of credit, deposit and bond of subsidiary in China, continuously expand the asset scale, develop derivative financial products, and increase the operating revenue, so as to deeply develop the China financial market.
- ② We will carefully evaluate countries or regions with development potential in the financial market, plan to establish branches there, and leverage the advantages of our Offshore Banking Branch to pursue local business opportunities.

(5) In response to the international development trend of ESG, providing green financial services:

The Bank actively undertake solar photovoltaic equipment loans, green enterprise loans, and actively respond to the FSC's "Green Finance Action Plan 3.0" by incorporating ESG loan indicators (such as sustainable index-linked loans) into important bases for corporate credit business, to guide customers in transformation and implementation of ESG.

B. Employees

a. Employee information for the last two years and as of the published date of Annual Report

Unit: Person

Year		2022	2023	As of February 29, 2024
Number of employees		6,678	6,693	6,670
Average age		43.28	43.51	43.58
Average years of service		16.89	17.05	17.05
Educational backgrounds	Ph.D.	0.06%	0.06%	0.06%
	Master	21.62%	22.40%	22.47%
	University / College	72.71%	72.60%	72.67%
	Senior High School (vocational included)	5.26%	4.62%	4.47%
	Below Junior High School	0.35%	0.32%	0.33%
Professional licenses held by employees	CPA & CPA (USA)	4	3	3
	CFA	3	3	3
	FRM	11	12	12
	CFP	23	23	23
	CIA	2	2	2
	CISA	2	2	2
	CAMS	35	39	40
	Senior Securities Specialist	1,195	1,205	1,206
	Securities Specialist	1,057	1,074	1,074
	Futures Specialist	1,110	1,092	1,091
	Personal Insurance Broker	7	6	6
	Personal Insurance Agent	13	14	14
	Personal Insurance Representative	6,036	6,064	6,037
	Property and Casualty Insurance Broker (Non-life)	7	6	6
	Property and Casualty Insurance Agent (Non-life)	9	10	10
	Property and Casualty Representative (Non-life)	5,693	5,774	5,775
	Investment-linked Insurance Representative	5,349	5,413	5,421
	Proficiency Test for Trust Operations	5,611	5,644	5,621
	Proficiency Test for Bank Internal Control	4,578	4,585	4,568
	Basic Proficiency Test for Bank Lending Personnel	2,754	2,710	2,706
	Advanced Proficiency Test for Bank Lending Personnel	35	32	31
	Basic Proficiency Test for International Banking Personnel	2,358	2,368	2,375
Proficiency Test for Financial Planning Personnel	1,928	1,875	1,856	

- b. Continuing education and training of employees
 1. The Bank encourages employees to continue learning through digital and hands-on courses to help employees accumulate financial expertise, the Bank provided 466,676.5 hours training in total, with the per capita training hours of 69.73 based on 6,693 employees as of December 31, 2023. Moreover, the total training hours of sustainable development related courses were 2,945 hours, and 5,890 employees attended.
 2. Build a new generation online e-learning network to improve knowledge management and inheritance, and continuously develop multi-career skills and training.

C. Corporate Responsibility and Ethical Behavior

- a. Implement environmental protection policies and achieve sustainable environmental management goals
 1. The Bank is committed to promoting various programs such as greenhouse gas reduction and management, energy resource use and management, green building, use of renewable energy, carbon neutrality in branches, and waste reduction and management. We have voluntarily adopted various international management systems to mitigate the impact of climate change and achieve the goal of sustainable environmental management.
 2. Participate in the Earth Hour Taiwan energy saving activity of the Society of Wilderness to implement the concept of environmental protection and love for the earth.
 3. In cooperation with the Society of Wilderness, the "Chang Hwa Bank Love the Sea Protection Campaign" was launched in 2023. We organized training for leaders of river and beach cleaning teams and held a total of 5 river and beach cleaning events in the northern, central, and southern regions, with the enthusiastic participation of 260 corporate volunteers.
 4. In accordance with the spirit of the Equator Principles, the Bank considers the environmental protection, ethical corporate management and corporate social responsibility of the borrowers when processing corporate credit applications.
 5. In response to the National Property Administration, Ministry of Finance to promote the sustainable development of the state-owned non-public marginal land environment, we cooperated with the Kaohsiung City Wild Bird Society on the "Budai Salt Field Wetland Guardian ESG Enterprise Partnership Project".
- b. Actively participate in social welfare activities and continue to care for the disadvantaged groups
 1. Sponsorship of Huashan Social Welfare Foundation's "Love the Elderly, Love Reunion" public welfare event, and organizing volunteer activities to deliver Chinese New Year dishes to elderly people who live alone.
 2. Sponsorship of Huashan Social Welfare Foundation's "Love the Elderly, Stay Active on Dragon Boat Festival" public welfare event, and forming a volunteer team to participate in activities with the elderly happily, ensuring that vulnerable seniors can live and stay active into old age.
 3. "Strive to Make Progress Scholarship Program" in cooperation with Taiwan Fund for Children and Families.
 4. Sponsored the Taipei City Kuanyin-Line Psychological and Social Service Association's "Benefit Concert".
 5. Sponsored the Central News Agency's "Journal Donation Program to Enhance International Outlook".
 6. Donating to the Ministry of Health and Welfare disaster relief fund to assist earthquake victims in Turkey in overcoming difficulties.
 7. In line with the Ministry of Education's Youth Development Administration's "2023 Economic Independence Youth Work-and-Study Program" policy, 10 students were provided with summer vacation work-and-study opportunities to enhance the care of young people from economically disadvantaged families and to help them learn about and explore new areas, improve their career development competitiveness, and be better prepared for the future.
 8. For elderly care trusts and trusts for persons with disabilities, if the beneficiary is an elderly person or person with disability certificate, the trust signing fee will be discounted or reduced. For individuals purchasing foreign bonds listed by the bank through trust assets, application fees and trust management fees for those foreign bonds are waived. In addition, to promote the development of the elderly care and disability trust business and fulfill our corporate social responsibility, the "Pre-signing Micro Elderly Care or Disability Trust Contract Fee Waiver" activity was launched in 2023. This activity integrated with the 'Chang Bank Spreads Love, Never Ending' Taiwan Pay mobile payment public welfare donation. By integrating public welfare care with trust services, allowing individuals to support vulnerable groups while taking care of themselves, implementing ESG principles, and exerting social impact.

9. Actively respond to the promotion of micro-insurance policies of competent authority, cooperate with Changhua County Government, Nantou County Government and insurance companies, to obtain basic protection for vulnerable people or those with specific identities, and avoid unexpected specific risk accidents, resulting in financial difficulties for oneself or family. In 2023, the Bank donated in micro-insurance premiums and 7,138 people benefited from this.
 10. Actively collaborate with insurance companies in the "Shine with Love through Timely Actions" campaign. For every insurance policy purchased from our bank, a donation of NT\$200 from the insurance companies will be made to the "Andrew Charity Association" to support underprivileged children in needy families with essential food.
 11. The Bank is committed to apply digital technology to combine charitable activities. Since 2018, the Bank has launched Taiwan Pay mobile payment charitable activities and deeply recognized by the public. In 2023, Taiwan Pay's "Chang Hwa Bank Love Never Ending" was held by the cooperation with four public interest groups, "Taipei Orphan Welfare Foundation", "Double Bliss Welfare and Charity Foundation", "Buenen Foundation", and "Taipei Happy Mount Foundation", the Bank has set up "Donation Section" on the Bank's mobile online banking and official website to provide more convenient online donation services. Additionally, in 2023, Taiwan Pay will further partner with vending machine vendors to integrate mobile payments, smart vending machines, and charity events. These vending machines will sell handmade products created by physically and mentally disabled indigenous people in remote areas of Taitung. By leveraging the widespread use and convenience of vending machines and mobile payments, love can be shared without any time constraints. This initiative aims to foster partnerships and contribute to SDG17 by promoting sustainable and compassionate cycles and creating a social impact.
- c. Support sports development and promote humanities and arts care
1. Continuously donate to the Chinese Taipei Archery Association and participate in the 5-year plan of the Chinese Enterprise League to cultivate talented elite athletes, thereby contributing to the development of sports in our country. Additionally, we will organize the "Hundred Shots, Hundred Hits Archery Experience Camp" to promote the sport of archery and foster a culture of physical activity among our employees.
 2. Donated to the Taitung County Sports Association's "Training Program for Elite and Potential Athletes of Various Sports Committees", to support sports development.
 3. Sponsored the "2023 Chang Hwa Bank National Youth Cup Football Tournament" organized by the Chinese Taipei Football Association to promote the sport of football in the community and school.
 4. Sponsored the "32nd Keelung City New League Cup Basketball Tournament" organized by Keelung City Social Basketball Association to promote social basketball.
 5. Sponsored the Taichung City Government to hold the "2023 National Day Fireworks in Taichung" event.
 6. Sponsored SET TV Co., Ltd. to broadcast the "2023 National Day Celebration in Tainan" National Day Evening Party event.
 7. Sponsor the production and broadcasting of the television program "We are - 2023 Our New Year's Eve" of The General Association of Chinese Culture.
 8. Sponsored the filming of the "Artisan Soul" series by the General Association of Chinese Culture to promote cultural heritage.
 9. Sponsoring the "Impact Taiwan Golden Horse 60" film music concert event organized by The General Association of Chinese Culture.
 10. Participated in the "2023 Taiwan Lantern Festival Sponsored Mini Lanterns" event organized by the Tourism Bureau of the Ministry of Transportation and Communications, and donated mini lanterns to welfare organizations, and spread the culture and spirit of the Lantern Festival.
- d. Promote academic/industrial development and enhance sustainable competitiveness of enterprises
1. Participated in the "35th Accounting Elite Cup Debate Competition" of the Accounting Research and Development Foundation of the Republic of China to nurture accounting professionals in Taiwan.
 2. Participated in the "7th Star of Entrepreneurship Contest" of Economic Daily News to identify the most promising future stars of Taiwan's industries and to promote the information exchange and development of industry innovation.

3. Sponsored the Taiwan Institute for Sustainable Energy's third "Taiwan Sustainable Investment Forum" (TWSIF) event.
 4. Sponsored the seminar titled "A New Chapter of Net Zero: Analyzing Climate Change Response Laws and Exploring the Impact on Sustainability Reporting" held by Contemporary Law Journal and Business Weekly.
 5. Sponsored the "Net Zero Emission New Era" forum organized by Contemporary Law Journal.
 6. Sponsored the "2023 Taiwan-Japan Technology Dialogue: International Cooperation in New Energy and Mobility Technology" Forum organized by the Taiwan Japan Academy.
 7. In 2023, donated NT\$122,493,142 to the SMEs Credit Guarantee Fund of Taiwan to assist SMEs in obtaining financial assistance from financial institutions to facilitate economic growth and social stability in Taiwan.
 8. In 2023, in line with the government's policy, the Bank signed a "Financial Competitiveness Enhancement Project for SMEs" with the Taiwan SMEs Counseling Foundation, spending NT\$900,000 to help SMEs improve their financial structure and improve their business structure in order to enhance their competitiveness.
- e. Supporting government policies and implementing financial-friendly services.
1. Participated in the "5th Unsafe and Old Buildings + Urban Renewal Exposition" held by Wealth Magazine Co., Ltd. to let the public understand and make good use of the government's policies on citizens and urban renewal to improve the quality and safety of living.
 2. Responding to national policies and supporting the development of local agriculture, we have purchased 1,100 boxes of custard apples, 1,650 boxes of golden diamond pineapple, 400 boxes of Irwin mango, and 480 boxes of wen dan pomelo.
 3. To support the government's initiative to promote inclusive finance, we took part in the "2023 Financial Services Charity Carnival" organized by the Taiwan Financial Services Roundtable, held at both the Kaohsiung and Yilan venues.
 4. Donate to the Straits Exchange Foundation to support industry transformation, upgrading, and sustainable development.
 5. To facilitate the use of financial services by customers with hearing and speech impairments, our Bank has collaborated with the Taiwanese Association of Sign Language Translation Interpreters to introduce the "Reservation for Transcription Service" at our service counters. Additionally, we have implemented customer-friendly announcements to ensure that individuals with hearing and language impairments are informed about our service initiatives and can easily communicate their needs.
 6. The Bank has completed the establishment of 85 bilingual branches to provide bilingual financial services to foreign nationals, in order to connect with the international community.
 7. In cooperation with the competent authority's promotion of financial education and popularization policies, we have appointed seed instructors to participate in "Go to Campus and Community Financial Knowledge Promotion Activity" to promote and enhance public financial literacy.
 8. To promote awareness of fraud prevention, we actively participated in the competent authorities' 16 events as part of the "National Fraud Prevention Campaign in 368 Towns and Villages by Financial Institutions." We worked closely with local police authorities to organize anti-fraud awareness activities in specific towns and urban areas. In addition, to fulfill our corporate social responsibility, our bank has conducted outreach activities in campuses and rural areas to promote fraud prevention, advocate for responsible consumption, and provide information on various financial services. In the fiscal year 2023, a total of 313 events were organized, with nearly 13,000 participants.

D. Number of Non-managerial Full-time Employees, Average, Median of Full-time Employees' Salary, and the Differences from the Previous Year.

Unit: Person/NT\$ thousand

Non-managerial full-time employees	Year	2023	2022	Increase (Decrease)
Number of Employees		6,203	6,225	(22)
Average Salary		1,394	1,338	56
Median Salary		1,302	1,253	49

Note 1: Reference to "Non-managerial, full-time employee salary information declaration explanation" jointly promulgated by TWSE and TPEX.

Note 2: "Non-managerial, full-time employee" mentioned here refers to full-time employees (including local and foreign nationals) excluded employees in managerial position, part-time employees, overseas employees, and employees who meet the standard of excluded exemption; "Number of employees" is calculated by yearly average number.

E. IT Equipment

a. The main information system hardware and software configuration and maintenance

1. Configuration:

- (1) Mainframe hardware (Core banking system): Using Unisys mainframe, the service area covers both domestic and overseas, processing deposits, loans, remittance, foreign exchange, import and export, etc. The system has an operating capacity of 7 days x 24 hours.
- (2) Open system server: Including virtual machine (VM) and physical machine.
- (3) Open system storage: Using SAN and Storage for centralized management by IBM SAN Volume Controller (SVC) and DELL EMC VPLEX to reduce the space of individual storage equipment management.
- (4) Open system backup equipment: Using Data Domain and NBU (Net Backup) backup system.
- (5) Network equipment: The Bank's network structure includes core networks and branch networks. The core networks connect core firewall and core router through core switch. Separate different network segments according to different properties of the system to protect systems safety by firewall policy and various security systems. The core network architecture is high availability (HA) to prevent a single node failure. The branch networks include domestic branches and overseas branches. The branches use dedicated lines of operation and backup for data transmission, and data exchange and backup are carried out through the hub to ensure the maintenance of daily operations.
- (6) Database: DB2, MS SQL, Teradata.

2. Maintenance:

The Bank has entered into maintenance agreements with manufacturers, which will provide both on-demand repair services and regular maintenance services to ensure that the Bank's IT systems are operating satisfactorily and without interruption.

b. Future development or acquisition plans:

Information systems planned to be built in 2024 include: The second-stage conversion and building project of the new generation eLoan credit automation system 2.0, branch network update and security protection enhancement project (second-stage), branch terminal system upgrade and function promotion, upgrading the message notification system, upgrading the telephone outbound management and sales loan system, upgrading the STM system, LINE BC system replacement and construction project, Construction of dollar cost averaging on fixed-term fixed-amounts for security system, Personal e-Banking APP version upgrade project, Credit card OCR (Optical Character Recognition) System Project, Construction project for Hong Kong Branch WLF (Watching List Filtering, WLF) and TMS (Transaction Monitoring Service) System, IBM Power Server replacement project, and the new ATM procurement project.

c. Emergency backup and security measures

1. Operation of emergency backup center:

The Bank's information center is located in Taipei and the off-site redundancy center is located in Taichung. The Bank normally uses the super high-speed network (OTN) to synchronize data redundancy to the

off-site redundancy center, and when the information center is unable to perform operations due to a disaster, the information system is transferred to the redundancy center for operation in accordance with the Bank's "Information Operation Disaster Recovery Plan." In principle, off-site backup drills are carried out twice a year or once each in the same location and off-site and included the actual operation of external services to ensure that backup operations can be carried out in the event of a disaster.

2. Strengthen information security:

- (1) Improve the security and control strength of the information system: Independent SWIFT host segment, recover the highest privilege of the host, and manage the security and control parameters of the host to improve the overall security and control strength of the host.
- (2) Comply with laws and regulations: Modify the information system structure, management system and procedures to meet the expectations of regulatory authorities and international organizations (e.g. SWIFT, etc.).
- (3) Establish detection and warning mechanisms, implement information security incident handling and follow-up tracking: Using different information security detection tools (e.g. internal threat monitoring system, privileged account tracing system, endpoint detection response (EDR), etc.), the Bank establishes detection and warning mechanisms to immediately detect potential intrusions and properly conduct follow-up handling to reduce information security risks.
- (4) Conduct regular situational and backup drills: To familiarize employees with incident response procedures, conduct regular situational drills and information system backup drills to improve employees' response capabilities.
- (5) Carry out centralized storage and management of system logs, and establish an analysis and early warning mechanism, in order to meet the requirements of laws and supervision authorities.
- (6) Following the revision of domestic and international laws and regulations and the application of emerging technologies, we are constantly adjusting our cybersecurity-related regulations and management procedures.
- (7) Utilize multi-level security devices and collaborative operation to establish protection and monitoring mechanisms, and actively cooperate with cyber security alliance operations, effectively utilize and share cyber security information.
- (8) Continuously enhancing our information security protection. In 2024, we plan to establish a new system for protecting personal data from leakage, upgrade the vulnerability scanning management system, and replace the network load balancing equipment and DDoS protection equipment.
- (9) Regular emergency drills and social engineering exercises are conducted to enhance employees' ability to respond to information security incidents and their awareness of information security.

F. Cyber Security Management

a. Cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management.

1. Cyber security risk management framework:

- (1) In order to effectively implement internal control of information security, the Bank adopts a management framework of three lines of defense for internal control of information security. The first line of defense is to implement information security operations by all units and information offices of the Bank, and the Information Security Division is responsible for the second line of defense to monitor and manage the implementation of the information security policy and its derived information security risks, plan, monitor and execute information security management operations. The third line of defense is the inspection by the Internal Auditing Division.
- (2) Established an Executive Vice President-level, the Chief Information Security Officer to coordinate the implementation of the Bank's information security policies and resource allocation. Assigned the SVP & Division Head of Information Security Division to serve as the dedicated supervisor for information security, responsible for supervising and implementing information security policies, coordinating and promoting information security management operations, reports to the Board of Directors on the overall execution and management of information security on an annual basis.

- (3) The Bank hired a cybersecurity consultant to provide professional views and advice on cybersecurity management to strengthen the information security governance capacity of the Board of Directors.

2. Cyber security policy:

- (1) In order to strengthen information security management, ensure the confidentiality, integrity and availability of information, the reliability of information equipment and network systems, and the awareness of all personnel in the Bank on information security, and make sure that the above resources are free from any interference, damage, intrusion or any unfavorable behavior and attempt, the Bank hereby formulates the information security policy.
- (2) The objective of information security is to ensure authorized access to the Bank's information, to provide a complete and reliable information system operation and to maintain the normal operation of its business processes in the face of possible internal and external threats. In the event of an accident, take prompt and necessary measures to minimize the possible damage caused by the accident.
- (3) The scope of the information security policy covers all the information of software, hardware and peripheral facilities of the Bank, and in respect of the division of responsibilities for information security, human security management, computer system security management, network security management, system access management, system acquisition, development and maintenance management, information asset security management, data privacy management, physical and environmental security management, information security management of third-party manufacturers and third-party suppliers, information security risk assessment management, information security audit management, information security education and training, and other information security management matters, relevant management standards are hereby formulated to implement the overall information security protection plan.
- (4) Annually review the information security policy and submit it to the Board of Directors for approval before implementation.

3. Specific management plan:

- (1) The Bank continues to maintain the validity of the ISO 27001 Information Security Management System, ISO 22301 Business Continuity Management System, and BS 10012 Personal Information Management System certificates.
- (2) Cybersecurity awareness training and social engineering drills are held annually.
- (3) The reporting and management of information security incidents are carried out in accordance with the "Implementation Rules for Information Security Incident Reporting and Management" of our Bank.
- (4) Utilize multi-layered information security equipment and establish protection and monitoring mechanisms.
- (5) Regularly conduct various security checks, emergency response drills, and system backup drills.
- (6) Actively engaging in cybersecurity joint defense, effectively utilizing and sharing cybersecurity information through the Financial Information Sharing and Analysis Center (F-ISAC) and the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC).
- (7) Introduction of real-time paid cybersecurity threat intelligence, integration of cybersecurity protection tools, and early detection of cybersecurity threats.
- (8) We use automated methods for 24/7 monitoring, detection, and tracking of fake websites and mobile applications that impersonate our Bank and take necessary actions against such fraudulent activities.
- (9) Every year, the Mobile App Penetration Testing and Digital Development Department conducts benchmark testing. All of our mobile applications have been awarded the "Mobile App Basic Cybersecurity Badge and Certificate."
- (10) Regularly review the status of information equipment and conduct business impact analysis.
- (11) Information security personnel receive professional cybersecurity training every year, and employees are encouraged and subsidized to obtain international cybersecurity certifications.
- (12) Every year, cybersecurity risk assessment operations are conducted to review the implementation of various risk items and evaluate the maturity of network security.

4. Resources invested in cyber security management:

Implementation results of information security measures in 2023:

(1) Information security

- ① The Bank's mobile applications (App) have all been granted "Mobile App Basic Cybersecurity Badge and Certificate".
- ② Various cybersecurity assessment and security testing operations are outsourced to third-party specialist organizations. These include cybersecurity assessment, electronic payment assessment, SWIFT CSP assessment, penetration testing, vulnerability scanning, and malware detection.
- ③ Chinese and English training courses on information security in 2023, with a total of 6,509 employees (overseas branches included) completing the training.
- ④ Announce information on the Bulletin Board of the intranet from time to time to strengthen the awareness of the information security of colleagues of domestic and overseas.
- ⑤ Conduct quarterly social engineering drills, including Chinese and English letters, to improve alertness of colleagues and reduce the chance of being attacked by social engineering.
- ⑥ Assisted all 30 students of the Bank in obtaining the ISO 27001:2022 Information Security Management System Lead Auditor Certificate.
- ⑦ The annual settlement result of the F-ISAC membership information sharing points for 2023 saw us retain our excellent first-place performance.
- ⑧ The Financial Supervisory Commission (FSC) has awarded the Bank the "Outstanding Performance in Financial Security Attack and Defense Drills" award and the "Best Financial Security Hacking Defense Team Award (1st place)" in the Financial Security Attack and Defense Evaluations.
- ⑨ Received the Gold Award in the "Business Next Digital Information Security Awards".
- ⑩ The first bank in Taiwan to successfully complete the British Standards Institution (BSI) Information Security Management System (ISO 27001:2022) upgrade assurance was honored with the "Excellence in Information Resilience Award."

(2) International standard certification

- ① Passed the ISO 27001:2022 Information Security Management System revision certification (certificate validity period:2023/11/8~2026/11/7).
- ② Passed the ISO 22301:2019 Business Continuity Management System certification (certificate validity period:2024/4/24~2027/4/23).
- ③ Passed the BS 10012:2017 Personal Information Management System certification (certificate validity period: 2022/3/31~2025/3/30).

b. Losses, possible impacts and countermeasures to major information and communications security incidents suffered in the most recent year and as of the published date of Annual Report:

No major information security incidents in 2023.

G. Labor-Management Relations

a. The Bank's employee welfare measures, retirement system and implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees.

1. Welfare Measures:

(1) Labor insurance:

For all employees, the government pays 10% of the premium, the Bank pays 70%, and the employees pay 20%.

(2) National health insurance:

For all employees and their dependents, the government pays 10% of the premium, the Bank pays 60%, and the employees pay 30%.

(3) Health checkups:

Regular health checkups are conducted for employees, and for those with "major abnormalities" in the checkup results, the Bank arranges doctors to visit the Bank to provide health guidance and follow up

management to protect employees' health. In order to take care of the mental health of employees, professional psychological counseling institutions are also entrusted to provide psychological counseling for employees of the Bank.

(4) Employee childcare:

The Bank sign a corporate childcare contract with a childcare school to provide employees with preferential childcare program services for employees in need to choose.

(5) Special leave:

The Bank entitles employees to special leave ranging from 3 to 30 days according to the length of service of at least half a year.

(6) Sports and recreational activities:

A sports committee is set up to hold sports, hiking and leisure activities, and artistic activities every year, in order to recover employees' body and mind and relieve work pressure.

(7) Employee Welfare Committee:

The committee is responsible for the planning, storage and utilization of welfare benefits and other employee welfare matters. The Bank has established an employee commissary providing daily necessities.

(8) Employee stock ownership trust:

In order to take care of employees and encourage them to save for the long term, the Bank officially launched the Employee Stock Ownership Trust in September 2019. In addition, to encourage employees to participate, the Bank provides an incentive payment of NT\$1,000 or NT\$1,500 based on the amount withdrawn by the participating employees to enhance their motivation.

(9) Library:

A library is set up in the Taipei Building with Chinese and foreign newspapers, journals, magazines, and various books for employees to borrow to facilitate their knowledge and self-continuing education.

(10) Online English learning:

In line with the national policy of bilingualism and to enhance the English proficiency of our employees, the Bank provides free online courses for employees to take the "Studio Classroom" e-learning program and sends magazines for those reach the standard of learning hours to encourage employees to learn on their own and participate in the English test in order to cultivate international financial talents and promote internalization of financial services.

2. Retirement regulation and implementation status:

(1) The Bank stipulated "Employee Retirement Pension and Severance Regulation", matters related to retirement, pension (including occupational disaster compensation) and lay off of employees shall be handled in accordance with the regulation and Labor Standards Act and related law. Employees of the Bank who reach the age of 65 should retire, those who have served in the Bank for more than 5 years, and have reached the age of 55 or who have served the Bank for more than 20 years can apply for retirement. In 2023, 140 employees were retired. (Including 73 people who applied for retirement and 67 people who retire over the age of 65).

(2) According to the Bank's "Rules Governing Organization of Labor Retirement Reserve Supervisory Committee", the Labor Retirement Reserve Supervisory Committee is composed of representatives both from the labor and employer. A total of 9 members are appointed, including 6 labor representatives and 3 employer representatives. The meeting is held once every 3 months and an interim meeting may be held when required. The task of the Labor Retirement Reserve Supervisory Committee is to handle the deliberation of the suspension of the "Labor Retirement Reserve", the audit of the amount allocated, the audit of deposit and expenditure, the audit of the payment amount, and other related labor retirement supervision matters.

(3) For employees with the old pension system, the Bank provides monthly retirement allowance to the account of "Labor Retirement Reserve Supervisory Committee", in the Bank of Taiwan at the rate of 10% of the total monthly salary; and the Bank provides monthly retirement allowance at the rate of 6% for employees with new pension system.

3. Employee safety and security measures:

- (1) Insured employees with an "Employer's Accidental Liability Insurance" so that employees are protected while carrying out duties. The premium is entirely covered by the Bank.
- (2) The Bank has stipulated an "Automatic Inspection Plan of Safety and Health" to ensure that the Bank's equipment be maintained normal operation and reduce the incidence of accidents.
- (3) In order to prevent harm to office personnel caused by sedentary behavior, we have increased the number of daily exercise sessions. Additionally, we have invited a physical therapist from a health management consulting company to teach a session on "Building a Healthy Posture: Optimizing Sitting Positions." This session aims to reduce the physical harm associated with prolonged sitting in the office.
- (4) The Bank's buildings and premises are equipped with first aid medicine and appliance, the Bank also monitored the indoor "carbon dioxide" and "lighting" of every unit by professionals outside the Bank every six months to provide employees with a safe and healthy work environment.
- (5) Hold safety maintenance meetings and employee self-defense group drills are held every half year to strengthen safety protection in every unit.
- (6) According to the needs of each unit, the Bank requests security companies and alarm, surveillance system contractors to actively cooperate in improving related protective equipment.
- (7) To appoint security companies to send security personnel to every unit to perform security work, and to provide quarterly on-the-job training and supervision assessment. In addition, assign all of the Bank's outbound money replenishment operations to security companies or to collaborate with them.
- (8) In accordance with the relevant provisions of fire services acts and regulations, supervise the units to strengthen the maintenance and management of fire safety and escape facilities, and cooperate with the implementation of safety inspection and training.

4. Employer-employee agreements:

- (1) In order to enhance harmonious employer-employee relations and promote the Bank's business development and employee welfare, the Bank and CHB Labor Union signed another group agreement in May 2018, and signed group agreement supplementary contract on July 30, 2020.
- (2) The representatives of both labor and management have thoroughly discussed the contents of the collective agreement, taking into consideration relevant labor laws and the existing collective agreements in the financial industry. The collective agreement specifies that it supersedes the law in certain aspects, such as providing full wages during personal leave, family care leave, sick leave, menstrual leave, and maternity leave. During extended sick leave, employees will receive half of their salary. Employees who get married will be granted 14 days of marriage leave. In the unfortunate event of death due to illness or accident while on military service or unpaid leave due to illness or injury, bereavement benefits will be provided to support the surviving family members. To encourage employee participation in charity, leave for bone marrow or organ donation has been included, and leave will be granted based on actual need.
- (3) By the end of 2023, the membership of the Chang Hwa Bank Union was 6,365, which accounted for 95.10% of the total employees. These employees are protected by the collective agreement. (Note: The union participation rate refers to the percentage of employees covered by the collective agreement. The labor conditions of employees who are not members of the labor union and who have not signed the collective agreements shall be handled in accordance with the relevant regulations of the Bank (such as work rules) and other labor-related laws and regulations.)
- (4) In accordance with the Bank's "Implementation Guidelines for Labor-Management Meetings", regular labor-management meetings are held for both parties to discuss and negotiate on various issues, 4 meetings were held in 2023.

5. Measures to protect employees' rights and interests:

In order to clearly regulate the rights and obligations of employees, the Bank has stipulated the "Work Rules" and other personnel regulations, and all matters such as employment, service regulations, working hours, leave and attendance, appraisal and punishment, remuneration and benefits are handled in accordance with the relevant regulations.

- b. Labor inspection results violation of Labor Standards Act
None.
- c. Losses suffered due to labor-management disputes in the most recent year and as of the published date of Annual Report, and the estimated amount expected to be incurred for the present and future and their countermeasures.
None.

H. Important Contracts

Contract Type	Counterparty	Term of Contract	Major Contents	Restrictive Covenants
Outsourcing Contract	Beltom Technology Corp.	2023/08/01~2024/07/31	Credit card related document printing, sealing and mailing	Terms of Confidentiality
Outsourcing Contract	Yung Shing Ent. Co., Ltd.	2023/08/28~2024/08/27	Printing and mailing of fund statements and statements of account	
Outsourcing Contract	Han-Yeh Business Form Corporation	2021/12/15~2024/12/14	Printing, packaging and mailing of insurance business advice letters and transaction statements	
Outsourcing Contract	Taiwan Security Co., Ltd. Lan-An Service Co., Ltd.	2023/12/16~2024/12/15	Entrust the exchange and replenishment of banknotes at out-of-bank ATMs and troubleshooting	
Outsourcing Contract	Chung Hwa Express Corp.	2023/12/10~2024/12/09	Entrust the courier service for bills and related documents	
Outsourcing Contract	LeeBao Security Co., Ltd.	2024/01/01~2024/12/31	Entrust Cash escort service	
Outsourcing Contract	Yuen Foong Paper Co., Ltd.	2023/11/21~2024/11/20	Entrust Bill printing, sealing and mailing	
Outsourcing Contract	Taiwan Mobile Payment Co., Ltd.	2023/01/01~2024/12/31	Card life cycle and other data processing services for mobile payment tools	
Outsourcing Contract	Financial Information Service Co., Ltd.	2023/01/01~2024/12/31	International card-related service operations	
Authorized Card Issuance Contract	EasyCard Corporation	2021/07/01~2027/06/30	Authorize the issuance of e-cards with EasyCard function	
Authorized Card Issuance Contract	iPASS Corporation	2020/01/23~2025/01/22	Authorize the issuance of e-cards with iPASS function	
Computer Installment Contract	Dynasafe Technologies, Inc.	2022/11/25~2024/05/24	Upgrade and integrate the branch internet platform to enhance overall system performance and stability.	
Computer Installment Contract	JC Software Services Inc.	2021/11/10~2026/01/09	Improve the efficiency of the Bank's credit application and accelerate business development	

I. Types and the Related Information Regarding Securitization Products Approved under the Financial Asset Securitization Act and the Clauses of the Real Estate Securitization Act in the Most Recent Year.

None.

VI | Financial Overview

A. Condensed Balance Sheets and Income Statements for the Past Five Years

a. Condensed Balance Sheets:

Unit: NT\$ thousand

Item	Year	Consolidated Financial Information for the Past Five Years				
		2023	2022	2021	2020	2019
Cash, cash equivalents, due from the Central Bank and call loans to banks		243,279,969	201,746,719	290,701,939	262,191,956	199,335,770
Financial assets at fair value through profit or loss		73,576,072	31,485,681	56,611,729	14,581,474	11,483,389
Financial assets at fair value through other comprehensive income		261,736,003	214,615,957	174,195,003	122,695,821	116,296,139
Investments in debt instruments at amortized cost		453,142,979	485,011,259	405,256,329	345,283,447	276,058,976
Financial assets for hedging		-	-	147,321	231,693	247,375
Securities purchased under resell agreements		-	-	-	-	-
Receivables, net		20,991,624	22,446,573	22,928,736	21,481,338	23,201,037
Current tax assets		135,733	44,675	344,089	396,516	207,520
Assets classified as held for sale, net		-	-	-	-	-
Discounts and loans, net		1,802,524,696	1,685,320,445	1,554,775,087	1,477,886,845	1,427,350,947
Investments accounted for using equity method, net		-	-	-	-	-
Restricted assets		-	-	-	-	-
Other financial assets, net		1,235,692	1,768,723	3,857,675	25,590,786	40,133,881
Property and equipment, net		21,047,700	21,030,975	20,979,380	20,908,603	20,739,036
Right-of-use assets, net		1,938,304	1,954,493	1,941,510	1,519,247	1,620,404
Investment property, net		13,872,697	13,845,593	13,852,096	13,858,910	13,872,790
Intangible assets, net		996,476	1,121,815	595,639	687,613	720,656
Deferred tax assets, net		3,361,545	3,390,756	3,455,911	3,379,099	3,312,325
Other assets		3,034,649	1,068,655	1,464,053	2,746,871	1,062,958
Total assets		2,900,874,139	2,684,852,319	2,551,106,497	2,313,440,219	2,135,643,203
Deposits from the Central Bank and banks		113,218,248	52,877,055	72,221,898	103,221,627	102,305,626
Due to the Central Bank and banks		-	-	27,667,470	14,829,050	-
Financial liabilities at fair value through profit or loss		6,594,822	6,920,062	3,150,309	7,293,565	4,247,279
Financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreement		11,138,326	941,013	1,372,860	1,226,633	1,547,291
Payables		36,498,738	31,965,424	36,770,068	22,237,409	21,846,910
Current tax liabilities		1,795,507	896,855	318,060	841,436	507,880
Liabilities related to assets classified as held for sale		-	-	-	-	-
Deposits and remittances		2,475,788,955	2,349,882,620	2,167,441,232	1,917,987,149	1,765,948,203
Bank notes payable		49,163,511	51,219,465	51,278,335	61,351,032	55,521,014
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,234,258	858,883	1,001,902	1,949,149	4,274,900
Reserve for liabilities		3,306,843	3,023,164	4,694,126	5,316,038	5,340,555
Lease liabilities		1,783,082	1,794,804	1,770,490	1,343,548	1,420,392
Deferred tax liabilities		9,874,181	9,430,267	8,818,712	8,301,861	7,902,609
Other liabilities		2,479,612	6,014,489	3,148,580	2,487,932	2,543,349
Total liabilities	Before distribution	2,712,876,083	2,515,824,101	2,379,654,042	2,148,386,429	1,973,406,008
	After distribution (Note)	2,718,848,144	2,521,650,502	2,384,898,327	2,152,124,929	1,977,400,132
Equity attributable to owners of the parent company		187,998,056	169,028,218	171,452,455	165,053,790	162,237,195
Capital stock	Before distribution	108,582,930	105,934,566	104,885,708	103,847,236	99,853,111
	After distribution (Note)	112,057,583	108,582,930	105,934,566	104,885,708	103,847,236
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	72,359,229	67,464,069	61,652,938	57,352,741	58,495,437
	After distribution (Note)	62,912,515	58,989,304	55,359,796	52,575,769	50,507,189
Other equity		7,055,897	(4,370,417)	4,913,809	3,853,813	3,888,647
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	187,998,056	169,028,218	171,452,455	165,053,790	162,237,195
	After distribution (Note)	182,025,995	163,201,817	166,208,170	161,315,290	158,243,071

Note: The 2023 earnings allocation has not yet been ratified by the 2024 Shareholders' Meeting.

Unit: NT\$ thousand

Item	Year	Individual Financial Information for the Past Five Years				
		2023	2022	2021	2020	2019
Cash, cash equivalents, due from Central Bank and call loans to banks		225,378,041	193,926,520	285,121,852	257,414,954	193,321,396
Financial assets at fair value through profit or loss		72,831,553	30,893,372	55,409,052	14,463,858	11,483,389
Financial assets at fair value through other comprehensive income		257,735,718	208,955,699	166,225,320	116,479,219	111,610,083
Investments in debt instruments at amortized cost		453,100,064	485,011,259	405,256,329	345,283,447	276,058,976
Financial assets for hedging		-	-	147,321	231,693	247,375
Securities purchased under resell agreements		-	-	-	-	-
Receivables, net		21,096,161	22,348,157	22,814,357	21,300,335	22,979,066
Current tax assets		135,733	44,675	344,089	396,258	207,398
Assets classified as held for sale, net		-	-	-	-	-
Discounts and loans, net		1,787,107,192	1,665,842,407	1,538,006,854	1,463,024,593	1,412,641,860
Investments accounted for using equity method, net		14,717,022	14,761,811	13,868,146	13,511,768	13,087,475
Restricted assets		-	-	-	-	-
Other financial assets, net		7,727,692	7,061,923	12,539,676	29,915,786	44,428,881
Property and equipment, net		20,347,752	20,281,431	20,250,352	20,160,372	19,995,240
Right-of-use assets, net		1,924,106	1,950,552	1,929,117	1,500,974	1,601,174
Investment property, net		13,872,697	13,845,593	13,852,096	13,858,910	13,872,790
Intangible assets, net		905,986	1,062,279	541,517	608,517	645,360
Deferred tax assets, net		3,277,208	3,272,664	3,339,503	3,245,453	3,197,348
Other assets		3,021,720	1,062,118	1,445,218	2,727,131	1,051,475
Total assets		2,883,178,645	2,670,320,460	2,541,090,799	2,304,123,268	2,126,429,286
Deposits from the Central Bank and banks		112,859,055	51,518,491	71,909,828	102,193,025	102,187,587
Due to the Central Bank and banks		-	-	27,667,470	14,829,050	-
Financial liabilities at fair value through profit or loss		6,594,822	6,920,062	3,150,309	7,293,565	4,247,279
Financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreement		11,138,326	941,013	1,372,860	1,226,633	1,547,291
Payables		36,111,923	31,716,456	36,527,049	21,966,509	21,676,201
Current tax liabilities		1,767,700	873,126	344,773	829,711	465,752
Liabilities related to assets classified as held for sale		-	-	-	-	-
Deposits and remittances		2,458,964,957	2,337,077,054	2,158,023,777	1,910,034,360	1,757,136,850
Bank notes payable		49,163,511	51,219,465	51,278,335	61,351,032	55,521,014
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,234,258	858,883	1,001,902	1,949,149	4,274,900
Reserve for liabilities		3,301,713	3,019,679	4,687,052	5,306,731	5,322,733
Lease liabilities		1,770,550	1,791,821	1,757,768	1,325,275	1,401,162
Deferred tax liabilities		9,868,792	9,418,151	8,802,086	8,294,747	7,892,389
Other liabilities		2,404,982	5,938,041	3,115,135	2,469,691	2,518,933
Total liabilities	Before distribution	2,695,180,589	2,501,292,242	2,369,638,344	2,139,069,478	1,964,192,091
	After distribution (Note)	2,701,152,650	2,507,118,643	2,374,882,629	2,142,807,978	1,968,186,215
Equity attributable to owners of the parent company		187,998,056	169,028,218	171,452,455	165,053,790	162,237,195
Capital stock	Before distribution	108,582,930	105,934,566	104,885,708	103,847,236	99,853,111
	After distribution (Note)	112,057,583	108,582,930	105,934,566	104,885,708	103,847,236
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	72,359,229	67,464,069	61,652,938	57,352,741	58,495,437
	After distribution (Note)	62,912,515	58,989,304	55,359,796	52,575,769	50,507,189
Other equity		7,055,897	(4,370,417)	4,913,809	3,853,813	3,888,647
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	187,998,056	169,028,218	171,452,455	165,053,790	162,237,195
	After distribution (Note)	182,025,995	163,201,817	166,208,170	161,315,290	158,243,071

Note: The 2023 earnings allocation has not yet been ratified by the 2024 Shareholders' Meeting.

b. Condensed income statement:

Unit: NT\$ thousand

Item	Year	Consolidated Financial Information for the Past Five Years				
		2023	2022	2021	2020	2019
Interest income		64,843,059	41,611,955	27,492,016	29,816,159	39,190,235
Interest expense		42,610,485	16,966,652	7,026,311	10,675,907	16,340,528
Net income of interest		22,232,574	24,645,303	20,465,705	19,140,252	22,849,707
Net non-interest income		16,337,498	9,493,287	8,220,253	8,176,840	9,228,646
Net revenue and gains		38,570,072	34,138,590	28,685,958	27,317,092	32,078,353
Bad debts expense, commitment and guarantee liability provision		3,241,455	3,319,215	1,793,845	2,836,199	2,136,395
Operating expenses		19,092,029	17,768,647	16,771,674	16,170,327	16,421,666
Income before income tax from continuing operations		16,236,588	13,050,728	10,120,439	8,310,566	13,520,292
Income tax (expense) benefit		(3,254,446)	(2,079,577)	(1,316,636)	(1,269,639)	(1,948,510)
Net income from continuing operations		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Income (loss) from discontinued operations		-	-	-	-	-
Net income (loss)		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Other comprehensive income (loss)		11,814,097	(8,151,103)	1,333,363	(230,208)	369,075
Total comprehensive income		24,796,239	2,820,048	10,137,166	6,810,719	11,940,857
Net income attributed to owners of the Bank		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Net income attributed to non-controlling interests		-	-	-	-	-
Total comprehensive income attributed to owners of the Bank		24,796,239	2,820,048	10,137,166	6,810,719	11,940,857
Total comprehensive income attributed to non-controlling interests		-	-	-	-	-
Basic EPS (NT\$) (Note)		1.20	1.01	0.81	0.65	1.07
Diluted EPS (NT\$) (Note)		1.19	1.01	0.81	0.65	1.06

Note: EPS is in NT\$, and the effect of stock dividends has been adjusted retrospectively.

Unit: NT\$ thousand

Item	Year	Individual Financial Information for the Past Five Years				
		2023	2022	2021	2020	2019
Interest income		63,789,232	40,723,269	26,677,281	28,936,758	38,189,030
Interest expense		42,183,746	16,747,760	6,853,773	10,495,056	16,118,024
Net income of interest		21,605,486	23,975,509	19,823,508	18,441,702	22,071,006
Net non-interest income		16,358,489	9,560,754	8,303,011	8,471,996	9,641,018
Net revenue and gains		37,963,975	33,536,263	28,126,519	26,913,698	31,712,024
Bad debts expense, commitment and guarantee liability provision		3,289,434	3,300,068	1,693,169	2,841,478	2,148,065
Operating expenses		18,559,596	17,262,096	16,318,134	15,760,721	16,051,483
Income before income tax from continuing operations		16,114,945	12,974,099	10,115,216	8,311,499	13,512,476
Income tax (expense) benefit		(3,132,803)	(2,002,948)	(1,311,413)	(1,270,572)	(1,940,694)
Net income from continuing operations		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Income (loss) from discontinued operations		-	-	-	-	-
Net income (loss)		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Other comprehensive income (loss)		11,814,097	(8,151,103)	1,333,363	(230,208)	369,075
Total comprehensive income		24,796,239	2,820,048	10,137,166	6,810,719	11,940,857
Net income attributed to owners of the Bank		12,982,142	10,971,151	8,803,803	7,040,927	11,571,782
Net income attributed to non-controlling interests		-	-	-	-	-
Total comprehensive income attributed to owners of the Bank		24,796,239	2,820,048	10,137,166	6,810,719	11,940,857
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Basic EPS (NT\$) (Note)		1.20	1.01	0.81	0.65	1.07
Diluted EPS (NT\$) (Note)		1.19	1.01	0.81	0.65	1.06

Note: EPS is in NT\$, and the effect of stock dividends has been adjusted retrospectively.

c. Name of CPAs and their audit opinions:

Item	Year	2023	2022	2021	2020	2019
Accounting firm		Deloitte & Touche				
CPA		Amanda Wu, Jerry Gung	Amanda Wu, Titan Lee		Jimmy S. Wu, Titan Lee	
Audit Opinion		Standard Unqualified Opinions				

B. Financial Analysis for the Past Five Years

a. Financial analysis:

Unit: NT\$ thousand

Item (Note)	Year	Consolidated Financial Analysis for the Past Five Years				
		2023	2022	2021	2020	2019
Operating ability	Ratio of loans to deposits	73.47	73.93	75.96	80.69	80.93
	Ratio of non-performing loan	0.18	0.20	0.33	0.38	0.34
	Ratio of interest expense to annual average deposits	1.53	0.63	0.29	0.48	0.73
	Ratio of interest income to annual average lending	2.73	1.92	1.47	1.62	2.06
	Total assets turnover ratio (times)	0.014	0.013	0.012	0.012	0.015
	Average revenue per employee	5,577	4,957	4,217	3,988	4,726
	Average profit per employee	1,877	1,593	1,294	1,028	1,705
Profitability	Return on Tier I capital	8.76	7.35	5.79	5.04	8.86
	Return on assets	0.46	0.42	0.36	0.32	0.55
	Return on equity	7.27	6.44	5.23	4.30	7.26
	Profit margin	33.66	32.14	30.69	25.77	36.07
	Basic EPS (NT\$)	1.20	1.01	0.81	0.65	1.07
	Diluted EPS (NT\$)	1.19	1.01	0.81	0.65	1.06
Financial structure	Ratio of liabilities to assets	93.52	93.70	93.28	92.87	92.40
	Ratio of real estate and equipment to equity	11.20	12.44	12.24	12.67	12.78
Growth rate	Ratio of asset growth	8.05	5.24	10.27	8.33	2.59
	Ratio of profit growth	24.41	28.95	21.78	-38.53	-8.09
Cash flow	Ratio of cash flow	-18.29	-40.67	37.39	16.80	-36.42
	Cash flow adequacy ratio	-124.58	-36.43	217.95	194.33	371.01
	Cash flow satisfaction ratio	2,960	2,489	-7,219	-2,922	4,566
Ratio of liquid reserve		23.85	25.85	26.00	23.56	19.03
Related party secured loan		41,701,948	42,640,601	40,602,363	42,982,515	41,193,710
Ratio of related party secured loan of total loan		2.20	2.40	2.45	2.73	2.71
Operating scale	Market share of assets	4.30	4.22	4.29	4.15	4.15
	Market share of net worth	3.91	3.96	4.02	3.99	4.07
	Market share of deposits	4.35	4.40	4.32	4.22	4.21
	Market share of lending	4.52	4.44	4.45	4.47	4.55

Reasons for changes in the financial ratios in the most recent two years:

- The 2023 interest expenses account for a higher percentage in average savings balance than that in 2022; interest income accounts for a higher percentage in average credit balance than that in 2022. This is mainly due to the interest increase of Central Bank of the Republic of China in 2023.
- The 2023 asset growth rate is higher than that in 2022. This is mainly due to a higher increase rate in net investment, discounts and loans growth in 2023 compared to that in 2022.
- There are changes in cash flow ratio in 2023. This is mainly due to an increase in call loans from banks in 2023 compared to that in 2022.
- There are changes in the cash flow adequacy ratio in 2023. This is mainly due to an increase in net cash outflows from operating activities in 2023, resulting in a growth in net cash outflows from operating activities in the most recent five years.

Note: The explanation and calculation in this table:

1. Operating ability:

- Ratio of loans to deposits = Total loans / Total deposits
- Ratio of non-performing loan = Non-performing loan / Total loans
- Ratio of interest expense to annual average deposits = Interest expense related to deposits / Annual average deposits
- Ratio of interest income to annual average lending = Interest income related to lending / Annual average lending
- Total assets turnover ratio = Net revenue / Average total assets
- Average revenue per employee = Net revenue / Number of employees
- Average profit per employee = After-tax net income / Total number of employees

2. Profitability:

- Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
- Return on assets = Net income / Average total assets
- Return on equity = Net income / Average total equity
- Profit margin = After-tax net income / Net revenue
- EPS = (Equity attributable to owners of the parent company – Preferred stock dividend) / Average weighted outstanding stock

3. Financial structure:

- Ratio of liabilities to assets = Total liabilities / Total assets
- Ratio of real estate and equipment to equity = Real estate and equipment / Equity

4. Growth rate:

- Ratio of asset growth = (Total assets of the year – Total assets of previous year) / Total assets of previous year
- Ratio of profit growth = (Income before-tax – Income before-tax of previous year) / Income before-tax of previous year

5. Cash flow:

- Ratio of cash flow = Net cash flow from business activities / (Call loans to banks and banks overdrafts + Commercial paper payable + Financial liabilities at fair value through profit or loss + Changes in notes and bonds issued under repurchase agreement + Accounts payable due in 1 year)
- Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditures + Cash dividends) for the past five years
- Cash flow satisfaction ratio = Net cash flow from operating activities / Net cash flow from investing activities

6. Ratio of liquid reserve = Liquid assets regulated by Central Bank / All liability need liquid reserve

7. Operating scale:

(1) Market share of assets = Total assets / Total assets of all financial institutions allowed to operate deposit/lending business

(2) Market share of net worth = Total equity / Total equity of all financial institutions allowed to operate deposit/lending business

(3) Market share of deposits = Total deposits / Total deposits of all financial institutions allowed to operate deposit/lending business

(4) Market share of lending = Total lending / Total lending of the all financial institutions allowed to operate deposit/lending business

Unit: NT\$ thousand

Item (Note)	Year	Individual Financial Analysis for the Past Five Years				
		2023	2022	2021	2020	2019
Operating ability	Ratio of loans to deposits	73.14	73.45	75.51	80.26	80.39
	Ratio of non-performing loan	0.18	0.20	0.33	0.38	0.34
	Ratio of interest expense to annual average deposits	1.52	0.63	0.28	0.47	0.73
	Ratio of interest income to annual average lending	2.71	1.89	1.44	1.59	2.03
	Total assets turnover ratio (times)	0.014	0.013	0.012	0.012	0.015
	Average revenue per employee	5,672	5,022	4,255	4,031	4,787
	Average profit per employee	1,940	1,643	1,332	1,055	1,747
Profitability	Return on Tier I capital	8.70	7.44	6.01	5.24	9.23
	Return on assets	0.47	0.42	0.36	0.32	0.55
	Return on equity	7.27	6.44	5.23	4.30	7.26
	Profit margin	34.20	32.71	31.30	26.16	36.49
	Basic EPS (NT\$)	1.20	1.01	0.81	0.65	1.07
	Diluted EPS (NT\$)	1.19	1.01	0.81	0.65	1.06
Financial structure	Ratio of liabilities to assets	93.48	93.67	93.25	92.84	92.37
	Ratio of real estate and equipment to equity	10.82	12.00	11.81	12.21	12.32
Growth rate	Ratio of asset growth	7.97	5.09	10.28	8.36	2.77
	Ratio of profit growth	24.21	28.26	21.70	-38.49	-8.12
Cash flow	Ratio of cash flow	-25.10	-41.47	36.39	18.61	-40.28
	Cash flow adequacy ratio	-174.14	-35.03	225.84	208.27	380.02
	Cash flow satisfaction ratio	4,326	2,051	7,156	-3,437	3,238
	Ratio of liquid reserve	23.85	25.85	26.00	23.56	19.03
	Related party secured loan	41,701,948	42,640,601	40,602,363	42,982,515	41,193,710
	Ratio of related party secured loan of total loan	2.20	2.40	2.45	2.73	2.71
Operating scale	Market share of assets	4.30	4.22	4.29	4.15	4.15
	Market share of net worth	3.91	3.96	4.02	3.99	4.07
	Market share of deposits	4.35	4.40	4.32	4.22	4.21
	Market share of lending	4.52	4.44	4.45	4.47	4.55

Reasons for changes in the financial ratios in the most recent two years:

1. The 2023 interest expenses account for a higher percentage in average savings balance than that in 2022; interest income accounts for a higher percentage in average credit balance than that in 2022. This is mainly due to the interest increase of Central Bank of the Republic of China in 2023.
2. The 2023 asset growth rate is higher than that in 2022. This is mainly due to a higher increase rate in net investment, discounts and loans growth in 2023 compared to that in 2022.
3. There are changes in cash flow ratios in 2023. This is mainly due to an increase in call loans from banks in 2023 compared to that in 2022.
4. There are changes in the cash flow adequacy ratio in 2023. This is mainly due to an increase in net cash outflows from operating activities in 2023, resulting in a growth in net cash outflows from operating activities in the most recent five years.
5. There are changes in the cash flow satisfaction ratio in 2023. This is mainly due to an increase in net cash outflows from operating activities in 2023 compared to that in 2022.

Note: Explanation and calculation are the same as the previous table.

b. Capital adequacy:

Unit: NT\$ thousand

Item (Note 2)	Year	Consolidated Capital Adequacy Ratio for the Past Five Years (Note 1)					
		2023	2022	2021	2020	2019	
Self-owned capital	Common equity Tier I	165,875,550	151,058,270	150,992,088	145,659,743	140,790,667	
	Other Tier I capital	26,800,000	26,800,000	26,415,100	26,422,600	16,874,772	
	Tier II capital	43,393,117	44,588,149	47,630,296	48,629,424	54,231,213	
	Self-owned capital	236,068,667	222,446,419	225,037,484	220,711,767	211,896,652	
Risk-weighted assets	Credit risk	Standardized approach	1,554,337,904	1,465,675,556	1,356,082,940	1,390,652,840	1,360,106,227
		IRB	-	-	-	-	-
		Securitization	6,579,076	4,048,285	3,727,948	533,801	-
	Operation risk	Basic indicator approach	-	-	-	-	-
		Standardized approach/ optional standard	63,233,863	54,322,617	51,808,367	55,422,259	57,819,213
		Advanced internal rating based approach	-	-	-	-	-
	Market price risk	Standardized approach	26,075,549	24,075,092	22,422,633	14,806,764	22,515,159
		Internal model approach	-	-	-	-	-
	Total		1,650,226,392	1,548,121,550	1,434,041,888	1,461,415,664	1,440,440,599
	Capital adequacy ratio (%)		14.31	14.37	15.69	15.10	14.71
Tier I capital to risk-weighted assets ratio (%)		11.68	11.49	12.37	11.78	10.95	
Common equity Tier I to risk-weighted assets ratio (%)		10.05	9.76	10.53	9.97	9.77	
Leverage ratio (%)		6.24	6.23	6.51	6.94	6.90	
Reason for changes in capital adequacy ratio in the most recent 2 years: None.							

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital category of Banks.

Note 2: Formula:

- Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- Capital adequacy = Self-owned capital ÷ Risk-weighted assets
- Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets
- Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
- Leverage ratio = Tier I capital ÷ Adjusted average assets

Unit: NT\$ thousand

Item (Note 2)	Year	Individual Capital Adequacy Ratio for the Past Five Years (Note 1)					
		2023	2022	2021	2020	2019	
Self-owned capital	Common equity Tier I	165,982,206	151,087,455	147,811,903	142,528,000	137,632,587	
	Other Tier I capital	26,800,000	26,800,000	23,112,609	23,190,418	13,602,903	
	Tier II capital	43,595,912	44,729,315	40,719,243	41,899,481	47,495,511	
	Self-owned capital	236,378,118	222,616,770	211,643,755	207,617,899	198,731,001	
Risk-weighted assets	Credit risk	Standardized approach	1,571,143,399	1,478,748,906	1,341,705,186	1,377,562,106	1,346,134,887
		IRB	-	-	-	-	-
		Securitization	6,579,076	4,048,285	3,727,948	533,801	-
	Operation risk	Basic indicator approach	-	-	-	-	-
		Standardized approach/ optional standard	61,963,486	53,254,318	50,940,357	54,834,257	57,479,000
		Advanced internal rating based approach	-	-	-	-	-
	Market price risk	Standardized approach	23,327,571	20,328,112	17,132,475	10,967,292	19,495,451
		Internal model approach	-	-	-	-	-
	Total		1,663,013,532	1,556,379,621	1,413,505,966	1,443,897,456	1,423,109,338
	Capital adequacy ratio (%)		14.21	14.30	14.97	14.38	13.96
Tier I capital to risk-weighted assets ratio (%)		11.59	11.43	12.09	11.48	10.63	
Common equity Tier I to risk-weighted assets ratio (%)		9.98	9.71	10.46	9.87	9.67	
Leverage ratio (%)		6.29	6.26	6.31	6.73	6.67	
Reason for changes in capital adequacy ratio in the most recent 2 years: None.							

Note 1 and 2: Explanation and calculation are the same as the previous table.

C. In the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced, and How the Said Difficulties Affect the Bank's Financial Status

None.

D. Audit Committee's Audit Report on the Financial Statements in the Most Recent Fiscal Year

Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 26, 2024

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2023 Report on Business Operations and various financial statements (including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement). All the financial statements (including consolidated basis) have been certified by Amanda Wu, CPA and Jerry Gung, CPA of Deloitte & Touche, and upon which a Standard Unqualified Opinion has been issued. These statements referred to above present fairly the financial position as of December 31, 2023 and the operation results and cash flows in 2023 of the company. The Audit Committee has reviewed the above-mentioned statements in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby provides such audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman : Yu-Hsueh Wu *Yu-Hsueh Wu*

Independent Director : Shu-Hua Lee *Shu-Hua Lee*


Independent Director : Chao-Kuei Huang *Chao-Kuei Huang*


Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
April 18, 2024


To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2023 Earnings Distribution Proposal. The Audit Committee has reviewed the aforementioned Proposal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and confirmed its consistency with related laws and rules. The Audit Committee hereby provides the said audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman : Yu-Hsueh Wu 

Independent Director : Shu-Hua Lee 

Independent Director : Chao-Kuei Huang 

E. Financial Statements in the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chang Hwa Commercial Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The following is the description for the key audit matter in the audit of the consolidated financial statements of the Group for the year ended December 31, 2023.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2023, the balance of the Group's loans totaled \$1,802,524,696 thousand, accounting for 62% of the Group's total consolidated assets. The Group assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including the probability of default adjusted for forward-looking factors, loss given default, and exposure at default) to reflect the actual situation, and we recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Mei Hui Wu and Tza Li Gung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

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

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
ASSETS				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 59,446,777	2	\$ 51,758,581	2
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	183,833,192	6	149,988,138	6
Financial assets at fair value through profit or loss (Notes 4, 7, 33, 35 and 36)	73,576,072	3	31,485,681	1
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 33 and 36)	261,736,003	9	214,615,957	8
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 33 and 36)	453,142,979	16	485,011,259	18
Receivables, net (Notes 4, 11 and 12)	20,991,624	1	22,446,573	1
Current tax assets (Notes 4 and 30)	135,733	-	44,675	-
Discounts and loans, net (Notes 4, 5, 12, 33, 34 and 35)	1,802,524,696	62	1,685,320,445	63
Other financial assets, net (Notes 4, 13 and 36)	1,235,692	-	1,768,723	-
Property and equipment, net (Notes 4 and 15)	21,047,700	1	21,030,975	1
Right-of-use assets, net (Notes 4 and 16)	1,938,304	-	1,954,493	-
Investment properties, net (Notes 4 and 17)	13,872,697	-	13,845,593	-
Intangible assets, net (Notes 4 and 18)	996,476	-	1,121,815	-
Deferred tax assets (Notes 4 and 30)	3,361,545	-	3,390,756	-
Other assets, net (Notes 19 and 36)	<u>3,034,649</u>	<u>-</u>	<u>1,068,655</u>	<u>-</u>
TOTAL	<u>\$ 2,900,874,139</u>	<u>100</u>	<u>\$ 2,684,852,319</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Notes 4, 20 and 35)	\$ 113,218,248	4	\$ 52,877,055	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 35)	6,594,822	-	6,920,062	-
Securities sold under repurchase agreements (Note 4)	11,138,326	1	941,013	-
Payables (Notes 4, 21 and 28)	36,498,738	1	31,965,424	1
Current tax liabilities (Notes 4 and 30)	1,795,507	-	896,855	-
Deposits and remittances (Notes 4, 22 and 35)	2,475,788,955	86	2,349,882,620	88
Bank notes payable (Notes 4, 23 and 33)	49,163,511	2	51,219,465	2
Other financial liabilities (Notes 4 and 24)	1,234,258	-	858,883	-
Reserve for liabilities (Notes 4, 5, 26 and 27)	3,306,843	-	3,023,164	-
Lease liabilities (Notes 4 and 16)	1,783,082	-	1,794,804	-
Deferred tax liabilities (Notes 4 and 30)	9,874,181	-	9,430,267	1
Other liabilities (Notes 4, 16 and 25)	<u>2,479,612</u>	<u>-</u>	<u>6,014,489</u>	<u>-</u>
Total liabilities	<u>2,712,876,083</u>	<u>94</u>	<u>2,515,824,101</u>	<u>94</u>
EQUITY (Notes 4, 28 and 30)				
Capital stock				
Common stock	108,582,930	4	105,934,566	4
Retained earnings				
Legal reserve	46,674,889	2	43,043,607	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	13,482,750	-	12,218,872	-
Other equity	<u>7,055,897</u>	<u>-</u>	<u>(4,370,417)</u>	<u>-</u>
Total equity	<u>187,998,056</u>	<u>6</u>	<u>169,028,218</u>	<u>6</u>
TOTAL	<u>\$ 2,900,874,139</u>	<u>100</u>	<u>\$ 2,684,852,319</u>	<u>100</u>

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME (Notes 4, 29 and 35)	\$ 64,843,059	168	\$ 41,611,955	122	56
INTEREST EXPENSE (Notes 29 and 35)	<u>(42,610,485)</u>	<u>(110)</u>	<u>(16,966,652)</u>	<u>(50)</u>	151
NET INCOME OF INTEREST	<u>22,232,574</u>	<u>58</u>	<u>24,645,303</u>	<u>72</u>	(10)
NET NON-INTEREST INCOME					
Net service fee income (Notes 4 and 29)	5,142,288	13	4,256,183	12	21
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 29)	9,610,359	25	3,311,935	10	190
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 29)	905,973	2	70,374	-	1,187
Loss arising from derecognition of financial assets at amortized cost	(233,854)	(1)	(1,637)	-	14,186
Foreign exchange gain (Notes 4 and 33)	735,811	2	1,640,408	5	(55)
Net other non-interest income (Note 13)	<u>176,921</u>	<u>1</u>	<u>216,024</u>	<u>1</u>	(18)
Net non-interest income	<u>16,337,498</u>	<u>42</u>	<u>9,493,287</u>	<u>28</u>	72
NET REVENUE AND GAINS	<u>38,570,072</u>	<u>100</u>	<u>34,138,590</u>	<u>100</u>	13
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	<u>(3,241,455)</u>	<u>(8)</u>	<u>(3,319,215)</u>	<u>(10)</u>	(2)
OPERATING EXPENSES					
Employee benefits expenses (Notes 4 and 29)	(12,265,046)	(32)	(11,721,438)	(34)	5
Depreciation and amortization expenses (Notes 4 and 29)	(1,650,408)	(4)	(1,570,762)	(5)	5
Other general and administrative expenses	<u>(5,176,575)</u>	<u>(14)</u>	<u>(4,476,447)</u>	<u>(13)</u>	16
Total operating expenses	<u>(19,092,029)</u>	<u>(50)</u>	<u>(17,768,647)</u>	<u>(52)</u>	7

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	\$ 16,236,588	42	\$ 13,050,728	38	24
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(3,254,446)</u>	<u>(8)</u>	<u>(2,079,577)</u>	<u>(6)</u>	56
NET INCOME	<u>12,982,142</u>	<u>34</u>	<u>10,971,151</u>	<u>32</u>	18
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans (Notes 4 and 27)	(297,306)	(1)	1,371,103	4	(122)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,397,106	24	(4,665,626)	(14)	301
Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 30)	59,464	-	(274,226)	(1)	122
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation (Note 4)	(302,740)	(1)	2,565,408	8	(112)
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	2,991,675	8	(7,112,627)	(21)	142
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	6,841	-	(2,037)	-	436
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 30)	<u>(40,943)</u>	<u>-</u>	<u>(33,098)</u>	<u>-</u>	24
Other comprehensive income (loss), net of tax	<u>11,814,097</u>	<u>30</u>	<u>(8,151,103)</u>	<u>(24)</u>	245
TOTAL COMPREHENSIVE INCOME	<u>\$ 24,796,239</u>	<u>64</u>	<u>\$ 2,820,048</u>	<u>8</u>	779

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 12,982,142</u>	<u>34</u>	<u>\$ 10,971,151</u>	<u>32</u>	18
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	<u>\$ 24,796,239</u>	<u>64</u>	<u>\$ 2,820,048</u>	<u>8</u>	779
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	-
EARNINGS PER SHARE (Note 32)					
Basic	<u>\$1.20</u>		<u>\$1.01</u>		
Diluted	<u>\$1.19</u>		<u>\$1.01</u>		

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank					Other Equity			Total Equity
	Common Stock (In Thousands)	Capital Stock Amount	Legal Reserve	Retained Earnings Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2022	10,488,571	\$ 104,885,708	\$ 40,320,456	\$ 12,201,590	\$ 9,130,892	\$ (3,313,666)	\$ 8,227,475	\$ 171,452,455	
Appropriation of 2021 earnings	-	-	-	-	(2,723,151)	-	-	-	
Legal reserve appropriated	-	-	2,723,151	-	(5,244,285)	-	-	(5,244,285)	
Cash dividends	-	-	-	-	(1,048,858)	-	-	-	
Stock dividends	104,886	1,048,858	-	-	-	-	-	-	
Net income for the year ended December 31, 2022	-	-	-	-	10,971,151	-	-	10,971,151	
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	1,096,877	2,397,452	(11,645,432)	(8,151,103)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,068,028	2,397,452	(11,645,432)	2,820,048	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,246	-	(36,246)	-	
BALANCE, DECEMBER 31, 2022	10,593,457	105,934,566	43,043,607	12,201,590	12,218,872	(916,214)	(3,454,203)	169,028,218	
Appropriation of 2022 earnings	-	-	-	-	(3,631,282)	-	-	-	
Legal reserve appropriated	-	-	3,631,282	-	(5,826,401)	-	-	(5,826,401)	
Cash dividends	-	-	-	-	(2,648,364)	-	-	-	
Stock dividends	264,836	2,648,364	-	-	-	-	-	-	
Net income for the year ended December 31, 2023	-	-	-	-	12,982,142	-	-	12,982,142	
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	(237,842)	(295,000)	12,346,939	11,814,097	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	12,744,300	(295,000)	12,346,939	24,796,239	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	625,625	-	(625,625)	-	
BALANCE, DECEMBER 31, 2023	10,858,293	\$ 108,582,930	\$ 46,674,889	\$ 12,201,590	\$ 13,482,750	\$ (1,211,214)	\$ 8,267,111	\$ 187,998,056	

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023	2022
Net cash flows (use in) generated from operating activities		
Net income before income tax	\$ 16,236,588	\$ 13,050,728
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,241,455	3,319,215
Depreciation expense	1,226,105	1,214,075
Amortization expense	424,303	356,687
Interest income	(64,843,059)	(41,611,955)
Dividend income	(1,553,895)	(1,367,402)
Interest expense	42,610,485	16,966,652
Net gain on financial assets or liabilities at fair value through profit or loss	(2,942,378)	(4,437,335)
Loss on disposal of investments	861,773	1,290,412
Unrealized foreign exchange (gain) loss	(6,667,981)	1,125,400
Other adjustments	74,596	491,723
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(11,321,948)	(731,356)
(Increase) decrease financial assets at fair value through profit or loss	(48,344,857)	31,550,272
Decrease in receivables	3,537,104	3,243,582
Increase in discounts and loans	(120,478,684)	(133,764,597)
Increase in financial assets at fair value through other comprehensive income	(35,352,343)	(53,490,019)
Decrease (increase) in investments in debt instruments at amortized cost	31,868,403	(79,754,815)
Decrease in other financial assets	525,624	2,082,292
(Increase) decrease in other assets	(1,959,450)	402,771
Decrease in deposits from the Central Bank and banks	(77,243)	(109,878)
Increase in deposits and remittances	125,906,335	182,441,388
Increase (decrease) in payables	1,629,095	(6,594,343)
Increase in financial liabilities at fair value through profit or loss	14,685,329	318,497
Decrease in reserve for liabilities	(216,024)	(297,401)
Increase (decrease) in other financial liabilities	375,375	(143,019)
(Decrease) increase in other liabilities	<u>(3,516,959)</u>	<u>2,831,851</u>
Cash flows used in operations	(54,072,251)	(61,616,575)
Interest received	63,612,547	39,123,285
Dividends received	1,547,395	1,370,152
Interest paid	(39,769,261)	(15,243,031)
Income taxes paid	<u>(1,864,148)</u>	<u>(1,131,396)</u>
Net cash flows used in operating activities	<u>(30,545,718)</u>	<u>(37,497,565)</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (778,112)	\$ (741,531)
Acquisition of intangible assets	(252,892)	(765,280)
Acquisition of investment properties	(1,820)	-
Proceeds from disposal of properties	<u>792</u>	<u>19</u>
Net cash flows used in investing activities	<u>(1,032,032)</u>	<u>(1,506,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	60,418,436	(46,902,435)
Proceeds from issuing bank notes	1,000,000	-
Repayments of bank notes	(3,000,000)	-
Increase (decrease) in securities sold under repurchase agreement	10,197,313	(431,847)
Repayment of the principal portion of lease liabilities	(697,556)	(669,060)
Cash dividends paid	<u>(5,826,401)</u>	<u>(5,244,285)</u>
Net cash flows generated from (used in) financing activities	<u>62,091,792</u>	<u>(53,247,627)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(302,740)</u>	<u>2,565,408</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,211,302	(89,686,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>104,820,099</u>	<u>194,506,675</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 135,031,401</u>	<u>\$ 104,820,099</u>
	December 31	
	2023	2022
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the consolidated balance sheets	\$ 59,446,777	\$ 51,758,581
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>75,584,624</u>	<u>53,061,518</u>
Cash and cash equivalents at end of year	<u>\$ 135,031,401</u>	<u>\$ 104,820,099</u>

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under 1 Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and obtained its banking license from the Ministry of Economic Affairs in July 1950. The Bank's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since February 1962.

The Bank mainly engages in the following business:

- All commercial banking operations allowed by the Banking Law;
- Trust operations;
- International banking operations;
- Overseas branch operations authorized by the respective foreign governments; and
- Other operations authorized by the central authority.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on February 26, 2024.

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

- Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

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

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

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

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

- The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Announced by IASB (Note 1)</u>	<u>Effective Date</u>
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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	
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IFRS 17 "Insurance Contracts"

Amendments to IFRS 17

Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -

Comparative Information"

Amendments to IAS 21 "Lack of Exchangeability"

January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRS Accounting Standards endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Current/Noncurrent Assets and Liabilities

Because of its business characteristics, assets and liabilities of the Group are classified according to their liquidity rather than classified as current or noncurrent assets or liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

See Note 14 and Table 1 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Foreign Currencies

In preparing the Group's financial statements, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group 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 average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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 estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included 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. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Assets, Investment Properties and Intangible Assets

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

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

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

Financial Instruments

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

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

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) 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.

a) 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 FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, and dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. 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, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments designated at FVTOCI

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

- i. The financial asset 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
 - ii. 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 designated 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 income 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.

d) Investments in equity instruments designated at FVTOCI

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

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

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

2) Impairment of financial assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures 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 with 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

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

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

b. Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

a) 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.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

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 remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in 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.

Fair value is determined in the manner described in Note 33.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, FX swap, cross currency swap, interest rate swaps and currency option.

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 derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is 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 (i.e. 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.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Reserve for Liabilities

Reserve for liabilities, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

a. Dividend and interest income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the applicable effective interest rate. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected.

If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue, classified into other liability and recognized as income when collected.

A single or a group of financial assets are written off due to impairment loss, the subsequent recognition of interest income is calculated by using the interest rate used by discount future cash flows when measuring impairment loss.

b. Service fee

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. The lease negotiation with the lessee is handled as a new lease from the effective date of lease modification.

b. The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Bank accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

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 service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest cost) and net interest on the net defined benefit liability 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 liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 28, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-recognized IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail. Actuarial benefits and service cost from prior periods are recognized as profit or loss when they are incurred.

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 in the ROC, an additional tax on unappropriated earnings is provided for 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 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, unused loss carry forward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only 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 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 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The governments of United Kingdom and Japan, where the overseas branches of the Group are incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

c. Current and deferred taxes

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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on 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.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations volatility in markets on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of loans trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs for the impairment calculation, which are based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Notes 8, 9, 11, 12 and 26. Where the actual future cash inflows are less than the Bank's expectation, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS/DUE TO THE CENTRAL BANK AND BANKS

a. Cash and cash equivalents

	December 31	
	2023	2022
Cash on hand	\$ 19,941,543	\$ 22,729,933
Checks for clearing	14,679,275	13,974,453
Due from banks	23,081,134	13,382,702
Foreign currencies on hand	<u>1,744,825</u>	<u>1,671,493</u>
	<u>\$ 59,446,777</u>	<u>\$ 51,758,581</u>

b. Due from the Central Bank and call loans to banks

	December 31	2022
	2023	
Call loans to banks	\$ 75,584,624	\$ 53,061,518
Reserve for checking accounts	25,607,848	14,710,869
Reserve for demand accounts	64,658,913	62,702,031
Reserve for foreign deposits	676,187	680,352
Others	<u>17,305,620</u>	<u>18,833,368</u>
	<u>\$ 183,833,192</u>	<u>\$ 149,988,138</u>

Cash and cash equivalents and due from the Central Bank and call loans to banks are assessed for impairment using an approach similar to those used for investments in debt instruments (refer to Note 10). The Group considers its cash and cash equivalents to have low credit risk so its credit loss evaluation is on a 12-month expected credit loss basis.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at Fair Value through Profit or Loss (FVTPL)

	December 31	2022
	2023	
Financial assets mandatorily classified at FVTPL		
Derivative financial assets (not under hedge accounting)		
Futures	\$ 1,023,769	\$ 1,099,905
Forward exchange contracts	176,094	133,047
Interest rate swaps	200,356	240,578
Currency swaps	1,740,656	7,782,948
Currency call option premiums	65,979	46,904
Non-derivative financial assets		
Investment in bills	69,041,699	15,170,225
Domestic listed stock	39,660	97,948
Domestic unquoted stock	653,961	474,967
Funds	121,129	53,708
Government bonds	4,825	3,621,274
Corporate bonds	<u>507,944</u>	<u>2,764,177</u>
	<u>\$ 73,576,072</u>	<u>\$ 31,485,681</u>

Financial Liabilities at FVTPL

	December 31	2022
	2023	
Financial liabilities held for trading		
Derivative financial liabilities (not applying hedge accounting)		
Forward exchange contracts	\$ 89,201	\$ 75,175
Interest rate swaps	163,452	213,693
Currency swaps	6,276,172	6,584,287
Currency put option premiums	<u>65,997</u>	<u>46,907</u>
	<u>\$ 6,594,822</u>	<u>\$ 6,920,062</u>

The Group entered into derivative contracts during the years ended December 31, 2023 and 2022 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of December 31, 2023 and 2022 were as follows:

	December 31	2022
	2023	
Currency swaps	\$ 357,121,116	\$ 539,973,723
Currency options	16,876,937	16,582,846
Forward exchange contracts	10,503,383	10,225,060
Interest rate swaps	67,850,100	62,923,726

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	2022
	2023	
Investments in equity instruments at FVTOCI		
Domestic listed stocks	\$ 20,287,125	\$ 13,905,929
Domestic unquoted stocks	12,040,323	8,438,981
Beneficiary and asset-based securities	<u>226,125</u>	<u>232,875</u>
	<u>32,553,573</u>	<u>22,577,785</u>
Investments in debt instruments at FVTOCI		
Government bonds	56,332,006	51,802,752
Corporate bonds	70,915,762	70,619,681
Bank notes	70,502,254	61,770,611
Bonds issued by international organizations	17,025,855	2,845,119
Beneficiary and asset-based securities	14,160,870	3,831,173
Investments in bills	<u>245,683</u>	<u>1,168,836</u>
	<u>229,182,430</u>	<u>192,038,172</u>
	<u>\$ 261,736,003</u>	<u>\$ 214,615,957</u>

A portion of investments in equity instruments is for strategic instruments and are not held for trading, the management designated these investments as at FVTOCI.

- Refer to Note 10 for information relating to their credit risk management and impairment.
- The par values of bonds provided for transactions with repurchase agreement were \$11,698,975 thousand and \$852,800 thousand as of December 31, 2023 and 2022, respectively.
- Government bonds placed as deposits in courts amounted to \$385,100 thousand and \$237,600 thousand as of December 31, 2023 and 2022, respectively. Government bonds placed as operating deposits amounted to \$330,000 thousand; government bonds placed as a reserve fund for trust compensation amounted to \$220,000 thousand; overseas branches' bonds provided as collateral for operations were \$438,649 thousand and \$420,637 thousand as of December 31, 2023 and 2022. Refer to Note 36 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31, 2023	2022
Investments in bills	\$ 318,855,112	\$ 363,113,218
Bank notes	65,053,492	45,936,665
Corporate bonds	7,588,197	7,908,926
Government bonds	31,778,216	40,542,330
Bonds issued by international organization	11,628,878	11,583,998
Beneficiary and asset-based securities	18,239,084	15,926,122
	<u>\$ 453,142,979</u>	<u>\$ 485,011,259</u>

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The amounts of the overseas branches' bonds provided as collateral for operations were \$153,525 thousand and \$153,625 thousand as of December 31, 2023 and 2022, respectively.

c. Certificates of deposit placed as reserves for clearing at the Central Bank amounted to \$36,000,000 thousand; certificates of deposit which were issued by the Central Bank and pledged for call loans from banks amounted to \$5,300,000 thousand as of December 31, 2023 and 2022.

d. Refer to Note 36 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 234,056,625	\$ 453,162,202	\$ 687,218,827
Less: Allowance for impairment loss	(58,460)	(19,223)	(77,683)
Amortized cost	233,998,165	<u>\$ 453,142,979</u>	687,141,144
Adjustment to fair value	(4,815,735)		(4,815,735)
	<u>\$ 229,182,430</u>		<u>\$ 682,325,409</u>

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 199,910,577	\$ 485,024,340	\$ 684,934,917
Less: Allowance for impairment loss	(51,619)	(13,081)	(64,700)
Amortized cost	199,858,958	<u>\$ 485,011,259</u>	684,870,217
Adjustment to fair value	(7,820,786)		(7,820,786)
	<u>\$ 192,038,172</u>		<u>\$ 677,049,431</u>

The Group only invests in debt instruments that are rated as investment grade or higher and are assessed as having low credit impairment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

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

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

December 31, 2023

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.4012%	<u>\$ 234,056,625</u>	<u>\$ 453,162,202</u>

December 31, 2022

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3076%	<u>\$ 199,910,577</u>	<u>\$ 485,024,340</u>

Category	Expected Loss Rate	Credit Rating			Total
		Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	
Balance at January 1, 2023		\$ 51,619	\$ -	\$ -	\$ 51,619
Purchase of investments in debt instruments		7,395	-	-	7,395
Derecognition		(7,430)	-	-	(7,430)
Change in exchange rates or others		6,876	-	-	6,876
Balance at December 31, 2023		<u>\$ 58,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,460</u>

(Continued)

11. RECEIVABLES, NET

	2023	December 31 2022
a. Details of receivables		
Accounts receivable	\$ 3,800,883	\$ 7,972,996
Accrued incomes	5,689	9,408
Interests receivable	7,916,450	5,849,600
Acceptances receivable	4,185,423	4,665,622
Credit cards accounts receivable	3,117,085	2,919,757
Settlement price	1,060,929	475,381
Accounts receivable for settlement	993,648	674,056
Other receivables	250,392	280,392
	<u>21,330,499</u>	<u>22,847,212</u>
	<u>(338,875)</u>	<u>(400,639)</u>
Less: Allowance for bad debts, receivables	\$ 20,991,624	\$ 22,446,573

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Year Ended December 31, 2023					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Transfers and Reasons of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	\$ 11,730	\$ 3,064	\$ 139,149	\$ 153,943	\$ 246,696	\$ 400,639
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(698)	834	(136)	-	-	-
Transfers to credit-impaired financial assets	(622)	(230)	832	-	-	-
Transfers to 12-months expected credit losses	655	(387)	(268)	-	-	-
Financial assets recognized for the period	(10,620)	(1,137)	11,076	(681)	-	(681)
Purchased or originated financial assets	15,532	1,728	12,708	29,968	-	29,968
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	(21,487)	-	(69,479)	(69,479)
Doubtful debts written off	-	-	-	-	-	(21,487)
Changes in exchange rates or others	-	2	(82)	(82)	-	(82)
Ending balance	<u>\$ 15,977</u>	<u>\$ 3,874</u>	<u>\$ 141,807</u>	<u>\$ 161,668</u>	<u>\$ 177,217</u>	<u>\$ 338,875</u>

	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Allowance for Impairment Loss				
Balance at January 1, 2022	\$ 53,656	\$ -	\$ -	\$ 53,656
Purchase of investments in debt instruments	12,480	-	-	12,480
Derecognition	(9,311)	-	-	(9,311)
Change in exchange rates or others	(5,206)	-	-	(5,206)
Balance at December 31, 2022	<u>\$ 51,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,619</u> (Concluded)

At amortized cost

	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Allowance for Impairment Loss				
Balance at January 1, 2023	\$ 13,081	\$ -	\$ -	\$ 13,081
Purchase of investments in debt instruments	6,254	-	-	6,254
Derecognition	(135)	-	-	(135)
Change in exchange rates or others	23	-	-	23
Balance at December 31, 2023	<u>\$ 19,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,223</u>
Balance at January 1, 2022	\$ 4,596	\$ -	\$ -	\$ 4,596
Purchase of investments in debt instruments	9,472	-	-	9,472
Change in exchange rates or others	(987)	-	-	(987)
Balance at December 31, 2022	<u>\$ 13,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,081</u>

For the Year Ended December 31, 2022

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Transition of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans Based on IFRS 9	Total
Receivables						
Beginning balance	\$ 10,978	\$ 2,223	\$ 153,817	\$ 167,018	\$ 140,235	\$ 307,253
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(577)	680	(103)	-	-	-
Transfers to credit-impaired financial assets	(307)	(247)	554	-	-	-
Transfers to 12-months expected credit losses	388	(243)	(145)	-	-	-
Financial assets originated for the period	(9,553)	(879)	(130,759)	(141,191)	-	(141,191)
Purchased or originated financial assets	10,713	1,514	135,940	148,167	-	148,167
Recognized impairment difference based on the Regulations of the People's Bank of China to Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	-	-	106,461	106,461
Doubtful debts written off	-	-	(20,412)	(20,412)	-	(20,412)
Changes in exchange rates or others	88	16	257	361	-	361
Ending balance	\$ 11,730	\$ 3,064	\$ 139,149	\$ 153,943	\$ 246,696	\$ 400,639

2) Movements in the total carrying amount of receivables

	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	\$ 22,452,048	\$ 144,216	\$ 250,948	\$ 22,847,212	
Changes from financial instruments recognized at the beginning of the period:					
Transfers to lifetime expected credit loss	(19,210)	20,213	(1,003)	-	-
Transfers to credit-impaired financial assets	(2,468)	(616)	3,084	-	-
Transfers to 12-month expected credit losses	15,444	(13,727)	(1,717)	-	-
Purchased or originated financial assets	11,716,161	149,334	30,444	11,895,939	
Derecognized	(13,299,957)	(83,695)	(14,370)	(13,398,022)	
Doubtful debts written off	-	-	(21,487)	-	(21,487)
Changes in exchange rates or others	6,765	223	(131)	6,857	
Ending balance	\$ 20,868,783	\$ 215,948	\$ 245,768	\$ 21,330,499	

For the Year Ended December 31, 2022

	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	\$ 22,630,646	\$ 172,155	\$ 433,188	\$ 23,235,989
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(22,845)	23,247	(402)	-
Transfers to credit-impaired financial assets	(8,014)	(3,712)	11,726	-
Transfers to 12-month expected credit losses	10,323	(7,696)	(2,627)	-
Purchased or originated financial assets	12,661,162	103,761	215,556	12,980,479
Derecognized	(12,853,858)	(145,276)	(386,401)	(13,385,535)
Doubtful debts written off	-	-	(20,412)	(20,412)
Changes in exchange rates or others	34,634	1,737	320	36,691
Ending balance	\$ 22,452,048	\$ 144,216	\$ 250,948	\$ 22,847,212

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	2023	December 31 2022
Negotiated and discounted Overdrafts	\$ 1,417,246	\$ 2,043,136
Short-term loans	1,062,889	1,140,736
Medium-term loans	410,978,127	371,217,024
Long-term loans	330,535	203,307
Overdue loans	606,562,892	571,256,827
	801,602,862	758,023,442
	2,916,414	3,473,480
	1,824,870,965	1,707,357,952
	(22,346,269)	(22,037,507)
	\$ 1,802,524,696	\$ 1,685,320,445

Loans of which the accrual of interest income had ceased internally as of December 31, 2023 and 2022 were \$2,916,414 thousand and \$3,473,480 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the years ended December 31, 2023 and 2022 were \$92,742 thousand and \$101,426 thousand, respectively.

The Group did not write off any loans without legal claims process during the years ended December 31, 2023 and 2022.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

	For the Year Ended December 31, 2023					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	\$ 2,721,069	\$ 2,861,328	\$ 4,089,850	\$ 9,672,247	\$ 12,565,260	\$ 22,037,507
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(80,732)	84,628	(3,896)	-	-	-
Transfers to credit-impaired financial assets	(1,481)	(23,123)	24,604	-	-	-
Transfers to 12-month expected credit losses	536,736	(532,932)	(3,804)	-	-	-
Financial assets derecognized for the period	(1,749,731)	(1,326,929)	327,933	(2,748,727)	-	(2,748,727)
Purchased or originated financial assets	1,512,335	1,843,937	1,399,961	4,756,233	-	4,756,233
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	(3,465,262)	(3,465,262)	1,764,607	1,764,607
Doubtful debts written off	-	-	-	-	-	(3,465,262)
Changes in exchange rates or others	(525)	279	2,157	1,911	-	1,911
Ending balance	\$ 2,937,621	\$ 2,987,438	\$ 2,371,543	\$ 8,216,407	\$ 14,419,867	\$ 22,346,269

	For the Year Ended December 31, 2022					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	\$ 2,104,357	\$ 2,116,708	\$ 5,294,105	\$ 9,515,170	\$ 10,780,875	\$ 20,296,045
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(69,493)	73,858	(4,365)	-	-	-
Transfers to credit-impaired financial assets	(2,039)	(13,031)	15,070	-	-	-
Transfers to 12-month expected credit losses	416,233	(415,176)	(1,057)	-	-	-
Financial assets derecognized for the period	(1,011,447)	(806,964)	(1,252,763)	(3,051,174)	-	(3,051,174)

(Continued)

	For the Year Ended December 31, 2022					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	\$ 1,263,127	\$ 1,893,825	\$ 2,348,938	\$ 5,505,890	\$ -	\$ 5,505,890
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	-	-	(2,450,669)	(2,450,669)	1,584,385	1,584,385
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month expected credit losses	20,331	12,108	120,591	153,030	-	153,030
Financial assets derecognized for the period	(2,721,069)	(2,861,328)	(4,089,850)	(9,672,247)	12,565,260	(2,247,507)
Ending balance	\$ 2,721,069	\$ 2,861,328	\$ 4,089,850	\$ 9,672,247	\$ 12,565,260	\$ 22,037,507

(Continued)

2) Movements in the total carrying amount of discounts and loans

	For the Year Ended December 31, 2023				
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	12-Month Expected Credit Losses	Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	\$ 1,622,309,002	\$ 73,035,057	\$ 12,013,893	\$ 1,707,357,952	
Changes from financial instruments recognized at the beginning of the period:					
Transfers to lifetime expected credit losses	(12,871,950)	12,912,675	(40,725)	-	-
Transfers to credit-impaired financial assets	(1,109,034)	(670,574)	1,779,608	-	-
Transfers to 12-month expected credit losses	9,246,230	(9,210,969)	(35,261)	-	-
Financial assets derecognized for the period	(690,010,760)	(39,688,900)	(5,791,360)	(735,491,020)	
Purchased or originated financial assets	813,403,833	38,827,641	(3,465,262)	856,147,441	
Doubtful debts written off	-	-	-	(3,465,262)	
Changes in exchange rates or others	291,371	20,541	9,942	321,854	
Ending balance	\$ 1,741,258,692	\$ 75,225,471	\$ 8,386,802	\$ 1,824,870,965	

14. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

	Investor	Investee	Main Business		% of Ownership December 31
			2023	2022	
The Bank	The Bank	Chang Hua Commercial Bank, Ltd.	Banking	100	100
The Bank	The Bank	Chang Hua Bank Venture Capital Co., Ltd.	Investing	100	100

15. PROPERTY AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Group	\$ 20,836,888	\$ 20,828,724
Assets leased under operating leases	210,812	202,251
	<u>\$ 21,047,700</u>	<u>\$ 21,030,975</u>

a. Asset used by the Group

Carrying amount at December 31, 2023	Prepaid Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress for Building and Equipment	Total
Balance at January 1, 2023	\$ 14,817,873	\$ 9,105,018	\$ 4,589,291	\$ 745,449	\$ 1,547,661	\$ 1,013,721	\$ 53,825	\$ 32,426,888
Additions	-	10,666	18,421	28,241	69,529	1,778	23,610	119,245
Disposals	(25,309)	(28,450)	(8,421)	(28,241)	(69,529)	(1,778)	(23,610)	(50,224)
Reclassification	-	(25,860)	13,915	2924	1,882	14,437	(8,264)	(10,585)
Effect of foreign currency exchange differences	-	(32,724)	(2,022)	(127)	-	(1,124)	(772)	(37,784)
Balance at December 31, 2023	<u>\$ 14,692,564</u>	<u>\$ 8,979,291</u>	<u>\$ 4,673,184</u>	<u>\$ 757,643</u>	<u>\$ 1,688,269</u>	<u>\$ 1,026,242</u>	<u>\$ 60,100</u>	<u>\$ 32,668,662</u>
Balance at January 1, 2022	\$ -	\$ 4,080,449	\$ 3,703,178	\$ 656,648	\$ 1,298,444	\$ 927,603	\$ -	\$ 11,676,322
Additions	-	(238,855)	(83,988)	(26,561)	(60,785)	28,435	-	(413,164)
Disposals	-	187,294	230,350	23,749	42,616	-	-	514,444
Reclassification	-	(6,267)	-	-	-	-	-	(6,267)
Transfer to assets leased under operating leases	-	(5,288)	-	-	-	-	-	(5,288)
Effect of foreign currency exchange differences	-	(12,283)	(1,805)	(128)	-	(869)	-	(14,085)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 4,483,408</u>	<u>\$ 3,828,645</u>	<u>\$ 653,609</u>	<u>\$ 1,278,622</u>	<u>\$ 956,568</u>	<u>\$ -</u>	<u>\$ 11,270,762</u>
Carrying amount at December 31, 2023	<u>\$ 14,692,564</u>	<u>\$ 10,024,341</u>	<u>\$ 7,341,729</u>	<u>\$ 981,252</u>	<u>\$ 18,570,891</u>	<u>\$ 1,076,810</u>	<u>\$ 60,100</u>	<u>\$ 38,888,885</u>
Balance at January 1, 2022	\$ 14,817,873	\$ 9,132,023	\$ 4,610,000	\$ 746,005	\$ 1,521,271	\$ 901,574	\$ -	\$ 32,726,726
Additions	-	22,666	281,066	21,410	41,518	8,083	301,591	739,164
Disposals	-	(179,599)	(58,121)	(14,703)	(24,000)	262,48	(18,293)	(75,513)
Reclassification	-	(11,602)	3,326	825	3,326	3,326	455	13,511
Effect of foreign currency exchange differences	-	(11,602)	3,326	825	3,326	3,326	455	13,511
Balance at December 31, 2022	<u>\$ 14,817,873</u>	<u>\$ 9,053,618</u>	<u>\$ 4,589,291</u>	<u>\$ 757,643</u>	<u>\$ 1,547,661</u>	<u>\$ 1,013,721</u>	<u>\$ 53,825</u>	<u>\$ 32,426,888</u>
Accumulated Depreciation and Impairment								
Balance at January 1, 2022	\$ -	\$ 4,788,040	\$ 4,100,068	\$ 648,891	\$ 1,274,975	\$ 893,748	\$ -	\$ 11,706,722
Additions	-	186,107	230,385	24,760	43,294	292,56	-	508,802
Disposals	-	(18,107)	(23,385)	(609)	(2,129)	4,620	-	(11,011)
Effect of foreign currency exchange differences	-	1,314	2,153	609	2,153	2,153	-	6,129
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 4,897,449</u>	<u>\$ 4,306,628</u>	<u>\$ 673,661</u>	<u>\$ 1,306,449</u>	<u>\$ 922,986</u>	<u>\$ -</u>	<u>\$ 11,698,141</u>
Carrying amount at December 31, 2022	<u>\$ 14,817,873</u>	<u>\$ 4,145,469</u>	<u>\$ 206,431</u>	<u>\$ 845,001</u>	<u>\$ 1,111,145</u>	<u>\$ 1,016,028</u>	<u>\$ 53,825</u>	<u>\$ 31,638,724</u>

	For the Year Ended December 31, 2022		
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses
Beginning balance	\$ 1,500,208,565	\$ 60,475,732	\$ 14,386,835
Changes from financial instruments recognized at the beginning of the period:			
Transfers to lifetime expected credit losses	(19,453,773)	19,481,496	(27,723)
Transfers to credit-impaired financial assets	(1,521,407)	(1,185,153)	2,706,560
Transfers to 12-month expected credit losses	8,241,100	(8,229,803)	(11,297)
Financial assets derecognized for the period	(648,893,211)	(36,621,575)	(7,501,844)
Purchased or originated financial assets	776,165,982	38,590,882	4,734,831
Doubtful debts written off	-	-	(2,450,669)
Changes in exchange rates or others	7,561,746	523,478	177,200
Ending balance	<u>\$ 1,622,309,002</u>	<u>\$ 73,035,057</u>	<u>\$ 12,013,893</u>
			<u>\$ 1,707,357,952</u>

c. Details of provision for bad debts expense, commitment and guarantee for the years ended December 31, 2023 and 2022

	For the Year Ended December 31	
	2023	2022
Provision for receivable and loan (including overdue loan) losses	\$ 3,039,057	\$ 3,321,673
Provision for loan commitment	178,392	35,189
Provision (reversal) for guarantee liabilities	15,770	(23,961)
Provision (reversal) for others	8,236	(13,686)
	<u>\$ 3,241,455</u>	<u>\$ 3,319,215</u>

13. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	\$ 1,082,000	\$ 1,764,400
Exchange bills negotiated	169	3,863
Overdue receivables	3,475	4,932
Call loan to security brokers	153,525	-
Less: Allowance for bad debts	(3,477)	(4,472)
	<u>\$ 1,235,692</u>	<u>\$ 1,768,723</u>

The market rates of time deposits with original maturities of more than 3 months were ranging from 2.90%-3.00% and 2.35%-3.15% for the years ended December 31, 2023 and 2022, respectively.

b. Assets leased under operating leases

	Buildings
<u>Cost</u>	
Balance at January 1, 2023	\$ 426,505
Transfers from assets used by the Group	<u>32,724</u>
Balance at December 31, 2023	<u>\$ 459,229</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 224,254
Depreciation expense	8,395
Transfers from assets used by the Group	<u>15,768</u>
Balance at December 31, 2023	<u>\$ 248,417</u>
Carrying amount at December 31, 2023	<u>\$ 210,812</u>

	Buildings
<u>Cost</u>	
Balance at January 1 and December 31, 2022	\$ 426,505
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 216,444
Depreciation expense	<u>7,810</u>
Balance at December 31, 2022	<u>\$ 224,254</u>
Carrying amount at December 31, 2022	<u>\$ 202,251</u>

Operating leases relate to buildings owned by the Group with lease terms between 1 and 20 years without an option to extend lease terms. 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 maturity analysis of lease payments receivable under operating lease payments for property used by the Group was as follows:

	December 31	
	2023	2022
Year 1	\$ 46,782	\$ 63,842
Year 2	41,684	58,972
Year 3	25,435	28,000
Year 4	11,315	14,279
Year 5	6,723	7,659
Year 5 onwards	<u>1,121</u>	<u>7,619</u>
	<u>\$ 133,060</u>	<u>\$ 180,371</u>

The above items of property and equipment leased under operating leases are depreciated on a straight-line basis over the estimated useful lives of the assets:

Building	
Main buildings	20-60 years
Air-conditioning	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	2022
<u>Carrying amounts</u>		
Land	\$ 807	\$ 1,694
Buildings	1,827,048	1,867,689
Machinery equipment	9,683	-
Transportation equipment	90,324	74,353
Miscellaneous equipment	<u>10,442</u>	<u>10,757</u>
	<u>\$ 1,938,304</u>	<u>\$ 1,954,493</u>

For the Year Ended December 31

	2023	2022
Additions to right-of-use assets	<u>\$ 676,895</u>	<u>\$ 752,752</u>
Depreciation charge for right-of-use assets		
Land	\$ 887	\$ 917
Buildings	644,592	649,001
Machinery equipment	5,684	-
Transportation equipment	37,699	37,355
Miscellaneous equipment	<u>7,801</u>	<u>8,687</u>
	<u>\$ 696,663</u>	<u>\$ 695,960</u>

b. Lease liabilities

	December 31	2022
Carrying amount	<u>\$ 1,783,082</u>	<u>\$ 1,794,804</u>

Range of discount rates for lease liabilities was as follows:

	December 31	2022
	2023	
Land	0.31%-1.24%	0.30%-1.23%
Buildings	0.20%-5.52%	0.20%-4.82%
Machinery equipment	0.31%-4.49%	0.31%-2.89%
Transportation equipment	0.26%-3.53%	0.26%-3.53%
Miscellaneous equipment	0.23%-3.60%	0.23%-3.54%

c. Material lease-in activities and terms

The Group leases certain buildings for operations of branches with lease terms from 3 to 15 years. The lease contract for offices located in New York specifies that lease payments are subject to 4 modifications during the lease terms and the Group can sublease the underlying assets. The lease contracts for offices located in Hong Kong and Taiwan specify that the premium for lease was \$47,999 thousand and lease payments will be adjusted each year. In addition, the Group was prohibited from subleasing all or any portion of the underlying assets.

The Group did not have significant acquisition of lease contracts for the years ended December 31, 2023 and 2022.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 15 and 17.

	For the Year Ended December 31	2022
	2023	
Expenses relating to short-term leases	\$ 43,374	\$ 35,032
Expenses relating to low-value asset leases	\$ 20,861	\$ 18,687
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 234,805	\$ 190,589
Total cash outflow for leases	<u>\$ (299,040)</u>	<u>\$ (244,308)</u>

The Group's leases of certain land, buildings, transportation equipment and miscellaneous equipment qualify as short-term leases and leases of certain land, machinery equipment and miscellaneous equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	2022
	2023	
Lease commitments	\$ 35,967	\$ 32,827

17. INVESTMENT PROPERTY

	Completed Investment Property
<u>Cost</u>	
Balance at January 1, 2023	\$ 14,233,604
Additions	1,820
Reclassification	<u>54,876</u>
Balance at December 31, 2023	<u>\$ 14,290,300</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 388,011
Depreciation expense	6,603
Reclassification	<u>22,989</u>
Balance at December 31, 2023	<u>\$ 417,603</u>
Carrying amount at December 31, 2023	<u>\$ 13,872,697</u>

	December 31	2022
	2023	
<u>Cost</u>		
Balance at January 1 and December 31, 2022	\$ 14,233,604	
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2022	\$ 381,508	
Depreciation expense	6,503	
Balance at December 31, 2022	<u>\$ 388,011</u>	
Carrying amount at December 31, 2022	<u>\$ 13,845,593</u>	

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 20 years, with no option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	December 31	2022
	2023	
Year 1	\$ 175,029	\$ 176,307
Year 2	164,680	160,873
Year 3	138,029	115,011
Year 4	61,992	98,794
Year 5	43,692	92,461
Year 5 onwards	<u>159,654</u>	<u>130,232</u>
	<u>\$ 743,076</u>	<u>\$ 773,678</u>

19. OTHER ASSETS

	December 31	2022
Refundable deposits	\$ 2,681,539	\$ 917,270
Assumed collateral and residuals	195,720	23,418
Less: Accumulated impairment	(23,418)	(23,418)
Prepayments	180,199	150,261
Others	<u>609</u>	<u>1,124</u>
	<u>\$ 3,034,649</u>	<u>\$ 1,068,655</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-60 years
Air-conditioning units	5-10 years

The investment properties are measured and stated at cost in the consolidated balance sheets. For management's purpose, the Group periodically measures the fair value of investment properties in accordance with the Group's internal rules and procedures. The Group conducts valuation process regularly, which is measured by Level 3 inputs. The fair values were \$30,640,227 thousand and \$30,390,299 thousand as of December 31, 2023 and 2022, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Rental incomes	\$ 165,689	\$ 157,910
Direct operating expenses	<u>\$ 100,515</u>	<u>\$ 101,596</u>

18. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,121,815
Additions	252,892
Amortization expense	(423,806)
Reclassification	45,689
Effect of foreign currency exchange differences and others	<u>(114)</u>
Balance at December 31, 2023	<u>\$ 996,476</u>

<u>Cost</u>	
Balance at January 1, 2022	\$ 595,639
Additions	765,280
Amortization expense	(356,190)
Reclassification	116,100
Effect of foreign currency exchange differences and others	<u>986</u>
Balance at December 31, 2022	<u>\$ 1,121,815</u>

The intangible asset mentioned above is amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	2022
Deposits from the Central Bank	\$ 24,839	\$ 28,790
Deposits from banks	245,260	275,336
Overdrafts on banks	371,766	335,724
Call loans from banks	112,418,784	52,036,391
Deposits transferred from Chungghwa Post Co., Ltd.	<u>157,599</u>	<u>200,814</u>
	<u>\$ 113,218,248</u>	<u>\$ 52,877,055</u>

21. PAYABLES

	December 31	2022
Checks issued to payees for clearing	\$ 14,927,967	\$ 14,700,835
Accounts payable	2,245,901	1,769,376
Accrued expenses	3,143,270	2,726,462
Accrued interests	6,110,490	3,206,271
Acceptances	4,273,042	4,821,600
Others	<u>5,798,068</u>	<u>4,740,880</u>
	<u>\$ 36,498,738</u>	<u>\$ 31,965,424</u>

22. DEPOSITS AND REMITTANCES

	December 31	2022
Checking account deposits	\$ 52,061,653	\$ 50,326,098
Demand deposits	554,579,944	577,033,413
Time deposits	727,209,815	658,000,012
Negotiable certificates of deposit	3,985,498	3,993,710
Savings account deposits	1,136,359,002	1,058,786,678
Remittances	<u>1,593,043</u>	<u>1,742,709</u>
	<u>\$ 2,475,788,955</u>	<u>\$ 2,349,882,620</u>

23. BANK NOTES PAYABLE

The Group has issued bank notes to enhance its capital adequacy ratio and raise medium to long-term operating funds. The information of the bank notes is as follows:

The Group issued \$2,200 million subordinated bank notes A 103-1 with 7-year term on April 16, 2014. The bank notes had been redeemed on April 16, 2021.

The Group issued \$5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014.

The Group issued \$2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014.

The Group issued \$3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016. The bank notes were redeemed on September 27, 2023.

The Group issued \$3,300 million subordinated bank notes B 105-1 with 10-year term on September 27, 2016.

The Group issued \$1,530 million subordinated bank notes A 106-1 with 7-year term on March 29, 2017.

The Group issued \$8,670 million subordinated bank notes B 106-1 with 10-year term on March 29, 2017.

The Group issued \$7,000 million perpetual subordinated bank notes 107-1 on April 26, 2018. Callable 5 years and 3 months after issue date.

The Group issued \$3,000 million perpetual subordinated bank notes 107-2 on November 8, 2018. Callable 5 years and 1 month after issue date.

The Group issued \$5,960 million perpetual subordinated bank notes 108-1 on June 27, 2019. Callable 5 years and 1 month after issue date.

The Group issued \$4,040 million perpetual subordinated bank notes 109-1 on May 27, 2020. Callable 5 years and 1 month after issue date.

The Group issued \$6,800 million perpetual subordinated bank notes 109-2 on December 25, 2020. Callable 5 years and 1 month after issue date.

The Group issued \$1,000 million primary bank notes 112-1 with 5-year term on February 22, 2023.

The outstanding balance and details of subordinated bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	December 31	
	2023	2022
Non-hedged bank notes payable		
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	\$ 5,300,000	\$ 5,300,000
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	2,500,000	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	-	3,000,000
		(Continued)

Bank Note, Interest Rate and Maturity Date

105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026

106-1 Note A, 7-year term, interest payable annually, interest rate 1.50%, maturity date: March 29, 2024

106-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: March 29, 2027

107-1, no maturity date, interest payable annually, interest rate 2.66%

107-2, no maturity date, interest payable annually, interest rate 2.30%

108-1, no maturity date, interest payable annually, interest rate 1.90%

109-1, no maturity date, interest payable annually, interest rate 1.40%

109-2, no maturity date, interest payable annually, interest rate 1.25%

112-1 5-year term, interest payable annually, interest rate 1.40%, maturity date: February 22, 2028

Valuation adjustment

	2023	2022
	\$ 3,300,000	\$ 3,300,000
	1,530,000	1,530,000
	8,670,000	8,670,000
	7,000,000	7,000,000
	3,000,000	3,000,000
	5,960,000	5,960,000
	4,040,000	4,040,000
	6,800,000	6,800,000
	1,000,000	-
	<u>63,511</u>	<u>119,465</u>
	\$ <u>49,163,511</u>	\$ <u>51,219,465</u>
		(Concluded)

24. OTHER FINANCIAL LIABILITIES

Principal received on structured notes
Appropriations for loans

	2023	2022
	\$ 1,072,471	\$ 592,873
	161,787	266,010
	<u>\$ 1,234,258</u>	<u>\$ 858,883</u>

The principals received on structured notes were the hybrid instruments issued at fixed income. The related income of structured notes was determined by the interest rates linked to targets.

25. OTHER LIABILITIES

Advance receipts
Guarantee deposits
Deferred revenue

	2023	2022
	\$ 845,384	\$ 798,263
	1,624,381	5,207,067
	<u>9,847</u>	<u>9,159</u>
	\$ <u>2,479,612</u>	\$ <u>6,014,489</u>

26. RESERVE FOR LIABILITIES

	December 31	
	2023	2022
Reserve for employee benefits (Note 27)	\$ 2,210,264	\$ 2,100,080
Reserve for guarantee liabilities	658,161	654,446
Reserve for loan commitments	369,385	191,042
Reserve for decommissioning restoration and rehabilitation costs	37,368	45,944
Others	<u>31,665</u>	<u>31,652</u>
	<u>\$ 3,306,843</u>	<u>\$ 3,023,164</u>

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Year Ended December 31, 2023					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on the Laws	Total
Beginning balance	\$ 352,104	\$ 39,279	\$ 22,256	\$ 413,639	\$ 463,301	\$ 877,140
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,868)	1,868	-	-	-	-
Transfers to 12-month expected credit losses	6,052	(5,439)	(613)	-	-	-
Financial assets derecognize for the period	(143,907)	(11,634)	(2,001)	(157,542)	-	(157,542)
Purchased or originated financial assets	317,970	29,033	-	347,003	-	347,003
Recognized impairment difference based on the Laws	-	-	-	-	(7,408)	(7,408)
Changes in exchange rates or others	<u>26</u>	<u>(8)</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>18</u>
Ending balance	<u>\$ 530,377</u>	<u>\$ 53,099</u>	<u>\$ 19,642</u>	<u>\$ 603,118</u>	<u>\$ 456,093</u>	<u>\$ 1,059,211</u>

	For the Year Ended December 31, 2022					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on the Laws	Total
Beginning balance	\$ 361,875	\$ 13,495	\$ 23,531	\$ 398,901	\$ 475,545	\$ 874,446
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(2,011)	2,011	-	-	-	-
Transfers to credit-impaired financial assets	(14)	-	14	-	-	-
Transfers to 12-month expected credit losses	1,712	(1,712)	-	-	-	-
Financial assets derecognize for the period	(192,456)	(9,320)	(2,729)	(204,505)	-	(204,505)
Purchased or originated financial assets	182,167	34,796	1,440	218,403	-	218,403

(Continued)

For the Year Ended December 31, 2022

	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on the Laws	Total
Recognized impairment difference based on the Laws	\$ -	\$ -	\$ -	\$ -	\$ (12,044)	\$ (12,044)
Changes in exchange rates or others	831	9	-	840	-	840
Ending balance	<u>\$ 352,104</u>	<u>\$ 39,279</u>	<u>\$ 22,256</u>	<u>\$ 413,639</u>	<u>\$ 463,301</u>	<u>\$ 877,140</u>

(Concluded)

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 10% 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 "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	2023	2022
Present value of defined benefit obligation	\$ 8,236,631	\$ 8,220,462
Fair value of plan assets	<u>(7,609,423)</u>	<u>(7,719,255)</u>
Deficit	627,208	501,207
Others	<u>10,609</u>	<u>14,732</u>
Net defined benefit liability	<u>\$ 637,817</u>	<u>\$ 515,939</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2023	\$ 8,220,462	\$ 7,719,255	\$ 501,207
Service cost	181,776	-	181,776
Current service cost	139,081	132,732	6,349
Net interest cost	320,857	132,732	188,125
Recognized in profit or loss			
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	30,778	(30,778)
Actuarial gain - changes in financial assumptions	328,287	-	328,287
Actuarial loss - experience adjustments	(268)	-	(268)
Recognized in other comprehensive income	328,019	30,778	297,241
Contributions from the employer	-	359,365	(359,365)
Benefits paid	(632,707)	(632,707)	-
Balance at December 31, 2023	<u>\$ 8,236,631</u>	<u>\$ 7,609,423</u>	<u>\$ 627,208</u>
Balance at January 1, 2022	\$ 9,383,544	\$ 7,260,262	\$ 2,123,282
Service cost			
Current service cost	209,070	-	209,070
Net interest cost	45,652	35,739	9,913
Recognized in profit or loss	254,722	35,739	218,983
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	582,950	(582,950)
Actuarial loss - changes in financial assumptions	(951,865)	-	(951,865)
Actuarial gain - experience adjustments	163,824	-	163,824
Recognized in other comprehensive income	(788,041)	582,950	(1,370,991)
Contributions from the employer	-	470,067	(470,067)
Benefits paid	(629,763)	(629,763)	-
Balance at December 31, 2022	<u>\$ 8,220,462</u>	<u>\$ 7,719,255</u>	<u>\$ 501,207</u>

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

- 1) 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.
- 2) Interest risk: A decrease in the government and corporate 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 plan's debt investments.
- 3) 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	December 31 2022
Discount rate(s)	1.25%	1.75%
Expected rate(s) of salary increase	2.05%	2.05%

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

	December 31 2023	December 31 2022
Discount rate(s)	\$ (166,690)	\$ (172,540)
0.25% increase	\$ (171,986)	\$ (178,165)
0.25% decrease		
Expected rate(s) of salary increase	\$ 170,193	\$ 177,192
0.25% increase	\$ (165,803)	\$ (172,457)
0.25% decrease		

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

	December 31 2023	December 31 2022
The expected contributions to the plan for the next year	\$ 184,325	\$ 276,744
The average duration of the defined benefit obligation	10 years	10 years
c. Plan of high-yield savings account for employee		

The Group has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Refer to Note 29 for information on related expenses.

- 1) Reconciliation of assets and liabilities at the end of the reporting period with the present value of defined benefit obligation and the fair value of plan assets was as follows:

	December 31 2023	December 31 2022
Present value of defined benefit obligation	\$ 1,572,447	\$ 1,584,141
Less: Fair value of defined benefit plan assets	-	-
Assets and liabilities at the end of the reporting period	<u>\$ 1,572,447</u>	<u>\$ 1,584,141</u>

2) Analysis of defined benefit obligation		<u>December 31</u>	<u>2022</u>
	2023		
All or part of defined benefit obligation contributed	\$ -	\$ -	-
Defined benefit obligation not contributed	<u>1,572,447</u>	<u>1,584,141</u>	<u>1,584,141</u>
	<u>\$ 1,572,447</u>	<u>\$ 1,584,141</u>	<u>\$ 1,584,141</u>

3) Movements of the present value of defined benefit obligation		<u>December 31</u>	<u>2022</u>
	2023		
Balance, January 1	\$ 1,584,141	\$ 1,632,342	-
Interest cost	60,349	62,200	-
Actuarial gains and losses	220,635	184,499	-
Benefits paid	<u>(292,678)</u>	<u>(294,900)</u>	<u>(294,900)</u>
Balance, December 31	<u>\$ 1,572,447</u>	<u>\$ 1,584,141</u>	<u>\$ 1,584,141</u>

4) Movements of the fair value of plan assets

	<u>December 31</u>	<u>2022</u>
	2023	
Balance, January 1	\$ 1,632,342	-
Contribution by employers	292,678	294,900
Benefits paid	<u>(292,678)</u>	<u>(294,900)</u>
Balance, December 31	<u>\$ 1,632,342</u>	<u>\$ 1,632,342</u>

5) Details of gains and losses recognized in expenses

	<u>December 31</u>	<u>2022</u>
	2023	
Interest cost	\$ 60,349	\$ 62,200
Actuarial gains and losses	<u>220,635</u>	<u>184,499</u>
	<u>\$ 280,984</u>	<u>\$ 246,699</u>

6) Main actuarial assumptions

	<u>December 31</u>	<u>2022</u>
	2023	
Discount rate of high-yield savings account for employee	4.00%	4.00%
Return rate of funds deposited	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Probability of future high-yield savings account system change	50.00%	50.00%

(Continued)

For the Year Ended December 31

	<u>2023</u>	<u>2022</u>
Mortality rate		
Based on Taiwan Life Insurance Industry Mortality Tables 6		
Based on Taiwan Life Insurance Industry Mortality Tables 6	1.63%-1.77%	1.38%-1.52%

Rate provided to ordinary clients for similar deposit

(Concluded)

28. EQUITY

a. Capital

Common stock

	<u>December 31</u>	<u>2022</u>
	2023	
Shares authorized (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>
Capital authorized	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>
Shares issued and fully paid (in thousands)	<u>10,858,293</u>	<u>10,593,457</u>
Capital stock issued	<u>\$ 108,582,930</u>	<u>\$ 105,934,566</u>

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

As of January 1, 2022, the Bank's authorized and registered capital was \$120,000,000 thousand divided into 12,000,000 thousand shares at \$10 par value; the total paid-in capital was \$104,885,708 thousand. In August 2023 and 2022, the paid-in capital was increased by \$2,648,364 thousand and \$1,048,858 thousand, respectively. As of December 31, 2023 and 2022, the Bank's authorized capital was both of \$120,000,000 thousand; the number of authorized shares was both of 12,000,000 thousand shares, and the paid-in capital was \$108,582,930 thousand and \$105,934,566 thousand, representing 10,858,293 thousand shares and 10,593,457 thousand shares, respectively, both of which are ordinary shares with a par value of \$10 per share.

b. Distribution of earnings and dividend policy

Under the dividend policy as set forth in the Bank's amended Articles of Incorporation, where the Bank generates 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, setting aside or reversing 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 Bank's board of directors as the basis for proposing distribution plan, and 30% of the basis for proposing distribution plan should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution of compensation of employees and remuneration of directors after amendment, refer to Note 29 (g) "compensation of employees and remuneration of directors".

To ensure the Bank has sufficient cash for present and future expansion plans and to enhance the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than \$0.1 per share, the Bank will not distribute any cash dividends, unless otherwise adopted in the stockholders' meeting.

The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

29. NET INCOME

a. Net interest income

	For the Year Ended December 31 2023	2022
Interest income	\$ 47,958,760	\$ 32,588,969
Loans	3,978,375	2,018,253
Due from and call loans to banks	12,599,985	6,842,231
Investments in marketable securities	305,939	162,502
Others	<u>64,843,059</u>	<u>41,611,955</u>
Interest expense	(36,373,227)	(14,412,179)
Deposits	(4,792,282)	(1,420,868)
Due to Central Bank and call loans from banks	(1,444,976)	(1,133,605)
Others	<u>(42,610,485)</u>	<u>(16,966,652)</u>
Net interest income	<u>\$ 22,232,574</u>	<u>\$ 24,645,303</u>

b. Net service fee income

	For the Year Ended December 31 2023	2022
Service fee income	\$ 220,632	\$ 253,724
Fees from import and export	346,766	350,242
Remittance fees	760,988	703,189
Loan fees	1,111,618	820,544
Fees from trust	437,813	420,583
Fees from trust business	2,293,241	1,582,641
Fees from insurance agency	1,356,816	1,354,213
Others (1) (2)	<u>6,527,874</u>	<u>5,485,136</u>
Service charge	(181,210)	(165,706)
Interbank charges	(1,444)	(2,040)
Charges from trust	(110,420)	(114,274)
Custodian fees	(255,359)	(201,383)
Charges from insurance agency	(837,153)	(745,550)
Others	<u>(1,385,586)</u>	<u>(1,228,953)</u>
Net service fee income	<u>\$ 5,142,288</u>	<u>\$ 4,256,183</u>

1) The service fee income from electronic payment business was \$513 thousand and \$538 thousand for the years ended December 31, 2023 and 2022, respectively.

Appropriation of earnings to legal reserve shall be made until the balance of legal reserve reaches 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.

The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the amendment of the Articles, the special reserve is appropriated from the prior unappropriated earnings.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate 0.5%-1.0% net income as a special reserve when distributing surplus earnings for 2016, 2017 and 2018. Since 2017, the Bank should reverse an amount which is the same as the distributed surplus earnings mentioned above for the expense of employees' bridging-over arrangements and settlements caused by the development of financial technology.

The Bank cannot distribute cash dividends or purchase treasury stocks if the Bank has any of the situations cited in Item 1, Section 1, Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria from the authority and also the Bank appropriates the legal reserve based on the Banking Law.

The appropriations of earnings for 2022 and 2021 were approved in the stockholders' meetings on June 16, 2023 and June 17, 2022, respectively. The appropriations of earnings and dividends per stock were as follows:

	Appropriation of Earnings	
	2022	2021
Legal reserve	\$ 3,631,282	\$ 2,723,151
Cash dividends	\$ 5,826,401	\$ 5,244,285
Share dividends	\$ 2,648,364	\$ 1,048,858
Cash dividends per share (NT\$)	\$ 0.55	\$ 0.50
Share dividends per share (NT\$)	\$ 0.25	\$ 0.10

The appropriation of earnings for 2022 is subject to the resolution of shareholders in the shareholders' meeting to be held in June 2023.

c. Special reserve

	December 31 2023	2022
Balance at January 1	\$ 12,201,590	\$ 12,201,590
Initial application of IFRS		

2) In accordance with "Regulation Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions", the yield income from electronic payment business was \$2 thousand and \$0.1 thousand for the years ended December 31, 2023 and 2022, respectively.

c. Gain (loss) on financial assets or liabilities measured at FVTPL

	For the Year Ended December 31 2023	2022
Realized gain (loss) on financial assets or liabilities measured at FVTPL		
Stock and mutual funds	\$ 191,884	\$ 8,119
Bonds	(116)	(166)
Bills	(30)	(1,427)
Derivative financial instruments	7,834,621	1,567,648
Net interest gain	854,257	338,967
Stock dividends and bonus	20,003	8,253
	<u>8,900,619</u>	<u>1,921,394</u>
Valuation gain (loss) on financial assets or liabilities measured at FVTPL		
Stock and mutual funds	(66,475)	59,090
Bonds	(157,774)	92,062
Bills	(9,824)	10,374
Derivative financial instruments	943,813	1,229,015
	<u>709,740</u>	<u>1,390,541</u>
	<u>\$ 9,610,359</u>	<u>\$ 3,311,935</u>

d. Realized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31 2023	2022
Stock dividends and bonus	\$ 1,533,892	\$ 1,359,149
Disposal gains		
Bonds	218,504	254,174
Disposal losses		
Beneficiary securities	(240,336)	-
Bonds	(606,087)	(1,542,949)
	<u>\$ 905,973</u>	<u>\$ 70,374</u>

e. Depreciation and amortization expense

	For the Year Ended December 31 2023	2022
Property and equipment	\$ 522,839	\$ 511,612
Investment property	6,603	6,503
Right-of-use assets	696,663	695,960
Intangible assets and other deferred assets	424,303	356,687
	<u>\$ 1,650,408</u>	<u>\$ 1,570,762</u>

f. Employee benefits expenses

	For the Year Ended December 31 2023	2022
Short-term employee benefits	\$ 11,125,679	\$ 10,579,492
Post-employment benefits		
Defined contribution plans	252,588	280,129
Defined benefit plans	188,125	218,983
High-yield savings account for employees	280,984	246,699
Other post-employment benefits	400,741	391,309
Termination benefits	16,929	4,826
	<u>\$ 12,265,046</u>	<u>\$ 11,721,438</u>

Salary adjustments for 2023:

- 1) In recognition of the employees' dedication and hard work and to boost employee morale, the Bank made an adjustment to annual salary in 2023 and implemented overall evaluation on April 1, 2023.
- 2) In order to continuously implement performance-differentiated salary adjustments and at the same time take care of the basic living expenses of grassroots employees, this salary adjustment method is proposed to be handled in a combination of "performance salary adjustment" and "fixed salary adjustment":
 - a) Performance salary adjustment: Based on the employee's personal annual performance appraisal rating in 2022 as the standard, the performance appraisal rating of 6 will add 3.6% of the monthly salary, the 5A rating will add 2.8% of the monthly salary, the 5B rating will add 2.6% of the monthly salary, the 4A ratings will add 2.1% of the basic monthly salary, the 4B rating will add 1.9% of the monthly salary, the 4C rating will add 1.7% of the monthly salary and 1% of the monthly basic salary for those rated 3.
 - b) Fixed salary adjustment: NT\$500 per person per month (same below).

- 3) The annual salary adjustment in 2023 was implemented on April 1, 2023. The average salary increase of all employees was 2.18%, and the maximum salary increase can reach 4.67%. In spite of the environment continuously affected by COVID-19, the salary adjustments show the determination of the Bank to fulfill the duty of care towards its employees and implement corporate social responsibility.

Level	2023
All Members Salary Adjustment	
Employee Annual Salary Adjustment	
Rating	Fixed Salary (Adjustment/NTD)
6 (premium)	3.6%
5A (excellent)	2.8%
5B (excellent)	2.6%
4A (good)	2.1%
4B (well)	1.9%
4C (normal)	1.7%
3 (qualified)	1.0%
2 (unqualified)	No salary adjustments
1 (unqualified)	No salary adjustments
Average	2.18%

g. Compensation of employees and remuneration of directors

According to the Bank's Articles, the Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Group's board of directors on March 2024 and March 25, 2023, respectively, are as follows:

<u>Accrual rate</u>	<u>For the Year Ended December 31</u>	<u>2022</u>
<u>Amount</u>	<u>2023 (Expected)</u>	<u>2022</u>
Compensation of employees	5.00%	5.00%
Remuneration of directors	0.40%	0.40%

<u>Amount</u>	<u>For the Year Ended December 31</u>	<u>2022</u>
<u>Amount</u>	<u>2023 (Expected)</u>	<u>2022</u>
Compensation of employees	\$ 864,242	\$ 689,611
Remuneration of directors	<u>\$ 69,400</u>	<u>\$ 55,169</u>

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

Due to changes in accounting estimates, the actual amount of compensation of employees and directors' remuneration, which was resolved in the meeting of the board of directors dated on March 25, 2023 and March 29, 2022 differs from what was accrued in the consolidated financial statements for 2022 and 2021. The difference was then adjusted to profit and loss for 2023 and 2022, respectively.

<u>Amounts approved in the board of directors' meeting</u>	<u>For the Year Ended</u>	<u>December 31, 2022</u>
<u>Amounts recognized in the annual consolidated financial statements</u>	<u>Compensation</u>	<u>Remuneration</u>
<u>Differences</u>	<u>of Employees</u>	<u>of Directors</u>
	\$ 689,611	\$ 55,169
	\$ 692,192	\$ 55,000
	<u>\$ (2,581)</u>	<u>\$ 169</u>

<u>Amounts approved in the board of directors' meeting</u>	<u>For the Year Ended</u>	<u>December 31, 2021</u>
<u>Amounts recognized in the annual consolidated financial statements</u>	<u>Compensation</u>	<u>Remuneration</u>
<u>Differences</u>	<u>of Employees</u>	<u>of Directors</u>
	\$ 534,849	\$ 42,788
	\$ 537,415	\$ 42,707
	<u>\$ (2,566)</u>	<u>\$ 81</u>

Information on the compensation of employees and remuneration of directors resolved by the Group's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAX

a. Major components of tax expense recognized in profit or loss

<u>Current income tax</u>	<u>For the Year Ended December 31</u>	<u>2022</u>
<u>In respect of the current period</u>	<u>\$ 2,806,302</u>	<u>\$ 1,704,214</u>
<u>Income tax on unappropriated earnings</u>	<u>-</u>	<u>3,044</u>
<u>Deferred income tax</u>	<u>448,144</u>	<u>372,319</u>
<u>In respect of the current period</u>	<u>\$ 3,254,446</u>	<u>\$ 2,079,577</u>

A reconciliation of accounting profit and income tax expenses is as follows:

<u>Profit before tax</u>	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
	\$ 16,236,588	\$ 13,050,728	
Income tax expense calculated at the statutory rate	\$ 3,247,317	\$ 2,610,145	
Non-deductible expenses in determining taxable income	16,132	17,178	
Income tax on unappropriated earning	-	3,044	
Overseas branch's additional income of deferred tax effect	159,382	28,601	
Tax-exempt income	(285,291)	(743,156)	
Non-deductible tax of overseas branches	(22,361)	119,201	
Adjustments for prior years' tax	(2,020)	(118,956)	
Others	141,287	163,520	
Income tax expense recognized in profit or loss	<u>\$ 3,254,446</u>	<u>\$ 2,079,577</u>	

b. Income tax recognized in other comprehensive income

<u>Deferred tax</u>	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
In respect of the current year:			
Exchange differences on translation	\$ (7,740)	\$ 167,956	
Unrealized gains (losses) on financial assets at FVTOCI	48,683	(134,858)	
Actuarial gains (losses) on defined benefit plan	<u>(59,464)</u>	<u>274,226</u>	
Total income tax benefit recognized in other comprehensive income	<u>\$ (18,521)</u>	<u>\$ 307,324</u>	

c. Current tax assets and liabilities

	December 31, 2023	2022
Current tax assets	\$ 135,733	\$ 44,675
Others	<u>\$ 1,795,507</u>	<u>\$ 896,855</u>

Current tax liabilities
Income tax payable

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Beginning Balance	Recognized in Profit or Loss	Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences	\$ 948,856	\$ (106,679)	-	\$ 842,177
Doubtful debts	<u>2,441,900</u>	<u>95,989</u>	<u>(18,521)</u>	<u>2,519,368</u>
Others	<u>\$ 3,390,756</u>	<u>\$ (10,690)</u>	<u>\$ (18,521)</u>	<u>\$ 3,361,545</u>
<u>Deferred tax liabilities</u>				
Land value increment tax	\$ 6,154,216	-	-	\$ 6,154,216
Temporary differences	<u>3,276,051</u>	<u>443,914</u>	<u>-</u>	<u>3,719,965</u>
	<u>\$ 9,430,267</u>	<u>\$ 443,914</u>	<u>\$ -</u>	<u>\$ 9,874,181</u>

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences	\$ 970,050	\$ (21,194)	-	\$ 948,856
Doubtful debts	<u>2,485,861</u>	<u>263,363</u>	<u>(307,324)</u>	<u>2,441,900</u>
Others	<u>\$ 3,455,911</u>	<u>\$ 242,169</u>	<u>\$ (307,324)</u>	<u>\$ 3,390,756</u>
<u>Deferred tax liabilities</u>				
Land value increment tax	\$ 6,154,216	-	-	\$ 6,154,216
Temporary differences	<u>2,664,496</u>	<u>611,555</u>	<u>-</u>	<u>3,276,051</u>
	<u>\$ 8,818,712</u>	<u>\$ 611,555</u>	<u>\$ -</u>	<u>\$ 9,430,267</u>

e. Income tax assessments

The Bank's income tax returns through 2021 have been examined and cleared by the tax authority.

The income tax returns of Chang Hwa Bank Venture Capital Co., Ltd. through 2021 have been examined and cleared by the tax authority.

31. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 16, 2023. The basic and diluted after-tax earnings per stock of 2022 were adjusted retrospectively as follows:

	Before Adjusted Retrospectively	After Adjusted Retrospectively	Unit: NT\$ Per Share
Basic earnings per stock	\$ 1.04	\$ 1.01	
Diluted earnings per stock	<u>\$ 1.03</u>	<u>\$ 1.01</u>	

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Year Ended December 31, 2023	2022
Net profit for the year	\$ 12,982,142	\$ 10,971,151

The weighted average number of common stocks outstanding (in thousands of stocks) is as follows:

	<u>2023</u>	<u>2022</u>
For the Year Ended December 31		
	10,858,293	10,858,293
Effect of potentially dilutive common stock:		
Compensation of employees issued	<u>57,433</u>	<u>47,156</u>

Weighted average number of common stock used in the computation of diluted earnings per stock

10,915,726

10,905,449

The Group may settle compensation or bonuses paid to employees in cash or stock; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in stocks and the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per stock, as the effect is dilutive. Such dilutive effect of the potential stock is included in the computation of diluted earnings per stock until the number of stocks to be distributed to employees is resolved in the following year.

32. CAPITAL RISK MANAGEMENT

a. Summary

The Group's goals in capital management are as follows:

- 1) The Group's qualified regulatory capital should meet the requirement of capital adequacy regulations, and reached the minimum capital adequacy ratio.
- 2) To ensure that Group is able to meet the capital needs, it should be evaluated periodically and observed the variation between regulatory capital and risk assets to keep common equity ratio in the interval approved by the board of directors.
- 3) Related to the calculation of qualified regulatory capital and legal capital were according to the regulation of administration.

b. Capital management procedures

The Group kept capital adequacy ratio completely to meet the requirement of the administration and declared to the administration quarterly.

In addition, the capital management procedures for the overseas subsidiaries of the Group were carried out according to the regulation of local administrations.

The Group's capital adequacy performance, which was calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, was reported to the Asset and Liability Management Committee of the Group periodically. The regulatory capital was classified into Tier 1 Capital, other Tier 1 Capital and Tier 2 Capital.

- 1) Tier 1 Capital: Include Common Equity and other Tier 1 Capital

Common Equity: Include common stock (include capital collected in advance), Capital reserves (exclude additional paid-in capital in excess of par - preferred stock), accumulated profit, reserve and adjusted equity. Deduct: Legal adjustments.

- 2) Other Tier 1 Capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts. Deduct: Legal adjustments.

- 3) Tier 2 Capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation reserve, long-term subordinated debt, non-perpetual preferred stock include stock issue price 45% of financial assets at fair value through other comprehensive income convertible bonds, operating reserves and allowance for doubtful accounts. Deduct: Legal adjustments.

c. Capital adequacy

Item	Period		
	December 31, 2023	December 31, 2022	
Self-owned capital	Common equity Tier I	\$ 165,875,550	\$ 151,058,270
	Other Tier I capital	26,800,000	26,800,000
	Tier II capital	43,393,117	44,588,149
	Self-owned capital	236,068,667	222,446,419
Credit risk	Standardized approach	1,554,337,904	1,465,675,556
	IRB	-	-
	Securitization	6,579,076	4,048,285
Risk-weighted assets	Basic indicator approach	-	-
	Standardized approach/optional standard	63,233,863	54,322,617
	Advanced internal rating based approach	-	-
Market price risk	Standardized approach	26,075,549	24,075,092
	Internal model approach	-	-
Total	1,650,226,392	1,548,121,550	
Capital adequacy ratio	14.31%	14.37%	
Common equity Tier I to risk-weighted assets ratio	10.05%	9.76%	
Tier I capital to risk-weighted assets ratio	11.68%	11.49%	
Leverage ratio	6.24%	6.23%	

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital category of Banks.

Note 2: Annual financial report include the capital adequacy ratio in current and previous period. Besides semiannual report should disclose the ratio the end of last year.

Note 3: Formula:

- a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital.
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5.
- c. Capital adequacy = Self-owned capital ÷ Risk-weighted assets.
- d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets.
- e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets.
- f. Leverage ratio = Tier I capital ÷ Adjusted average assets.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Fair value of financial instruments not measured at fair value

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 453,142,979	\$ 96,672,645	\$ 348,033,766	\$ -	\$ 444,706,411
<u>Financial liabilities</u>					
Bank notes payable	49,163,511	-	63,511	48,576,924	48,640,435

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 485,011,259	\$ 91,016,207	\$ 384,038,310	\$ -	\$ 475,054,517
<u>Financial liabilities</u>					
Bank notes payable	51,219,465	-	119,465	51,169,917	51,289,382

b. Fair values of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 262,475	\$ 69,683,368	\$ 423,375	\$ 70,369,218
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	262,475	128,900	353,144	744,519
Bond investments	-	512,769	-	512,769
Others	-	69,041,699	70,231	69,111,930
Financial assets at FVTOCI	149,781,194	99,914,486	12,040,323	261,736,003
Stock investments	20,287,125	-	12,040,323	32,327,448
Bond investments	114,861,391	99,914,486	-	214,775,877
Others	14,632,678	-	-	14,632,678
<u>Derivative financial products</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,023,769	2,183,085	-	3,206,854
<u>Liabilities</u>				
Financial liabilities at FVTPL	-	6,594,822	-	6,594,822

December 31, 2022

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
<u>Assets</u>				
Financial assets at FVTPL	\$ 3,736,003	\$ 18,050,242	\$ 396,054	\$ 22,182,299
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	119,587	110,982	396,054	626,623
Bond investments	3,616,416	2,769,035	-	6,385,451
Others	-	15,170,225	-	15,170,225
Financial assets at FVTOCI	116,929,758	89,288,691	8,397,508	214,615,957
Stock investments	13,947,402	-	8,397,508	22,344,910
Bond investments	97,749,472	89,288,691	-	187,038,163
Others	5,232,884	-	-	5,232,884
<u>Derivative financial products</u>				
<u>Assets</u>				
Financial assets at FVTPL	1,099,905	8,203,477	-	9,303,382
<u>Liabilities</u>				
Financial liabilities at FVTPL	-	6,920,062	-	6,920,062

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets		Financial Assets at FVTOCI	
	Equity Instrument	Equity Instrument	Equity Instrument	Equity Instrument
Beginning balance	\$ 396,054	\$ 8,397,508	-	-
Recognized in profit or loss (loss on financial assets or liabilities at FVTPL)	(42,406)	-	-	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	-	3,622,816	-
Purchase	205,894	-	19,999	-
Sell	(18,809)	-	-	-
Transfer to Level 3	34,312	-	-	-
Transfer out of Level 3	(151,670)	-	-	-
Ending balance	\$ 423,375	\$ 8,397,508	\$ 12,040,323	\$ 12,040,323

For the year ended December 31, 2022

	Financial Assets	
	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instrument	Equity Instrument
Beginning balance	\$ 231,515	\$ 11,452,856
Recognized in profit or loss (loss on financial assets or liabilities at FVTPL)	95,420	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	(3,034,808)
Purchase	114,454	-
Sell	(6,835)	(20,540)
Transfer out of Level 3	(38,500)	-
Ending balance	<u>\$ 396,054</u>	<u>\$ 8,397,508</u>

3) Definition for the hierarchy classifications of fair value measurements

a) Level 1

Level 1 inputs are quoted prices unadjusted in active markets for identical financial instruments. An active market indicates the market that is in conformity with all of the following conditions: The products in the market are identical; it is easy to find a knowledgeable and willing transaction counterparty; and price information is available to the public.

The fair values of the Group investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices are included in Level 1.

b) Level 2

Level 2 inputs are inputs other than quoted prices with reference to an active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair values of the Group's investments in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative bank debentures issued by the Group are included in Level 2.

c) Level 3

The input parameters used are not based on observable market data (unobservable input parameters are those such as option pricing models using historical volatility which cannot represent the expected value of all market participants). The fair values of the Group's investments in derivatives and equity investments without an active market are included in Level 3.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) Determination of fair value

A quoted market price is used as the fair value when a financial instrument has an active market. Such market prices are provided by the Stock Exchange Corporation, Bloomberg and Reuters, which are all the foundation of fair values for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from the Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently and readily obtained and the price represents actual and frequent at arm's length transactions, then a financial instrument is deemed to have an active market. If the above conditions are not met, the market is deemed inactive. In general, a significant price variance between the purchase price and selling price or a significantly increasing price variance are both indicators of an inactive market.

In addition to the above financial instruments with an active market, other financial instruments at fair value are assessed by valuation techniques or by referencing counterparties with other financial instruments at fair value with similar conditions and characteristics in actual practice, including market information obtained by exercising valuation models at the balance sheet date (such as yield curves used by TPEX and TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation).

When a financial instrument has no standardized valuation and has a greater level of complexity, such as interest rate swaps, currency swaps and options, the Group usually adopts the valuation generally accepted by market users. The inputs used for these financial instruments' valuations are usually observable information in the market.

For financial instruments with greater complexity, the fair value is assessed through the valuation model developed by valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments without quoted market price (including debt instruments of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Group need to make appropriate estimates based on assumptions.

b) The types and nature of the valuation methods for financial instruments used by the Bank and its subsidiaries are as follows:

- i. NTD central government bonds: The bond market rate and theoretical interest rate are price-per-hundred conversions announced by TPEX.
- ii. NTD corporate bonds and bank notes: The corporate bond reference rate is announced by TPEX, and the Group uses the appropriate credit rate and the remaining period to calculate the yield rate and convert it to price-per-hundred.
- iii. NTD convertible corporate bonds: The closing prices of outright purchase/sale trading are listed on TPEX on the valuation day. If the price is not available, the price is referenced from the outright purchase/sale trading information listed on TPEX.
- iv. Securitization instruments: Prices are those quoted from Bloomberg.
- v. NTD short-term bills: The TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation are discounted from future cash flows.
- vi. Foreign securities: The latest prices quoted from Bloomberg, Reuters or other systems on the valuation day are used, if there is no available price or valuation, then the price used is that which is quoted from counterparties.
- vii. Listed stock, call/put warrants and depositary receipts: The closing price listed on TWSE or TPEX is adopted.
- viii. Unlisted stock: The fair value is referenced from related financial information or estimated using the price and parameters of listed companies which have similar service attributes.

ix. Beneficiary certificates: Closed-end funds use the closing price in an active market as the fair value and open-end funds use the net asset value of the fund as the fair value.

x. Derivatives:

- i) Call/put warrants and stock index futures: Prices quoted from an active market are deemed the fair values.
 - ii) Foreign currency forward contracts, currency swaps, interest rate swaps, cross currency swaps and operating deposits of transactions: Discounted future cash flows are adopted.
 - iii) Options: The Black-Scholes model, binomial tree model and Monte Carlo method are mainly adopted for valuation.
 - iv) Certain derivatives use the quoted price from counterparties.
 - xi. Mixing Tools: The price from the active market, deal brokers and valuation models is used.
- c) Adjustments for credit risks and the definitions are as follows:

Credit valuation adjustment (CVA) is a measurement for derivatives which are not transacted through the stock market, or for over-the-counter derivatives. CVA reflects the fair value should a counterparty default and the possibility of not collecting the derivative's full market value.

CVA is calculated by applying the loss given default (LGD) to the exposure at default (EAD), along with the consideration of the counterparty's probability of default (PD), assuming the condition that the Group does not default.

c. The impact of the interest rate benchmark reform

The financial instruments of the Group affected by the interest rate benchmark reform include loan, floating-rate bonds and asset exchanges. The link of interest rate benchmark is London Interbank Offered Rate (LIBOR). It is expected that LIBOR will be replaced by the alternative interest rate recommended by the interest rate reform group of various countries; the differences of the two rates are discussed in the next paragraph.

LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. The alternative interest rate recommended by the interest rate reform group of various countries is Overnight Financing Rate (secured or unsecured), which is a retrospective interest rate indicator calculated using actual transaction data, and does not include credit discounts. Therefore, when an existing contract is modified from a linked LIBOR to a linked Overnight Financing Rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Group has formulated a plan for LIBOR conversion and exit and has handled risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to match the interest benchmark reform. The Group has identified all the information systems and internal processes that need to be updated, and has updated some of them. For affected financial instrument contracts, the Group has completed amendments with most contract counterparties, and some of them are still in the process of agreement amendments.

Due to the interest benchmark reform, the Group faces interest rate basis risks. If the Group fails to complete the negotiation with the counterparty in the financial instrument, it will bring about material uncertainty, and trigger exposure to interest rate risk that the Group had not expected.

December 31, 2023

	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial Holding bonds	\$ 1,919,650	9	\$ -	-	\$ -	-	\$ -	-

December 31, 2022

	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial assets	\$ 105,617,832	221	\$ -	-	\$ -	-	\$ -	-
Loans - syndicated	10,183,900	15	-	-	-	-	-	-
Loans - other loans	6,369,028	27	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	-	-	-
ECB asset exchange and structured products	2,458,000	1	-	-	-	-	-	-

d. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The majority of equity securities risk includes domestic public stock, over-the-counter stock, emerging market stock, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots, currency futures and foreign currency options.

b) Market risk management policy

The Group classifies the financial instruments held by the Group as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Group establishes "Market Risk Management Regulation", "Derivative Financial Trading Process" and various financial instrument related regulations to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to assets and liabilities management committee.

The market risk management regulations are as follows:

- i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.
- ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.

- iii. Follow the regulations of Basel Accord.
 - iv. Establish the market risk management system and economic capital allocation process.
 - v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR, and report the result of market risk monitoring to risk management committee periodically and board of director quarterly.
- c) Market risk management procedures
- According to “Whole Risk Management Policy”, risk management department is the second line of defense against the market risk. Risk management department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, risk management department establishes independent risk management process and ensures its effectiveness.
- i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Group reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Group’s risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVOI, Delta, VaR, etc.
 - ii. Monitoring and reporting

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.
 - iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. The Group performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.
- d) Trading book market risk management
- The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.
- i. Strategy

The Group determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.
 - ii. Management policy and procedures

The Group follows “Market Risk Management Rules”, “Derivative Financial Trading Process” and various financial instrument related regulations as the important management rules of trading book.
 - iii. Valuation policy

The trading positions are valued on a real time or daily basis. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price without active market; (3) valuation without active market.
 - iv. Risk measuring methods
 - i) The sensitivity of the interest rate changes of investment portfolio is measured by DVOI. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).
 - ii) With regard to the Group’s Value at Risk assumptions and calculation methods, refer to item 1.
 - iii) The Group performs the stress test quarterly and report the result to Risk Management Committee periodically.
 - e) Trading book interest rate risk management
 - i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.
 - ii. Management procedures on trading book interest rate risk

The Group defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.
 - iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DVOI. With regard to the Group’s Value at Risk assumptions and calculation methods, refer to item 1.

- f) Banking book interest rate risk management
- i. Definition of banking book interest rate risk

The Group's banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenue and costs or assets and liabilities and causes a decrease in earnings or impairment of economic value.
 - ii. Management strategy on banking book interest rate risk

According to the Group's interest rate risk management policy, the Group has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of stockholder value without exposure to extreme loss risks, the Group applies appropriate management strategy including on- and off-balance sheet adjustments and maintains appropriate amounts of assets and liabilities.
 - iii. Banking book interest rate risk report/range of measuring system

The Group mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the asset and liability management committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the board of directors periodically to let the high-level management controls such risks.
- g) Exchange rate risk management
- i. Definition of exchange rate risk

Every financial derivative listed in the trading book is affected by changes in exchange rate risk factors that affect the profit and loss of the commodity, and all foreign exchange positions of the Bank must be included in the measurement. The exchange rate risk of the Bank is mainly due to the derivatives business as spot and forward foreign exchange and exchange rate options. Most of the foreign exchange transactions that the Bank engages in are based on the principle of leveling customer positions on the same day. The exchange rate option is based on back-to-back transactions, so the exchange rate risk assumed is relatively small.
 - ii. Exchange rate risk management policy, procedures and measuring methods

To control exchange rate risk, the Bank has set operating limits and stop-loss limits for the trading rooms and traders of each unit and keeps losses within an acceptable range.

Exchange rate derivatives use Delta, Gamma, Vega, and other sensitivity factors to measure the sensitivity of such commodities to exchange rates and their volatility.

The exchange rate risk is mainly based on the risk value control basis, refer to item i.
- h) Equity security price risk management
- i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and over-the-counter stock, index futures and options.

ii. Equity security price risk management purpose

Avoid drastic fluctuations in the price of equity securities, which may adversely affect the Bank's financial position or suffer loss of earnings and hope to improve the efficiency of capital utilization, and improve business operations.

iii. Equity security price risk management procedures

The Group sets restrictions on credit extensions with the same person, the same concerned party or the same affiliate to control the risk concentration. Risk management department monitors unrealized gain or loss of the holding position daily. If unrealized loss is over the stop-loss threshold, risk management department would notice the department which holds the position to subject to the related regulations. The department which holds the position should report to risk management committee if unrealized loss is over the stop-loss threshold but the department still holds the position.

iv. Measuring methods

The equity security price risk of trading book is monitored and controlled by VaR, please refer to item i.

The Group would perform stress testing for the equity security price risk of non-trading position and report the result to risk management committee.

i) Market risk measuring method

i. Value at Risk, "VaR"

The Group uses VaR model and stress testing to evaluate the risk of trading portfolio of market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that the Group might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

The Group has been using historical simulation method to calculate VaR since January 27, 2014. The historical simulation method is based on historical data to estimate the future cash flow and assess the market risk of financial instrument. There are more and more financial institutions using the historical simulation method. However, there are some limitations for using the method. One of the limitations is that the assumption used in the method may not reflect the real situation. Besides, the simulation result may not be representative if the historical data used are too small. The Group would use proxy to respond to the limitations mentioned above.

According to the Group's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the risk management committee. VaR is an important internal risk control in the Group. The VaR limits of investment portfolio are approved annually by the risk management committee and reported to the board of directors. In addition, the daily actual VaR is monitored by the Group's risk management department.

ii. As of December 31, 2023 and 2022, the Group's VaR factors based on historical simulation method were as follows:

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Average	Highest	Lowest	Ending Balance	Lowest	Ending Balance
Exchange VaR	\$ 417,594	\$ 454,466	\$ 388,457	\$ 400,878		\$ 400,878
Interest rate VaR	44,938	87,737	1,303	1,339		1,339
Equity securities VaR	2,801	5,638				
Value at risk	\$ 465,333	\$ 547,841	\$ 389,760	\$ 402,217		\$ 402,217
Exchange VaR	\$ 170,459	\$ 249,923	\$ 109,264	\$ 234,694		\$ 234,694
Interest rate VaR	8,036	31,360	1,452	3,1275		3,1275
Equity securities VaR	1,823	3,887				
Value at risk	\$ 180,318	\$ 285,170	\$ 110,716	\$ 265,969		\$ 265,969

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of December 31, 2023 and 2022 were as follows:

	December 31, 2023			New Taiwan Dollars
	Foreign Currency	Exchange Rate	New Taiwan Dollars	
Financial assets				
Monetary items				
USD	\$ 9,489,335	30.7050	\$ 291,370,031	
GBP	56,182	39.1200	2,197,840	
AUD	2,653,052	21.0000	55,714,092	
HKD	487,490	3.9290	1,915,348	
CAD	79,666	23.2200	1,849,845	
ZAR	4,088,106	1.6570	6,773,992	
JPY	126,452,868	0.2171	27,452,918	
EUR	975,948	34.0200	33,201,751	
NZD	148,439	19.5000	2,894,561	
RMB	8,922,290	4.3280	38,615,671	
			(Continued)	

Financial liabilities

	December 31, 2023	New Taiwan Dollars
Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items		
USD	\$ 15,774,112	\$ 484,344,109
GBP	53,758	2,103,013
AUD	1,653,326	34,719,846
HKD	470,228	1,847,526
CAD	80,739	1,874,760
ZAR	4,162,367	6,897,042
JPY	174,082,266	37,793,260
EUR	979,984	33,339,056
NZD	111,055	2,165,573
RMB	9,311,936	40,302,059
		(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2022	New Taiwan Dollars
Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial assets		
Monetary items		
USD	\$ 8,280,071	\$ 254,405,181
GBP	356,134	13,201,887
AUD	2,423,383	50,357,899
HKD	1,028,074	4,050,612
CAD	43,921	996,128
ZAR	4,280,300	7,743,063
JPY	81,087,365	18,820,377
EUR	1,370,384	44,893,780
NZD	230,290	4,479,141
RMB	10,994,419	48,496,382

Financial liabilities

	December 31, 2022	New Taiwan Dollars
Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items		
USD	15,267,081	469,081,064
GBP	211,420	7,837,339
AUD	1,614,432	33,547,897
HKD	672,184	2,648,405
CAD	64,088	1,453,516
ZAR	4,003,323	7,242,011
JPY	121,847,302	28,280,759
EUR	1,150,183	37,679,995
NZD	172,095	3,347,248
RMB	10,545,234	46,515,027

For the years ended December 31, 2023 and 2022, net foreign exchange gains were \$735,811 thousand and \$1,640,408 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Bank and entities under its control.

3) Credit risk

a) Credit risk source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility of the collateral and market liquidity risk of the collateral.

b) Credit risk management policy

The related mechanism and procedures for monitoring credit risk includes:

- i. The Group continuously improves its credit risk management technology and its efficiency to meet the requirements of internal operations, business scale and management objectives and build up the risk management system that fits the requirement of accuracy and completeness of the Group's risk management technology.
- ii. The Group is building a complete monitoring mechanism, setting up a loan early warning system to track down bad indications and risk changes of high-risk credits, setting up "corporate clients' risk exposure and credit risk quick-search system" to understand the negative reporting and transactions with the Group in order to enhance the credit risk's identification, measurement and monitoring and improve the quality of risk management.
- iii. "Chang Hwa Bank Customer Credit Define Notice and Control Index Notice" has been developed to strengthen the control of customer credit risk and to prevent the Bank's debts from being damaged.
- iv. To control concentration risk, the Group sets limits for statutory single creditors, related companies, stakeholders limit of the Group, industries, real estate, and high-risk industries in mainland China to monitor and control the overall credit risk. In addition, in order to effectively control the credit risk limit control of the Group's credit, securities investment and derivative financial product transactions with customers, the credit risk limit of the same legal person and group companies are distinguished according to the risk rating, so as to strengthen the Group's management on credit, investment and of derivative financial product transactions.
- v. The Group actively utilizes the database system and related risk quantification tools to identify, measure and monitor risks. The Group also adjusts risk management policies and procedures in a timely manner to implement an independent and professional risk management mechanism, which enhances risk management effectiveness.
- vi. The Group implements strict and forward-looking credit risk stress testing to respond to the events or changes which may be unfavorable to the Group and in compliance with the requirements of the competent authority supervising risk management and improves the effectiveness of the Group's risk management.

vii. The Group is holding sessions and training in risk management to strengthen risk management intelligence and increase the Group's financial institution of loan.

viii. Information on credit risk would be presented to the high-level management periodically.

The Group's expected credit loss and measuring methods for major business operations are described as follows:

i. Credit business (including loan commitments and guarantees)

The various types of credit assets of the Group are classified as follows based on credit quality and internal and external ratings.

i) A determined significant increase in credit risk since initial recognition.

At the end of every reporting period, the Group evaluates the risk of default on credit assets occurring over their expected lifetime to determine whether the credit risk has increased significantly since their initial recognition.

For this credit risk evaluation, the Group considers corroborative information (including forward-looking information) which indicates a significant increase in credit risk since initial recognition of the credit assets. The key indicators include:

- Quantitative indicators

A change in internal credit rating

A financial instrument is determined as having a significant increase in credit risk since initial recognition if its internal credit rating is at the level of 16-18 or if the scoring of a housing loan debtor is lower than 340.

- Qualitative indicators

A credit account is rated as ordinary-overdue in accordance with the Group's "Detailed Rules for the Processing of Ordinary-overdue Accounts".

The result of the credit review shows that the credit application and the loan application are inconsistent.

A list of early warning accounts and the latest financial statements show a net worth of less than three-fourths of the share capital.

ii) Definition of the credit-impaired financial assets

A credit account that meets one of the following conditions is classified under Stage 3 (Credit impaired):

- The debtor's payment of the principal or interest is past due for more than 3 months from the end of the credit term; or the Bank has already petitioned or withdrawn the debtor's collateral.
- The case has been agreed to be repaid in installments and is exempt from being listed as an overdue loan.
- The case was negotiated and adopted in accordance with the debt negotiation mechanism set by the Association of Banks in 2006.

- Stage 2, significant increase in credit risk

The Group measures the loss allowance for Stage 2 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its computed outcome which is discounted at the effective interest rate. The computed outcome is the product of the unpaid principal for each year end over instruments expected lifetime, the forward-looking adjusted PD, and the LGD.

- Stage 3, credit impairment

The Group measures the loss allowance for Stage 3 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the asset's EAD carrying amount and the present value of its estimated future cash flows, estimated assuming the credit impairment situation is given and discounted at effective interest rate.

The PD and EAD and LGD are used to measure the impairment loss for financial assets in the credit business:

- PD is meaning of using past credit-impaired situations to predict the probability of credit impairment in normal situation in a year. The PD for Stage 3 financial instruments is determined as 100%. The PD for Stages 1 and 2 are based on the categories and the remaining lifetime for each credit account. The credit accounts are divided into groups by remaining lifetimes. The PD of each group is determined as the PD of each credit quality stage. The Group shall update the probability of default at least once a year.

- The EAD is the total expected exposure amount of default which includes the unsecured line of credit.

- The exposure amount of impairment-tested off-balance sheet assets (i.e. guarantees, letters of credit issued yet unused, irrevocable loan commitments issued, and revocable loan commitments issued) is converted into the equivalent exposure amount of on-balance sheet assets through a credit conversion factor (CCF). The CCF is determined according to the credit risk standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.

- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses.

iv) Forward-looking information

The Group classifies credit assets as either corporate banking - domestic, corporate banking - overseas, and individual banking business. Macroeconomic indicators for each the above categories are estimated using the domestic economic growth rate, global economic growth rate and the domestic unemployment rate, respectively, and are updated at least once a year.

Macroeconomic indicators include the actual statistical value of the past five years and predicted value of the current year and the next five years at the time of calculation. The forward-looking adjusted PD is adjusted based on the reasonableness of each value's predicted trend.

- The case has been negotiated and agreed upon in accordance with "The Statute for Consumer Debt Clearance" (excluding secured debt fulfilled under the original contractual conditions).

- The case is ruled to undergo restructuring or liquidation by the court.

- The case is ruled to be restricted by the court.

- The case is declared bankrupt by the court.

- The case involves credit accounts of a debtor, excluding credit card accounts, which is partly transferred to class A and B non-performing loans (excluding the sixth item of class B: The credit account is totally guaranteed and the interest payment is not past due during the inheritance period after the death of the debtor and the collateral provider), as well as overdue loans or bad debt loans.

- Enterprises apply to the Ministry of Economic Affairs for credit and debt negotiation in accordance with the "Operating Guidelines for Assisting Enterprises in Bank Credit and Debt Negotiation by the Ministry of Economic Affairs".

- The case involves a credit account which has an internal credit rating at the level of 19-21.

- The case is a mortgage loan credit account of the Group which has no rating score.

- The case is a credit account which is determined as Stage 3 by the internal or external auditors, or the risk management department of the Group.

iii) Expected credit loss measurement

The Group classifies credit assets into the following nine categories by the credit risk characteristics of the debtor's industry and organization size:

Business	Combination
Corporate banking loans	Government
	Large enterprise
	Small enterprise
	Legal person/group
Individual banking loans	Overseas credit account
	Other groups
	Individual-residential loan group
	Individual-other groups (unsecured)
	Individual-other groups (secured)

The Group measures the expected credit loss as follows:

- Stage 1, no significant increase in credit risk

The Group measures the loss allowance for Stage 1 financial instruments at an amount equal to the 12-month ECLs based on past loss experience. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its estimated future cash flows, estimated at the forward-looking adjusted PD and discounted at the effective interest rate.

The total amount of undiscounted ECLs at the time of initial recognition of the credit impaired financial assets - loans which were purchased or originated is as follows:

	December 31	2022
	2023	
Discounts and loans	\$ 3,915,967	\$ 4,734,831

ii. Call loans to banks

The Group evaluates the credit status of counterparties before deals are closed. The Group grants different limits to counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Group assesses the credit limits of counterparties by level and financial status; the Group efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting. Additionally, in accordance with the application of IFRS 9, the Group performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments

The Group identifies and manages the credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

The other banks with which the Group conducts derivative transactions are mostly considered investment grade. The Group monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

A change in an external credit rating announced by international credit rating institutions (e.g. S&P and Moody's) is one of the quantitative indicators for judging a significant increase in the credit risk of financial assets at amortized cost and investments in debt instruments at FVTOCI. The measurement of ECLs is calculated using the PD and LGD announced periodically by international credit rating institutions. The international credit rating institutions consider forward-looking information when establishing credit ratings. Thus, when the Group measures ECLs using such credit ratings it holds that an adequate evaluation of the forward-looking information, which was used by the institutions for establishing such credit rating, is inherent therein.

c) Credit risk hedging or mitigation policies

i. Collateral

The Group has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, the Group manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, the Group stipulates the security mechanism for loans and the conditions and terms for collateral offsetting to state clearly that the Group reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Group in order to reduce the Group's credit risks.

ii. Credit line credit risks and control over concentration of credit risks

To avoid the concentration of credit risks, the Group has included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. For the Group's credit extension, securities investment and derivative financial product transactions with customers, the credit risk limit for the same legal person and group company is distinguished according to the risk rating, to manage the concentration risk on the assets, and the Group has set credit limits by industry, conglomerate, real estate loan, and high-risk industries in China to supervise concentration of credit risk in these categories and control single counterparties, related companies, industries, and ultimate risks concentration of various types of credit risk by country. Various credit limits are regularly evaluated and revised in a timely manner based on the economic circumstances, financial environment and business development strategies, etc.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Group's consolidated balance sheets:

December 31, 2023

	Carrying Amount	Collateral	Maximum Exposure to Credit Risk Mitigated by Collateral Arrangement	Enhancements	Total
Discounts and loans	\$ 1,824,870,965	\$ 1,282,276,605	\$ -	\$ -	\$ 1,282,276,605
Investments in debt instruments at FVTPL	229,182,430	824,020	-	-	824,020
Investments in debt instruments at amortized cost	453,142,979	-	-	-	-

December 31, 2022

	Carrying Amount	Collateral	Maximum Exposure to Credit Risk Mitigated by Collateral Arrangement	Enhancements	Total
Discounts and loans	\$ 1,707,587,982	\$ 1,189,007,672	\$ -	\$ -	\$ 1,189,007,672
Investments in debt instruments at FVTPL	192,103,172	6,551,790	-	-	6,551,790
Investments in debt instruments at amortized cost	482,011,259	-	-	-	-

The carrying amount of financial assets with maximum exposure is as follows:

	December 31, 2023			Total
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	
Credit rating				
Levels 1-15 (Note)	\$ 1,071,180,336	\$ 25,797,508	\$ 73,166	\$ 1,097,051,010
Levels 16-18	-	47,634,455	1,203,973	48,838,428
Levels 19-21	-	-	5,734,718	5,734,718
No rating	670,078,356	1,793,508	1,374,945	673,246,809
Total carrying amount	<u>\$ 1,741,258,692</u>	<u>\$ 75,225,471</u>	<u>\$ 8,386,802</u>	<u>\$ 1,824,870,965</u>
Expected credit losses				
Recognized impairment based on the Regulations for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	\$ 2,937,671	\$ 2,907,188	\$ 2,371,543	\$ 8,216,402
				<u>\$ 22,346,269</u>

Note: In addition to quantitative indicators, the Group takes qualitative indicators into consideration as well.

	Discounts and Loans			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating Levels 1-15 (Note)	\$ 962,089,541	\$ 25,207,139	\$ 5,101	\$ 987,301,781
Levels 16-18	-	45,900,624	1,359,402	47,260,026
Levels 19-21	-	-	8,816,887	8,816,887
No rating	660,219,461	1,927,294	1,832,503	663,979,258
Total carrying amount	\$ 1,622,309,002	\$ 73,035,057	\$ 12,013,893	\$ 1,707,357,952
Expected credit losses Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	\$ 2,721,069	\$ 2,861,328	\$ 4,089,850	\$ 9,672,247
				<u>12,365,260</u>
				<u>\$ 22,037,507</u>

Note: In addition to quantitative indicators, the Group takes qualitative indicators into consideration as well.

	Guarantees Issued in Guarantee Business			
	December 31, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 55,858,895	\$ 911,922	\$ 76,135	\$ 56,846,952
Expected credit losses	205,163	12,082	19,641	236,886
				<u>56,846,952</u>
				<u>236,886</u>
				<u>\$ 55,259,791</u>
				<u>220,327</u>

	Loan Commitments			
	December 31, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	\$ 109,569,122	\$ 3,240,939	\$ 1	\$ 112,810,062
Carry amount - cancellable	703,385,792	19,153,503	87,385	722,626,480
	<u>\$ 812,954,914</u>	<u>\$ 22,394,442</u>	<u>\$ 87,386</u>	<u>\$ 835,436,542</u>
Expected credit losses - non-cancellable	\$ 84,566	\$ 40,120	\$ -	\$ 124,686
Expected credit losses - cancellable	231,633	238	96	231,967
	<u>\$ 316,199</u>	<u>\$ 40,358</u>	<u>\$ 96</u>	<u>\$ 356,653</u>

	Loan Commitments			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	\$ 73,162,104	\$ 4,007,305	\$ 366	\$ 77,169,775
Carry amount - cancellable	717,503,378	16,350,083	51,776	733,905,237
	<u>\$ 790,665,482</u>	<u>\$ 20,357,388</u>	<u>\$ 52,142</u>	<u>\$ 811,075,012</u>
Expected credit losses - non-cancellable	\$ 65,088	\$ 35,368	\$ 102	\$ 100,558
Expected credit losses - cancellable	89,059	215	105	89,379
	<u>\$ 154,147</u>	<u>\$ 35,583</u>	<u>\$ 207</u>	<u>\$ 189,937</u>

d) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

As of December 31, 2023 and 2022, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrevocably maximum amount of exposure) were as follows:

Financial Instrument Type	December 31 2023	December 31 2022
Unused loan commitments (excluding credit card)	\$ 112,810,062	\$ 77,169,775
Credit card commitments	204,468	197,579
Unused issued letters of credit	19,808,486	20,282,544
Guarantees issued in guarantee business	56,846,952	55,259,791

e) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on prominent concentration of credit risk was as follows:

	December 31, 2023	Percentage of Item (%)
Industry Type	Carrying Amount	
Financial and insurance	\$ 121,523,713	7
Manufacturing	476,203,769	26
Wholesale and retail	161,794,217	9
Real estate and leasing	158,847,934	9
Service	42,551,790	2
Individuals	645,838,552	35
Others	218,110,990	12
	<u>\$ 1,824,870,965</u>	

Industry Type

Financial and insurance	\$ 104,954,569	6
Manufacturing	428,945,845	25
Wholesale and retail	157,616,620	9
Real estate and leasing	148,200,505	9
Service	40,961,368	3
Individuals	617,202,084	36
Others	209,476,961	12
	<u>\$ 1,707,357,952</u>	

Geographic Location

	December 31, 2023	Percentage of Item (%)
Carrying Amount		
Asia	\$ 1,703,844,510	93
America	65,670,773	4
Europe	29,602,142	2
Others	25,753,540	1
	<u>\$ 1,824,870,965</u>	

	December 31, 2022	Percentage of Item (%)
Carrying Amount		
Asia	\$ 1,583,399,082	93
America	72,040,281	4
Europe	29,883,525	2
Others	22,035,064	1
	<u>\$ 1,707,357,952</u>	

Geographic Location

Asia	\$ 1,583,399,082	93
America	72,040,281	4
Europe	29,883,525	2
Others	22,035,064	1
	<u>\$ 1,707,357,952</u>	

	December 31, 2023	Percentage of Item (%)
Carrying Amount		
Unsecured	\$ 541,994,360	30
Secured	1,092,075,849	60
Properties	190,800,756	10
Others	<u>\$ 1,824,870,965</u>	

Securities Type

Unsecured	\$ 541,994,360	30
Secured	1,092,075,849	60
Properties	190,800,756	10
Others	<u>\$ 1,824,870,965</u>	

	December 31, 2022	Percentage of Item (%)
Carrying Amount		
Unsecured	\$ 518,350,280	30
Secured	1,021,856,695	60
Properties	167,150,977	10
Others	<u>\$ 1,707,357,952</u>	

Securities Type

Unsecured	\$ 518,350,280	30
Secured	1,021,856,695	60
Properties	167,150,977	10
Others	<u>\$ 1,707,357,952</u>	

f) Financial assets credit quality and non-performing impairment analysis

A portion of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities investments purchased under resell agreements, refundable deposits, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

4) Liquidity risk management

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth.

b) Liquidity risk management procedures

According to the Group's liquidity risk management policy, the Group clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and asset and liability committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about the liquidity risk assessment should be reported to the board of directors to let the high-level management understand the Group's funding liquidity.

As of December 31, 2023 and 2022, the ratios of the liquidity reserve were 23.85% and 25.85%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Group adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to do maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2023				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Major maturity fund inflows					
Cash and cash equivalents	\$ 34,888,172	\$ -	\$ -	\$ -	\$ 34,888,172
Due from the Central Bank and banks	53,834,824	6,420,414	7,266,902	11,495,010	113,089,533
Financial assets at FVTPL	69,791,042	-	-	-	69,861,724
Receivables	18,051,201	869,815	857,863	555,545	20,424,179
Discounts and loans	83,265,126	147,486,758	174,230,704	245,538,477	1,576,267,530
Investments in equity instruments designated at FVTOCI	-	-	-	-	-
Investments in debt instruments at amortized cost	-	-	-	-	-
Investments in debt instruments at FVTOCI	-	-	3,496,834	5,227,590	99,764,133
Other maturity funds	180,749,735	8,500,000	35,800,000	42,218,415	306,669,904
Outflow items	(440,580,102)	(163,276,987)	(221,652,303)	(305,033,037)	(1,132,542,429)
Major maturity fund outflows					
Due from the Central Bank and banks	257,497	32,004	2,715	132,629	424,845
Due to the Central Bank and banks	13,020,000	10,000	-	-	13,030,000
Securities sold under repurchase agreements	640,680	922,719	-	1,878,847	1,563,399
Payables	31,839,309	617,100	2,207,979	2,430,095	38,973,330
Deposits and remittances	156,370,183	183,305,778	207,797,041	328,699,800	1,848,574,590
Bank notes payable	-	1,530,000	-	-	491,100,000
Other maturity fund outflow items	12,515	(29,074)	9,326	(306,411)	3,768,211
	(202,140,184)	(186,446,675)	(217,817,061)	(331,017,687)	(1,953,434,375)
Gap	\$ 238,439,916	\$ 623,169,688	\$ 3,835,242	\$ 128,984,650	\$ 312,383,609

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2022				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Major maturity fund inflows					
Cash and cash equivalents	\$ 36,810,790	\$ -	\$ -	\$ -	\$ 36,810,790
Due from the Central Bank and banks	52,332,478	6,785,046	5,523,061	10,018,270	109,852,300
Financial assets at FVTPL	19,418,123	-	-	-	19,418,123
Receivables	18,079,086	890,733	729,086	399,852	20,801,116
Discounts and loans	59,366,288	136,351,436	149,994,206	244,601,248	1,449,169,245
Investments in equity instruments designated at FVTOCI	-	-	-	-	-
Investments in debt instruments at amortized cost	-	-	-	-	-
Investments in debt instruments at FVTOCI	-	-	-	199,252	96,462,731
Other maturity funds	218,200,000	25,760,000	15,230,000	43,384,513	344,776,460
Outflow items	(404,205,705)	(169,787,215)	(171,476,025)	(298,693,408)	(1,426,158,153)
Major maturity fund outflows					
Due from the Central Bank and banks	286,172	60,616	5,064	149,356	501,208
Due to the Central Bank and banks	3,005,000	25,000	-	-	3,030,000
Securities sold under repurchase agreements	496,182	444,831	488,913	1,501,902	941,013
Payables	28,892,169	2,058,487	488,913	1,501,902	34,449,278
Deposits and remittances	157,361,662	185,078,800	151,457,310	274,727,862	1,719,041,123
Bank notes payable	-	-	-	13,000,000	51,100,000
Other maturity fund outflow items	(29,629)	(49,620)	(38,606)	(359,464)	(3,857,061)
	(190,070,805)	(187,717,404)	(151,989,803)	(289,738,584)	(1,812,919,683)
Gap	\$ 214,135,960	\$ 417,930,189	\$ 19,487,032	\$ 8,864,824	\$ 300,124,303

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2023				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Major maturity fund inflows					
Cash and cash equivalents	\$ 282,143	\$ -	\$ -	\$ -	\$ 282,143
Due from the Central Bank and banks	1,215,869	637,768	52,695	98,505	2,030,334
Financial assets at FVTPL	16,543	-	-	-	16,543
Receivables	540,161	100,070	73,331	15,325	793,370
Discounts and loans	323,135	328,694	380,479	647,592	5,562,369
Investments in debt instruments at FVTOCI	112,753	223,919	361,401	213,233	3,380,840
Investments in debt instruments at amortized cost	-	-	-	-	-
Other maturity fund inflow items	15,030	50,132	135,048	396,262	2,922,748
	5,000	1,340,583	1,003,254	1,370,717	74,034
Major maturity fund outflows					
Due from the Central Bank and banks	6,377	-	-	-	6,443
Due to the Central Bank and banks	1,989,964	441,000	-	10,000	2,440,964
Securities sold under repurchase agreements	120,309	191,527	-	-	311,836
Payables	571,800	97,342	19,274	17,218	705,656
Deposits and remittances	4,065,075	5,015,998	2,536,031	2,806,043	17,159,072
Other maturity fund outflow items	(50,220)	(2,710)	(14,216)	(14,216)	(70,356)
	(6,803,725)	(5,748,577)	(2,555,305)	(2,847,477)	(20,694,327)
Gap	(4,293,111)	(4,407,994)	(1,552,051)	(1,476,760)	(6,043,970)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2022				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Major maturity fund inflows	\$ 115,098	-	-	-	\$ 115,098
Cash and cash equivalents	872,693	42,966	42,625	82,630	1,069,167
Due from the Central Bank and call loans to banks	498,265	110,170	150,996	19,334	89,965
Financial assets at FVTPL	649,228	514,054	325,789	4,139,821	786,078
Discounts and loans	12,973	15,508	117,836	131,499	5,961,190
Investments in debt instruments at FVOCI	-	-	213,859	322,732	2,197,971
Investments at amortized cost	-	-	-	-	2,750,424
Other maturity fund inflow items	2,838,222	682,698	851,105	888,493	14,055
Major maturity fund outflows	-	-	-	-	19,983,928
Due to the Central Bank and banks	6,030	-	-	-	6,097
Due to the Central Bank and banks	770,306	584,000	45,000	-	1,399,306
Payables	582,619	771,070	11,395	7,742	678,831
Deposits and remittances	4,377,154	4,419,470	2,421,743	2,481,751	17,374,709
Other maturity fund outflow items	56,061	2,000	9,500	105,500	166,151
Gap	\$ (3,553,948)	\$ (4,399,842)	\$ (1,627,033)	\$ (1,603,500)	\$ (6,641,146)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

d) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by the Group, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

e) Maturity analysis of off-balance sheet items

The Group's off-balance sheet items - irrevocable loans, guarantees, and letters of credit presented based on the residual time from the balance sheet date to the maturity date were as follows:

Item	December 31, 2023				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Unused loan commitments (excluding credit cards)	\$ 99,917,118	\$ 1,055,169	\$ 368,333	\$ 2,474,264	\$ 9,995,198
Credit card commitments	19,612,148	187,217	9,121	337	203,960
Unused issued letters of credit	56,573,409	45,444	62,094	54,793	111,212
Guarantees issued in guarantee business	\$ 176,102,685	\$ 1,287,886	\$ 439,633	\$ 2,529,394	\$ 9,310,370
					\$ 56,846,952
					\$ 189,669,968

Item	December 31, 2022				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Unused loan commitments (excluding credit cards)	\$ 61,366,301	\$ 86,635	\$ 4,489,537	\$ 1,845,786	\$ 9,387,516
Credit card commitments	20,054,174	91	104	501	196,873
Unused issued letters of credit	54,992,186	46,687	62,545	71,734	86,630
Guarantees issued in guarantee business	\$ 136,386,671	\$ 381,783	\$ 4,552,186	\$ 1,918,021	\$ 9,671,028
					\$ 55,259,791
					\$ 152,209,689

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	December 31, 2023				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Foreign currency derivative instruments	\$ 81,233,907	\$ 141,170,064	\$ 75,254,339	\$ 58,256,169	\$ 356,210,719
Outflows	80,709,478	140,651,780	74,657,858	58,227,120	354,553,286
Interest rate derivative instruments	-	-	-	-	-
Outflows	1,019,408	-	-	-	1,019,408
Other	23,090	-	-	-	23,090
Total outflows	\$ 81,233,907	\$ 141,170,064	\$ 75,254,339	\$ 58,256,169	\$ 356,210,719
Total inflows	\$ 81,251,976	\$ 140,651,780	\$ 74,657,858	\$ 58,227,120	\$ 355,595,784

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	December 31, 2022				Total
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	
Foreign currency derivative instruments	\$ 150,244,270	\$ 241,318,607	\$ 100,107,030	\$ 36,591,391	\$ 528,261,298
Outflows	150,002,889	244,262,189	100,651,970	36,571,312	531,488,360
Interest rate derivative instruments	1,088,772	-	-	-	1,088,772
Outflows	17,251	-	-	-	17,251
Total outflows	\$ 150,244,270	\$ 241,318,607	\$ 100,107,030	\$ 36,591,391	\$ 528,261,298
Total inflows	\$ 151,108,912	\$ 244,262,189	\$ 100,651,970	\$ 36,571,312	\$ 532,594,383

34. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Item	December 31, 2023				December 31, 2022			
	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses (Note c)
Business Type								
Corporate	\$ 3,528,576	\$ 205,820,854	0.017%	\$ 6,523,873	\$ 2,732,525	\$ 251,525,055	0.011%	\$ 6,324,627
Mortgage loans (Note d)	\$ 2,702,254	\$ 110,494,114	0.113%	\$ 6,183,503	\$ 1,611,172	\$ 693,668,655	0.023%	\$ 5,202,024
Consumer	\$ 10,419	\$ 4,071,051	0.26%	\$ 4,020,8	\$ 6,297	\$ 3,607,12	0.17%	\$ 47,555
Finance	\$ 463,130	\$ 20,001,57	0.21%	\$ 2,310,212	\$ 155,076	\$ 23,546,136	0.65%	\$ 2,779,206
Total	\$ 3,188,924	\$ 199,216,726	0.158%	\$ 21,114,674	\$ 3,407,135	\$ 1,687,552,926	0.20%	\$ 21,740,888

Item	December 31, 2023				December 31, 2022			
	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses (Note c)
Business Type								
Corporate	\$ 3,329	\$ 29,928,024	0.111%	\$ 2,211,2	\$ 3,093	\$ 27,928,334	0.11%	\$ 2,353
Total	\$ 3,329	\$ 29,928,024	0.111%	\$ 2,211,2	\$ 3,093	\$ 27,928,334	0.11%	\$ 2,353

Note a: Non-performing loans are classified in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 5, 2005 (Ref. No. Jin-Guan-Yin (4) 094460073).

Note b: Non-performing loans ratio = Non-performing loan ÷ Loan. Non-performing loans of credit cards = Non-performing loans of credit cards ÷ Accounts receivable.

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans. Coverage ratio of allowances for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards.

Note d: Mortgage loans are for borrowers to build or repair buildings, allowing the borrowers, their spouses or their minor children to fully use their buildings as collateral and to mortgage their rights to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The other consumer financial business are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, credit cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000049), non-recourse receivables factorings are not defined as non-performing loans until completion from factors or insurance companies are ascertained to be non-recoverable.

Note h: The Bank does not engage in cash cards business.

Item	December 31, 2023		December 31, 2022	
	Non-performing Loans Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Loans Exempted from Reporting
Business Type				
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note a)	\$ -	\$ -	\$ 167	\$ -
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	864	864	16,207	702
Total	864	864	16,374	702

Note a: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

Rank (Note a)	Transaction Party (Note b)	December 31, 2023	
		Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	\$ 19,320,716	10.28
2	B Group (uncategorized other financial services)	15,853,600	8.43
3	C Group (other holdings industry)	13,424,933	7.14
4	D Group (steel smelting industry)	12,770,274	6.79
5	E Group (liquid crystal panel and components manufacturing industry)	11,943,756	6.35
6	F Group (integrated circuit manufacturing)	10,534,172	5.60
7	G Group (chemical raw material manufacturing)	9,081,532	4.83
8	H Group (computer manufacturing)	9,055,165	4.82
9	I Group (steel manufacturing industry)	8,289,129	4.41
10	J Group (real estate development industry)	8,132,000	4.33

Rank (Note a)	December 31, 2022	
	Transaction Party (Note b)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	\$ 20,371,434 12.05
2	B Group (uncategorized other financial services)	15,547,588 9.20
3	C Group (other holdings industry)	15,018,908 8.89
4	E Group (steel smelting industry)	13,074,879 7.74
5	K Group (airline industry)	12,680,935 7.50
6	D Group (liquid crystal panel and components manufacturing industry)	10,642,737 6.30
7	G Group (integrated circuit manufacturing)	9,829,664 5.82
8	H Group (steel manufacturing industry)	8,103,038 4.79
9	F Group (vessel carriers industry)	7,635,656 4.52
10	J Group (real estate development industry)	7,630,000 4.51

Note a: Sorted by the balance of loans on December 31, 2023 and 2022, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, accounts receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d: The percentage of loans to equity for the period: Domestic banks should use bank equity to calculate; the Taiwan branch of foreign banks should use branch's equity to calculate.

c. Interest rate sensitivity

Item	December 31, 2023				Total
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	
Interest-sensitive assets	\$ 1,823,919,093	\$ 64,565,992	\$ 78,357,214	\$ 197,534,058	\$ 2,164,376,357
Interest-sensitive liabilities	482,461,826	1,219,934,991	110,361,112	48,697,648	1,861,455,577
Interest sensitivity gap	1,341,457,267	(1,155,368,999)	(32,003,898)	148,836,410	302,920,780
Net equity	161,945,644				116.27%
Ratio of interest-sensitive assets to liabilities					187.05%
Ratio of interest sensitivity gap to net equity					

Item	December 31, 2022				Total
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	
Interest-sensitive assets	\$ 1,723,831,510	\$ 28,194,615	\$ 61,887,025	\$ 212,740,968	\$ 2,026,654,118
Interest-sensitive liabilities	460,738,064	1,128,389,010	85,028,062	51,199,618	1,725,354,754
Interest sensitivity gap	1,263,093,446	(1,100,394,395)	(23,141,037)	161,541,350	301,299,364
Net equity	145,891,689				117.45%
Ratio of interest-sensitive assets to liabilities					206.39%
Ratio of interest sensitivity gap to net equity					

Note a: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (N.T. dollars only)

Item	December 31, 2023				Total
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	
Interest-sensitive assets	\$ 14,767,521	\$ 801,721	\$ 651,492	\$ 3,948,973	\$ 20,169,707
Interest-sensitive liabilities	21,828,309	2,340,281	2,253,684	-	26,122,274
Interest sensitivity gap	(6,760,788)	(1,538,560)	(1,602,192)	3,948,973	(5,952,567)
Net equity	631,648				77.21%
Ratio of interest-sensitive assets to liabilities					(942.39)%
Ratio of interest sensitivity gap to net equity					

Item	December 31, 2022				Total
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	
Interest-sensitive assets	\$ 13,445,593	\$ 705,325	\$ 516,568	\$ 3,527,508	\$ 18,194,994
Interest-sensitive liabilities	20,635,711	2,181,705	1,967,327	-	24,784,743
Interest sensitivity gap	(7,190,118)	(1,476,380)	(1,450,759)	3,527,508	(6,589,749)
Net equity	573,517				73.41%
Ratio of interest-sensitive assets to liabilities					(1,149.01)%
Ratio of interest sensitivity gap to net equity					

Note a: The amounts listed above include accounts in U.S. dollars only for domestic branches, offshore banking unit (OBU), and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (U.S. dollars only)

d. Profitability

Item	December 31, 2023	December 31, 2022
Return on total assets	Pretax 0.58%	0.50%
	After tax 0.42%	0.42%
Return on net equity	Pretax 9.10%	7.67%
	After tax 6.44%	6.44%
Profit margin	33.66%	32.14%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

f. Non-performing loan selling information

Transaction Date	Trading Partners	Non-Perform Loan Composition	December 31, 2023			Relationship
			Book Value	Price	Distribution Profit	
2022.12.8 sign up, settlement completed and strike a balance	SC Lowy Primary Investments, Ltd.	International lending (foreign currencies secured loan)	\$ -	\$ 91,482	\$ 91,482	None

g. Trust accounts

Under Article 3 of the Trust Law, the Group can offer trust services. The items and amounts of trust accounts as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Special purpose trust accounts - domestic	\$ 35,012,774	\$ 36,374,202
Special purpose trust accounts - foreign	85,697,738	74,276,891
Insurance trust	9,962	9,855
Retirement and breeds trust	1,961,320	947,490
Umbilical cord blood trust	16,023,737	14,827,483
Money claim and guarantee trust	51,800	51,800
Marketable securities trust	1,868,611	1,647,702
Real estate trust	38,781,766	27,958,276
Securities under custody	352,546,535	278,623,588
Other money trust	4,015,813	2,573,759
	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

	December 31, 2023		December 31, 2022	
	2023	2022	2023	2022
Trust Assets				
Bank deposits	\$ 7,889,660	\$ 5,026,631		
Insurance claims	51,800	51,800		
Financial assets				
Common stock	5,708,997	5,384,097		
Bonds	134,107,812	120,366,081		
Interest receivable	4,167,148	4,492,791		
Land	511	3,645		
Buildings	19,887,511	15,458,693		
Securities under custody	10,803,079	7,342,359		
	<u>352,546,535</u>	<u>278,623,588</u>		
Trust Liabilities				
Trust capital				
Money trust			\$ 141,982,096	\$ 128,459,307
Insurance claims			51,800	51,800
Marketable securities trust			1,851,592	1,640,284
Real estate trust			38,777,990	27,957,778
Securities under custody payable			352,546,535	278,623,588
Withholding income tax			48	209
Profit and loss			469,529	314,577
Unappropriated retained earnings - realized capital gain/loss			(1,503)	(9,378)
Unappropriated retained earnings - gain on revenue/expense				
Investment			1,589,293	1,340,123
Unappropriated retained earning			(1,267,324)	(1,087,692)
Total trust assets	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>		
Total trust liabilities			<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022, respectively.

e. Maturity analysis of assets and liabilities

	(In Thousands of New Taiwan Dollars)				
	December 31, 2023				
	0-10 Days	11-30 Days	31-90 Days	91-180 Days	More Than 1 Year
Total					
Major maturity cash inflows	\$ 2,382,133,410	\$ 177,046,029	\$ 210,167,138	\$ 230,140,874	\$ 309,863,499
Major maturity cash outflows	3,040,156,182	134,866,312	173,412,615	444,446,490	704,453,515
Gap	(658,022,772)	142,179,717	36,754,523	(214,305,616)	(394,590,016)

	(In Thousands of New Taiwan Dollars)				
	December 31, 2022				
	0-10 Days	11-30 Days	31-90 Days	91-180 Days	More Than 1 Year
Total					
Major maturity cash inflows	\$ 2,306,094,030	\$ 248,078,952	\$ 195,324,110	\$ 259,257,470	\$ 1,904,141,234
Major maturity cash outflows	2,949,482,586	207,184,526	457,116,195	382,618,074	618,665,530
Gap	(643,388,556)	140,894,426	(161,792,085)	(123,360,604)	(283,024,296)

Note: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

	(In Thousands of U.S. Dollars)			
	December 31, 2023			
	1-30 Days	31-90 Days	91-180 Days	More Than 1 Year
Total				
Major maturity cash inflows	\$ 29,512,824	\$ 10,538,095	\$ 3,149,671	\$ 8,786,856
Major maturity cash outflows	35,092,149	14,129,358	7,242,338	5,076,604
Gap	(5,579,325)	(3,591,263)	(4,092,667)	(3,289,748)

	(In Thousands of U.S. Dollars)			
	December 31, 2022			
	1-30 Days	31-90 Days	91-180 Days	More Than 1 Year
Total				
Major maturity cash inflows	\$ 30,662,540	\$ 11,480,936	\$ 5,610,436	\$ 8,304,227
Major maturity cash outflows	36,061,005	13,387,602	7,751,665	4,833,468
Gap	(5,398,465)	(1,906,666)	(2,141,229)	(2,466,801)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

Trust Assets Register

	December 31	2022
Investments		
Bank deposits	\$ 7,889,660	\$ 5,026,631
Insurance claims	51,800	51,800
Financial assets		
Common stock	5,708,397	5,384,097
Mutual funds	134,107,812	120,366,081
Bonds	4,187,148	4,492,791
Land	19,887,340	15,456,039
Buildings	1,007,174	543,815
Construction in progress	10,583,679	7,342,359
Others	511	3,845
Securities under custody	<u>352,546,535</u>	<u>278,623,588</u>
Total trust assets	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

Income Statement of Trust

	For the Year Ended December 31	2023	2022
Investments			
Revenue			
Interest income	\$ 118,847	\$ 59,786	
Dividends	158,735	186,288	
Gain on mutual funds	33,974	27,445	
Foreign exchange gains	1,007,926	943,610	
Realized capital gain - mutual funds	722	15,300	
Realized capital gain - bonds	4,485	-	
Realized capital gain - quoted stock	<u>120,803</u>	<u>-</u>	
	<u>1,445,492</u>	<u>1,232,429</u>	
Expense			
Maintenance	(5,579)	(3,877)	
Tax expense	(10,845)	(5,624)	
Others	(53)	(447)	
Foreign exchange losses	(948,973)	(898,420)	
Realized capital loss - bonds	(4,628)	(3,226)	
Realized capital loss - mutual funds	(997)	(5,898)	
Realized capital loss - quoted stock	<u>(4,888)</u>	<u>(917,492)</u>	
	<u>(975,963)</u>	<u>(917,492)</u>	
	<u>\$ 469,529</u>	<u>\$ 314,937</u>	

35. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
Taishin Financial Holding	The Bank's related party in substance (before June 16, 2023)
Taishin International Bank	The subsidiary of Bank's related party in substance (before June 16, 2023)
Chunghua Post Co., Ltd.	The Bank's corporate director
The Export-Import Bank	Its director is the Bank's corporate director
Land Bank	Its director is the Bank's corporate director
Taiwan Business Bank	Its director is the Bank's corporate director
CPC Corporation, Taiwan	Its director is the Bank's representative of corporate director
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
Unity OPTO Technology Co., Ltd.	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
China Airlines, Ltd.	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
TSEC Corporation	Its director is the Bank's corporate director
China Metal Products Co., Ltd.	Its director is the Bank's director
Others	Other related parties (IAS 24 "Related Party Disclosures)

b. Significant transactions with related parties

1) Loans	Balance	Percentage of Loans (%)
Balance as of December 31, 2023	\$ 43,665,092	2.42
Balance as of December 31, 2022	24,136,655	1.43

For the years ended December 31, 2023 and 2022, interest rates ranged from 1.55% to 7.21% and from 1.26% to 6.51%, respectively, and interest income amounted to \$766,695 thousand and \$501,557 thousand, respectively.

2) Guaranteed loans

	December 31, 2023				December 31, 2022					
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 2,027,094	\$ 2,082,149	\$ 20,271	0.50-0.65	None	\$ 2,082,149	\$ 2,236,261	\$ 20,821	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,008,925	1,514,475	10,089	0.80-1.00	None	1,514,475	1,514,475	15,145	0.80-1.00	None
Langieh Shipbuilding Co., Ltd.	52,442	102,347	524	1.00	None	102,347	127,162	1,023	1.00	None
						6,000	6,000	60	0.50	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of December 31, 2023	\$ 46,836,262	1.89
Balance as of December 31, 2022	31,117,406	1.32

For the years ended December 31, 2023 and 2022, the interest rates intervals were both between 0.00% to 13.00%; the interest expense was \$568,301 thousand and \$482,333 thousand, respectively.

The interest rate for managers' deposits amounting to \$480 thousand per person was 13% per annum. The part of deposit exceeding \$480 thousand will earn interest calculated at the demand savings rate. The interest rates and other terms provided to the other related parties are the same as those offered to general public.

4) Transactions of derivative financial products

Name	Contract	Duration	December 31, 2023		Balance Sheet Amount
			Nominal Principle Amount	Current Valuation Gain (Loss)	
Chunghua Post Co., Ltd	Currency swaps	2023.3.31-2024.8.12	\$ 20,510,940	\$ (525,734)	Financial liabilities at fair value through profit or loss \$ 525,734

Name	Contract	Duration	December 31, 2022		Balance Sheet Amount
			Nominal Principle Amount	Current Valuation Gain (Loss)	
Chunghua Post Co., Ltd	Currency swaps	2022.4.7-2023.5.22	\$ 20,524,300	\$ 320,947	Financial assets at fair value through profit or loss \$ 320,947

	December 31, 2023				Collateral	Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans		
Consumer loans	\$ 17,135	\$ 18,428	\$ 17,135	\$ -	Credit	None
Self-use residential mortgage loans	1,606,880	1,722,902	1,606,880	-	Real estate	None
Others	19,308,161	20,318,882	19,308,161	-	Station equipment	None
Taiwan High Speed Rail Corporation	200,000	750,000	200,000	-	Credit and fund guarantee	None
China Airlines, Ltd.	20,000,000	20,000,000	20,000,000	-	Credit	None
GPC Corporation, Taiwan	3,143,332	3,143,332	3,143,332	-	Credit	None
CSBC Corporation	1,544,611	1,544,611	1,544,611	-	Credit and land	None
TSBC Corporation	554,611	681,624	554,611	-	Credit and land and plant	None
China Metal Products Co., Ltd.	312,500	1,440,000	312,500	-	Credit	None
Other - 12 corporation accounts (Note 1)	422,597	3,809,887	422,597	-	Credit and fund guarantee and real estate	None
Other - 5 individual accounts (Note 2)	3,208	3,334	3,208	-	Deposits	None

	December 31, 2022				Collateral	Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans		
Consumer loans	\$ 19,774	\$ 21,246	\$ 19,774	\$ -	Credit	None
Self-use residential mortgage loans	1,586,783	1,671,988	1,586,783	-	Real estate	None
Others	20,237,161	20,318,882	20,237,161	-	Credit and station equipment	None
Taiwan High Speed Rail Corporation	750,000	750,000	750,000	-	Credit and fund guarantee	None
China Airlines, Ltd.	633,239	635,886	633,239	-	Credit and land and plant	None
Unity Opto Technology Co., Ltd.	365,795	2,007,292	365,795	-	Credit	None
CSBC Corporation	203,526	286,782	203,526	-	Credit and land	None
Langieh Shipbuilding Co., Ltd.	333,610	3,599,491	333,610	-	Credit and plant guarantee and real estate	None
Other - 9 corporation accounts (Note 1)	6,967	8,451	6,967	-	Foreign Currency and deposit	None

Note 1: The balance of each corporate entity does not exceed \$0.1 billion.

Note 2: The balance of each single entity does not exceed 1% of the total ending balance.

Mortgage loans to managers within \$8,000 thousand and credit loans within \$800 thousand per person all bore interests were 1.76% and 1.64% in December 31, 2023 and 2022, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

5) Call loans to banks and call loans from banks

Call loans to banks

Name	Department	Currency	(In Thousands of Original Currencies)		
			December 31, 2023	Interest Rate (Per Annum %)	Interest Income
The Export-Import Bank	DBU	NTD	\$ 500,000	1.17-1.40	\$ 4,611
Land Bank	DBU	NTD	25,000	0.56-1.50	9,157
	OBU	USD	85,000	4.25-5.90	822
	London Branch	USD	20,000	5.69-5.83	222
	Hong Kong Branch	USD	33,000	4.32-6.00	2,068
Taiwan Business Bank	OBU	USD	10,000	4.62-5.71	29
	Hong Kong Branch	USD	30,000	4.60-5.78	320

Name	Department	Currency	(In Thousands of Original Currencies)		
			December 31, 2022	Interest Rate (Per Annum %)	Interest Income
Land Bank	DBU	NTD	\$ 25,000	0.08-1.30	\$ 8,198
	OBU	USD	30,000	0.05-4.28	1,339
	Hong Kong Branch	USD	26,000	0.23-4.32	1,008
	Singapore Branch	USD	10,000	4.25	105

Call loans from banks

Name	Department	Currency	(In Thousands of Original Currencies)		
			December 31, 2023	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,005,000	0.56-1.50	\$ 4,081
	New York Branch	USD	40,000	4.23-5.83	691
	Los Angeles Branch	USD	15,000	4.27-6.00	427

Name	Department	Currency	(In Thousands of Original Currencies)		
			December 31, 2022	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.08-1.22	\$ 85

6) Due from banks and deposits from banks

Due from banks

Name	Department	Currency	(In Thousands of New Taiwan Dollars)	
			December 31, 2023	December 31, 2022
Land Bank	DBU	NTD	\$ 9	\$ 4
Taiwan Business Bank	DBU	NTD	8	7
Chunghua Post Co., Ltd	DBU	NTD	103	113

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31	
			2023	2022
Land Bank	DBU	NTD	\$ 277	\$ 277
The Export-Import Bank	DBU	NTD	3,424	2,388
Chunghua Post Co., Ltd	DBU	NTD	216,579	275,361
Taishin International Bank	New York Branch	USD	67	67

c. Compensation of directors and management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 145,151	\$ 116,139
Post-employment benefits	27,999	12,311
	\$ 173,150	\$ 128,450

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Others

The Bank signed two-year information system service contracts in the amounts of \$2,000 thousand and \$46 thousand each on April 8, 2020 and April 30, 2020, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd., respectively.

The Bank signed three-year legal advice service contract with its subsidiary, Chang Hwa Bank Venture Capital Co., Ltd., on November 26, 2020. Under the contract, the annual service fee is \$68 thousand. In 2023, the Bank recognized other income in the amount of \$69 thousand.

The Bank signed three-year information system service contracts in the amounts of \$4,410 thousand and \$68 thousand each on April 6, 2022 and February 15, 2022, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd. In 2023, the Bank recognized other income according to the latter contract in the amount of \$1,300 thousand and \$21 thousand, respectively.

36. PLEDGED ASSETS

The summary of the Group's pledged assets as of December 31, 2023 and 2022 is as follows:

Pledged Assets	Description	December 31	
		2023	2022
Investments in debt instruments at FVTOCI	Bonds	\$ 1,373,749	\$ 1,208,237
Investments in debt instruments at amortized cost	Bonds and certificates of deposit	41,453,525	41,453,625
Refundable deposits	Cash	2,681,539	917,270

37. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Group had the following contingent liabilities and commitments as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Trust liabilities	\$ 535,970,056	\$ 437,291,046
Unused loan commitments (excluding credit cards)	112,810,062	77,169,775
Credit card commitments	204,468	197,579
Unused issued letters of credit	19,808,486	20,282,544
Guarantees issued in guarantee business	56,846,952	55,259,791
Repayment notes and times deposit held for custody	19,013,292	18,843,464
Liabilities on joint loans	167,319	271,744

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security service as of December 31, 2023 were \$705,452 thousand, \$235,537 thousand, \$705,873 thousand and \$147,114 thousand, respectively.

b. TDK Corporation filed a legal proceeding against the Bank for damages in the amount of \$45,794 thousand. On April 19, 2017, the Taiwan Superior Court passed a verdict partially in favor of and partially against the Bank, and the Bank shall compensate the damages in the amount of \$11,448 thousand. The Bank appealed to the Supreme Court. The Supreme Court held hearings on September 3, 2019, November 4, 2019, January 14, 2020, May 11, 2020, July 16, 2020, September 30, 2020, November 25, 2020, January 25, 2021, April 12, 2021 and July 26, 2021. On September 7, 2021, the Taiwan Superior Court ruled in favor of the Bank without damages, but on October 26, 2021, TDK Corporation appealed to the Taiwan Superior Court. The Supreme Court convened a mediation court for TDK Corporation on February 8, 2022 and the Court rendered a judgment in favor of the Bank in the form of Supreme Court Judgment No. 1307 of 2022 on July 7, 2022.

c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer filed a lawsuit against the Bank at the Taiwan Taichung District Court. The case is currently under trial.

38. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
2	Acquisition of fixed assets over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
3	Disposal of fixed assets over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
4	Discount on fees income from related parties over NT\$5 million	None
5	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of December 31, 2023	None
6	Sale of NPL	Note 34
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on the Bank's investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31, 2023	Table 2
5	Accumulated purchases and sales balance of specific marketable security over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
6	Acquisition of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
7	Disposal of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
8	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of December 31, 2023	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT\$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 3.

d. Intercompany relationships and significant intercompany transactions: Table 4.

e. Information of major shareholders: The name of the shareholder, shareholding amount and ratio of shareholders with a shareholding ratio more than 5%. (Table 5)

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEE'S NAMES AND LOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investee's Names	Investee's Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of December 31, 2023	End of December 31, 2022	Stock	Ownership Interest (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd. Chang Hwa Bank Venture Capital Co., Ltd.	China Taiwan	Banking Venture capital	\$ 12,117,288 1,042,686	\$ 12,117,288 1,042,686	Note 104,268,647	100 100	\$ 13,535,630 1,181,392	\$ 184,630 118,521	\$ 184,630 118,521	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Chang Hwa Bank Venture Capital Co., Ltd.	Jada International Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,919,378	\$ 29,602	8.5	\$ 29,602	
	Package Plus Sustainable Integration Co., Ltd.	-	Financial assets at fair value through other comprehensive income	256,411	10,000	6.0	10,000	
	Digit Spark Co., Ltd.	-	Financial assets at fair value through other comprehensive income	275,000	9,999	1.5	9,999	
	PlayNitride Display Co., Ltd.	-	Financial assets at fair value through profit or loss	330,000	32,604	0.5	32,604	
	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	7,056	-	7,056	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	611,764	21,412	2.1	21,412	
	Advanced Wireless & Antenna Inc.	-	Financial assets at fair value through profit or loss	211,000	5,769	0.8	5,769	
	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000,000	36,220	1.0	36,220	
	Imedtac Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	12,834	1.7	12,834	
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	1,176,000	37,020	0.6	37,020	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	198,318	18,775	0.3	18,775	
	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	250,000	6,008	0.4	6,008	
	Ace Medical Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	-	4.8	-	
	Minima Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	570,000	10,357	1.4	10,357	
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,112,456	23,818	4.1	23,818	
	Outstanding Management Consultants Co., Ltd.	Its director is Chang Hwa Bank Venture Capital Co., Ltd.	Financial assets at fair value through profit or loss	117,040	1,345	19.0	1,345	
	Glory Wheel Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss	371,800	40,604	1.0	40,604	
	Red Sunrise Co., Ltd.	-	Financial assets at fair value through profit or loss	1,200,000	\$ 41,160	8.6	\$ 41,160	
	Starlux Airlines Co., Ltd.	-	Financial assets at fair value through profit or loss	4,006,205	93,505	0.2	93,505	
	P-Waver Inc.	-	Financial assets at fair value through profit or loss	588,000	9,996	3.8	9,996	
	Champ-Ray Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	587,000	38,155	2.2	38,155	
	Annji Pharmaceutical Co., Ltd.	-	Financial assets at fair value through profit or loss	1,500,000	45,000	1.7	45,000	
	Techplasma Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	210,000	10,000	0.6	10,000	
	Mercuries F&B Co., Ltd.	-	Financial assets at fair value through profit or loss	333,000	29,970	0.6	29,970	
	Handa Pharmaceuticals, Inc.	-	Financial assets at fair value through profit or loss	300,000	55,593	0.2	55,593	
	Trio Technology International Group Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	19,500	0.7	19,500	
	Jhu Jian Catering Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	42,000	0.7	42,000	
	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	24,920	2.2	24,920	
	Wiadvance Technology Corporation	-	Financial assets at fair value through profit or loss	200,000	30,000	0.9	30,000	
	Mesh Cooperative Ventures Fund LP.	-	Financial assets at fair value through profit or loss	-	22,385	-	22,385	
	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	7,513	-	7,513	
	Forward BioT Venture Capital	-	Financial assets at fair value through profit or loss	-	21,000	-	21,000	

Note 1: The securities referred to in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of securities is not a related party, this column is exempt.

Note 3: As measured by fair value, fill in the balance of book value after adjustment of the fair value and deduct the allowance loss. If not measured by fair value, fill in the amortized cost (after allowance loss has been deducted) of the book balance.

TABLE 3

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Chang Hwa Commercial Bank, Ltd.	Banking	\$ 12,117,288 (US\$ 399,558)	Note 1 c	\$ 12,117,288 (US\$ 399,558)	\$ -	\$ -	\$ 12,117,288 (US\$ 399,558)	\$ 184,630	100	\$ 184,630	\$ 13,535,630	\$ -	

Accumulated Outward Remittance for Investment in Mainland China December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 12,117,288 (US\$ 399,558)	\$ 12,117,288 (US\$ 399,433)	\$ 28,199,708

Note 1: The three methods of investment are as follows:

- Direct investment in mainland China.
- Investment in mainland China through reinvestment in existing enterprise in a third area.
- Others.

Note 2: Equity in the profit (loss):

- If the entity is still in the preparation stage and there is no equity in profit (loss), the condition should be noted.
- The basis of recognizing equity in profit (loss) is categorized in the following three types and each entity should be noted according to its condition.
 - Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
 - Financial statements audited (reviewed) by the Taiwan-based parent company's CPA.
 - Others.

Note 3: In accordance with the "Bank, Financial Holding Corporation and Related Party Invest China Business Rules" announced by the FSC, the accumulated outflow of operating funds and investment from the following parties may not exceed 15% of net assets while they applied:

- Banks in Taiwan (or subsidiaries in a third area) which establish branches, establish/acquire subsidiaries or acquire stock or capital contributions from local stockholders in mainland China.
- The subsidiaries whose issued stocks with voting rights or more than 50% of capital held by banks in Taiwan that have investments in mainland China.

TABLE 4

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Except for Percentage)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% to Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	The Bank	Chang Hwa Commercial Bank, Ltd.	a.	Due from the Central Bank and call loans to bank	\$ 25,223	Same as normal customers	-
		Chang Hwa Commercial Bank, Ltd.	a.	Cash and cash equivalents	75,218	Same as normal customers	-
		Chang Hwa Commercial Bank, Ltd.	a.	Receivables	315,056	Same as normal customers	0.01
		Chang Hwa Commercial Bank, Ltd.	a.	Other financial assets	6,492,000	Same as normal customers	0.22
		Chang Hwa Commercial Bank, Ltd.	a.	Interest income	180,495	Same as normal customers	0.47
		Chang Hwa Commercial Bank, Ltd.	a.	Net non-interest income	1,300	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	346,937	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Other liabilities	5	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Interest expense	2,693	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	2,528	Same as normal customers	0.01

Note 1: Transaction details: Methods of numbering are as follows:

- 0 for parent company.
- In accordance with subsidiary number starts from 1.

Note 2: Relationships are as follows:

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

Note 3: Transactions amounts are calculated as percentage of accrued amounts of total income or ending balance of total assets.

TABLE 5

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance	1,323,950,082	12.19
Chunghua Post Co., Ltd.	814,418,157	7.50
Taishin Financial Holdings Co., Ltd.	606,410,256	5.58
National Development Fund, Executive Yuan	588,830,293	5.42

Note: The main shareholder information in this table is calculated by the insurance company on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.

F. Individual Financial Statements Audited by Independent Auditor in the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2023 and 2022, and the 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 "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagements 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 Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The following is the description for the key audit matter in the audit of the financial statements of the Bank for the year ended December 31, 2023.

Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2023, the balance of the Bank's loans totaled \$1,787,107,192 thousand, accounting for 62% of the Bank's total assets. The Bank assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Bank's financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified the parameters utilized in the impairment loss model (including the probability of default adjusted for forward-looking factors, loss given default, and exposure at default) to reflect the actual situation, and we recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the Bank audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 Mei Hui Wu and Tza Li Gung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

The accompanying 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

CHANG HWA COMMERCIAL BANK, LTD.**BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

ASSETS	2023		2022	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 52,870,191	2	\$ 46,490,790	2
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	172,507,850	6	147,435,730	6
Financial assets at fair value through profit or loss (Notes 4, 7, 33, 35 and 36)	72,831,553	3	30,893,372	1
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 33 and 36)	257,735,718	9	208,955,699	8
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 33 and 36)	453,100,064	16	485,011,259	18
Receivables, net (Notes 4, 11 and 12)	21,096,161	1	22,348,157	1
Current tax assets (Notes 4 and 30)	135,733	-	44,675	-
Discounts and loans, net (Notes 4, 5, 12, 33, 34, 35 and 36)	1,787,107,192	62	1,665,842,407	62
Investments measured by equity method, net (Notes 4 and 14)	14,717,022	-	14,761,811	1
Other financial assets, net (Notes 4, 13, 35 and 36)	7,727,692	-	7,061,923	-
Property and equipment, net (Notes 4 and 15)	20,347,752	1	20,281,431	1
Right-of-use assets, net (Notes 4 and 16)	1,924,106	-	1,950,552	-
Investment property, net (Notes 4 and 17)	13,872,697	-	13,845,593	-
Intangible assets, net (Notes 4 and 18)	905,986	-	1,062,279	-
Deferred tax assets (Notes 4 and 30)	3,277,208	-	3,272,664	-
Other assets, net (Notes 19 and 36)	<u>3,021,720</u>	<u>-</u>	<u>1,062,118</u>	<u>-</u>
TOTAL	<u>\$ 2,883,178,645</u>	<u>100</u>	<u>\$ 2,670,320,460</u>	<u>100</u>
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Notes 4, 20 and 36)	\$ 112,859,055	4	\$ 51,518,491	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 33)	6,594,822	-	6,920,062	-
Securities sold under repurchase agreements (Note 4)	11,138,326	1	941,013	-
Payables (Notes 4, 21 and 28)	36,111,923	1	31,716,456	1
Current tax liabilities (Notes 4 and 30)	1,767,700	-	873,126	-
Deposits and remittances (Notes 4, 22 and 35)	2,458,964,957	85	2,337,077,054	88
Bank notes payable (Notes 4, 23 and 33)	49,163,511	2	51,219,465	2
Other financial liabilities (Notes 4 and 24)	1,234,258	-	858,883	-
Reserve for liabilities (Notes 4, 5, 26 and 27)	3,301,713	-	3,019,679	-
Lease liabilities (Notes 4 and 16)	1,770,550	-	1,791,821	-
Deferred tax liabilities (Notes 4 and 30)	9,868,792	-	9,418,151	1
Other liabilities (Notes 4, 15 and 25)	<u>2,404,982</u>	<u>-</u>	<u>5,938,041</u>	<u>-</u>
Total liabilities	<u>2,695,180,589</u>	<u>93</u>	<u>2,501,292,242</u>	<u>94</u>
EQUITY (Notes 4, 28 and 30)				
Capital stock				
Common stock	108,582,930	4	105,934,566	4
Retained earnings				
Legal reserve	46,674,889	2	43,043,607	2
Special reserve	12,201,590	-	12,201,590	-
Unappropriated earnings	13,482,750	1	12,218,872	-
Other equity	<u>7,055,897</u>	<u>-</u>	<u>(4,370,417)</u>	<u>-</u>
Total equity	<u>187,998,056</u>	<u>7</u>	<u>169,028,218</u>	<u>6</u>
TOTAL	<u>\$ 2,883,178,645</u>	<u>100</u>	<u>\$ 2,670,320,460</u>	<u>100</u>

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

CHANG HWA COMMERCIAL BANK, LTD.

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

	2023		2022		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
INTEREST INCOME (Notes 4, 29 and 35)	\$ 63,789,232	168	\$ 40,723,269	121	57
INTEREST EXPENSE (Notes 29 and 35)	<u>(42,183,746)</u>	<u>(111)</u>	<u>(16,747,760)</u>	<u>(50)</u>	152
NET INCOME OF INTEREST	<u>21,605,486</u>	<u>57</u>	<u>23,975,509</u>	<u>71</u>	(10)
NET NON-INTEREST INCOME					
Net service fee income (Notes 4 and 29)	5,136,063	14	4,247,242	13	21
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 29)	9,442,106	25	3,194,517	9	196
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 29)	811,217	2	17,554	-	4,521
Loss arising from derecognition of financial assets at amortized cost	(233,854)	(1)	(1,637)	-	14,186
Foreign exchange gain (Notes 4 and 33)	724,134	2	1,597,718	5	(55)
Share of profit of associates and joint ventures accounted for using equity method (Notes 4 and 14)	303,151	1	290,807	1	4
Net other non-interest income (Note 13)	<u>175,672</u>	<u>-</u>	<u>214,553</u>	<u>1</u>	(18)
Net non-interest income	<u>16,358,489</u>	<u>43</u>	<u>9,560,754</u>	<u>29</u>	71
NET REVENUE AND GAINS	<u>37,963,975</u>	<u>100</u>	<u>33,536,263</u>	<u>100</u>	13
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	<u>(3,289,434)</u>	<u>(9)</u>	<u>(3,300,068)</u>	<u>(10)</u>	-

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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 benefit expenses (Notes 4 and 29)	\$ (11,939,508)	(32)	\$ (11,405,888)	(34)	5
Depreciation and amortization expenses (Notes 4 and 29)	(1,570,873)	(4)	(1,497,382)	(4)	5
Other general and administrative expenses	<u>(5,049,215)</u>	<u>(13)</u>	<u>(4,358,826)</u>	<u>(13)</u>	16
Total operating expenses	<u>(18,559,596)</u>	<u>(49)</u>	<u>(17,262,096)</u>	<u>(51)</u>	8
INCOME BEFORE INCOME TAX	16,114,945	42	12,974,099	39	24
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(3,132,803)</u>	<u>(8)</u>	<u>(2,002,948)</u>	<u>(6)</u>	56
NET INCOME	<u>12,982,142</u>	<u>34</u>	<u>10,971,151</u>	<u>33</u>	18
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans (Notes 4 and 27)	(297,306)	(1)	1,371,103	4	(122)
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,395,017	25	(4,670,343)	(14)	301
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	2,089	-	4,717	-	(56)
Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 30)	59,464	-	(274,226)	(1)	122

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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	%	
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation (Note 4)	\$ (302,740)	(1)	\$ 2,565,408	7	(112)
Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	(20,038)	-	(13,867)	-	45
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	3,017,064	8	(7,095,323)	(21)	143
(Reversal of) impairment loss on investments in debt instruments measured at fair value through other comprehensive income	7,837	-	(1,148)	-	783
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 30)	<u>(47,290)</u>	<u>-</u>	<u>(37,424)</u>	<u>-</u>	26
Other comprehensive income (loss), net of tax	<u>11,814,097</u>	<u>31</u>	<u>(8,151,103)</u>	<u>(25)</u>	245
TOTAL COMPREHENSIVE INCOME	<u>\$ 24,796,239</u>	<u>65</u>	<u>\$ 2,820,048</u>	<u>8</u>	779
EARNINGS PER SHARE (Note 31)					
Basic	<u>\$ 1.20</u>		<u>\$ 1.01</u>		
Diluted	<u>\$ 1.19</u>		<u>\$ 1.01</u>		

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD.

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

	Equity Attributable to Owners of the Bank						Other Equity		Total Equity
	Capital Stock		Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve				Comprehensive Income	
BALANCE, JANUARY 1, 2022	10,488,571	\$ 104,885,708	\$ 40,320,456	\$ 12,201,590	\$ 9,130,892	\$ (3,313,666)	\$ 8,227,475	\$ 171,452,455	
Appropriation of 2021 earnings	-	-	-	-	(2,723,151)	-	-	-	
Legal reserve appropriated	-	-	2,723,151	-	(5,244,285)	-	-	(5,244,285)	
Cash dividends	-	-	-	-	(1,048,858)	-	-	-	
Stock dividends	104,886	1,048,858	-	-	-	-	-	-	
Net income for the year ended December 31, 2022	-	-	-	-	10,971,151	-	-	10,971,151	
Other comprehensive income (loss) for the year ended December 31, 2022, net of tax	-	-	-	-	1,096,877	2,397,452	(11,645,432)	(8,151,103)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,068,028	2,397,452	(11,645,432)	2,820,048	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	36,246	-	(36,246)	-	
BALANCE, DECEMBER 31, 2022	10,593,457	105,934,566	43,043,607	12,201,590	12,218,872	(916,214)	(3,454,203)	169,028,218	
Appropriation of 2022 earnings	-	-	-	-	(3,631,282)	-	-	-	
Legal reserve appropriated	-	-	3,631,282	-	(5,826,401)	-	-	(5,826,401)	
Cash dividends	-	-	-	-	(2,648,364)	-	-	-	
Stock dividends	264,836	2,648,364	-	-	-	-	-	-	
Net income for the year ended December 31, 2023	-	-	-	-	12,982,142	-	-	12,982,142	
Other comprehensive income (loss) for the year ended December 31, 2023, net of tax	-	-	-	-	(237,842)	(295,000)	12,346,939	11,814,097	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	12,744,300	(295,000)	12,346,939	24,796,239	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	625,625	-	(625,625)	-	
BALANCE, DECEMBER 31, 2023	10,858,293	\$ 108,582,930	\$ 46,674,889	\$ 12,201,590	\$ 13,482,750	\$ (1,211,214)	\$ 8,267,111	\$ 187,998,056	

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

CHANG HWA COMMERCIAL BANK, LTD.**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		
Net income before income tax	\$ 16,114,945	\$ 12,974,099
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	3,289,434	3,300,068
Depreciation expense	1,175,486	1,166,084
Amortization expense	395,387	331,298
Share of profit (loss) of subsidiaries for using equity method	(303,151)	(290,807)
Interest income	(63,789,232)	(40,723,269)
Dividend income	(1,540,216)	(1,360,398)
Interest expense	42,183,746	16,747,760
Net gain on financial assets or liabilities at fair value through profit or loss	(2,774,125)	(4,319,917)
Loss on disposal of investments	956,200	1,343,120
Unrealized foreign exchange (gain) loss	(6,667,981)	1,125,400
Other adjustments	60,215	504,590
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(10,988,523)	(188,487)
(Increase) decrease in financial assets at fair value through profit or loss	(48,141,139)	30,887,439
Decrease in receivables	3,558,617	3,183,563
Increase in discounts and loans	(124,597,426)	(131,026,965)
Increase in financial assets at fair value through other comprehensive income	(37,082,447)	(55,838,676)
Decrease (increase) in investments in debt instruments at amortized cost	31,911,318	(79,754,815)
(Increase) decrease in other financial assets	(673,176)	5,471,093
(Increase) decrease in other assets	(1,953,058)	390,473
Decrease in deposits from the Central Bank and banks	(184,157)	(3,383)
Increase in deposits and remittances	121,887,903	179,053,277
Increase (decrease) in payables	1,613,108	(6,601,240)
Increase in financial liabilities at fair value through profit or loss	14,473,662	270,525
Decrease in reserve for liabilities	(207,715)	(301,913)
Increase (decrease) in other financial liabilities	375,375	(143,019)
(Decrease) increase in other liabilities	<u>(3,515,141)</u>	<u>2,788,848</u>
Cash flows used in operations	(64,422,091)	(61,015,252)
Interest received	62,326,435	38,261,094
Dividends received	1,605,421	1,363,148
Interest paid	(39,464,382)	(15,023,191)
Income taxes paid	<u>(1,779,958)</u>	<u>(1,103,341)</u>
Net cash flows used in operating activities	<u>(41,734,575)</u>	<u>(37,517,542)</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	\$ -	\$ (400,000)
Acquisition of property and equipment	(732,300)	(678,995)
Proceeds from disposal of properties	792	19
Acquisition of intangible assets	(231,331)	(749,939)
Acquisition of investment properties	<u>(1,820)</u>	<u>-</u>
Net cash flows used in investing activities	<u>(964,659)</u>	<u>(1,828,915)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	61,524,721	(48,055,424)
Proceeds from bank notes	1,000,000	-
Repayments of bank notes	(3,000,000)	-
Increase (decrease) in securities sold under repurchase agreement	10,197,313	(431,847)
Repayments of the principal portion of lease liabilities	(688,947)	(659,207)
Cash dividends paid	<u>(5,826,401)</u>	<u>(5,244,285)</u>
Net cash flows generated from (used in) financing activities	<u>63,206,686</u>	<u>(54,390,763)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(44,454)</u>	<u>2,353,401</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,462,998	(91,383,819)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>98,696,269</u>	<u>190,080,088</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 119,159,267</u>	<u>\$ 98,696,269</u>
	December 31	
	2023	2022
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 52,870,191	\$ 46,490,790
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>66,289,076</u>	<u>52,205,479</u>
Cash and cash equivalents at end of year	<u>\$ 119,159,267</u>	<u>\$ 98,696,269</u>

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and obtained its banking license from the Ministry of Economic Affairs in July 1950. The Bank's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since February 1962.

The Bank mainly engages in the following business:

- All commercial banking operations allowed by the Banking Law;
- Trust operations;
- International banking operations;
- Overseas branch operations authorized by the respective foreign governments; and
- Other operations authorized by the central authority.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Bank's board of directors on February 26, 2024.

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

- Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Bank's accounting policies:

Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Bank should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Bank to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Announced by IASB (Note 1)	Effective Date
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)	January 1, 2024
Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.		
Note 2: 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 is continuously assessing the possible impact of the application of other standards and interpretations on the Bank's financial position and financial performance and will disclose the relevant impact when the assessment is completed.		

- The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Announced by IASB (Note 1)	Effective Date
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	January 1, 2023
IFRS 17 "Insurance Contracts"	January 1, 2023	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)	January 1, 2025

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

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

As of the date the financial statements were authorized for issue, the Bank is continuously assessing the possible impact of the application of above standards and interpretations 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 and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Because of its business characteristics, assets and liabilities of the Bank are classified according to their liquidity rather than classified as current or noncurrent assets or 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 rates of exchange prevailing at the dates of the transactions.

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.

For the purpose of presenting financial statements, the functional currencies of the Bank entities and its foreign operations 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; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments in Subsidiaries

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

A subsidiary is an 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 other equity of subsidiaries.

Property and Equipment

Property and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included 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. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right-of-use Asset, Investment Properties and Intangible Assets

At the end of each reporting period, the Bank reviews the carrying amounts of its property and equipment, right-of-use asset and intangible assets, 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

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.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) 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.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are 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 FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, and dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets 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, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

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

- i. 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
 - ii. 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 income 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.

d) 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 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.

2) Impairment of financial assets

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

The Bank always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Bank recognizes lifetime ECLs 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 measures 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 with 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

3) 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.

b. 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.

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. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Bank's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- i. Such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise; or
- ii. 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 Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

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 remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in 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.

Fair value is determined in the manner described in Note 33.

- b) Financial guarantee contracts
 - Financial guarantee contracts issued by the Bank, if not designated as at FVTPL, are subsequently measured at the higher of:
 - i. The amount of the loss allowance reflecting expected credit losses; and
 - ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, FX swap, cross currency swap, interest rate swaps and currency option.

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 is 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 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.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Provisions

Provisions, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue Recognition

- a. Dividend and interest income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Bank and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the applicable effective interest rate. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected.

If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue, classified into other liability and recognized as income when collected.

A single or a group of financial assets are written off due to impairment loss, the subsequent recognition of interest income is calculated by using the interest rate used by discount future cash flows when measuring impairment loss.

- b. Service fee

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

Leases

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

For a contract that contains a lease component and non-lease components, the Bank allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

- a. The Bank as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Bank subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Bank, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

b. 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 by 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. However, if leases transfer ownership of the underlying assets to the Bank by the end of the lease terms or if the costs of right-of-use assets reflect that the Bank will exercise a purchase option, the Bank depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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 lessee's incremental borrowing rate will be used.

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. For a lease modification that is not accounted for as a separate lease, the Bank accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

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 service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest cost) and net interest on the net defined benefit liability are recognized as employee benefit 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 liability represents the actual deficit in the Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

The Bank provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 28, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-recognized IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail. Actuarial benefits and service cost from prior periods are recognized as profit or loss when they are incurred.

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 Act in the ROC, an additional tax on unappropriated earnings is provided for 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 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, unused loss carry forward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 recognized only 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 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 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.

The government of United Kingdom and Japan, where the Bank's part of overseas branches are incorporated, enacted the Pillar Two income tax legislation effective from 1 January, 2024. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

c. Current and deferred taxes

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.

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 on 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.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of loans, trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions on probability of default and loss given default. The Bank uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Notes 8, 9, 11, 12 and 26. Where the actual future cash inflows are less than the Bank's expectation, a material impairment loss may arise.

6. CASH AND CASHEQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

a. Cash and cash equivalents

	December 31	2022
	2023	
Cash on hand	\$ 19,881,022	\$ 22,687,623
Checks for clearing	14,679,275	13,974,453
Due from banks	16,565,069	8,157,221
Foreign currencies on hand	1,744,825	1,671,493
	<u>\$ 52,870,191</u>	<u>\$ 46,490,790</u>

b. Due from the Central Bank and call loans to banks

	December 31	2022
	2023	
Call loans to banks	\$ 66,289,076	\$ 52,205,479
Reserve for checking accounts	25,607,848	14,710,869
Reserve for demand accounts	64,658,913	62,702,031
Reserve for foreign deposits	676,187	680,352
Others	15,275,826	17,136,999
	<u>\$ 172,507,850</u>	<u>\$ 147,435,730</u>

Cash and cash equivalents and due from the Central Bank and call loans to banks are assessed for impairment using the approach similar to those used for investments in debt instruments (refer to Note 10). The Bank considers its cash and cash equivalents to have low credit risk, and thus its credit loss evaluation is on a 12-month expected credit loss basis.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at Fair Value through Profit or Loss (FVTPL)

	December 31	
	2023	2022
Financial assets mandatorily classified at FVTPL		
Derivative financial assets (not under hedge accounting)		
Futures	\$ 1,023,769	\$ 1,099,905
Forward exchange contracts	176,094	133,047
Interest rate swaps	200,356	240,578
Currency swaps	1,740,656	7,782,948
Currency call option premiums	65,979	46,904
Non-derivative financial assets		
Investment in bills	69,041,699	15,170,225
Government bonds	4,825	3,621,274
Corporate bonds	507,944	2,764,177
Mutual funds	70,231	34,314
	<u>\$ 72,831,553</u>	<u>\$ 30,893,372</u>

Financial Liabilities at FVTPL

	December 31	
	2023	2022
Financial liabilities held for trading		
Derivative financial liabilities (not applying hedge accounting)		
Forward exchange contracts	\$ 89,201	\$ 75,175
Interest rate swaps	163,452	213,693
Currency swaps	6,276,172	6,584,287
Currency put option premiums	65,997	46,907
	<u>\$ 6,594,822</u>	<u>\$ 6,920,062</u>

The Bank entered into derivative contracts during the years ended December 31, 2023 and 2022 to manage exposures to exchange rate and interest rate fluctuations. The financial risk management objective of the Bank is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Currency swaps	\$ 357,121,116	\$ 539,973,723
Currency options	16,876,937	16,582,846
Forward exchange contracts	10,503,383	10,225,060
Interest rate swaps	67,850,100	62,923,726

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI		
Domestic listed stock	\$ 20,287,125	\$ 13,905,929
Domestic unlisted stock	11,990,722	8,354,418
Beneficiary and asset-based securities	226,125	232,875
	<u>32,503,972</u>	<u>22,493,222</u>
Investments in debt instruments at FVTOCI		
Government bonds	56,332,006	51,802,752
Corporate bonds	70,915,762	70,619,681
Bank notes	66,551,570	56,194,916
Bonds issued by international organizations	17,025,855	2,845,119
Beneficiary and asset-based securities	14,160,870	3,831,173
Investments in bills	245,683	1,168,836
	<u>225,231,746</u>	<u>186,462,477</u>
	<u>\$ 257,735,718</u>	<u>\$ 208,955,699</u>

A portion of investments in equity instruments is for strategic instruments and not held for trading, the management designated these investments as at FVTOCI.

- Refer to Note 10 for information relating to their credit risk management and impairment of investments in debt instruments at FVTOCI.
- The par value of bonds provided for transactions with repurchase agreements was \$11,698,975 thousand and \$852,800 thousand as of December 31, 2023 and 2022, respectively.
- Government bonds placed as deposits in courts amounted to \$385,100 thousand and \$237,600 thousand as of December 31, 2023 and 2022, respectively. Government bonds placed as operating deposits amounted to \$330,000 thousand; government bonds placed as a reserve fund for trust compensation amounted to \$220,000 thousand; overseas branches' bonds provided as collateral for operations were \$438,649 thousand and \$420,637 thousand as of December 31, 2023 and 2022, respectively. Refer to Note 36 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2023	2022
Investments in bills	\$ 318,855,112	\$ 363,113,218
Bank notes	65,010,577	45,936,665
Corporate bonds	7,588,197	7,908,926
Government bonds	31,778,216	40,542,330
Bonds issued by international organization	11,628,878	11,583,998
Beneficiary and asset-based securities	18,239,084	15,926,122
	<u>\$ 453,100,064</u>	<u>\$ 485,011,259</u>

- Refer to Note 10 for information relating to their credit risk management and impairment of investments in financial assets at amortized cost.

- b. The amounts of the overseas branches' bonds provided as collateral for operations were \$153,525 thousand and \$153,625 thousand as of December 31, 2023 and 2022, respectively.
- c. Certificates of deposit placed as reserves for clearing at the Central Bank amounted to \$36,000,000 thousand; certificates of deposit which were issued by the Central Bank and pledged for call loans from banks amounted to \$5,300,000 thousand as of December 31, 2023 and 2022.
- d. Refer to Note 36 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

	At FVTOCI	At Amortized Cost	Total
December 31, 2023			
Gross carrying amount	\$ 230,127,496	\$ 453,119,274	\$ 683,246,770
Less: Allowance for impairment loss	(57,291)	(19,210)	(76,501)
Amortized cost	230,070,205	\$ 453,100,064	683,170,269
Adjustment to fair value	(4,838,459)		(4,838,459)
	<u>\$ 225,231,746</u>		<u>\$ 678,331,810</u>

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 194,381,825	\$ 485,024,340	\$ 679,406,165
Less: Allowance for impairment loss	(49,454)	(13,081)	(62,535)
Amortized cost	194,332,371	\$ 485,011,259	679,343,630
Adjustment to fair value	(7,869,894)		(7,869,894)
	<u>\$ 186,462,477</u>		<u>\$ 671,473,736</u>

The Bank invests only 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's exposure and the external credit ratings are continuously monitored and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Bank considers the historical default rates of each credit rating supplied by external rating agencies 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
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
Default	There is objective evidence of impairment at the reporting date	Lifetime expected credit losses

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
December 31, 2023			
Performing	0%-0.4012%	\$ 230,127,496	\$ 453,119,274
December 31, 2022			
Performing	0%-0.3076%	\$ 194,381,825	\$ 485,024,340
At FVTOCI			

Allowance for Impairment Loss	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	
Balance at January 1, 2023	\$ 49,454	\$ -	\$ -	\$ 49,454
Purchase of investments in debt instruments	5,538	-	-	5,538
Derecognition	(4,778)	-	-	(4,778)
Change in exchange rates or others	7,077	-	-	7,077
Balance at December 31, 2023	<u>\$ 57,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,291</u>
Balance at January 1, 2022	\$ 50,601	\$ -	\$ -	\$ 50,601
Purchase of investments in debt instruments	10,582	-	-	10,582
Derecognition	(6,474)	-	-	(6,474)
Change in exchange rates or others	(5,255)	-	-	(5,255)
Balance at December 31, 2022	<u>\$ 49,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,454</u>

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Year Ended December 31, 2023				For the Year Ended December 31, 2022				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Total
Receivables	\$ 11,624	\$ 3,040	\$ 139,147	\$ 153,811	\$ 2,462,270	\$ 400,081			
Beginning balance									
Changes from financial instruments recognized at the beginning of the period:									
Transfers to lifetime expected credit losses	(697)	833	(136)	-	-	-	-	-	-
Transfers to non-performing financial assets	(622)	(230)	852	-	-	-	-	-	-
Transfers to 12-month expected credit losses	630	(363)	(267)	-	-	-	-	-	-
Financial assets derecognized for the period	(8,927)	(1,135)	11,077	1,015	-	1,015	-	-	1,015
Purchased or originated financial assets	13,345	1,727	12,708	27,780	-	-	-	-	27,780
Recognized impairment difference based on the regulations of the institutions to evaluate assets and deal with non-performing loans and others	-	-	(21,487)	(21,487)	-	-	(69,267)	(69,267)	(69,267)
Doubtful debts written off	10	2	(88)	(76)	-	-	-	-	(76)
Changes in exchange rates or others	15,363	3,824	141,806	161,083	-	-	-	-	338,086
Ending balance	\$ 15,363	\$ 3,824	\$ 141,806	\$ 161,083	\$ 2,462,270	\$ 400,081	\$ 139,147	\$ 153,811	\$ 338,086

	For the Year Ended December 31, 2023				For the Year Ended December 31, 2022				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Total
Receivables	\$ 10,876	\$ 2,225	\$ 153,815	\$ 166,916	\$ 139,375	\$ 306,291			
Beginning balance									
Changes from financial instruments recognized at the beginning of the period:									
Transfers to lifetime expected credit losses	(572)	675	(103)	-	-	-	-	-	-
Transfers to non-performing financial assets	(307)	(247)	554	-	-	-	-	-	-
Transfers to 12-month expected credit losses	388	(243)	(145)	-	-	-	-	-	-
Financial assets derecognized for the period	(9,473)	(878)	(130,759)	(141,110)	-	(141,110)	-	-	(141,110)
Purchased or originated financial assets	10,624	1,492	135,940	148,056	-	-	-	-	148,056
Recognized impairment difference based on the regulations of the institutions to evaluate assets and deal with non-performing loans and others	-	-	(21,487)	(21,487)	-	-	(69,267)	(69,267)	(69,267)
Doubtful debts written off	10	2	(88)	(76)	-	-	-	-	(76)
Changes in exchange rates or others	15,363	3,824	141,806	161,083	-	-	-	-	338,086
Ending balance	\$ 10,876	\$ 2,225	\$ 153,815	\$ 166,916	\$ 139,375	\$ 306,291	\$ 139,147	\$ 153,811	\$ 338,086

(Continued)

At amortized cost

	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Balance at January 1, 2023	\$ 13,081	\$ -	\$ -	\$ 13,081
Purchase of investments in debt instruments	6,241	-	-	6,241
Derecognition	(135)	-	-	(135)
Change in exchange rates or others	23	-	-	23
Balance at December 31, 2023	\$ 19,210	\$ -	\$ -	\$ 19,210
Balance at January 1, 2022	\$ 4,596	\$ -	\$ -	\$ 4,596
Purchase of investments in debt instruments	9,472	-	-	9,472
Change in exchange rates or others	(987)	-	-	(987)
Balance at December 31, 2022	\$ 13,081	\$ -	\$ -	\$ 13,081

	2023	2022
Accounts receivable	\$ 3,799,634	\$ 7,955,780
Accrued incomes	5,689	9,408
Interests receivable	8,075,519	5,784,478
Acceptances receivable	4,131,672	4,649,200
Credit cards accounts receivable	3,117,085	2,919,757
Settlement price	1,060,929	475,381
Accounts receivable for settlement	993,648	674,056
Other receivables	250,031	280,178
	21,434,207	22,748,238
	(338,046)	(400,081)
	\$ 21,096,161	\$ 22,348,157

Less: Allowance for bad debts, receivables

11. RECEIVABLES, NET

a. Details of receivables

For the Year Ended December 31, 2022		Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Engage Assets and Deal with Non-performing Loans and Bad Debts	Loss Recognized Based on IFRS 9	Lifetime Expected Credit Losses	12-month Expected Credit Losses	Total
Beginning balance						
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit loss						
Transfers to credit-impaired financial assets						
Transfers to 12-month expected credit losses						
Purchased or originated financial assets						
Derecognized						
Doubtful debts written off						
Changes in exchange rates or others						
Ending balance						

2) Movements in the total carrying amount of receivables

For the Year Ended December 31, 2023		Significant Increase in Risk Due to Lifetime Expected Credit Losses	Impairment Due to Lifetime Expected Credit Losses	Credit	Total
Beginning balance					
Changes from financial instruments recognized at the beginning of the period:					
Transfers to lifetime expected credit loss					
Transfers to credit-impaired financial assets					
Transfers to 12-month expected credit losses					
Purchased or originated financial assets					
Derecognized					
Doubtful debts written off					
Changes in exchange rates or others					
Ending balance					

For the Year Ended December 31, 2022		Significant Increase in Risk Due to Lifetime Expected Credit Losses	Impairment Due to Lifetime Expected Credit Losses	Credit	Total
Beginning balance					
Changes from financial instruments recognized at the beginning of the period:					
Transfers to lifetime expected credit loss					
Transfers to credit-impaired financial assets					
Transfers to 12-month expected credit losses					
Purchased or originated financial assets					
Derecognized					
Doubtful debts written off					
Changes in exchange rates or others					
Ending balance					

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	2023	December 31 2022
Beginning balance		
Changes from financial instruments recognized at the beginning of the period:		
Transfers to lifetime expected credit loss		
Transfers to credit-impaired financial assets		
Transfers to 12-month expected credit losses		
Purchased or originated financial assets		
Derecognized		
Doubtful debts written off		
Changes in exchange rates or others		
Ending balance		

Loans of which the accrual of interest income had ceased internally as of December 31, 2023 and 2022 were \$2,916,414 thousand and \$3,473,480 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the years ended December 31, 2023 and 2022 were \$92,742 thousand and \$101,426 thousand, respectively.

The Bank did not write off any loans without legal claims process during the years ended December 31, 2023 and 2022.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

	For the Year Ended December 31, 2023					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Discounts and loans						
Beginning balance	\$ 2,695,633	\$ 2,842,301	\$ 4,089,850	\$ 9,627,784	\$ 12,113,104	\$ 21,740,888
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(80,732)	84,628	(3,896)	-	-	-
Transfers to financial assets	(1,481)	(23,123)	24,604	-	-	-
Transfers to 12-month expected credit losses	520,936	(517,132)	(3,804)	-	-	-
Financial assets derecognized for the period	(1,729,718)	(1,323,701)	327,933	(2,725,886)	-	(2,725,886)
Purchased or originated financial assets	1,416,690	1,842,422	1,399,961	4,659,073	-	4,659,073
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and	-	-	(3,465,262)	(3,465,262)	1,899,091	1,899,091
Doubtful debts written off	-	-	-	-	-	(3,465,262)
Changes in exchange rates or others	745	278	2,157	3,180	-	3,180
Ending balance	\$ 2,822,073	\$ 2,905,673	\$ 2,371,543	\$ 8,099,289	\$ 14,012,195	\$ 22,111,484

	For the Year Ended December 31, 2022					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Discounts and loans						
Beginning balance	\$ 2,085,940	\$ 2,116,259	\$ 5,294,105	\$ 9,496,304	\$ 10,544,387	\$ 20,040,691
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(68,917)	73,282	(4,365)	-	-	-
Transfers to financial assets	(2,039)	(13,031)	15,070	-	-	-
Transfers to 12-month expected credit losses	416,233	(415,176)	(1,057)	-	-	-
Financial assets derecognized for the period	(1,002,776)	(806,274)	(1,252,763)	(3,041,813)	-	(3,041,813)
Purchased or originated financial assets	1,246,988	1,875,374	2,348,938	5,471,300	-	5,471,300

(Continued)

For the Year Ended December 31, 2022

	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Discounts and loans						
Beginning balance	\$ -	\$ -	\$ (2,450,669)	\$ -	\$ 1,568,717	\$ (841,952)
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	-	-	-	-	-	-
Transfers to financial assets	-	-	-	-	-	-
Transfers to 12-month expected credit losses	-	-	-	-	-	-
Financial assets derecognized for the period	20,204	11,867	120,591	152,662	-	305,324
Purchased or originated financial assets	2,695,633	2,842,301	4,089,850	9,627,784	12,113,104	21,740,888
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and	-	-	-	-	-	-
Doubtful debts written off	-	-	-	-	-	-
Changes in exchange rates or others	-	-	-	-	-	-
Ending balance	\$ 2,695,633	\$ 2,842,301	\$ 4,089,850	\$ 9,627,784	\$ 12,113,104	\$ 21,740,888

(Continued)

2) Movements in the total carrying amount of discounts and loans

	For the Year Ended December 31, 2023				
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	\$ 1,603,852,056	\$ 71,717,346	\$ 12,013,893	\$ 1,687,583,295	
Changes from financial instruments recognized at the beginning of the period:					
Transfers to lifetime expected credit losses	(12,871,950)	12,912,675	(40,725)	-	-
Transfers to credit-impaired financial assets	(1,109,034)	(670,574)	1,779,608	-	-
Transfers to 12-month expected credit losses	8,846,046	(8,810,785)	(35,261)	-	-
Purchased or originated financial assets	804,550,259	38,706,167	3,915,967	847,172,393	
Derecognized	(677,926,049)	(38,771,372)	(3,465,262)	(720,162,683)	
Changes in exchange rates or others	386,548	20,541	9,942	417,031	
Ending balance	\$ 1,725,727,876	\$ 75,103,998	\$ 8,386,802	\$ 1,809,218,676	

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	2022
Investments in subsidiaries		
Chang Hua Commercial Bank, Ltd.	\$ 13,535,650	\$ 13,629,324
Chang Hua Bank Venture Capital Co., Ltd.	<u>1,181,392</u>	<u>1,132,487</u>
	<u>\$ 14,717,022</u>	<u>\$ 14,761,811</u>

The percentage of ownership equity and voting rights to subsidiaries as of balance sheet date were as follows:

	December 31	2022
Chang Hua Commercial Bank, Ltd.	100%	100%
Chang Hua Bank Venture Capital Co., Ltd.	<u>100%</u>	<u>100%</u>

15. PROPERTY AND EQUIPMENT

Assets used by the Bank	\$ 20,136,940	\$ 20,079,180
Assets leased under operating leases	<u>210,812</u>	<u>202,251</u>
	<u>\$ 20,347,752</u>	<u>\$ 20,281,431</u>

a. Asset used by the Bank

Car	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leased Improvement	Construction in Progress and Equipment	Total
Balance at January 1, 2023	\$ 4,448,864	\$ 733,887	\$ 1,523,288	\$ 981,109	\$ 46,033	\$ 11,445,376
Additions	103,596	34,542	72,238	17,978	183,803	817,918
Disposals	(66,849)	(26,300)	(1,882)	1,447	(26,779)	(91,529)
Transfers to assets leased under operating leases	-	-	-	-	-	-
Effect of foreign currency exchange differences	16	36	(65)	(32)	12	(281)
Balance at December 31, 2023	<u>\$ 4,522,017</u>	<u>\$ 733,435</u>	<u>\$ 1,533,425</u>	<u>\$ 1,013,462</u>	<u>\$ 618,669</u>	<u>\$ 13,622,315</u>
Balance at January 1, 2023	\$ 3,700,137	\$ 651,692	\$ 1,378,288	\$ 891,895	\$ -	\$ 11,376,196
Additions	168,004	23,100	41,204	-	-	471,604
Disposals	(62,629)	(23,291)	-	271,84	-	6,629
Transfers to assets leased under operating leases	-	-	-	-	-	-
Effect of foreign currency exchange differences	17	46	(67)	(12)	-	(15,788)
Balance at December 31, 2023	<u>\$ 3,806,631</u>	<u>\$ 651,530</u>	<u>\$ 1,418,425</u>	<u>\$ 902,603</u>	<u>\$ -</u>	<u>\$ 11,789,393</u>
Carrying amount at December 31, 2023	<u>\$ 676,379</u>	<u>\$ 97,317</u>	<u>\$ 177,899</u>	<u>\$ 92,852</u>	<u>\$ 618,669</u>	<u>\$ 20,136,940</u>
Balance at January 1, 2022	\$ 4,699,902	\$ 726,615	\$ 1,500,977	\$ 942,318	\$ 33,914	\$ 13,626,666
Disposals	(518,121)	(14,703)	(24,000)	8,362	-	(558,513)
Depreciation	12,514	2,224	2,224	26,248	(18,787)	(68,192)
Effect of foreign currency exchange differences	1,011	602	(3,022)	(3,111)	31	3,511
Balance at December 31, 2022	<u>\$ 4,185,604</u>	<u>\$ 714,586</u>	<u>\$ 1,476,281</u>	<u>\$ 965,104</u>	<u>\$ 16,148</u>	<u>\$ 13,445,376</u>

(Continued)

	For the Year Ended December 31, 2022	
	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses
Beginning balance	\$ 1,483,572,777	\$ 14,386,835
Changes from financial instruments recognized at the beginning of the period:		
Transfers to lifetime expected credit losses	(19,053,694)	(27,723)
Transfers to credit-impaired financial assets	(1,521,407)	2,706,560
Transfers to 12-month expected credit losses	8,241,100	(11,297)
Purchased or originated financial assets	763,140,651	4,734,831
Doubtful debts written off	-	(2,450,669)
Derecognized	(638,019,527)	(7,501,844)
Changes in exchange rates or others	<u>7,492,156</u>	<u>177,200</u>
Ending balance	<u>\$ 1,603,852,056</u>	<u>\$ 12,013,893</u>

c. Details of provision for bad debts expense, commitment and guarantee for the years ended December 31, 2023 and 2022

	For the Year Ended December 31	2023	2022
Provision for receivable and loan (including overdue loan) losses	\$ 3,096,991	\$ 3,294,425	
Provision for loan commitment	177,448	35,197	
Provision (reversal) for guarantee liability	14,980	(20,262)	
Provision (reversal) for others	<u>15</u>	<u>(9,292)</u>	
	<u>\$ 3,289,434</u>	<u>\$ 3,300,068</u>	

13. OTHER FINANCIAL ASSETS

	December 31	2022
Time deposits with original maturities of more than 3 months	\$ 7,574,000	\$ 7,057,600
Exchange bills negotiated	169	3,863
Overdue receivables	3,475	4,932
Call loans to security brokers	153,525	-
Less: Allowance for bad debts	<u>(3,477)</u>	<u>(4,472)</u>
	<u>\$ 7,727,692</u>	<u>\$ 7,061,923</u>

The ranges of market rates for time deposits with original maturities of more than 3 months were approximately 2.90%-3.00% and 2.35%-3.15% for the years ended December 31, 2023 and 2022, respectively.

The maturity analysis of lease payments receivable under operating lease payments for property used by the Bank was as follows:

	December 31	
	2023	2022
Year 1	\$ 46,782	\$ 63,842
Year 2	41,684	58,972
Year 3	25,435	28,000
Year 4	11,315	14,279
Year 5	6,723	7,659
Year 6 onwards	1,121	7,619
	<u>\$ 133,060</u>	<u>\$ 180,371</u>

The above items of property and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-60 years
Air-conditioning units	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	\$ 807	\$ 1,694
Buildings	1,813,975	1,865,625
Machinery equipment	9,683	-
Transportation equipment	89,458	72,748
Miscellaneous equipment	10,183	10,485
	<u>\$ 1,924,106</u>	<u>\$ 1,950,552</u>

For the Year Ended December 31

	2023		2022	
Additions to right-of-use assets	<u>\$ 676,781</u>		<u>\$ 752,635</u>	
Depreciation charge for right-of-use assets				
Land	\$ 887	\$ 917	638,251	642,936
Buildings	5,684	-	36,502	35,166
Machinery equipment	7,561	8,181	-	-
Transportation equipment			7,561	8,181
Miscellaneous equipment			<u>688,885</u>	<u>687,200</u>

Accumulated Depreciation and Impairment	Construction in Progress and Provision for Building and Equipment						Total
	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	
Balance at January 1, 2022	\$ -	\$ 4,086,430	\$ 4,039,842	\$ 642,303	\$ 1,357,942	\$ 859,787	\$ 11,986,324
Depreciation expense	-	(1,067,777)	(1,067,777)	(24,977)	(42,232)	(27,997)	(3,237,760)
Effect of foreign currency exchange differences	-	(164,686)	(20,071)	(56)	(1,218)	(4,141)	(190,172)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,853,976</u>	<u>\$ 2,951,994</u>	<u>\$ 616,969</u>	<u>\$ 1,314,506</u>	<u>\$ 827,649</u>	<u>\$ 8,594,076</u>
Carrying amount at December 31, 2022	<u>\$ 14,817,653</u>	<u>\$ 32,184,538</u>	<u>\$ 29,122,227</u>	<u>\$ 81,885</u>	<u>\$ 14,600</u>	<u>\$ 89,241</u>	<u>\$ 56,023,188</u>

(Concluded)

b. Assets leased under operating leases

	Buildings	
Cost	\$ 426,505	\$ 459,229
Balance at January 1, 2023	32,724	-
Transfers from assets used by the Bank	<u>\$ 426,505</u>	<u>\$ 459,229</u>
Balance at December 31, 2023	<u>\$ 426,505</u>	<u>\$ 459,229</u>
Accumulated depreciation and impairment	\$ 224,254	\$ 248,417
Balance at January 1, 2023	8,395	15,768
Depreciation expense	15,768	248,417
Transfers from assets used by the Bank	<u>\$ 224,254</u>	<u>\$ 248,417</u>
Balance at December 31, 2023	<u>\$ 224,254</u>	<u>\$ 248,417</u>
Carrying amount at December 31, 2023	<u>\$ 210,812</u>	<u>\$ 210,812</u>

Cost	\$ 476,505	\$ 502,251
Balance at January 1 and December 31, 2022	<u>\$ 476,505</u>	<u>\$ 502,251</u>
Accumulated depreciation and impairment	\$ 216,444	\$ 224,254
Balance at January 1, 2022	7,810	7,810
Depreciation expense	<u>\$ 216,444</u>	<u>\$ 224,254</u>
Balance at December 31, 2022	<u>\$ 224,254</u>	<u>\$ 224,254</u>
Carrying amount at December 31, 2022	<u>\$ 260,251</u>	<u>\$ 278,000</u>

Operating leases relate to leases of buildings with lease terms between 1 and 20 years without an option to extend lease terms. 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.

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Carrying amount	\$ <u>1,770,550</u>	\$ <u>1,791,821</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Land	0.31%-1.24%	0.30%-1.23%
Buildings	0.20%-5.52%	0.20%-4.82%
Machinery equipment	0.31%-4.49%	0.31%-2.89%
Transportation equipment	0.35%-3.53%	0.34%-3.53%
Miscellaneous equipment	0.26%-3.60%	0.26%-3.54%

c. Material lease-in activities and terms

The Bank leases certain buildings for operations of branches with lease terms from 3 to 15 years. The lease contract for offices located in New York specifies that lease payments are subject to 4 modifications during the lease terms and the Bank can sublease the underlying assets. The lease contracts for offices located in Hong Kong and Taiwan specify that the premium for lease is \$47,999 thousand and lease payments will be adjusted each year. In addition, the Bank was prohibited from subleasing all or any portion of the underlying assets.

The Bank did not have significant acquisition of lease contracts for the years ended December 31, 2023 and 2022.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 15 and 17.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	\$ <u>36,568</u>	\$ <u>29,995</u>
Expenses relating to low-value asset leases	\$ <u>20,532</u>	\$ <u>17,718</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>214,287</u>	\$ <u>171,648</u>
Total cash outflow for leases	\$ <u>(271,387)</u>	\$ <u>(219,361)</u>

The Bank's leases of certain land, buildings, transportation equipment and miscellaneous equipment qualify as short-term leases and leases of certain land, machinery equipment and miscellaneous equipment qualify as low-value asset leases. The Bank has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Lease commitments	\$ <u>22,081</u>	\$ <u>26,349</u>

17. INVESTMENT PROPERTY

	<u>Completed Investment Property</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 14,233,604
Additions	1,820
Reclassification	<u>54,876</u>
Balance at December 31, 2023	\$ <u>14,290,300</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 388,011
Depreciation expense	6,603
Reclassification	<u>22,989</u>
Balance at December 31, 2023	\$ <u>417,603</u>
Carrying amount at December 31, 2023	\$ <u>13,872,697</u>
<u>Cost</u>	
Balance at January 1 and December 31, 2022	\$ <u>14,233,604</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 381,508
Depreciation expense	<u>6,503</u>
Balance at December 31, 2022	\$ <u>388,011</u>
Carrying amount at December 31, 2022	\$ <u>13,845,593</u>

The abovementioned investment property is leased out for 1 to 20 years with no option to extend. The lease contracts contain market review clauses in the event that the lessee exercises their options to extend. The lessees do not have a bargain purchase options to acquire the investment property at the expiry of the lease period.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 175,029	\$ 176,307
Year 2	164,680	160,873
Year 3	138,029	115,011
Year 4	61,992	98,794
Year 5	43,692	92,461
Year 6 onwards	<u>159,654</u>	<u>130,232</u>
	<u>\$ 743,076</u>	<u>\$ 773,678</u>

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-60 years
Air-conditioning	5-10 years

The investment properties are measured and stated at cost in the balance sheets. For management's purpose, the Bank periodically measures the fair value of investment properties in accordance with the Bank's internal rules and procedures. The Bank conducts valuation process regularly, which is measured by level 3 inputs. The fair values were \$30,640,227 thousand and \$30,390,299 thousand as of December 31, 2023 and 2022, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the years ended December 31, 2023 and 2022 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rental incomes	<u>\$ 165,689</u>	<u>\$ 157,910</u>
Direct operating expenses	<u>\$ 100,515</u>	<u>\$ 101,596</u>

18. INTANGIBLE ASSETS

Balance at January 1, 2023		Computer Software
Additions	1,062,279	
Amortization expense	(231,331)	
Reclassification	(394,890)	
Effect of foreign currency exchange differences and others	<u>6,653</u>	
Balance at December 31, 2023	<u>\$ 905,986</u>	(Continued)

Balance at January 1, 2022		Computer Software
Additions	541,517	
Amortization expense	(749,939)	
Reclassification	(330,801)	
Effect of foreign currency exchange differences and others	<u>101,530</u>	
Balance at December 31, 2022	<u>\$ 1,062,279</u>	(Concluded)

The intangible asset mentioned above is amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

19. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Refundable deposits	\$ 2,677,256	\$ 913,170
Assumed collateral and residuals	195,720	23,418
Less: Accumulated impairment	(23,418)	(23,418)
Prepayments	<u>171,553</u>	<u>147,824</u>
Others	<u>609</u>	<u>1,124</u>
	<u>\$ 3,021,720</u>	<u>\$ 1,062,118</u>

20. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deposits from the Central Bank	\$ 24,839	\$ 28,790
Deposits from banks	269,680	406,671
Overdrafts on banks	371,766	335,724
Call loans from banks	<u>112,035,171</u>	<u>50,546,492</u>
Deposits transferred from Chungghwa Post Co., Ltd.	<u>157,599</u>	<u>200,814</u>
	<u>\$ 112,859,055</u>	<u>\$ 51,518,491</u>

21. PAYABLES

	December 31	2022
	2023	
Checks issued to payees for clearing	\$ 14,927,967	\$ 14,700,835
Accounts payable	2,245,814	1,752,017
Accrued expenses	3,055,188	2,636,320
Accrued interests	5,874,118	3,091,759
Acceptances	4,219,358	4,805,221
Others	5,789,478	4,730,304
	<u>\$ 36,111,923</u>	<u>\$ 31,716,456</u>

22. DEPOSITS AND REMITTANCES

	December 31	2022
	2023	
Checking account deposits	\$ 52,061,653	\$ 50,326,098
Demand deposits	552,371,123	574,362,190
Time deposits	712,603,582	647,872,640
Negotiable certificates of deposit	3,985,498	3,993,710
Savings account deposits	1,136,359,002	1,058,786,678
Remittances	1,584,099	1,735,738
	<u>\$ 2,458,964,957</u>	<u>\$ 2,337,077,054</u>

23. BANK NOTES PAYABLE

The Bank has issued bank notes to enhance its capital adequacy ratio and raised medium to long-term operating funds. The information of the bank notes is as follows:

The Bank issued \$2,200 million subordinated bank notes A 103-1 with 7-year term on April 16, 2014. The bank notes had been redeemed on April 16, 2021.

The Bank issued \$5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014.

The Bank issued \$2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014.

The Bank issued \$3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016. The bank notes had been redeemed on September 27, 2023.

The Bank issued \$3,300 million subordinated bank notes B 105-1 with 10-year term on September 27, 2016.

The Bank issued \$1,530 million subordinated bank notes A 106-1 with 7-year term on March 29, 2017.

The Bank issued \$8,670 million subordinated bank notes B 106-1 with 10-year term on March 29, 2017.

The Bank issued \$7,000 million perpetual subordinated bank notes 107-1 on April 26, 2018. Callable 5 years and 3 months after issue date.

The Bank issued \$3,000 million perpetual subordinated bank notes 107-2 on November 8, 2018. Callable 5 years and 1 month after issue date.

The Bank issued \$5,960 million perpetual subordinated bank notes 108-1 on June 27, 2019. Callable 5 years and 1 month after issue date.

The Bank issued \$4,040 million perpetual subordinated bank notes 109-1 on May 27, 2020. Callable 5 years and 1 month after issue date.

The Bank issued \$6,800 million perpetual subordinated bank notes 109-2 on December 25, 2020. Callable 5 years and 1 month after issue date.

The Bank issued \$1,000 million perpetual senior bank notes 112-1 with 5-year term on February 22, 2023.

The outstanding balance and details of subordinated bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	December 31	
	2023	2022
<u>Non-hedged bank notes payable</u>		
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	\$ 5,300,000	5,300,000
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	2,500,000	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	-	3,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	3,300,000	3,300,000
106-1 Note A, 7-year term, interest payable annually, interest rate 1.50%, maturity date: March 29, 2024	1,530,000	1,530,000
106-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: March 29, 2027	8,670,000	8,670,000
107-1, no maturity date, interest payable annually, interest rate 2.66%	7,000,000	7,000,000
107-2, no maturity date, interest payable annually, interest rate 2.30%	3,000,000	3,000,000
108-1, no maturity date, interest payable annually, interest rate 1.90%	5,960,000	5,960,000
109-1, no maturity date, interest payable annually, interest rate 1.40%	4,040,000	4,040,000
109-2, no maturity date, interest payable annually, interest rate 1.25%	6,800,000	6,800,000
112-1, 5-year term, interest payable annually, interest rate 1.40%, maturity date: February 22, 2028	1,000,000	-
Valuation adjustment	63,511	119,465
	<u>\$ 49,163,511</u>	<u>\$ 51,219,465</u>

24. OTHER FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Principal received on structured notes	\$ 1,072,471	\$ 592,873
Appropriations for loans	<u>161,787</u>	<u>266,010</u>
	\$ 1,234,258	\$ 858,883

The principals received on structured notes were the hybrid instruments issued at fixed income. The related income of structured notes was credit determined by the interest rates linked to targets.

25. OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Advance receipts	\$ 780,750	\$ 728,508
Guarantee deposits	<u>1,614,385</u>	<u>5,200,374</u>
Deferred revenue	<u>9,847</u>	<u>9,159</u>
	\$ 2,404,982	\$ 5,938,041

26. RESERVE FOR LIABILITIES

	December 31, 2023	December 31, 2022
Reserve for employee benefits (Note 27)	\$ 2,210,264	\$ 2,100,080
Reserve for guarantee liabilities	<u>652,031</u>	<u>652,031</u>
Reserve for loan commitments	<u>367,404</u>	<u>189,972</u>
Reserve for decommissioning restoration and rehabilitation costs	<u>37,368</u>	<u>45,944</u>
Others	<u>31,665</u>	<u>31,652</u>
	\$ 3,301,713	\$ 3,019,679

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Year Ended December 31, 2023					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations	Total
Beginning balance	\$ 350,928	\$ 39,276	\$ 22,256	\$ 412,460	\$ 461,195	\$ 873,655
Changes from financial instruments derecognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,868)	1,868	-	-	-	-
Transfers to 12-months expected credit losses	6,050	(5,437)	(613)	-	-	-
						(Continued)

	For the Year Ended December 31, 2023					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations	Total
Financial instruments derecognized for the period	\$ (142,905)	\$ (11,633)	\$ (2,001)	\$ (156,539)	\$ -	\$ (156,539)
Purchased or originated financial instruments	315,798	29,033	-	344,831	-	344,831
Recognized impairment difference based on regulations	-	-	-	-	(7,889)	(7,889)
Changes in exchange rates and others	31	(8)	-	23	-	23
Ending balance	<u>\$ 528,034</u>	<u>\$ 53,099</u>	<u>\$ 19,642</u>	<u>\$ 600,775</u>	<u>\$ 453,306</u>	<u>\$ 1,054,081</u>

	For the Year Ended December 31, 2022					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations	Total
Beginning balance	\$ 360,613	\$ 13,496	\$ 23,531	\$ 397,640	\$ 469,731	\$ 867,371
Changes from financial instruments derecognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(2,011)	2,011	-	-	-	-
Transfers to credit-impaired financial assets	(14)	-	14	-	-	-
Transfers to 12-months expected credit losses	1,712	(1,712)	-	-	-	-
Financial instruments derecognized for the period	(191,293)	(9,320)	(2,729)	(203,342)	-	(203,342)
Purchased or originated financial instruments	181,090	34,792	1,440	217,322	-	217,322
Recognized impairment difference based on regulations	-	-	-	-	(8,536)	(8,536)
Changes in exchange rates and others	831	9	-	840	-	840
Ending balance	<u>\$ 350,928</u>	<u>\$ 39,276</u>	<u>\$ 22,256</u>	<u>\$ 412,460</u>	<u>\$ 461,195</u>	<u>\$ 873,655</u>

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Bank adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Bank makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan 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 contributes amounts equal to 10% 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 "Bureau"); 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	2022
Present value of defined benefit obligation	\$ 8,236,631	\$ 8,220,462
Fair value of plan assets	(7,609,423)	(7,719,255)
Deficit	627,208	501,207
Others	10,609	14,732
Net defined benefit liability	<u>\$ 637,817</u>	<u>\$ 515,939</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2023	\$ 8,220,462	\$ 7,719,255	\$ 501,207
Service cost	181,776	-	181,776
Current service cost	139,081	132,732	6,349
Net interest cost	320,857	132,732	188,125
Recognized in profit or loss	-	30,778	(30,778)
Remeasurement	328,287	-	328,287
Return on plan assets (excluding amounts included in net interest)	(268)	-	(268)
Actuarial loss - changes in financial assumptions	328,019	30,778	297,241
Actuarial gain - experience adjustments	-	359,365	(359,365)
Recognized in other comprehensive income	(632,707)	(632,707)	-
Contributions from the employer	-	-	-
Benefits paid	-	-	-
Balance at December 31, 2023	<u>\$ 8,236,631</u>	<u>\$ 7,609,423</u>	<u>\$ 627,208</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	\$ 9,383,544	\$ 7,260,262	\$ 2,123,282
Service cost	209,070	-	209,070
Current service cost	45,652	35,739	9,913
Net interest cost	254,722	35,739	218,983
Recognized in profit or loss	-	582,950	(582,950)
Remeasurement	(951,865)	-	(951,865)
Return on plan assets (excluding amounts included in net interest)	163,824	-	163,824
Actuarial loss - changes in financial assumptions	(788,041)	-	(1,370,991)
Actuarial gain - experience adjustments	-	582,950	(470,067)
Recognized in other comprehensive income	(629,763)	(629,763)	-
Contributions from the employer	-	-	-
Benefits paid	-	-	-
Balance at December 31, 2022	<u>\$ 8,220,462</u>	<u>\$ 7,719,255</u>	<u>\$ 501,207</u>

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

- 1) 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 shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate 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 plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries 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	2022
Discount rate(s)	2023	2022
Expected rate(s) of salary increase	1.25%	1.75%
	2.05%	2.05%

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

	December 31	2022
	2023	
Discount rate(s)		
0.25% increase	\$ (166,690)	\$ (172,540)
0.25% decrease	\$ 17,986	\$ 178,165
Expected rate(s) of salary increase		
0.25% increase	\$ 170,193	\$ 177,192
0.25% decrease	\$ (165,803)	\$ (172,457)

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

The expected contributions to the plan for the next year

	December 31	2022
	2023	
	\$ 184,325	\$ 276,744

The average duration of the defined benefit obligation

10 years	10 years
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c. Plan of high-yield savings account for employee

The Bank has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Refer to Note 29 for information on related expenses.

1) Reconciliation of assets and liabilities at the end of the reporting period with the present value of defined benefit obligation and the fair value of plan assets was as follows:

	December 31	2022
	2023	
Present value of defined benefit obligation	\$ 1,572,447	\$ 1,584,141
Less: Fair value of defined benefit plan assets	-	-
Assets and liabilities at the end of the reporting period	\$ 1,572,447	\$ 1,584,141
2) Analysis of defined benefit obligation		
	December 31	2022
	2023	
All or part of defined benefit obligation contributed	\$ -	\$ -
Defined benefit obligation not contributed	\$ 1,572,447	\$ 1,584,141
	\$ 1,572,447	\$ 1,584,141

3) Movements of the present value of defined benefit obligation

	For the Year Ended December 31	2022
	2023	
Balance at January 1	\$ 1,584,141	\$ 1,632,342
Interest cost	60,349	62,200
Actuarial gains and losses	220,635	184,499
Benefits paid	(292,678)	(294,900)
Balance at December 31	\$ 1,572,447	\$ 1,584,141

4) Movements of the fair value of plan assets

	For the Year Ended December 31	2022
	2023	
Balance at January 1	\$ -	\$ -
Contribution by employers	292,678	294,900
Benefits paid	(292,678)	(294,900)
Balance at December 31	\$ -	\$ -

5) Details of gains and losses recognized in expenses

	For the Year Ended December 31	2022
	2023	
Interest cost	\$ 60,349	\$ 62,200
Actuarial gains and losses	220,635	184,499
	\$ 280,984	\$ 246,699

6) Main actuarial assumptions

	For the Year Ended December 31	2022
	2023	
Discount rate of high-yield savings account for employee	4.00%	4.00%
Return rate of funds deposited	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Probability of future high-yield savings account system change	50.00%	50.00%
Mortality rate		
Based on Taiwan Life Insurance Industry Mortality Tables		
Based on Taiwan Life Insurance Industry Mortality Tables		
1.63%-1.77%		1.38%-1.52%
Rate provided to ordinary clients for similar deposit		

28. EQUITY

a. Capital

Common stock

	<u>2023</u>	<u>December 31</u>	<u>2022</u>
Share granted (in thousands)	<u>12,000,000</u>		<u>12,000,000</u>
Capital stock granted	<u>\$ 120,000,000</u>		<u>\$ 120,000,000</u>
Share issued and fully paid (in thousands)	<u>10,858,293</u>		<u>10,593,457</u>
Capital stock issued	<u>\$ 108,582,930</u>		<u>\$ 105,934,566</u>

Fully paid common stock, with a par value at \$10, carry one vote per stock and carry a right to dividends.

As of January 1, 2022, the Bank's authorized and registered capital was \$120,000,000 thousand divided into 12,000,000 thousand shares at \$10 par value; the total paid-in capital was \$104,885,708 thousand. In August 2023 and 2022, the paid-in capital was increased by \$2,648,364 thousand and \$1,048,858 thousand, respectively. As of December 31, 2023 and 2022, the Bank's authorized capital was both of \$120,000,000 thousand; the number of authorized shares was both of 12,000,000 thousand shares, and the paid-in capital was \$108,582,930 thousand and \$105,934,566 thousand, representing 10,858,293 thousand shares and 10,593,457 thousand shares respectively, both of which are ordinary shares with a par value of \$10 per share.

b. Retained earnings and dividends policy

Under the dividend policy as set forth in the Bank's amended Articles of Incorporation, where the Bank generates 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, setting aside or reversing 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 Bank's board of directors as the basis for proposing distribution plan, and 30% to 100% of the basis for proposing distribution plan should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution of compensation of employees and remuneration of directors after amendment, refer to Note 29 (g) "Compensation of employees and remuneration of directors".

To ensure the Bank has sufficient cash for present and future expansion plans and to enhance the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than \$0.1 per share, the Bank will not distribute any cash dividends, unless otherwise resolved in the stockholders' meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. The 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.

The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the amendment of the Articles, the special reserve is appropriated from the prior unappropriated earnings.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate 0.5%-1.0% net income as a special reserve when distributing surplus earnings for 2016, 2017 and 2018. Since 2017, the Bank should reverse an amount which is the same as the distributed surplus earnings mentioned above for the expense of employees' bridging-over arrangements and settlements caused by the development of financial technology.

The Bank cannot distribute cash dividends or purchase treasury stock if the Bank has any of the situations cited in Item 1., Section 1., Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital as based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria from the authority and also the Bank appropriates the legal reserve based on the Banking Law.

The appropriations of earnings for 2022 and 2021 were approved in the stockholders' meetings on June 16, 2023 and June 17, 2022, respectively. The appropriations of earnings and dividends per stock were as follows:

	<u>2022</u>	<u>Appropriation of Earnings</u>	<u>2021</u>
Legal reserve	<u>\$ 3,631,282</u>		<u>\$ 2,723,151</u>
Cash dividends	<u>\$ 5,826,401</u>		<u>\$ 5,244,285</u>
Share dividends	<u>\$ 2,648,364</u>		<u>\$ 1,048,858</u>
Cash dividends per share (NT\$)	<u>\$ 0.55</u>		<u>\$0.50</u>
Share dividends per share (NT\$)	<u>\$ 0.25</u>		<u>\$0.10</u>

c. Special reserve

	<u>2023</u>	<u>December 31</u>	<u>2022</u>
Initial application of IFRSs	<u>\$ 12,201,590</u>		<u>\$ 12,201,590</u>

The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS Accounting Standards. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

29. NET INCOME

a. Net interest income

	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
Interest income			
Loans	\$ 47,165,205	\$ 31,760,429	
Due from and call loans to banks	3,818,528	2,142,117	
Investments in marketable securities	12,499,597	6,658,221	
Others	305,902	162,502	
	<u>63,789,232</u>	<u>40,723,269</u>	
Interest expense			
Deposits	(35,973,650)	(14,202,629)	
Due to Central Bank and call loans from banks	(4,765,376)	(1,411,821)	
Others	(1,444,720)	(1,133,310)	
	<u>(42,183,746)</u>	<u>(16,747,760)</u>	
Net interest income	<u>\$ 21,605,486</u>	<u>\$ 23,975,509</u>	

b. Net service fee income

	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
Service fee income			
Fees from import and export	\$ 215,273	\$ 248,563	
Remittance fees	345,332	348,801	
Loan fees	758,627	697,252	
Fees from trust	1,111,618	820,544	
Fees from trust business	437,813	420,583	
Fees from insurance agency	2,293,241	1,582,641	
Others (1) (2)	<u>1,356,157</u>	<u>1,353,646</u>	
	<u>6,518,061</u>	<u>5,472,030</u>	
Service charge			
Interbank charges	(181,210)	(165,706)	
Charges from trust	(1,444)	(2,040)	
Custodian charges	(110,420)	(114,274)	
Charges from insurance agency	(255,359)	(201,383)	
Others	<u>(833,565)</u>	<u>(741,385)</u>	
	<u>(1,381,998)</u>	<u>(1,224,788)</u>	
Net service fee income	<u>\$ 5,136,063</u>	<u>\$ 4,247,242</u>	

1) The service fee income from electronic payment business was \$513 thousand and \$538 thousand for the years ended December 31, 2023 and 2022, respectively.

2) In accordance with "Regulation Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions", the yield income from electronic payment business was \$2 thousand and \$0.1 thousand for the years ended December 31, 2023 and 2022, respectively.

c. Gain (loss) on financial assets or liabilities measured at FVTPL

	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
Realized gain (loss) on financial assets or liabilities measured at FVTPL			
Stock and mutual	\$ (4,209)	\$ (18,244)	
Bonds	(2,341)	(14,990)	
Bills	(30)	(1,427)	
Derivative financial instruments	7,834,621	1,567,648	
Net interest gain	846,162	321,985	
Stock dividends and bonus	<u>6,653</u>	<u>1,361</u>	
	<u>8,680,856</u>	<u>1,856,333</u>	
Valuation gain (loss) on financial assets or liabilities measured at FVTPL			
Stock	(14,965)	191	
Bonds	(157,774)	98,604	
Bills	(9,824)	10,374	
Derivative financial instruments	943,813	1,229,015	
	<u>761,250</u>	<u>1,338,184</u>	
	<u>\$ 9,442,106</u>	<u>\$ 3,194,517</u>	

d. Realized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
Realized gain (loss) on financial assets at FVTOCI			
Stock dividends and bonus	\$ 1,533,563	\$ 1,359,037	
Disposal gains			
Bonds	121,138	201,466	
Disposal losses	(240,336)	-	
Beneficiary securities	<u>(603,148)</u>	<u>(1,542,949)</u>	
Bonds	<u>811,217</u>	<u>17,554</u>	

e. Depreciation and amortization expense

	<u>For the Year Ended December 31</u>	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 479,998	\$ 472,381	
Investment property	6,603	6,503	
Right-of-use assets	688,885	687,200	
Intangible assets and other deferred assets	<u>395,387</u>	<u>331,298</u>	
	<u>\$ 1,570,873</u>	<u>\$ 1,497,382</u>	

f. Employee benefits expenses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,800,775	\$ 10,264,441
Post-employment benefits		
Defined contribution plans	252,588	280,129
Defined benefit plans	188,125	218,983
High-yield savings account for employees	280,984	246,699
Other post-employment benefits	400,220	390,810
Termination benefits	16,816	4,826
	<u>\$ 11,939,508</u>	<u>\$ 11,405,888</u>

Salary adjustments for 2023:

- 1) In recognition of the employees' dedication and hard work and to boost employee morale, the Bank made an adjustment to annual salary in 2023 and implemented overall evaluation on April 1, 2023.
- 2) In order to continuously implement performance-differentiated salary adjustments and at the same time take care of the basic living expenses of grassroots employees, the salary adjustment method is proposed to be handled in a combination of "performance salary adjustment" and "fixed salary adjustment":
 - a) Performance salary adjustment: Based on the employee's personal annual performance appraisal rating in 2022 as the standard, the performance appraisal rating of 6 will add 3.6% of the monthly salary, the 5A rating will add 2.8% of the monthly salary, the 5B rating will add 2.6% of the monthly salary, the 4A ratings will add 2.1% of the basic monthly salary, the 4B rating will add 1.9% of the monthly salary, the 4C rating will add 1.7% of the monthly salary and 1% of the monthly basic salary for those rated 3.
 - b) Fixed salary adjustment: NT\$500 per person per month (same below).

3) The annual salary adjustment in 2023 was implemented on April 1, 2023. The average salary increase of all employees was 2.18%, and the maximum salary increase can reach 4.67%. In spite of the environment continuously affected by COVID-19, the salary adjustments show the determination of the Bank to fulfill the duty of care towards its employees and implement corporate social responsibility.

Rating	Level	2023	
		Fixed Salary (Adjustment/NTD)	Performance Salary Adjustment
6 (premium)			3.6%
5A (excellent)			2.8%
5B (excellent)			2.6%
4A (good)	500		2.1%
4B (well)			1.9%
4C (normal)			1.7%
3 (qualified)			1.0%
2 (unqualified)		No salary adjustments	
1 (unqualified)		No salary adjustments	
Average			2.18%

g. Compensation of employees and remuneration of directors

According to the Bank's Articles, the Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Bank's board of directors on March 2024 and March 25 2023, respectively, are as follows:

Accrual rate

Compensation of employees	5.00%	<u>2022</u>
Remuneration of directors	0.40%	<u>2023 (Expected)</u>

Amount

Compensation of employees	\$ 864,242	<u>2022</u>
Remuneration of directors	<u>\$ 69,400</u>	<u>2023 (Expected)</u>
	\$ 689,611	<u>2022</u>
	<u>\$ 55,169</u>	<u>2023 (Expected)</u>

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.

Due to changes in accounting estimates, the actual amount of compensation of employees and directors' remuneration, which was resolved in the meeting of the board of directors dated on March 25, 2023 and March 29, 2022 differs from what was accrued in the financial statements for 2022 and 2021. The difference was then adjusted to profit and loss for 2023 and 2022.

	For the Year Ended December 31	
	2022	2021
	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 689,611	\$ 534,849
Amounts recognized in the annual financial statements	\$ 692,192	\$ 537,415
Differences	\$ (2,581)	\$ 8

Information on the compensation of employees and remuneration of directors resolved by the Bank's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current income tax		
In respect of the current period	\$ 2,684,659	\$ 1,627,585
Income tax on unappropriated earnings	-	3,044
Deferred income tax		
In respect of the current period	448,144	372,319
Income tax expense recognized in profit or loss	\$ 3,132,803	\$ 2,002,948

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	\$ 16,114,945	\$ 12,974,099
Income tax expense calculated at the statutory rate	3,222,989	2,594,819
Non-deductible expenses in determining taxable income	16,132	17,178
Income tax on unappropriated earnings	-	3,044
Overseas' branch's additional income of deferred tax effect	159,382	28,601
Tax-exempt income	(285,291)	(743,156)
Non-deductible tax of overseas branches	(22,361)	119,201
Adjustments for prior years' tax	(2,020)	(118,956)
Others	43,972	102,217
Income tax expense recognized in profit or loss	\$ 3,132,803	\$ 2,002,948

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year:		
Exchange differences on translation	\$ (7,740)	\$ 167,956
Unrealized gains (losses) on financial assets at FVTOCI	55,030	(130,532)
Actuarial gains (losses) on defined benefit plan	(59,464)	274,226
Total income tax benefit recognized in other comprehensive income	\$ (12,174)	\$ 311,650
c. Current tax assets and liabilities		
	December 31	
	2023	2022
Current tax assets	\$ 135,733	\$ 44,675
Others		
Current tax liabilities	\$ 1,767,700	\$ 873,126
d. Deferred tax assets and liabilities		

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the year ended December 31, 2023			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
Temporary differences	\$ 948,856	\$ (106,679)	\$ -	\$ 842,177
Doubtful debts	2,323,808	109,176	12,174	2,435,031
Others			(10,127)	
	\$ 3,272,664	\$ 2,497	\$ 12,174	\$ 3,277,208
Deferred tax liabilities				
Land value increment tax	\$ 6,154,216	\$ -	\$ -	\$ 6,154,216
Temporary differences	3,263,935	450,641	-	3,714,576
	\$ 9,418,151	\$ 450,641	\$ -	\$ 9,868,792

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
<u>Deferred tax assets</u>					
Temporary differences	\$ 970,050	\$ -	\$ -	\$ -	\$ 948,856
Doubtful debts	2,369,453	264,940	(311,650)	1,065	2,323,808
Others	<u>3,339,503</u>	<u>243,746</u>	<u>(311,650)</u>	<u>1,065</u>	<u>3,272,664</u>
<u>Deferred tax liabilities</u>					
Land value increment tax	\$ 6,154,216	\$ -	\$ -	\$ -	\$ 6,154,216
Temporary differences	2,647,870	616,065	-	-	3,263,935
Others	<u>3,802,086</u>	<u>616,065</u>	<u>-</u>	<u>-</u>	<u>9,418,151</u>

e. Income tax assessments

The Bank's income tax returns through 2021 had been examined and cleared by the tax authority.

31. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issued on August 16, 2023. The basic and diluted after-tax earnings per stock for 2022 were adjusted retrospectively as follows:

	Before Adjusted Retrospectively	After Adjusted Retrospectively	Unit: NT\$ Per Stock
Basic earnings per stock	\$ 1.04	\$ 1.01	
Diluted earnings per stock	<u>1.03</u>	<u>1.01</u>	

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Year Ended December 31 2023	2022
Net profit for the year	\$ 12,982,142	\$ 10,971,151

The weighted average number of common stock outstanding (in thousands of stock) is as follows:

	For the Year Ended December 31 2023	2022
Weighted average number of common stock in the computation of basic earnings per stock	10,858,293	10,858,293
Effect of potentially dilutive common stock: Compensation of employees issued	<u>57,433</u>	<u>47,156</u>
Weighted average number of common stock used in the computation of diluted earnings per stock	<u>10,915,726</u>	<u>10,905,449</u>

The Bank may settle compensation or bonuses paid to employees in cash or stock; therefore, the Bank assumes that the entire amount of the compensation or bonus will be settled in stocks and the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per stock, as the effect is dilutive. Such dilutive effect of the potential stock is included in the computation of diluted earnings per stock until the number of stocks to be distributed to employees is resolved in the following year.

32. CAPITAL MANAGEMENT

a. Summary

The Bank's goals in capital management are as follows:

- 1) The Bank's qualified regulatory capital should meet the requirement of capital adequacy regulations and reached the minimum capital adequacy ratio.
 - 2) To ensure that the Bank is able to meet the capital needs, it should be evaluated periodically and observed the variation between regulatory capital and risk assets to keep common equity ratio in the interval approved by the board of directors.
 - 3) Related to the calculation of qualified regulatory capital and legal capital were according to the regulation of administration.
- b. Capital management procedures

The Bank kept capital adequacy ratio completely to meet the requirement of the administration and declared to the administration quarterly.

In addition, the capital management procedures for the overseas subsidiaries of the Bank were carried out according to the regulation of local administrations.

The Bank's capital adequacy performance, which was calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, was reported to the Asset and Liability Management Committee of the Bank periodically. The regulatory capital was classified into Tier 1 Capital, other Tier 1 Capital and Tier 2 Capital.

- 1) Tier 1 Capital: Include Common Equity and other Tier 1 Capital

Common Equity: Include common stock (include capital collected in advance), Capital reserves (exclude additional paid-in capital in excess of par - preferred stock), accumulated profit, reserve and adjusted equity. Deduct: Legal adjustments.

- 2) Other Tier 1 Capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts. Deduct: Legal adjustments.
- 3) Tier 2 Capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation reserve, long-term subordinated debt, non-perpetual preferred stock include stock issue price 45% of financial assets at fair value through other comprehensive income convertible bonds, operating reserves and allowance for doubtful accounts. Deduct: Legal adjustments.

The following table illustrates the Bank's self-owned capital, risk-weighted assets and calculated capital adequacy. The Bank has conformed to the capital management regulation in the local authority for the year ended December 31, 2023 and 2022.

c. Capital adequacy

Item	Period		December 31, 2022
	December 31, 2023	December 31, 2022	
Self-owned capital	Common equity Tier I	\$ 165,982,206	\$ 151,087,455
	Other Tier I capital	26,800,000	26,800,000
	Tier II capital	43,595,912	44,729,315
	Self-owned capital	236,378,118	222,616,770
Credit risk	Standardized approach	1,571,143,399	1,478,748,906
	IRB	-	-
	Securitization	6,579,076	4,048,285
Risk-weighted assets	Basic indicator approach	-	-
	Standardized approach/ optional standard	61,963,486	53,254,318
	Advanced internal rating based approach	-	-
	Standardized approach	23,327,571	20,328,112
Market price risk	-	-	
Total	1,663,013,532	1,556,379,621	
Capital adequacy ratio	14.21%	14.30%	
Common equity Tier I to risk-weighted assets ratio	9.98%	9.71%	
Tier I capital to risk-weighted assets ratio	11.59%	11.43%	
Leverage ratio	6.29%	6.26%	

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital category of Banks.

Note 2: Annual financial report should include the capital adequacy ratio in current and previous period. Besides semiannual report should disclose the ratio the end of last year.

Note 3: Formula:

- a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- c. Capital adequacy = Self-owned capital ÷ Risk-weighted assets
- d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets

f. Leverage ratio = Tier I capital ÷ Adjusted average assets

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Fair value of financial instruments not measured at fair value

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at amortized cost	\$ 453,100,064	\$ 96,629,717	\$ 348,033,766	\$ -	\$ 444,663,483
Financial liabilities					
Bank notes payable	49,163,511	-	63,511	48,576,924	48,640,435

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at amortized cost	\$ 485,011,259	\$ 91,016,207	\$ 384,038,310	\$ -	\$ 475,054,517
Financial liabilities					
Bank notes payable	51,219,465	-	119,465	51,169,917	51,289,382

b. Fair values of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	\$ -	\$ 69,554,468	\$ 70,231	\$ 69,624,699
Financial assets mandatorily measured at FVTPL				
Bond investments	-	512,769	-	512,769
Others	-	69,041,699	70,231	69,111,930
Financial assets at FVTOCI	145,830,510	99,914,486	11,990,722	257,735,718
Stock investments	20,287,125	-	11,990,722	32,277,847
Bond investments	110,910,707	99,914,486	-	210,825,193
Others	14,632,678	-	-	14,632,678
Derivative financial products				
Assets				
Financial assets at FVTPL	1,023,769	2,183,085	-	3,206,854
Liabilities				
Financial liabilities at FVTPL	-	6,594,822	-	6,594,822

December 31, 2022

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	\$ 3,616,416	\$ 17,973,574	\$ -	\$ 21,589,990
Financial assets mandatorily measured at FVTPL				
Bond investments	3,616,416	2,769,035	-	6,385,451
Others	-	15,204,539	-	15,204,539
Financial assets at FVTOCI	111,312,590	89,288,691	8,354,418	208,955,699
Stock investments	13,905,929	-	8,354,418	22,260,347
Bond investments	92,173,777	89,288,691	-	181,462,468
Others	5,232,884	-	-	5,232,884
Derivative financial products				
Assets				
Financial assets at FVTPL	1,099,905	8,203,477	-	9,303,382
Liabilities				
Financial liabilities at FVTPL	-	6,920,062	-	6,920,062

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ -	\$ 8,354,418
Recognized in profit or loss (loss on financial assets and liabilities at FVTPL)	(14,965)	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	3,636,304
Purchases	50,883	-
Transfer to Level 3	34,313	-
Ending balance	\$ 70,231	\$ 11,990,722

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Beginning balance	\$ -	\$ 11,388,759
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(3,034,341)
Ending balance	\$ -	\$ 8,354,418

3) Definition for the hierarchy classifications of fair value measurements

a) Level 1

Level 1 inputs are quoted prices unadjusted in active markets for identical financial instruments. An active market indicates the market that is in conformity with all of the following conditions: The products in the market are identical; it is easy to find a knowledgeable and willing transaction counterparty; and price information is available to the public.

The fair values of the Bank investments in listed stock, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices are included in Level 1.

b) Level 2

Level 2 inputs are inputs other than quoted prices with reference to an active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair values of the Bank's investments in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative bank debentures issued by the Bank are included in Level 2.

c) Level 3

The input parameters used are not based on observable market data (unobservable input parameters are those such as option pricing models using historical volatility which cannot represent the expected value of all market participants). The fair values of the Bank's investments in derivatives and equity investments without an active market are included in Level 3.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) Determination of fair value

A quoted market price is used as the fair value when a financial instrument has an active market. Such market prices are provided by the Stock Exchange Corporation, Bloomberg and Reuters, which are all the foundation of fair values for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from the Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently and readily obtained and the price represents actual and frequent at arm's length transactions, then a financial instrument is deemed to have an active market. If the above conditions are not met, the market is deemed inactive. In general, a significant price variance between the purchase price and selling price or a significantly increasing price variance are both indicators of an inactive market.

In addition to the above financial instruments with an active market, other financial instruments at fair value are assessed by valuation techniques or by referencing counterparties with other financial instruments at fair value with similar conditions and characteristics in actual practice, including market information obtained by exercising valuation models at the balance sheet date (such as yield curves used by TPEX and TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation).

When a financial instrument has no standardized valuation and has a greater level of complexity, such as interest rate swaps, currency swaps and options, the Bank usually adopt the valuation generally accepted by market users. The inputs used for these financial instruments' valuations are usually observable information in the market.

For financial instruments with greater complexity, the fair value is assessed through the valuation model developed by valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments without quoted market price (including debt instruments of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank need to make appropriate estimates based on assumptions.

b) The types and nature of the valuation methods for financial instruments used by the Bank and its subsidiaries are as follows:

- i. NTD central government bonds: The bond market rate and theoretical interest rate are price-per-hundred conversions announced by TPEX.
- ii. NTD corporate bonds and bank notes: The corporate bond reference rate is announced by TPEX, and the Bank uses the appropriate credit rate and the remaining period to calculate the yield rate and convert it to price-per-hundred.

iii. NTD convertible corporate bonds: The closing prices of outright purchase/sale trading are listed on TPEX on the valuation day. If the price is not available, the price is referenced from the outright purchase/sale trading information listed on TPEX.

iv. Securitization instruments: Prices are those quoted from Bloomberg.

v. NTD short-term bills: The TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation are discounted from future cash flows.

vi. Foreign securities: The latest prices quoted from Bloomberg, Reuters or other systems on the valuation day are used, if there is no available price or valuation, then the price used is that which is quoted from counterparties.

vii. Listed stock, call/put warrants and depository receipts: The closing price listed on TWSE or TPEX is adopted.

viii. Unlisted stock: The fair value is referenced from related financial information or estimated using the price or parameter of listed companies which have similar service attributes.

ix. Beneficiary certificates: Closed-end funds use the closing price in an active market as the fair value and open-end funds use the net asset value of the fund as the fair value.

x. Derivatives:

i) Call/put warrants and stock index futures: Prices quoted from an active market are deemed the fair values.

ii) Foreign currency forward contracts, currency swaps, interest rate swaps, cross currency swaps and operating deposits of transactions: Discounted future cash flows are adopted.

iii) Options: The Black-Scholes model, binomial tree model and Monte Carlo method are mainly adopted for valuation.

iv) Certain derivatives use the quoted price from counterparties.

xi. Mix tools: The price from the active market, deal brokers and evaluation models is used.

c) Adjustments for credit risks and the definitions are as follows:

Credit valuation adjustment (CVA) is a measurement for derivatives which are not transacted through the stock market, or for over-the-counter derivatives. CVA reflects the fair value should a counterparty default and the possibility of not collecting the derivative's full market value.

CVA is calculated by applying the loss given default (LGD) to the exposure at default (EAD), along with the consideration of the counterparty's probability of default (PD), assuming the condition that the Bank does not default.

c. The impact of the interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmark reform include loan, floating-rate bonds and asset exchanges. The link of interest rate benchmark is London Interbank Offered Rate (LIBOR). It is expected that LIBOR will be replaced by the alternative interest rate recommended by the interest rate reform group of various countries; the differences of the two rates are discussed in the next paragraph.

LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. The alternative interest rate recommended by the interest rate reform group of various countries is Overnight Financing Rate (secured or unsecured), which is a retrospective interest rate indicator calculated using actual transaction data, and does not include credit discounts. Therefore, when an existing contract is modified from a linked LIBOR to a linked Overnight Financing Rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Bank has formulated a plan for LIBOR conversion and exit and has handled risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to match the interest benchmark reform. The Bank has identified all the information systems and internal processes that need to be updated, and has updated some of them. For affected financial instrument contracts, the Group has completed amendments with most contract counterparties, and some of them are still in the process of agreement amendments.

Due to the interest benchmark reform, the Bank faces interest rate basis risks. If the Bank fails to complete the negotiation with the counterparty in the financial instrument, it will bring about material uncertainty, and trigger exposure to interest rate risk that the Bank had not expected.

December 31, 2023

	USD LIBOR			GBP LIBOR			JPY LIBOR			EUR LIBOR		
	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	
Non-derivative financial assets												
Holding bonds	\$ 1,919,650	6	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	

December 31, 2022

	USD LIBOR			GBP LIBOR			JPY LIBOR			EUR LIBOR		
	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	Number of Contracts	Adjusted Average Assets	Number of Contracts	
Non-derivative financial assets												
Loans - syndicated	\$ 105,617,832	221	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
Loans - other loans	10,183,900	15	-	-	-	-	-	-	-	-		
Holding bonds	6,369,028	27	-	-	-	-	-	-	-	-		
Derivative financial assets												
ECB asset exchange and structured products	2,458,000	1	-	-	-	-	-	-	-	-		

d. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Bank are equity securities price risks, interest rate risks, and exchange rate risks. The majority of equity securities risk includes domestic public stock, over-the-counter stock, emerging market stock, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Bank's investments denominated in foreign currencies, such as foreign currency spots, currency futures and foreign currency options.

b) Market risk management policy

The Bank classifies the financial instruments held by the Bank as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Bank establishes "Market Risk Management Regulation", "Derivative Financial Trading Process" and various financial instruments related regulations to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to assets and liabilities management committee.

The market risk management regulations are as follows:

- i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.
- ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.
- iii. Follow the regulations of Basel Accord.
- iv. Establish the market risk management system and economic capital allocation process.

v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR, and report the result of market risk monitoring to risk management committee periodically and the board of directors quarterly.

c) Market risk management procedures

According to "Whole Risk Management Policy", risk management department is the second line of defense against the market risk. Risk management department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, risk management department establishes independent risk management process and ensures its effectiveness.

i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Bank reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Bank's risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVO1, Delta, VaR, etc.

ii. Monitoring and reporting

The Bank controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the risk management committee in order to improve the effectiveness of the market risk management.

iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. The Bank performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

d) Trading book market risk management

The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.

i. Strategy

The Bank determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.

ii. Management policy and procedures

The Bank follows "Market Risk Management Rules", "Derivative Financial Trading Process" and various financial instruments related regulations as the important management rules of trading book.

iii. Valuation policy

The trading positions are valued on a real-time or daily basis. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price without active market; (3) valuation without active market.

iv. Risk measuring methods

- i) The sensitivity of the interest rate changes of investment portfolio is measured by DV01. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).
- ii) With regard to the Bank's Value at Risk assumptions and calculation methods, refer to item i.
- iii) The Bank performs the stress test quarterly and report the result to risk management committee periodically.

e) Trading book interest rate risk management

i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Bank due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

ii. Management procedures on trading book interest rate risk

The Bank defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.

iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DVOI. With regard to the Bank's Value at Risk assumptions and calculation methods, please refer to item i.

f) Banking book interest rate risk management

i. Definition of banking book interest rate risk

The Bank's banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenue and costs or assets and liabilities and causes a decrease in earnings or impairment of economic value.

ii. Management strategy on banking book interest rate risk

According to the Bank's interest rate risk management policy, the Bank has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of stockholder value without exposure to extreme loss risks, the Bank applies appropriate management strategy including on- and off-balance sheet adjustments and maintains appropriate amounts of assets and liabilities.

iii. Banking book interest rate risk report/range of measuring system

The Bank mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the asset and liability management committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the board of directors periodically to let the high-level management controls such risks.

g) Exchange rate risk management

i. Definition of exchange rate risk

Every financial derivative listed in the trading book is affected by changes in exchange rate risk factors that affect the profit and loss of the commodity, and all foreign exchange positions of the Bank must be included in the measurement. The exchange rate risk of the Bank is mainly due to the derivatives business as spot and forward foreign exchange and exchange rate options. Most of the foreign exchange transactions that the Bank engages in are based on the principle of leveling customer positions on the same day. The exchange rate option is based on back-to-back transactions, so the exchange rate risk assumed is relatively small.

The Bank has been using historical simulation method to calculate VaR since January 27, 2014. The historical simulation method is based on historical data to estimate the future cash flow and assess the market risk of financial instrument. There are more and more financial institutions using the historical simulation method. However, there are some limitations for using the method. One of the limitations is that the assumption used in the method may not reflect the real situation. Besides, the simulation result may not be representative if the historical data used are too small. The Bank would use proxy to respond to the limitations mentioned above.

According to the Bank's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the risk management committee. VaR is an important internal risk control in the Bank. The VaR limits of investment portfolio are approved annually by the risk management committee and reported to the board of directors. In addition, the daily actual VaR is monitored by the Bank's risk management department.

ii. As of December 31, 2023 and 2022, the Bank's VaR factors based on historical simulation method were as follows:

	For the Year Ended December 31, 2023			Ending Balance
	Average	Highest	Lowest	
Exchange VaR	\$ 417,594	\$ 454,466	\$ 388,457	\$ 400,878
Interest rate VaR	44,938	87,737	1,303	1,339
Equity securities VaR	<u>2,801</u>	<u>5,638</u>	-	-
Value at risk	<u>\$ 465,333</u>	<u>\$ 547,841</u>	<u>\$ 389,760</u>	<u>\$ 402,217</u>
	For the Year Ended December 31, 2022			Ending Balance
	Average	Highest	Lowest	
Exchange VaR	\$ 170,459	\$ 249,923	\$ 109,264	\$ 234,694
Interest rate VaR	8,036	31,360	1,452	31,275
Equity securities VaR	<u>1,823</u>	<u>3,887</u>	-	-
Value at risk	<u>\$ 180,318</u>	<u>\$ 285,170</u>	<u>\$ 110,716</u>	<u>\$ 265,969</u>

ii. Exchange rate risk management policy, procedures and measuring methods

To control exchange rate risk, the Bank has set operating limits and stop-loss limits for the trading rooms and traders of each unit, and keep losses within an acceptable range.

Exchange rate derivatives use Delta, Gamma, Vega, and other sensitivity factors to measure the sensitivity of such commodities to exchange rates and their volatility.

The exchange rate risk is mainly based on the risk value control basis, refer to item i.

b) Equity security price risk management

i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Bank when the equity security price changes. The Bank's equity security price risk mainly comes from public and over-the-counter stock, index futures and options.

ii. Equity security price risk management purpose

Avoid drastic fluctuations in the price of equity securities, which may adversely affect the Bank's financial position or suffer loss of earnings. Hoping to improve the efficiency of capital utilization and improve business operations.

iii. Equity security price risk management procedures

The Bank sets restrictions on credit extensions with the same person, the same concerned party or the same affiliate to control the risk concentration. Risk management department monitors unrealized gain or loss of the holding position daily. If unrealized loss is over the stop-loss threshold, risk management department would notice the department which holds the position to subject to the related regulations. The department which holds the position should report to risk management committee if unrealized loss is over the stop-loss threshold but the department still holds the position.

iv. Measuring methods

The equity security price risk of trading book is monitored and controlled by VaR, please refer to item i.

The Bank would perform stress testing for the equity security price risk of non-trading position and report the result to risk management committee.

i) Market risk measuring method

i. Value at Risk, "VaR"

The Bank uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that the Bank might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of December 31, 2023 and 2022 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	Foreign Currency	December 31, 2023 Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$	9,290,227	285,256,420
GBP		56,182	2,197,840
AUD		2,653,052	55,714,092
HKD		487,146	1,913,997
CAD		79,666	1,849,845
ZAR		4,088,106	6,773,992
JPY		126,118,758	27,380,382
EUR		965,627	32,850,631
NZD		148,439	2,894,561
RMB		8,922,290	38,615,671
<u>Financial liabilities</u>			
Monetary items			
USD		15,574,846	478,225,646
GBP		53,758	2,103,013
AUD		1,653,326	34,719,846
HKD		470,128	1,847,133
CAD		80,739	1,874,760
ZAR		4,162,367	6,897,042
JPY		173,844,448	37,741,630
EUR		969,955	32,997,869
NZD		111,055	2,165,573
RMB		9,311,936	40,302,059

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	Foreign Currency	December 31, 2022 Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$	8,137,762	250,032,737
GBP		356,134	13,201,887
AUD		2,423,383	50,357,899
HKD		1,027,693	4,049,110
CAD		43,921	996,128
ZAR		4,280,300	7,743,063
JPY		80,499,585	18,683,954
EUR		1,353,741	44,348,555
NZD		230,290	4,479,141
RMB		10,994,419	48,496,382
<u>Financial liabilities</u>			
Monetary items			
USD		15,126,087	464,749,023
GBP		211,420	7,837,339
AUD		1,614,432	33,547,897
HKD		672,085	2,648,015
CAD		64,088	1,453,516
ZAR		4,003,323	7,242,011
JPY		121,225,588	28,136,459
EUR		1,135,119	37,186,498
NZD		172,095	3,347,248
RMB		10,545,234	46,515,027

For the years ended December 31, 2023 and 2022, net foreign exchange gains were \$724,134 thousand and \$1,597,718 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Bank and entities under its control.

3) Credit risk

a) Credit risk source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility of the collateral and market liquidity risk of the collateral.

b) Credit risk management policy

The related mechanism and procedures for monitoring credit risk includes:

- i. The Bank continuously improves its credit risk management technology and its efficiency to meet the requirements of internal operations, business scale and management objectives and build up the risk management system that fits the requirement of accuracy and completeness of the Bank's risk management technology.
 - ii. The Bank is building a complete monitoring mechanism, setting up a loan early warning system to track down bad indications and risk changes of high-risk credits, setting up "corporate clients' risk exposure and credit risk quick-search system" to understand the negative reporting and transactions with the Bank in order to enhance the credit risk's identification, measurement and monitoring and improve the quality of risk management.
 - iii. "Chang Hwa Bank Customer Credit Define Notice and Control Index Notice" has been developed to strengthen the control of customer credit risk and to prevent the Bank's debts from being damaged.
 - iv. To control concentration risk, the Bank sets limits for statutory single creditors, related companies, stakeholders limit of the Bank, industries, real estate, and high-risk industries in mainland China to monitor and control the overall credit risk. In addition, in order to effectively control the credit risk limit control of the Bank's credit, securities investment and derivative financial product transactions with customers, the credit risk limit of the same legal person and group companies are distinguished according to the risk rating, so as to strengthen the Bank's management on credit, investment and of derivative financial product transactions.
 - v. The Bank actively utilizes the database system and related risk quantification tools to identify, measure and monitor risks. The Bank also adjusts risk management policies and procedures in a timely manner to implement an independent and professional risk management mechanism, which enhances risk management effectiveness.
 - vi. The Bank implements strict and forward-looking credit risk stress testing to respond to the events or changes which may be unfavorable to the Bank and in compliance with the requirements of the competent authority supervising risk management and improves the effectiveness of the Bank's risk management.
 - vii. The Bank is holding sessions and training in risk management to strengthen risk management intelligence and increase the Group's financial institution of loan.
 - viii. Information on credit risk would be presented to the high-level management periodically.
- The Bank's expected credit loss and measuring methods for major business operations are described as follows:
- i. Credit business (including loan commitments and guarantees)

The various types of credit assets of the Bank are classified as follows based on credit quality and internal and external ratings.

 - i) A determined significant increase in credit risk since initial recognition.

At the end of every reporting period, the Bank evaluates the risk of default on credit assets occurring over their expected lifetime to determine whether the credit risk has increased significantly since their initial recognition.

For this credit risk evaluation, the Bank considers corroborative information (including forward-looking information) which indicates a significant increase in credit risk since initial recognition of the credit assets. The key indicators include:

- Quantitative indicators
 - A change in internal credit rating
 - A financial instrument is determined as having a significant increase in credit risk since initial recognition if its internal credit rating is at the level of 16-18 or if the score of a housing loan debtor is lower than 340.
- Qualitative indicators
 - A credit account is rated as ordinary overdue in accordance with the Bank's "Detailed Rules for the Processing of Ordinary-overdue Accounts".
 - The result of the credit review shows that the credit application and the loan application are inconsistent.
 - A list of early warning accounts and the latest financial statements show a net worth of less than three-fourths of the share capital.
- ii) Definition of the credit-impaired financial assets
 - A credit account that meets one of the following conditions is classified under Stage 3 (credit impaired):
 - The debtor's payment of the principal or interest is past due for more than 3 months from the end of the credit term; or the Bank has already petitioned or withdrawn the debtor's collateral.
 - The case has been agreed to be repaid in installments and is exempt from being listed as an overdue loan.
 - The case was negotiated and adopted in accordance with the debt negotiation mechanism set by the Association of Banks in 2006.
 - The case has been negotiated and agreed upon in accordance with "The Statute for Consumer Debt Clearance" (excluding secured debt fulfilled under the original contractual conditions).
 - The case is ruled to undergo restructuring or liquidation by the court.
 - The case is ruled to be restricted by the court.
 - The case is declared bankrupt by the court.
 - The case involves credit accounts of a debtor, excluding credit card accounts, which is partly transferred to class A and B non-performing loans (excluding the sixth item of class B: The credit account is totally guaranteed and the interest payment is not past due during the inheritance period after the death of the debtor and the collateral provider), as well as overdue loans or bad debt loans.

- Enterprises apply to the Ministry of Economic Affairs for credit and debt negotiation in accordance with the "Operating Guidelines for Assisting Enterprises in Bank Credit and Debt Negotiation by the Ministry of Economic Affairs".
- The case involves a credit account which has an internal credit rating at the level of 19-21.
- The case is a mortgage loan credit account of the Bank which has no rating score.
- The case is a credit account which is determined as Stage 3 by the internal or external auditors, or the risk management department of the Bank.

iii) Expected credit loss measurement

The Bank classifies credit assets into the following nine categories by the characteristics of the debtor's industry and organization size:

Business	Combination
Corporate banking loans	Government
	Large enterprise
	Small enterprise
	Legal person/group
	Overseas credit account
Individual banking loans	Other groups
	Individual - residential loan group
	Individual - other groups (unsecured)
	Individual - other groups (secured)

The Bank measures the expected credit loss as follows:

- Stage 1, no significant increase in credit risk
The Bank measures the loss allowance for Stage 1 financial instruments at an amount equal to the 12-month ECLs based on past loss experience. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its estimated future cash flows, estimated at the forward-looking adjusted PD and discounted at the effective interest rate.
- Stage 2, significant increase in credit risk
The Bank measures the loss allowance for Stage 2 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its computed outcome which is discounted at the effective interest rate. The computed outcome is the product of the unpaid principal for each year end over instruments expected lifetime, the forward-looking adjusted PD, and the LGD.
- Stage 3, credit impairment
The Bank measures the loss allowance for Stage 3 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the asset's EAD carrying amount and the present value of its estimated future cash flows, estimated assuming the credit impairment situation is given and discounted at effective interest rate.

The PD and EAD and LGD are used to measure the impairment loss for financial assets in the credit business:

- PD is determined using past credit-impaired situations to predict the probability of credit impairment in normal situation in a year. The PD for Stage 3 financial instruments is determined as 100%. The PD for Stages 1 and 2 are based on the categories and the remaining lifetime for each credit account. The credit accounts are divided into groups by remaining lifetimes. The PD of each group is determined as the PD of each credit quality stage. The Bank shall update the probability of default at least once a year.
- The EAD is the total expected exposure amount of default which includes the unsecured line of credit. The exposure amount of impairment-tested off-balance sheet assets (i.e. guarantees, letters of credit issued yet unused, irrevocable loan commitments issued, and revocable loan commitments issued) is converted into the equivalent exposure amount of on-balance sheet assets through a credit conversion factor (CCF). The CCF is determined according to the credit risk standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.
- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses.

iv) Forward-looking information

The Bank classifies credit assets as either corporate banking - domestic, corporate banking - overseas and individual banking business. Macroeconomic indicators for each of the above categories are estimated using the domestic economic growth rate, global economic growth rate and the domestic unemployment rate, respectively, and are updated at least once a year.

Macroeconomic indicators include the actual statistical value of the past five years and predicted value of the current year and the next five years at the time of calculation. The forward-looking adjusted PD is adjusted based on the reasonableness of each value's predicted trend.

The total amount of undiscounted ECL at the time of initial recognition of the credit-impaired financial assets - loans which were purchased or originated is as follows:

	December 31	
	2023	2022
Discounts and loans	\$ 3,915,967	\$ 4,734,831

ii. Call loans to banks

The Bank evaluates the credit status of counterparties before deals are closed. The Bank grants different limits to counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Bank assesses the credit limits of counterparties by level and financial status; the Bank efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting.

Additionally, in accordance with the application of IFRS 9, the Bank performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments

The Bank identifies and manages the credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

A change in an external credit rating announced by international credit rating institutions (e.g. S&P and Moody's) is one of the quantitative indicators for judging a significant increase in the credit risk of financial assets at amortized cost and investments in debt instruments at FVTOCI. The measurement of ECL is calculated using the PD and LGD announced periodically by international credit rating institutions. The international credit rating institutions consider forward-looking information when establishing credit ratings. Thus, when the Bank measures ECL using such credit ratings it holds that an adequate evaluation of the forward-looking information, which was used by the institutions for establishing such credit rating, is inherent therein.

c) Credit risk hedging or mitigation policies

i. Collateral

The Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, the Bank manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, the Bank stipulates the security mechanism for loans and the conditions and terms for collateral offsetting to state clearly that the Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Bank in order to reduce the Bank's credit risks.

ii. Credit line credit risks and control over concentration of credit risks

To avoid the concentration of credit risks, the Bank has included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. For the Bank's credit extension, securities investment and derivative financial product transactions with customers, the credit risk limit for the same legal person and group company is distinguished according to the risk rating, to manage the concentration risk on the assets, and the Bank has set credit limits by industry, conglomerate, real estate loan, and high-risk industries in China to supervise concentration of credit risk in these categories, and control single counterparties, related companies, group, industries, and ultimate risks concentration of various types of credit risk by country. Various credit limits are regularly evaluated and revised in a timely manner based on the economic circumstances, financial environment and business development strategies, etc.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Bank's balance sheets:

December 31, 2023

	Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	Collateral	Master/Netting Arrangement / Other Credit Enhancements
Discounts and loans	\$ 1,889,218,676	\$ 1,279,539,603	\$ -
Financial assets at PVTPL	72,831,553	4,774,473	\$ -
Financial assets at FVTOCI	225,251,746	8,241,920	\$ -
Investments in debt instruments at amortized cost	453,100,064	-	-
			Total
			\$ 1,279,539,603
			4,774,473
			8,241,920

December 31, 2022

	Maximum Exposure to Credit Risk Mitigated by		
	Carrying Amount	Collateral	Master/Netting Arrangement / Other Credit Enhancements
Discounts and loans	\$ 1,687,583,295	\$ 1,182,196,535	\$ -
Financial assets at PVTPL	30,893,372	5,204,239	\$ -
Financial assets at FVTOCI	186,462,477	6,534,780	\$ -
Investments in debt instruments at amortized cost	483,011,259	-	-
			Total
			\$ 1,182,196,535
			5,204,239
			6,534,780

The carrying amount of financial assets with maximum exposure is as follows:

	Discounts and Loans			
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime Expected	Lifetime Expected	Lifetime Expected
	Expected Credit Losses	Credit Losses	Credit Losses	Credit Losses
Credit rating				
Levels 1-15 (None)	\$ 1,055,649,521	\$ 25,797,508	\$ 73,165	\$ 1,081,520,194
Levels 16-18	-	47,512,981	1,203,974	48,716,955
Levels 19-21	-	-	5,734,718	5,734,718
No rating	670,078,355	1,793,509	1,374,945	673,246,809
Total carrying amount	\$ 1,725,727,876	\$ 75,103,998	\$ 8,386,802	\$ 1,809,218,676
Expected credit losses	\$ 2,822,073	\$ 2,905,673	\$ 2,371,543	\$ 8,099,289

Recognized impairments based on the Regulations of the Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts

Note: In addition to quantitative indicators, the Bank takes qualitative indicators into consideration as well.

	Discounts and Loans			
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime Expected	Lifetime Expected	Lifetime Expected
	Expected Credit Losses	Credit Losses	Credit Losses	Credit Losses
Credit rating				
Levels 1-15 (None)	\$ 943,632,595	\$ 24,385,520	\$ 5,101	\$ 968,023,216
Levels 16-18	-	45,404,532	1,359,402	46,763,934
Levels 19-21	-	-	8,816,887	8,816,887
No rating	660,219,461	1,927,294	1,832,503	663,979,258
Total carrying amount	\$ 1,603,852,056	\$ 71,717,346	\$ 12,013,893	\$ 1,687,583,295

(Continued)

	Discounts and Loans			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Expected credit losses Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	\$ 2,695,633	\$ 2,842,301	\$ 4,089,850	\$ 9,627,784
				<u>12,113,104</u>
				<u>\$ 21,740,888</u>
				(Concluded)

Note: In addition to quantitative indicators, the Bank takes qualitative indicators into consideration as well.

	Guarantees Issued in Guarantee Business			
	December 31, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 55,648,944	\$ 911,921	\$ 76,135	\$ 56,637,000
Expected credit losses	204,821	12,082	19,642	236,545

	Guarantees Issued in Guarantee Business			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 54,825,450	\$ 170,792	\$ 102,548	\$ 55,098,790
Expected credit losses	194,409	3,714	22,132	220,255

	Loan Commitments			
	December 31, 2023			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount - non-cancellable	\$ 108,763,664	\$ 3,240,939	\$ 1	\$ 112,004,604
Carrying amount - cancellable	694,918,113	19,110,312	87,385	714,115,810
	<u>\$ 803,681,777</u>	<u>\$ 22,351,251</u>	<u>\$ 87,386</u>	<u>\$ 826,120,414</u>
Expected credit losses - non-cancellable	\$ 84,165	\$ 40,120	\$ -	\$ 124,285
Expected credit losses - cancellable	230,053	238	96	230,387
	<u>\$ 314,218</u>	<u>\$ 40,358</u>	<u>\$ 96</u>	<u>\$ 354,672</u>

	Loan Commitments			
	December 31, 2022			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount - non-cancellable	\$ 72,274,764	\$ 3,983,795	\$ 366	\$ 76,258,925
Carrying amount - cancellable	709,441,295	15,349,959	51,776	724,843,030
	<u>\$ 781,716,059</u>	<u>\$ 19,333,754</u>	<u>\$ 52,142</u>	<u>\$ 801,101,955</u>
Expected credit losses - non-cancellable	\$ 64,879	\$ 35,365	\$ 102	\$ 100,346
Expected credit losses - cancellable	88,202	215	105	88,522
	<u>\$ 153,081</u>	<u>\$ 35,580</u>	<u>\$ 207</u>	<u>\$ 188,868</u>

d) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Bank are the same as per book amounts. Refer to the notes to the financial statements.

As of December 31, 2023 and 2022, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrevocably maximum amount of exposure) was as follows:

Financial Instrument Type	2023		2022	
	December 31	December 31	December 31	December 31
Unused loan commitments (excluding credit card)	\$ 112,004,604	\$ 112,004,604	\$ 76,258,925	\$ 76,258,925
Credit card commitments	204,468	204,468	197,579	197,579
Unused issued letters of credit	19,758,506	19,758,506	20,023,484	20,023,484
Guarantees issued in guarantee business	56,637,000	56,637,000	55,098,790	55,098,790

e) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Bank has not engaged in transactions that involved a prominent concentration to one client or one transaction party but has engaged in transaction parties of similar industry type or from similar region.

The Bank's information on prominent concentration of credit risk was as follows:

	December 31, 2023	
Industry Type	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 114,989,838	6
Manufacturing	470,060,546	26
Wholesale and retail	160,200,783	9
Real estate and leasing	157,807,542	9
Service	42,216,560	2
Individuals	645,838,552	36
Others	218,104,855	12
	<u>\$ 1,809,218,676</u>	

	December 31, 2022	
Industry Type	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 97,045,484	6
Manufacturing	421,576,092	25
Wholesale and retail	154,938,416	9
Real estate and leasing	146,820,811	9
Service	40,762,873	2
Individuals	617,202,084	37
Others	209,237,535	12
	<u>\$ 1,687,583,295</u>	

	December 31, 2023	
Geographic Location	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,688,192,221	93
America	65,670,773	4
Europe	29,602,142	2
Others	25,753,540	1
	<u>\$ 1,809,218,676</u>	

	December 31, 2022	
Geographic Location	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,563,624,424	93
America	72,040,281	4
Europe	29,883,525	2
Others	22,035,065	1
	<u>\$ 1,687,583,295</u>	

	December 31, 2023	
Securities Type	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 529,659,073	30
Secured	1,090,480,952	60
Properties	189,078,651	10
Others	<u>\$ 1,809,218,676</u>	

	December 31, 2022	
Securities Type	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 505,386,760	30
Secured	1,017,315,891	60
Properties	164,880,644	10
Others	<u>\$ 1,687,583,295</u>	

f) Financial assets credit quality and non-performing impairment analysis

A portion of financial assets held by the Bank, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities investments purchased under resell agreements, refundable deposits, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

4) Liquidity risk management

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Bank may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth.

b) Liquidity risk management procedures

According to the Bank's liquidity risk management policy, the Bank clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and asset and liability committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about the liquidity risk assessment should be reported to the board of directors to let the high-level management understand the Bank's funding liquidity.

As of December 31, 2023 and 2022, the ratio of the liquidity reserve was 23.85% and 25.85%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Bank adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to perform maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

Item	(In Thousands of New Taiwan Dollars)				
	December 31, 2023	91-180 Days	31-90 Days	Over 1 Year	Total
Major maturity fund inflows					
Cash and cash equivalents	\$ 34,827,651	\$ -	\$ -	\$ -	\$ 34,827,651
Due from the Central Bank and call loans to banks	53,834,824	7,266,902	6,420,414	34,072,383	113,089,333
Financial assets at FVTPL	18,046,524	-	-	70,232	69,116,756
Receivables	18,049,952	857,863	869,815	917,596	20,422,931
Discounts and loans	83,263,126	174,230,704	147,486,758	925,746,465	1,576,267,530
Investments in debt instruments designated at FVTOCI	-	-	-	32,503,972	32,503,972
Investments in debt instruments at FVTOCI	-	3,496,834	-	91,039,709	99,764,133
Investments at amortized cost	180,749,735	35,800,000	8,500,000	42,218,415	306,669,904
Other maturity fund inflow items	439,773,812	221,652,303	163,276,987	29,018,392	2,281,680,802
Major maturity fund outflows					
Deposits from the Central Bank and banks	257,497	32,004	32,004	39,401,754	306,669,904
Due to the Central Bank and banks	13,020,000	10,000	10,000	29,018,392	29,018,392
Securities sold under repurchase agreements	640,680	-	-	1,151,944,663	2,281,680,802
Payables	31,817,095	922,719	922,719	2,430,095	1,563,399
Deposits and remittances	156,717,120	183,305,778	183,305,778	972,401,788	1,848,921,527
Bank notes payable	-	-	1,530,000	39,770,000	49,100,000
Other maturity fund outflow items	12,515	29,024	29,024	3,410,899	3,768,216
Gap	\$ 237,908,995	\$ 23,169,688	\$ 23,169,688	\$ 133,931,890	\$ 325,921,669

Note: The amounts listed above were the position in N.T. dollars of the Bank.

Item	(In Thousands of New Taiwan Dollars)				
	December 31, 2022	91-180 Days	31-90 Days	Over 1 Year	Total
Major maturity fund inflows					
Cash and cash equivalents	\$ 36,768,481	\$ -	\$ -	\$ -	\$ 36,768,481
Due from the Central Bank and call loans to banks	52,332,478	6,785,046	6,785,046	34,693,445	109,352,300
Financial assets at FVTPL	18,079,086	-	-	80,787	18,825,813
Receivables	59,366,288	729,658	890,733	80,787	20,180,116
Discounts and loans	-	149,994,206	136,351,436	858,856,067	1,491,169,245
Investments in debt instruments designated at FVTOCI	-	-	-	22,493,222	22,493,222
Investments in debt instruments at FVTOCI	-	-	-	96,263,206	96,462,731
Investments at amortized cost	218,200,000	15,230,000	25,760,000	43,384,513	344,776,460
Other maturity fund inflow items	403,372,146	171,476,925	169,787,215	29,068,913	2,127,097,281
Major maturity fund outflows					
Deposits from the Central Bank and banks	286,172	60,616	60,616	42,201,947	344,776,460
Due to the Central Bank and banks	3,005,000	25,000	25,000	1,507,816	34,442,832
Securities sold under repurchase agreements	496,182	444,831	444,831	1,501,902	34,442,832
Payables	28,885,714	2,058,487	2,058,487	950,415,489	1,719,459,819
Deposits and remittances	157,480,058	185,378,800	151,457,310	38,100,000	51,100,000
Bank notes payable	-	-	-	3,379,607	3,857,066
Other maturity fund outflow items	29,629	49,670	49,670	3,379,607	3,857,066
Gap	\$ 213,389,391	\$ 18,230,189	\$ 18,230,189	\$ 90,254,585	\$ 311,765,343

Note: The amounts listed above were the position in N.T. dollars of the Bank.

Item	(In Thousands of United States Dollars)				
	December 31, 2023	91-180 Days	31-90 Days	Over 1 Year	Total
Major maturity fund inflows					
Cash and cash equivalents	\$ 272,151	\$ -	\$ -	\$ -	\$ 272,151
Due from the Central Bank and call loans to banks	1,086,279	612,768	612,768	98,305	1,853,904
Financial assets at FVTPL	16,543	-	-	3,147	16,543
Receivables	538,337	98,806	98,806	10,265	736,064
Discounts and loans	322,503	324,471	324,471	3,882,465	5,553,796
Investments in debt instruments at FVTOCI	112,755	223,919	223,919	213,233	3,300,840
Investments in debt instruments at amortized cost	15,030	135,048	135,048	2,326,276	2,922,748
Other maturity fund inflow items	5,000	1,310,096	1,310,096	69,034	74,034
Major maturity fund outflows					
Deposits from the Central Bank and banks	6,611	-	-	66	6,677
Due to the Central Bank and banks	1,989,964	441,000	441,000	10,000	2,441,964
Securities sold under repurchase agreements	120,309	191,527	191,527	17,186	311,856
Payables	567,862	96,820	96,820	2,731,637	700,967
Deposits and remittances	3,988,556	4,943,562	4,943,562	2,509,590	16,964,658
Other maturity fund outflow items	60,211	2,710	2,710	3,210	70,347
Gap	\$ 14,354,917	\$ 14,365,523	\$ 14,365,523	\$ 6,025,736	\$ 15,685,279

Note: The amounts listed above were the position in U.S. dollars of the Bank.

Item	(In Thousands of United States Dollars)				
	December 31, 2022	91-180 Days	31-90 Days	Over 1 Year	Total
Major maturity fund inflows					
Cash and cash equivalents	\$ 60,862	\$ -	\$ -	\$ -	\$ 60,862
Due from the Central Bank and call loans to banks	849,818	34,966	34,966	4,003	1,014,042
Financial assets at FVTPL	407,436	-	-	7,115	794,864
Receivables	647,118	109,982	109,982	19,334	787,464
Discounts and loans	-	319,289	319,289	4,128,702	5,929,911
Investments in debt instruments at FVTOCI	12,973	15,508	15,508	1,920,155	2,197,971
Investments in debt instruments at amortized cost	-	213,859	213,859	2,213,833	2,730,424
Other maturity fund inflow items	2,158,175	667,960	667,960	14,085	14,085
Major maturity fund outflows					
Deposits from the Central Bank and banks	6,265	-	-	67	6,332
Due to the Central Bank and banks	770,306	556,000	556,000	-	1,371,306
Payables	580,962	76,972	76,972	5	676,985
Deposits and remittances	4,326,501	4,397,019	4,397,019	3,668,771	17,264,389
Other maturity fund outflow items	55,951	2,000	2,000	105,590	166,041
Gap	\$ 13,838,870	\$ 14,364,031	\$ 14,364,031	\$ 4,513,430	\$ 15,685,279

Note: The amounts listed above were the position in U.S. dollars of the Bank.

Item	December 31, 2023		December 31, 2022	
	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting
Business Type				
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note a)	\$ -	\$ 167	\$ -	\$ 283
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	864	16,207	702	18,851
Total	864	16,374	702	19,134

Note a: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

Rank (Note a)	December 31, 2023		As Proportion of Net Equity (%) (Note d)
	Transaction Party (Note b)	Loans (Note c)	
1	A Corporation (railway transportation industry)	\$ 19,320,716	10.28
2	B Group (uncategorized other financial services)	15,853,600	8.43
3	C Group (other holdings industry)	13,424,933	7.14
4	D Group (steel smelting industry)	12,770,274	6.79
5	E Group (liquid crystal panel and components manufacturing industry)	11,943,756	6.35
6	F Group (integrated circuit manufacturing)	10,534,172	5.60
7	G Group (chemical raw material manufacturing)	9,081,532	4.83
8	H Group (computer manufacturing)	9,055,165	4.82
9	I Group (steel manufacturing industry)	8,289,129	4.41
10	J Group (real estate development industry)	8,132,000	4.33

Rank (Note a)	December 31, 2022		As Proportion of Net Equity (%) (Note d)
	Transaction Party (Note b)	Loans (Note c)	
1	A Corporation (railway transportation industry)	\$ 20,371,434	12.05
2	B Group (uncategorized other financial services)	15,547,588	9.20
3	C Group (other holdings industry)	15,018,908	8.89
4	E Group (steel smelting industry)	13,074,879	7.74
5	K Group (airline industry)	12,680,935	7.50
6	D Group (liquid crystal panel and components manufacturing industry)	10,642,737	6.30
7	G Group (integrated circuit manufacturing)	9,829,664	5.82
8	H Group (steel manufacturing industry)	8,103,038	4.79
9	F Group (vessel carriers industry)	7,635,656	4.52
10	J Group (real estate development industry)	7,630,000	4.51

Note a: State by the balance of loans on December 31, 2023 and 2022, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, accounts receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d: The percentage of loans to equity for the period: Domestic banks should use bank equity to calculate, the Taiwan branch of foreign banks should use branch's equity to calculate.

c. Interest rate sensitivity

Item	December 31, 2023			Total
	1-90 Days	91-180 Days	181 Days-1 Year	
Interest-sensitive assets	1,823,919,093	64,565,992	78,357,214	2,166,376,357
Interest-sensitive liabilities	482,461,826	1,219,934,991	110,361,112	1,861,455,577
Interest sensitivity gap	1,341,457,267	(1,155,368,999)	(32,003,898)	302,920,780
Net equity				161,945,644
Ratio of interest-sensitive assets to liabilities				116.27%
Ratio of interest sensitivity gap to net equity				187.05%

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2022			Total
	1-90 Days	91-180 Days	181 Days-1 Year	
Interest-sensitive assets	\$ 1,723,831,510	\$ 28,194,615	\$ 61,887,025	\$ 2,124,009,684
Interest-sensitive liabilities	460,738,064	1,128,589,010	85,028,062	1,725,554,754
Interest sensitivity gap	1,263,093,446	(1,100,394,395)	(23,141,037)	301,999,364
Net equity				161,541,350
Ratio of interest-sensitive assets to liabilities				117.45%
Ratio of interest sensitivity gap to net equity				206.39%

(In Thousands of New Taiwan Dollars; %)

Note a: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (N.T. dollars only)

Item	December 31, 2023				Total
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	
Interest-sensitive assets	14,767,521	801,721	651,492	3,948,973	20,169,707
Interest-sensitive liabilities	21,528,309	2,340,281	2,253,684	-	26,122,274
Interest sensitivity gap	(6,760,788)	(1,538,560)	(1,602,192)	3,948,973	(5,952,567)
Net equity					631,648
Ratio of interest-sensitive assets to liabilities					77.21%
Ratio of interest sensitivity gap to net equity					(942.39)%

Item	December 31, 2022			Total
	1-90 Days	91-180 Days	181 Days-1 Year	
Interest-sensitive assets	\$ 13,445,593	\$ 705,325	\$ 516,568	\$ 14,667,486
Interest-sensitive liabilities	20,635,711	2,181,705	1,967,327	24,784,743
Interest sensitivity gap	(7,190,118)	(1,476,380)	(1,450,759)	(10,117,257)
Net equity				573,517
Ratio of interest-sensitive assets to liabilities				73.41%
Ratio of interest sensitivity gap to net equity				(1,761.01)%

Note a: The amounts listed above include accounts in U.S. dollars only for domestic branches, offshore banking unit (OBU), and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (U.S. dollars only)

d. Profitability

Item	December 31, 2023	December 31, 2022
Return on total assets	Pretax 0.58%	0.50%
	After tax 0.47%	0.42%
Return on net equity	Pretax 9.03%	7.62%
	After tax 7.27%	6.44%
Profit margin	34.20%	32.71%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2023 and 2022, respectively.

e. Maturity analysis of assets and liabilities

	December 31, 2023				
	0-90 Days	91-180 Days	181 Days-1 Year	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	\$ 292,454,033	\$ 177,046,029	\$ 210,167,138	\$ 290,140,874	\$ 309,893,899
Major maturity cash outflows	3,040,156,182	173,412,615	397,651,604	444,446,690	704,453,515
Gap	(6,580,042,772)	3,633,414	(187,484,466)	(154,305,816)	(394,560,016)

	December 31, 2022				
	0-90 Days	91-180 Days	181 Days-1 Year	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	\$ 236,494,000	\$ 195,324,110	\$ 239,257,470	\$ 190,362,686	\$ 1,104,129,578
Major maturity cash outflows	249,403,866	207,144,526	457,144,195	382,616,574	618,645,750
Gap	(642,985,555)	(121,820,416)	(217,886,725)	(192,253,888)	(514,516,172)

Note: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

	December 31, 2023			
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year
Major maturity cash inflows	29,512,824	10,538,095	3,937,746	3,149,671
Major maturity cash outflows	35,092,149	14,129,358	7,242,338	3,792,608
Gap	(5,579,325)	(3,591,263)	(3,304,592)	(642,937)

	December 31, 2022			
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year
Major maturity cash inflows	\$ 30,662,540	\$ 11,480,936	\$ 5,610,436	\$ 3,537,987
Major maturity cash outflows	36,061,005	13,387,602	7,751,665	4,247,844
Gap	(5,398,465)	(1,906,666)	(2,141,229)	(709,857)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Non-performing loan selling information

Transaction Date	Trading Partners	Non-perform Loan Composition	December 31, 2023			Relationship
			Book Value	Price	Distribution Profit	
2022.12.8 sign up, 2023.1.30 settlement completed and strike a balance	SC Lowry Primary Investments, Ltd.	International lending (foreign currencies secured loan)	\$ -	\$ 91,482	\$ 91,482	None

g. Trust accounts

Under article 3 of the Trust Law, the Bank can offer trust services. The items and amounts of trust accounts as of December 31, 2023 and 2022 were as follows:

	December 31	December 31
	2023	2022
Special purpose trust accounts - domestic	\$ 35,012,774	\$ 36,374,202
Special purpose trust accounts - foreign	85,697,738	74,276,891
Insurance trust	9,962	9,855
Retirement and breads trust	1,961,320	947,490
Umbilical cord blood trust	16,023,737	14,827,483
Money claim and guarantee trust	51,800	51,800
Marketable securities trust	1,868,611	1,647,702
Real estate trust	38,781,766	27,958,276
Securities under custody	352,546,535	278,623,588
Other money trust	4,015,813	2,573,759
	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

	Balance Sheet of Trust	
	December 31	December 31
	2023	2022
Trust Assets		
Bank deposits	\$ 7,889,660	\$ 5,026,631
Insurance claims	51,800	51,800
Financial assets		
Common stock	5,708,397	5,384,097
Mutual funds	134,107,812	120,366,081
Bonds	4,187,148	4,492,791
Interest receivable	511	3,845
Land	19,887,340	15,456,039
Buildings	1,007,174	543,815
Construction in progress	10,583,679	7,342,359
Securities under custody	352,546,535	278,623,588
Total trust assets	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>
Trust Liabilities		
Trust capital		
Money trust	\$ 141,952,096	\$ 128,459,307
Insurance claims	51,800	51,800
Marketable securities trust	1,851,592	1,640,284
Real estate trust	38,777,990	27,957,778
Securities under custody	352,546,535	278,623,588
payable	48	299
Withholding income tax	469,529	314,937
Profit and loss	(1,503)	(9,378)
Unappropriated retained earnings - realized capital gain/loss	(1,503)	(9,378)
Unappropriated retained earnings - gain on revenue/expense investment	1,589,293	1,340,123
Unappropriated retained earning	(1,267,324)	(1,087,692)
Total trust liabilities	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

Trust Assets Register

	December 31	December 31
	2023	2022
Investments		
Bank deposits	\$ 7,889,660	\$ 5,026,631
Insurance claims	51,800	51,800
Financial assets		
Common stock	5,708,397	5,384,097
Mutual funds	134,107,812	120,366,081
Bonds	4,187,148	4,492,791
Land	19,887,340	15,456,039
Buildings	1,007,174	543,815
Construction in progress	10,583,679	7,342,359
Others	511	3,845
Securities under custody	352,546,535	278,623,588
Total trust assets	<u>\$ 535,970,056</u>	<u>\$ 437,291,046</u>

Income Statement of Trust

	December 31	December 31
	2023	2022
Investments		
Revenue		
Interest income	\$ 118,847	\$ 59,786
Dividends	158,735	186,288
Gain on mutual funds	33,974	27,445
Foreign exchange gains	1,007,926	943,610
Realized capital gain - mutual funds	722	15,300
Realized capital gain - bonds	4,485	-
Realized capital gain - quoted stock	120,803	-
	<u>1,445,492</u>	<u>1,232,429</u>
Expense		
Maintenance	(5,579)	(3,877)
Tax expense	(10,845)	(5,624)
Others	(53)	(447)
Foreign exchange losses	(948,973)	(898,420)
Realized capital loss - bonds	(4,628)	(3,226)
Realized capital loss - mutual funds	(997)	(5,898)
Realized capital loss - quoted stock	(4,888)	-
	<u>(975,963)</u>	<u>(917,492)</u>
	<u>\$ 469,529</u>	<u>\$ 314,937</u>

35. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
Chang Hua Commercial Bank, Ltd.	The Bank's subsidiary
Chang Hua Bank Venture Capital Co., Ltd.	The Bank's subsidiary
Taishin Financial Holding	The Bank's related party in substance (before June 16, 2023)
Taishin International Bank	The subsidiary of Bank's related party in substance (before June 16, 2023)
Chunghwa Post Co., Ltd.	The Bank's corporate director
The Export-Import Bank Land Bank	Its director is the Bank's corporate director
Taiwan Business Bank	Its director is the Bank's corporate director
CPC Corporation, Taiwan	Its director is the Bank's representative of corporate director
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
Unity OPTO Technology Co., Ltd.	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
China Airlines, Ltd.	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
TSEC Corporation	Its director is the Bank's corporate director
China Metal Products Co., Ltd.	Its director is the Bank's director
Others	Other related parties (IAS 24 "Related Party Disclosures")

b. Significant transactions with related parties

1) Loans	Balance	Percentage of Loans (%)
Balance as of December 31, 2023	\$ 43,627,123	2.44
Balance as of December 31, 2022	24,104,591	1.45

For the years ended December 31, 2023 and 2022, interest rates ranged from 1.55%-7.21% and 1.26%-6.51%, respectively, and interest income amounted to \$765,959 thousand and \$501,057 thousand, respectively.

December 31, 2023

	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
<u>Consumer loans</u>						
38 accounts	\$ 17,135	\$ 18,428	\$ 17,135	\$ -	Credit	None
Self-use residential mortgage loans						
228 accounts	1,566,911	1,682,452	1,566,911	-	Real estate	None
<u>Others</u>						
Taiwan High Speed Rail Corporation	19,308,161	20,318,882	19,308,161	-	Station equipment	None
China Airlines, Ltd.	200,000	750,000	200,000	-	Credit and fund guarantee	None
CPC Corporation, Taiwan	20,000,000	20,000,000	20,000,000	-	Credit	None
Land Bank	1,566,911	3,133,822	1,566,911	-	Credit and fund	None
TSEC Corporation	554,611	681,624	554,611	-	Credit and land and plant	None
China Metal Products Co., Ltd.	312,500	1,440,000	312,500	-	Credit	None
Other - 12 corporation accounts (Note 1)	422,597	3,809,887	422,597	-	Credit and fund guarantee and real estate	None
Other - 5 individual accounts (Note 2)	3,208	3,334	3,208	-	Deposit	None

December 31, 2022

	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
<u>Consumer loans</u>						
42 accounts	\$ 19,774	\$ 21,246	\$ 19,774	\$ -	Credit	None
Self-use residential mortgage loans						
239 accounts	1,554,719	1,635,516	1,554,719	-	Real estate	None
<u>Others</u>						
Taiwan High Speed Rail Corporation	20,237,161	20,318,882	20,237,161	-	Credit and station equipment	None
China Airlines, Ltd.	750,000	750,000	750,000	-	Credit and fund guarantee	None
Unity Opto Technology Co., Ltd.	633,239	635,886	633,239	-	Credit and land and plant	None
CSBC Corporation	365,795	2,007,292	365,795	-	Credit	None
Lungteh Shipbuilding Co., Ltd.	203,326	286,782	203,326	-	Credit and land and plant	None
Other - 9 corporation accounts (Note 1)	333,610	3,599,491	333,610	-	Credit and fund guarantee and real estate	None
Other - 6 individual accounts (Note 2)	6,967	8,451	6,967	-	Foreign currencies and deposit	None

Note 1: The balance of each corporate entity does not exceed \$0.1 billion.

Note 2: The balance of each single entity does not exceed 1% of the total ending balance.

Mortgage loans to managers within \$8,000 thousand and credit loans within \$800 thousand per person all bore interests were 1.76% and 1.64% in December 31, 2023 and 2022, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

	December 31, 2023			Collateral
	Ending Balance	Highest Amount	Interest Rate Guarantee Liabilities (Per Annum %)	
CSBC Corporation	\$ 2,027,094	\$ 2,082,149	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,008,925	1,514,475	0.80-1.00	None
Langteh Shipbuilding Co., Ltd.	52,442	102,347	1.00	None
December 31, 2022				
	Ending Balance	Highest Amount	Interest Rate Guarantee Liabilities (Per Annum %)	Collateral
CSBC Corporation	\$ 2,082,149	\$ 2,236,261	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,514,475	1,514,475	0.80-1.00	None
Langteh Shipbuilding Co., Ltd.	102,347	127,162	1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	0.50	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of December 31, 2023	\$ 46,936,183	1.91
Balance as of December 31, 2022	31,294,718	1.34

For the years ended December 31, 2023 and 2022, the interest rates intervals were both between 0.00%-13.00%; the interest expense amounted to \$566,255 thousand and \$479,935 thousand, respectively.

The interest rate for managers' deposits amounting to \$480 thousand per person was 13% per annum. The part of deposit exceeding \$480 thousand will earn interest calculated at the demand savings rate. The interest rates and other terms provided to the other related parties are the same as those offered to general public.

4) Transactions of derivative financial products

Name	Contract	Duration	December 31, 2023		Balance Sheet	
			Nominal Principle Amount	Current Valuation Gain (Loss)	Subject	Amount
Chunghua Post Co., Ltd.	Currency swaps	2023.3.31-2024.8.12	\$ 20,510,940	\$ (525,734)	Financial liabilities at fair value through profit or loss	\$ 525,734
December 31, 2022						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Subject	Amount
Chunghua Post Co., Ltd.	Currency swaps	2022.4.7-2023.5.22	\$ 20,824,300	\$ 320,947	Financial assets at fair value through profit or loss	\$ 320,947

5) Call loans to banks and call loans from banks

Call loans to banks

Name	Department	Currency	(In Thousands of Original Currencies)		
			Ending Balance	Interest Rate (Per Annum %)	Interest Income
December 31, 2023					
The Export-Import Bank Land Bank	DBU	NTD	\$ 500,000	1.17-1.40	\$ 4,611
	DBU	NTD	856,150	0.56-1.50	9,157
	DBU	USD	25,000	4.25-5.90	822
	DBU	USD	85,000	5.69-5.83	222
London Branch		USD	20,000	4.32-6.00	2,068
Hong Kong Branch		USD	33,000	4.62-5.71	29
Taiwan Business Bank	OBU	USD	10,000	4.60-5.78	320
	Hong Kong Branch	USD	30,000		
December 31, 2022					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Land Bank	DBU	NTD	\$ 25,000	0.08-1.30	\$ 8,198
	DBU	USD	30,000	0.05-4.28	1,339
Hong Kong Branch		USD	26,000	0.23-4.32	1,008
Singapore Branch		USD	10,000	4.25	105

Call loans from banks

Name	Department	Currency	(In Thousands of Original Currencies)		
			Ending Balance	Interest Rate (Per Annum %)	Interest Expense
December 31, 2023					
Land Bank	DBU	NTD	\$5,005,000	0.56-1.50	\$ 4,081
	New York Branch	USD	40,000	4.23-5.83	691
	Los Angeles Branch	USD	15,000	4.27-6.00	427
December 31, 2022					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.08-1.22	\$ 85

6) Due from banks and deposits from banks

Due from banks

Name	Department	Currency	(In Thousands of Original Currencies)	
			Ending Balance	Ending Balance
December 31, 2023				
Land Bank	DBU	NTD	\$	\$
Taiwan Business Bank	DBU	NTD		8
Chunghua Post Co., Ltd.	DBU	NTD	103	113
Chang Hua Commercial Bank, Ltd.	DBU	USD	1,373	1,188
	DBU	RMB	7,657	10,153

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31	
			2023 Ending Balance	2022 Ending Balance
Land Bank	DBU	NTD	\$ 277	\$ 277
The Export-Import Bank Chungghwa Post Co., Ltd.	DBU	NTD	3,424	2,388
Taishin International Bank	DBU	NTD	216,579	275,361
Chang Hua Commercial Bank, Ltd.	New York Branch	USD	67	67
	Tokyo Branch	JPY	77,174	535,980
	Hong Kong Branch	USD	235	235
	Hong Kong Branch	HKD	321	352

7) Other financial assets

(In Thousands of Original Currencies)

Name	Department	Currency	December 31	
			2023 Ending Balance	2022 Ending Balance
Chang Hua Commercial Bank, Ltd.	DBU	RMB	\$ 1,500,000	\$ 1,200,000

The interest income recognized by the Bank in 2023 and 2022 was \$180,495 thousand and \$242,404 thousand, respectively.

8) Deposits and remittances

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	December 31	
			2023 Ending Balance	2022 Ending Balance
Chang Hua Bank Venture Capital Co., Ltd.	DBU	NTD	\$ 346,937	\$ 418,696

The interest expense recognized by the Bank in 2023 and 2022 was \$2,693 thousand and \$1,484 thousand, respectively.

c. Compensation of directors and management personnel

For the Year Ended December 31	
2023	2022
\$ 126,747	\$ 105,290
<u>27,783</u>	<u>12,311</u>
<u>\$ 154,530</u>	<u>\$ 117,601</u>

Short-term employee benefits
Post-employment benefits

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Others

The Bank signed two-year information system service contracts in the amounts of \$2,000 thousand and \$46 thousand each on April 8, 2020 and April 30, 2020, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hua Bank Venture Capital Co., Ltd., respectively.

The Bank signed three-year legal advice service contract with its subsidiary, Chang Hua Bank Venture Capital Co., Ltd., on November 26, 2020. Under the contract, the annual service fee is \$68 thousand. In 2023, the Bank recognized other income in the amount of \$69 thousand.

The Bank signed three-year information system service contracts in the amounts of \$4,410 thousand and \$68 thousand each on April 6, 2022 and February 15, 2022, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hua Bank Venture Capital Co., Ltd. In 2023, the Bank recognized other income according to the latter contract in the amount of \$1,300 thousand and \$21 thousand, respectively.

36. PLEDGED ASSETS

The summary of the Bank's pledged assets as of December 31, 2023 and 2022 is as follows:

Pledged Assets	Description	December 31	
		2023	2022
Investments in debt instruments at FVTOCI	Bonds	\$ 1,373,749	\$ 1,208,237
Investments in debt instruments at amortized cost	Bonds and certificates of deposit	41,453,525	41,453,625
Refundable deposits	Cash	2,677,256	913,170

37. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Bank had the following contingent liabilities and commitments as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Trust liabilities	\$ 535,970,056	\$ 437,291,046
Unused loan commitments (excluding credit cards)	112,004,604	76,258,925
Credit card commitments	204,468	197,579
Unused issued letters of credit	19,758,506	20,023,484
Guarantees issued in guarantee business	56,637,000	55,098,790
Repayment notes and times deposit held for custody	19,013,292	18,843,464
Liabilities on joint loans	167,319	271,744

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security as of December 31, 2023 were \$690,361 thousand, \$235,537 thousand, \$705,873 thousand and \$147,114 thousand, respectively.

b. TDK Corporation filed a legal proceeding against the Bank for damages in the amount of \$45,794 thousand. On April 19, 2017, the Taiwan Superior Court passed a verdict partially in favor of and partially against the Bank, and the Bank shall compensate the damages in the amount of \$11,448 thousand. The Bank appealed to the Supreme Court. The Supreme Court held hearings on September 3, 2019, November 4, 2019, January 14, 2020, May 11, 2020, July 16, 2020, September 30, 2020, November 25, 2020, January 25, 2021, April 12, 2021 and July 26, 2021. On September 7, 2021, the Taiwan Superior Court ruled in favor of the Bank without damages, but on October 26, 2021, TDK Corporation appealed to the Taiwan Superior Court. The Supreme Court convened a mediation court for TDK Corporation on February 8, 2022 and the Court rendered a judgment in favor of the Bank in the form of Supreme Court Judgment No. 1307 of 2022 on July 7, 2022.

c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer filed a lawsuit against the Bank at the Taiwan Taichung District Court. The case is currently under trial.

38. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
2	Acquisition of fixed assets over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
3	Disposal of fixed assets over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
4	Discount on fees income from related parties over NT\$5 million	None
5	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of December 31, 2023	None
6	Sale of NPL	Note 34
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on Investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31, 2023	None
5	Accumulated purchases and sales balance of specific marketable security over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
6	Acquisition of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
7	Disposal of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the year ended December 31, 2023	None
8	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of December 31, 2023	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT\$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 2.

d. Information of major shareholders: The name of the shareholder, shareholding amount and ratio of shareholders with a shareholding ratio more than 5%. (Table 3)

39. INFORMATION ON INVESTEES

Investee's Name (Note a)	Investee's Location	Principal Business Activities	Ownership (%) at Ending Balance	Investment Book Value	Recognized Income of Current Period	Current Stock	Sum of Ownership (Note a)	Ownership Interest (%) (Note c)
China Hua Commercial Bank, Ltd.	China	Banking	10.00	\$ 13,556,639	5	(8462.3)	-	100.00
China Hua Bank, Venture Capital	Taipei City	Venture capital business	10.00	1,181,192	118,521	104,536,697	-	101,268,947
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad	0.79	1,566,150	-	44,500,000	-	44,500,000
Taiwan Bank Exchange Co., Ltd.	Taipei City	Securities brokerage, margin lending and underwriting financial products	3.00	5,846,083	-	34,764,142	-	34,764,142
Taiwan Sugar Co., Ltd.	Taipei City	Mainland commodity products of Taiwan	0.41	1,741,130	-	23,286,139	-	23,286,139
Taiwan Power Co., Ltd.	Taipei City	Electricity, electric power, power distribution and power supply	0.49	992,489	-	235,276,352	-	235,276,352
United Exchange, Ltd.	Taipei City	Exchange	3.33	32,893	-	100,000	-	100,000
Lane-All Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair of ATM	5.00	1,691	-	125,000	-	125,000
CTRH & Partners Investment Holding Co., Ltd.	Taipei City	Investment	4.95	555,120	-	54,000,000	-	54,000,000
Securities Management Service, Ltd.	Taipei City	Securities investment firm	4.09	6,640	-	143,125	-	143,125
Financial Information Service, Ltd.	Taipei City	Type II telecommunications business	1.26	205,189	-	6,889,242	-	6,889,242
Urban Future Exchange, Ltd.	Taipei City	Business exchange	1.00	791,200	-	5,526,531	-	5,526,531
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, collection, and management	11.25	1,600,800	-	120,000,000	-	120,000,000
Taiwan Financial Asset Service Co., Ltd.	Taipei City	Acquisition of the acquisition of financial assets	2.94	46,200	-	5,000,000	-	5,000,000
Financial Station Co., Ltd.	Taipei City	Information systems development	4.12	8,111	-	905,475	-	905,475
Taiwan Depository & Clearing Co., Ltd.	Taipei City	Provide book entry of securities	0.08	76,737	-	542,696	-	542,696
Strategic Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, collection, and management	0.70	5,301	-	41,768	-	41,768
Taiwan Information Management Corporation	Taipei City	Electronic information provider	5.00	96,819	-	1,800,000	-	1,800,000
Taiwan Urban Regeneration & Development Co., Ltd.	Taipei City	Urban renewal industry	5.00	11,150	-	2,500,000	-	2,500,000

Note a: The investees' voting shares, and imputed stock were owned by the Bank and related parties.

Note b: 1) Imputed stock refers to the purchase of securities with equity or derivative commodity contracts (not yet converted into equity holding), which is linked to the equity of the reinvestment business according to the agreed transaction conditions and the bank's commitment to be used as Article 74 of The Banking Act of The Republic of China stipulates that for the purpose of reinvestment, under the assumption of conversion, the shares acquired as a result of the conversion.

2) The above-mentioned "securities with equity" refers to the securities stipulated in the first paragraph of Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.

3) The above-mentioned "derivative commodity contract" refers to those who meet the definition of derivative instruments in IFRS 9, such as stock options.

Note c: Limited company organization.

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the divisions which are identified by the type of services provided. The accounting policies adopted in the operating segments are the same as those described in Note 4. The operating results and identified assets of the operating segments are disclosed in the consolidated financial statements.

CHANG HWA COMMERCIAL BANK, LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTORS' NAMES, LOCATIONS AND SHAREHOLDING PERCENTAGE (in Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investor's Name	Investor's Location	Line of Business	Original Investment Amount		Ending Balance		Net Income of Current Period	Recognized Income (Loss) of Current Period	Note
				End of 2023	End of 2022	Stock	Ownership Interest (%)			
Chang Hwa Bank	Chang Hwa Commercial Bank, Ltd.	China	Banking	\$ 12,117,288	\$ 12,117,288	Note	100	\$ 13,535,630	\$ 184,630	1
Chang Hwa Bank	Chang Hwa Bank Venture Capital Co., Ltd. Taiwan	Taiwan	Venture capital	1,042,686	1,042,686	104,268,647	100	1,181,392	18,521	2

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA (in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Main Business Products	Paid in Capital	Method of Investment	Accumulated Outflow or Inflow of Investment in January 1, 2023	Investment Flows		Net Income (Loss) of the Investment (Note 2)	% of Direct or Indirect Investment (Note 2)	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Investment Income or Loss as of December 31, 2023	Note
					Outflow	Inflow						
Chang Hwa Commercial Bank, Ltd.	Banking	\$ 12,117,288 (US\$ 399,558)	Note 1.c.	\$ 12,117,288 (US\$ 399,558)	\$ -	\$ -	\$ 184,630 (US\$ 5,858)	100	\$ 184,630	\$ 13,535,630	\$ -	1

Investment Account Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment in Mainland China Stipulated by Investment Commission, MOEA (Note 3)	
	December 31, 2023	December 31, 2022
\$ 12,117,288 (US\$ 399,558)	\$ 12,117,288 (US\$ 399,558)	\$ 28,199,708

Note 1: The three methods of investment are as follows:

- Direct investment in mainland China.
- Investment in mainland China through investment management companies.
- Others.

Note 2: Equity ratio (profit loss):

- If the equity is still in the preparation stage and there is no equity (in profit/loss), the condition should be noted.

- The basis of recognizing equity (in profit/loss) is categorized in the following three types and each entity should be noted according to its condition.

- Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
- Others.
- Others.

Note 3: In accordance with the "Bank Financial Holding Corporation and Related Party Invest China Business Rules" announced by the PRC, the accumulated outflow of creating funds and investment from the following participants are exceed 15% of net assets while they applied:

- Banks in Taiwan or subsidiaries in other area which establish branches, establish equity subsidiaries or acquire stock or capital contributions from local stockholders in mainland China.
- The subsidiaries whose issued stock with voting rights or more than 50% of capital held by banks in Taiwan that have investments in mainland China.

TABLE 3

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON MAJOR SHAREHOLDERS (in Thousands of New Taiwan Dollars)

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Finance	1,323,969,082	12.19
Industrial Development Bank of Taiwan	606,401,256	5.58
National Development Fund, Executive Yuan	588,891,293	5.42

Note: The main shareholder information in this table is calculated by the insurance company on the last day of the reporting period. The shareholding information is based on the information provided by the shareholders who have completed the delivery without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the share capital recorded in the Bank's consolidated financial statement may be different due to the timing of preparation and calculation.

Item

Statement Index

- Major Accounting Items in Assets, Liabilities and Equity
- Statement of financial assets at fair value through profit or loss
- Statement of financial assets at fair value through other comprehensive income
- Statement of investments in debt instruments at amortized cost
- Statement of changes in investments measured by equity method
- Statement of other financial assets
- Statement of changes in property and equipment
- Statement of changes in accumulated depreciation of property and equipment
- Statement of changes in right-of-use assets
- Statement of changes in accumulated depreciation of right-of-use assets
- Statement of securities sold under repurchase agreements
- Statement of lease liabilities
- Major Accounting Items in Profit or Loss
- Statement of interest income
- Statement of interest expense
- Statement of net service fee income
- Statement of gain (loss) on financial assets or liabilities at fair value through profit or loss
- Statement of foreign exchange gain (loss)
- Statement of net other non-interest income (loss)
- Statement of employee benefit expenses
- Statement of depreciation and amortization expenses
- Statement of other general and administrative expenses

STATEMENT 5

CHANG HWA COMMERCIAL BANK, 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	Addition	Reduction	Balance at December 31, 2023
Land	\$ 3,835	\$ -	\$ -	\$ 3,835
Buildings	3,478,095	600,028	(485,390)	3,592,733
Machinery equipment	-	15,367	-	15,367
Transportation equipment	156,975	53,915	(27,799)	183,091
Miscellaneous equipment	27,875	7,471	(6,674)	28,672
	<u>\$ 3,666,780</u>	<u>\$ 676,781</u>	<u>\$ (519,863)</u>	<u>\$ 3,823,698</u>

STATEMENT 6

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2023	Addition	Reduction	Balance at December 31, 2023
Land	\$ 2,141	\$ 887	\$ -	\$ 3,028
Buildings	1,612,470	638,251	(471,963)	1,778,758
Machinery equipment	-	5,684	-	5,684
Transportation equipment	84,227	36,502	(27,096)	93,633
Miscellaneous equipment	17,390	7,561	(6,462)	18,489
	<u>\$ 1,716,228</u>	<u>\$ 688,885</u>	<u>\$ (505,521)</u>	<u>\$ 1,899,592</u>

STATEMENT 1

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Shares (Thousand)	Maturity	Rate (%)	Cost	Price	Fair Value Amounts
Investment in bills	-	January 2, 2024 - March 28, 2024	1.80-1.48	\$ 9,947,300	\$ 9,849,495	\$ 9,849,495
Negotiable certificates of deposits	-	February 22, 2024 - April 15, 2024	1.85-1.48	9,202,506	-	9,202,506
Government bonds	-	-	-	69,147,300	69,147,300	69,147,300
Corporate bonds	-	-	-	506,633	507,434	507,434
Derivative financial instruments	-	-	-	1,032,790	-	1,032,790
Forward exchange contracts	-	-	-	-	176,094	176,094
Interest rate swaps	-	-	-	-	200,256	200,256
Other	-	-	-	-	1,650,000	1,650,000
Currency call option premiums	-	-	-	85,106	65,979	65,979
Others	-	-	-	3,272,085	3,272,085	3,272,085
				<u>\$ 20,222,827</u>		<u>\$ 22,431,453</u>

Note: The part of financial assets at FVTPL were provided for transaction with repurchase agreements.

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Shares (Thousand)	Par Value	Rate (%)	Cost	Price	Fair Value Amounts	Guarantee or Pledge
Domestic listed stocks	346,431	\$ 3,664,310	4.03-1.18	\$ 15,545,097	\$ 30,287,136	\$ 30,287,136	
Domestic unlisted stocks	492,811	4,928,110	4.03-1.18	3,908,099	11,960,722	11,960,722	
Bond and asset-based securities	22,500	225,000	1.03-1.25	225,000	226,125	226,125	
Government bonds	-	-	-	37,312,107	37,312,107	37,312,107	
Corporate bonds	-	-	-	71,146,743	70,114,526	70,114,526	
Bank bonds	-	-	-	68,544,232	68,544,232	68,544,232	
Investments in VIE	-	-	-	17,059,437	17,059,437	17,059,437	
Investments in other international organizations	-	-	-	15,164,128	14,166,830	14,166,830	
Benefit pay and asset-based securities	-	-	-	4,239,620,893	4,239,620,893	4,239,620,893	
				<u>\$ 21,071,621</u>	<u>\$ 21,071,621</u>	<u>\$ 21,071,621</u>	

Note: The part of financial assets at FVOCI were provided for transaction with repurchase agreements.

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount	Maturity	Rate (%)	Unamortized Premium (Discount)	Cost	Accumulated Impairment	Book Value	Guarantee or Pledge
Investments in bills	\$ 315,670,000	January 1, 2024 - November 15, 2025	0.52-1.40	\$ -	\$ 315,670,000	\$ -	\$ 315,670,000	
Central bank certificates of deposit	-	-	-	-	-	-	-	
Others	1,298,226	-	-	(13,069)	1,285,157	-	1,285,157	
Government bonds	33,007,435	-	-	(29,240)	32,978,195	-	32,978,195	
Bank notes	65,026,271	-	-	1,029	65,027,300	(7,223)	65,020,077	
Corporate bonds	7,892,228	-	-	(4,411)	7,887,817	(1,827)	7,886,090	
Bonds issued by international	11,818,455	-	-	(89,427)	11,698,878	-	11,698,878	
Benefit pay and asset-based securities	18,383,321	-	-	(144,147)	18,239,084	-	18,239,084	
	<u>\$ 443,202,211</u>			<u>\$ (68,420)</u>	<u>\$ 443,133,791</u>	<u>\$ (9,820)</u>	<u>\$ 443,123,971</u>	

Note: The part of financial assets at FVOCI were provided for transaction with repurchase agreements.

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF CHANGES IN INVESTMENTS MEASURED BY EQUITY METHOD

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Balance at January 1, 2023		Addition		Balance at December 31, 2023		Market Value or Net Equity	Price	Valuation Basis	Guarantee or Pledge
	Share	Amount	Share	Amount	Share	Amount				
Equity method	-	-	-	-	-	-	\$ 13,535,600	-	Equity method	N
Chang Hwa Commercial Bank, Ltd.	10,209	\$ 13,629,324	-	\$ -	10,209	\$ 13,629,324	11.33	-	Equity method	N
Chang Hwa Bank Venture Capital Co., Ltd.	-	48,805	-	48,805	-	97,610	-	-	Equity method	N
		<u>\$ 48,805</u>		<u>\$ 48,805</u>		<u>\$ 97,610</u>				

Note: Listed company organization.

STATEMENT 7**CHANG HWA COMMERCIAL BANK, LTD.****STATEMENT OF SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Per Value	Amount
Bonds with repurchase agreements		
Government bonds		
108-7 Note A	\$ 1,412,800	\$ 1,563,399
US Treasury	6,141,000	5,880,836
Others	4,145,175	3,694,091
	<u>\$ 11,698,975</u>	<u>\$ 11,138,326</u>

STATEMENT 8**CHANG HWA COMMERCIAL BANK, LTD.****STATEMENT OF FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Amount
Spot transaction	<u>\$ 724,134</u>

STATEMENT 9**CHANG HWA COMMERCIAL BANK, LTD.****STATEMENT OF NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Amount
Lease income	\$ 165,689
Securities brokerage income	131,790
Other miscellaneous net loss	<u>(121,807)</u>
	<u>\$ 175,672</u>

STATEMENT 10**CHANG HWA COMMERCIAL BANK, LTD.****STATEMENT OF EMPLOYEE BENEFIT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Employee Benefit Expenses	Net Non-interest Income	Total
Payroll expenses	\$ 9,546,144	\$ 325,669	\$ 9,871,813
Labor and health insurance expenses	692,541	-	692,541
Pension expenses	1,121,917	-	1,121,917
Director compensation	80,664	-	80,664
Other employee benefit expenses	<u>498,242</u>	-	<u>498,242</u>
	<u>\$ 11,939,508</u>	<u>\$ 325,669</u>	<u>\$ 12,265,177</u>

- a. The Bank had 6,702 and 6,687 employees in 2023 and 2022, respectively, including 9 non-employee directors in both years.
- b. The average employee benefits expense was NT \$1,820,486 and NT \$1,734,282 in 2023 and 2022, respectively.
- c. The average employee payroll expense was NT \$1,474,946 and NT \$1,394,577 in 2023 and 2022, respectively.
- d. Adjustment of average employee payroll expenses was 5.76%.
- e. The Bank's remuneration policy:

- 1) The remuneration of directors (including the chairman of the board and independent directors) is based on the provisions of Article 20, Clause 13 of the Bank's Articles of Incorporation. The amount of remuneration is determined by the board of directors in accordance with the level of remuneration of directors of financial institutions equivalent to the size of the Bank. The Board of Directors' Performance Evaluation Measures, Article 7, Paragraph 1, Paragraph 2, stipulates that, in conjunction with the results of the Board's performance evaluation, the remuneration of directors (including the chairman of the board and independent directors) shall be regularly evaluated annually.
- 2) The remuneration of the general manager is determined by the board of directors in accordance with Article 20, Clause 14 of the Bank's Articles of Incorporation.
- 3) The remuneration of the deputy general manager shall be determined by the board of directors in accordance with Article 20, Clause 14 of the Bank's Articles of Incorporation, and shall be paid within the scope of the "Salary of Current Employees of Chang Hwa Bank".
- 4) For employees of the Bank except for those mentioned, their salaries are based on the "Salary of Current Employees of Chang Hwa Bank".

STATEMENT 11**CHANG HWA COMMERCIAL BANK, LTD.**

**STATEMENT OF DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation and amortization expenses	
Depreciation expense	\$ 1,175,486
Amortization expense	<u>395,387</u>
	<u>\$ 1,570,873</u>

STATEMENT 12**CHANG HWA COMMERCIAL BANK, LTD.**

**STATEMENT OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars)

Item	Amount
Other general and administrative expenses	
Rental expenses	\$ 271,387
Repair and warranty expenses	233,675
Insurance expenses	552,180
Professional service fees	313,579
Tax	2,389,789
Others	<u>1,288,605</u>
	<u>\$ 5,049,215</u>

VII | Review and Analysis of Financial Status, Financial Performance, and Evaluation of the Risk Management

A. Financial Status for the Past Two Years (Consolidated)

Unit: NT\$ thousand

Item	Year	2023/12/31	2022/12/31	Fluctuation	
				Amount	Rate of Change (%)
Total assets		2,900,874,139	2,684,852,319	216,021,820	8.05
Total liabilities		2,712,876,083	2,515,824,101	197,051,982	7.83
Total equity		187,998,056	169,028,218	18,969,838	11.22

Analysis of variance in increase/decrease:

The main reason for the difference in total equity is the increase in unrealized fair value losses on financial assets at fair value through other comprehensive income under other equity.

B. Financial Performance for the Past Two Years (Consolidated)

Unit: NT\$ thousand

Item	Year	2023	2022	Increase (Decrease) Amount	Rate of Change (%)
Net non-interest income		16,337,498	9,493,287	6,844,211	72.10
Net revenue and gains		38,570,072	34,138,590	4,431,482	12.98
Bad debts expense, commitment and guarantee liability provision		3,241,455	3,319,215	(77,760)	-2.34
Operating expenses		19,092,029	17,768,647	1,323,382	7.45
Income before income tax from continuing operations		16,236,588	13,050,728	3,185,860	24.41
Net income from continuing operations		12,982,142	10,971,151	2,010,991	18.33
Net income (loss)		12,982,142	10,971,151	2,010,991	18.33

a. Analysis of variance in increase/decrease

Net non-interest income: The increase in investments in foreign exchange-based derivative financial instruments was the main contributing factor.

b. Expected business operational targets and its basis

The Bank's 2024 business operational targets are based on the growth of various businesses in the previous year, estimated economic growth rate of each forecasting institution for this year, and the Bank's business promotion policy. Please refer to "I. Letter to Shareholders B. 2024 Highlights of Business Plans b. Business Operational Targets."

c. The possible impact on the Bank's future financial business and the response plan

None.

C. Cash Flow

a. Liquidity analysis for the past two years

Item	Year	2023	2022	Rate of Change (%)
Cash flow ratio		-18.29%	-40.67%	22.38%
Cash flow adequacy ratio		-124.58%	-36.43%	-88.15%
Cash flow satisfaction ratio		2,960%	2,489%	471%

Analysis of variance in increase / decrease:

- The cash flow ratio in 2023 has changed mainly due to the increase in call loans from banks in 2023 compared to 2022.
- The cash flow adequacy ratio in 2023 has changed mainly due to an increase in net cash outflows from operating activities in 2023, resulting in a growth in net cash outflows from operating activities in the most recent five years.

b. Improvement plan for insufficient liquidity

None.

c. Cash flow analysis for the next year

Unit: NT\$ thousand

Cash balance at the beginning of the period (1)	Expected annual net cash flow from operating activities (2)	Expected annual investment and net cash flow of financing (3)	Expected cash surplus (deficit) (1) + (2) + (3)	Remediation measures against expected cash flow deficit	
				Investment	Financing
135,031,401	16,744,199	(17,244,197)	134,531,403	-	-

D. Impact of Major Capital Expenditures on Financial Business in Recent Years

a. Implementation of major capital expenditures and source of funds

Unit: NT\$ thousand

Project	Actual or expected source of funds	Actual or Expected Completion Date	Total Funding Requirement	Actual or Expected Implementation Status of Funds		
				2021	2022	2023
Urban renewal work of Peimen Branch	Funds of the Bank	2023/03/13	393,398	173,094	137,689	23,603
Urban renewal work of Chengtung Branch	Funds of the Bank	2026/06/30	616,785	31,887	6,869	27,374
Construction work of Chiencheng building	Funds of the Bank	2028/12/31	3,501,900	10,338	7,753	7,150
Construction work of Yuanli Branch	Funds of the Bank	2026/12/31	144,320	-	-	200
Urban renewal work of Nankang Warehouse (professional construction management (including supervision) consultancy and appointment of professional design and technical services)	Funds of the Bank	2036/12/31	13,664,408	-	-	5,940

b. Potential benefits

Enhance the Bank's corporate image, increase the Bank's business assets, save rental expenditure, and lease redundant offices for increasing the rental revenues.

E. The Reinvestment Policy in Recent Years, the Major Reasons for Its Profits or Losses, Improvement Plan and Investment Plan for the Next Year

a. Reinvestment business (excluding subsidiary bank)

The Bank's main profit from reinvestments in recent years is dividend income. The Bank regularly reviews and evaluates each reinvestment company's earnings and operating conditions. The Bank will continue searching for new investment targets while balancing profitability, security, growth, liquidity, and diversification principles.

b. The Bank's subsidiary bank

In 2023, the Bank's subsidiary, Chang Hua Commercial Bank, Ltd., recorded a YoY decrease in income before income tax as compared to 2022 due to the narrowing of interest rate spreads. In 2024, the Bank will take into account the changes in the general economic climate, prudently develop its lending business, strengthen its management of asset quality, and make timely adjustments to its investment portfolios in order to steadily increase its revenue.

F. Analysis and Evaluation of Risk Management for Recent Years and Published Date of Annual Report

a. A series of qualitative and quantitative information for various risks

1. Credit risk management system and accrued capital:

Credit Risk Management System 2023

Item	Contents
1. Strategies, Goals, Policies, and Procedures for Credit Risk	<p>(1) Credit Risk:</p> <p>Through the establishment of risk management mechanism and analysis of risk information, understand the development trend of risk management and implement it in related businesses to achieve the following goals:</p> <ol style="list-style-type: none"> ① Build bank-wide consensus on risk management. ② Provide effective risk management mechanism to facilitate the development of new loan products to ensure the sound development of the Bank. ③ Provide management with appropriate risk management information to facilitate decision-making and measure risks and rewards, thereby enhancing shareholders' value. ④ Provide expected loss information according to experiences in credit risk losses. ⑤ Convene seminars and education training on risk management for enhancing awareness of risk management as well as increasing credit assets quality of the Bank. <p>Management procedures:</p> <p>Formulate credit risk management related system, regulations, operating rules and standard operating procedures. Use various risk information to strengthen the identification, measurement and monitoring functions of credit risk, and improve the quality of the Bank's risk management.</p> <p>(2) Country Risk:</p> <p>The Bank has formulated the "Country Risk Management Regulations", which uses the external credit rating information of each region or country as the basis for identifying country risks and integrates the Bank's risk appetite, and establishes a country risk limit framework for country risk measurement and allocation to effectively control country risk. In addition, in response to the restrictions of external regulations (FSC AI822 "Total Quota Calculation Sheet of Credit Business, Investment, Due and Call Loans to Mainland China") and effectively control the risk exposure to China, since September 19, 2014, the China risk management method defined by AI822 has been integrated for simultaneous control, and for the bank-wide country risk, it has been divided into two parts including bank-wide country risk (excluding China) and China country risk exposure.</p> <p>Management procedures:</p> <ol style="list-style-type: none"> ① Based on the "Country Risk Management Regulations", the Bank's country risk rating is determined. ② The total country risk limit is calculated based on the multiple of the net worth announced in the Bank's most recent annual financial statements, which serves as the upper limit of the Bank's possible country risk exposure value. ③ Within the total country risk limit, according to the allocation ratios of individual country risk ratings, and taking into account the political and economic conditions of each country and the business needs of the unit, the individual country risk limit for the next year is drawn up. The Bank's total limit in China follows the external regulatory supervision limit standards and undergoes an annual review for adjustment. ④ Measure and monitor the exposure value, and suspend, reduce or cancel the use of the country's risk limit for countries whose political and economic conditions are unstable or credit risk has been downgraded. ⑤ Summarize the risk data of each country by month, and compile the "Country Risk Management Report" after analysis. <p>(3) Financial Counterparty Risk:</p> <p>The Bank introduced the concept of the New Basel Capital Accord, based on the management concept of the group's total limit and total exposure value, established a limit structure and formulated risk management regulations from top to down to identify, measure and monitor the Bank's financial transaction counterparties' credit risk portfolio, and report the results to the management level, in order to meet the requirements of domestic and foreign supervisory agencies, and to effectively use capital and maximize the Bank's income.</p> <p>Management procedures:</p> <ol style="list-style-type: none"> ① In accordance with the principle of rating selection, the credit ratings of financial counterparties by external rating agencies are adopted as the basis for the Bank's internal credit risk classification and rating. ② According to the type and level of financial counterparties, the net worth or combined net worth of the financial counterparties is used to calculate the total limit, which is considered as the upper limit of the possible exposure value of each financial counterparty, and then calculates various risk limits and limits for each business or product. ③ Based on each limit and taking into account the business needs of each unit and the use of the limit, the use limit and reserve limit are drawn up within the total limit of each financial counterparty. ④ Through the monitoring and reporting procedures of financial counterparty risks, the Bank's financial counterparty risks can be effectively managed.

**Credit Risk Management System
2023**

Item	Contents
2. Management Organization and Framework for Credit Risk	<p>1. The Bank has established three risk management divisions: Credit Management Division, Risk Management Division, and Loan Asset Management Division for setting up a professional and complete risk management function. The Credit Management Division is in charge of credit case review, business unit credit case review, and management and maintenance of e-Loan credit automatic system, for the prudent process of credit investigation and review; the Risk Management Division is responsible for integrating risk, credit risk, market risk, and operational risk policy formulation and risk control; the Loan Asset Management Division is in charge of control of overdue loans, collections, bad debts, and management of non-performing debt collection operations (including the e-Loan loan asset management subsystem); all divisions can implement it in accordance with regulations.</p> <p>2. The Bank has also set up Risk Management Committee and Asset and Liability Management Committee, chaired by the Bank's President who convenes the monthly meetings. The committee is responsible for evaluating and monitoring the Bank's risk-taking capacity and the actual risk exposure, determining risk response strategies and in compliance with risk management procedures, and submitting risk management reports to the Audit Committee and the Board of Directors on a quarterly basis to enhance risk management quality by consolidating relevant review, monitoring and coordination actions.</p>
3. Scope and Features of the Credit Risk Report and Measurement System	<p>1. Credit Risk:</p> <p>(1) Through various risk information monitoring reports, regularly inspect and monitor the credit risk concentration of the Bank's credit customers, and provide accurate and real-time information to enable senior executives and relevant business units to grasp the credit risk situation in a timely manner as a basis for policy or business adjustments.</p> <p>(2) Effectively assess the Bank's internal capital adequacy, implement rigorous and forward-looking stress tests, assess the probability and severity of stress events in advance, and formulate response and contingency plans to meet the regulatory requirements of the competent authority and improve the Bank's effectiveness of risk management.</p> <p>(3) Establish a corporate credit rating system and personal credit score card to provide quantitative measurement indicators of credit risk for corporate and personal credit customers during the credit application process, as a reference for credit approval, risk pricing, early warning systems, and post-loan management, to clearly distinguish the degree of credit risk of the credit account.</p> <p>(4) Based on the principle of prudent operation, establish credit asset evaluation operation rules, use quantitative and qualitative indicators to identify the credit quality stage of credit assets, and measure the expected credit loss of credit assets after adjusting forward-looking information with the overall index data.</p> <p>2. Country and financial counterparty credit risk: Regularly monitor and review the exposure situation of country risk and financial counterparty credit risk, reveal the main exposure categories, asset quality classification, concentration, portfolio management exposure value and large exposure distribution, etc., for the risk management decision-making level to control correct information to adjust risk allocation in a timely manner. Using various risk management systems and derivative financial commodity risk weights, calculate the pre-settlement risk (Pre-settlement Risk, PSR) risk value of derivative financial commodities, so as to measure and control the risk.</p>
4. Policies for Credit Risk Hedging or Risk Mitigation, and Strategies and Procedures for Monitoring the Continued Effectiveness of Avoidance and Risk Mitigation Tools	<p>1. Through the establishment of collateral policies, the Bank regulates acceptable collateral and valuation methods to ensure that collateral can be promptly disposed of and effectively reimbursed in the event of a default by the borrower; or the Bank adopts underwriting by credit guarantee fund and deposit offsetting agreements as a method of transferring all or part of the risk.</p> <p>2. Actively use qualified and effective risk mitigation tools to reduce or transfer the loan credit risk of the Bank to strengthen the protection of creditor's rights and achieve the effect of reducing statutory capital accrual.</p> <p>3. Establish relevant operating regulations, procedures or system establishments for the risk mitigation tools, and use appropriate evaluation mechanisms and audit systems to continuously monitor the value changes of the risk mitigation tools and the validity of relevant legal documents to avoid the negative interaction between risk concentration and overall risk occurs due to the use of risk mitigation tools.</p> <p>4. For credit cases with the probability of loss is relatively high and the loss is serious, credit products, high-risk industries, and objects with bad credit, etc., should be avoided; or respond with a higher price.</p>
5. Approach for Statutory Capital Accrual	Standardized Approach.

Risk Exposure Amount and Accrued Capital after Risk Mitigation under the Credit Risk Standardized Approach

December 31, 2023 Unit: NT\$ thousand

Exposure Type	Risk Exposure Amount after Mitigation	Accrued Capital
Sovereigns	515,316,764	64,514
Non-central government public sector entities	73,296,440	970,511
Banks (included multilateral development banks and qualifying central counterparties)	273,759,103	7,328,291
Corporate (included securities and insurance firms)	546,907,910	39,234,276
Claims on retail	105,079,094	3,367,118
Property risk exposure	1,224,692,030	66,614,874
Equity security investments	33,071,967	2,837,853
Equity securities investments of funds and venture capital firms	1,411,452	112,916
Other assets	83,608,850	3,746,427
Total	2,857,143,610	124,276,780

2. Risk management system, risk exposure amount of securitization and accrued capital:

Risk Management System of Securitization

2023

Item	Contents
1. Management strategies and procedures for securitization	The Bank's investment in asset securitization products must be handled in accordance with the Bank's "Operation Guidelines for Asset Securitization Products Investment". The content includes management strategies and procedures, and its structure includes purpose, basis, business strategy, business principles and guidelines, business processes, internal control systems, regular assessments, accounting treatment methods, internal audit systems, authority and limit management, and risk management measures.
2. Management organization and framework for securitization	<ol style="list-style-type: none"> 1. Treasury Division, Overseas branches, and Offshore Banking Branch are trading units for asset securitization products. 2. Credit Management Division is responsible for the review of project application. 3. Risk Management Division monitors the credit risk, market risk, and operational risks, including authorized quota, rating, deadline and stop-loss limit rules. 4. Settlements Section of Treasury Division is responsible for the backend operations with Offshore Banking Branch, including transaction confirmation, settlement and accounting operations. 5. IT Division installs and maintains the IT system. 6. Financial Management Division is responsible for regular evaluation. 7. Internal Auditing Division oversees the internal control.

**Risk Management System of Securitization
2023**

Item	Contents
3. Scope and features of the securitization risk report and measurement system	<p>1. Credit Risk:</p> <p>(1) The trading front desk should keep an eye on the credit status of the purchased asset securitization products and the underlying instruments in the asset pool, conduct annual audits, and prepare written reports for future reference.</p> <p>(2) If the Risk Management Division finds that the non-performing loan is abnormal, causing the Bank to incur a high risk of loss, it should notify the front desk trader to take necessary countermeasures in a timely manner.</p> <p>(3) In case of breach of contract such as failure to collect interest on time, failure to collect principal and interest when due, the front desk traders should immediately report to the Risk Management Division, Financial Management Division, and Loan Asset Management Division (foreign units should also report to the International Banking Division), and inform Credit Management Division and Internal Auditing Division.</p> <p>2. Market Risk:</p> <p>The Risk Management Division shall formulate appropriate measurement methods for the market risk factors contained in asset securitization products, review the pricing and evaluation methods of the products, and submit the trading holding positions to the Board of Managing Directors every six months to review whether the risk load is within the allowable range.</p> <p>3. Operational Risk:</p> <p>A clear standard operating procedure (SOP) should be established for business executives to follow, and the operational risk control and self-assessment (RCSA) should be carried out.</p>
4. Policies for securitization hedging or risk mitigation, and strategies and procedures for monitoring the continued effectiveness of avoidance and risk mitigation tools	The Bank is not an originator, and the risk avoidance and evaluation of investment in securitized products are conducted in accordance with the Bank's relevant regulations.
5. Approach for statutory capital accrual	Standardized Approach.
6. General qualitative disclosure requirements: (1) The purpose of securitization and the types of risks borne and retained by the Bank for re-securitization (2) Other risks associated with securitized assets (such as liquidity risk) (3) The different roles played by the Bank during securitization and the participation level in every stage (4) Describe the monitoring procedures adopted for credit risk and market risk exposures associated with securitization. (5) The Bank's management policy for using credit risk mitigation when offsetting the risks retained by securitization and re-securitization	None.
7. Provide an overall description of the Bank's accounting policies on securitization	None.
8. The name of the External Credit Assessment Institution (ECAI) engaged for asset securitization within the Banking Book and the ECAI's involvement in every type of securitized asset	None.
9. Describe any material changes of quantitative information since the last reporting period (such as asset transfer between the Banking Book and the Trading Book)	None.

(1) Engagement of Securitization (As of December 31, 2023): None.

(2) Securitization Exposure Amount and Accrued Capital - By Type of Transaction:

December 31, 2023. Unit: NT\$ thousand

Role of Bank	Type of exposure	Type of asset	Traditional				Combined		In total			
			Risk exposure amount				Accrued Capital (2)	Risk amount exposure	Accrued Capital (4)	Risk exposure Amount (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Accrued capital before securitization
			Keep or buy	Provide liquid financing amount	Provide credit enhancement	Subtotal (1)						
Non-originator	Banking book	Commercial real estate-backed securities	5,856,392			5,856,392	93,702			5,856,392	93,702	
		Collateralized mortgage obligations	26,543,562			26,543,562	432,624			26,543,562	432,624	
	Trading book											
	Subtotal		32,399,954			32,399,954	526,326			32,399,954	526,326	
Originator	Banking book											
	Trading book											
	Subtotal											
Total		32,399,954			32,399,954	526,326			32,399,954	526,326		

(3) Securitization Products Information:

① Information Summary of Investment Securitization Products

December 31, 2023. Unit: NT\$ thousand

Item	Asset Accounts	Original cost	Accumulated profit or loss	Accumulated impairment	Carrying amount
Commercial Mortgage Backed Securities (CMBS)	Fair value through other comprehensive income financial assets (FVOCI), investments in debt instruments at amortized cost (AC)	6,751,607	(895,215)	0	5,856,392
Collateralized Mortgage Obligations (CMO)	Fair value through other comprehensive income financial assets (FVOCI), investments in debt instruments at amortized cost (AC)	26,540,709	2,853	0	26,543,562

② I. Investment in securitized commodities with a single original cost of \$300 million or more (excluding those held by the Bank as the originator for credit enhancement purposes):

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
G2 MA8647	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/16	2053/2/20	5.00%	Moody's Aaa	
G2 MA8725	Investment in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2023/4/19	2053/3/20	5.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-103 GZ	Investment in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/28	2051/6/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-107	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/28	2051/6/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-11 AH	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/1/25	2062/12/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-114 CZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/28	2051/6/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-115 MZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/28	2051/6/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-116 LZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/28	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-117 Z	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-118 JZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-119 MZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-12 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/1/27	2063/3/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-121 JZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/28	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-125 PZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/7/27	2051/7/20	2.50%	Moody's Aaa	

December 31, 2023. Unit: NT\$ thousand

	Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
	Interest is paid monthly, and the principal is paid monthly with early repayment	323,752	(551)	0	323,201	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	738,526	126	0	738,652	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	300,799	262	0	301,061	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	407,718	398	0	408,116	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	532,235	(133,824)	0	398,411	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	395,752	83	0	395,835	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	300,768	63	0	300,831	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	371,293	37	0	371,330	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	432,313	132	0	432,463	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	369,772	66	0	369,838	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	481,669	146	0	481,815	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	496,492	(126,969)	0	369,523	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	369,926	151	0	370,077	None	Loan on Senior Real Estate Mortgage
	Interest is paid monthly, and the principal is paid monthly with early repayment	440,479	90	0	440,569	None	Loan on Senior Real Estate Mortgage

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
GINNIE MAE REMIC TRUST 2021-138 QZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/8/26	2051/8/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-139 Z	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/8/25	2051/8/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-149 ZG	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/8/25	2051/8/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-17 D	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/1/27	2061/1/16	0.75%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-20	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/2/23	2062/8/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-34 AC	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/2/19	2063/3/16	1.40%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-35	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/2/23	2062/12/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-5 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2021/1/22	2061/1/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-58 YA	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/4/29	2051/4/20	1.90%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-66 MB	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/4/29	2051/4/20	1.75%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-70 AN	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/4/27	2063/4/16	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-86 ZH	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/5/27	2051/5/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-89 CZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/5/26	2051/5/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-98 ZK	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/25	2051/6/20	2.00%	Moody's Aaa	

Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
Interest is paid monthly, and the principal is paid monthly with early repayment	325,563	64	0	325,627	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	455,808	44	0	455,852	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	482,780	47	0	482,827	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	535,310	(136,101)	0	399,209	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	497,778	(126,644)	0	371,134	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	466,162	(117,175)	0	348,987	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	505,144	(127,830)	0	377,314	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	519,482	(131,672)	0	387,810	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	403,477	(56)	0	403,421	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	475,114	441	0	475,555	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	511,728	230	0	511,958	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	544,505	1,209	0	545,714	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	496,921	435	0	497,356	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	555,171	380	0	555,551	None	Loan on Senior Real Estate Mortgage

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
GINNIE MAE REMIC TRUST 2022-127 JC	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/8/24	2050/8/20	4.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-128 PD	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/8/24	2052/7/20	4.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-18 KA	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/3/22	2052/1/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-205 D	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/18	2052/12/20	5.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-71 AP	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/4/28	2038/12/16	1.75%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-72 A	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/4/27	2046/9/16	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-74 A	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/4/28	2039/10/16	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2022-77 AC	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2022/4/27	2054/6/16	2.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-20 ZM	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2023/4/21	2053/2/20	6.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-40 ZC	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2023/4/21	2053/3/20	6.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-59 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/18	2053/4/20	5.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-63 MN	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/26	2053/5/20	5.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-69 AE	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/25	2053/5/20	5.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-76 BT	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/25	2053/5/20	5.00%	Moody's Aaa	

Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
Interest is paid monthly, and the principal is paid monthly with early repayment	549,780	67	0	549,847	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	570,363	56	0	570,419	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	531,865	30	0	531,895	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	551,138	(460)	0	550,678	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	553,002	1,010	0	554,012	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	536,575	1,030	0	537,605	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	559,945	663	0	560,608	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	566,676	1,211	0	567,887	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	460,464	0	0	460,464	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	612,974	0	0	612,974	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	567,529	(1,708)	0	565,821	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	599,048	(8,852)	0	590,196	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	594,688	1,571	0	596,259	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	576,846	1,464	0	578,310	None	Loan on Senior Real Estate Mortgage

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
GINNIE MAE REMIC TRUST 2023-80 NT	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/6/28	2053/6/20	5.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2023-84 DT	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/6/28	2053/6/20	5.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 21-105 BZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A.	2021/6/28	2051/6/20	2.00%	Moody's Aaa	
MA8428	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/8	2052/11/20	5.00%	Moody's Aaa	
MA8491	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/26	2052/12/20	5.50%	Moody's Aaa	
MA8726	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/25	2053/3/20	5.50%	Moody's Aaa	
MA8801	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/6/7	2053/4/20	5.50%	Moody's Aaa	
MA8878	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/8	2053/5/20	5.00%	Moody's Aaa	
MA8878	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/5/8	2053/5/20	5.00%	Moody's Aaa	
MA8879	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/6/8	2053/5/20	5.50%	Moody's Aaa	
MA9016	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/12/15	2053/7/20	5.00%	Moody's Aaa	
MA9105	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/12/13	2053/8/20	5.00%	Moody's Aaa	
MA9170	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A.	2023/12/22	2053/9/20	5.00%	Moody's Aaa	

II. The position held by the Bank as the originator of securitization for the purpose of credit enhancement: None.

III. The Bank acts as a buyer of credit-impaired assets or a clearing buyer of securitized products: None.

③ The Banks acts as guarantee agency for securitized products or provide liquidity financing: None

December 31, 2023. Unit: NT\$ thousand

Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
Interest is paid monthly, and the principal is paid monthly with early repayment	604,709	2,967	0	607,676	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	598,888	1,246	0	600,134	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	566,730	843	0	567,573	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	580,544	(3,525)	0	577,019	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	575,984	6,039	0	582,023	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	588,896	6,381	0	595,277	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	597,104	3,758	0	600,862	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	301,361	(1,246)	0	300,115	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	301,420	(1,305)	0	300,115	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	601,159	4,991	0	606,150	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	754,465	(78)	0	754,387	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	745,671	10,538	0	756,209	None	Loan on Senior Real Estate Mortgage
Interest is paid monthly, and the principal is paid monthly with early repayment	756,955	1,413	0	758,368	None	Loan on Senior Real Estate Mortgage

3. Operational risk management system and accrued capital:

**Operational Risk Management System
2023**

Item	Contents
1. Management strategies and procedures for operational risk	The Bank establishes “Guidelines for Operational Risk Management” to create a sound framework for managing operational risks and develop appropriate process and strategies for managing operational risks. When carrying out daily operations, each unit should fully implement operational risk management in accordance with relevant regulations, and use various risk management tools to identify, evaluate, monitor and control the operational risks of the Bank’s main products, operating activities, operational processes, information systems and procedures for operational risk reporting.
2. Management organization and framework for operational risk	<ol style="list-style-type: none"> 1. The supervisory units of the Bank’s operational risk management include the Board of Directors and the Risk Management Committee. The Board of Directors is responsible for approving the Bank’s operational risk management structure, implementation policies, and operational risk appetite; the Risk Management Committee is responsible for reviewing risk management matters and supervising the implementation. 2. All units of the Bank follow three lines of defense to implement a sound operational risk management mechanism. <ol style="list-style-type: none"> (1) Each unit of the bank manages daily operational risks in accordance with the operating regulations and operating procedures of the relevant business in accordance with its functions and business scope. (2) The Risk Management Division is responsible for planning and establishing operational risk management policies and systems, designing operational risk management tools and procedures, and monitoring bank-wide risk exposure. (3) The Internal Auditing Division is responsible for reviewing the actual implementation of operational risk management in each unit and assisting the Board of Directors and senior management in checking and evaluating the effectiveness of operational risk management.
3. Scope and features of the operational risk report and measurement system	<ol style="list-style-type: none"> 1. To facilitate the measurement and management of the measurement results of operational risks, the Bank has set up loss data management system, a risk control and self-assessment system and a key risk indicator monitoring system. 2. The Bank collects operational risk loss events through loss data management system, and then categorizes the risks according to authorities’ regulations and types of losses. This helps the Bank to understand the loss situation of internal operational risks. 3. The Bank’s operational risk and control self-assessment (RCSA) system begins with the business management units and overseas business units, where examinations and self-assessments are conducted according to the risks and controls of their respective businesses, compile their operational risk self-assessment tables, and review the rules and regulations of their respective businesses. Business execution and business management units then conduct operational risk self-assessments and assess adoptions of related controls, each risk item’s occurrence frequency and influence level in the future, then input the results in the system to analyze potential operational risk exposures situation. 4. For the main risks of the Bank, set key risk indicators and their corresponding thresholds and limits, and use them as early warning information through continuous monitoring and management. 5. The Bank integrates operational risk-related matters and regularly compiles operational risk management reports so that the Bank’s board of directors, senior managers, and business management units can fully understand the implementation status and serve as a reference for decision-making.
4. Policies for operational risk hedging or risk mitigation, and strategies and procedures for monitoring the continued effectiveness of avoidance and risk mitigation tools	<ol style="list-style-type: none"> 1. Each business management unit of the Bank selects appropriate risk countermeasures for its related businesses based on the operational risk assessment and monitoring results of key risk indicators and the Bank’s exposure risk situation, and considers the use of outsourcing, insurance, etc., to offset risks or take appropriate measures, such as strengthening employee education and training, improving operating procedures, or strengthening systems, etc., to control operational risks within a tolerable range; in addition, before the launch of new products, new activities, new processes and new systems, the Bank also conducts operational risk identification and assessment to measure possible risks and plan their risk countermeasures. 2. In case of catastrophes, epidemics, strikes, information system breakdowns or any other events that would result in operational discontinuity, the Bank establishes the “Chang Hwa Bank Business Continuity Plan” for all units to serve as guidelines for prevention, preparation, reporting, responding, and post-event reporting to maintain the Bank’s business operations in order to protect the rights of customers and mitigate financial and personnel losses to the minimum. 3. Through operational risk and Control self-assessment, the Bank regularly assesses the residual risks of the control plans of each risk item, which ensures the validity and effectiveness of the control plans.
5. Approach for statutory capital accrual	Standardized Approach.

Accrued Capital for Operational Risk

December 31, 2023 Unit: NT\$ thousand

Year	Gross Operating Profit	Accrued Capital
2021	28,388,611	
2022	35,627,534	
2023	39,758,838	
Total	103,774,983	5,058,709

4. Market risk management system and accrued capital:

Market Risk Management System
2023

Item	Contents
1. Management strategies and procedures for market risk	<p>1. Strategies:</p> <p>(1) Plan market risk management in order to ensure effective identification, measurement, monitoring and reporting of relevant risks.</p> <p>(2) Through measuring and monitoring market risk, the Bank ensures that risk control assumed fall within the risk appetite to lower the Bank's unexpected loss arising from market risks.</p> <p>(3) Develop and implement relevant regulations comply with country's supervisory authority and the Basel Capital Accord.</p> <p>(4) Establish and develop market risk management system and economic capital allocation procedures.</p> <p>2. Procedures:</p> <p>The market risk management process is divided into five aspects: identification, measurement, monitoring, reporting, and management execution procedures, and is handled in accordance with the content of the Bank's "Market Risk Management Standards".</p>
2. Management organization and framework for market risk	<p>According to the risk management framework and duties stated in the Bank's "Integrated Risk Management Policies," the Market Risk Section under Risk Management Division acts as the second line of defense, and performs risk control and management mechanisms as outlined below:</p> <p>1. Implement market risk management based on the business items listed in the Bank's "Business Duties Division Table", develop relevant procedures or operating standards, and report to the appropriate level according to the division of business duties.</p> <p>2. Establish an independent risk management mechanism so that the market risk management process is handled in accordance with policy to avoid conflicts of interest. At the same time, make good use of management information systems and strengthen personnel training to improve risk management efficiency and ensure the effectiveness of the risk management mechanism.</p>
3. Scope and features of the market risk report and measurement system	<p>1. Internal reporting:</p> <p>(1) Periodically brief to the Risk Management Committee on the status of market risk monitoring to provide senior management with sufficient information.</p> <p>(2) In the event of exceeding limits or discovering abnormal situation, necessary information shall be provided pursuant to the established reporting framework and internal reporting procedures.</p> <p>(3) The Bank periodically brief to the Board of Directors and the Risk Management Committee on the status and concentration of the Bank's investment portfolio to help them determine whether the Bank's strategies should be adjusted.</p> <p>2. External disclosure:</p> <p>(1) The Bank should fully disclose the market risks it faces, and identify, measure and monitor the techniques used to manage these risks so that market participants can evaluate the Bank's market risk management.</p> <p>(2) The degree to which information is disclosed shall be commensurate with the scale of the Bank's business activity, risk exposure status, and level of complexity.</p>
4. Policies for market risk hedging or risk mitigation, and strategies and procedures for monitoring the continued effectiveness of avoidance and risk mitigation tools	<p>1. Set up market-related risk limits and management mechanism.</p> <p>2. The Risk Management Division is responsible for monitoring the limit situation. If the approved limit is exceeded, the relevant units should be promptly notified. The responsible units should then take steps to reduce the risk position, implement risk offsetting measures, or request for a higher quota. If no appropriate action is taken, the Risk Management Division should report to the Risk Management Committee, and should also make it known to the Internal Auditing Division.</p> <p>3. To hedge against market risks, the Bank enhances the management of assets and liabilities by trading derivative financial products. This strategy aims to minimize the impact of interest rate, exchange rate, or stock index fluctuations on the fair value of our assets and liabilities, as well as our cash flows. The evaluation results will be periodically presented to the Executive Vice President, who oversees the risk management department, for review.</p>
5. Approach for statutory capital accrual	Standardized Approach.

Accrued Capital for Market Risk

December 31, 2023 Unit: NT\$ thousand

Risk Category	Accrued Capital
Interest Rate Risk	1,940,199
Equity Security Risk	0
FX Risk	145,845
Commodity Risk	0
Options (simplified approach)	0
Total	2,086,044

5. Liquidity Risk Management:

2023

Item	Contents
1. Management strategies and procedures for liquidity risk	According to the Bank's liquidity risk management policy, specify the liquidity risk measurement indicators and assess the liquidity risk coping ability, and establish a mechanism for monitoring, regular assessment and real-time reporting, and stipulate the Bank's contingency strategies, related unit's duties for taking appropriate countermeasures in a timely manner when a liquidity crisis occurs.
2. Management organization and framework for liquidity risk	With respect to the Bank's organizational structure for handling liquidity risks, the relevant units shall be responsible for capital liquidity operations, monitoring and regular assessment of liquidity risks, and provide reports and recommendations to the Asset and Liability Management Committee.
3. Scope and features of the liquidity risk report and measurement system	Assessment and analysis of the status of liquidity risk management shall be conducted and reported to the Asset and Liability Management Committee and the Board of Directors on a regular basis, which enable senior management to supervise the Bank's treasury liquidity position.
4. Policies for liquidity risk hedging or risk mitigation, and strategies and procedures for monitoring the continued effectiveness of avoidance and risk mitigation tools	When the Bank has an early warning signal of a market crisis or a liquidity emergency, it shall adopt relevant emergency countermeasures in accordance with the provisions of the Bank's liquidity risk management policy, and formulate a contingency plan at the Asset and Liability Management Committee. Report the follow-up processing situation to the board of managing directors, so that the senior management can supervise the situation of liquidity risk management.

(1) NTD maturity date structure analysis table:

December 31, 2023 Unit: NT\$ thousand

	Total	Remaining balance to maturity					
		0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days to 1 year	More than 1 year
Primary inflow upon maturity	2,382,113,410	282,454,033	177,046,029	210,167,138	230,140,874	309,863,499	1,172,441,837
Primary outflow upon maturity	3,040,156,182	134,856,312	173,412,615	397,651,604	444,446,490	704,453,515	1,185,335,646
Period gap	(658,042,772)	147,597,721	3,633,414	(187,484,466)	(214,305,616)	(394,590,016)	(12,893,809)

Note: The above amount refers to the amount in NTD of the Bank.

(2) USD maturity date structure analysis table:

December 31, 2023 Unit: US\$ thousand

	Total	Remaining balance to maturity				
		0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days to 1 year	More than 1 year
Inward remittance of due fund	29,512,824	10,538,095	3,937,746	3,149,671	3,100,456	8,786,856
Outward remittance of due fund	35,092,149	14,129,358	7,242,338	3,792,608	5,076,604	4,851,241
Period gap	(5,579,325)	(3,591,263)	(3,304,592)	(642,937)	(1,976,148)	3,935,615

Note: The above amount refers to the amount in US dollars of the Bank.

- b. The impact of domestic and foreign major policies and law amendment exerting on the Bank's financial operations and countermeasures

The "Green Finance Action Plan 3.0" promoted by the FSC, aims to build a sustainable financial ecology and encourage the deepening development of green financial products or services. Apart from focusing on the potential risks associated with ESG, banks can also seize related opportunity by providing green products to fulfill their corporate social responsibility. In order to increase customers' willingness to buy insurance, the Bank has planned a "Home Comprehensive Insurance" project which includes compensation for natural disasters such as typhoons, floods, and earthquakes, as well as exclusive renewable energy clauses that encourage using green building materials in repairs. This project aims to assist customers in mitigating climate change-related risks. Customers can purchase solar equipment with a contingency plan to address climate change-related risks through a special project offering loan insurance for solar equipment. In addition, the Bank incorporated ESG lending indicators into an important basis for corporate credit business, and launched "sustainable performance-linked loans" to encourage customers to practice sustainable environmental management and promote ESG development.

- c. The impact of technological (including cybersecurity risks) and industrial changes on the Bank's financial operations and countermeasures

1. In response to the development trend of financial technology, the Bank has actively expanded the mobile insurance business of cooperative insurance companies and the applicable product lines, and introduced automated processes at the operational level, reducing the manpower burden of operations and the risk of operational omissions and accelerating the efficiency of insurance case processing, in order to improve customer satisfaction and stickiness, and achieve a win-win situation for customers and the Bank.

2. In order to cope with the information security risks arising from the changes in financial technology and the industry, the Bank continuously conducts external review every year to confirm whether the Bank's information security management system, operation continuity management system and personal data management system comply with international standards. In addition, we have built Distributed Denial of Service (DDoS), Web Application Firewall (WAF), Intrusion Prevention System (IPS), Advanced Persistent Threat (APT), Security Information and Event Management (SIEM), Endpoint Detection and Response (EDR), log storage system (N-Cloud), virtual patch protection system, Web Security, and Data Loss Prevention (DLP) to protect and monitor information security and ensure that the Bank provides customers with a good quality of information system service in the course of operation to avoid the risk of theft of customer data.

- d. The impact of the bank's changing corporate image and countermeasures

In recent years, the Bank has attached great importance to the promotion of ESG activities, and has been recognized by domestic and foreign institutions (please refer to the 2022 Sustainability Performance listed on the inside cover of the annual report), which will enhance the image of the Bank and improve operational efficiency. The Bank will continue to attach importance to various issues of ESG, and strengthen communication with stakeholders to achieve the goal of sustainable development.

- e. Expected benefits, potential risks, and countermeasures from mergers and acquisitions

None.

f. Expected benefits, potential risks, and countermeasures of expanding operation locations

Domestic operation locations: No plans to expand business locations temporarily.

Overseas operation locations:

1. Expected Benefits:

- (1) Increase the Bank's market share and international reputation.
- (2) Establish overseas operation bases for Taiwanese businessmen in major overseas investment areas to provide more convenient financial services for customers and increase their willingness to deal with the Bank and increase operational volume which will result in more revenue.
- (3) Expand the variety of customer groups could diversify operation risk, in the meantime, cultivate international financial talents to enhance operational strength.
- (4) Set up operational bases in countries with great development potential in the financial market, share the benefits of regional economic growth, and improve the Bank's overall operating performance.

2. Possible Risks:

- (1) The international situation is changing rapidly and the economic pace of development varies between countries.
- (2) Facing competition from local banks.
- (3) Global banking supervision has become more stringent and the cost of compliance has increased.

3. Countermeasures:

- (1) The Bank will thoroughly assess the operational environment, financial market potential, and local Taiwanese business industry's allocation and operation layout. In addition, the Bank should also appoint consultants or accountants familiar with local financial regulations to provide consulting services in laws to reduce the risk of compliance.
- (2) Properly use resources to deeply understand the local financial market and business development opportunities, and establish a good and stable market relationship.

g. Risks faced by business concentration and the countermeasures

The Bank has been continuously developing new financial products such as deposit, lending, foreign exchange, trust, derivatives, wealth management and mobile payment, so that the Bank can meet the diverse needs of its customers. There is no business concentration occurred.

h. Risks and effect of the change of management exerting on the Bank and the countermeasures

None.

i. With respect to the Directors and shareholders who own more than 1% of shares, the impact of large-scale transfer of their equity and their replacement on the Bank's risks and the countermeasures:

None.

j. Litigation or non-litigation events

1. Litigation cases of the Bank

None.

2. Litigations involving major shareholders holding more than 1% of the Bank's shares:

None.

k. Other major risks and countermeasures

None.

G. Emergency Response Mechanisms

1. In case of catastrophes, epidemics, strikes, information system breakdowns or any other events that would result in operation discontinuity, the Bank stipulated the "Business Continuity Plan," "Directions of Emergency Response Measures for Compulsory Collective Isolation Responding to Epidemics," "Information Operations Disaster Recovery Plan," "Material Contingencies Procedures" and relevant contingency plans for various businesses for all units to serve as guidelines for prevention, preparation, reporting, responding, and post-event reporting to maintain the Bank's business operations in order to protect the rights of customers and mitigate the Bank's personnel and financial losses to minimum.
2. In order to implement information security management, the Bank stipulated "Enforcement Rules of Information Securities Incidents Notification," to establish efficient procedure of information security incidents. If the Bank meets information security incidents, the Bank can handle information security incidents in real time through information security incidents reporting management system, provide all levels of personnel identify, assess, and control the scope of the security incident instantly and take appropriate contingency measures immediately to reduce damage in accidents.
3. In order to implement the security maintenance and management of personal data files, the Bank has formulated the "Security Maintenance Plan for Personal Information File," "Personal Information Management Regulations," and "General Data Protection Regulation (GDPR)," as guidelines for each unit of the Bank to follow in case of personal data security incidents. Each unit of the Bank follows the guidelines for incident reporting, response handling, and preventive and improvement measures in order to protect the rights and interests of customers.

H. Other Important Events

None.

VIII | Special Notes

A. Information Regarding the Bank's Affiliates

a. The Bank's affiliates



b. Basic data of the Bank's affiliates

Unit: thousand

Enterprise Name	Establishment Date	Address	Paid-in Capital	Main Business
Chang Hua Commercial Bank, Ltd.	September 10, 2018	No.371, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	CNY 2,500,000	Banking Industry
CHB Venture Capital Co., Ltd.	April 17, 2019	10F., No.57, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei City 104411, Taiwan, R.O.C.	NTD 1,042,686	Venture Capital Industry

c. Information of Chairperson, Directors, Supervisors and President of the Bank's affiliates

December 31, 2023

Enterprise Name	Position	Name	Shareholding	
			Shares	%
Chang Hua Commercial Bank, Ltd.	Chairperson	Ming-Jeng Shyn	Unissued	100
	Director	Chao-Chung Chou, Chih-Chen Hsu, Rueih-Hwa Cheng, Hsueh-Ni Hsieh, Huan-Yu Chiu		
	Independent Director	Lian-Shui Li, Mei-Jhu Huang, Rueen-Fong Chu		
	Supervisor	Bin Lu		
	President	Huan-Yu Chiu		
CHB Venture Capital Co., Ltd.	Chairperson	Chiao-Hsiang Chang	104,268,647	100
	Director	Chih-Chen Hsu, Fu-Jinn Chiou		
	Supervisor	Hsiu-Chuan Teng		
	President	Yu-Ling Tang		

d. Operation overview of the Bank's affiliates

December 31, 2023 Unit: NT\$thousand

Enterprise Name	Capital	Total Assets	Total Liability	Net Worth	Operating Revenue	Operating Profits	Net Profit (After Tax)	EPS (After Tax)
Chang Hua Commercial Bank, Ltd. (Note 1)	12,117,288	38,462,700	24,927,070	13,535,630	1,361,286	751,375	184,630	N.A. (Note2)
CHB Venture Capital Co., Ltd.	1,042,686	1,208,819	27,836	1,180,983	159,344	132,601	118,425	1.14

Note 1: The capital amount of Chang Hua Commercial Bank, Ltd. is converted based on the exchange rate at the time of the bank's remittance, each item in the balance sheet is converted at the evaluation exchange rate on December 31, 2023, the profit and loss category is converted at the average exchange rate in 2023.

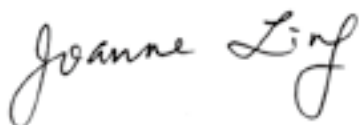
Note 2: Chang Hua Commercial Bank, Ltd. has no issued shares, EPS is not applicable.

e. Consolidation of financial statements of affiliates: Please refer to annual report p.138 ~p.196

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chang Hwa Commercial Bank, Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,
CHANG HWA COMMERCIAL BANK, LTD.



Joanne Ling
Chairperson

February 26, 2024

B. Private Placement of Securities and Bank Debentures in the Most Recent Years and Published Date of Annual Report.

None.

C. The Shares of the Company Held or Disposed of by its Subsidiaries in the Most Recent Years and Published Date of Annual Report.

None.

D. Other Supplementary Notes.

None.

E. Events with Material Impact on Shareholders' Rights or Security Prices in accordance with Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

None.

IX | Directory of Head Office & Branches & Subsidiaries

Domestic Offices	Address	Tel
Head Office (Taichung)	No. 38, Sec. 2, Ziyou Rd., Central Dist., Taichung City 400203, Taiwan (R.O.C.)	(04) 22222001
Head Office (Taipei)	No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104411, Taiwan (R.O.C.)	(02) 25362951
Business Department	No. 38, Sec. 2, Ziyou Rd., Central Dist., Taichung City 400203, Taiwan (R.O.C.)	(04) 22230001
Taichung Branch	1F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 402014, Taiwan (R.O.C.)	(04) 22650011
Pei-Taichung Branch	No. 6, Sec. 2, Taiwan Blvd., West Dist., Taichung City 403018, Taiwan (R.O.C.)	(04) 22011122
Nan-Taichung Branch	1F., No. 102, Taichung Rd., South Dist., Taichung City 402002, Taiwan (R.O.C.)	(04) 22243181
Peitun Branch	1F., No. 10, Beitun Rd., North Dist., Taichung City 404013, Taiwan (R.O.C.)	(04) 22322922
Chung-Kang Branch	No. 651, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 407057, Taiwan (R.O.C.)	(04) 23271717
Shuinan Branch	No. 447, Sec. 3, Wenxin Rd., Beitun Dist., Taichung City 406505, Taiwan (R.O.C.)	(04) 22969966
Nantun Branch	No. 306, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408368, Taiwan (R.O.C.)	(04) 23220011
Hsitun Branch	No. 923, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407205, Taiwan (R.O.C.)	(04) 23593435
Keelung Branch	1F., No. 60, Ai 4 th Rd., Ren'ai Dist., Keelung City 200010, Taiwan (R.O.C.)	(02) 24233933
Jenai Branch	No. 100, Xiao 2 nd Rd., Ren'ai Dist., Keelung City 200002, Taiwan (R.O.C.)	(02) 24233941
Tung-Keelung Branch	1F., No. 57, Xin 1 st Rd., Xinyi Dist., Keelung City 201013, Taiwan (R.O.C.)	(02) 24233861
Ilan Branch	1F., No. 16, Guangfu Rd., Yilan City, Yilan County 260003, Taiwan (R.O.C.)	(03) 9352511
Lotung Branch	No. 194, Zhongzheng Rd., Luodong Township, Yilan County 265007, Taiwan (R.O.C.)	(03) 9551171
Suao Branch	1F., No. 121, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County 270001, Taiwan (R.O.C.)	(03) 9961116
International Banking Division	2F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104411, Taiwan (R.O.C.)	(02) 25621919
Central Branch	1F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104411, Taiwan (R.O.C.)	(02) 25514256
Trust Division	12F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104411, Taiwan (R.O.C.)	(02) 25362951
Offshore Banking Branch	10F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104411, Taiwan (R.O.C.)	(02) 25362951
Taipei Branch	No. 27, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100006, Taiwan (R.O.C.)	(02) 23617211
Chengnei Branch	1F., No. 68, Hengyang Rd., Zhongzheng Dist., Taipei City 100004, Taiwan (R.O.C.)	(02) 23113791
Tunhwa Branch	No. 71, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106045, Taiwan (R.O.C.)	(02) 27849821
Wanhua Branch	No. 304, Kangding Rd., Wanhua Dist., Taipei City 108015, Taiwan (R.O.C.)	(02) 23060201
Shuangyuan Branch	No. 312, Juguang Rd., Wanhua Dist., Taipei City 108029, Taiwan (R.O.C.)	(02) 23042141
Hsimen Branch	No. 169-2, Xining S. Rd., Wanhua Dist., Taipei City 108004, Taiwan (R.O.C.)	(02) 23719271
Peimen Branch (relocated on March 11, 2024)	1F., No. 18, Sec. 1, Yanping N. Rd., Datong Dist., Taipei City 103012, Taiwan (R.O.C.)	(02) 25586271
Yunglo Branch	1F., No. 120, Sec. 1, Dihua St., Datong Dist., Taipei City 103003, Taiwan (R.O.C.)	(02) 25585151
Chiencheng Branch	No. 130, Sec.1, Yanping N. Rd., Datong Dist., Taipei City 103012, Taiwan (R.O.C.)	(02) 25555121

Domestic Offices	Address	Tel
Tatung Branch	No. 199, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City 103629, Taiwan (R.O.C.)	(02) 25919113
Min-Sheng Branch	No. 54-1, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 105017, Taiwan (R.O.C.)	(02) 27121311
Chungshan North Rd. Branch	No. 111, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104014, Taiwan (R.O.C.)	(02) 25711241
Ching-Kuang Branch	No. 609, Linsen N. Rd., Zhongshan Dist., Taipei City 104031, Taiwan (R.O.C.)	(02) 25950551
Chien-Kuo Branch	No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 106465, Taiwan (R.O.C.)	(02) 27033737
Chilin Branch	1F., No. 98, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104491, Taiwan (R.O.C.)	(02) 25626151
Chang-An E. Rd. Branch	No. 23-1, Sec. 1, Chang'an E. Rd., Zhongshan Dist., Taipei City 104003, Taiwan (R.O.C.)	(02) 25230739
Tungmen Branch	1F., No. 139, Sec. 2, Xinyi Rd., Zhongzheng Dist., Taipei City 100016, Taiwan (R.O.C.)	(02) 23921241
Chung-Cheng Branch	1F., No. 47, Sec. 1, Jinshan S. Rd., Zhongzheng Dist., Taipei City 100022, Taiwan (R.O.C.)	(02) 23560000
Kuting Branch (relocated on May 6, 2024)	1F., No. 74, Sec. 2, Roosevelt Rd., Zhongzheng Dist., Taipei City 100028, Taiwan (R.O.C.)	(02) 23517211
Chung-Hsiao Tung Lu Branch	No. 164, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106057, Taiwan (R.O.C.)	(02) 27713151
Yung-Chun Branch	1F., No. 176-1, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110408, Taiwan (R.O.C.)	(02) 27682322
Taan Branch	No. 177, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106011, Taiwan (R.O.C.)	(02) 23213214
Heping Branch	No. 106, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 106033, Taiwan (R.O.C.)	(02) 33169009
Hsin-Yi Branch	No. 155, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106655, Taiwan (R.O.C.)	(02) 27039081
Jen-Ho Branch	No. 31, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106073, Taiwan (R.O.C.)	(02) 27514066
Taipei World Trade Center Branch	3F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110208, Taiwan (R.O.C.)	(02) 27203101
Guanglong Branch	1F., No. 78, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110007, Taiwan (R.O.C.)	(02) 27207678
Chengtung Branch	1F., No. 188, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104105, Taiwan (R.O.C.)	(02) 27153535
Chunglun Branch	1F., No. 201, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City 104099, Taiwan (R.O.C.)	(02) 27312211
Fu-Hsing Branch	No. 367, Fuxing N. Rd., Songshan Dist., Taipei City 105401, Taiwan (R.O.C.)	(02) 27173222
Sung-Chiang Branch	No. 261, Songjiang Rd., Zhongshan Dist., Taipei City 104072, Taiwan (R.O.C.)	(02) 25024923
Chengde Branch	1F., No. 81, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111054, Taiwan (R.O.C.)	(02) 28868989
Shihlin Branch	No. 21, Fude Rd., Shilin Dist., Taipei City 111012, Taiwan (R.O.C.)	(02) 28822354
Tienmu Branch	1F., No. 33, Dexing W. Rd., Shilin Dist., Taipei City 111046, Taiwan (R.O.C.)	(02) 28333232
Sungshan Branch	No. 165, Yongji Rd., Xinyi Dist., Taipei City 110059, Taiwan (R.O.C.)	(02) 27625242
Hsi-Sung Branch	1F., No. 213, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105409, Taiwan (R.O.C.)	(02) 27639611
Tung-Taipei Branch	No. 126, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105407, Taiwan (R.O.C.)	(02) 25704567
Dongxing Branch	1F., No. 88, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105050, Taiwan (R.O.C.)	(02) 21711115
Hsi-Neihu Branch	1F., No. 26, Ln. 513, Ruiguang Rd., Neihu Dist., Taipei City 114697, Taiwan (R.O.C.)	(02) 27978966
Tachih Branch	No. 589, Bei'an Rd., Zhongshan Dist., Taipei City 104041, Taiwan (R.O.C.)	(02) 25337861
Nei-Hu Branch	No. 19, Ruihu St., Neihu Dist., Taipei City 114067, Taiwan (R.O.C.)	(02) 26590766
Tung-Hu Branch	1F., No. 109, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 114707, Taiwan (R.O.C.)	(02) 27904567

Domestic Offices	Address	Tel
Sinhu Branch	No. 180, Xinhu 2 nd Rd., Neihu Dist., Taipei City 114065, Taiwan (R.O.C.)	(02) 27931616
Nankang Branch	No. 48, Sec. 3, Nangang Rd., Nangang Dist., Taipei City 115607, Taiwan (R.O.C.)	(02) 27833456
Nankang Science Industrial Park Branch	2F-3, No. 3, Park St., Nangang Dist., Taipei City 115603, Taiwan (R.O.C.)	(02) 26558169
Wufenpu Branch	1F., No. 92, Zhongpo N. Rd., Nangang Dist., Taipei City 115012, Taiwan (R.O.C.)	(02) 27852787
Mucha Branch	No. 48, Sec. 3, Muxin Rd., Wenshan Dist., Taipei City 116024, Taiwan (R.O.C.)	(02) 86617377
Beitou Branch	1F., No. 6, Ln. 452, Daye Rd., Beitou Dist., Taipei City 112028, Taiwan (R.O.C.)	(02) 28968585
Hsi-Chih Branch	No. 93, Zhongxing Rd., Xizhi Dist., New Taipei City 221018, Taiwan (R.O.C.)	(02) 26947878
Xike Branch	1F., No. 217, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221006, Taiwan (R.O.C.)	(02) 21653111
Tanshui Branch	1F., No. 211, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City 251634, Taiwan (R.O.C.)	(02) 26219998
Juifang Branch	No. 38, Sec. 3, Mingdeng Rd., Ruifang Dist., New Taipei City 224001, Taiwan (R.O.C.)	(02) 24972860
Sanchungpu Branch	No. 89, Sec. 1, Chongxin Rd., Sanchong Dist., New Taipei City 241048, Taiwan (R.O.C.)	(02) 29733450
Pei-Sanchungpu Branch	1F., No. 68, Zhengyi N. Rd., Sanchong Dist., New Taipei City 241058, Taiwan (R.O.C.)	(02) 29823111
Hsi-Sanchung Branch	No. 22, Sec. 2, Chongyang Rd., Sanchong Dist., New Taipei City 241042, Taiwan (R.O.C.)	(02) 29820221
Nan-Sanchung Branch	No. 82, Zhongzheng S. Rd., Sanchong Dist., New Taipei City 241006, Taiwan (R.O.C.)	(02) 29771234
San Ho Rd. Branch	No. 368, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City 241069, Taiwan (R.O.C.)	(02) 22871441
Luchou Branch	1F., No. 77, Zhongzheng Rd., Luzhou Dist., New Taipei City 247029, Taiwan (R.O.C.)	(02) 22851000
Hsintien Branch	No. 135, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City 231002, Taiwan (R.O.C.)	(02) 29141650
Pei Hsin Branch	1F., No. 9, Baoqiang Rd., Xindian Dist., New Taipei City 231008, Taiwan (R.O.C.)	(02) 29131071
ChiCheng Branch	No. 98, Minquan Rd., Xindian Dist., New Taipei City 231023, Taiwan (R.O.C.)	(02) 22189001
Yungho Branch	1F., No. 69, Sec. 2, Yonghe Rd., Yonghe Dist., New Taipei City 234012, Taiwan (R.O.C.)	(02) 29243334
Fuho Branch	No. 139, Fuhe Rd., Yonghe Dist., New Taipei City 234027, Taiwan (R.O.C.)	(02) 29221171
Chungho Branch	1F., No. 182, Zhonghe Rd., Zhonghe Dist., New Taipei City 235068, Taiwan (R.O.C.)	(02) 22492711
Shuangho Branch	No. 801, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235019, Taiwan (R.O.C.)	(02) 22259988
Lide Branch	1F., No. 142, Lide St., Zhonghe Dist., New Taipei City 235602, Taiwan (R.O.C.)	(02) 22239888
Hsinchuang Branch	No. 119, Xintai Rd., Xinzhuang Dist., New Taipei City 242004, Taiwan (R.O.C.)	(02) 29937101
Wugu Industrial Park Branch	No. 3-1, Wugong 5 th Rd., Xinzhuang Dist., New Taipei City 248020, Taiwan (R.O.C.)	(02) 22993311
Nan-Hsinchuang Branch	No. 657-1, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242051, Taiwan (R.O.C.)	(02) 29066599
SyYuan Branch	No. 228, Siyuan Rd., Xinzhuang Dist., New Taipei City 242033, Taiwan (R.O.C.)	(02) 29967137
Sinshu Branch	1F., No. 266-1, Xinshu Rd., Xinzhuang Dist., New Taipei City 242064, Taiwan (R.O.C.)	(02) 22086767
Taishan Branch	1F., No. 111, Quanxing Rd., Taishan Dist., New Taipei City 243078, Taiwan (R.O.C.)	(02) 22970809
Linkou Branch	1F., No. 46, Linkou Rd., Linkou Dist., New Taipei City 244021, Taiwan (R.O.C.)	(02) 26010711
New Linkou Branch	1F., No. 399, Sec. 1, Wenhua 3 rd Rd., Linkou Dist., New Taipei City 244015, Taiwan (R.O.C.)	(02) 26085185
Shulin Branch	No. 135, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238004, Taiwan (R.O.C.)	(02) 26813621

Domestic Offices	Address	Tel
Panchiao Branch	No. 22, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220067, Taiwan (R.O.C.)	(02) 29628161
Kuang-Fu Branch	No. 62, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220079, Taiwan (R.O.C.)	(02) 29619181
Chiang Tsui Branch	No. 9, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220029, Taiwan (R.O.C.)	(02) 22591001
Tucheng Branch	No. 45, Sec. 3, Zhongyang Rd., Tucheng Dist., New Taipei City 236036, Taiwan (R.O.C.)	(02) 22691155
Sanhsia Branch	No. 89, Wenhua Rd., Sanxia Dist., New Taipei City 237410, Taiwan (R.O.C.)	(02) 26711261
Taoyuan Branch	No. 73, Zhongzheng Rd., Taoyuan Dist., Taoyuan City 330002, Taiwan (R.O.C.)	(03) 3346130
Ba De Branch	No. 135, Sec. 2, Jieshou Rd., Bade Dist., Taoyuan City 334006, Taiwan (R.O.C.)	(03) 3711222
Pei-Taoyuan Branch	No. 189, Yongan Rd., Taoyuan Dist., Taoyuan City 330060, Taiwan (R.O.C.)	(03) 3320743
Nankan Branch	No. 7, Sec. 2, Nankan Rd., Luzhu Dist., Taoyuan City 338207, Taiwan (R.O.C.)	(03) 3213666
Tung-Linkou Branch	No. 235, Fuxing 1 st Rd., Guishan Dist., Taoyuan City 333005, Taiwan (R.O.C.)	(03) 3975555
Chungli Branch	1F., No. 95, Zhongzheng Rd., Zhongli Dist., Taoyuan City 320001, Taiwan (R.O.C.)	(03) 4252101
Pei-Chungli Branch	No. 155, Zhongxiao Rd., Zhongli Dist., Taoyuan City 320062, Taiwan (R.O.C.)	(03) 4636688
Qingpu Branch	No. 280, Sec. 1, Gaotiezhanqian W. Rd., Zhongli Dist., Taoyuan City 320016, Taiwan (R.O.C.)	(03)2876680
Hsin-Ming Branch	No. 2, Zhongxiao Rd., Pingzhen Dist., Taoyuan City 324007, Taiwan (R.O.C.)	(03) 4941571
Longtan Branch	1F., No. 240-3, Zhongzheng Rd., Longtan Dist., Taoyuan City 325012, Taiwan (R.O.C.)	(03) 4891238
Yangmei Branch	No. 158, Dacheng Rd., Yangmei Dist., Taoyuan City 326101, Taiwan (R.O.C.)	(03) 4783391
Puhsin Branch	No. 82, Zhongxing Rd., Yangmei Dist., Taoyuan City 326010, Taiwan (R.O.C.)	(03) 4824935
Hsinchu Branch	No. 63, Zhongzheng Rd., East Dist., Hsinchu City 300025, Taiwan (R.O.C.)	(03) 5253151
Pei-Hsinchu Branch	No. 110, Sec. 2, Dongda Rd., North Dist., Hsinchu City 300082, Taiwan (R.O.C.)	(03) 5339651
Hsinchu Science-based Industrial Park Branch	2F., No. 5, Gongye E. 6 th Rd., Science-based Industrial Park, East Dist., Hsinchu City 300093, Taiwan (R.O.C.)	(03) 5770780
Jhubei Branch	1F., No. 26-3, Taiyuan St., Zhubei City, Hsinchu County 302082, Taiwan (R.O.C.)	(03) 5526898
Chutung Branch	No. 43, Sec. 2, Changchun Rd., Zhudong Township, Hsinchu County 310007, Taiwan (R.O.C.)	(03) 5962280
Miaoli Branch	No. 636, Zhongzheng Rd., Miaoli City, Miaoli County 360009, Taiwan (R.O.C.)	(037) 326455
Yuanli Branch	No. 11, Jianguo Rd., Yuanli Township, Miaoli County 358011, Taiwan (R.O.C.)	(037) 861501
Zhunan Branch	1F., No. 110, Sec. 2, Huanshi Rd., Zhunan Township, Miaoli County 350007, Taiwan (R.O.C.)	(037) 551751
Tachia Branch	No. 405, Shuntian Rd., Dajia Dist., Taichung City 437003, Taiwan (R.O.C.)	(04) 26878711
Chingshui Branch	1F., No. 196, Zhongshan Rd., Qingshui Dist., Taichung City 436408, Taiwan (R.O.C.)	(04) 26225151
Shalu Branch	No. 52, Shatian Rd., Shalu Dist., Taichung City 433026, Taiwan (R.O.C.)	(04) 26358599
Tatu Branch	1F., No. 780, Sec. 2, Shatian Rd., Dadu Dist., Taichung City 432001, Taiwan (R.O.C.)	(04) 26983711
Fengyuan Branch	1F., No. 220, Zhongzheng Rd., Fengyuan Dist., Taichung City 420004, Taiwan (R.O.C.)	(04) 25269191
Daya Branch	1F., No. 1090, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 428333, Taiwan (R.O.C.)	(04) 25665500
Tantzu Branch	No. 199, Sec. 2, Zhongshan Rd., Tanzi Dist., Taichung City 427015, Taiwan (R.O.C.)	(04) 25322234
Tungshih Branch	No. 456, Fengshi Rd., Dongshi Dist., Taichung City 423003, Taiwan (R.O.C.)	(04) 25877160

Domestic Offices	Address	Tel
Wufeng Branch	No. 900, Zhongzheng Rd., Wufeng Dist., Taichung City 413015, Taiwan (R.O.C.)	(04) 23393567
Taipin Branch	No. 89, Yongfeng Rd., Taiping Dist., Taichung City 411003, Taiwan (R.O.C.)	(04) 22736789
Tsaotun Branch	No. 23, Heping St., Caotun Township, Nantou County 542002, Taiwan (R.O.C.)	(049) 2338101
Nantou Branch	No. 72, Sec. 2, Zhangnan Rd., Nantou City, Nantou County 540025, Taiwan (R.O.C.)	(049) 2226171
Puli Branch	No. 73, Xikang Rd., Puli Township, Nantou County 545015, Taiwan (R.O.C.)	(049) 2983983
Shuilikeng Branch	No. 226, Minquan Rd., Shuili Township, Nantou County 553001, Taiwan (R.O.C.)	(049) 2772121
Changhua Branch	1F., No. 57, Heping Rd., Changhua City, Changhua County 500006, Taiwan (R.O.C.)	(04) 7242101
Dali Branch	1F., No. 20, Sec. 2, Defang Rd., Dali Dist., Taichung City 412020, Taiwan (R.O.C.)	(04) 24181558
Lukang Branch	No. 137, Zhongshan Rd., Lukang Township, Changhua County 505024, Taiwan (R.O.C.)	(04) 7773311
Hemei Branch	1F., No. 428, Daozhou Rd., Hemei Township, Changhua County 508005, Taiwan (R.O.C.)	(04) 7579696
Yuanlin Branch	No. 495, Zhongzheng Rd., Yuanlin City, Changhua County 510001, Taiwan (R.O.C.)	(04) 8322101
Hsihu Branch	No. 158, Sec. 3, Zhangshui Rd., Xihu Township, Changhua County 514013, Taiwan (R.O.C.)	(04) 8853471
Peitou Branch	No. 172, Sec.1, Douyuan Rd., Beidou Township, Changhua County 521003, Taiwan (R.O.C.)	(04) 8882811
Erlin Branch	1F., No. 67, Sec. 5, Douyuan Rd., Erlin Township, Changhua County 526021, Taiwan (R.O.C.)	(04) 8950011
Hsiluo Branch	1F., No. 225, Zhongshan Rd., Xiluo Township, Yunlin County 648002, Taiwan (R.O.C.)	(05) 5863611
Touliu Branch	No. 70, Zhongshan Rd., Douliu City, Yunlin County 640005, Taiwan (R.O.C.)	(05) 5324116
Tounan Branch	No. 100, Zhongshan Rd., Dounan Township, Yunlin County 630042, Taiwan (R.O.C.)	(05) 5974191
Huwei Branch	No. 35, Zhongzheng Rd., Huwei Township, Yunlin County 632002, Taiwan (R.O.C.)	(05) 6322561
Tukoo Branch	1F., No. 308, Guangming Rd., Tuku Township, Yunlin County 633002, Taiwan (R.O.C.)	(05) 6621116
Peikang Branch	No. 51, Wenhua Rd., Beigang Township, Yunlin County 651002, Taiwan (R.O.C.)	(05) 7836121
Talin Branch	No. 246, Xianghe Rd., Dalin Township, Chiayi County 622001, Taiwan (R.O.C.)	(05) 2653221
Chiayi Branch	1F., No. 386, Zhongshan Rd., West Dist., Chiayi City 600006, Taiwan (R.O.C.)	(05) 2278141
Tung-Chiayi Branch	1F., No. 832, Xinsheng Rd., East Dist., Chiayi City 600063, Taiwan (R.O.C.)	(05) 2712811
Pei-Chiayi Branch	No. 290, You'ai Rd., West Dist., Chiayi City 600071, Taiwan (R.O.C.)	(05) 2342166
Hsinying Branch	1F., No. 150, Fuxing Rd., Xinying Dist., Tainan City 730003, Taiwan (R.O.C.)	(06) 6323871
Yungkang Branch	No. 839, Zhongzheng S. Rd., Yongkang Dist., Tainan City 710005, Taiwan (R.O.C.)	(06) 2545386
Chung-Hua Road Branch	No. 473-3, Xiaodong Rd., Yongkang Dist., Tainan City 710012, Taiwan (R.O.C.)	(06) 3125318
Guiren Branch	No. 218, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City 711006, Taiwan (R.O.C.)	(06) 2391711
Tainan Branch	1F., No. 88, Zhongzheng Rd., West Central Dist., Tainan City 700015, Taiwan (R.O.C.)	(06) 2221281
Yenping Branch	No. 151, Sec. 2, Minquan Rd., West Central Dist., Tainan City 700006, Taiwan (R.O.C.)	(06) 2254161
Hsi-Tainan Branch	No. 94, Sec. 3, Minzu Rd., West Central Dist., Tainan City 700001, Taiwan (R.O.C.)	(06) 2235141
Tung-Tainan Branch	No. 95-1, Sec. 1, Beimen Rd., West Central Dist., Tainan City 700008, Taiwan (R.O.C.)	(06) 2267141
Nan-Tainan Branch	1F., No. 655, Sec. 1, Ximen Rd., South Dist., Tainan City 702005, Taiwan (R.O.C.)	(06) 2263181
Pei-Tainan Branch	No. 367, Sec. 4, Ximen Rd., North Dist., Tainan City 704005, Taiwan (R.O.C.)	(06) 2523450

Domestic Offices	Address	Tel
An-Nan Branch	1F., No. 330, Sec. 4, Anhe Rd., Annan Dist., Tainan City 709029, Taiwan (R.O.C.)	(06) 3556111
Chishan Branch	1F., No. 102, Zhongshan Rd., Qishan Dist., Kaohsiung City 842057, Taiwan (R.O.C.)	(07) 6615481
Kangshan Branch	No. 293, Gangshan Rd., Gangshan Dist., Kaohsiung City 820001, Taiwan (R.O.C.)	(07) 6216111
Fengshan Branch	No. 264, Sanmin Rd., Fengshan Dist., Kaohsiung City 830024, Taiwan (R.O.C.)	(07) 7470101
Luchu Branch	No. 835, Zhongshan Rd., Luzhu Dist., Kaohsiung City 821012, Taiwan (R.O.C.)	(07) 6972151
Ta-Fa Branch	No. 101, Lixing Rd., Daliao Dist., Kaohsiung City 831140, Taiwan (R.O.C.)	(07) 7824356
Kaohsiung Branch	No. 59, Minquan 1 st Rd., Lingya Dist., Kaohsiung City 802702, Taiwan (R.O.C.)	(07) 3361620
Chi-Hsien Branch	1F., No. 456, Zhongxiao 1 st Rd., Xinxing Dist., Kaohsiung City 800001, Taiwan (R.O.C.)	(07) 2361191
Yencheng Branch	1F., No. 85, Dayong Rd., Yancheng Dist., Kaohsiung City 803003, Taiwan (R.O.C.)	(07) 5313181
Tung-Kaohsiung Branch	1F., No. 109, Zhongzheng 4 th Rd., Qianjin Dist., Kaohsiung City 801006, Taiwan (R.O.C.)	(07) 2217741
Nan-Kaohsiung Branch	No. 13, Yongfeng Rd., Qianzhen Dist., Kaohsiung City 806021, Taiwan (R.O.C.)	(07) 7158000
Pei-Kaohsiung Branch	No. 720, Houchang Rd., Nanzi Dist., Kaohsiung City 811001, Taiwan (R.O.C.)	(07) 3662566
Zuoying Branch	1F., No. 280, Bo'ai 4 th Rd., Zuoying Dist., Kaohsiung City 813517, Taiwan (R.O.C.)	(07) 3436269
Sanmin Branch	No. 157, Hebei 2 nd Rd., Sanmin Dist., Kaohsiung City 807002, Taiwan (R.O.C.)	(07) 2918131
Hsinhsing Branch	No. 139, Zhongzheng 2 nd Rd., Lingya Dist., Kaohsiung City 802409, Taiwan (R.O.C.)	(07) 2222200
Chan Chen Branch	No. 155, Sanduo 3 rd Rd., Qianzhen Dist., Kaohsiung City 806001, Taiwan (R.O.C.)	(07) 3344121
Chiu-Ju Lu Branch	No. 7, Jiuru 2 nd Rd., Sanmin Dist., Kaohsiung City 807387, Taiwan (R.O.C.)	(07) 3123101
Chienhsing Branch	1F., No. 1, Yihua Rd., Sanmin Dist., Kaohsiung City 807036, Taiwan (R.O.C.)	(07) 3896789
Po-Ai Branch	No. 517, Bo'ai 1 st Rd., Gushan Dist., Kaohsiung City 804057, Taiwan (R.O.C.)	(07) 5545151
Lingya Branch	No. 2, Siwei 4 th Rd., Lingya Dist., Kaohsiung City 802754, Taiwan (R.O.C.)	(07) 3353171
Ta-Shun Branch	No. 109, Jianguo 1 st Rd., Lingya Dist., Kaohsiung City 802334, Taiwan (R.O.C.)	(07) 7715101
Pingtung Branch	1F., No. 117-2, Zhongzheng Rd., Pingtung City, Pingtung County 900013, Taiwan (R.O.C.)	(08) 7342705
Chaozhou Branch	No. 38, Zhongzheng Rd., Chaozhou Township, Pingtung County 920011, Taiwan (R.O.C.)	(08) 7883911
Tungkang Branch	No. 74, Zhongzheng Rd., Donggang Township, Pingtung County 928008, Taiwan (R.O.C.)	(08) 8351521
Hengchun Branch	No. 22, Hengnan Rd., Hengchun Township, Pingtung County 946001, Taiwan (R.O.C.)	(08) 8899665
Hualien Branch	No. 191, Zhongshan Rd., Hualien City, Hualien County 970007, Taiwan (R.O.C.)	(03) 8323961
Taitung Branch	1F., No. 226, Zhengqi Rd., Taitung City, Taitung County 950004, Taiwan (R.O.C.)	(089) 324311
RC Northern Area 1	2F., No. 47, Sec. 1, Jinshan S. Rd., Zhongzheng Dist., Taipei City 100022, Taiwan (R.O.C.)	(02) 23973801
RC Northern Area 2	3F., No. 182, Zhonghe Rd., Zhonghe Dist., New Taipei City 235068, Taiwan (R.O.C.)	(02) 22401223
RC Northern Area 3 (established on March 1, 2024)	3F., No. 189, Yongan Rd., Taoyuan Dist., Taoyuan City 330060, Taiwan (R.O.C.)	(03) 3380577
RC Central Area	12F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 402014, Taiwan (R.O.C.)	(04) 22601588
RC Southern Area	4F., No. 85, Dayong Rd., Yancheng Dist., Kaohsiung City 803003, Taiwan (R.O.C.)	(07) 5219123
Taipei Securities Broker	3F., No. 68, Hengyang Rd., Zhongzheng Dist., Taipei City 100004, Taiwan (R.O.C.)	(02) 23619654

Domestic Offices	Address	Tel
Taichung Securities Broker	3F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 402014, Taiwan (R.O.C.)	(04) 22660011
Chi-Hsien Securities Broker	3F., No. 456, Zhongxiao 1 st Rd., Xinxing Dist., Kaohsiung City 800001, Taiwan (R.O.C.)	(07) 2355658

Overseas Units	Address	Tel
New York Branch	685 Third Avenue, 29 th Floor, New York, N.Y. 10017, U. S. A.	1-212-6519770
Los Angeles Branch	515 South Flower Street, Suite 850, Los Angeles, CA 90071, U. S. A.	1-213-6207200
Tokyo Branch	Marunouchi Trust Tower Main 7 th Fl., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	81-3-32128888
Osaka Sub-Branch (inaugurated on March 25, 2024)	11F Grand Front Osaka Tower—B3-1, Ofuka-cho, Kita-Ku, Osaka City 530-0011, Japan	81-6-66768928
London Branch	4 th Floor, 6-8 Tokenhouse Yard, London EC2R 7AS United Kingdom	44-20-76006600
Hong Kong Branch	1401, Tower II , The Gateway, 25 Canton Rd., Tsimshatsui, Kowloon, Hong Kong	852-29561212
Singapore Branch	1 Finlayson Green #08-00 Singapore 049246	65-65320820
Manila Branch	43/F, AIA Tower, 8767 Paseo de Roxas Makati City, Metro Manila, 1226, Philippines	63-2-7621-0088
Yangon Representative Office	422/426 Corner of Strand Road and Botahtaung Pagoda Road, #10-02, Botahtaung Township, Yangon, Republic of the Union of Myanmar	95-1-8202095

Subsidiaries and their Branches	Address	Tel
CHB Venture Capital Co., Ltd.	10F., No. 57, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei City 104411, Taiwan, (R.O.C.)	(02)25362951
Chang Hua Commercial Bank, Ltd.	No. 371, Jiang Dong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	86-025-88811000
Chang Hua Commercial Bank, Ltd., Kunshan Branch	1F & 2F, Tower A, 88 Hei Long Jiang North Rd., Kunshan City, Jiangsu Province, P.R.C.	86-512-57367576
Chang Hua Commercial Bank, Ltd., Kunshan Huaqiao Sub-Branch	No. 538, Shangyin Rd., Huaqiao Town Kunshan City, Jiangsu Province, P.R.C.	86-512-36690188
Chang Hua Commercial Bank, Ltd., Dongguan Branch	Room 801, TBA Tower1, No. 11, Dongguan Boulevard, Dong Cheng District, Dongguan City, Guangdong Province, P.R.C.	86-769-23660101
Chang Hua Commercial Bank, Ltd., Fuzhou Branch	No. 04, 05 14F, Hengli City, 128-1, Wusi Road, Fuzhou, Fujian Province, P.R.C.	86-591-86211320
Chang Hua Commercial Bank, Ltd., Nanjing Branch	No. 371, Jiang Dong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	86-025-88811000

Chang Hwa Commercial Bank, Ltd.

Chairperson *Joanne Ling*