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2023 ANNUAL REPORT

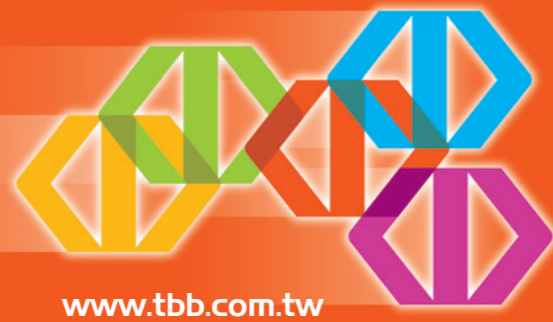


臺灣中小企業銀行
Taiwan Business Bank

Taiwan Stock Exchange Market Observation Post System :
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臺灣中小企業銀行

TAIWAN BUSINESS BANK | Annual Report 2023



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Notice to readers

If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Flotation at Overseas Stock Exchange and Information Inquiry: None
Please refer to Chapter X for the Directory of Head Office and Branch Units.

臺灣中小企業銀行
Taiwan Business Bank

深耕臺灣 連結亞太 布局全球

We can be the best!



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As the world entered 2023, COVID had generally ceased to cause supply chain disruptions. The pressure on the global supply chain eased significantly. Furthermore, the averted energy crisis in Europe and the post-COVID re-opening of China's economy were expected to gradually lift consumer confidence around the world. However, the tightening effect of large rate hikes by US and European central banks over time was having an impact on the end demand, causing a slow recovery of the global manufacturing sector. The global economy showed average growth in the first half of 2023. As for the second half of 2023, central banks of major economies announced more rate hikes in the third quarter, and global inflation fell gradually back to its previous level. In addition, China's real estate market underwent a debt crisis, and consumer and business confidence weakened, leading to a slowdown in domestic demand growth. The Israel-Hamas War was also another contributing factor in slowing global economic growth.

Return of Taiwanese business investment and development of Green Finance 3.0 are expected to fuel expansion of the financing business. The increase in private consumption momentum is also expected to contribute to the continued growth of fee income for banks. Meanwhile, financial technology continues to innovate, leading to the continuous expansion of the e-payment market. Stable growth in wealth management further assists in enhancing fee income momentum for domestic banks. The Bank prioritizes risk asset management, diligently implementing risk management in the loan business and improving the efficiency of non-performing debt recovery. We pay equal attention to business growth and risk management, and appropriately allocate capital resources to maximize efficiency. Furthermore, the Bank follows a customer oriented approach to increase profit streams, providing convenient and compliant transaction processes, utilizing integrated marketing functions in personal banking to identify potential wealth management clients, and deepening penetration in various businesses. Lastly, focusing on sustainable and inclusive growth, we actively improve the Bank's sustainable performance and resilience, deepen ESG development in all aspects of the organization, implement corporate governance, strengthen communication with stakeholders, leverage financial influence, continuously support customers in carbon reduction activities, and assist customers in accessing funding for low-carbon transformation and achieving net-zero emissions.

1. Operation Results in 2023

(1) The Domestic and International Financial Environments

Regarding monetary policies, major central banks continued to raise rates as inflation remained high in 2023. In particular, the Fed raised 0.25 percentage point each time in February, March, May, and July. It executed a balance sheet reduction plan at the same time. The Fed had reduced its holdings of US government bonds, agency debt, and agency MBS by a total of US\$95 billion since September 2022. Meanwhile, ECB raised rates by 0.25 to 0.5 percentage point each time in February, March, May, June, July, and September as the overall inflation in the Eurozone fell from its peak. However, inflation pressure remained high as prices of core goods and services were still high. Among the Asian economies, the Bank of Japan (BOJ) held to its quantitative easing policy in order to achieve the target of holding inflation at 2% with positive salary growth. The People's Bank of China (PBoC) lowered interest rates to ease the downward pressure on its economy.

As for Taiwan, considering persistently rising goods prices over recent years might lead to higher expected inflation, the central bank raised the discount rate, accommodations with collateral, and accommodations without collateral by 0.25 percentage

Chair

Pei-Jean Liu



point each in March 2023 in order to deter expectation of inflation in the country. The rates were kept the same since. It was mainly attributed to slowly falling domestic inflation in the second half of 2023, the domestic production gap turning to negative given many uncertainties in the global economic outlook, and the domestic economic growth slowing down more than forecast. Regarding exchange rates, the Fed raised rates four times in the first three quarters of 2023, making the US dollar stronger and the NT dollar falling against the US dollar every quarter. In particular, the fall was most apparent in the third quarter (3.6%). However, as the Fed stopped the rate hike cycle in the fourth quarter, the NT dollar rose sharply by 4.7% against the US dollar. Overall the exchange rate of NT dollar to US dollar fell slightly by NT\$0.037 or 0.1% in 2023.

(2) Changes in the Bank's Organization

None.

(3) Implementation of Business Plans and Operating Strategies

A. Profitability:

The Bank carried out a capital increase of NT\$1.927 billion via transferred earnings and issued stock and cash dividends of NT\$0.24 per share and NT\$0.10 per share, respectively, for the previous year (2022). Net income after tax for 2023 amounted to NT\$10.568 billion (net income before tax was NT\$12.403 billion).

B. Core Businesses:

a. NTD deposit business

The Bank strove to increase the scale of NTD demand deposit to reduce the capital costs and increase earnings. In 2023, the cumulative average balance of the Bank's NTD demand deposits was NT\$837.109 billion, an increase of NT\$34.631 billion from NT\$802.478 in 2022, a growth rate of 4.32%.

b. Corporate Banking

- 1) The Bank continues to engage in SMEs lending business. As of the end of 2023, the Bank's SME loan balance reached NT\$772.6 billion, accounting for 73% of the total corporate loan balance (excluding government public loans in the amount of NT\$1,061.9 billion).
- 2) Awards received and implementation results:
 - ① The Bank won the Group A "Outstanding Bank Award" under the "Program to Encourage Loan Projects by Domestic Banks to SMEs (Phase 17)" organized by the Financial Supervisory Commission (FSC).
 - ② The Bank won the "Special Award for Balanced Regional Development (Southern Region)" under the "Program to Encourage Loan Projects by Domestic Banks to SMEs (Phase 17)" organized by the Financial Supervisory Commission (FSC).
 - ③ The Bank was awarded as an outstanding bank by the FSC for "Actively participating in financial literacy promotion activities in schools and communities".
 - ④ In the extension of SME loans, the Bank ranked No. 1 in Taiwan in the total guarantee amount of loans transferred for guarantees to the Small and Medium Enterprise Credit Guarantee Fund.

c. Foreign Exchange Business

In 2023, the Bank focused on the active promotion of expansion measures for various foreign exchange businesses. In 2023, the Bank's accumulated average balance of foreign currency deposits was NT\$371.089 billion, representing an increase of NT\$33.026 billion or a growth of 9.77% as compared with the average balance of NT\$338.063 billion in 2022. In 2023, the Bank's accumulated average balance of foreign currency loans was NT\$149.818 billion, representing a decrease of NT\$4.139 billion or a decline of 2.69% as compared with the average balance of NT\$153.957 billion in 2022. In 2023, the Bank's accumulated transaction amount of foreign exchange business was US\$63.313 billion, representing a decrease of US\$14.146 billion or a decline of 18.26% as compared with US\$77.459 billion in 2022.

d. Wealth Management

In 2023, the Bank focused on strengthening its wealth management business by vigorously expanding fee income from the insurance, fund, and foreign bond businesses, with boosting revenue and generating profit as the priority goal, and actively promoted the wealth-management focused projects. Fee income from the wealth management business amounted to approximately NT\$2.711 billion in 2023, representing an increase of NT\$795 million or a growth of 41.49% as compared with NT\$1.916 billion in 2022.

C. Innovative Products:

a. Developing products aligned with social trends and providing a wide range of services for customers

- 1) To improve the quality of the Bank's online securities services, the Bank optimized the e-Trade App and the official securities services website to create a digital image for the Bank, increase customer stickiness to the trading platform, and boost website traffic.
- 2) The Bank launched a stock saving service platform business to allow customers to schedule investments in individual stocks and ETFs through an online securities platform in a regular and fixed-amount manner, meeting the need for small-budget investments and attracting young customers to invest in the stock market to increase participation in inclusive finance.
- 3) The Bank introduced an "Integrated Message Notification Platform" to bring four major channels of notifications, including push messages, SMS messages, email, and LINE BC, to one place to keep customers up-to-date on banking transactions and special offers.
- 4) The Bank launched the "Personalized Notification Settings, Exchange Rate Inquiry/Calculator/Price Alert" service on its official LINE account.
- 5) The Bank partnered with CTBC Bank to launch the "ATM QR Code Cardless Withdrawal Service".
- 6) In line with the government's pro-natalist policy, the Bank organized the consumption loans of "Golden Pregnancy" and "Childbirth Consumer Loans," hoping to increase the fertility rates of nationals. As of the end of December 2023, the cumulative number of loan disbursements was 1,764, which amounted to NT\$691 million.

b. Continuously promoting digital banking services

- 1) The Bank actively promoted the Taiwan Pay acquiring business and organized marketing campaigns to raise prevalence of e-payments.
- 2) The Bank launched the one-stop NTD/FCY digital accounts opening service, and provides special offers and benefits for Hokii digital members, enabling customers to enjoy online deposit, withdrawal, transfer, consumption and other convenient financial services.
- 3) The Bank enhanced digital marketing and social media presence, and designed a series of marketing campaigns based on the mascot Hokii to increase social media exposure.
- 4) The Bank combined the Hokii digital account with NFT, incorporating ESG issues emphasized by the government and businesses, and empowering forest conservation with NFT sustainability.
- 5) The Bank started providing Mobile ID service on its mobile banking App. It allows users to complete authentication with a telecommunication service provider on their mobile devices, and make nondesignated account transfers and other low risk transactions. The Bank also introduced two innovative features, APP Protection Certification and APP Anti-counterfeiting Detection.
- 6) The Bank launched an online personal credit loan application platform.
- 7) Major awards received:
 - ① The 20th National Brand Yushan Award of 2023
 - (a) National First Prize - Best Product Category: Taiwan Business Bank x Chao-Tian Temple VR Metaverse Worshipping Experience of Matsu Culture.
 - (b) National First Prize - Best Popular Brand Award: TBB AI Voice Technology i-Money - a smart assistant in your everyday life.



President
Chih-Chien Chang





- (c) Best Product Category: Taiwan Business Bank's Mobile Security Protection Shield - shielding the security of your account transactions.
- (d) Best Product Category: Taiwan Business Bank's Digital Account NFT - Nurturing a New Life for Trees.
- (e) Best Product Category: Taiwan Business Bank's Cloud Counter Digital Application Platform - creating an efficient experience for you!
- (f) Best Popular Brand Award: Taiwan Business Bank's Digital Community Life Circle - a mobile assistant accompanying you.
- (g) Best Popular Brand Award: Taiwan Business Bank's Hokii Digital Membership - creating a digital lifestyle universe!
- (h) Best Popular Brand Award: Taiwan Business Bank's New Official Website, providing an even better experience just for you!

② The 7th CSEA Excellence Awards in 2023

- (a) Best Customer Service Institution Award.
- (b) Best Customer Experience Institution Award.
- (c) Best Social Media Presence Institution Award.

③ 2023 Outstanding Institution for Promoting e-Money Services

- (a) Special Contribution Award.
- (b) Interbank Innovation Award.

④ 2023 Excellence Bank Ratings: Best Digital Financial Services Award.

D. Expansion of the Scope of Channel Services:

- a. The Bank plans for the adjustment of the distribution of all branches to enhance the value of physical channels, in order to provide higher-quality and comprehensive financial services. The relocation of our Chu Tung Branch was completed on August 7, 2023.
- b. To align with the "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" promulgated by the government to create a friendly bilingual financial service environment, the Bank has transformed 78 branches to bilingual branches as of 2023, and will continue to transform 25 branches according to the designated period from 2024. It is expected that all branches will be fully bilingual by 2025.

E. Information Operations and Information Security:

a. Improvement to system and service functions

- 1) Installation of statistics dashboards: Installed statistics dashboards to be carried by senior managers wherever they go with the goal to quickly increase the amount of data available at hand, and enable managers to view information needed for decision making at anytime.
- 2) Bank-wide endpoint device management and control system for official business: Installed a bankwide mobile device management center to allow only authorized users and devices to access the Bank's intranet, in order to ensure the confidentiality and integrity of data transmission.
- 3) Offline versions of finance/accounting systems at overseas branches: In response to the local implementation plans for overseas branches, the Bank replaced the existing AS400 system with the Windows system, simplifying the system structure and increasing system portability while lowering operating costs.
- 4) Standardization of racks and cabinets in all domestic branches: Improved on issues such as messy cables and difficulties in inspection/maintenance and modification, and improved troubleshooting efficiency for branch IT equipment.

b. Reinforce the defense mechanism for the information system

- 1) Duly implemented the Bank's 2023 cyber security maintenance program, the effectiveness of which has been confirmed by a third-party organization, and reported to the Board of Directors on the achievement of cyber security targets on a quarterly basis.
- 2) Implemented the cyber security operation compliance of each overseas branch, including Part 500 of New York Branch, C-RAF 2.0 of Hong Kong Branch and CPS 234 of Australian branches and other regulations. In 2023, all have been submitted to the Board of Directors for review and improvement progress was tracked to comply with the requirements of local competent authorities.
- 3) White-hat hackers (red team) exercises were organized to identify hidden cyber security risks by simulating real hacker attacks. System management units were also brought in to make improvement and strengthen IS defense capability and response to network attacks on the Bank.

- 4) Carried out a total of 6 email social engineering drills in 2023 to strengthen employees' awareness of information security, as well as conducted DDoS attack and defense drills to verify the effectiveness of the information security protection mechanism. The results all achieved the expected protection effectiveness.
- 5) 3-hour information security awareness courses and 1-hour IoT information security training courses are provided to all employees to raise awareness of information security and increase knowledge of IoT security. Role specific training is also provided to IS personnel, who shall participate in 15 hours or more of cybersecurity professional training or courses to enhance cybersecurity professional skills.

F. Implementation of Legal Compliance and Anti-Money Laundering Operations:

a. Implementation of legal compliance and anti-money laundering in line with the regulations of the competent authority

- 1) Due to the practical operations and changes in relevant laws and regulations, the Bank continues to amend its procedures for anti-money laundering and combatting the financing of terrorism.
- 2) The Bank performed its compliance risk assessment (CRA) and comprehensive Institutional Risk Assessment (IRA) for 2022 and reported to the FSC after being approved by the Board.

b. Holding of regular compliance and anti-money laundering training, and irregular online video conferences for domestic business units

- 1) The Bank organized the online training program "2023 Seminar for Anti-money Laundering and Combating the Financing of Terrorism" from May to June of 2023, strengthening the dissemination on deficiencies in internal and external inspections and sharing relevant cases from peers.
- 2) A "Compliance Officer" was held in each of the first and second halves of 2023.

c. Strengthening of the monitoring mechanism for compliance follow-up cases

According to the "Legal Compliance Follow-up Cases Control System," the letters regarding relevant laws and regulations from external parties and changes in laws and regulations that the Bank shall comply are all included in the "Legal Compliance Follow-up Cases" for control. The Bank compiles the subsequent implementation of "Legal Compliance Follow-up Cases" replied by relevant departments on a monthly basis and reports to the Chief Compliance Officer.

d. Reinforcing the control mechanism of the second line of defense

- 1) To reinforce the strength of audits, we continued to select domestic branches with a higher number of deficiencies found during the internal and external audit in 2023 and conduct on-site visits and random tests for legal compliance and anti-money laundering based on annual key management deficiencies and existing deficiencies in business units.
- 2) Meetings are held for "major deficiencies and outstanding improvement from previous inspections". Any vulnerability identified will be corrected immediately through the feedback mechanism. Implementation of improvement measures will be verified to effectively reduce deficiencies.

e. Engaged CPAs to carry out the project audits for anti-money laundering and combatting the financing of terrorism for 2022 in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries."

G. Enhance Risk Control and Improve Assets Quality:

a. In response to the climate change risk, the Bank formulated the "Taiwan Business Bank Climate Risk Management Guidelines" and the "Operational Guidelines for Responsible Lending/Investment" to stipulate a clear definition of controversial industries.

b. In response to the capital adequacy ratio requirement under the Basel III system, the Bank completed the system development and implementation of the credit risk standardized approach, counterparty credit risk standardized approach, and operational risk and leverage ratio.

c. Performance evaluation criteria such as "return on risk-weighted assets", "eligible collaterals", and "average credit risk weights and credit risk-weighted assets" were used to guide the business units to modify lending structures and reduce risk-weighted assets in order to improve the Bank's financial structure.

d. To comply with the competent authority's requirement to adopt the minimum risk-based capital requirement under the new Basel III in 2025, the Bank conducted system upgrade and performance optimization for the financial transaction management systems.

H. ESG Sustainable Development:

a. Strengthen corporate governance and pursue sustainable development

- 1) The Bank has long strived to enhance its corporate governance and ranked in the "Top 6%-20% of the Listed Companies Group" in the 2022 Corporate Governance Evaluation held by the Taiwan Stock Exchange.
 - 2) We actively increased our communication channels for domestic and overseas investors, and an online investor conference was respectively held on March 29, 2023; May 24, 2023; September 6, 2023; and November 29, 2023. In addition, each investor has immediate access to information on the Market Observation Post System (MOPS), and can also obtain the same information simultaneously on the Bank's official website.
 - 3) The 2022 Sustainability Report has been verified by an external third party based on the AA1000 Assurance Standard TYPE1 to comply with the Core Options of the GRI Standards, and obtained the Certification of Moderate Level of Assurance. In addition, the Report has passed two stages of verification by the British Standards Institution (BSI) for 8 consecutive years, and an Independent Assurance Opinion Statement was issued to the Bank by BSI. It is also confirmed to be completed by Ernst & Young in accordance with SASB Commercial Banking Standards.
 - 4) The "2022 Climate-Related Financial Disclosure (TCFD) Report" was completed and released, which was verified by the British Standards Institution (BSI) and rated the highest level of certification - "Level-5+: Excellence".
 - 5) The methodology from PCAF was introduced in performing financial carbon footprint assessments of investment/lending portfolios. Carbon emission reduction targets for investment/lending portfolios were set, and SBT targets were submitted online.
 - 6) The Bank guided businesses towards ESG and low-carbon transformation, and received the National Sustainable Development Award from the National Development Council of the Executive Yuan in 2023.
 - 7) The Bank received the Silver Award in the financial and insurance group of sustainability report division under the 16th TCSA Taiwan Corporate Sustainability Awards of 2023 organized by the Taiwan Institute for Sustainable Energy.
 - 8) The Bank won the Green Leadership Award of the Asia Responsible Enterprise Awards (AREA). This helped increase the Bank's visibility and our good corporate image in implementing sustainable development.
- b. Continual implementation of senior caring policy, donations to vulnerable groups, and active participation in public benefit affairs
- 1) The Bank continued the sponsorship of the Senior Learning Centers to improve the quality of life and care for the disadvantaged elderly in the community. As of the end of 2023, we have set up 23 Senior Learning Centers across Taiwan, and the cumulative sponsorship has amounted to NT\$24.32 million. The cumulative number of beneficiaries is more than 370,000 per year.
 - 2) The Bank continued to promote elder care trust and was awarded the Outstanding Bank of "Phase 2 - Elder Care Trust Award". The Bank also received the "Best Charity Trust Innovation Award", the "Best Elder Care Trust Innovation Award", and the "Best Urban Renewal and Old Building Reconstruction Trust Innovation Award" from the 2023 Commercial Times 3rd Trust Award.
 - 3) The Bank has long supported cultural policies and is dedicated to promoting arts and cultural philanthropy, contributing to the development of cultural and artistic activities. This commitment has been recognized by the Ministry of Culture, which awarded the Bank, a first time nominee, the "Gold Award" at the 16th Arts & Business Awards.
- c. Combining environmental sustainability with the core business to promote green financial products
- 1) To enhance the competitiveness of mortgage loans and guide customers to adopt environmentally friendly, energy saving and carbon reducing lifestyles, thus realizing the principles of environmental, social, and corporate governance (ESG), the Bank launched the "ESG Green Energy Sustainable Project" and "Happy Homeland Mortgage Project" that had disbursed a total of NT\$1.909 billion and NT\$40.46 billion, respectively, as of the end of December 2023.
 - 2) To respond to the government's 2050 net zero emissions vision and encourage valued customers to adopt environmentally friendly green consumption patterns, the Bank launched the "Green Go Shopping Loan" consumption loan program, which had disbursed a total of NT\$16 million as of the end of December 2023.

- 3) By injecting funds into environmental protection and green energy related industries and SMEs, and providing upgrade & transformation counseling, sustainable financing and other one-stop services, the Bank guides corporate customers to implement ESG sustainability. A total of 1,177 green energy related loans were approved in 2023.
 - 4) As part of its support for urban renewal and sustainable lifestyle, TBB provides the public with one-stop services, including case-by-case advice, guidance, project financing and trust management. A total of NT\$81.917 billion of urban renewal loans were approved in 2023.
 - 5) The Bank launched 5 ESG concept funds in 2023.
- d. Fulfilling responsibility for environmental protection and continuing the efforts of energy conservation and carbon emission reduction
- 1) The Bank was cited by the Ministry of Environment of the Executive Yuan 12 years in a row for outstanding performance in green procurement, and by the Department of Environment Protection of the Taipei City Government 11 years in a row as the Excellent Green Procurement Unit.
 - 2) The Head Office building continued to have ISO 50001 and ISO 14001 energy and environmental management systems implemented. The ISO 50001 energy management system at Chongnan Building was added and a certificate was obtained in 2023.
 - 3) The Bank won the Bronze Award at the Ministry of Environment's "5th National Enterprise Environmental Protection Awards".
 - 4) The Bank had formulated its "Environmental Sustainability Management Handbook" and "Measures for Water and Electricity Conservation" with scheduled follow-up on the status of water and electricity conservation by different units. Various energy conservation improvement programs were vigorously implemented in order to enhance the energy efficiency of equipment and save on electricity costs.
 - 5) For source reduction and more recycling and reuse, the Bank worked with ASUS Foundation on a computer recycling program, which covered computers, monitors, and laptops. A total of 745 computers were recycled in 2023. The program contributed to bridging the digital learning gap for rural areas or charity organizations.

(4) Budget Implementation

- A. The annual average balance of deposits was NT\$1,850.756 billion, for an achievement rate of 102.22%.
- B. The annual average balance of outstanding loans was NT\$1,427.895 billion, for an achievement rate of 100.54%.
- C. The foreign exchange transactions amounted to US\$63.314 billion, for an achievement rate of 78.30%.

(5) Revenues, Expenditures, and Profitability

- A. Net income for 2023 amounted to NT\$31.731 billion; bad debt expense, commitment, and provision for guarantee liabilities totaled NT\$4.212 billion; operating expenses were NT\$15.116 billion; before-tax net income from continuing operations was NT\$12.403 billion; net profit after tax was NT\$10.568 billion; return on assets ratio (after-tax) amounted to 0.49%; return on equity ratio (after-tax) amounted to 9.43%; net profit margin (after-tax) was 33.30%, and earnings per share (after-tax) was NT\$1.29.
- B. Net income before taxes (excluding provisions) in 2023 amounted to NT\$16.615 billion, an increase of NT\$2.2 billion over 2022. NT\$4.212 billion was allocated as an allowance for bad debts in order to strengthen risk appetite. Before-tax net profit for 2023 amounted to NT\$12.403 billion, an increase of NT\$389 million over 2022, primarily due to the increase in net service fee revenue and net revenue of financial products.
- C. The non-performing loan (NPL) ratio at the end of 2023 stood at 0.18%, a decrease of 0.02% compared with the end of 2022. The bad-debt coverage ratio was 720.88%, an increase of 67.60% over the end of 2022.

(6) Research and Development

- A. Establishment of an Exclusive Unit for Industry Research
 - a. A total of 176 industry analysis reports were written and published in the Bank's E-Library in 2023 for colleagues to peruse.
 - b. Elite professionals from industry, government, and academia are invited to speak on an occasional basis to help the Bank's employees understand the latest trends in industrial development.
- B. Encouragement of Innovation and Professionalism in Line with Business Development Needs

Business lectures are held on a scheduled basis and a wide variety of digital learning courses are offered to encourage employees to engage in further on-the-job studies and absorb new knowledge that will strengthen their competitiveness and enhance their professional know-how.



2. Business Plan for 2024

(1) Operating Directions and Policies

- A. Managing risk assets: Strengthening risk control and enhance capital utilization efficiency
 - a. Implement risk management in the lending business, improve non-performing loan recovery performance, and continuously control asset quality.
 - b. Strengthen risk control and monitor capital usage to maximize efficiency.
 - c. Seek optimal cash flow, adjust fund allocation, and enhance fund utilization efficiency.
- B. Diversifying Profit Sources: Customer-centric approach to enhance customer added value.
 - a. Enhance information efficiency and accelerate digital transformation to enhance customer experience.
 - b. Adjust revenue structure, strengthen various businesses and profits to increase operational flexibility.
 - c. Deepen the management of target customer groups and create diverse sources of income.
- C. Sustainable growth and prosperity: Deepening development in all aspects of ESG to enhance sustainable operational performance
 - a. Improve the Bank's own sustainable performance and enhance organizational resilience to strengthen response capabilities.
 - b. Strengthen communication with stakeholders, leverage financial influence, and continuously assist customers in low-carbon transition and achieving net zero emissions.

(2) Business Targets

To give equal weight to the protection of shareholder interests, improve the capital structure, and enhance asset quality, the Bank has set the following targets in consideration of the Directorate General of Budget, Accounting and Statistics for 2024.

- A. Annual average deposit balance: NT\$1,888.033 billion.
- B. Annual average balance of loans outstanding: NT\$1,530.725 billion.
- C. Total foreign exchange transactions: US\$63.556 billion.

3. Future Development Strategies

- (1) Cultivate the core customer base of local SMEs, monitor customer cash flows, integrate peripheral services, aim to satisfy customers' needs, solidify our niche, enhance overall synergy, continually expand our business capabilities, and become the bank of first choice for SMEs.
- (2) Boost earnings momentum from multiple dimensions to strengthen capital, manage asset quality, dynamically adjust risk allocation, improve capital utilization efficiency, reinforce operational resilience, and accumulate strength for future development.
- (3) Emphasize balanced development in digital technology, accelerate digital financial services and upgrades of information system hardware and software, build digital brand communication capabilities, provide products and services closer to customer usage habits, and deepen customer relationship management.
- (4) Value integrity and systems, adapt to internal and external risks and changes in international trends, continuously strengthen information security precautions and internal controls, implement legal compliance, and enhance risk management and response capabilities.
- (5) Actively cultivate talents and enhance employees' professional competencies, provide incentive mechanisms to drive organizational growth, construct a complete talent training and development mechanism, and practice the concept of talent sustainability.
- (6) Build on our core business to implement the concept of ESG sustainable operation, deepen development in various aspects of sustainability, create products and services with more shared values, and take concrete actions to achieve mutually beneficial growth with customers, shareholders, and society.

4. Influences from the External Competitive Environment, Legal Environment, and the Overall Economy

(1) External Competitive Environment

- A. As carbon reduction becomes a global trend and the EU will even start imposing carbon tariffs, carbon reduction has become a shared goal for the entire world. Businesses in Taiwan will not only need to support carbon reduction, but also have to take actions. The Bank also needs to proactively respond to relevant environmental regulations regarding carbon reduction to align with market development, maintain competitiveness, and seize market opportunities.
- B. The pandemic has accelerated global digitization, not only changing traditional office patterns but also accelerating new opportunities for the financial industry's cloud transformation. Besides liberating workspaces from the confinement of physical offices, the financial industry is also considering how to activate traditional office setups and expand the capability of mobile offices to enhance operational resilience. Furthermore, to maintain efficiency in mobile offices, there is a gradual plan to incorporate cloud technologies. By leveraging the characteristics of cloud platforms such as on-demand usage and pay-as-you-go, the financial industry's operational capabilities can be further enhanced while reducing costs.

(2) Regulatory Environment

- A. As of August 2023, the Financial Supervisory Commission (FSC) has approved 10 banks to conduct high-asset management 2.0 business. The FSC also amended the "Regulations Governing Banks Conducting Financial Products and Services for High-Asset Customers" on December 12, 2023 to encourage international large-scale banks to participate in the domestic high-asset customer wealth management market, and introduce the experience of international wealth management into our country. Although the Bank is not yet qualified to apply for this business, we have maintained close customer relationships and will continue to follow up on the development to avoid any potential impact on our bank.
- B. To enhance financial institutions' information security control measures for supply chains, the Bankers Association of the Republic of China formulated the "Regulations Governing Information System and Service Supplying Chain Risk Management of Financial Institutions," which was approved by the FSC and filed for record. In order to ensure consistent information security risk management of supply chains for outsourced information systems, the Bank issued its "Guidelines Governing Information System and Service Supplying Chain Risk Management" on October 27, 2023, for all units of the Bank to follow, so as to strengthen the risk assessment and management of the Bank's information systems and service supplying chains.

(3) Overall Operating Environment

Looking forward to 2024, global inflation and geopolitical tensions remain and will be unfavorable to stability of international financial markets. These uncertainties also make it harder for domestic banks to make investment, and create more embedded risks in overseas exposures and bad debt. However, the outlooks on the US economy and inflation are still unclear. The Fed may consider holding the rates on a higher level for longer until it is confirmed that inflation can persistently fall to achieve the target. In other words, global interest rates can be expected to exit the rate hike circle in 2024. Nevertheless, a rate decrease is still some distance away. Therefore, holding market rates at a higher level will benefit the Bank in higher interest rate margins. Furthermore, return of Taiwanese business investment and development of Green Finance 3.0 are expected to fuel expansion of the financing business. The increase in private consumption momentum is also expected to contribute to the continued growth of fee income for banks. Meanwhile, financial technology continues to innovate, leading to the continuous expansion of the e-payment market. Stable growth in wealth management further assists in enhancing fee income momentum for domestic banks. Hence, the 2024 forecast indicates Taiwan's banking sector will continue on an upward trend.

5. Results of Latest Credit Rating

| Date of Rating | Rating Institution | Ratings | | Outlook |
|----------------|--------------------|------------------|-------------------|---------|
| | | Long-term Credit | Short-term Credit | |
| 2024.1.25 | Taiwan Ratings | twAA- | twA-1+ | Stable |
| 2024.1.25 | Standard & Poor's | BBB+ | A-2 | Stable |



1. Establishment and History

The forerunners of Taiwan Business Bank (TBB) were two private cooperative savings institutions, one established in Taipei in June 1915 and the other in Tainan the following month. The Taipei institution was merged into another company in 1920 and the Tainan institution was reorganized under a different name in 1926.

Following the restoration of Taiwan to China on October 25, 1945, these two savings institutions, along with two others, were taken over by the Taiwan Provincial Government. On September 1, 1946, the four were combined and reorganized into "Taiwan Mutual Financial Co." On May 31, 1947, this new financial institution absorbed Tokiwa Real Estate Co., bringing its capitalization to \$10 million Old Taiwan Dollars. Its name was changed to "Taiwan Provincial Loans and Savings Co." on June 1, 1947, as the original name was under the Japanese system, and again to "Taiwan Mutual Loans and Savings Co." in January 1948 as the scope of business was similar to the nature of saving institutions.

The government moved to promote Taiwan's economic development and boost the growth of small and medium enterprises (SMEs) in 1975 by revising the Banking Act and writing in an additional provision for a specialized SME bank. In line with the government policy, Taiwan Mutual Loans and Savings Co. was reorganized into "Medium Business Bank of Taiwan" (later to be known as Taiwan Business Bank, or TBB) on July 1, 1976, whereupon it became a specialized bank charged with the provision of financial assistance and guidance to SMEs. It has been cultivating the SME financial services field now for more than 47 years. Later, to cope with the liberalized and internationalized financial environment, and to conform to the government's vision of promoting Taiwan to become Asia-Pacific Regional Operations Center, TBB was transformed into a private bank on January 22, 1998, and officially entered into a whole new era.

At the time of TBB's reorganization in 1976, it had a capitalization of NT\$500 million, 50 branches, and 58 sub-branches. To build up the Bank's operating capital and strengthen its operating structure, repeated capital increases have brought total capitalization to NT\$82,224.06 million today. The Bank's structural framework has also been readjusted constantly in response to changes in the financial environment and in business needs. The Auditing Department and Secretarial Department were set up under the Board of Directors in the headquarters. Apart from legal compliance matters, TBB's management units include 21 departments under three major business groups, one development center, and two management centers. The Bank has 125 domestic branches (including the Banking Department) and the Offshore Banking Branch (OBU), and also operates 8 overseas branches, including Hong Kong Branch, Los Angeles Branch & New York Branch in the U.S., Sydney Branch & Brisbane Branch in Australia, Shanghai Branch, Wuhan Branch, and Tokyo Branch, along with the Yangon Representative Office in Myanmar. Regional Operation Centers were set up to handle business development and supervision, centralized business management, operational services, and other business support functions in order to enhance business promotion capability and reinforce asset quality control. In addition, Domestic Processing Centers were established to upgrade operating performance through the centralized handling of domestic outward remittances, bills for collection and bills withdrawal. Meanwhile, the Bank has established the Customer Service Center dedicated to handling customer consultation services for the entire bank.

2. Bank M&A, investment in related enterprises, and reorganization in 2023 and to the end of February 2024

There are 5 enterprises invested by the Bank in 100% ownership—TBB International Leasing Co., Ltd, TBB (Cambodia) Microfinance Institution PLC, TBB Venture Capital Co., Ltd., TBB Consulting Co., Ltd., and Taiwan Business Bank International Leasing Co., Ltd. invested in 100% ownership by TBB International Leasing Co., Ltd.

3. Membership in a designated financial holding company: None.

4. Major exchanges or transfers of shares by directors and others required to report shareholding under Paragraph 3, Article 25 of the Banking Act in 2023 and to the end of February 2024: None.

5. Major changes in operating rights, operating methods or business content, and other major events of sufficient importance to affect shareholders' rights in 2023 and to the end of February 2024: None.

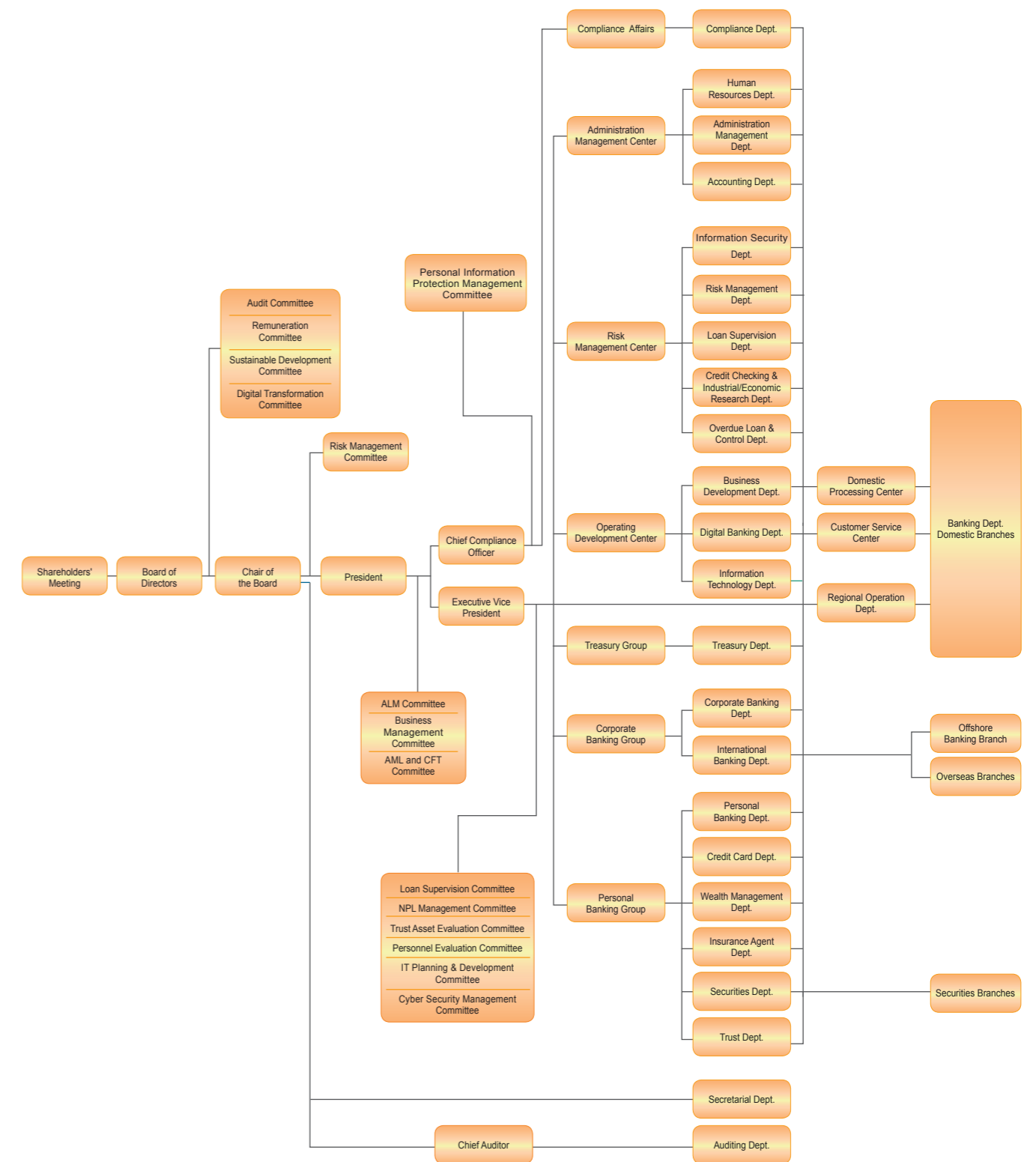


Corporate Governance Report

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1. Organization

(1) Organization Chart



As of February 29, 2024



(2) Operations of Major TBB Departments

A. Corporate Banking Group

This unit handles financial services for corporate customers, including business planning, promotion, and improvement in respect to loan products, forex products, and corporate financial planning products. It understands customers' needs and proactively carries out marketing, and is responsible for development and service in regard to the Group's products and customers as well as for improvement of the Bank's asset quality, operating income, and profit. The Corporate Banking Dept. and International Banking Dept. operate under the Corporate Banking Group.

B. Personal Banking Group

This unit handles planning, promotion, and improvement of the Bank's personal loan products, financial planning for customers, and marketing services for financial planning products. It carries out proactive marketing based on an understanding of customers' needs, is responsible for development and service in regard to the Group's products and customers, and maintains improvement of the Bank's asset quality, operating income, and profit. The Personal Banking Dept., Credit Card Dept., Wealth Management Dept., Insurance Agent Dept., Securities Dept, and Trust Dept. operate under the Personal Banking Group.

C. Treasury Group

The Treasury Group handles planning, promotion, and improvement of the Bank's financial businesses, and is responsible for development and service in regard to the Group's products and customers as well as for maintaining improvement of the Bank's asset quality, operating income, and profit. The Treasury Dept. operates under the Treasury Group.

D. Risk Management Center

The Risk Management Center handles risk control, maintenance of the quality of the Bank's loan assets, and investigation and review of loan cases and products, economic and financial research and industry investigation, collection of overdue loans and information security matters. The Loan Supervision Dept., Credit Checking & Industrial/Economic research Dept., Overdue Loan & Control Dept., Risk Management Dept. and Information Security Dept. operate under the Risk Management Center.

E. Operating Development Center

The Operating Development Center is charged with bank-wide management and planning for performance analysis, operational management, information operations and digital banking business, provision of full and necessary support for business development, and simplification of the planning process, so as to achieve operational centralization and upgrade operational efficiency. The Center also handles planning and implementation of bank-wide operating strategy formulation and public relations. The Business Development Dept., Digital Banking Dept., and Information Technology Dept. operate under the Center.

F. Administration Management Center

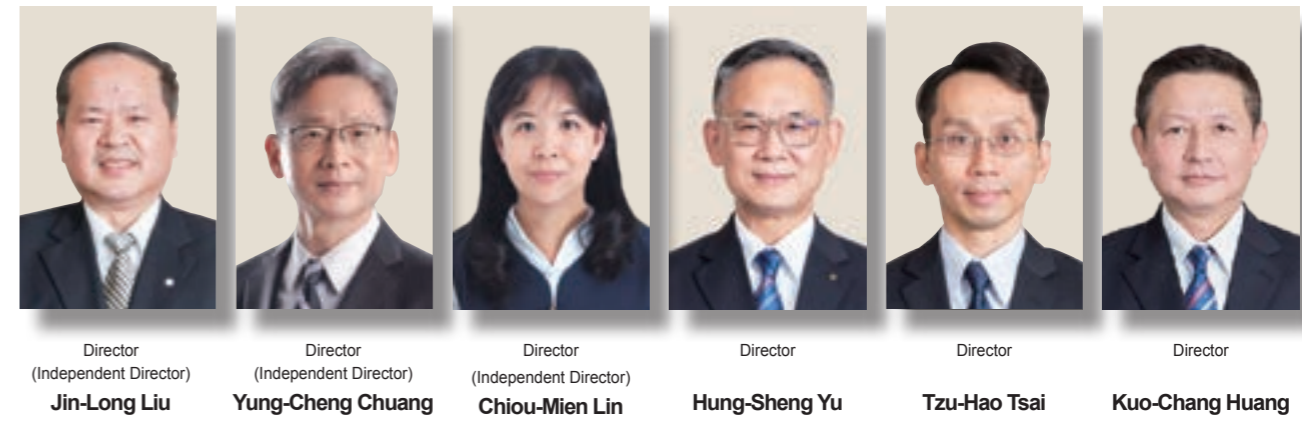
This Center handles the planning and implementation of document administration, confidential matters, legal affairs, human resources, and accounting systems, as well as other matters not assigned to other units. The Human Resources Dept., Administration Management Dept. and Accounting Dept. operate under the Center.

G. Compliance Affairs

Compliance Dept. handles the planning, management, and implementation of legal compliance systems and AML & CFT related matters. Compliance Dept. operate under the Compliance Affairs.

2. Directors and Management Team

(1) Board of Directors



A. Board of Directors

December 31, 2023

| Title | Nationality | Name | Gender | Age | Date Elected | Term (16th) | Initial Inauguration Date | Shareholding On Inauguration | | Current Shareholding | | Shareholding By Self, Spouse & Minor Children | | Shareholding Under Other's Title | | Major Experience & Education | Concurrent Positions at the Bank and Other Companies | Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors | | |
|-------------------------------|-------------|--|--------|-----------------|---------------|--------------------------------|---------------------------|------------------------------|-------|----------------------|-------|---|---|----------------------------------|---|--|--|---|------|--------------|
| | | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Chair | R.O.C. | Pei-Jean Liu (Ministry of Finance Representative) (Note 1) | Female | 61-70 years old | Jun. 16, 2023 | Jul. 20, 2021 to Jul. 19, 2024 | Jun. 16, 2023 | 155,514,786 | 2.08 | 170,754,019 | 2.08 | 0 | 0 | 0 | 0 | Education: Master of Public Finance, National Chengchi University; Bachelor of Public Finance, National Chengchi University Experience: Chairperson, The Export-Import Bank of the Republic of China, The Export-Import Bank of the Republic of China, Executive Vice President, The Export-Import Bank of the ROC, General Auditor & Executive Vice President, The Export-Import Bank of the ROC, (Senior Vice President and) General Manager, The Export-Import Bank of the ROC, V.P. & Deputy General Manager, The Export-Import Bank of the ROC. | Supervisor, Taiwan Asset Management Corporation | None | None | None |
| Managing Director & President | R.O.C. | Chih-Chien Chang (Ministry of Finance Representative) | Male | 61-70 years old | Jul. 20, 2021 | Jul. 20, 2021 to Jul. 19, 2024 | Mar. 4, 2020 | 155,514,786 | 2.08 | 170,754,019 | 2.08 | 244,992 | 0 | 0 | 0 | Education: MBA, National Taiwan University of Science and Technology Experience: Acting Chair, Taiwan Business Bank; Acting President, Taiwan Business Bank; Executive Vice President, Taiwan Business Bank; SVP & GM, Loan Supervision Dept., Taiwan Business Bank; SVP & GM, Credit Investigation Dept., Taiwan Business Bank; SVP & GM, Wu Ku Branch, Sung Nan Branch, Taiwan Business Bank; Chair, Taiwan Business Bank Insurance Agency Co., Ltd.; Chair, Taiwan Business Bank Property Insurance Agency Co., Ltd.; Director, Sursino Development Associate Inc. | President, Taiwan Business Bank; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Supervisor, Small & Medium Enterprise Credit Guarantee Fund of Taiwan | None | None | None |
| Managing Director | R.O.C. | Chao-Tsung Teng (Bank of Taiwan Representative) | Male | 61-70 years old | Aug. 29, 2023 | Jul. 20, 2021 to Jul. 19, 2024 | Aug. 29, 2023 | 1,214,173,562 | 16.21 | 1,333,153,090 | 16.21 | 0 | 0 | 0 | 0 | Education: Executive Master Of Business Administration, National Chengchi University Experience: Manager, Bank of Taiwan Daan Branch; Manager, Bank of Taiwan Ren'ai Branch | Director of Human Resources Division, Bank of Taiwan | None | None | None |





| Title | Nationality | Name | Gender | Age | Date Elected | Tenure (16th) | Initial Inauguration Date | Shareholding On Inauguration | | Current Shareholding | | Shareholding By Self, Spouse & Minor Children | | Shareholding Under Other's Title | | Major Experience & Education | Concurrent Positions at the Bank and Other Companies | Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors | | | |
|--|-------------|---|--------|-----------------|---------------|------------------|---------------------------|------------------------------|-------|----------------------|-------|---|------|----------------------------------|---|------------------------------|--|--|------|--------------|------|
| | | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Managing Director (Independent Director) | R.O.C. | Xin-Wu Lin | Male | 51-60 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jun. 29, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Education: Ph.D., Department of Economics, National Taiwan University Experience: 15th Managing Director (Independent), Taiwan Business Bank, Ltd. Director (Independent), Land Bank of Taiwan Commission; the 8th term of the Taiwan Fair Trade Commission; Chief Anthral Compliance Officer, AU Optronics Corporation; Full-time Researcher & Director, Research Division II, Taiwan Institute of Economic Research; Full-time Associate Researcher & Director, Research Division II, Taiwan Institute of Economic Research | Associate Dean, Taiwan Institute of Economic Research; Researcher, Research Division II, Taiwan Institute of Economic Research; Director, FiTech Co., Ltd.; Independent Director, Dain Materials Corp. als Corp. | None | None | None |
| Managing Director | R.O.C. | Chun-Hsien Yeh (National Development Fund, Executive Yuan Representative) | Male | 51-60 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 20, 2021 | 439,330,543 | 5.87 | 482,381,505 | 5.87 | 0 | 0 | 0 | 0 | 0 | Education: Ph.D. in Economics, University of Rochester Experience: Deputy Dean, Chung-Hua Institution for Economic Research; Researcher, Institute of Economics, Academia Sinica, Adjunct Professor, Department of Economics, NTU; Jointly Appointed Professor, Department of Economics, NCU; Jointly Appointed Professor, Graduate Institute of Industrial Economics, NCU; Adjunct Research Fellow, Institute of Economics, Academia Sinica Visiting Assistant Professor, Department of Economics, SMU, Singapore; Associate Professor, School of Economics, NCU; Assistant Research Fellow, Institute of Economics, Academia Sinica | Dean, Chung-Hua Institution for Economic Research | None | None | None |
| Director | R.O.C. | Ho-Chyuan Chen (Bank of Taiwan Representative) | Male | 51-60 years old | Jul. 19, 2022 | to Jul. 19, 2024 | Jul. 19, 2022 | 1,214,173,562 | 16.21 | 1,333,153,090 | 16.21 | 0 | 0 | 0 | 0 | 0 | Education: PhD in Economics, Texas A&M University Experience: Professor, Department of Financial Operations, National Kaohsiung University of Science and Technology, Director, Department of Financial Operations, Kaohsiung University of Science and Technology, Professor, Department of Risk Management & Insurance, National Kaohsiung University of Science and Technology; Acting Director, Department of Financial Management, Kaohsiung University of Science and Technology; Professor, Department of Economics, National Chung Cheng University, Director, Department of Economics, National Chung Cheng University, Director, Business Administration Industry-University Bridging Center, School of Management, National Chung Cheng University; Director, Center for Economic Strategies and Policy Evidence, School of Management, National Chung Cheng University; Director, Hua Nan Financial Holdings Co., Ltd.; Quarterly Editorial Committee, Fair Trade Commission | Professor, Department Of Economics, CCU | None | None | None |
| Director | R.O.C. | Hung-Sheng Yu (Ministry of Finance Representative) | Male | 51-60 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 1, 2013 (Note 2) | 155,514,786 | 2.08 | 170,754,019 | 2.08 | 28,567 | 0 | 0 | 0 | 0 | Education: M.S. Executive Master of Business Administration, Ling Tung University Experience: 13th & 15th Director, Taiwan Business Bank; 11th to 8th Member & Director & Managing Director, TBB Industry Union; Supervisor, Taiwan Federation of Financial Unions; 3th Member, Labor Dispute Arbitration Committee, Ministry of Labor; Member, Basic Salary Review Committee, Ministry of Labor; Managing Director, Taiwan Confederation of Trade Unions; Supervisor, Taiwan Federation of Labor; Member, Ministry of Health and Welfare | Chair, TBB Industry Union; Senior Specialist of Chang Hua Branch, Taiwan Business Bank | None | None | None |
| Director | R.O.C. | Tzu-Hao Tsai (Bank of Taiwan Representative) | Male | 41-50 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jan. 20, 2020 | 1,214,173,562 | 16.21 | 1,333,153,090 | 16.21 | 0 | 0 | 0 | 0 | 0 | Education: Ph.D., Department of Finance, National Taiwan University Experience: 15th Director, Taiwan Business Bank, Ltd.; Independent Director, Jetbest Corporation; 15th Director, Taiwan Business Bank; Professor, Assistant Professor, Department of Quantitative Finance, National Tsing Hua University | Associate Professor, Department of Quantitative Finance, National Tsing Hua University Independent Director, Jetbest Corporation | None | None | None |
| Director | R.O.C. | Kuo-Chang Huang (TBB Industry Union Representative) | Male | 51-60 years old | Aug. 29, 2023 | to Jul. 19, 2024 | Jun. 29, 2019 (Note 2) | 4,026,193 | 0.05 | 4,766,298 | 0.05 | 10,494 | 0 | 0 | 0 | 0 | Education: Bachelor, National Open College of Continuing Education Affiliated To Taichung University of Science and Technology Experience: 6th to 7th Member Representative, TBB Industry Union; 8th Member, Reserve Supervision Committee of Taiwan Business Bank; 40th Member, Employee Welfare Committee of Taiwan Business Bank; Member, Personnel Review Committee of Taiwan Business Bank | Assistant of Ho Mei Branch, Taiwan Business Bank | None | None | None |
| Director | R.O.C. | Che-Nan Wang | Male | 61-70 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 22, 2012 | 13,200,194 | 0.14 | 14,483,709 | 0.14 | 14,483,709 | 0.14 | 0 | 0 | 0 | Education: B.A., Kindai University, JPN Experience: 13th to 15th Director, Taiwan Business Bank; Member, Overseas Community Affairs Council, Republic of China; Director, Taichung Commercial Bank Co., Ltd | Honorary President of the Republic of China on the Kindai University Advisory Committee Member, Overseas Community Affairs Council, Republic of China | None | None | None |

| Title | Nationality | Name | Gender | Age | Date Elected | Tenure (16th) | Initial Inauguration Date | Shareholding On Inauguration | | Current Shareholding | | Shareholding By Self, Spouse & Minor Children | | Shareholding Under Other's Title | | Major Experience & Education | Concurrent Positions at the Bank and Other Companies | Being the Spouse or Relative within the Second Degree of Kinship of Other Managers, Directors, or Supervisors | | |
|---------------------------------|-------------|-------------------|--------|-------------------|---------------|------------------|---------------------------|------------------------------|---|----------------------|---|---|---|----------------------------------|---|---|---|---|------|--------------|
| | | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship |
| Director (Independent Director) | R.O.C. | Jin-Long Liu | Male | 61-70 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jun. 29, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Education: Ph.D., Department of Economics, North Carolina State University, USA Experience: Associate Professor, Graduate Institute of Industrial Economics, National Central University; Director, Graduate Institute of Industrial Economics, National Central University; Visiting Associate Professor, Duke University Visiting scholar, Foundation for Scholarly Exchange, Supervisor, Integrated Service Technology Inc.; Member, Recycling Fund Management Committee of Ministry of Environment; Member & Team Convener, Resource Recycling Fee Review Committee of Ministry of Environment | Professor, Graduate Institute of Industrial Economics, National Central University; Member, Recycling Fund Management Committee of Ministry of Environment, Executive Yuan; Member of the Recycling Rate Review Committee and Group Convener of the Ministry of Environment, Executive Yuan | None | None | None |
| Director (Independent Director) | R.O.C. | Yung-Cheng Chuang | Male | 51-60 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 20, 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Education: Doctor of Juridical Science(S.J.D.), Indiana University, Bloomington, USA Experience: Director of the 20th Board of Directors, Taiwan Stock Exchange Corporation; Director of the 4th and 5th Board of Directors, Securities and Futures Investors Protection Center; Director of the 3rd and 4th Board of Directors, Taiwan Insurance Guaranty Fund, Committee & President, Financial Ombudsman Institution Management Committee, Member, Securities and Futures Institute Director of the Board, Taiwan Insurance Law Association; Independent Director, Fubon Hyundai Life Insurance Co., Ltd.; Member of the Labor Funds Supervisory, Committee, Ministry of Labor; Executive Yuan | Professor, Associate Dean School of Law Soochow University; Director of the 20th Board of Directors, Taiwan Stock Exchange Corporation; Independent Director, Fubon Hyundai Life Insurance Co., Ltd. | None | None | None |
| Director (Independent Director) | R.O.C. | Shao-Yuan Chang | Male | over 70 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 20, 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Education: Master's Degree in Land Economics, National Chengchi University Experience: Director, IPASS Corporation; Director, YangMing Marine Transport Corp.; Deputy Mayor, Tainan City Government; Director, Finance and Local Tax Bureau, Tainan City Government; Director, Department of Finance, Tainan City Government; Deputy Director, Department of Finance, Tainan City Government | | None | None | None |
| Director (Independent Director) | R.O.C. | Chiou-Mien Lin | Female | 51-60 years old | Jul. 20, 2021 | to Jul. 19, 2024 | Jul. 20, 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Education: Ph.D. of Urban & Regional Planning, National Taipei University Experience: Director, Secretary General, The Chinese Institute of Land Reform; Managing Supervisor, Chairperson, The Chinese Institute of Land Appraisal; Instructor, Department of Real Estate & Built Environment, NTPU | Associate Professor, Department of Real Estate & Built Environment, NTPU | None | None | None |

Note 1: If the position of Chair and the President or an equivalent position (chief manager) are taken by the same person, or are spouses or are the first degree of kinship, describe the relevant information of reason, rationale, necessity, and response measures: No such matters.

Note 2: Previous term of Director Hung-Sheng Yu: July 1, 2013 to July 30, 2014 (TBB Industry Union Representative); previous term of Director Kuo-Chang Huang: June 29, 2019 to August 1, 2020 (TBB Industry Union Representative)

B. Major Shareholders of Legal Person Shareholders

December 31, 2023

| Legal Person Shareholder | Major Shareholders of Legal Person Shareholders |
|---|---|
| Ministry of Finance | Government Agency |
| Bank of Taiwan Co., Ltd. | Taiwan Financial Holding Co., Ltd. (100%) |
| National Development Fund, Executive Yuan | Government Agency |
| TBB Industry Union | Juridical Association |

C. Major Shareholders of Major Legal Person Shareholders of the Bank

December 31, 2023

| Legal Person | Major Shareholders of the Legal Person |
|-------------------------------------|--|
| Taiwan Financial Holdings Co., Ltd. | Ministry of Finance (100%) |

D. Professional Knowledge and Independence of Directors

December 31, 2023

| Qualifications | Qualification and Experience | Independence | Number of Other Public Companies Serving as an Independent Director |
|------------------|--|---|---|
| Name | | | |
| Pei-Jean Liu | Has five years or more of working experience as a bank manager or above and has professional qualifications in banking, insurance, asset management, accounting, finance, risk management, human resources, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Chih-Chien Chang | Has five years or more of working experience as a bank manager or above and has professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, human resources, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Xin-Wu Lin | Has served at the Taiwan Institute of Economic Research as Dean for more than five years; has served as an independent director of a bank for more than four years, and an independent director of other publicly listed companies; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee, with professional qualifications in banking, securities, insurance, asset management, accounting, finance, economics, risk management, human resources, etc.; and is not in any circumstances under Article 30 of the Company Act. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Does not have a spouse or relative within the second degree of kinship with other directors. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. Has not served as a senior manager of the Bank or any of its subsidiaries. | 2 |
| Chao-Tsung Teng | Promoted from the entry level of Bank of Taiwan (June 1985) to the General Manager of Human Resources Dept. at the head office (July 2022); has more than 38 years of working experience in banking industry and is familiar with banking business; handled the "2022 Annual Human Resources Business Performance Appraisal" during his tenure as the General Manager of Human Resources Dept. at the head office, and ranked first in the institutional group by the Ministry of Finance, demonstrating excellent results; has professional qualifications in banking, insurance, asset management, accounting, finance, risk management, human resources, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Chun-Hsien Yeh | Has served as a university professor in economics and the Dean of the Chung-Hua Institution for Economic Research for years; has professional qualifications in banking, insurance, asset management, accounting, finance, risk management, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Hung-Sheng Yu | Has five years or more of working experience at a bank and has professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, human resources, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |

| Qualifications | Qualification and Experience | Independence | Number of Other Public Companies Serving as an Independent Director |
|-------------------|---|---|---|
| Name | | | |
| Ho-Chyuan Chen | Served as the Professor of Department of Economics, National Chung Cheng University and the Director of Hua Nan Financial Holdings Co., Ltd., with professional qualifications in banking, accounting, finance, risk management, economics, law, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Tzu-Hao Tsai | Has served as an associate professor at the Department of Quantitative Finance, National Tsing Hua University, and concurrently as a bank director for more than two years, with professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 1 |
| Kuo-Chang Huang | Has five years or more of working experience at a bank and has professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, etc. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Che-Nan Wang | Has served as a bank director for more than eight years and has professional qualifications in business, securities, asset management, finance, banking, and human resources. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Is not an employee at TBB or any of its subsidiaries. Has not worked at TBB's external audit institution or as a partner of the audit institution. Has not served as a member of the senior management of TBB's consulting firm. | 0 |
| Jin-Long Liu | Has served as a professor at the Graduate Institute of Industrial Economics, National Central University and an independent director of a bank for more than four years; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee, with professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, economics, etc., and is not in any circumstances under Article 30 of the Company Act. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Does not have a spouse or relative within the second degree of kinship with other directors. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. Has not served as a senior manager of the Bank or any of its subsidiaries. | 0 |
| Yung-Cheng Chuang | Has served as the deputy dean of School of Law, Soochow University; is specialized in financial regulations, such as the Securities and Exchange Act, Financial Law, and the Company Act; is familiar with compliance by publicly listed companies, financial consumer protection, securities and futures trading and operation, insurance laws and business in the financial field; is a member of TBB's Audit Committee, Remuneration Committee and Sustainable Development Committee, with professional qualifications in banking, securities, insurance, risk management, human resources, law, etc.; not in any circumstances under Article 30 of the Company Act. | <ol style="list-style-type: none"> Does not have a spouse or relative within the second degree of kinship who is also a TBB's director. Does not have a spouse or relative within the second degree of kinship with other directors. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. Has not served as a senior manager of the Bank or any of its subsidiaries. | 1 |



| Name | Qualification and Experience | Independence | Number of Other Public Companies Serving as an Independent Director |
|-----------------|--|---|---|
| Shao-Yuan Chang | Is currently an independent director of TBB; has served as a director of publicly listed companies, the deputy mayor of Tainan City Government, the head of the Finance and Local Tax Bureau of Tainan City Government, the director of the Finance Department of Tainan City Government, and the deputy head of the Finance Department of Tainan City Government; a member of TBB's Audit Committee and Remuneration Committee; with the experience of providing consulting service to grass-roots financial institutions and credit cooperatives during his tenure in Tainan City and the professional qualifications in banking, securities, insurance, asset management, accounting, finance, risk management, human resources and taxation; not in any circumstances under Article 30 of the Company Act. | <ol style="list-style-type: none"> 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 6. Has not served as a senior manager of the Bank or any of its subsidiaries. | 0 |
| Chiou-Mien Lin | Has served as an associate professor at the Department of Real Estate & Built Environment, National Taipei University and a director at the National Housing and Urban Regeneration Center; concurrently served as a supervisor of the Chinese Institute of Land Appraisal and the Land Reform Association for a long time; a member of the Urban Renewal, Land Price and Standard Land Price Committee of the city or county government; has engaged in land appraisal and urban renewal for a long time; a member of TBB's Audit Committee and Remuneration Committee with professional qualifications in real estate appraisal, banking, securities, asset management, finance, law, etc.; not in any circumstances under Article 30 of the Company Act. | <ol style="list-style-type: none"> 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 6. Has not served as a senior manager of the Bank or any of its subsidiaries. | 0 |

E. Board diversity and independence:

a. Board diversity:

To strengthen corporate governance and enhance the sound development of the composition and structure of the Board of Directors, the Bank has proposed a board diversity policy, so that board members' diverse capabilities in different fields can be complemented. The Bank's Corporate Governance Best Practice Principles stipulate that directors who serve as managers at the Bank concurrently are not advised to account for more than one-third of the total directors. The Bank's board diversity policy shall cover the two criteria below in terms of operations, business model and development needs:

- 1) Basic qualification and value: Gender, age, nationality, and culture.
- 2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The board members shall generally possess the knowledge, skills, and qualities necessary to perform their duties, so as to achieve the Bank's ideal goals of corporate governance and enable the Board as a whole to possess the capabilities including operational judgment, accounting, financial analysis, business management, risk management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.

b. Independence of the Board:

The Bank values the independence of the Board, and specially set out in the regulations that the number of directors served concurrently by the Bank's managers shall not exceed one-third of the total number of directors; independent directors shall not serve concurrently as directors (including independent directors) or supervisors of four or more than four listed and OTC companies; or supervisors shall not concurrently

serve as independent directors of more than three other publicly traded companies; the consecutive term of office of independent directors shall not exceed three terms, and the Chair shall not be the same person as the President. The current Board of Directors include one director with managerial status and five independent directors, who all meet the independence criteria set by the competent authority. Also, the Bank's directors concurrently serve as directors or independent directors in no more than three other companies. The Chair and the President are not the same person and are not spouses or relatives within the first degree of kinship. Additionally, the Bank's directors do not have any spouse or relative within the second degree of kinship who is also a director of TBB, which is in compliance with regulations. The independence of the Board is deemed to be achieved.

c. Implementation and goals of Board diversity

The Board of Directors of the Bank consists of 15 directors, of which 3 work as employees concurrently, accounting for 20%; 6 are individual directors, accounting for 40% (including 5 independent directors, constituting 33.3%); and 1 is a director with managerial status, accounting for 6.6%. In addition, in order to place emphasis on gender equality in the composition of Board members, the goal will be to increase the number of female directors to 33% (currently 12 directors are males, accounting for 80%; while 2 are females, accounting for 13.4%; 1 director position representing the Ministry of Finance is yet to be appointed). The members generally possess expertise and experience in banking, finance, risk management, and asset management. The relevant implementation status is as follows:

December 31, 2023

| Core Item Name of Director | Basic Composition | | | | | External Independence (Note 3) | Industry Experience | | | | Professional Skills | | | | | Global Industry Classification Standard (GICS) Related Experience |
|-------------------------------|-------------------|--------|----------------------------------|--------------|---|--------------------------------|---------------------|------------|-----------|------------------|---------------------|---------|-----------------|-----------------|-------|---|
| | Nationality | Gender | Concurrent Role as Bank Employee | Age (Note 1) | Tenure of Independent Director (Note 2) | | Bank | Securities | Insurance | Asset Management | Accounting | Finance | Risk Management | Human Resources | Legal | |
| Pei-Jean Liu | R.O.C | Female | | ■ | | √ | √ | | √ | √ | √ | √ | √ | √ | √ | Finance |
| Chih-Chien Chang | R.O.C | Male | √ | ■ | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Chun-Hsien Yeh | R.O.C | Male | | ● | | √ | √ | | √ | √ | √ | √ | √ | √ | | - |
| Chao-Tsung Teng | R.O.C | Male | | ■ | | √ | √ | | √ | √ | √ | √ | √ | √ | √ | Finance |
| Xin-Wu Lin | R.O.C | Male | | ● | ◆ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance, IT |
| Hung-Sheng Yu | R.O.C | Male | √ | ● | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Ho-Chyuan Chen | R.O.C | Male | | ● | | √ | √ | | √ | √ | √ | √ | √ | √ | √ | - |
| Tzu-Hao Tsai | R.O.C | Male | | ○ | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | IT |
| Kuo-Chang Huang | R.O.C | Male | √ | ■ | | | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Che-Nan Wang | R.O.C | Male | | ▲ | | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Jin-Long Liu | R.O.C | Male | | ■ | ◆ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance, IT |
| Yung-Cheng Chuang | R.O.C | Male | | ● | ◇ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Shao-Yuan Chang | R.O.C | Male | | ★ | ◇ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | Finance |
| Chiou-Mien Lin | R.O.C | Female | | ● | ◇ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | - |

Note 1 : ○ 41 to 50 ● 51 to 60 ■ 61 to 70 ★ 71 to 80 ▲ 81 to 90

Note 2 : ◇ Less than 3 years ◆ 3 to 9 years △ More than 9 years

Note 3 : TBB has a single track board of directors. External director independence is based on the following criteria. A director must be a non-executive director and meet 4 or more of the 9 benchmarks; 2 of which must be out of the first 3 benchmarks.

- (1) The Director does not serve as a senior manager of the Bank.
 - (2) Directors and their family members have not received more than US\$60,000 from the Bank or any of its subsidiaries, except as permitted by the U.S. SEC4200.
 - (3) Family members of directors do not hold senior management positions in the Bank or any of its subsidiaries.
 - (4) Directors are not consultants to the Bank or its management team, and have no conflicts of interest with the Bank's consultants.
 - (5) Directors have no conflicts of interest with the Bank's major customers or suppliers.
 - (6) Directors have no service contract relationship with other enterprises or their management teams.
 - (7) Directors have no conflicts of interest with major non-profit organizations that receive donations from the Bank.
 - (8) Directors do not hold positions in external audit agencies or serve as partners.
 - (9) Directors operate independently from the board of directors without any conflicts of interest.
- ※ Director Chih-Chien Chang, Hung-Sheng Yu and Kuo-Chang Huang are internal employees, so the criteria for external director independence do not apply to them.



(2) Information of President, Executive Vice President, SVP & GM and Managers of Departments and Branches



Executive Vice President 副總經理 乙增祥 Executive Vice President Executive Vice President Executive Vice President EVP & Chief Auditor

Shao-Huang Chen Jia-Ruey Luan Kuo-Liang Tseng Li-Yueh Hsu Tsung-Chu Hsieh

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| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others Title | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | |
|--|-------------|------------------|--------|--------------|--------------|-----|---|-----|---------------------------------|-----|--|---|--|------|--------------|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship |
| President | R.O.C | Chih-Chien Chang | Male | 20200311 | 244,992 | 0 | 0 | 0 | 0 | 0 | MBA, National Taiwan University of Science and Technology Director, Taiwan Small & Medium Enterprise Counseling Foundation; Supervisor, Small & Medium Enterprise Credit Guarantee Fund of Taiwan | None | | | |
| Executive Vice President | R.O.C | Shao-Huang Chen | Male | 20201030 | 452,182 | 0 | 0 | 0 | 0 | 0 | MBA, University of Southern California, USA Chair, TBB International Leasing Co., Ltd.; Chair, Taiwan Business Bank International Leasing Co., Ltd.; Supervisor, Taiwan Urban Regeneration & Financial Services Co., Ltd. | None | | | |
| Executive Vice President | R.O.C | Tseng-Hsiang Yi | Male | 20220506 | 134,962 | 0 | 0 | 0 | 0 | 0 | Master of Finance, National Taiwan University of Science and Technology Chair, TBB (Cambodia) Microfinance Institution Plc | None | | | |
| Executive Vice President | R.O.C | Jia-Ruey Luan | Male | 20220708 | 234,340 | 0 | 0 | 0 | 0 | 0 | Master of Banking and Finance, TamKang University Supervisor, Taiwan Urban Regeneration & Financial Services Co., Ltd.; Director, TBB (Cambodia) Microfinance Institution Plc | None | | | |
| Executive Vice President | R.O.C | Kuo-Liang Tseng | Male | 20230816 | 70,662 | 0 | 0 | 0 | 0 | 0 | Master of Finance, National Yunlin University of Science and Technology Director, TBB International Leasing Co., Ltd | None | | | |
| Executive Vice President | R.O.C | Li-Yueh Hsu | Female | 20230923 | 109,798 | 0 | 0 | 0 | 0 | 0 | Law, National Taiwan University | None | | | |
| EVP & Chief Auditor and SVP&GM, Auditing Dept. | R.O.C | Tsung-Chu Hsieh | Male | 20220708 | 141,764 | 0 | 0 | 0 | 0 | 0 | Public Finance, National Chengchi University | None | | | |
| SVP & Chief Secretary, Secretarial Dept. | R.O.C | Chao-Lieh Chen | Male | 20230923 | 6,467 | 0 | 0 | 0 | 0 | 0 | EMBA, Tamkang University | None | | | |
| SVP&GM, Business Development Dept. | R.O.C | Chu-Jou Chen | Female | 20210820 | 266,644 | 0 | 0 | 0 | 0 | 0 | Business Administration, Soochow University Director, Taiwan Incubator SME Development Corporation | None | | | |
| SVP&GM, Loan Supervision Dept. | R.O.C | Chao-Ming Huang | Male | 20231225 | 193,864 | 0 | 0 | 0 | 0 | 0 | EMBA, National Chiao Tung University | None | | | |
| SVP&GM, Credit Checking & Industrial/Economic Research Dept. | R.O.C | Wen-Fang Lin | Male | 20230923 | 111,888 | 0 | 0 | 0 | 0 | 0 | Department of Medical Administration, Yuanpei Junior College of Medical Technology Director, TBB Venture Capital Co., Ltd.; Director, TBB Consulting Co., Ltd. | None | | | |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others Title | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | |
|---|-------------|-----------------|--------|--------------|--------------|-----|---|-----|---------------------------------|-----|---|---|--|----------------|--------------|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship |
| SVP&GM, Administration Management Dept. | R.O.C | Hsih-Hui Chen | Female | 20230923 | 136,393 | 0 | 0 | 0 | 0 | 0 | Law, Fu Jen Catholic University | None | | | |
| SVP&GM, Human Resources Dept. | R.O.C | Ching-Yun Kuo | Female | 20191001 | 256,235 | 0 | 30,354 | 0 | 0 | 0 | Law, National Taiwan University | None | | | |
| SVP&GM, Information Technology Dept. | R.O.C | Mei-Huei Chen | Female | 20220309 | 12,016 | 0 | 0 | 0 | 0 | 0 | Electronic Engineering, National Taipei University of Technology | Supervisor, Financial Information Service Co., Ltd. | | | |
| SVP&GM, Overdue Loan&Control Dept. | R.O.C | Li-Chuan Huang | Female | 20230923 | 129,861 | 0 | 75,536 | 0 | 0 | 0 | Business Management Institute, Chung Hua University | Supervisor, TBB International Leasing Co., Ltd.; Supervisor, Taiwan Business Bank International Leasing Co., Ltd | | | |
| SVP&GM, Personal Banking Dept. | R.O.C | Chun-Ta Lin | Male | 20230923 | 117,493 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Management, Lunghwa University of Science and Technology | None | | | |
| SVP&GM, Treasury Dept. | R.O.C | Sue-Jen Chen | Female | 20230224 | 119,318 | 0 | 118,245 | 0 | 0 | 0 | Master of International Business, Soochow University | Director, CDIB & Partners Investment Holding Corp.; Director, TBB Venture Capital Co., Ltd.; Director, TBB Consulting Co., Ltd. | VP&GM | Chung-Lin Yang | Spouse |
| SVP&GM, Digital Banking Dept. | R.O.C | Yu-Cheng Tsai | Male | 20200330 | 27,227 | 0 | 0 | 0 | 0 | 0 | EMBA, National Chengchi University | None | | | |
| SVP&GM, Compliance Dept. | R.O.C | Min-Chung Hsieh | Male | 20201030 | 117,889 | 0 | 0 | 0 | 0 | 0 | Master of Accounting and Information Technology, National Chung Cheng University | None | | | |
| SVP&GM, Information Security Dept. | R.O.C | Yi-Chin Chai | Male | 20180723 | 112,564 | 0 | 0 | 0 | 0 | 0 | Master of Information Management, National Taiwan University of Science and Technology | None | | | |
| SVP&GM, Wealth Management Dept. | R.O.C | Ying-Che Fang | Male | 20210820 | 229,259 | 0 | 0 | 0 | 0 | 0 | Master of Management Sciences, TamKang University | None | | | |
| SVP&GM, Corporate Banking Dept. | R.O.C | Li-Huei Chen | Male | 20230923 | 37,767 | 0 | 0 | 0 | 0 | 0 | MBA, Tamkang University | None | | | |
| SVP&GM, Credit Card Dept. | R.O.C | Chi-Fen Yen | Female | 20230923 | 142,332 | 0 | 0 | 0 | 0 | 0 | Master of Finance, National Taiwan University of Science and Technology | None | | | |
| SVP&GM, Risk Management Dept. | R.O.C | Su-Fen Chen | Female | 20230301 | 130,168 | 0 | 295 | 0 | 0 | 0 | EMBA, National Yang Ming Chiao Tung University | Director, TBB International Leasing Co., Ltd | | | |
| SVP&GM, Accounting Dept. | R.O.C | Li-Ching Lai | Female | 20201030 | 110,523 | 0 | 142,096 | 0 | 0 | 0 | Accounting, National Chung Hsing University | Supervisor, TBB Venture Capital Co., Ltd.; Supervisor, TBB Consulting Co., Ltd. | VP&GM | Cheng-An Hsieh | Spouse |
| SVP&GM, Insurance Agent Dept. | R.O.C | Le-Yi Jiang | Female | 20210820 | 21,963 | 0 | 0 | 0 | 0 | 0 | MBA, Drexel University, USA | Director, Chaofu Real Estate Management Co., Ltd. | | | |
| SVP&GM, Trust Dept. | R.O.C | Chen-Ju Chen | Female | 20230301 | 33,050 | 0 | 0 | 0 | 0 | 0 | The Department of Foreign Languages and Literature, Tunghai University | None | | | |
| SVP&GM, International Banking Dept. | R.O.C | Shenn-Bao Jean | Male | 20211212 | 134,133 | 0 | 0 | 0 | 0 | 0 | Economics, Soochow University | Director, TBB International Leasing Co., Ltd.; Director, Taiwan Business Bank International Leasing Co., Ltd. | | | |
| SVP&GM, Securities Dept. | R.O.C | Wen-Ling Wang | Female | 20200102 | 23,777 | 0 | 0 | 0 | 0 | 0 | Cooperative Economics, Feng Chia University | None | | | |
| SVP&GM, North 1 Regional Operation Center | R.O.C | Mei-Chih Hou | Female | 20230923 | 147,160 | 0 | 0 | 0 | 0 | 0 | Banking, Feng Chia University | None | | | |
| SVP&GM, North 2 Regional Operation Center | R.O.C | Shuan-Hua Liu | Female | 20230923 | 162,623 | 0 | 0 | 0 | 0 | 0 | Master of Marketing and Logistics management, Hsing Wu University of Science and Technology | None | | | |





| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | | |
|---|-------------|------------------|--------|--------------|--------------|-----|---|-----|---------------------------|-----|---|---|--|------|--------------|--|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship | |
| SVP&GM, North 3 Regional Operation Center | R.O.C | Yueh-Chin Wang | Female | 20230923 | 142,054 | 0 | 7,296 | 0 | 0 | 0 | Accounting, Hsing Wu College of Commerce | None | None | | | |
| SVP&GM, Central Regional Operation Center | R.O.C | Ming-Yi Lin | Male | 20201030 | 406,156 | 0 | 291,501 | 0 | 0 | 0 | Department of Applied Business, Taichung University of Science and Technology | None | None | | | |
| SVP&GM, South 1 Regional Operation Center | R.O.C | Chih-Cheng Chen | Male | 20220121 | 139,436 | 0 | 0 | 0 | 0 | 0 | Business, National Open University | None | None | | | |
| SVP&GM, South 2 Regional Operation Center | R.O.C | Wen-Hsiu Huang | Male | 20180208 | 177,062 | 0 | 0 | 0 | 0 | 0 | Department of Business Administration, Tunghai University | None | None | | | |
| VP&GM, Domestic Processing Center | R.O.C | Ting-Huei Liao | Male | 20230301 | 287,365 | 0 | 272,417 | 0 | 0 | 0 | Ph.D. Department of Banking and Finance, Tamkang University | None | None | | | |
| AVP&GM, Customer Service Center | R.O.C | Ching-Yi Lin | Female | 20190213 | 151,656 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taipei University of Technology | None | None | | | |
| VP&GM, Chung Ho Branch | R.O.C | Tung-Sheng Ni | Male | 20220901 | 10,941 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Management, National Taiwan University of Science and Technology | None | None | | | |
| VP&GM, Po Ai Branch | R.O.C | Po-Jung Huang | Male | 20220331 | 107,602 | 0 | 0 | 0 | 0 | 0 | Master of Science, Chung Hua University | None | None | | | |
| VP&GM, North Taoyuan Branch | R.O.C | Mu-Hsiang Wu | Male | 20210831 | 26,579 | 0 | 0 | 0 | 0 | 0 | Department of Applied Business, National Taipei College of Business | None | None | | | |
| VP&GM, Nan Ken Branch | R.O.C | Chun-Chu Hsiao | Female | 20230301 | 23,895 | 0 | 0 | 0 | 0 | 0 | Business Administration, Fu Jen Catholic University | None | None | | | |
| VP&GM, Si Tuen Branch | R.O.C | Ming-Tang Chen | Male | 20230923 | 135,179 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Management, Lunghwa University of Science and Technology | None | None | | | |
| VP&GM, Chung Min Branch | R.O.C | Tung-Han Lu | Male | 20210820 | 76,859 | 0 | 0 | 0 | 0 | 0 | Accounting, Tamkang University | None | None | | | |
| VP&GM, Kinmen Branch | R.O.C | Shui-Chiang Fang | Male | 20190213 | 110,878 | 0 | 0 | 0 | 0 | 0 | Master of Business & Management, National University of Tainan | None | None | | | |
| SVP&GM, Banking Department | R.O.C | Ching-Yang Lee | Female | 20230923 | 132,122 | 0 | 0 | 0 | 0 | 0 | MBA, CMSU | None | None | | | |
| VP&GM, Ta Ya Branch | R.O.C | Man-Chung Yeh | Male | 20230113 | 22,799 | 0 | 0 | 0 | 0 | 0 | International Trade, National Taichung College of Business | None | None | | | |
| VP&GM, Jen Ta Branch | R.O.C | Zuo-Ling Zeng | Female | 20210820 | 106,193 | 0 | 316,512 | 0 | 0 | 0 | Department of Accounting, Open College with National Chang Kung University | None | None | | | |
| VP&GM, Jen Ai Branch | R.O.C | Mei-Kuei Li | Female | 20230923 | 44,443 | 0 | 0 | 0 | 0 | 0 | Master of Finance, National Taiwan University of Science and Technology | None | None | | | |
| VP&GM, Sung Shan Branch | R.O.C | Hsiu-Hsin Hou | Male | 20220901 | 130,376 | 0 | 0 | 0 | 0 | 0 | Bank&Insurance Section, Hsing Wu Business College | None | None | | | |
| VP&GM, Chien Cheng Branch | R.O.C | Chih-Heng Cheng | Male | 20230923 | 0 | 0 | 0 | 0 | 0 | 0 | Economics, Soochow University | None | None | | | |
| VP&GM, Shih Lin Branch | R.O.C | Pin-Hsiung Chen | Male | 20230301 | 30,874 | 0 | 4,897 | 0 | 0 | 0 | Business Administration, Soochow University | None | None | | | |
| VP&GM, Yung Ho Branch | R.O.C | Jiann-Yea Shyu | Male | 20201030 | 109,961 | 0 | 0 | 0 | 0 | 0 | Department of Finance, National Taipei College of Business | None | None | | | |
| VP&GM, Hsin Tien Branch | R.O.C | Sung-Nan Chiao | Male | 20221231 | 100,331 | 0 | 1,076 | 0 | 0 | 0 | Accounting, Soochow University | None | None | | | |
| VP&GM, Hsin Chuang Branch | R.O.C | Hui-Mei Chen | Female | 20230901 | 1,124 | 0 | 0 | 0 | 0 | 0 | Department of International Business, National Taipei College of Business | None | None | | | |
| VP&GM, Hwa Cheng Branch | R.O.C | Yun-Shiang Tsai | Male | 20210820 | 118,170 | 0 | 0 | 0 | 0 | 0 | MBA, National Taichung University of Science and Technology | None | None | | | |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | | |
|----------------------------------|-------------|------------------|--------|--------------|--------------|-----|---|-----|---------------------------|-----|---|---|--|------|--------------|--|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship | |
| VP&GM, Sung Kiang Branch | R.O.C | Wen-Shu Lin | Female | 20230923 | 130,980 | 0 | 0 | 0 | 0 | 0 | Business Administration, Soochow University | None | None | | | |
| VP&GM, Taipei Branch | R.O.C | Chun-Ying Shen | Female | 20220121 | 61,506 | 0 | 0 | 0 | 0 | 0 | Master of Service Industry Management, Chihlee University of Technology | None | None | | | |
| VP&GM, Wan Hua Branch | R.O.C | Jyun-You Shih | Male | 20230901 | 1,393 | 0 | 0 | 0 | 0 | 0 | Master of Statistics, National Chung Hsing University | None | None | | | |
| VP&GM, South Taipei Branch | R.O.C | Bi-Shuang Lin | Female | 20210122 | 110,107 | 0 | 0 | 0 | 0 | 0 | International Trade, Tunghai University | None | None | | | |
| VP&GM, Fu Hsin Branch | R.O.C | Ssu-Jung Lai | Female | 20220121 | 68,998 | 0 | 0 | 0 | 0 | 0 | International Trade and Finance, Fu Jen Catholic University | None | None | | | |
| VP&GM, Chung Shang Branch | R.O.C | Pei-Ling Lin | Female | 20220901 | 13,672 | 0 | 0 | 0 | 0 | 0 | Master of Banking and Finance, TamKang University | None | None | | | |
| VP&GM, Chien Kuo Branch | R.O.C | Shu-Ping Ciou | Female | 20230301 | 13,556 | 0 | 8,864 | 0 | 0 | 0 | Master of Banking and Finance, TamKang University | None | None | | | |
| VP&GM, Nai Hu Branch | R.O.C | Ching-Yao Chen | Female | 20220121 | 49,638 | 0 | 0 | 0 | 0 | 0 | Department of Statistics, Tunghai University | None | None | | | |
| VP&GM, Nan King East Road Branch | R.O.C | Ching-Hsiu Liu | Female | 20230901 | 48,974 | 0 | 0 | 0 | 0 | 0 | MBA, National Taipei University | None | None | | | |
| VP&GM, Chung Hsiao Branch | R.O.C | Chin-Tsan Wu | Male | 20230301 | 53,679 | 0 | 0 | 0 | 0 | 0 | Master of Economics, National Dong Hwa University | None | None | | | |
| VP&GM, World Trade Center Branch | R.O.C | Wu-Yang Wu | Male | 20230901 | 797 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taiwan Normal University | None | None | | | |
| VP&GM, Yung Trin Branch | R.O.C | Chin-Shan Sung | Male | 20220311 | 9,434 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taiwan Normal University | None | None | | | |
| VP&GM, Nan Kang Branch | R.O.C | Pei-Chuan Wu | Female | 20230301 | 14,061 | 0 | 0 | 0 | 0 | 0 | Master of Department of Business Administration, National Chung Hsing University | None | None | | | |
| VP&GM, Sung Nan Branch | R.O.C | Shu-Cing Wu | Female | 20230301 | 65,789 | 0 | 0 | 0 | 0 | 0 | Master of Banking and Finance, TamKang University | None | None | | | |
| VP&GM, Dong Hu Branch | R.O.C | Yuan-Tao Huang | Male | 20230923 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Public Administration and Management, Chinese Culture University | None | None | | | |
| VP&GM, Ta An Branch | R.O.C | Mei-Yu Kan | Female | 20230301 | 15,929 | 0 | 0 | 0 | 0 | 0 | EMBA, National Taipei University of Technology | None | None | | | |
| VP&GM, Shuang Ho Branch | R.O.C | Chien-Fa Wang | Male | 20221231 | 114,216 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Engineering, St. John's and St. Mary's Institute of Technology | None | None | | | |
| VP&GM, Jim Ho Branch | R.O.C | Jui-Yu Li | Female | 20230301 | 114,758 | 0 | 7,177 | 0 | 0 | 0 | Department of International Business, Ming Chuan College | None | None | | | |
| VP&GM, Wu Ku Branch | R.O.C | Jui-Yuan Huang | Male | 20210820 | 110,615 | 0 | 0 | 0 | 0 | 0 | MBA, National Taiwan Normal University | None | None | | | |
| VP&GM, Lin Kuo Branch | R.O.C | Shu-Ting Chen | Female | 20230923 | 114,549 | 0 | 1,011 | 0 | 0 | 0 | International Trade, Hsing Wu Business College | None | None | | | |
| VP&GM, East Linkou Branch | R.O.C | Ying-Hui Lai | Female | 20220121 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Business Administration, Overseas Chinese University | None | None | | | |
| VP&GM, Pan Chiao Branch | R.O.C | Hui-Ying Chen | Female | 20230301 | 1,069 | 0 | 0 | 0 | 0 | 0 | Associate of Business Administration (ABA), National Taipei College of Business | None | None | | | |
| VP&GM, Shu Lin Branch | R.O.C | Ming-Chien Chien | Male | 20221231 | 33,500 | 0 | 503 | 0 | 0 | 0 | Master of Banking and Finance, TamKang University | None | None | | | |
| VP&GM, Tu Cheng Branch | R.O.C | Mei-Chin Liu | Female | 20230731 | 12,893 | 0 | 7,383 | 0 | 0 | 0 | Banking, Feng Chia University | None | None | | | |
| VP&GM, Hwei Long Branch | R.O.C | Wen-Chen Kuo | Male | 20230923 | 0 | 0 | 0 | 0 | 0 | 0 | MBA, Tamkang University | None | None | | | |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others Title | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | |
|---|-------------|-------------------|--------|--------------|--------------|-----|---|-----|---------------------------------|-----|---|---|--|------|--------------|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship |
| VP&GM, Hsi Chih Branch | R.O.C | Fang-Chuan Chiu | Male | 20221231 | 130,433 | 0 | 0 | 0 | 0 | 0 | Department of Transportation and Logistics, Feng Chia University | None | None | | |
| VP&GM, Sanxia Branch | R.O.C | Shu-Hui Chen | Female | 20230301 | 1 | 0 | 0 | 0 | 0 | 0 | International Trade, Tunghai University | None | None | | |
| VP&GM, Keelung Branch | R.O.C | WeiChing Hsiung | Male | 20231018 | 4,213 | 0 | 0 | 0 | 0 | 0 | Department of Agribusiness Management, National Pingtung University of Science & Technology | None | None | | |
| VP&GM, Pu Chya Branch | R.O.C | Tsui-Hua Tang | Female | 20230923 | 36 | 0 | 0 | 0 | 0 | 0 | Banking, Feng Chia University | None | None | | |
| VP&GM, North San Chung Branch | R.O.C | Chin-Chih Li | Female | 20220121 | 56,483 | 0 | 55,826 | 0 | 0 | 0 | International Trade and Finance, Fu Jen Catholic University | None | None | | |
| VP&GM, South San Chung Branch | R.O.C | Han-Mei Nung | Female | 20220121 | 51,634 | 0 | 0 | 0 | 0 | 0 | Department of Business Management, Ming Chuan College | None | None | | |
| VP&GM, Lu Chow Branch | R.O.C | Mei Hung | Female | 20220121 | 30,482 | 0 | 0 | 0 | 0 | 0 | MBA, Tamkang University | None | None | | |
| VP&GM, I Lan Branch | R.O.C | Tsung-Jen Hsieh | Male | 20220121 | 11,945 | 0 | 0 | 0 | 0 | 0 | MBA, Tamkang University | None | None | | |
| VP&GM, Lo Tung Branch | R.O.C | Shu-Hui Chen | Female | 20230301 | 111,117 | 0 | 0 | 0 | 0 | 0 | Department of French, Chinese Culture University | None | None | | |
| VP&GM, Su Aw Branch | R.O.C | Cheng-Hsiung Tsai | Male | 20210820 | 22,401 | 0 | 3,185 | 0 | 0 | 0 | Master of Finance and Business Administration, Fu Jen Catholic University | None | None | | |
| VP&GM, Yang Mei Branch | R.O.C | Chu-Aaho Ho | Female | 20230301 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Accounting, Hsing Wu Business College | None | None | | |
| VP&GM, Hu Kou Branch | R.O.C | Ju-Hsiang Tien | Male | 20220801 | 5,489 | 0 | 0 | 0 | 0 | 0 | Master of Technology Management, Chung Hua University | None | None | | |
| VP&GM, Taoyuan Branch | R.O.C | Shu-E Chen | Female | 20230923 | 118,925 | 0 | 0 | 0 | 0 | 0 | Master of International Business, Chung Yuan Christian University | None | None | | |
| VP&GM, Ta Yuan Branch | R.O.C | Chin-Fu Chiang | Male | 20221231 | 213,099 | 0 | 7,192 | 0 | 0 | 0 | MBA, National Taiwan University of Science and Technology | None | None | | |
| VP&GM, Ta Shi Branch | R.O.C | Chia-Yi Wu | Female | 20220801 | 0 | 0 | 0 | 0 | 0 | 0 | Master of Science, Yuan Ze university | None | None | | |
| VP&GM, Chung Li Branch | R.O.C | Shu-Fen Li | Female | 20230923 | 110,350 | 0 | 0 | 0 | 0 | 0 | International Trade, Hsing Wu Business College | None | None | | |
| VP&GM, Nei Li Branch | R.O.C | Hsu-Hsiang Huang | Male | 20210831 | 116,692 | 0 | 0 | 0 | 0 | 0 | Economics, Feng Chia University | None | None | | |
| VP&GM, Hsin Ming Branch | R.O.C | Chun-Hung Chang | Male | 20221214 | 0 | 0 | 0 | 0 | 0 | 0 | Department of Business Management Technologies, Yuan Ze university | None | None | | |
| VP&GM, East Taoyuan Branch | R.O.C | Hsiu-Hsian Hung | Female | 20230301 | 57,649 | 0 | 0 | 0 | 0 | 0 | Department of Chinese Literature, Tamkang University | None | None | | |
| VP&GM, Hsin Wu Branch | R.O.C | Shu-Ling Yuan | Female | 20230923 | 13,364 | 0 | 105,340 | 0 | 0 | 0 | Business Management, National Taipei College of Business | None | None | | |
| VP&GM, Hsin Chu Branch | R.O.C | Kuan-Yi Huang | Male | 20230923 | 64,907 | 0 | 0 | 0 | 0 | 0 | Master of Technology Management, Chung Hua University | None | None | | |
| VP&GM, Chu Pei Branch | R.O.C | Nai-Chia Chi | Male | 20230923 | 214,392 | 0 | 0 | 0 | 0 | 0 | Graduate Institute of Industrial Economics, National Central University | None | None | | |
| VP&GM, Hsinchu Science Based Industrial Park Branch | R.O.C | Yu-Hsia Feng | Female | 20230301 | 0 | 0 | 0 | 0 | 0 | 0 | MBA, Chung Yuan Christian University | None | None | | |
| VP&GM, Pa Te Branch | R.O.C | Chiu-Yu Lin | Female | 20220801 | 51,867 | 0 | 25,932 | 0 | 0 | 0 | EMBA, National Taipei University of Technology | None | None | | |
| VP&GM, Luong Tan Branch | R.O.C | Hsin-Te Li | Male | 20220121 | 133 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Management, Asia Eastern University of Science and Technology | None | None | | |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others Title | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | |
|--------------------------------|-------------|------------------|--------|--------------|--------------|-----|---|-----|---------------------------------|-----|---|---|--|--------------|--------------|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship |
| VP&GM, Chu Tung Branch | R.O.C | Yu-Jung Tseng | Male | 20210820 | 17,741 | 0 | 0 | 0 | 0 | 0 | Master of Science, Chung Hua University | None | None | | |
| VP&GM, Chu Nan Branch | R.O.C | Hsin-Lu Chiang | Male | 20220331 | 427 | 0 | 259 | 0 | 0 | 0 | Department of Chemical Engineering, Chinese Culture University | None | None | | |
| VP&GM, Tou Fen Branch | R.O.C | Sheng-Wang Chang | Male | 20191031 | 128,027 | 0 | 7,177 | 0 | 0 | 0 | Department of Business Management, Chin Min Institute of Technology | None | None | | |
| VP&GM, Maio Li Branch | R.O.C | Fang-Mei Lai | Female | 20220331 | 7,454 | 0 | 0 | 0 | 0 | 0 | Department of Accounting and Statistics, Chinee University of Technology | None | None | | |
| Acting VP&GM, Feng Yuan Branch | R.O.C | Mei-Ling Chang | Female | 20231130 | 44,612 | 0 | 0 | 0 | 0 | 0 | Bank&Insurance Section, National Taichung University of Science and Technology | None | None | | |
| VP&GM, Tai Ping Branch | R.O.C | Yih-Shiou Wang | Male | 20200717 | 166,290 | 0 | 0 | 0 | 0 | 0 | EMBA, Feng Chia University | None | None | | |
| VP&GM, Ta Chia Branch | R.O.C | Fu-Lai Chang | Male | 20230113 | 125,808 | 0 | 0 | 0 | 0 | 0 | Business, National Open University | None | None | | |
| VP&GM, Sha Lu Branch | R.O.C | Jung-Yu Huang | Male | 20201030 | 131,110 | 0 | 0 | 0 | 0 | 0 | Accounting, Feng Chia University | None | None | | |
| VP&GM, Wu Jih Branch | R.O.C | Cheng-An Hsieh | Male | 20210122 | 142,096 | 0 | 110,523 | 0 | 0 | 0 | Master of Insurance, Feng Chia University | None | VP&GM | Li-Ching Lai | Spouse |
| VP&GM, Taichung Branch | R.O.C | Fu-Ching Chou | Male | 20220331 | 125,935 | 0 | 0 | 0 | 0 | 0 | Department of Applied Business, Taichung University of Science and Technology | None | None | | |
| VP&GM, Min Chen Branch | R.O.C | Chien-Ta Wu | Male | 20220121 | 112,759 | 0 | 0 | 0 | 0 | 0 | EMBA, National Chi Nan University | None | None | | |
| VP&GM, Hsing Chung Branch | R.O.C | Meng-Fang Wu | Female | 20220121 | 78,993 | 0 | 152,189 | 0 | 0 | 0 | Doctor of Philosophy, Feng Chia University | None | None | | |
| VP&GM, Pei Tuen Branch | R.O.C | Pi-Chu Chang | Female | 20210831 | 211,625 | 0 | 0 | 0 | 0 | 0 | International Trade, National Taichung College of Business | None | None | | |
| VP&GM, Nan Tou Branch | R.O.C | Yen-Ju Chen | Female | 20210820 | 188,992 | 0 | 220,695 | 0 | 0 | 0 | EMBA, National Chi Nan University | None | None | | |
| VP&GM, Tsao Tuen Branch | R.O.C | Yueh-Man Sung | Female | 20210820 | 157,248 | 0 | 0 | 0 | 0 | 0 | International Trade, National Taichung College of Business | None | None | | |
| VP&GM, Pu Li Branch | R.O.C | Tsai-Chuan Wu | Male | 20210122 | 209,006 | 0 | 0 | 0 | 0 | 0 | International Trade, Feng Chia University | None | None | | |
| VP&GM, Tan Tze Branch | R.O.C | His-Her Pai | Male | 20210122 | 208,576 | 0 | 93 | 0 | 0 | 0 | Master of Applied Economics, National Chung Hsing University | None | None | | |
| VP&GM, Chu Shan Branch | R.O.C | Chih-Shan Hung | Male | 20210831 | 14,761 | 0 | 0 | 0 | 0 | 0 | Department of Industrial Management, Lunghwa University of Science and Technology | None | None | | |
| VP&GM, Chang Hwa Branch | R.O.C | Chih-Cheng Cho | Male | 20201030 | 116,372 | 0 | 0 | 0 | 0 | 0 | Applied Business, National Taichung University of Science and Technology | None | None | | |
| VP&GM, Ho Mei Branch | R.O.C | Yuan-Hsueh Hsiao | Male | 20230923 | 129,926 | 0 | 0 | 0 | 0 | 0 | EMBA, Taichung Health and Management Collage | None | None | | |
| VP&GM, Yuan Lin Branch | R.O.C | Liang-Pin Chen | Male | 20210820 | 22,883 | 0 | 889 | 0 | 0 | 0 | Master of Finance, National Yunlin University of Science and Technology | None | None | | |
| VP&GM, Pei Tou Branch | R.O.C | Fu-Yuan Yao | Male | 20220121 | 21,319 | 0 | 0 | 0 | 0 | 0 | Master of Applied Economics, National Chung Hsing University | None | None | | |
| VP&GM, Erh Lin Branch | R.O.C | Yu-Cheng Chiao | Male | 20220331 | 81,779 | 0 | 41,981 | 0 | 0 | 0 | Department of Business Administration, National Chung Hsing University | None | None | | |
| VP&GM, Tou Liu Branch | R.O.C | Ming-Chin Ke | Female | 20220901 | 16,424 | 0 | 5,351 | 0 | 0 | 0 | Master of Science in Finance, National Chung Cheng University | None | None | | |





| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | | |
|-------------------------------|-------------|-------------------|--------|--------------|--------------|-----|---|-----|---------------------------|-----|--|---|--|------|--------------|--|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship | |
| VP&GM, Pei Kang Branch | R.O.C | Po-Hung Wang | Male | 20220101 | 126,534 | 0 | 0 | 0 | 0 | 0 | Business Management, National Cheng Kung University | None | None | | | |
| VP&GM, Hu Wei Branch | R.O.C | Ruey-shyang Guo | Male | 20210820 | 133,268 | 0 | 0 | 0 | 0 | 0 | MBA, Baruch College, CUNY | None | None | | | |
| VP&GM, Chia Yi Branch | R.O.C | Chia-Cheng Liu | Male | 20220901 | 124,797 | 0 | 0 | 0 | 0 | 0 | EMBA, National Chiayi University | None | None | | | |
| VP&GM, Ming Hsiung Branch | R.O.C | Su-Chih Wang | Female | 20230901 | 271,745 | 0 | 0 | 0 | 0 | 0 | Department of Applied Business, Taichung University of Science and Technology | None | None | | | |
| VP&GM, Chia Hsin Branch | R.O.C | Tsai-Fa Kuo | Male | 20230901 | 0 | 0 | 0 | 0 | 0 | 0 | Banking, Feng Chia University | None | None | | | |
| VP&GM, Hsin Ying Branch | R.O.C | Chung-Hsien Huang | Male | 20210122 | 24,945 | 0 | 0 | 0 | 0 | 0 | Business Administration, Tamkang University | None | None | | | |
| VP&GM, Kai Yuan Branch | R.O.C | Chun-Jen Huang | Male | 20210122 | 112,165 | 0 | 0 | 0 | 0 | 0 | Public Finance, Feng Chia University | None | None | | | |
| VP&GM, Yun Kang Branch | R.O.C | Mei-Chen Chen | Female | 20220506 | 153,199 | 0 | 12,152 | 0 | 0 | 0 | MBA, National Cheng Kung University | None | None | | | |
| VP&GM, Shiu Chia Branch | R.O.C | Kuan-Cheng Chen | Male | 20230731 | 15,360 | 0 | 952 | 0 | 0 | 0 | Department of International Business, Southern Taiwan University of Science and Technology. | None | None | | | |
| VP&GM, Shan Hwa Branch | R.O.C | Hsiu-Chen Chiu | Female | 20200203 | 116,604 | 0 | 0 | 0 | 0 | 0 | Business Management, National Cheng Kung University | None | None | | | |
| VP&GM, Yung Ta Branch | R.O.C | Hsiu-Hsia Chuang | Female | 20230101 | 79 | 0 | 2,031 | 0 | 0 | 0 | Economics, Feng Chia University | None | None | | | |
| VP&GM, Tainan Branch | R.O.C | I-Man Chen | Female | 20230901 | 132,627 | 0 | 88 | 0 | 0 | 0 | Business, Providence College | None | None | | | |
| VP&GM, Jen Te Branch | R.O.C | Guo-Shiang Huang | Male | 20200203 | 55,169 | 0 | 98,056 | 0 | 0 | 0 | Cooperative Economics, National Chung Hsing University | None | None | | | |
| VP&GM, Cheng Kung Branch | R.O.C | Shun-Ho Chen | Male | 20200825 | 79,396 | 0 | 0 | 0 | 0 | 0 | Business Administration, Feng Chia University | None | None | | | |
| VP&GM, East Tainan Branch | R.O.C | Tsung-Che Liu | Male | 20230901 | 324 | 0 | 0 | 0 | 0 | 0 | Master of Finance, Kaohsiung First University of Science And Technology | None | None | | | |
| VP&GM, An Ping Branch | R.O.C | Ling-Ling Chen | Female | 20220506 | 246 | 0 | 0 | 0 | 0 | 0 | Economics, Feng Chia University | None | None | | | |
| VP&GM, Hua Lien Branch | R.O.C | Kuo-Tsai Shih | Male | 20230301 | 83,880 | 0 | 0 | 0 | 0 | 0 | MBA, Tamkang University | None | None | | | |
| VP&GM, Tai Tung Branch | R.O.C | Kuo-Tai Shih | Male | 20210820 | 1,248 | 0 | 0 | 0 | 0 | 0 | Department of Applied Business, National Taipei College of Business | None | None | | | |
| VP&GM, East Kaohsiung Branch | R.O.C | Hui-E Wu | Female | 20220121 | 133,061 | 0 | 0 | 0 | 0 | 0 | Master of Human Resource Management, National Sun Yat-sen University | None | None | | | |
| VP&GM, Kang Shan Branch | R.O.C | Kuang-Tsai Wang | Male | 20201030 | 50,398 | 0 | 0 | 0 | 0 | 0 | MBA, National Sun Yat-sen University | None | None | | | |
| VP&GM, North Feng Shan Branch | R.O.C | Hsiang-Lan Chien | Female | 20230113 | 12,246 | 0 | 0 | 0 | 0 | 0 | Master of Department of International Business, National Kaohsiung University of Science and Technology | None | None | | | |
| VP&GM, Ling Ya Branch | R.O.C | Yi-Ching Wang | Female | 20210820 | 116,336 | 0 | 0 | 0 | 0 | 0 | Master of Business Administration in International Business, National Kaohsiung University of Applied Sciences | None | None | | | |
| VP&GM, Kaohsiung Branch | R.O.C | Chin-Chuan Su | Female | 20230731 | 160,919 | 0 | 0 | 0 | 0 | 0 | Banking, National Chengchi University | None | None | | | |
| VP&GM, North Kaohsiung Branch | R.O.C | Chiu-Yuan Hung | Female | 20210820 | 2,412 | 0 | 5,489 | 0 | 0 | 0 | Banking, Tamkang University | None | None | | | |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding Under Others | | Major Experience (Education) | Concurrent Positions at Other Companies | The Spouse or Relative within the Second Degree of Kinship of General Managers | | | |
|--|-------------|-------------------|--------|--------------|--------------|-----|---|-----|---------------------------|-----|---|---|--|--------------|--------------|--|
| | | | | | Shares | (%) | Shares | (%) | Shares | (%) | | | Title | Name | Relationship | |
| VP&GM, Ta Chang Branch | R.O.C | Yao-Chin Yang | Male | 20230901 | 116,438 | 0 | 0 | 0 | 0 | 0 | Master of Finance and Information, National Kaohsiung University of Applied Sciences | None | None | | | |
| VP&GM, Chien Chen Branch | R.O.C | Tao-Cheng Shen | Male | 20220121 | 5,309 | 0 | 0 | 0 | 0 | 0 | MBA, National Sun Yat-sen University | None | None | | | |
| VP&GM, Jeou Ru Branch | R.O.C | Mei-Hua Chiu | Female | 20230901 | 51 | 0 | 0 | 0 | 0 | 0 | International Trade, Cheng Shiu University | None | None | | | |
| VP&GM, San Ming Branch | R.O.C | Shu-Fang Kuo | Female | 20211217 | 0 | 0 | 0 | 0 | 0 | 0 | Master of Human Resource Management, National Sun Yat-sen University | None | None | | | |
| VP&GM, Feng Shan Branch | R.O.C | Leh-Chin Kuo | Female | 20220121 | 109,832 | 0 | 0 | 0 | 0 | 0 | Master of Finance, Kaohsiung First University of Science And Technology | None | None | | | |
| VP&GM, Ta Fa Branch | R.O.C | Chien-Chung Lin | Male | 20200316 | 61,323 | 0 | 69,577 | 0 | 0 | 0 | International Trade, Chinese Culture University | None | None | | | |
| VP&GM, Ping Tung Branch | R.O.C | Meng-Hsun Sung | Male | 20220121 | 114,983 | 0 | 0 | 0 | 0 | 0 | Department of Business Management, National Pingtung University of Science & Technology | None | None | | | |
| VP&GM, Xiao Gang Branch | R.O.C | Chien-Lai Su | Male | 20230101 | 887 | 0 | 0 | 0 | 0 | 0 | Master of Business & Management, National University of Tainan | None | None | | | |
| VP&GM, Chiao Chou Branch | R.O.C | Wen-Chang Su | Male | 20230430 | 7,334 | 0 | 0 | 0 | 0 | 0 | Image Department of Money and banking, Kaohsiung First University of Science And Technology | None | None | | | |
| VP&GM, Offshore Banking Unit | R.O.C | Wen-Ling Chang | Female | 20210217 | 55,214 | 0 | 0 | 0 | 0 | 0 | MBA, Drexel University, USA | None | None | | | |
| VP&GM, Los Angeles Branch | R.O.C | An-Yun Lin | Female | 20211209 | 258,425 | 0 | 56,202 | 0 | 0 | 0 | Master of Finance, Kaohsiung First University of Science And Technology | None | None | | | |
| VP&GM, Hong Kong Branch | R.O.C | Hsiao-Ming Chen | Male | 20211116 | 129,308 | 0 | 63,463 | 0 | 0 | 0 | Master of Economics, National Taiwan University | None | None | | | |
| VP&GM, Sydney Branch | R.O.C | Chen-Chung Fan | Male | 20220124 | 130,355 | 0 | 0 | 0 | 0 | 0 | Department of Business Management, National Sun Yat-sen University | None | None | | | |
| VP&GM, Shanghai Branch | R.O.C | Chu-Ying Ting | Female | 20231225 | 33,445 | 0 | 0 | 0 | 0 | 0 | Cooperative Economics, National Chung Hsing University | None | None | | | |
| VP&GM, Brisbane Branch | R.O.C | Jung-Chiang Huang | Male | 20230223 | 42,043 | 0 | 0 | 0 | 0 | 0 | Graduate Institute of Industrial Economics, National Central University | None | None | | | |
| VP&GM, New York Branch | R.O.C | Feng-Chang Wu | Male | 20200928 | 0 | 0 | 0 | 0 | 0 | 0 | MBA, Northern Illinois University, USA | None | None | | | |
| VP&GM, Wuhan Branch | R.O.C | Hui-Niang Lin | Female | 20231225 | 80,832 | 0 | 0 | 0 | 0 | 0 | Master of Business Administration, Tunghai University | None | None | | | |
| VP&GM, Tokyo Branch | R.O.C | Chung-Lin Yang | Male | 20230206 | 118,245 | 0 | 119,318 | 0 | 0 | 0 | Master of Science in Finance, Ming Chuan University | None | VP&GM | Sue-Jen Chen | Spouse | |
| AVP&Chief Representative, Yangon Representative Office | R.O.C | Hsi-Pin Tseng | Male | 20211022 | 104,033 | 0 | 0 | 0 | 0 | 0 | Department of Labor Relations, Chinese Culture University | None | None | | | |

Note: The position of President or an equivalent position (chief manager) is held by the Chair at the same time, or held by spouses or relatives within the first degree of kinship: No such matters.

(3) The Chair or the President who retired from TBB or its affiliates serves as a consultant at TBB: None.

(4) Remuneration to Directors, President, Executive Vice President, and Remuneration Distribution to Employees for 2023

A. Remuneration to directors and independent directors and range of remuneration

Unit: NT\$ 1,000

| Title | Name | Director's Remuneration | | | | | | | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Total and Ratio of Compensation from an Investee Other Than the Company's Subsidiaries or Parent Company | | | | |
|--|-------------------|-------------------------|---|--------------------------------|---|-----------------------------|---|---------------------------------|---|--|---|--|---|--------------------------------|---|-----------------------------|---|--|---|---|-----|---|
| | | Compensation (A) | | Pension and Separation Pay (B) | | Director's Remuneration (C) | | Business Execution Expenses (D) | | Total and Ratio of Total Remuneration (A+B+C+D) to Net Income | | Salary, Bonus and Special Disbursement (E) | | Pension and Separation Pay (F) | | Employee's Remuneration (G) | | | Total and Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income | | | |
| | | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements |
| | | | | | | | | | | | | | | | | | | | | | | |
| Representative of the Ministry of Finance | | | | | | | | | | | | | | | | | | | | | | |
| Chair of the Board | Pei-Jean Liu | | | | | | | | | | | | | | | | | | | | | |
| Former Chair of the Board | Chien-Hao Lin | | | | | | | | | | | | | | | | | | | | | |
| President | Chih-Chien Chang | | | | | | | | | | | | | | | | | | | | | |
| Director | Tung-Fu Lin | | | | | | | | | | | | | | | | | | | | | |
| Director | Hung-Sheng Yu | | | | | | | | | | | | | | | | | | | | | |
| Bank of Taiwan Representative | | | | | | | | | | | | | | | | | | | | | | |
| Managing Director | Chao-Tsung Teng | | | | | | | | | | | | | | | | | | | | | |
| Former Managing Director | Hsin-Tzu Hu | | | | | | | | | | | | | | | | | | | | | |
| Director | Tzu-Hao Tsai | | | | | | | | | | | | | | | | | | | | | |
| Director | Ho-Chyuan Chen | | | | | | | | | | | | | | | | | | | | | |
| National Development Fund, Executive Yuan Representative | | | | | | | | | | | | | | | | | | | | | | |
| Managing Director | Chun-Hsien Yeh | | | | | | | | | | | | | | | | | | | | | |
| Director | Che-Nan Wang | | | | | | | | | | | | | | | | | | | | | |
| TBB Industry Union Representative | | | | | | | | | | | | | | | | | | | | | | |
| Director | Kuo-Chang Huang | | | | | | | | | | | | | | | | | | | | | |
| Former Director | Wen-Hsiang Ma | | | | | | | | | | | | | | | | | | | | | |
| Subtotal | | 9,301 | 9,301 | 655 | 655 | 79,237 | 79,237 | 1,166 | 1,166 | 90,359/0.86% | 90,359/0.86% | 9,971 | 9,971 | 419 | 419 | 399 | | 399 | 101,148/0.96% | 101,148/0.96% | 151 | |
| Independent Managing Director | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Xin-Wu Lin | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Jin-Long Liu | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Chiou-Mien Lin | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Yung-Cheng Chuang | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Shao-Yuan Chang | | | | | | | | | | | | | | | | | | | | | |
| Subtotal | | 3,557 | 3,557 | 0 | 0 | 0 | 0 | 1,175 | 1,175 | 4,732/0.04% | 4,732/0.04% | 0 | 0 | 0 | 0 | 0 | | 0 | 4,732/0.04% | 4,732/0.04% | 0 | |

Note:

- The Bank's independent directors only receive monthly compensation and do not receive directors' remuneration additionally. The compensation has not exceeded the upper limit specified in the Ministry of Finance's official letter, referenced Tai-Cai-Ku No. 09903518290 dated September 10, 2010 and has been submitted to the Bank's shareholders' meeting on June 24, 2011 for approval.
- Except as disclosed in the above table, the remuneration received by the Bank's directors in the most recent year for providing services (such as serving as a non-employee consultant at parent company, all companies in the financial report, or investees): None
- Chair Pei-Jean Liu, former Chair Chien-Hao Lin and President Chih-Chien Chang, each has a driver, and the drivers' total remuneration amounted to NT\$2,128,000.
- The amounts disclosed in columns (B) and (F) are the provisions pension and separation pay expensed.
- Hung-Sheng Yu, Wen-Hsiang Ma, and Kuo-Chang Huang are TBB's employees.

| Range of Remuneration Paid to Directors of TBB | Name of Director | | | |
|--|--|--|--|--|
| | Total of Remuneration (A+B+C+D) | | Total of Remuneration (A+B+C+D+E+F+G) | |
| | TBB | All companies in the financial report (H) | TBB | All companies in the financial report (I) |
| Below NT\$1,000,000 | Tung-Fu Lin; Hung-Sheng Yu; Chao-Tsung Teng; Hsin-Tzu Hu; Tzu-Hao Tsai; Ho-Chyuan Chen; Chun-Hsien Yeh; Che-Nan Wang; Kuo-Chang Huang; Wen-Hsiang Ma; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang | Tung-Fu Lin; Hung-Sheng Yu; Chao-Tsung Teng; Hsin-Tzu Hu; Tzu-Hao Tsai; Ho-Chyuan Chen; Chun-Hsien Yeh; Che-Nan Wang; Kuo-Chang Huang; Wen-Hsiang Ma; Yung-Cheng Chuang; Shao-Yuan Chang | Tung-Fu Lin; Chao-Tsung Teng; Hsin-Tzu Hu; Tzu-Hao Tsai; Ho-Chyuan Chen; Chun-Hsien Yeh; Che-Nan Wang; Kuo-Chang Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang | Tung-Fu Lin; Chao-Tsung Teng; Hsin-Tzu Hu; Tzu-Hao Tsai; Ho-Chyuan Chen; Chun-Hsien Yeh; Che-Nan Wang; Kuo-Chang Huang; Chiou-Mien Lin; Yung-Cheng Chuang; Shao-Yuan Chang |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive) | Xin-Wu Lin; Jin-Long Liu | Xin-Wu Lin; Jin-Long Liu | Xin-Wu Lin; Jin-Long Liu; Wen-Hsiang Ma | Xin-Wu Lin; Jin-Long Liu; Wen-Hsiang Ma |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive) | | | Hung-Sheng Yu | Hung-Sheng Yu |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive) | Pei-Jean Liu; Chien-Hao Lin | Pei-Jean Liu; Chien-Hao Lin | Pei-Jean Liu; Chien-Hao Lin | Pei-Jean Liu; Chien-Hao Lin |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | | | Chih-Chien Chang | Chih-Chien Chang |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | | | | |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive) | | | | |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | | | | |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) | | | | |
| NT\$100,000,000 and above | | | | |
| Total | 17 persons | 17 persons | 18 persons | 18 persons |

B. Remuneration to President and Executive Vice Presidents and range of remuneration

2023

Unit: NT\$ 1,000

| Title | Name | Salary (A) | | Pension and Separation Pay (B) | | Bonus and Special Disbursement (C) | | Employee's Compensation (D) | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Compensation from an Investee Other Than the Company's Subsidiaries or Parent Company |
|--|------------------|------------|---|--------------------------------|---|------------------------------------|---|-----------------------------|-----------------|---|-----------------|---|---|---|
| | | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | All Companies within the Finance Statements | TBB | | All Companies within the Finance Statements | | TBB | All Companies within the Finance Statements | |
| | | | | | | | | Amount in Cash | Amount in Stock | Amount in Cash | Amount in Stock | | | |
| President | Chih-Chien Chang | | | | | | | | | | | | | Yes |
| Executive Vice President | Li-Yueh Hsu | | | | | | | | | | | | | None |
| Executive Vice President | Jia-Ruey Luan | | | | | | | | | | | | | Yes |
| Executive Vice President | Kuo-Liang Tseng | | | | | | | | | | | | | None |
| Executive Vice President | Shao-Huang Chen | | | | | | | | | | | | | Yes |
| Executive Vice President | Tsung-Hsiang Yi | | | | | | | | | | | | | None |
| Former Executive Vice President | Chiu-Yen Chen | | | | | | | | | | | | | None |
| Former Executive Vice President | Sung-Shui Chiu | | | | | | | | | | | | | Yes |
| EVP & Chief Auditor and SVP&GM, Auditing Dept. | Tsung-Chu Hsieh | | | | | | | | | | | | | None |
| Total | | 16,068 | 16,068 | 1,358 | 1,358 | 12,803 | 12,803 | 1,748 | | 1,748 | | 31,977/0.30% | 31,977/0.30% | 165 |

Note: Each of them was assigned a driver during the tenure in 2023, and the drivers' remuneration totaled NT\$6,777,000.



| Range of Remuneration Paid to the President and Executive Vice Presidents of TBB | Name of the President or the Executive Vice President | |
|--|--|--|
| | TBB | Parent company and all investees |
| Below NT\$1,000,000 | | |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive) | Li-Yueh Hsu; Kuo-Liang Tseng | Li-Yueh Hsu; Kuo-Liang Tseng |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive) | Chiu-Yen Chen; Sung-Shui Chiu | Chiu-Yen Chen; Sung-Shui Chiu |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive) | Jia-Ruey Luan; Shao-Huang Chen; Tseng-Hsiang Yi; Tsung-Chu Hsieh | Jia-Ruey Luan; Shao-Huang Chen; Tseng-Hsiang Yi; Tsung-Chu Hsieh |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | Chih-Chien Chang | Chih-Chien Chang |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | | |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive) | | |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | | |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive) | | |
| NT\$100,000,000 and above | | |
| Total | 9 persons | 9 persons |

C. Name of Management Receiving the Distribution of Employee's Compensation and the DistributionName of Management Receiving the Distribution of Employee's Compensation and the Distribution

Unit: NT\$ 1,000; %

| Title | Name | 2023 | | | |
|--|--|-----------------|----------------|--------|---|
| | | Amount in Stock | Amount in Cash | Total | Ratio of Total Compensation to Net Income (%) |
| Executive Vice President | Li-Yueh Hsu | | | | |
| Executive Vice President | Jia-Ruey Luan | | | | |
| Executive Vice President | Kuo-Liang Tseng | | | | |
| Executive Vice President | Shao-Huang Chen | | | | |
| Executive Vice President | Tseng-Hsiang Yi | | | | |
| Former Executive Vice President | Chiu-Yen Chen | | | | |
| Former Executive Vice President | Sung-Shui Chiu | | | | |
| EVP & Chief Auditor and SVP&GM, Auditing Dept. | Tsung-Chu Hsieh | | | | |
| SVP&GM, Treasury Dept. | Sue-Jen Chen | | | | |
| SVP&GM, Accounting Dept. | Li-Ching Lai | | | | |
| SVP, VP, GM for Departments and Branches | Chao-Lieh Chen; Chu-Jou Chen; Chao-Ming Huang; Wen-Fang Lin; Hsih-Hui Chen; Ching-Yun Kuo; Mei-Huei Chen; Li-Chuan Huang; Chun-Ta Lin; Yu-Cheng Tsai; Min-Chung Hsieh; Yi-Chin Chai; Ying-Che Fang; Li-Huei Chen; Chi-Fen Yen; Su-Fen Chen; Le-Yi Jiang; Chen-Ju Chen; Shenn-Bao Jean; Wen-Ling Wang; Mei-Chih Hou; Shuan-Hua Liu; Yueh-Chin Wang; Ming-Yi Lin; Chih-Cheng Chen; Wen-Hsiu Huang; Ting-Huei Liao; Ching-Yi Lin; Tung-Sheng Ni; Po-Jung Huang; Mu-Hsiang Wu; Chun-Chu Hsiao; Ming-Tang Chen; Tung-Han Lu; Shui-Chiang Fang; Ching-Yang Lee; Man-Chung Yeh; Zuo-Ling Zeng; Mei-Kuei Li; Hsiu-Hsin Hou; Chih-Heng Cheng; Pin-Hsiung Chen; Jiann-Yea Shyu; Sung-Nan Chiao; Hui-Mei Chen; Yun-Shiang Tsai; Wen-Shu Lin; Chun-Ying Shen; Jyun-You Shih; Bi-Shuang Lin; Ssu-Jung Lai; Pei-Ling Lin; Shu-Ping Ciou; Ching-Yao Chen; Ching-Hsiu Liu; Chin-Tsan Wu; Wu-Yang Wu; Chin-Shan Sung; Pei-Chuan Wu; Shu-Cing Wu; Yuan-Tao Huang; Mei-Yu Kan; Chien-Fa Wang; Jui-Yu Li; Jui-Yuan Huang; Shu-Ting Chen; Ying-Hui Lai; Hui-Ying Chen; Ming-Chien Chien; Mei-Chin Liu; Wen-Chen Kuo; Fang-Chuan Chiu; Shu-Hui Chen; Wei-Ching Hsiung; Tsui-Hua Tang; Chin-Chih Li; Han-Mei Nung; Mei Hung; Tsung-Jen Hsieh; Shu-Hui Chen; Cheng-Hsiung Tsai; Chu-Aaho Ho; Ju-Hsiang Tien; Shu-E Chen; Chin-Fu Chiang; Chia-Yi Wu; Shu-Fen Li; Hsu-Hsiang Huang; Chun-Hung Chang; Hsiu-Hsian Hung; Shu-Ling Yuan; Kuan-Yi Huang; Nai-Chia Chi; Yu-Hsia Feng; Chiu-Yu Lin; Hsin-Te Li; Yu-Jung Tseng; Hsin-Lu Chiang; Sheng-Wang Chang; Fang-Mei Lai; Mei-Ling Chang; Yih-Shiou Wang; Fu-Lai Chang; Jung-Yu Huang; Cheng-An Hsieh; Fu-Ching Chou; Chien-Ta Wu; Meng-Fang Wu; Pi-Chu Chang; Yen-Ju Chen; Yueh-Man Sung; Tsai-Chuan Wu; His-Her Pai; Chih-Shan Hung; Chih-Cheng Cho; Yuan-Hsueh Hsiao; Liang-Pin Chen; Fu-Yuan Yao; Yu-Cheng Chiao; Ming-Chin Ke; Po-Hung Wang; Ruey-shyang Guo; Chia-Cheng Liu; Su-Chih Wang; Tsai-Fa Kuo; Chung-Hsien Huang; Chun-Jen Huang; Mei-Chen Chen; Kuan-Cheng Chen; Hsiu-Chen Chiu; Hsiu-Hsia Chuang; I-Man Chen; Guo-Shiang Huang; Shun-Ho Chen; Tsung-Che Liu; Ling-Ling Chen; Kuo-Tsai Shih; Kuo-Tai Shih; Hui-E Wu; Kuang-Tsai Wang; Hsiang-Lan Chien; Yi-Ching Wang; Chin-Chuan Su; Chiu-Yuan Hung; Yao-Chin Yang; Tao-Cheng Shen; Mei-Hua Chiu; Shu-Fang Kuo; Leh-Chin Kuo; Chien-Chung Lin; Meng-Hsun Sung; Chien-Lai Su; Wen-Chang Su; Wen-Ling Chang; An-Yun Lin; Hsiao-Ming Chen; Chen-Chung Fan; Chu-Ying Ting; Jung-Chiang Huang; Feng-Chang Wu; Hui-Niang Lin; Chung-Lin Yang; Hsi-Pin Tseng; a total of 163 persons. | | | | |
| Total | | 0 | 45,145 | 45,145 | 0.43% |

Note:

1. According to the requirements under Article 41 of the Article of Association of the Bank, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, the Bank shall allocate 1% to 6% as employee's compensation.
2. The remuneration of the Bank's employee is calculated and distributed in accordance with the Bank's "Directions for Payment of Employee's Compensation" after evaluating the Bank's pre-tax net profit achievement rate, operating performance financial indicators, and individual assessment results.

(5) Analysis of total remuneration, as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years to Directors, the President, and the Executive Vice Presidents; the remuneration policies, standards, and package of remuneration payment

A. Analysis of total remuneration (including salary, bonus, pension, and employee's compensation), as a percentage of net income stated in the parent company-only financial reports or individual financial reports, as paid by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years to Directors, the President, and the Executive Vice Presidents:

Unit: NT\$ 1,000; %

| Item | 2023 | | | | 2022 | | | |
|---|---------|-----------------------------|---|-----------------------------|---------|-----------------------------|---|-----------------------------|
| | TBB | | All Companies within the Finance Statements | | TBB | | All Companies within the Finance Statements | |
| | Amount | As Percentage of Net Income | Amount | As Percentage of Net Income | Amount | As Percentage of Net Income | Amount | As Percentage of Net Income |
| Directors | 105,880 | 1.00% | 105,880 | 1.00% | 101,536 | 1.00% | 101,536 | 1.00% |
| President and Executive Vice Presidents | 31,977 | 0.30% | 31,977 | 0.30% | 31,825 | 0.31% | 31,825 | 0.31% |

B. The policy, standards, and package of remuneration payment are analyzed as follows:

a. Directors

According to the requirements under Article 41 of the Article of Association of the Bank, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, shall allocate no more than 0.6% as the remuneration of Directors.

Furthermore, according to the requirements under Article 21 of the Article of Association of the Bank, the Board was authorized by the Shareholders' Meeting to determine the remuneration of Directors, and such amount shall be determined according to the general remuneration offered within the industry.

The remuneration paid to the directors is based on the standards in the industry, the respective performance of Directors, the performance of corporate operations, and the results of the performance assessment by the Board. The remuneration for Independent Directors shall be subject to the monthly payment plan for remuneration passed at the Shareholders' Meeting in 2011. Except for the monthly fixed remunerations payment, such Directors shall not receive the Director remuneration specified in the Article of Association.

Directors' remuneration distributed in 2022 was NT\$75,243,000, and the Directors' remuneration proposed to be distributed in 2023 is NT\$79,237,000.

b. President, Executive Vice Presidents, and Chief Auditor

Regarding the remuneration paid to the President, Vice Presidents, and Chief Auditor, except for giving considerations to the standard in the industry, personal performance and corporate business performance are also taken into account. Moreover, such remuneration shall be based on relevant requirements of "Directions for Salary Payment to Employees," "Directions for Payment of New Year, Festival, and Performance Bonuses," "Directions for Payment of Employee's Compensation," and "Remuneration Committee Organizational Procedures."

(6) Procedure for determining remuneration to directors, the President, and the Executive Vice Presidents by the Bank and all other companies included in the consolidated financial report during the past 2 fiscal years; and linkage thereof to operating performance and future risks

A. Directors

Regarding the bonus of Directors of the Bank, the Article of Association has provided that, shall there be profits of the year and except for retaining the compensation amount for losses from previous years, the Bank shall allocate no more than 0.6% as the remuneration of Directors. The Shareholders' Meeting authorized the Board to determine the payment for such remuneration according to the standards in the industry, the respective performance of Directors, the performance of corporate operations, and the results of the performance assessment by the Board. Relevant performance assessment was proposed at the



meeting of the Remuneration Committee for discussion and was submitted to and approved by the Board meeting. Regarding the remuneration for Independent Directors, the Board shall determine a reasonable remuneration different from that of the general Directors according to the relevant standards within the industry. Except for the monthly fixed remunerations payment, such directors shall not receive the Director remuneration specified in the Article of Association. For losses incurred to the Bank resulting from dubious acts of the Directors, the Audit Committee shall exert control and supervision on the existing and potential risks, and impose necessary punishment according to the relevant laws and regulations.

B. President, Executive Vice Presidents, Chief Auditor, and members of management

The approval procedures for the remuneration of President, Executive Vice Presidents, Chief Auditor, and members of management shall be based on relevant requirements of "Directions for Salary Payment to Employees," "Directions for Payment of New Year, Festival, and Performance Bonuses" "Directions for Payment of Employee's Compensation," and "Remuneration Committee Organizational Procedures." Such remuneration shall be implemented and paid after an assessment of performance based on the "Directions for Employee Audit," "Directions for Performance Audit," and "Directions for Administrative Incentives for Performance Audit" of the Bank, with consideration to the general standard within the industry. Furthermore, the remuneration and relevant performance assessment of the Bank's managers shall be proposed at the meeting of the Remuneration Committee for discussion annually, and the results thereof shall be submitted to the Board for approvals. Among which, the bonus part shall be linked to and subject to the before tax net profit achieving rate, business performance financial indications, and personal audit results of the Bank. For losses incurred to the Bank resulting from dubious acts of President, Executive Vice Presidents, Chief Auditor, and members of management, the Board shall not only approve the dismissal of them and cease the payment of remuneration, but also impose necessary punishment according to the relevant laws and regulations.

3. Operations of Corporate Governance

(1) Operations of Board of Directors

A total of 13 meetings were held by the Board in the most recent year (2023). The attendance of the members of the Board are as follows:

| December 31, 2023 | | | | | | | |
|--|-------------------|-----------------------------------|---------------------------------|--------------------------------|----------------------------------|---|----------------------------|
| Title | Name | Number of required attendance (A) | Number of actual attendance (B) | Number of delegated attendance | Actual attendance rate (%) (B/A) | Name of the legal entity represented | Remarks |
| Chair | Chien-Hao Lin | 6 | 6 | 0 | 100 | Ministry of Finance | Resigned on Jun. 16, 2023 |
| Chair | Pei-Jean Liu | 7 | 2 | 5 | 28.6 (Note) | Ministry of Finance | Appointed on Jun. 16, 2023 |
| Managing Director | Chih-Chien Chang | 13 | 13 | 0 | 100 | Ministry of Finance | |
| Managing Director | Hsin-Tzu Hu | 7 | 7 | 0 | 100 | Bank of Taiwan | Resigned on Jul. 16, 2023 |
| Managing Director | Chao-Tsung Teng | 5 | 5 | 0 | 100 | Bank of Taiwan | Appointed on Aug. 29, 2023 |
| Managing Director (Independent Director) | Xin-Wu Lin | 13 | 13 | 0 | 100 | | |
| Managing Director | Chun-Hsien Yeh | 13 | 13 | 0 | 100 | National Development Fund, Executive Yuan | |
| Director | Tung-Fu Lin | 13 | 13 | 0 | 100 | Ministry of Finance | Resigned on Dec. 31, 2023 |
| Director | Ho-Chyuan Chen | 13 | 13 | 0 | 100 | Bank of Taiwan | |
| Director | Hung-Sheng Yu | 13 | 13 | 0 | 100 | Ministry of Finance | |
| Director | Tzu-Hao Tsai | 13 | 13 | 0 | 100 | Bank of Taiwan | |
| Director | Che-Nan Wang | 13 | 13 | 0 | 100 | | |
| Director | Wen-Hsiang Ma | 8 | 8 | 0 | 100 | TBB Industry Union | Resigned on Aug. 29, 2023 |
| Director | Kuo-Chang Huang | 5 | 5 | 0 | 100 | TBB Industry Union | Appointed on Aug. 29, 2023 |
| Independent Director | Jin-Long Liu | 13 | 13 | 0 | 100 | | |
| Independent Director | Yung-Cheng Chuang | 13 | 13 | 0 | 100 | | |
| Independent Director | Shao-Yuan Chang | 13 | 12 | 0 | 92.3 | | |
| Independent Director | Chiou-Mien Lin | 13 | 13 | 0 | 100 | | |

Note: Chair Ms. Pei-Jean Liu was not able to attend 5 of the 7 board meetings due to medical reason.

Other items that shall be recorded:

- When any of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, the content of proposals, opinions of all Independent Directors, and the Bank's actions in response to the opinions of the Independent Directors:
 - Matters included in Article 14-3 of the Securities and Exchange Act: Not applicable. The Bank has already established an Audit Committee.
 - Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.
- When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.

| Director | Agenda | Reason for recusal from conflict of interest | Participation in voting |
|--|---|---|--|
| Managing Director Hsin-Tzu Hu; Director Tzu-Hao Tsai; Director Ho-Chyuan Chen | The non-competition restrictions on directors is proposed to be lifted in 2023 Annual Shareholders' Meeting. | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |
| Managing Director Chun-Hsien Yeh | Proposal of public offering and listing application for privately placed ordinary stocks of the Bank held by the National Development Fund, Executive Yuan, a legal person shareholder of the Bank. | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |
| All Directors take turn to make recusal. | 2022 distribution of director remuneration of the Bank. | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |
| Managing Director Chih-Chien Chang; Director Hung-Sheng Yu; Director Kuo-Chang Huang; Independent Director Jin-Long Liu; Independent Director Chiou-Mien Lin | Presented the Bank's draft budget for next year (2024) and the draft budget for audit business operating expenses. | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |
| Managing Director Chao-Tsung Teng; Director Ho-Chyuan Chen; Director Tzu-Hao Tsai | Conducted the procurement of "2024 Property Insurances". | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |
| Managing Director Chih-Chien Chang; Director Hung-Sheng Yu; Director Kuo-Chang Huang | Presented the Bank's "Financial Institution Annual Audit Plan Declaration Form" for 2024, along with the "Internal Audit Operation Audit Plan" for securities firms for 2024, and the "Annual Audit Plan" for futures trading assistants. | The agenda involves conflicts of interest with the directors. | Directors with conflicts of interest recused themselves from discussions, and the agenda was passed by all the other attending directors with consent. |

- Information on the evaluation cycle and period, evaluation scope, method, and evaluation content for the Board's evaluation:

| Evaluation Cycle | Evaluation Period | Evaluation Scope | Evaluation Method | Evaluation Content | Assessment Results |
|--|-------------------------------------|--------------------|---|---|--|
| External evaluation once every three years | September 1, 2022 - August 31, 2023 | Board of Directors | Written review and on-site interview (engaging Taiwan Corporate Governance Association) | The performance evaluation of the Board of Directors covers eight aspects: composition of the Board, guidance provided by the Board, authorization by the Board, supervision by the Board, communication performed by the Board, internal control and risk management, self-discipline of the Board, and others (e.g., Board meetings, support system). | Recommendations made by external experts (executive committee member and convener, Fu-Wei Chen, executive committee member, Wen-Cheng Liu, evaluation personnel, Chia-Jung, Chiang, and Yi-Ching, Song) and subsequent improvement measures to be performed by the Bank: <ol style="list-style-type: none"> For recommendations on the incorporation of succession and training planning of senior management into the supervision scope of functional committees, going forward, evaluation procedures will be undertaken pursuant to the existing system to implement the talent cultivation and succession of senior management. For recommendations on how to strengthen the independence of internal audit and supervision effectiveness of the Audit Committee on the internal audit system, going forward, referencing the existing system, the evaluation items in the performance evaluation list of the Auditing Department under the Board and collaboration with the Audit Committee will be strengthened to fortify the supervision effectiveness of the internal audit system. For recommendations on adjustment to perspective and weight of issues of different facets pertaining to the performance evaluation pursuant to roles and responsibilities of various functional committees, and company development goals at different stages, going forward, the performance indicators and weights in the evaluation questionnaire will be reviewed and revised regularly each year according to the roles of various functional committees and business strategies. |



| Evaluation Cycle | Evaluation Period | Evaluation Scope | Evaluation Method | Evaluation Content | Assessment Results |
|------------------|-------------------------------------|---|---|--|--|
| Once every year | January 1, 2023 - December 31, 2023 | The Board, Directors, and functional committees | Self-evaluation of Directors and members of each functional committee | <p>The measurement items of the Board's self-performance evaluation must include the following five aspects: the degree of participation in the Bank's operations, the quality of Board decisions, the composition and structure of the Board, the election and continuing education of Directors, and internal control.</p> <p>The measurement items of the Directors' self-performance evaluation must include the following six aspects: the mastery of the Bank's goals and duties, awareness of Director responsibilities, degree of participation in the Bank's operations, internal relationship management and communication, profession and continuing education of directors, and internal control.</p> <p>The measurement items of functional committees' performance evaluation must include the following five aspects: the degree of participation in the Bank's operations, awareness of duties of functional committees, elevation of decision-making quality, composition and election of functional committee members, and internal control.</p> | <p>46 performance indicators are evaluated by 14 Directors and executive units to be "Excellent" overall.</p> <p>24 performance indicators are evaluated by 14 Directors and executive units to be "Excellent" overall.</p> <p>1. Audit Committee: 21 performance indicators are evaluated by five committee members and executive units to be "Excellent" overall.</p> <p>2. Remuneration Committee: 22 performance indicators are evaluated by five committee members and executive units to be "Excellent" overall.</p> <p>3. Sustainable Development Committee: 23 performance indicators are evaluated by five committee members and executive units to be "Excellent" overall.</p> <p>4. Digital Transformation Committee: 20 performance indicators are evaluated by six committee members and executive units to be "Excellent" overall.</p> |

The external performance evaluation of the Board of Directors had been reported to the 24th Board meeting of the 16th Board on December 13, 2023. Meanwhile, the annual internal performance evaluation on the Board of Directors, individual directors and functional committees (including the Audit, Remuneration, Sustainable Development and Digital Transformation Committees) performed by the Bank had been reported to the 26th Board meeting of the 16th Board on February 21, 2024.

4. Measures undertaken during the current year and the latest year in order to strengthen the functions of the Board of Directors (the establishment of the Audit Committee and improvement of information transparency, etc.), and the assessment of the implementation:
- Directors' continuing education on corporate governance and the hours of training are in compliance with the requirements of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. The total training hours are 145 hours, and the average training hours are about 9.6 hours. On December 13, 2023, training on the Convention on the Rights of Persons with Disabilities, and the Fair Customer Treatment Principles and AML/CFT was held for Directors and main managers, for which the attendance rate was 100%.
 - The Bank's rules of procedure for Board meetings clearly stipulate that at least one independent director shall attend a Board meeting in person; for matters that should be resolved by the Board of Directors, all independent directors shall attend such Board meetings. If an independent director is unable to attend in person, he/she shall appoint another independent director to attend the meeting on his/her behalf. A total of 13 Board meetings were convened in 2023, and the attendance of independent directors was compliant with the aforementioned regulations.

(2) Audit Committee activities

A total of 14 meetings were held by the Audit Committee in the most recent year (2023). The attendance of Independent Directors was as follows:

December 31, 2023

| Title | Name | Number of required attendance (A) | Number of actual attendance (B) | Number of delegated attendance | Actual attendance rate (%) (B/A) | Remarks |
|-----------------|-------------------|-----------------------------------|---------------------------------|--------------------------------|----------------------------------|---------|
| Committee Chair | Jin-Long Liu | 14 | 14 | 0 | 100 | |
| Member | Xin-Wu Lin | 14 | 14 | 0 | 100 | |
| Member | Yung-Cheng Chuang | 14 | 14 | 0 | 100 | |
| Member | Shao-Yuan Chang | 14 | 14 | 0 | 100 | |
| Member | Chiou-Mien Lin | 14 | 14 | 0 | 100 | |

Other items that shall be recorded:

- If any of the following circumstances occurs during the operation of the Audit Committee, the dates, sessions, agenda, all independent directors' objections, reservations or major suggestions, the results of the committee's resolutions, and the Company's handling of such opinions shall be specified:
 - All conditions stated in Article 14-5 of the Securities and Exchange Act.

| Board Date/Session | Agenda | Resolution results of the Audit Committee and the Bank's response regarding the Audit Committee's opinions |
|---|---|--|
| The 13th Board meeting of the 16th Board on January 11, 2023 | For business needs, personnel changes for accounting and financial managers are proposed. (The 13th meeting of the 4th Audit Committee on January 5, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 14th Board meeting of the 16th Board on February 22, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 14th meeting of the 4th Audit Committee on February 20, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |

| Board Date/Session | Agenda | Resolution results of the Audit Committee and the Bank's response regarding the Audit Committee's opinions |
|--|---|---|
| The 14th Board meeting of the 16th Board on February 22, 2023 | Amendments to the Bank's Regulations for Internal Control System for Futures Trading Assistance (including the internal control system, internal audit implementation rules, and audit statement). (The 14th meeting of the 4th Audit Committee on February 20, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 14th Board meeting of the 16th Board on February 22, 2023 | Report on the 2022 individual financial reports and consolidated financial reports of the Bank and its subsidiaries. (The 14th meeting of the 4th Audit Committee on February 20, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 14th Board meeting of the 16th Board on February 22, 2023 | Report on the 2022 business report of the Bank. (The 14th meeting of the 4th Audit Committee on February 20, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 15th Board meeting of the 16th Board on March 15, 2023 | The plan to carry out a capital increase via transferred earnings for the issuance of new shares in response to the earnings distribution of stock dividends for 2022. (The 15th meeting of the 4th Audit Committee on March 8, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 15th Board meeting of the 16th Board on March 15, 2023 | To comply with regulations, the issuance of the 2022 Internal Control System Statement is proposed. (The 15th meeting of the 4th Audit Committee on March 8, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 17th Board meeting of the 16th Board on May 4, 2023 | Report of the 2023 Q1 consolidated financial reports of the Bank and its subsidiaries. (The 17th meeting of the 4th Audit Committee on May 2, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 18th Board meeting of the 16th Board on June 14, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 18th ad hoc meeting of the 4th Audit Committee on June 7, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 19th Board meeting of the 16th Board on July 12, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 19th meeting of the 4th Audit Committee on July 5, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 19th Board meeting of the 16th Board on July 12, 2023 | Amendments to the Bank's Regulations for Internal Control System for Futures Trading Assistance (including the internal control system, internal audit implementation rules, and audit statement). (The 19th meeting of the 4th Audit Committee on July 5, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 20th Board meeting of the 16th Board on August 16, 2023 | Report on 2023 Q2 individual financial reports and consolidated financial reports of the Bank and its subsidiaries (the 20th meeting of the 4th Audit Committee on August 9, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 20th Board meeting of the 16th Board on August 16, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 20th meeting of the 4th Audit Committee on August 9, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 21st Board meeting of the 16th Board on September 20, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 21st meeting of the 4th Audit Committee on September 15, 2023) | Resolution results of the Audit Committee: Passed after revision, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 21st Board meeting of the 16th Board on September 20, 2023 | Establishment of the Internal Control System for Taiwan Business Bank's Over-the-Counter Derivative Financial Products Central Clearing Business (hereinafter referred to as the Internal Control System). (The 21st meeting of the 4th Audit Committee on September 15, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 22th Board meeting of the 16th Board on October 18, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 22th meeting of the 4th Audit Committee on October 11, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 23th Board meeting of the 16th Board on November 2, 2023 | Report of the 2023 Q3 consolidated financial reports of the Bank and its subsidiaries. (The 23th meeting of the 4th Audit Committee on November 1, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 24th Board meeting of the 16th Board on December 13, 2023 | Proposal to appoint Feng-Hui Lee and Pei-Ju Tsai, CPAs at KPMG in Taiwan to perform audit of the next year's annual financial report (2024), tax audit, ad-hoc audit of due diligence, and other business audits. (The 24th meeting of the 4th Audit Committee on December 6, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |
| The 24th Board meeting of the 16th Board on December 13, 2023 | Amendments to the Bank's Regulations for Internal Control System for Securities Firms (including the internal control system, internal audit implementation rules, and audit statement). (The 24th meeting of the 4th Audit Committee on December 6, 2023) | Resolution results of the Audit Committee: Passed, and submitted to the Board for consideration. The Bank's response to the opinions of the Auditing Committee: Resolution passed by all directors in attendance with consent. |



- (2) Except for the items in the preceding issues, other resolutions approved by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.
2. When Independent Directors abstain themselves for being a stakeholder in certain proposals, the name of the Independent Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated: None.
3. Communication between Independent Directors and head of internal audit and CPAs (including material issues, audit methods and results relating to the Bank's finances and business).

| Date | Communication target | Communication content | Suggestions from independent directors and the response of the Bank |
|-----------|--------------------------------------|---|---|
| 2023/2/20 | CPA | 1. Percentage of audit fee and independence of CPAs. 2. Financial audit responsibility of auditors. 3. Key audit items. | Suggestions from independent directors: 1. Establish communication pertaining to data to be provided prior to audit. 2. Further elaboration on recommendations for subsidiaries or specific incidents (matters). 3. Ensure consistency of written and digital data provided. Response: To perform as per suggestions from Independent Directors. |
| 2023/8/9 | CPA | 1. Independence. 2. Financial audit responsibility of auditors. 3. Scope and findings of audit. 4. Update of standards or regulations. | Suggestions from independent directors: None. |
| 2023/11/1 | Internal Audit Managers and Auditors | 1. Implementation status of internal audit operations and deficiencies identified. 2. Penalty cases and key points supervised by the competent authority. 3. Establishment of the risk-based internal audit system and implementation status. | Suggestions from independent directors: 1. Adjust the demerit mechanism for items with more audit deficiencies to prevent recurrence. 2. Collaboration among the three lines of defense to reduce audit deficiencies. Response: 1. For patterns with higher deficiencies for two consecutive years, depending on the severity of the deficiencies, "Review for Improvement" should at least be listed in review opinions to lower the occurrence of audit deficiencies. 2. The Auditing Department will regularly consolidate and forward the audit deficiencies found to business departments to review whether revision of operational procedures is necessary according to the types of deficiencies, and also strengthen the supervision of improvement measures to be undertaken by business units. By analyzing the deficiencies and monitoring the fluctuation of the number of deficiencies, the Auditing Department is able to review the effectiveness of improvement measures and propose appropriate recommendations, as well as using circular management model to reduce the occurrence of deficiencies. |
| 2023/12/6 | CPA | 1. Material audit items. (1) Discounting and loans. (2) Assessment of loan impairment. (3) Assessment of fair value of financial instruments. (4) Assessment of financial asset impairment. 2. Audit planning and methodology. 3. Updates on important regulations. | Suggestions from independent directors: 1. Distinguish the differences of financial instruments and financial assets. 2. Supplementation of audit of risks. 3. Elaboration of reasonableness on assessment of loan impairment and bad debt provision. Response: To perform as per suggestions from independent directors. |

4. Key annual emphasis in working for the Audit Committee: The Audit Committee aims to assist the Board in using the appropriate expressions of the Bank's financial statements; appointing (dismissing) the CPA and assuring its independence and performance; and overseeing effective implementation of internal controls, compliance with laws, regulations, and rules; as well as implementing controls for existing or potential risks.
- (1) Supervise the appropriate expressions in the Bank's financial statements: Review of quarterly financial statements (2023 Q1 reviewed in the 17th meeting of the 4th Audit Committee on May 2, 2023, 2023 Q2 reviewed in the 20th meeting of the 4th Audit Committee on August 9, 2023, and 2023 Q3 reviewed in the 23rd meeting of the 4th Audit Committee on November 1, 2023) and 2022 annual financial statement, and business report (reviewed in the 14th meeting of the 4th Audit Committee on February 20, 2023), and issue the review report to the shareholders' meeting according to the requirements under Article 219 of the Company Act approved by Paragraph 3, Article 14-4 of the Securities and Exchange Act.
- (2) Appointment (dismissal) of the CPA and assuring its independence and performance: Evaluate the appointment (dismissal) of the CPA and undertaking the annual assessment of the independence and performance of the CPA (considered and passed at the 24th meeting of the 4th Audit Committee on December 6, 2023); and report to the Shareholders' Meeting for review (considered and passed at the 24th Board meeting of the 16th Board on December 13, 2023).
- (3) Effective implementation of internal controls: The Bank has established the organization, structure, and authorization, and has prepared the internal audit workbook and the working paper. These items shall contain evaluations of the requirements and the business process under the internal control system to determine whether the current system and procedures have proper internal controls in place; whether the departments comply with relevant requirements and duly execute the internal controls; and the rationale of the effects of executing such internal controls, and proposals of improvement recommendations at any time. The internal audit shall carry out the audit activity according to the rules, and shall submit reports to the Board and the Audit Committee on a regular basis.
- (4) Comply with relevant laws, regulations, and rules as well as control over existing and potential risks: The Chief Compliance Officer reports on the implementation of the Bank's legal compliance system as follows: 2022 Q4 compliance update on the Bank's legal compliance system was reported in the 14th meeting of the 4th Audit Committee on February 20, 2023; 2023 Q1 compliance update in the 17th meeting of the 4th Audit Committee on May 2, 2023; 2023 Q2 compliance update in the 20th meeting of the 4th Audit Committee on August 20, 2023; and 2023 Q3 compliance update in the 23rd meeting of the 4th Audit Committee on November 1, 2023.
- (5) Items disclosed in accordance with the Corporate Governance Best Practice Principles for Banking Industry: Please refer to the Bank's website [Investor Relations](https://ir.tbb.com.tw/) (https://ir.tbb.com.tw/).

(3) Sustainable Development Committee Activities

- A. The responsibilities of the Sustainable Development Committee:
- Approval of mid- and long-term strategies and annual goals for sustainable development.
 - Approval of the implementation plans for sustainable development.
 - Follow up on the mid- and long-term strategies, annual goals and implementation plans for sustainable development and review the effectiveness of implementation.

- Approval of the standards for making the sustainability report.
- Approval of other matters related to sustainable development.

- B. Matters resolved or passed by the Sustainable Development Committee after discussion are transferred to relevant units or team members of the Bank.
- C. The Sustainable Development Committee reports to the Board on the annual implementation results of sustainable development every year.
- D. The Sustainable Development Committee is comprised of the Chair, President, and three Independent Directors, with the Chair being the Committee Chair. A total of 4 meetings were held in 2023 and the attendance of members was as follows:

December 31, 2023

| Title | Name | Number of required attendance (A) | Number of actual attendance (B) | Number of delegated attendance | Actual attendance rate (%) (B/A) | Note |
|--|-------------------|-----------------------------------|---------------------------------|--------------------------------|----------------------------------|----------------------------|
| Chair of the Board | Chien-Hao Lin | 2 | 2 | 0 | 100 | Resigned on Jun. 16, 2023 |
| | Pei-Jean Liu | 2 | 0 | 2 | 0 | Appointed on Jun. 16, 2023 |
| Managing Director and President | Chih-Chien Chang | 4 | 4 | 0 | 100 | |
| Managing Director (Independent Director) | Xin-Wu Lin | 4 | 4 | 0 | 100 | |
| Independent Director | Jin-Long Liu | 4 | 4 | 0 | 100 | |
| Independent Director | Yung-Cheng Chuang | 4 | 3 | 1 | 75 | |

E. The discussion proposals and resolution results of the Sustainable Development Committee in 2023:

| Date | Agenda | Resolutions | Notes |
|--|--|--|---|
| February 23, 2023 | Presented the the Bank's ethical corporate management status and communication between the Bank and stakeholders in 2022. | Duly noted. | Submitted to the 15th Board meeting of the 16th Board on March 15, 2023 for review. |
| | Presented the the Bank's implementation status of the medium- and long-term sustainability strategies for the period from January to December 2022. | Duly noted. | Submitted to the 15th Board meeting of the 16th Board on March 15, 2023 for review. |
| May 19, 2023 | Presented the results of the 9th Corporate Governance Evaluation (2022). | Duly noted. | |
| | Presented the draft version of the Bank's Sustainability Report. | Duly noted. | |
| August 31, 2023 | Amended the Bank's key implementation initiatives of medium- and long-term sustainability strategies. | Passed by all directors in attendance with consent. | |
| | Presented the implementation status of the Bank's product carbon footprint project. | Duly noted. | |
| | Presented the implementation status of the Bank's green finance for 2023 Q2. | Duly noted. | |
| December 14, 2023 | Presented the 2023 management policy and performance indicators for sustainability issues. | Duly noted. | |
| | Presented the implementation status of the Bank's promotion of diversified financial inclusion products for January to September 2023. | Duly noted. | |
| | Presented the Bank's implementation status of sustainable environment performance as of November 2023. | Duly noted. | |
| | Presented the Bank's human rights due diligence planning. | Duly noted. | |
| | Presented the Bank's efforts in strengthening support for artistic and cultural activities and winning of the Arts and Business Awards. | Duly noted. | |
| | Presented the Bank's 2023 identification results of material topics. | Duly noted. | |
| | Key implementation of medium- and long-term sustainability strategies by the Sustainable Environment Unit pertaining to the alternative solution for the establishment of smart meter and monitoring system for water and electricity usage. | Passed by all directors in attendance with consent. | |
| Amended the Bank's sustainable development policy. | Passed by all directors in attendance with consent. | Submitted to and approved by the 25th Board meeting of the 16th Board on January 24, 2024. | |



(4) Digital Transformation Committee activities

The Digital Transformation Committee is comprised of the Chair, President, two Independent Directors and two external members, with the Chair being the convener. A total of 1 meeting was held by the Digital Transformation Committee in the most recent year (2023). The attendance of members was as follows:

December 31, 2023

| Title | Name | Number of required attendance (A) | Number of actual attendance (B) | Number of delegated attendance | Actual attendance rate (%) (B/A) | Note |
|--|------------------|-----------------------------------|---------------------------------|--------------------------------|----------------------------------|------|
| Chair of the Board | Pei-Jean Liu | 1 | 0 | 0 | 0 | |
| Managing Director and President | Chih-Chien Chang | 1 | 1 | 0 | 100 | |
| Managing Director (Independent Director) | Xin-Wu Lin | 1 | 1 | 0 | 100 | |
| Independent Director | Jin-Long Liu | 1 | 1 | 0 | 100 | |
| Member | Chia-Chung Chen | 1 | 0 | 0 | 0 | |
| Member | Wen-Nan Tsan | 1 | 1 | 0 | 100 | |

(5) Items disclosed in accordance with the Corporate Governance Best Practice Principles for Banking Industry: Please refer to the Bank's website

About TBB > **Corporate Governance** (<https://www.tbb.com.tw/en-us/about/governance/board>)

(6) Implementation of Corporate Governance, and Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry" and the cause of the said gaps

| Assessed Items | State of Implementation | | | Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps |
|--|-------------------------|----|---|--|
| | Yes | No | Summary | |
| 1. Structure of the bank's shareholders and equities (1) Does the bank stipulate and implement a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations? (2) Does the bank keep track of the major shareholders with ultimate control over the bank and the ultimate controllers of the major shareholders? (3) Does the bank set up a firewall and risk control mechanism to reduce the risks involved with the bank's related companies? | ✓ | | The Bank has established customer complaints procedures and the customer complaint and stock affairs contact window, which will look into the circumstances upon receiving recommendations, doubts, or disputes, and pass the task to relevant departments for handling. The Bank also has a spokesperson to address the problem to external parties. The Bank refers to the declaration of changes in the Register of Shareholders when closing the stock transfer and the monthly report for internal parties to keep track and understand the shareholding changes of substantial Shareholders and analyze the final controllers of substantial Shareholders. The Directions and procedures for the management of investee companies of the Bank provide relevant requirements for the supervisors of its related companies, benefitting in effective control over its performance and business overview. In respect of the firewall mechanism, personnel, accounting, assets, and finance departments all have distinct operations. Loans to related companies are all subject to the relevant laws and regulations under Article 32 and Article 33 of the Banking Act. | No gap No gap No gap |
| 2. Board composition and its responsibilities (1) Does the Board formulate a diversity policy and specific management goals? (2) Apart from the Remuneration Committee and Audit Committee, does the bank assembled other functional committees at its own discretion? (3) Does the bank have a set of performance assessment regulations and assessment methods for the Board in place, carry out regular performance assessment, submit the results of the performance assessment to the Board and utilizes such results as a reference for determining the remuneration and compensation of individual Directors and their nomination for re-election? | ✓ | | Article 34 of the Bank's "Corporate Governance Best Practice Principles" stipulates the policy for diversification of board members, which includes at least two major aspects: basic qualification and values, and professional knowledge and skills. Relevant information regarding board diversity is disclosed on the Bank's official website, annual report, and sustainability report. 1. The Bank has established the Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee under the Board. 2. There is no nomination committee; however, the Article of Association of the Bank provide that the election of Directors shall adopt the nomination system. Any re-election of Directors shall be subject to nomination by a shareholder with over 1% shareholding of the Bank or by the Board and subject to the approval of the Board before being proposed at the Shareholders' Meeting for election. According to Articles 2 and 3 of the Bank's Regulations for Board Performance Assessment, the Board of the Bank shall conduct the annual performance assessment at the end of every year. The assessment results shall be reported by the Secretarial Dept. to the Board before the end of the first quarter (reported to the 26th Board meeting of the 16th Board on February 21, 2024). The scope of assessment shall include the performance of the Board, individual directors, and the functional committees. Regarding the assessment method, the directors (members) and executive departments (departments responsible for such affairs) shall perform self-assessment and evaluation, and an external party shall be engaged for the performance assessment every three years (Taiwan Corporate Governance Association was engaged to conduct the performance evaluation in 2023, which was reported to the 24th Board meeting of the 16th Board on December 13, 2023). The remuneration of the Bank's Directors is determined with reference to the standard in the industry, individual performance, operating efficiency of the Bank, and the results of the Board performance assessment. Fixed compensation is paid to Independent Directors monthly; Independent Directors do not receive the Director's remuneration stated in the Article of Association of the Bank. | No gap No gap No gap |

| Assessed Items | State of Implementation | | | Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps |
|--|-------------------------|----|---|--|
| | Yes | No | Summary | |
| (4) Does the bank regularly evaluate the independence of CPAs? | ✓ | | Regular assessment on the independence and competency of the appointed CPA is carried out annually and submitted to the Board meeting for approval before granting the appointment. The assessment has been carried out according to the requirements under Article 46 of the Bank's "Corporate Governance Practices Best Practice Principles" and Article 68 of "Statement on Auditing Standards No.46," with reference to the independence of CPA and Audit Quality Indicators (AQIS) in the CPA Auditing Plan. The assessing items are as follow: 1. The CPA appointed by the Bank does not provide account-keeping, financial system design introduction, appraisal (assessment) business, management function, actuary services, internal audit outsourcing, human resources services, investment consultancy, and legal services. 2. The CPA appointed by the Bank does not undertake contingency cases on professional charges (i.e., proceedings), active or confidential tax avoidance plan and personal taxation case for the chief of finance (above). 3. The 2 appointed CPAs have not been appointed for over 7 years, which complies with the requirements under Article 38 of "Corporate Governance Practices Best Practice Principles for the Banking Industry" and Article 68 of "Statement on Auditing Standards No.46." 4. The Bank has disclosed 5 major aspects of the framework and evaluated 13 AQI indicators based on the AQIS template issued by the competent authority. The evaluation results of the latest year have been discussed and approved at the 24th meeting of the 4th Audit Committee on December 6, 2023, and submitted to and approved at the 24th meeting of the 16th Board on December 13, 2023 for the assessment on the independence and competency of CPAs. | No gap |
| 3. Does the bank has proper number of eligible corporate governance personnel in place and appoint a manager for corporate governance to be in charge of affairs relating to corporate governance (including but not limited to, the provision of necessary data for directors and supervisors to execute their duties, assisting directors and supervisors in legal compliance, administering matters relating to the Board meetings and Shareholders' Meetings in accordance with the law, and producing minute books for the Board and shareholders' meetings)? | ✓ | | Relevant departments of the head office, such as the Secretarial Dept., shall be the department fully (jointly) responsible for corporate governance. Passed at the 21th meeting of the 16th Board on September 20, 2023, S.V.P. & Chief Secretary to the Board of Directors Chao-Lieh Chen was designated as the Corporate Governance Manager to protect the Shareholders' interests and strengthen the function of the Board. Mr. Chen has held the post of manager in relation to affairs of accounting and finance for over three years, and has qualifications required for serving as the Corporate Governance Manager. His primary duties include handling matters concerning the compliance of Board meetings and Shareholders' Meetings according to the law, preparing the meeting minutes for Board meeting and Shareholders' Meeting, providing assistance for Directors and Supervisors when assuming office and continuing education, providing required information for Directors and Supervisors in executing businesses, providing assistance to Directors and Supervisors regarding their compliance with laws, reporting to the Board on the examination results of whether the qualifications of independent directors meet relevant laws and regulations during nomination, appointment, and tenure, handling matters related to changes in directors, and other matters stipulated in the Bank's articles of association or contracts. Affairs carried out in relation to the corporate governance in 2023 are as follow: 1. There were changes in directors on June 14, June 16, July 14 and August 29, 2023. Relevant departments have disclosed material information and reported to the Board meeting according to the requirements, and also applied for the alteration registration to the Ministry of Economic Affairs; all of which were duly completed. 2. The continuing education information regarding corporate governance was provided to directors with the continuing education conditions tracked. In 2023, directors accumulated a total of 145 hours of continuing education, with an average of approximately 9.6 hours per director. The continuing education hour for each director has complied with the requirements under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," with new directors and existing directors receiving corporate government courses for 12 hours and 6 hours, respectively. 3. Providing logistics of Board meetings for 13 times, succeeded in delivering the notice of meetings and the agenda to directors 7 days prior to the date of the meeting and dispatched the meeting minutes within 20 days from the ending of the Board meeting. 4. The Bank held the 2023 Annual Shareholders' Meeting on June 16, 2023 and uploaded the meeting notice and the meeting agenda handbook to the MOPS 30 days before the meeting, while announcing the minutes of the shareholders' meeting within 20 days after the meeting, all of which were duly completed. 5. Assisted in organizing educational training for directors and the senior management. ("Directors and Senior Management Cybersecurity Training Course for 2023" was conducted on October 18, 2023, and the "Financial Inclusivity, Rights of Persons with Disabilities Convention," and "Trends in Treating Clients Fairly and Anti-Money Laundering" courses were conducted on December 13, 2023.) 6. Amended the Bank's Articles of Incorporation (approved by MOEA in Letter Jing-Shou-Shang No. 11230146250 dated July 27, 2023) and amended the Bank's Corporate Governance Best Practice Principles, Shareholders' Meeting Rules, and Board Meeting Rules. | No gap |
| 4. Does the bank establish a channel to communicate with stakeholders (including but not limited to Shareholders, employees, and customers)? Does the bank set up a section for stakeholders on its website and duly respond to the material CSR issues concerned by stakeholders? | ✓ | | 1. Stakeholders may contact the Bank through methods of presenting themselves at branches, letters, phone calls, fax, and e-mail. Furthermore, on the corporate website under About TBB > About Us > Corporate Governance > Report staff's inappropriate behaviors or illegal conducts, you may find the email address and hotline number for reporting purpose. 2. The Investor Relations on the Bank's website has sections including About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, SDGs, FAQs, and IR Contacts, to provide better services to investors. 3. On the corporate website, under Sustainability > Stakeholder , material issues related to the interests of stakeholders are included, along with a summary of concerned issues and communication channels, stakeholder contact information, and feedback, to address issues of concern to stakeholders. 4. Report the content and frequency of communications with stakeholders, as well as issues concerned by stakeholders, to the Board at least once per year. (The communication status with stakeholders in 2023 has been reported to the 28th meeting of the 16th Board.) | No gap |
| 5. Information disclosure (1) Does the bank set up a website for the disclosure of relevant information on financial status and corporate governance? | ✓ | | 1. The Investor Relations section on the Bank's website disclosed sections including About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, Sustainable Development, FAQs, and IR Contacts, to provide better services to investors. 2. The About TBB > About Us > Corporate Governance section on the Bank's website has sections including Board of Directors, Committees, Organization Chart, Departments, Internal Audit, Regulation Documents, Operations, Tax-Governance, and Report staff's inappropriate behaviors or illegal conducts. 3. The Sustainability section on the Bank's website disclosed sections including Overview, Environmental Sustainability, Society, Public welfare activities, Governance, and Stakeholder. | No gap |



(7) Remuneration Committee activities

A. Members of the Remuneration Committee

December 31, 2023

| Title | Qualifications Name | Professional Qualifications and Experience | Independence Criteria | Number of Other Public Companies Serving as a member of the Remuneration Committee |
|--|------------------------|--|---|--|
| Managing Independent Director (Convenor) | Xin-Wu Lin | Has served as the head of the Taiwan Institute of Economic Research for more than five years; an independent director of a bank for more than four years; and an independent director of other publicly listed companies; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee, with professional qualifications in banking, accounting, financing, risk management, human resources, etc.; and is not in any circumstances under Article 30 of the Company Act. | 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. 6. Has not served as a senior manager of the Bank or any of its subsidiaries. | 2 |
| Independent Director | Jin-Long Liu | Has served as a professor at the Graduate Institute of Industrial Economics, National Central University; an independent director of a bank for more than four years; a member of TBB's Audit Committee, Remuneration Committee, Sustainable Development Committee and Digital Transformation Committee, with professional qualifications in banking, accounting, financing, risk management, economics, etc.; and is not in any circumstances under Article 30 of the Company Act. | 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. | 0 |
| Independent Director | Chiou-Mien Lin | Has served as an associate professor at the Department of Real Estate & Built Environment, National Taipei University; concurrently as a supervisor of the Chinese Institute of Land Appraisal and the Land Reform Association for a long time; a member of the Urban Renewal, Land Price and Standard Land Price Committee of the city or county government; has engaged in land appraisal and urban renewal for a long time; a member of TBB's Audit Committee and Remuneration Committee, with professional qualifications in real estate appraisal, law, etc.; not in any circumstances under Article 30 of the Company Act. | 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. | 0 |
| Independent Director | Yung-Cheng Chuang | Has served as the deputy dean of School of Law, Soochow University; is specialized in financial regulations, such as the Securities and Exchange Act, Financial Law, and the Company Act; is familiar with compliance by publicly listed companies, financial consumer protection, securities and futures trading and operation, insurance laws and business in the financial field; is a member of TBB's Audit Committee and Remuneration Committee, with professional qualifications in banking, securities, insurance, law, etc. and not in any circumstances under Article 30 of the Company Act. | 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. | 0 |
| Independent Director | Shao-Yuan Chang | Is currently an independent director of TBB; has served as a director of publicly listed companies, the deputy mayor of Tainan City Government, the head of the Finance and Local Tax Bureau of Tainan City Government, the director of the Finance Department of Tainan City Government, and the deputy head of the Finance Department of Tainan City Government; a member of TBB's Audit Committee and Remuneration Committee; with the experience of providing consulting service to grass-roots financial institutions and credit cooperatives during his tenure in Tainan City and the professional qualifications in banking, accounting, financing, risk management, human resources, and taxation; not in any circumstances under Article 30 of the Company Act. | 1. Dose not or the spouse or relative within the second degree of kinship thereof does not hold TBB's shares by themselves or by nominee arrangement. 2. Does not have a spouse or relative within the second degree of kinship with other directors. 3. Has not or the spouse or relative within the second degree of kinship thereof has not served as a director, supervisor, or employee at TBB or its affiliates. 4. Has not served at a company with specific relations with TBB (under Article 3, paragraph 1, subparagraph 5 to 8 of the Regulations Governing the Appointment of Independent Directors of Public Companies and Matters to Be Followed) as a director, supervisor, or employee. 5. Has not obtained remuneration for providing business, legal, financial, accounting, or other services to TBB or its affiliates in the last two years. | 0 |

| Assessed items | State of Implementation | | Summary | Gaps with the "Corporate Governance Best Practice Principles for the Banking Industry," and the cause of the said gaps |
|--|-------------------------|----|--|--|
| | Yes | No | | |
| (2) Does the bank take any other methods to disclose its information (e.g. English website, a special group engaged on gathering and compiling the bank's information, the information announced through the bank's spokesman, and regular investor conference process disclosed on the bank's website)? | ✓ | | 1. To realize the open information, the Bank has established the "Procedures for the Operations for Disclosing Information Externally." According to the requirements, the disclosure to be reported such as information on finance and business shall be carried out by designated personnel of the relevant department in accordance with the duties. Furthermore, information such as About TBB, News and Events, Financial Information, Corporate Governance, Stakeholder, CSR, FAQs, and IR Contacts, is provided in the [Investor Relations] on the Bank's Chinese and English websites to offer relevant information to domestic and overseas investors. 2. The mechanism of spokesperson is responsible for providing descriptions and announcing the news to external parties, so as to ensure investors may receive accurate news. | No gap |
| (3) Does the bank publish its annual financial reports and make filings at the end of the accounting year within time according to relevant requirements under the Banking Act and the Securities and Exchange Act, and publish financial reports of the first, second, and third quarters and the operating status each month and make filings in advance according to the time prescribed? | ✓ | | The Bank has published its annual financial reports and made filings at the end of the accounting year within time according to relevant requirements under the Banking Act and the Securities and Exchange Act. Additionally, the Bank has published financial reports of the first, second, and third quarters and the operating status each month and made filings according to the time prescribed. | No gap |
| 6. Does the bank have other relevant information for better understanding the bank's corporate governance operation (such as employee rights, caring for employees, investors relationship, stakeholder rights, on-the-job education of Directors and Supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, liability insurance policies purchased by the bank for Directors and Supervisors, and donations to political parties, interested parties, or charity organizations)? | ✓ | | 1. To clarify the rights and obligations of employees and the employer, the Bank established the "Working Rules" according to the Labor Standards Act and relevant laws and regulations, with reference to the nature of the banking industry, to regulate employees' rights. The Bank also established the "Directions for Measures of Prevention, Complaint, and Punishment of Sexual Harassment at the Workplace of Taiwan Business Bank" as regulations according to the Act of Gender Equality in Employment. 2. Caring for Employees: (1) Employees are assets of enterprises. The Bank has spared no efforts in caring for its employees. Except for establishing working rules and personnel management rules according to relevant labor laws such as the Labor Standards Act, the Bank complied with the laws and regulations and insured for the Labor Insurance, National Health Insurance, and provision of retirement pension for its employees. It also organizes health inspections for employees regularly, provides discounted group medical insurance and casualty insurance to protect the lives of our employees, allowing employees to exert their talents at work worry-free. Also, to strengthen the competitiveness of our employees and improve their professional know-how, the Bank organizes training courses for different businesses according to the annual employee training plan, provide a diversified program on the digital learning website, and holds nonscheduled celebrity seminars and professional lectures via video. The Bank has a comprehensive system of remuneration and rewards as well as the promotion channel, diversified training and welfare measures that attract and retain talents, joining hands for the prosperity of the Bank. (2) The Bank places the utmost emphasis on employee rights and regularly calls labor-management meetings where the two sides can fully communicate and negotiate on employee rights and welfare issues, and sign the Collective Agreement, thereby maintaining harmonious labor-management relations. 3. The Bank subscribed for "Directors, Supervisors, and Officers' Liability Insurance" for Directors and officers of the Bank and reported the insured circumstances to the Board. 4. The Bank established the "Directions for Processing of Donations of Taiwan Business Bank" to regulate the charitable group donation projects where the stakeholder(s) acts as the representative or the manager. (Note) 5. The Bank considers that proper handling of customer complaints may improve the service quality and realize the control for operating risks. The Bank established the "Customer Complaint Center" to respond to customer complaints, and established the "Directions for the Processing of Customer Complaints" of the Bank for compliance. 6. The Bank established the handling procedures and regulations in response to "scams against financial institutions by scoundrels," "report and contact for major contingencies," and "report and contact for disastrous emergencies" to actively care for and effectively remind our customers to avoid the losses resulting from scams. 7. To improve our attention attaches to the handling of customers' disputes, increase the efficiency and quality for handling consumption disputes, and protect the rights of consumers, the Bank established the "Consumer Disputes Handling System," and the Auditing Dept. shall review the execution. 8. To protect customer rights and benefits and optimize the business operation, the Bank established the "Consumer Protection Policy of Taiwan Business Bank" and "Procedures for Consumer Protection Procedures of Taiwan Business Bank," and designated a responsible department to inspect the effectiveness of the consumer protection system. The Auditing Dept. shall be responsible for examine the execution and realize the protection for consumers. 9. To treat Shareholders in a fair manner, the Bank established the "Procedures for the Operations for Disclosing Information Externally," "Directions for Equity Management," and "Ethical Corporate Management Best Practice Principles," which clearly stated that the internal personnel is prohibited from trading securities of the Bank before the announcement of relevant information. | No gap |
| 7. With respect to the results of the annual corporate governance evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved. In order to enhance the Board diversity, the Bank will continue to communicate with legal shareholders and adjust the gender composition of the Board to achieve the goal of one-third representation of each gender on the Board. | | | | |

Note: Donations made in 2023

| No. | Recipient organization | Donation date | Donation item |
|-----|--|-----------------------|--|
| 1 | Ministry of Health and Welfare Disaster Relief Account | 2023.02.13 | Donated funds to an account designated for the "Turkey Earthquake Disaster Project". |
| 2 | Charity Trust Senior Living Social Welfare Fund | 2023.01.01-2023.12.31 | Donated funds to a designated account to assist the community in providing meals and course activities for the elderly. |
| 3 | Tainan Anti-Tuberculosis Association | 2023.02.24 | Subscription for the 2023 Anti-Tuberculosis Charity Commemorative Ticket. |
| 4 | Strails Exchange Foundation | 2023.06.13 | Donated funds to enhance international trade momentum. |
| 5 | Nanfeng Elementary School, Nantou County | 2023.10.03/2024.03.14 | Donated funds to assist schools in providing complete and nutritious breakfasts for students. |
| | Shuanglong Elementary School, Nantou County | | Donated funds to organize meal activities for the elderly and volunteer injury insurance premiums. |
| | Dona Elementary School, Kaohsiung City | | Purchased pineapple custard apples from Taitung Haoshi Orchard and donated them to schools, social welfare organizations, and Senior Learning Centers established by the Bank. |
| | Sajja Elementary School, Pingtung County | | Purchased pineapples from Pingtung County Nanli Fruit Producing Cooperative and donated them to social welfare organizations. |

| No. | Recipient organization | Donation date | Donation item | | | |
|-----|---|---------------|---|---|---------|---|
| 6 | Hsinchu County Guanxi Town Beishan Community Development Association | 2023.12.19 | Purchased pineapples from the Taipei City Farmers Association and donated them to social welfare organizations. | | | |
| 7 | 1. Nutritious breakfast program for 4 elementary schools (As No. 5 above) 2. 20 locations of Silver Learning Centers 3. Taipei City Jen Ji Shang Social Service Association 4. The Mustard Seed Mission 5. China Christian Relief Association | 2024.03 | Purchased mangoes from the Tainan Nanhua Farmers Association and donated them to social welfare organizations. | | | |
| | | | 8 | The Mustard Seed Mission | 2023.05 | Purchased pomelos from the Tainan City Madou District Fruit Tree Production and Marketing Class and donated them to schools and Silver Learning Centers established the Bank. |
| | | | 9 | Taipei City Jen Ji Shang Social Service Association | 2023.05 | Donated funds to an account designated for the "Turkey Earthquake Disaster Project". |
| | | | 10 | 1. Taipei City Jen Ji Shang Social Service Association 2. The Mustard Seed Mission | 2023.06 | Donated funds to a designated account to assist the community in providing meals and course activities for the elderly. |
| 11 | 1. Nutritious breakfast program for 4 elementary schools 2. 15 locations of Silver Learning Centers | 2023.09 | Subscription for the 2023 Anti-Tuberculosis Charity Commemorative Ticket. | | | |



B. Operation of Remuneration Committee:

- a. The Bank has a Remuneration Committee composed of 5 members.
- b. The term of office of the incumbent members: From July 20, 2021 to July 19, 2024. The Remuneration Committee held 5 meetings (A) in the most recent year. The members' eligibility and attendance are as follows:

| Title | Name | Total number of meetings (A) | Number of actual attendance (B) | Number of delegated attendance | Actual attendance rate (%) (B/A) (Note) | Remarks |
|-----------------|-------------------|------------------------------|---------------------------------|--------------------------------|---|---------|
| Committee Chair | Xin-Wu Lin | 5 | 5 | 0 | 100 | |
| Member | Jin-Long Liu | 5 | 5 | 0 | 100 | |
| Member | Chiou-Mien Lin | 5 | 5 | 0 | 100 | |
| Member | Yung-Cheng Chuang | 5 | 5 | 0 | 100 | |
| Member | Shao-Yuan Chang | 5 | 5 | 0 | 100 | |

Other items that shall be recorded:

- If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, and session of the Board of Directors' meeting, resolutions, voting results, and handling of opinions of the Remuneration Committee by the Bank shall be disclosed (if the remuneration approved by the Board of Directors is better than that of the Remuneration Committee, the discrepancies and related reasons should be stated): None.
- For the decisions made by the Remuneration Committee, if there are members who vetoed or withheld from the decision and there are documented records, the date, session, agenda, all members' opinions, and ways in handling these opinions should be elaborated: none.
- Discussion of the proposal and handling of opinions for 2023

| Date of Remuneration Committee Meeting/ Date and Session of Board Meeting | Agenda | The resolution results of the Remuneration Committee and the Bank's response regarding the Remuneration Committee's opinions |
|---|--|---|
| The 14th Board meeting of the 16th Board on February 10, 2023/February 22, 2023 | Percentage and amount of 2022 distribution of employee and director remuneration. | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| | Submitted the report on regular assessment of director and manager remuneration. | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| The 19th Board meeting of the 16th Board on July 5, 2023/ July 12, 2023 | The distribution of director remuneration in 2022. | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: The directors recused themselves where they are a stakeholder. The proposals were passed unanimously by the other directors. |
| The 22th Board meeting of the 16th Board on October 11, 2023/October 18, 2023 | Amendment to the Bank's "Directions for Payment of New Year, Festival, and Performance Bonuses". | Resolution results of the Remuneration Committee: With the approval of all members present, please supplement with information on the number of months of bonuses given by peer banks, and conduct simulated calculations based on data from recent years, and submit for Board review. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance after revision. |
| The 24th Board meeting of the 16th Board on December 6, 2023/December 13, 2023 | To support the government's policy to raise wages and to boost employee morale, the Bank plans to increase the salary levels of its employees by 4% on January 1, 2024. | Resolution results of the Remuneration Committee: With the approval of all members present, please supplement with a comparison table of peer salaries and promotion differentials and submit for Board review. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| | To support the government's policy to raise wages and to boost employee morale, the Bank plans to raise average pay increase for securities personnel to 4% and amend Article 6 of the Guidelines for Recruitment and Management of Securities Dealer Employees and the Pay Grade Tables 1 to 3. The changes took effect on January 1, 2024. | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| | Amendment to the Bank's "Direction for Employees' Retirement, Consolation Payment, and Discharge with Severance Payment". | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| | Amendment to the Bank's "Directions for Payment of Remuneration to Employees". | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |
| | To implement the government's "Income Tax System Optimization Measures for Benefiting People", it is planned to adjust the meal allowance to NT\$3,000, effective from January 1, 2024. | Resolution results of the Remuneration Committee: Passed, and submitted to the Board for consideration. TBB's response regarding the Remuneration Committee's opinions: Resolution passed by all Directors in attendance as proposed. |

(8) Implementation of Sustainable Development, and Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and the cause of the said gaps

| Assessed Items | State of Implementation | | Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------------|-------|---|------|------|------|------|--|----|----|----|--|---|---|-----|------------------------------|----|----|-----|---|-------|-------|-------|------------------------------|-------|-------|--------|
| | Yes | No | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Does the Bank establish a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, and does the Board of Directors delegate the senior management to handle the matter and supervise the implementation? | ✓ | | <p>Summary</p> <p>1. The Bank established a functional committee, the Sustainable Development Committee (previously the CSR Committee), in 2018 to be responsible for promoting sustainable development of the Bank. Chaired by the Chair of the bank, the Committee currently consists of 5 members with the President as an ex-officio member and the other three being independent directors of the Bank. The Committee is responsible for reviewing mid- and long-term sustainability strategies and annual targets, reviewing sustainability action plans, monitoring and reviewing results of mid- and long-term sustainability strategies, annual targets, and action plans, reviewing the standards for preparation of sustainability reports, and reviewing other sustainability related matters.</p> <p>2. The Sustainable Development Committee convened 4 times in 2023. Please refer to "(3) Sustainable Development Committee Activities" under "3. Operations of Corporate Governance" of this Chapter (page 42) for the composition, responsibilities, operation, and agendas of the Sustainable Development Committee.</p> <p>3. There are currently 6 subordinated units under the Sustainable Development Committee which include Corporate Governance, Customer Rights, Sustainable Finance, Sustainable Environment, Social Benefit, and Employee Care. The subordinated units are formed by various units at the head office and responsible for performing sustainability related tasks. Team meetings are held regularly, and implementation results of mid- and long-term sustainability strategies and stakeholder communication are reported to the Sustainable Development Committee as well as the Board of Directors.</p> <p>4. The Board of Directors oversees implementation of sustainable development at the Bank. Starting with the banking business, the Board furthers a healthy and sustainable approach to top-down business management on an ongoing basis in order to achieve annual sustainability targets. The aforementioned stakeholder communication, and mid- to long-term sustainability strategies implementation results were all reported to the Board of Directors on March 15, 2023 for review.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Does the Bank conduct risk assessments on environmental, social and corporate governance issues related to the Bank's operations based on the principle of materiality, and formulate relevant risk management policies or strategies? | ✓ | | <p>Summary</p> <p>1. Risk assessments cover business activities and services of TBB and all its subsidiaries. The disclosed information includes sustainability performance of the Bank from January to December in 2023. Please refer to page 343 of the annual report for the scope of impact on the value chain.</p> <p>2. The Bank refers to the principles of the GRI Standards, gathers issues of concern through stakeholder questionnaire surveys, and identifies the material environmental, social and corporate governance topics related to the Bank's operations and concerned by the stakeholders. In addition, the Bank conducts relevant risk assessments corresponding to GRI material topics, and formulates relevant risk management policies. Please refer to page 342 of the annual report (Material Topics).</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Environmental aspects | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) Does the bank establish proper environmental management systems based on the characteristics of its industries? | ✓ | | <p>Summary</p> <p>1. The Sustainable Environment Unit under the Sustainable Development Committee is responsible for promoting environmental sustainable development, energy conservation and carbon reduction, green procurement and supplier management, etc., and periodically convenes meetings discussing sustainability issues every quarter.</p> <p>2. The head office building and Chongnan Building adopted the ISO50001 energy management system and passed SGS certification; certification date: November 24, 2023, and expiration date: December 28, 2024.</p> <p>3. The head office building adopted the ISO14001 energy management system and passed SGS certification; certification date: October 13, 2023, and expiration date: November 5, 2024.</p> <p>4. The Bank performs ISO14064-1 greenhouse gas inventory every year, in which the scope includes domestic and foreign business locations and is aligned with disclosure in the financial statement. The Bank also passed SGS certification; certification date: 2024/04/25.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Does the bank endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment? | ✓ | | <p>Summary</p> <p>1. The Bank works to increase efficiency in energy use. In 2023, the old air conditioning systems in Chung Min, Tai Ping, Jen Ai, Jen Ta and Feng Shan Branch were replaced.</p> <p>2. To answer the call for green office, the Bank signed the Letter of Intent for Green Procurement of Private Businesses and Organizations, in which it undertakes to prioritize the use of products that bear eco-friendly and green construction material certification. This is to implement green living in our office spaces. As a result, the Bank was recognized by the Ministry of Environment as the outstanding organization in green procurement promoted by private businesses and organizations in 2022.</p> <p>3. To proactively answer the call for use of renewable energy, the Bank performed inventory on office buildings owned and installed solar power equipment. Apart from blocking the sunlight to lower temperature, the power generated is prioritized for use in branches. At present, four branches of the Bank, including Ming Hsiung, Tainan, Hsing Chung and Shiuie Chia, are self-sufficient in power use. The installed capacity reached 119.125 kW and the estimated annual power generation is approximately 147,000 kWh/year. In the coming future, the Bank will continue to add more self-sufficient solar powered branches to increase the use of renewable energy.</p> <p>4. The green energy procured in 2023 amounted to 556,000 kWh/year. The expected procurement will amount to 2,266,000 kWh/year for 2024, and 2,334,000 kWh/year for 2025. In the future, depending on the achievement of SBTi targets, the Bank will adopt rolling adjustment in green electricity procurement.</p> <p>Yearly renewable energy use and carbon reduction amount:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Self-sufficient solar power generated (in thousand kWh/year)</td> <td>58</td> <td>82</td> <td>78</td> </tr> <tr> <td>Green electricity wheeled (in thousand kWh/year)</td> <td>-</td> <td>-</td> <td>556</td> </tr> <tr> <td>Total (in thousand kWh/year)</td> <td>58</td> <td>82</td> <td>634</td> </tr> <tr> <td>Electricity emission factor (kg CO2e/ kWh/year)</td> <td>0.502</td> <td>0.509</td> <td>0.495</td> </tr> <tr> <td>Carbon reduction (tons CO2e)</td> <td>29.12</td> <td>41.74</td> <td>313.83</td> </tr> </tbody> </table> | Year | 2021 | 2022 | 2023 | Self-sufficient solar power generated (in thousand kWh/year) | 58 | 82 | 78 | Green electricity wheeled (in thousand kWh/year) | - | - | 556 | Total (in thousand kWh/year) | 58 | 82 | 634 | Electricity emission factor (kg CO2e/ kWh/year) | 0.502 | 0.509 | 0.495 | Carbon reduction (tons CO2e) | 29.12 | 41.74 | 313.83 |
| Year | 2021 | 2022 | 2023 | | | | | | | | | | | | | | | | | | | | | | | | |
| Self-sufficient solar power generated (in thousand kWh/year) | 58 | 82 | 78 | | | | | | | | | | | | | | | | | | | | | | | | |
| Green electricity wheeled (in thousand kWh/year) | - | - | 556 | | | | | | | | | | | | | | | | | | | | | | | | |
| Total (in thousand kWh/year) | 58 | 82 | 634 | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity emission factor (kg CO2e/ kWh/year) | 0.502 | 0.509 | 0.495 | | | | | | | | | | | | | | | | | | | | | | | | |
| Carbon reduction (tons CO2e) | 29.12 | 41.74 | 313.83 | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Does the bank evaluate potential current and future risks and opportunities regarding climate change on the corporate and adopt corresponding measures for aspects related to climate? | ✓ | | <p>Summary</p> <p>The Bank regularly performs identification of climate-related risks and opportunities every year, and based on the ranking of materiality, devises adaptive measures and business promotion plans in response to major climate-related risks and opportunities of the year, while weighing the financial influence. Please refer to 3. Climate-related Financial Disclosures in IX. Sustainable Development Report of the annual report for more information.</p> | | | | | | | | | | | | | | | | | | | | | | | | |



| Assessed items | State of Implementation | | | Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|---|---|------|------|--------------------|--|--|---------|-----------|------------|---------|------------|-------------|---------|-----------|------------|---------------------------------|-------------|-------------|------------------------------|-------|-------|------|------|------|---|---------|---------|-------|--|--|---------------------|------|------|--------|
| | Yes | No | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Does the bank prepare statistics for the greenhouse gas emissions, water usage, and total weight of wastes for the past two years and establish policies for energy-saving and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management? | ✓ | | <p>1. Since 2018, the Bank has started performing ISO14064-1 greenhouse gas inventory and obtained third party certification. At earlier stages, inventory was performed on the head office buildings. In order to monitor carbon emission of the whole bank, starting from 2022, the scope of inventory covers all domestic locations, foreign branches and subsidiaries, which is aligned with disclosure in the financial statement, and passed the inspection of SGS Taiwan. The greenhouse gas emissions for recent years are as follows:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope of inventory</td> <td>Domestic and foreign business locations, subsidiaries and sub-subsidiaries</td> <td>Domestic and foreign business locations, subsidiaries and sub-subsidiaries</td> </tr> <tr> <td>Scope 1</td> <td>1173.5928</td> <td>1,155.2012</td> </tr> <tr> <td>Scope 2</td> <td>11050.7653</td> <td>10,428.8174</td> </tr> <tr> <td>Scope 3</td> <td>2,592.099</td> <td>2,918.2215</td> </tr> <tr> <td>Total GHG emissions (tons CO2e)</td> <td>14,816.4571</td> <td>14,502.2401</td> </tr> <tr> <td>Intensity (tons CO2e/NT\$mn)</td> <td>0.519</td> <td>0.454</td> </tr> </tbody> </table> <p>2. The water consumption of the Bank is mainly domestic consumption. The water conservation targets use 2022 as the baseline year, i.e., saving 0.5% water each year, and at least 3% in total in 2030. The Bank will set as its priority to purchase products bearing water-conserving certificate, e.g., dual flush toilets, inductor-type faucets and urinals. By implementing source procurement management, we respond to green office initiatives. Coupled with promotion of water-saving tips, the Bank puts water conservation into real actions. The total water consumption of the Bank amounted to 163,207 meter cubed in 2023, down 2.9% compared with 2022. Water management for recent years and total water consumption for the past two years:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Total water consumption (per meter cubed)</td> <td>168,150</td> <td>163,207</td> </tr> <tr> <td>Scope</td> <td>Domestic and foreign business locations, subsidiaries and sub-subsidiaries</td> <td>Domestic and foreign business locations, subsidiaries and sub-subsidiaries</td> </tr> <tr> <td>Scope in percentage</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>3. To implement waste management, the Bank uses 2023 as the baseline year, where waste is set to be reduced 0.5% each year, and 3.5% in total in 2030. The entire bank will perform waste sorting into general waste, food waste, paper, plastics, scrap metal/aluminum, glass, and batteries and light bulbs.</p> | Year | 2022 | 2023 | Scope of inventory | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Scope 1 | 1173.5928 | 1,155.2012 | Scope 2 | 11050.7653 | 10,428.8174 | Scope 3 | 2,592.099 | 2,918.2215 | Total GHG emissions (tons CO2e) | 14,816.4571 | 14,502.2401 | Intensity (tons CO2e/NT\$mn) | 0.519 | 0.454 | Year | 2022 | 2023 | Total water consumption (per meter cubed) | 168,150 | 163,207 | Scope | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Scope in percentage | 100% | 100% | No gap |
| Year | 2022 | 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope of inventory | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 1 | 1173.5928 | 1,155.2012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 2 | 11050.7653 | 10,428.8174 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 3 | 2,592.099 | 2,918.2215 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total GHG emissions (tons CO2e) | 14,816.4571 | 14,502.2401 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Intensity (tons CO2e/NT\$mn) | 0.519 | 0.454 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | 2022 | 2023 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total water consumption (per meter cubed) | 168,150 | 163,207 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope in percentage | 100% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Social aspects | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) Does the bank develop its policies and procedures in accordance with laws and the International Bill of Human Rights? | ✓ | | <p>1. The Bank has disclosed the "Human Rights Policy of Taiwan Business Bank" and specific management plans on its official website. The Policy applies to employees in all business locations to ensure that the Bank's employees are treated equally regardless of gender, race, age, marital and family status, and that equal remuneration, employment conditions, training, and promotion opportunities are implemented, so as to protect the legitimate rights and interests of employees. In accordance with the characteristics of the financial industry and operational development strategies, the Bank emphasizes human rights issues, such as "protecting workplace human rights," "providing a safe working environment," "supporting freedom of association and collective bargaining right," and "protecting personal information and cyber security," and implements measures to protect the basic human rights of all employees, customers, and stakeholders to fulfill its corporate social responsibility.</p> <p>2. The Bank examines its own operations, value chains, new business activities (such as mergers and joint ventures), and other related activities every year through methods such as paying attention to major social issues, data monitoring, and surveys, in order to identify and evaluate groups facing risks and potential human rights risks. The Bank then develops human rights issue control plans based on these potential risks, and continuously monitors and improves the results of plan implementation. The Bank also discloses its specific management plans for the annual human rights management policy in the Bank's Sustainability Report and under the section of Sustainability/Society on its official website.</p> | No gap | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Does the bank establish and implement fair employees' welfare measures (including remuneration, vacation, and other benefits) and reflect the operating performance or results on employees' remuneration? | ✓ | | <p>1. The Bank provides various employee welfare measures, including education, training, leave, retirement system, and others. Please refer to page 99 of this annual report for details.</p> <p>2. The Bank observes workplace diversity and equality and provides female and male employees with equal remuneration conditions and promotion opportunities. For sustainability and inclusion oriented economic growth, the Bank also consistently has more than 40% of the management positions occupied by female employees. On average, 56.02% of employees, 46.21% of managers and 43.62% of senior managers were females in 2023.</p> <p>3. To attract and retain outstanding financial talents and to share the operational results with employees, the Bank stipulates in its Articles of Association that if there is a profit in the current year, except for reserving an amount to offset the accumulated losses from previous years, 1% to 6% of the remaining profit shall be allocated as the remuneration for employees. In 2023, the employee remuneration amount was NT\$723,563 thousand. In addition, the Bank has established the "Directions for Salary Payment to Employees," "Directions for Payment of New Year, Festival, and Performance Bonuses," and "Directions for Payment of Remuneration to Employees" as part of its remuneration policy. By integrating the performance of individuals, units, and the entire Bank, and after making an evaluation based on the Bank's "Directions for Employee Audit," "Directions for Performance Audit," and "Directions for Administrative Incentives for Performance Audit," the Bank provides a reasonable and competitive remuneration system, which includes bonuses linked to the Bank's financial performance indicators, such as pre-tax net profit achievement rate, return on assets, return on equity, NPL ratio, and coverage ratio, as well as individual performance evaluation results. In addition, the Bank uses the employee year-end performance evaluation results as a criteria for salary increase. In addition to the above directions, the remuneration policy for managers also refers to the general standard within the industry, and the Bank proposes the remuneration arrangements for managers and related performance evaluation every year at the Remuneration Committee meetings, and reports to the Board of Directors for review.</p> | No gap | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Assessed Items | State of Implementation | | | Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps |
|---|-------------------------|----|--|---|
| | Yes | No | Summary | |
| (3) Does the bank provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis? | ✓ | | <p>1. The Bank has established its occupational safety and health policy, regulations, codes, and management manuals in accordance with the relevant provisions of the Occupational Safety and Health Act. The Bank promotes the implementation of occupational safety and health management systems, complies with relevant laws and requirements on occupational safety, and provides employees with a safe and healthy working environment. All units shall work together to prevent and eliminate hazards, and reduce risks related to occupational safety and health. The Bank is committed to continuous improvement to ensure sustainable operations and has made this an important business audit item.</p> <p>2. The Bank has implemented the "ISO 45001 Occupational Safety and Health Management System" at the head office building since April 8, 2022. Occupational safety and health managers of various departments at the head office building were provided with 4 months of educational training, with relevant contents solicited for opinions from departmental representatives at the head office building. The Bank has also established the occupational safety and health management manual and policy. During the implementation period, in addition to identifying occupational safety and health regulations and complying with relevant audits, consultants were engaged to conduct on-site inspections at the head office building and relevant departments were requested to make improvements based on the inspection results. The Bank also considered organizational background environment, internal and external issues, conducted hazard identification and risk assessment, established target plans, provided internal audit training, and performed management review, etc. On July 29 and August 11, 2022, the Bank passed the external audit of the 1st and 2nd stage system verification by BSI, the British Standards Institution, and had relevant departments complete the improvement matters recommended in the audit report, with the occupational safety and health policy committed and signed by the Bank's President. On August 23, 2022, the Bank has received the "ISO 45001 Occupational Safety and Health Management System" certificate, which covers all units of the Bank, and the verification target includes all employees and contractors at the head office building. The Bank passed the review again on July 20, 2023.</p> <p>3. The Bank provides regular health inspections every 1 to 2 years and 1 hour occupational safety training for on-the-job employees every year, respectively. The Bank also engaged visiting service doctors, recruited regular nursing personnel, and established a health service and stress-free activity center and breastfeeding room to care for the employees' health and address the importance of health. In 2023, there were 18 cases of occupational accidents with a total of 18 employees involved, accounting for 0.32% of the total number of employees. The importance of safety has been re-iterated to avoid the recurrence of accidents.</p> <p>4. There was no fire incident in the Bank in 2023. Fire prevention and response measures are as follows: (1) In accordance with the fire regulations, the Bank's business premises shall conduct fire protection equipment inspection once a year, and individual locations shall conduct fire drills or disaster prevention and evacuation advocacy courses once every 6 months or once a year in accordance with relevant regulations. The Bank has established occupational safety and health automatic inspection plan, and conducts regular inspections of fire evacuation facilities in each location every month. (2) Each unit has set up fire prevention managers in accordance with laws, and they have possessed relevant certificates and received relevant training. In 2023, a total of 108 people were trained for 852 hours.</p> | No gap |
| (4) Does the bank implement an effective training program that helps employees develop skills over the course of their career? | ✓ | | <p>1. The Bank established the annual employee training plan according to different job functions and experiences of employees and provides comprehensive programs including general knowledge courses for new employees, business fundamentals courses, advanced courses, workshops, trainings for managers and various seminars. The Bank also assigns relevant personnel to participate in professional training programs organized by external institutions or engage external non-professional lecturers to provide lessons, cultivating the professional skills and knowledge of our employees, exerting the effect of training-application integration, so as to improve the career development potentials for our employees.</p> <p>2. In 2023, a total of 414 courses were offered (including 27 business fundamentals courses, 352 (advanced) business workshops, 8 courses for managers, and 27 seminars/explanatory sessions, with a total of 28,818 trainees. On average, each employee received training approximately 5.2 times per year. The effectiveness of various business fundamentals course training was tracked, with an average training effectiveness rate of 98.75% in 2023.</p> | No gap |
| (5) Regarding customers' health and safety, customer privacy, marketing, and labeling of products and services, does the bank comply with relevant regulations and international standards and establish relevant policies and complaint procedures to protect customers' rights? | ✓ | | <p>Regarding customers' health and safety, customer privacy, marketing, and labeling of products and services, the Bank has complied with relevant regulations and international standards, and also established the following internal rules: (1) To maintain the safety of consumers' personal data, the Bank has established the "Personal Data Management Policy," "Precautions for Personal Data and Equipment Security Management," "Personal Data File Security Maintenance Plan and Handling of Personal Data after Termination of Businesses," "Operating Procedures for Personal Data Security Incident Response, Notification and Prevention," "Operating Procedures for Personal Data Collection, Processing, Utilization and Management," and "Measurement Indicators for Personal Data Management System," in accordance with the "Non-Governmental Organization Personal Data File Security Maintenance Measures Designated by the Financial Supervisory Commission" and relevant personal data protection laws and regulations, so as to implement appropriate management mechanisms for personal data protection. (2) For the financial products or services provided by the Bank, the Bank has established the "Treat Client Fairly Policies," "Treat Client Fairly Strategies," "Consumer Protection Policy" and "Consumer Protection Operating Procedures" in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," "Principle for Financial Service Industries to Treat Clients Fairly," "Financial Consumer Protection Act," and other relevant laws and regulations, so as to ensure that the design, advertising, sales, contract fulfillment, service consulting, and customer complaint handling processes take into account our customers, such as whether the features of the products or services are suitable for customers and whether the sales process is designed to meet customer needs, to achieve the goal of fair and reasonable treatment of customers. (3) To enhance the efficiency and quality of consumer dispute resolution, the Bank has established the "Consumer Disputes Handling System" and "Directions for the Processing of Customer Complaints" to regulate the handling procedures and timeliness for consumer disputes or complaints, in order to implement operational risk control and protect the rights and interests of consumers.</p> | No gap |



| Assessed items | State of Implementation | | Gaps with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps |
|---|-------------------------|----|---|
| | Yes | No | |
| (6) Does the bank establish policies for supplier management, requiring suppliers to comply with relevant regulations regarding aspects of environment protection, occupational safety and hygiene, or labor rights and monitor the implementations? | ✓ | | No gap |
| 5. Does the bank refer to report preparation standards or guidelines commonly used internationally to prepare reports that disclose non-financial information of the bank, such as CSR reports? Has the abovementioned report received the confirmation or assurance opinion of any third-party certification department? | ✓ | | No gap |

6. Regarding banks that established its "Sustainable Development Best Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," please specify the gaps between its operations and the provisions in the Principles: The Bank established its "Sustainable Development Best Practice Principles" according to "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" to promote the performance of Sustainable Development, and no such gap exists.

7. Other important information contributes to understanding the operations of Sustainable Development: Please refer to IX. Sustainable Development Report (page 340), and the Bank's 2023 Sustainability Report.

(9) Climate-related information that should be disclosed by the Bank

| Item | Implementation |
|---|--|
| 1. Describe oversight and governance of climate-related risks and opportunities performed by the Board of Directors and management. | 1. The Board of Directors of Taiwan Business Bank holds the highest governance authority for climate issues, in which it is responsible for decision making and supervision for the strategies related to climate change mitigation and adaption 2. The roles of senior management in relation to climate change issues are as follows: (1) Sustainable Development Committee: Supervise the implementation of climate-risk strategies. (2) Risk Management Committee: Provide guidance and supervise the execution of duties of each department pertaining to the response strategies, benchmarks and targets for climate change risks approved by the Board of Directors. |
| 2. Describe how identified climate-related risks and opportunities affect the company's business, strategies and financing (short-, medium-, and long-term). | Every year, the Bank will regularly perform identification of climate-related risks and opportunities. For major risks and opportunities identified (including extreme weather events and transition activities), response and mitigation measures will be further formulated taking into account the financial impact (benefits) on the Bank. These measures serve as important reference for the short-, medium- and long-term development strategies and financial planning of the Bank. Please refer to 3. Climate-related Financial Disclosures in IX. Sustainable Development Report of the annual report for more information. |
| 3. Describe the impact of extreme weather events and transition activities on finance. | |
| 4. Describe how the processes of identifying, assessing, and managing climate-related risks are integrated into the overall risk management system. | The Bank formulated the "Taiwan Business Bank Climate Risk Management Guidelines" and the "Taiwan Business Bank Operating Procedures for Climate Risk Management" to delineate the climate risk identification, assessment, and management processes. Furthermore, by referencing the three lines of defense of internal control, the Bank established the "Three Lines of Defense for Climate Risk Management" so as to incorporate climate-related risk into routine operational management. |
| 5. If scenario analysis is used to assess resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be described in detail. | For climate change scenario analysis of the Bank, please refer to 3. Climate-related Financial Disclosures in IX. Sustainable Development Report of the annual report. |
| 6. For any transition plan in place to facilitate management of climate-related risks, provide details of the plan and the benchmarks and targets used to manage physical risks and transition risks. | For all major climate-related risks and opportunities identified, the Bank has formulated response and mitigation measures, as well as the corresponding benchmarks and targets, to facilitate follow-up and control. |
| 7. For any internal carbon pricing used as a planning tool, provide details of the pricing basis. | The Bank's top two electricity consumption items, air conditioning and lighting equipment, serve as the prioritized items adopted for internal carbon pricing. In response to Taiwan's "Pathway to Net-Zero Emissions in 2050", and complying with the "Climate Change Response Act", the Bank calculated the implicit costs of operational carbon emissions using shadow pricing, and setting the internal carbon price at NT\$300/tonne CO2e. In the procurement process, by taking into consideration carbon reduction of equipment computed using the internal carbon prices, the Bank performs the benefit analysis of equipment replacement, and calculates the payback period of equipment investment. All of which are aimed to optimize the procurement process and make the purchase of eco-friendly products a priority via this mechanism. |

| Item | Implementation | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|---|--|---|--|--------|----------|----------|----------|----------|------------|--------|-----------|-----------|-----------|-----------|-------------|--------------------------------|-----------|-----------|-----------|-----------|-------------|
| 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. For any targets to be met by use of carbon offset or renewable energy certificates (RECs), provide details of the sources and quantities of carbon offsets and quantity of RECs. | Targets related to climate change: In conjunction with the targets of Taiwan's Pathway to Net-Zero Emissions in 2050, the Bank submitted the STBi carbon reduction targets in 2023, with 2020 serving as the baseline year. Scope 1 and scope 2 GHG emissions will be reduced by 4.2% yearly and 42% in total in 2030. The Bank adopts the absolute reduction method, for example, if the yearly carbon reduction target is not met, the Bank will purchase RECs for green energy and use self-sufficient solar power to make up for the shortfall. The inventory covers domestic and foreign business locations, subsidiaries and sub-subsidiaries, which is aligned with disclosure in the financial statement. SBTi carbon reduction pathway goals and achievements | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>SBTi carbon reduction pathways</th> <th>2020 (Baseline year) (Note)</th> <th>2021 (Cumulative carbon reduction of 4.2%)</th> <th>2022 (Cumulative carbon reduction of 8.4%)</th> <th>2023 (Cumulative carbon reduction of 12.6%)</th> <th>Progress in 2023 (Cumulative carbon reduction of 18.44%)</th> </tr> </thead> <tbody> <tr> <td>Scope1</td> <td>1,179.73</td> <td>1,130.18</td> <td>1,080.63</td> <td>1,031.09</td> <td>1,155.2012</td> </tr> <tr> <td>Scope2</td> <td>13,023.85</td> <td>12,476.84</td> <td>11,929.84</td> <td>11,382.84</td> <td>10,428.8174</td> </tr> <tr> <td>Scope 1 and Scope +2 emissions</td> <td>14,203.58</td> <td>13,607.03</td> <td>13,010.48</td> <td>12,413.93</td> <td>11,584.0186</td> </tr> </tbody> </table> <p>In 2023, the number of RECs for self-sufficient solar power and green electricity wheeling amounted to 634 pieces.</p> | SBTi carbon reduction pathways | 2020 (Baseline year) (Note) | 2021 (Cumulative carbon reduction of 4.2%) | 2022 (Cumulative carbon reduction of 8.4%) | 2023 (Cumulative carbon reduction of 12.6%) | Progress in 2023 (Cumulative carbon reduction of 18.44%) | Scope1 | 1,179.73 | 1,130.18 | 1,080.63 | 1,031.09 | 1,155.2012 | Scope2 | 13,023.85 | 12,476.84 | 11,929.84 | 11,382.84 | 10,428.8174 | Scope 1 and Scope +2 emissions | 14,203.58 | 13,607.03 | 13,010.48 | 12,413.93 | 11,584.0186 |
| SBTi carbon reduction pathways | 2020 (Baseline year) (Note) | 2021 (Cumulative carbon reduction of 4.2%) | 2022 (Cumulative carbon reduction of 8.4%) | 2023 (Cumulative carbon reduction of 12.6%) | Progress in 2023 (Cumulative carbon reduction of 18.44%) | | | | | | | | | | | | | | | | | | | | |
| Scope1 | 1,179.73 | 1,130.18 | 1,080.63 | 1,031.09 | 1,155.2012 | | | | | | | | | | | | | | | | | | | | |
| Scope2 | 13,023.85 | 12,476.84 | 11,929.84 | 11,382.84 | 10,428.8174 | | | | | | | | | | | | | | | | | | | | |
| Scope 1 and Scope +2 emissions | 14,203.58 | 13,607.03 | 13,010.48 | 12,413.93 | 11,584.0186 | | | | | | | | | | | | | | | | | | | | |

9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.

1-1 GHG inventory and assurance in last two years

1-1-1 GHG inventory information: GHG emissions in last 2 years, intensity, and scope of data

| Year | 2022 | 2023 (to be confirmed) |
|---|--|--|
| Scope of inventory | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | Domestic and foreign business locations, subsidiaries and sub-subsidiaries |
| Scope 1 | 1173.5928 | 1,155.2012 |
| Scope 2 | 11050.7653 | 10,428.8174 |
| Scope 3 | 2,592.099 | 2,918.2215 |
| Total GHG emissions (tons CO2e) | 14,816.4571 | 14,502.2401 |
| Intensity (tons CO2e/NT\$m of net income) | 0.519 | 0.454 |

1-1-2 GHG assurance information

| Scope of assurance | 2022 | | | 2023 | | | |
|--|------------------|---|--|--|------------------|--|---|
| | Assurance agency | Standard of assurance | Opinion of assurance (Certification date: 2023/05/30) | Scope of assurance | Assurance agency | Standard of assurance | Opinion of assurance (Certificate date: 2024/04/25) |
| Domestic and foreign business locations, subsidiaries and sub-subsidiaries | SGS Taiwan | ISO 14064-1:2018 GHG - part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. | In accordance with its role and responsibilities, SGS hereby declares that its greenhouse gas claims are substantial, correct, and fairly presents greenhouse gas data and information, and prepares and implements greenhouse gas quantification, monitoring and reporting of greenhouse gases in accordance with ISO 14064-1:2018. This inspection statement will be regarded as the inspection results explaining Taiwan Business Bank's greenhouse gas claims. | Domestic and foreign business locations, subsidiaries and sub-subsidiaries | SGS Taiwan | ISO 14064-1:2018 GHG - part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals | Based on the following conditions, SGS proposes a revised and unqualified inspection opinion. 1. The inspector has sufficient and appropriate evidence to support the actual discharge, removal or storage. 2. The verifier adopts appropriate criteria for actual emissions, removals or storage. 3. When the examiner intends to rely on relevant controls, the effectiveness of the controls has been assessed. 4. The inspector adopted the ISO14064-1:2018 standard and found the following items after inspection. However, after adjustments and corrections, no substantial errors occurred. Some activity data filling errors and coefficient quotation errors have been corrected to conform to current situation. 5. Retention restrictions: None. |

1-2 GHG reduction targets, strategies, and action plans

(1) Reduction targets: With 2020 serving as the baseline year, scope 1 and scope 2 GHG emissions will be reduced by 4.2% yearly and 42% in total in 2030. The Bank adopts the absolute reduction method. The scope 1 and 2 emissions for 2020 amounted to 14,203.58 tons CO2e. The targeted cumulative carbon reduction for 2023 amounted to 12.6% or 12,413.93 tons CO2e. The actual cumulative carbon reduction for 2023 amounted to 11,584.0186 tons CO2e, for which the reduction target amounted to 18.44%. The SBTi reduction target roadmap is as follows:

| Year | 2020 (Baseline year) | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|
| Scope 1 metric tons/CO2e | 1,179.73 | 1,130.18 | 1,080.63 | 1,031.09 | 981.54 | 931.99 |
| Scope 2 metric tons/CO2e | 13,023.85 | 12,476.84 | 11,929.84 | 11,382.84 | 10,835.84 | 10,288.54 |
| Scope 1 + 2 metric tons/CO2e | 14,203.58 ¹ | 13,607.03 | 13,010.48 | 12,413.93 | 11,817.38 | 11,220.83 |

(2) Strategies and action plans

| Strategy | Action plans |
|--------------------------------|--|
| Carbon reduction for operation | <ul style="list-style-type: none"> Replace old ice water machines and air-conditioning units each year. Establish switches for different areas. Hold electricity conservation competitions for branches. Raise awareness of employee behavior. |
| Expand renewable energy use. | <ul style="list-style-type: none"> Install self-sufficient solar power generation system. Procure and wheel green electricity. Evaluate purchase of RECs. |

Note: Data of 2020 was calculated based on the GHG Protocol using a simplified data collection table: Activity data * Emission factors



(10) Implementation of Ethical Corporate Management, and Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps

| Assessed Items | State of Implementation | | Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps |
|--|-------------------------------------|--|--|
| | Yes | No | |
| <p>1. Establishment of Ethical Corporate Management Policies and Measures</p> <p>(1) Has the bank established the ethical corporate management policies that were approved by the Board and stated in its Memorandum and external correspondence about the policies and practices it has to maintain business integrity? Are the Board and the management committed to fulfilling this commitment?</p> <p>(2) Does the bank have an evaluation system for the risk of unethical conduct to regularly analyze and evaluate operating activities with a higher probability of dishonest conduct within its scope of operations, so as to establish the program for preventing dishonest conduct, and such program includes prevention measures listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM- Listed Companies"?</p> <p>(3) Does the bank have any measures against unethical conduct? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions, and complaint systems? Does the bank implement such measures and regularly review and amend the abovementioned measures?</p> | <p>✓</p> <p>✓</p> <p>✓</p> | <p>1. The Banks has established the Ethical Corporate Management Best Practice Principles for Taiwan Business Bank, which was passed by the Board, and the last revision date is December 14, 2022. The content of the principles clearly states the Bank's policy of ethical corporate management, and is disclosed on the Bank's website and the Market Observation Post System (MOPS).</p> <p>2. The above-mentioned principles clearly stipulates that business activities shall be conducted in the principle of fairness, honesty, integrity, and transparency and that the Bank's personnel shall not directly or indirectly offer, accept, promise, or demand any illegitimate benefits in the performance of duties, while specifying the ethical management policy, including respect for intellectual property rights, prohibition of insider trading, and whistleblowing of unethical conduct. The principles apply to the Bank's subsidiaries and other institutions or juridical persons with substantive control over the Bank.</p> <p>3. To shape a top-down culture of ethical corporate management, on December 13, 2023, directors and key managers received training courses on the "Financial Inclusivity, Rights of Persons with Disabilities Convention," and "Trends in Treating Clients Fairly and Anti-Money Laundering", with an attendance rate of 100%. Additionally, in 2023, the Bank's directors and key managers all signed the Statement of Compliance with the Ethical Management Policy, with a signing rate of 100%.</p> <p>1. On December 25, 2023, an assessment of potential unethical conduct risks within the Bank's scope of business was taken. Preventive measures were installed against the conduct under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies (offering or taking of bribes, making illegal political donations, inadequate sponsorship or charity donations, providing or receiving improper gifts, treatments, or other unjustified benefits, and infringing on trade secret, trademark, patent, or intellectual property rights, etc.).</p> <p>2. On December 26, 2023, the assessment result of potential unethical conduct risks was provided to the Auditing Department, Risk Management Department, and the Compliance Department for reference. The result was also implemented into the risk and control self assessment (RCSA) and the compliance risk assessment (CRA) and used to draft audit plans, so as to strengthen the three lines of defense mechanism for internal controls within the Bank, and prevent unethical conduct.</p> <p>1. For the inherent risk of unethical conduct that may occur within the Bank's business scope, the Bank has mitigated the inherent risk by reviewing internal operational procedures and devising preventive measures..</p> <p>2. For any unethical conduct by an employee that is found true after investigation, the case shall be submitted to the Personnel Evaluation Committee according to the punishment provisions of the Working Rules. The involving party for the punishment may reply in writing, or attend the meeting for inquiries where the Personnel Evaluation Committee has any doubt.</p> | <p>No gap</p> <p>No gap</p> <p>No gap</p> |
| <p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the bank evaluate the integrity of all counterparties with which it has business relationships? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(2) Does the Bank establish a dedicated unit under the Board to promote ethical corporate management and regularly (at least once a year) report its ethical corporate management policies, measures to prevent unethical conduct, and the supervision of implementation to the Board?</p> <p>(3) Does the bank establish policies to prevent conflicts of interest, provide appropriate reporting channels, and ensure implementation?</p> <p>(4) Has the bank established effective accounting systems and internal control systems to implement ethical corporate management? Does the internal audit unit formulate relevant audit plans based on the assessment results of risks of unethical conduct, and use them to audit the compliance with measures for preventing unethical conduct? Alternatively, does the bank engage CPAs to perform audits?</p> | <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> | <p>1. The Bank has conducted a comprehensive review of all external contracts, requiring compliance with the Bank's Ethical Corporate Management Best Practice Principles. It is mandated that when signing commercial contracts with external parties, a thorough understanding of their ethical corporate management status should be ensured. The contract shall include terms of complying with the ethical corporate management of the Bank and shall stipulate that when the counterparty in the transaction engages in un-ethical conduct, the Bank may terminate or cancel the contract at any time. If the counterparty insists on using their standard internal contracts without amendments, it should be explicitly stated during individual procurement cases to uphold the Bank's ethical corporate management policies.</p> <p>2. In 2023, compliance with the aforementioned regulations has been followed.</p> <p>The Bank's Sustainable Development Committee is the dedicated unit for promoting ethical corporate management, which has 6 subordinated units dedicated to Corporate Governance, Sustainable Finance, Customer Rights, Sustainable Environment, Social Benefit, and Employee Care, and is responsible for the promotion of corporate governance matters, including ethical corporate management, anti-corruption, anti-bribery and compliance. The Sustainable Development Committee reports to the Board on a regular basis (once a year) regarding the implementation of ethical corporate management during the previous year. Furthermore, the Secretariat Dept. is responsible for the amendment, interpretation, and consultation services for the Bank's Ethical Corporate Management Best Practice Principles, as well as the report of content for archiving, and other relevant tasks.</p> <p>Regulations for preventing conflicts of interest are established in various internal rules, such as the Ethical Corporate Management Best Practice Principles, Corporate Governance Best Practice Principles, Rules of Procedure for Board Meetings, and Audit Committee Charter, Directions for Loans to Stakeholders, Procedures of Loans to Stakeholders, Code of Conduct for Financial Advisors, Anomaly Report System, Procedures for Acquisition or Disposal of Assets, Directions for Construction Work, Purchase, Customization and Selling of Properties, Directions for Acquisition and Disposal of Premises and Real Estate, Directions for Leasing Real Estate, and Internal Control System for Securities Firms. Besides, the Bank provides appropriate reporting channels and ensures implementation.</p> <p>1. The Bank adopted the accounting system established according to the International Financial Reporting Standards (IFRS) recognized by the FSC for its operations, and regularly checks the appropriateness of the accounting system. Independent directors had 3 separate discussions with CPAs in 2023, thoroughly understanding the effective implementation status of the accounting and internal control systems.</p> <p>2. The assessment results of unethical conduct risks have been incorporated into the audit plans (including the operation of assessing unethical conduct risks, auditing whether employees have engaged in unethical conduct based on the assessment results of various business management units, and the compliance status of preventive measures), and audits have been conducted accordingly.</p> | <p>No gap</p> <p>No gap</p> <p>No gap</p> <p>No gap</p> |

| Assessed Items | State of Implementation | | Gaps with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and the cause of the said gaps |
|--|----------------------------|--|--|
| | Yes | No | |
| <p>(5) Does the Bank organize internal or external training regarding ethical corporate management on a regular basis?</p> | <p>✓</p> | <p>1. The Bank held one online "Legal Compliance Business Seminar" each in the first and second halves of 2023. The course content not only included trends in financial regulations, penalty cases, and common deficiencies, but also promoted the Bank's ethical corporate management principles and the whistleblowing system regarding unethical or illegal behavior, so as to strengthen employees' understanding of the ethics and employee code of conduct relevant to financial practitioners.</p> <p>2. The Bank arranged a business fundamental session to new employees and offered a course on Legal Regulations that Financial Practitioners Should Follow, mainly covering various laws and regulations and integrity education and training. A total of 13 sessions have been held in 2023, with 606 new employees trained. Meanwhile, 5,368 people browsed through and learned Treat Client Fairly related knowledge on the internal e-learning website. The work rules and ethical corporate management best practice principles were added to the online assessment tests for the second half of 2023. The pass rates of the tests were both 99% or higher. The purpose was to reinforce awareness and practice of ethical conduct and ethical management among employees.</p> | <p>No gap</p> |
| <p>3. Implementation of the Bank's whistleblowing System</p> <p>(1) Does the Bank establish a concrete whistleblowing and reward system, and establish convenient reporting channels, as well as assign appropriate dedicated personnel to handle reported cases?</p> <p>(2) Does the Bank establish standard operating procedures for investigating reported matters, measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(3) Does the Bank implement measures to protect whistleblowers from any undue treatment as a result of their whistleblowing?</p> | <p>✓</p> <p>✓</p> <p>✓</p> | <p>1. To establish an ethical and transparent corporate culture, promote healthy operations, and encourage internal and external personnel to proactively report any inappropriate or unlawful behavior of its employees, the Bank established the "Directions for Handling Reported Cases" based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and rewards will be granted in accordance with the Bank's "Code of Conduct."</p> <p>2. The Bank has integrated the whistleblowing channels announced on the Bank's official website and internal staff system, and set up a whistleblowing mailbox and a hotline to handle whistleblowing matters by dedicated people for the Bank's internal and external personnel.</p> <p>The "Directions for Handling Reported Cases" of the Bank has stated the responsible department, SOP for investigation, and execution of related confidentiality system regarding any reported cases. Relevant measures are proceeded in accordance with the prescribed operational procedures.</p> <p>Article 12 under the "Directions for Handling Reported Cases" of the Bank has provided that the Bank shall keep confidential regarding the information about the whistleblower, including the name, age, residence, and identity. Except for otherwise provided by the laws, no third party is allowed to browse or transcribe the information, and the Bank may not carry out dismissal, discharge, demotion, pay-cut regarding the whistleblower, or form damages to the rights that the whistleblower is entitled to according to laws and regulations, contracts, or practices, or other adverse actions. However, where the whistleblower reported untrue facts or set unjustified benefits as targets shall be excluded. Relevant measures are proceeded in accordance with the prescribed operational procedures.</p> | <p>No gap</p> <p>No gap</p> <p>No gap</p> |
| <p>4. Enhanced information disclosure</p> <p>Does the Bank disclose the content and effectiveness of its established Ethical Corporate Management Best Practice Principles on its website and MOPS?</p> | <p>✓</p> | <p>The Bank's "Ethical Corporate Management Best Practice Principles" is disclosed on the Market Observation Post System and its corporate website, and the annual progress in promoting ethical corporate management is also disclosed on its corporate website. (Home > Sustainability > Corporate Integrity).</p> | <p>No gap</p> |
| <p>5. Regarding banks that established its "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please specify the gaps between its operations and the provisions in the Principles: The Bank's "Ethical Corporate Management Best Practice Principles" was modified with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and no such gap exists.</p> | | | |
| <p>6. Other important information contributes to understanding the ethical operations of the Bank (such as the Bank examining and revising its "Ethical Corporate Management Best Practice Principles"): The Bank conducts an annual review and execution of a risk assessment within the scope of business operations for unethical behavior by taking into account the adoption of Risk Control Self-Assessment (RCSA) assessment items, Compliance Risk Assessment (CRA) assessment items, and the formulation of relevant audit plans to prevent unethical behavior.</p> | | | |

(11) Procedures for Handling Material Inside Information:

The Bank reports its information according to the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities," "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with Listed Offshore Exchange Traded Funds," and "Taiwan Business Bank Procedures for External Information Disclosures."

(12) Inquiry for Corporate Governance Principles and relevant rules: Please refer to the Bank's website at [About TBB](#) > [About Us](#) > [Corporate Governance](#) > [Regulation Documents](#) (<https://www.tbb.com.tw/zh-tw/about/intro/governance/internal-policies>).

(13) Other important information contributes to understanding the operations of corporate governance: Please refer to the Bank's website at [About TBB](#) > [About Us](#) > [Corporate Governance](#) (<https://www.tbb.com.tw/zh-tw/about/intro/governance/board>).



(14) Implementation of the Internal Control System

A. Internal control system statement

**Taiwan Business Bank
Internal Control System Statement**

To: Financial Supervisory Commission, R.O.C (Taiwan)

- I. On behalf of Taiwan Business Bank (the "Bank"), we hereby state 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 procedures, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Audit Committee. The Bank has also duly complied with Article 38, Paragraph 5 and Article 38-1 of the aforementioned regulation and the self-disciplinary regulations of information security formulated by The Bankers Association.
- II. With respect to the securities business, evaluation of the effectiveness of the design and implementation of the internal control system has been duly performed 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 agent business, evaluation of the effectiveness of the design and implementation of the internal control system has been duly performed 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 prudent evaluation, except for items listed in the attached schedule, the internal control, legal compliance, and information security were implemented by all departments effectively during the year.
- V. This Statement will be included as an integral part of the Bank's annual report and prospectus, and be disclosed to the public. Any false or fraudulent representations and concealment of information in the content disclosed above shall be subject to legal liabilities prescribed by Article 20, 32, 171, and 174 of the Securities and Exchange Act.
- VI. This Statement was approved by the Board of Directors on March 13, 2024 for declaration hereof.

Chairman : *Pei-Jean Lin*

President : *Chang Chih Chia*

Executive Vice President & Chief Auditor : *Meich Tsung Chu*

Executive Vice President & Chief Compliance Officer : *Hsu, Li-yueh*

Executive Vice President & Chief Information Security Officer : *Luan Jia-Ruey*

**Taiwan Business Bank
Matters of Internal Control to be Enhanced and Improvement Plan**

(Base Date: December 31, 2023)

| Matters to be Enhanced | Improvement Measures | Scheduled Time for Completion of Improvement |
|--|---|--|
| An employee at the Banking Dept. embezzled the processing fee from the managing bank of the Bank's Relief Project Loan Program, resulting in corrective action requirements imposed by the Financial Supervisory Commission ("FSC"). | I. Improved account management: <ol style="list-style-type: none"> i. All new project loans which provide interest subsidies or commission fees will be processed in a single project account management approach. ii. Assigned dedicated personnel to verify the correctness of account balance regularly. II. Transfer process management: <ol style="list-style-type: none"> i. Funds will be processed by ACH transfer to reduce the risk of human operations. ii. Notifications for the transfer operation instructions will be sent by official documents before (or on) the transfer date. The transfer vouchers will be issued by the business management department instead. iii. After each transfer operation is completed, the outgoing/incoming payment records of the account will be checked to ensure the normality and the account balance will be confirmed before the case can be signed off. | Completed according to the improvement measures. |
| Taiwan Stock Exchange Corporation conducted an examination on San Ming Securities Broker Branch Office and found the following violations. The Bank was advised to improve the implementation of internal control system and was imposed a penalty of NT\$20,000. The Bank was also instructed to suspend the trading activities of associated persons in charge of brokerage trading for 2 months and issue warnings to the account-opening handler, the acting manager & back-office supervisor, and internal auditors. | I. Associated persons in charge of brokerage trading engaged in lending or borrowing of funds for securities trading, kept securities original seals on behalf of relatives customers, and used the seals to collect monthly trading statements on behalf of customers. | Completed according to the improvement measures. |
| II. The account-opening handler failed to distribute monthly statements to customers before the 10th of the following month. | II. The business management department has sent official letters to the head and branch offices, reiterating the need to implement the Bank's securities firm internal control system. For customers who have agreed to collect their monthly statements in person, a signed receipt record shall be kept. If the statements are not collected by the due date, they should be mailed to customers by the 10th of each month (with the mailing receipt retained for verification). | |
| III. During a general examination previously conducted by the Auditing Dept., it was discovered that the associated persons in charge of brokerage trading had regular fund transfers with customers and advanced payment for settlement of securities, while no report was filed to the competent authority as required. The acting manager & back-office supervisor did not conduct interviews with customers as required and failed to review relevant supporting documents for verification, and auditors at the securities branch office had not effectively executed audit operations. | III. <ol style="list-style-type: none"> i. The Auditing Dept. has sent official letters to auditors at all securities head and branch offices, urging them to effectively implement audit operations in accordance with regulations. ii. The business management department has sent official letters to the head and branch offices, reiterating the need to implement the Bank's securities firm internal control system CA-11430, and carry out goodwill customer interviews on a quarterly basis in accordance with the "Goodwill Customer Interview Worksheet," with each item addressed and relevant audio recordings and documents retained. The content of these goodwill interviews includes, but is not limited to, inquiries about whether there are matters such as lending and borrowing of funds, and escrow of funds, seals or passbooks, between customers and associated persons. | |



B. Where CPAs are commissioned to audit the Bank's internal control systems, the audit report prepared by the CPAs should be disclosed

Independent Auditors' Report on Applying Agreed-Upon Procedures

To Taiwan Business Bank, Ltd.

Pursuant to the agreed-upon procedures, we have performed Taiwan Business Bank's the correctness of the report submitted to the competent authority for the banking business, the execution status of internal control system, compliance officer system, personal data protection and the appropriateness of policies for loan loss reserves in 2023. Your company made the final decision in these procedures; therefore, we do not express our opinion regarding whether these procedures were sufficient. This work is conducted in accordance with Standards on Related Services No.4400 "Perform Agreed-Upon Procedures Regarding Financial Information," and its purpose is to assist your company in evaluation the compliance with the 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, sampling methods and the associated findings in the attachments herein, respectively.

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

This report provides your company for the purpose of the first paragraph mentioned only, and should not distribute to any third parties for whatever purposes.

KPMG

Taipei, Taiwan (Republic of China)
February 21, 2024

(15) Violation cases, major deficiencies, and corrective actions taken in the most recent two years and up to the end of February 2024

- A. Any indictment of a responsible person or employee by a prosecutor for an offense related to the occupation:
- Liu (hereinafter referred to as "Liu"), a retired employee of the Bank, conducted the credit check on the company, New ○ and its affiliates (hereinafter referred to as "New ○ Group") for Branch ○○ at which he was employed. The prosecutor considered Liu might have aided New ○ Group in loan fraud on the grounds that Liu received fruit baskets and condolence money from New ○ Group during 2015 to 2019, and changed Liu from witness to suspect on August 3, 2020. Liu was released on bail for NT\$300,000. Several media reported on December 30, 2022 that the prosecutor prosecuted Liu with violation of the Banking Act for suspected acceptance of fruit baskets and large condolence money in return for illegal loans to New ○ Group.
 - The Bank's former employee ○ Hu (hereinafter referred to as "Hu"), who served as a summarizing handler at Branch ○○, embezzled NT\$1.7 million of project loan processing fees through illicit means. Upon discovering this matter during the Bank's internal audit, the entire embezzled amount was recovered the following day. On December 15, 2022, the Bank submitted relevant evidence to the New Taipei City District Prosecutors Office and filed criminal charges for forgery of private documents, fraud, breach of trust, and others. On July 5, 2023, the prosecutor filed charges against Hu. On January 30, 2024, the New Taipei City District Court sentenced Hu to one year and eight months of imprisonment for violation of Article 125-2 of the Banking Act, with a three-year probation period.
- B. Any fine imposed by the Financial Supervisory Commission or Taiwan Stock Exchange Corporation for violation of law or regulations:
- According to Letter of Jin-Guan-Bao-Zong-Zi No. 11104902891 and Letter of Jin-Guan-Bao-Zong-Zi No. 11104902892 on Jan. 21, 2022: The insurance company, with which the Bank works, in charge of the change of the home fire insurance policy upon the expiration of the policy, failed to explain to customers and obtain their consent in advance, and the Bank failed to set a deadline for the transfer of such applications from the responsible branches to the Insurance Agent Department during the relevant insurance operations. This has been confirmed to be in violation of Article 6, paragraph 1; Article 7, paragraph 1, subparagraph 1; Article 4 and Article 8 of Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, formulated as authorized by Article 165 paragraph 3 of the Insurance Act. The Bank was fined NT\$600,000 in accordance with Article 167-3 of the Insurance Act. The Bank has reiterated the relevant regulations on the renewal operations of home fire insurance, and strengthened the educations and trainings to avoid operational deficiencies. The Bank has also set a deadline for the transfer of insurance applications from the responsible branches to the Insurance Agent Department to prevent from compromising customer's rights.
 - According to Letter of Jin-Guan-Zheng-Quan-Fa-Zi No. 1100373282 on Feb. 16, 2022: the FSC has conducted general business inspection on the Bank from May 20 to June 19, 2020, among which the deficiency in the concurrent securities business was found to be in violation of Article 2, paragraph 2 of the Regulations Governing Securities Firms. The Bank was fined NT\$240,000 in accordance with Article 178-1, paragraph 1, subparagraph 4 of the Securities and Exchange Act, and was corrected in accordance with Article 65 of the Securities and Exchange Act as per the Letter of Jin-Guan-Zheng-Quan-Zi No. 11003732821. In order to improve and prevent deficiencies, the Bank has added internal regulations, established the system control, and reinforced the educational training and self-inspection operations.
 - According to Letter of Jin-Guan-Yin-Guo-Zi No. 11102742202 on Jan. 11, 2023: The Bank invested in the stock issued by a company where the Bank's director serves as an independent director on the Board, violating Article 74-1 of the Banking Act and Article 5 of the Directions Governing Limitations on Types and Amounts of the Securities. A penalty of NT\$1 million was imposed according to Subparagraph 4, Article 130 of the Banking Act. The Bank has amended internal operating guidelines and rules, established review procedures, and strengthened educational and self-inspection trainings.
 - According to Letter of Jin-Guan-Yin-Guo-Zi No. 11102311631 on April 28, 2023: The case of a former employee of the Banking Department, ○-Fu Hu, who embezzled the processing fee from the managing bank of the Bank's Relief Project Loan Program, posed a threat to the Bank's sound operations. Correction is required in accordance with Article 61-1, Paragraph 1 of the Banking Act. To improve and prevent such occurrence in the future, the Bank has made adjustment to the control procedure of the transfer process and the management of accounts, as well as strengthening the legal consciousness of employees.



e. According to Letter of Tai-Zen-Fu No. 1120502841 on September 1, 2023: Taiwan Stock Exchange Corporation conducted an audit on San Ming Branch Office and found violation of Article 18, Paragraph 2 of the Operating Rules of the Taiwan Stock Exchange Corporation. The Bank was imposed a fine of NT\$20,000 by the Taiwan Stock Exchange Corporation, and was instructed to suspend the trading activities of associated persons in charge of brokerage trading for 2 months and issue warnings to the account-opening handler, the acting manager & back-office supervisor, and internal auditors. To make improvement for the deficiency, the Bank has issued a letter to the head office and subsidiaries to reiterate the importance of implementing the securities firm internal control system of the Bank, as well as strengthening education and training to promote awareness of misconduct of which personnel are prohibited to engage. The Auditing Department has also issued a letter to internal auditors of various securities head offices and subsidiaries to remind them to perform audit in accordance with regulations.

C. Disclose any security incident arising from employee infidelity or material contingencies or failure to faithfully abide by security maintenance work. If actual losses, whether singly or in aggregate, exceed NT\$50 million in any given year: None.

D. Other matters that must be disclosed pursuant to the Financial Supervisory Commission designation: None.

(16) Material resolutions of a Shareholders' Meeting or a Board meeting during 2023 and up to the end of February 2024

A. Resolutions at the Annual Shareholders' Meeting of 2023 (June 16, 2023) and resolution execution process

| Reason for the resolution | Execution of resolutions |
|--|---|
| Adoption of the 2022 operating report and financial statements of the Bank | The Shareholders' Meeting has ratified the annual final statement and statements for 2022. |
| Adoption of the 2022 earnings distribution from the final accounts of the Bank | The Shareholders' Meeting has ratified the earnings distribution from the final accounts of 2022 and the execution of such distribution (cash dividend of NT\$0.1 per share and stock dividend of NT\$0.24 per share), and the distribution was made to shareholders on October 6, 2023. |
| Resolution to carry out a capital increase via transferred earnings in accordance with the earnings distribution of stock dividends for 2022 | Reported to the Financial Supervisory Commission upon receiving the approval from the Shareholders' Meeting, and was publicly announced and became effective on August 16, 2023. Also, the alteration registration was completed according to the approval from the Ministry of Economic Affairs through Letter Jing-shou-shang-zi No. 11230180570 on September 27, 2023. Stock certificates were transferred to shareholders on October 6, 2023, and the listing for trading of our new shares completed smoothly. |
| Amendments to the Articles of Association of the Bank | Amendments to the Bank's Article of Association were approved in the Shareholders' Meeting and reported to the Ministry of Economic Affairs for the approval of change through Letter Jing-shou-shang-zi No. 11230146250 on July 27, 2023. |
| Amendments to the Rules of Procedures for Shareholders' Meeting of the Bank | Approved by the Shareholders' Meeting, and disclosed on the MOPS and the Bank's website. |
| Proposal for releasing non-competition restriction on the Directors of the Board. | Approved by the Shareholders' Meeting and disclosed on the MOPS. |

B. Material resolutions of Board meetings for 2023 and up to the end of February 2024: Please refer to the Bank's website at [About TBB](#) > [About Us](#) > [Corporate Governance](#) > [Board of Directors](#) (<https://www.tbb.com.tw>).

(17) For 2023 and up to the end of February 2024, disclose any dissenting opinion of any director regarding any material resolution passed by the Board, where there is a record or written statement of such opinion: None.

(18) For 2023 and up to the end of February 2024, the resignations and dismissals of relevant personnel to the financial report

Dec. 31, 2023

| Title | Name | Date of arrival | Date of dismissal | Reason for resignation or dismissal |
|---|---------------|------------------|--------------------|--|
| Chair | Chien-Hao Lin | April 28, 2021 | June 17, 2023 | Retired |
| SVP & GM, Treasury Dept. | Jyun-You Shih | August 20, 2021 | January 13, 2023 | Reassigned to the Auditing Dept. |
| SVP & GM, Accounting Dept. | Yu-Chuan Chou | February 8, 2018 | January 31, 2023 | Retired at retirement age |
| SVP & Chief Secretary to the Board of Directors | Li-Yueh Hsu | March 11, 2020 | September 23, 2023 | Reassigned as Executive Vice President |

Note: Relevant personnel of the Bank refers to the Chair, President, financial managers, accounting managers, internal audit managers, and corporate governance managers, etc.

4. CPA Professional Fees

(1) CPA professional charges grading table

Unit: NT\$ 1,000

| Name of the accounting firm | Name of the CPA | Audit Period | Accounting charge | Non-accounting charge | Total | Note |
|-----------------------------|-----------------|-----------------------|-------------------|-----------------------|--------|--|
| KPMG | Feng-Hui Lee | 2023.01.01-2023.12.31 | 10,726 | 7,288 | 18,014 | Non-audit fees include: Tax compliance audit, bad debt account audit, Dow Jones Sustainability Index (DJSI) advisory consulting services, sustainability report training and practical exercise services, sustainable development bond assurance reporting, electronic payment security operation and review report, information security execution assessment, compliance risk management system implementation, assessment of the contract for providing IT services by the head office to overseas branches, overseas branches' deposit insurance, and business registration. |
| | Pei-Ju Tsai | 2023.01.01-2023.12.31 | | | | |

(2) Having altered the CPA firm and the audit fee in the altering year is less than that in the previous year: None.

(3) Where the audit fee has decreased by more than 10% compared with the prior year: None.

5. Information on Changing CPAs

(1) Former CPA

| Date of Change | March 16, 2023 | | |
|---|--|------------------------------------|-----------|
| Reason of Change and Explanation | Internal structural adjustment of KPMG | | |
| Whether the appointment is terminated by the appointor or CPA or the CPA does not accept the appointment | Parties Involved | CPA | Appointor |
| | Condition | None | None |
| | Terminate the Appointment by Initiative | None | None |
| | Cease to Accept (Continue) the Appointment | None | None |
| Opinion and reason for issuing an audit report during the most recent 2 years containing an opinion other than an unqualified opinion | None | | |
| Whether the CPA has any opinion discrepancy | Yes | Accounting principles or practices | |
| | | Disclosure in financial reports | |
| | | Scope or process of audit | |
| | | Other | |
| | No | ✓ | |
| | Explanation: None | | |
| Other Disclosures (disclosures required under item A(d), Subparagraph 6, Article 10 of the Regulations) | None | | |

(2) Successor CPA

| | |
|---|---------------------------|
| Name of the Accounting Firm | KPMG |
| Name of the CPA | Feng-Hui Lee, Pei-Ju Tsai |
| Date of Appointment | March 16, 2023 |
| Consultations and the consultation results may be issued by the CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the financial report before the appointment | None |
| Written opinions from the successor CPA regarding the matters on which the firm disagreed with the former CPA | None |

(3) A letter of response from the former CPA regarding Item A and Item B (c), Subparagraph 6, Article 10 of the Regulations: None.



6. The Bank's chair, president, or any manager in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

7. For 2023 and up to the end of February 2024, changes in Shareholdings of Directors, Executive Officers, and Shareholders Conform to the Requirements under Article 11 of the Regulations Governing the Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank

(1) Changes in Shareholding

Unit: Shares

| Title | Name | 2023 | | As of Feb 29, 2024 | |
|--|-------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Chair | Pei-Jean Liu | 0 | 0 | 0 | 0 |
| Managing Director | Chih-Chien Chang | 5,742 | 0 | 0 | 0 |
| Managing Director | Chao-Tsung Teng | 0 | 0 | 0 | 0 |
| Managing Director (Independent Director) | Xin-Wu Lin | 0 | 0 | 0 | 0 |
| Managing Director | Chun-Hsien Yeh | 0 | 0 | 0 | 0 |
| Director | Ho-Chyuan Chen | 0 | 0 | 0 | 0 |
| Director | Hung-Sheng Yu | 670 | 0 | 0 | 0 |
| Director | Tzu-Hao Tsai | 0 | 0 | 0 | 0 |
| Director | Kuo-Chang Huang | 245 | 0 | 0 | 0 |
| Director | Che-Nan Wang | 339,696 | 0 | 2,187,000 | 0 |
| Independent Director | Jin-Long Liu | 0 | 0 | 0 | 0 |
| Independent Director | Yung-Cheng Chuang | 0 | 0 | 0 | 0 |
| Independent Director | Shao-Yuan Chang | 0 | 0 | 0 | 0 |
| Independent Director | Chiou-Mien Lin | 0 | 0 | 0 | 0 |
| Manager | Shao-Huang Chen | 10,598 | 0 | 0 | 0 |
| Manager | Tseng-Hsiang Yi | 3,163 | 0 | 0 | 0 |
| Manager | Jia-Ruey Luan | 5,492 | 0 | 0 | 0 |
| Manager | Kuo-Liang Tseng | (56,344) | 0 | 0 | 0 |
| Manager | Li-Yueh Hsu | 2,573 | 0 | 0 | 0 |
| Manager | Tsung-Chu Hsieh | 3,322 | 0 | 0 | 0 |
| Manager | Chao-Lieh Chen | 151 | 0 | 0 | 0 |
| Manager | Chu-Jou Chen | 6,249 | 0 | 0 | 0 |
| Manager | Chao-Ming Huang | 70,949 | 0 | 0 | 0 |
| Manager | Wen-Fang Lin | 2,622 | 0 | 0 | 0 |
| Manager | Hsieh-Hui Chen | 3,196 | 0 | 0 | 0 |

| Title | Name | 2023 | | As of Feb 29, 2024 | |
|------------------|------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Manager | Ching-Yun Kuo | 6,005 | 0 | 0 | 0 |
| Manager | Mei-Huei Chen | 281 | 0 | 0 | 0 |
| Manager | Li-Chuan Huang | 3,043 | 0 | 0 | 0 |
| Manager | Chun-Ta Lin | 2,753 | 0 | 0 | 0 |
| Manager | Sue-Jen Chen | 2,796 | 0 | 0 | 0 |
| Manager | Yu-Cheng Tsai | 3,638 | 0 | 0 | 0 |
| Manager | Min-Chung Hsieh | 2,763 | 0 | 0 | 0 |
| Manager | Yi-Chin Chai | 2,638 | 0 | 0 | 0 |
| Manager | Ying-Che Fang | 5,373 | 0 | 0 | 0 |
| Manager | Li-Huei Chen | 885 | 0 | 0 | 0 |
| Manager | Chi-Fen Yen | 3,335 | 0 | 0 | 0 |
| Manager | Su-Fen Chen | 3,050 | 0 | 0 | 0 |
| Manager | Li-Ching Lai | 2,590 | 0 | 0 | 0 |
| Manager | Le-Yi Jiang | 514 | 0 | 0 | 0 |
| Manager | Chen-Ju Chen | 774 | 0 | 0 | 0 |
| Manager | Shenn-Bao Jean | 3,143 | 0 | 0 | 0 |
| Manager | Wen-Ling Wang | 557 | 0 | 0 | 0 |
| Manager | Mei-Chih Hou | 3,449 | 0 | 0 | 0 |
| Manager | Shuan-Hua Liu | 3,811 | 0 | 0 | 0 |
| Manager | Yueh-Chin Wang | 3,329 | 0 | 0 | 0 |
| Manager | Ming-Yi Lin | 9,519 | 0 | 0 | 0 |
| Manager | Chih-Cheng Chen | 3,268 | 0 | 0 | 0 |
| Manager | Wen-Hsiu Huang | 4,149 | 0 | 0 | 0 |
| Manager | Ting-Huei Liao | 6,735 | 0 | 0 | 0 |
| Manager | Ching-Yi Lin | 32,968 | 0 | 0 | 0 |
| Manager | Tung-Sheng Ni | 10,256 | 0 | 0 | 0 |
| Manager (Note 2) | Po-Jung Huang | 2,521 | 0 | - | - |
| Manager | Mu-Hsiang Wu | (98,378) | 0 | 0 | 0 |
| Manager | Chun-Chu Hsiao | 560 | 0 | 0 | 0 |
| Manager | Ming-Tang Chen | 3,168 | 0 | 0 | 0 |
| Manager | Tung-Han Lu | 1,801 | 0 | 0 | 0 |
| Manager | Shui-Chiang Fang | 2,598 | 0 | 0 | 0 |
| Manager | Ching-Yang Lee | 3,096 | 0 | 0 | 0 |
| Manager | Man-Chung Yeh | 534 | 0 | 0 | 0 |
| Manager | Zuo-Ling Zeng | 2,488 | 0 | 0 | 0 |
| Manager | Mei-Kuei Li | 1,041 | 0 | 0 | 0 |



| Title | Name | 2023 | | As of Feb 29, 2024 | |
|------------------|------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Manager | Hsiu-Hsin Hou | 3,055 | 0 | 0 | 0 |
| Manager | Chih-Heng Cheng | 0 | 0 | 0 | 0 |
| Manager | Pin-Hsiung Chen | 723 | 0 | 0 | 0 |
| Manager | Jiann-Yea Shyu | 2,577 | 0 | 0 | 0 |
| Manager | Sung-Nan Chiao | 2,351 | 0 | 0 | 0 |
| Manager | Hui-Mei Chen | 26 | 0 | 0 | 0 |
| Manager | Yun-Shiang Tsai | 2,769 | 0 | 0 | 0 |
| Manager | Wen-Shu Lin | 3,069 | 0 | 0 | 0 |
| Manager | Chun-Ying Shen | 1,441 | 0 | 0 | 0 |
| Manager | Jyun-You Shih | (3,968) | 0 | 0 | 0 |
| Manager | Bi-Shuang Lin | 2,580 | 0 | 0 | 0 |
| Manager | Ssu-Jung Lai | 1,617 | 0 | 0 | 0 |
| Manager | Pei-Ling Lin | 320 | 0 | 0 | 0 |
| Manager | Shu-Ping Ciou | 317 | 0 | 0 | 0 |
| Manager | Ching-Yao Chen | 1,163 | 0 | 0 | 0 |
| Manager | Ching-Hsiu Liu | 1,147 | 0 | 0 | 0 |
| Manager | Chin-Tsan Wu | 1,258 | 0 | 0 | 0 |
| Manager | Wu-Yang Wu | 0 | 0 | 0 | 0 |
| Manager | Chin-Shan Sung | 221 | 0 | 0 | 0 |
| Manager | Pei-Chuan Wu | 14,061 | 0 | 0 | 0 |
| Manager | Shu-Cing Wu | 1,541 | 0 | 0 | 0 |
| Manager | Yuan-Tao Huang | 0 | 0 | 0 | 0 |
| Manager | Mei-Yu Kan | 14,373 | 0 | 0 | 0 |
| Manager | Chien-Fa Wang | 2,676 | 0 | 0 | 0 |
| Manager | Jui-Yu Li | 2,689 | 0 | 0 | 0 |
| Manager | Jui-Yuan Huang | 2,592 | 0 | 0 | 0 |
| Manager | Shu-Ting Chen | 2,684 | 0 | 0 | 0 |
| Manager | Ying-Hui Lai | 0 | 0 | 0 | 0 |
| Manager | Hui-Ying Chen | 25 | 0 | 0 | 0 |
| Manager | Ming-Chien Chien | 785 | 0 | 0 | 0 |
| Manager | Mei-Chin Liu | 302 | 0 | 0 | 0 |
| Manager | Wen-Chen Kuo | 0 | 0 | 0 | 0 |
| Manager | Fang-Chuan Chiu | 3,057 | 0 | 0 | 0 |
| Manager | Shu-Hui Chen | 0 | 0 | 0 | 0 |
| Manager (Note 2) | WeiChing Hsiung | 98 | 0 | - | - |
| Manager | Tsui-Hua Tang | 0 | 0 | 0 | 0 |

| Title | Name | 2023 | | As of Feb 29, 2024 | |
|------------------|-------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Manager | Chin-Chih Li | 1,323 | 0 | 0 | 0 |
| Manager | Han-Mei Nung | 1,210 | 0 | 0 | 0 |
| Manager | Mei Hung | 30,480 | 0 | 30,000 | 0 |
| Manager | Tsung-Jen Hsieh | 279 | 0 | 0 | 0 |
| Manager | Shu-Hui Chen | 2,604 | 0 | 0 | 0 |
| Manager | Cheng-Hsiung Tsai | 525 | 0 | 0 | 0 |
| Manager | Chu-Aaho Ho | 0 | 0 | 0 | 0 |
| Manager | Ju-Hsiang Tien | 128 | 0 | 0 | 0 |
| Manager | Shu-E Chen | 2,787 | 0 | 0 | 0 |
| Manager | Chin-Fu Chiang | 4,994 | 0 | 0 | 0 |
| Manager | Chia-Yi Wu | 0 | 0 | 0 | 0 |
| Manager | Shu-Fen Li | 2,586 | 0 | 0 | 0 |
| Manager | Hsu-Hsiang Huang | 2,734 | 0 | 0 | 0 |
| Manager | Chun-Hung Chang | 0 | 0 | 0 | 0 |
| Manager | Hsiu-Hsian Hung | 1,351 | 0 | 0 | 0 |
| Manager | Shu-Ling Yuan | 313 | 0 | 0 | 0 |
| Manager | Kuan-Yi Huang | 1,521 | 0 | 0 | 0 |
| Manager | Nai-Chia Chi | 5,024 | 0 | 0 | 0 |
| Manager | Yu-Hsia Feng | 0 | 0 | 0 | 0 |
| Manager | Chiu-Yu Lin | 1,215 | 0 | 0 | 0 |
| Manager | Hsin-Te Li | 3 | 0 | 0 | 0 |
| Manager | Yu-Jung Tseng | 415 | 0 | 0 | 0 |
| Manager | Hsin-Lu Chiang | 10 | 0 | 0 | 0 |
| Manager | Sheng-Wang Chang | 3,000 | 0 | 0 | 0 |
| Manager | Fang-Mei Lai | 174 | 0 | 0 | 0 |
| Manager | Mei-Ling Chang | 1,045 | 0 | 0 | 0 |
| Manager | Yih-Shiou Wang | 3,897 | 0 | 0 | 0 |
| Manager (Note 2) | Fu-Lai Chang | 12,948 | 0 | - | - |
| Manager | Jung-Yu Huang | 3,072 | 0 | 0 | 0 |
| Manager | Cheng-An Hsieh | 3,330 | 0 | 0 | 0 |
| Manager | Fu-Ching Chou | 2,951 | 0 | 0 | 0 |
| Manager | Chien-Ta Wu | 2,642 | 0 | 0 | 0 |
| Manager | Meng-Fang Wu | 1,851 | 0 | 0 | 0 |
| Manager | Pi-Chu Chang | 4,959 | 0 | 0 | 0 |
| Manager | Yen-Ju Chen | 4,429 | 0 | 0 | 0 |
| Manager | Yueh-Man Sung | 3,685 | 0 | 0 | 0 |



| Title | Name | 2023 | | As of Feb 29, 2024 | |
|------------------|-------------------|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Manager | Tsai-Chuan Wu | 4,898 | 0 | 0 | 0 |
| Manager (Note 2) | His-Her Pai | 4,888 | 0 | - | - |
| Manager | Chih-Shan Hung | 345 | 0 | 0 | 0 |
| Manager | Chih-Cheng Cho | 2,727 | 0 | 0 | 0 |
| Manager | Yuan-Hsueh Hsiao | 3,045 | 0 | 0 | 0 |
| Manager | Liang-Pin Chen | 536 | 0 | 0 | 0 |
| Manager | Fu-Yuan Yao | 9,499 | 0 | 0 | 0 |
| Manager | Yu-Cheng Chiao | 1,916 | 0 | 0 | 0 |
| Manager | Ming-Chin Ke | 384 | 0 | 1,019 | 0 |
| Manager | Po-Hung Wang | 2,965 | 0 | 0 | 0 |
| Manager | Ruey-shyang Guo | 3,123 | 0 | 0 | 0 |
| Manager | Chia-Cheng Liu | 2,924 | 0 | 0 | 0 |
| Manager | Su-Chih Wang | 6,369 | 0 | 0 | 0 |
| Manager | Tsai-Fa Kuo | 0 | 0 | 0 | 0 |
| Manager | Chung-Hsien Huang | 584 | 0 | 0 | 0 |
| Manager | Chun-Jen Huang | 2,628 | 0 | 0 | 0 |
| Manager | Mei-Chen Chen | 3,590 | 0 | 0 | 0 |
| Manager | Kuan-Cheng Chen | 360 | 0 | 0 | 0 |
| Manager | Hsiu-Chen Chiu | 2,732 | 0 | 0 | 0 |
| Manager (Note 2) | Hsiu-Hsia Chuang | 0 | 0 | - | - |
| Manager | I-Man Chen | 3,108 | 0 | 0 | 0 |
| Manager | Guo-Shiang Huang | 1,293 | 0 | 0 | 0 |
| Manager | Shun-Ho Chen | (21,577) | 0 | 0 | 0 |
| Manager | Tsung-Che Liu | 0 | 0 | 0 | 0 |
| Manager | Ling-Ling Chen | 5 | 0 | 0 | 0 |
| Manager | Kuo-Tsai Shih | 1,965 | 0 | 0 | 0 |
| Manager | Kuo-Tai Shih | 29 | 0 | 0 | 0 |
| Manager | Hui-E Wu | 3,118 | 0 | 0 | 0 |
| Manager | Kuang-Tsai Wang | 1,181 | 0 | 0 | 0 |
| Manager | Hsiang-Lan Chien | 12,193 | 0 | 8,000 | 0 |
| Manager | Yi-Ching Wang | 2,726 | 0 | 0 | 0 |
| Manager | Chin-Chuan Su | 145,771 | 0 | 0 | 0 |
| Manager | Chiu-Yuan Hung | 56 | 0 | 0 | 0 |
| Manager | Yao-Chin Yang | 2,729 | 0 | 0 | 0 |
| Manager (Note 2) | Tao-Cheng Shen | 124 | 0 | - | - |
| Manager | Mei-Hua Chiu | 0 | 0 | 0 | 0 |

| Title | Name | 2023 | | As of Feb 29, 2024 | |
|---|---|-------------------------|---------------------------------|-------------------------|---------------------------------|
| | | Changes in shareholding | Changes in pledged shareholding | Changes in shareholding | Changes in pledged shareholding |
| Manager | Shu-Fang Kuo | 0 | 0 | 0 | 0 |
| Manager | Leh-Chin Kuo | 2,574 | 0 | 0 | 0 |
| Manager | Chien-Chung Lin | 1,437 | 0 | 0 | 0 |
| Manager | Meng-Hsun Sung | 2,694 | 0 | 0 | 0 |
| Manager | Chien-Lai Su | 20 | 0 | 0 | 0 |
| Manager | Wen-Chang Su | 171 | 0 | 0 | 0 |
| Manager | Wen-Ling Chang | 1,294 | 0 | 0 | 0 |
| Manager | An-Yun Lin | 6,056 | 0 | 0 | 0 |
| Manager | Hsiao-Ming Chen | 3,030 | 0 | 0 | 0 |
| Manager | Chen-Chung Fan | 3,055 | 0 | 0 | 0 |
| Manager | Chu-Ying Ting | 783 | 0 | 0 | 0 |
| Manager | Jung-Chiang Huang | 985 | 0 | 0 | 0 |
| Manager | Feng-Chang Wu | 0 | 0 | 0 | 0 |
| Manager | Hui-Niang Lin | 70,000 | 0 | 0 | 0 |
| Manager | Chung-Lin Yang | 2,771 | 0 | 0 | 0 |
| Manager | Hsi-Pin Tseng | 2,438 | 0 | 0 | 0 |
| Manager (Note 2) | Yong-Yuan Lin | - | - | 0 | 0 |
| Manager (Note 2) | Jhinh-Chao Syu | - | - | 0 | 0 |
| Manager (Note 2) | Wun-Han Huang | - | - | 0 | 0 |
| Manager (Note 2) | Liang-Yu Cai | - | - | 0 | 0 |
| Manager (Note 2) | Ying-Jie Jhang | - | - | 0 | 0 |
| Manager (Note 2) | Cing-Yu Chen | - | - | 0 | 0 |
| Manager (Note 2) | Siou-Jin Huang | - | - | 0 | 0 |
| Manager (Note 2) | Jhinh-Hao Yang | - | - | 0 | 0 |
| Manager (Note 2) | Jia-Nuan Chen | - | - | 0 | 0 |
| Legal Person Shareholder Represented by a Director (Note 1) | Ministry of Finance | 4,002,047 | 0 | 0 | 0 |
| Legal Person Shareholder Represented by a Director (Note 1) | Bank of Taiwan Co., Ltd. | 31,245,775 | 0 | 0 | 0 |
| Legal Person Shareholder Represented by a Director (Note 1) | National Development Fund, Executive Yuan | 11,305,816 | 0 | 0 | 0 |
| Legal Person Shareholder Represented by a Director | TBB Industry Union | 246,942 | 0 | 0 | 0 |

Note 1: A major shareholder holding 1% of the Bank's shares or above.

Note 2: Managers appointed based on the resolution of the Board and transferred to the new post on January 2023. ("-") means that the information is not required to be disclosed)

(2) Information of shareholding transfer: The counterparties of the above shareholding transfer are not related parties, therefore, this item is not applicable.

(3) Information for shareholding pledge: None.



8. Information Disclosing the Relationship among Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship

Information regarding the relationship among top ten shareholders by shareholding proportion

Feb. 29, 2024

| Name | Shareholding | | Shareholding by Spouse & Minor Children | | Shareholding under others' names | | Names and Relationship among Top Ten Shareholders in the Relationship of Related Parties or Spouses, Relatives within the Second Degree of Kinship | | Remarks |
|---|---------------|--------|---|---|----------------------------------|---|--|--|---------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Bank of Taiwan (Representative: Chu-Cheng Lu) | 1,333,153,090 | 16.21% | 0 | 0 | 0 | 0 | Ministry of Finance | Taiwan Financial Holding Co., Ltd., a wholly-owned subsidiary of the Ministry of Finance | |
| National Development Fund, Executive Yuan, R.O.C | 482,381,505 | 5.87% | 0 | 0 | 0 | 0 | None | None | |
| Land Bank of Taiwan (Representative: Jyuan-Jyuan Sie) | 187,892,788 | 2.29% | 0 | 0 | 0 | 0 | Ministry of Finance | Land Bank of Taiwan, a wholly-owned subsidiary of the Ministry of Finance | |
| Ministry of Finance (Representative: Tsui-Yun Chuang) | 170,754,019 | 2.08% | 0 | 0 | 0 | 0 | Bank of Taiwan (subsidiary of Taiwan Financial Holding Co., Ltd.) | Taiwan Financial Holding Co., Ltd., a wholly-owned subsidiary of the Ministry of Finance | |
| | | | | | | | Land Bank of Taiwan | Land Bank of Taiwan, a wholly-owned subsidiary of the Ministry of Finance | |
| Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank | 84,289,007 | 1.03% | 0 | 0 | 0 | 0 | None | None | |
| Norges Bank - internal - NBIM PF EQ INTERNAL CFD | 77,303,760 | 0.94% | 0 | 0 | 0 | 0 | None | None | |
| Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds | 75,158,804 | 0.91% | 0 | 0 | 0 | 0 | None | None | |
| JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds | 73,680,580 | 0.90% | 0 | 0 | 0 | 0 | None | None | |
| New Labor Pension Fund | 68,300,009 | 0.83% | 0 | 0 | 0 | 0 | None | None | |
| iShares Core MSCI Emerging Markets ETF | 57,530,152 | 0.70% | 0 | 0 | 0 | 0 | None | None | |

Note: Shares of shareholding represent the number of shares recorded on the last ex-dividend basis date.

9. Shareholding in the Same Investee Company of a Business Directly or Indirectly Controlled and Managed by Directors, President, Executive Vice Presidents, and SVP & GM of Departments and Branches, and the Consolidated Shareholding Ratio

Consolidated Shareholding Ratio

December 31, 2023

Unit: Share; %

| Name of the Investee Company (Note) | Investments of TBB | | Investments of A Business Directly or Indirectly Controlled and Managed by Directors, President, Executive Vice Presidents, and SVP & GM of Departments and Branches | | Consolidated Investments | |
|--|--------------------|-----------|--|----------|--------------------------|-----------|
| | Shares | % | Shares | % | Shares | % |
| Taipei Forex Inc. | 700,000 | 3.5318% | 1,400,000 | 7.0636% | 2,100,000 | 10.5954% |
| Financial Information Service Co., Ltd. | 6,460,857 | 1.2377% | 15,143,965 | 2.9011% | 21,604,822 | 4.1388% |
| Taiwan Stock Exchange Corporation | 11,002,313 | 0.9496% | 115,983,673 | 10.0101% | 126,985,986 | 10.9597% |
| Taiwan Futures Exchange Corporation | 5,456,551 | 1.0000% | 26,464,309 | 4.8500% | 31,920,860 | 5.8500% |
| Taiwan Asset Management Corporation | 60,000,000 | 5.6754% | 60,000,000 | 5.6754% | 120,000,000 | 11.3508% |
| Taiwan Financial Asset Service Corporation | 5,000,000 | 2.9412% | 10,000,000 | 5.8824% | 15,000,000 | 8.8236% |
| Sunny Asset Management Corporation | 46,062 | 0.7678% | 15,531 | 0.2589% | 61,593 | 1.0267% |
| Financial eSolution Co., Ltd. | 905,475 | 4.1158% | 1,268,688 | 5.7668% | 2,174,163 | 9.8826% |
| Taiwan Depository & Cleansing Corporation | 542,696 | 0.0830% | 0 | 0 | 542,696 | 0.0830% |
| Taiwan Mobile Payment Co., Ltd. | 600,000 | 1.0000% | 1,200,000 | 2.0000% | 1,800,000 | 3.0000% |
| Taiwan Power Company | 1,451,523 | 0.0030% | 865,191,972 | 1.8029% | 866,643,495 | 1.8059% |
| Taiwan Sugar Corporation | 16,831,537 | 0.2986% | 20,074,211 | 0.3561% | 36,905,748 | 0.6547% |
| Taiwan Incubator SME Development Corporation | 3,417,440 | 4.8438% | 0 | 0 | 3,417,440 | 4.8438% |
| Sunsino Development Associate Inc. | 1,480,402 | 3.1166% | 0 | 0 | 1,480,402 | 3.1166% |
| CDIB & Partners Investment Holding Corp. | 54,000,000 | 4.9505% | 0 | 0 | 54,000,000 | 4.9505% |
| Taipei Financial Center Corporation | 11,760,000 | 0.8000% | 0 | 0 | 11,760,000 | 0.8000% |
| Taiwan Urban Regeneration & Financial Services Co., Ltd. | 2,500,000 | 5.0000% | 2,500,000 | 5.0000% | 5,000,000 | 10.0000% |
| Chaofu Real Estate Management Co., Ltd. | 150,000 | 3.0000% | 0 | 0 | 150,000 | 3.0000% |
| Taiwan High Speed Rail Corporation | 44,500,000 | 0.7906% | 120,029,365 | 2.1326% | 164,529,365 | 2.9232% |
| TBB International Leasing Co., Ltd. | 150,000,000 | 100.0000% | 0 | 0 | 150,000,000 | 100.0000% |
| TBB (Cambodia) Microfinance Institution Plc | 20,000 | 100.0000% | 0 | 0 | 20,000 | 100.0000% |
| TBB Venture Capital Co., Ltd. | 123,210,565 | 100.0000% | 0 | 0 | 123,210,565 | 100.0000% |
| TBB Consulting Co., Ltd. | 5,000,000 | 100.0000% | 0 | 0 | 5,000,000 | 100.0000% |
| Taiwania Capital Buffalo II Bioventures, LP | | 1.6946% | | 33.89% | | 35.5846% |

Note: Long-term investment of the Bank.



IV Fund-Raising Status

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1. Capital and Shares

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2. Issuance Status of Financial Bonds

79

3. Preferred Stocks, Global Depository Receipts, and Employee Stock Warrants, New Restricted Employee Shares, Any Merger and Acquisition Activities, and Acceptance of Transfer of the Shares of Another Financial Institution

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4. Status of Implementation of Capital Allocation Plans

1. Capital and Shares

(1) Sources of Capital

Unit: Share; NT\$

| Year/ Month | Issue Price | Authorized Capital | | Paid-in Capital | | Remarks | |
|-------------|-------------|--------------------|-----------------|------------------|----------------|--|--|
| | | Number of shares | Amount | Number of shares | Amount | Sources of Capital | Others |
| 2023.9 | 10.00 | 10,000,000,000 | 100,000,000,000 | 8,222,406,166 | 82,224,061,660 | Capital Increased by Earnings of 1,927,126,450 | Letter of Jing-Shou-Shang-Zi No. 11230180570 issued by MOEA approved the change in registration on September 27, 2023. |

Unit: Shares

| Category of Shares | Authorized Capital | | | Remarks |
|--------------------|--------------------|------------------|----------------|---------------|
| | Outstanding Shares | Un-issued Shares | Total | |
| Common Share | 8,222,406,166 | 1,777,593,834 | 10,000,000,000 | Listed Shares |
| Total | 8,222,406,166 | 1,777,593,834 | 10,000,000,000 | |

(2) Structure of Shareholders

Feb. 29, 2024

| Structure of Shareholders | Government institutions | Financial institutions | Other Corporate Shareholders | Personal Shareholders | Foreign Institutions and Personal Shareholders | Total |
|-------------------------------|-------------------------|------------------------|------------------------------|-----------------------|--|---------------|
| | | | | | | |
| Number of Shareholders | 7 | 9 | 633 | 329,739 | 736 | 331,124 |
| Number of Shares Held (share) | 730,279,548 | 1,548,684,326 | 435,188,479 | 4,010,130,558 | 1,498,123,255 | 8,222,406,166 |
| Shareholding Ratio (%) | 8.88 | 18.83 | 5.29 | 48.78 | 18.22 | 100.00 |

Note: Structure of Shareholders was based on the number of shares recorded on the last closing date of the Bank.

(3) Distribution of Shareholding

Par value NT\$10

Feb. 29, 2024

| Classification of Shareholding | Number of Shareholders | Number of Shares Held | Shareholding Ratio (%) |
|--------------------------------|------------------------|-----------------------|------------------------|
| 1 to 999 | 96,214 | 22,423,144 | 0.27 |
| 1,000 to 5,000 | 121,919 | 263,133,851 | 3.2 |
| 5,001 to 10,000 | 41,170 | 273,421,825 | 3.33 |
| 10,001 to 15,000 | 24,310 | 283,547,350 | 3.45 |
| 15,001 to 20,000 | 10,015 | 171,044,575 | 2.08 |
| 20,001 to 30,000 | 12,704 | 300,539,762 | 3.66 |
| 30,001 to 40,000 | 6,606 | 224,427,799 | 2.73 |
| 40,001 to 50,000 | 3,495 | 154,709,952 | 1.88 |
| 50,001 to 100,000 | 7,786 | 521,862,722 | 6.35 |
| 100,001 to 200,000 | 4,100 | 539,329,301 | 6.56 |
| 200,001 to 400,000 | 1,640 | 443,076,077 | 5.39 |
| 400,001 to 600,000 | 442 | 212,344,680 | 2.58 |
| 600,001 to 800,000 | 190 | 129,453,274 | 1.57 |
| 800,001 to 1,000,000 | 93 | 82,553,430 | 1 |
| 1,000,001 to 99,999,999,999 | 440 | 4,600,538,424 | 55.95 |
| Total | 331,124 | 8,222,406,166 | 100 |

Note: Distribution of Shareholding was based on the number of shares recorded on the last closing date of the Bank.

(4) Major Shareholders

Feb. 29, 2024

| Name of Major Shareholders | Number of Shares Held | Shareholding Ratio (%) |
|---|-----------------------|------------------------|
| Bank of Taiwan | 1,333,153,090 | 16.21% |
| National Development Fund, Executive Yuan, R.O.C | 482,381,505 | 5.87% |
| Land Bank of Taiwan | 187,892,788 | 2.29% |
| Ministry of Finance | 170,754,019 | 2.08% |
| Taiwan Business Bank Trust Account for Employee Stock Ownership of Taiwan Business Bank | 84,289,007 | 1.03% |
| Norges Bank - internal - NBIM PF EQ INTERNAL CFD | 77,303,760 | 0.94% |
| Vanguard Emerging Markets Stock Index Fund A Series Of Vanguard International Equity Index Funds | 75,158,804 | 0.91% |
| JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds | 73,680,580 | 0.90% |
| New Labor Pension Fund | 68,300,009 | 0.83% |
| iShares Core MSCI Emerging Markets ETF | 57,530,152 | 0.70% |

Note: Number of Shares held by shareholders was based on the number of shares recorded on the last closing date of the Bank.

(5) Market Price Per Share, Net Value, Surplus, Capital Bonus, and Related Information for the Past Two Years (based on the consolidated financial information)

| Item | Year | 2022 | 2023 | 2024 (as of Feb. 29) | |
|-------------------------------|---|-------------------------------|---|---|---|
| | | Market Price per Share (NT\$) | | | |
| | Max. | 14.45 | 14.90 | 14.00 | |
| | Min. | 9.80 | 12.60 | 13.05 | |
| | Average | 12.12 | 13.70 | 13.45 | |
| Net Value per Share (NT\$) | Before Distribution | 12.97 | 14.61 | - | |
| | After Distribution | - | - | - | |
| Earnings per Share | Weighted Average Number of Shares (before adjustment) | 8,029,693 thousand shares | 8,222,406 thousand shares | 8,222,406 thousand shares | |
| | Weighted Average Number of Shares (after adjustment) | 8,222,406 thousand shares | - | - | |
| | Earnings per Share (before adjustment) (NT\$) | 1.26 | 1.29 | - | |
| | Earnings per Share (after adjustment) (NT\$) | 1.23 | - | - | |
| Dividends per Share (NT\$) | Cash Dividends | 0.10 | To be determined at the Shareholders' Meeting | - | |
| | Stock Dividends | Stock Dividends from Surplus | 0.24 | To be determined at the Shareholders' Meeting | - |
| | | Capital Surplus Distribution | - | - | - |
| | Accumulated Undistributed Dividend | - | - | - | |
| Return on Investment Analysis | Price/Earnings (P/E) Ratio (Note 1) | 9.62 | 10.62 | - | |
| | Price/Dividend Ratio (Note 2) | 121.2 | - | - | |
| | Cash Dividend Yield (Note 3) | 0.83 | - | - | |

Note 1: P/E ratio = average closing price per share of the year/earnings per share.

Note 2: Price/dividend ratio = average closing price per share of the year/cash dividends per share.

Note 3: Cash dividend yield = cash dividends per share/average closing price per share of the year.

(6) Dividend Policy and Distributions

A. Dividend policy prescribed in the Article of Association of the Bank: Please refer to "Earnings Distribution and Dividend Policy" in the "Notes to the Financial Statements" of VI. Financial Status. (page 102)

B. Dividend distribution to be proposed in the upcoming Shareholders' Meeting: A cash dividend of NT\$0.20 per share and a stock dividend of NT\$1.15 per share are proposed to be distributed from the capital surplus of the Bank in 2023.

(7) Impacts of the Stock Dividends to be Proposed in the Upcoming Shareholders' Meeting to Operating Performance and Earnings Per Share

According to the requirements under the "Regulations Governing the Publication of Financial Forecasts of Public Companies" and "Taiwan Stock Exchange Corporation Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts," as the Bank has not published a complete financial forecast in 2024, the item of disclosure is not applicable.

(8) Employees and Directors' Remuneration

A. Percentage or scope of employees and Directors' remuneration set out in the Article of Association of the Bank: Please refer to "Employees and Directors' Remuneration" in the "Notes to the Financial Statements" of VI. Financial Status. (page 102)

B. If the amounts of estimated employees and Directors' remuneration differ from the actual distribution amounts, such differences are deemed as changes in estimates, which shall be recorded in profit or loss for 2024.

C. Status of remuneration distribution as approved by the Board
a. The Bank has proposed a total of NT\$723,563 thousand of employees' remuneration and NT\$79,237 thousand of Directors' remuneration to be distributed for 2023.

b. The amount of any employees' remuneration distributed in stocks as a percentage of the sum of the current after-tax net income and total employees' remuneration in the individual financial report: The Bank has not distributed any employees' remuneration in stocks during 2023.

D. Actual distribution of employees and Directors' remuneration for the previous year: The Bank distributed employees and Directors' remuneration for the previous year amounted to NT\$451,457 thousand and NT\$75,243 thousand, respectively, equivalent to the estimates set out in the financial statements of 2022.

(9) Share Redemption by the Bank in 2023 and as of the End of February 2024: None.



Taiwan Business Bank won the 20th National Brand Yushan Award, which was presented by the President of the Examination Yuan, Jong-Tsun Huang (left), to the President of Taiwan Business Bank, Chih-Chien Chang (right).

2. Issuance Status of Financial Bonds

| Category of Financial Bonds | Tranche 104-2 (B) long-term subordinated bonds | Tranche 106-1 (A) long-term subordinated bonds | Tranche 106-1 (B) long-term subordinated bonds |
|---|--|--|--|
| Approval Date and Approval Document Number of the Central Competent Authority | April 8, 2015 Letter of Jin-Guan-Yin-Guo-Zi No. 10400065480 | June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070 | June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070 |
| Date of Issuance | August 31, 2015 | March 28, 2017 | March 28, 2017 |
| Nominal Value | NT\$10 million | NT\$10 million | NT\$10 million |
| Place of Issuance and Trading | Taiwan | Taiwan | Taiwan |
| Currency | NTD | NTD | NTD |
| Issue Price | Issued in full | Issued in full | Issued in full |
| Total Amount | NT\$0.3 billion | NT\$0.39 billion | NT\$0.25 billion |
| Coupon Rates | Annual rate fixed at 2.10% | Annual rate fixed at 1.50% | Annual rate fixed at 1.60% |
| Term | 10-year term Maturity Date: August 31, 2025 | 7-year term Maturity date: March 28, 2024 | 8-year term Maturity date: March 28, 2025 |
| Priority of Distribution | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. |
| Guarantor | None | None | None |
| Trustee | None | None | None |
| Underwriting Agency | None | None | None |
| Lawyer | None | None | None |
| Certified Public Accountant | KPMG Feng-Hui Lee, CPA | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA |
| Verification Financial Institution | None | None | None |
| Payment Method | Lump sum payment at maturity (bullet loan) | Lump sum payment at maturity (bullet loan) | Lump sum payment at maturity (bullet loan) |
| Outstanding Balances | NT\$0.3 billion | NT\$0.39 billion | NT\$0.25 billion |
| Paid-in Capital of the Preceding Year | NT\$52.979 billion | NT\$59.689 billion | NT\$59.689 billion |
| Net Worth of Paid-in Capital After Final Report for the Preceding Year | NT\$62.738 billion | NT\$70.870 billion | NT\$70.870 billion |
| Payment Status | Normal | Normal | Normal |
| Redemption or Early Settlement Term | None | None | None |
| Conversion and Exchange Terms | None | None | None |
| Restrictive terms | Subordinate bonds | Subordinate bonds | Subordinate bonds |
| Net Value of Paid-in Capital After Final Report for the Preceding Year | 72.68 | 64.48 | 64.48 |
| Application of Funds | Medium-to-long-term loans | Medium-to-long-term loans | Medium-to-long-term loans |
| Eligible Equity Capital | Tier II Capital | Tier II Capital | Tier II Capital |
| Credit Rating Agencies, Evaluation Date and Rating Score | | | |

| Category of Financial Bonds | Tranche 106-1 (C) long-term subordinated bonds | Tranche 106-2 long-term subordinated bonds | Tranche 106-3 unsecured US dollar bonds |
|---|--|--|---|
| Approval Date and Approval Document Number of the Central Competent Authority | June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070 | June 24, 2016 Letter of Jin-Guan-Yin-Guo-Zi No. 10500148070 | April 28, 2017 Letter of Jin-Guan-Yin-Guo-Zi No. 10600090390 |
| Date of Issuance | March 28, 2017 | May 23, 2017 | October 27, 2017 |
| Nominal Value | NT\$10 million | NT\$10 million | US\$1 million |
| Place of Issuance and Trading | Taiwan | Taiwan | Taiwan |
| Currency | NTD | NTD | USD |
| Issue Price | Issued in full | Issued in full | Issued in full |
| Total Amount | NT\$3.36 billion | NT\$1.3 billion | US\$0.12 billion |
| Coupon Rates | Annual rate fixed at 1.850% | Annual rate fixed at 1.850% | Issued as zero-coupon bond, with an internal rate of return of 4.10% |
| Term | 10-year term Maturity Date: March 28, 2027 | 10-year term Maturity Date: May 23, 2027 | 30-year term Maturity Date: October 27, 2047 |
| Priority of Distribution | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | The distribution priority is equivalent to other unsecured creditors of the Bank. |
| Guarantor | None | None | None |
| Trustee | None | None | None |
| Underwriting Agency | None | None | None |
| Lawyer | None | None | None |
| Certified Public Accountant | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA |
| Verification Financial Institution | None | None | None |
| Payment Method | Lump sum payment at maturity (bullet loan) | Lump sum payment at maturity (bullet loan) | Except for the redemption via the "issuer's right," the bond is subject to lump sum repayment at maturity (bullet loan). |
| Outstanding Balances | NT\$3.36 billion | NT\$1.3 billion | US\$0.12 billion |
| Paid-in Capital of the Preceding Year | NT\$59.689 billion | NT\$59.689 billion | NT\$59.689 billion |
| Net Worth of Paid-in Capital After Final Report for the Preceding Year | NT\$70.87 billion | NT\$70.87 billion | NT\$70.87 billion |
| Payment Status | Normal | Normal | Normal |
| Redemption or Early Settlement Term | None | None | Issuer's redemption right: 5 years after the bond is issued, the Bank may redeem the bond in full, on each effective day of redemption and at the par value prices per share as set out in the bond redemption table. |
| Conversion and Exchange Terms | None | None | None |
| Restrictive terms | Subordinate bonds | Subordinate bonds | |
| Net Value of Paid-in Capital After Final Report for the Preceding Year | 64.48 | 66.32 | 62.96 |
| Application of Funds | Medium-to-long-term loans | Medium-to-long-term loans | Medium-to-long-term loans |
| Eligible Equity Capital | Tier II Capital | Tier II Capital | No |
| Credit Rating Agencies, Evaluation Date and Rating Score | | | |





| Category of Financial Bonds | Tranche 107-2 long-term subordinated bonds | Tranche 107-3 unsecured US dollar bonds | Tranche 108-1 (A) long-term subordinated bonds |
|---|--|---|--|
| Approval Date and Approval Document Number of the Central Competent Authority | June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820 | April 28, 2017 Letter of Jin-Guan-Yin-Guo-Zi No. 10600090390 | June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820 |
| Date of Issuance | August 20, 2018 | September 27, 2018 | March 21, 2019 |
| Nominal Value | NT\$10 million | US\$1 million | NT\$10 million |
| Place of Issuance and Trading | Taiwan | Taiwan | Taiwan |
| Currency | NTD | USD | NTD |
| Issue Price | Issued in full | Issued in full | Issued in full |
| Total Amount | NT\$5.45 billion | US\$0.18 billion | NT\$1 billion |
| Coupon Rates | Annual rate fixed at 1.450% | Issued as zero-coupon bond, with an internal rate of return of 4.70% | Annual rate fixed at 1.20% |
| Term | 10-year term Maturity Date: August 20, 2028 | 30-year term Maturity Date: September 27, 2048 | 7-year term Maturity Date: March 21, 2026 |
| Priority of Distribution | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | The distribution priority is equivalent to other unsecured creditors of the Bank. | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. |
| Guarantor | None | None | None |
| Trustee | None | None | None |
| Underwriting Agency | None | None | None |
| Lawyer | None | None | None |
| Certified Public Accountant | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA |
| Verification Financial Institution | None | None | None |
| Payment Method | Lump sum payment at maturity (bullet loan) | Except for the redemption via the "issuer's right," the bond is subject to lump sum repayment at maturity (bullet loan). | Lump sum payment at maturity (bullet loan) |
| Outstanding Balances | NT\$5.45 billion | US\$0.18 billion | NT\$1 billion |
| Paid-in Capital of the Preceding Year | NT\$61.48 billion | NT\$61.48 billion | NT\$63.938 billion |
| Net Worth of Paid-in Capital After Final Report for the Preceding Year | NT\$75.818 billion | NT\$75.818 billion | NT\$84.853 billion |
| Payment Status | Normal | Normal | Normal |
| Redemption or Early Settlement Term | None | Issuer's redemption right: 5 years after the bond is issued, the Bank may redeem the bond in full, on each effective day of redemption and at the par value prices per share as set out in the bond redemption table. | None |
| Conversion and Exchange Terms | None | None | None |
| Restrictive terms | Subordinate bonds | | Subordinate bonds |
| Net Value of Paid-in Capital After Final Report for the Preceding Year | 67.37 | 74.66 | 73.36 |
| Application of Funds | Medium-to-long-term loans | Medium-to-long-term loans | Medium-to-long-term loans |
| Eligible Equity Capital | Tier II Capital | No | Tier II Capital |
| Credit Rating Agencies, Evaluation Date and Rating Score | | | |

| Category of Financial Bonds | Tranche 108-1 (B) long-term subordinated bonds | Tranche 109-1 long-term subordinated bonds (Note 6) | Tranche 109-2 non-cumulative perpetual subordinated bonds |
|---|--|--|---|
| Approval Date and Approval Document Number of the Central Competent Authority | June 6, 2018 Letter of Jin-Guan-Yin-Guo-Zi No. 10702114820 | July 11, 2019 Letter of Jin-Guan-Yin-Guo-Zi No. 10802116910 | July 2, 2020 Letter of Jin-Guan-Yin-Guo-Zi No. 1090216191 |
| Date of Issuance | March 21, 2019 | March 25, 2020 | August 13, 2020 |
| Nominal Value | NT\$10 million | NT\$10 million | NT\$10 million |
| Place of Issuance and Trading | Taiwan | Taiwan | Taiwan |
| Currency | NTD | NTD | NTD |
| Issue Price | Issued in full | Issued in full | Issued in full |
| Total Amount | NT\$4.8 billion | NT\$10 billion | NT\$10 billion |
| Coupon Rates | Annual rate fixed at 1.30% | Annual rate fixed at 0.80% | Annual rate fixed at 1.62% |
| Term | 10-year term Maturity Date: March 21, 2029 | 10-year term Maturity Date: March 25, 2030 | No maturity date |
| Priority of Distribution | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | Subordinate to the holders of the Bank's tier II subordinated bonds and other ordinary creditors |
| Guarantor | None | None | None |
| Trustee | None | None | None |
| Underwriting Agency | None | None | None |
| Lawyer | None | None | None |
| Certified Public Accountant | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA | KPMG Tan-Tan Chung, CPA |
| Verification Financial Institution | None | None | None |
| Payment Method | Lump sum payment at maturity (bullet loan) | Lump sum payment at maturity (bullet loan) | 5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid. |
| Outstanding Balances | NT\$4.8 billion | NT\$10 billion | NT\$10 billion |
| Paid-in Capital of the Preceding Year | NT\$63.938 billion | NT\$71.319 billion | NT\$71.319 billion |
| Net Worth of Paid-in Capital After Final Report for the Preceding Year | NT\$84.853 billion | NT\$95.517 billion | NT\$95.517 billion |
| Payment Status | Normal | Normal | Normal |
| Redemption or Early Settlement Term | None | None | 5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid. |
| Conversion and Exchange Terms | None | None | None |
| Restrictive terms | Subordinate bonds | Subordinate bonds | Subordinate bonds |
| Net Value of Paid-in Capital After Final Report for the Preceding Year | 73.36 | 79.19 | 80.67 |
| Application of Funds | Medium-to-long-term loans | Medium-to-long-term loans | Medium-to-long-term loans |
| Eligible Equity Capital | Tier II Capital | Tier II Capital | Tier I Capital |
| Credit Rating Agencies, Evaluation Date and Rating Score | | | |

| Category of Financial Bonds | Tranche 110-1 non-cumulative perpetual subordinated bonds | Tranche 112-1 unsecured long-term subordinated bonds | Tranche 112-2 unsecured senior bonds |
|---|---|--|---|
| Approval Date and Approval Document Number of the Central Competent Authority | August 13, 2021 Letter of Jin-Guan-Yin-Guo-Zi No. 1100220115 | May 26, 2023 of Jin-Guan-Yin-Guo-Zi No. 1120213867 | June 14, 2023 Letter of Jin-Guan-Yin-Guo-Zi No. 1120215869 |
| Date of Issuance | November 17, 2021 | June 20, 2023 | September 27, 2023 |
| Nominal Value | NT\$10 million | NT\$10 million | NT\$10 million |
| Place of Issuance and Trading | Taiwan | Taiwan | Taiwan |
| Currency | NTD | NTD | NTD |
| Issue Price | Issued in full | Issued in full | Issued in full |
| Total Amount | NT\$8 billion | NT\$8 billion | NT\$1 billion |
| Coupon Rates | Annual rate fixed at 1.60% | Annual rate fixed at 2.10% | Annual rate fixed at 1.47% |
| Term | No maturity date | 7-year term Maturity Date: June 20, 2030 | 2-year term Maturity Date: September 27, 2025 |
| Priority of Distribution | Subordinate to the holders of the Bank's tier II subordinated bonds and other ordinary creditors | Superior to shareholders' rights in asset securitization and subordinate to all depositors and other ordinary creditors of the Bank. | The distribution priority is equivalent to other unsecured creditors of the Bank. |
| Guarantor | None | None | None |
| Trustee | None | None | None |
| Underwriting Agency | None | None | None |
| Lawyer | None | None | None |
| Certified Public Accountant | KPMG Tan-Tan Chung, CPA | KPMG Feng-Hui Lee, CPA | KPMG Feng-Hui Lee, CPA |
| Verification Financial Institution | None | None | None |
| Payment Method | 5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid. | Lump sum payment at maturity (bullet loan) | Lump sum payment at maturity (bullet loan) |
| Outstanding Balances | NT\$8 billion | NT\$8 billion | NT\$1 billion |
| Paid-in Capital of the Preceding Year | NT\$74.886 billion | NT\$80.297 billion | NT\$80.297 billion |
| Net Worth of Paid-in Capital After Final Report for the Preceding Year | NT\$97.910 billion | NT\$100.886 billion | NT\$100.886 billion |
| Payment Status | Normal | Normal | Normal |
| Redemption or Early Settlement Term | 5 years and 1 month (including) after the bond is issued, the Bank may redeem the bond, upon the approval of the competent authority, in full at its face value with the accrued interest paid. | None | None |
| Conversion and Exchange Terms | None | None | None |
| Restrictive terms | Subordinate bonds | Subordinate bonds | |
| Net Value of Paid-in Capital After Final Report for the Preceding Year | 70.08 | 68.77 | 69.84 |
| Application of Funds | Medium-to-long-term loans | Medium-to-long-term loans | Medium-to-long-term loans |
| Eligible Equity Capital | Tier I Capital | Tier II Capital | No |
| Credit Rating Agencies, Evaluation Date and Rating Score | | | |

3. Preferred Stocks, Global Depository Receipts, and Employee Stock Warrants, New Restricted Employee Shares, Any Merger and Acquisition Activities, and Acceptance of Transfer of the Shares of Another Financial Institution: None.

4. Status of Implementation of Capital Allocation Plans

(1) Plan Details

- A. In 2023, the Banking Bureau, Financial Supervisory Commission, in its letter numbered 1120213867 dated May 26, 2023, approved the issuance of unsecured long-term subordinated bonds, with a quota of NT\$8 billion (or equivalent in foreign currency). The purpose of the application is to gradually issue financial bonds as they mature, to achieve complete capital adequacy and maintain the Bank's capital adequacy ratio.
- B. In 2023, the Banking Bureau, Financial Supervisory Commission, in its letter numbered 1120215869 dated June 14, 2023, approved the issuance of unsecured senior bonds, with a quota of NT\$1 billion. The purpose of the application is to respond to the government's environmental sustainability policies, such as the "Green Action Plan 2.0" and "Corporate Governance - Sustainable Development Blueprint."

(2) Status of Implementation

- A. On June 20, 2023, the Bank issued NT\$ 8 billion of unsecured long-term subordinated bonds.
- B. On September 27, 2023, the Bank issued NT\$ 1 billion of unsecured senior bonds.
- C. Analysis of the changes of major financial ratios, capital adequacy ratios, and after-tax earnings per share of the Bank:

Unit: NT\$1,000; %

| Item | Year | 2023 | 2022 | Increase/Decrease |
|--|------|------------|------------|-------------------|
| Financial Ratios | | | | |
| After-tax Return on Assets (ROA) | | 0.49% | 0.49% | — |
| After-tax Return on Shareholders' Equity (ROE) | | 9.43% | 9.84% | -0.41% |
| Capital Adequacy Ratio | | 13.55% | 12.48% | 1.07% |
| Net Income | | 10,567,675 | 10,121,852 | 445,823 |
| Earnings Per Share After Tax | | 1.29 | 1.23 | 0.06 |

Notes:

- Earnings per share is calculated according to the weighted average number of shares of the current fiscal year. The effects of retrospective adjustments apply to basic earnings per share for 2022.
- Net profit after tax for 2023 totaled NT\$10.568 billion, increased by NT\$446 million from 2022, primarily due to the increase in net income from service fees and financial products.



| | |
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1. Business Scope

(1) Principal Activities for Various Business Areas

- A. Corporate Banking
 - a. Corporate financing loan
 - Engage in various corporate loans, project loans, syndication, bills discounting, domestic credit issuing, domestic and overseas guarantee provision, as well as accounts receivable financing and factoring.
 - b. Foreign exchange
 - Engage in foreign currency in cash, foreign currency deposits, import and export foreign exchange, general outward and inward remittance, loans in foreign currency, and foreign currency guarantee.
- B. Personal Banking
 - a. Personal loans
 - Engage in personal mortgage and consumer financing business.
 - b. Credit card
 - Engage in credit card businesses.
 - c. Wealth management
 - Engage in the promotion of wealth management products, such as life insurance, property insurance, funds, overseas bonds, overseas stocks, ETFs, and gold passbooks.
 - d. Insurance agency
 - Engage in life insurance agency and property insurance agency businesses.
 - e. Trust service
 - 1) Monetary trust: Fiduciary investments in domestic and overseas marketable securities, advance trust, real estate transaction trust, civil servant estate trust, government projects subsidy trust, caring trust, insurance trust, third-party payment trust, equity transaction values trust, foreign exchange trust, charitable trust, employee stock ownership trust, and other monetary trust business.
 - 2) Custodian business: Entrusted for keeping domestic securities investment trust fund, entrusted for keeping investment policy-linked investment targets, and entrusted for keeping operation deposits and custody business for foreign investors.
 - 3) Others: Real estate trust, superficies trust, marketable securities trust, marketable securities subscription business, and trust business concurrently engaging in securities investment consulting business.
 - f. Securities
 - Engage in securities broker business, margin trading and short selling, as well as futures introducing broker services.
- C. Finance Logistics
 - Engage in the capital movement for New Taiwan Dollars and foreign currencies, foreign exchange transactions, marketable securities transactions, long-term equity investments, financial products marketing, and derivatives business.
- D. Deposits
 - Engage in check deposits, passbook deposits, certificate deposits, tax collection, national treasury agent, collections, and remittance.
- E. Digital Banking
 - Engage in digital banking businesses such as general online banking, corporate online banking and online banking APP, global e-banking, mobile banking APP, telephone banking, e-ATM, national payment, parking fee collection, virtual accounts, digital deposit account, the Bank's official website, AI customer services, online loan service, Open API, big data, Cross-border remittance, deposit account acquisition with QR Code, ACH (eACH, eDDA) and blockchain confirmation.

(2) Business Overview for the Past Two Years

A. Corporate Banking

a. Corporate banking loans

Unit: NT\$ million

| Item | Year | 2023 | | 2022 | | Increase (Decrease) % |
|--|------|-----------|--------------|-----------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Corporate banking NTD loan balance | | 983,767 | 86.69 | 932,939 | 86.02 | 5.45 |
| SMEs loan balance | | 757,823 | 66.78 | 713,010 | 65.74 | 6.29 |
| Large enterprises loan balance | | 152,985 | 13.48 | 142,832 | 13.17 | 7.11 |
| Government and public enterprise loan balances | | 72,959 | 6.43 | 77,097 | 7.11 | -5.37 |
| Foreign currency loan balance | | 151,005 | 13.31 | 151,672 | 13.98 | -0.44 |
| Total | | 1,134,772 | 100.00 | 1,084,611 | 100.00 | 4.62 |

b. Foreign exchange

Unit: NT\$ million

| Item | Year | 2023 | | 2022 | | Increase (Decrease) % |
|---|------|---------|--------------|---------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Foreign currency demand deposit balance | | 92,006 | 24.91% | 111,841 | 30.63% | -17.73% |
| Foreign currency time deposit balance | | 277,332 | 75.09% | 253,346 | 69.37% | 9.47% |
| Total | | 369,338 | 100% | 365,187 | 100% | 1.14% |

Unit: US\$ million

| Item | Year | 2023 | 2022 | Increase (Decrease) % |
|----------------------------------|------|--------|--------|-----------------------|
| Foreign exchange business volume | | 63,313 | 77,459 | -18.26% |

Note: Foreign exchange business volume is the sum of business volumes of DBU and OBU.

B. Personal Banking

a. Personal loans

Unit: NT\$ million

| Item | Year | 2023 | | 2022 | | Increase (Decrease) % |
|-----------------------------|------|---------|--------------|---------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Mortgage balance | | 270,068 | 72.58 | 227,292 | 69.10 | 18.82 |
| Other personal loan balance | | 98,279 | 26.42 | 97,130 | 29.53 | 1.18 |
| Consumer loan balance | | 3,723 | 1.00 | 4,522 | 1.37 | -17.67 |
| Total | | 372,070 | 100 | 328,944 | 100 | 13.11 |

b. Wealth management and insurance agent businesses

Unit: NT\$ million

| Item | Year | 2023 | | 2022 | | Increase (Decrease) % |
|---------------------------------------|------|----------|--------------|----------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Trust fund service fee income | | 467.61 | 16.40 | 532.50 | 25.71 | -12.19 |
| Life insurance service fee income | | 2,340.84 | 82.08 | 1,494.24 | 72.16 | 56.66 |
| Property insurance service fee income | | 41.19 | 1.44 | 41.20 | 1.99 | -0.02 |
| Gold passbook income | | 2.33 | 0.08 | 2.86 | 0.14 | -18.53 |
| Total | | 2,851.97 | 100.00 | 2,070.80 | 100.00 | 37.72 |

c. Trusts

Unit: NT\$ million

| Item | Year | 2023 | 2022 | Increase (Decrease) % |
|--|------|---------|---------|-----------------------|
| Fiduciary investments in domestic and overseas marketable securities balance | | 75,821 | 76,884 | -1.38 |
| Custodian bank balance | | 119,790 | 116,056 | 3.22 |
| Other trusts balance | | 33,120 | 28,664 | 15.55 |

d. Credit card

Unit: NT\$ million/card

| Item | Year | 2023 | 2022 | Increase (Decrease) % |
|-------------------------|------|---------|---------|-----------------------|
| Card transaction volume | | 10,842 | 9,833 | 10.26 |
| Number of issued cards | | 171,876 | 195,551 | -12.11 |

Note: Visa Debit and Easy Debit cards are not included in the number of issued cards.

e. Securities

Unit: NT\$ million/lot

| Item | Year | 2023 | 2022 | Increase (Decrease) % |
|--------------------------------------|------|---------|---------|-----------------------|
| Securities broker transacted amount | | 577,059 | 493,215 | 17.00 |
| Average securities financing balance | | 2,743 | 2,806 | -2.25 |
| Lot amount for futures (lot) | | 124,554 | 133,639 | -6.80 |

C. Finance Logistics

a. Foreign currency and foreign capital transaction

Unit: US\$ million

| Item | Year | 2023 | | 2022 | | Increase (Decrease) % |
|--|------|---------|--------------|---------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Forwards | | 351 | 0.34% | 452 | 0.37% | -22.35 |
| SWAP | | 23,454 | 22.67% | 25,074 | 20.53% | -6.46 |
| Non-deliverable forwards | | - | 0.00% | 0 | 0.00% | 0 |
| Options | | 169 | 0.16% | 176 | 0.14% | -3.98 |
| Inter-bank borrowings and inter-bank loans | | 79,488 | 76.83% | 96,427 | 78.95% | -17.57 |
| Total | | 103,463 | 100.00% | 122,130 | 100.00% | -15.28 |

Note: The foreign exchange transaction volume is the sum of the transaction volume of the Bank's head office and overseas branches.

b. Stock fund investment

Unit: NT\$ million

| Item | Year | At the end of 2023 | | At the end of 2022 | | Increase (Decrease) % |
|--------|------|--------------------|--------------|--------------------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Stocks | | 10,833 | 99.38% | 12,444 | 98.96% | -12.95 |
| Funds | | 68 | 0.62% | 131 | 1.04% | -48.09 |
| Total | | 10,901 | 100.00% | 12,575 | 100.00% | -13.31 |

Note: Stated at the initial acquisition costs.

c. Bonds and notes

Unit: NT\$ million

| Item | Year | At the end of 2023 | | At the end of 2022 | | Increase (Decrease) % |
|--|------|--------------------|--------------|--------------------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Short-term notes | | 259,235 | 52.25% | 226,493 | 54.50% | 14.46% |
| Certificates of deposit acquisition | | 190,900 | | 195,595 | | |
| Commercial paper acquisition | | 68,335 | | 30,898 | | |
| Acceptances acquisition | | - | | 0 | | |
| Bonds | | 236,932 | 47.75% | 189,844 | 45.60% | 24.80% |
| Government bonds | | 85,863 | | 75,540 | | |
| Corporate bonds | | 96,177 | | 69,567 | | |
| Financial debentures | | 54,442 | | 44,248 | | |
| Beneficiary securities and asset-backed securities | | 450 | | 489 | | |
| Total | | 496,167 | 100.00% | 416,337 | 100.00% | 19.17% |

Note: Stated at the initial acquisition costs.



d. Long-term Equity Investments

| Investment Target | Investment Amount (NT\$1,000) | Shareholding Ratio (%) |
|--|-------------------------------|------------------------|
| Taipei Forex Inc. | 7,000 | 3.5318% |
| Financial Information Service Co., Ltd. | 59,008 | 1.2377% |
| Taiwan Stock Exchange Corporation | 198,012 | 0.9496% |
| Taiwan Futures Exchange Corporation | 20,000 | 1.0000% |
| Taiwan Asset Management Corporation | 600,000 | 5.6754% |
| Taiwan Financial Asset Service Corporation | 50,000 | 2.9412% |
| Sunny Asset Management Corporation | 461 | 0.7678% |
| Financial eSolution Co., Ltd. | 19,285 | 4.1158% |
| Taiwan Depository & Cleansing Corporation | 4,639 | 0.0830% |
| Taiwan Mobile Payment Co., Ltd. | 6,000 | 1.0000% |
| Taiwan Power Company | 11,427 | 0.0030% |
| Taiwan Sugar Corporation | 58,294 | 0.2986% |
| Taiwan Incubator SME Development Corporation | 29,000 | 4.8438% |
| Sunsino Development Associate Inc. | 17,440 | 3.1166% |
| CDIB & Partners Investment Holding Corp. | 500,000 | 4.9505% |
| Taipei Financial Center Corporation | 328,104 | 0.8000% |
| Taiwan Urban Regeneration & Financial Services Co., Ltd. | 25,000 | 5.0000% |
| Chaofu Real Estate Management Co., Ltd. | 8,598 | 3.0000% |
| Taiwan High Speed Rail Corporation | 445,000 | 0.7906% |
| Taiwania Capital Buffalo II Bioventures, LP | 85,000 | 1.6946% |

Note: Long-term investment of the Bank.

D. NTD Deposits

Unit: NT\$ million

| Item | Year | At the end of 2023 | | At the end of 2022 | | Increase (Decrease) % |
|-----------------|------|--------------------|--------------|--------------------|--------------|-----------------------|
| | | Amount | Percentage % | Amount | Percentage % | |
| Demand Deposits | | 873,680 | 55.48 | 842,271 | 57.86 | 3.73 |
| Time Deposits | | 701,202 | 44.52 | 613,313 | 42.14 | 14.33 |
| Total | | 1,574,882 | 100 | 1,455,584 | 100 | 8.20 |

E. Digital Banking

Unit: Customer/Transaction

| Item | Year | At the end of 2023 | At the end of 2022 | Increase (Decrease) % |
|--|------|-------------------------|-------------------------|-----------------------|
| Number of online banking customers | | 1,747,025 customers | 1,678,782 customers | 4.07% |
| Number of mobile banking customers | | 1,115,381 customers | 1,025,392 customers | 8.78% |
| Number of digital banking transactions | | 18,058,560 transactions | 16,983,953 transactions | 6.33% |
| Number of digital deposit accounts | | 124,032 customers | 76,529 customers | 62.07% |
| Number of Taiwan Pay customers | | 63,083 customers | 62,111 customers | 1.56% |
| Number of Taiwan Pay transactions | | 2,400,936 transactions | 1,883,700 transactions | 27.46% |

(3) Operating Plan for 2024

A. Corporate Banking

a. Corporate banking loan

- Promote the government's "Three Major Programs for Investing in Taiwan" and "6 Core Strategic Industries Promotion Program", etc. to assist enterprises in obtaining required funding and increase the investment in Taiwan, creating more domestic employment opportunities.

- Continue to promote the government's initiative for actively assisting in micro-scale enterprises and start-ups (of which the capital is below NT\$ 30 million) to obtain the capital required for operations; participate in project loans inaugurated by county/city governments; support youth entrepreneurs as well as small and medium enterprise (SME) corporate financing; invigorate the local economy and fulfill its corporate social responsibilities.
- Strengthen the Bank's DBU replace OBU and the parent-subsidiary shared credit model, actively increase transactions with such OBU customers, provide customized financing plans, such as foreign currency working capital, foreign letters of credit, and export bill negotiations, with complete foreign exchange financial services.
- Focus on core clients in business clusters and industrial zones and strive to expand our upstream and downstream client base to scale up our loan business and market share in industrial zones.
- Continue to provide loan projects related to urban renewal and green finance, while promoting building reconstruction to integrate electricity generation on-farm, energy storage, and other building designs, in response to the government's policy of urban renewal, reconstruction of old and dangerous buildings, and green energy sustainability, to achieve the goal of sustainable development of the environment
- Focus on long-term SME customers or SMEs supported by the Bank and actively organize and manage the syndicated loans and credits to expand the number of loans and commissions from corporates.
- With consideration of credit risks and revenue, adjust loan structure, enhance the credit guarantee funds transferring to reduce the risk-adjusted assets, and increase the loans for SMEs.
- Focus on the major business of SMEs, enhance educational training and enhance professional competencies to effectively control risks and improve overall service quality.

b. Foreign exchange

- Strengthen the expansion of foreign exchange businesses
 - Provide various foreign exchange services to closely meet the needs of our customers.
 - Optimize the digitalization services of various foreign exchange products.
 - Enhance training to improve foreign exchange service quality.
 - Strengthen the implementation of various operation procedures to minimize operating risks.
- Facing uncertainty factors such as interest rate hikes, and changes in political and economic situations in various countries, our overseas branches will continue to focus on the implementation of credit risk control to respond to the local political and economic circumstances, changes in industries at any time, and steadily promote their business with considerations given to different risks in accordance with factors such as the nature of regions, policies implemented by the headquarters, regulations, and supervisory strength.

B. Personal Banking

a. Personal loans

- Enhance the operating efficiencies of personal banking and focus on the growth of revenue.
- Continue to strengthen the expansion of house mortgage life insurance business to increase the service fee income of the Bank.
- Strengthen online service functions for personal banking and provide diverse selling channels.
- Actively cooperate with various government policies to fulfill the Bank's corporate social responsibilities.

b. Wealth management

- Promote high-end asset and wealth management business: Integrate personal finance, wealth management, and trust resources to launch timely and well-rounded marketing campaigns and work with certified public accountants (CPAs) and attorneys when necessary to promote family wealth management and wealth inheritance, so as to rapidly enhance the Bank's ability to serve high-end asset customers. We also review and revise strategic measures and expected goals for more aggressive challenges in order to expand the scale of wealth management business and strengthen the diversified profit structure.
- Establish a digital transaction process: Continuously optimize the digital financial transaction process to meet the digital mobility trend and scale up our wealth management operation.
- Strengthen the wealth management team: Foster professional investment analysis research capabilities, enhance the expertise of financial planners, engage in cross-industry collaborations



to provide professional services and diverse financial products, to meet customers' asset planning needs, and fulfill corporate social responsibilities.

c. Insurance agent

- 1) Construct a digital blueprint for bank insurance - implement mobile and online insurance: By leveraging digital financial technology innovations, we respond to the trend of digitization and paperless environments. Customers can now apply for insurance services without visiting the counter, streamlining the insurance process to increase sales channels, enhance service efficiency, refine service models, cultivate customer loyalty, improve customer satisfaction, and thereby expand the digital customer base.
- 2) Select premium insurance products as an agency: Keep abreast of market changes, provide insurance products based on the needs of different customer bases, and enrich the diversity of products to enhance the competitive advantage.
- 3) Adopt inter-departmental integrated marketing: Integrate marketing across departments in an all-in-one manner for our core group of customers, including SMEs, business owners, and their employees. Expand the property insurance business related to employees, factories, construction projects, houses, etc. For the individual customer group, the main focus is placed on the injury insurance of accident protection, with the protection extended to their family members, so as to boost the trust of customers with our professional image.

d. Trusts

- 1) Choose and work with SITEs with plans to issue ETFs. Leverage on the position of an IPO custodian bank to seek to be a custodian bank for ETFs at the same time; follow the current trend of issuing ETFs; meet customers' financial planning needs; create synergy; and increase the size of assets under management.
- 2) Continue to promote relaunch of funds under custody; launch the "TBB Funds under Custody Incentive Program"; and work with SITEs to sell funds under TBB's custody. Increase the size of funds under custody and sales momentum in order to achieve higher fee income.
- 3) Work with SITEs to launch private placement funds, and act as the custodian bank in order to strengthen business relationships and increase the size of funds under custody.
- 4) Continue to introduce various trust products such as foreign bonds, domestic and foreign funds, foreign equities and ETFs according to market investment demands and customers' risk preferences in order to meet different customer needs and make the Bank more competitive.
- 5) Expand industry alliances to meet customers' demand for everyday payment services. Work with the Trust Association's roadmaps and implement the "Trust Account Payment Information Exchange Interface Platform" to expand trust account payment functions in order to increase customer satisfaction.
- 6) Develop customized trust services tailored for customers to meet their trust needs at different life stages in order to build stronger customer relationships and create revenue.
- 7) Follow government policies and continue to promote "Elder care trust and trust for people with disabilities" and "Real estate trust", and step up promotion of "Presale property transaction trust" and "Real estate transaction trust" in order to fulfill the Bank's corporate social responsibility.
- 8) Continue to promote charitable trust to facilitate community care and social assistance. Visit community care locations to promote the concept of trusts and related financial knowledge for the elderly besides providing financial assistance to resource-limited communities in order to fulfill our corporate social responsibility.

e. Credit card

- 1) Continue to promote the Sustainable Life Card with "green food, carbon reduction and green transportation" as the theme to develop the Bank's image as an ESG business. Offer card discounts through certain channels and entice ESG conscious consumers to apply for the card.
- 2) Advertise art and culture as well as entertainment via the Enjoy Life and Fun Signature Card and continue to refine and optimize channel specific offers in order to become the first choice of credit card in the art and culture community.
- 3) Continue to promote the "Beigang Chao-Tian Temple Affinity Card" emphasizing religious faith and the "Charity Affinity Signature Business Card" focusing on social welfare by allocating 2.75% to 3% of general consumption amount as a charitable fund, attracting and cultivating specific customer groups to enhance cardholder loyalty.

- 4) Continue to hold marketing campaigns to introduce Taiwan Pay scanned transactions, and encourage cardholders' usage by utilizing credit card statements, the Bank's website, Line official website and FB exposure, so as to achieve the mobile payment business goals under the government's policy and increase the usage rate of mobile payment.
- 5) Optimize various operating processes based on customers' experience to improve customers' satisfaction.

f. Securities

- 1) Expand the institutional customer base and provide customer oriented securities services.
- 2) Vigorously cooperate with branches to jointly visit the target customer groups, implement and execute on annual key operations, and develop securities business to fully exerting the integral marketing function of the entire bank and improve the overall contribution of customers.
- 3) Plan to add short selling function to "Day Trading Electronic Transaction" in order to increase day trading volume and customer satisfaction.
- 4) Create customer profiles through data analysis and event feedback, and conduct precision marketing on target groups for better returns on events.
- 5) Optimize digital counter service functionalities and provide an online services platform for customers to open securities accounts online, apply for replacement e-transaction PINs and change personal information digitally, in order to eliminate the constraint of location, time, and manpower, as well as reduce inconvenience for customers and enhance digital service efficiency.

C. Finance Logistics

- a. Enhance capital management and operating efficiency to maintain liquidity and improve capital utilization income.
- b. Actively carry out foreign exchange operations to increase exchange gains.
- c. Closely monitor domestic and overseas governmental and economic conditions to get hold of the overall market investment trend. Select premium stocks in different industries in due course to balance the investment allocation and increase our investment income.
- d. Improve the planning and management for our long-term equity investment business to increase the income of the Bank.
- e. Cautiously select premium investment targets with stable growth and financial health to expand our investment portfolio, boosting investment income from securities.
- f. Implement KYC system and assessment for product adequacy; closely monitor customers' credit limits and carry out risk control.

D. Deposits

- a. Enhance performance management and evaluation, and utilize incentive measures and activities to reinforce the expansion of key customer groups, so as to drive deposit growth momentum of our branches and increase the size of demand deposits.
- b. Enhance various deposit agency services and continue to optimize system services in order to provide better customer service, strengthen the Bank's competitiveness, and assist the branches in expanding business.
- c. Enhance demand deposit businesses such as the payroll transfer service for corporate loan customers and corporate employees, and introduce special offers for payroll customers while extending retail banking, wealth management and related services through cross selling and synergy to create more profit sources.

E. Digital Banking

To focus on executing the Bank's digital development plan with the goal of driving business growth through digital transformation, the strategy execution is outlined as follows:

- a. Data prevalence: Implement advanced data analysis tools to conduct customer diagnosis and analysis; summarize customer journeys and event flows; and predict corporate or individual customers' funding or financial product needs in order to increase the number of products in customers' portfolios and lifetime value.
- b. AI applications: Respond to the AI trends and enhance service quality; accelerate internal innovation and expand the scope of business applications; introduce appropriate biometrics and FIDO applications; simplify business processes; optimize the user experience for customers; and create AI financial services.



- c. Digitalization of sales: Optimize online processes in digital channels; expand customer base and product lines; improve efficiency in business applications; and integrate bank-wide resources to develop digital marketing for different customer segments. Design innovative online products to meet the needs of both individual and corporate customers.
 - d. Lifestyle scenarios: Develop three major customer groups; manage digital memberships; attract young digital users; create online environments suitable for the elderly and accessible for all; expand user-friendly financial services; connect and integrate ecosystem industries; provide professional financial services in a platform role; consolidate mobile payment business; and develop and invigorate diverse financial domains.
 - e. A younger brand image: Go into school campuses to promote the Bank's various financial services; bring integrated resources to host seminars or other events; focus on creative ideas and implementation of important topics; continuously expand social media presence; actively participate in domestic and international digital finance competitions; and enhance and demonstrate the Bank's digital financial brand image and capabilities.
 - f. Cyber security defense: Strengthen security protection for customer accounts; continuously develop various account security mechanisms and alerts; create fraud prevention warning models and systems; establish an anti-fraud environment; utilize emerging technologies and implement identity verification technologies to safeguard financial security and enhance social responsibility.
- F. Risks Management
- a. Complete the Task Force on Climate-Related Financial Disclosure (TCFD) for the Bank and release the 2023 TCFD Report.
 - b. In response to the FSC's adoption of BIS Basel III requirements in 2025, the system implementation for market risk, credit risk assessment & adjustments and securitization is expected to be completed.
 - c. Continue to enhance the linking function among the top three managing tools for operating risks, allowing management tools to support and link to one another, perform cross-over analysis and verification, to improve the Bank's capacity for active and advance control on operating risks.
- G. Legal compliance and anti-money laundering
- a. Comply with regulations imposed by domestic and foreign competent authorities and continue to optimize the AML system of the Bank.
 - b. Strengthen the supervision for the first line of defense as well as field visits and sampling tests for the branches.
 - c. Adopt diversified channels to continue organizing educational trainings, and irregularly conduct video conferences to educate business units on relevant regulations and matters requiring attention.

(4) Market Analysis

A. Geographic Scope of Operations

Apart from being a SME specialized bank, the Bank also provides diversified services in personal financing, wealth management, and the professional financing field. Our branches spread across the nation, including 125 branches in Taiwan and 1 Offshore Banking Unit. There are also 8 overseas branches in Los Angeles, New York, Sydney, Brisbane, Shanghai, Wuhan, Hong Kong, and Tokyo, as well as one representative office in Yangon, Myanmar.

B. Market supply, demand and growth in the future

As per the forecast of the International Monetary Fund (IMF), the growth rate of global trade volume in 2024 is expected to increase to 3.0% from 0.3% in 2023. As the global economy gradually rebounds, end market demand is expected to stabilize, and inventory levels are gradually returning to healthy levels. Due to the fact that domestic semiconductor manufacturing enjoys a leading edge in production processes and Taiwanese businesses continue to return to invest in Taiwan, the accumulation of domestic production capacity is being strengthened and domestic production ratio of export orders has increased. Additionally, as the expansion of emerging applications such as AI, high-performance computing, and automotive electronics continues, export momentum is expected to turn into positive growth, and the same applies to the fixed investment. This is mainly due to the revision of the Statute for Industrial Innovation by the government, which boosted manufacturers' willingness in carrying out the innovation, research and development, as well as upgrading process equipment. Furthermore, the continued construction of green energy facilities such as offshore wind and solar power, increased aircraft purchases by airlines in response to cross-border travel demands, and the continued implementation of investment in Taiwan's three major programs have all

contributed to this positive outlook. According to the statistics released by the Directorate-General of Budget, Accounting and Statistics on February 29, 2024, Taiwan's economic growth rate for 2023 is 1.31%, while for 2024, it is forecasted to rise to 3.43%. The Industrial Economics and Knowledge Center of the Industrial Technology Research Institute (IEKCQM) predicts that the output value of Taiwan's manufacturing industry will reach NT\$23.38 trillion in 2024, with a growth rate of 5.49%.

It is anticipated that in 2024, global inflation and geopolitical tensions will continue to undermine the stability of international financial markets. This will increase the difficulty of investment by domestic banks and elevate implicit risks such as overseas exposure and bad debt. However, the U.S. economy and inflation still face significant uncertainty, and the Fed may plan to maintain interest rates at high levels until it is confident that inflation can sustainably decrease to achieve its target. Therefore, it is expected that the global interest rate hike cycle will stop in 2024, but a rate cut is still some distance away. Consequently, market interest rates will remain high, benefiting banks' interest rate spread income. However, on the other hand, interest rate hikes will challenge customers' credit risk and debt repayment capacity, thereby affecting the asset quality of banks and raising concerns about increased non-performing loans.

In the loan market, with the return of Taiwanese investment and the expansion of Green Finance 3.0, financing and lending business is expected to expand. Increased private consumption momentum will also help boost bank fee income. Meanwhile, financial technology continues to innovate, the electronic payment market continues to expand, and stable growth is seen in wealth management, all of which contribute to the increase in bank fee revenue. Therefore, it is predicted that the growth of Taiwan's banking industry will continue in 2024. In addition, banks are actively practicing inclusive finance, establishing personal retirement preparation platforms, trust 2.0, and other services, and will also continue to expand various strategies such as AI customer service, AI credit review, and online banking digital services in 2024. Consequently, inclusive finance will gradually become a key factor driving the scale of banking business.

C. Positive and negative factors affecting competitive niches and long-term development, as well as response strategies

Facing the fast-changing global financing and economic state, the Bank may encounter the following circumstances:

a. Favorable factors

- 1) With a solid local business foundation, the Bank has a large number of loyal customers with long-term relationship, and established a good network relationship with external counseling institutions to jointly promote the sustainable operation of SMEs.
- 2) Leverage on the competitive advantage of "Financing, Guidance, Investment," the Bank has been focusing on the SMEs loan business in the long run, assuming an essential part in the market of SME loans with the benefit of scale profit.
- 3) The monetary policies of major central banks are expected to shift from tightening to neutral and accommodative, resulting in a significant decrease in market risks, and providing more support to credit markets.
- 4) To address the issues of elderly and unsafe/old buildings, the government is promoting urban renewal policies and the Trust 2.0 program, bringing opportunities for developing comprehensive trust business and cross-industry cooperation.

b. Unfavorable Factors

- 1) Fierce competition among domestic financial institutions which provide products and services of high homogeneity.
- 2) Due to ongoing geopolitical disputes, changes in the global supply chain structure, and the persistent threat of inflation, there are concerns about a global economic downturn.
- 3) In response to the increasing demand for digital financial services, the Bank still lacks the flexibility in system development required for digital transformation, resulting in slower optimization of transaction processes and customer services.

c. Countermeasures

- 1) Leverage on the channel advantages and integrate marketing resources, increase in-depth relationship with target customers and core product promotions to improve the operating performance.
- 2) Strengthen our specialized field of SMEs with considerations equally given to financing and counseling and create a leading financial brand as a SME specialized bank.
- 3) In response to the implementation of the government's policies and to fulfill its corporate social responsibility, the Bank has created diverse products and services to develop comprehensive financial businesses that cater to different aspects of lives for the public.



- 4) Prudently allocate funds into government bonds with high liquidity, as well as corporate bonds and financial bonds from well-established medium to large-sized companies with good credit ratings, and manage associated investment risks.
- 5) Considering factors such as risk and return, dynamically adjust the duration of monetary market operations, balancing interest income and timely adjusting positions in response to changes in yield rates, to enhance overall returns.
- 6) Continuously optimize systems and digital financial services to enhance customer experience and the backend system functions, thereby strengthening service quality.

(5) Financial Product Research and Business Development Summary

A. Primary Financial Products and Size of Newly Added Business Department, and Profit or Loss for the Past Two Years

a. Major financial products of the Bank for the past two years

- 1) Providing the "Micro-to-small Enterprises + Startups," and the loan balance was NT\$40.844 billion as of the end of February 2024.
- 2) Providing the "Preferential Loans for Youth Entrepreneurship and Start-up," and the loan balance was NT\$11.098 billion as of the end of February 2024.
- 3) Providing the "Preferential Loans for 6 Core Strategic Industries," and the loan balance was NT\$81.124 billion as of the end of February 2024.
- 4) Providing the "Industrial Zone Preferential Loans," and the loan balance was NT\$35.091 billion as of the end of February 2024.
- 5) Given the trend of aging population and declining birth rates in our country, in accordance with government policies, the Bank provides financial products and services tailored to the needs of the elderly by launching commercial reverse mortgage loans - "Joyful Retirement Part II." As of the end of February 2024, a total of 258 customers received the loans with the loan balances amounted to NT\$ 1.022 million.
- 6) To prevent losing customers for the existing Considerate Loan and improve business relationship with premium customers, the Bank provides the "Gold Heart Consumer Loan" to civil servants and teachers to expand the consumption loan business, and the loan balances were NT\$2.267 billion as of the end of February 2024.
- 7) In response to government policies for satisfying capital demands for giving birth, pregnancy, and raising children under 5-year-old, the Bank launched the "Childbirth Consumer Loans (originally Golden Pregnancy), and a total of 1,935 families received the assistance with the approved loan amounted to NT\$762 million as of the end of February 2024.
- 8) The Bank carries out the Ministry of Finance's "Preferential Housing Loan Program for Successful Family Foundation of Youth (Case 2)," and a total of 35,059 customers received the loans with the loan amounted to NT\$155.953 billion at the end of February 2024.
- 9) To satisfy the demands of borrowers regarding the flexible deployment of funds, the Bank continues to provide the "Convenient Revolving Overdraft Credit Loan," a product with mid-term guarantee limits, and the utilized balances were NT\$15.549 billion at the end of February 2024.
- 10) To strengthen the competitiveness of mortgages and guide customers to implement an eco-friendly, energy-saving, and carbon-reduction lifestyles, so as to realize the ESG spirit, the Bank launched the "ESG Green Energy Sustainable Project Loan" and "Happiness House Loan" that had disbursed a total of NT\$2.122 billion and NT\$41.253 billion, respectively, as of the end of February 2024.
- 11) To deepen business relationship with SMEs and salary transfer customers, and to attract high-quality clients, the Bank launched the house mortgage project of "True Excellent Loan," and the loan balance was NT\$15.814 billion as of the end of February 2024.
- 12) To help first-time homebuyers and other residential property buyers purchase a home and make the Bank more competitive in the mortgage market, the "Happiness Advantage" house mortgage program and related short-term measures have been promoted and disbursed a total loan amount of NT\$58.757 billion as of the end of February 2024.

b. Newly added business departments of the Bank for the past two years: None.

B. R&D expenses and results, and the future R&D plan

a. R&D expenses for the past two years

Unit: NT\$ thousand

| Year | 2023 | 2022 |
|--------|--------|--------|
| Amount | 59,872 | 40,599 |

b. R&D results for the past two years

1) Provide industrial information on a regular basis

- ① To improve the professional knowledge and expertise of industries for our employees, industrial economic analysis reports were written by the Bank on a regular basis. 52 weekly reports on domestic and overseas economic and financial situation, 96 industrial dynamics reports, 12 domestic and overseas economic situation and industry overview reports, 12 monthly reports on industry trends, and 4 quarterly reports on prospects of domestic industries were completed during 2023.
- ② 52 weekly reports on domestic and overseas economic and financial situation, 96 industrial dynamics reports, 12 domestic and overseas economic situation and industry overview reports, 12 monthly reports on industry trends, and 4 quarterly reports on prospects of domestic industries are expected to be completed during 2024.

2) Analysis, reports, and research on particular and major industries

- ① A. In order to ensure that business units and relevant departments understand and prioritize the operation of the "EU Carbon Border Adjustment Mechanism (CBAM)" and "Taiwan Carbon Trading", the Bank has collected practices and plans from competent authorities and drafted special reports on "Overview of Economic Trends of the EU Carbon Border Adjustment Mechanism (CBAM)" and "Overview of Economic Trends of Taiwan Carbon Trading", aiming to guide business units and relevant departments to prepare and plan early for compliance.
- ② B. To help business units understand the fields of industries surrounding branch locations, the Bank has prepared a report on "Analysis of Industry Composition in Various Cities, Counties and Towns in Taiwan", which can serve as a reference for business units in promoting their businesses.
- ③ C. The Bank has prepared a special report on the "Economic Trends of Hot Forged Automotive Parts" to provide all employees with an understanding of the industry trends in this sector. The Bank compiled a report, "Trends in Exchange Rate Spread between Offshore CNH/Onshore CNY", to help the business units and related departments understand the internationalization of the Chinese Renminbi and latest trends. To provide a reference for observing the change of the Chinese Renminbi, the report describes the factors for greater volatility in the transaction prices of CNH as compared to that of CNY, as well as the background and causes of significant price difference.

3) The 2nd financial innovation competition for bank employees and the 2023 fintech innovation challenge on campus were organized to cultivate talent in innovative financial services, as well as enhancing academia-industry collaboration.

c. Future research and development (R&D) plans and the R&D expenses expected to be invested

- 1) R&D budget for 2024 is NT\$131,275 thousand.
- 2) The Bank continues to invest in research and analysis of domestic/foreign financial markets and key industries in order to respond to future business development trends and domestic/foreign economic changes. Reports or data are provided in a timely manner to relevant business departments and branches to provide a basis for business expansion and risk management.

d. Disclosure of our intellectual property management plan

1) Intellectual property management plan: The Bank is committed to innovating financial technology. In addition to integrating various departments' resources and encouraging employees to actively innovate, we have formulated an intellectual property rights plan in alignment with our operational goals to attach great importance to customers' financial service experience and their satisfaction, so as to further improve the values and profitability of our banking products, protecting trade secrets and research and development achievements and enhancing our momentum of accumulates intellectual property rights, thereby strengthening the Bank's competitiveness.





- ① Patent management: The Bank develops a patent layout in alignment with various technology research and development initiatives. In addition to reward patent proposers and include their proposals in employee performance evaluation to motivate more patent proposals, the Bank also hires external patent law firms to assist in reviewing and developing a plan for intellectual property rights application and actively implement the plan accordingly. Relevant patents are mainly used for big data analysis, financial certificates, and automated services. In the process of research and development, we also appoint an external patent firm to conduct patent search for developing a patent layout and reducing our risk of infringement.
 - ② Management of trade secrets: To strengthen the management of trade secrets, the Bank's work rules and clerk employment agreement stipulate as follows:
 - (a) The Bank's trade secrets and customers' data shall be kept confidential and shall not be disclosed to the public.
 - (b) Unpublished information, trade secrets and customers' data informed or obtained due to work shall be kept confidential and shall not be used illegally regardless of the performance of duties, changes, or after resignation. If the violation causes the Bank to suffer losses, the employee shall be willing to be dismissed and liable for damages.
 - (c) During the tenure, due to job or business, individual or joint research and development achievements or creation of works or works derived from work or business, works edited, or other intellectual property rights (including patent rights) all have the Bank as the author or patentee, and the employee shall promise that all creations in which they engaged during their tenure are their own creations and that they never plagiarize or copy others' works and may not use pirated software by themselves or through others, or copy software to the Bank's computers without consent. If another person's copyright or other intellectual property rights are violated as a result, the employee shall be willing to be liable for all damages and any expenses incurred to the Bank as indicted or warned by a third party.
 - ③ Trademark management
 - (a) Regularly check the extension period of trademark registration every year and extend trademark registration by a trademark office appointed or by the Bank.
 - (b) Continue to optimize the Bank's CIS trademark to enhance our corporate image in alignment with our business marketing and advertising needs.
- 2) Implementation: The Bank has been promoting the intellectual property management plan since 2020 and regularly reports the intellectual property management plan to the Board of Directors in the fourth quarter of each year. The main implementation situation is as follows:
- ① 2023: Formulated an intellectual property rights plan in alignment with the Bank's operational goals.
 - ② As of the end of December 2023, 2 new invention patents and 9 new utility model patents were added. All our intellectual property achievements are as follows:
 - (a) Invention patents: 13 applications have been approved.
 - (b) Utility model patents: 32 applications have been approved.
 - (c) Trademarks: The Bank currently has 65 registered trademarks with specific periods of exclusivity, which include:
 - i. The Bank's corporate identity, HiBank design drawing, BOBE, Daily Combo Card and drawing, as well as Governmental Banks Credit Card Alliance and drawing, for a total of 19 trademarks.
 - ii. The Bank's maskot Hokii, for a total of 46 trademarks.

(6) Short- and Long-Term Business Development Plans

- A. Short-term business development plan: Please refer to the "(3) Operating Plan for 2024" (page 84) in this chapter
- B. Long-term business development plan: Please refer to "3. Future Development Strategies" (page 12) in "I. Letter to Shareholders."

2. Employees

(1) Employees Information

| Year | | 2022 | 2023 | 2024 (As of February 29) |
|--|-------------------|-------|-------|-----------------------------|
| Number of employees | | 5,424 | 5548 | 5555 |
| Average age | | 43.26 | 42.83 | 42.67 |
| Average year of service | | 15.56 | 14.95 | 14.74 |
| Distribution of Academic Qualifications (%) | Ph.D. | 0.15 | 0.14 | 0.14 |
| | Master's degree | 18.71 | 19.16 | 19.28 |
| | Bachelor's degree | 76.38 | 76.75 | 76.80 |
| | High school | 4.55 | 3.8 | 3.64 |
| | Below high school | 0.20 | 0.14 | 0.14 |
| Licenses for trusts | | 4,780 | 4,877 | 4877 |
| Financial planner | | 1,708 | 1,704 | 1698 |
| Senior Qualification Examination for Professional and Technical Personnel (Lawyers and Chartered Public Accountant) | | 9 | 10 | 10 |
| Qualification Examination for Senior Securities Specialist | | 1,755 | 1,762 | 1752 |
| Qualification Examination for Securities Investment Analyst | | 91 | 91 | 88 |
| Qualification Examination for Futures Specialist | | 2,123 | 2,150 | 2141 |
| Grade above S2 for FLPT® | | 1,534 | 1,639 | 1668 |
| Internal auditor | | 11 | 10 | 10 |
| Basic Proficiency Test on Bank Internal Controls | | 4,072 | 4,230 | 4208 |
| Financial Risk Manager (FRM) | | 15 | 13 | 13 |
| Certified Financial Planner (CFP) | | 21 | 23 | 23 |
| Qualification Examination for Property and Insurance Broker | | 16 | 16 | 15 |
| Qualification Examination for Property Insurance Agent | | 14 | 15 | 15 |
| Qualification Examination for Personal Insurance Broker | | 10 | 10 | 10 |
| Qualification Examination for Personal Insurance Agent | | 11 | 12 | 12 |
| Qualification Examination for Investment-orientated Insurance Product Representative | | 4,321 | 4,443 | 4437 |
| Property Insurance Representative | | 4,040 | 4,155 | 4157 |
| Personal Insurance Representative | | 4,822 | 4,948 | 4946 |
| Test for the Sales of Non-investment-oriented Life Insurance with Payment in Foreign Currency by Personal Insurance Representative | | 3,254 | 3,316 | 3300 |

Name and number of professional licenses hold by employees

(2) Studies and Training for Employees

- A. The Bank executed different training according to the "Enforcement Guidelines for Training for Employees of Taiwan Business Bank" and the Bank's employee training program for 2023. We conduct various types of training for different audiences through diverse learning methods, such as physical classroom courses, digital learning courses, and video Webex live courses. Training sessions held during 2023 recorded a total of 414 sessions (including 27 sessions of business foundation, 352 advanced sessions of business seminars, 8 sessions for managers, 27 sessions of lectures/orientations); the total number of people trained was 28,818, the average employee training frequency was approximately 5.2 times per person/year, and the annual employee training expense was NT\$25,334 thousand in total.
- B. A series of digital marketing courses are provided to give bank employees an in-depth knowledge of fintech and innovation in response to Bank 4.0 and in preparation for future transition. The Bank has hired Taiwan Academy of Banking and Finance (Fin & Tech) to provide a training course, "Sustainable Finance X Digital Innovation Design Capability", tailored specifically for the Bank's needs. The course is workshop based and encourages employees to exercise creativity and develop potential. Interdepartmental collaboration is adopted to bring creativity into the workplace.
- C. Management training courses are provided for managers on all levels to make the Bank more competitive and its managers better trained in their professional knowledge and roles. The Bank also held the Learning Diversity Book Club, which focuses on issues arising from the management of employees in the front-line business units and helps improve the expertise of the management team and reduce operational risks.
- D. To encourage employees to absorb new knowledge and improve their professional competencies, business departments at the head office will assign relevant personnel to participate in training courses organized by external professional training institutions, so as to meet the requirements on professional competencies for the business development of the Bank.

(3) Employee Code of Conduct and Ethics

The Bank attaches great importance to the employee code of conduct and ethics, and formulated the working rules for employees to clearly understand their own rights and code of conduct to be observed, including loyalty and dedication, legal compliance and faithfulness, honesty and integrity, professional commitment, confidentiality, and courtesy. Our employees also adhere to a high standard of morals and ethics.

(4) Protective Measures for the Safety of the Work Environment and Personal Safety of the Employees

| Item | Description |
|--|--|
| Access control | <p>A. Rigorous access control monitor system is available during daytime and nighttime.</p> <p>B. The Bank has signed a contract with the security company to protect the safety of the branches during night time and weekends.</p> <p>C. Connect with the police and public security unit as a precaution.</p> |
| Equipment inspection and maintenance | <p>A. According to the requirements under Regulations for Inspecting and Reporting Buildings Public Security, the Bank shall engage professional companies to carry out the security inspection every two to four years.</p> <p>B. The Bank commissioned professional organizations to inspect the fire safety facilities every year as required by the Fire Services Act.</p> <p>C. According to the Code of Practice for Occupational Health and Safety of the Bank, the maintenance and inspection for motorcycles, air conditioners, vehicles, coin counters, kitchen, hole puncher, and bill counter are carried out per day; the maintenance and inspection for air conditioners, first-aid kit, fire service equipment, and elevators are carried out per month; the maintenance and inspection for vehicles are carried out per season; the maintenance and inspection for high/low voltage electrical equipment are carried out per six months; the maintenance and inspection for motorcycles, fire service equipment, and elevators are carried out per year; and the maintenance and inspection for motorcycles are carried out per three years.</p> |
| Disaster prevention and response measures | <p>A. The Bank has disaster prevention, rescue notes, and occupational accident reporting procedures in place, including "Disaster Emergency Response Countermeasures Manual," "Management Guidelines for Major Contingencies," "Procedure Guidelines for Security and Grouping of Branches," "Code of Practice for Occupational Health and Safety," "Regulations Governing Occupational Health and Safety," "Workplace Self-Inspection Plan," and "Procedure Guidelines for Equipment Maintenance." Such procedures specify the responsibilities and mission for personnel at each level before and after material events of natural disasters and material emergencies of robberies. Anti-robbery drills are performed twice a year at our branches.</p> <p>B. The head office engages the fire protection competent authority to organize the fire protection and disaster prevention lectures in accordance with the fire protection plan.</p> <p>C. To safeguard the security and health of our employees, the Occupational Safety Section subordinates to the Human Resources Department is in place for the promotion of safety and health affairs.</p> |
| Physical Health | <p>A. Health check and health management: Regular health check is provided for employees, and medical workers present at the branches will offer health guidelines and recommendations to employees who receive abnormal results of the health check.</p> <p>B. Hygiene of the working environment: Smoking is prohibited at all business premises. The Bank also carries out regular office cleaning and sterilization and sets the 17th of each month as the cleaning day.</p> <p>C. In order to help voluntary health management of our employees, the Bank organizes health seminars, CPR training, and provides health-related programs on the digital learning website of the Bank for our fellow colleagues to learn new knowledge from the internet and enrich their concepts of health.</p> <p>D. To provide employees a healthy working environment, the Bank established a health service and stress relief activity center, nursing rooms, and emergency facilities (such as AED and first-aid kit), and improved the workplace facilities in due course to improve the safety of the environment and minimize the occurrence of workplace accident.</p> |
| Mental Health | <p>A. Provide physical and mental relaxation for employees: To help care for the living quality of our employees and relieve their stress from workplace and family, the Bank provides programs of pressure release, family care, emotion control, and encouragement on its digital learning platform for our fellow colleagues to access, adjusting mental health in due course.</p> <p>B. Prevention of sexual harassment at the workplace: Establish report regulations and punitive terms, as well as provide the "Gender Equality" course on the E-learning website to strengthen employees' correct perception and awareness.</p> |
| Advice on hazardous factors during operations of contractors | <p>Setting up the "Advice on hazardous analysis during operations environment of contractors" and "Q&A" in the exclusive zone for the employees of the Bank according to the government regulations.</p> |
| Insurance and Medical Care Consolation | <p>A. The Bank provides labor insurance (including occupational injury and disease) and health insurance to its employees according to the law, and negotiates with insurance companies to provide casualty insurance, accident medical insurance, cancer medical insurance, and hospitalization medical insurance to the Bank's employees and their families at a rate of concession.</p> <p>B. The Bank offers work-related casualty insurance for all our employees with coverage of NT\$3 million. For work-related disability or work-related deaths, the insurance claim will be used to support the employee or its successors.</p> <p>C. Provide disease subsidies to our clerks, their spouses, and descendants.</p> |

3. Corporate Responsibilities and Moral Conduct: Please refer to IX. Sustainable Development Report (page 340).



4. Number of Non-managerial Full-time Employees and Their Average and Median Salaries

| Items | 2023 | 2022 | Growth Rate |
|--|-------|-------|-------------|
| Number of non-managerial full-time employees (Persons) | 5,133 | 5,065 | 1.34% |
| Average salary of non-managerial full-time employees (NT\$ thousand) | 1,279 | 1,283 | -0.31% |
| Median salary of non-managerial full-time employees (NT\$ thousand) | 1,132 | 1,143 | -0.96% |

5. Information Equipment

(1) Primary information system hardware: Central accounting mainframe, foreign exchange mainframe, fund mainframe, virtual tape library of the mainframe, hard drive of the mainframe, hard drive of the open system, tape library of the open system, virtual tape library of the open system, server of the open system, and network equipment.

(2) Primary information system software: Deposits system, loans system, remittance system, foreign exchange system, credit card system, general ledger system, e-banking information system, teller terminal system, seal/signature verification system of the Bank, ATM system, ATM monitoring system, the central operating system for collection bill and outward remittance, statement management and inquiry system, CRM system, digital branches system, AML system, fund system, wealth management system, and overseas branches system.

(3) Future development or procurement plans:

A. Data Fabric - for scenarios such as internet banking customer account overview inquiries: Implementing a central accounting mainframe data read-write separation mechanism and data virtualization platform to integrate business system data, and generate various data query application programming interfaces (APIs) in order to provide business systems with quick access to required data. This will initially be applied to business scenarios such as internet banking customer account overview inquiries, customer aggregation inquiries (900-37), transaction funding source checks (900-63), and customer single view inquiries, etc.

B. Mobile operation management and paperless online processes: Optimize the Information Technology Department's system change request process management, simplify and accelerate system development collaboration processes, and plan to transition from paper-based approvals to real-time online approvals; thereby reducing time and printing costs, increasing efficiency, and achieving the benefits of going paperless.

C. Application Programming Interface (API) Inventory Management Platform: The API inventory management platform can inventory both used and unmanaged APIs, and a visualization interface is provided as well. It plans to integrate with existing API gateways, load balancers, and web application firewalls (WAFs) to enhance defense in depth, preventing malicious attacks and strengthening information security.

D. Integration of wide area networks for overseas branches: Implement a virtual desktop infrastructure (VDI) and wide area network (SD-WAN) for branches in China and Australia. VDI enables remote operations of working from home without data storage and integrates dedicated workstations on different network segments. Using SD-WAN can save annual expenses on leasing international backup lines.

E. Establishment of rapid offsite backup data replication for central accounting mainframe: In line with the Financial Supervisory Commission's Financial Cybersecurity Action Plan 2.0 execution measures, we plan to establish rapid offsite backup data replication for central accounting mainframe. This aims to enhance the Bank's central accounting mainframe offsite backup mechanism and incorporate actual operations of external services to validate its effectiveness.

(4) Emergency backup and security protection measures for information operations

A. Central mainframe backup

The operating center of the Bank is located at Linkou, and a remote backup center is established in Taipei. Established the SYSPLEX system with local HA in April 2020. The core system structure is the SYSPLEX system with local HA and remote mainframe backup. The data storage adopts local dual-disk backup and remote disk backup to prevent the disruption of operations and data damages due to the malfunction of a

single mainframe or disk unit, so as to ensure data security, system availability and uninterrupted operations, and effectively shorten connection response time. In addition, to enhance the familiarity of our employees toward the operating procedures and the completeness of the verification document, remote backup rehearsals are carried out twice a year.

B. Branches backup

Our branches are equipped with backup networks. Also, when accidents occur and the connection system is down, customers may present at the nearby branch with relevant documents for handling.

C. Computer virus and hacker invasion precaution for computer equipment of the Bank

a. Spam filtering and malicious email blocking system is in place; meanwhile, external email accounts are prohibited, and letters have been dispatched to all departments regarding internal control operations.

b. Build the Internet firewalls and the server zone firewalls, adopt dual firewall mechanism and Intrusion Prevention System (IPS), monitor access to the web server zone (DMZ) providing customer services (i.e., Internet banking, the entry portal, and online financing system, etc.), server zone (i.e., application servers, and database servers, etc.) and all external website connections made by our employees, to reinforce the cyber security protection.

c. Establish the firewall that can partition into several network segments and control the network connections among various branches, cross-network segment access of IoT equipment, and the connection to the internet, in order to avoid information equipment being implanted with malicious ware and resulting in effects on the Bank's operations due to the spreading and infection of viruses.

d. Establish the web application firewall (WAF) to strengthen protection against web application program vulnerabilities and block application-layer web page attacks (such as SQL Injection).

e. Establish the anti-virus software (Symantec) to protect the operating security of PCs, work stations, and servers using the Windows platform at all departments of the Bank, to prevent the interruption of normal business operations or leakage of important information due to the infection of computer viruses (including malicious ware).

f. Facing the Distributed Denial-of-Service attack (DDoS), in addition to adopting the internet service provider (ISP) approach to stop DDoS traffic, DDoS defense system (Arbor) is also installed to block application-layer attacks.

g. Establish an SIP system to manage private intranet connections and dual Ethernet devices.

h. Inspect End of Support (EOS)/End of Life (EOL) systems (including operating systems, databases, and applications) on a quarterly basis to better prevent system vulnerabilities.

i. Conduct regular emergency response drills for the information and communication systems to reinforce the operating procedures of system administrators' responding to cyber security incidents.

j. Establish a personal data endpoint protection system (DLP) to manage the file transfer of portable storage devices (USB) and prevent personal data leakage.

k. Conduct regular information security vulnerability scanning, penetration detection, and source code analysis, and establish an internal vulnerability scanning system to scan personal computers, newly launched businesses, and testing systems across the Bank to strengthen system security mechanisms.

6. Cyber Security Management

(1) Risk management structure

A. The Bank has completed the operations related to cyber security and adopted the principle of three lines of defense and division of labor to ensure the effective operations of the overall cyber security management and control mechanism. The first line is the bank-wide information and communication system management and user units, which are responsible for design and implementation; the second line is the Information Security Department, which is responsible for planning and monitoring information security management; the third line is the Auditing Department, which is responsible for performing independent audits.

B. The Bank assigned the Executive Vice President supervising the Information Security Department as the Chief Information Security Officer, in charge of coordinating the promotion of the Bank's cyber security policies and resource allocation.

C. The Bank has established the "Cyber Security Management Committee" to effectively implement matters related to cyber security management. The committee is chaired by the Chief Information Security Officer, who oversees the execution and coordination of cyber security management matters. During meetings,



besides inviting TBB's Managing Director/Independent Director, Xin-Wu Lin, and Independent Director, Jin-Long Liu, to attend and provide suggestions, when discussing significant cybersecurity issues, cybersecurity consulting experts are also invited to provide professional opinions and attend the Board meetings for consultation as necessary. The Cyber Security Management Committee convened 10 times in 2023.

- D. To ensure operating procedures have been calibrated to the optimal condition, the Bank sends representatives to provide onsite assistance from time to time to help relevant units implement a fully developed information security operation as soon as possible.
- E. In addition to reporting the Bank's cyber security implementation to the Risk Management Committee on a monthly basis, the status of cyber security operations is also reported to the Cyber Security Management Committee quarterly. These reports are then submitted to the Audit Committee and the Board of Directors, allowing the Board to effectively monitor the Bank's cyber security status.

(2) Cyber Security Management Policy

- A. The Bank has formulated the Cyber Security Management Policy, and all of our employees, outsourced vendors, and visitors shall abide by our cyber security management policy to ensure the confidentiality, integrity, and availability of cyber security systems and information assets, and reduce operational risks. In addition, the Bank re-examines this Policy every year regularly or at each major change in order to ensure compliance with the latest development trends in cyber security regulations, technologies, organizations, and operations.
- B. After engaging a third-party organization to assist the Bank in reviewing the effectiveness of the overall implementation of information security annually, the execution of the annual information security protection mechanism, reporting of cyber security incidents, and feedback from internal/external stakeholders are summarized, and the Bank's overall information security implementation for the previous year is reported to the Board of Directors in the first quarter of each year.

(3) Specific management plan and resources invested

- A. Implement the cyber security mechanism: Implement "Diversity and Defense-in-Depth", including network control, webpage control, email control, and endpoint control systems, in order to enhance cyber security defense capability. Use the "Cybersecurity Assessment Tool" (CAT) to conduct cyber security governance maturity assessments, continuously enhancing the Bank's cyber security.
- B. Perform cyber security protection checks: The Bank holds regular cyber security drills (such as DDoS, social engineering, and red team vs blue team attack-defense drills) to ensure the security of information systems and reinforce defensive detection and response capabilities against attacks.
- C. Expand cyber security intelligence and cooperation: The Bank has designated cyber security personnel to receive cyber security intelligence from various channels, such as the Financial Information Sharing and Analysis Center (F-ISAC) or the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC), to stay updated on emerging cyber security intelligence and formulate corresponding control measures. The Bank has established a Security Operations Center (SOC) and deployed professional cyber security monitoring personnel to monitor threats such as internal abnormal behaviors and external attacks through a Security Information and Event Management (SIEM) platform to ensure the effectiveness of cyber security protection monitoring.
- D. Organize information security trainings: The cyber security awareness courses and professional cyber security training courses held by the Bank in 2023 both had a passing rate of 100%. The Bank also provided cyber security training for directors and the senior management to give board members a better understanding of the cyber security situation.
- E. Establish a business continuity mechanism: The Bank has established the annual cyber security maintenance program and cyber security incident response mechanism, and holds regular drills to reduce any impact caused by a disaster or major event on business continuity. Since 2023, the Bank has been insured with "Electronic and Computer Crime Comprehensive Insurance" to transfer financial losses caused by external malicious actors or hackers infiltrating the systems.
- F. Cyber security incident management: To enhance its response capabilities to cyber security incidents, the Bank has established the Regulations on the Notification and Response of Cyber Security Incidents and set up a "Computer Security Incident Response Team" (CSIRT), with the Bank's Chief Information Security Officer serving as the convener, to promptly handle cyber security incidents and mitigate damages.
- G. Introduce international cyber security management standards and obtain certification: To ensure the confidentiality, integrity, and availability of customer data and related operational information, the Bank obtained "ISO 27001 Information Security Management System" international standard certification in

November 2010 and has maintained the validity of the certificate every year (the certificate is valid until November 6, 2025).

H. The funding invested in cyber security in 2023 accounted for 11.60% of the total IT budget.

(4) Material cyber security incidents

In 2023 and as of February 29, 2024, the Bank has not suffered any loss from material cyber security incidents.

7. Labor-Management Relations

(1) Welfare measures of the Bank

- A. Employees may use their off-hours to participate in language studies and apply for subsidies according to the Bank's requirements.
- B. The cafeteria at the head office provides delicious lunch at a decent price for employees.
- C. Except for securities staff who do not enjoy preferential deposit interest rates, all other employees may enjoy preferential rates for both deposits and loans.
- D. The Bank's employees who voluntarily retire at the age of 60 or above are given bonuses in three important Chinese holidays each year.
- E. The Bank provides insurance for all employees with coverage of NT\$3 million regarding accident insurance related to work; employees may apply for claims from insurance companies concerning work-related injury or illness or work-related death.
- F. The Bank has established the "Employee Welfare Committee" which deducts 0.5% of the employees' salaries as benefits each month. 0.15% of the operating revenue is allocated to the Employee Welfare Committee to process employee welfare matters, including scholarships for employees' children, medical assistance for employees and their spouses and children, childbirth subsidies, regular one-year term group life insurance, and employee bonuses for the three important Chinese holidays each year.
- G. Except for the maternity subsidies distributed to employees from the Bank's Employee Welfare Committee, the Bank also provided additional maternity subsidies to employees from 2020. Starting from May 15, 2023, the maternity subsidy was increased as follows: NT\$35,000 for the first child, NT\$70,000 for the second child, NT\$100,000 for the third child, and NT\$150,000 for the fourth child.
- H. The Bank continuously inaugurates the Employee Stock Ownership Trust to create a win-win situation for the Bank and its employees.

(2) Retirement system

The Bank shall set aside the pension (contribution rate of 6%) per month to deposit in the employees' individual pension accounts for employees eligible for the new labor pension plan. The Bank shall set aside employees' retirement allowance (contribution rate of 7% at the end of 2023) per month to deposit in financial institutions designated by the government for employees eligible for the old labor pension plan. As of the end of 2023, balances in the employees' retirement allowance account were over NT\$4.9 billion. The Bank has established the Labor Retirement Allowance Supervision Committee to supervise the utilization and contribution of retirement reserve funds.

Regarding the procedures and conditions for retirement application, the Bank complies with the "Direction for Employees' Retirement, Consolation Payment, and Discharge with Severance Payment of the Bank" and the "Group Contract" signed between the Bank and the Bank Industry Union for employees' retirement.

(3) Labor-management Agreements and Protective Measures for Employee Rights and Interests

- A. The Bank convenes labor-management conferences regularly according to "Regulations for Implementing Labor-Management Meeting" to negotiate employee rights and interests, and implements according to the resolutions at the conferences; the execution process remains well.
- B. The Bank conducts the employee satisfaction survey every year. Based on the results of the questionnaire survey, the Bank will continue to develop improvement measures to enhance employees' interests.
- C. The Bank and the Industry Union negotiated in good faith to complete the signing of the Group Contract, and took specific actions to protect 100% of the rights and interests of all employees. On May 16, 2011, the Bank completed the signing of the first "Group Contract", which includes terms related to salary, insurance, employment, transfer, termination, holiday, leave, retirement, working hours, and labor safety and health. Under the solid mutual trust between labor and management, the first renewal of the Contract



was completed on September 2, 2014, followed by the second renewal on December 4, 2018, and the third renewal on December 15, 2022, promoting win-win harmony between labor and management and setting a good example for the mutually beneficial labor-management relations in the industry. In the future, labor and management relations will continue to move forward with mutual trust, assistance, existence, and prosperity, working together to keep the brand of Taiwan Business Bank glowing and shining.

(4) Losses suffered by the Bank in the most recent year and up to the end of February 2024 due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions): None.

(5) Current or future potential losses arising from labor disputes: None.

8. Important Contracts

| Nature of contract | Parties | Starting date of the contract | Major contents | Restrictive terms |
|----------------------|--|---|--|------------------------|
| Outsourcing contract | SYSTEX Corporation | 2020.7.1-2022.6.30 (automatically renewed for one year at expiration for up to twice; currently renewed to June 30, 2024) | Credit card-related operations - Operations of form printing, filling and sealing, and posting. | Confidentiality clause |
| Outsourcing contract | Taiwan Mobile Payment Co., Ltd. | 2014.12.25-2016.12.24 (both parties agree to automatically renew for 2 years at expiration; currently renewed to December 24, 2024) | Participation in the Payment Service Provider Trusted Service Manager, engaging TWMP to handle card production and life cycle management for mobile payment tools (such as credit cards and debit cards) and other data processing services. | Confidentiality clause |
| Outsourcing contract | Financial Information Service Co., Ltd. | 2008.12.1-2010.12.31 (automatically renewed for one year at expiration and all subsequent years; currently renewed to December 31, 2024) | Credit card-related operations - International card purchase and authorization, card activation/cancellation/loss reporting, cash advance, and emergency services. | Confidentiality clause |
| Outsourcing contract | Taiwan FamilyMart.Co., Ltd. | 2012.10.1-2013.12.31 (automatically renewed for one year at expiration and all subsequent years; currently renewed to December 31, 2024) | Credit card operations - Collecting the credit card bill payment from the cardholders. | Confidentiality clause |
| Outsourcing contract | Hong Li Assets Management Consultancy Co., Ltd.; Hong Kong Gold Partners (Asia) Asset Management Co., Ltd. Taiwan Branch | 2007.11.7~ (no expiration date and can be terminated by the Bank at anytime) | Third party collection of outstanding credit card and retail banking debt. | Confidentiality clause |
| Outsourcing contract | United Credit Services Ltd. | 2021.3.18 (no expiration date and can be terminated by the Bank at anytime) | Third party collection of outstanding credit card and retail banking debt. | Confidentiality clause |
| Outsourcing contract | Trade-Van. Com | 2019.08.01-2021.12.31 (automatically extended for one year at expiration and all subsequent years; currently renewed to December 31, 2024) | Launching Uniform Invoice and receipt processing for card accepting merchants, and providing online account access and downloadable statements for card accepting merchants. | Confidentiality clause |
| Outsourcing contract | SYSTEX Corporation | 2020.7.1-2022.6.30 (automatically extended for six months up to twice) Expired on 2023.6.30 | Printing, filling and sealing, and mailing of customer account balance statements. | None |
| Outsourcing contract | SYSTEX Corporation | 2020.1.1-2023.12.31 | Printing and sealing the Comprehensive Statement Printing and Sealing and E-Statement Mailing Agreement and the Supplemental Agreement, and sending e-statements. | None |

| Nature of contract | Parties | Starting date of the contract | Major contents | Restrictive terms |
|----------------------|--|--|--|-------------------|
| Outsourcing contract | Yuen Foong Paper Co., Ltd. | 2023.7.24-2024.7.23 (The agreement has an automatic extension clause to renew for one year) | Matters of printing cash dividends check, data processing and folding for postage. | None |
| Outsourcing contract | Taiwan Security Co., Ltd. and LeeBao Security Co., Ltd. | 2023.7.1-2024.6.30 (automatically extended for one year at expiration and all subsequent years) | Cash transit operation - Temporary and pay-per-use | None |
| Outsourcing contract | Taiwan Security Co., Ltd. and LeeBao Security Co., Ltd. | 2023.7.1-2024.6.30 (automatically extended for one year at expiration and all subsequent years) | Cash transit operation - Charter by month | None |
| Outsourcing contract | Wei Li Security Co., Ltd. | 2023.9.15-2024.9.14 (automatically extended for one year at expiration and all subsequent years) | Kinmen Branch cash transit operation - Temporary and pay-per-use | None |
| Outsourcing contract | Yuen Foong Paper Co., Ltd. | 2023.10.1-2024.9.30 (automatically extended for one year at expiration and all subsequent years) | Logistics for data processing - Notice for NTD time deposits automatic renewal upon expiry. | None |
| Outsourcing contract | Chung Hwa Express Corp. | Established on the date of signing by the signing department for a term of one year. Automatically extended for one year at expiration and all subsequent years. | Marketable securities, notes, and receipts transit operations | None |
| Outsourcing contract | An Feng Enterprise Co., Ltd. and Lian An Service Co., Ltd. | Established on the date of signing by the signing department for a term of one year. Automatically extended for one year at expiration and all subsequent years. | ATM replenishing operations | None |
| Outsourcing contract | Shin Kong Security Co., Ltd., Taiwan Secom Co., Ltd., and China Steel Security Co., Ltd. | Established on the date of signing by the signing department for a term of one year. Automatically extended for one year at expiration and all subsequent years. | ATM video monitoring operations | None |
| Outsourcing contract | CROWN RECORDS MANAGEMENT | 2023.2.1-2025.1.31 | Document storage and destruction of contract. | None |
| Outsourcing contract | SYSTEX Corporation | 2022.3.1-2023.2.28 (automatically extended for one year at expiration and all subsequent years) | Printing, filling and sealing, and mailing of e-bank transfer transaction statements. | None |
| Outsourcing contract | SYSTEX Corporation | 2019.11.1-2022.10.31 (automatically extended for one year up to twice if neither party gives termination notice by expiration) | Printing, sealing, and posting of the balance statements for check deposits. | None |
| Outsourcing contract | GUARDFORCE LIMITED | 2023.11.1-2024.10.31 | Shipping Exchange Bill Business for Hong Kong Branch | None |
| Outsourcing contract | Yuen Foong Paper Co., Ltd. | 2023.7.1-2024.6.30 (automatically extended for one year at expiration and all subsequent years) | Sending notices of undelivered SMS for transfers from physical ATM and mobile APP | None |
| Outsourcing contract | SYSTEX Corporation | 2021.6.15-2024.6.14 Automatic renewal clause (automatically extended for one year) | Printing and mailing of insurance-purchasing notifications for residential fire insurance agents | None |

9. Relevant Information on Securitization Products: None.





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1. Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the Past Five Years

(1) Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income

Condensed Consolidated Balance Sheets

Unit: NTS 1,000

| Item | Year | Financial information for the past five years (Note 1) | | | | |
|--|-------------------|--|----------------------|----------------------|----------------------|----------------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 |
| Cash and cash equivalents, due from the Central Bank and call loans to banks | | 154,288,461 | 197,818,006 | 197,554,450 | 145,013,105 | 156,827,077 |
| Financial assets at fair value through profit or loss | | 73,366,025 | 33,913,114 | 40,670,401 | 15,597,556 | 26,972,786 |
| Financial assets at fair value through other comprehensive income | | 189,415,924 | 160,000,410 | 157,533,062 | 117,355,850 | 102,597,144 |
| Investment in debt instruments at amortized costs | | 252,895,142 | 236,774,247 | 279,035,906 | 228,003,332 | 263,056,842 |
| Securities purchased under resell agreements | | 7,110,485 | 797,893 | 7,831,274 | 6,132,162 | 13,399,113 |
| Receivables-net | | 11,907,936 | 9,057,109 | 7,616,634 | 43,448,157 | 27,736,905 |
| Current income tax assets | | 351,197 | 350,069 | 349,884 | 306,417 | 810 |
| Discounts and loans-net | | 1,491,313,443 | 1,400,112,365 | 1,302,388,363 | 1,209,716,083 | 1,132,462,936 |
| Investments measured by equity method - net | | 0 | 808 | 0 | 0 | 0 |
| Other financial assets-net | | 8,227 | 10,315 | 28,942 | 13,781 | 19,928 |
| Property and equipment-net | | 14,046,879 | 14,121,833 | 14,533,721 | 14,514,906 | 14,498,237 |
| Right-of-use assets - net | | 1,284,449 | 1,212,593 | 1,149,295 | 1,073,757 | 1,051,559 |
| Intangible assets-net | | 921,536 | 757,216 | 554,337 | 375,008 | 352,376 |
| Deferred income tax assets | | 2,015,839 | 1,777,199 | 1,951,636 | 1,843,835 | 1,624,651 |
| Other assets - net | | 10,888,988 | 15,782,948 | 10,055,167 | 8,241,104 | 5,552,450 |
| Total assets | | 2,209,814,531 | 2,072,486,125 | 2,021,253,072 | 1,791,635,053 | 1,746,152,814 |
| Deposits from the Central Bank and other banks | | 163,162,556 | 194,966,177 | 102,540,315 | 118,201,039 | 104,793,612 |
| Due to the Central Bank and other banks | | 1,431,840 | 1,131,025 | 50,261,590 | 29,040,100 | 752,145 |
| Financial liabilities at fair value through profit or loss | | 9,394,136 | 9,925,525 | 8,436,037 | 8,639,002 | 9,393,336 |
| Securities sold under agreements | | 1,786,715 | 2,462,991 | 2,060,693 | 2,055,991 | 868,581 |
| Payable | | 24,342,295 | 21,493,131 | 22,761,436 | 47,787,075 | 31,057,684 |
| Current income tax liabilities | | 101,003 | 1,101,015 | 64,584 | 3,053 | 258,956 |
| Deposits and remittances | | 1,823,413,234 | 1,673,580,263 | 1,668,656,822 | 1,418,572,000 | 1,435,049,547 |
| Bank notes payable | | 53,850,000 | 52,250,000 | 52,250,000 | 53,250,000 | 53,250,000 |
| Other financial liabilities | | 2,136,402 | 2,910,581 | 4,365,294 | 5,492,366 | 6,835,084 |
| Provisions for liabilities | | 2,903,375 | 2,676,102 | 3,420,210 | 3,393,417 | 3,158,003 |
| Lease liabilities | | 1,319,108 | 1,239,919 | 1,149,456 | 1,062,021 | 1,041,183 |
| Deferred income tax liabilities | | 878,623 | 879,056 | 886,290 | 901,581 | 888,436 |
| Other Liabilities | | 4,972,959 | 3,763,082 | 2,740,373 | 4,578,659 | 3,289,481 |
| Total liabilities | | 2,089,692,246 | 1,968,378,867 | 1,919,593,100 | 1,692,976,304 | 1,650,636,048 |
| (Note 2) | Pre-distribution | Note 3 | 1,968,378,867 | 1,919,593,100 | 1,692,976,304 | 1,650,636,048 |
| | Post-distribution | Note 3 | 1,968,378,867 | 1,919,593,100 | 1,692,976,304 | 1,650,636,048 |
| Equity attributable to owners of the parent company | | 120,122,285 | 104,107,258 | 101,659,972 | 98,658,749 | 95,516,766 |
| Stock capital | Pre-distribution | 82,224,061 | 80,296,934 | 77,431,952 | 74,885,834 | 71,319,842 |
| (Note 2) | Post-distribution | Note 3 | 82,224,061 | 80,296,934 | 77,431,952 | 74,885,834 |
| Capital surplus | | 815,900 | 815,900 | 815,900 | 815,900 | 815,900 |
| Retained earnings | Pre-distribution | 36,097,730 | 26,764,099 | 21,105,900 | 19,245,962 | 19,702,723 |
| (Note 2) | Post-distribution | Note 3 | 24,034,003 | 17,466,598 | 15,950,986 | 14,710,334 |
| Other equity | | 984,594 | (3,769,675) | 2,306,220 | 3,711,053 | 3,678,301 |
| Total equity | | 120,122,285 | 104,107,258 | 101,659,972 | 98,658,749 | 95,516,766 |
| (Note 2) | Pre-distribution | Note 3 | 103,304,289 | 100,885,652 | 97,909,891 | 94,090,369 |
| | Post-distribution | Note 3 | 103,304,289 | 100,885,652 | 97,909,891 | 94,090,369 |

Note 1: The above five-year consolidated financial information has been certified by the CPA.
 Note 2: Regarding the above information on pre-distribution and post-distribution, the pre-distribution amount was based on the amount certified by the CPA, while the post-distribution amount was based on the appropriation and distribution of surplus passed on the resolution of the Shareholders' Meeting in the following year.
 Note 3: Distribution of earnings for 2023 is subject to the resolution at the Shareholders' Meeting.

Condensed Individual Balance Sheets

Unit: NT\$ 1,000

| Item | Year | Financial information for the past five years (Note 1) | | | | |
|--|-------------------|--|---------------|---------------|---------------|-----------------|
| | | 2023 | 2022 | 2021 | 2020 | (Restated) 2019 |
| Cash and cash equivalents, due from the Central Bank and call loans to banks | | 154,145,452 | 197,437,001 | 197,299,056 | 144,398,236 | 156,550,730 |
| Financial assets at fair value through profit or loss | | 71,930,908 | 32,536,757 | 39,658,224 | 15,003,571 | 26,626,885 |
| Financial assets at fair value through other comprehensive income | | 189,386,292 | 159,970,603 | 157,498,525 | 117,352,923 | 102,597,144 |
| Investment in debt instruments at amortized costs | | 252,895,142 | 236,774,247 | 279,035,906 | 228,003,332 | 263,056,842 |
| Securities purchased under resell agreements | | 7,110,485 | 797,893 | 7,831,274 | 6,047,187 | 13,399,113 |
| Receivables-net | | 8,598,290 | 6,469,268 | 5,609,809 | 41,709,998 | 25,662,450 |
| Current income tax assets | | 348,724 | 348,724 | 347,649 | 302,967 | 0 |
| Discounts and loans-net | | 1,491,313,443 | 1,400,112,365 | 1,302,388,363 | 1,209,716,083 | 1,132,462,936 |
| Investments measured by equity method - net | | 3,619,545 | 3,497,456 | 3,117,027 | 2,568,843 | 2,216,377 |
| Other financial assets-net | | 8,227 | 10,315 | 28,942 | 13,781 | 19,928 |
| Property and equipment-net | | 14,042,775 | 14,118,286 | 14,529,762 | 14,512,022 | 14,493,529 |
| Right-of-use assets - net | | 1,264,200 | 1,189,528 | 1,145,071 | 1,066,732 | 1,037,377 |
| Intangible assets-net | | 910,921 | 756,703 | 553,784 | 374,263 | 351,476 |
| Deferred income tax assets | | 1,984,845 | 1,752,566 | 1,923,597 | 1,815,778 | 1,591,851 |
| Other assets - net | | 10,854,727 | 15,763,696 | 10,011,973 | 8,209,863 | 5,514,283 |
| Total assets | | 2,208,413,976 | 2,071,535,408 | 2,020,978,962 | 1,791,095,579 | 1,745,580,921 |
| Deposits from the Central Bank and other banks | | 163,162,556 | 194,966,177 | 102,540,315 | 118,201,039 | 104,793,612 |
| Due to the Central Bank and other banks | | 0 | 0 | 49,713,800 | 28,450,000 | 0 |
| Financial liabilities at fair value through profit or loss | | 9,394,136 | 9,925,525 | 8,436,037 | 8,639,002 | 9,393,336 |
| Securities sold under agreements | | 1,786,715 | 2,462,991 | 2,060,693 | 2,055,991 | 868,581 |
| Payable | | 24,309,376 | 21,441,496 | 22,727,994 | 47,767,380 | 31,039,875 |
| Current income tax liabilities | | 86,582 | 1,086,481 | 59,567 | 0 | 257,687 |
| Deposits and remittances | | 1,823,637,803 | 1,673,936,069 | 1,669,039,989 | 1,418,703,482 | 1,435,332,094 |
| Bank notes payable | | 53,850,000 | 52,250,000 | 52,250,000 | 53,250,000 | 53,250,000 |
| Other financial liabilities | | 2,136,402 | 2,910,581 | 4,365,294 | 5,492,366 | 6,835,084 |
| Provisions for liabilities | | 2,903,375 | 2,676,102 | 3,420,210 | 3,393,417 | 3,158,003 |
| Lease liabilities | | 1,298,137 | 1,216,510 | 1,145,072 | 1,054,665 | 1,026,667 |
| Deferred income tax liabilities | | 878,623 | 879,056 | 886,290 | 901,581 | 888,436 |
| Other Liabilities | | 4,847,986 | 3,677,162 | 2,673,729 | 4,527,907 | 3,220,780 |
| Total liabilities | Pre-distribution | 2,088,291,691 | 1,967,428,150 | 1,919,318,990 | 1,692,436,830 | 1,650,064,155 |
| | Post-distribution | Note 3 | 1,967,428,150 | 1,919,318,990 | 1,692,436,830 | 1,650,064,155 |
| Stock capital | Pre-distribution | 82,224,061 | 80,296,934 | 77,431,952 | 74,885,834 | 71,319,842 |
| | Post-distribution | Note 3 | 82,224,061 | 80,296,934 | 77,431,952 | 74,885,834 |
| Capital surplus | | 815,900 | 815,900 | 815,900 | 815,900 | 815,900 |
| Retained earnings | Pre-distribution | 36,097,730 | 26,764,099 | 21,105,900 | 19,245,962 | 19,702,723 |
| | Post-distribution | Note 3 | 24,034,003 | 17,466,598 | 15,950,986 | 14,710,334 |
| Other equity | | 984,594 | (3,769,675) | 2,306,220 | 3,711,053 | 3,678,301 |
| Total equity | Pre-distribution | 120,122,285 | 104,107,258 | 101,659,972 | 98,658,749 | 95,516,766 |
| | Post-distribution | Note 3 | 103,304,289 | 100,885,652 | 97,909,891 | 94,090,369 |

Note 1: The above individual financial information for the past five years has been certified by the CPA.

Note 2: Regarding the above information on pre-distribution and post-distribution, the pre-distribution amount was based on the amount certified by the CPA, while the post-distribution amount was based on the appropriation and distribution of surplus passed on the resolution of the Shareholders' Meeting in the following year.

Note 3: Distribution of earnings for 2023 is subject to the resolution at the Shareholders' Meeting.

Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ 1,000

| Item | Year | Financial information for the past five years (Note 1) | | | | |
|--|------|--|--------------|--------------|--------------|--------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 |
| Interest income | | 49,116,713 | 33,300,102 | 24,170,747 | 25,026,784 | 29,444,970 |
| Less: Interest expenses | | (30,411,203) | (13,072,129) | (6,364,971) | (8,834,567) | (12,413,857) |
| Net interest revenue | | 18,705,510 | 20,227,973 | 17,805,776 | 16,192,217 | 17,031,113 |
| Net revenue other than interest | | 13,208,034 | 8,301,150 | 6,300,248 | 5,677,225 | 6,178,829 |
| Net revenue | | 31,913,544 | 28,529,123 | 24,106,024 | 21,869,442 | 23,209,942 |
| Bad debt expense, commitment and guarantee liability provision | | (4,226,518) | (2,386,062) | (5,187,503) | (4,054,740) | (2,417,677) |
| Operating expenses | | (15,259,219) | (14,103,269) | (13,116,475) | (12,429,441) | (12,726,585) |
| Income from continuing operation before tax | | 12,427,807 | 12,039,792 | 5,802,046 | 5,385,261 | 8,065,680 |
| Less: Income tax (expenses) gains | | (1,860,132) | (1,917,940) | (701,934) | (683,486) | (1,331,427) |
| Net income from continuing operation | | 10,567,675 | 10,121,852 | 5,100,112 | 4,701,775 | 6,734,253 |
| Net income | | 10,567,675 | 10,121,852 | 5,100,112 | 4,701,775 | 6,734,253 |
| Other comprehensive income | | 6,250,321 | (6,900,246) | (1,350,031) | (133,395) | 847,658 |
| Other comprehensive income for the period (net of tax) | | 6,250,321 | (6,900,246) | (1,350,031) | (133,395) | 847,658 |
| Total comprehensive income for the period | | 16,817,996 | 3,221,606 | 3,750,081 | 4,568,380 | 7,581,911 |
| Net income attributable to owners of the parent company for the period | | 10,567,675 | 10,121,852 | 5,100,112 | 4,701,775 | 6,734,253 |
| Total comprehensive income attributable to owners of the parent company for the period | | 16,817,996 | 3,221,606 | 3,750,081 | 4,568,380 | 7,581,911 |
| Earnings per share (Note 2) | | 1.29 | 1.23 | 0.64 | 0.61 | 0.94 |

Note 1: The above five-year consolidated financial information has been certified by the CPA.

Note 2: Earnings per share is calculated based on the weighted average number of shares of the current year and on the basis of NT\$. The effects of stock dividends have been included in the retrospective adjustments.



Condensed Individual Statements of Comprehensive Income

Unit: NT\$ 1,000

| Item | Financial information for the past five years (Note 1) | | | | |
|--|--|--------------|--------------|--------------|-----------------|
| | 2023 | 2022 | 2021 | 2020 | (Restated) 2019 |
| Interest income | 48,923,367 | 33,136,301 | 24,037,857 | 24,884,487 | 29,270,949 |
| Less: Interest expenses | (30,355,987) | (13,046,962) | (6,357,367) | (8,822,210) | (12,384,142) |
| Net interest revenue | 18,567,380 | 20,089,339 | 17,680,490 | 16,062,277 | 16,886,807 |
| Net revenue other than interest | 13,163,433 | 8,290,136 | 6,278,747 | 5,711,669 | 6,130,438 |
| Net revenue | 31,730,813 | 28,379,475 | 23,959,237 | 21,773,946 | 23,017,245 |
| Bad debt expense, commitment and guarantee liability provision | (4,211,437) | (2,401,068) | (5,171,832) | (4,072,168) | (2,349,480) |
| Operating expenses | (15,116,054) | (13,964,622) | (13,011,107) | (12,328,268) | (12,611,218) |
| Income from continuing operation before tax | 12,403,322 | 12,013,785 | 5,776,298 | 5,373,510 | 8,056,547 |
| Less: Income tax (expenses) gains | (1,835,647) | (1,891,933) | (676,186) | (671,735) | (1,322,294) |
| Net income from continuing operation | 10,567,675 | 10,121,852 | 5,100,112 | 4,701,775 | 6,734,253 |
| Net income | 10,567,675 | 10,121,852 | 5,100,112 | 4,701,775 | 6,734,253 |
| Other comprehensive income | 6,250,321 | (6,900,246) | (1,350,031) | (133,395) | 847,658 |
| Other comprehensive income for the period (net of tax) | 6,250,321 | (6,900,246) | (1,350,031) | (133,395) | 847,658 |
| Total comprehensive income for the period | 16,817,996 | 3,221,606 | 3,750,081 | 4,568,380 | 7,581,911 |
| Earnings per share (Note 2) | 1.29 | 1.23 | 0.64 | 0.61 | 0.94 |

Note 1: The above five-year individual financial information has been certified by the CPA.

Note 2: Earnings per share is calculated based on the weighted average number of shares of the current year and on the basis of NT\$. The effects of stock dividends have been included in the retrospective adjustments.

(2) Name of CPA and its Audit Opinions

| Year | Audit Opinions from CPA | CPA |
|------|-------------------------|--------------------------------|
| 2019 | Unqualified opinion | Tan-Tan Chung, Chun-Kuang Chen |
| 2020 | Unqualified opinion | Tan-Tan Chung, Chun-Kuang Chen |
| 2021 | Unqualified opinion | Tan-Tan Chung, Chun-Kuang Chen |
| 2022 | Unqualified opinion | Feng-Hui Lee, Tan-Tan Chung |
| 2023 | Unqualified opinion | Feng-Hui Lee, Pei-Ju Tsai |

2. Financial Analysis for the Past Five Years

(1) Analysis of financial ratio

Consolidated Financial Analysis

| Analysis item | Financial information for the past 5 years (Note 1) | | | | |
|--|---|------------|------------|------------|-----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Loan-to-deposit ratio (%) (Note 2) | 77.67 | 77.80 | 75.84 | 81.97 | 76.03 |
| NPL ratio (%) (Note 2) | 0.18 | 0.20 | 0.28 | 0.50 | 0.32 |
| Interest expense to average deposits balances ratio (%) | 1.48 | 0.65 | 0.33 | 0.50 | 0.71 |
| Interest income to average credit loan balances ratio (%) | 2.72 | 2.02 | 1.62 | 1.74 | 2.06 |
| Total assets turnover rate (Number of times) | 1.49 | 1.39 | 1.26 | 1.24 | 1.38 |
| Average revenue of employee (NT\$1,000) | 5,597 | 5,112 | 4,397 | 4,042 | 4,309 |
| Average profit of employee (NT\$1,000) | 1,853 | 1,814 | 930 | 869 | 1,250 |
| Return on Tier 1 capital (%) | 9.93 | 10.38 | 5.17 | 5.09 | 8.35 |
| Return on asset (%) | 0.49 | 0.49 | 0.27 | 0.27 | 0.40 |
| Return on equity (%) | 9.43 | 9.84 | 5.09 | 4.84 | 7.47 |
| Net profit margin (%) | 33.11 | 35.48 | 21.16 | 21.50 | 29.01 |
| Earnings per share (NT\$) | 1.29 | 1.23 | 0.64 | 0.61 | 0.94 |
| Debts to total assets ratio (%) | 94.56 | 94.98 | 94.97 | 94.49 | 94.53 |
| Real estate and equipment to equity ratio (%) | 11.69 | 13.56 | 14.30 | 14.71 | 15.18 |
| Asset growth ratio (%) | 6.63 | 2.53 | 12.82 | 2.60 | 7.85 |
| Profit growth ratio (%) | 3.22 | 107.51 | 7.74 | (33.23) | (12.31) |
| Cash flow ratio (%) | 11.49 | 13.32 | 43.99 | Note 3 | 3.86 |
| Cash flow adequacy ratio (%) | 1,131.36 | 1,352.80 | 1,080.68 | 707.51 | 1,507.14 |
| Cash flow adequacy ratio (%) | Note 3 | 107.96 | Note 3 | Note 3 | Note 3 |
| Liquidity reserve ratio (%) | 24.54 | 23.09 | 22.00 | 18.21 | 23.81 |
| Total credit loan balances for stakeholders (NT\$1,000) | 12,037,894 | 11,820,604 | 11,177,905 | 10,214,528 | 9,542,062 |
| Ratio of total credit loan balances for stakeholders to total credit loan balances (%) | 0.78 | 0.82 | 0.83 | 0.83 | 0.83 |
| Market share of assets (%) | 3.03 | 2.97 | 3.11 | 2.91 | 3.06 |
| Market share of net value (%) | 2.38 | 2.32 | 2.27 | 2.28 | 2.28 |
| Market share of deposits (%) | 3.38 | 3.32 | 3.44 | 3.17 | 3.51 |
| Market share of loans (%) | 3.74 | 3.65 | 3.69 | 3.66 | 3.61 |

Profit growth rate increased in 2023, primarily due to the increase in net income from service fees and financial products in 2023.

Note 1. The above financial information for the most recent 5 years has been calculated according to the balances in the consolidated financial report certified by the CPA.

2. Represent the key performance indicators with the industry particularity of the Bank.

3. No analysis is presented as negative net cash flow from investment activities was recorded.

4. Due to the restriction of information access, the operating scale is disclosed on the basis of individual financial information.



● Calculations for the financial items are as follow:

1. Operation performance

- (1) Loan-to-deposit ratio = total loans/total deposits
- (2) NPL ratio = total not performing loans/total loans
- (3) Interest expense to annual average deposits balances ratio = total interest expenditures related to deposits/annual average deposits balances
- (4) Interest income to annual average credit loan balances ratio = total interest income related to credit loan balances/annual average credit loan balances
- (5) Total assets turnover rate = net gain/total average assets
- (6) Average gain for employee = net gain/total number of employees
- (7) Average profit for employee = after-tax net profit/total number of employees

2. Profitability

- (1) Tier 1 return on assets = before-tax profit or loss/average total tier 1 assets
- (2) Return on asset = before-tax profit or loss/average total assets
- (3) Return on equity = after-tax profit or loss/average total equity
- (4) Net profit ratio = after-tax profit or loss/net revenue
- (5) Earnings per Share = (income attributable to owners of the parent company – dividends on preferred stock)/weighted average number of shares issued.

3. Financial structure

- (1) Debt-asset ratio = total liabilities/total assets
- (2) Real estate and equipment to equity ratio = net real estate and equipment/net equity

4. Growth rate

- (1) Asset growth ratio = (total assets of the current year - total assets of the previous year)/total assets of the previous year
- (2) Profit growth ratio = (before-tax profit or loss of the current year - before-tax profit or loss of the previous year)/before-tax profit or loss of the previous year

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/(interbank loans and overdrafts + commercial paper payables + financial at fair value through profit or loss + notes issued under repurchase agreement and bond indebtedness + amount payable with maturity within one year)
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the past five years/(capital expenditures + cash dividend) for the past five years.
- (3) Cash flow adequacy ratio = net cash flow from operating activities/net cash flow from investment activities

6. Liquidity reserve ratio = current assets prescribed by the central bank/liabilities required liquid reserves

7. Operating scale

- (1) Market share of assets = total assets/total net value of all financial institutions available for deposits and loans business
- (2) Market share of net value = net value/total net value of all financial institutions available for deposits and loans business
- (3) Market share of deposits = total deposits/total net value of all financial institutions available for deposits and loans business
- (4) Market share of loans = total loans/total net value of all financial institutions available for deposits and loans business

Individual Financial Analysis

| Analysis item | Year | Financial analysis for the past five years (Note 1) | | | | |
|--|--|---|------------|------------|------------|-----------------|
| | | 2023 | 2022 | 2021 | 2020 | (Restated) 2019 |
| Operation performance | Loan-to-deposit ratio (%) (Note 2) | 77.67 | 77.78 | 75.82 | 81.96 | 76.01 |
| | NPL ratio (%) (Note 2) | 0.18 | 0.20 | 0.28 | 0.50 | 0.32 |
| | Interest expense to annual average deposits balances ratio (%) | 1.48 | 0.65 | 0.33 | 0.50 | 0.71 |
| | Interest income to average credit loan balances ratio (%) | 2.72 | 2.02 | 1.62 | 1.74 | 2.06 |
| | Total assets turnover rate (Number of times) | 1.48 | 1.39 | 1.26 | 1.23 | 1.37 |
| | Average revenue of employee (NT\$1,000) | 5,616 | 5,132 | 4,408 | 4,055 | 4,305 |
| | Average profit of employee (NT\$1,000) | 1,870 | 1,830 | 938 | 876 | 1,259 |
| Profitability | Return on Tier 1 capital (%) | 9.91 | 10.36 | 5.15 | 5.08 | 8.34 |
| | Return on asset (%) | 0.49 | 0.49 | 0.27 | 0.27 | 0.40 |
| | Return on equity (%) | 9.43 | 9.84 | 5.09 | 4.84 | 7.47 |
| | Net profit margin (%) | 33.30 | 35.67 | 21.29 | 21.59 | 29.26 |
| | Earnings per share (NT\$) | 1.29 | 1.23 | 0.64 | 0.61 | 0.94 |
| Financial structure | Debts to total assets ratio (%) | 94.56 | 94.97 | 94.97 | 94.49 | 94.53 |
| | Real estate and equipment to equity ratio (%) | 11.69 | 13.56 | 14.29 | 14.71 | 15.17 |
| Growth rate | Asset growth ratio (%) | 6.61 | 2.50 | 12.83 | 2.61 | 7.81 |
| | Profit growth ratio (%) | 3.24 | 107.98 | 7.50 | (33.30) | (11.34) |
| Cash flow | Cash flow ratio (%) | 11.85 | 13.60 | 45.14 | Note 3 | 4.08 |
| | Cash flow adequacy ratio (%) | 1,168.90 | 1,389.79 | 1,117.86 | 740.83 | 1,525.21 |
| | Cash flow adequacy ratio (%) | Note 3 | 109.57 | Note 3 | Note 3 | Note 3 |
| Liquidity reserve ratio (%) | | 24.54 | 23.09 | 22.00 | 18.21 | 23.81 |
| Total credit loan balances for stakeholders (NT\$1,000) | | 12,037,894 | 11,820,604 | 11,177,905 | 10,214,528 | 9,542,062 |
| Ratio of total credit loan balances for stakeholders to total credit loan balances (%) | | 0.78 | 0.82 | 0.83 | 0.83 | 0.83 |
| Operating scale | Market share of assets (%) | 3.03 | 2.97 | 3.11 | 2.91 | 3.06 |
| | Market share of net value (%) | 2.38 | 2.32 | 2.27 | 2.28 | 2.28 |
| | Market share of deposits (%) | 3.38 | 3.32 | 3.44 | 3.17 | 3.51 |
| | Market share of loans (%) | 3.74 | 3.65 | 3.69 | 3.66 | 3.61 |

Profit growth rate increased in 2023, primarily due to the increase in net income from service fees and financial products in 2023.

Note 1. The above individual financial information for the most recent 5 years has been calculated according to the balances in the Individual financial report certified by the CPA.

2. Represent the key performance indicators with the industry particularity of the Bank.

3. No analysis is presented as negative net cash flow from investment activities was recorded.



- Calculations for the financial items are as follow:

1. Operation performance

- (1) Loan-to-deposit ratio = total loans/total deposits
- (2) NPL ratio = total not performing loans/total loans
- (3) Interest expense to annual average deposits balances ratio = total interest expenditures related to deposits/annual average deposits balances
- (4) Interest income to annual average credit loan balances ratio = total interest income related to credit loan balances/annual average credit loan balances
- (5) Total assets turnover rate = net gain/total average assets
- (6) Average gain for employee = net gain/total number of employees
- (7) Average profit for employee = after-tax net profit/total number of employees

2. Profitability

- (1) Tier 1 return on assets = before-tax profit or loss/average total tier 1 assets
- (2) Return on asset = before-tax profit or loss/average total assets
- (3) Return on equity = after-tax profit or loss/average total equity
- (4) Net profit ratio = after-tax profit or loss/net revenue
- (5) Earnings per Share = (income attributable to owners of the parent company – dividends on preferred stock)/weighted average number of shares issued.

3. Financial structure

- (1) Debt-asset ratio = total liabilities / total assets.
- (2) Real estate and equipment to equity ratio = net real estate and equipment/net equity

4. Growth rate

- (1) Asset growth ratio = (total assets of the current year - total assets of the previous year)/total assets of the previous year
- (2) Profit growth ratio = (before-tax profit or loss of the current year - before-tax profit or loss of the previous year)/before-tax profit or loss of the previous year

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / (interbank loans and overdrafts + commercial paper payables + financial at fair value through profit or loss + notes issued under repurchase agreement and bond indebtedness + amount payable with maturity within one year)
- (2) Net cash flow adequacy ratio = net cash flow from operating activities for the past five years/(capital expenditures + cash dividend) for the past five years.
- (3) Cash flow adequacy ratio = net cash flow from operating activities/net cash flow from investment activities

6. Liquidity reserve ratio = current assets prescribed by the central bank/liabilities required liquid reserves

7. Operating scale

- (1) Market share of assets = total assets/total net value of all financial institutions available for deposits and loans business
- (2) Market share of net value = net value/total net value of all financial institutions available for deposits and loans business
- (3) Market share of deposits = total deposits/total net value of all financial institutions available for deposits and loans business
- (4) Market share of loans = total loans/total net value of all financial institutions available for deposits and loans business

(2) Capital Adequacy

Consolidated Capital Adequacy

Unit: NT\$1,000

| Analysis item | Year (Note 1) | Capital adequacy ratio for the past 5 years (Note 3) | | | | | |
|--|--|---|---------------|---------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Eligible capital | Common stock equity | 113,940,410 | 100,331,196 | 96,157,516 | 93,119,841 | 88,212,592 | |
| | Other Tier 1 capital that is not common stock equity | 18,000,000 | 18,000,000 | 17,487,758 | 17,504,060 | 12,708,443 | |
| | Tier 2 capital | 48,568,883 | 40,103,704 | 41,159,410 | 40,329,291 | 32,082,995 | |
| | Eligible capital | 180,509,293 | 158,434,900 | 154,804,684 | 150,953,192 | 133,004,030 | |
| Risk-weighted assets | Credit risk | Standardized approach | 1,240,930,971 | 1,188,123,617 | 1,066,163,181 | 1,058,435,685 | 992,799,980 |
| | | Internal ratings-based approach | | | | | |
| | | Asset securitization | | | | | |
| | Operational risk | Basic indicator approach | | | | | |
| | | Standardized approach/alternative standardized approach | 50,031,661 | 43,118,270 | 38,884,436 | 38,142,417 | 38,286,712 |
| | | Advanced measurement approach | | | | | |
| | Market risk | Standardized approach | 41,435,513 | 38,716,513 | 50,859,425 | 28,041,588 | 19,565,088 |
| | | Internal models approach | | | | | |
| | Total risk-weighted assets | | 1,332,398,145 | 1,269,958,400 | 1,155,907,042 | 1,124,619,690 | 1,050,651,780 |
| | Capital adequacy ratio (Note 2) | | 13.55% | 12.48% | 13.39% | 13.42% | 12.66% |
| Tier 1 capital / Risk-weighted assets ratio | | 9.90% | 9.32% | 9.83% | 9.84% | 9.61% | |
| Common stock equity / Risk-weighted assets ratio | | 8.55% | 7.90% | 8.32% | 8.28% | 8.40% | |
| Leverage ratio | | 5.71% | 5.47% | 5.41% | 5.90% | 5.53% | |

Please explain the reasons for the change in the capital adequacy ratio in the last two years. (Note 4)

- Note: 1. The above five-year capital adequacy ratio has been certified by the CPA.
 2. Represent the key performance indicators with the industry particularity of the Bank.
 3. The regulatory capital, weighted risk-adjusted assets and total amount of exposure listed in the table was calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks", and the "Explanation and table of calculation method for banks' regulatory capital and risk assets."
 4. Changes for the latest two periods (2023 and 2022) have not reached 20%; analysis of the reason is exempted.
 5. The Bank does not have the most recent financial information verified and certified by the CPA as of the publication date of the annual report.

- Calculation formula of capital adequacy ratio is as follow:

1. Eligible capital = common stock equity + other tier 1 capital + tier 2 capital that is non-common stock equity.
2. Total risk-weighted assets = credit-risk-weighted assets + capital charge of (operating risk + market risk) × 12.5
3. Capital adequacy ratio = Eligible capital / total risk-weighted assets.
4. Tier 1 capital / Risk-weighted assets ratio = (common stock equity + other tier 1 capital under non-common stock equity) / total risk-weighted assets.
5. Common stock equity / Risk-weighted assets ratio = common stock equity / total risk-weighted assets.
6. Leverage ratio = net tier 1 capital / total risk exposure.



Individual Capital Adequacy

Unit: NT\$1,000

| Analysis item | Year (Note 1) | Capital adequacy ratio for the past 5 years (Note 3) | | | | | |
|--|--|---|---------------|---------------|---------------|---------------|---------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Eligible capital | Common stock equity | 113,951,025 | 100,331,709 | 96,157,516 | 93,119,841 | 88,212,592 | |
| | Other Tier 1 capital that is not common stock equity | 18,000,000 | 18,000,000 | 17,487,758 | 17,504,060 | 12,708,443 | |
| | Tier 2 capital | 48,592,043 | 40,066,956 | 41,159,410 | 40,329,291 | 32,082,995 | |
| | Eligible capital | 180,543,068 | 158,398,665 | 154,804,684 | 150,953,192 | 133,004,030 | |
| Risk-weighted assets | Credit risk | Standardized approach | 1,242,783,743 | 1,190,251,924 | 1,066,163,181 | 1,058,435,685 | 992,799,980 |
| | | Internal ratings-based approach | | | | | |
| | | Asset securitization | | | | | |
| | Operational risk | Basic indicator approach | | | | | |
| | | Standardized approach/alternative standardized approach | 49,860,090 | 42,908,871 | 38,884,436 | 38,142,417 | 38,286,712 |
| | | Advanced measurement approach | | | | | |
| | Market risk | Standardized approach | 41,435,513 | 38,716,513 | 50,859,425 | 28,041,588 | 19,565,088 |
| | | Internal models approach | | | | | |
| | Total risk-weighted assets | | 1,334,079,346 | 1,271,877,308 | 1,155,907,042 | 1,124,619,690 | 1,050,651,780 |
| | Capital adequacy ratio (Note 2) | | 13.53% | 12.45% | 13.39% | 13.42% | 12.66% |
| Tier 1 capital / Risk-weighted assets ratio | | 9.89% | 9.30% | 9.83% | 9.84% | 9.61% | |
| Common stock equity / Risk-weighted assets ratio | | 8.54% | 7.89% | 8.32% | 8.28% | 8.40% | |
| Leverage ratio | | 5.72% | 5.48% | 5.41% | 5.90% | 5.53% | |

Please explain the reasons for the change in the capital adequacy ratio in the last two years. (Note 4)

- Note: 1. The above five-year capital adequacy ratio has been certified by the CPA.
 2. Represent the key performance indicators with the industry particularity of the Bank.
 3. The regulatory capital, weighted risk-adjusted assets and total amount of exposure listed in the table was calculated according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks", and the "Explanation and table of calculation method for banks' regulatory capital and risk assets."
 4. Changes for the latest two periods (2023 and 2022) have not reached 20%; analysis of the reason is exempted.
 5. The Bank does not have the most recent financial information verified and certified by the CPA as of the publication date of the annual report.

(3) Improvement measures when the eligible capital to risk-weighted assets ratio calculated according to Article 44 of the Banking Act is lower than the required ratio: No such matter.

3. Audit Committee's Audit Report on the 2023 Financial Statements

Taiwan Business Bank, Ltd. Audit committee's Review Report

The Board of Directors has compiled and prepared Taiwan Business Bank's Financial Statements, business report and profit distribution table for the fiscal year of 2023. The financial statements have been audited by Ms. Feng - Hui Lee and Ms. Pei-Ju Tsai, the certified public accountants of KPMG.

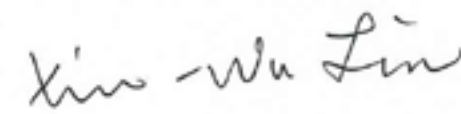
The Audit Committee has also examined the said statements and reports delivered by the Board of Directors and found that its contents were in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. We hereby present the subject report for your review.

Submitted to:

2024 General Shareholders' Meeting of Taiwan Business Bank, Ltd.

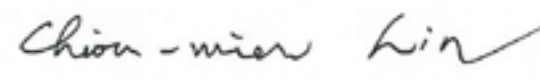
Audit Committee of Taiwan Business Bank, Ltd.

Independent Director 

Independent Director 

Independent Director 

Independent Director 

Independent Director 

Republic of China, March 13, 2024



4. Representation Letter for 2023 Consolidated Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of TAIWAN BUSINESS 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN BUSINESS BANK, LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN BUSINESS BANK, LTD.
Chair: Liu Pei-Jean
Date: February 21, 2024

5. Independent Auditors' Report for 2023 Consolidated Financial Statements

Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank, Ltd.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and subsidiaries 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 Held Banks, and with the Regulation Governing the Preparation of Financial Reports by Securities firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jing-Kuan-Yin-Zi No.1082731571 and 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 Bank and subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Account of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

The assessment of loans impairment

Please refer to Note 4(f) "Financial Instruments" for related accounting policy, Note 5 (a) for accounting assumptions and estimates, and Note 6(f) "Discount and loans,net" and Note 6 (ap) "Financial Risk Information" for details of loans impairment, respectively.

Description of key audit matter:

The management of the Bank and subsidiaries assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank and its subsidiaries need to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank and its subsidiaries should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future



recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriated of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. The impaired amounts recognized by the management were in compliance with the related regulations issued by authority. Meanwhile, we assessed whether allowance for the loans meets the requirements.

Other Matter

Taiwan Business Bank, Ltd. has prepared its parent-company-only financial statements 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 Held Banks, and with the IFRSs, IASs, IFRC, 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 Bank and subsidiaries ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries 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 and subsidiaries 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 professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries 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 Bank and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 audit resulting in this independent auditors' report are Lee, Feng-Hui and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)

February 21, 2024

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.



6. 2023 Consolidated Financial Statements and Accompanying Notes

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | Assets | December 31, 2023 | | December 31, 2022 | |
|-------|--|-------------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| 11000 | Cash and cash equivalents (Notes 6(a) and 7) | \$ 34,356,881 | 2 | 49,260,262 | 2 |
| 11500 | Due from the Central Bank and call loans to banks (Notes 6(b) and 7) | 119,931,580 | 5 | 148,557,744 | 7 |
| 12000 | Financial assets at fair value through profit or loss (Note 6(c)) | 73,366,025 | 3 | 33,913,114 | 2 |
| 12100 | Financial assets at fair value through other comprehensive income (Notes 6(g) and (q)) | 189,415,924 | 9 | 160,000,410 | 8 |
| 12200 | Investment in debt instruments at amortized cost (Note 6(h)) | 252,895,142 | 11 | 236,774,247 | 11 |
| 12500 | Securities purchased under resell agreements (Note 6(d)) | 7,110,485 | - | 797,893 | - |
| 13000 | Receivables (Note 6(e)) | 11,907,936 | 1 | 9,057,109 | - |
| 13200 | Current tax assets | 351,197 | - | 350,069 | - |
| 13500 | Discounts and loans, net (Notes 6(f) and 7) | 1,491,313,443 | 68 | 1,400,112,365 | 68 |
| 15000 | Investments accounted for using equity method (Note 6(i)) | - | - | 808 | - |
| 15500 | Other financial assets (Note 6(j)) | 8,227 | - | 10,315 | - |
| 18500 | Property and equipment, net (Note 6(k)) | 14,046,879 | 1 | 14,121,833 | 1 |
| 18600 | Right-of-use assets, net (Note 6(l)) | 1,284,449 | - | 1,212,593 | - |
| 19000 | Intangible assets, net | 921,536 | - | 757,216 | - |
| 19300 | Deferred tax assets (Note 6(z)) | 2,015,839 | - | 1,777,199 | - |
| 19500 | Other assets, net (Note 6(m)) | 10,888,988 | - | 15,782,948 | 1 |
| | Total assets | \$ 2,209,814,531 | 100 | 2,072,486,125 | 100 |

| | Liabilities and Equity | December 31, 2023 | | December 31, 2022 | |
|-------|---|-------------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| | Liabilities | | | | |
| 21000 | Deposits from the Central Bank and banks (Notes 6(n) and 7) | \$ 163,162,556 | 7 | 194,966,177 | 9 |
| 21500 | Due to the Central Bank and banks (Note 6(o)) | 1,431,840 | - | 1,131,025 | - |
| 22000 | Financial liabilities at fair value through profit or loss (Notes 6(p) and (t)) | 9,394,136 | - | 9,925,525 | - |
| 22500 | Notes and bonds issued under repurchase agreement (Note 6(q)) | 1,786,715 | - | 2,462,991 | - |
| 23000 | Payables (Note 6(r)) | 24,342,295 | 1 | 21,493,131 | 1 |
| 23200 | Current tax liabilities | 101,003 | - | 1,101,015 | - |
| 23500 | Deposits and remittances (Notes 6(s) and 7) | 1,823,413,234 | 83 | 1,673,580,263 | 81 |
| 24000 | Bank notes payable (Note 6(t)) | 53,850,000 | 3 | 52,250,000 | 4 |
| 25500 | Other financial liabilities (Note 6(u)) | 2,136,402 | - | 2,910,581 | - |
| 25600 | Provisions (Note 6(v)) | 2,903,375 | - | 2,676,102 | - |
| 26000 | Lease liabilities (Note 6(w)) | 1,319,108 | - | 1,239,919 | - |
| 29300 | Deferred tax liabilities (Note 6(z)) | 878,623 | - | 879,056 | - |
| 29500 | Other liabilities (Note 6(x)) | 4,972,959 | - | 3,763,082 | - |
| | Total liabilities | 2,089,692,246 | 94 | 1,968,378,867 | 95 |
| | Equity attributable to owners of parent | | | | |
| 31101 | Common stock (Note 6(y)) | 82,224,061 | 4 | 80,296,934 | 4 |
| 31500 | Capital Surplus (Note 6(y)) | 815,900 | - | 815,900 | - |
| | Retained earnings: | | | | |
| 32001 | Legal reserve (Note 6(y)) | 20,028,865 | 1 | 17,239,615 | 1 |
| 32003 | Special reserve (Note 6(y)) | 3,954,803 | - | 185,128 | - |
| 32005 | Unappropriated retained earnings (Note 6(y)) | 12,114,062 | 1 | 9,339,356 | - |
| 32500 | Other equity interest (Note 6(y)) | 984,594 | - | (3,769,675) | - |
| | Total equity | 120,122,285 | 6 | 104,107,258 | 5 |
| | Total liabilities and equity | \$ 2,209,814,531 | 100 | 2,072,486,125 | 100 |



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | For the year ended December 31, | | | | | |
|-------|--|---------------|--------|--------------|-----------------|-------|
| | 2023 | | 2022 | | Percent Change% | |
| | Amount | % | Amount | % | | |
| 41000 | Interest income (Notes 6(ad) and 7) | \$ 49,116,713 | 154 | 33,300,102 | 117 | 47 |
| 51000 | Less: Interest expenses (Notes 6(ad) and 7) | (30,411,203) | (95) | (13,072,129) | (45) | 133 |
| | Net interest revenue | 18,705,510 | 59 | 20,227,973 | 72 | (8) |
| | Net revenue other than interest | | | | | |
| 49100 | Net service fee revenue (Notes 6(ae) and 13) | 4,617,356 | 14 | 3,951,892 | 14 | 17 |
| 49200 | Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(af)) | 6,718,444 | 21 | 1,540,238 | 5 | 336 |
| 49310 | Realized gain on financial assets at fair value through other comprehensive income (Note 6(ag)) | 1,234,707 | 4 | 1,462,681 | 5 | (16) |
| 49450 | Gain arising from derecognition of financial assets measured at amortized cost (Note 6(h)) | 170 | - | 1,981 | - | (91) |
| 49600 | Foreign exchange gain | 196,130 | 1 | 923,295 | 3 | (79) |
| 49700 | (Impairment loss on assets) reversal of impairment loss on assets (Note 6(ah)) | (15,335) | - | 11,689 | - | 231 |
| 49750 | Share of profit of associates and joint ventures accounted for using equity method (Notes 6(h) and 6(ai)) | (808) | - | (1,192) | - | 32 |
| 49800 | Net other revenue other than interest income (Note 6(aj)) | 72,693 | - | 83,689 | - | (13) |
| 49831 | Net securities brokering revenue | 384,677 | 1 | 326,877 | 1 | 18 |
| | Net revenue | 31,913,544 | 100 | 28,529,123 | 100 | 12 |
| 58200 | Bad debts expense, commitment and guarantee liability provision (Note 6(ak)) | (4,226,518) | (13) | (2,386,062) | (8) | 77 |
| | Operating expenses | | | | | |
| 58500 | Employee benefits expenses (Note 6(al)) | (9,079,004) | (28) | (8,875,692) | (31) | 2 |
| 59000 | Depreciation and amortization expense (Note 6(am)) | (1,272,085) | (4) | (1,229,876) | (4) | 3 |
| 59500 | Other general and administrative expense (Note 6(an)) | (4,908,130) | (15) | (3,997,701) | (14) | 23 |
| | Total operating expense | (15,259,219) | (47) | (14,103,269) | (49) | 8 |
| 61001 | Income from continuing operation before tax | 12,427,807 | 40 | 12,039,792 | 43 | 3 |
| 61003 | Less: Income tax expenses (Note 6(z)) | 1,860,132 | 6 | 1,917,940 | 7 | (3) |
| | Net income | 10,567,675 | 34 | 10,121,852 | 36 | 4 |
| 65000 | Other comprehensive income: | | | | | |
| 65200 | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 65201 | Remeasurements of defined benefit plans (Note 6(z)) | (233,043) | (1) | 557,098 | 2 | (142) |
| 65204 | Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income | 4,553,627 | 14 | (2,347,122) | (8) | 294 |
| 65220 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(z)) | (46,609) | - | 111,419 | - | (142) |
| | Components of other comprehensive income that will not be reclassified to profit or loss | 4,367,193 | 13 | (1,901,443) | (6) | 330 |
| 65300 | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 65301 | Exchange difference on translation | (39,156) | - | 1,511,789 | 5 | (103) |
| 65308 | Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income | 1,931,940 | 6 | (6,238,235) | (22) | 131 |
| 65320 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(z)) | 9,656 | - | 272,357 | 1 | 96 |
| | Components of other comprehensive income that will be reclassified to profit or loss | 1,883,128 | 6 | (4,998,803) | (18) | (138) |
| 65000 | Other comprehensive income | 6,250,321 | 19 | (6,900,246) | (24) | 191 |
| | Total comprehensive income | \$ 16,817,996 | 53 | 3,221,606 | 12 | 422 |
| | Earnings per share (in NT dollar) (Note 6(ab)) | | | | | |
| | Basic earnings per share (in NT dollar) | \$ 1.29 | | 1.23 | | |
| | Diluted earnings per share (in NT dollar) | \$ 1.28 | | 1.23 | | |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | Attributable to owners of parent | | | | | | | | | |
|---|----------------------------------|-----------------|---------------|-------------------|----------------------------------|-------------|---|---|-------------|--|
| | Share capital | | | Retained earnings | | | | Other equity interest | | |
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Total | |
| | | | | | | | | | | |
| Balance at January 1, 2022 | \$ 77,431,952 | 815,900 | 15,693,140 | 185,128 | 5,227,632 | 21,105,900 | (1,807,265) | 4,113,485 | 101,659,972 | |
| Net income for the year ended December 31, 2022 | - | - | - | - | 10,121,852 | 10,121,852 | - | - | 10,121,852 | |
| Other comprehensive income for the year ended December 31, 2022 | - | - | - | - | 445,679 | 445,679 | 1,209,432 | (8,555,357) | (6,900,246) | |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 10,567,531 | 10,567,531 | 1,209,432 | (8,555,357) | 3,221,606 | |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 1,546,475 | - | (1,546,475) | - | - | - | - | |
| Cash dividends of ordinary share | - | - | - | - | (774,320) | (774,320) | - | - | (774,320) | |
| Stock dividends of ordinary share | 2,864,982 | - | - | - | (2,864,982) | (2,864,982) | - | - | - | |
| Disposal of investment in equity instruments designated at fair value through other comprehensive income | - | - | - | - | (1,270,030) | (1,270,030) | - | 1,270,030 | - | |
| Balance at December 31, 2022 | 80,296,934 | 815,900 | 17,239,615 | 185,128 | 9,339,356 | 26,764,099 | (597,833) | (3,171,842) | 104,107,258 | |
| Net income for the year ended December 31, 2023 | - | - | - | - | 10,567,675 | 10,567,675 | - | - | 10,567,675 | |
| Other comprehensive income for the year ended December 31, 2023 | - | - | - | - | (186,434) | (186,434) | (31,325) | 6,468,080 | 6,250,321 | |
| Total comprehensive income for the year ended December 31, 2023 | - | - | - | - | 10,381,241 | 10,381,241 | (31,325) | 6,468,080 | 16,817,996 | |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 2,789,250 | - | (2,789,250) | - | - | - | - | |
| Special reserve appropriated | - | - | - | 3,769,675 | (3,769,675) | - | - | - | - | |
| Cash dividends of ordinary share | - | - | - | - | (802,969) | (802,969) | - | - | (802,969) | |
| Stock dividends of ordinary share | 1,927,127 | - | - | - | (1,927,127) | (1,927,127) | - | - | - | |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 1,682,486 | 1,682,486 | - | (1,682,486) | - | |
| Balance at December 31, 2023 | \$ 82,224,061 | 815,900 | 20,028,865 | 3,954,803 | 12,114,062 | 36,097,730 | (629,158) | 1,613,752 | 120,122,285 | |



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended December 31, | |
|--|----------------------------------|---------------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net income before tax | \$ 12,427,807 | 12,039,792 |
| Adjustments: | | |
| Income and expenses items: | | |
| Depreciation expense | 985,755 | 980,783 |
| Amortization expense | 286,330 | 249,093 |
| Provision for bad debt expense | 4,188,472 | 2,378,872 |
| Net (gains) losses on financial assets or liabilities at fair value through profit or loss | (1,936,453) | 86,901 |
| Interest expenses | 30,411,203 | 13,072,129 |
| Net gain arising from derecognition of financial assets measured at amortised cost | (170) | (1,981) |
| Interest income | (49,116,713) | (33,300,102) |
| Net change in provisions for guarantee liabilities | 47,333 | (21,496) |
| Net change in other provisions | (6,677) | 29,220 |
| Share of loss of associates and joint ventures accounted for using equity method | 808 | 1,192 |
| Loss on disposal of property and equipment | 1,660 | 925 |
| Impairment loss (reversal of impairment loss) on financial assets | 15,335 | (11,689) |
| Other items | 14 | (3,817) |
| Total adjustments to reconcile profit (loss) | (15,123,103) | (16,539,970) |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease in due from the central bank and call loans to banks | 28,631,604 | 9,550,611 |
| (Increase) decrease in financial assets at fair value through profit or loss | (37,360,746) | 7,234,305 |
| (Increase) decrease in securities purchased under resell agreements | (6,312,592) | 7,033,381 |
| Increase in receivables | (1,514,546) | (75,360) |
| Increase in discounts and loans | (95,379,615) | (100,231,972) |
| Decrease in other financial assets | 13,018 | 25,244 |
| Decrease (increase) in other assets | 4,620,986 | (1,988,898) |
| Total changes in operating assets | (107,301,891) | (78,452,689) |
| Changes in operating liabilities: | | |
| (Decrease) increase in deposits from the central bank and banks | (31,803,621) | 92,425,862 |

| | For the years ended December 31, | |
|---|----------------------------------|---------------|
| | 2023 | 2022 |
| (Decrease) increase in financial liabilities at fair value through profit or loss | (687,101) | 925,569 |
| (Decrease) increase in notes and bonds issued under repurchase agreement | (676,276) | 402,298 |
| Decrease in payable | (447,852) | (3,682,123) |
| Increase in deposits and remittances | 149,832,971 | 4,923,441 |
| Decrease in other financial liabilities | (774,179) | (1,454,713) |
| Decrease in provisions for employee benefits | (46,312) | (196,272) |
| Total changes in operating liabilities | 115,397,630 | 93,344,062 |
| Total changes in operating assets and liabilities | 8,095,739 | 14,891,373 |
| Total adjustments | (7,027,364) | (1,648,597) |
| Cash inflow generated from operations | 5,400,443 | 10,391,195 |
| Interest received | 47,746,448 | 31,992,358 |
| Interest paid | (27,563,323) | (11,090,974) |
| Income taxes paid | (2,596,783) | (648,645) |
| Net Cash flows from operating activities | 22,986,785 | 30,643,934 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (22,939,444) | (11,055,764) |
| Acquisition of financial assets at amortised cost | (219,827,853) | (188,506,846) |
| Proceeds from repayments of financial assets at amortised cost | 203,701,380 | 230,783,092 |
| Acquisition of investments accounted for using equity method | - | (2,000) |
| Acquisition of property and equipment | (527,576) | (318,336) |
| Proceeds from disposal of property and equipment | 109 | 73 |
| Increase (decrease) in refundable deposits | 233,749 | (2,227,141) |
| Acquisition of intangible assets | (399,651) | (288,288) |
| Net cash flows (used in) from investing activities | (39,759,286) | 28,384,790 |
| Cash flows from (used in) financing activities: | | |
| Increase (decrease) in due to the central bank and banks | 300,815 | (49,130,565) |
| Proceeds from issuing bank notes payable | 9,000,000 | - |
| Repayments of bank notes payable | (7,400,000) | - |
| (Decrease) increase in guarantee deposits received | (1,984,985) | 2,104,548 |
| Payment of lease liabilities | (442,420) | (420,428) |
| Increase (decrease) in other liabilities | 3,194,862 | (1,081,839) |
| Cash dividends paid | (802,969) | (774,320) |
| Net cash flows from (used in) financing activities | 1,865,303 | (49,302,604) |
| Effect of exchange rate changes on cash and cash equivalents | 3,817 | 90,110 |
| Net (decrease) increase in cash and cash equivalents | (14,903,381) | 9,816,230 |
| Cash and cash equivalents at beginning of period | 49,260,262 | 39,444,032 |
| Cash and cash equivalents at end of period | \$ 34,356,881 | 49,260,262 |



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK, LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN BUSINESS BANK, LTD. (the "Bank") was formerly a general savings union known as "Taiwan Mutual Financing Bank" or "Tai-Shio Mutual Financing Bank" when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank's major lines of business are the following:

- (a) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;
- (b) Trust and securities brokerage businesses as approved by the relevant authority;
- (c) International banking business; and
- (d) Other relevant businesses as authorized by the relevant authority in-charge.

As of December 31, 2023, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the "Statute for Privatization of State Enterprises" and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of December 31, 2023 and 2022, the Bank and subsidiaries has 5,702 and 5,581 employees, respectively.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on February 21, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Bank and subsidiaries has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Bank and subsidiaries has initially adopted the (following) new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

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

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank and subsidiaries assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Bank and subsidiaries does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS 21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks (hereinafter referred to as "the Regulations"), and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial instrument measured at fair value through other comprehensive income; and
- 3) The net defined benefit liability (asset) is recognized as fair value of plan assets, less present value of defined benefit obligation and the effect of the asset ceiling in Note 4(k).

(ii) Consolidation of financial statement

The consolidation financial statements include the headquarter and all the domestic branches, foreign branches and subsidiaries. The internal transactions within the headquarter, the domestic branches and the foreign branches are offset when preparing the consolidated financial statement.

(iii) Functional and presentation currency

The functional currency of each entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Subsidiary

A subsidiary is an enterprise controlled by the Bank. The financial statements of subsidiaries are included



in the consolidated financial statements from the date that control commences until the date that control ceases.

Gains or losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Elimination of intra-group transaction

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The unrealized profits arising from the transactions with the investments under the equity method are eliminated to the extent of the percentage of shares possessed by the Bank over the investee. The unrealized losses are eliminated in the same way as the unrealized profit, but only under the circumstances that there are no evidences of impairment.

| | Established location | Main business scope | Shareholding (Holding %) | |
|--|----------------------|---------------------|--------------------------|-------------------|
| | | | December 31, 2023 | December 31, 2022 |
| TBB International Leasing Co., Ltd. | Taiwan | Leasing business | 100 | 100 |
| Taiwan Business Bank International Leasing Co., Ltd. | China | Leasing business | 100 | 100 |
| TBB (Cambodia) Microfinance Institution Plc | Cambodia | Financial company | 100 | 100 |
| TBB Venture Capital Co., Ltd. | Taiwan | Investing business | 100 | 100 |
| TBB Consulting Co., Ltd. | Taiwan | Consulting business | 100 | 100 |

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate of Bank of Taiwan at 10 AM. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the equity instruments measured at fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank and subsidiaries disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the the Bank and subsidiaries disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand, petty cash, foreign currency on hand and cash in banks, but excludes those items which are designated for specific purposes or restricted by contracts and law.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Bank and subsidiaries becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Bank and subsidiaries changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period following the change in the business model.

1) Investment in debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by- investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the



investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank and subsidiaries right to receive payment is established.

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

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Discount and loans, net

Discount and loans are recorded as initial fair value including direct transaction cost, and the subsequent measurement recognizes interest income via effective interest rate method if there is not much difference then it can adopt straight line method and is booked as per amortized cost deducted by impairment loss. Interest accrual on discount and loans are suspended if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.
- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.

5) Impairment of financial assets

The Bank and subsidiaries recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and loan commitments and financial guarantee contracts. Equity instrument investment does not need to recognize expected credit losses.

The Bank and subsidiaries measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, receivables, loan commitments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank and subsidiaries is exposed to credit risk.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECL, the Bank and subsidiaries considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Bank and subsidiaries historical experience, informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Bank and subsidiaries expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank and subsidiaries assesses whether financial assets carried at amortized cost, debt securities at FVOCI, loan commitments and contracts of financial guarantee are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the borrowers on terms that the borrowers would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- to purchase or initiate financial assets at a substantial discount that reflects the credit losses that have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

In addition to estimate the allowance for bad debts and guarantee liability provisions as above, according to " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " , and considering the situation of their finance and the default of principal and interest payment, the credit assets are classified as below:

- 1% of the first class credit assets deducted by the amount of credit assets from the government.
- 2% of the second class credit assets.
- 10% of the third class credit assets.
- 50% of the fourth class credit assets.
- 100% of the fifth class credit assets.

The allowance for bad debts and guarantee liability provisions were assessed by the previously stated method shall not be less than the amount regulated by " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans.

Unrecoverable overdue loans and bad debts of the Bank and subsidiaries, which are not able to be recovered after the overdue collection process, are written-off after deducting the recoverable portion. Upon approval by the board of directors and notification to supervisors, the excess amount of written off loans over such allowance or reserve is reflected as a current loss.

(ii) Financial liabilities

Financial liability measured at fair value through profit or loss, if one of the following conditions is met

1) Financial liabilities held for trading

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well.

2) Financial liabilities designated at fair value through profit or loss

Financial liabilities falling under this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes are measured at fair value and recognized in profit or loss. While for financial liabilities designated at fair value through profit or loss, the changes in fair value generated from credit risk should be recognized under other comprehensive income, except for avoiding accounting mismatch that should be recognized in profit or loss.



(iii) Reclassification of financial instruments

The Bank and subsidiaries only reclassified all affected financial assets in accordance with the regulations when changing the business model of managing financial assets. These changes are expected to be extremely infrequent. In addition, the Bank and subsidiaries must not reclassify any financial assets and liabilities of equity instruments.

If the Bank and subsidiaries reclassify financial assets in accordance with the aforesaid circumstances, the reclassification shall be postponed from the reclassification date, and any previously recognized gains, losses (including impairment losses or reversal of impairment loss) or interest shall not be restated.

(iv) Derecognition of financial assets and liabilities

The Bank and subsidiaries derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and subsidiaries neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank and subsidiaries enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Bank and subsidiaries derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank and subsidiaries also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank and subsidiaries currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(vi) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, the Bank and subsidiaries updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to change to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank and subsidiaries first updates the effective interest rate of the financial asset or financial liability to reflect the changes that is required by interest rate benchmark reform. Thereafter, the Bank and subsidiaries will applied the policies on accounting for modifications to the additional changes.

(g) Impairment loss on non-financial assets

The Bank and subsidiaries reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment on the balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(h) Property, plant and equipment**(i) Recognition and measurement**

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank and subsidiaries.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

| | |
|--------------|-------------|
| 1) Buildings | 35~50 years |
| 2) Equipment | 3~8 years |

The Bank and subsidiaries reviews and adjusts the residual value and the useful lives of assets at the end of each annual reporting date and adjusts it appropriately.

(i) Leases

At inception of a contract, the Bank and subsidiaries assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Bank and subsidiaries recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.



The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank and subsidiaries incremental borrowing rate. Generally, the Bank and subsidiaries uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Bank and subsidiaries estimates of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank and subsidiaries accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank and subsidiaries recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Bank and subsidiaries acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank and subsidiaries makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank and subsidiaries considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(j) Provisions

A provision is recognized if, as a result of a past event, the Bank and subsidiaries has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as financial cost.

(k) Employee benefits

(i) Short term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Retirement benefit

The pension provision of the Bank and subsidiaries includes defined contribution plan and defined benefit plan. For the personnel of foreign offices, the Bank and subsidiaries provides pension fund per the regulations of the local authorities.

Defined contribution plan refers to the plan that the Bank and subsidiaries annually provides certain amount of money to funds to fulfill the obligation. The Bank and subsidiaries provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees the benefit which they deserve for the service they provided, the Bank and subsidiaries does not hold legal or constructive obligation to pay additional provision. The Bank and subsidiaries recognizes the pension fund provided as current pension cost on accrual basis.

The Bank and subsidiaries net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank and subsidiaries obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Bank and subsidiaries, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Bank and subsidiaries. An economic benefit is available to the Bank and subsidiaries if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increase benefit relating to past service by employees, is recognized immediately in profit or loss.

The remeasurements of defined benefit liability (asset) include:

- 1) Actuarial gains and losses;
- 2) Return on plan assets, excluding net interest on the net defined benefit liability (asset); and
- 3) The effect of the asset ceiling, excluding net interest on the net defined benefit liability (asset).

The remeasurements of defined benefit liability (asset) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any changes in the fair value of plan assets, any changes in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, for the reporting period, the rate will be adjusted by material market volatility, material curtailment, reimbursement and settlement or other material one-time events.



(iii) Deposits with favorable rate

The Bank and subsidiaries provides deposits with favorable rate to employees, which include current employee fix amount deposits with favorable rate and retired employee fix amount deposits with favorable rate. The rate difference between the favorable rate and the market rate belongs to the category of employee benefit.

According to article 28 of " Regulations Governing the Preparation of Financial Report by Public Banks" , the additional interests result from the difference between deposit with favorable rate and the deposits with market interest rate shall be calculated by actuary per the regulations related to defined benefit plan in IAS 19 . The parameters of actuarial assumptions shall follow the regulations of the competent authority.

In accordance with the regulation of "Discussion of the employee benefit actuarial assumption related matter for adopting IAS 19 with respect to the additional interest of employee deposits with favorable rate" issued by the Banking Bureau, the difference between the actual payment and the estimated retirement benefit obligation is deemed as changes in accounting estimate and is recognized in profit or loss.

(iv) Termination benefits

Termination benefits are recognized as an obligation when the Bank and subsidiaries is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank and subsidiaries recognizes liabilities when a formal irrevocable termination project is undertaken or when benefit is provided for encouraging voluntary resignation. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(l) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(m) Revenue recognition

Interest is recognized according to interest method. Interest accrual is suspended from the date when the loan is reclassified to non-performing loan and only when the Bank and subsidiaries receives cash, the revenue is recognized.

The revenue of handling fee is recognized when cash collected or when the process of the profit are mostly completed. In addition, for the individual loan which does not belong to labor service and the handling fee is over 1% of the principal, the interest rate shall be adjusted from the original agreed interest rate to the effective interest rate. For the individual loan which does not belong to the service and the handling fee is less than 1% of the principal, the recognition of the revenue should be deferred and be recognized as revenue during the loan period.

(n) Earnings per share (EPS)

The Bank and subsidiaries discloses the basic and diluted earnings per share attributable to ordinary shareholders of the bank. Basic earnings per share is calculated as the profit attributable to ordinary

shareholders of the bank divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as stock that issued for employee bonuses.

(o) Segment information

An operating segment is a component of the Bank and subsidiaries that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank and subsidiaries). Operating results of the operating segment are regularly reviewed by the Bank and subsidiaries chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next financial year.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period is as follow. Those assumptions and estimation have been updated to reflect the impact of COVID- 19.

Impairment losses on loans

The impairment of loans of the Bank and subsidiaries were evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank and subsidiaries considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank and subsidiaries has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Petty cash and revolving funds | \$ 10,710,469 | 14,042,641 |
| Foreign currencies on hand | 974,397 | 988,995 |
| Checks for clearing | 10,126,589 | 11,029,785 |
| Due from other banks | 12,545,426 | 23,198,841 |
| Total | \$ 34,356,881 | 49,260,262 |

(b) Due from the Central Bank and call loans to banks

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Due from the Central Bank | \$ 81,573,887 | 85,208,065 |
| Deposits transferred to Central Bank | 63,536 | 39,664 |
| Call loans to banks | 38,294,157 | 63,310,015 |
| Trust fund indemnity reserve deposited | 120,000 | 110,000 |
| Securities serving as trust fund indemnity reserve deposited | (120,000) | (110,000) |
| Total | \$ 119,931,580 | 148,557,744 |

As of December 31, 2023 and 2022, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank with the Central Bank amounted to \$81,101,782 and \$84,763,295 of which \$51,277,043 and \$47,637,794 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount.

As of December 31, 2023 and 2022, the Bank's subsidiaries and overseas branches, in compliance with the Central Bank's reserve requirement set by local authorities, deposited \$135,310 and \$134,809 and in reserve, of which \$34,776 and \$52,137 were restricted.

Effective December 2000, in accordance with the amended "Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of December 31, 2023 and 2022, the required reserve with the Central Bank amounted to \$336,795 and \$309,961 respectively, and its use was unrestricted.

As of December 31, 2023 and 2022, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Central Bank of China, the Bank complies with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of December 31, 2023 and 2022, the Bank deposited marketable securities of \$120,000 and \$110,000 as trust fund reserves.

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

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Financial assets at fair value through profit or loss, mandatorily measured at fair value : | | |
| Derivative instruments not used for hedging: | | |
| Foreign exchange forward contracts | \$ 41,379 | 27,271 |
| Currency swap contracts | 3,181,677 | 1,088,827 |
| Foreign currency options-buy | 7,070 | 17,813 |
| Stock index futures | 26,930 | 26,860 |
| Interest rate swap | 2,165 | 5,896 |
| Non-derivative financial assets | | |
| Commercial paper | 68,332,202 | 30,907,810 |
| Listed stocks | 877,404 | 752,713 |
| Unlisted stocks | 453,636 | 471,554 |
| Beneficiary certificates | 243,562 | 414,370 |
| Financial debentures | 200,000 | 200,000 |
| Total | \$ 73,366,025 | 33,913,114 |

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank and subsidiaries held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

| | December 31, 2023 | December 31, 2022 |
|-----------------------------------|-------------------|-------------------|
| Currency swaps contract | \$ 204,031,838 | 260,470,257 |
| Interest rate swaps contract | 12,842,842 | 12,665,622 |
| Option contract - buy | 1,090,028 | 1,229,230 |
| Option contract - sell | 1,090,028 | 1,229,230 |
| Forward foreign exchange contract | 1,747,621 | 2,786,130 |

(d) Securities purchased under resell agreements

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-----------------------|-------------------|
| Securities under resell agreements | \$ 7,110,485 | 797,893 |
| Face amount | \$ 7,118,900 | 800,000 |
| Resell period | 2024.01.04~2024.01.22 | 2023.01.05 |
| Range of resell interest rate | 1.40%~1.43% | 1.24% |
| Resell price | \$ 7,114,988 | 798,576 |

(e) Receivables, net

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Interest receivable | \$ 5,485,089 | 4,123,259 |
| Acceptances receivable | 904,663 | 791,284 |
| Accrued income | 216,729 | 140,805 |
| Accounts receivable | 1,316,808 | 1,262,213 |
| Spot exchange receivable-foreign currencies | 8,603 | 9,096 |
| Refinancing guaranty deposits | - | 1,505 |
| Guaranteed proceeds receivable from refinancing | - | 1,158 |
| Credit cards accounts receivable | 1,144,320 | 1,098,733 |
| Receivable price of securities purchased for customers | 164,121 | 179,159 |
| Settlement price | 526,070 | - |
| Installment receivables and leases | 2,051,814 | 1,320,741 |
| Other receivables | 211,231 | 233,198 |
| Sub-total | 12,029,448 | 9,161,151 |
| Less: Allowance for bad debts | (121,512) | (104,042) |
| Total | \$ 11,907,936 | 9,057,109 |

The outstanding contract amount of financial assets that have been written off and still have recourse as of December 31, 2023 and 2022 were \$84,525,458 and \$85,659,528 respectively.

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|----------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Beginning balance | \$ 104,042 | 118,111 |
| Provision (reversal) | 25,689 | (17,353) |
| Write-off | (8,079) | - |
| Foreign exchange | (140) | 3,284 |
| Ending balance | \$ 121,512 | 104,042 |

(f) Discounts and loans, net

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Import/export bills negotiated | \$ 82,287 | 111,492 |
| Bills and notes discounted | 647,785 | 631,574 |
| Overdrafts | 13,632 | 30,781 |
| Secured overdrafts | 2,774,230 | 934,845 |
| Short-term loans | 170,048,490 | 175,758,201 |
| Short-term secured loans | 237,069,295 | 222,836,626 |
| Margin loans receivable | 3,154,190 | 2,672,159 |
| Medium-term loans | 194,551,099 | 182,824,935 |
| Medium-term secured loans | 319,627,017 | 293,811,922 |
| Long-term loans | 35,722,447 | 36,127,193 |
| Long-term secured loans | 546,388,355 | 500,599,070 |
| Overdue loans | 1,131,493 | 2,154,653 |
| Sub-total | 1,511,210,320 | 1,418,493,451 |
| Less: Adjustment of discount and premium | (294,035) | (302,470) |
| Less: Allowance for bad debts | (19,602,842) | (18,078,616) |
| Total | \$ 1,491,313,443 | 1,400,112,365 |

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|---------------------|----------------------------------|-------------|
| | 2023 | 2022 |
| Beginning balance | \$ 18,078,616 | 15,576,817 |
| Provision | 4,192,078 | 2,419,063 |
| Transfer out | (12,890) | (16,605) |
| Write-off | (4,310,620) | (2,300,641) |
| Write-off recovered | 1,647,874 | 2,337,772 |
| Foreign exchange | 7,784 | 62,210 |
| Ending balance | \$ 19,602,842 | 18,078,616 |

(g) Financial asset at fair value through other comprehensive income

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Investment in debt instruments measured at fair value through other comprehensive income: | | |
| Government bonds | \$ 54,805,119 | 48,754,854 |
| Corporate bonds | 77,991,623 | 60,445,796 |
| Financial debentures | 36,535,591 | 32,639,581 |
| Negotiable certificates of deposit | 601,026 | - |
| Subtotal | 169,933,359 | 141,840,231 |
| Investment in equity instruments measured at fair value through other comprehensive income: | | |
| Listed stocks | 13,515,621 | 12,676,936 |
| Unlisted stocks | 5,825,636 | 5,337,461 |
| Real Estate Investment Trust | 141,308 | 145,782 |
| Subtotal | 19,482,565 | 18,160,179 |
| Total | \$ 189,415,924 | 160,000,410 |

(i) Investment in debt instruments measured at fair value through other comprehensive income

The Bank and subsidiaries assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (q) for more details.

(ii) Investment in equity instruments measured at fair value through other comprehensive income

The Bank and subsidiaries designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank and subsidiaries designated the investments shown above as equity instrument as at fair value through other comprehensive income; therefore, the Bank and subsidiaries recognized \$1,234,455 and \$1,457,705, respectively as dividend revenue for the years ended December 31, 2023 and 2022. In which, the disposal equity instruments were recognized \$682,789 and \$688,220 as dividend revenue for the years ended December 31, 2023 and 2022.

The Bank and subsidiaries sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are \$12,631,825 and \$11,601,994. And gains (losses) on disposal are \$1,682,486 and \$(1,270,030) for the years ended December 31, 2023 and 2022. Therefore, accumulated gains on disposal were transferred from other equity to retained earnings.

(iii) Please refer to Note 6(ap) for the credit risk (including the impairment in debt instruments) and market risk information.**(iv) The changes in the allowance for credit losses attribute to the FVOCI were as follows:**

| | For the years ended December 31, | |
|-------------------|----------------------------------|--------|
| | 2023 | 2022 |
| Beginning balance | \$ 90,852 | 87,792 |
| Provision | 9,564 | 1,521 |
| Foreign exchange | (67) | 1,539 |
| Ending balance | \$ 100,349 | 90,852 |

(h) Investment in debt instruments at amortized cost

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Certificates of deposit with the Central Bank | \$ 190,900,000 | 195,595,000 |
| Government bonds | 29,199,649 | 24,370,304 |
| Corporate bonds | 17,260,961 | 7,481,434 |
| Financial debentures | 15,550,671 | 9,337,858 |
| Negotiable certificates of deposit | 64,481 | 64,523 |
| Subtotal | 252,975,762 | 236,849,119 |
| Less: Accumulated impairment | (80,620) | (74,872) |
| Total | \$ 252,895,142 | 236,774,247 |

The Bank and subsidiaries assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) Please refer to Note 6(ap) for credit risk.**(ii) The pledged assets provided by the above investment in debt instruments at amortized cost were shown follows:**

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds | \$ 1,063,500 | 854,500 |
| Overseas branches required reserve of overdraft guarantee | 64,481 | 64,523 |
| Daylight overdraft guarantee | 2,000,000 | 2,000,000 |
| Guarantee for borrowing US dollars | 29,000,000 | 29,000,000 |
| Guarantee for borrowing JPY dollars | 200,000 | 200,000 |
| Sponsorship of Treasury Affairs | - | 20,000,000 |
| Total | \$ 32,327,981 | 52,119,023 |

(iii) The changes in the allowance for credit losses attribute to investment in debt instruments at amortized cost were as follows:

| | For the years ended December 31, | |
|----------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Beginning balance | \$ 74,872 | 87,478 |
| Provision (reversal) | 5,771 | (13,210) |
| Foreign exchange | (23) | 604 |
| Ending balance | \$ 80,620 | 74,872 |

(iv) Disposal gain (loss) on disposal investment in assets at amortized cost:

| | For the years ended December 31, 2023 | |
|-----------------|--|-------------------------|
| | The carrying amount at the date of derecognition | Gain (Loss) on disposal |
| Corporate bonds | \$ 15,433 | 170 |

| | For the years ended December 31, 2022 | |
|----------------------|--|-------------------------|
| | The carrying amount at the date of derecognition | Gain (Loss) on disposal |
| Corporate bonds | \$ 81,364 | 710 |
| Financial debentures | 305,979 | 1,271 |
| Total | \$ 387,343 | 1,981 |

For the years ended December 31, 2023 and 2022, it is due to the advanced redemption of the issuer.

(i) Investments accounted for using equity method

(i) Associates

The Bank and subsidiaries had significant influence on Media Talk Consultants Co., Ltd. by investing 2 million dollars on December 22, 2021 and holding 20% equity on it. The establishment registration was completed on January 19, 2022. In addition, since Media Fund 1, which was planned to be raised, was not as well funded as expected and the accumulated losses of Media Talk Consultants Co., Ltd. had exceeded 70% of the paid-in capital at the end of 2022, it has ceased its operation with effect from May 1, 2023, after prudent assessment.

The Bank and subsidiaries financial information for investments accounted for using the equity method are individually insignificant was as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Carrying amount of individually insignificant associates' equity | \$ - | 808 |

| | For the years ended December 31, | |
|--|----------------------------------|---------|
| | 2023 | 2022 |
| Attributable to the Bank and subsidiaries: | | |
| Net income | \$ (808) | (1,192) |
| Total comprehensive income | \$ (808) | (1,192) |

(ii) Guarantee

As of December 31, 2023 and 2022, the Bank and subsidiaries did not provide any investments accounted for using the equity method as collateral for its loans.

(j) Other financial assets, net

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Overdue receivable | \$ 19,717 | 58,786 |
| Less: Allowance for bad debts, overdue receivable | (11,490) | (48,471) |
| Total | \$ 8,227 | 10,315 |

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|-----------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Beginning balance | \$ 48,471 | 51,392 |
| Reversal | (23,820) | (23,222) |
| Transfer in | 12,890 | 16,605 |
| Write-off | (46,894) | (16,567) |
| Written-off recovered | 20,843 | 20,263 |
| Ending balance | \$ 11,490 | 48,471 |

(k) Property and equipment, net

| December 31, 2023 | Cost | Revaluation increment | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|---------------|-----------------------|--------------------------|------------------------|------------|
| Land | \$ 6,746,952 | 2,984,621 | - | 14,031 | 9,717,542 |
| Buildings | 8,143,689 | 31,184 | 4,979,561 | 14,754 | 3,180,558 |
| Machinery and equipment | 2,809,955 | - | 2,170,544 | - | 639,411 |
| Transportation equipment | 264,916 | - | 227,359 | - | 37,557 |
| Miscellaneous equipment | 671,418 | - | 565,428 | - | 105,990 |
| Leasehold improvements | 203,138 | - | 119,859 | - | 83,279 |
| Construction in progress | 61,737 | - | - | - | 61,737 |
| Prepayment for equipment | 220,805 | - | - | - | 220,805 |
| Total | \$ 19,122,610 | 3,015,805 | 8,062,751 | 28,785 | 14,046,879 |

| December 31, 2022 | Cost | Revaluation increment | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|---------------|-----------------------|--------------------------|------------------------|------------|
| Land | \$ 6,743,535 | 2,986,161 | - | 14,031 | 9,715,665 |
| Buildings | 8,116,339 | 31,184 | 4,790,018 | 14,754 | 3,342,751 |
| Machinery and equipment | 2,696,721 | - | 2,012,107 | - | 684,614 |
| Transportation equipment | 272,344 | - | 230,440 | - | 41,904 |
| Miscellaneous equipment | 658,114 | - | 557,596 | - | 100,518 |
| Leasehold improvements | 205,430 | - | 119,731 | - | 85,699 |
| Construction in progress | 20,225 | - | - | - | 20,225 |
| Prepayment for equipment | 130,457 | - | - | - | 130,457 |
| Total | \$ 18,843,165 | 3,017,345 | 7,709,892 | 28,785 | 14,121,833 |



Change of cost

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 9,729,696 | 3,417 | 1,540 | - | 9,731,573 |
| Buildings | 8,147,523 | 27,350 | - | - | 8,174,873 |
| Machinery and equipment | 2,696,721 | 239,056 | 124,976 | (846) | 2,809,955 |
| Transportation equipment | 272,344 | 7,778 | 15,612 | 406 | 264,916 |
| Miscellaneous equipment | 658,114 | 34,846 | 21,117 | (425) | 671,418 |
| Leasehold improvements | 205,430 | 32,672 | 33,327 | (1,637) | 203,138 |
| Construction in progress | 20,225 | 43,192 | 1,680 | - | 61,737 |
| Prepayment for equipment | 130,457 | 284,156 | 193,848 | 40 | 220,805 |
| Total | \$ 21,860,510 | 672,467 | 392,100 | (2,462) | 22,138,415 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 9,729,696 | - | - | - | 9,729,696 |
| Buildings | 8,049,138 | 98,385 | - | - | 8,147,523 |
| Machinery and equipment | 2,393,432 | 449,271 | 154,016 | 8,034 | 2,696,721 |
| Transportation equipment | 272,502 | 7,577 | 8,543 | 808 | 272,344 |
| Miscellaneous equipment | 647,036 | 22,461 | 14,859 | 3,476 | 658,114 |
| Leasehold improvements | 162,953 | 42,391 | 2,572 | 2,658 | 205,430 |
| Construction in progress | 40,547 | 32,248 | 52,570 | - | 20,225 |
| Prepayment for equipment | 573,971 | 49,995 | 493,808 | 299 | 130,457 |
| Total | \$ 21,869,275 | 702,328 | 726,368 | 15,275 | 21,860,510 |

Change of depreciation

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 4,790,018 | 189,543 | - | - | 4,979,561 |
| Machinery and equipment | 2,012,107 | 282,068 | 123,399 | (232) | 2,170,544 |
| Transportation equipment | 230,440 | 12,483 | 15,579 | 15 | 227,359 |
| Miscellaneous equipment | 557,596 | 29,563 | 20,959 | (772) | 565,428 |
| Leasehold improvements | 119,731 | 34,407 | 33,326 | (953) | 119,859 |
| Total | \$ 7,709,892 | 548,064 | 193,263 | (1,942) | 8,062,751 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 4,592,658 | 197,360 | - | - | 4,790,018 |
| Machinery and equipment | 1,865,901 | 293,226 | 153,250 | 6,230 | 2,012,107 |
| Transportation equipment | 225,193 | 13,183 | 8,480 | 544 | 230,440 |
| Miscellaneous equipment | 539,601 | 30,261 | 14,690 | 2,424 | 557,596 |
| Leasehold improvements | 83,416 | 37,309 | 2,572 | 1,578 | 119,731 |
| Total | \$ 7,306,769 | 571,339 | 178,992 | 10,776 | 7,709,892 |

Accumulated impairment

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|-----------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 14,031 | - | - | - | 14,031 |
| Buildings | 14,754 | - | - | - | 14,754 |
| Total | \$ 28,785 | - | - | - | 28,785 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|-----------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 14,031 | - | - | - | 14,031 |
| Buildings | 14,754 | - | - | - | 14,754 |
| Total | \$ 28,785 | - | - | - | 28,785 |

When the Bank and subsidiaries first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

As of December 31, 2023, the appreciation from revaluation of properties all amounted to \$3,015,805. Reserve for land incremental tax all amounted to \$878,623 (Recognized under deferred tax liabilities).

As of December 31, 2023 and 2022, land which was occupied all amounted to \$5,496. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(I) Right-of-use assets

The Bank and subsidiaries leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank and subsidiaries as a lessee is presented below:

| December 31, 2023 | Cost | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|--------------|--------------------------|------------------------|-----------|
| Buildings | \$ 2,026,012 | 791,158 | - | 1,234,854 |
| Machinery and equipment | 26,178 | 26,174 | - | 4 |
| Transportation equipment | 80,397 | 37,072 | - | 43,325 |
| Miscellaneous equipment | 11,484 | 5,218 | - | 6,266 |
| Total | \$ 2,144,071 | 859,622 | - | 1,284,449 |

| December 31, 2022 | Cost | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|--------------|--------------------------|------------------------|-----------|
| Buildings | \$ 1,857,074 | 706,516 | - | 1,150,558 |
| Machinery and equipment | 26,497 | 26,408 | - | 89 |
| Transportation equipment | 77,477 | 22,728 | - | 54,749 |
| Miscellaneous equipment | 12,403 | 5,206 | - | 7,197 |
| Total | \$ 1,973,451 | 760,858 | - | 1,212,593 |

Change of cost

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 1,857,074 | 496,517 | 331,403 | 3,824 | 2,026,012 |
| Machinery and equipment | 26,497 | - | 319 | - | 26,178 |
| Transportation equipment | 77,477 | 13,359 | 10,373 | (66) | 80,397 |
| Miscellaneous equipment | 12,403 | 3,098 | 4,017 | - | 11,484 |
| Total | \$ 1,973,451 | 512,974 | 346,112 | 3,758 | 2,144,071 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 1,795,803 | 604,750 | 563,446 | 19,967 | 1,857,074 |
| Machinery and equipment | 27,842 | - | 1,345 | - | 26,497 |
| Transportation equipment | 74,819 | 54,940 | 52,442 | 160 | 77,477 |
| Miscellaneous equipment | 10,337 | 2,996 | 930 | - | 12,403 |
| Total | \$ 1,908,801 | 662,686 | 618,163 | 20,127 | 1,973,451 |

Change of depreciation

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 706,516 | 409,907 | 331,037 | 5,772 | 791,158 |
| Machinery and equipment | 26,408 | 85 | 319 | - | 26,174 |
| Transportation equipment | 22,728 | 24,749 | 10,382 | (23) | 37,072 |
| Miscellaneous equipment | 5,206 | 3,059 | 3,047 | - | 5,218 |
| Total | \$ 760,858 | 437,800 | 344,785 | 5,749 | 859,622 |



| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 683,580 | 385,019 | 370,919 | 8,836 | 706,516 |
| Machinery and equipment | 27,272 | 481 | 1,345 | - | 26,408 |
| Transportation equipment | 45,301 | 22,623 | 45,294 | 98 | 22,728 |
| Miscellaneous equipment | 3,353 | 2,666 | 813 | - | 5,206 |
| Total | \$ 759,506 | 410,789 | 418,371 | 8,934 | 760,858 |

(m) Other assets, net

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Office supplies | \$ 29,180 | 29,019 |
| Prepayments | 8,238,377 | 8,168,184 |
| Operating guarantee deposits and settlement fund | 33,631 | 31,753 |
| Guarantee deposits paid | 2,407,797 | 2,641,545 |
| Deferred assets | 328 | 128 |
| Temporary payments and suspense accounts | - | 4,675,748 |
| Proceeds of settlement and margin trading | 3,244 | 60,139 |
| Other assets | 176,431 | 176,432 |
| Total | \$ 10,888,988 | 15,782,948 |

(n) Deposits from the Central Bank and banks

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Deposits from the Central Bank | \$ 324,763 | 232,262 |
| Due from the Central Bank | 14,738,400 | 14,133,500 |
| Deposits from banks | 1,251,484 | 705,261 |
| Call loans from banks | 24,934,745 | 31,549,533 |
| Overdrafts on banks | 1,003,829 | 1,084,076 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 120,909,335 | 147,261,545 |
| Total | \$ 163,162,556 | 194,966,177 |

(o) Due to the Central Bank and banks

| | December 31, 2023 | | | | |
|---|-------------------|---------------|-----------------------|-----------------|--------------|
| | Currency | Interest Rate | Maturity Date | Original Amount | NTD Amount |
| Agricultural Bank of Taiwan | TWD | 1.75% | 2024.01.31 | 350,000 | \$ 350,000 |
| Hua Nan Commercial Bank, Ltd | TWD | 1.864% | 2024.03.20 | 40,000 | 40,000 |
| Mega International Commercial Bank | TWD | 1.70%~1.75% | 2024.02.20~2024.03.27 | 210,000 | 210,000 |
| First Commercial Bank | TWD | 1.825% | 2024.01.19 | 30,000 | 30,000 |
| Bank of Kaohsiung Co., Ltd (OBU) | USD | 7.33% | 2026.06.10 | 2,000 | 61,410 |
| Chang Hwa Commercial Bank, Ltd | USD | 7.35% | 2024.04.27 | 1,000 | 30,705 |
| Sunny Commercial Bank (OBU) | USD | 6.346%~6.646% | 2024.07.05 | 20,000 | 614,100 |
| Bank of Panshin | USD | 7.30% | 2024.11.14 | 1,000 | 30,705 |
| Chang Hwa Commercial Bank, Ltd. (Kunshan) | CNY | 4.10% | 2024.02.28 | 15,000 | 64,920 |
| Total | | | | | \$ 1,431,840 |
| Unused credit lines | | | | | \$ 1,402,042 |

| | December 31, 2022 | | | | |
|-------------------------------------|-------------------|---------------|-----------------------|-----------------|--------------|
| | Currency | Interest Rate | Maturity Date | Original Amount | NTD Amount |
| Agricultural Bank of Taiwan | TWD | 1.332% | 2023.10.13 | 100,000 | \$ 100,000 |
| First Commercial Bank | TWD | 1.450%~1.575% | 2023.02.16~2023.04.25 | 140,000 | 140,000 |
| Bank of Kaohsiung Co., Ltd. (OBU) | USD | 5.50% | 2023.06.10 | 10,000 | 307,250 |
| Sunny Commercial Bank (OBU) | USD | 5.642%~5.887% | 2023.08.04~2023.08.26 | 9,000 | 276,525 |
| KGI Commercial Bank Co., Ltd. (OBU) | USD | 5.326%~6.261% | 2023.01.10~2023.04.07 | 7,000 | 215,075 |
| Bank of Panshin | USD | 6.60% | 2023.05.10~2023.08.18 | 3,000 | 92,175 |
| Total | | | | | \$ 1,131,025 |
| Unused credit lines | | | | | \$ 1,447,949 |

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

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Financial liabilities designated at fair value through profit or loss: | | |
| Financial debentures | \$ 9,175,560 | 9,367,595 |
| Financial liabilities held for trading: | | |
| Derivative instruments not used for hedging | | |
| Foreign exchange forward contracts | 6,657 | 10,932 |
| Currency swap contracts | 204,481 | 524,421 |
| Foreign currency option-sell | 7,077 | 17,864 |
| Interest rate contract | 361 | 4,713 |
| Total | \$ 9,394,136 | 9,925,525 |

Please refer to 6(t) for the information of financial liabilities designated at fair value through profit and loss.

Please refer to 6(c) for the nominal amount of unsettled financial derivatives instrument contracts of December 31, 2023 and 2022.

(q) Notes and bonds issued under repurchase agreement

| Assets | December 31, 2023 | | | |
|---|-------------------|---|------------------------------|----------------------------|
| | Par value | Selling Price (Recognized in securities sold under repurchase agreements) | Designated repurchase amount | Designated repurchase date |
| Financial assets at fair value through other comprehensive income | \$ 1,911,300 | 1,786,715 | 1,792,342 | 2024/1/3~2024/7/1 |

| Assets | December 31, 2022 | | | |
|---|-------------------|---|------------------------------|----------------------------|
| | Par value | Selling Price (Recognized in securities sold under repurchase agreements) | Designated repurchase amount | Designated repurchase date |
| Financial assets at fair value through other comprehensive income | \$ 2,616,634 | 2,462,991 | 2,472,765 | 2023/1/4~2024/7/1 |

(r) Payables

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Accrued interest | \$ 7,266,021 | 4,435,668 |
| Accounts payable | 10,144,863 | 11,042,992 |
| Acceptances | 917,187 | 802,824 |
| Accrued expenses | 3,530,179 | 3,277,743 |
| Collection payable | 816,442 | 676,888 |
| Deposits received from securities borrowers | 50,962 | 116,196 |
| Guaranteed price deposits received from securities borrowers | 56,172 | 108,289 |
| Spot exchange payable, foreign currencies | 7,235 | 13,625 |
| Other payables | 866,697 | 834,692 |
| Prices payable of securities sold for customers | 679,235 | 137,155 |
| Settlement payable | - | 40,444 |
| Other | 7,302 | 6,615 |
| Total | \$ 24,342,295 | 21,493,131 |

(s) Deposits and remittances

| | December 31, 2023 | December 31, 2022 |
|---------------------------|-------------------|-------------------|
| Savings deposits | \$ 776,882,639 | 737,659,280 |
| Time deposits | 551,305,074 | 436,771,576 |
| Demand deposits | 462,357,697 | 465,429,114 |
| Checking account deposits | 32,541,672 | 33,292,182 |
| Remittances | 326,152 | 428,111 |
| Total | \$ 1,823,413,234 | 1,673,580,263 |



(t) Bank notes payable

| Bonds | Terms of Transactions | | | Type | Bond Issued | |
|---------|-----------------------|---------------|---|---|----------------------|-------------------|
| | Issue date | Maturity date | Interest Rate & repayment | | Amount | |
| | | | | | December 31, 2023 | December 31, 2022 |
| 2015-2A | 08/31/2015 | 08/31/2023 | The debentures bear an annual interest rate of 2.05%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured subordinated long-term financial debentures | \$ - | 4,700,000 |
| 2015-2B | 08/31/2015 | 08/31/2025 | The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 300,000 | 300,000 |
| 2016-2 | 12/20/2016 | 12/20/2023 | The debentures bear an annual interest rate of 1.40%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | - | 2,700,000 |
| 2017-1A | 03/28/2017 | 03/28/2024 | The debentures bear an annual interest rate of 1.50%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 390,000 | 390,000 |
| 2017-1B | 03/28/2017 | 03/28/2025 | The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 250,000 | 250,000 |
| 2017-1C | 03/28/2017 | 03/28/2027 | The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 3,360,000 | 3,360,000 |
| 2017-2 | 05/23/2017 | 05/23/2027 | The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 1,300,000 | 1,300,000 |
| 2018-2 | 08/20/2018 | 08/20/2028 | The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 5,450,000 | 5,450,000 |
| 2019-1A | 03/21/2019 | 03/21/2026 | The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 1,000,000 | 1,000,000 |
| 2019-1B | 03/21/2019 | 03/21/2029 | The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 4,800,000 | 4,800,000 |
| 2020-1 | 03/25/2020 | 03/25/2030 | The debentures bear an annual interest rate of 0.80%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 10,000,000 | 10,000,000 |
| 2020-2 | 08/13/2020 | None | The debentures bear an annual interest rate of 1.62%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date . | Perpetual non-accumulated subordinated financial debentures | 10,000,000 | 10,000,000 |
| 2021-1 | 11/17/2021 | None | The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date . | " | 8,000,000 | 8,000,000 |
| 2023-1 | 06/20/2023 | 06/20/2030 | The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured subordinated long-term financial debentures | 8,000,000 | - |
| 2023-2 | 09/27/2023 | 09/27/2025 | The debentures bear an annual interest rate of 1.47%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured senior financial debentures | 1,000,000 | - |
| | | | | | <u>\$ 53,850,000</u> | <u>52,250,000</u> |

The Bank issued \$120,000 thousand and \$180,000 thousand dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss. The debentures are as follows:

| Bonds | Terms of Transactions | | | Type | Bond Issued | |
|--------|-----------------------|---------------|--|--|---------------------|-------------------|
| | Issue date | Maturity date | Interest Rate & repayment | | Amount | |
| | | | | | December 31, 2023 | December 31, 2022 |
| 2017-3 | 10/27/2017 | 10/27/2047 | The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. | Unsecured dollar-denominated senior financial debentures | \$ 3,684,600 | 3,687,000 |
| 2018-3 | 09/27/2018 | 09/27/2048 | The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. | " | 5,526,900 | 5,530,500 |
| | | | | Valuation adjustment | (35,940) | 150,095 |
| | | | | | <u>\$ 9,175,560</u> | <u>9,367,595</u> |

The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Fair value of corporate bonds | \$ 9,175,560 | 9,367,595 |
| Fair value increase not attributable to changes in market conditions that give rise to market risk | 241,673 | 170,133 |
| Difference between the carrying value and the amount payable at the end of the contract term | (35,940) | 150,095 |

(u) Other financial liabilities

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Cumulative earnings on appropriated loans fund | \$ 2,136,402 | 2,910,581 |

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un-loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(v) Provisions

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|---------------------|-------------------|
| Provision for guarantee liabilities | \$ 284,412 | 237,076 |
| Provision for loan commitments | 92,689 | 100,236 |
| Indeterminate indemnity provisions | 75,372 | 74,619 |
| Provision for employee benefits | 2,450,902 | 2,264,171 |
| Total | <u>\$ 2,903,375</u> | <u>2,676,102</u> |



Change of provision

| | January 1, 2023 | Increase | Decrease | Use | Foreign exchange | December 31, 2023 |
|-------------------------------------|-----------------|----------|----------|--------|------------------|-------------------|
| Provision for guarantee liabilities | \$ 237,076 | 47,333 | - | - | 3 | 284,412 |
| Provision for loan commitments | 100,236 | - | 7,430 | - | (117) | 92,689 |
| Indeterminate indemnity provisions | 74,619 | 753 | - | - | - | 75,372 |
| Provision for employee benefits | 2,264,171 | 421,069 | 183,994 | 50,344 | - | 2,450,902 |
| Total | \$ 2,676,102 | 469,155 | 191,424 | 50,344 | (114) | 2,903,375 |

| | January 1, 2022 | Increase | Decrease | Use | Foreign exchange | December 31, 2022 |
|-------------------------------------|-----------------|----------|----------|--------|------------------|-------------------|
| Provision for guarantee liabilities | \$ 258,065 | - | 21,496 | - | 507 | 237,076 |
| Provision for loan commitments | 71,423 | 27,782 | - | - | 1,031 | 100,236 |
| Indeterminate indemnity provisions | 73,181 | 1,438 | - | - | - | 74,619 |
| Provision for employee benefits | 3,017,541 | 172,726 | 875,196 | 50,900 | - | 2,264,171 |
| Total | \$ 3,420,210 | 201,946 | 896,692 | 50,900 | 1,538 | 2,676,102 |

Please refer to Note 6(aa) for the information with regard to provision for employee benefits shown above.

(w) Lease liabilities

Lease liabilities as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Less than one year | \$ 395,763 | 387,320 |
| More than one year | \$ 923,345 | 852,599 |

The amounts recognized in profit or loss were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|--------|
| | 2023 | 2022 |
| Interest on lease liabilities | \$ 17,527 | 16,920 |
| Expenses relating to short-term leases | \$ 17,848 | 18,691 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ 17,745 | 16,259 |

The amounts recognized in the statement of cash flows were as follows:

| | For the years ended December 31, | |
|-------------------------------|----------------------------------|---------|
| | 2023 | 2022 |
| Total cash outflow for leases | \$ 478,013 | 455,378 |

(i) Real estate leases

The Bank and subsidiaries leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank and subsidiaries to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

(ii) Other leases

The Bank and subsidiaries leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank and subsidiaries has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank and subsidiaries has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.

(x) Other liabilities

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Advance interest receipts | \$ 4,586 | 6,396 |
| Unearned revenue | 362,241 | 315,153 |
| Other advance receipts | 76,318 | 62,411 |
| Guarantee deposits received | 1,387,790 | 3,372,775 |
| Temporary receipts and suspense accounts | 3,113,825 | - |
| Others | 28,199 | 6,347 |
| Total | \$ 4,972,959 | 3,763,082 |

(y) Equity**(i) Common stock**

As of December 31, 2023 and 2022, the Bank's authorized capital were all \$100,000,000, and the paid-in capital for common shares of the Bank were \$82,224,061 and \$80,296,934, respectively, with a par value of \$10 per share. The outstanding shares were 8,222,406 and 8,029,693 thousand shares, respectively.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 16, 2023, the Bank increased its capital from the retained earnings by \$1,927,127 and issued 192,713 thousand shares. The capital increase has been approved by the Financial Supervisory Commission and came into effect on August 16, 2023. The base date of the capital increase was September 8, 2023. The Bank has completed the alternation of registered capital amount on September 27, 2023.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 17, 2022, the Bank increased its capital from the retained earnings by \$2,864,982 and issued 286,498 thousand shares. The capital increase has been approved by the Financial Supervisory Commission and came into effect on July 12, 2022. The base date of the capital increase was August 8, 2022. The Bank has completed the alteration of the registered capital amount on August 26, 2022.

(ii) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

| | December 31, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| Additional paid-in capital | \$ 815,900 | 815,900 |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Earnings distribution and dividend policy

Under the Bank's Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100% of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders' meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NTD\$ 0.1, except for otherwise resolved by the shareholder's meeting, it is not

distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder's meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

The Bank resolved the earning distribution for the earnings of 2022 and 2021 in the shareholders' meeting on June 16, 2023 and June 17, 2022, respectively. The dividends distributed were as follows:

| | 2022 | | 2021 | |
|----------------------------------|-------------------------------|---------------------|-------------------------------|------------------|
| | Distribution rate (NT dollar) | Amount | Distribution rate (NT dollar) | Amount |
| Dividends to common shareholders | | | | |
| Stock dividends | \$ 0.24 | 1,927,127 | 0.37 | 2,864,982 |
| Cash dividends | 0.10 | 802,969 | 0.10 | 774,320 |
| Total | | <u>\$ 2,730,096</u> | | <u>3,639,302</u> |

(iv) Other equity interest

| | Unrealized gains from financial assets measured at fair value through other comprehensive income | Exchange differences on translation of foreign financial statements | Total |
|---|--|---|--------------------|
| January 1, 2023 | \$ (3,171,842) | (597,833) | (3,769,675) |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | (175) | (14,754) | (14,929) |
| Investment in financial assets measured at fair value through other comprehensive income | | | |
| -Unrealized amount | 6,468,507 | - | 6,468,507 |
| -Realized amount | (252) | - | (252) |
| Foreign currency translation difference-Exchange difference | - | (16,571) | (16,571) |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | (1,682,486) | - | (1,682,486) |
| December 31, 2022 | <u>\$ 1,613,752</u> | <u>(629,158)</u> | <u>984,594</u> |
| January 1, 2022 | \$ 4,113,485 | (1,807,265) | 2,306,220 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | (4,729) | 11,653 | 6,924 |
| Investment in financial assets measured at fair value through other comprehensive income | | | |
| -Unrealized amount | (8,545,652) | - | (8,545,652) |
| -Realized amount | (4,976) | - | (4,976) |
| Foreign currency translation difference-Exchange difference | - | 1,197,779 | 1,197,779 |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | 1,270,030 | - | 1,270,030 |
| December 31, 2022 | <u>\$ (3,171,842)</u> | <u>(597,833)</u> | <u>(3,769,675)</u> |

(z) Income taxes

(i) The income tax expenses were as follows::

| | For the years ended December 31, | |
|--|----------------------------------|------------------|
| | 2023 | 2022 |
| Current tax expense | | |
| Current period | \$ 1,990,218 | 2,106,302 |
| Adjustment for prior period | 61,093 | 5,401 |
| Additional surtax on undistributed retained earnings | 1,525 | 1,297 |
| The Income basic tax | 6,266 | - |
| | <u>2,059,102</u> | <u>2,113,000</u> |
| Deferred tax expense (income) | | |
| Origination and reversal of temporary differences | (200,778) | (215,456) |
| Change in unrecognized temporary differences | 1,808 | 20,396 |
| Income tax expenses | <u>\$ 1,860,132</u> | <u>1,917,940</u> |

(ii) The income tax expenses (income) recognized under other comprehensive income were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|----------------|
| | 2023 | 2022 |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurements of defined benefit plans | \$ (46,609) | 111,419 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translation of foreign financial statements | \$ (7,831) | 302,357 |
| Losses on debt instruments at fair value through other comprehensive income | 17,487 | (30,000) |
| | <u>\$ 9,656</u> | <u>272,357</u> |

The reconciliation between the income tax expense (income) and net income before tax of the Bank and subsidiaries for 2023 and 2022 is as follows:

| | For the years ended December 31, | |
|--|----------------------------------|------------------|
| | 2023 | 2022 |
| Income tax computed on net income before tax | \$ 2,485,376 | 2,406,771 |
| Tax-free income | (809,023) | (669,128) |
| Overseas branch income tax expenses | 110,943 | 152,074 |
| Current-year losses for which no deferred tax asset was recognized | 1,808 | 20,396 |
| Underestimate prior income tax expense | 61,093 | 5,401 |
| Surtax on unappropriated retained earnings | 1,525 | 1,297 |
| Income basic tax | 6,266 | - |
| Other | 2,144 | 1,129 |
| Income tax expense | <u>\$ 1,860,132</u> | <u>1,917,940</u> |



(iii) Deferred tax assets and liabilities

1) Changes in recognized deferred tax assets and liabilities of the Bank and subsidiaries were as follows:

| | For the year ended December 31, 2023 | | | | |
|--|--------------------------------------|------------------------------|--|--------|----------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Others | Ending balance |
| Temporary difference | | | | | |
| Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law | \$ 1,034,571 | 199,009 | - | (52) | 1,233,528 |
| Loss on assets impairment | 19,372 | 3,067 | - | - | 22,439 |
| Reserve for employee benefit liabilities | 332,159 | (1,619) | - | - | 330,540 |
| Land value increment tax | (879,056) | 433 | - | - | (878,623) |
| Exchange differences from the translation of financial statements of foreign operations | 149,457 | - | 7,831 | - | 157,288 |
| Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income | 22,766 | - | (17,487) | - | 5,279 |
| Actuarial gains and losses | 200,055 | - | 46,609 | - | 246,664 |
| Indeterminate indemnity provisions | 14,923 | 151 | - | - | 15,074 |
| Other | 265 | (263) | - | (2) | - |
| Subtotal | 894,512 | 200,778 | 36,953 | (54) | 1,132,189 |
| Losses carried forward | 3,631 | 1,396 | - | - | 5,027 |
| Net deferred tax assets (liabilities) | \$ 898,143 | 202,174 | 36,953 | (54) | 1,137,216 |
| The information stated on the balance sheet is as follows: | | | | | |
| Deferred tax assets | \$ 1,777,199 | | | | 2,015,839 |
| Deferred tax liabilities | \$ 879,056 | | | | 878,623 |

| | For the year ended December 31, 2022 | | | | |
|--|--------------------------------------|------------------------------|--|--------|----------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Others | Ending balance |
| Temporary difference | | | | | |
| Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law | \$ 774,187 | 260,349 | - | 35 | 1,034,571 |
| Loss on assets impairment | 21,710 | (2,338) | - | - | 19,372 |
| Reserve for employee benefit liabilities | 374,995 | (42,836) | - | - | 332,159 |
| Land value increment tax | (879,056) | - | - | - | (879,056) |
| Exchange differences from the translation of financial statements of foreign operations | 451,814 | - | (302,357) | - | 149,457 |
| Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income | (7,234) | - | 30,000 | - | 22,766 |
| Actuarial gains and losses | 311,474 | - | (111,419) | - | 200,055 |
| Indeterminate indemnity provisions | 14,636 | 287 | - | - | 14,923 |
| Other | 267 | (6) | - | 4 | 265 |
| Subtotal | 1,062,793 | 215,456 | (383,776) | 39 | 894,512 |
| Losses carried forward | 2,553 | 1,078 | - | - | 3,631 |
| Net deferred tax assets (liabilities) | \$ 1,065,346 | 216,534 | (383,776) | 39 | 898,143 |
| The information stated on the balance sheet is as follows: | | | | | |
| Deferred tax assets | \$ 1,951,636 | | | | 1,777,199 |
| Deferred tax liabilities | \$ 886,290 | | | | 879,056 |

2) Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Tax effect of deductible Temporary Differences | \$ 153 | 153 |
| The carryforward of unused tax losses | 45,968 | 44,160 |
| | \$ 46,121 | 44,313 |

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Bank and subsidiaries can utilize the benefits therefrom.

As of December 31, 2023, the information of the Bank and subsidiaries unused tax losses for which no deferred tax assets were recognized are as follows:

| Year of loss | Unused tax loss | Expiry date |
|--------------|-----------------|-------------|
| 2016 | \$ 20,885 | 2026 |
| 2017 | 16,528 | 2027 |
| 2018 | 15,957 | 2028 |
| 2019 | 9,426 | 2029 |
| 2020 | 6,927 | 2030 |
| 2021 | 41,036 | 2031 |
| 2022 | 80,990 | 2032 |
| 2023 | 38,092 | 2033 |
| | \$ 229,841 | |

(iv) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank and subsidiaries has assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(v) The Bank's income tax returns through 2017, 2018, 2019 and 2021 have been assessed by the Tax Authority.

(vi) The income tax returns of the subsidiaries TBB Venture Capital Co., Ltd., TBB Consulting Co., Ltd., and TBB International Leasing Co., Ltd. have been assessed until 2021 by the Tax Authority.

(aa) Provision for employee benefit

As of December 31, 2023 and 2022, the balance of provision for employee benefit of the Bank and subsidiaries was as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|-------------------|-------------------|
| Defined benefit plan | \$ 1,328,440 | 1,211,918 |
| Employee deposits with favorable rate | 1,122,462 | 1,052,253 |
| | \$ 2,450,902 | 2,264,171 |

(i) Defined benefit plan

Reconciliation of defined benefit obligation and plan assets at fair value of the Bank and subsidiaries as follows:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Present value of defined benefit obligation | \$ 5,920,493 | 6,156,019 |
| Fair value of plan assets | (4,592,053) | (4,944,101) |
| Net defined benefit liabilities | \$ 1,328,440 | 1,211,918 |

The Bank and subsidiaries makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labour Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.



1) Composition of plan assets

According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labour pension reserve account balance for the Bank and subsidiaries amounted to \$4,592,053 and \$4,944,101 on December 31, 2023 and 2022. For information on the utilisation of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labour Fund, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Defined benefit obligation on January 1 | \$ 6,156,019 | 6,870,061 |
| Current service and interest cost | 243,796 | 191,252 |
| Remeasurements of the net defined benefit liability | | |
| -Actuarial loss on experience adjustment | 77,431 | 443,097 |
| -Actuarial loss (gains) on financial assumptions changed | 177,409 | (593,737) |
| Benefits paid | (734,162) | (754,654) |
| Defined benefit obligation at December 31 | \$ 5,920,493 | 6,156,019 |

3) Movements of defined benefit plan assets

The movements in the fair value of defined benefit plan assets of the Bank and subsidiaries were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|-----------|
| | 2023 | 2022 |
| Fair value of plan assets on January 1 | \$ 4,944,101 | 4,903,846 |
| Interest income | 82,833 | 19,453 |
| Remeasurements of the net defined benefit liability | | |
| -plan assets revenue (excluded of current interest) | 21,797 | 406,458 |
| Contributions made | 277,484 | 368,998 |
| Benefits paid by the plan | (734,162) | (754,654) |
| Fair value of plan assets on December 31 | \$ 4,592,053 | 4,944,101 |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank and subsidiaries were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Current service costs | \$ 142,443 | 164,454 |
| Net interest of the net liability of define benefit obligations | 18,520 | 7,345 |
| | \$ 160,963 | 171,799 |

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

Remeasurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

| | For the years ended December 31, | |
|------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Amount on January 1 | \$ 1,000,275 | 1,557,373 |
| Recognized during the period | 233,043 | (557,098) |
| Amount on December 31 | \$ 1,233,318 | 1,000,275 |

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow:

| | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Discount rate | 1.25% | 1.70% |
| Future salary increase rate | 1.50% | 1.50% |

The expected allocation payment made by the Bank and subsidiaries to the defined benefit plans for the one-year after the reporting date is \$242,000.

The weighted average lifetime of the defined benefit plans is 7 years.

7) Sensitivity analysis

The effects of changes in major actuarial assumptions adopted in defined benefit obligation on December 31, 2023 and 2022 were as follows:

| | Influence of defined benefit plan obligation | |
|---|--|----------------|
| | Increase 0.25% | Decrease 0.25% |
| December 31, 2023 | | |
| Discount rate(Change 0.25%) | (1.67)% | 1.71 % |
| Future salary increase rate(Change 0.25%) | 1.63 % | (1.60)% |
| December 31, 2022 | | |
| Discount rate(Change 0.25%) | (1.70)% | 1.74 % |
| Future salary increase rate(Change 0.25%) | 1.67 % | (1.64)% |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Bank and subsidiaries allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Bank and subsidiaries allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. Employees based abroad are contributed in accordance with the local government's regulations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, oversea branches, and local authorities responsible for the Bank's subsidiaries amounted to \$184,606 and \$170,382 for the years ended December 31, 2023 and 2022, respectively.

(iii) Employee deposit with favorable rate

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Present value of defined benefit obligation | \$ 1,122,462 | 1,052,253 |
| Fair value of plan assets | - | - |
| Net defined benefit liability | \$ 1,122,462 | 1,052,253 |

The Bank and subsidiaries conducted the obligation of time deposit with favorable rate for retired and current employees based on the internal regulation " Saving Deposits for Employees".



1) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank and subsidiaries for the years ended December 31, 2023 and 2022, were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|-----------|
| | 2023 | 2022 |
| Defined benefit obligation on January 1 | \$ 1,052,253 | 1,051,326 |
| Interest cost | 39,983 | 39,953 |
| Remeasurements of the net defined benefit liability | | |
| -current actuarial gains and losses | 247,171 | 175,487 |
| Benefits paid by the plan | (216,945) | (214,513) |
| Defined benefit obligation on December 31 | \$ 1,122,462 | 1,052,253 |

2) Movements in fair value of the defined benefit plan assets

The movements in the present value of the defined plan assets of the Bank and subsidiaries were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Fair value of plan assets on January 1 | \$ - | - |
| Contributions made | 216,945 | 214,513 |
| Benefits paid by the plan | (216,945) | (214,513) |
| Fair value of plan assets on December 31 | \$ - | - |

3) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank and subsidiaries were as follows :

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Net interest on the net defined benefit liability | \$ 287,154 | 215,440 |

4) Actuarial assumption

The material actuarial assumptions used to determine present value of a defined benefit obligation on the reporting date were as follow:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Discount rate of employee deposit with favorable rate | 4.00% | 4.00% |
| Rate of return for capital deposited | 2.00% | 2.00% |
| Annual diminishing rate of account balance | 1.00% | 1.00% |
| Possibility that employee deposit with favorable rate be modified | 50.00% | 50.00% |

(ab) Earnings per share

| | For the years ended December 31, | |
|---|----------------------------------|------------|
| | 2023 | 2022 |
| Net income | \$ 10,567,675 | 10,121,852 |
| Weighted average number of common shares outstanding (in thousands) (Note 1) | 8,222,406 | 8,222,406 |
| Basic earnings per share (in dollars) (Note 1) | \$ 1.29 | 1.23 |
| Dilutive potential common shares (in thousands) (Notes 1 and 2) | 52,815 | 35,699 |
| Weighted average number of common shares outstanding for diluted earnings per share (in thousands) (Note 1) | 8,275,221 | 8,258,105 |
| Diluted earnings per share (in dollars) (Note 1) | \$ 1.28 | 1.23 |

Note 1: The earnings per share for the year ended December 31, 2022 has applied retrospective adjustments.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(ac) Employees and directors' remuneration

In accordance with the articles of incorporation the Bank should contribute 1% to 6% of the profit as employee compensation and less than 0.6% as directors' remuneration when there is profit for the year. However, if the Bank has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the estimated employee remuneration were \$723,563 and \$451,457, and the estimated directors' remuneration were \$79,237 and \$75,243, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board's meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

There is no difference with actual distribution for 2022 remuneration. The information is available at the Market Observation Post System website.

(ad) Net interest revenue

| | For the years ended December 31, | |
|--|----------------------------------|------------|
| | 2023 | 2022 |
| Interest income: | | |
| Loans | \$ 13,214,343 | 8,053,024 |
| Secured loans | 25,640,722 | 19,220,653 |
| Bills negotiated | 6,196 | 4,181 |
| Bank overdrafts | 26,157 | 14,266 |
| Discounts | 33,520 | 17,116 |
| Time deposit from Central Bank | 2,075,554 | 1,218,788 |
| Due from the Central Bank | 468,046 | 201,563 |
| Call loans to banks | 1,864,332 | 1,260,539 |
| Bonds | 4,639,096 | 2,603,937 |
| International credit card | 34,864 | 35,527 |
| Overdue loans | 387,993 | 211,415 |
| Bills | 86,872 | 28,950 |
| Due from Banks | 223,483 | 111,158 |
| Others | 415,535 | 318,985 |
| Subtotal | 49,116,713 | 33,300,102 |
| Interest expense: | | |
| Deposits | 27,381,521 | 11,295,463 |
| Deposits from banks | 4,305 | 1,489 |
| Call loans from banks | 2,021,423 | 890,231 |
| Financial debentures | 818,770 | 759,937 |
| Notes and bond issued under repurchase agreement | 33,025 | 9,358 |
| Others | 152,159 | 115,651 |
| Subtotal | 30,411,203 | 13,072,129 |
| Total | \$ 18,705,510 | 20,227,973 |



(ae) Net service fee revenue

| | For the years ended December 31, | |
|---|----------------------------------|-----------|
| | 2023 | 2022 |
| Service fee income: | | |
| Remittance service fee | \$ 65,749 | 64,477 |
| Import bills negotiated service fee | 39,724 | 45,635 |
| Export bills negotiated service fee | 9,630 | 12,653 |
| Letter of credit service fee | 7,468 | 8,887 |
| Certification service fee | 2,189 | 1,482 |
| Acceptance service fee | 2,534 | 1,677 |
| Trust service fee | 522,234 | 595,144 |
| Guarantee service fee | 265,052 | 242,678 |
| Agency service fee | 26,767 | 34,481 |
| Interbank service fee | 111,315 | 108,774 |
| Card service fee | 167,949 | 113,297 |
| Commission revenue of insurance premium | 2,382,028 | 1,535,440 |
| Custodian service fee | 193,064 | 197,542 |
| Foreign currency service fee | 78,635 | 85,707 |
| Commission of futures | 2,994 | 2,939 |
| Loan service fee | 980,180 | 852,045 |
| Miscellaneous fees | 215,698 | 429,965 |
| Subtotal | 5,073,210 | 4,332,823 |
| Service fee expense: | | |
| Foreign currency service fee | 31,622 | 29,427 |
| Interbank service fee | 193,247 | 178,644 |
| Trust service fee | 1,774 | 857 |
| Agency service fee | 1,338 | 1,567 |
| IC card service fee | 119,388 | 66,106 |
| Check clearing service fee | 8,240 | 8,877 |
| Remittance service fee | 4,926 | 5,404 |
| Custodian service fee | 60,606 | 58,378 |
| Call loans service fee | 10,768 | 9,029 |
| Futures option fee | 1 | 43 |
| Miscellaneous fees | 23,944 | 22,599 |
| Subtotal | 455,854 | 380,931 |
| Total | \$ 4,617,356 | 3,951,892 |

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

| | For the years ended December 31, | |
|-----------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Valuation gains (losses): | | |
| Corporate bonds | \$ - | (5,636) |
| Financial debentures | (491,435) | (546,927) |
| Listed stocks and emerging stocks | 75,194 | 197,910 |
| Unlisted stocks | (44,299) | 69,472 |
| Beneficiary certificates | 590 | (6,437) |
| Private fund | (20,311) | (39) |
| Commercial paper | (12,456) | 10,790 |
| Derivative financial instruments | 2,429,170 | 193,966 |
| Subtotal | 1,936,453 | (86,901) |
| Disposal gains (losses): | | |
| Corporate bonds | - | 6,437 |
| Financial debentures | - | (4,098) |
| Listed stocks and emerging stocks | 133,908 | (40,241) |
| Unlisted stocks | (16,498) | (270) |
| Beneficiary certificates | 5,272 | (21,734) |

| | For the years ended December 31, | |
|----------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Commercial paper | (1,225) | (2,574) |
| Derivative financial instruments | 3,760,431 | 1,463,644 |
| Subtotal | 3,881,888 | 1,401,164 |
| Dividend revenue | 36,492 | 16,654 |
| Interest income | 863,611 | 209,321 |
| Total | \$ 6,718,444 | 1,540,238 |

(ag) Realized gain on financial assets at fair value through other comprehensive income

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Gain on disposal of government bonds | \$ - | 4,480 |
| Gain on disposal of corporate bonds | 252 | 666 |
| Loss on disposal of financial debentures | - | (170) |
| Dividend revenue | 1,234,455 | 1,457,705 |
| Total | \$ 1,234,707 | 1,462,681 |

(ah) (Impairment losses on assets) reversal of impairment loss on assets

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Investment in debt instrument measured at fair value through other comprehensive income | \$ (9,564) | (1,521) |
| Investment in debt instrument measured at amortized cost | (5,771) | 13,210 |
| Total | \$ (15,335) | 11,689 |

(ai) Share of profit of associates and joint ventures accounted for using equity method

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Investment income - Media Talk Consulting Co., Ltd. | \$ (808) | (1,192) |

(aj) Net other revenue other than interest income

| | For the years ended December 31, | |
|---|----------------------------------|----------|
| | 2023 | 2022 |
| Rental revenue of operating assets | \$ 10,058 | 9,360 |
| Rental expense of operating assets | (1,860) | (1,796) |
| Loss on disposal and retirement of property and equipment | (1,660) | (925) |
| Loss of account error | (137) | (163) |
| Gold deposit book | 1,999 | 2,536 |
| Other operating expense | (40,895) | (40,650) |
| Other miscellaneous income | 105,188 | 115,327 |
| Total | \$ 72,693 | 83,689 |

(ak) Bad debts expenses, commitment and guarantee liability provision

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Discounted and loans | \$ 4,192,078 | 2,419,063 |
| Call loans to banks | (5,475) | 384 |
| Due from banks, debit | (1,857) | 904 |
| Receivables and other financial assets | 1,869 | (40,575) |
| Subtotal | 4,186,615 | 2,379,776 |
| Provisions for guarantee liabilities | 47,333 | (21,496) |
| Provisions for loan commitments | (7,430) | 27,782 |
| Total | \$ 4,226,518 | 2,386,062 |



(al) Employee benefits expenses

| | For the years ended December 31, | |
|----------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Salary expense | \$ 7,375,772 | 7,285,860 |
| Labor and health insurance | 561,143 | 532,682 |
| Pension expense | 344,914 | 341,576 |
| Directors' remuneration | 95,832 | 92,949 |
| Other employee benefits | 701,343 | 622,625 |
| Total | \$ 9,079,004 | 8,875,692 |

(am) Depreciation and amortization expense

| | For the years ended December 31, | |
|------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Depreciation | | |
| Property and equipment | \$ 547,955 | 569,994 |
| Right-of-use assets | 437,800 | 410,789 |
| Amortization | | |
| Computer software | 286,261 | 249,046 |
| Other deferred charges | 69 | 47 |
| Total | \$ 1,272,085 | 1,229,876 |

(an) Other general and administrative expense

| | For the years ended December 31, | |
|-------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Compensation loss | \$ 288 | 42 |
| Utilities fee | 95,984 | 90,142 |
| Postage and telecommunication fee | 288,351 | 249,164 |
| Transportation fee | 39,572 | 32,015 |
| Printing and advertisement fee | 325,287 | 215,431 |
| Repair and maintenance fee | 338,349 | 261,268 |
| Insurance fee | 427,105 | 378,827 |
| Professional service fee | 289,166 | 264,061 |
| Materials and supplies | 185,456 | 126,728 |
| Rental expenses | 35,593 | 34,950 |
| Duties and levies | 2,035,042 | 1,566,727 |
| Membership, donation and partaking | 652,350 | 591,647 |
| Storage, packing and processing fee | 51,294 | 45,955 |
| Cash transit fee | 62,982 | 65,098 |
| Others | 81,311 | 75,646 |
| Total | \$ 4,908,130 | 3,997,701 |

(ao) Financial Instruments**(i) Fair value information****1) General description**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are record as fair value when original recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides the most reliable evidence of fair value. If financial instruments are without active market, the Bank and subsidiaries adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

2) The definition of fair value hierarchy**a) Level 1**

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company and the beneficiary certificates, government bonds and the derivative financial instruments with public quote inactive market processed by the Bank and subsidiaries belong to Level 1.

b) Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments with lower trade volume such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures the Bank and subsidiaries issued are belong to Level 2.

c) Level 3

The input is unobservable for the asset or liability in market or counterparty prices. Unobservable inputs like: Option pricing model using the historical volatility. Because the historical volatility cannot represent the future volatility expected value of whole market participants. The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The assets have been categorized as a Level 3, due to their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank and subsidiaries invested are Level 3.

3) Based on fair value measurement**a) The fair value hierarchy of information**

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

| Assets and Liabilities | December 31, 2023 | | | |
|--|-------------------|-------------|------------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Instruments measured at fair value on a recurring basis | | | | |
| Non-derivative financial assets and liabilities: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Financial assets at fair value through profit or loss, mandatorily measure at fair value | | | | |
| Security Investments | \$ 1,331,040 | 877,404 | - | 453,636 |
| Bond Investments | 200,000 | - | 200,000 | - |
| Others | 68,575,764 | 66,444 | 68,332,202 | 177,118 |
| Financial assets at fair value through other comprehensive income | | | | |
| Security Investments | 19,341,257 | 13,515,621 | - | 5,825,636 |
| Bond Investments | 169,332,333 | 101,272,236 | 68,060,097 | - |
| Others | 742,334 | 141,308 | 601,026 | - |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities designated at fair value through profit or loss | 9,175,560 | - | 9,175,560 | - |
| Derivative financial assets and liabilities | | | | |
| Assets: | | | | |
| Financial assets at fair value through profit or loss | \$ 3,259,221 | 26,930 | 3,232,291 | - |
| Liabilities: | | | | |
| Financial liabilities at fair value through profit or loss | 218,576 | - | 218,576 | - |



| Assets and Liabilities | December 31, 2022 | | | |
|--|-------------------|------------|------------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Instruments measured at fair value on a recurring basis | | | | |
| Non-derivative financial assets and liabilities: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Financial assets at fair value through profit or loss, mandatorily measure at fair value | | | | |
| Security Investments | \$ 1,224,267 | 752,713 | - | 471,554 |
| Bond Investments | 200,000 | - | 200,000 | - |
| Others | 31,322,180 | 250,691 | 30,907,810 | 163,679 |
| Financial assets at fair value through other comprehensive income | | | | |
| Security Investments | 18,014,397 | 12,676,936 | - | 5,337,461 |
| Bond Investments | 141,840,231 | 91,536,068 | 50,304,163 | - |
| Others | 145,782 | 145,782 | - | - |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities designated at fair value through profit or loss | 9,367,595 | - | 9,367,595 | - |
| Derivative financial assets and liabilities | | | | |
| Assets: | | | | |
| Financial assets at fair value through profit or loss | \$ 1,166,667 | 26,860 | 1,139,807 | - |
| Liabilities: | | | | |
| Financial liabilities at fair value through profit or loss | 557,930 | - | 557,930 | - |

b) Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank and subsidiaries adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank and subsidiaries if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank and subsidiaries, assuming that the contract will be terminated on the balance sheet date. The Bank and subsidiaries adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank and subsidiaries adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.

c) Adjustment for fair value

i) The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process after careful assessment, and appropriately adjusted according to the current market situation.

ii) Credit risk value adjustment

The Bank and subsidiaries credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA). To reflect the fair value of the counterparty or the default, and the Bank and subsidiaries may not be received or paid full market value of trading possibilities.

The Bank and subsidiaries would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank and subsidiaries assesses the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

d) Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

e) Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3 :

| Name | For the year ended December 31, 2023 | | | | | | | Ending balance |
|---|--------------------------------------|------------------------------|--|-------------------|-----------------------|--------------------------------|----------------------------------|----------------|
| | Beginning balance | Valuation profit and loss | | Increase | | Decrease | | |
| | | Recognized in profit or loss | Recognized in other comprehensive income | Purchase or issue | Transfer into Level 3 | Sale Disposition or Settlement | Transfer out from Level 3 (Note) | |
| Financial assets at fair value through profit or loss | \$ 635,233 | (64,610) | - | 137,285 | - | 43,689 | 33,465 | 630,754 |
| Investments in equity instruments measured at fair value through other comprehensive income | 5,337,461 | - | 488,175 | - | - | - | - | 5,825,636 |

| Name | For the year ended December 31, 2022 | | | | | | | Ending balance |
|---|--------------------------------------|------------------------------|--|-------------------|-----------------------|--------------------------------|----------------------------------|----------------|
| | Beginning balance | Valuation profit and loss | | Increase | | Decrease | | |
| | | Recognized in profit or loss | Recognized in other comprehensive income | Purchase or issue | Transfer into Level 3 | Sale Disposition or Settlement | Transfer out from Level 3 (Note) | |
| Financial assets at fair value through profit or loss | \$ 508,481 | 69,433 | - | 245,059 | - | 94,256 | 93,484 | 635,233 |
| Investments in equity instruments measured at fair value through other comprehensive income | 4,974,579 | - | 362,882 | - | - | - | - | 5,337,461 |

Note: The invested stock is registered in the emerging market. Therefore, the measurement of fair value was transferred out from Level 3.



f) Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

| | For the years ended December 31, | |
|--|----------------------------------|---------|
| | 2023 | 2022 |
| Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss) | \$ (94,195) | 69,686 |
| Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income) | 488,175 | 362,882 |

g) Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

The Bank and subsidiaries financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. Without active market quotation, the Bank and subsidiaries takes professional financial information vendors and widely used by market participants for evaluation or counterparty quotation as reference. The unobservable inputs are as follows :

| | December 31, 2023 | | | | |
|---|-------------------|--|---|--|---|
| | fair value | valuation methods | significant unobservable inputs | range | inter-relationship between significant unobservable inputs and fair value measurement |
| Financial asset at fair value through profit or loss | | | | | |
| Private fund | \$ 177,118 | assets approach | liquidity discount | 0.00%~10.00% | The higher market liquidity discount, the lower fair value. |
| Unlisted stocks | 453,636 | market approach | liquidity discount | 0.00%~43.31% | The higher market liquidity discount, the lower fair value. |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted stocks | 5,825,636 | market approach assets approach income approach income approach | liquidity discount sustainable growth rate cost of equity | 0.00%~28.98% 0.00%~1.54% 10.71%~12.35% | The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value. The higher rate of cost of equity, the lower fair value. |

| | December 31, 2022 | | | | |
|---|-------------------|--|---|--|---|
| | fair value | valuation methods | significant unobservable inputs | range | inter-relationship between significant unobservable inputs and fair value measurement |
| Financial asset at fair value through profit or loss | | | | | |
| Private fund | \$ 163,679 | assets approach | liquidity discount | 0.00%~10.00% | The higher market liquidity discount, the lower fair value. |
| Unlisted stocks | 471,554 | market approach | liquidity discount | 0.00%~36.67% | The higher market liquidity discount, the lower fair value. |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted stocks | 5,337,461 | market approach assets approach income approach income approach | liquidity discount sustainable growth rate cost of equity | 8.62%~29.95% 0.00%~1.55% 10.69%~12.68% | The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value. The higher rate of cost of equity, the lower fair value. |

h) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank and subsidiaries for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive income if using alternative assumptions and inputs:

i) Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank and subsidiaries are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive income is as follows:

| | the effects to the net income and other comprehensive income | |
|---|--|--------------------------|
| | Favorable changes (-5%) | Unfavorable changes (5%) |
| December 31, 2023 | | |
| Financial assets at fair value through profit or loss | | |
| Unlisted stocks and private fund | \$ 38,364 | (38,364) |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | 339,693 | (339,693) |

| | the effects to the net income and other comprehensive income | |
|---|--|--------------------------|
| | Favorable changes (-5%) | Unfavorable changes (5%) |
| December 31, 2022 | | |
| Financial assets at fair value through profit or loss | | |
| Unlisted stocks and private fund | \$ 36,225 | (36,225) |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | 309,605 | (309,605) |

ii) Income approach

Adopting the income approach to evaluate Level 3 financial instruments of the Bank and subsidiaries. The evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1. sustainable growth rate

| | the effects to other comprehensive income | |
|---|---|-----------------------------|
| | Favorable changes (0.3%) | Unfavorable changes (-0.3%) |
| December 31, 2023 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 3,171 | (2,977) |

| | the effects to other comprehensive income | |
|---|---|-----------------------------|
| | Favorable changes (0.3%) | Unfavorable changes (-0.3%) |
| December 31, 2022 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 2,975 | (2,781) |

2. cost of equity

| | the effects to other comprehensive income | |
|---|---|--------------------------|
| | Favorable changes (-3%) | Unfavorable changes (3%) |
| December 31, 2023 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 66,075 | (31,980) |

| | the effects to other comprehensive income | |
|---|---|--------------------------|
| | Favorable changes (-3%) | Unfavorable changes (3%) |
| December 31, 2022 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 61,250 | (30,146) |



The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

4) Not based on fair value measurement

a) Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank and subsidiaries. Except those items, others' fair value is reasonably approximate value, the Bank and subsidiaries does not disclose their fair value.

| | December 31, 2023 | |
|---|-------------------|-------------|
| | Book value | Fair value |
| Debt instruments measured at amortized cost | \$ 252,895,142 | 253,352,513 |

| | December 31, 2022 | |
|---|-------------------|-------------|
| | Book value | Fair value |
| Debt instruments measured at amortized cost | \$ 236,774,247 | 236,657,427 |

b) The fair value hierarchy of information

| Assets and Liabilities | December 31, 2023 | | | |
|---|-------------------|--|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Debt instruments measured at amortized cost | \$ 253,352,513 | 45,904,472 | 207,448,041 | - |

| Assets and Liabilities | December 31, 2022 | | | |
|---|-------------------|--|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Debt instruments measured at amortized cost | \$ 236,657,427 | 31,336,817 | 205,320,610 | - |

c) Valuation techniques

Methods and assumptions used by the Bank and subsidiaries for fair value evaluation of financial instruments were as follows:

- i) Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.
- ii) Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.
- iii) Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.
 1. Central Government Securities (NTD): using the comment of "Bonds a fair price for each of times" from Taipei Exchange.
 2. Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.

iv) Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.

v) Bank debentures payable: The bank debentures payable, issued by the Bank and subsidiaries, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

(ap) Financial Risk Information

(i) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(ii) Risk management organization structure

1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non-regulatory compliance in head office and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

- a) Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.
- b) Risk management report of various risk exposure and agenda processing.
- c) The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.
- d) Supervise the Bank and subsidiaries capital adequacy management.
- e) Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.
- f) Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement



methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

(iii) Credit risk

1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

- a) Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.
- b) Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.
- c) Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.
- d) Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

a) Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

i) Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage creditor's rights, the Bank established "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", "Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans" and its operating procedure " Operating procedure Governing the Collection of Non-performing/Non-accrual Loans" and "Code of Conduct to Deal With Non-Performing Loans" to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

ii) Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

b) Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

c) Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.

3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank and subsidiaries shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank and subsidiaries considers reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

a) credit assets

- i) The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;
- ii) When the Bank and subsidiaries conduct review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;
- iii) The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank and subsidiaries is except;
- iv) The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;
- v) Borrowers were notified the refund by the Bank and did not conduct refund notice;
- vi) The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;
- vii) Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;
- viii) The customer is classified as an early warning account by the Bank or has bad credit that aware by others.





b) Debt instrument investments

- i) The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;
- ii) Investment target evaluation loss is up to 30% of investment cost.

4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank and subsidiaries assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower's ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

a) Credit assets

- i) Significant financial difficulty of the issuer or the borrower;
- ii) A breach of contract, such as a default or past due event ;
- iii) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- iv) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- v) The disappearance of an active market for that financial asset because of financial difficulties;
- vi) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;

b) Debt instrument investments

- i) Significant financial difficulty of the issuer;
- ii) The disappearance of an active market for that financial asset because of financial difficulties;
- iii) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
- iv) Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

- a) The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.
- b) After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank's reimbursable amount, and the implementation is not beneficial.

- c) The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.
- d) Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank and subsidiaries, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

7) Modification of contractual cash flow of financial assets

The Bank and subsidiaries may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.

8) Measuring the expected credit losses

a) Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

In order to assess the expected credit losses of credit assets, the Bank and subsidiaries is divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

| | | |
|-------------------|---|---|
| Corporate banking | Government and public institution | |
| | Financial institution (including banks, ticket companies, securities finance companies) | |
| | Large Enterprise | The guarantee of the credit guarantee mechanism |
| | | Secured |
| | | Non-secured |
| | Medium and small enterprises | The guarantee of the credit guarantee mechanism |
| Secured | | |
| Non-secured | | |
| Private banking | Mortgage | |
| | Microcredit | |
| | Other-Secured | |
| | Other-Non-secured | |
| Entrepreneurship | The guarantee of the credit guarantee mechanism | |
| | Secured | |
| | Non-secured | |

If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank and subsidiaries shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank and subsidiaries shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank and subsidiaries considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12-month and lifetime loss.

Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank and subsidiaries measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank and subsidiaries adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

b) Consideration of forward-looking information

The Bank and subsidiaries obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank and subsidiaries identified the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historically data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default ("PD") are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank and subsidiaries uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default ("LGD"), published by Moody's. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank and subsidiaries considered to be appropriate after its assessment, the credit ratings will be included in the Bank and subsidiaries assessment of related expected credit losses.

9) Credit risk hedging or diminishing.

a) Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devalue or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor's right is intact.

b) Limit of credit risk and the control of credit risk concentration

i) In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity with "Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China" and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.

ii) To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

c) General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

d) Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

10) Information on the financial assets of the Bank and subsidiaries that has been credit derogated and the collateral for mitigating potential losses are as follows:

| December 31, 2023 | Carrying amount | Allowance impairment | Exposure (measured at amortized cost) | Value of collateral |
|---|-----------------|----------------------|---------------------------------------|---------------------|
| Impairment financial assets: | | | | |
| Receivables | | | | |
| Accounts receivables | \$ 143,938 | 12,754 | 131,184 | 143,938 |
| Accounts receivables factoring without recourse | 1,525 | 1,525 | - | - |
| Interest receivable | 53,837 | 16,263 | 37,574 | - |
| Discounts and loans | 19,125,961 | 4,196,783 | 14,929,178 | 22,784,264 |
| Overdue receivable | 19,717 | 10,891 | 8,826 | - |
| Total impairment financial assets | \$ 19,344,978 | 4,238,216 | 15,106,762 | 22,928,202 |

| December 31, 2022 | Carrying amount | Allowance impairment | Exposure (measured at amortized cost) | Value of collateral |
|-----------------------------------|-----------------|----------------------|---------------------------------------|---------------------|
| Impairment financial assets: | | | | |
| Receivables | | | | |
| Acceptances receivables | \$ 75,222 | 10,034 | 65,188 | 73,243 |
| Interest receivable | 42,578 | 7,050 | 35,528 | - |
| Discounts and loans | 20,309,083 | 4,784,155 | 15,524,928 | 22,707,890 |
| Overdue receivable | 58,786 | 15,898 | 42,888 | - |
| Total impairment financial assets | \$ 20,485,669 | 4,817,137 | 15,668,532 | 22,781,133 |

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank and subsidiaries credit assets.

11) Credit risk concentration

The Bank and subsidiaries does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's



discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

a) By industry

Distribution of discounts and loans, overdue loans based on industries.

| Industry | December 31, 2023 | | December 31, 2022 | |
|-----------------------------------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Private business | \$ 942,481,908 | 62.36% | 894,970,270 | 63.09% |
| Public business | 26,473,840 | 1.75% | 6,415,252 | 0.45% |
| Government institution | 46,485,000 | 3.08% | 70,682,095 | 4.98% |
| Nonprofit organization | 2,700,387 | 0.18% | 2,919,516 | 0.21% |
| Individual | 388,328,132 | 25.70% | 346,079,715 | 24.40% |
| Foreign financial institution | 8,532,647 | 0.56% | 6,899,993 | 0.49% |
| Foreign non-financial institution | 94,290,432 | 6.24% | 87,153,772 | 6.14% |
| Foreign individual | 1,917,974 | 0.13% | 3,372,838 | 0.24% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |

b) By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

| Area | December 31, 2023 | | December 31, 2022 | |
|----------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Domestic | \$ 1,406,469,267 | 93.07% | 1,321,066,848 | 93.13% |
| Foreign | 104,741,053 | 6.93% | 97,426,603 | 6.87% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |

c) By collateral

Distribution of discounts and loans, overdue loans based on collateral.

| Collateral | December 31, 2023 | | December 31, 2022 | |
|------------------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Unsecured | \$ 262,896,301 | 17.40% | 271,796,900 | 19.16% |
| Stocks | 9,567,174 | 0.63% | 8,846,336 | 0.63% |
| Bonds | 23,544,824 | 1.56% | 23,134,859 | 1.63% |
| Real estate | 948,449,425 | 62.76% | 878,535,410 | 61.93% |
| Chattel | 13,604,217 | 0.90% | 15,849,874 | 1.12% |
| Notes receivable | 2,088,810 | 0.14% | 2,414,280 | 0.17% |
| Guarantees | 242,173,546 | 16.02% | 208,721,552 | 14.71% |
| Others | 8,886,023 | 0.59% | 9,194,240 | 0.65% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |

Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank and subsidiaries, not the discounted value of the signed contract.

12) Maximum credit risk exposure

a) The maximum credit exposure of the assets in the consolidated financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the consolidated balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

| Off balance sheet items | Maximum credit risk exposure | |
|--|------------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Issued and irrevocable loan commitments | \$ 110,877,663 | 64,987,007 |
| Irrevocable credit card loan commitments | 17,826,561 | 18,839,955 |
| Letters of credit issued yet unused | 7,577,343 | 8,129,149 |
| Various guarantee proceeds | 27,513,283 | 22,056,496 |
| Total | \$ 163,794,850 | 114,012,607 |

The Management of the Bank and subsidiaries evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.

b) The credit quality analyses of the financial assets

i) Credit quality analysis of discounts and loans, receivables, guarantee and commitments

| December 31, 2023 | 12-month ECL | | | | | | | Lifetime ECL-not impaired | | | | | | | Lifetime ECL-impaired | Allowance impairment | Total | |
|---------------------------|----------------|-------------|-------------|------------|----------------|-------------|---------------|---------------------------|-----------|-----------|------------|----------------|-----------|-----------|-----------------------|----------------------|---------------|-----------|
| | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | | | | High risk |
| Receivable | | | | | | | | | | | | | | | | | | |
| Credit card | \$ 407,287 | 224,647 | 173,640 | 5 | 2,792 | 330,380 | 1,138,751 | 640 | 2,746 | 1,684 | - | 489 | 10 | 5,569 | - | 1,013 | 1,143,307 | |
| Acceptances receivable | 369,835 | 362,994 | 27,562 | - | - | 154,272 | 904,663 | - | - | - | - | - | - | - | - | 9,047 | 895,616 | |
| Other receivables | 546,518 | 2,815,932 | 514,312 | 78,310 | 28,164 | 4,303,516 | 8,286,752 | 429 | 3,260 | 3,736 | 999 | 4,446 | 79,690 | 92,550 | 199,300 | 111,452 | 8,467,150 | |
| Discounts and loans | | | | | | | | | | | | | | | | | | |
| Private banking | 157,888,014 | 145,477,268 | 71,012,229 | 3,416,554 | 1,113,419 | 5,877,892 | 384,785,366 | 44,210 | 117,070 | 304,099 | 96,716 | 71,708 | 23,617 | 667,420 | 4,803,319 | 4,806,609 | 385,439,496 | |
| Corporate banking | 294,413,340 | 396,339,294 | 281,840,972 | 40,056,612 | 17,587,923 | 91,149,940 | 1,101,388,081 | 268,637 | 1,293,493 | 771,072 | 448,641 | 1,429,722 | 1,041,927 | 5,253,492 | 14,322,642 | 14,796,233 | 1,106,167,982 | |
| Other financial assets | | | | | | | | | | | | | | | | | | |
| Overdue receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 19,717 | 11,490 | 8,227 | |
| Total | \$ 453,614,994 | 545,220,125 | 333,568,715 | 43,551,481 | 18,732,298 | 101,816,000 | 1,496,503,613 | 313,916 | 1,416,559 | 1,080,591 | 546,356 | 1,506,365 | 1,145,244 | 6,009,031 | 19,344,978 | 19,735,844 | 1,502,121,778 | |
| Guarantee and commitments | \$ 30,766,391 | 12,299,252 | 7,865,230 | 358,346 | 248,200 | 111,821,971 | 163,359,390 | 12,255 | 282,843 | 261 | 7,876 | - | 227 | 303,262 | 132,198 | 377,101 | 163,417,749 | |

| December 31, 2022 | 12-month ECL | | | | | | | Lifetime ECL-not impaired | | | | | | | Lifetime ECL-impaired | Allowance impairment | Total | |
|---------------------------|----------------|-------------|-------------|------------|----------------|-------------|---------------|---------------------------|---------|---------|------------|----------------|-----------|-----------|-----------------------|----------------------|---------------|-----------|
| | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | | | | High risk |
| Receivable | | | | | | | | | | | | | | | | | | |
| Credit card | \$ 426,421 | 227,850 | 196,313 | 79 | 4,913 | 238,053 | 1,093,629 | 1,688 | 1,452 | 1,618 | - | 326 | 20 | 5,104 | - | 569 | 1,098,164 | |
| Acceptances receivable | 375,279 | 232,317 | 119,969 | 25,670 | - | 38,049 | 791,284 | - | - | - | - | - | - | - | - | 7,913 | 783,371 | |
| Other receivables | 401,011 | 1,898,488 | 493,641 | 35,741 | 24,719 | 3,526,312 | 6,379,912 | 408 | 945 | 1,952 | 897 | 2,387 | 149,816 | 156,405 | 117,800 | 95,580 | 6,558,557 | |
| Discounts and loans | | | | | | | | | | | | | | | | | | |
| Private banking | 130,698,330 | 132,157,479 | 70,280,524 | 3,199,945 | 1,062,127 | 6,962,188 | 344,360,593 | 56,031 | 137,190 | 252,638 | 22,912 | 111,432 | 36,101 | 616,304 | 4,475,656 | 4,181,307 | 345,271,246 | |
| Corporate banking | 245,799,786 | 365,967,368 | 272,870,989 | 26,218,577 | 15,363,104 | 125,044,694 | 1,050,364,518 | 288,453 | 355,127 | 556,056 | 930,623 | 562,350 | 150,344 | 2,842,953 | 15,833,427 | 13,897,309 | 1,055,143,589 | |
| Other financial assets | | | | | | | | | | | | | | | | | | |
| Overdue receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 58,786 | 48,471 | 10,315 | |
| Total | \$ 377,700,827 | 499,583,502 | 343,961,436 | 29,480,012 | 16,454,863 | 135,809,296 | 1,402,989,936 | 346,580 | 494,714 | 812,264 | 954,432 | 676,495 | 336,281 | 3,620,766 | 20,485,689 | 18,231,129 | 1,408,865,242 | |
| Guarantee and commitments | \$ 26,669,887 | 15,125,762 | 5,916,207 | 174,424 | 45,746 | 65,833,294 | 113,765,320 | 43,098 | 11,091 | 421 | - | 98 | - | 54,708 | 192,579 | 337,312 | 113,675,295 | |



ii) Debt instruments

| December 31, 2022 | 12-month ECL | | | | | Lifetime ECL-not impaired | | | | | Lifetime ECL- impaired | Total | Accumulated impairment (Note) |
|--|----------------|-------------------|-----------|-----------|-------------|---------------------------|-------------------|-----------|-----------|----------|---------------------------|-------------|-------------------------------------|
| | Investment | Sub investment | High risk | No rating | Subtotal | Investment | Sub investment | High risk | No rating | Subtotal | High risk | | |
| Investment in debt instruments measured at fair value through other comprehensive income | | | | | | | | | | | | | |
| Overseas bonds | \$ 68,060,097 | - | - | - | 68,060,097 | - | - | - | - | - | - | 68,060,097 | 19,146 |
| NT bonds | 101,272,236 | - | - | - | 101,272,236 | - | - | - | - | - | - | 101,272,236 | 80,973 |
| Negotiable certificates of deposit | 601,026 | - | - | - | 601,026 | - | - | - | - | - | - | 601,026 | 230 |
| Investment in debt instruments at amortized cost | | | | | | | | | | | | | - |
| Overseas bonds | 22,193,166 | - | - | - | 22,193,166 | - | - | - | - | - | - | 22,193,166 | 3,899 |
| NT bonds | 39,818,115 | - | - | - | 39,818,115 | - | - | - | - | - | - | 39,818,115 | 20,322 |
| Certificates of deposit with the Central Bank | 190,900,000 | - | - | - | 190,900,000 | - | - | - | - | - | - | 190,900,000 | 56,375 |
| Negotiable certificates of deposit | 64,481 | - | - | - | 64,481 | - | - | - | - | - | - | 64,481 | 24 |
| Total | \$ 422,909,121 | - | - | - | 422,909,121 | - | - | - | - | - | - | 422,909,121 | 180,969 |

| December 31, 2022 | 12-month ECL | | | | | Lifetime ECL-not impaired | | | | | Lifetime ECL- impaired | Total | Accumulated impairment (Note) |
|--|----------------|-------------------|-----------|-----------|-------------|---------------------------|-------------------|-----------|-----------|----------|---------------------------|-------------|-------------------------------------|
| | Investment | Sub investment | High risk | No rating | Subtotal | Investment | Sub investment | High risk | No rating | Subtotal | High risk | | |
| Investment in debt instruments measured at fair value through other comprehensive income | | | | | | | | | | | | | |
| Overseas bonds | \$ 50,304,163 | - | - | - | 50,304,163 | - | - | - | - | - | - | 50,304,163 | 15,793 |
| NT bonds | 91,536,068 | - | - | - | 91,536,068 | - | - | - | - | - | - | 91,536,068 | 75,059 |
| Investment in debt instruments at amortized cost | | | | | | | | | | | | | - |
| Overseas bonds | 10,420,185 | - | - | - | 10,420,185 | - | - | - | - | - | - | 10,420,185 | 3,247 |
| NT bonds | 30,769,411 | - | - | - | 30,769,411 | - | - | - | - | - | - | 30,769,411 | 13,846 |
| Certificates of deposit with the Central Bank | 195,595,000 | - | - | - | 195,595,000 | - | - | - | - | - | - | 195,595,000 | 57,763 |
| Negotiable certificates of deposit | 64,523 | - | - | - | 64,523 | - | - | - | - | - | - | 64,523 | 16 |
| Total | \$ 378,689,350 | - | - | - | 378,689,350 | - | - | - | - | - | - | 378,689,350 | 165,724 |

Note: The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

iii) The Maximum credit risk exposure for financial instruments are not subject to impairment regulations are as follows:

| December 31, 2023 | Maximum credit risk exposure | Collateral | Enhancement of other credit |
|---|-------------------------------------|-------------------|------------------------------------|
| Financial assets at fair value through profit or loss | | | |
| – Debit investments | \$ 200,000 | - | - |
| – Commercial paper | 68,332,202 | - | - |
| – Listed stocks | 877,404 | - | - |
| – Unlisted stocks | 453,636 | - | - |
| – Beneficiary certificates | 243,562 | - | - |
| – Derivative instrument | 3,259,221 | 694,552 | 727,563 |
| December 31, 2022 | Maximum credit risk exposure | Collateral | Enhancement of other credit |
| Financial assets at fair value through profit or loss | | | |
| – Debt investments | \$ 200,000 | - | - |
| – Commercial paper | 30,907,810 | - | - |
| – Listed stocks | 752,713 | - | - |
| – Unlisted stocks | 471,554 | - | - |
| – Beneficiary certificates | 414,370 | - | - |
| – Derivative instrument | 1,166,667 | 2,527,996 | 727,720 |

13) Changes in the expected credit losses of the Bank and subsidiaries

a) Receivables

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|---------------------------|---------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL- impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 29,630 | 10,712 | 17,084 | 57,426 | 46,616 | 104,042 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| - Transferred to 12-months ECL | 234 | (30) | (204) | - | - | - |
| - Transferred to lifetime ECL | (51) | 65 | (14) | - | - | - |
| - Transferred to the credit-impaired financial assets | (116) | (16) | 132 | - | - | - |
| - The financial assets that have been derecognized | (18,331) | (139) | (3,082) | (21,552) | - | (21,552) |
| New financial assets originated or purchased | 30,697 | 108 | 9,806 | 40,611 | - | 40,611 |
| Write-off | - | - | (6,393) | (6,393) | - | (6,393) |
| Other changes | (2,959) | (3,657) | 13,213 | 6,597 | - | 6,597 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (1,793) | (1,793) |
| Ending balance | \$ 39,104 | 7,043 | 30,542 | 76,689 | 44,823 | 121,512 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|---------------------------|---------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL- impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 31,774 | 6,068 | 28,695 | 66,537 | 51,574 | 118,111 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| - Transferred to 12-months ECL | 108 | (12) | (96) | - | - | - |
| - Transferred to lifetime ECL | (5) | 16 | (11) | - | - | - |
| - Transferred to the credit-impaired financial assets | (28) | (10) | 38 | - | - | - |
| - The financial assets that have been derecognized | (21,801) | (108) | (2,030) | (23,939) | - | (23,939) |
| New financial assets originated or purchased | 17,877 | 168 | 5,617 | 23,662 | - | 23,662 |
| Other changes | 1,705 | 4,590 | (15,129) | (8,834) | - | (8,834) |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (4,958) | (4,958) |
| Ending balance | \$ 29,630 | 10,712 | 17,084 | 57,426 | 46,616 | 104,042 |



b) Discounts and loans

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|-------------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 5,882,540 | 138,138 | 4,784,155 | 10,804,833 | 7,273,783 | 18,078,616 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -Transferred to 12-months ECL | 125,583 | (12,008) | (113,575) | - | - | - |
| -Transferred to lifetime ECL | (27,462) | 37,460 | (9,998) | - | - | - |
| -Transferred to the credit-impaired financial assets | (20,664) | (6,485) | 27,149 | - | - | - |
| -The financial assets that have been derecognized | (2,603,606) | (94,720) | (764,241) | (3,462,567) | - | (3,462,567) |
| New financial assets originated or purchased | 2,507,153 | 10,314 | 260,023 | 2,777,490 | - | 2,777,490 |
| Write-off | - | - | (4,003,890) | (4,003,890) | - | (4,003,890) |
| Other changes | (742,929) | 245,297 | 4,017,160 | 3,519,528 | - | 3,519,528 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 2,693,665 | 2,693,665 |
| Ending balance | \$ 5,120,615 | 317,996 | 4,196,783 | 9,635,394 | 9,967,448 | 19,602,842 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|-------------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 4,166,467 | 129,977 | 3,635,336 | 7,931,780 | 7,645,037 | 15,576,817 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -Transferred to 12-months ECL | 154,551 | (29,664) | (124,887) | - | - | - |
| -Transferred to lifetime ECL | (8,551) | 21,718 | (13,167) | - | - | - |
| -Transferred to the credit-impaired financial assets | (25,545) | (3,572) | 29,117 | - | - | - |
| -The financial assets that have been derecognized | (2,079,596) | (85,034) | (730,979) | (2,895,609) | - | (2,895,609) |
| New financial assets originated or purchased | 2,921,806 | 12,984 | 388,582 | 3,323,372 | - | 3,323,372 |
| Write-off | - | - | (2,223,252) | (2,223,252) | - | (2,223,252) |
| Other changes | 753,408 | 91,729 | 3,823,405 | 4,668,542 | - | 4,668,542 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (371,254) | (371,254) |
| Ending balance | \$ 5,882,540 | 138,138 | 4,784,155 | 10,804,833 | 7,273,783 | 18,078,616 |

c) Other financial assets

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ - | - | 15,898 | 15,898 | 32,573 | 48,471 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -The financial assets that have been derecognized | - | - | (13) | (13) | - | (13) |
| New financial assets originated or purchased | - | - | 10,365 | 10,365 | - | 10,365 |
| Write-off | - | - | (46,954) | (46,954) | - | (46,954) |
| Other changes | - | - | 31,595 | 31,595 | - | 31,595 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (31,974) | (31,974) |
| Ending balance | \$ - | - | 10,891 | 10,891 | 599 | 11,490 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ - | - | 25,545 | 25,545 | 25,847 | 51,392 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -The financial assets that have been derecognized | - | - | (8) | (8) | - | (8) |
| New financial assets originated or purchased | - | - | 7,633 | 7,633 | - | 7,633 |
| Write-off | - | - | (16,567) | (16,567) | - | (16,567) |
| Other changes | - | - | (705) | (705) | - | (705) |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 6,726 | 6,726 |
| Ending balance | \$ - | - | 15,898 | 15,898 | 32,573 | 48,471 |



d) Guarantee and commitments

| | For the year ended December 31, 2023 | | | | | Total |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | |
| Beginning balance | \$ 178,812 | 57 | 61,625 | 240,494 | 96,818 | 337,312 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -Transferred to lifetime ECL | (19) | 19 | - | - | - | - |
| -The financial assets that have been derecognized | (76,203) | (46) | (6,825) | (83,074) | - | (83,074) |
| New financial assets originated or purchased | 84,692 | 1,083 | 555 | 86,330 | - | 86,330 |
| Other changes | (28,034) | 4 | (12,652) | (40,682) | - | (40,682) |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 77,215 | 77,215 |
| Ending balance | \$ 159,248 | 1,117 | 42,703 | 203,068 | 174,033 | 377,101 |

| | For the year ended December 31, 2022 | | | | | Total |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | |
| Beginning balance | \$ 149,354 | 69 | 6,786 | 156,209 | 173,279 | 329,488 |
| Changes in financial instruments that have been identified at the beginning of the period: | | | | | | |
| -Transferred to 12-months ECL | 1,459 | - | (1,459) | - | - | - |
| -Transferred to lifetime ECL | (86) | 86 | - | - | - | - |
| -Transfer to the credit-impaired financial assets | (458) | - | 458 | - | - | - |
| -The financial assets that have been derecognized | (74,692) | (89) | (4,543) | (79,324) | - | (79,324) |
| New financial assets originated or purchased | 83,604 | - | 6,517 | 90,121 | - | 90,121 |
| Other changes | 19,631 | (9) | 53,866 | 73,488 | - | 73,488 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (76,461) | (76,461) |
| Ending balance | \$ 178,812 | 57 | 61,625 | 240,494 | 96,818 | 337,312 |

e) Debts investments

| | For the year ended December 31, 2023 | | | |
|-------------------|--------------------------------------|----------------------------|------------------------|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Total |
| Beginning balance | \$ 165,724 | - | - | 165,724 |
| Additions | 88,647 | - | - | 88,647 |
| Derecognition | (72,490) | - | - | (72,490) |
| Other changes | (912) | - | - | (912) |
| Ending balance | \$ 180,969 | - | - | 180,969 |

| | For the year ended December 31, 2022 | | | |
|-------------------|--------------------------------------|----------------------------|------------------------|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Total |
| Beginning balance | \$ 175,270 | - | - | 175,270 |
| Additions | 68,255 | - | - | 68,255 |
| Derecognition | (78,262) | - | - | (78,262) |
| Other changes | 461 | - | - | 461 |
| Ending balance | \$ 165,724 | - | - | 165,724 |

14) Collateral management policy

a) Collaterals are recognized under the account of other assets per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks".

b) Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks" and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

(iv) Liquidity risk

1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of consolidated financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.



2) The management policy, process and measurement of liquidity risk

a) Policy

- i) In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.
- ii) Established "Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank" and "Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank" to serve as guidance to effectively control capital liquidity risk.
- iii) Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

b) Process

- i) Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.
- ii) Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.
- iii) Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

c) Measurement

- i) Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.
- ii) Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.
- iii) Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.
- iv) Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.

3) Financial assets possessed for managing liquidity risk and maturity analysis for non-derivative financial liability

a) Financial assets possessed for managing liquidity risk

The Bank and subsidiaries possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.

b) Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank and subsidiaries based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.

| | December 31, 2023 | | | | | |
|---|-------------------|-------------|----------------|------------|--------------|---------------|
| | 0-30 days | 31-90 days | 91 days-1 year | 1-5 years | Over 5 years | Total |
| Major matured cash outflow | \$ 1,142,694,512 | 244,628,605 | 544,137,229 | 80,911,970 | 51,169,120 | 2,063,541,436 |
| Deposits from the Central Bank and banks | 1,576,247 | - | - | - | - | 1,576,247 |
| Overdrafts on banks | 1,003,829 | - | - | - | - | 1,003,829 |
| Call loans from the Central Bank and banks | 26,383,499 | 12,675,547 | 614,099 | - | - | 39,673,145 |
| Due to the Central Bank and banks | 40,000 | 194,920 | 1,135,510 | 61,410 | - | 1,431,840 |
| Financial liabilities designated at fair value through profit or loss | - | - | - | - | 9,175,560 | 9,175,560 |
| Notes and bonds issued under repurchase agreement | 456,419 | 206,281 | 1,124,015 | - | - | 1,786,715 |
| Interest payable | 1,045,607 | 2,627,092 | 3,469,568 | 123,735 | 19 | 7,266,021 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 19,380,000 | 37,529,335 | 43,000,000 | 21,000,000 | - | 120,909,335 |
| Demand deposits | 965,636,314 | - | - | - | - | 965,636,314 |
| Time deposits | 126,790,196 | 190,930,840 | 494,448,612 | 45,278,241 | 2,879 | 857,450,768 |
| Remittance | 326,152 | - | - | - | - | 326,152 |
| Bank notes payable | - | 390,000 | - | 12,660,000 | 40,800,000 | 53,850,000 |
| Cumulative earnings on appropriated loan fund | 500 | 6,750 | 73,250 | 1,043,330 | 1,012,572 | 2,136,402 |
| Lease liabilities | 55,749 | 67,840 | 272,175 | 745,254 | 178,090 | 1,319,108 |

| | December 31, 2022 | | | | | |
|---|-------------------|-------------|----------------|------------|--------------|---------------|
| | 0-30 days | 31-90 days | 91 days-1 year | 1-5 years | Over 5 years | Total |
| Major matured cash outflow | \$ 1,097,763,808 | 221,732,162 | 480,666,633 | 92,838,661 | 49,342,955 | 1,942,344,219 |
| Deposits from the Central Bank and banks | 937,523 | - | - | - | - | 937,523 |
| Overdrafts on banks | 1,084,076 | - | - | - | - | 1,084,076 |
| Call loans from the Central Bank and banks | 27,012,375 | 18,670,658 | - | - | - | 45,683,033 |
| Due to the Central Bank and banks | 92,175 | 111,450 | 927,400 | - | - | 1,131,025 |
| Financial liabilities designated at fair value through profit or loss | - | - | - | - | 9,367,595 | 9,367,595 |
| Notes and bonds issued under repurchase agreement | 458,662 | 157,550 | 1,292,066 | 554,713 | - | 2,462,991 |
| Interest payable | 317,254 | 1,288,484 | 2,711,772 | 118,148 | 10 | 4,435,668 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 9,820,000 | 21,196,335 | 75,185,210 | 41,060,000 | - | 147,261,545 |
| Demand deposits | 954,030,572 | - | - | - | - | 954,030,572 |
| Time deposits | 103,528,154 | 180,237,487 | 392,763,469 | 42,587,346 | 5,124 | 719,121,580 |
| Remittance | 428,111 | - | - | - | - | 428,111 |
| Bank notes payable | - | - | 7,400,000 | 6,600,000 | 38,250,000 | 52,250,000 |
| Cumulative earnings on appropriated loan fund | 2,250 | 3,750 | 118,500 | 1,198,580 | 1,587,501 | 2,910,581 |
| Lease liabilities | 52,656 | 66,448 | 268,216 | 719,874 | 132,725 | 1,239,919 |

4) Derivative financial liabilities maturity analysis

a) Derivative financial instruments settled by net amount

The derivative instruments of the Bank and subsidiaries whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the consolidated financial statement. The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement. As of December 31, 2023 and 2022, maturity analysis for the derivative financial liabilities settled by net amount is as follows:



| | December 31, 2023 | | | | | |
|---|-------------------|------------|-------------|--------------------|-------------|-------|
| | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
| Derivative financial liabilities at fair value through profit or loss | | | | | | |
| -Foreign exchange derivative instrument | \$ 5 | - | - | - | - | 5 |

| | December 31, 2022 | | | | | |
|---|-------------------|------------|-------------|--------------------|-------------|-------|
| | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
| Derivative financial liabilities at fair value through profit or loss | | | | | | |
| -Foreign exchange derivative instrument | \$ - | 825 | 225 | - | - | 1,050 |

b) Derivative financial instruments settled by gross amount

The derivative instruments of the Bank's possession settled by gross amount include the following:

- Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.
- Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank and subsidiaries whose possession are settled by gross amount based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the consolidated financial statement.

The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

| December 31, 2023 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|---------------|------------|-------------|--------------------|-------------|------------|
| Derivative financial instruments at fair value through profit or loss | | | | | | |
| -Foreign exchange derivative instruments | | | | | | |
| -Cash outflow | \$ 38,621,818 | 26,451,403 | 5,363,562 | 7,057,958 | - | 77,494,741 |
| -Cash inflow | 39,110,694 | 26,310,296 | 5,334,414 | 7,024,302 | - | 77,779,706 |
| -Interest rate derivative instrument | | | | | | |
| -Cash outflow | - | 1,174 | - | - | - | 1,174 |
| -Cash inflow | - | 2,235 | - | - | - | 2,235 |
| Total cash outflow | 38,621,818 | 26,452,577 | 5,363,562 | 7,057,958 | - | 77,495,915 |
| Total cash inflow | 39,110,694 | 26,312,531 | 5,334,414 | 7,024,302 | - | 77,781,941 |
| Net cash flow | \$ (488,876) | 140,046 | 29,148 | 33,656 | - | (286,026) |

| December 31, 2022 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|----------------|-------------|-------------|--------------------|-------------|-------------|
| Derivative financial instruments at fair value through profit or loss | | | | | | |
| -Foreign exchange derivative instruments | | | | | | |
| -Cash outflow | \$ 25,782,525 | 45,415,630 | 11,979,083 | 3,463,765 | - | 86,641,003 |
| -Cash inflow | 27,862,886 | 48,002,551 | 12,577,650 | 3,500,326 | - | 91,943,413 |
| -Interest rate derivative instrument | | | | | | |
| -Cash outflow | - | 1,168 | 587 | 2,955 | 1,174 | 5,884 |
| -Cash inflow | - | 2,021 | 724 | 3,742 | 1,568 | 8,055 |
| Total cash outflow | 25,782,525 | 45,416,798 | 11,979,670 | 3,466,720 | 1,174 | 86,646,887 |
| Total cash inflow | 27,862,886 | 48,004,572 | 12,578,374 | 3,504,068 | 1,568 | 91,951,468 |
| Net cash flow | \$ (2,080,361) | (2,587,774) | (598,704) | (37,348) | (394) | (5,304,581) |

5) Maturity analysis of off-balance sheet items

| December 31, 2023 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|--|--------------|------------|-------------|--------------------|-------------|-------------|
| Issued and irrevocable loan commitments | \$ 203,276 | 1,775,526 | 41,887,365 | 10,317,339 | 56,694,157 | 110,877,663 |
| Irrevocable credit card loan commitments | 3,026 | 296,607 | 404,332 | 693,416 | 16,429,180 | 17,826,561 |
| Letters of credit issued yet unused | 1,531,075 | 5,022,825 | 728,242 | 187,120 | 108,081 | 7,577,343 |
| Other guarantees | 4,172,359 | 1,661,888 | 797,710 | 2,311,729 | 18,569,597 | 27,513,283 |
| Total | \$ 5,909,736 | 8,756,846 | 43,817,649 | 13,509,604 | 91,801,015 | 163,794,850 |

| December 31, 2022 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|--|--------------|------------|-------------|--------------------|-------------|-------------|
| Issued and irrevocable loan commitments | \$ 1,997,541 | 512,056 | 22,218,395 | 4,683,018 | 35,575,997 | 64,987,007 |
| Irrevocable credit card loan commitments | 1,117 | 34,225 | 55,553 | 316,313 | 18,432,747 | 18,839,955 |
| Letters of credit issued yet unused | 2,016,789 | 4,985,416 | 716,174 | 356,064 | 54,706 | 8,129,149 |
| Other guarantees | 2,667,240 | 1,001,432 | 656,793 | 2,337,749 | 15,393,282 | 22,056,496 |
| Total | \$ 6,682,687 | 6,533,129 | 23,646,915 | 7,693,144 | 69,456,732 | 114,012,607 |

6) Maturity analysis of lease contract commitments

The Bank and subsidiaries only has operating lease contract, operating lease commitment refers to, when the Bank and subsidiaries is the lessor or lessee and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank and subsidiaries operating lease contract commitments:

| December 31, 2023 | Below 1 year | 1-5 years | Over 5 years | Total |
|---------------------------------|--------------|-----------|--------------|-------|
| Operating lease income (lessor) | \$ 1,938 | 1,134 | - | 3,072 |

| December 31, 2022 | Below 1 year | 1-5 years | Over 5 years | Total |
|---------------------------------|--------------|-----------|--------------|-------|
| Operating lease income (lessor) | \$ 1,027 | 1,389 | - | 2,416 |

The capital expenditure commitment of the Bank and subsidiaries refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank and subsidiaries is as follows:

| December 31, 2023 | Below 1 year | 1-5 years | Over 5 years | Total |
|--------------------------|--------------|-----------|--------------|-----------|
| Machinery and equipment | \$ 1,399,429 | - | - | 1,399,429 |
| Transportation equipment | 3,182 | - | - | 3,182 |
| Miscellaneous equipment | 10,019 | - | - | 10,019 |
| Total | \$ 1,412,630 | - | - | 1,412,630 |

| December 31, 2022 | Below 1 year | 1-5 years | Over 5 years | Total |
|--------------------------|--------------|-----------|--------------|-----------|
| Machinery and equipment | \$ 1,496,409 | - | - | 1,496,409 |
| Transportation equipment | 2,098 | - | - | 2,098 |
| Right-of-use assets | 620 | 85 | - | 705 |
| Miscellaneous equipment | 1,024 | - | - | 1,024 |
| Total | \$ 1,500,151 | 85 | - | 1,500,236 |

(v) Market risk

1) Definition of market risk

Market risk refers to the possible loss of the Bank's business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

2) Policies and procedures of market risk management

a) Strategy

- i) To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following “ Directions Governing the Market Risk Management of Taiwan Business Bank” and other relevant regulations.
- ii) Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.

b) Policies and procedures

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.

3) Process for market risk management

a) Risk identification

In accordance with the rules of “ Directions Governing the Market Risk Management of Taiwan Business Bank” , the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.

b) Risk measurement

- i) Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.
- ii) The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.

c) Risk monitoring

- i) Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.
- ii) All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.

d) Risk report

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.

4) Scope and method of market risk management

a) Foreign exchange risk management

i) Definition of foreign exchange risk management

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.

ii) Applicable scope

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.

iii) Purpose for foreign exchange risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of foreign exchange risk management

1. In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluated the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.
2. The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.

v) Process of foreign exchange risk management

1. Identification and measurement

- a. Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank and subsidiaries conducts deal with simple type financial products. For complex financial products, the Bank and subsidiaries conducts back-to-back hedge covering to effectively avoid market risk.
- b. Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek's sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.
- c. Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

- a. When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop- limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
- b. Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.

b) Equity security risk management

i) Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.

ii) Applicable scope

Financial instruments similar to equity security in all trading books.



iii) Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of equity security risk management

1. All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.
2. The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.

v) Process of equity security risk management

1. Identification and measurement

- a. The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank's risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.
- b. Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

- a. When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
- b. Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.

c) Interest rate risk management

i) Definition of interest rate risk

Interest rate risk refers to the price decline of the Bank's financial products which contain interest risk factors due to the disadvantageous changes in interest rate.

ii) Applicable scope

Financial instruments which contain interest rate factors in all trading books.

iii) Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of interest rate risk management

1. In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.

2. The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In addition, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

v) Process of interest rate risk management

1. Identification and measurement

- a. The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
- b. Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

- a. The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.
- b. The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.

d) Concentration management

- i) The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.
- ii) For equity security investments, the Bank set up limits for single institution and single related party.

5) Interest rate risk management of the banking book

a) The definition and management purpose for the interest rate risk of the banking book

- i) The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.
- ii) The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.

b) The process for the interest rate risk management of the banking book

i) Identification and measurement

When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.

ii) Monitoring and report

The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect



to EVE when the market interest rate changes in the six interest rate stress scenarios set by the Bank Association of the Republic of China (IRRBB) to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.

6) Value at Risk

a) Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

b) Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

c) The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

- i) Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.
- ii) Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.
- iii) Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

7) Foreign exchange risk disclosure and sensitivity analysis

a) Foreign exchange risk exposure

i) Significant net positions of foreign currencies (Market risk)

| Significant net positions of foreign currencies (Market risk) | | |
|---|--|-------------|
| December 31, 2023 | | |
| Currency | Foreign currency amount (in thousands) | NT\$ amount |
| USD | \$ 344,888 | 10,589,786 |
| JPY | 1,886,734 | 409,610 |
| AUD | 15,988 | 335,748 |
| HKD | 35,216 | 138,364 |
| CNY | 25,221 | 109,156 |

| Significant net positions of foreign currencies (Market risk) | | |
|---|--|-------------|
| December 31, 2022 | | |
| Currency | Foreign currency amount (in thousands) | NT\$ amount |
| USD | \$ 504,348 | 15,496,092 |
| JPY | 2,069,083 | 480,234 |
| AUD | 14,865 | 308,895 |
| ZAR | 46,223 | 83,617 |
| EUR | 809 | 26,503 |

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.

ii) Assets and liabilities of foreign currency

| December 31, 2023 | | | | | | |
|-------------------|--|-----------|-------------|--|-----------|-------------|
| Currency | Monetary financial assets | | | Monetary financial liabilities | | |
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | \$ 14,554,500 | 30.7050 | 446,895,922 | 14,155,692 | 30.7050 | 434,650,510 |
| AUD | 5,814,107 | 21.0000 | 122,096,247 | 5,699,183 | 21.0000 | 119,682,843 |
| CNY | 6,113,455 | 4.3280 | 26,459,034 | 5,876,159 | 4.3280 | 25,432,014 |
| JPY | 120,712,008 | 0.2171 | 26,206,577 | 119,150,933 | 0.2171 | 25,867,668 |
| HKD | 5,526,259 | 3.9290 | 21,712,672 | 4,983,824 | 3.9290 | 19,581,444 |
| EUR | 349,698 | 34.0200 | 11,896,726 | 349,597 | 34.0200 | 11,893,290 |
| ZAR | 4,650,921 | 1.6570 | 7,706,576 | 4,649,315 | 1.6570 | 7,703,915 |
| GBP | 43,494 | 39.1200 | 1,701,485 | 43,414 | 39.1200 | 1,698,356 |
| NZD | 44,304 | 19.5000 | 863,928 | 44,214 | 19.5000 | 862,173 |
| CAD | 12,965 | 23.2200 | 301,047 | 12,964 | 23.2200 | 301,024 |
| SGD | 9,771 | 23.3100 | 227,762 | 9,690 | 23.3100 | 225,874 |
| CHF | 3,907 | 36.4350 | 142,352 | 3,988 | 36.4350 | 145,303 |
| SEK | 44,314 | 3.0800 | 136,487 | 44,522 | 3.0800 | 137,128 |
| THB | 141,541 | 0.9026 | 127,755 | 144,571 | 0.9026 | 130,490 |

| December 31, 2022 | | | | | | |
|-------------------|--|-----------|-------------|--|-----------|-------------|
| Currency | Monetary financial assets | | | Monetary financial liabilities | | |
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | \$ 15,838,292 | 30.7250 | 486,631,513 | 15,291,888 | 30.7250 | 469,843,260 |
| AUD | 4,985,648 | 20.7800 | 103,601,765 | 4,890,551 | 20.7800 | 101,625,650 |
| CNY | 11,948,387 | 4.4110 | 52,704,337 | 11,749,698 | 4.4110 | 51,827,917 |
| JPY | 184,707,477 | 0.2321 | 42,870,605 | 183,141,677 | 0.2321 | 42,507,183 |
| HKD | 5,771,939 | 3.9400 | 22,741,440 | 5,348,671 | 3.9400 | 21,073,764 |
| EUR | 352,406 | 32.7600 | 11,544,821 | 352,361 | 32.7600 | 11,543,346 |
| ZAR | 4,251,194 | 1.8090 | 7,690,410 | 4,249,572 | 1.8090 | 7,687,476 |
| GBP | 45,244 | 37.0700 | 1,677,195 | 45,236 | 37.0700 | 1,676,899 |
| NZD | 34,139 | 19.4500 | 664,004 | 34,124 | 19.4500 | 663,712 |
| CAD | 14,564 | 22.6800 | 330,312 | 14,475 | 22.6800 | 328,293 |
| SGD | 7,992 | 22.8700 | 182,777 | 7,969 | 22.8700 | 182,251 |
| SEK | 34,420 | 2.9400 | 101,195 | 34,431 | 2.9400 | 101,227 |
| Others (Note) | - | - | 114,540 | - | - | 119,278 |

| Currency | Non-monetary financial assets | | | Non-monetary financial liabilities | | |
|----------|--|-----------|------------|--|-----------|------------|
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | 974 | 30.7250 | 29,926 | - | - | - |

Note: Consolidated disclosure is applied for other currencies not over \$100,000.



b) Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis is the analysis that given other conditions remain the same, the influence on profit or loss and equity when each respective currency depreciate or appreciate by 1%.

| Currency | December 31, 2023 | | | |
|----------|-------------------|-----------|------------------|---------|
| | Depreciate by 1% | | Appreciate by 1% | |
| | Income | Equity | Income | Equity |
| USD | \$ 9,271 | (70,179) | (9,271) | 70,179 |
| AUD | 4,159 | (28,263) | (4,159) | 28,263 |
| HKD | 3,038 | (24,147) | (3,038) | 24,147 |
| JPY | 22 | (3,323) | (22) | 3,323 |
| GBP | (43) | - | 43 | - |
| SGD | (23) | - | 23 | - |
| ZAR | (28) | - | 28 | - |
| SEK | 6 | - | (6) | - |
| CHF | 29 | - | (29) | - |
| THB | 27 | - | (27) | - |
| EUR | (48) | - | 48 | - |
| NZD | (25) | - | 25 | - |
| CNY | (56,501) | - | 56,501 | - |
| Total | \$ (40,116) | (125,912) | 40,116 | 125,912 |

| Currency | December 31, 2022 | | | |
|----------|-------------------|-----------|------------------|---------|
| | Depreciate by 1% | | Appreciate by 1% | |
| | Income | Equity | Income | Equity |
| USD | \$ (44,000) | (63,299) | 44,000 | 63,299 |
| AUD | 4,060 | (23,440) | (4,060) | 23,440 |
| HKD | 3,029 | (19,240) | (3,029) | 19,240 |
| JPY | (161) | (3,450) | 161 | 3,450 |
| GBP | (15) | - | 15 | - |
| SGD | (9) | - | 9 | - |
| ZAR | (31) | - | 31 | - |
| CHF | 51 | - | (51) | - |
| CAD | (5) | - | 5 | - |
| THB | (4) | - | 4 | - |
| EUR | (37) | - | 37 | - |
| NZD | (10) | - | 10 | - |
| CNY | (55,663) | - | 55,663 | - |
| Total | \$ (92,795) | (109,429) | 92,795 | 109,429 |

8) Interest rate risk disclosure and sensitivity analysis

a) Interest rate sensitivity analysis

The assumption of interest rate sensitivity analysis is, under the circumstance that other conditions remain the same, the yield of the market increase or decrease by 1 basis point (1 bp).

| Currency | December 31, 2023 | | | |
|--------------|---------------------------------|----------|---------------------------------|--------|
| | Interest rate increases by 1 bp | | Interest rate decreases by 1 bp | |
| | Income | Equity | Income | Equity |
| Trading book | | | | |
| TWD | \$ (1,232) | (2,126) | 1,232 | 2,126 |
| Banking book | | | | |
| TWD | - | (65,282) | - | 65,282 |
| USD | - | (23,783) | - | 23,783 |
| EUR | - | (1,976) | - | 1,976 |
| AUD | - | (216) | - | 216 |
| HKD | - | (149) | - | 149 |
| CNY | - | (1,355) | - | 1,355 |
| ZAR | - | (114) | - | 114 |
| Total | \$ (1,232) | (95,001) | 1,232 | 95,001 |

| Currency | December 31, 2022 | | | |
|--------------|---------------------------------|----------|---------------------------------|--------|
| | Interest rate increases by 1 bp | | Interest rate decreases by 1 bp | |
| | Income | Equity | Income | Equity |
| Trading book | | | | |
| TWD | \$ (512) | (2,661) | 512 | 2,661 |
| Banking book | | | | |
| TWD | - | (46,200) | - | 46,200 |
| USD | - | (3,993) | - | 3,993 |
| AUD | - | (364) | - | 364 |
| HKD | - | (70) | - | 70 |
| CNY | - | (1,335) | - | 1,335 |
| ZAR | - | (161) | - | 161 |
| Total | \$ (512) | (54,784) | 512 | 54,784 |

b) Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

| Scenario | December 31, 2023 | | | |
|-----------------------------------|-------------------------|----------|---------------|-----------|
| | Effect on NII in 1 year | | Effect on EVE | |
| | TWD | USD | TWD | USD |
| Interest rate increases by 100 bp | 4,722,522 | (28,218) | (5,962,708) | (123,979) |
| Interest rate decreases by 100 bp | (4,954,837) | 27,020 | 14,273,803 | 106,693 |

| Scenario | December 31, 2022 | | | |
|-----------------------------------|-------------------------|----------|---------------|----------|
| | Effect on NII in 1 year | | Effect on EVE | |
| | TWD | USD | TWD | USD |
| Interest rate increases by 100 bp | 3,962,492 | (24,074) | (5,148,928) | (58,960) |
| Interest rate decreases by 100 bp | (4,598,328) | 22,469 | 13,788,825 | 27,772 |



9) Managing interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The Bank and subsidiaries has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Bank and subsidiaries converts loans and corporate debt securities related to Interest rate benchmarks indexed to US dollar LIBOR. As of December 31, 2023, US dollar London Inter-bank Offered Rate – have been automatically switched to other alternative rates in accordance with fallback clauses.

10) Equity security risk disclosure and sensitivity analysis

a) Equity security sensitivity analysis (Changes by 1%)

The assumption of equity security sensitivity analysis is, under the circumstance that other conditions remain the same, the price of equity security increased or decreased by 1%.

| Change | Currency | December 31, 2023 | |
|--|----------|-------------------|--------|
| | | Income | Equity |
| Equity security price increases by 1 % | TWD | 2,613 | - |
| Equity security price decreases by 1 % | TWD | (2,613) | - |

| Change | Currency | December 31, 2022 | |
|--|----------|-------------------|--------|
| | | Income | Equity |
| Equity security price increases by 1 % | TWD | 3,359 | - |
| | USD | 10 | - |
| Equity security price decreases by 1 % | TWD | (3,359) | - |
| | USD | (10) | - |

b) Value at Risk of equity security

| Value at Risk | From January 1, 2023 to December 31, 2023 | | |
|----------------------|---|---------|---------|
| | Average | Maximum | Minimum |
| Equity security risk | 10,657 | 18,595 | 5,057 |

| Value at Risk | From January 1, 2022 to December 31, 2022 | | |
|----------------------|---|---------|---------|
| | Average | Maximum | Minimum |
| Equity security risk | 5,038 | 13,963 | 1,399 |

(vi) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank and subsidiaries conducts during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank and subsidiaries obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank and subsidiaries cannot use, sell or pledge those transferred financial assets in availability period, the Bank and subsidiaries has interest rate risk and credit risk, the said transferred assets are not fully derecognized.

As of December 31, 2023 and 2022, there were not any financial assets of the Bank that are not fully derecognized.

(vii) Offsetting financial assets and financial liabilities

The Bank and subsidiaries has an exercisable master netting arrangement or similar agreement in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforementioned offsetting financial assets and financial liabilities:

| December 31, 2023 | | | | | | |
|---|--|--|---|--|--------------------------|------------------------|
| Financial assets under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral received | |
| Derivative financial instruments | \$ 1,789,483 | - | 1,789,483 | 727,563 | 694,552 | 367,368 |

| December 31, 2023 | | | | | | |
|--|---|---|--|--|-------------------------|------------------------|
| Financial liabilities under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral pledged | |
| Derivative financial instruments | \$ 85,217 | - | 85,217 | - | 2,199,407 | (2,114,190) |

| December 31, 2022 | | | | | | |
|---|--|--|---|--|--------------------------|------------------------|
| Financial assets under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral received | |
| Derivative financial instruments | \$ 551,095 | - | 551,095 | 727,720 | 2,527,996 | (2,704,621) |

| December 31, 2022 | | | | | | |
|--|---|---|--|--|-------------------------|------------------------|
| Financial liabilities under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral pledged | |
| Derivative financial instruments | \$ 229,816 | - | 229,816 | - | 2,422,569 | (2,192,753) |

Note: Master netting arrangements and non-cash financial collaterals are included.

(aq) Capital Management

- (i) The Bank takes business development and risk control into consideration and calculates capital adequacy per "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks". The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.
- (ii) In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established "Directions Governing Capital Adequacy" as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president's approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.
- (iii) The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.



(iv) To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.

1) Tier 1 capital

- a) Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.
- b) Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

| Item | | December 31, 2023 | December 31, 2022 | |
|---|----------------------------|---|-------------------|---------------|
| Eligible capital | Common stock equity | 113,940,410 | 100,331,196 | |
| | Other tier 1 capital | 18,000,000 | 18,000,000 | |
| | Tier 2 capital | 48,568,883 | 40,103,704 | |
| | Eligible Capital | 180,509,293 | 158,434,900 | |
| Risk-weighted assets | Credit risk | Standardized approach | 1,240,930,971 | 1,188,123,617 |
| | | Internal ratings-based approach | - | - |
| | | Securitization | - | - |
| | Operational risk | Basic indicator approach | - | - |
| | | Standardized approach/selective standardized approach | 50,031,661 | 43,118,270 |
| | | Advanced measurement approach | - | - |
| | Market risk | Standardized approach | 41,435,513 | 38,716,513 |
| | | Internal model approach | - | - |
| | Total risk-weighted assets | | 1,332,398,145 | 1,269,958,400 |
| | Capital adequacy ratio | | 13.55% | 12.48% |
| Common stock equity/ Risk-weighted assets ratio | | 8.55% | 7.90% | |
| Tier 1 capital / Risk-weighted assets ratio | | 9.90% | 9.32% | |
| Leverage ratio | | 5.71% | 5.47% | |

The formulas of the table are listed as follows:

- a) The eligible capital, risk-weighted assets and exposure are calculated per "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Calculation and Forms of Eligible Capital and Risk Assets of Banks".
- b) The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.
- c) Note 1. Eligible Capital = Common stock equity + Other Tier 1 Capital + Tier 2 Capital
 Note 2. Total risk-weighted assets = Credit risk weighted asset + (operational risk charge + market risk charge) × 12.5
 Note 3. Capital adequacy ratio = Eligible Capital ÷ Risk weighted asset.
 Note 4. Common stock equity / Risk-weighted assets ratio = Common stock equity / total risk weighted assets
 Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital) / Risk-weighted assets
 Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.
- d) Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.

(ar) Investing and financing activities not affecting current cash flow

The Bank and subsidiaries investing and financing activities which did not affect the current cash flow for the nine months ended December 31, 2023 and 2022 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(l).

Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2023 | cash flows | Non-cash changes | | | December 31, 2023 |
|--|-----------------|------------|--------------------------------|--------------------|---------------|-------------------|
| | | | Foreign exchange rate movement | Fair value changes | Other changes | |
| Financial liabilities at fair value through profit or loss | \$ 9,367,595 | - | (6,000) | (186,035) | - | 9,175,560 |
| Bank notes payable | 52,250,000 | 1,600,000 | - | - | - | 53,850,000 |
| Lease liabilities | 1,239,919 | (442,420) | (7,587) | - | 529,196 | 1,319,108 |
| Total liabilities from financing activities | \$ 62,857,514 | 1,157,580 | (13,587) | (186,035) | 529,196 | 64,344,668 |

| | January 1, 2022 | cash flows | Non-cash changes | | | December 31, 2022 |
|--|-----------------|------------|--------------------------------|--------------------|---------------|-------------------|
| | | | Foreign exchange rate movement | Fair value changes | Other changes | |
| Financial liabilities at fair value through profit or loss | \$ 8,293,730 | - | 921,000 | 152,865 | - | 9,367,595 |
| Bank notes payable | 52,250,000 | - | - | - | - | 52,250,000 |
| Lease liabilities | 1,149,456 | (420,428) | 25,634 | - | 485,257 | 1,239,919 |
| Total liabilities from financing activities | \$ 61,693,186 | (420,428) | 946,634 | 152,865 | 485,257 | 62,857,514 |

(as) Structured entities that not included in consolidated financial reports

(i) The table below presents the types of structured entities that the Bank and subsidiaries does not include in consolidated financial reports but in which they hold an interest:

| Types of structured entities | Nature and purpose | Interests held by the Bank and subsidiaries |
|------------------------------|--|--|
| Private fund | Investing in funds that cannot be freely traded on the open market | Investing in units or limited partnership interests issued by these funds. |
| Asset securitization product | Investing in commercial real estate assets securitization products | Investment in asset-backed securities issued by unconsolidated structured entities |

(ii) The scales of structures entities not included in consolidated financial reports were as follow:

| | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Private fund | \$ 177,118 | 163,679 |
| Asset securitization product | 521,724 | 560,023 |
| Total | \$ 698,842 | 723,702 |

(iii) The carrying amounts of interests held by the Bank and subsidiaries in these structured entities were as follows:

| Assets held by the Bank and subsidiaries | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Financial assets at fair value through profit or loss | \$ 177,118 | 163,679 |
| Financial assets at fair value through other comprehensive income | 452,651 | 475,485 |
| Investments in debt instruments at amortized cost | 69,073 | 84,538 |
| Total | \$ 698,842 | 723,702 |

The maximum amount of risk exposure to the Bank and subsidiaries endures to a loss incurred from special purpose entities that is not included in consolidated financial reports is the carrying amount of interests held by the Bank and subsidiaries.

(iv) As of December 31, 2023 and 2022, the Bank and subsidiaries has not provided any financial support to its special purpose entities that is not included in consolidated financial reports.

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

| Name of related party | Relationship with the Bank and subsidiaries |
|---|--|
| Bank of Taiwan | Corporate director of the Bank |
| Ministry of Finance, R.O.C | Corporate director of the Bank |
| National Development Fund, Executive Yuan | Corporate director of the Bank |
| Taiwan Business Bank Guild | Corporate director of the Bank |
| Small and Medium Enterprise Credit Guarantee Fund of Taiwan | Substantive related parties |
| TBB No. 1 Venture Capital Limited Partnership (Note) | Substantive related parties |
| Media Talk Consulting Co., Ltd. (Note) | Associates |
| Others | Management and other related parties of the Bank |

Note : Become a related party commencing from the first quarter of 2022.

(b) Significant transactions with related parties

(i) Due from banks

| | December 31, 2023 | |
|----------------|-------------------|------|
| | Amount | % |
| Bank of Taiwan | \$ 138,751 | 1.11 |

| | December 31, 2022 | |
|----------------|-------------------|------|
| | Amount | % |
| Bank of Taiwan | \$ 164,936 | 0.71 |

Interest rates are the same as those with regular clients.

(ii) Call loans to banks

| For the year ended December 31, 2023 | Maximum balance | December 31, 2023 | Interest income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 1,597,725 | - | 5,172 | 1.242%~5.500% |

| For the year ended December 31, 2022 | Maximum balance | December 31, 2022 | Interest income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 1,098,264 | - | 1,358 | 0.13%~3.81% |

Interest rates are the same as those with regular clients.

(iii) Call loans from banks

| For the year ended December 31, 2023 | Maximum balance | December 31, 2023 | Interest income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 18,383,250 | 4,688,775 | 150,564 | 0.68%~5.87% |

| For the year ended December 31, 2022 | Maximum balance | December 31, 2022 | Interest income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 9,434,791 | 1,786,360 | 61,939 | 0.04%~5.18% |

Interest rates are the same as those with regular clients.

(iv) Deposits

| | December 31, 2023 | |
|--------|-------------------|------|
| | Amount | % |
| Others | \$ 2,564,182 | 0.14 |

| | December 31, 2022 | |
|--------|-------------------|------|
| | Amount | % |
| Others | \$ 1,851,872 | 0.11 |

Interest rates are the same as those with regular clients.

(v) Credit

| Category | Number of clients or name of related party | Highest balance | Ending balance | Performing situations | | Collaterals | Transaction terms are different to regular clients |
|-------------------------------|--|-----------------|----------------|-----------------------|----------------------|-------------|--|
| | | | | Performing loan | Non-performing Loans | | |
| | | | | December 31, 2023 | | | |
| Employee consumer loans | 37 | 16,427 | 13,548 | 13,548 | - | none | none |
| Self-use home mortgages loans | 119 | 554,182 | 509,311 | 509,311 | - | real estate | none |
| Others | Natural person | 605,165 | 538,864 | 538,864 | - | real estate | none |
| December 31, 2022 | | | | | | | |
| Employee consumer loans | 46 | 18,311 | 14,727 | 14,727 | - | none | none |
| Self-use home mortgages loans | 127 | 557,503 | 511,280 | 511,280 | - | real estate | none |
| Others | Natural person | 617,163 | 590,656 | 590,656 | - | real estate | none |

(vi) Donation:

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Small and Medium Enterprise Credit Guarantee Fund of Taiwan | \$ 361,361 | 318,530 |
| Taiwan Business Bank Guild | 4,200 | 2,500 |
| Total | \$ 365,561 | 321,030 |



- (vii) Guarantees: None.
 (viii) Service fees: None.
 (ix) Rental revenue: None.
 (x) Derivatives financial instrument transactions: None.
 (xi) Sales of Non-Performing Loans Transactions: None.
 (xii) Other revenue:

| | For the years ended December 31, | |
|---|----------------------------------|--------|
| | 2023 | 2022 |
| TBB No. 1 Venture Capital Limited Partnership | \$ 17,047 | 16,954 |
| Media Talk Consultants Co., Ltd. | 10 | 50 |
| Total | \$ 17,057 | 17,004 |

(c) Major management salary information

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Salary and other short-term employee benefits | \$ 149,718 | 144,720 |
| Post-employment benefits | 2,486 | 2,478 |
| Total | \$ 152,204 | 147,198 |

(8) Pledged assets:

Please refer to notes 6(h) for more details.

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Marketable securities held for custody | \$ 8,088,397 | 8,659,768 |
| Bills collected for others | 40,194,861 | 43,238,126 |
| Bills lent for others | 42,003,008 | 49,785,210 |
| Guarantees and letters of credit | 35,090,626 | 30,185,645 |
| Trust liabilities | 226,004,817 | 218,150,077 |
| Items held for custody | 700,074 | 901,998 |
| Registered government bonds for sale | 71,059,800 | 66,327,700 |
| Registered short-term bills for sale | 3,376,274 | 4,290,113 |
| Guarantee notes payable | 32,263,500 | 54,054,530 |

(b) Unrecognized contractual commitments:

As of December 31, 2023 and 2022, major constructions in progress and purchases amounted to \$1,011,961 and \$1,018,993 respectively, of which \$750,278 and \$911,848 respectively, remained unpaid.

- (c) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of December 31, 2023 and 2022 is as follows:

Trust Balance Sheet

December 31, 2023 and 2022

| Trust Assets | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Cash in Bank | \$ 7,625,630 | 6,303,284 |
| Stocks | 1,181,658 | 928,987 |
| Funds | 68,326,910 | 73,259,462 |
| Bonds | 6,737,777 | 2,935,786 |
| Real estate | 24,684,803 | 21,657,475 |
| Securities custody | 117,063,470 | 112,621,601 |
| Other assets | 384,569 | 443,482 |
| Total trust assets | \$ 226,004,817 | 218,150,077 |

| Trust Liabilities | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Payables | \$ - | 9 |
| Securities held for custody | 117,063,470 | 112,621,601 |
| Trust capital | 108,839,333 | 105,439,231 |
| Accumulated loss | (934,887) | (332,731) |
| Net income | 1,036,901 | 421,967 |
| Total trust liabilities | \$ 226,004,817 | 218,150,077 |

Trust Property Accounts

December 31, 2023 and 2022

| Investment in | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Cash in bank | \$ 7,625,630 | 6,303,284 |
| Stocks | 1,181,658 | 928,987 |
| Funds | 68,326,910 | 73,259,462 |
| Bonds | 6,737,777 | 2,935,786 |
| Real estate | | |
| Land | 14,436,994 | 14,422,800 |
| Buildings | 64,122 | 29,556 |
| Construction in progress | 10,183,687 | 7,205,119 |
| Securities in custody | 117,063,470 | 112,621,601 |
| Other assets | 384,569 | 443,482 |
| Total | \$ 226,004,817 | 218,150,077 |

Note: As of December 31, 2023 and 2022, the amounts above included OBU transaction on "foreign currency designated trust funds investment in foreign negotiable securities business" amounting to \$1,509,302 and \$1,580,471, respectively.



Trust Income Statement

For the years ended December 31, 2023 and 2022

| Investment items | For the years ended December 31, | |
|---------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Trust Revenue | | |
| Interest income | \$ 218,673 | 87,436 |
| Realized capital gain-fund | 651,591 | 338,547 |
| Realized gain-stocks | 2,760 | 3,147 |
| Realized gain-bonds | 1,650 | 5,059 |
| Dividend revenue | 2,028,912 | 2,147,052 |
| Other revenues | 5,175 | 4,179 |
| Sub-total | 2,908,761 | 2,585,420 |
| Trust Expense | | |
| Administrative expenses | 60,331 | 43,494 |
| Postage and telecommunication expense | 377 | 841 |
| Duties | 52 | 49 |
| Realized loss-stocks | 1,799,292 | 2,104,595 |
| Realized loss-bonds | 6,409 | 11,072 |
| Loss on disposal of property | 7 | - |
| Other expenses | 4,679 | 3,195 |
| Sub-total | 1,871,147 | 2,163,246 |
| Income before income tax | 1,037,614 | 422,174 |
| Income tax expense | (713) | (207) |
| Net income | \$ 1,036,901 | 421,967 |

(d) In 1996, the Bank's World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Co., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d'Investissement (I.C.C.I.) of the Republic of Zaire, suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requested the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD\$7,830 plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels rendered its judgment which the Bank has to make compensation of USD\$7,674 plus interest to I.C.C.I.. The Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication which I.C.C.I. and the Bank are both responsible for the offense. Furthermore, on November 16, 2011, the judgment of the court indicated that the Bank should be responsible for 90% of the negligence proportion. In terms of the judgment of the court of the second instance, the Bank has filed an appeal on November 3, 2011. On February 6, 2013, the court overruled the Bank's appeal and the Bank lost the case. However, the Bank and I.C.C.I. couldn't reach an agreement on the exchange rate and the calculation of the compensation. In October 2016, I.C.C.I. initiated a case with the Court of Frankfurt in Germany, applied for seizing the Bank account in Germany, and the Bank lodged guaranty money of EUR \$13,200 to the court to rescind the order for attachment.

In July 2017, I.C.C.I. applied for compulsory execution to the guaranty money, the court has transferred the guaranty money to I.C.C.I. The Bank then filed a lawsuit objecting to the debt through the attorney. The case

was dismissed by the Court of Frankfurt in November 2018, and remanded back to trial court in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. I.C.C.I. has filed a statement of grounds for objection to the Federal Court of Justice on March 16, 2019. And request to revoke the "Return of the Judgment of the Frankfurt High Court". The Bank has appointed a lawyer to act as an attorney in the Federal Supreme Court of Justice and filed a defense against I.C.C.I. of objections. The case is currently being tried by the Regional Court of Frankfurt. The Federal Supreme Court of Justice has denied the I.C.C.I. interlocutory appeal on May 20, 2021. On August 23, 2023, the Frankfurt District Court ruled that the bank won the case in the first instance. I.C.C.I. Company must pay the Bank EUR\$1,046 plus interest since November 17, 2017. I.C.C.I. Company appealed on September 25, 2023. In October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I. to pay USD\$1,130 in compensation and held the Bank as jointly liable, and by I.C.C.I, which demanded the Bank to pay USD\$20,060 less its reimbursed amount to make a security deposit of EUR\$14,000. The Bank has engaged local attorneys to represent itself in court. The Court of Congo will merge the two cases for court. In April 2021, the translation of judgement from the Court of Congo, judging that the Bank should pay around EUR\$20,060 for I.C.C.I. Also, I.C.C.I must compensate Star Marine for USD\$1,130 as well as make a security deposit of EUR\$14,000 in the domestic bank in Congo. According to the statement of plaintiff and considering that I.C.C.I has already received about EUR\$14,860, an addition of \$75,372 has been provision for lawsuit in 2021. Please refer to Note 6(v) for more details. As of December 31, 2023, the Bank has accrued the compensation of \$259,635 and EUR\$9,660.

(10) Losses from disasters: None

(11) Subsequent Events: None

(12) Others:

(a) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(i) Loan quality:

| Items | Month/Year | December 31, 2023 | | | | |
|--|-----------------------------|------------------------------|-------------------|-----------------------------------|-----------------------------|------------------------|
| | | Non-performing loans (Note1) | Total loans | Non-performing loan ratio (Note2) | Allowance for credit losses | Coverage ratio (Note3) |
| Corporate finance | Secured | 1,202,821 | 767,968,106 | 0.16% | 9,876,798 | 821.14% |
| | Unsecured | 310,490 | 366,763,834 | 0.08% | 4,865,922 | 1,567.18% |
| Consumer finance | Residence mortgages(Note 4) | 129,519 | 210,232,982 | 0.06% | 2,699,274 | 2,084.08% |
| | Cash cards | - | - | -% | - | -% |
| | Microcredit(Note 5) | 2,140 | 282,475 | 0.76% | 4,443 | 207.62% |
| | Others (Note 6) | Secured | 1,059,242 | 152,813,332 | 0.69% | 1,981,063 |
| Unsecured | | 15,100 | 13,149,591 | 0.11% | 175,342 | 1,161.21% |
| Total loan business | | 2,719,312 | 1,511,210,320 | 0.18% | 19,602,842 | 720.88% |
| | | Overdue receivables | Total receivables | Delinquency ratio | Allowance for credit losses | Coverage ratio |
| Credit cards business | | 599 | 1,163,037 | 0.05% | 11,684 | 1,950.58% |
| Account receivable factoring-without recourse (Note 7) | | - | - | -% | - | -% |

| Month/Year | | December 31, 2022 | | | | | |
|--|-----------------------------|------------------------------|-------------------|-----------------------------------|-----------------------------|------------------------|-----------|
| | | Non-performing loans (Note1) | Total loans | Non-performing loan ratio (Note2) | Allowance for credit losses | Coverage ratio (Note3) | |
| Corporate finance | Secured | 1,602,465 | 713,092,812 | 0.22% | 8,945,106 | 558.21% | |
| | Unsecured | 691,641 | 372,391,080 | 0.19% | 4,952,203 | 716.01% | |
| Consumer finance | Residence mortgages(Note 4) | 187,800 | 170,335,261 | 0.11% | 2,130,940 | 1,134.69% | |
| | Cash cards | - | - | -% | - | -% | |
| | Microcredit(Note 5) | 4,802 | 325,663 | 1.47% | 7,370 | 153.48% | |
| | Others (Note 6) | Secured | 266,055 | 149,120,110 | 0.18% | 1,868,990 | 702.48% |
| | | Unsecured | 14,614 | 13,228,525 | 0.11% | 174,007 | 1,190.69% |
| Total loan business | | 2,767,377 | 1,418,493,451 | 0.20% | 18,078,616 | 653.28% | |
| | | Overdue receivables | Total receivables | Delinquency ratio | Allowance for credit losses | Coverage ratio | |
| Credit cards business | | 437 | 1,122,771 | 0.04% | 14,292 | 3,270.48% | |
| Account receivable factoring-without recourse (Note 7) | | - | - | -% | - | -% | |

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ receivables

Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Overdue loans and receivables exempted from reporting

| | December 31, 2023 | | December 31, 2022 | |
|--|--|---|--|---|
| | Loans may be exempted from reporting as a non-performing | Receivables may be exempted from reporting as overdue | Loans may be exempted from reporting as a non-performing | Receivables may be exempted from reporting as overdue |
| Pursuant to a contract under a debt negotiation plan (Note1) | \$ 163 | 802 | 258 | 1,112 |
| Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2) | 68,959 | 17,317 | 54,109 | 22,489 |
| Total | \$ 69,122 | 18,119 | 54,367 | 23,601 |

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Zi No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the "Consumer Debt Clearance Act."

(ii) Concentration of credit extensions

| December 31, 2023 | | | |
|-------------------|--|---------------|-----------------------------------|
| Ranking | Group enterprise | Credit amount | Credit amount to equity ratio (%) |
| 1 | A company. (Railway transportation) | 20,228,474 | 16.84% |
| 2 | B group. (Real estate for sale and rental with own or leased property) | 15,766,100 | 13.13% |
| 3 | C group. (Other holding) | 9,549,460 | 7.95% |
| 4 | D group. (Steel rolling and extruding) | 9,457,303 | 7.87% |
| 5 | E group. (Real estate development) | 7,416,907 | 6.17% |
| 6 | F group. (Liquid crystal panel and components manufacturing) | 7,206,749 | 6.00% |
| 7 | G group. (Real estate development) | 6,840,074 | 5.69% |
| 8 | H group. (Computers manufacturing) | 6,548,180 | 5.45% |
| 9 | I group. (Real estate development) | 6,237,041 | 5.19% |
| 10 | J group. (Financial leasing) | 5,915,829 | 4.92% |

| December 31, 2022 | | | |
|-------------------|--|---------------|-----------------------------------|
| Ranking | Group enterprise | Credit amount | Credit amount to equity ratio (%) |
| 1 | A company. (Railway transportation) | 21,202,474 | 20.37 % |
| 2 | B group. (Real estate for sale and rental with own or leased property) | 16,381,315 | 15.74 % |
| 3 | C group. (Other holding) | 9,788,164 | 9.40 % |
| 4 | E group. (Real estate development) | 8,982,725 | 8.63 % |
| 5 | D group. (Steel rolling and extruding) | 8,715,755 | 8.37 % |
| 6 | H group. (Computers manufacturing) | 6,523,340 | 6.27 % |
| 7 | G group. (Real estate development) | 6,261,408 | 6.01 % |
| 8 | I group. (Real estate development) | 6,027,170 | 5.79 % |
| 9 | F group. (Liquid crystal panel and components manufacturing) | 5,531,674 | 5.31 % |
| 10 | J group. (Financial Leasing) | 4,565,169 | 4.39 % |

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2 Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers' acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.

(iii) Interest rate-sensitivity information

1) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Unit : %

| December 31, 2023 | | | | | |
|--|------------------|--------------|---------------|-------------|---------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 1,590,706,669 | 47,996,047 | 48,849,207 | 136,264,787 | 1,823,816,710 |
| Interest rate-sensitive liabilities | 1,362,402,193 | 64,646,757 | 115,568,023 | 61,026,639 | 1,603,643,612 |
| Interest rate sensitivity gap | 228,304,476 | (16,650,710) | (66,718,816) | 75,238,148 | 220,173,098 |
| Net worth | | | | | 120,122,285 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 113.73 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | 183.29 |

| December 31, 2022 | | | | | |
|--|------------------|-------------|---------------|-------------|---------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 1,464,207,488 | 24,207,477 | 42,324,132 | 136,449,514 | 1,667,188,611 |
| Interest rate-sensitive liabilities | 1,333,797,410 | 31,475,346 | 65,933,051 | 49,486,811 | 1,480,692,618 |
| Interest rate sensitivity gap | 130,410,078 | (7,267,869) | (23,608,919) | 86,962,703 | 186,495,993 |
| Net worth | | | | | 104,107,258 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 112.60 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | 179.14 |

Note 1 Listed amount refers to the Bank's amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest-yielding assets and interest-bearing liabilities, which are affected by interest rate fluctuations.

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

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

2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit : In Thousands of US Dollars, %

| December 31, 2023 | | | | | |
|--|--------------|-------------|---------------|-------------|-------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 4,386,578 | 262,261 | 144,390 | 1,893,156 | 6,686,385 |
| Interest rate-sensitive liabilities | 7,097,974 | 2,347,287 | 1,793,723 | - | 11,238,984 |
| Interest rate sensitivity gap | (2,711,396) | (2,085,026) | (1,649,333) | 1,893,156 | (4,552,599) |
| Net worth | | | | | 3,912,141 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 59.49 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | (116.37) |

| December 31, 2022 | | | | | |
|--|--------------|-------------|---------------|-------------|-------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 5,161,097 | 219,595 | 116,768 | 993,718 | 6,491,178 |
| Interest rate-sensitive liabilities | 7,302,641 | 1,388,445 | 2,402,052 | 1,139 | 11,094,277 |
| Interest rate sensitivity gap | (2,141,544) | (1,168,850) | (2,285,284) | 992,579 | (4,603,099) |
| Net worth | | | | | 3,388,357 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 58.51 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | (135.85) |

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

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

Note 4 Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).

(iv) Profitability

Unit: %

| Item | December 31, 2023 | December 31, 2022 | |
|-------------------------------|-------------------|-------------------|-------|
| The ratio of return on assets | Before income tax | 0.58 | 0.59 |
| | After income tax | 0.49 | 0.49 |
| The ratio of return on equity | Before income tax | 11.08 | 11.70 |
| | After income tax | 9.43 | 9.84 |
| Net income ratio | 33.11 | 35.48 | |

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(v) Maturity analysis for assets and liabilities

1) Maturity analysis in New Taiwan dollars

| December 31, 2023 | | | | | | | |
|--------------------------------|------------------|---|-------------|--------------|--------------|---------------|---------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | | |
| | | 0-10days | 11-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 1,932,748,774 | 226,530,278 | 153,738,309 | 186,842,109 | 198,232,876 | 170,531,204 | 996,873,998 |
| Major maturity capital outflow | 2,358,290,547 | 68,877,805 | 111,110,090 | 250,955,397 | 264,154,241 | 440,382,875 | 1,222,810,139 |
| Gap | (425,541,773) | 157,652,473 | 42,628,219 | (64,113,288) | (65,921,365) | (269,851,671) | (225,936,141) |

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$426,499,512.

| December 31, 2022 | | | | | | | |
|--------------------------------|------------------|---|-------------|--------------|-------------|---------------|---------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | | |
| | | 0-10days | 11-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 1,798,278,148 | 171,214,261 | 167,605,412 | 186,953,929 | 204,957,223 | 152,184,634 | 915,362,689 |
| Major maturity capital outflow | 2,201,577,109 | 79,002,934 | 115,025,374 | 262,893,103 | 184,927,959 | 384,673,313 | 1,175,054,426 |
| Gap | (403,298,961) | 92,211,327 | 52,580,038 | (75,939,174) | 20,029,264 | (232,488,679) | (259,691,737) |

Note: Listed amounts are denominated in New Taiwan dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow \$390,839,630.

2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

| December 31, 2023 | | | | | | |
|--------------------------------|---------------|---|-----------|------------|---------------|-------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | |
| | | 0-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 12,909,090 | 3,551,727 | 2,458,846 | 2,134,006 | 1,949,635 | 2,814,876 |
| Major maturity capital outflow | 13,501,007 | 3,271,391 | 3,017,309 | 2,770,293 | 2,525,849 | 1,916,165 |
| Gap | (591,917) | 280,336 | (558,463) | (636,287) | (576,214) | 898,711 |

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$525,282.

| December 31, 2022 | | | | | | |
|--------------------------------|---------------|---|-----------|-------------|---------------|-------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | |
| | | 0-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 16,353,649 | 5,107,519 | 4,629,214 | 1,287,440 | 1,713,177 | 3,616,299 |
| Major maturity capital outflow | 17,155,496 | 3,645,117 | 4,045,473 | 2,484,679 | 3,910,394 | 3,069,833 |
| Gap | (801,847) | 1,462,402 | 583,741 | (1,197,239) | (2,197,217) | 546,466 |

Note: Listed amounts are denominated in US dollars of the Bank and subsidiaries, including loan commitments of credit agreement and estimates to outflow USD \$912,002.

(13) Other disclosures:

(a) Information on significant transactions:

- Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more: None.
- Receivables from related parties with amounts exceeding the lower of NT\$300 million or 10% of the capital stock: None.
- Information on NPL disposal transaction: None.
- Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.
- Business relationships and significant intercompany transactions:

| No (Note 1) | Trader | Counterparty | Relationship (Note 2) | Transaction status for year ended December 31, 2023 | | | Percentage accounted for consolidated net revenue or total assets |
|-------------|-------------------------------------|-------------------------------------|-----------------------|---|---------|--|---|
| | | | | Account | Amount | Terms | |
| 0 | Taiwan Business Bank, Ltd. | TBB International Leasing Co., Ltd. | 1 | Deposits and remittances | 12,715 | No difference with non-related parties | - % |
| 1 | TBB International Leasing Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Right-of-use assets | 3,601 | No difference with non-related parties | - % |
| 1 | TBB International Leasing Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Lease liabilities | 3,622 | No difference with non-related parties | - % |
| 0 | Taiwan Business Bank, Ltd. | TBB International Leasing Co., Ltd. | 1 | Net revenue other than interest | 834 | No difference with non-related parties | - % |
| 0 | Taiwan Business Bank, Ltd. | TBB Venture Capital Co., Ltd. | 1 | Deposits and remittances | 109,066 | No difference with non-related parties | - % |
| 2 | TBB Venture Capital Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Right-of-use assets | 478 | No difference with non-related parties | - % |
| 2 | TBB Venture Capital Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Lease liabilities | 485 | No difference with non-related parties | - % |

| No (Note 1) | Trader | Counterparty | Relationship (Note 2) | Transaction status for year ended December 31, 2023 | | | Percentage accounted for consolidated net revenue or total assets |
|-------------|-------------------------------|--|-----------------------|---|--------|--|---|
| | | | | Account | Amount | Terms | |
| 0 | Taiwan Business Bank, Ltd. | TBB Venture Capital Co., Ltd. | 1 | Net revenue other than interest | 175 | No difference with non-related parties | - % |
| 0 | Taiwan Business Bank, Ltd. | Taiwan Business Bank International Leasing Co., Ltd. | 1 | Deposits and remittances | 39,210 | No difference with non-related parties | - % |
| 0 | Taiwan Business Bank, Ltd. | TBB Consulting Co., Ltd. | 1 | Deposits and remittances | 63,578 | No difference with non-related parties | - % |
| 0 | Taiwan Business Bank, Ltd. | TBB Consulting Co., Ltd. | 1 | Net revenue other than interest | 972 | No difference with non-related parties | - % |
| 3 | TBB Consulting Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Right-to-use assets | 2,669 | No difference with non-related parties | - % |
| 3 | TBB Consulting Co., Ltd. | Taiwan Business Bank, Ltd. | 2 | Lease liabilities | 2,703 | No difference with non-related parties | - % |
| 2 | TBB Venture Capital Co., Ltd. | TBB Consulting Co., Ltd. | 3 | Business expenses | 42,980 | No difference with non-related parties | 0.13 % |
| 2 | TBB Venture Capital Co., Ltd. | TBB Consulting Co., Ltd. | 3 | Accounts payable | 14,277 | No difference with non-related parties | - % |

Note: 1. The meaning of the number is as follows.

- Zero stands for the parent company
- Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

2. There are three kinds of relationships with counterparty

- Parent company to subsidiary
- Subsidiary to parent company
- Between subsidiaries

- Other significant transactions that may have substantial influence upon the decisions made by financial report users: None.

(b) Information on investees:

- The following is the information on investees (excluding information on investees in Mainland China):

(Unit : thousand shares)

| Name of investee | Location | Main business scope | Shareholding ratio | Book value | Investment gain (loss) | The cross holding of the Bank and its related parties | | | | Note |
|---|----------|--|--------------------|------------|------------------------|---|---------------------------|------------------------|--------------------|--|
| | | | | | | Number of shares | Number of proforma shares | Total Number of shares | Shareholding ratio | |
| TBB International Leasing Co., Ltd. | Taiwan | Leasing business | 100.00 % | 1,548,582 | 53,929 | 150,000 | - | 150,000 | 100.00 % | Already written-off when preparing the consolidated financial statements |
| TBB (Cambodia) Microfinance Institution Plc | Cambodia | SMEs and personal finance business | 100.00 % | 629,464 | 5,352 | 20 | - | 20 | 100.00 % | " |
| TBB Venture Capital Co., Ltd. | Taiwan | Investing business | 100.00 % | 1,369,515 | 111,178 | 123,211 | - | 123,211 | 100.00 % | " |
| TBB Consulting Co., Ltd. | Taiwan | Consulting business | 100.00 % | 71,984 | 17,172 | 5,000 | - | 5,000 | 100.00 % | " |
| Media Talk Consulting Co., Ltd. | Taiwan | Investing cultural and creative business | 20.00 % | - | (808) | 200 | - | 200 | 20.00 % | |



(ii) Loans to others:

| NO. | Creditor | Debtor | Interaction Account | Related party | Highest Amount | Ending balance | Actual drawdown amount | Range of interest rate | Nature of the loan | Dealing amount | The necessary reason for short-term loans | Allowance for bad debts | Guarantee | | Limited amount for individual object | Total limited amount for loan |
|-----|-------------------------------------|---|-----------------------|---------------|----------------|----------------|------------------------|------------------------|--------------------|----------------|---|-------------------------|-----------|-------|--------------------------------------|-------------------------------|
| | | | | | | | | | | | | | Name | Value | | |
| 1 | TBB International Leasing Co., Ltd. | Hsin Chuan Construction Co., Ltd. | Financial receivables | No | 154,430 | 62,801 | 100,000 | 2%-10% | 2 | - | To the lender for buying goods | 628 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Xi Quan Restaurant Co., Ltd. | Financial receivables | No | 151,957 | 88,195 | 153,000 | 2%-10% | 2 | - | To the lender for buying goods | 882 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Acon-Holding INC. | Financial receivables | No | 60,000 | 7,584 | 30,000 | 2%-10% | 2 | - | To the lender for buying goods | 76 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Maw Shing Top Co., Ltd. | Financial receivables | No | 24,616 | 8,071 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 81 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Yu Ding Investment Co., Ltd. | Financial receivables | No | 96,989 | 50,000 | 50,000 | 2%-10% | 2 | - | To the lender for buying goods | 500 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chaishan Foods Co., Ltd. | Financial receivables | No | 50,000 | - | 50,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chao-Chi Property Management Consulting Co., Ltd. | Financial receivables | No | 23,835 | 8,854 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 89 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Tai Chang Fiber Co., Ltd. | Financial receivables | No | 23,851 | 8,858 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 89 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Jiou Chang Motor Co., Ltd. | Financial receivables | No | 9,188 | - | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Liang-wei Tobacco & Liquor Co., Ltd. | Financial receivables | No | 9,188 | - | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Jia Ho Food Co., Ltd. | Financial receivables | No | 19,044 | - | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Cheng Mao Enterprise Co., Ltd. | Financial receivables | No | 8,000 | 6,036 | 8,000 | 2%-10% | 2 | - | To the lender for buying goods | 60 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chao-Yang International Co., Ltd. | Financial receivables | No | 30,115 | 15,111 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 151 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Sian Shang Frozen Food Co., Ltd. | Financial receivables | No | 20,000 | 16,749 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 167 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Qing Rui Construction Co., Ltd. | Financial receivables | No | 15,000 | 14,213 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 142 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Pei Xian Seafood Co., Ltd. | Financial receivables | No | 20,000 | 18,378 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 184 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Li Cheng Construction Co., Ltd. | Financial receivables | No | 12,000 | 12,000 | 12,000 | 2%-10% | 2 | - | To the lender for buying goods | 120 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | 99 Bottles Co., Ltd. | Financial receivables | No | 10,000 | 10,000 | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | 100 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Pround Construction Co., Ltd. | Financial receivables | No | 20,000 | 20,000 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 200 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | V-Optech Inc. | Financial receivables | No | 10,000 | 10,000 | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | 100 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Wen Ying International Logistics Co., Ltd. | Financial receivables | No | 30,000 | 30,000 | 30,000 | 2%-10% | 2 | - | To the lender for buying goods | 300 | None | - | 387,140 | 1,548,561 |

Note1: The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: The amount of loans is still valid up to now.

Note3: The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4: Limited amount for individual object : 25% net worth of the latest TBB International Leasing Co.,Ltd's audited financial statements.

Note5: Total limited amount for loan : 100% net worth of the latest TBB International Leasing Co.,Ltd.'s audited financial statements.

(iii) Endorsements and guarantee for others: None

(iv) Acquisition of securities:

| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------------|---|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|--|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB International Leasing Co., Ltd. | Taiwan Business International Leasing Co., Ltd. | Parent company | Investment under equity method | - | 971,708 | 100.00 % | 971,708 | The transaction has been written off when preparing the consolidated financial statements. |
| TBB International Leasing Co., Ltd. | G12245、G12246 | - | Financial assets at fair value through profit or loss | - | 100,000 | - % | 100,000 | Financial debentures |
| TBB Venture Capital Co., Ltd. | G12245 | - | Financial assets at fair value through profit or loss | - | 100,000 | - % | 100,000 | " |
| TBB Venture Capital Co., Ltd. | Energenesis Biomedical Co., Ltd. | - | Financial assets at fair value through profit or loss | 220 | 13,288 | 0.29 % | 13,288 | Listed Stocks |
| TBB Venture Capital Co., Ltd. | Powerchip Semiconductor Manufacturing Corporation | - | Financial assets at fair value through profit or loss | 250 | 7,363 | 0.01 % | 7,363 | " |
| TBB Venture Capital Co., Ltd. | Lungteh Shipbuilding Co., Ltd. | - | Financial assets at fair value through profit or loss | 748 | 63,928 | 0.69 % | 63,928 | " |
| TBB Venture Capital Co., Ltd. | Evergreen Aviation Technologies Corporation | - | Financial assets at fair value through profit or loss | 13 | 1,411 | - % | 1,411 | " |
| TBB Venture Capital Co., Ltd. | Tigerair Taiwan Co., Ltd. | - | Financial assets at fair value through profit or loss | 836 | 28,102 | 0.19 % | 28,102 | " |
| TBB Venture Capital Co., Ltd. | Eir Genix, Inc. | - | Financial assets at fair value through profit or loss | 845 | 84,923 | 0.28 % | 84,923 | OTC Stocks |
| TBB Venture Capital Co., Ltd. | Chenfull Precision Co., Ltd. | - | Financial assets at fair value through profit or loss | 180 | 19,530 | 0.30 % | 19,530 | " |
| TBB Venture Capital Co., Ltd. | Handa Pharmaceuticals, Inc. | - | Financial assets at fair value through profit or loss | 1,470 | 269,663 | 1.04 % | 269,663 | Emerging Stocks |
| TBB Venture Capital Co., Ltd. | Locus Cell Co., Ltd. | - | Financial assets at fair value through profit or loss | 1,341 | 42,242 | 0.67 % | 42,242 | " |
| TBB Venture Capital Co., Ltd. | Starlux Airlines Co., Ltd. | - | Financial assets at fair value through profit or loss | 4,763 | 111,457 | 0.23 % | 111,457 | " |





| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------|--|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|-----------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB Venture Capital Co., Ltd. | TFBS Bioscience, Inc. | - | Financial assets at fair value through profit or loss | 260 | 12,298 | 0.75 % | 12,298 | Emerging Stocks |
| TBB Venture Capital Co., Ltd. | Iovtec Co., Ltd. | - | Financial assets at fair value through profit or loss | 485 | 28,360 | 2.91 % | 28,360 | " |
| TBB Venture Capital Co., Ltd. | Song Chuan Precision Co., Ltd. | - | Financial assets at fair value through profit or loss | 665 | 66,496 | 0.92 % | 66,496 | Unlisted Stocks |
| TBB Venture Capital Co., Ltd. | Techplasma Technology Co., Ltd. | - | Financial assets at fair value through profit or loss | 944 | 47,184 | 2.84 % | 47,184 | " |
| TBB Venture Capital Co., Ltd. | Hephas Energy Co., Ltd. | - | Financial assets at fair value through profit or loss | 816 | 52,895 | 2.96 % | 52,895 | " |
| TBB Venture Capital Co., Ltd. | Ren Chin Electric Conductor Co., Ltd. | - | Financial assets at fair value through profit or loss | 250 | 5,035 | 2.61 % | 5,035 | " |
| TBB Venture Capital Co., Ltd. | Manford Machinery Co., Ltd. | - | Financial assets at fair value through profit or loss | 1,195 | 25,704 | 2.99 % | 25,704 | " |
| TBB Venture Capital Co., Ltd. | Yuh Shan Environmental Engineering Co., Ltd. | - | Financial assets at fair value through profit or loss | 562 | 28,656 | 1.94 % | 28,656 | " |
| TBB Venture Capital Co., Ltd. | e-Formula Technologies, Inc. | - | Financial assets at fair value through profit or loss | 600 | 11,280 | 2.76 % | 11,280 | " |
| TBB Venture Capital Co., Ltd. | Ina Energy Corporation | - | Financial assets at fair value through profit or loss | 2,000 | 35,620 | 0.99 % | 35,620 | " |
| TBB Venture Capital Co., Ltd. | Amazing Cool Technology Corporation. | - | Financial assets at fair value through profit or loss | 390 | 8,580 | 2.37 % | 8,580 | " |
| TBB Venture Capital Co., Ltd. | Long-Shun Green Energy Technology Ltd. | - | Financial assets at fair value through profit or loss | 1,045 | 30,315 | 2.99 % | 30,315 | " |
| TBB Venture Capital Co., Ltd. | Gamamobi Taiwan Co., Ltd. | - | Financial assets at fair value through profit or loss | 200 | - | 1.00 % | - | " |
| TBB Venture Capital Co., Ltd. | Toyo Automation Co., Ltd. | - | Financial assets at fair value through profit or loss | 263 | 19,609 | 0.95 % | 19,609 | " |

| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------|---------------------------------------|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|-----------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB Venture Capital Co., Ltd. | aetherAI Co., Ltd. | - | Financial assets at fair value through profit or loss | 400 | 10,000 | 0.66 % | 10,000 | Unlisted Stocks |
| TBB Venture Capital Co., Ltd. | Quants AI Inc. | - | Financial assets at fair value through profit or loss | 1,600 | 9,840 | 8.89 % | 9,840 | " |
| TBB Venture Capital Co., Ltd. | Honley Auto. Parts Co., Ltd. | - | Financial assets at fair value through profit or loss | 3,000 | 16,950 | 2.95 % | 16,950 | " |
| TBB Venture Capital Co., Ltd. | Cuumed Catheter Medical Co., Ltd. | - | Financial assets at fair value through profit or loss | 600 | 18,120 | 1.53 % | 18,120 | " |
| TBB Venture Capital Co., Ltd. | AnnJi Pharmaceutical Co. Ltd. | - | Financial assets at fair value through profit or loss | 400 | 16,320 | 0.44 % | 16,320 | " |
| TBB Venture Capital Co., Ltd. | GoodLinker Co., Ltd. | - | Financial assets at fair value through profit or loss | 100 | 610 | 2.86 % | 610 | " |
| TBB Venture Capital Co., Ltd. | Yiyi Pictures Co., Ltd. | - | Financial assets at fair value through profit or loss | 9 | 1,291 | 2.94 % | 1,291 | " |
| TBB Venture Capital Co., Ltd. | Asia Hydrogen Energy Corporation | - | Financial assets at fair value through profit or loss | 490 | 19,587 | 3.34 % | 19,587 | " |
| TBB Venture Capital Co., Ltd. | Longwalk social enterprise, Co., Ltd. | - | Financial assets at fair value through profit or loss | 120 | 469 | 12.77 % | 469 | " |
| TBB Venture Capital Co., Ltd. | Carpost Co., Ltd. | - | Financial assets at fair value through profit or loss | 330 | 4,590 | 2.84 % | 4,590 | " |
| TBB Venture Capital Co., Ltd. | Rising FinTech Corp. | - | Financial assets at fair value through profit or loss | 38 | 35 | 2.08 % | 35 | " |
| TBB Venture Capital Co., Ltd. | Maxima Biotech Inc. | - | Financial assets at fair value through profit or loss | 225 | 4,950 | 0.96 % | 4,950 | " |
| TBB Venture Capital Co., Ltd. | Unoscope Technology Inc. | - | Financial assets at fair value through profit or loss | 90 | 1,080 | 0.96 % | 1,080 | " |
| TBB Venture Capital Co., Ltd. | Eti Ca Battery Inc. | - | Financial assets at fair value through profit or loss | 75 | 3,150 | 0.42 % | 3,150 | " |



| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------|---|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|-----------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB Venture Capital Co., Ltd. | Pinkoi Inc. | | Financial assets at fair value through profit or loss | 93 | 15,269 | 0.53 % | 15,269 | Unlisted Stocks |
| TBB Venture Capital Co., Ltd. | Taiwania Buffalo III Biotechnology Venture Capital LLP. | - | Financial assets at fair value through profit or loss | - | 52,560 | 4.57 % | 52,560 | Private Fund |
| TBB Venture Capital Co., Ltd. | Ju He Venture Capital LLP. | - | Financial assets at fair value through profit or loss | - | 24,874 | 2.46 % | 24,874 | " |
| TBB Venture Capital Co., Ltd. | TBB No.1 Venture Capital Limited Partnership | - | Financial assets at fair value through profit or loss | - | 11,868 | 1.12 % | 11,868 | " |
| TBB Venture Capital Co., Ltd. | Outstanding Capital Limited Partnership | - | Financial assets at fair value through profit or loss | - | 8,429 | 4.86 % | 8,429 | " |
| TBB Venture Capital Co., Ltd. | Jia Da International Development Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 2,919 | 29,632 | 8.52 % | 29,632 | Unlisted Stocks |
| TBB Consulting Co., Ltd. | Media Talk Consulting Co., Ltd. | Associates | Investment under equity method | 200 | - | 20.00 % | - | |
| TBB Consulting Co., Ltd. | TBB No.1 Venture Limited Partnership | - | Financial assets at fair value through profit or loss | - | 1,187 | 0.11 % | 1,187 | Private Fund |

- (v) Accumulative purchases or sales of the same investee companies amounting to over \$300,000 or 10% of paid-in capital: None.
- (vi) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (vii) Disposition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (viii) Discount of commissions and handling fees with related parties amounting to over \$5,000: None.
- (ix) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (x) Transactions of financial derivatives: None.
- (xi) Sale of non-performing loans information: None.
- (xii) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (xiii) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

(c) Information on investments in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

| Name of investee company in Mainland China | Major business | Paid-in capital | Investment method (Note 1) | Accumulated amount transferred from Taiwan, beginning of the period | Investment transferred out or recovered | | Accumulated amount transferred from Taiwan, end of the period | The current profit or loss of the investee (Note 2) | Shares directly or indirectly possessed by the Bank | Investment income for the period (Notes 2 and 4) | Ending carrying value of investment | Accumulated inward remittance of earnings as of the end of period |
|--|------------------|--|----------------------------|---|---|-----------|---|---|--|--|-------------------------------------|---|
| | | | | | Transferred out | Recovered | | | | | | |
| Taiwan Business Bank, Ltd. Shanghai branch | Banking business | 3,910,537 (CNY800 million) (Operating capital) | (3) | 3,910,537 (CNY800 million) | - | - | 3,910,537 (CNY800 million) | - | Shanghai branch of the Bank, not an investee company | Note 4 | 4,327,509 | None |
| Taiwan Business Bank, Ltd. Wuhan branch | Banking business | 3,942,815 (CNY800 million) (Operating capital) | (3) | 3,942,815 (CNY800 million) | - | - | 3,942,815 (CNY800 million) | - | Wuhan branch of the Bank, not an investee company | Note 4 | 4,185,181 | " |
| Taiwan Business Bank International Leasing Co., Ltd. | Leasing business | 838,305 (CNY170 million) (Operating capital) | (1) | 838,305 (CNY170 million) | - | - | 838,305 (CNY170 million) | 36,322 2 (c) | 100% | 36,322 2 (c) | 971,708 | " |

Note 1: Investment method is divided into three categories and are listed as follows:

- (1) Directly invest in Mainland China.
- (2) Investment in Mainland China companies through a third region.
- (3) Others: establishment of overseas branches

Note 2: The column of "Investment gains (losses)":

- (1) If the company is still in the preparation process, and does not have any investment gain or loss, please specify.
- (2) The bases for recognition of investment income or loss have three methods, please specify.
 - a. The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.
 - b. The audited financial reports that are issued by the Taiwan parent company's designated accounting firm.
 - c. Others
- (3) Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

(ii) Limitation on investment in Mainland China:

| Name of Company | Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period | Investment amount authorized by Investment Commission, MOEA | Upper limit on investment authorized by Investment Commission, MOEA |
|----------------------------------|--|---|---|
| Taiwan Business Bank, Ltd.(Note) | 8,691,657 (CNY 1,770 million) | 8,691,657 (CNY 1,770 million) | 72,073,371 |

Note: The investment amount in China of the subsidiary TBB International Leasing Co, Ltd is included.

(d) Information of major shareholders:

| Shareholder's Name | Shareholding | Shares | Percentage |
|---|--------------|---------------|------------|
| Bank of Taiwan | | 1,333,153,090 | 16.21 % |
| National Development Fund, Executive Yuan | | 482,381,505 | 5.87 % |

(14) Segment information:

(a) General information

The chief operating decision maker is the general manager of the Bank and subsidiaries who is in charge of all major projects' approval, budget review and performance measurement. In order to express operating activities legitimately, the reportable segments of the Bank are Bank segment, Securities segment, Trust segment, Insurance agency segment and Others. Securities segment, Trust segment, Insurance agency segment and Other segments don't meet the quantitative thresholds, therefore regarded as the same reporting segment. The main operations of the banking segment are engaged in the deposits, remittance and loans in New Taiwanese Dollars or foreign currencies, as well as securities investments. The major operating activities of securities segment are securities brokerage, financing, ancillary business of futures trading and providing clients a platform for securities investment. The trust segment mainly provides customers relevant financial services, including securities under writing, custodian bank service, new type trust business and specific trust funds investing in domestic or foreign securities. Insurance agency segment primarily provides life and property insurance products to clients. Other segments include all the business of subsidiaries, which main operations are leasing, financing, consulting, and venture capital. The profit or loss of the operating segments of the Bank and subsidiaries is measured by income from continuing operation before tax. The reported amount is consistent with the financial statements which were provided to the chief operating decision maker in order to use it as the base of resource allocation and performance measurement.

(b) Segment information

| For the year ended December 31, 2023 | Banking Segment | Securities, Trust, Insurance agent and Others | Adjustment and Elimination | Total |
|--|------------------|---|----------------------------|---------------|
| Net interest revenue | \$ 18,411,507 | 294,003 | - | 18,705,510 |
| Net revenue other than interest | 10,013,659 | 3,424,986 | (230,611) | 13,208,034 |
| Net revenue | 28,425,166 | 3,718,989 | (230,611) | 31,913,544 |
| Bad debt expense, commitment and guarantee liability provision | (4,206,938) | (19,580) | - | (4,226,518) |
| Operating expenses | (14,518,521) | (783,678) | 42,980 | (15,259,219) |
| Income from continuing operation before tax | \$ 9,699,707 | 2,915,731 | (187,631) | 12,427,807 |
| Total assets | \$ 2,194,855,300 | 18,824,489 | (3,865,258) | 2,209,814,531 |
| Total liabilities | \$ 2,078,401,655 | 11,536,304 | (245,713) | 2,089,692,246 |

| For the year ended December 31, 2022 | Banking Segment | Securities, Trust, Insurance agent and Others | Adjustment and Elimination | Total |
|--|------------------|---|----------------------------|---------------|
| Net interest revenue | \$ 19,919,668 | 308,305 | - | 20,227,973 |
| Net revenue other than interest | 5,935,920 | 2,772,506 | (407,276) | 8,301,150 |
| Net revenue | 25,855,588 | 3,080,811 | (407,276) | 28,529,123 |
| Bad debt expense, commitment and guarantee liability provision | (2,406,886) | 20,824 | - | (2,386,062) |
| Operating expenses | (13,414,504) | (775,758) | 86,993 | (14,103,269) |
| Income from continuing operation before tax | \$ 10,034,198 | 2,325,877 | (320,283) | 12,039,792 |
| Total assets | \$ 2,058,452,888 | 17,970,922 | (3,937,685) | 2,072,486,125 |
| Total liabilities | \$ 1,957,766,486 | 11,052,610 | (440,229) | 1,968,378,867 |

(c) Geographic information:

The Bank and subsidiaries, based on the geographic location of foreign operating segments, to disclose the information as below:

Net income before tax:

| Area | For the years ended December 31 | |
|-----------|---------------------------------|------------|
| | 2023 | 2022 |
| Taiwan | \$ 10,606,543 | 10,788,450 |
| USA | 759,509 | 630,934 |
| Hong Kong | 452,360 | 255,099 |
| Australia | 520,022 | 372,368 |
| China | 50,123 | (80,112) |
| Cambodia | 3,261 | 29,282 |
| Japan | 35,989 | 43,771 |
| Total | \$ 12,427,807 | 12,039,792 |

Non-current assets:

| Area | December 31, 2023 | December 31, 2022 |
|-----------|-------------------|-------------------|
| Taiwan | \$ 26,685,665 | 31,472,080 |
| USA | 125,038 | 152,549 |
| Hong Kong | 104,512 | 60,067 |
| Australia | 44,639 | 58,225 |
| China | 100,786 | 72,102 |
| Cambodia | 60,647 | 36,970 |
| Japan | 20,565 | 22,597 |
| Total | \$ 27,141,852 | 31,874,590 |

(d) Significant client information:

No single customer represents 10% or more of the Bank and subsidiaries operating revenue. Therefore, no disclosure of major customer information is required.



7. Independent Auditors' Report for 2023 Individual Financial Statements

Independent Auditors' Report

To the Board of Directors of Taiwan Business Bank Ltd.:

Opinion

We have audited the financial statements of Taiwan Business Bank Ltd. ("the Bank"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as 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 Held Banks, and with the Regulation Governing the preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits of the current period in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Zi No.1082731571 and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

The assessment of loans impairment

Please refer to Note (4) (e) "Financial Instruments" for related accounting policy, Note 5 (a) for accounting assumptions and estimates, and Note 6 (f) "Discount and loans, net" and Note 6 (ao) "Financial Risk Information" for details of loans impairment, respectively.

Description of key audit matter :

The management of the Bank assess the impairment of loans by determining if there is any observable evidence indicating impairment, and dividing them into collective assessment and individual assessment based on the materiality levels to measure by different impairment method. For the individual assessment with objective evidence of impairment, the measurement is based on expected future cash flow. For the collective assessment with objective evidence of impairment, the Bank needs to calculate the recovery rate of each group to measure the impairment amount. For the collectively assessed loans without objective evidence of impairment, the impairment is calculated by establishing an impairment model using the pass loss experience on assets with similar credit risk characteristic to form basic estimation. Besides the methods mentioned above, the management of the Bank should inspect whether the amount of impairment is in compliance with the minimum level made by the authority. Both the evaluation of impairment evidences and its methods, as well as the uses of assumptions, such as the expected recovery rates and default rates, which are applied to determine the future cash flow, involved significant judgements and estimations. Therefore, the assessment on the impairment of loans has been identified as a key audit matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the methodology and related control procedure about how the management assesses and measures the impairment amount of loans. For individual assessment, we used sampling test to evaluate the use of the original effective interest rate, the appropriateness of the estimation of future recoverable amounts and value of collateral. For collective assessment, we assessed the impairment model adopted by the management and reviewed the appropriated of the calculation of the impairment parameters and verified the completeness of the loans portfolio via sampling. Meanwhile, we assessed the impaired amounts recognized by the management were in compliance with the related regulations issued by authority.

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 Held Banks, and the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 audit resulting in this independent auditors' report are Lee, Feng-Hui and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)

February 21, 2024

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

8. 2023 Individual Financial Statements and Accompanying Notes

(English Translation of Financial Statements and Report Originally Issued in Chinese)

TAIWAN BUSINESS BANK LTD.

Balance Sheets

December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Assets | December 31, 2023 | | December 31, 2022 | |
|-------|--|-------------------|-----|-------------------|-----|
| | | Amount | % | Amount | % |
| 11000 | Cash and cash equivalents (Notes 6(a) and 7) | \$ 34,214,743 | 2 | 48,879,847 | 2 |
| 11500 | Due from the central bank and call loans to banks (Notes 6(b) and 7) | 119,930,709 | 5 | 148,557,154 | 7 |
| 12000 | Financial assets at fair value through profit or loss (Note 6(c)) | 71,930,908 | 3 | 32,536,757 | 2 |
| 12100 | Financial assets at fair value through other comprehensive income (Notes 6(g) and (p)) | 189,386,292 | 9 | 159,970,603 | 8 |
| 12200 | Investment in debt instruments at amortized cost (Note 6(h)) | 252,895,142 | 11 | 236,774,247 | 11 |
| 12500 | Securities purchased under resell agreements (Note 6(d)) | 7,110,485 | - | 797,893 | - |
| 13000 | Receivables (Note 6(e)) | 8,598,290 | - | 6,469,268 | - |
| 13200 | Current tax assets | 348,724 | - | 348,724 | - |
| 13500 | Discounts and loans, net (Notes 6(f) and 7) | 1,491,313,443 | 69 | 1,400,112,365 | 68 |
| 15000 | Investments measured by equity method (Note 6(i)) | 3,619,545 | - | 3,497,456 | - |
| 15500 | Other financial assets (Note 6(j)) | 8,227 | - | 10,315 | - |
| 18500 | Property and equipment, net (Note 6(k)) | 14,042,775 | 1 | 14,118,286 | 1 |
| 18600 | Right-of-use assets, net (Note 6(l)) | 1,264,200 | - | 1,189,528 | - |
| 19000 | Intangible assets, net | 910,921 | - | 756,703 | - |
| 19300 | Deferred tax assets (Note 6(y)) | 1,984,845 | - | 1,752,566 | - |
| 19500 | Other assets, net (Note 6(m)) | 10,854,727 | - | 15,763,696 | 1 |
| | Total assets | \$ 2,208,413,976 | 100 | 2,071,535,408 | 100 |





| | Liabilities and Equity | December 31, 2023 | | December 31, 2022 | |
|-------|---|-------------------|-----|-------------------|-----|
| | | Amount | % | Amount | % |
| | Liabilities | | | | |
| 21000 | Deposits from the Central Bank and banks (Notes 6(n) and 7) | \$ 163,162,556 | 7 | 194,966,177 | 9 |
| 22000 | Financial liabilities at fair value through profit or loss (Notes 6(o) and (s)) | 9,394,136 | - | 9,925,525 | 1 |
| 22500 | Notes and bonds issued under repurchase agreement (Note 6(p)) | 1,786,715 | - | 2,462,991 | - |
| 23000 | Payables (Note 6(q)) | 24,309,376 | 1 | 21,441,496 | 1 |
| 23200 | Current tax liabilities | 86,582 | - | 1,086,481 | - |
| 23500 | Deposits and remittances (Notes 6(r) and 7) | 1,823,637,803 | 83 | 1,673,936,069 | 81 |
| 24000 | Bank notes payable (Note 6(s)) | 53,850,000 | 3 | 52,250,000 | 3 |
| 25500 | Other financial liabilities (Note 6(t)) | 2,136,402 | - | 2,910,581 | - |
| 25600 | Provisions (Note 6(u)) | 2,903,375 | - | 2,676,102 | - |
| 26000 | Lease liabilities (Note 6(v)) | 1,298,137 | - | 1,216,510 | - |
| 29300 | Deferred tax liabilities (Note 6(y)) | 878,623 | - | 879,056 | - |
| 29500 | Other liabilities (Note 6(w)) | 4,847,986 | - | 3,677,162 | - |
| | Total liabilities | 2,088,291,691 | 94 | 1,967,428,150 | 95 |
| | Equity: | | | | |
| 31101 | Common stock (Note 6(x)) | 82,224,061 | 4 | 80,296,934 | 4 |
| 31500 | Capital surplus (Note 6(x)) | 815,900 | - | 815,900 | - |
| | Retained earnings: | | | | |
| 32001 | Legal reserve (Note 6(x)) | 20,028,865 | 1 | 17,239,615 | 1 |
| 32003 | Special reserve (Note 6(x)) | 3,954,803 | - | 185,128 | - |
| 32005 | Unappropriated retained earnings (Note 6(x)) | 12,114,062 | 1 | 9,339,356 | - |
| 32500 | Other equity interest (Note 6(x)) | 984,594 | - | (3,769,675) | - |
| | Total equity | 120,122,285 | 6 | 104,107,258 | 5 |
| | Total liabilities and equity | \$ 2,208,413,976 | 100 | 2,071,535,408 | 100 |

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK LTD. Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | | For the year ended December 31, | | | | Percent Change % |
|-------|---|---------------------------------|------|--------------|------|------------------|
| | | 2023 | | 2022 | | |
| | | Amount | % | Amount | % | |
| 41000 | Interest income (Notes 6(ac) and 7) | \$ 48,923,367 | 154 | 33,136,301 | 117 | 48 |
| 51000 | Less: Interest expenses (Notes 6(ac) and 7) | (30,355,987) | (96) | (13,046,962) | (46) | 133 |
| | Net interest revenue | 18,567,380 | 58 | 20,089,339 | 71 | (8) |
| | Net revenue other than interest | | | | | |
| 49100 | Net service fee revenue (losses) (Notes 6(ad) and 13) | 4,580,518 | 14 | 3,934,425 | 14 | 16 |
| 49200 | Gain on financial assets or liabilities measured at fair value through profit or loss (Note 6(ae)) | 6,547,250 | 21 | 1,244,071 | 4 | 426 |
| 49310 | Realized gain on financial assets at fair value through other comprehensive income (Note 6(af)) | 1,234,379 | 4 | 1,462,569 | 5 | (16) |
| 49450 | Gain arising from derecognition of financial assets measured at amortized cost (Note 6(h)) | 170 | - | 1,981 | - | (91) |
| 49600 | Foreign exchange gain | 194,592 | 1 | 925,170 | 3 | (79) |
| 49700 | (Impairment loss on assets) reversal of impairment loss on assets (Note 6(ag)) | (15,335) | - | 11,689 | - | 231 |
| 49750 | Share of profit of associates and joint ventures accounted for using equity method (Notes 6(i) and 6(ah)) | 187,631 | 1 | 320,283 | 1 | (41) |
| 49800 | Net other revenue other than interest income (loss) (Note 6(ai)) | 49,551 | - | 63,071 | - | (21) |
| 49831 | Net securities brokering revenue | 384,677 | 1 | 326,877 | 2 | 18 |
| | Net revenue | 31,730,813 | 100 | 28,379,475 | 100 | 12 |
| 58200 | Bad debts expense, commitment and guarantee liability provision (Note 6(aj)) | (4,211,437) | (13) | (2,401,068) | (8) | 75 |
| | Operating expenses | | | | | |
| 58500 | Employee benefits expenses (Note 6(ak)) | (8,986,358) | (28) | (8,783,271) | (31) | 2 |
| 59000 | Depreciation and amortization expenses (Note 6(al)) | (1,262,659) | (4) | (1,220,945) | (4) | 3 |
| 59500 | Other general and administrative expenses (Note 6(am)) | (4,867,037) | (15) | (3,960,406) | (14) | 23 |
| | Total operating expense | (15,116,054) | (47) | (13,964,622) | (49) | 8 |
| 61001 | Income from continuing operation before tax | 12,403,322 | 40 | 12,013,785 | 43 | 3 |
| 61003 | Less: Income tax expenses (Note 6(y)) | 1,835,647 | 6 | 1,891,933 | 7 | (3) |



| | For the year ended December 31, | | | | Percent Change % |
|--|---------------------------------|-----|-------------|------|------------------|
| | 2023 | | 2022 | | |
| | Amount | % | Amount | % | |
| Net income | \$ 10,567,675 | 34 | 10,121,852 | 36 | 4 |
| 65000 Other comprehensive income: | | | | | |
| 65200 Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 65201 Remeasurements of defined benefit plans (Note 6(z)) | (233,043) | (1) | 557,098 | 2 | (142) |
| 65204 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income | 4,553,802 | 14 | (2,342,393) | (8) | 294 |
| 65207 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (175) | - | (4,729) | - | 96 |
| 65220 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(y)) | (46,609) | - | 111,419 | - | (142) |
| Components of other comprehensive income that will not be reclassified to profit or loss | 4,367,193 | 13 | (1,901,443) | (6) | 330 |
| 65300 Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 65301 Exchange difference on translation | (20,714) | - | 1,497,223 | 5 | (101) |
| 65308 Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income | 1,931,940 | 6 | (6,238,235) | (22) | 131 |
| 65307 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (14,754) | - | 11,653 | - | (227) |
| 65320 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(y)) | 13,344 | - | 269,444 | 1 | 95 |
| Components of other comprehensive income that will be reclassified to profit or loss | 1,883,128 | 6 | (4,998,803) | (18) | (138) |
| 65000 Other comprehensive income | 6,250,321 | 19 | (6,900,246) | (24) | 191 |
| Total comprehensive income | \$ 16,817,996 | 53 | 3,221,606 | 12 | 422 |
| Earnings per share (in NT dollar) (Note 6(aa)) | | | | | |
| Basic earnings per share (in NT dollar) | \$ 1.29 | | 1.23 | | |
| Diluted earnings per share (in NT dollar) | \$ 1.28 | | 1.23 | | |

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK LTD. Statements of Changes in Equity

For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Share Capital | | Retained earnings | | | | Other equity interest | | | Total |
|---|---------------|-----------------|-------------------|-----------------|----------------------------------|-------------|---|---|-------------|-------|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets | Total | |
| | | | | | | | | measured at fair value through other comprehensive income | | |
| Balance at January 1, 2022 | \$ 77,431,952 | 815,900 | 15,693,140 | 185,128 | 5,227,632 | 21,105,900 | (1,807,265) | 4,113,485 | 101,659,972 | |
| Net income for the year ended December 31, 2022 | - | - | - | - | 10,121,852 | 10,121,852 | - | - | 10,121,852 | |
| Other comprehensive income for the year ended December 31, 2022 | - | - | - | - | 445,679 | 445,679 | 1,209,432 | (8,555,357) | (6,900,246) | |
| Total comprehensive income for the year ended December 31, 2022 | - | - | - | - | 10,567,531 | 10,567,531 | 1,209,432 | (8,555,357) | 3,221,606 | |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 1,546,475 | - | (1,546,475) | - | - | - | - | |
| Cash dividends of ordinary share | - | - | - | - | (774,320) | (774,320) | - | - | (774,320) | |
| Stock dividends of ordinary share | 2,864,982 | - | - | - | (2,864,982) | (2,864,982) | - | - | - | |
| Disposal of investment in equity instruments designated at fair value through other comprehensive income | - | - | - | - | (1,270,030) | (1,270,030) | - | 1,270,030 | - | |
| Balance at December 31, 2022 | 80,296,934 | 815,900 | 17,239,615 | 185,128 | 9,339,356 | 26,764,099 | (597,833) | (3,171,842) | 104,107,258 | |
| Net income for the year ended December 31, 2023 | - | - | - | - | 10,567,675 | 10,567,675 | - | - | 10,567,675 | |
| Other comprehensive income for the year ended December 31, 2023 | - | - | - | - | (186,434) | (186,434) | (31,325) | 6,468,080 | 6,250,321 | |
| Total comprehensive income for the year ended December 31, 2023 | - | - | - | - | 10,381,241 | 10,381,241 | (31,325) | 6,468,080 | 16,817,996 | |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | 2,789,250 | - | (2,789,250) | - | - | - | - | |
| Special reserve appropriated | - | - | - | 3,769,675 | (3,769,675) | - | - | - | - | |
| Cash dividends of ordinary share | - | - | - | - | (802,969) | (802,969) | - | - | (802,969) | |
| Stock dividends of ordinary share | 1,927,127 | - | - | - | (1,927,127) | (1,927,127) | - | - | - | |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 1,682,486 | 1,682,486 | - | (1,682,486) | - | |
| Balance at December 31, 2023 | \$ 82,224,061 | 815,900 | 20,028,865 | 3,954,803 | 12,114,062 | 36,097,730 | (629,158) | 1,613,752 | 120,122,285 | |

(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK LTD.
Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | For the years ended December 31, | |
|--|----------------------------------|---------------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net income before tax | \$ 12,403,322 | 12,013,785 |
| Adjustments: | | |
| Income and expenses items: | | |
| Depreciation expense | 976,770 | 972,173 |
| Amortization expense | 285,889 | 248,772 |
| Provision for bad debt expense | 4,171,534 | 2,394,782 |
| Net (gains) loss on financial assets or liabilities at fair value through profit or loss | (1,927,531) | 370,320 |
| Interest expenses | 30,355,987 | 13,046,962 |
| Net gain arising from derecognition of financial assets measured at amortised cost | (170) | (1,981) |
| Interest income | (48,923,367) | (33,136,301) |
| Dividend income | 50,135 | 7,161 |
| Net change in provisions for guarantee liabilities | 47,333 | (21,496) |
| Net change in other provisions | (6,677) | 29,220 |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (187,631) | (320,283) |
| Loss on disposal of property and equipment | 1,660 | 944 |
| Impairment loss (reversal of impairment loss) on financial assets | 15,335 | (11,689) |
| Other items | 14 | (3,817) |
| Total adjustments to reconcile profit (loss) | (15,140,719) | (16,425,233) |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Decrease in due from the central bank and call loans to banks | 28,631,885 | 9,550,686 |
| (Increase) decrease in financial assets at fair value through profit or loss | (37,310,908) | 7,315,066 |
| (Increase) decrease in securities purchased under resell agreements | (6,312,592) | 7,033,381 |
| (Increase) decrease in receivables | (774,355) | 479,288 |
| Increase in discounts and loans | (95,379,615) | (100,231,972) |
| Decrease in other financial assets | 13,018 | 25,244 |
| Decrease (increase) in other assets | 4,654,805 | (2,091,463) |
| Total changes in operating assets | (106,477,762) | (77,919,770) |
| Changes in operating liabilities: | | |
| (Decrease) increase in deposits from the central bank and banks | (31,803,621) | 92,425,862 |

| | For the years ended December 31, | |
|---|----------------------------------|---------------|
| | 2023 | 2022 |
| (Decrease) increase in financial liabilities at fair value through profit or loss | \$ (687,101) | 925,569 |
| (Decrease) increase in notes and bonds issued under repurchase agreement | (676,276) | 402,298 |
| Decrease in payable | (404,672) | (3,679,471) |
| Increase in deposits and remittances | 149,701,734 | 4,896,080 |
| Decrease in other financial liabilities | (774,179) | (1,454,713) |
| Decrease in provisions for employee benefits | (46,312) | (196,272) |
| Total changes in operating liabilities | 115,309,573 | 93,319,353 |
| Total changes in operating assets and liabilities | 8,831,811 | 15,399,583 |
| Total adjustments | (6,308,908) | (1,025,650) |
| Cash inflow generated from operations | 6,094,414 | 10,988,135 |
| Interest received | 47,551,514 | 31,841,928 |
| Interest paid | (27,506,094) | (11,071,317) |
| Income taxes paid | (2,595,655) | (649,535) |
| Net Cash flows from operating activities | 23,544,179 | 31,109,211 |
| Cash flows from investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (22,939,444) | (11,055,765) |
| Acquisition of financial assets at amortised cost | (219,827,853) | (188,506,846) |
| Proceeds from repayments of financial assets at amortised cost | 203,701,380 | 230,783,092 |
| Acquisition of property and equipment | (525,642) | (317,194) |
| Proceeds from disposal of property and equipment | 109 | 54 |
| Increase in refundable deposits | - | (2,223,467) |
| Decrease in refundable deposits | 233,859 | - |
| Acquisition of intangible assets | (389,007) | (288,032) |
| Net cash flows (used in) from investing activities | (39,746,598) | 28,391,842 |
| Cash flows from financing activities: | | |
| Decrease in due to the central bank and banks | - | (49,713,800) |
| Proceeds from issuing bank notes payable | 9,000,000 | - |
| Repayments of bank notes payable | (7,400,000) | - |
| (Decrease) increase in guarantee deposits received | (2,013,893) | 2,081,139 |
| Payment of lease liabilities | (434,329) | (413,133) |
| Increase (Decrease) in other liabilities | 3,184,717 | (1,077,706) |
| Cash dividends paid | (802,969) | (774,320) |
| Net cash flows (used in) from financing activities | 1,533,526 | (49,897,820) |
| Effect of exchange rate changes on cash and cash equivalents | 3,789 | 87,461 |
| Net (Decrease) increase in cash and cash equivalents | (14,665,104) | 9,690,694 |
| Cash and cash equivalents at beginning of period | 48,879,847 | 39,189,153 |
| Cash and cash equivalents at end of period | \$ 34,214,743 | 48,879,847 |



(English Translation of Financial Statements Originally Issued in Chinese)

TAIWAN BUSINESS BANK LTD. Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TAIWAN BUSINESS BANK LTD. (the "Bank") was formerly a general savings union known as "Taiwan Mutual Financing Bank" or "Tai-Shio Mutual Financing Bank" when it was established in 1915. After several mergers and acquisitions, it was renamed as Taiwan Business Bank, Ltd. in order to finance and provide banking assistance to small and medium-size businesses on July 1, 1976. The Bank's major lines of business are the following:

- (a) As prescribed by the Banking Law, provides professional services tailored to the needs of small and medium-size businesses;
- (b) Trust and securities brokerage businesses as approved by the relevant authority;
- (c) International banking business; and
- (d) Other relevant businesses as authorized by the relevant authority in-charge.

As of December 31, 2023, the Bank not only sets up the business dept., international dept., securities dept. and trust dept. under head office but also has 124 domestic branches, 1 offshore banking unit, 8 overseas branches, 1 oversea representative office and 16 securities brokerage locations.

The Bank became listed on the Taiwan Stock Exchange on January 3, 1998.

Under the "Statute for Privatization of State Enterprises" and upon the approval of Taiwan Province Government, the shares of the Bank owned by the provincial government were sold to the public. In line with privatization of the three other major Taiwan province government owned run commercial banks, the Bank had completed its own privatization on January 22, 1998.

As of December 31, 2023 and 2022, the Bank has 5,650 and 5,530 employees, respectively.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the board of directors on February 21, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Bank has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Bank has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

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

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Bank does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Held Banks and the Regulations Governing the Preparation of Financial Report by Securities Firms (hereinafter referred to as the "Regulation").

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial instrument measured at fair value through other comprehensive income; and
- 3) The net defined benefit liability (asset) is recognized as fair value of plan assets, less present value of defined benefit obligation and the effect of the asset ceiling in Note 4(k).

(ii) Consolidation of financial statement

The financial statements include the headquarter and all the domestic branches and foreign branches. The internal transactions within the headquarter, the domestic branches and the foreign branches are offset when preparing the financial statement.

(iii) Functional and presentation currency

The functional currency of the Bank is determined based on the primary economic environment in operating. The financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.



(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate of Bank of Taiwan at 10 AM. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the equity instruments measured at fair value through other comprehensive income which are recognized in other comprehensive income arising on the retranslation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Bank disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the the Bank disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalent comprise cash on hand, petty cash, foreign currency on hand and cash in banks, but excludes those items which are designated for specific purposes or restricted by contracts and law.

(e) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Bank becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the next reporting period following the change in the business model.

1) Investment in debt instruments measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank's right to receive payment is established.

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

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivate financial assets. On initial recognition, the Bank may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Discount and loans, net

Discount and loans are recorded as initial fair value including direct transaction cost, and the subsequent measurement recognizes interest income via effective interest rate method if there is not much difference then it can adopt straight line method and is booked as per amortized cost deducted by impairment loss. Interest accrual on discount and loans are suspended if either of the following occurs:

- Payment of principal or interest is very likely not to be redeemed as per contracts.
- Non-performing loans are categorized as overdue loans in six months after the settlement period ends.



5) Impairment of financial assets

The Bank recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and loan commitments and financial guarantee contracts. Equity instrument investment does not need to recognize expected credit losses.

The Bank measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, receivables, loan commitments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instruments is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience, informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Bank expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Bank assesses whether financial assets carried at amortized cost, debt securities at FVOCI, loan commitments and contracts of financial guarantee are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the borrowers on terms that the borrowers would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- to purchase or initiate financial assets at a substantial discount that reflects the credit losses that have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

In addition to estimate the allowance for bad debts and guarantee liability provisions as above, according to " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " , and considering the situation of their finance and the default of principal and interest payment, the credit assets are classified as below:

- 1% of the first class credit assets deducted by the amount of credit assets from the government.
- 2% of the second class credit assets.
- 10% of the third class credit assets.

- 50% of the fourth class credit assets.
- 100% of the fifth class credit assets.

The allowance for bad debts and guarantee liability provisions were assessed by the previously stated method shall not be less than the amount regulated by " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans.

Unrecoverable overdue loans and bad debts of the Bank, which are not able to be recovered after the overdue collection process, are written-off after deducting the recoverable portion. Upon approval by the board of directors and notification to supervisors, the excess amount of written off loans over such allowance or reserve is reflected as a current loss.

(ii) Financial liabilities

Financial liability measured at fair value through profit or loss, if one of the following conditions is met

1) Financial liabilities held for trading

A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as instrument held for trading as well.

2) Financial liabilities designated at fair value through profit or loss

Financial liabilities falling under this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes are measured at fair value and recognized in profit or loss. While for financial liabilities designated at fair value through profit or loss, the changes in fair value generated from credit risk should be recognized under other comprehensive income, except for avoiding accounting mismatch that should be recognized in profit or loss.

(iii) Reclassification of financial instruments

The Bank only reclassified all affected financial assets in accordance with the regulations when changing the business model of managing financial assets. These changes are expected to be extremely infrequent. In addition, the Bank must not reclassify any financial assets and liabilities of equity instruments.

If the Bank reclassify financial assets in accordance with the aforesaid circumstances, the reclassification shall be postponed from the reclassification date, and any previously recognized gains, losses (including impairment losses or reversal of impairment loss) or interest shall not be restated.

(iv) Derecognition of financial assets and liabilities

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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



(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(vi) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, the Bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to change to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first updates the effective interest rate of the financial asset or financial liability to reflect the changes that is required by interest rate benchmark reform. Thereafter, the Bank will apply the policies on accounting for modifications to the additional changes.

(f) Impairment loss on non-financial assets

The Bank reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment on the balance sheet date. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Bank.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

The estimated useful lives of property and equipment for current and comparative periods are as follows:

- | | |
|--------------|-------------|
| 1) Buildings | 35~50 years |
| 2) Equipment | 3~8 years |

The Bank reviews and adjusts the residual value and the useful lives of assets at the end of each annual reporting date and adjusted it appropriate.

(h) Investment in associates

The Bank uses the equity method to evaluate an investee that it controls in preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income are the same as the allocated amount of those attributable to owners of parent in the financial statements, and owners' equity are the same as the equity attributable to owners of parent in the consolidated financial statements. Changes in the Bank's ownership interest in a subsidiary that do not result in a loss of control of a subsidiary are equity transactions with owners.

(i) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Bank incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or



- there is a change in the Bank estimates of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there are any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Bank accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Bank acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(j) Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as financial cost.

(k) Employee benefits

(i) Short term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Retirement benefit

The pension provision of the Bank includes defined contribution plan and defined benefit plan. For the personnel of foreign offices, the Bank provides pension fund per the regulations of the local authorities.

Defined contribution plan refers to the plan that the Bank annually provides certain amount of money to funds to fulfill the obligation. The Bank provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees the benefit which they deserve for the service they provided, the Bank does not hold legal or constructive obligation to pay additional provision. The Bank recognizes the pension fund provided as current pension cost on accrual basis.

The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at

the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Bank, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Bank. An economic benefit is available to the Bank if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increase benefit relating to past service by employees, is recognized immediately in profit or loss.

The remeasurements of defined benefit liability (asset) include:

- 1) Actuarial gains and losses;
- 2) Return on plan assets, excluding net interest on the net defined benefit liability (asset); and
- 3) The effect of the asset ceiling, excluding net interest on the net defined benefit liability (asset).

The remeasurements of defined benefit liability (asset) are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any changes in the fair value of plan assets, any changes in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

The pension cost in the interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, for the reporting period, the rate will be adjusted by material market volatility, material curtailment, reimbursement and settlement or other material one-time events.

(iii) Deposits with favorable rate

The Bank provides deposits with favorable rate to employees, which include current employee fix amount deposits with favorable rate and retired employee fix amount deposits with favorable rate. The rate difference between the favorable rate and the market rate belongs to the category of employee benefit.

According to article 28 of "Regulations Governing the Preparation of Financial Report by Public Banks", the additional interests result from the difference between deposit with favorable rate and the deposits with market interest rate shall be calculated by actuary per the regulations related to defined benefit plan in IAS 19. The parameters of actuarial assumptions shall follow the regulations of the competent authority.

In accordance with the regulation of "Discussion of the employee benefit actuarial assumption related matter for adopting IAS 19 with respect to the additional interest of employee deposits with favorable rate" issued by the Banking Bureau, the difference between the actual payment and the estimated retirement benefit obligation is deemed as changes in accounting estimate and is recognized in profit or loss.

(iv) Termination benefits

Termination benefits are recognized as an obligation when the Bank is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Bank recognizes liabilities when a formal irrevocable termination project is undertaken or when benefit is provided for encouraging voluntary resignation. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(l) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.



Current taxes comprise the expected tax payables or receivables on the taxable profits(losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

(m) Revenue recognition

Interest is recognized according to interest method. Interest accrual is suspended from the date when the loan is reclassified to non-performing loan and only when the Bank receives cash, the revenue is recognized.

The revenue of handling fee is recognized when cash collected or when the process of the profit are mostly completed. In addition, for the individual loan which does not belong to labor service and the handling fee is over 1% of the principal, the interest rate shall be adjusted from the original agreed interest rate to the effective interest rate. For the individual loan which does not belong to the service and the handling fee is less than 1% of the principal, the recognition of the revenue should be deferred and be recognized as revenue during the loan period.

(n) Earnings per share (EPS)

The Bank discloses the basic and diluted earnings per share attributable to ordinary shareholders of the bank. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the bank divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as stock that issued for employee bonuses.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next financial year.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period is as follow. Those assumptions and estimation have been updated to reflect the impact of COVID- 19.

Impairment losses on loans

The impairment of loans of the Bank were evaluated by identifying the credit risk of those financial assets have significantly increased or not at the reporting date if the credit risk has not significant incurred, the 12-month expected credit loss should be adopted to evaluate, or the lifetime credit loss evaluation should be adopted.

To evaluate the expected credit losses for 12-month and lifetime, the Bank considers the unfavorable changes of payment status or the economic conditions of the countries or areas related to the default loans. When analyzing expected cash flows, the estimates by the management are based on the pass losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the select inputs.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|--------------------------------|-------------------|-------------------|
| Petty cash and revolving funds | \$ 10,710,351 | 14,042,490 |
| Foreign currencies on hand | 974,397 | 988,995 |
| Checks for clearing | 10,126,589 | 11,029,785 |
| Due from other banks | 12,403,406 | 22,818,577 |
| Total | \$ 34,214,743 | 48,879,847 |

(b) Due from the Central Bank and call loans to banks

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Due from the Central Bank | \$ 81,573,016 | 85,207,475 |
| Deposits transferred to Central Bank | 63,536 | 39,664 |
| Call loans to banks | 38,294,157 | 63,310,015 |
| Trust fund indemnity reserve deposited | 120,000 | 110,000 |
| Securities serving as trust fund indemnity reserve deposited | (120,000) | (110,000) |
| Total | \$ 119,930,709 | 148,557,154 |

As of December 31, 2023 and 2022, in accordance with the Banking Law and the Central Bank Law, the required reserve deposited by the Bank with the Central Bank amounted to \$81,101,782 and \$84,763,295 of which \$51,277,043 and \$47,637,794 respectively, were restricted and such restriction may only be lifted when the required reserve is adjusted to a lower amount.

As of December 31, 2023 and 2022, the Bank's overseas branches, in compliance with the Central Bank's reserve requirement set by local authorities, deposited \$134,439 and \$134,219 and in reserve, of which \$34,776 and \$52,137 were restricted.

Effective December 2000, in accordance with the amended " Regulations Governing the Audit and Adjustment of Deposit and Other Liability Reserves of Financial Institutions", the Bank provides the required additional reserve on foreign currency deposits. As of December 31, 2023 and 2022, the required reserve with the Central Bank amounted to \$336,795 and \$309,961 respectively, and its use was unrestricted.

As of December 31, 2023 and 2022, deposits transferred to the Central Bank collected from the armed forces, prisons, and other treasury deposits were restricted.

Effective January 20, 2001, in accordance with the requirement of the Central Bank of China, the Bank complies with Clause 34 of the Trust Law to treat the discretionary trust of investments in overseas marketable securities as a default loss reserve. As of December 31, 2023 and 2022, the Bank deposited marketable securities of \$120,000 and \$110,000 as trust fund reserves.



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

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|-------------------|
| Financial assets designated at fair value through profit or loss: | | |
| Derivative instruments not used for hedging: | | |
| Foreign exchange forward contracts | \$ 41,379 | 27,271 |
| Currency swap contracts | 3,181,677 | 1,088,827 |
| Foreign currency options-buy | 7,070 | 17,813 |
| Stock index futures | 26,930 | 26,860 |
| Interest rate swap | 2,165 | 5,896 |
| Non-derivative financial assets | | |
| Commercial paper | 68,332,202 | 30,907,810 |
| Listed stocks | 194,841 | 115,114 |
| Beneficiary certificates | 144,644 | 347,166 |
| Total | \$ 71,930,908 | 32,536,757 |

Derivative financial instruments are used for hedging foreign exchange risk and interest rate risk arising from operating, financing and investing activities. The Bank held derivative financial instruments which did not apply to hedge accounting are as follows (reported as financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading)

| | December 31, 2023 | December 31, 2022 |
|-----------------------------------|-------------------|-------------------|
| Currency swaps contract | \$ 204,031,838 | 260,470,257 |
| Interest rate swaps contract | 12,842,842 | 12,665,622 |
| Option contract - buy | 1,090,028 | 1,229,230 |
| Option contract - sell | 1,090,028 | 1,229,230 |
| Forward foreign exchange contract | 1,747,621 | 2,786,130 |

(d) Securities purchased under resell agreements

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-----------------------|-------------------|
| Securities under resell agreements | \$ 7,110,485 | 797,893 |
| Face amount | 7,118,900 | 800,000 |
| Resell period | 2024.01.04~2024.01.22 | 2023.01.05 |
| Range of resell interest rate | 1.40%~1.43% | 1.24% |
| Resell price | 7,114,988 | 798,576 |

(e) Receivables, net

| | December 31, 2023 | December 31, 2022 |
|--|---------------------|-------------------|
| Interest receivable | \$ 5,454,967 | 4,091,548 |
| Acceptances receivables | 904,663 | 791,284 |
| Accrued income | 216,729 | 140,805 |
| Accounts receivable | 61,529 | 376 |
| Spot exchange receivable-foreign currencies | 8,603 | 9,096 |
| Refinancing guaranty deposits | - | 1,505 |
| Guaranteed proceeds receivable from refinancing | - | 1,158 |
| Credit cards accounts receivable | 1,144,320 | 1,098,733 |
| Receivable price of securities purchased for customers | 164,121 | 179,159 |
| Settlement price | 526,070 | - |
| Other receivables | 194,354 | 225,605 |
| Sub-total | 8,675,356 | 6,539,269 |
| Less: Allowance for bad debts | (77,066) | (70,001) |
| Total | \$ 8,598,290 | 6,469,268 |

The outstanding contract amount of financial assets that have been written off and still have recourse as of December 31, 2023 and 2022 were \$84,306,036 and \$85,446,014, respectively.

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|----------------------|----------------------------------|---------------|
| | 2023 | 2022 |
| Beginning balance | \$ 70,001 | 71,073 |
| Provision (reversal) | 8,751 | (1,443) |
| Write-off | (1,686) | - |
| Foreign exchange | - | 371 |
| Ending balance | \$ 77,066 | 70,001 |

(f) Discounts and loans, net

| | December 31, 2023 | December 31, 2022 |
|--|-------------------------|----------------------|
| Import/export bills negotiated | \$ 82,287 | 111,492 |
| Bills and notes discounted | 647,785 | 631,574 |
| Overdrafts | 13,632 | 30,781 |
| Secured overdrafts | 2,774,230 | 934,845 |
| Short-term loans | 170,048,490 | 175,758,201 |
| Short-term secured loans | 237,069,295 | 222,836,626 |
| Margin loans receivable | 3,154,190 | 2,672,159 |
| Medium-term loans | 194,551,099 | 182,824,935 |
| Medium-term secured loans | 319,627,017 | 293,811,922 |
| Long-term loans | 35,722,447 | 36,127,193 |
| Long-term secured loans | 546,388,355 | 500,599,070 |
| Overdue loans | 1,131,493 | 2,154,653 |
| Sub-total | 1,511,210,320 | 1,418,493,451 |
| Less: Adjustment of discount and premium | (294,035) | (302,470) |
| Less: Allowance for bad debts | (19,602,842) | (18,078,616) |
| Total | \$ 1,491,313,443 | 1,400,112,365 |

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|---------------------|----------------------------------|-------------------|
| | 2023 | 2022 |
| Beginning balance | \$ 18,078,616 | 15,576,817 |
| Provision | 4,192,078 | 2,419,063 |
| Transfer out | (12,890) | (16,605) |
| Write-off | (4,310,620) | (2,300,641) |
| Write-off recovered | 1,647,874 | 2,337,772 |
| Foreign exchange | 7,784 | 62,210 |
| Ending balance | \$ 19,602,842 | 18,078,616 |

(g) Financial asset at fair value through other comprehensive income

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Investment in debt instruments measured at fair value through other comprehensive income: | | |
| Government bonds | \$ 54,805,119 | 48,754,854 |
| Corporate bonds | 77,991,623 | 60,445,796 |
| Financial debentures | 36,535,591 | 32,639,581 |
| Negotiable certificates of deposit | 601,026 | - |
| Sub-total | 169,933,359 | 141,840,231 |
| Investment in equity instruments measured at fair value through other comprehensive income: | | |
| Listed stocks | 13,515,621 | 12,676,936 |
| Unlisted stocks | 5,796,004 | 5,307,654 |
| Real Estate Investment Trust | 141,308 | 145,782 |
| Sub-total | 19,452,933 | 18,130,372 |
| Total | \$ 189,386,292 | 159,970,603 |

(i) Investment in debt instruments measured at fair value through other comprehensive income

The Bank assessed that the above bond investments were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. The bond investments have been classified as the financial asset measured at fair value through other comprehensive income. Some of the investment in debt instruments measured at fair value through other comprehensive income are used as resell condition. Please refer to Note 6 (p) for more details.

(ii) Investment in equity instruments measured at fair value through other comprehensive income

The Bank designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments intending to hold for long-term for strategic purpose.

The Bank designated the investments shown above as equity instrument as at fair value through other comprehensive income; therefore, the Bank recognized \$1,234,127 and \$1,457,593, respectively as dividend revenue for the years ended December 31, 2023 and 2022. In which, the disposal equity instruments were recognized \$682,789 and \$688,220 as dividend revenue for the years ended December 31, 2023 and 2022.

The Bank sold the investments which were measured as at fair value through other comprehensive income due to assets allocation. The fair value of disposed investments are \$12,631,825 and \$11,601,994. And gains (losses) on disposal are \$1,682,486 and \$(1,270,030) for the years ended December 31, 2023 and 2022. Therefore, accumulated gains and losses on disposal were transferred from other equity to retained earnings.

(iii) Please refer to Note 6(ao) for the credit risk (including the impairment in debt instruments) and market risk information.**(iv) The changes in the allowance for credit losses attribute to the FVOCI were as follows:**

| | For the years ended December 31, | |
|-------------------|----------------------------------|--------|
| | 2023 | 2022 |
| Beginning balance | \$ 90,852 | 87,792 |
| Provision | 9,564 | 1,521 |
| Foreign exchange | (67) | 1,539 |
| Ending balance | \$ 100,349 | 90,852 |

(h) Investment in debt instruments at amortized cost

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Certificates of deposit with the Central Bank | \$ 190,900,000 | 195,595,000 |
| Government bonds | 29,199,649 | 24,370,304 |
| Corporate bonds | 17,260,961 | 7,481,434 |
| Financial debentures | 15,550,671 | 9,337,858 |
| Negotiable certificates of deposit | 64,481 | 64,523 |
| Sub-total | 252,975,762 | 236,849,119 |
| Less: Accumulated impairment | (80,620) | (74,872) |
| Total | \$ 252,895,142 | 236,774,247 |

The Bank assessed that these financial assets were held to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) Please refer to Note 6(ao) for credit risk.**(ii) The pledged assets provided by the above investment in debt instruments at amortized cost were shown follows:**

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Reserve for provisional seizure by the court, international card payment reserve, trust claim reserve and operating guaranty funds | \$ 1,063,500 | 854,500 |
| Overseas branches required reserve of overdraft guarantee | 64,481 | 64,523 |
| Daylight overdraft guarantee | 2,000,000 | 2,000,000 |
| Guarantee for borrowing US dollars | 29,000,000 | 29,000,000 |
| Guarantee for borrowing JPY dollars | 200,000 | 200,000 |
| Sponsorship of Treasury Affairs | - | 20,000,000 |
| Total | \$ 32,327,981 | 52,119,023 |

(iii) The changes in the allowance for credit losses attribute to investment in debt instruments at amortized cost were as follows:

| | For the years ended December 31, | |
|----------------------|----------------------------------|----------|
| | 2023 | 2022 |
| Beginning balance | \$ 74,872 | 87,478 |
| Provision (reversal) | 5,771 | (13,210) |
| Foreign exchange | (23) | 604 |
| Ending balance | \$ 80,620 | 74,872 |

(iv) Disposal gain (loss) on disposal investment in assets at amortized cost :

| | For the year ended December 31, 2023 | |
|----------------------|--|-------------------------|
| | The carrying amount at the date of derecognition | Gain (Loss) on disposal |
| Corporate bonds | \$ 15,433 | 170 |
| | For the year ended December 31, 2022 | |
| | The carrying amount at the date of derecognition | Gain (Loss) on disposal |
| Corporate bonds | \$ 81,364 | 710 |
| Financial debentures | 305,979 | 1,271 |
| Total | \$ 387,343 | 1,981 |

For the years ended December 31, 2023 and 2022, it is due to the advanced redemption of the issuer.



(i) Investments accounted for using equity method, net

| Subsidiary | December 31, 2023 | | December 31, 2022 | |
|---|---------------------|--------|-------------------|--------|
| | Amount | % | Amount | % |
| Investment measured by equity method | | | | |
| TBB International Leasing Co., Ltd. -initial investment \$400,000 thousand | \$ 1,548,582 | 100.00 | 1,516,406 | 100.00 |
| TBB (Cambodia) Microfinance Institution Plc. -initial investment USD \$10,000 thousand | 629,464 | 100.00 | 624,591 | 100.00 |
| TBB Venture Capital Co., Ltd. -initial investment \$300,000 thousand | 1,369,515 | 100.00 | 1,258,512 | 100.00 |
| TBB Consulting Co., Ltd. -initial investment \$50,000 thousand | 71,984 | 100.00 | 97,947 | 100.00 |
| Total | \$ 3,619,545 | | 3,497,456 | |

The Bank's share of profit of associates and joint ventures accounted for using equity method for the years ended December 31, 2023 and 2022 are \$187,631 and \$320,283 respectively.

As of December 31, 2023 and 2022, the Bank did not provide any investments accounted for using the equity method as collateral for its loans.

(j) Other financial assets, net

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Overdue receivable | \$ 19,717 | 58,786 |
| Less: Allowance for bad debts, overdue receivable | (11,490) | (48,471) |
| Total | \$ 8,227 | 10,315 |

The change in allowance for bad debts was as follows:

| | For the years ended December 31, | |
|-----------------------|----------------------------------|---------------|
| | 2023 | 2022 |
| Beginning balance | \$ 48,471 | 51,392 |
| Reversal | (23,820) | (23,222) |
| Transfer in | 12,890 | 16,605 |
| Write-off | (46,894) | (16,567) |
| Written-off recovered | 20,843 | 20,263 |
| Ending balance | \$ 11,490 | 48,471 |

(k) Property and equipment, net

| December 31, 2023 | Cost | Revaluation increment | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|----------------------|-----------------------|--------------------------|------------------------|-------------------|
| Land | \$ 6,746,952 | 2,984,621 | - | 14,031 | 9,717,542 |
| Buildings | 8,143,689 | 31,184 | 4,979,561 | 14,754 | 3,180,558 |
| Machinery and equipment | 2,805,376 | - | 2,166,790 | - | 638,586 |
| Transportation equipment | 264,630 | - | 227,072 | - | 37,558 |
| Miscellaneous equipment | 666,897 | - | 561,740 | - | 105,157 |
| Leasehold improvements | 190,498 | - | 109,666 | - | 80,832 |
| Construction in progress | 61,737 | - | - | - | 61,737 |
| Prepayment for equipment | 220,805 | - | - | - | 220,805 |
| Total | \$ 19,100,584 | 3,015,805 | 8,044,829 | 28,785 | 14,042,775 |

| December 31, 2022 | Cost | Revaluation increment | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|----------------------|-----------------------|--------------------------|------------------------|-------------------|
| Land | \$ 6,743,535 | 2,986,161 | - | 14,031 | 9,715,665 |
| Buildings | 8,116,339 | 31,184 | 4,790,018 | 14,754 | 3,342,751 |
| Machinery and equipment | 2,692,413 | - | 2,008,693 | - | 683,720 |
| Transportation equipment | 272,058 | - | 230,153 | - | 41,905 |
| Miscellaneous equipment | 653,883 | - | 554,159 | - | 99,724 |
| Leasehold improvements | 194,023 | - | 110,184 | - | 83,839 |
| Construction in progress | 20,225 | - | - | - | 20,225 |
| Prepayment for equipment | 130,457 | - | - | - | 130,457 |
| Total | \$ 18,822,933 | 3,017,345 | 7,693,207 | 28,785 | 14,118,286 |

Change of cost

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|----------------------|----------------|----------------|------------------|-------------------|
| Land | \$ 9,729,696 | 3,417 | 1,540 | - | 9,731,573 |
| Buildings | 8,147,523 | 27,350 | - | - | 8,174,873 |
| Machinery and equipment | 2,692,413 | 238,707 | 124,910 | (834) | 2,805,376 |
| Transportation equipment | 272,058 | 7,778 | 15,612 | 406 | 264,630 |
| Miscellaneous equipment | 653,883 | 34,538 | 21,117 | (407) | 666,897 |
| Leasehold improvements | 194,023 | 31,395 | 33,327 | (1,593) | 190,498 |
| Construction in progress | 20,225 | 43,192 | 1,680 | - | 61,737 |
| Prepayment for equipment | 130,457 | 284,156 | 193,848 | 40 | 220,805 |
| Total | \$ 21,840,278 | 670,533 | 392,034 | (2,388) | 22,116,389 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|----------------------|----------------|----------------|------------------|-------------------|
| Land | \$ 9,729,696 | - | - | - | 9,729,696 |
| Buildings | 8,049,138 | 98,385 | - | - | 8,147,523 |
| Machinery and equipment | 2,389,844 | 448,629 | 153,867 | 7,807 | 2,692,413 |
| Transportation equipment | 272,245 | 7,577 | 8,543 | 779 | 272,058 |
| Miscellaneous equipment | 643,410 | 22,072 | 14,859 | 3,260 | 653,883 |
| Leasehold improvements | 152,399 | 42,280 | 2,572 | 1,916 | 194,023 |
| Construction in progress | 40,547 | 32,248 | 52,570 | - | 20,225 |
| Prepayment for equipment | 573,971 | 49,995 | 493,808 | 299 | 130,457 |
| Total | \$ 21,851,250 | 701,186 | 726,219 | 14,061 | 21,840,278 |

Change of depreciation

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|---------------------|----------------|----------------|------------------|-------------------|
| Buildings | \$ 4,790,018 | 189,543 | - | - | 4,979,561 |
| Machinery and equipment | 2,008,693 | 281,653 | 123,333 | (223) | 2,166,790 |
| Transportation equipment | 230,153 | 12,483 | 15,579 | 15 | 227,072 |
| Miscellaneous equipment | 554,159 | 29,296 | 20,959 | (756) | 561,740 |
| Leasehold improvements | 110,184 | 33,730 | 33,326 | (922) | 109,666 |
| Total | \$ 7,693,207 | 546,705 | 193,197 | (1,886) | 8,044,829 |



| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 4,592,658 | 197,360 | - | - | 4,790,018 |
| Machinery and equipment | 1,862,830 | 292,951 | 153,101 | 6,013 | 2,008,693 |
| Transportation equipment | 224,946 | 13,171 | 8,480 | 516 | 230,153 |
| Miscellaneous equipment | 536,589 | 30,036 | 14,690 | 2,224 | 554,159 |
| Leasehold improvements | 75,680 | 36,185 | 2,572 | 891 | 110,184 |
| Total | \$ 7,292,703 | 569,703 | 178,843 | 9,644 | 7,693,207 |

Accumulated impairment

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|-----------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 14,031 | - | - | - | 14,031 |
| Buildings | 14,754 | - | - | - | 14,754 |
| Total | \$ 28,785 | - | - | - | 28,785 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|-----------|-----------------|----------|----------|------------------|-------------------|
| Land | \$ 14,031 | - | - | - | 14,031 |
| Buildings | 14,754 | - | - | - | 14,754 |
| Total | \$ 28,785 | - | - | - | 28,785 |

When the Bank first adopted IFRSs, it elected to apply the revaluation amount calculated per the regulation of GAAP of R.O.C as the original cost on the transition date.

As of December 31, 2023, the appreciation from revaluation of properties all amounted to \$3,015,805. Reserve for land incremental tax all amounted to \$878,623 (Recognized under deferred tax liabilities).

As of December 31, 2023 and 2022, land which was occupied all amounted to \$5,496. Except for a portion of the land that had been negotiated with the occupant to collect the rent; the Bank intends to participate in land auction, urban renewal or by other appropriate means in due course.

(l) Right-of-use assets

The Bank leases many assets including buildings, machinery and transportation equipment. Information about leases on costs, depreciation and impairment for which the Bank as a lessee is presented below:

| December 31, 2023 | Cost | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|--------------|--------------------------|------------------------|-----------|
| Buildings | \$ 2,001,440 | 783,093 | - | 1,218,347 |
| Machinery and equipment | 26,178 | 26,174 | - | 4 |
| Transportation equipment | 74,198 | 34,615 | - | 39,583 |
| Miscellaneous equipment | 11,484 | 5,218 | - | 6,266 |
| Total | \$ 2,113,300 | 849,100 | - | 1,264,200 |

| December 31, 2022 | Cost | Accumulated depreciation | Accumulated impairment | Total |
|--------------------------|--------------|--------------------------|------------------------|-----------|
| Buildings | \$ 1,832,547 | 701,020 | - | 1,131,527 |
| Machinery and equipment | 26,497 | 26,408 | - | 89 |
| Transportation equipment | 72,592 | 21,877 | - | 50,715 |
| Miscellaneous equipment | 12,403 | 5,206 | - | 7,197 |
| Total | \$ 1,944,039 | 754,511 | - | 1,189,528 |

Change of cost

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 1,832,547 | 493,052 | 328,107 | 3,948 | 2,001,440 |
| Machinery and equipment | 26,497 | - | 319 | - | 26,178 |
| Transportation equipment | 72,592 | 11,980 | 10,373 | (1) | 74,198 |
| Miscellaneous equipment | 12,403 | 3,098 | 4,017 | - | 11,484 |
| Total | \$ 1,944,039 | 508,130 | 342,816 | 3,947 | 2,113,300 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 1,780,314 | 584,148 | 550,273 | 18,358 | 1,832,547 |
| Machinery and equipment | 27,842 | - | 1,345 | - | 26,497 |
| Transportation equipment | 71,244 | 50,368 | 49,099 | 79 | 72,592 |
| Miscellaneous equipment | 10,337 | 2,996 | 930 | - | 12,403 |
| Total | \$ 1,889,737 | 637,512 | 601,647 | 18,437 | 1,944,039 |

Change of depreciation

| | January 1, 2023 | Increase | Decrease | Foreign Exchange | December 31, 2023 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 701,020 | 403,906 | 327,741 | 5,908 | 783,093 |
| Machinery and equipment | 26,408 | 85 | 319 | - | 26,174 |
| Transportation equipment | 21,877 | 23,124 | 10,382 | (4) | 34,615 |
| Miscellaneous equipment | 5,206 | 3,059 | 3,047 | - | 5,218 |
| Total | \$ 754,511 | 430,174 | 341,489 | 5,904 | 849,100 |

| | January 1, 2022 | Increase | Decrease | Foreign Exchange | December 31, 2022 |
|--------------------------|-----------------|----------|----------|------------------|-------------------|
| Buildings | \$ 671,607 | 379,296 | 357,745 | 7,862 | 701,020 |
| Machinery and equipment | 27,272 | 481 | 1,345 | - | 26,408 |
| Transportation equipment | 42,434 | 21,372 | 41,952 | 23 | 21,877 |
| Miscellaneous equipment | 3,353 | 2,666 | 813 | - | 5,206 |
| Total | \$ 744,666 | 403,815 | 401,855 | 7,885 | 754,511 |

(m) Other assets, net

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Office supplies | \$ 29,180 | 29,019 |
| Prepayments | 8,237,908 | 8,167,434 |
| Operating guarantee deposits and settlement fund | 33,631 | 31,753 |
| Guarantee deposits paid | 2,374,005 | 2,607,864 |
| Deferred assets | 328 | 128 |
| Temporary payments and suspense accounts | - | 4,690,927 |
| Proceeds of settlement and margin trading | 3,244 | 60,139 |
| Other assets | 176,431 | 176,432 |
| Total | \$ 10,854,727 | 15,763,696 |

(n) Deposits from the Central Bank and banks

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Deposits from the Central Bank | \$ 324,763 | 232,262 |
| Due from the Central Bank | 14,738,400 | 14,133,500 |
| Deposits from banks | 1,251,484 | 705,261 |
| Call loans from banks | 24,934,745 | 31,549,533 |
| Overdrafts on banks | 1,003,829 | 1,084,076 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 120,909,335 | 147,261,545 |
| Total | \$ 163,162,556 | 194,966,177 |



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

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Financial liabilities designated at fair value through profit or loss: | | |
| Financial debentures | \$ 9,175,560 | 9,367,595 |
| Financial liabilities held for trading: | | |
| Derivative instruments not used for hedging | | |
| Foreign exchange forward contracts | 6,657 | 10,932 |
| Currency swap contracts | 204,481 | 524,421 |
| Foreign currency option sell | 7,077 | 17,864 |
| Interest rate contract | 361 | 4,713 |
| Total | \$ 9,394,136 | 9,925,525 |

Please refer to 6(s) for the information of financial liabilities designated at fair value through profit and loss.

Please refer to 6(c) for the nominal amount of unsettled financial derivatives instrument contracts of December 31, 2023 and 2022.

(p) Notes and bonds issued under repurchase agreement

| Assets | December 31, 2023 | | | |
|---|-------------------|---|------------------------------|----------------------------|
| | Par value | Selling Price (Recognized in securities sold under repurchase agreements) | Designated repurchase amount | Designated repurchase date |
| Financial assets at fair value through other comprehensive income | \$ 1,911,300 | 1,786,715 | 1,792,342 | 2024/1/3~2024/7/1 |
| Assets | December 31, 2022 | | | |
| | Par value | Selling Price (Recognized in securities sold under repurchase agreements) | Designated repurchase amount | Designated repurchase date |
| Financial assets at fair value through other comprehensive income | \$ 2,616,634 | 2,462,991 | 2,472,765 | 2023/1/4~2024/7/1 |

(q) Payables

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Accrued interest | \$ 7,262,147 | 4,428,933 |
| Accounts payable | 10,144,422 | 11,042,559 |
| Acceptances | 917,187 | 802,824 |
| Accrued expenses | 3,507,749 | 3,237,203 |
| Collection payable | 811,625 | 673,102 |
| Deposits received from securities borrowers | 50,962 | 116,196 |
| Guaranteed price deposits received from securities borrowers | 56,172 | 108,289 |
| Spot exchange payable, foreign currencies | 7,235 | 13,625 |
| Other payables | 865,677 | 834,692 |
| Prices payable of securities sold for customers | 679,235 | 137,155 |
| Settlement payable | - | 40,444 |
| Others | 6,965 | 6,474 |
| Total | \$ 24,309,376 | 21,441,496 |

(r) Deposits and remittances

| | December 31, 2023 | December 31, 2022 |
|---------------------------|-------------------|-------------------|
| Savings deposits | \$ 776,882,639 | 737,659,280 |
| Time deposits | 551,479,026 | 437,048,016 |
| Demand deposits | 462,408,314 | 465,508,480 |
| Checking account deposits | 32,541,672 | 33,292,182 |
| Remittances | 326,152 | 428,111 |
| Total | \$ 1,823,637,803 | 1,673,936,069 |

(s) Bank notes payable

| Bonds | Terms of Transactions | | | Bond Issued | | |
|---------|-----------------------|---------------|--|---|-------------------|-------------------|
| | Issue date | Maturity date | Interest Rate & repayment | Type | Amount | |
| | | | | | December 31, 2023 | December 31, 2022 |
| 2015-2A | 08/31/2015 | 08/31/2023 | The debentures bear an annual interest rate of 2.05%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured subordinated long-term financial debentures | \$ - | 4,700,000 |
| 2015-2B | 08/31/2015 | 08/31/2025 | The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 300,000 | 300,000 |
| 2016-2 | 12/20/2016 | 12/20/2023 | The debentures bear an annual interest rate of 1.40%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | - | 2,700,000 |
| 2017-1A | 03/28/2017 | 03/28/2024 | The debentures bear an annual interest rate of 1.50%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 390,000 | 390,000 |
| 2017-1B | 03/28/2017 | 03/28/2025 | The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 250,000 | 250,000 |
| 2017-1C | 03/28/2017 | 03/28/2027 | The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 3,360,000 | 3,360,000 |
| 2017-2 | 05/23/2017 | 05/03/2027 | The debentures bear an annual interest rate of 1.85%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 1,300,000 | 1,300,000 |
| 2018-2 | 08/20/2018 | 08/20/2028 | The debentures bear an annual interest rate of 1.45%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 5,450,000 | 5,450,000 |
| 2019-1A | 03/21/2019 | 03/21/2026 | The debentures bear an annual interest rate of 1.20%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 1,000,000 | 1,000,000 |
| 2019-1B | 03/21/2019 | 03/21/2029 | The debentures bear an annual interest rate of 1.30%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 4,800,000 | 4,800,000 |
| 2020-1 | 03/25/2020 | 03/25/2030 | The debentures bear an annual interest rate of 0.8%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | " | 10,000,000 | 10,000,000 |
| 2020-2 | 08/13/2020 | None | The debentures bear an annual interest rate of 1.62%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date. | Perpetual non-accumulated subordinated financial debentures | 10,000,000 | 10,000,000 |
| 2021-1 | 11/17/2021 | None | The debentures bear an annual interest rate of 1.60%. Simple interest is accrued and paid annually. After calculating the early redeemable bond is in line with the capital adequacy ratio under the consent of the competent authority, the debentures are redeemable per face value plus accrued interest at the interest payment date after five years and a month from the issue date. | Perpetual non-accumulated subordinated financial debentures | 8,000,000 | 8,000,000 |
| 2023-1 | 06/20/2023 | 06/20/2030 | The debentures bear an annual interest rate of 2.10%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured subordinated long-term financial debentures | 8,000,000 | - |
| 2023-2 | 09/27/2023 | 09/27/2025 | The debentures bear an annual interest rate of 1.47%. Simple interest is accrued and paid annually. The principal will be repaid in full at maturity. | Unsecured senior financial debentures | 1,000,000 | - |
| | | | | | \$ 53,850,000 | 52,250,000 |



The Bank issued \$120,000 thousand and \$180,000 thousand dollar-denominated debentures with call option that can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. In order to avoid interest risk, the Bank buys interest rate swap contracts that are classified as financial assets at fair value through profit or loss. To eliminate the measurement or recognition inconsistency between IRSs and debentures, the Bank classified the debentures into financial liabilities at fair value through profit or loss. In addition, the Bank considers that the designated economic relationship is evaluated by the SLMM model method, if the amount of changes in the fair value of the corporate bonds attributable to changes in credit risk is listed in other comprehensive gains and losses, it will trigger or aggravate the accounting ratio of gains and losses. Therefore, the amount is reported in the profit and loss. The debentures are as follows:

| Bonds | Terms of Transactions | | | Type | Bond Issued | |
|--------|-----------------------|---------------|--|--|---------------------|-------------------|
| | Issue date | Maturity date | Interest Rate & repayment | | Amount | |
| | | | | | December 31, 2023 | December 31, 2022 |
| 2017-3 | 10/27/2017 | 10/27/2047 | The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. | Unsecured dollar-denominated senior financial debentures | \$ 3,684,600 | 3,687,000 |
| 2018-3 | 09/27/2018 | 09/27/2048 | The zero-coupon debentures with call options can be executed on strike price after five years from the issued date. Without executing call options during the periods of debentures, the principal will be repaid in full at maturity. | " | 5,526,900 | 5,530,500 |
| | | | | Valuation adjustment | (35,940) | 150,095 |
| | | | | | <u>\$ 9,175,560</u> | <u>9,367,595</u> |

The increase (decrease) in fair value of the financial liabilities that are attributable to changes in credit risk are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Fair value of corporate bonds | \$ 9,175,560 | 9,367,595 |
| Fair value increase (decrease) not attributable to changes in market conditions that give rise to market risk | 241,673 | 170,133 |
| Difference between the carrying value and the amount payable at the end of the contract term | (35,940) | 150,095 |

(t) Other financial liabilities

| | December 31, 2023 | December 31, 2022 |
|--|---------------------|-------------------|
| Cumulative earnings on appropriated loans fund | <u>\$ 2,136,402</u> | <u>2,910,581</u> |

Cumulative earnings on appropriated loan fund is the project contract signed by National Development Fund, Executive Yuan, Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the Bank. The Bank appropriates the fund to the companies which meet the conditions for loans. The fund is classified as principal account, interest yielding account, loaned account and un loaned account. These accounts are used for transferring accounts and paying the deposit interests for each project contract.

(u) Provisions

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|---------------------|-------------------|
| Provision for guarantee liabilities | \$ 284,412 | 237,076 |
| Provision for loan commitments | 92,689 | 100,236 |
| Indeterminate indemnity provisions | 75,372 | 74,619 |
| Provision for employee benefits | <u>2,450,902</u> | <u>2,264,171</u> |
| Total | <u>\$ 2,903,375</u> | <u>2,676,102</u> |

Change of provision

| | January 1, 2023 | Increase | Decrease | Use | Foreign exchange | December 31, 2023 |
|-------------------------------------|---------------------|----------------|----------------|---------------|------------------|-------------------|
| Provision for guarantee liabilities | \$ 237,076 | 47,333 | - | - | 3 | 284,412 |
| Provision for loan commitments | 100,236 | - | 7,430 | - | (117) | 92,689 |
| Indeterminate indemnity provisions | 74,619 | 753 | - | - | - | 75,372 |
| Provision for employee benefits | <u>2,264,171</u> | <u>421,069</u> | <u>183,994</u> | <u>50,344</u> | - | <u>2,450,902</u> |
| Total | <u>\$ 2,676,102</u> | <u>469,155</u> | <u>191,424</u> | <u>50,344</u> | <u>(114)</u> | <u>2,903,375</u> |

| | January 1, 2022 | Increase | Decrease | Use | Foreign exchange | December 31, 2022 |
|-------------------------------------|---------------------|----------------|----------------|---------------|------------------|-------------------|
| Provision for guarantee liabilities | \$ 258,065 | - | 21,496 | - | 507 | 237,076 |
| Provision for loan commitments | 71,423 | 27,782 | - | - | 1,031 | 100,236 |
| Indeterminate indemnity provisions | 73,181 | 1,438 | - | - | - | 74,619 |
| Provision for employee benefits | <u>3,017,541</u> | <u>172,726</u> | <u>875,196</u> | <u>50,900</u> | - | <u>2,264,171</u> |
| Total | <u>\$ 3,420,210</u> | <u>201,946</u> | <u>896,692</u> | <u>50,900</u> | <u>1,538</u> | <u>2,676,102</u> |

Please refer to Note 6(z) for the information with regard to provision for employee benefits shown above.

(v) Lease liabilities

Lease liabilities as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Less than one year | <u>\$ 388,073</u> | <u>381,387</u> |
| More than one year | <u>\$ 910,064</u> | <u>835,123</u> |

The amounts recognized in profit or loss were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|---------------|
| | 2023 | 2022 |
| Interest on lease liabilities | \$ 16,679 | 16,297 |
| Expenses relating to short-term leases | <u>\$ 10,176</u> | <u>11,521</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 17,551</u> | <u>16,106</u> |

The amounts recognized in the statement of cash flows were as follows:

| | For the years ended December 31, | |
|-------------------------------|----------------------------------|----------------|
| | 2023 | 2022 |
| Total cash outflow for leases | <u>\$ 462,056</u> | <u>440,760</u> |

(i) Real estate leases

The Bank leased buildings for its office space. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices. Some also require the Bank to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined monthly.

(ii) Other leases

The Bank leased machinery and transportation equipment with lease terms of one to four years. In some cases, the Bank has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short term.



(w) Other liabilities

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Advance interest receipts | \$ 4,586 | 6,396 |
| Unearned revenue | 359,760 | 306,036 |
| Other advance receipts | 75,994 | 56,554 |
| Guarantee deposits received | 1,291,063 | 3,304,956 |
| Temporary receipts and suspense accounts | 3,091,668 | - |
| Others | 24,915 | 3,220 |
| Total | \$ 4,847,986 | 3,677,162 |

(x) Equity**(i) Common stock**

As of December 31, 2023 and 2022, the Bank's authorized capital were \$100,000,000, and the paid-in capital for common shares of the Bank were \$82,224,061 and \$80,296,934, the face value of each share is \$10. The outstanding shares were 8,222,406 and 8,029,693 shares, respectively.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 16, 2023, the Bank increased its capital from the retained earnings by \$1,927,127 and issued 192,713 shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on August 16, 2023. The record date of the capital increase is set on September 8, 2023. The Bank has completed the alteration of the registered capital amount on September 27, 2023.

Pursuant to the resolution approved by the regular stockholders' meeting of the Bank on June 17, 2022, the Bank increased its capital from the retained earnings by \$2,864,982 and issued 286,498 shares. The capital increase has been approved by Financial Supervisory Commission and came into effect on July 12, 2022. The record date of the capital increase is set on August 8, 2022. The Bank has completed the alteration of the registered capital amount on August 26, 2022.

(ii) Capital surplus

Sources and statement of the Bank's capital surplus were as follows:

| | December 31, 2023 | December 31, 2022 |
|----------------------------|-------------------|-------------------|
| Additional paid-in capital | \$ 815,900 | 815,900 |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends based on the shareholder's initial number of shares. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Earnings distribution and dividend policy

Under the Bank's Articles of Incorporation, earnings are used initially to pay for income taxes and restore cumulative losses, and 30% of the remaining earnings is set aside as legal reserve. Special reserve is appropriated from or reversed to earnings per other regulations. The accumulated retained earnings from prior periods are added back as part of the distributable dividends, 30 to 100% of the aggregated retained earnings are available to be distributed and will be resolved by the annual stockholders' meeting according to the proposal submitted by the Board of Directors.

In order to continuously expand scale and increase profitability, the Bank based on the future capital budget plan, adopts residual dividend policy and primarily distributes stock dividend to ensure the capital is sufficient. When there is surplus of capital, the remaining capital can be distributed by cash dividend. Cash dividend shall not be lower than 10% of the total dividend distributed. If the cash dividend distributed per share is lower than NT\$ 0.1, except for otherwise resolved by the shareholder's meeting, it is not distributed. If there is any situation conforms to that is regulated in article 44 item 1 of the Banking Act of The Republic of China, the Bank is not allowed to distribute earnings by cash or purchase shares outstanding. The maximum cash earning distribution is not allowed to be over 15% of the total paid in capital unless the legal reserve reaches the total paid-in capital.

In compliance with the Company Act, if the Company incurs no loss, under the consent of the shareholder's meeting, the Company is allowed to distribute new shares or cash dividends from legal reserve to the extent that the legal reserve issued is the surplus exceeding 25% of the paid in capital.

Under the Ruling No. 1010012865 issued on April 6, 2012 by the FSC, special reserve is appropriated from retained earnings based on the equivalent amounts of the contra accounts in equity. This special reserve may not be distributed as dividends to stockholders until the balances of these contra accounts in equity are reversed.

The Bank resolved the earning distribution for the earnings of 2022 and 2021 in the shareholders' meeting on June 16, 2023 and June 17, 2022, respectively. The dividends distributed were as follows:

| | 2022 | | 2021 | |
|----------------------------------|-------------------------------|--------------|-------------------------------|-----------|
| | Distribution rate (NT dollar) | Amount | Distribution rate (NT dollar) | Amount |
| Dividends to common shareholders | | | | |
| Stock dividends | \$ 0.24 | 1,927,127 | 0.37 | 2,864,982 |
| Cash dividends | 0.10 | 802,969 | 0.10 | 774,320 |
| | | \$ 2,730,096 | | 3,639,302 |

(iv) Other equity interest

| | Unrealized gains from financial assets measured at fair value through other comprehensive income | Exchange differences on translation of foreign financial statements | Total |
|---|--|---|-------------|
| January 1, 2023 | \$ (3,171,842) | (597,833) | (3,769,675) |
| Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method | (175) | (14,754) | (14,929) |
| Investment in financial assets measured at fair value through other comprehensive income | | | |
| -Unrealized amount | 6,468,507 | - | 6,468,507 |
| -Realized amount | (252) | - | (252) |
| Foreign currency translation difference-Exchange difference | - | (16,571) | (16,571) |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | (1,682,486) | - | (1,682,486) |
| December 31, 2023 | \$ 1,613,752 | (629,158) | 984,594 |
| January 1, 2022 | \$ 4,113,485 | (1,807,265) | 2,306,220 |
| Share of other comprehensive income of subsidiaries associates and joint ventures accounted for using equity method | (4,729) | 11,653 | 6,924 |
| Investment in financial assets measured at fair value through other comprehensive income | | | |
| -Unrealized amount | (8,545,652) | - | (8,545,652) |
| -Realized amount | (4,976) | - | (4,976) |
| Foreign currency translation difference-Exchange difference | - | 1,197,779 | 1,197,779 |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | 1,270,030 | - | 1,270,030 |
| December 31, 2022 | \$ (3,171,842) | (597,833) | (3,769,675) |



(y) **Income taxes**

(i) The income tax expenses were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Current tax expense | | |
| Current period | \$ 1,975,386 | 2,095,680 |
| Adjustment for prior period | 59,708 | 13,319 |
| | <u>2,035,094</u> | <u>2,108,999</u> |
| Deferred tax expense (income) | | |
| Origination and reversal of temporary differences | (199,447) | (217,066) |
| Income tax expenses | <u>\$ 1,835,647</u> | <u>1,891,933</u> |

(ii) The income tax expenses (income) recognized under other comprehensive income were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|----------------|
| | 2023 | 2022 |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements of defined benefit plans | \$ (46,609) | 111,419 |
| For the years ended December 31, | | |
| | 2023 | 2022 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign financial statements | \$ (4,143) | 299,444 |
| Unrealized gains (losses) on valuation of financial assets measured at fair value through other comprehensive income | 17,487 | (30,000) |
| | <u>\$ 13,344</u> | <u>269,444</u> |

The reconciliation between the income tax expense (income) and net income before tax of the Bank for 2023 and 2022 is as follows:

| | For the years ended December 31, | |
|--|----------------------------------|------------------|
| | 2023 | 2022 |
| Income tax computed on net income before tax | \$ 2,480,664 | 2,402,757 |
| Tax-free income | (815,441) | (676,685) |
| Overseas branch income tax expenses | 110,943 | 152,074 |
| Underestimate prior income tax expense | 59,708 | 13,319 |
| Other | (227) | 468 |
| Income tax expense | <u>\$ 1,835,647</u> | <u>1,891,933</u> |

(iii) Changes in deferred tax assets and liabilities of the Bank are as follows:

| | For the year ended December 31, 2023 | | | | |
|--|--------------------------------------|------------------------------|--|----------|------------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Others | Ending balance |
| Temporary difference | | | | | |
| Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law | \$ 1,032,651 | 197,424 | - | - | 1,230,075 |
| Loss on assets impairment | 19,372 | 3,067 | - | - | 22,439 |
| Reserve for employee benefit liabilities | 331,668 | (1,628) | - | - | 330,040 |
| Land value increment tax | (879,056) | 433 | - | - | (878,623) |
| Exchange differences from the translation of financial statements of foreign operations | 131,131 | - | 4,143 | - | 135,274 |
| Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income | 22,766 | - | (17,487) | - | 5,279 |
| Actuarial gains and losses | 200,055 | - | 46,609 | - | 246,664 |
| Indeterminate indemnity provisions | 14,923 | 151 | - | - | 15,074 |
| Net deferred tax assets (liabilities) | <u>\$ 873,510</u> | <u>199,447</u> | <u>33,265</u> | <u>-</u> | <u>1,106,222</u> |
| The information stated on the balance sheet is as follows: | | | | | |
| Deferred tax assets | <u>\$ 1,752,566</u> | | | | <u>1,984,845</u> |
| Deferred tax liabilities | <u>\$ 879,056</u> | | | | <u>878,623</u> |

| | For the year ended December 31, 2022 | | | | |
|--|--------------------------------------|------------------------------|--|----------|------------------|
| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Others | Ending balance |
| Temporary difference | | | | | |
| Deferred tax assets resulted from allowance for bad debts exceeding the limit regulated in Tax Law | \$ 770,707 | 261,944 | - | - | 1,032,651 |
| Loss on assets impairment | 21,710 | (2,338) | - | - | 19,372 |
| Reserve for employee benefit liabilities | 374,495 | (42,827) | - | - | 331,668 |
| Land value increment tax | (879,056) | - | - | - | (879,056) |
| Exchange differences from the translation of financial statements of foreign operations | 430,575 | - | (299,444) | - | 131,131 |
| Unrealized loss on valuation of financial assets measured at fair value through other comprehensive income | (7,234) | - | 30,000 | - | 22,766 |
| Actuarial gains and losses | 311,474 | - | (111,419) | - | 200,055 |
| Indeterminate indemnity provisions | 14,636 | 287 | - | - | 14,923 |
| Net deferred tax assets (liabilities) | <u>\$ 1,037,307</u> | <u>217,066</u> | <u>(380,863)</u> | <u>-</u> | <u>873,510</u> |
| The information stated on the balance sheet is as follows: | | | | | |
| Deferred tax assets | <u>\$ 1,923,597</u> | | | | <u>1,752,566</u> |
| Deferred tax liabilities | <u>\$ 886,290</u> | | | | <u>879,056</u> |



(iv) Uncertainty over income tax treatments

For tax returns that have not yet been assessed, the Bank has assessed relevant factors, including relevant IFRIC interpretations and historical experience, and believe that sufficient income tax liabilities have been estimated.

(v) The Bank's income tax returns through 2017, 2018, 2019 and 2021 have been assessed by the Tax Authority.

(z) Provision for employee benefit

As of December 31, 2023 and 2022, the balance of provision for employee benefit of the Bank was as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|---------------------|-------------------|
| Defined benefit plan | \$ 1,328,440 | 1,211,918 |
| Employee deposits with favorable rate | 1,122,462 | 1,052,253 |
| | <u>\$ 2,450,902</u> | <u>2,264,171</u> |

(i) Defined benefit plan

As of December 31, 2023 and 2022, the balance of provision for employee benefit of the Bank were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---------------------|-------------------|
| Present value of defined benefit obligation | \$ 5,920,493 | 6,156,019 |
| Fair value of plan assets | (4,592,053) | (4,944,101) |
| Net defined benefit liabilities | <u>\$ 1,328,440</u> | <u>1,211,918</u> |

The Bank makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labour Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labour pension reserve account balance for the Bank amounted to \$4,592,053 and \$4,944,101 on December 31, 2023 and 2022. For information on the utilisation of the labour pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labour Fund, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|------------------|
| | 2023 | 2022 |
| Defined benefit obligation on January 1 | \$ 6,156,019 | 6,870,061 |
| Current service and interest cost | 243,796 | 191,252 |
| Remeasurements of the net defined benefit liability | | |
| – Actuarial loss on experience adjustment | 77,431 | 443,097 |
| – Actuarial loss (gains) on financial assumptions changed | 177,409 | (593,737) |
| Benefits paid | (734,162) | (754,654) |
| Defined benefit obligation at December 31 | <u>\$ 5,920,493</u> | <u>6,156,019</u> |

3) Movements of defined benefit plan assets

The movements in the fair value of defined benefit plan assets of the Bank were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|------------------|
| | 2023 | 2022 |
| Fair value of plan assets on January 1 | \$ 4,944,101 | 4,903,846 |
| Interest income | 82,833 | 19,453 |
| Remeasurements of the net defined benefit liability | | |
| – plan assets revenue (excluded of current interest) | 21,797 | 406,458 |
| Contributions made | 277,484 | 368,998 |
| Benefits paid by the plan | (734,162) | (754,654) |
| Fair value of plan assets on December 31 | <u>\$ 4,592,053</u> | <u>4,944,101</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank were as follows :

| | For the years ended December 31, | |
|---|----------------------------------|----------------|
| | 2023 | 2022 |
| Current service costs | \$ 142,443 | 164,454 |
| Net interest of the net liability of define benefit obligations | 18,520 | 7,345 |
| | <u>\$ 160,963</u> | <u>171,799</u> |

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

Remeasurements of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

| | For the years ended December 31, | |
|------------------------------|----------------------------------|------------------|
| | 2023 | 2022 |
| Amount on January 1 | \$ 1,000,275 | 1,557,373 |
| Recognized during the period | 233,043 | (557,098) |
| Amount on December 31 | <u>\$ 1,233,318</u> | <u>1,000,275</u> |

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follow:

| | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Discount rate | 1.25% | 1.70% |
| Future salary increase rate | 1.50% | 1.50% |

The expected allocation payment made by the Bank to the defined benefit plans for the one-year after the reporting date is \$242,000.

The weighted average lifetime of the defined benefit plans is 7 years.

7) Sensitivity analysis

The effects of changes in major actuarial assumptions adopted in defined benefit obligation on December 31, 2023 and 2022 were as follows :

| | Influence of defined benefit plan obligation | |
|---|--|----------------|
| | Increase 0.25% | Decrease 0.25% |
| December 31, 2023 | | |
| Discount rate(Change 0.25%) | (1.67)% | 1.71 % |
| Future salary increase rate(Change 0.25%) | 1.63 % | (1.60)% |
| December 31, 2022 | | |
| Discount rate(Change 0.25%) | (1.70)% | 1.74 % |
| Future salary increase rate(Change 0.25%) | 1.67 % | (1.64)% |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plan

The Bank allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Bank allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation. Employees based abroad are contributed in accordance with the local government's regulations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance, and local authorities responsible for the oversea branches of the Bank amounted to \$182,679 and \$168,570 for the years ended December 31, 2023 and 2022, respectively.

(iii) Employee deposit with favorable rate

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Present value of defined benefit obligation | \$ 1,122,462 | 1,052,253 |
| Fair value of plan assets | - | - |
| Net defined benefit liability | \$ 1,122,462 | 1,052,253 |

The Bank conducted the obligation of time deposit with favorable rate for retired and current employees based on the internal regulation "Saving Deposits for Employees".

1) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations of the Bank for the years ended December 31, 2023 and 2022, were as follows:

| | For the years ended December 31, | |
|---|----------------------------------|-----------|
| | 2023 | 2022 |
| Defined benefit obligation on January 1 | \$ 1,052,253 | 1,051,326 |
| Interest cost | 39,983 | 39,953 |
| Remeasurements of the net defined benefit liability | | |
| -current actuarial gains and losses | 247,171 | 175,487 |
| Benefits paid by the plan | (216,945) | (214,513) |
| Defined benefit obligation on December 31 | \$ 1,122,462 | 1,052,253 |

2) Movements in fair value of the defined benefit plan assets

The movements in the present value of the defined plan assets of the Bank were as follows:

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Fair value of plan assets on January 1 | \$ - | - |
| Contributions made | 216,945 | 214,513 |
| Benefits paid by the plan | (216,945) | (214,513) |
| Fair value of plan assets on December 31 | \$ - | - |

3) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Bank were as follows :

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Net interest on the net defined benefit liability | \$ 287,154 | 215,440 |

4) Actuarial assumption

The material actuarial assumptions used to determine present value of a defined benefit obligation on the reporting date were as follow :

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Discount rate of employee deposit with favorable rate | 4.00% | 4.00% |
| Rate of return for capital deposited | 2.00% | 2.00% |
| Annual diminishing rate of account balance | 1.00% | 1.00% |
| Possibility that employee deposit with favorable rate be modified | 50.00% | 50.00% |

(aa) Earnings per share

| | For the years ended December 31, | |
|---|----------------------------------|------------|
| | 2023 | 2022 |
| Net income | \$ 10,567,675 | 10,121,852 |
| Weighted average number of common stock shares outstanding (in thousands) (Note 1) | 8,222,406 | 8,222,406 |
| Basic earnings per shares (in dollars) (Note 1) | \$ 1.29 | 1.23 |
| Dilutive potential common shares (in thousands) (Notes 1,2) | 52,815 | 35,699 |
| Weighted average number of shares outstanding for diluted EPS (in thousands) (Note 1) | 8,275,221 | 8,258,105 |
| Diluted earnings per shares (in dollars) (Note 1) | \$ 1.28 | 1.23 |

Note 1: The earnings per share for the year ended December 31, 2022 has applied retrospective adjustments.

Note 2: The shares were calculated based on the stock price on the balance sheet date.

(ab) Employees and directors' remuneration

In accordance with the articles of incorporation the Bank should contribute 1% to 6% of the profit as employee compensation and less than 0.6% as directors' remuneration when there is profit for the year. However, if the Bank has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the estimated employee remuneration were \$723,563 and \$451,457, and the estimated directors' remuneration were \$79,237 and \$75,243, the estimates are based on pre-tax net profit for the period, before deducting employees and directors' remuneration, multiplied by the elaboration of the Bank's Articles of Association of employees and the directors remuneration ratio, and recognized as operating cost. If the board's meeting decides to release stock dividends as employees' bonuses, the total number of employees bonus stocks to be issued shall be determined by the common stock closing price of the day before the meeting date.

There is no difference with actual distributions of 2022 remuneration. The information is available at the Market Observation Post System website.



(ac) Net interest revenue

| | For the years ended December 31, | |
|--|----------------------------------|------------|
| | 2023 | 2022 |
| Interest income: | | |
| Loans | \$ 13,214,343 | 8,053,024 |
| Secured loans | 25,640,722 | 19,220,653 |
| Bills negotiated | 6,196 | 4,181 |
| Bank overdrafts | 26,157 | 14,266 |
| Discounts | 33,520 | 17,116 |
| Time deposit from Central Bank | 2,075,554 | 1,218,788 |
| Due from the Central Bank | 468,046 | 201,563 |
| Call loans to banks | 1,864,332 | 1,260,539 |
| Bonds | 4,639,096 | 2,603,937 |
| International credit card | 34,864 | 35,527 |
| Overdue loans | 387,993 | 211,415 |
| Bills | 86,872 | 28,950 |
| Due from Banks | 217,127 | 99,990 |
| Others | 228,545 | 166,352 |
| Subtotal | 48,923,367 | 33,136,301 |
| Interest expense: | | |
| Deposits | 27,386,879 | 11,299,382 |
| Deposits from banks | 4,305 | 1,489 |
| Call loans from banks | 2,021,423 | 890,231 |
| Financial debentures | 818,770 | 759,937 |
| Notes and bond issued under repurchase agreement | 33,025 | 9,358 |
| Others | 91,585 | 86,565 |
| Subtotal | 30,355,987 | 13,046,962 |
| Total | \$ 18,567,380 | 20,089,339 |

(ad) Net service fee revenue

| | For the years ended December 31, | |
|---|----------------------------------|-----------|
| | 2023 | 2022 |
| Service fee income: | | |
| Remittance service fee | \$ 65,749 | 64,477 |
| Import bills negotiated service fee | 39,724 | 45,635 |
| Export bills negotiated service fee | 9,630 | 12,653 |
| Letter of credit service fee | 7,468 | 8,887 |
| Certification service fee | 2,189 | 1,482 |
| Acceptance service fee | 2,534 | 1,677 |
| Trust service fee | 522,234 | 595,144 |
| Guarantee service fee | 265,052 | 242,678 |
| Agency service fee | 26,767 | 34,481 |
| Interbank service fee | 111,315 | 108,774 |
| Card service fee | 167,949 | 113,297 |
| Commission revenue of insurance premium | 2,382,028 | 1,535,440 |
| Custodian service fee | 193,064 | 197,542 |

| | For the years ended December 31, | |
|------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Foreign currency service fee | \$ 78,635 | 85,707 |
| Commission of futures | 2,994 | 2,939 |
| Loan service fee | 980,180 | 852,045 |
| Miscellaneous fees | 178,838 | 412,480 |
| Subtotal | 5,036,350 | 4,315,338 |
| Service fee expense: | | |
| Foreign currency service fee | 31,622 | 29,427 |
| Interbank service fee | 193,247 | 178,644 |
| Trust service fee | 1,774 | 857 |
| Agency service fee | 1,338 | 1,567 |
| IC card service fee | 119,388 | 66,106 |
| Check clearing service fee | 8,240 | 8,877 |
| Remittance service fee | 4,904 | 5,386 |
| Custodian service fee | 60,606 | 58,378 |
| Call loans service fee | 10,768 | 9,029 |
| Futures option fee | 1 | 43 |
| Miscellaneous fees | 23,944 | 22,599 |
| Subtotal | 455,832 | 380,913 |
| Total | \$ 4,580,518 | 3,934,425 |

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

| | For the years ended December 31, | |
|-----------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Valuation gains (losses): | | |
| Corporate bonds | \$ - | (5,636) |
| Financial debentures | (491,435) | (546,927) |
| Listed stocks and emerging stocks | 19,937 | (14,528) |
| Beneficiary certificates | 590 | (6,437) |
| Private fund | (18,275) | (1,548) |
| Commercial paper | (12,456) | 10,790 |
| Derivative financial instruments | 2,429,170 | 193,966 |
| Subtotal | 1,927,531 | (370,320) |
| Disposal gains (losses): | | |
| Corporate bonds | - | 6,437 |
| Financial debentures | - | (4,098) |
| Listed stocks and emerging stocks | (29,215) | (39,776) |
| Beneficiary certificates | 5,272 | (21,734) |
| Commercial paper | (1,225) | (2,574) |
| Derivative financial instruments | 3,760,431 | 1,463,644 |
| Subtotal | 3,735,263 | 1,401,899 |
| Dividend revenue | 30,089 | 11,314 |
| Interest income | 854,367 | 201,178 |
| Total | \$ 6,547,250 | 1,244,071 |



(af) Realized gain on financial assets at fair value through other comprehensive income

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Gain on disposal of government bonds | \$ - | 4,480 |
| Gain on disposal of corporate bonds | 252 | 666 |
| Loss on disposal of financial debentures | - | (170) |
| Dividend revenue | 1,234,127 | 1,457,593 |
| Total | \$ 1,234,379 | 1,462,569 |

(ag) (Impairment losses on assets) reversal of impairment loss on assets

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Investment in debt instrument measured at fair value through other comprehensive income | \$ (9,564) | (1,521) |
| Investment in debt instrument measured at amortized cost | (5,771) | 13,210 |
| Total | \$ (15,335) | 11,689 |

(ah) Share of profit of associates and joint ventures accounted for using equity method

| | For the years ended December 31, | |
|--|----------------------------------|---------|
| | 2023 | 2022 |
| Investment income- TBB International Leasing Co., Ltd. | \$ 53,929 | 41,673 |
| Investment income- TBB (Cambodia) Microfinance Institution Plc | 5,352 | 26,911 |
| Investment income- TBB Venture Capital Co., Ltd. | 111,178 | 202,343 |
| Investment income- TBB Consulting Co., Ltd. | 17,172 | 49,356 |
| Total | \$ 187,631 | 320,283 |

(ai) Net other revenue other than interest income

| | For the years ended December 31, | |
|---|----------------------------------|----------|
| | 2023 | 2022 |
| Rental revenue of operating assets | \$ 12,038 | 10,939 |
| Rental expense of operating assets | (1,860) | (1,796) |
| Loss on disposal and retirement of property and equipment | (1,660) | (944) |
| Loss of account error | (137) | (163) |
| Gold deposit book | 1,999 | 2,536 |
| Other operating expense | (40,895) | (40,597) |
| Other miscellaneous income | 80,066 | 93,096 |
| Total | \$ 49,551 | 63,071 |

(aj) Bad debts expenses, commitment and guarantee liability provision

| | For the years ended December 31, | |
|--|----------------------------------|-----------|
| | 2023 | 2022 |
| Discounted and loans | \$ 4,192,078 | 2,419,063 |
| Call loans to banks | (5,475) | 384 |
| Receivables and other financial assets | (15,069) | (24,665) |
| Subtotal | 4,171,534 | 2,394,782 |
| Provisions for guarantee liabilities | 47,333 | (21,496) |
| Provisions for loan commitments | (7,430) | 27,782 |
| Total | \$ 4,211,437 | 2,401,068 |

(ak) Employee benefits expenses

| | For the years ended December 31, | |
|----------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Salary expense | \$ 7,293,251 | 7,203,433 |
| Labor and health insurance | 556,455 | 528,718 |
| Pension expense | 342,987 | 339,764 |
| Directors' remuneration | 92,900 | 89,213 |
| Other employee benefits | 700,765 | 622,143 |
| Total | \$ 8,986,358 | 8,783,271 |

(al) Depreciation and amortization expense

| | For the years ended December 31, | |
|------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Depreciation | | |
| Property and equipment | \$ 546,596 | 568,358 |
| Right-of-use assets | 430,174 | 403,815 |
| Amortization | | |
| Computer software | 285,820 | 248,725 |
| Other deferred charges | 69 | 47 |
| Total | \$ 1,262,659 | 1,220,945 |

(am) Other general and administrative expense

| | For the years ended December 31, | |
|-------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Compensation loss | \$ 288 | 42 |
| Utilities fee | 95,061 | 89,402 |
| Postage and telecommunication fee | 287,564 | 248,342 |
| Transportation fee | 38,005 | 30,855 |
| Printing and advertisement fee | 321,033 | 210,184 |
| Repair and maintenance fee | 338,191 | 261,133 |
| Insurance fee | 427,105 | 378,827 |
| Professional service fee | 284,236 | 260,568 |
| Materials and supplies | 182,893 | 119,396 |
| Rental expenses | 27,727 | 27,627 |
| Duties and levies | 2,020,539 | 1,559,256 |
| Membership, donation and partaking | 651,635 | 590,970 |
| Storage, packing and processing fee | 51,294 | 45,955 |
| Cash transit fee | 62,982 | 65,098 |
| Others | 78,484 | 72,751 |
| Total | \$ 4,867,037 | 3,960,406 |

(an) Financial Instruments**(i) Fair value information****1) General description**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments are record as fair value when original recognizing, usually refer to the transaction price in many circumstances. Except some amortized cost financial instruments, the financial instruments are measured in fair value. A quoted market price in an active market provides the



most reliable evidence of fair value. If financial instruments are without active market, the Bank adopted the value technique, refer to Bloomberg, Reuters or the price at which the asset could be bought or sold in a current transaction between willing parties.

2) The definition of fair value hierarchy

a) Level 1

The input of this level is quoted prices in active markets for identical financial instruments. The active market is a market in which transactions for the homogenous assets or liabilities take place with sufficient frequency and volume to provide pricing information. The stock of listed company and the beneficiary certificates, government bonds and the derivative financial instruments with public quote inactive market processed by the Bank belong to Level 1.

b) Level 2

The input of this level is other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The investments with lower trade volume such as government bonds, corporate bonds, financial debentures, convertible corporate bonds and derivative instruments, including financial debentures the Bank issued are belong to Level 2.

c) Level 3

The input is unobservable for the asset or liability in market or counterparty prices. Unobservable inputs like: Option pricing model using the historical volatility. Because the historical volatility cannot represent the future volatility expected value of whole market participants. The input parameter used to measure the fair value of this level is not based on data that can be obtained in the market but using a combination of complex market prices to estimate their values. The assets have been categorized as a Level 3, due to the fact that their fair market value cannot be directly calculated. The equity instruments with no active market which the Bank invested are Level 3.

3) Based on fair value measurement

a) The fair value hierarchy of information

The financial instruments which are record as fair value measure on an ongoing basis, the fair value hierarchy of information were as follows:

| Assets and Liabilities | December 31, 2023 | | | |
|--|-------------------|-------------|------------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Instruments measured at fair value on a recurring basis | | | | |
| Non derivative financial assets and liabilities: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Financial assets at fair value through profit or loss, mandatorily measure at fair value | | | | |
| Security Investments | \$ 194,841 | 194,841 | - | - |
| Others | 68,476,846 | 66,444 | 68,332,202 | 78,200 |
| Financial assets at fair value through other comprehensive income | | | | |
| Security Investments | 19,311,625 | 13,515,621 | - | 5,796,004 |
| Bond Investments | 169,332,333 | 101,272,236 | 68,060,097 | - |
| Others | 742,334 | 141,308 | 601,026 | - |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities designated at fair value through profit or loss | 9,175,560 | - | 9,175,560 | - |
| Derivative financial assets and liabilities | | | | |
| Assets: | | | | |
| Financial assets at fair value through profit or loss | \$ 3,259,221 | 26,930 | 3,232,291 | - |
| Liabilities: | | | | |
| Financial liabilities at fair value through profit or loss | 218,576 | - | 218,576 | - |

| Assets and Liabilities | December 31, 2022 | | | |
|--|-------------------|------------|------------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Instruments measured at fair value on a recurring basis | | | | |
| Non-derivative financial assets and liabilities: | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Financial assets at fair value through profit or loss, mandatorily measure at fair value | | | | |
| Security Investments | \$ 115,114 | 115,114 | - | - |
| Others | 31,254,976 | 250,691 | 30,907,810 | 96,475 |
| Financial assets at fair value through other comprehensive income | | | | |
| Security Investments | 17,984,590 | 12,676,936 | - | 5,307,654 |
| Bonds Investment | 141,840,231 | 91,536,068 | 50,304,163 | - |
| Others | 145,782 | 145,782 | - | - |
| Financial liabilities at fair value through profit or loss | | | | |
| Financial liabilities designated at fair value through profit or loss | 9,367,595 | - | 9,367,595 | - |
| Derivative financial assets and liabilities | | | | |
| Assets: | | | | |
| Financial assets at fair value through profit or loss | \$ 1,166,667 | 26,860 | 1,139,807 | - |
| Liabilities: | | | | |
| Financial liabilities at fair value through profit or loss | 557,930 | - | 557,930 | - |

b) Valuation techniques used in estimating the fair values of financial instruments

If the financial instruments have quoted price in an active market, the quoted price is regarded as its fair value.

If the financial instruments of quoted price, which are from the Stock Exchange, Brokers, Pricing service agencies or Government institutions, are timely and frequently, and reflects the actual price, then the financial instruments have a quoted price in an active market. If the above conditions are not fulfilled, the market is inactive.

Except for the above financial instruments of quoted price in an active market, there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices considered the identical financial instrument with same characteristics and essential terms of transaction, Discounted-Cash-Flow model and other valuation techniques including the model using market information to be made of the calculation at the balance sheet date (e.g. Taipei Exchange reference yield curve, Reuters quoted the average commercial paper rate, the Taipei Financial industry call loan rate fixing TAIBOR).

The financial asset's fair value is estimated on the basis of the result of a valuation technique, the Bank adopted that refers to quoted prices provided by financial institutions. Ask (bid) is used to evaluate the selling (buying) position by the Bank if the quoted price include ask and bid price. If there is not a quoted price for the financial asset, transaction price close to the balance sheet date is the fair value.

Fair value of financial derivatives is the amount of cash to be paid or to be received by the Bank, assuming that the contract will be terminated on the balance sheet date. The Bank adopts mark-to-model prices which are usually adopted among the banking industry, such as Discounted-Cash-Flow model and Black-Scholes model. The Bank adopts the price data from Reuters and Bloomberg to calculate the fair value of the holding position. The aforesaid price data is based upon the middle price and used consistently by the Bank. Furthermore, the fair value of the embedded financial derivatives is calculated based upon the quote from the counterparty, and separately calculated in accordance with the contracts.



c) Adjustment for fair value

i) The restraint of evaluation model and uncertain inputs

The estimates of output-based value using the evaluation model, which may not reflect the Bank's all related factors. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to the extra parameters such as model risk or liquidity risk. Information and price parameters used in the evaluation process are after careful assessment, and are appropriately adjusted according to the current market situation.

ii) Credit risk value adjustment

The Bank's credit risk value adjustment of OTC transaction derivative instruments can be divided to Credit value adjustments (CVA) and debit value adjustments (DVA) to reflect the fair value of the counterparty or the default, and the Bank may not be received or paid full market value of trading possibilities.

The Bank would calculate credit valuation adjustment (CVA) by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying exposure at default (EAD) of the counterparty. On the contrary, debit valuation adjustment (DVA).

The Bank assesses the probability of default on the assumption of 60%, but at the risk of the nature and circumstances of available data, we may use other loss given default assumptions.

d) Transfers between Level 1 and Level 2

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

e) Changes in financial assets which were classified to Level 3 based on fair value measurement

Changes of financial assets categorized in Level 3 :

| Name | For the year ended December 31, 2023 | | | | | | | |
|---|--------------------------------------|------------------------------|--|-------------------|-----------------------|--------------------------------|---------------------------|----------------|
| | Beginning balance | Valuation profit and loss | | Increase | | Decrease | | Ending balance |
| | | Recognized in profit or loss | Recognized in other comprehensive income | Purchase or issue | Transfer into Level 3 | Sale Disposition or Settlement | Transfer out from Level 3 | |
| Financial assets at fair value through profit or loss | \$ 96,475 | (18,275) | - | - | - | - | - | 78,200 |
| Investments in equity instruments measured at fair value through other comprehensive income | 5,307,654 | - | 488,350 | - | - | - | - | 5,796,004 |

| Name | For the year ended December 31, 2022 | | | | | | | |
|---|--------------------------------------|------------------------------|--|-------------------|-----------------------|--------------------------------|---------------------------|----------------|
| | Beginning balance | Valuation profit and loss | | Increase | | Decrease | | Ending balance |
| | | Recognized in profit or loss | Recognized in other comprehensive income | Purchase or issue | Transfer into Level 3 | Sale Disposition or Settlement | Transfer out from Level 3 | |
| Financial assets at fair value through profit or loss | \$ 102,223 | (1,548) | - | - | - | 4,200 | - | 96,475 |
| Investments in equity instruments measured at fair value through other comprehensive income | 4,940,042 | - | 367,612 | - | - | - | - | 5,307,654 |

f) Profit and loss information of Level 3

Current gain (loss) and other comprehensive income of holding assets are as follow:

| | For the years ended December 31, | |
|--|----------------------------------|---------|
| | 2023 | 2022 |
| Recognized on profit and loss (reported as unrealized gain (loss) from investments instruments measured at fair value through profit and loss) | \$ (18,275) | (935) |
| Recognized on other comprehensive income (reported as unrealized gain (loss) from investments instruments measured at fair value through other comprehensive income) | 488,350 | 367,612 |

g) Quantified information of the fair value measurement of significant unobservable inputs (Level 3)

The Bank financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. Without active market quotation, the Bank and subsidiaries takes professional financial information vendors and widely used by market participants for evaluation or counterparty quotation as reference. The unobservable inputs are as follows :

| | December 31, 2023 | | | | |
|--|-------------------|-------------------|---------------------------------|---------------|---|
| | fair value | valuation methods | significant unobservable inputs | range | inter-relationship between significant unobservable inputs and fair value measurement |
| Financial asset at fair value through profit or loss | | | | | |
| Private fund | \$ 78,200 | assets approach | liquidity discount | 10.00% | The higher market liquidity discount, the lower fair value. |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted stocks | 5,796,004 | market approach | liquidity discount | 11.18%~27.75% | The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value. The higher rate of cost of equity, the lower fair value. |
| | | assets approach | sustainable growth rate | 0.00%~1.54% | |
| | | income approach | cost of equity | 10.71%~12.35% | |

| | December 31, 2022 | | | | |
|--|-------------------|-------------------|---------------------------------|---------------|---|
| | fair value | valuation methods | significant unobservable inputs | range | inter-relationship between significant unobservable inputs and fair value measurement |
| Financial asset at fair value through profit or loss | | | | | |
| Private fund | \$ 96,475 | assets approach | liquidity discount | 10.00% | The higher market liquidity discount, the lower fair value. |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted stocks | 5,307,654 | market approach | liquidity discount | 8.62%~26.57% | The higher market liquidity discount, the lower fair value. The higher sustainable growth rate, the higher fair value. The higher rate of cost of equity, the lower fair value. |
| | | assets approach | sustainable growth rate | 0.00%~1.55% | |
| | | income approach | cost of equity | 10.96%~12.68% | |

h) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurement in Level 3.

Valuation techniques used by the Bank for fair value measurements of financial instruments are appropriate. However, the use of different valuation models or inputs could lead to different outcomes of fair value measurements. The following are the impact on the other comprehensive profit and loss if using different assumptions:

i) Assets approach/ Market approach

The evaluation methods of Level 3 financial instruments of the Bank are mainly based on the market approach or the assets approach. If the liquidity discount changes by 5% upwards or downwards, the impact on the other comprehensive profit and loss is as follows:



| | the effects to the net income and other comprehensive income | |
|---|--|--------------------------|
| | Favorable changes (-5%) | Unfavorable changes (5%) |
| December 31, 2023 | | |
| Financial assets at fair value through profit or loss | | |
| Private fund | \$ 4,344 | (4,344) |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | 338,211 | (338,211) |

| | the effects to the net income and other comprehensive income | |
|---|--|--------------------------|
| | Favorable changes (-5%) | Unfavorable changes (5%) |
| December 31, 2022 | | |
| Financial assets at fair value through profit or loss | | |
| Private fund | \$ 5,360 | (5,360) |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | 307,477 | (307,477) |

ii) Income approach

Adopting the income approach to evaluate Level 3 financial instruments of the Bank. The evaluation parameters are divided into sustainable growth rate and cost of equity capital. The effects of the two evaluation parameters on the other comprehensive profit and loss are as follows:

1. sustainable growth rate

| | the effects to other comprehensive income | |
|---|---|-----------------------------|
| | Favorable changes (0.3%) | Unfavorable changes (-0.3%) |
| December 31, 2023 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 3,171 | (2,977) |

| | the effects to other comprehensive income | |
|---|---|-----------------------------|
| | Favorable changes (0.3%) | Unfavorable changes (-0.3%) |
| December 31, 2022 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 2,975 | (2,781) |

2. cost of equity

| | the effects to other comprehensive income | |
|---|---|--------------------------|
| | Favorable changes (-3%) | Unfavorable changes (3%) |
| December 31, 2023 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 66,075 | (31,980) |

| | the effects to other comprehensive income | |
|---|---|--------------------------|
| | Favorable changes (-3%) | Unfavorable changes (3%) |
| December 31, 2022 | | |
| Financial assets at fair value through other comprehensive income | | |
| Unlisted stocks | \$ 61,250 | (30,146) |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

4) Not based on fair value measurement

a) Fair value information

The following chart presents the financial instruments not based on fair value measurement of the Bank. Except those items, others' fair value is reasonably approximate value, the Bank does not disclosure their fair value.

| | December 31, 2023 | |
|---|-------------------|-------------|
| | Book value | Fair value |
| Debt instruments measured at amortized cost | \$ 252,895,142 | 253,352,513 |

| | December 31, 2022 | |
|---|-------------------|-------------|
| | Book value | Fair value |
| Debt instruments measured at amortized cost | \$ 236,774,247 | 236,657,427 |

b) The fair value hierarchy of information

| Assets and Liabilities | December 31, 2023 | | | |
|---|-------------------|--|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Debt instruments measured at amortized cost | \$ 253,352,513 | 45,904,472 | 207,448,041 | - |

| Assets and Liabilities | December 31, 2022 | | | |
|---|-------------------|--|---|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Debt instruments measured at amortized cost | \$ 236,657,427 | 31,336,817 | 205,320,610 | - |

c) Valuation techniques

Methods and assumptions used by the Bank for fair value evaluation of financial instruments were as follows:

- i) Cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, overdue receivables, exchange bills negotiated guarantee deposits paid, temporary payments and suspense accounts, proceeds of settlement and credit transaction, deposits from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities, guarantee deposits received and temporary receipts and suspense accounts: since these instruments have short maturities, the book value is adopted as a reasonable basis in estimating the fair value.



- ii) Discounts and loans (including non-performing loans): the interest rate of bank loans, dependent on the benchmark interest rate which plus or minus the input value (i.e. motorized interest rate), said market rates, therefore, the book value of financial assets is equivalent to their fair value. Among the case of fixed interest rate, the estimated fair value of long-term loans using the discounted value of its expected cash flows, but this is minority, so the book value of financial assets is equivalent to their fair value.
- iii) Investment in debt instruments at amortized cost: the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique.
 1. Central Government Securities (NTD): using the comment of “Bonds a fair price for each of times” from Taipei Exchange.
 2. Corporate bonds and bank debentures (NTD): the present value or fair price of Taipei Exchange determined using the future cash flow of yield curve discounting evaluation.
- d) Deposits and remittance: to determine the fair value, considered Banking industry characteristics, the market interest rates (i.e. market price) is the fair value. And deposits are mostly due within one year, the carrying amounts is the fair value of reasonable basis. The fixed interest rate of long-term deposits should be estimated by the discounted value of its expected cash flows at fair value, and its maturity date no longer than three years, so its estimated fair value of the carrying amount is considered reasonable.
- e) Bank debentures payable: The bank debentures payable, issued by the Bank, whose stated rate was equal the effective rate, using discounted cash flow projections to estimate the fair value, equivalent to its book value.

(ao) Financial Risk Information

(i) General description

The goal of the financial risk management of the Bank is to effectively diversify, transfer and avoid risks by taking customer service, financial business operating target, overall risk tolerance and external limitation of laws into consideration and provide benefit to customers, shareholders and employees.

The Bank's Financial Risk Management policy is to establish a risk management mechanism in terms of risk identification, risk measurement, risk monitoring, and risk control and to construct the overall risk management system. It is to facilitate the business model with appropriate risk management and to control the rationality between risks and rewards under the premise of legal capital ratio in order to achieve operating targets and increase the value of the Bank for the shareholders. The scope covers the management of credit risk, market risk, operation risk, banking book interest rate risk, capital liquidity risk, and capital adequacy.

(ii) Risk management organization structure

1) Risk Management Committee

The chairperson of the Risk Management Committee is appointed by the president. The chairpersons include general manager, deputy general manager of the non-regulatory compliance in head office and department directors of head office (excluding the director of audit department in the Board). This Committee is set up for the purpose of establishing a sound risk management system, strengthening risk management and the implementation of the Bank's risk management and monitoring. The meeting will be held once a month in principle. The meeting can be held by the chairman of the Committee when it necessary. The duties are as follows:

- a) Conduct Analysis and response project when significant domestic and foreign economic, financial and industrial risk management occur.
- b) Risk management report of various risk exposure and agenda processing.
- c) The processing of examination of the risk management relevant policy of the Bank and limitations, management indices and the response project when the risk exceeds the limitations.

- d) Supervise the Bank's capital adequacy management.
- e) Conduct or supervise the issues that have to report to Risk Management Committee according to the regulations drawn by the competent authority at home and abroad.
- f) Conduct or supervise other risk management related issues.

Risk Management Department is the assistant unit of the Risk Management Committee. The responsibility of the Risk Management Department is to execute preparing sittings agenda, convening sittings, agenda processing, taking meeting minutes and tracking resolution and regularly report the important resolution and various risk exposure to the board of (executive) directors.

2) Assets and Liabilities Management Committee

The chairperson of the Assets and Liabilities Management Committee is the general manager, and the members are formed by the vice assistant general manager and the department heads of deposit, loan, financial transaction, capital deployment and risk management units. The responsibility of the Assets and Liabilities Management Committee is to monitor and manage the banking book interest rate risk and capital liquidity risk and convenes meetings regularly, to approve the analyzing and measurement methods of the capital liquidity risk and banking book interest rate risk exposure, to examine the capital liquidity risk and banking book interest rate risk management policy as well as the relevant limitations and management indices, to receive interest rate risk and capital liquidity risk exposure reports and adjust the assets and liabilities interest rate duration structure and capital maturity structure.

3) Credit Examination Committee

The convener of the Credit Examination Committee is the assistant general manager supervising Risk Management Center. The Committee in principle convenes weekly to examine the modification and establishment of the regulations (including main points, measures and procedures) for significant loans, foreign exchange and guarantee cases.

4) Overdue Loans Clearing Committee

The convener of the Overdue Loans Clearing Committee is the supervising vice president. The convener holds meetings as needed to discuss measures on reducing non-performing loans and approaches to handle overdue loans.

5) Cyber Security Management Committee

The Cyber Security Management Committee is convened by the supervising vice president who oversees the implementation and coordination of the Bank's cyber security policies. The committee holds meetings as needed to examine matters related to cyber security.

(iii) Credit risk

1) Source and definition of credit risk

Credit risk refers to the default risk resulted from the inability to fulfill the contract obligations due to deteriorating financial status of trade counterparties, pessimistic external economic situation or other factors. The primary source of the credit risk of the Bank is the loan business, such as loans of various terms, guarantees and letters of credit, loan commitments, etc., in addition, other sources of credit risk include call loans from banks, securities investments, derivative financial instrument transactions, etc.

2) Credit risk management policy

In order to control the credit risk to a tolerable scope, the Bank continuously conduct below operations:

- a) Fully understand the credit status and ratings of loan customers and trade counterparties as well as the purposes and payments of loans.
- b) Prudently evaluates the credit risk status of loan customers and trade counterparties and consider the adequacy of collaterals and guarantees to assess risk and profit.
- c) Establish credit rating mechanism for loan customers or apply the ratings from outside credit rating institutions as the reference for undertaking credit cases or interest rate determination.



d) Modify relevant regulations to control the credit risk to a tolerable extent for the Bank.

The credit risk management procedure and measurement methods of the Bank's major business are as follows:

a) Credit Business (Including loan commitments and guarantees)

The categorization and credit quality rating of credit assets are as follows:

i) Categorization of credit assets

The credit assets are classified into 5 categories. Except for normal credit assets which are classified as the first category, others are classified, based on the assurance status and the time overdue, as second category (need attention), third category (possible to recover), fourth category (difficult to retrieve) and the fifth category (unable to retrieve). In order to manage creditor's rights, the Bank established "Regulations Governing the Procedures to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", "Regulations Governing the Reconciliation of Non-performing/Non-accrual Loans" and its operating procedure "Operating procedure Governing the Collection of Non-performing/Non-accrual Loans" and "Code of Conduct to Deal With Non-Performing Loans" to serve as the guidelines for dealing with non-performing credit and overdue loans collection.

ii) Categorization of credit quality

Based on historical default data, the Bank established internal credit rating model and completed internal rating system to serve as a reference to credit risk control.

In order to develop an appropriate credit rating model for the Bank to evaluate the credit risk for corporate banking customers and private banking customers, it applied statistical methods, professional expert judgments and relevant customer information to fulfill the requirements. The Bank examined whether the internal credit rating model is in conformity with the actual scenario based on practical default data quarterly and adjusted all parameters to optimize the estimated results.

b) Due from other banks and call loans to banks

The Bank evaluates the credit status of counterparties before transaction and takes the rating information from domestic and foreign credit rating institutions into consideration to determine various credit risk facilities for the counterparties.

c) Debt instrument investments and derivative financial instruments

The Bank manages credit risk of debt instruments through credit rating data of external institutions, credit quality of bonds, geographic situations and counterparties' risk so as to identify credit risk.

The financial institutions which the Bank conducts derivative instruments are mostly investment quality and are controlled based on the trade amount (including loans at call). Counterparties which do not have credit rating or which are of low quality shall be examined individually. For counterparties which are general customers, the Bank controls the credit risk exposure based on the derivative instrument risk facilities and conditions approved by general credit procedures.

3) Determining the credit risk has increased significantly since initial recognition

At each reporting date, the Bank shall assess the change in the risk of a default occurring over the expected life of the various credit assets and financial assets to determine whether the credit risk has increased significantly since initial recognition. To make that assessment, the Bank considers reasonable and supportable information (including forward-looking information) that is indicative of significant increases in credit risk since initial recognition. The main considerations include:

a) credit assets

i) The borrowers failed to pay the principal and interest overdue for more than 30 days, less than 90 days;

ii) When the Bank conducts review or follow-up review of the relevant management procedures after loan, it knows that the financial report of the borrowers have been issued by the accountant and it has issued opinions of the significant doubt on the ability to continue as a going concern;

iii) The deposits and assets of borrowers are compulsorily executed, besides, the deposits are compulsorily executed because of tax arrears. However, the borrowers that have enough deposit to bear the cost that assessed by the Bank is except;

iv) The bank knows (if it has received the notice from court) that the collaterals are compulsory executed by other banks;

v) Borrowers were notified the refund by the Bank and did not conduct refund notice;

vi) The letter of credit insurance fund notice due to the related company's overdue debt in other bank, the creditor to stop the delivery;

vii) Because the borrowers have been involved in litigation and unfavorable judgments, their ability of credit performance is affected;

viii) The customer is classified as an early warning account by the Bank or has bad credit that aware by others.

b) Debt instrument investments

i) The latest credit rating on the report date was non-investment grade and fell more than two levels than the original rating, or;

ii) Investment target evaluation loss is up to 30% of investment cost.

4) The credit risk has not increased significantly or judged as low credit risk on the report date

On each report date, the Bank assessed that there was no significant increase in the risk of default for any credit asset during the expected duration of existence or a low credit risk. The amount of expected credit losses was not taken as the change of credit risk, if the credit risk of the credit asset was low on the report date, it also assumes that the credit risk of the credit asset has not increased significantly since the initial recognition. The credit assets with low credit risk refer to the low default risk and the borrower's ability to perform its contractual cash flow obligations in the near term. No significant increase in risk relates to the borrower. The absence of economic, operational, and adverse changes in financial conditions and other bad debt conditions did not affect their ability to fulfill their contractual cash flow obligations. Financial assets on investment-grade or not on investment-grade but the ratings are not significantly reduced are also considered to be low-risk areas.

5) Definitions of default and credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired not only the borrower defaults the loan more than 90 days, it also includes observable data as follows:

a) Credit assets

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

ii) A breach of contract, such as a default or past due event ;

iii) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

iv) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

v) The disappearance of an active market for that financial asset because of financial difficulties;

vi) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses;





b) Debt instrument investments

- i) Significant financial difficulty of the issuer;
- ii) The disappearance of an active market for that financial asset because of financial difficulties;
- iii) The purchase or origination of a financial asset at a considerable amount of discount that reflects the incurred credit losses.
- iv) Counterparty defaulting on agreement of other financial instruments (e.g. transactions settlement failure, a bank decide to execute early termination of transactions, or loans originated from derivatives settlement failure).

6) Write-off policy

The integral part or the portion of the credit assets that needs to be written-off should first be approved during the board of directors' meeting; particularly, the portion that is deemed uncollectible.

The following are indicators that the financial assets are uncollectible:

- a) The borrowers fail to recover all or part of the debt due to dissolution, escape, settlement, bankruptcy or other reasons.
- b) After the collateral and the assets of the principal and subordinate debtors have been priced low or deducted from the first-order mortgage, they cannot be repaid, the execution costs are close or may exceed the Bank's reimbursable amount, and the implementation is not beneficial.
- c) The collateral and the property of the principal and subordinate debtors were auctioned off at no cost and were not bought by anyone, and there was no one have substantial benefits.
- d) Overdue loan and non-accrual loan have exceeded the liquidation period for two years.

The Bank, whose written-off claims may still have ongoing recourse, continues to follow laws and regulations to pursue the proceedings.

7) Modification of contractual cash flow of financial assets

The Bank may revise the contractual cash flow of the credit asset due to the borrower's financial difficulties in negotiating, increasing the recovery rate of the borrowers that have problems, or maintaining the customer relationship. The modification of the contractual terms of the credit asset may include extending the contract period, modifying the payment time of interest, and modifying agreement rate and so on. If the contractual cash flow modification of the credit asset is due to the financial difficulty of the borrower, it is deemed as an impairment of the financial asset. If the contractual cash flow modification is not due to the financial difficulties of the borrower, the existing or projected unfavorable changes in the operating, financial or economic conditions under the borrower's performance or the borrower's ability to make the borrower's ability to perform its debt obligations vary significantly. The cause of anomalies or other bad debts is supplemented by an assessment of whether the credit risk of financial assets has increased significantly.

8) Measuring the expected credit losses

a) Adoption of methods and assumptions

After considering the attributes of financial assets and credit assets and the adequacy of default experience, internal historical data or the information from external credit rating agency is used to estimate the Probability of default (PD), Loss given default (LGD), Exposure at default (EAD) and other credit risk components.

In order to assess the expected credit losses of credit assets, the Bank is divided into the following combinations depending on the credit risk characteristics such as the identity of borrowers, products, and type of collateral:

| | | |
|------------------------------|---|---|
| Corporate banking | Government and public institution | |
| | Financial institution (including banks, ticket companies, securities finance companies) | |
| | Large Enterprise | The guarantee of the credit guarantee mechanism |
| | | Secured |
| | | Non-secured |
| Medium and small enterprises | The guarantee of the credit guarantee mechanism | |
| | Secured | |
| | Non-secured | |
| Private banking | Mortgage | |
| | Microcredit | |
| | Other-Secured | |
| | Other-Non-secured | |
| Entrepreneurship | The guarantee of the credit guarantee mechanism | |
| | Secured | |
| | Non-secured | |

If the credit risk on a credit asset has not increased significantly since initial recognition or the credit asset has low credit risk at the reporting date, the Bank shall measure the allowance for impairment using the 12-month expected credit losses; if the credit risk on a financial instrument has increased significantly or credit-impaired since initial recognition, the Bank shall measure the allowance for impairment using the lifetime expected credit losses.

In order to measure expected credit losses, the Bank considers the default probability (Probability of default, "PD") of borrowers, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12-month and lifetime loss.

Default probability is the default probability of the borrower (default and credit impairment of financial assets), and the loss given default rate is the rate of loss caused by default by the borrower. The default probability and default loss rate used in the impairment assessment of the credit business are based on internal historical information of each group, and adjusted based on current observable information and forward-looking general economic information.

The Bank measures the EAD based on the book value of loans at reporting date. When estimating the 12-month and lifetime expected credit losses of the loan commitments and financial guarantee contracts, the definition of the credit risk increasing significantly and the credit-impaired assets are based on the rules mentioned above. Additionally, in order to determine the EAD used to calculate expected credit loss of off-balance sheet items, the Bank adopts the credit conversion factor (CCF) of standardized approach in credit risk which is legislated in the regulation of Proprietary Capital and Risk Capital of Banks.

b) Consideration of forward-looking information

The Bank obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The Bank identified the relevant macroeconomic factors for credit risk of each portfolio by analyzing the historically data. These macroeconomic factors include Taiwan GDP (not seasonally adjusted), Taiwan's actual industrial production index, Taiwan's annual growth rate of retail sales, Taiwan's real sales price index, unemployment rate (seasonally adjusted), Cathay National Real Estate Index (national), Taiwan's real consumer price index (Not seasonally adjusted) and Taiwan's annual growth in retail sales or other factors. The various economic factors and their impacts on Probability of Default ("PD") are different depending on the type of financial instruments.

In order to determine the credit risk of investment in debt instruments at amortized cost and at fair value through other comprehensive income has increased significantly, the Bank uses the changes of external ratings published by international credit rating agencies as the quantitative indicators, while the assessment of expected credit losses are calculated by using the external ratings, as well as PD and Loss Given Default (“LGD”), published by Moody's. Since the international credit rating agencies have already considered the forward-looking information while evaluating the credit ratings, which the Bank considered to be appropriate after its assessment, the credit ratings will be included in the Bank's assessment of related expected credit losses.

9) Credit risk hedging or diminishing.

a) Collaterals

The Bank adopts a series of policies and procedures to mitigate credit risk and enhance credit risk tolerance. The method applied most is to request customers to provide collaterals. The Bank established collateral accreditation code of conduct in term of collateral management and total loan amount to regulate the scope of collaterals and the accreditation method and regularly inspects the collaterals. When the collaterals devalue or the concern of devaluation occurs, the Bank shall increase collaterals or retrieve part of the loans to ensure the creditor's right is intact.

b) Limit of credit risk and the control of credit risk concentration

i) In order to avoid the situation that the credit risk of single customer being too high, the credit limit of an individual, a related party or a related enterprise shall be in conformity with “Authorization method for subsection 3 of Article 33 of the Banking Act of the Republic of China” and the credit limit authorization steps are regulated in the Key Points of Credit Engagement Authorization and the Key Points of Credit Engagement Authorization for Overseas Branches of the Bank.

ii) To enhance the risk concentration management, the Bank established regulations in terms of countries, financial institutions, industries and group enterprises. The relevant limits are reviewed and approved annually and the usage of the credit is monitored on a daily basis. In addition, the results are reported regularly.

c) General agreement of net amount settlement

The transactions of the Bank are mostly settled with gross amount. Part of the transactions agreed on net amount settlement. When a default occurs, the Bank terminates all the transactions with the counterparty and settles by net amount to further lower credit risk.

d) Enhancement of other credit

The assessment of credit business applies to credit 5P principles, credit risk is offset by dividing self-liquidating loan commitments as the main, and set the accounts to master the repayment of cash flow. Also, in terms of the credit agreement stipulates the offset. (i.e. all kinds of deposits, except prohibition of low or the party's agreement, the Bank can set off all the debts), thus to reduce the loan amount, shorter loan repayment period or are considered part or all of expiration of acceleration clauses. To strengthen the protection of creditor and reduce credit risk, using qualified and effective enhancement, such as the requirement of real property, personal property, demand deposits, time deposits, securities and the guarantee of financial institution or the credit guarantee mechanism approved by government. (e.g. R.O.C SMEG, Agricultural Credit Guarantee Fund, Overseas Credit Guarantee Fund)

10) Information on the financial assets of the Bank that has been credit derogated and the collateral for mitigating potential losses are as follows:

| December 31, 2023 | Carrying amount | Allowance impairment | Exposure (measured at amortized cost) | Value of collateral |
|-----------------------------------|-----------------|----------------------|---------------------------------------|---------------------|
| Impairment financial assets : | | | | |
| Receivables | | | | |
| Interest receivable | \$ 53,837 | 16,263 | 37,574 | - |
| Discounts and loans | 19,125,961 | 4,196,783 | 14,929,178 | 22,784,264 |
| Overdue receivable | 19,717 | 10,891 | 8,826 | - |
| Total impairment financial assets | \$ 19,199,515 | 4,223,937 | 14,975,578 | 22,784,264 |

| December 31, 2022 | Carrying amount | Allowance impairment | Exposure (measured at amortized cost) | Value of collateral |
|-----------------------------------|-----------------|----------------------|---------------------------------------|---------------------|
| Impairment financial assets : | | | | |
| Receivables | | | | |
| Interest receivable | \$ 42,578 | 7,050 | 35,528 | - |
| Discounts and loans | 20,309,083 | 4,784,155 | 15,524,928 | 22,707,890 |
| Overdue receivable | 58,786 | 15,898 | 42,888 | - |
| Total impairment financial assets | \$ 20,410,447 | 4,807,103 | 15,603,344 | 22,707,890 |

Note: The value of collateral is the real estate appraisal information and credit guarantee agency guarantee amount levied by the Bank's credit assets.

11) Credit risk concentration

The Bank does not conduct significant transaction with single customer or single trade counterparty. The total amount of discounts and loans, overdue loans in terms of individual customer or individual trade counterparty is not significant. The information of credit risk concentration of the Bank's discounts and loans and overdue loans are divided by industries, geographic areas and collaterals and listed as follows:

a) By industry

Distribution of discounts and loans, overdue loans based on industries.

| Industry | December 31, 2023 | | December 31, 2022 | |
|-----------------------------------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Private business | \$ 942,481,908 | 62.36% | 894,970,270 | 63.09% |
| Public business | 26,473,840 | 1.75% | 6,415,252 | 0.45% |
| Government institution | 46,485,000 | 3.08% | 70,682,095 | 4.98% |
| Nonprofit organization | 2,700,387 | 0.18% | 2,919,516 | 0.21% |
| Individual | 388,328,132 | 25.70% | 346,079,715 | 24.40% |
| Foreign financial institution | 8,532,647 | 0.56% | 6,899,993 | 0.49% |
| Foreign non-financial institution | 94,290,432 | 6.24% | 87,153,772 | 6.14% |
| Foreign individual | 1,917,974 | 0.13% | 3,372,838 | 0.24% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |



b) By geographic area

Distribution of discounts and loans, overdue loans based on geographic area.

| Area | December 31, 2023 | | December 31, 2022 | |
|----------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Domestic | \$ 1,406,469,267 | 93.07% | 1,321,066,848 | 93.13% |
| Foreign | 104,741,053 | 6.93% | 97,426,603 | 6.87% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |

c) By collateral

Distribution of discounts and loans, overdue loans based on collateral.

| Collateral | December 31, 2023 | | December 31, 2022 | |
|------------------|-------------------|---------|-------------------|---------|
| | Amount | % | Amount | % |
| Unsecured | \$ 262,896,301 | 17.40% | 271,796,900 | 19.16% |
| Stocks | 9,567,174 | 0.63% | 8,846,336 | 0.63% |
| Bonds | 23,544,824 | 1.56% | 23,134,859 | 1.63% |
| Real estate | 948,449,425 | 62.76% | 878,535,410 | 61.93% |
| Chattel | 13,604,217 | 0.90% | 15,849,874 | 1.12% |
| Notes receivable | 2,088,810 | 0.14% | 2,414,280 | 0.17% |
| Guarantees | 242,173,546 | 16.02% | 208,721,552 | 14.71% |
| Others | 8,886,023 | 0.59% | 9,194,240 | 0.65% |
| Total | \$ 1,511,210,320 | 100.00% | 1,418,493,451 | 100.00% |

Note: Secured credit are categorized in its respective item per the type of the collaterals. Non-secured credit (no collateral provided) is classified in unsecured. If the credit amount is higher than the accreditation value, the credit amount within the accreditation is classified in the respective item, the credit amount exceeds the accreditation value is classified in unsecured. The accreditation value is the value calculated per the accreditation regulations of the Bank, not the discounted value of the signed contract.

12) Maximum credit risk exposure

a) The maximum credit exposure of the assets in the financial statement is approximately the book value when not considering collaterals or other credit enhancement instruments. The maximum credit exposure off the balance sheet (when not considering collaterals or other credit enhancement instruments and not revocable) was as follows:

| Off balance sheet items | Maximum credit risk exposure | |
|--|------------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 |
| Issued and irrevocable loan commitments | \$ 110,877,663 | 64,987,007 |
| Irrevocable credit card loan commitments | 17,826,561 | 18,839,955 |
| Letters of credit issued yet unused | 7,577,343 | 8,129,149 |
| Various guarantee proceeds | 27,513,283 | 22,056,496 |
| Total | \$ 163,794,850 | 114,012,607 |

The Management of the Bank evaluated the credit risk exposure and believed that it is able to continuously control and minimize the off-balance sheet credit risk exposure due to its strict appraisal process and regular subsequent examination.

b) The credit quality analyses of the financial assets

i) Credit quality analysis of discounts and loans, receivables, guarantee and commitments

| December 31, 2023 | 12-month ECL | | | | | | | Lifetime ECL-not impaired | | | | | | | Lifetime ECL-impaired | Allowance impairment | Total | |
|---------------------------|----------------|-------------|-------------|------------|----------------|-------------|---------------|---------------------------|-----------|-----------|------------|----------------|-----------|-----------|-----------------------|----------------------|---------------|-----------|
| | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | | | | High risk |
| Receivable | | | | | | | | | | | | | | | | | | |
| Credit card | \$ 407,287 | 224,647 | 173,640 | 5 | 2,792 | 330,380 | 1,138,751 | 640 | 2,746 | 1,684 | - | 489 | 10 | 5,569 | - | 1,013 | 1,143,307 | |
| Acceptances receivable | 359,835 | 362,994 | 27,562 | - | - | 154,272 | 904,663 | - | - | - | - | - | - | - | - | 9,047 | 895,616 | |
| Other receivables | 546,516 | 765,643 | 514,312 | 78,310 | 28,164 | 3,226,606 | 5,159,553 | 429 | 3,250 | 3,736 | 999 | 4,446 | 1,577 | 14,437 | 53,837 | 67,006 | 5,160,821 | |
| Discounts and loans | | | | | | | | | | | | | | | | | | |
| Private banking | 157,888,014 | 145,477,258 | 71,012,229 | 3,416,554 | 1,113,419 | 5,877,892 | 384,785,366 | 44,210 | 117,070 | 304,099 | 96,716 | 71,708 | 23,617 | 657,420 | 4,803,319 | 4,806,809 | 385,439,496 | |
| Corporate banking | 294,413,340 | 396,339,294 | 261,840,972 | 40,056,612 | 17,587,923 | 91,149,940 | 1,101,388,081 | 268,637 | 1,293,493 | 771,072 | 448,641 | 1,428,722 | 1,041,927 | 5,253,492 | 14,322,642 | 14,796,233 | 1,106,167,982 | |
| Other financial assets | | | | | | | | | | | | | | | | | | |
| Overdue receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 19,717 | 11,490 | 8,227 | |
| Total | \$ 453,614,994 | 543,169,836 | 333,568,715 | 43,551,481 | 18,732,298 | 100,739,090 | 1,493,376,414 | 313,916 | 1,416,559 | 1,080,591 | 546,356 | 1,506,365 | 1,067,131 | 5,930,918 | 19,199,515 | 19,691,398 | 1,498,815,449 | |
| Guarantee and commitments | \$ 30,766,391 | 12,299,252 | 7,865,230 | 358,346 | 248,200 | 111,821,971 | 163,359,390 | 12,255 | 282,643 | 261 | 7,876 | - | 227 | 303,262 | 132,198 | 377,101 | 163,417,749 | |

| December 31, 2022 | 12-month ECL | | | | | | | Lifetime ECL-not impaired | | | | | | | Lifetime ECL-impaired | Allowance impairment | Total |
|---------------------------|----------------|-------------|-------------|------------|----------------|-------------|---------------|---------------------------|---------|---------|------------|----------------|-----------|-----------|-----------------------|----------------------|---------------|
| | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | Excellent | Good | Medium | Acceptable | Under standard | No rating | Subtotal | | | |
| Receivable | | | | | | | | | | | | | | | | | |
| Credit card | \$ 426,421 | 227,860 | 196,313 | 79 | 4,913 | 238,053 | 1,093,629 | 1,688 | 1,452 | 1,618 | - | 326 | 20 | 5,104 | - | 569 | 1,098,164 |
| Acceptances receivable | 375,279 | 232,317 | 119,969 | 25,670 | - | 38,049 | 791,284 | - | - | - | - | - | - | - | - | 7,913 | 783,371 |
| Other receivables | 401,011 | 579,726 | 493,641 | 35,741 | 24,719 | 2,459,168 | 3,894,006 | 408 | 945 | 1,952 | 897 | 2,387 | 600 | 7,189 | 42,578 | 61,519 | 3,982,254 |
| Discounts and loans | | | | | | | | | | | | | | | | | |
| Private banking | 130,688,330 | 132,157,479 | 70,280,524 | 3,199,945 | 1,062,127 | 6,862,188 | 344,360,593 | 56,031 | 137,190 | 252,638 | 22,912 | 111,432 | 36,101 | 616,304 | 4,475,656 | 4,181,307 | 345,271,246 |
| Corporate banking | 245,799,786 | 365,067,368 | 272,870,989 | 26,218,577 | 15,363,104 | 125,044,694 | 1,050,364,518 | 288,453 | 355,127 | 556,056 | 930,623 | 562,350 | 150,344 | 2,842,953 | 15,833,427 | 13,897,309 | 1,055,143,589 |
| Other financial assets | | | | | | | | | | | | | | | | | |
| Overdue receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 58,786 | 48,471 | 10,315 |
| Total | \$ 377,700,827 | 498,284,740 | 343,961,436 | 29,480,012 | 16,454,863 | 134,742,152 | 1,400,604,030 | 346,580 | 494,714 | 812,264 | 954,432 | 676,495 | 187,065 | 3,471,550 | 20,410,447 | 18,197,088 | 1,406,288,939 |
| Guarantee and commitments | \$ 26,669,887 | 15,125,762 | 5,916,207 | 174,424 | 45,746 | 65,833,294 | 113,765,320 | 43,098 | 11,091 | 421 | - | 98 | - | 54,708 | 192,579 | 337,312 | 113,675,295 |



ii) Debt instruments

| December 31, 2023 | 12-month ECL | | | | Subtotal | Lifetime ECL-not impaired | | | | Lifetime ECL- impaired High risk | Total | Accumulated impairment (Note) |
|--|-----------------------|----------------|-----------|-----------|--------------------|---------------------------|----------------|-----------|-----------|--|--------------------|-------------------------------------|
| | Investment | Sub investment | High risk | No rating | | Investment | Sub investment | High risk | No rating | | | |
| Investment in debt instruments measured at fair value through other comprehensive income | | | | | | | | | | | | |
| Overseas bonds | \$ 68,060,097 | - | - | - | 68,060,097 | - | - | - | - | - | 68,060,097 | 19,146 |
| NT bonds | 101,272,236 | - | - | - | 101,272,236 | - | - | - | - | - | 101,272,236 | 80,973 |
| Negotiable certificates of deposit | 601,026 | - | - | - | 601,026 | - | - | - | - | - | 601,026 | 230 |
| Investment in debt instruments at amortized cost | | | | | | | | | | | | |
| Overseas bonds | 22,193,166 | - | - | - | 22,193,166 | - | - | - | - | - | 22,193,166 | 3,899 |
| NT bonds | 39,818,115 | - | - | - | 39,818,115 | - | - | - | - | - | 39,818,115 | 20,322 |
| Certificates of deposit with the Central Bank | 190,900,000 | - | - | - | 190,900,000 | - | - | - | - | - | 190,900,000 | 56,375 |
| Negotiable certificates of deposit | 64,481 | - | - | - | 64,481 | - | - | - | - | - | 64,481 | 24 |
| Total | \$ 422,909,121 | - | - | - | 422,909,121 | - | - | - | - | - | 422,909,121 | 180,969 |

| December 31, 2022 | 12-month ECL | | | | Subtotal | Lifetime ECL-not impaired | | | | Lifetime ECL- impaired High risk | Total | Accumulated impairment (Note) |
|--|-----------------------|----------------|-----------|-----------|--------------------|---------------------------|----------------|-----------|-----------|--|--------------------|-------------------------------------|
| | Investment | Sub investment | High risk | No rating | | Investment | Sub investment | High risk | No rating | | | |
| Investment in debt instruments measured at fair value through other comprehensive income | | | | | | | | | | | | |
| Overseas bonds | \$ 50,304,163 | - | - | - | 50,304,163 | - | - | - | - | - | 50,304,163 | 15,793 |
| NT bonds | 91,536,068 | - | - | - | 91,536,068 | - | - | - | - | - | 91,536,068 | 75,059 |
| Investment in debt instruments at amortized cost | | | | | | | | | | | | |
| Overseas bonds | 10,420,185 | - | - | - | 10,420,185 | - | - | - | - | - | 10,420,185 | 3,247 |
| NT bonds | 30,769,411 | - | - | - | 30,769,411 | - | - | - | - | - | 30,769,411 | 13,846 |
| Certificates of deposit with the Central Bank | 195,595,000 | - | - | - | 195,595,000 | - | - | - | - | - | 195,595,000 | 57,763 |
| Negotiable certificates of deposit | 64,523 | - | - | - | 64,523 | - | - | - | - | - | 64,523 | 16 |
| Total | \$ 378,689,350 | - | - | - | 378,689,350 | - | - | - | - | - | 378,689,350 | 165,724 |

Note: The cumulative impairment of the bond which measured at fair value through other comprehensive profit or loss is recognized as other equity.

iii) The Maximum credit risk exposure for financial instruments are not subject to impairment regulations are as follows:

| December 31, 2023 | Maximum credit risk exposure | Collateral | Enhancement of other credit |
|---|-------------------------------------|-------------------|------------------------------------|
| Financial assets at fair value through profit or loss | | | |
| – Commercial paper | \$ 68,332,202 | - | - |
| – Listed stocks | 194,841 | - | - |
| – Beneficiary certificates | 144,644 | - | - |
| – Derivative instrument | 3,259,221 | 694,552 | 727,563 |
| December 31, 2022 | Maximum credit risk exposure | Collateral | Enhancement of other credit |
| Financial assets at fair value through profit or loss | | | |
| – Commercial paper | \$ 30,907,810 | - | - |
| – Listed stocks | 115,114 | - | - |
| – Beneficiary certificates | 347,166 | - | - |
| – Derivative instrument | 1,166,667 | 2,527,996 | 727,720 |

13) Changes in the expected credit losses of the Bank

a) Receivables

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 12,182 | 4,153 | 7,050 | 23,385 | 46,616 | 70,001 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to 12-months ECL | 234 | (30) | (204) | - | - | - |
| – Transferred to lifetime ECL | (51) | 65 | (14) | - | - | - |
| – Transferred to the credit-impaired financial assets | (26) | (16) | 42 | - | - | - |
| – The financial assets that have been derecognized | (8,797) | (139) | (2,627) | (11,563) | - | (11,563) |
| New financial assets originated or purchased | 9,037 | 108 | 9,806 | 18,951 | - | 18,951 |
| Other changes | 2,913 | (3,653) | 2,210 | 1,470 | - | 1,470 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (1,793) | (1,793) |
| Ending balance | \$ 15,492 | 488 | 16,263 | 32,243 | 44,823 | 77,066 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 13,694 | 164 | 5,641 | 19,499 | 51,574 | 71,073 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to 12-months ECL | 108 | (12) | (96) | - | - | - |
| – Transferred to lifetime ECL | (5) | 16 | (11) | - | - | - |
| – Transferred to the credit-impaired financial assets | (28) | (10) | 38 | - | - | - |
| – The financial assets that have been derecognized | (8,542) | (108) | (2,030) | (10,680) | - | (10,680) |
| New financial assets originated or purchased | 6,323 | 168 | 3,637 | 10,128 | - | 10,128 |
| Other changes | 632 | 3,935 | (129) | 4,438 | - | 4,438 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (4,958) | (4,958) |
| Ending balance | \$ 12,182 | 4,153 | 7,050 | 23,385 | 46,616 | 70,001 |



b) Discounts and loans

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|-------------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 5,882,540 | 138,138 | 4,784,155 | 10,804,833 | 7,273,783 | 18,078,616 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to 12-months ECL | 125,583 | (12,008) | (113,575) | - | - | - |
| – Transferred to lifetime ECL | (27,462) | 37,460 | (9,998) | - | - | - |
| – Transferred to the credit-impaired financial assets | (20,664) | (6,485) | 27,149 | - | - | - |
| – The financial assets that have been derecognized | (2,603,606) | (94,720) | (764,241) | (3,462,567) | - | (3,462,567) |
| New financial assets originated or purchased | 2,507,153 | 10,314 | 260,023 | 2,777,490 | - | 2,777,490 |
| Write-off | - | - | (4,003,890) | (4,003,890) | - | (4,003,890) |
| Other changes | (742,929) | 245,297 | 4,017,160 | 3,519,528 | - | 3,519,528 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 2,693,665 | 2,693,665 |
| Ending balance | \$ 5,120,615 | 317,996 | 4,196,783 | 9,635,394 | 9,967,448 | 19,602,842 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|-------------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 4,166,467 | 129,977 | 3,635,336 | 7,931,780 | 7,645,037 | 15,576,817 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to 12-months ECL | 154,551 | (29,664) | (124,887) | - | - | - |
| – Transferred to lifetime ECL | (8,551) | 21,718 | (13,167) | - | - | - |
| – Transferred to the credit-impaired financial assets | (25,545) | (3,572) | 29,117 | - | - | - |
| – The financial assets that have been derecognized | (2,079,596) | (85,034) | (730,979) | (2,895,609) | - | (2,895,609) |
| New financial assets originated or purchased | 2,921,806 | 12,984 | 388,582 | 3,323,372 | - | 3,323,372 |
| Write-off | - | - | (2,223,252) | (2,223,252) | - | (2,223,252) |
| Other changes | 753,408 | 91,729 | 3,823,405 | 4,668,542 | - | 4,668,542 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (371,254) | (371,254) |
| Ending balance | \$ 5,882,540 | 138,138 | 4,784,155 | 10,804,833 | 7,273,783 | 18,078,616 |

c) Other financial assets

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ - | - | 15,898 | 15,898 | 32,573 | 48,471 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – The financial assets that have been derecognized | - | - | (13) | (13) | - | (13) |
| New financial assets originated or purchased | - | - | 10,365 | 10,365 | - | 10,365 |
| Write-off | - | - | (46,954) | (46,954) | - | (46,954) |
| Other changes | - | - | 31,595 | 31,595 | - | 31,595 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (31,974) | (31,974) |
| Ending balance | \$ - | - | 10,891 | 10,891 | 599 | 11,490 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|----------------------------|------------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL -not impaired | Lifetime ECL -impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ - | - | 25,545 | 25,545 | 25,847 | 51,392 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – The financial assets that have been derecognized | - | - | (8) | (8) | - | (8) |
| New financial assets originated or purchased | - | - | 7,633 | 7,633 | - | 7,633 |
| Write-off | - | - | (16,567) | (16,567) | - | (16,567) |
| Other changes | - | - | (705) | (705) | - | (705) |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 6,726 | 6,726 |
| Ending balance | \$ - | - | 15,898 | 15,898 | 32,573 | 48,471 |



d) Guarantee and commitments

| | For the year ended December 31, 2023 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 178,812 | 57 | 61,625 | 240,494 | 96,818 | 337,312 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to lifetime ECL | (19) | 19 | - | - | - | - |
| – The financial assets that have been derecognized | (76,203) | (46) | (6,825) | (83,074) | - | (83,074) |
| New financial assets originated or purchased | 84,692 | 1,083 | 555 | 86,330 | - | 86,330 |
| Other changes | (28,034) | 4 | (12,652) | (40,682) | - | (40,682) |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | 77,215 | 77,215 |
| Ending balance | \$ 159,248 | 1,117 | 42,703 | 203,068 | 174,033 | 377,101 |

| | For the year ended December 31, 2022 | | | | | |
|---|--------------------------------------|---------------------------|-----------------------|------------------|---|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Impaired (IFRS9) | Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | Total |
| Beginning balance | \$ 149,354 | 69 | 6,786 | 156,209 | 173,279 | 329,488 |
| Changes in financial instruments that have been identified at the beginning of the period : | | | | | | |
| – Transferred to 12-months ECL | 1,459 | - | (1,459) | - | - | - |
| – Transferred to lifetime ECL | (86) | 86 | - | - | - | - |
| – Transfer to the credit-impaired financial assets | (458) | - | 458 | - | - | - |
| – The financial assets that have been derecognized | (74,692) | (89) | (4,543) | (79,324) | - | (79,324) |
| New financial assets originated or purchased | 83,604 | - | 6,517 | 90,121 | - | 90,121 |
| Other changes | 19,631 | (9) | 53,866 | 73,488 | - | 73,488 |
| Impairment difference of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans " | - | - | - | - | (76,461) | (76,461) |
| Ending balance | \$ 178,812 | 57 | 61,625 | 240,494 | 96,818 | 337,312 |

e) Debts investments

| | For the year ended December 31, 2023 | | | |
|-------------------|--------------------------------------|---------------------------|-----------------------|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Total |
| Beginning balance | \$ 165,724 | - | - | 165,724 |
| Additions | 88,647 | - | - | 88,647 |
| Derecognition | (72,490) | - | - | (72,490) |
| Other changes | (912) | - | - | (912) |
| Ending balance | \$ 180,969 | - | - | 180,969 |

| | For the year ended December 31, 2022 | | | |
|-------------------|--------------------------------------|---------------------------|-----------------------|----------|
| | 12-month ECL | Lifetime ECL-not impaired | Lifetime ECL-impaired | Total |
| Beginning balance | \$ 175,270 | - | - | 175,270 |
| Additions | 68,255 | - | - | 68,255 |
| Derecognition | (78,262) | - | - | (78,262) |
| Other changes | 461 | - | - | 461 |
| Ending balance | \$ 165,724 | - | - | 165,724 |

14) Collateral management policy

- a) Collaterals are recognized under the account of other assets per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks".
- b) Details were as follows:

Collaterals refer to the collaterals provided by clients as guarantee which are undertaken through public auction when the debtor is not able to fulfill its obligation. The collaterals assumed are recognized using the prices undertaken per the rules of "Regulations Governing the Preparation of Financial Reports by Public Banks" and measured by the book value or the fair value deducted by cost of sale, whichever is lower, at the end of the period. Collaterals will be sold when they are available to be sold and the proceeds received will be used to reduce the book amount of collaterals.

(iv) Liquidity risk

- 1) The origin and definition of liquidity risk

Liquidity risk refers to the potential financial loss results from the inability to liquidate assets or obtain finance to fulfill the financial obligation which is going to mature with sufficient fund, such as early rescind of time deposits, the channels and terms to call loan from other bank are deteriorated due to the influence of specific markets and the default of loan customers worsen and it is harder for the Bank to receive payments and liquidate financial instruments. The abovementioned situations may diminish the source of cash for the Bank to undertake loan business, trades and investment activities. Under some extreme circumstances, the lack of liquidity may increase the potential possibility of reduction of the overall position of consolidated financial statement, sale of assets and inability to fulfill loan obligation. Liquidity risk is an inherent risk of bank operations and is influenced by specific or overall events in various markets. Those events include but not limited to: Credit event, merger or buyout, systematic strike and natural disaster.



2) The management policy, process and measurement of liquidity risk

a) Policy

- i) In accordance with the target and limit for liquidity risk management approved by the board of directors and monitor all liquidity risk positions.
- ii) Established "Directions Governing the Capital Liquidity Risk Management of Taiwan Business Bank" and "Remarks Governing the Capital Liquidity Risk Management of Taiwan Business Bank" to serve as guidance to effectively control capital liquidity risk.
- iii) Overseas branches shall regulate the code of conduct for liquidity risk management based on business characteristics and the regulations of local authorities. After being approved by the general manager, the Risk Management Department will be in charge of monitoring liquidity risk.

b) Process

- i) Finance Department is in charge of daily capital deployment to ensure that the capital is sufficient to cope with various demands for capital.
- ii) Risk Management Department is in charge of the identification, measurement, supervision and control of capital liquidity risk to establish a firm operation process and structure.
- iii) Risk Management Department reports the result of capital liquidity risk measurement to the Assets and Liabilities Management Committee on a monthly basis and reports the results of capital liquidity risk and pressure test to the board of directors quarterly.

c) Measurement

- i) Maturity gap: To place the inflows and outflows of capital into various time zones accordingly based on the remaining days to maturity and calculate the gap of capital of each time zone in order to measure the capital deficiency of each time zone.
- ii) Loan-deposit ratio: To calculate the deposits the Bank received which are used to conduct loan business. In other words, the percentage of the total loan amount accounts for the total deposit amount.
- iii) Capital concentration and stability: In order to prevent the Bank from over-relying on single trade counterparty, product or market, the Bank observes several aspects such as the changes in large time deposit customers, the percentage of demand deposits and the continuity of deposits.
- iv) Pressure test: Except for monitoring the capital demand under normal circumstances, the Bank conducts pressure test regularly in order to evaluate the capital liquidity under abnormal circumstances and ensure that the Bank is equipped with sufficient capital.

3) Financial assets possessed for managing liquidity risk and maturity analysis for non- derivative financial liability

a) Financial assets possessed for managing liquidity risk

The Bank possesses cash and other high liquidity interest yielding assets to cope with payment obligations and potential emergent capital demands in the market. The assets possessed for managing liquidity risk include cash and cash equivalent, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, financial assets measured at fair value through other comprehensive income and investment in debt instruments at amortized cost.

b) Maturity analysis for non-derivative financial liabilities

The table below shows the cash outflows from the non-derivative financial liabilities which are possessed by the Bank based on the remaining days from the consolidated financial statement date to the contract maturity date. The amount disclosed is based on the cash flows of the contracts.

| | December 31, 2023 | | | | | |
|---|-------------------|-------------|---------------|------------|--------------|---------------|
| | 0-30 days | 31-90 days | 91days-1 year | 1-5 years | Over 5 years | Total |
| Major matured cash outflow | \$ 1,142,874,576 | 244,432,419 | 542,995,925 | 80,837,280 | 51,169,120 | 2,062,309,320 |
| Deposits from the Central Bank and banks | 1,576,247 | - | - | - | - | 1,576,247 |
| Overdrafts on banks | 1,003,829 | - | - | - | - | 1,003,829 |
| Call loans from the Central Bank and banks | 26,383,499 | 12,675,547 | 614,099 | - | - | 39,673,145 |
| Financial liabilities designated at fair value through profit or loss | - | - | - | - | 9,175,560 | 9,175,560 |
| Notes and bonds issued under repurchase agreement | 456,419 | 206,281 | 1,124,015 | - | - | 1,786,715 |
| Interest payable | 1,041,733 | 2,627,092 | 3,469,568 | 123,735 | 19 | 7,262,147 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 19,380,000 | 37,529,335 | 43,000,000 | 21,000,000 | - | 120,909,335 |
| Demand deposits | 965,686,931 | - | - | - | - | 965,686,931 |
| Time deposits | 126,964,148 | 190,930,840 | 494,448,612 | 45,278,241 | 2,879 | 857,624,720 |
| Remittance | 326,152 | - | - | - | - | 326,152 |
| Bank notes payable | - | 390,000 | - | 12,660,000 | 40,800,000 | 53,850,000 |
| Cumulative earnings on appropriated loan fund | 500 | 6,750 | 73,250 | 1,043,330 | 1,012,572 | 2,136,402 |
| Lease liabilities | 55,118 | 66,574 | 266,381 | 731,974 | 178,090 | 1,298,137 |

| | December 31, 2022 | | | | | |
|---|-------------------|-------------|---------------|------------|--------------|---------------|
| | 0-30 days | 31-90 days | 91days-1 year | 1-5 years | Over 5 years | Total |
| Major matured cash outflow | \$ 1,098,020,121 | 221,619,539 | 479,735,057 | 92,821,185 | 49,342,954 | 1,941,538,856 |
| Deposits from the Central Bank and banks | 937,523 | - | - | - | - | 937,523 |
| Overdrafts on banks | 1,084,076 | - | - | - | - | 1,084,076 |
| Call loans from the Central Bank and banks | 27,012,375 | 18,670,658 | - | - | - | 45,683,033 |
| Financial liabilities designated at fair value through profit or loss | - | - | - | - | 9,367,595 | 9,367,595 |
| Notes and bonds issued under repurchase agreement | 458,662 | 157,550 | 1,292,066 | 554,713 | - | 2,462,991 |
| Interest payable | 310,520 | 1,288,484 | 2,711,772 | 118,148 | 9 | 4,428,933 |
| Deposits transferred from Chunghwa Post Co., Ltd. | 9,820,000 | 21,196,335 | 75,185,210 | 41,060,000 | - | 147,261,545 |
| Demand deposits | 954,109,937 | - | - | - | - | 954,109,937 |
| Time deposits | 103,804,595 | 180,237,487 | 392,763,469 | 42,587,346 | 5,124 | 719,398,021 |
| Remittance | 428,111 | - | - | - | - | 428,111 |
| Bank notes payable | - | - | 7,400,000 | 6,600,000 | 38,250,000 | 52,250,000 |
| Cumulative earnings on appropriated loan fund | 2,250 | 3,750 | 118,500 | 1,198,580 | 1,587,501 | 2,910,581 |
| Lease liabilities | 52,072 | 65,275 | 264,040 | 702,398 | 132,725 | 1,216,510 |

4) Derivative financial liabilities maturity analysis

a) Derivative financial instruments settled by net amount

The derivative instruments of the Bank whose possession are settled by net amount include foreign derivative instruments, such as non-delivery forward contracts and net-delivery foreign exchange option. After evaluation the Bank concluded that the maturity date is the basic element to comprehend all the derivative financial instruments listed in the consolidated financial statement.



The amount disclosed is based on the cash flows of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the financial statement. As of December 31, 2023 and 2022, maturity analysis for the derivative financial liabilities settled by net amount is as follows:

| December 31, 2023 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|-----------|------------|-------------|--------------------|-------------|-------|
| Derivative financial liabilities at fair value through profit or loss | | | | | | |
| – Foreign exchange derivative instrument | \$ 5 | - | - | - | - | 5 |

| December 31, 2022 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|-----------|------------|-------------|--------------------|-------------|-------|
| Derivative financial liabilities at fair value through profit or loss | | | | | | |
| – Foreign exchange derivative instrument | \$ - | 825 | 225 | - | - | 1,050 |

b) Derivative financial instruments settled by gross amount

The derivative instruments of the Bank's possession settled by gross amount include the following:

- Foreign exchange derivative financial instrument: Foreign exchange options settled by gross amount, foreign exchange forward contracts and currency swap contracts.
- Interest rate derivative financial instruments: interest rate swap contracts.

The table below shows the derivative financial instruments of the Bank whose possession are settled by gross amount based on the remaining days from the financial statement date to the contract maturity date. The amount disclosed is based on the cash flow of the contracts and thus part of the amount disclosed may not correspond to the amount disclosed in the financial statement. The maturity analysis for derivative financial liabilities settled by gross amount is as follows:

| December 31, 2023 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|---------------|------------|-------------|--------------------|-------------|------------|
| Derivative financial instruments at fair value through profit or loss | | | | | | |
| – Foreign exchange derivative instruments | | | | | | |
| Cash outflow | \$ 38,621,818 | 26,451,403 | 5,363,562 | 7,057,958 | - | 77,494,741 |
| Cash inflow | 39,110,694 | 26,310,296 | 5,334,414 | 7,024,302 | - | 77,779,706 |
| – Interest rate derivative instrument | | | | | | |
| Cash outflow | - | 1,174 | - | - | - | 1,174 |
| Cash inflow | - | 2,235 | - | - | - | 2,235 |
| Total cash outflow | 38,621,818 | 26,452,577 | 5,363,562 | 7,057,958 | - | 77,495,915 |
| Total cash inflow | 39,110,694 | 26,312,531 | 5,334,414 | 7,024,302 | - | 77,781,941 |
| Net cash flow | \$ (488,876) | 140,046 | 29,148 | 33,656 | - | (286,026) |

| December 31, 2022 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|---|----------------|-------------|-------------|--------------------|-------------|-------------|
| Derivative financial instruments at fair value through profit or loss | | | | | | |
| – Foreign exchange derivative instruments | | | | | | |
| Cash outflow | \$ 25,782,525 | 45,415,630 | 11,979,083 | 3,463,765 | - | 86,641,003 |
| Cash inflow | 27,862,886 | 48,002,551 | 12,577,650 | 3,500,326 | - | 91,943,413 |
| – Interest rate derivative instrument | | | | | | |
| Cash outflow | - | 1,168 | 587 | 2,955 | 1,174 | 5,884 |
| Cash inflow | - | 2,021 | 724 | 3,742 | 1,568 | 8,055 |
| Total cash outflow | 25,782,525 | 45,416,798 | 11,979,670 | 3,466,720 | 1,174 | 86,646,887 |
| Total cash inflow | 27,862,886 | 48,004,572 | 12,578,374 | 3,504,068 | 1,568 | 91,951,468 |
| Net cash flow | \$ (2,080,361) | (2,587,774) | (598,704) | (37,348) | (394) | (5,304,581) |

5) Maturity analysis of off-balance sheet items

| December 31, 2023 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|--|--------------|------------|-------------|--------------------|-------------|-------------|
| Issued and irrevocable loan commitments | \$ 203,276 | 1,775,526 | 41,887,365 | 10,317,339 | 56,694,157 | 110,877,663 |
| Irrevocable credit card loan commitments | 3,026 | 296,607 | 404,332 | 693,416 | 16,429,180 | 17,826,561 |
| Letters of credit issued yet unused | 1,531,075 | 5,022,825 | 728,242 | 187,120 | 108,081 | 7,577,343 |
| Other guarantees | 4,172,359 | 1,661,888 | 797,710 | 2,311,729 | 18,569,597 | 27,513,283 |
| Total | \$ 5,909,736 | 8,756,846 | 43,817,649 | 13,509,604 | 91,801,015 | 163,794,850 |

| December 31, 2022 | 0-30 days | 31-90 days | 91-180 days | 181 days to 1 year | Over 1 year | Total |
|--|--------------|------------|-------------|--------------------|-------------|-------------|
| Issued and irrevocable loan commitments | \$ 1,997,541 | 512,056 | 22,218,395 | 4,683,018 | 35,575,997 | 64,987,007 |
| Irrevocable credit card loan commitments | 1,117 | 34,225 | 55,553 | 316,313 | 18,432,747 | 18,839,955 |
| Letters of credit issued yet unused | 2,016,789 | 4,985,416 | 716,174 | 356,064 | 54,706 | 8,129,149 |
| Other guarantees | 2,667,240 | 1,001,432 | 656,793 | 2,337,749 | 15,393,282 | 22,056,496 |
| Total | \$ 6,682,687 | 6,533,129 | 23,646,915 | 7,693,144 | 69,456,732 | 114,012,607 |

6) Maturity analysis of lease contract commitments

The Bank only has operating lease contract, operating lease commitment refers to, when the Bank is the lessor or lessee and under the irrevocable operating lease conditions, the minimum total future rent payment. Below tables show the maturity analysis of the Bank operating lease contract commitments:

| December 31, 2023 | Below 1 year | 1-5 years | Over 5 years | Total |
|---------------------------------|--------------|-----------|--------------|-------|
| Operating lease income (lessor) | \$ 1,938 | 1,134 | - | 3,072 |

| December 31, 2022 | Below 1 year | 1-5 years | Over 5 years | Total |
|---------------------------------|--------------|-----------|--------------|-------|
| Operating lease income (lessor) | \$ 1,027 | 1,389 | - | 2,416 |

The capital expenditure commitment of the Bank refers to the contract signed to obtain buildings and equipment. The maturity analysis of the capital expenditure commitment of the Bank is as follows:

| December 31, 2023 | Below 1 year | 1-5 years | Over 5 years | Total |
|--------------------------|--------------|-----------|--------------|-----------|
| Machinery and equipment | \$ 1,399,429 | - | - | 1,399,429 |
| Transportation equipment | 3,182 | - | - | 3,182 |
| Miscellaneous equipment | 10,019 | - | - | 10,019 |
| Total | \$ 1,412,630 | - | - | 1,412,630 |

| December 31, 2022 | Below 1 year | 1-5 years | Over 5 years | Total |
|--------------------------|--------------|-----------|--------------|-----------|
| Machinery and equipment | \$ 1,496,409 | - | - | 1,496,409 |
| Transportation equipment | 2,098 | - | - | 2,098 |
| Right-of-use assets | 620 | 85 | - | 705 |
| Miscellaneous equipment | 1,024 | - | - | 1,024 |
| Total | \$ 1,500,151 | 85 | - | 1,500,236 |



(v) Market risk

1) Definition of market risk

Market risk refers to the possible loss of the Bank's business in or off the balance sheet results from the disadvantageous fluctuation in market price in terms of interest rates, stock prices, foreign exchange rates and commodity prices.

2) Policies and procedures of market risk management

a) Strategy

- i) To carry out market risk management, achieve operation target and maintain healthy capital adequacy by following " Directions Governing the Market Risk Management of Taiwan Business Bank" and other relevant regulations.
- ii) Under the risk tolerance approved by the board of directors or board of executive directors, the Bank applies various risk control mechanism to effectively deploy and manage capital in order to maintain the market risk exposure within the tolerable extent and achieve earning target.

b) Policies and procedures

In order to establish the market risk management mechanism and ensure that the market risk is within the tolerable extent, the Bank set up directions governing the market risk management, remarks governing the limit of market risk and financial product valuation procedures as the primary management guidance. Other than what is stated above, the Bank also establish limit control mechanism in terms of trade positions, stop-limit, suspensions and lines of alert based on the operation notices and procedures of different financial instruments, including fix income instruments, equity securities, foreign exchange transaction and derivative financial instruments.

3) Process for market risk management

a) Risk identification

In accordance with the rules of " Directions Governing the Market Risk Management of Taiwan Business Bank" , the Bank shall conduct appropriate market risk evaluation and document the process for later review before financial instruments are promoted. The content of evaluation includes risk factors identification, evaluation methods, cost-benefit analysis, market liquidity, risk strategy, adequacy of risk management mechanism and the influence on the Bank for undertaking market risk.

b) Risk measurement

- i) Annually based on the business development of transaction units and submit to the board of directors or board of executive directors for approval. For the units which the positions and limits remain unchanged after evaluation, they can put the positions and limits into practice after receiving the approval from the general manager.
- ii) The risk measurements (or evaluations) of the financial instruments of the Bank are conducted through different information systems. For the market data and parameters of the models applied for evaluation, they shall be random inspected regularly to determine the rationality.

c) Risk monitoring

- i) Valuation reports of various financial instruments are prepared regularly for executives to review and serve as the guidance for daily risk management operation.
- ii) All financial transactions are equipped with different regulations in terms of limit of loss and stop-limit. Provided that the valuation loss amount is over the limit, a stop-limit, suspension and subsequent risk control will be executed.

d) Risk report

Risk management department report current market risk management status of the Bank to directors, executive directors and executives to facilitate them to control the risk exposure status and adjust management procedures properly.

4) Scope and method of market risk management

a) Foreign exchange risk management

i) Definition of foreign exchange risk management

Foreign exchange risk refers to the potential profit or loss of the foreign currency financial instruments which results from the transition among fluctuating currencies.

ii) Applicable scope

All the financial instruments which apply to trading book position and banking book position and involve in foreign currencies.

iii) Purpose for foreign exchange risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of foreign exchange and to increase capital deployment efficiency and business operation integrity.

iv) Procedures of foreign exchange risk management

1. In order to control foreign exchange transaction risk, the Bank established trade position authorization standard for financial transaction operations, trade units and traders in current regulations. In addition, for non-commercial business foreign exchange operation, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluated the requirement and submit to the board of directors' (executive directors) for approval. The demand will be executed after the board of directors approved. For the units which the positions remain unchanged after evaluation, they can put the positions into practice after receiving the approval from the general manager.
2. The trade units conduct various foreign financial product business, they shall fully understand the content of commodities, the risk tolerance and trade purpose. Trade units shall establish financial products trading strategies based on market status in the meeting every morning and submit the risk-benefit evaluation in the meeting minutes for the department heads to review. The trading shall follow the relevant authorization rules of the Bank and the stop-limit of all trade positions shall be executed reliably.

v) Process of foreign exchange risk management

1. Identification and measurement

- a. Risk Management department established risk factor chart based on different financial transactions to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
- b. Risk Management department uses Greeks to measure the influence level of exchange rate for held-for-trading spot exchange and exchange rate derivative and setup Greek's sensitivity allowance, according to the yearly demand of trade units, the state of utilization, and monitor the load of fluctuation of exchange rate in each acceptable range.





- c. Positions of the trading book shall be evaluated daily where the positions of the banking book shall be evaluated monthly. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.
2. Monitoring and report
 - a. When the evaluation loss of non-commercial foreign exchange transactions is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
 - b. Reports of operation results shall be prepared and submitted to the department heads for approval on a daily basis.
 - b) Equity security risk management
 - i) Definition of equity security risk

The market risks of the equity securities possessed by the Bank include the individual risk results from the market price fluctuation of individual equity security and the general market risk results from overall market price fluctuation.
 - ii) Applicable scope

Financial instruments similar to equity security in all trading books.
 - iii) Purpose of equity security risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of equity securities and to increase capital deployment efficiency and business operation integrity.
 - iv) Procedures of equity security risk management
 1. All trade units submit the required amounts of position annually base on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors. The demand will be executed after approved by the board of directors.
 2. The trade units shall predict the possible trend of domestic stock market based on the information of foreign and domestic security markets so as to set up the operation strategies and directions. The traders shall pay close attention to the market trend when the market opens so as to conduct security transactions and the operations as well as the meeting minutes shall be submitted to the department heads to review.
 - v) Process of equity security risk management
 1. Identification and measurement
 - a. The risk management department apply Value at Risk models to measure the market risk of equity security investment. Furthermore, based on the trade units' operation demand and the risk limit established by the Bank's risk tolerance, the risk management units effectively control the variation of risk factors under an acceptable extent.
 - b. Trading book position shall be evaluated daily. When there is a public quote in the market, the quote shall be adopted as the prior evaluation price. If the transaction is in secondary market and the liquidity is high, the closing price can be adopted as the evaluation price. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

- a. When the evaluation loss of equity security investment is over the limit, the trade units shall execute a stop-limit per regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management units shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management department shall report to the board of directors or executive directors.
- b. Transaction reports shall be prepared and submitted to the department heads for approval on a daily basis. And the investment gains or losses shall report to the board of directors or executive directors regularly for future reference.

- c) Interest rate risk management

- i) Definition of interest rate risk

Interest rate risk refers to the price decline of the Bank's financial products which contain interest risk factors due to the disadvantageous changes in interest rate.

- ii) Applicable scope

Financial instruments which contain interest rate factors in all trading books.

- iii) Purpose of interest rate risk management

To avoid loss of earnings or deterioration of financial status due to intensive fluctuation of interest rate and to increase capital deployment efficiency and business operation integrity.

- iv) Procedures of interest rate risk management

1. In order to control interest rate risk, the Bank established trade position authorization standard for financial transaction operations, trade units and trade counterparties in current regulations. In addition, for the positions held for trading, all trade units submit the required amounts of position annually based on operation status. Risk management department will evaluate the requirement and submit to the board of directors or executive directors for approval. The demand will be executed after the board of directors approved.
2. The trade units shall consider safety, liquidity and profitability and gather market information to assess the potential risk and benefit. In addition, the trade units shall choose investment target prudently through analyzing the issuers' credit, financial status, country risks and interest rate trends.

- v) Process of interest rate risk management

1. Identification and measurement

- a. The risk management department establish risk factor charts base on different financial transaction to effectively identify risk factors and market risk resources. In addition, the financial transactions which the Bank conducts deal with simple type financial products. For complex financial products, the Bank conducts back-to-back hedge covering to effectively avoid market risk.
- b. Position of the trading book shall be evaluated daily. When there are public quotes for financial instruments, the quotes shall be the prior evaluation prices. If the financial instruments are evaluated by models, then they shall be evaluated by mathematic models prudently and the assumptions and parameters of the models shall be reviewed regularly.

2. Monitoring and report

- a. The risk management department apply DV01 to measure to what extent the trading book bond positions are influenced by the interest rate risk and set up interest rate



sensitivity limit base on the requirements of the trade units and the risk tolerance of the Bank annually.

- b. The trade units shall prepare the income assessment tables of trade positions and traders for the department heads to review. In addition, when the evaluation loss of the position is over the limit, the trade units shall execute a stop-limit per the regulations. If the loss amount reaches the suspension warning line or suspension limit of the financial transaction, risk management department shall report to the general manager. Provided that the loss amount reaches the annual suspension line, risk management units shall report to the board of directors or executive directors.

d) Concentration management

- i) The trade counterparties of the Bank are mostly financial institutions. To avoid the risk being over concentrated and enhance credit risk management, the Bank established financial institution credit risk limit based on the world ranking of Level 1 capital and credit ratings from The Banker. The trade units shall also pay attention to the changes of the credit status of individual financial institution as well as the changes of the national credit rating to conduct the transaction prudently.
- ii) For equity security investments, the Bank set up limits for single institution and single related party.

5) Interest rate risk management of the banking book

a) The definition and management purpose for the interest rate risk of the banking book

- i) The interest rate risk of the banking book refers to the negative effect towards the future net interest income or economic value of equity results from the fluctuation of interest rate. Net Interest Income (hereafter NII) is the total amount of interest revenue deducted by the total amount of interest expense; Economic Value of Equity (hereafter EVE) is the total discounted future cash inflow from assets deducted by the total discounted future cash outflow from liabilities.
- ii) The management purpose of the interest rate risk management of the banking book is to control the negative effect from the interest rate risk fluctuation towards NII or EVE within the approved limit extent.

b) The process for the interest rate risk management of the banking book

i) Identification and measurement

When the Bank conducts interest rate related products, it identifies the reprising risk, yield curve risk, basis risk and option characteristic risk and measures the possible influence on the earnings and economic value results from interest rate fluctuation.

ii) Monitoring and report

The Bank established limits of the ratio between interest-rate-sensitivity assets and interest-rate-sensitivity liabilities, the effect to NII in 1 year when the market interest rate parallel changes 1 BP and the effect to EVE when the market interest rate parallel changes 200 BP to control the banking book interest rate risk. The results of interest rate risk measurement are reported to the Assets and Liabilities Management Committee monthly and to the board of directors or executive directors quarterly. When the measurement result is over the limit, relevant units shall be convened to establish responding plan and the plan shall be submitted to the Assets and Liabilities Management Committee for discussion. After the plan is approved by the general manager, it shall be executed by the relevant business units and report to the board of directors or executive directors.

6) Value at Risk

a) Description of Value at Risk

Value at Risk (VaR) is a statistical amount used to evaluate the maximum possible loss of portfolio results from the changes of market risk factors within a certain period of time and a fixed confidence interval.

b) Value at Risk models and assumptions

In order to enhance the market risk control operation, the Bank established quantified indices of market risk for the equity security position of the trading book. Based on the historical information of the last 1 year and applies Historical Simulation Method (with the confidence interval being 99% and the duration of possession being 1 day), the Bank calculates and monitors the trend of Value at Risk.

c) The limit of Value at Risk model

Value at Risk is a tool to measure market risk under normal circumstance. The limits of the model are listed below:

- i) Value at Risk cannot reflect the losses result from other type of risks, such as credit risk and liquidity risk.
- ii) Value at Risk measures the possible loss of the position on hand at the end of the transaction day, but it cannot reflect the distribution of the part which actual loss exceeds Value at Risk.
- iii) Value at Risk model is based on historical data to evaluate the amount, and therefore it may not be able to predict the future changes of risk factors, especially for those exceptions result from significant market fluctuation.

7) Foreign exchange risk disclosure and sensitivity analysis

a) Foreign exchange risk exposure

i) Significant net positions of foreign currencies (Market risk)

| Significant net positions of foreign currencies (Market risk) | | |
|---|--|-------------|
| December 31, 2023 | | |
| Currency | Foreign currency amount (in thousands) | NT\$ amount |
| USD | \$ 344,888 | 10,589,786 |
| JPY | 1,886,734 | 409,610 |
| AUD | 15,988 | 335,748 |
| HKD | 35,216 | 138,364 |
| CNY | 25,221 | 109,156 |

| Significant net positions of foreign currencies (Market risk) | | |
|---|--|-------------|
| December 31, 2022 | | |
| Currency | Foreign currency amount (in thousands) | NT\$ amount |
| USD | \$ 504,348 | 15,496,092 |
| JPY | 2,069,083 | 480,234 |
| AUD | 14,865 | 308,895 |
| ZAR | 46,223 | 83,617 |
| EUR | 809 | 26,503 |

Note 1: Main foreign currencies are the top five foreign currencies ranked in NTD value.

Note 2: Net foreign currency is the absolute value of the net positions of each foreign currency.

ii) Assets and liabilities of foreign currency

| December 31, 2023 | | | | | | |
|-------------------|--|-----------|-------------|--|-----------|-------------|
| Currency | Monetary financial assets | | | Monetary financial liabilities | | |
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | \$ 14,509,165 | 30.7050 | 445,503,911 | 14,131,247 | 30.7050 | 433,899,939 |
| AUD | 5,814,107 | 21.0000 | 122,096,247 | 5,699,183 | 21.0000 | 119,682,843 |
| CNY | 5,863,376 | 4.3280 | 25,376,691 | 5,865,363 | 4.3280 | 25,385,291 |
| JPY | 120,712,008 | 0.2171 | 26,206,577 | 119,150,933 | 0.2171 | 25,867,668 |
| HKD | 5,526,259 | 3.9290 | 21,712,672 | 4,983,824 | 3.9290 | 19,581,444 |
| EUR | 349,698 | 34.0200 | 11,896,726 | 349,597 | 34.0200 | 11,893,290 |
| ZAR | 4,650,921 | 1.6570 | 7,706,576 | 4,649,315 | 1.6570 | 7,703,915 |
| GBP | 43,494 | 39.1200 | 1,701,485 | 43,414 | 39.1200 | 1,698,356 |
| NZD | 44,304 | 19.5000 | 863,928 | 44,214 | 19.5000 | 862,173 |
| CAD | 12,965 | 23.2200 | 301,047 | 12,964 | 23.2200 | 301,024 |
| SGD | 9,771 | 23.3100 | 227,762 | 9,690 | 23.3100 | 225,874 |
| CHF | 3,907 | 36.4350 | 142,352 | 3,988 | 36.4350 | 145,303 |
| SEK | 44,314 | 3.0800 | 136,487 | 44,522 | 3.0800 | 137,128 |
| THB | 141,541 | 0.9026 | 127,755 | 144,571 | 0.9026 | 130,490 |

| December 31, 2022 | | | | | | |
|-------------------|--|-----------|-------------|--|-----------|-------------|
| Currency | Monetary financial assets | | | Monetary financial liabilities | | |
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | \$ 15,787,493 | 30.7250 | 485,070,722 | 15,262,164 | 30.7250 | 468,929,989 |
| AUD | 4,985,648 | 20.7800 | 103,601,765 | 4,890,551 | 20.7800 | 101,625,650 |
| CNY | 11,721,834 | 4.4110 | 51,705,010 | 11,740,765 | 4.4110 | 51,788,514 |
| JPY | 184,707,477 | 0.2321 | 42,870,605 | 183,141,677 | 0.2321 | 42,507,183 |
| HKD | 5,771,939 | 3.9400 | 22,741,440 | 5,348,671 | 3.9400 | 21,073,764 |
| EUR | 352,406 | 32.7600 | 11,544,821 | 352,361 | 32.7600 | 11,543,346 |
| ZAR | 4,251,194 | 1.8090 | 7,690,410 | 4,249,572 | 1.8090 | 7,687,476 |
| GBP | 45,244 | 37.0700 | 1,677,195 | 45,236 | 37.0700 | 1,676,899 |
| NZD | 34,139 | 19.4500 | 664,004 | 34,124 | 19.4500 | 663,712 |
| CAD | 14,564 | 22.6800 | 330,312 | 14,475 | 22.6800 | 328,293 |
| SGD | 7,992 | 22.8700 | 182,777 | 7,969 | 22.8700 | 182,251 |
| SEK | 34,420 | 2.9400 | 101,195 | 34,431 | 2.9400 | 101,227 |
| Others (Note) | - | - | 114,540 | - | - | 119,278 |

| December 31, 2022 | | | | | | |
|-------------------|--|-----------|------------|--|-----------|------------|
| Currency | Non-monetary financial assets | | | Non-monetary financial liabilities | | |
| | Foreign currency amount (in thousands) | Spot rate | NTD amount | Foreign currency amount (in thousands) | Spot rate | NTD amount |
| USD | 974 | 30.7250 | 29,926 | - | - | - |

Note: Consolidated disclosure is applied for other currencies not over \$100,000.

b) Foreign exchange risk sensitivity analysis (Change by 1%)

Foreign exchange risk sensitivity analysis is the analysis that given other conditions remain the same, the influence on profit or loss and equity when each respective currency depreciate or appreciate by 1%.

| Currency | December 31, 2023 | | | |
|----------|-------------------|-----------|------------------|---------|
| | Depreciate by 1% | | Appreciate by 1% | |
| | Income | Equity | Income | Equity |
| USD | \$ 9,271 | (70,179) | (9,271) | 70,179 |
| AUD | 4,159 | (28,263) | (4,159) | 28,263 |
| HKD | 3,038 | (24,147) | (3,038) | 24,147 |
| JPY | 22 | (3,323) | (22) | 3,323 |
| GBP | (43) | - | 43 | - |
| SGD | (23) | - | 23 | - |
| ZAR | (28) | - | 28 | - |
| SEK | 6 | - | (6) | - |
| CHF | 29 | - | (29) | - |
| THB | 27 | - | (27) | - |
| EUR | (48) | - | 48 | - |
| NZD | (25) | - | 25 | - |
| CNY | (56,501) | - | 56,501 | - |
| Total | \$ (40,116) | (125,912) | 40,116 | 125,912 |

| Currency | December 31, 2022 | | | |
|----------|-------------------|-----------|------------------|---------|
| | Depreciate by 1% | | Appreciate by 1% | |
| | Income | Equity | Income | Equity |
| USD | \$ (44,000) | (63,299) | 44,000 | 63,299 |
| AUD | 4,060 | (23,440) | (4,060) | 23,440 |
| HKD | 3,029 | (19,240) | (3,029) | 19,240 |
| JPY | (161) | (3,450) | 161 | 3,450 |
| GBP | (15) | - | 15 | - |
| SGD | (9) | - | 9 | - |
| ZAR | (31) | - | 31 | - |
| CHF | 51 | - | (51) | - |
| CAD | (5) | - | 5 | - |
| THB | (4) | - | 4 | - |
| EUR | (37) | - | 37 | - |
| NZD | (10) | - | 10 | - |
| CNY | (55,663) | - | 55,663 | - |
| Total | \$ (92,795) | (109,429) | 92,795 | 109,429 |



8) Interest rate risk disclosure and sensitivity analysis

a) Interest rate sensitivity analysis

The assumption of interest rate sensitivity analysis is, under the circumstance that other conditions remain the same, the yield of the market increase or decrease by 1 basis point (1 bp).

| Currency | December 31, 2023 | | | |
|--------------|---------------------------------|----------|---------------------------------|--------|
| | Interest rate increases by 1 bp | | Interest rate decreases by 1 bp | |
| | Income | Equity | Income | Equity |
| Trading book | | | | |
| TWD | \$ (1,232) | (2,126) | 1,232 | 2,126 |
| Banking book | | | | |
| TWD | - | (65,282) | - | 65,282 |
| USD | - | (23,783) | - | 23,783 |
| EUR | - | (1,976) | - | 1,976 |
| AUD | - | (216) | - | 216 |
| HKD | - | (149) | - | 149 |
| CNY | - | (1,355) | - | 1,355 |
| ZAR | - | (114) | - | 114 |
| Total | \$ (1,232) | (95,001) | 1,232 | 95,001 |

| Currency | December 31, 2022 | | | |
|--------------|---------------------------------|----------|---------------------------------|--------|
| | Interest rate increases by 1 bp | | Interest rate decreases by 1 bp | |
| | Income | Equity | Income | Equity |
| Trading book | | | | |
| TWD | \$ (512) | (2,661) | 512 | 2,661 |
| Banking book | | | | |
| TWD | - | (46,200) | - | 46,200 |
| USD | - | (3,993) | - | 3,993 |
| AUD | - | (364) | - | 364 |
| HKD | - | (70) | - | 70 |
| CNY | - | (1,335) | - | 1,335 |
| ZAR | - | (161) | - | 161 |
| Total | \$ (512) | (54,784) | 512 | 54,784 |

b) Sensitivity analysis of expected net revenue/Sensitivity of equity in terms of interest rate fluctuation

| Scenario | December 31, 2023 | | | |
|-----------------------------------|-------------------------|----------|---------------|-----------|
| | Effect on NII in 1 year | | Effect on EVE | |
| | TWD | USD | TWD | USD |
| Interest rate increases by 100 bp | 4,722,522 | (28,218) | (5,962,708) | (123,979) |
| Interest rate decreases by 100 bp | (4,954,837) | 27,020 | 14,273,803 | 106,693 |

| Scenario | December 31, 2022 | | | |
|-----------------------------------|-------------------------|----------|---------------|----------|
| | Effect on NII in 1 year | | Effect on EVE | |
| | TWD | USD | TWD | USD |
| Interest rate increases by 100 bp | 3,962,492 | (24,074) | (5,148,928) | (58,960) |
| Interest rate decreases by 100 bp | (4,598,328) | 22,469 | 13,788,825 | 27,772 |

9) Managing interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Bank converts exposures of loans and corporate debt securities related to Interest rate benchmarks indexed to US dollar LIBOR. As of December 31, 2023, US dollar London Inter-bank Offered Rate – have been automatically switched to other alternative rates in accordance with fallback clauses.

10) Equity security risk disclosure and sensitivity analysis

a) Equity security sensitivity analysis (Changes by 1%)

The assumption of equity security sensitivity analysis is, under the circumstance that other conditions remain the same, the price of equity security increased or decreased by 1%.

| Change | Currency | December 31, 2023 | |
|--|----------|-------------------|--------|
| | | Income | Equity |
| Equity security price increases by 1 % | TWD | 2,613 | - |
| Equity security price decreases by 1 % | TWD | (2,613) | - |

| Change | Currency | December 31, 2022 | |
|--|----------|-------------------|--------|
| | | Income | Equity |
| Equity security price increases by 1 % | TWD | 3,359 | - |
| | USD | 10 | - |
| Equity security price decreases by 1 % | TWD | (3,359) | - |
| | USD | (10) | - |

b) Value at Risk of equity security

| Value at Risk | From January 1, 2023 to December 31, 2023 | | |
|----------------------|---|---------|---------|
| | Average | Maximum | Minimum |
| Equity security risk | 10,657 | 18,595 | 5,057 |

| Value at Risk | From January 1, 2022 to December 31, 2022 | | |
|----------------------|---|---------|---------|
| | Average | Maximum | Minimum |
| Equity security risk | 5,038 | 13,963 | 1,399 |

(vi) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank conducts during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank's obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability, for these transactions, the Bank cannot use, sell or pledge those transferred financial assets in availability period, the Bank has interest rate risk and credit risk, the said transferred assets are not fully derecognized.

As of December 31, 2023 and 2022, there were not any financial assets of the Bank that are not fully derecognized.

(vii) Offsetting financial assets and financial liabilities

The Bank has an exercisable master netting arrangement or similar agreement in place with counterparties.



When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforementioned offsetting financial assets and financial liabilities:

| December 31, 2023 | | | | | | |
|--|---|--|--|---|--------------------------|------------------------|
| Financial assets under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet(d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral received | |
| Derivative financial instruments | \$ 1,789,483 | - | 1,789,483 | 727,563 | 694,552 | 367,368 |
| December 31, 2023 | | | | | | |
| Financial liabilities under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet(d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral pledged | |
| Derivative financial instruments | \$ 85,217 | - | 85,217 | - | 2,199,407 | (2,114,190) |
| December 31, 2022 | | | | | | |
| Financial assets under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet(d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral received | |
| Derivative financial instruments | \$ 551,095 | - | 551,095 | 727,720 | 2,527,996 | (2,704,621) |
| December 31, 2022 | | | | | | |
| Financial liabilities under offsetting or general agreement of net amount settlement or similar norm | | | | | | |
| Item | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not set off in the balance sheet(d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral pledged | |
| Derivative financial instruments | \$ 229,816 | - | 229,816 | - | 2,422,569 | (2,192,753) |

Note: Master netting arrangements and non-cash financial collaterals are included.

(ap) Capital Management

- The Bank takes business development and risk control into consideration and calculates capital adequacy per "Regulations Governing the Capital Adequacy Ratio and Capital Category of Banks" and "Calculation Methods and Forms of Proprietary Capital and Risk Capital of Banks". The ratio between proprietary capital and risk capital shall remain above the regulated minimum ratio.
- In order to maintain adequate capital and reach a balance between risk control and business development, the Bank established "Directions Governing Capital Adequacy" as the guidance for controlling capital adequacy. The scope of the directions includes, except for the least capital requirements for credit risk, market risk and operation risk, significant risk such as banking book interest rate risk, liquidity risk and concentration risk. In addition, in order to link business strategies, capital and risk management, the Bank sets up capital management plan annually for the president's approval and reports to Risk Management Committee and the board of directors quarterly about relevant risks and capital control status.
- The Bank identifies, measures, monitors and reports various risks based on the directions, notices and relevant rules of competent authority regarding credit risk, market risk, operation risk, interest rate risk of the banking book, and liquidity risk so as to be familiar with current business environment and monitors and adjusts capital adequacy effectively.

(iv) To cope with the implementation of new Basel Accord, the Bank set up complete risk management system, risk management operation tracking procedures to provide the management with appropriate risk management information for making decisions. Therefore, the Bank is able to maintain adequate capital within the tolerable extent and to ensure the provision of proprietary capital of the Bank corresponds with the overall operating risk characteristics of the Bank.

1) Tier 1 capital

- Common stock equity: The item includes common stock deducted by treasury stock, goodwill and other intangible assets, deferred tax assets based on future profit status of the Bank, unrealized gain on financial assets measured at fair value through other comprehensive income, operating reserve and deficiency of allowance for bad debts, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, and 25% of the major investment on financial related business.
- Other Tier 1 capital: 25% of the perpetual non-accumulated subordinated financial debentures deducted by the major investment on financial related business.

2) Tier 2 capital

The item includes perpetual accumulated subordinated financial debentures, long term subordinated debenture, real estate retained earning increment arising from applying the fair value or the revaluation reserve as the deemed cost when first adopting IFRSs, 45% of unrealized gain on financial assets measured at fair value through other comprehensive income, and 50% of the major investment on financial related business.

| Item | | December 31, 2023 | December 31, 2022 | |
|---|----------------------|---|-------------------|---------------|
| Eligible capital | Common stock equity | 113,951,025 | 100,331,709 | |
| | Other tier 1 capital | 18,000,000 | 18,000,000 | |
| | Tier 2 capital | 48,592,043 | 40,066,956 | |
| | Eligible Capital | 180,543,068 | 158,398,665 | |
| Risk-weighted assets | Credit risk | Standardized approach | 1,242,783,743 | 1,190,251,924 |
| | | Internal ratings-based approach | - | - |
| | | Securitization | - | - |
| | Operational risk | Basic indicator approach | - | - |
| | | Standardized approach/selective standardized approach | 49,860,090 | 42,908,871 |
| | | Advanced measurement approach | - | - |
| | Market risk | Standardized approach | 41,435,513 | 38,716,513 |
| Internal model approach | | - | - | |
| Total risk-weighted assets | | 1,334,079,346 | 1,271,877,308 | |
| Capital adequacy ratio | | 13.53% | 12.45% | |
| Common stock equity/ Risk weighted assets ratio | | 8.54% | 7.89% | |
| Tier 1 capital / Risk weighted assets ratio | | 9.89% | 9.30% | |
| Leverage ratio | | 5.72% | 5.48% | |

The formulas of the table are listed as follows:

- The eligible capital, risk-weighted assets and exposure are calculated per "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "The Calculation and Forms of Eligible Capital and Risk Assets of Banks".
- The Bank shall fill out the capital adequacy of this period and last period. For the semi-annual report, the Bank shall disclose the capital adequacy of this period and last period and additionally disclose the capital adequacy of the previous period ended December 31.
- Note 1. Eligible Capital = Common stock equity + Other Tier 1 Capital + Tier 2 Capital
Note 2. Total risk-weighted assets = Credit risk weighted asset + (operational risk charge + market risk charge) × 12.5
Note 3. Capital adequacy ratio = Eligible Capital ÷ Risk weighted asset.
Note 4. Common stock equity / Risk-weighted assets ratio = Common stock equity / total risk weighted assets
Note 5. Tier 1 capital / Risk-weighted assets ratio = (Common stock equity + other tier 1 capital) / Risk-weighted assets
Note 6. Leverage ratio = Net Tier 1 capital / Total risk exposure.
- Above table is not required to be disclosed when preparing the financial reports of the first quarter and third quarter.



(aq) Investing and financing activities not affecting current cash flow

The Bank's investing and financing activities which did not affect the current cash flow for the nine months ended December 31, 2023 and 2022 were carried out to acquire right-of-use assets under leases. Please refer to Note 6(l).

Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2023 | Cash flows | Non-cash changes | | | December 31, 2023 |
|--|-----------------|------------|--------------------------------|--------------------|---------------|-------------------|
| | | | Foreign exchange rate movement | Fair value changes | Other changes | |
| Financial liabilities at fair value through profit or loss | \$ 9,367,595 | - | (6,000) | (186,035) | - | 9,175,560 |
| Bank notes payable | 52,250,000 | 1,600,000 | - | - | - | 53,850,000 |
| Lease liabilities | 1,216,510 | (434,329) | (7,547) | - | 523,503 | 1,298,137 |
| Total liabilities from financing activities | \$ 62,834,105 | 1,165,671 | (13,547) | (186,035) | 523,503 | 64,323,697 |

| | January 1, 2022 | Cash flows | Non-cash changes | | | December 31, 2022 |
|--|-----------------|------------|--------------------------------|--------------------|---------------|-------------------|
| | | | Foreign exchange rate movement | Fair value changes | Other changes | |
| Financial liabilities at fair value through profit or loss | \$ 8,293,730 | - | 921,000 | 152,865 | - | 9,367,595 |
| Bank notes payable | 52,250,000 | - | - | - | - | 52,250,000 |
| Lease liabilities | 1,145,072 | (413,133) | 25,111 | - | 459,460 | 1,216,510 |
| Total liabilities from financing activities | \$ 61,688,802 | (413,133) | 946,111 | 152,865 | 459,460 | 62,834,105 |

(ar) Structured entities that not included in consolidated financial reports

(i) The table below presents the types of structured entities that the Bank does not include in financial reports but in which they hold an interest:

| Types of structured entities | Nature and purpose | Interests held by the Bank |
|------------------------------|--|--|
| Private fund | Investing in funds that cannot be freely traded on the open market | Investing in units or limited partnership interests issued by these funds. |
| Asset securitization product | Investing in commercial real estate assets securitization products | Investment in asset-backed securities issued by unconsolidated structured entities |

(ii) The scales of structures entities not included in financial reports were as follow:

| | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|-------------------|
| Private fund | \$ 78,200 | 96,475 |
| Asset securitization product | 521,724 | 560,023 |
| Total | \$ 599,924 | 656,498 |

(iii) The carrying amounts of interests held by the Bank in these structured entities were as follows:

| Assets held by the Bank | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Financial assets at fair value through profit or loss | \$ 78,200 | 96,475 |
| Financial assets at fair value through other comprehensive income | 452,651 | 475,485 |
| Investments in debt instruments at amortized cost | 69,073 | 84,538 |
| Total | \$ 599,924 | 656,498 |

The maximum amount of risk exposure to the Bank endures to a loss incurred from special purpose entities that are not included in financial reports is the carrying amount of interests held by the Bank.

(iv) As of December 31, 2023 and 2022, the Bank has not provided any financial support to its special purpose entities that is not included in consolidated financial reports.

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements consolidated financial statements.

| Name of related party | Relationship with the Bank and subsidiaries |
|---|--|
| Bank of Taiwan | Corporate director of the Bank |
| Ministry of Finance, R.O.C | Corporate director of the Bank |
| National Development Fund, Executive Yuan | Corporate director of the Bank |
| Taiwan Business Bank Guild | Corporate director of the Bank |
| TBB International Leasing Co., Ltd. | Investee company of the Bank |
| TBB (CAMBODIA) Microfinance Institution Plc. | Investee company of the Bank |
| TBB Venture Capital Co., Ltd. | Investee company of the Bank |
| TBB Consulting Co., Ltd. | Investee company of the Bank |
| Taiwan Business Bank International Leasing Co., Ltd. | Investee companies measured by using the equity method |
| Small and Medium Enterprise Credit Guarantee Fund of Taiwan | Substantive related parties |
| TBB No. 1 Venture Capital Limited Partnership (Note) | Substantive related parties |
| Media Talk Consulting Co., Ltd. (Notes) | Associates |
| Others | Management and other related parties of the Bank |

Note : Become a related party commencing from the first quarter of 2022.

(b) Significant transactions with related parties

(i) Due from banks

| | December 31, 2023 | |
|----------------|-------------------|------|
| | Amount | % |
| Bank of Taiwan | \$ 138,751 | 1.12 |

| | December 31, 2022 | |
|----------------|-------------------|------|
| | Amount | % |
| Bank of Taiwan | \$ 164,936 | 0.72 |

Interest rates are the same as those with regular clients.

(ii) Call loans to banks

| For the year ended December 31, 2023 | Maximum balance | December 31, 2023 | Interest Income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 1,597,725 | - | 5,172 | 1.242%~5.500% |

| For the year ended December 31, 2022 | Maximum balance | December 31, 2022 | Interest Income | Annual interest rate |
|--------------------------------------|-----------------|-------------------|-----------------|----------------------|
| Bank of Taiwan | \$ 1,098,264 | - | 1,358 | 0.13%~3.81% |

Interest rates are the same as those with regular clients.

(iii) Call loans from banks

| For the year ended December 31, 2023 | Maximum balance | December 31, 2023 | Interest Expense | Annual interest rate |
|--------------------------------------|-----------------|-------------------|------------------|----------------------|
| Bank of Taiwan | \$ 18,383,250 | 4,688,775 | 150,564 | 0.68%~5.87% |

| For the year ended December 31, 2022 | Maximum balance | December 31, 2022 | Interest Expense | Annual interest rate |
|--------------------------------------|-----------------|-------------------|------------------|----------------------|
| Bank of Taiwan | \$ 9,434,791 | 1,786,360 | 61,939 | 0.04%~5.18% |

Interest rates are the same as those with regular clients.



(iv) Deposits

| | December 31, 2023 | |
|--|-------------------|------|
| | Amount | % |
| TBB International Leasing Co., Ltd. | \$ 12,715 | - |
| Taiwan Business Bank International Leasing Co., Ltd. | 39,210 | - |
| TBB Venture Capital Co., Ltd. | 109,066 | 0.01 |
| TBB Consulting Co., Ltd. | 63,578 | - |
| Others | 2,564,182 | 0.14 |
| Total | \$ 2,788,751 | 0.15 |

| | December 31, 2022 | |
|--|-------------------|------|
| | Amount | % |
| TBB International Leasing Co., Ltd. | \$ 19,594 | - |
| Taiwan Business Bank International Leasing Co., Ltd. | 177,399 | 0.01 |
| TBB Venture Capital Co., Ltd. | 102,534 | 0.01 |
| TBB Consulting Co., Ltd. | 56,279 | - |
| Others | 1,851,872 | 0.11 |
| Total | \$ 2,207,678 | 0.13 |

Interest rates are the same as those with regular clients.

(v) Credit

| Category | Number of clients or name of related party | Highest balance | Ending balance | Performing situations | | Collaterals | Transaction terms are different to regular clients |
|-------------------------------|--|-----------------|----------------|-----------------------|----------------------|-------------|--|
| | | | | Performing loan | Non-performing Loans | | |
| | | | | December 31, 2023 | | | |
| Employee consumer loans | 37 | 16,427 | 13,548 | 13,548 | - | none | none |
| Self-use home mortgages loans | 119 | 554,182 | 509,311 | 509,311 | - | real estate | none |
| Others | Natural person | 605,165 | 538,864 | 538,864 | - | real estate | none |

| Category | Number of clients or name of related party | Highest balance | Ending balance | Performing situations | | Collaterals | Transaction terms are different to regular clients |
|-------------------------------|--|-----------------|----------------|-----------------------|----------------------|-------------|--|
| | | | | Performing loan | Non-performing Loans | | |
| | | | | December 31, 2022 | | | |
| Employee consumer loans | 46 | 18,311 | 14,727 | 14,727 | - | none | none |
| Self-use home mortgages loans | 127 | 557,503 | 511,280 | 511,280 | - | real estate | none |
| Others | Natural person | 617,163 | 590,656 | 590,656 | - | real estate | none |

(vi) Donation:

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Small and Medium Enterprise Credit Guarantee Fund of Taiwan | \$ 361,361 | 318,530 |
| Taiwan Business Bank Guild | 4,200 | 2,500 |
| Total | \$ 365,561 | 321,030 |

(vii) Guarantees: None.

(viii) Service fees: None.

(ix) Rental revenue:

| | For the years ended December 31, | |
|-------------------------------------|----------------------------------|-------|
| | 2023 | 2022 |
| TBB International Leasing Co., Ltd. | \$ 833 | 691 |
| TBB Venture Capital Co., Ltd. | 175 | 172 |
| TBB Consulting Co., Ltd. | 972 | 716 |
| Total | \$ 1,980 | 1,579 |

(x) Derivatives financial instrument transactions: None.

(xi) Sales of Non-Performing Loans Transactions: None.

(c) Major management salary information

| | For the years ended December 31, | |
|---|----------------------------------|---------|
| | 2023 | 2022 |
| Salary and other short-term employee benefits | \$ 128,212 | 124,242 |
| Post-employment benefits | 2,190 | 2,150 |
| Total | \$ 130,402 | 126,392 |

(8) Pledged assets: Please refer to notes 6(h) for more details.

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Marketable securities held for custody | \$ 8,088,397 | 8,659,768 |
| Bills collected for others | 40,194,861 | 43,238,126 |
| Bills lent for others | 42,003,008 | 49,785,210 |
| Guarantees and letters of credit | 35,090,626 | 30,185,645 |
| Trust liabilities | 226,004,817 | 218,150,077 |
| Items held for custody | 700,074 | 901,998 |
| Registered government bonds for sale | 71,059,800 | 66,327,700 |
| Registered short-term bills for sale | 3,376,274 | 4,290,113 |
| Guarantee notes payable | 32,263,500 | 54,054,530 |

(b) Unrecognized contractual commitments:

As of December 31, 2023 and 2022, major constructions in progress and purchases amounted to \$1,011,961 and \$1,018,993 respectively, of which \$750,278 and \$911,848 respectively, remained unpaid.



(c) The Bank's trust department plans, manages, and operates trust services in accordance with the Banking Law and Trust Law. Special purpose funds are used to invest in marketable securities and the Bank also manages trust funds. The trust information as of December 31, 2023 and 2022 is as follows:

Trust Balance Sheet

December 31, 2023 and 2022

| Trust Assets | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Cash in Bank | \$ 7,625,630 | 6,303,284 |
| Stocks | 1,181,658 | 928,987 |
| Funds | 68,326,910 | 73,259,462 |
| Bonds | 6,737,777 | 2,935,786 |
| Real estate | 24,684,803 | 21,657,475 |
| Securities custody | 117,063,470 | 112,621,601 |
| Other assets | 384,569 | 443,482 |
| Total trust assets | \$ 226,004,817 | 218,150,077 |
| Trust Liabilities | December 31, 2023 | December 31, 2022 |
| Payables | \$ - | 9 |
| Securities held for custody | 117,063,470 | 112,621,601 |
| Trust capital | 108,839,333 | 105,439,231 |
| Accumulated loss | (934,887) | (332,731) |
| Net income | 1,036,901 | 421,967 |
| Total trust liabilities | \$ 226,004,817 | 218,150,077 |

Trust Property Accounts

December 31, 2023 and 2022

| Investment in | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Cash in bank | \$ 7,625,630 | 6,303,284 |
| Stocks | 1,181,658 | 928,987 |
| Funds | 68,326,910 | 73,259,462 |
| Bonds | 6,737,777 | 2,935,786 |
| Real estate | | |
| Land | 14,436,994 | 14,422,800 |
| Buildings | 64,122 | 29,556 |
| Construction in progress | 10,183,687 | 7,205,119 |
| Securities in custody | 117,063,470 | 112,621,601 |
| Other assets | 384,569 | 443,482 |
| Total | \$ 226,004,817 | 218,150,077 |

Note: As of December 31, 2023 and 2022, the amounts above included OBU transaction on "foreign currency designated trust funds investment in foreign negotiable securities business" amounting to \$1,509,302 and \$1,580,471, respectively.

Trust Income Statement

For the years ended December 31, 2023 and 2022

| Investment items | For the years ended December 31, | |
|---------------------------------------|----------------------------------|-----------|
| | 2023 | 2022 |
| Trust Revenue | | |
| Interest income | \$ 218,673 | 87,436 |
| Realized capital gain-fund | 651,591 | 338,547 |
| Realized gain-stocks | 2,760 | 3,147 |
| Realized gain-bonds | 1,650 | 5,059 |
| Dividend revenue | 2,028,912 | 2,147,052 |
| Other revenues | 5,175 | 4,179 |
| Sub-total | 2,908,761 | 2,585,420 |
| Trust Expense | | |
| Administrative expenses | 60,331 | 43,494 |
| Postage and telecommunication expense | 377 | 841 |
| Duties | 52 | 49 |
| Realized loss-fund | 1,799,292 | 2,104,595 |
| Realized loss-bonds | 6,409 | 11,072 |
| Realized loss-stocks | 7 | - |
| Other expenses | 4,679 | 3,195 |
| Sub-total | 1,871,147 | 2,163,246 |
| Income before income tax | 1,037,614 | 422,174 |
| Income tax expense | (713) | (207) |
| Net income | \$ 1,036,901 | 421,967 |

(d) In 1996, the Bank's World Trade Center Branch was sued for handling a letter of credit export collection from Chin Seen Industrial Co., which allegedly used a forged export document and failed to ship the goods to the importer, the International Comagnie de Commercialization et d'Investissement (I.C.C.I.) of the Republic of Zaire, suffered a loss thereon. In November 1998, I.C.C.I. initiated a case with the Court of Commerce of Brussels in Belgium, requested the L/C opening bank (Banque Bruxelles Lambert, or BBL) and the Bank to jointly pay compensation of USD\$7,830 plus interest, losses, and expenses for the L/C. On August 31, 2005, the Court of Commerce of Brussels rendered its judgment which the Bank has to make compensation of USD\$7,674 plus interest to I.C.C.I.. The Bank has engaged a local attorney in Belgium to formally file an appeal. In February 2011, Court of Appeal in Brussels had made an intermediate adjudication which I.C.C.I. and the Bank are both responsible for the offense. Furthermore, on November 16, 2011, the judgment of the court indicated that the Bank should be responsible for 90% of the negligence proportion. In terms of the judgment of the court of the second instance, the Bank has filed an appeal on November 3, 2011. On February 6, 2013, the court overruled the Bank's appeal and the Bank lost the case. However, the Bank and I.C.C.I. couldn't reach an agreement on the exchange rate and the calculation of the compensation. In October 2016, I.C.C.I. initiated a case with the Court of Frankfurt in Germany, applied for seizing the Bank account in Germany, and the Bank lodged guaranty money of EUR \$13,200 to the court to rescind the order for attachment.

In July 2017, I.C.C.I. applied for compulsory execution to the guaranty money, the court has transferred the guaranty money to I.C.C.I. The Bank then filed a lawsuit objecting to the debt through the attorney.



The case was dismissed by the Court of Frankfurt in November 2018, and remanded back to trial court in November 2019 after the Bank's appeal was granted by the High Court of Frankfurt. I.C.C.I. has filed a statement of grounds for objection to the Federal Court of Justice on March 16, 2019. And request to revoke the "Return of the Judgment of the Frankfurt High Court". The Bank has appointed a lawyer to act as an attorney in the German Federal Court of Justice and filed a defense against I.C.C.I. of objections. The case is currently being tried by the Regional Court of Frankfurt. The Federal Court of Justice has denied the I.C.C.I. interlocutory appeal on May 20, 2021. On August 23, 2023, the Frankfurt District Court ruled that the bank won the case in the first instance. I.C.C.I. Company must pay the Bank EUR\$1,046 plus interest since November 17, 2017. I.C.C.I. Company appealed on September 25, 2023. In October and November 2019, the Bank received subpoenas from the court of the Democratic Republic of Congo by a third person Star Marine, who demanded I.C.C.I. to pay USD\$1,130 in compensation and held the Bank as jointly liable, and by I.C.C.I., which demanded the Bank to pay USD\$20,060 less its reimbursed amount to make a security deposit of EUR\$14,000. The Bank has engaged local attorneys to represent itself in court. The Court of Congo will merge the two cases for court. In April 2021, the translation of judgement from the Court of Congo, judging that the Bank should pay around EUR\$20,060 for I.C.C.I. Also, I.C.C.I. must compensate Star Marine for USD\$1,130 as well as make a security deposit of EUR\$14,000 in the domestic bank in Congo. I.C.C.I. has been paid around EUR\$14,860. According to the statement of plaintiff and considering that I.C.C.I. has already received about EUR \$14,860, an addition of \$75,372 has been provision for lawsuit in 2021. Please refer to Note 6(u) for more details. As of December 31, 2023, the Bank has accrued the compensation of \$259,635 and EUR\$9,660.

(10) Losses from disasters:None

(11) Subsequent Events:None

(12) Others:

(a) Information on loan quality, concentration of credit extensions, interest rate-sensitivity, profitability and maturity analysis

(i) Loan quality:

| Month/Year | | December 31, 2023 | | | | | |
|--|-----------------------------|------------------------------|--------------------------|-----------------------------------|------------------------------------|------------------------|-----------|
| | | Non-performing loans (Note1) | Total loans | Non-performing loan ratio (Note2) | Allowance for credit losses | Coverage ratio (Note3) | |
| Corporate finance | Secured | 1,202,821 | 767,968,106 | 0.16% | 9,876,798 | 821.14% | |
| | Unsecured | 310,490 | 366,763,834 | 0.08% | 4,865,922 | 1,567.18% | |
| Consumer finance | Residence mortgages(Note 4) | 129,519 | 210,232,982 | 0.06% | 2,699,274 | 2,084.08% | |
| | Cash cards | - | - | -% | - | -% | |
| | Microcredit(Note 5) | 2,140 | 282,475 | 0.76% | 4,443 | 207.62% | |
| | Others (Note 6) | Secured | 1,059,242 | 152,813,332 | 0.69% | 1,981,063 | 187.03% |
| | | Unsecured | 15,100 | 13,149,591 | 0.11% | 175,342 | 1,161.21% |
| Total loan business | | 2,719,312 | 1,511,210,320 | 0.18% | 19,602,842 | 720.88% | |
| | | Overdue receivables | Total receivables | Delinquency ratio | Allowance for credit losses | Coverage ratio | |
| Credit cards business | | 599 | 1,163,037 | 0.05% | 11,684 | 1,950.58% | |
| Account receivable factoring-without recourse (Note 7) | | - | - | -% | - | -% | |

| Month/Year | | December 31, 2022 | | | | | |
|--|-----------------------------|------------------------------|--------------------------|-----------------------------------|------------------------------------|------------------------|-----------|
| | | Non-performing loans (Note1) | Total loans | Non-performing loan ratio (Note2) | Allowance for credit losses | Coverage ratio (Note3) | |
| Corporate finance | Secured | 1,602,465 | 713,092,812 | 0.22% | 8,945,106 | 558.21% | |
| | Unsecured | 691,641 | 372,391,080 | 0.19% | 4,952,203 | 716.01% | |
| Consumer finance | Residence mortgages(Note 4) | 187,800 | 170,335,261 | 0.11% | 2,130,940 | 1,134.69% | |
| | Cash cards | - | - | -% | - | -% | |
| | Microcredit(Note 5) | 4,802 | 325,663 | 1.47% | 7,370 | 153.48% | |
| | Others (Note 6) | Secured | 266,055 | 149,120,110 | 0.18% | 1,868,990 | 702.48% |
| | | Unsecured | 14,614 | 13,228,525 | 0.11% | 174,007 | 1,190.69% |
| Total loan business | | 2,767,377 | 1,418,493,451 | 0.20% | 18,078,616 | 653.28% | |
| | | Overdue receivables | Total receivables | Delinquency ratio | Allowance for credit losses | Coverage ratio | |
| Credit cards business | | 437 | 1,122,771 | 0.04% | 14,292 | 3,270.48% | |
| Account receivable factoring-without recourse (Note 7) | | - | - | -% | - | -% | |

Note 1 Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans". The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2 Non-performing loan ratio = Non-performing loans ÷ total loans; Credit card delinquency ratio = Overdue receivables ÷ receivables

Note 3 Coverage ratio for loans = allowance for credit losses ÷ non-performing loans; Coverage ratio for credit card business = allowance for credit losses ÷ overdue receivables.

Note 4 For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5 Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6 Others in consumer finance are secured and unsecured consumer loans other than residential mortgage loans, cash card loans, and microcredit loans, and do not include credit cards.

Note 7 In accordance with Jin-Kuan-Yin-(5)-Zi No. 0945000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

Overdue loans and receivables exempted from reporting

| | December 31, 2023 | | December 31, 2022 | |
|--|---|---|---|---|
| | Loans may be exempted from reporting as a non-performing loan | Receivables may be exempted from reporting as overdue receivables | Loans may be exempted from reporting as a non-performing loan | Receivables may be exempted from reporting as overdue receivables |
| Pursuant to a contract under a debt negotiation plan (Note1) | \$ 163 | 802 | 258 | 1,112 |
| Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2) | 68,959 | 17,317 | 54,109 | 22,489 |
| Total | \$ 69,122 | 18,119 | 54,367 | 23,601 |

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure of credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008 and Jin-Kuan-Yin-Fa-Zi No. 10500134790, dated September 20, 2016, a bank is required to make supplemental disclosure of credit information once debtors apply for pre-negotiation, pre-conciliation, relief and liquidation under the "Consumer Debt Clearance Act."

(ii) Concentration of credit extensions

| December 31, 2023 | | | |
|-------------------|--|---------------|-----------------------------------|
| Ranking | Group enterprise | Credit amount | Credit amount to equity ratio (%) |
| 1 | A company. (Railway transportation) | 20,228,474 | 16.84% |
| 2 | B group. (Real estate for sale and rental with own or leased property) | 15,766,100 | 13.13% |
| 3 | C group. (Other holding) | 9,549,460 | 7.95% |
| 4 | D group. (Steel rolling and extruding) | 9,457,303 | 7.87% |
| 5 | E group. (Real estate development) | 7,416,907 | 6.17% |
| 6 | F group. (Liquid crystal panel and components manufacturing) | 7,206,749 | 6.00% |
| 7 | G group. (Real estate development) | 6,840,074 | 5.69% |
| 8 | H group. (Computers manufacturing) | 6,548,180 | 5.45% |
| 9 | I group. (Real estate development) | 6,237,041 | 5.19% |
| 10 | J group. (Financial leasing) | 5,915,829 | 4.92% |

| December 31, 2022 | | | |
|-------------------|--|---------------|-----------------------------------|
| Ranking | Group enterprise | Credit amount | Credit amount to equity ratio (%) |
| 1 | A company. (Railway transportation) | 21,202,474 | 20.37% |
| 2 | B group. (Real estate for sale and rental with own or leased property) | 16,381,315 | 15.74% |
| 3 | C group. (Other holding) | 9,788,164 | 9.40% |
| 4 | E group. (Real estate development) | 8,982,725 | 8.63% |
| 5 | D group. (Steel rolling and extruding) | 8,715,755 | 8.37% |
| 6 | H group. (Computers manufacturing) | 6,523,340 | 6.27% |
| 7 | G group. (Real estate development) | 6,261,408 | 6.01% |
| 8 | I group. (Real estate development) | 6,027,170 | 5.79% |
| 9 | F group. (Liquid crystal panel and components manufacturing) | 5,531,674 | 5.31% |
| 10 | J group. (Financial leasing) | 4,565,169 | 4.39% |

Note 1 The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding credit amount. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2 Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings".

Note 3 Consists of loans (import/export bills negotiated, bills and notes discounted, overdrafts, short-term loans, short-term secured loans, margin loans receivable, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, overdue loans), exchange bills negotiated, accounts receivable factoring without recourse, bankers' acceptance receivable, guarantees proceeds.

Note 4 In the calculation of Credit amount to equity ratio, the domestic bank should be calculated in the net value of head office. The Foreign bank should be calculated in the net value of Taiwan branch.

(iii) Interest rate-sensitivity information

1) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

Unit : %

| December 31, 2023 | | | | | |
|--|------------------|--------------|---------------|-------------|---------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 1,590,706,669 | 47,996,047 | 48,849,207 | 136,264,787 | 1,823,816,710 |
| Interest rate-sensitive liabilities | 1,362,402,193 | 64,646,757 | 115,568,023 | 61,026,639 | 1,603,643,612 |
| Interest rate sensitivity gap | 228,304,476 | (16,650,710) | (66,718,816) | 75,238,148 | 220,173,098 |
| Net worth | | | | | 120,122,285 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 113.73 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | 183.29 |

| December 31, 2022 | | | | | |
|--|------------------|-------------|---------------|-------------|---------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 1,464,207,488 | 24,207,477 | 42,324,132 | 136,449,514 | 1,667,188,611 |
| Interest rate-sensitive liabilities | 1,333,797,410 | 31,475,346 | 65,933,051 | 49,486,811 | 1,480,692,618 |
| Interest rate sensitivity gap | 130,410,078 | (7,267,869) | (23,608,919) | 86,962,703 | 186,495,993 |
| Net worth | | | | | 104,107,258 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 112.60 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | 179.14 |

Note 1 Listed amount refers to the Bank's amount of N.T. dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and liabilities refer to revenues or costs of interest-yielding assets and interest-bearing liabilities, which are affected by interest rate fluctuations.

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

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

2) Analysis of the interest-sensitive assets and liabilities (US dollars)

Unit : In Thousands of US Dollars, %

| December 31, 2023 | | | | | |
|--|--------------|-------------|---------------|-------------|-------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 4,386,578 | 262,261 | 144,390 | 1,893,156 | 6,686,385 |
| Interest rate-sensitive liabilities | 7,097,974 | 2,347,287 | 1,793,723 | - | 11,238,984 |
| Interest rate sensitivity gap | (2,711,396) | (2,085,026) | (1,649,333) | 1,893,156 | (4,552,599) |
| Net worth | | | | | 3,912,141 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 59.49 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | (116.37) |

| December 31, 2022 | | | | | |
|--|--------------|-------------|---------------|-------------|-------------|
| Item | 1~90 days | 91~180 days | 181days~1year | over 1 year | total |
| Interest rate-sensitive assets | \$ 5,161,097 | 219,595 | 116,768 | 993,718 | 6,491,178 |
| Interest rate-sensitive liabilities | 7,302,641 | 1,388,445 | 2,402,052 | 1,139 | 11,094,277 |
| Interest rate sensitivity gap | (2,141,544) | (1,168,850) | (2,285,284) | 992,579 | (4,603,099) |
| Net worth | | | | | 3,388,357 |
| Ratio of interest rate-sensitive assets to liabilities (%) | | | | | 58.51 |
| Ratio of interest rate-sensitive gap to net worth (%) | | | | | (135.85) |

Note 1 Listed amount refers to the Bank's amount of US dollars and does not include contingent assets or liabilities.

Note 2 Interest rate-sensitive assets and interest rate-sensitive liabilities refer to the interest yielding assets and interest-bearing liabilities which the revenue and cost are affected by interest rate fluctuation.

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

Note 4 Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (US dollars interest-rate-sensitive assets and US dollars interest-rate-sensitive liabilities).



(iv) Profitability

Unit: %

| Item | | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|-------------------|
| The ratio of return on assets | Before income tax | 0.58 | 0.59 |
| | After income tax | 0.49 | 0.49 |
| The ratio of return on equity | Before income tax | 11.06 | 11.68 |
| | After income tax | 9.43 | 9.84 |
| Net income ratio | | 33.30 | 35.67 |

Note 1 The ratio of return on assets = Income before (after) income tax expense ÷ average assets.

Note 2 The ratio of return on equity = Income before (after) income tax expense ÷ average equity.

Note 3 Net income ratio = Net income after income tax expense ÷ Net revenue.

Note 4 Income before (after) income tax expense refers to income accumulated from January of the current year to the current period end.

(v) Maturity analysis for assets and liabilities

1) Maturity analysis in New Taiwan dollars

| December 31, 2023 | | | | | | | |
|--------------------------------|------------------|---|-------------|--------------|--------------|---------------|---------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | | |
| | | 0-10days | 11-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 1,932,748,774 | 226,530,278 | 153,738,309 | 186,842,109 | 198,232,876 | 170,531,204 | 996,873,998 |
| Major maturity capital outflow | 2,358,290,547 | 68,877,805 | 111,110,090 | 250,955,397 | 264,154,241 | 440,382,875 | 1,222,810,139 |
| Gap | (425,541,773) | 157,652,473 | 42,628,219 | (64,113,288) | (65,921,365) | (269,851,671) | (225,936,141) |

Note: Listed amounts are denominated in New Taiwan dollars of the Bank, including loan commitments of credit agreement and estimates to outflow \$426,499,512.

| December 31, 2022 | | | | | | | |
|--------------------------------|------------------|---|-------------|--------------|-------------|---------------|---------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | | |
| | | 0-10days | 11-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 1,798,278,148 | 171,214,261 | 167,605,412 | 186,953,929 | 204,957,223 | 152,184,634 | 915,362,689 |
| Major maturity capital outflow | 2,201,577,109 | 79,002,934 | 115,025,374 | 262,893,103 | 184,927,959 | 384,673,313 | 1,175,054,426 |
| Gap | (403,298,961) | 92,211,327 | 52,580,038 | (75,939,174) | 20,029,264 | (232,488,679) | (259,691,737) |

Note: Listed amounts are denominated in New Taiwan dollars of the Bank, including loan commitments of credit agreement and estimates to outflow \$390,839,630.

2) Maturity analysis in US dollars

Unit : In Thousands of US Dollars

| December 31, 2023 | | | | | | | |
|--------------------------------|---------------|---|-----------|------------|---------------|-------------|--|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | | |
| | | 0-30days | 31-90days | 91-180days | 181days-1year | Over 1 year | |
| Major maturity capital inflow | \$ 12,909,090 | 3,551,727 | 2,458,846 | 2,134,006 | 1,949,635 | 2,814,876 | |
| Major maturity capital outflow | 13,501,007 | 3,271,391 | 3,017,309 | 2,770,293 | 2,525,849 | 1,916,165 | |
| Gap | (591,917) | 280,336 | (558,463) | (636,287) | (576,214) | 898,711 | |

Note: Listed amounts are denominated in US dollars of the Bank, including loan commitments of credit agreement and estimates to outflow USD \$525,282.

| December 31, 2022 | | | | | | |
|--------------------------------|---------------|---|-----------|-------------|---------------|-------------|
| | Total | Amount during the maturity period from the balance sheet date to due date | | | | |
| | | 0-30days | 31-90days | 91-180days | 181days-1year | Over 1 year |
| Major maturity capital inflow | \$ 16,353,649 | 5,107,519 | 4,629,214 | 1,287,440 | 1,713,177 | 3,616,299 |
| Major maturity capital outflow | 17,155,496 | 3,645,117 | 4,045,473 | 2,484,679 | 3,910,394 | 3,069,833 |
| Gap | (801,847) | 1,462,402 | 583,741 | (1,197,239) | (2,197,217) | 546,466 |

Note: Listed amounts are denominated in US dollars of the Bank, including loan commitments of credit agreement and estimates to outflow USD \$912,002.

(13) Other disclosures:

(a) Information on significant transactions:

- (i) Cumulative purchase or sale of the same investee's capital stock up to \$300,000 or 10% of paid-in capital: None.
- (ii) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (iii) Disposal of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (iv) Discount of commissions fees with related parties amounting to over \$5,000: None.
- (v) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (vi) Sale of non-performing loans information: None.
- (vii) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (viii) Other significant transactions that might have influence over the decision-making process of the financial statements users: None.

(b) Information on investees:

- (i) The following is the information on investees (excluding information on investees in Mainland China):

(Unit : thousand shares)

| Name of investee | Location | Main business scope | Shareholding ratio | Book value | Investment gain (loss) | The cross holding of the Bank and its related parties | | | | Note |
|---|----------|--|--------------------|------------|------------------------|---|---------------------------|------------------------|--------------------|------|
| | | | | | | Number of shares | Number of proforma shares | Total Number of shares | Shareholding ratio | |
| TBB International Leasing Co., Ltd. | Taiwan | Leasing business | 100.00% | 1,548,582 | 53,929 | 150,000 | - | 150,000 | 100.00% | |
| TBB (Cambodia) Microfinance Institution Plc | Cambodia | SMEs and personal finance business | 100.00% | 629,464 | 5,352 | 20 | - | 20 | 100.00% | |
| TBB Venture Capital Co., Ltd. | Taiwan | Investing business | 100.00% | 1,369,515 | 111,178 | 123,211 | - | 123,211 | 100.00% | |
| TBB Consulting Co., Ltd. | Taiwan | Consulting business | 100.00% | 71,984 | 17,172 | 5,000 | - | 5,000 | 100.00% | |
| Media Talk Consulting Co., Ltd. | Taiwan | Investing cultural and creative business | 20.00% | - | (808) | 200 | - | 200 | 20.00% | |



(ii) Loans to others:

| NO. | Creditor | Debtor | Interaction Account | Related party | Highest Amount | Ending balance | Actual drawdown amount | Range of interest rate | Nature of the loan | Dealing amount | The necessary reason for short-term loans | Allowance for bad debts | Guarantee | | Limited amount for individual object | Total limited amount for loan |
|-----|-------------------------------------|---|-----------------------|---------------|----------------|----------------|------------------------|------------------------|--------------------|----------------|---|-------------------------|-----------|-------|--------------------------------------|-------------------------------|
| | | | | | | | | | | | | | Name | Value | | |
| 1 | TBB International Leasing Co., Ltd. | Hsin Chuan Construction Co., Ltd. | Financial receivables | No | 154,430 | 62,801 | 100,000 | 2%-10% | 2 | - | To the lender for buying goods | 628 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Xi Quan Restaurant Co., Ltd. | Financial receivables | No | 151,957 | 88,195 | 153,000 | 2%-10% | 2 | - | To the lender for buying goods | 882 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Acon-Holding INC. | Financial receivables | No | 60,000 | 7,584 | 30,000 | 2%-10% | 2 | - | To the lender for buying goods | 76 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Maw Shing Top Co., Ltd. | Financial receivables | No | 24,616 | 8,071 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 81 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Yu Ding Investment Co., Ltd. | Financial receivables | No | 96,989 | 50,000 | 50,000 | 2%-10% | 2 | - | To the lender for buying goods | 500 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chaishan Foods Co., Ltd. | Financial receivables | No | 50,000 | - | 50,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chao-Chi Property Management Consulting Co., Ltd. | Financial receivables | No | 23,835 | 8,854 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 89 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Tai Chang Fiber Co., Ltd. | Financial receivables | No | 23,851 | 8,858 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 89 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Jiou Chang Motor Co., Ltd. | Financial receivables | No | 9,188 | - | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Liang-wei Tobacco & Liquor Co., Ltd. | Financial receivables | No | 9,188 | - | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Jia Ho Food Co., Ltd. | Financial receivables | No | 19,044 | - | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | - | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Cheng Mao Enterprise Co., Ltd. | Financial receivables | No | 8,000 | 6,036 | 8,000 | 2%-10% | 2 | - | To the lender for buying goods | 60 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Chao-Yang International Co., Ltd. | Financial receivables | No | 30,115 | 15,111 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 151 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Sian Shang Frozen Food Co., Ltd. | Financial receivables | No | 20,000 | 16,749 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 167 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Qing rui Construction Co., Ltd. | Financial receivables | No | 15,000 | 14,213 | 15,000 | 2%-10% | 2 | - | To the lender for buying goods | 142 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Pei Xian Seafood Co., Ltd. | Financial receivables | No | 20,000 | 18,378 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 184 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Licheng Construction Co., Ltd. | Financial receivables | No | 12,000 | 12,000 | 12,000 | 2%-10% | 2 | - | To the lender for buying goods | 120 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | 99 Bottles Co., Ltd. | Financial receivables | No | 10,000 | 10,000 | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | 100 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | Proud Construction Co., Ltd. | Financial receivables | No | 20,000 | 20,000 | 20,000 | 2%-10% | 2 | - | To the lender for buying goods | 200 | None | - | 387,140 | 1,548,561 |
| 1 | TBB International Leasing Co., Ltd. | V-Optech Inc. | Financial receivables | No | 10,000 | 10,000 | 10,000 | 2%-10% | 2 | - | To the lender for buying goods | 100 | None | - | 387,140 | 1,548,561 |

| NO. | Creditor | Debtor | Interaction Account | Related party | Highest Amount | Ending balance | Actual drawdown amount | Range of interest rate | Nature of the loan | Dealing amount | The necessary reason for short-term loans | Allowance for bad debts | Guarantee | | Limited amount for individual object | Total limited amount for loan |
|-----|-------------------------------------|---|-----------------------|---------------|----------------|----------------|------------------------|------------------------|--------------------|----------------|---|-------------------------|-----------|-------|--------------------------------------|-------------------------------|
| | | | | | | | | | | | | | Name | Value | | |
| 1 | TBB International Leasing Co., Ltd. | Wenyong International Logistics Co., Ltd. | Financial receivables | No | 30,000 | 30,000 | 30,000 | 2%-10% | 2 | - | To the lender for buying goods | 300 | None | - | 387,140 | 1,548,561 |

Note1: The meaning of the number is as follows.

(1) Zero stands for issuer.

(2) Investee companies are numbered in a sequence of Arabic numerals from 1 based on company category.

Note2: The amount of loans is still valid up to now.

Note3: The nature of the loan nature is as follows.

(1) 1 stands for business relation.

(2) 2 stands for the necessity for short-term loans.

Note4: Limited amount for individual object : 25% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

Note5: Total limited amount for loan : 100% net worth of the latest TBB International Leasing Co., Ltd.'s audited financial statements.

(iii) Endorsements and guarantee for others: None

(iv) Acquisition of securities:

| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------------|---|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|----------------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB International Leasing Co., Ltd. | Taiwan Business International Leasing Co., Ltd. | Parent company | Investment under equity method | - | 971,708 | 100.00% | 971,708 | |
| TBB International Leasing Co., Ltd. | G12245、G12246 | - | Financial assets at fair value through profit or loss | - | 100,000 | -% | 100,000 | Financial debentures |
| TBB Venture Capital Co., Ltd. | G12245 | - | Financial assets at fair value through profit or loss | - | 100,000 | -% | 100,000 | " |
| TBB Venture Capital Co., Ltd. | Energenesis Biomedical Co., Ltd. | - | Financial assets at fair value through profit or loss | 220 | 13,288 | 0.29% | 13,288 | Listed Stocks |
| TBB Venture Capital Co., Ltd. | Powerchip Semiconductor Manufacturing Corporation | - | Financial assets at fair value through profit or loss | 250 | 7,363 | 0.01% | 7,363 | " |
| TBB Venture Capital Co., Ltd. | Lungteh Shipbuilding Co., Ltd. | - | Financial assets at fair value through profit or loss | 748 | 63,928 | 0.69% | 63,928 | " |
| TBB Venture Capital Co., Ltd. | Evergreen Aviation Technologies Corporation | - | Financial assets at fair value through profit or loss | 13 | 1,411 | -% | 1,411 | " |
| TBB Venture Capital Co., Ltd. | Tigerair Taiwan Co., Ltd. | - | Financial assets at fair value through profit or loss | 836 | 28,102 | 0.19% | 28,102 | " |
| TBB Venture Capital Co., Ltd. | Eir Genix, Inc. | - | Financial assets at fair value through profit or loss | 845 | 84,923 | 0.28% | 84,923 | OTC Stocks |
| TBB Venture Capital Co., Ltd. | Chenfull Precision Co., Ltd. | - | Financial assets at fair value through profit or loss | 180 | 19,530 | 0.30% | 19,530 | " |
| TBB Venture Capital Co., Ltd. | Handa Pharmaceuticals, Inc. | - | Financial assets at fair value through profit or loss | 1,470 | 269,663 | 1.04% | 269,663 | Emerging Stocks |
| TBB Venture Capital Co., Ltd. | Locus Cell Co., Ltd. | - | Financial assets at fair value through profit or loss | 1,341 | 42,242 | 0.67% | 42,242 | " |
| TBB Venture Capital Co., Ltd. | Starlux Airlines Co., Ltd. | - | Financial assets at fair value through profit or loss | 4,763 | 111,457 | 0.23% | 111,457 | " |
| TBB Venture Capital Co., Ltd. | TFBS Bioscience, Inc. | - | Financial assets at fair value through profit or loss | 260 | 12,298 | 0.75% | 12,298 | " |





| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------|--|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|-----------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB Venture Capital Co., Ltd. | Iovtec Co., Ltd. | - | Financial assets at fair value through profit or loss | 485 | 28,360 | 2.91% | 28,360 | " |
| TBB Venture Capital Co., Ltd. | Song Chuan Precision Co., Ltd. | - | Financial assets at fair value through profit or loss | 665 | 66,496 | 0.92% | 66,496 | Unlisted Stocks |
| TBB Venture Capital Co., Ltd. | Techplasma Technology Co., Ltd. | - | Financial assets at fair value through profit or loss | 944 | 47,184 | 2.84% | 47,184 | " |
| TBB Venture Capital Co., Ltd. | Hephas Energy Co., Ltd. | - | Financial assets at fair value through profit or loss | 816 | 52,895 | 2.96% | 52,895 | " |
| TBB Venture Capital Co., Ltd. | Ren Chin Electric Conductor Co., Ltd. | - | Financial assets at fair value through profit or loss | 250 | 5,035 | 2.61% | 5,035 | " |
| TBB Venture Capital Co., Ltd. | Manford Machinery Co., Ltd. | - | Financial assets at fair value through profit or loss | 1,195 | 25,704 | 2.99% | 25,704 | " |
| TBB Venture Capital Co., Ltd. | Yuh Shan Environmental Engineering Co., Ltd. | - | Financial assets at fair value through profit or loss | 562 | 28,656 | 1.94% | 28,656 | " |
| TBB Venture Capital Co., Ltd. | e-Formula Technologies, Inc. | - | Financial assets at fair value through profit or loss | 600 | 11,280 | 2.76% | 11,280 | " |
| TBB Venture Capital Co., Ltd. | Ina Energy Corporation | - | Financial assets at fair value through profit or loss | 2,000 | 35,620 | 0.99% | 35,620 | " |
| TBB Venture Capital Co., Ltd. | Amazing Cool Technology Corporation. | - | Financial assets at fair value through profit or loss | 390 | 8,580 | 2.37% | 8,580 | " |
| TBB Venture Capital Co., Ltd. | Long-Shun Green Energy Technology Ltd. | - | Financial assets at fair value through profit or loss | 1,045 | 30,315 | 2.99% | 30,315 | Unlisted Stocks |
| TBB Venture Capital Co., Ltd. | Gamamobi Taiwan Co., Ltd. | - | Financial assets at fair value through profit or loss | 200 | - | 1.00% | - | " |
| TBB Venture Capital Co., Ltd. | Toyo Automation Co., Ltd. | - | Financial assets at fair value through profit or loss | 263 | 19,609 | 0.95% | 19,609 | " |
| TBB Venture Capital Co., Ltd. | aetherAI Co., Ltd. | - | Financial assets at fair value through profit or loss | 400 | 10,000 | 0.66% | 10,000 | " |
| TBB Venture Capital Co., Ltd. | Quants AI Inc. | - | Financial assets at fair value through other comprehensive income | 1,600 | 9,840 | 8.89% | 9,840 | " |
| TBB Venture Capital Co., Ltd. | Honley Auto. Parts Co., Ltd. | - | Financial assets at fair value through profit or loss | 3,000 | 16,950 | 2.95% | 16,950 | " |
| TBB Venture Capital Co., Ltd. | Cuumed Catheter Medical Co., Ltd. | - | Financial assets at fair value through profit or loss | 600 | 18,120 | 1.53% | 18,120 | " |
| TBB Venture Capital Co., Ltd. | AnnJi Pharmaceutical Co., Ltd. | - | Financial assets at fair value through profit or loss | 400 | 16,320 | 0.44% | 16,320 | " |
| TBB Venture Capital Co., Ltd. | GoodLinker Co., Ltd. | - | Financial assets at fair value through profit or loss | 100 | 610 | 2.86% | 610 | " |
| TBB Venture Capital Co., Ltd. | Yiyi Pictures Co., Ltd. | - | Financial assets at fair value through profit or loss | 9 | 1,291 | 2.94% | 1,291 | " |
| TBB Venture Capital Co., Ltd. | Asia Hydrogen Energy Corporation | - | Financial assets at fair value through profit or loss | 490 | 19,587 | 3.34% | 19,587 | " |

| Company acquired | Type and name of the security | Relationship with the security issuer | Account | At the end of the period | | | | Note |
|-------------------------------|---|---------------------------------------|---|--------------------------|-----------------|------------------|--------------|-----------------|
| | | | | Number of shares | Carrying amount | Share proportion | Market price | |
| TBB Venture Capital Co., Ltd. | Longwalk social enterprise, Co., Ltd. | - | Financial assets at fair value through profit or loss | 120 | 469 | 12.77% | 469 | " |
| TBB Venture Capital Co., Ltd. | Carpost Co., Ltd. | - | Financial assets at fair value through profit or loss | 330 | 4,590 | 2.84% | 4,590 | " |
| TBB Venture Capital Co., Ltd. | Rising FinTech Corp. | - | Financial assets at fair value through profit or loss | 38 | 35 | 2.08% | 35 | " |
| TBB Venture Capital Co., Ltd. | Maxima Biotech Inc. | - | Financial assets at fair value through profit or loss | 225 | 4,950 | 0.96% | 4,950 | " |
| TBB Venture Capital Co., Ltd. | Unoscope Technology Inc. | - | Financial assets at fair value through profit or loss | 90 | 1,080 | 0.96% | 1,080 | " |
| TBB Venture Capital Co., Ltd. | Eti Ca Battery Inc. | - | Financial assets at fair value through profit or loss | 75 | 3,150 | 0.42% | 3,150 | " |
| TBB Venture Capital Co., Ltd. | Pinkoi Inc. | - | Financial assets at fair value through profit or loss | 93 | 15,269 | 0.53% | 15,269 | " |
| TBB Venture Capital Co., Ltd. | Taiwania Buffalo III Biotechnology Venture Capital LLP. | - | Financial assets at fair value through profit or loss | - | 52,560 | 4.57% | 52,560 | Private fund |
| TBB Venture Capital Co., Ltd. | Ju He Venture Capital LLP. | - | Financial assets at fair value through profit or loss | - | 24,874 | 2.46% | 24,874 | " |
| TBB Venture Capital Co., Ltd. | TBB No.1 Venture Capital Limited Partnership | - | Financial assets at fair value through profit or loss | - | 11,868 | 1.12% | 11,868 | " |
| TBB Venture Capital Co., Ltd. | Outstanding Capital Limited Partnership | - | Financial assets at fair value through profit or loss | - | 8,429 | 4.86% | 8,429 | " |
| TBB Venture Capital Co., Ltd. | Jia Da International Development Co., Ltd. | - | Financial assets at fair value through other comprehensive income | 2,919 | 29,632 | 8.52% | 29,632 | Unlisted Stocks |
| TBB Consulting Co., Ltd. | Media Talk Consulting Co., Ltd. | Associates | Investment under equity method | 200 | - | 20.00% | - | " |
| TBB Consulting Co., Ltd. | TBB No.1 Venture Limited Partnership | - | Financial assets at fair value through profit or loss | - | 1,187 | 0.11% | 1,187 | Private fund |

- (v) Accumulative purchases or sales of the same investee companies amounting to over \$300,000 or 10% of paid-in capital: None.
- (vi) Acquisition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (vii) Disposition of real estate amounting to over \$300,000 or 10% of paid-in capital: None.
- (viii) Discount of commissions and handling fees with related parties amounting to over \$5,000: None.
- (ix) Receivables from related parties amounting to over \$300,000 or 10% of paid-in capital: None.
- (x) Transactions of financial derivatives: None.
- (xi) Sale of non-performing loans information: None.
- (xii) Types of securitization instruments and related information approved by financial assets securitization rules or real estate securitization rules: None.
- (xiii) Other significant transactions that might have substantial influence over the decision making of the financial statement users: None.

(c) Information on investments in Mainland China:

(i) Name and major business item of the investee in China:

| Name of investee company in Mainland China | Major business | Paid-in capital | Investment method (Note 1) | Accumulated amount transferred from | Investment transferred out or recovered | | Accumulated amount transferred from | The current profit or loss of the investee (Note 2) | Shares directly or indirectly possessed by the Bank | Investment income for the period (Notes 2 and 4) | Ending carrying value of investment | Accumulated inward remittance of earnings as of the end of period |
|--|------------------|--|----------------------------|-------------------------------------|---|-----------|-------------------------------------|---|--|--|-------------------------------------|---|
| | | | | Taiwan, beginning of the period | Transferred out | Recovered | Taiwan, end of the period | | | | | |
| Taiwan Business Bank, Ltd. Shanghai branch | Banking business | 3,910,537 (CNY800 million) (Operating capital) | (3) | 3,910,537 (CNY800 million) | - | - | 3,910,537 (CNY800 million) | - | Shanghai branch of the Bank, not an investee company | Note 4 | 4,327,509 | None |
| Taiwan Business Bank, Ltd. Wuhan branch | Banking business | 3,942,815 (CNY800 million) (Operating capital) | (3) | 3,942,815 (CNY800 million) | - | - | 3,942,815 (CNY800 million) | - | Wuhan branch of the Bank, not an investee company | Note 4 | 4,185,181 | * |
| Taiwan Business Bank International Leasing Co., Ltd. | Leasing business | 838,305 (CNY170 million) (Operating capital) | (1) | 838,305 (CNY170 million) | - | - | 838,305 (CNY170 million) | 36,322 2(c) | 100% | 36,322 2(c) | 971,708 | * |

Note 1: Investment method is divided into three categories and are listed as follows:

- (1) Directly invest in Mainland China.
- (2) Investment in Mainland China companies through a third region.
- (3) Others: establishment of oversea branches

Note 2: The column of "Investment gains (losses)":

- (1) If the company is still in the preparation process, and does not have any investment gain or loss, please specify.
- (2) The bases for recognition of investment income or loss have three methods, please specify.
 - a. The audited financial reports that are issued by an international accounting firm which is connected to an accounting firm in Taiwan.
 - b. The audited financial reports that are issued by the Taiwan parent company's designated accounting firm.
 - c. Others
- (3) Please specify if information regarding current gains or losses of an investee is not retrievable.

Note 3: The number is expressed in New Taiwan Dollars.

Note 4: The operating result of Shanghai and Wuhan branch have been included in the Bank.

(ii) Limitation on investment in Mainland China:

| Name of Company | Accumulated outflow of investment from Taiwan to Mainland China, as of the end of period | Investment amount authorized by Investment Commission, MOEA | Upper limit on investment authorized by Investment Commission, MOEA |
|-----------------------------------|--|---|---|
| Taiwan Business Bank, Ltd. (Note) | 8,691,657 (CNY 1,770 million) | 8,691,657 (CNY 1,770 million) | 72,073,371 |

Note: The investment amount in China of the subsidiary TBB International Leasing Co, Ltd is included.

(d) Information of major shareholders:

| Shareholder's Name | Shareholding | Shares | Percentage |
|---|--------------|---------------|------------|
| Bank of Taiwan | | 1,333,153,090 | 16.21 % |
| National Development Fund, Executive Yuan | | 482,381,505 | 5.87 % |

(14) Segment information:

Please refer to the Consolidated Financial Statements for the year ended December 31,2023.

Taiwan Business Bank, Ltd.

Chair: Pei-Jean Liu



President: Chih-Chien Chang



SVP&GM,
Accounting Dept.: Li-Ching Lai



9. Financial Difficulties Confronted by TBB or Its Associates and the Related Impacts: None.



Review, Analysis, and Risks of Financial Conditions and Performance

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1. Financial Position Analysis

Consolidated Comparative Analysis of Financial Position

Unit: NT\$1,000; %

| Item | Year | 2023 | 2022 | Difference | |
|--|------|----------------------|----------------------|--------------------|--------------|
| | | | | Amount | % |
| Cash and cash equivalents, due from the Central Bank and call loans to banks | | 154,288,461 | 197,818,006 | (43,529,545) | (22.00) |
| Financial assets at fair value through profit or loss | | 73,366,025 | 33,913,114 | 39,452,911 | 116.34 |
| Financial assets at fair value through other comprehensive income | | 189,415,924 | 160,000,410 | 29,415,514 | 18.38 |
| Investments in debt instruments at amortized costs | | 252,895,142 | 236,774,247 | 16,120,895 | 6.81 |
| Securities purchased under agreements to resell | | 7,110,485 | 797,893 | 6,312,592 | 791.16 |
| Receivables - net | | 11,907,936 | 9,057,109 | 2,850,827 | 31.48 |
| Current income tax assets | | 351,197 | 350,069 | 1,128 | 0.32 |
| Discounts and loans - net | | 1,491,313,443 | 1,400,112,365 | 91,201,078 | 6.51 |
| Investments measured by equity method - net | | 0 | 808 | (808) | (100.00) |
| Other financial assets - net | | 8,227 | 10,315 | (2,088) | (20.24) |
| Premises and equipment - net | | 14,046,879 | 14,121,833 | (74,954) | (0.53) |
| Right-of-use asset - net | | 1,284,449 | 1,212,593 | 71,856 | 5.93 |
| Intangible assets - net | | 921,536 | 757,216 | 164,320 | 21.70 |
| Deferred income tax assets | | 2,015,839 | 1,777,199 | 238,640 | 13.43 |
| Other assets - net | | 10,888,988 | 15,782,948 | (4,893,960) | (31.01) |
| Total assets | | 2,209,814,531 | 2,072,486,125 | 137,328,406 | 6.63 |
| Deposits from the Central Bank and other banks | | 163,162,556 | 194,966,177 | (31,803,621) | (16.31) |
| Due to the Central Bank and other banks | | 1,431,840 | 1,131,025 | 300,815 | 26.60 |
| Financial liabilities at fair value through profit or loss | | 9,394,136 | 9,925,525 | (531,389) | (5.35) |
| Securities sold under agreements | | 1,786,715 | 2,462,991 | (676,276) | (27.46) |
| Payable | | 24,342,295 | 21,493,131 | 2,849,164 | 13.26 |
| Current income tax liabilities | | 101,003 | 1,101,015 | (1,000,012) | (90.83) |
| Deposits and remittances | | 1,823,413,234 | 1,673,580,263 | 149,832,971 | 8.95 |
| Financial debentures | | 53,850,000 | 52,250,000 | 1,600,000 | 3.06 |
| Other financial liabilities | | 2,136,402 | 2,910,581 | (774,179) | (26.60) |
| Provisions for liabilities | | 2,903,375 | 2,676,102 | 227,273 | 8.49 |
| Lease liabilities | | 1,319,108 | 1,239,919 | 79,189 | 6.39 |
| Deferred income tax liabilities | | 878,623 | 879,056 | (433) | (0.05) |
| Other Liabilities | | 4,972,959 | 3,763,082 | 1,209,877 | 32.15 |
| Total liabilities | | 2,089,692,246 | 1,968,378,867 | 121,313,379 | 6.16 |
| Equity attributable to owners of parent company | | 120,122,285 | 104,107,258 | 16,015,027 | 15.38 |
| Common stock | | 82,224,061 | 80,296,934 | 1,927,127 | 2.40 |
| Capital Surplus | | 815,900 | 815,900 | 0 | 0.00 |
| Retained earnings | | 36,097,730 | 26,764,099 | 9,333,631 | 34.87 |
| Other items in equity | | 984,594 | (3,769,675) | 4,754,269 | 226.12 |
| Total equity | | 120,122,285 | 104,107,258 | 16,015,027 | 15.38 |

2. Financial Performance Analysis

Consolidated Operational Performance Analysis

Unit: NT\$1,000; %

| Item | Year | 2023 | 2022 | Amount increased (decreased) | Ratio of changes (%) |
|---|------|--------------|--------------|------------------------------|----------------------|
| Net interest revenue | | 18,705,510 | 20,227,973 | (1,522,463) | (7.53) |
| Net revenue other than interest | | 13,208,034 | 8,301,150 | 4,906,884 | 59.11 |
| Bad debts expense, commitment and guarantee liability provision | | (4,226,518) | (2,386,062) | 1,840,456 | 77.13 |
| Operating expenses | | (15,259,219) | (14,103,269) | 1,155,950 | 8.20 |
| Income from continuing operation before tax | | 12,427,807 | 12,039,792 | 388,015 | 3.22 |
| Income tax (expense) gain | | (1,860,132) | (1,917,940) | (57,808) | (3.01) |
| Income from continuing operation after tax | | 10,567,675 | 10,121,852 | 445,823 | 4.40 |
| Net income | | 10,567,675 | 10,121,852 | 445,823 | 4.40 |

Analysis on increase/decrease in ratio:

In 2023, net profit for the period increased by NT\$446 million, primarily due to the increase in net income from service fees and financial products.

3. Analysis of Cash Flow

(1) Liquidity analysis for the past two years

| Item | Year | 2023 | 2022 | Increase (Decrease) |
|------------------------------|------|-----------|-----------|---------------------|
| Cash flow ratio | | 11.49% | 13.32% | -1.83% |
| Cash flow adequacy ratio | | 1,131.36% | 1,352.80% | -221.44% |
| Cash flow satisfaction ratio | | - | 107.96% | - |

Analysis on increase/decrease in ratio:

- The decrease in cash flow ratio is primarily due to the decrease in net cash inflow from operating activities in 2023 compared to 2022.
- No analysis is presented for cash flow satisfaction ratio as negative net cash flow from investing activities was recorded in 2023.

(2) Analysis of cash liquidity for the coming year

Unit: NT\$1,000

| Opening cash balance ① | Expected net cash flow from operating activities throughout the year, ② | Expected net cash flow throughout the year ③ | Expected sum of cash surplus (inadequacy) ①+②+③ | Remedial measures for cash inadequacy | |
|---------------------------|--|---|--|---------------------------------------|--------------------|
| | | | | Investment planning | Financial planning |
| 34,214,743 | 18,435,051 | (16,242,600) | 36,407,194 | - | - |

4. Impact of Major Capital Expenditure on Financial Operations in 2023

(1) The use of major capital expenditures and source of funds

Unit: NT\$1,000

| Planning items | Actual or expected source of capital | Actual or expected date of completion | Total capital required | Use of actual or expected capital | | | | |
|--|--------------------------------------|---------------------------------------|------------------------|-----------------------------------|---------|---------|---------|---------|
| | | | | 2020 | 2021 | 2022 | 2023 | 2024 |
| Purchase of machinery and equipment - computer equipment | Own funds | 2024/12/31 | 1,317,553 | 200,751 | 142,694 | 344,738 | 199,428 | 429,942 |
| Purchase of premise of the Bank's headquarter | Own funds | 2024/12/31 | 5,455 | 5,455 | 0 | 0 | 0 | 0 |
| Maintenance and renovation work for the premise of the headquarter | Own funds | 2024/12/31 | 731,977 | 81,397 | 61,732 | 65,824 | 177,654 | 345,370 |

(2) Expected potential benefits

Improve the corporate image of the Bank, enhance service quality, stabilize the operating locations, and expand our service network.

5. Long-term Equity Investment Policy for 2023, the Main Reasons for the Profit or Loss Generated thereby, the Plan for Improving Profitability, and Investment Plans for the Coming Year

During 2023, the primary profiting sources for the long-term equity investment business are the cash dividends income and the operating performance returns from the investment companies. In the future, shall there be appropriate investment targets or investments made according to factors of government policies, the Bank will carry out relevant procedures after due assessment.

6. Risk Management

(1) Structure of the Bank's risk management organization and the policy

A. Structure of the risk management organization

a. Risk Management Committee

The Chairman shall assign the chairman of the Risk Management Committee, and the committee member includes the President, Executive Vice President who is not the legal compliance officer of the Bank's headquarters, and the General Managers of departments under the Bank's headquarter (excluding the S.V.P. & GM of Auditing Department). The Committee is established to provide a sound risk management system, strengthen the efficacy of risk management, and execute the risk management and monitoring for the Bank. In principle, a meeting shall be convened per month, and the chairman of the committee may convene an extraordinary meeting when necessary. Its duties are as follow:

- Analyze significant local and foreign economic, financial, and industrial risks, and review responding plans.
- Risk exposures in the risk management report and review on resolutions.
- The review shall be based on the rules and regulations, limitation, management indicator, and responding solutions for exceeding the limitation in relation to risk management approved by the Board (Managing Directors).
- Supervise the capital adequacy management of the Bank.
- Review or supervise relevant matters that shall be reported to the Risk Management Committee according to the requirements from the local and foreign competent authority.
- Review or supervise other matters related to risk management.

Risk Management Department is a staff unit of the Committee, responsible for meeting agenda preparation, convening notice, meeting process, meeting minutes, and resolutions tracking and management, and it shall report the material resolutions from the Risk Management Committee and risk exposures to the Board (Managing Directors) regularly.

b. ALM Committee

The ALM Committee of the Bank is chaired by the President, and the committee member includes Executive Vice President, General Managers from departments in charge of deposits, loans, financial trading, funding allocation, and risk management. The Committee is responsible for the monitoring and management of interest rate risk in the banking book (IRRBB) and funding liquidity risks. It convenes regular meetings to evaluate the analysis and measurement method for funding liquidity risks and IRRBB, review the management policy for funding liquidity risks and IRRBB, relevant limitation, and management indicators, listen to exposure reports for interest risks and funding liquidity risks and adjust the debt-asset ratio period structure and the funding maturity structure of the Bank.

c. Loan Supervision Committee

The Loan Supervision Committee of the Bank is convened by the Executive Vice President. In principle, the Committee is convened once a week to review credit loan projects of large denomination loans, foreign currency, and guarantee.



d. NPL Management Committee

The NPL Management Committee of the Bank is convened by the Executive Vice President. The convenor may call upon members of the Committee for meeting according to business requirements at any time to discuss measures to prevent unfavorable credit loans and methods to handle overdue cases.

e. Cyber Security Management Committee

Cyber Security Management Committee is convened by the Chief Information Security Officer, and the Committee manages the overall execution and coordination regarding matters related to cybersecurity management of the Bank. The convenor may call upon members of the Committee for meeting according to business requirements at any time to review matters related to cybersecurity management.

B. Risk management policy

To effectively control the Bank's risks, the Bank established its "Risk Management Policy," "Standards for Credit Risk Management," "Standards for Market Risk Management," "Standards for Operational Risk," "Guidelines for Bank Interest Rate Management," "Guidelines for Capital Liquidity Risk Management." The regulations and their relevant risk tolerance were approved by the Board (Managing Directors). Content of the Risk Management Policy is as follows: Establish a risk management system for risk identification, measurement, supervision, control, information report, and countermeasures, construct an integrated risk management system, adopt an operating model with appropriate focus on risk management, and control the reasonableness of risk and compensation with the precondition of statutory adequacy ratio, so as to achieve the operating objectives and improve shareholders' interests. Its scope covers the management of credit risk, market risk, operational risk, IRRBB, capital liquidity risk and other risks, as well as capital adequacy management.

(2) Information on the Nature and Amount of All Types of Risk

The Bank implements daily monitoring of various risk exposure status, such as market, credit, operation, and liquidity of funds. Monthly reports on various risk exposures are submitted to the Risk Management Committee, including "Recent External Key Risk Issues," "Overview of Internal Risk Management Execution" (including capital adequacy management, various statutory ratios and risk limit management, credit risk management, market risk management, operational risk management, and information risk management), and "Overseas Branch Risk Management Execution Status." Additionally, quarterly reports are submitted to the Audit Committee and the Board of Directors.

A. Credit Risk Management System and Accrued Capital

**Credit Risk Management System
2023**

| Item | Description |
|--|--|
| 1. Credit Risk Management Strategies, Goals, Policies and Procedures | <p>I. Credit risk strategies</p> <p>(I) Establish a proper credit risk control environment, including credit verification procedures, credit management, measurement, and supervision procedures, as well as credit risk control.</p> <p>(II) Credit risks regarding counterparties (including counterparties, borrower, and debtor), such as default risk and delivery risk, are included in the scope of control.</p> <p>(III) Develop advanced credit risk measuring methods to measure credit risk, and gradually introduce such methods into our business procedures.</p> <p>II. Credit risk management goals</p> <p>Within the scope of acceptable credit risk to the Bank, maintain adequate capital to achieve a reasonable state between risk and returns.</p> <p>III. Credit risk management policies</p> <p>(I) Fully understand the credit status of borrowers or counterparties and the usage of borrowings and repayment sources of the borrowers.</p> <p>(II) Prudently assess the credit risk condition of borrowers or counterparties and attach attention to the adequacy of the collateral and the guarantee to measure risks and interests.</p> <p>(III) Establish a credit rating system regarding the credit status of the borrowers or consider the ratings of the customers from external credit rating institutions as the reference for accepting credit loan cases and setting interest rate.</p> <p>IV. Credit risk management procedures</p> <p>(I) Establish comprehensive credit approval procedures, including mechanisms such as credit investigation, credit loans, post-loan management, and claims management, to manage credit risks in an appropriate manner.</p> <p>(II) Regularly carry out control for the concentration of corporate risk regarding nations, financial industries, industries, or conglomerates.</p> <p>(III) Regularly report to the senior management and the Risk Management Committee regarding the credit risk limitation utilization. Shall there be abnormal losses, establish the responding countermeasures immediately and report to the senior management to minimize the potential losses.</p> |

| Item | Description |
|--|---|
| 2. Credit risk management organization and framework | <p>I. Board: The Board is the highest decision-making level for credit risk management, which supervises the effective operation for credit risk management. Credit risk management policies and standards are regularly reviewed by the Board meeting to ensure the efficacy of risk management and the optimized allocation of resources.</p> <p>II. Audit Committee: Responsible for supervising the management and control of the Bank's credit risk.</p> <p>III. Risk Management Committee: Responsible for the review of relevant information and issues about credit risk.</p> <p>IV. Loan Supervision Department: Responsible for credit loan management and credit loan review.</p> <p>V. Credit Checking & Industrial/Economic Research Department: Responsible for the credit investigation business and its management and planning, industrial analysis.</p> <p>VI. Overdue Loan & Control Department: Responsible for matters in relation to post-loan management, non-performing loans, non-accrual loans, and bad debt claims.</p> <p>VII. Risk Management Department: Responsible for the measurement, evaluation, monitoring, management, disclosure, and reporting of credit risks.</p> |
| 3. Scope and features of the credit risk reporting and measurement system | <p>I. Credit risk reporting</p> <p>Convene meetings of the Risk Management Committee every month, report to the senior management regarding the alert for counterparties, and the concentration control for the industry, group, country, and financial industry, and discuss the relevant information concerning the credit risk exposures of the Bank.</p> <p>II. Credit risk measurement system</p> <p>(I) The Bank currently adopts the credit risk standard method to calculate the accrued capital; the risk management system generates the statement for reporting to the competent authorities automatically by month, and report to the senior management and the Risk Management Committee.</p> <p>(II) The Bank has established multiple limitation control mechanisms and monitored the risk limitation on a daily basis. In the case of exceeding the alert value, the Bank will establish the relevant countermeasures.</p> <p>(III) The Bank has established an internal credit rating system and verified the rating results regularly. Currently, the rating results are included as part of the review regulations, and the Bank is planning to expand the applicable scope for such business gradually.</p> |
| 4. Credit Risk Avoidance or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Avoidance and Mitigation Tools | <p>I. Credit Risk Hedging or Mitigation Policies:</p> <p>(I) Reduce the credit risk for the Bank through credit deduction methods of transferring credit trust fund guarantee, collecting collateral and request for guarantors.</p> <p>(II) Establish the management limitation for credit risk concentration, such as limitation for the country, financial industry, industry, group, individual corporate, to prevent over-centralized risks.</p> <p>II. Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools:</p> <p>(I) Through post-loan management and review mechanism, understand the usage of collateral and carry out the interim management inspection for the credit trust fund guarantee, so as to continue monitoring the credit risk undertaken by the Bank.</p> <p>(II) Regularly monitor the credit risk concentration limitation, exposure distribution, and asset quality changes of the Bank to correspond to the changes of the financial states, review the credit risk control measures in due time, and regularly report to the senior management and the Risk Management Committee.</p> |
| 5. Approach adopted for statutory capital provision | The standardized measurement method |

Exposure After Risk Mitigation and Accrued Capital via Credit Risk Standardized Approach

December 31, 2023

Unit: NT\$1,000

| Types of Exposure | Exposure After Risk Mitigation | Accrued Capital |
|---|--------------------------------|-------------------|
| Sovereign States | 352,763,783 | 25,522 |
| Non-central Government Public Sectors | 74,950,564 | 1,041,011 |
| Banks (including multilateral development banks) | 132,554,076 | 4,154,272 |
| Corporations (including securities and insurance companies) | 358,377,783 | 21,197,891 |
| Retail Claims | 184,056,415 | 4,937,650 |
| Real Estate | 1,014,054,965 | 62,706,897 |
| Equity Investments | 21,561,654 | 1,994,936 |
| Equity Investments for Fund and Venture Capital Business | 1,589,023 | 223,490 |
| Other Assets | 53,826,018 | 2,794,296 |
| Total | 2,193,734,281 | 99,075,965 |



B. Securitization Risk Management System, Exposure and Accrued Capital

Securitization Risk Management System
2023

| Item | Explanation |
|--|---|
| 1. Securitization Management Strategies and Procedures | <p>I. Securitization Management Strategies Currently, the Bank does not engage in business related to founding banks, and it may only invest in securitized products with certain ratings approved by Taiwan Rating, S&P, Moody's, and FITCH according to the requirements under the "Directions for New Taiwan Dollar Capital Utilization Management of TBB" and "Directions for Investments in Foreign Currency Marketable Securities Management of TBB" approved by the Board of the Bank.</p> <p>II. Securitization Management Procedures (I) Before investing in marketable securitized securities, such investment shall be passed by the review team and shall be approved by the report within the authorized limits of each level. (II) Subsequent evaluation, limitation monitoring, and stop-loss mechanism shall be controlled according to the relevant regulations.</p> |
| 2. Securitization Management Organization and Framework | <p>I. Board: Approve the authorized limitation for all levels. II. Trading department: Engage in investment for securitized products within the prescribed limitation according to the relevant regulations of the Bank. III. Risk Management Department: Perform the control according to evaluation, limitation monitoring, and stop-loss mechanism of the investment position according to the abovementioned regulations. IV. Operating department: Carry out subsequent operations of settlement.</p> |
| 3. Scope and Features of Securitization Risk Reporting and Measurement Systems | The Risk Management Department shall be responsible for the calculation of the limitation of investment position and accrued capital and shall report to the President by month. |
| 4. Securitization Risk Hedging or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Avoidance and Mitigation Tools | Invest in securitized products with certain ratings approved by Taiwan Rating, S&P, Moody's, and FITCH. |
| 5. Approaches adopted for statutory capital provision | Perform according to the Standard Law of Securitized Seal according to the third part of "Calculation Method Description and Forms regarding the Equity Capital and Risk Assets of the Bank." |
| 6. Overall requirements for qualitative disclosure, including: (1) Purpose of securitization activities and types of risk that the Bank undertakes and retains in re-securitization activities (2) Other Risks Inherent in Securitized Assets (e.g., Liquidity Risk) (3) Roles Played by the Bank in Processes of Securitization and Degrees of the Bank's Participation in Each Process (4) Monitoring Procedures for Changes in Credit and Market Risks Involved in Securitization Risk Exposure (5) Credit Risk Mitigation Management Policies Used by the Bank to Mitigate Risks Retained by Securitization and Re-securitization | Currently, the Bank does not engage in the founding bank business. |
| 7. Policies for Securitization | Currently, the Bank does not engage in the founding bank business. |
| 8. The Names of External Credit Assessment Institutions (ECAI) Used in Securitization in Banking Books and the Usage of Each Type of Securitization Risk Exposure | Currently, the Bank does not engage in the founding bank business. |
| 9. Significant Changes in Quantitative Information since the Last Reporting (e.g., Asset Movements between Banking Books and Trading Books) | None |

Securitization Risk Exposure and Accrued Capital

December 31, 2023

Unit: NT\$1,000

| Role of TBB | Exposure Level Book Category | Asset Type | Traditional Style | | | | Portfolio Style | | Total | | | |
|-------------------|---------------------------------|---------------------------------|---|------------------------------|------------------------------|--------------|---------------------|----------|---------------------|----------------------|-----------------------------|------------------------------------|
| | | | Exposure | | | | Accrued Capital (2) | Exposure | Accrued Capital (4) | Exposure (5)=(1)+(3) | Accrued Capital (6)=(2)+(4) | Pre-securitization Accrued Capital |
| | | | Existing or Purchased Securitized Product | Providing Liquidity Facility | Providing Credit Enhancement | Subtotal (1) | | | | | | |
| Non-founding Bank | Banking Book | Real Estate Mortgage Securities | 380,416 | | | 380,416 | 6,087 | | | 380,416 | 6,087 | |
| | Trading Book | | | | | | | | | | | |
| | Subtotal | | 380,416 | | | 380,416 | 6,087 | | | 380,416 | 6,087 | |
| Founding Banking | Banking Book | | | | | | | | | | | |
| | Trading Book | | | | | | | | | | | |
| | Subtotal | | | | | | | | | | | |
| Total | | | 380,416 | | | 380,416 | 6,087 | | | 380,416 | 6,087 | |

Information on Securitized Product

1. Securitized Products Held by the Bank

December 31, 2023

Unit: NT\$1,000

| Item | Accounting Category | Original Cost | Total Fair Value Profit/Loss | Accumulated Impairment | Carrying Amount |
|---|--|---------------|------------------------------|------------------------|-----------------|
| Collateralized mortgage obligations (CMO) | Investments in debt instruments measured at amortized costs - corporate bond | 440,994.54 | -1,819.66 | 0.00 | 69,072.87 |
| Collateralized mortgage obligations (CMO) | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | 429,145.68 | -1,255.84 | 0.00 | 23,271.51 |
| Collateralized mortgage obligations (CMO) | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | 454,080.17 | -8,525.29 | 0.00 | 85,532.59 |
| Collateralized mortgage obligations (CMO) | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | 303,163.90 | -59,690.91 | 0.00 | 272,011.26 |



2. (1) Disclosure of investments in securitized products with an original value over NT\$300 million (excluding those held by the Bank in the capacity as the founding institution with a view to strengthened credit):

Unit: NT\$1,000

| Name of securities | Accounting Category | Currency | Issuer and Location | Date of Purchase | Maturity Date | Coupon Rate (%) | Credit Ratings | Method of Interest Payment and Principal Repayment | Original Cost | Total Fair Value Profit/Loss | Accumulated Impairment | Carrying Amount | Attachment Point | Content of Asset Pool |
|--------------------|--|----------|---------------------|------------------|---------------|-----------------|----------------|---|---------------|------------------------------|------------------------|-----------------|------------------|---|
| US3137F4VQ28 | Investments in debt instruments measured at amortized costs - corporate bond | USD | US | 2018/10/19 | 2046/9/15 | 3.50 | AA+ | Announce the interests for the next period and the amount of principal repayment by month | 440,994.54 | -1,819.66 | 0 | 69,072.87 | | California: 13.89% ; Texas: 12.6% ; Florida: 8.89% ; Washington: 4.72% ; Others: 59.9% |
| US3136B3KS88 | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | USD | US | 2018/11/13 | 2048/11/25 | 4.00 | AA+ | Announce the interests for the next period and the amount of principal repayment by month | 429,145.68 | -1,255.84 | 0 | 23,271.51 | | California: 47.96% ; New York: 28.72% ; Virginia: 8.92% ; Washington: 5.23% ; Others: 9.17% |
| US3136B4CG16 | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | USD | US | 2019/3/29 | 2049/4/25 | 3.00 | AA+ | Announce the interests for the next period and the amount of principal repayment by month | 454,080.17 | -8,525.29 | 0 | 85,532.59 | | New York: 96.39% ; Washington: 2.11% ; Washington, D.C.: 1.5% |
| US3137H44Y35 | Investments in debt instruments measured at fair value through other comprehensive income - corporate bond | USD | US | 2021/10/22 | 2051/10/25 | 1.50 | AA+ | Announce the interests for the next period and the amount of principal repayment by month | 303,163.90 | -59,690.91 | 0 | 272,011.26 | | California: 68.05% ; Washington: 11.22% ; Virginia: 3.94% ; Others: 16.79% |

(2) The Bank does not serve as the Founding Bank.

(3) The Bank does not serve as the Buyer Institution for Discredited or Liquidated Securitized Commodities.

3. The Bank does not serve as the Guaranteeing Institution for Securitized Products or provide Liquidity Facilities.

C. Operational risk management system and accrued capital

Operational Risk Management System

2023

| Item | Description |
|---|---|
| 1. Operational Risk Management Strategies and Procedures | <p>I. The operational risk management strategies of the Bank aim to establish an appropriate operational management environment. Through the implementation of operating risk management structure approved by the Board of Directors and the rigorous execution of such structure by the senior managers, the Bank ensures that all relevant operational risks have been monitored by using appropriate evaluation procedures.</p> <p>II. To optimize the function of operational risk management, the Bank grasps the scope of operational risk through managing procedures of risk identification, risk evaluation, risk measurement, risk monitoring, and communication. The Bank also adopts appropriate measures to ensure a duly management for the relevant operational risk, efficiently allocate limited resources to the operational risk management tasks.</p> |
| 2. Operational Risk Management Organization and Framework | <p>I. Board of Directors: Approve the risk management policies for the Risk Management Committee to execute the relevant management and monitoring matters.</p> <p>II. Audit Committee Responsible for supervising the control of existing or potential risks in the Bank.</p> <p>III. Risk Management Committee Responsible for the review of information and issues related to the operational risk of the Bank.</p> <p>IV. Risk Management Department (I) Execute the risk management policies approved by the Board of Directors. (II) Establish the operational risk management system and risk management tools. (III) Monitor, analyze, and report to the Bank regarding the information on operational risks.</p> <p>V. Authority Department of Business (I) Identify and analyze the potential operational risks of each business activity. (II) Establish the standard operation procedures (SOP) as the basis for business execution (III) Set up business regulations and operational procedures that cover operational risk points and relevant control measures. (IV) Manage and report the operational risks of each business activity.</p> <p>VI. Auditing Department Conduct regular audit regarding the risk management operations for the departments of the Bank.</p> <p>VII. All departments of the Bank (I) Daily operations shall comply with the operational management requirements. (II) Report the operational risk management information in accordance with regulations.</p> |

| Item | Description |
|--|--|
| 3. Scope and Features of Operational Risk Reporting and Measurement Systems | <p>I. The Bank conducts its operational risk measurement primarily through three operational risk management tools:</p> <p>(I) Loss data collection (LDC) for operational risk-</p> <p>A. The LDC for operational risk of the Bank covers operational risk incidents arising from all business activities. Departments file such incidents through the "Operational Risk Management (ORM) System" and provide details regarding the registering items of the operational risk incidents.</p> <p>B. Improve the cognition to risk for all employees of the Bank through the implementation of ORM System and relevant training and assist the incident occurring department in performing proper improvement plan and tracking the management execution.</p> <p>(II) Key risk indicators (KRI) for operational risk -</p> <p>A. Adopt the view of the Bank's risk management, consider the data availability, indicator management efficacy, and risk significance among the operational risk items concerned by the businesses to establish the Bank's key risk indicators with effective management benefits.</p> <p>B. Each risk indicator has an alert value that is based on the historical statistics or experiences of the Bank, which is used as the basis for determining whether active management is required for the indicator. The authorities of the Bank carry out risk control through monitoring the exposures of the indicators, so as to prevent the occurrence of potential operating risk incidents for each department.</p> <p>(III) Risk and control self-assessment (RCSA) for operational risk -</p> <p>A. Regarding the RCSA system of the Bank, the authority department of business at the Bank's headquarter prepares a self-assessment questionnaire in respect of risk and control of its business procedures and the business execution departments and supervision departments shall conduct the self-assessment concerning execution and management according to the risk and control assessment scale, and self-assess the risk results to provide a responding plan, allowing the Bank to analyze the exposures of potential operational risk.</p> <p>B. When carrying out the self-assessment, departments of the Bank may assess the residual risk hierarchy of operational risk items concerning the effect of the residual risk and the probability of the residual risk. Departments shall also assess the effectiveness of the control with respect to the execution of control and relevance.</p> <p>C. The Bank compiles and analyzes the risk control self-assessment results of the departments and prepares the risk control self-assessment chart. Regarding items with higher risks, the authority department shall propose the action plan to respond accordingly.</p> <p>II. The content of the Bank's operational risk management report includes the disclosure regarding the Bank's operational risk information and exposure monitoring status. The report is prepared and reported by the Risk Management Department on a regular basis with a scope covering operational risk incidents, operational risk indicators, trend analysis, and department improvement and tracking opinion, as well as the measurement and analysis regarding the operational risk incident occurring frequency and severity based on the risk matrix formed with the top eight business types and the top seven incident types, as the reference of improvement for relevant operating procedures.</p> |
| 4. Operational Risk Hedging or Risk Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools | <p>I. The Bank has stipulation such as guidelines, procedures, and regulations to control and mitigate the operational risk of the Bank. In addition, business departments adopt reasonable responding measures according to the loss probability and the amount arising from the operational risk, respectively, i.e., directly avoid processing, transfer partial or entire risk by way of transfer or charges, or process after an evaluation on profit and risk.</p> <p>II. Operational risk hedging or risk mitigation of the Bank is primarily processed through insurance or outsourcing, so as to transfer and mitigate the losses of operational risks arising from human, system, or operation negligence, or external incidents.</p> <p>III. To minimize human factors, natural disasters, and other significant emergencies affecting the reputation or endangering the normal operation of the Bank and the financial order, the Bank has established operational processing procedures and relevant regulations for departments to comply with, so as to instantly minimize the damages and resume the normal operation in a short time.</p> <p>IV. Unscheduled reports regarding crisis management of the Bank are submitted to the Risk Management Committee and senior managers to monitor the operational risks exposures and response capabilities of the Bank.</p> |
| 5. Approaches Adopted for Statutory Accrued Capital | The standardized measurement method |

Operational Risk Accrued Capital

December 31, 2023

Unit: NT\$1,000

| Year | Gross profit | Accrued Capital |
|-------|--------------|-----------------|
| 2021 | 23,643,598 | |
| 2022 | 28,334,773 | |
| 2023 | 31,725,634 | |
| Total | 83,704,005 | 3,988,807 |



D. The Market Risk Management System and Accrued Capital

The Market Risk Management System
2023

| Item | Description |
|--|---|
| 1. Market Risk Management Strategies and Procedures | <p>I. Management Strategies</p> <p>(I) Implement market risk management according to "TBB Market Risk Management Standards" and other relevant regulations to achieve the operating goals and maintain the healthy capital adequacy ratio.</p> <p>(II) Subject to the risk tolerance approved by the Board (Managing Directors), the Bank adopts various risk control mechanisms to effectively utilize and manage its capital, ensuring that the market risk exposures are within the bearable scope and the Bank may still achieve its goal for earning.</p> <p>II. Management Procedures</p> <p>(I) Risk Identification According to the requirements under the "TBB Market Risk Management Standards," a proper market risk evaluation shall be performed before promoting a financial product; documentation of such evaluation shall be preserved for further reference. Content for the evaluation includes identification of risk factors, cost-benefit analysis, market liquidity, risk countermeasure, the adequacy of the risk management system and the effect of exposure to market risk by the Bank.</p> <p>(II) Risk measurement A. The risk management department shall draw up the market risk positions, sensitivity, value-at-risk and suspension limit, and report to the Directors (Managing Directors) for approvals of execution. B. The risk measurement (or valuation) for the financial products of the Bank are carried out on the different information system, and the market data and model parameters used in the valuation were sampled regularly to check their reasonability.</p> <p>(III) Risk monitoring A. Regularly prepare the valuation report of financial products and submit it to the supervisors of the departments for approval, and used as the basis for the execution of daily risk management. B. There are requirements concerning limitation and stop-loss in place for all financial transactions; risk control mechanisms of stop-loss, suspension, and post-management will be carried out according to the requirements when the losses amount from the valuation exceeds the limitation.</p> <p>(IV) Risk Reporting The risk management department regularly reports the current conditions of market risk management to the Directors (Managing Directors) and senior management, allowing them to grasp the risk exposures and adjust the management measures in due time.</p> |
| 2. Market Risk Management Organization and Framework | <p>I. Board of Directors: The highest market risk management and supervision unit, responsible for approving the market risk management policies and all risk limitations.</p> <p>II. Audit Committee Responsible for supervising the control of existing or potential risks in the Bank.</p> <p>III. Risk Management Committee Responsible for the review of issues and responding plans related to the market risk of the Bank.</p> <p>IV. Risk Management Department (I) Establish market risk management operating procedures and relevant regulations. (II) Plan and execute a market risk management business. (III) Establish market risk management-related systems. (IV) Report the market risk management execution of the Bank to senior management and Directors (Managing Directors) on a regular basis.</p> |
| 3. Scope and Features of Market Risk Reporting and Measurement Systems | <p>I. Scope and features of the measurement system</p> <p>(I) Evaluate and monitor market risk exposure on a daily basis, including the losses of the Bank caused by adverse changes in market price resulting from interest rates, equity, exchange rate and commodities on and off the balance sheet.</p> <p>(II) Adopt the historical simulation method to calculate the value at risk (VaR) on the financial trading management system on a daily basis and observe its changing trends to report at the Risk Management Committee meeting per month.</p> <p>(III) The VaR measurement scope includes all positions of foreign exchange risk and commodity risks, as well as the trading book positions of interest rate and equity securities risk. There are VaR limitation control mechanisms in place for interest rate, equity, foreign exchange, and overall position.</p> <p>II. Connotations of Market Risk Report</p> <p>(I) Regularly report to the Directors (Managing Directors) and Risk Management Committee regarding the amount of asset portfolio exposures, providing references to senior management for decision-making.</p> <p>(II) The market risk report of the Bank includes the valuation on the exchange rate, interest rate, equity securities positions, and profit or loss, so as to monitor the profit or loss for the market risk positions.</p> <p>(III) The risk management department reports the equity securities, government bonds, foreign exchange trading positions, and profit or loss valuation on a daily basis, so as to grasp the daily routine market risk control at any time.</p> |
| 4. Market Risk Hedging or Mitigation Policies, and Monitoring the Continued Effectiveness of Risk Hedging and Mitigation Tools | <p>The financial transactions of the Bank mostly involve simple financial products. Regarding complex financial products from the customer end, the Bank, in principle, will carry out back-to-back hedging and covering to avoid market risks effectively. In addition, when engaging in hedging transactions with different contractual terms, the financial trading department shall specify matters of hedged items, hedging relationship, nature of the hedged risks, and the mitigation effects of the valuation risks. Risk management departments shall regularly carry out measurements regarding the effects of executing risk mitigation.</p> |
| 5. Approach Adopted for Statutory Capital Provision | <p>The standardized measurement method</p> |

Market Risk Accrued Capital

December 31, 2023

Unit: NT\$1,000

| Category of Risk | Accrued Capital |
|-----------------------|-----------------|
| Interest Rate Risk | 1,944,317 |
| Equity Risk | 41,805 |
| Foreign Exchange Risk | 1,328,719 |
| Commodity Risk | 0 |
| Total | 3,314,841 |

E. Liquidity risks include the maturity analysis regarding assets and liabilities as well as management methods for assets liquidity and the cash flow gap liquidity

Liquidity Risk Management System
2023

| Item | Description |
|---|--|
| 1. Liquidity Risk Management Strategies and Procedures | <p>I. Liquidity risk management strategies</p> <p>(I) Monitor the liquidity risk positions according to the liquidity risk management policies and limitations approved by the Board of Directors.</p> <p>(II) Established the "TBB Directions for funding Liquidity Risk Management" and "TBB Management Guidelines for funding Liquidity Risk Management" for the compliance of the Bank, so as to effectively control the funding liquidity risks.</p> <p>(III) Overseas branches shall establish regulations related to liquidity risk management according to the business nature and the requirements of the competent local authority; such regulations shall be executed after being approved by the President, and the Risk Management Department shall be responsible for the monitoring.</p> <p>II. Liquidity risk management procedures</p> <p>(I) Discuss and formulate directions, management guidelines for liquidity risk management, and contingency plan for funding liquidity risk and conduct a review on a yearly basis.</p> <p>(II) Identify, measure, supervise, and control the funding liquidity risk and establish stable operating procedures and structures.</p> <p>(III) Report to the ALM committee regarding the measurement results for funding liquidity risk on a monthly basis and report to the Board of Directors regarding funding liquidity risk and stress test results.</p> |
| 2. Liquidity Risk Management Organization and Framework | <p>I. Board of Directors: The highest liquidity risk management and supervision unit, responsible for approving the directions for liquidity risk management and all risk limitation, and shall review on a yearly basis, so as to ensure the effectiveness of the liquidity risk management.</p> <p>II. ALM Committee: The Bank established an ALM Committee subordinated to the President, responsible for the supervision for liquidity risk exposures and the approval of responding plan upon conditions exceeding management indicators.</p> <p>III. Treasury Department: Execute daily funding allocation operations to ensure sufficient funding is in place to satisfy all funding requirements.</p> <p>IV. Risk Management Department: Responsible for the identification, measurement, monitoring, disclosure, and reporting of liquidity risk.</p> |
| 3. Scope and Features of Liquidity Risk Reporting and Measurement Systems | <p>The Bank uses the ALM system to calculate the liquidity gap on a monthly basis, allocates items of funding inflow and outflow to each time slot according to the remaining maturity date, calculates the funding gap, to measure the funding gap within each time slot. Also, it prepares the statement of term structures of the maturity date, to contain the liquidity gap within the limitation, making sure that the Bank will have sufficient capacity to fulfill its obligation in due course.</p> |
| 4. Funding strategies of the Bank: Policy of mismatching funding sources and funding tenor, and centralized or decentralized funding strategies | <p>I. The ratio of wholesale NT\$ time deposits accounts shall be accounted for less than 1% of total time deposits of the Bank in principle.</p> <p>II. The ratio of deposit balances per account for wholesale deposit accounts (sum of demand and time deposits) shall be accounted for less than 2% of total NT\$ deposits (excluding time deposits transferred from post offices) of the Bank in principle.</p> <p>III. Regarding depositors exceeding the above ratio, the Risk Management Department shall report to the ALM Committee on a monthly basis.</p> <p>IV. The ratio of total deposits balances (demand and time) of the top 10 customers of the Bank shall be accounted for less than 30% of total NT\$ deposits (excluding time deposits transferred from post offices) of the Bank in principle; however, where the ratio is over 24%, the authority department shall propose countermeasure and report to the ALM Committee.</p> <p>V. Prepare the "Wholesale Time Deposits Transaction List" and "Wholesale Deposits Transaction List" every month to understand the increase or decrease in wholesale deposit accounts.</p> |
| 5. Liquidity risk hedging or mitigation policies, and monitoring the continued effectiveness of risk hedging and mitigation tools | <p>I. The Bank has "Contingency Plan for Funding Liquidity Risk" in place to respond to liquidity crisis such as abnormal withdrawal of deposits, huge loss of funding, or material shortage of liquidity, to minimize liquidity risk and maintain the normal operation of the Bank.</p> <p>II. Review the "TBB Directions for Funding Liquidity Risk Management", "TBB Management Guidelines for Funding Liquidity Risk Management", and "Contingency Plan for Funding Liquidity Risk" to effectively control the funding liquidity risk.</p> <p>III. Where the funding liquidity risk limitation is exceeded or other significant events have occurred that may lead to a funding liquidity crisis, the Risk Management Department shall immediately call for a meeting with other related departments to formulate countermeasures, submit to the ALM Committee for discussion and execute by the relevant business authority after receiving the approvals from the President, and shall report to the Board of Directors (Managing Directors).</p> |



| Item | Description |
|--|---|
| 6. Description of how to conduct a stress test | I. Conduct stress scenarios on the crisis that occurred to the individual banks, and the crisis occurred to the overall market on a quarterly basis. II. Formulate the stress scenarios and the target value for risk management; submit to the President for approval and conduct the stress test on a yearly basis. |
| 7. Summary for liquidity contingency plans | When significant events occurred to the Bank that may incur funding liquidity crisis, and convene the ALM Committee meeting and establish a contingency workforce that is in charge of the following: I. Allocate sufficient cash for support. II. Deal with abnormal wholesale deposits and funding withdrawals. III. Issue statement to clarify the truth. IV. Maintain the operating orders. V. Provide information related to crisis management, funding changes, and available balances of the Bank from time to time according to the requirements of external processing institutions to allow such institutions to grasp the actual circumstances of the Bank in a short time and provide assistance to the Bank in due course. VI. Avoid conditions of over-utilization regarding deposits in the interbank accounts and proactively contact the correspondent bank to maintain the current limitations. VII. By the end of such events, in order to repay the borrowings and strengthened the confidence of the depositors, the Bank's headquarter and branches shall assign material officers to visit designated key accounts at the site, so as to strive for the early return of deposits. Meanwhile, to completely eliminate the suspicions casts by different sectors, the Bank shall publish declarations to explain the event and show its appreciation to the assistance of relevant departments. |

Structural Analysis of the Maturity of New Taiwan Dollars

December 31, 2023

Unit: NT\$1,000

| | Total | Amount for the Remaining Period Prior to the Maturity Date | | | | | |
|-------------------------------|---------------|--|-------------|-------------|-------------|-----------------|---------------|
| | | 0-10 days | 11-30 days | 31-90 days | 91-180 days | 181 days-1 year | Over one year |
| Primary inflow upon maturity | 1,932,748,774 | 226,530,278 | 153,738,309 | 186,842,109 | 198,232,876 | 170,531,204 | 996,873,998 |
| Primary outflow upon maturity | 2,358,290,547 | 68,877,805 | 111,110,090 | 250,955,397 | 264,154,241 | 440,382,875 | 1,222,810,139 |
| Gap | -425,541,773 | 157,652,473 | 42,628,219 | -64,113,288 | -65,921,365 | -269,851,671 | -225,936,141 |

Note: The table includes the NT\$ amount of the Bank, including an estimated outflow of loan commitments \$426,499,512 thousand.

Structural Analysis of the Maturity of US Dollars

December 31, 2023

Unit: US\$1,000

| | Total | Amount for the Remaining Period Prior to the Maturity Date | | | | |
|-------------------------------|------------|--|------------|-------------|-----------------|---------------|
| | | 0-30 days | 31-90 days | 91-180 days | 181 days-1 year | Over one year |
| Primary inflow upon maturity | 12,909,090 | 3,551,727 | 2,458,846 | 2,134,006 | 1,949,635 | 2,814,876 |
| Primary outflow upon maturity | 13,501,007 | 3,271,391 | 3,017,309 | 2,770,293 | 2,525,849 | 1,916,165 |
| Gap | -591,917 | 280,336 | -558,463 | -636,287 | -576,214 | 898,711 |

Note: The table includes the US\$ amount of the Bank, including an estimated outflow of loan commitments \$522,282 thousand.

F. Sensitivity analysis and stress test

The Bank regularly conducts financial and non-financial risk sensitivity analysis and stress tests to examine risk management mechanisms and risk tolerance. Regarding financial risks, TBB examines three market risk factors, including domestic equity securities prices, interest rates, and exchange rates based on the stress test scenarios of competent authorities. If domestic equity securities prices rise by 15%, the trading book value will increase by NT\$33.72 million. If the interest rate curve rises by 150 basis points, the trading book value will decrease by NT\$503.72 million. If the exchange rate rises by 5%, the trading book value will increase by NT\$830.14 million. For non-financial risks, according to TBB's analysis of the impact of operational risk incidents, such as the "misappropriation of customer deposits" or "cybersecurity deficiency incidents resulting in regulatory penalties", and based on the test results, TBB's capital adequacy ratio, Tier 1 capital ratio, common equity Tier 1 ratio, and leverage ratio all meet the regulatory requirements.

(3) Impact of changes of important domestic and international policies and laws on the Bank's finance and business, and response measures:

In response to the government's promotion of green finance, the Bank signed the Equator Principles on September 16, 2022, and started assessing the environmental and social risks of corporate loans from 2023. Additionally, on January 3, 2024, the Bank issued the "Operational Guidelines for Responsible Lending," incorporating environmental, social, and corporate governance (ESG) issues into the lending decision-making

process to fulfill corporate social responsibility and enhance the long-term value of both customers and the Bank.

(4) Impact of changes in technology and industry on the Bank's finance and business, and response measures

1. Due to the ever-changing development of digitalization and FinTech, banks within the same industry invested resources one after another to carry out their own digital development and digital transformation. Big Data and FinTech are also widely used to improve customer experiences, and precise marketing and social media are adopted for business promotion. Furthermore, to become a part of customers' lives and provide omnipresent financial services, banks have adopted various approaches to construct their own digital ecosystems.

2. In response to the changes in the financial environment, the Bank actively promoted its digital transformation and developed digital marketing. It introduced FinTech services to establish the Bank's digitalized services with customers as cores, data as the basis, and customers' experiences as primary considerations. To rapidly develop its digital banking, the Bank intends to adopt a strategy with channels, customer-acquiring, marketing, innovation, and culture, which is described as follows:

A. Channel strategy

Provide revisions and optimization for four major mediums used by customers, including online personal banking, online corporate banking, mobile banking APP, and its website. Attach attention to UI/UX, emphasize simple and refreshing visual display as well as easy and convenient operations, and continue to update functions and services. Meanwhile, actively introduce a transaction security control system with convenience and security to provide a convenient and secured digital finance environment for customers.

B. Customer-acquiring strategy

Develop simple online application services and introduce automated and smart services to create the online application platform, including account opening, card application, loans and payment, and provision of exclusive products, allowing customers to enjoy fast, convenient, and preferential application services all day long. Promote the mobile payment business, continue developing Taiwan Pay, and proactively manages chains or online merchants to introduce TWQR (QR Code Common Payment Standard) service. Develop customer group operations according to the grouping based on their categorizations.

C. Marketing strategy

Develop social media operations, including active expansion of followers on Facebook fan pages, the number of friends on LINE and IG official accounts and functional services, to formulate a digital-friendly image of the Bank and attract different customer groups to establish business relationships with the Bank. Introduce Big Data analysis to analyze, segment, and label customers; track digital footprint of customers and analyze and predict customer behavior and preferences, so as to design and provide customized and personalized services.

D. Innovation strategy

Create AI finance that combines AI with customer services, processes, and biological characteristics, to continue developing AI customer services, RPA, biometric recognition, and digital identity recognition, and expand the diverse development of the Blockchain. Develop and deepen open API according to the open API development procedures in three stages promoted by the government to allow the Bank's services to enter customers' lives, in the hope of providing premium and wide-ranged digital finance services and experiences.

E. Culture strategy

To enhance digital literacy and image, foster a shift in mindset, and optimize human capital, the Bank regularly organizes both online and offline courses, publishes the Digital Navigator monthly magazine, encourages employees to obtain certifications in digital finance and technology, and holds bank-wide financial innovation competitions to enhance staff's business and creative thinking abilities. The Bank also actively cultivates digital talents through deep engagement in campus-industry exchange activities, hosts campus financial technology innovation challenges, and scouts for outstanding potential talents in order to inject fresh vitality into our bank.

(5) Impact of changes in the Bank's image on corporate risk management and response measures

Where the external parties recognize the Bank for its excellent business performances, the Bank will immediately grasp the timely opportunities of news and carry out relevant promotional activities, so as to



improve the image of the Bank. Shall there be untrue rumors or negative media press that adversely affects the image of the Bank, the Bank will proactively verify the truth, provide instant verification or engage media to make a balance, protecting the reputation and image of the Bank.

(6) The expected benefits and possible risks to engage in mergers and acquisitions (M&A) and the countermeasures: None.

(7) The expected benefits and possible risks to expand the branches and the countermeasures:

In 2023, the Bank had not expanded its branches but only carried out adjustments for its domestic branches.

(8) Risks derived from the concentration of operations, and countermeasures: None.

(9) The impact on the Company, and risk due to changes in managerial authority, and the countermeasures: None

(10) The effects of Directors or major shareholders holding more than 1% of shareholdings transferring or converting a large amount of equity in the Bank, as well as the risks, and countermeasures: The equity changes in Directors and corporate shareholders represented by Directors are reported according to the Securities and Exchange Act; furthermore, within 10 days from the closing day, communicate with shareholders holding more than 1% of shareholdings in the Bank according to Article 25 of the Banking Act to remind shareholders regarding notifying the Bank of the changes in their shareholding according to the requirements of the Banking Act, in order to stabilize the Bank's ownership.

(11) Litigious or non-litigious matters

The World Trade Center Branch of the Bank carried out the outward collection project under the letter of credits for its customer Chi Seng Industrial Co., Ltd. in 1996, and it is suspected that the importer L' International Compagnie de Commercialisation et D'Investissement in the Republic of Zaire (hereinafter, 'I.C.C.I. Company') incurred losses due to Chi Seng Industrial Co., Ltd. holding counterfeit notes and has not performed the exports. The I.C.C.I. Company filed a prosecution to the Brussels Commercial Court in November 1998 and requested the issuing bank of the certificate and the Bank to make a joint compensation amounting to US\$7.83 million, plus interests, losses, and fees. On August 31, 2005, the Court pronounced the judgment that the Bank shall make compensation of US\$7.674 million plus interests to the I.C.C.I. Company. The Bank engaged a local attorney to file an appeal, and the Court of Appeal of Brussels had made its interlocutory judgment in February 2011, considering that both the Bank and I.C.C.I. Company had faults and made its judgment regarding the proportion of fault on November 16, 2011, sentencing that the Bank shall be responsible for 90% of the proportion of fault. The Bank lodged an appeal regarding the interlocutory judgment of the second instance on November 3, 2011; however, the Court of Final Appeal rejected the appeal from the Bank on February 6, 2013. Therefore, losing the lawsuit was confirmed. However, the Bank failed to achieve a consensus regarding the currency rate and calculation of compensation with I.C.C.I. Company. In addition, in October 2016, I.C.C.I. Company filed an application to the Frankfurt Court to impound the deposits of the Bank at the correspondent bank. The Bank immediately provided security deposits of €13.2 million to the Court to release the order. In July 2017, I.C.C.I. Company applied for the enforcement regarding the abovementioned security deposits, and the Court transferred such security deposits to I.C.C.I. Company without any consultations. Therefore, the Bank filed an appeal of debtor disagreement. However, the Frankfurt Court rejected the lawsuit of the Bank in November 2018. After another appeal done by the Bank, the Frankfurt Supreme Court returned the lawsuit to the first trial for remand in November 2019. On March 16, 2020, I.C.C.I. Company submitted a declaration for the reasons of objection to German Federal Supreme Court of Justice for requesting the cancellation of "Verdict of Return for Remand by the Frankfurt Supreme Court." The Bank appointed a lawyer to act as the litigation representative at the German Federal Supreme Court of Justice and filed a defense against I.C.C.I. Company's objection to the statement, and the German Federal Supreme Court of Justice ruled to reject I.C.C.I. Company's counter appeal on May 20, 2021. On August 23, 2023, the Frankfurt District Court ruled in favor of the Bank in the first instance. I.C.C.I. Company is required to pay the Bank €1,046,439.03 plus interest accruing from November 17, 2017. I.C.C.I. Company filed an appeal on September 25. Furthermore, the Bank received notices of appearance from the court in Congo in October and November 2019, respectively, for the reason that

(1) A third-party StarMarine Company required I.C.C.I. Company to make a compensation of US\$1.13 million

in total, and required the Bank to bear the joint and several liabilities for compensation; and (2) I.C.C.I. required the Bank to make a compensation of US\$20.06 million (less the amount it had been repaid) and required the Bank to provide a guarantee of €14 million. The Bank has appointed a local attorney to reply in court. The court in the Democratic Republic of Congo trialed the two cases together. The Bank received the translated version of the court's judgment in April 2021 that TBB shall pay I.C.C.I. Company about €20.06 million, compensate StarMarine Company US\$1.13 million jointly and severally with I.C.C.I. Company, and deposit €14 million in a bank in Congo. The Bank has appointed a local attorney in Congo to initiate relevant relief proceedings (appeal and objection proceedings). According to the plaintiff's statement, after deducting the I.C.C.I. Company's compensation of about €14.86 million, the Bank has set aside an additional reserve of NT\$73,181 thousand for the outstanding compensation. As of December 31, 2023, the Bank recognized compensation for losses of NT\$259,635 thousand and €9.66 million.

(12) Other significant risks and response measures:

To integrate climate change risks into the daily operational management of the Bank, in addition to stipulating credit risk exposure limits for high climate-related risk, thereby diversifying credit risk, the Bank issued the "Taiwan Business Bank Climate Risk Management Guidelines" and the "Taiwan Business Bank Operating Procedures for Climate Risk Management" in August 2023. This establishes a climate governance culture and enhances the Bank's climate resilience.

7. Crisis Management and Response Mechanism

- (1) The Bank has established the "Guidelines for Material Contingencies Handling Mechanisms." Shall there be bank runs for deposits, robberies, fraud, fire, flood, natural disaster, violence, or other significant matters, the department shall immediately notify the Business Development Department of the Bank with a call and describe the relevant circumstances according to the requirements under the Guideline to carry out the related reporting and contingency process. The Business Development Department shall notify the President immediately to adopt appropriate countermeasures, convene the contingency workforce meeting when necessary, and take the initiatives to assign staff for assistance in branches to take required measures. The Auditing Department is responsible for reporting to the Central Bank, the Central Deposit Insurance Corporation, the Financial Supervisory Commission, and the Ministry of Finance, and notifying the convener of the Audit Committee by telephone.
- (2) Respond to natural disaster factors according to the "TBB Management Guidelines for Branches Concerning Foreign Currency Transaction and Capital Operations during Natural Disasters." When the Bank's headquarter has called off work due to natural disasters while partial branches are still operating as usual, such guidelines provide a basis for branches that carry out foreign currency transactions and capital operations.
- (3) Emergency backup and security protection measures for information equipment: Please refer to "(4). Emergency backup and security protection measures for information operations" in "V. Business Operation" (page 96).
- (4) Responding to the probability of significant funding outflow, the Bank has established the "Directions for Contingencies Response" and "Funding Liquidity Risk Management," describing the contingency measures to be adopted when any liquidity crisis occurred.
- (5) The Bank has established the "Occupational Safety and Health Code," which sets out the relevant occupational safety and health standards, maintenance and inspection method for all equipment, and designates specialists to carry out safety and health inspection regularly to ensure related equipment to function normally, minimize accidents, and protect the personal safety of the employees. Upon disasters, a comprehensive security inspection shall be carried out according to the "Disaster Contingency Manual." Regarding damaged branch premises or significant operating equipment, the Bank will adopt the necessary reinforcement or repair to ensure operational safety. For equipment that cannot be reinforced or repaired in a short time, a temporary substitute plan is also provided to help the restoration of all businesses.

8. Other Significant Events: The Bank has no designated hedging instrument for hedging accounting.



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1. Information Regarding the Bank's Subsidiaries

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2. Progress of Private Placement of Securities and Financial Bonds

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3. The Bank's Subsidiaries' Shareholding or Disposal of the Bank's Shares

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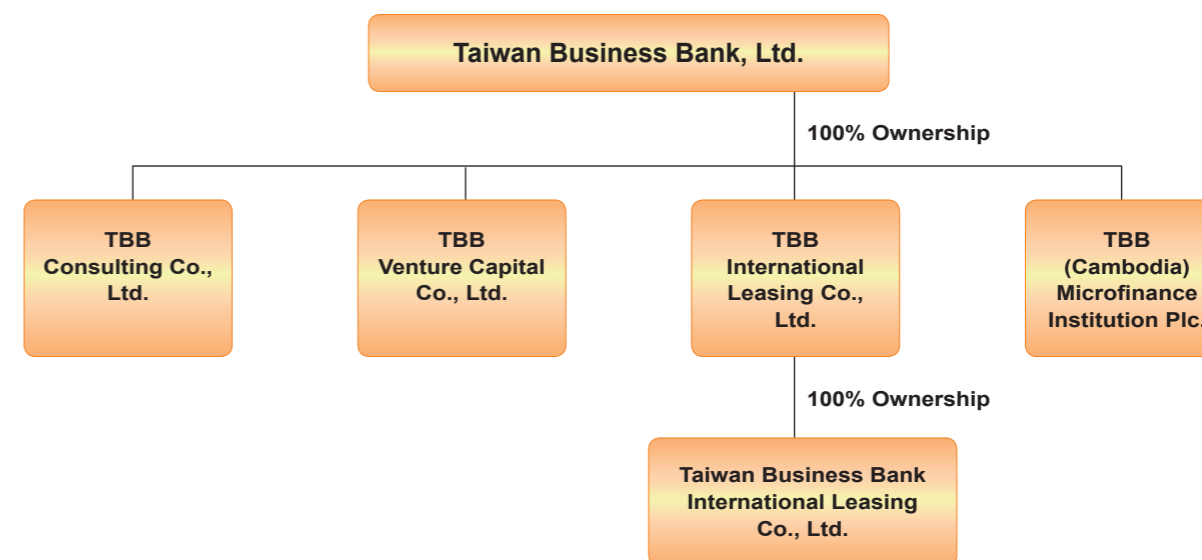
4. Additional Disclosure

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5. Pursuant to Item 2, Paragraph 3, Article 36 of Security and Exchange Act, the Incidence Exerting Material Influence on Shareholders' Rights or Security Prices

1. Information Regarding the Bank's Subsidiaries

(1) Organization Chart of Affiliated Enterprises



(2) Information of Affiliated Enterprises

| Enterprise Name | Established Date | Address | Paid-In Capital | Major Business |
|--|------------------|---|--------------------|-----------------------------------|
| TBB International Leasing Co., Ltd. | 2013.04.03 | 5F, No. 151, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C. | NT\$ 1.5 billion | Financial lease |
| Taiwan Business Bank International Leasing Co., Ltd. | 2014.06.16 | Room 368, 302 Part, No.211, North Fute Road, Free Trade Zone, Pudong District, Shanghai | CNY\$ 170 million | Financial lease |
| TBB (Cambodia) Microfinance Institution Plc | 2015.08.10 | 2E/2F Street 315, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh, Cambodia. | US\$ 20 million | SME and personal finance business |
| TBB Venture Capital Co., Ltd. | 2018.09.07 | 11F, No. 30, Ta Cheng St., Taipei City, Taiwan, R.O.C. | NT\$ 1.232 billion | Venture capital business |
| TBB Consulting Co., Ltd. | 2021.08.30 | 11F, No. 30, Ta Cheng St., Taipei City, Taiwan, R.O.C. | NT\$ 50 million | Consulting business |

(3) Directors, Supervisors and Presidents of Affiliated Enterprises

| Enterprise Name | Title | Name | Shareholding | |
|--|--|---|--------------|------|
| | | | Shares | % |
| TBB International Leasing Co., Ltd. | Chair Director Director Supervisor President | Shao-Huang Chen Shenn-Bao Jean Kuo-Liang Tseng Li-Chuan Huang Pao-Sheng Lin | 150,000,000 | 100% |
| Taiwan Business Bank International Leasing Co., Ltd. | Chair Director Director Supervisor President | Shao-Huang Chen Shenn-Bao Jean Su-Fen Chen Li-Chuan Huang Chi-An Liu | — | 100% |
| TBB (Cambodia) Microfinance Institution Plc. | Chair Director Director Independent Director President | Tseng-Hsiang Yi Jia-Ruey Luan Hung-Tien Chiang Jun-Shen Tseng Hung-Tien Chiang | 20,000 | 100% |
| TBB Venture Capital Co., Ltd. | Chair Director Director Director Director Supervisor Supervisor Supervisor President | Chang-Yu Lin Jui-Yuan Wu Wen-Fang Lin Sue-Jen Chen Ching-Pu Chen Tun-Kung Cheng Li-Ching Lai Jui-Yuan Wu | 123,211,565 | 100% |
| TBB Consulting Co., Ltd. | Chair Director Director Director Director Supervisor Supervisor President | Chang-Yu Lin Jui-Yuan Wu Wen-Fang Lin Sue-Jen Chen Ching-Pu Chen Tun-Kung Cheng Li-Ching Lai Jui-Yuan Wu | 5,000,000 | 100% |

(4) Operations Overview of Affiliated Enterprises

Unit: NT\$ Thousand

| Enterprise Name | Capital | Total Asset | Total Liability | Net Value | Operating Revenue | Operating Profits | Current Profit and Loss (After-tax) | EPS (After-tax) |
|--|-----------|-------------|-----------------|-----------|-------------------|-------------------|-------------------------------------|-----------------|
| TBB International Leasing Co., Ltd. (Consolidated) | 1,500,000 | 2,265,749 | 717,188 | 1,548,561 | 115,621 | 59,707 | 53,912 | 0.36 |
| TBB (Cambodia) Microfinance Institution Plc | 614,730 | 1,420,802 | 791,338 | 629,464 | 116,229 | -5,374 | -2,712 | -135.58 |
| TBB Venture Capital Co., Ltd. | 1,232,106 | 1,494,015 | 124,507 | 1,369,508 | 162,276 | 113,518 | 111,176 | 0.90 |
| TBB Consulting Co., Ltd. | 50,000 | 86,851 | 14,900 | 71,951 | 60,028 | 19,139 | 17,159 | 3.43 |

Note: The price per share of TBB (Cambodia) Microfinance Institution Plc is US\$1,000. If it is converted to NT\$10 per share according to the local practice, the earnings per share (after-tax) would be NT\$-0.04.

(5) Consolidated Financial Statement of Affiliated Enterprises

The financial statements of the reinvestment companies with more than 50% of equity owned by the Bank have been incorporated into the consolidated statements. Please refer to the 2023 Consolidated Financial Statements and Accompanying Notes in VI Financial Status (Page 118).

2. Progress of Private Placement of Securities and Financial Bonds in 2023 and to the end of February 2024:

The Bank's case regarding filing registration for the retroactive handling of public issuance procedures for common shares privately placed in 2019 (the issuance of 418,410,041 privately placed common shares in 2019 and 63,971,464 common shares subsequently obtained as stock dividends thereof, totaling 482,381,505 shares) was approved by the Taiwan Stock Exchange Co., Ltd. on January 4, 2024 with the official letter No. 1120023843 to convert private shares into public offerings, which have been listed for trading since January 15, 2024.

3. The Bank's Subsidiaries' Shareholding or Disposal of the Bank's Shares in 2023 and to the end of February 2024: None.

4. Additional Disclosure: None.

5. Pursuant to Item 2, Paragraph 3, Article 36 of Security and Exchange Act, the Incidence Exerting Material Influence on Shareholders' Rights or Security Prices in 2022, 2023 and to the end of February 2024: None.



Taiwan Business Bank held "Let Birds Fly in the Sky - Chiao-Chen Fan's Oil Painting Exhibition" at the "Image of Dadaocheng" Art and Cultural Space of the head office. (From right to left) EVP & Chief Auditor Tsung-Chu Hsieh, Executive Vice President Jia-Ruey Luan, President Chih-Chien Chang, Chairman of ASIA World Engineering & Construction Co. Tzu-Ming Huang, Artist Chiao-Chen Fan, former Executive Vice President Chiu-Yen Chen, and Executive Vice President Shao-Huang Chen attended the event.





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| 341 | 1. Promotion of Sustainable Development |
| 342 | 2. Material Topics |
| 348 | 3. Climate-related Financial Disclosures |
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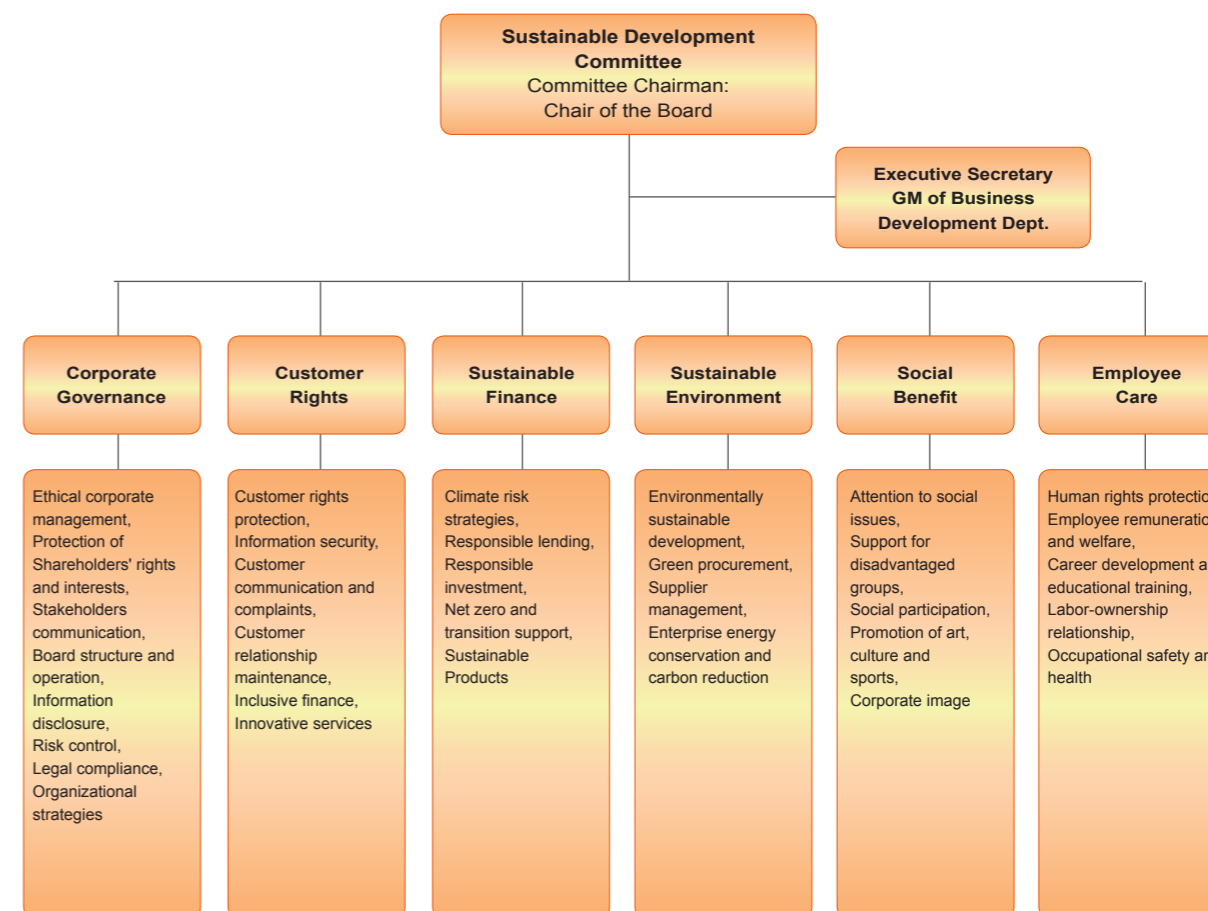
1. Promotion of Sustainable Development

To reinforce the fulfillment of its corporate social responsibility (CSR) and exhibit the importance that the Bank attaches to CSR, the Bank established the CSR Initiative Committee in 2017, which was promoted to the CSR Committee in 2018, responsible for the proposal and execution of CSR policies or systems. There are currently 5 members in the CSR Committee, with the Chairman and the President undertaking posts of committee chairman and the mandatory member, respectively, and the remaining 3 members are Independent Directors of the Bank. The Committee convenes once every 6 months in principle, and convened a total of 4 meetings in 2023. The CSR Committee reports to the Board at least once annually regarding the results of the Bank's sustainable development implementation

In 2021, in response to the Financial Supervisory Commission's (FSC's) Corporate Governance 3.0 - Blueprint for Sustainable Development policy, the Bank renamed the CSR Committee as the Sustainable Development Committee. In addition, the Bank formulated its Sustainable Development Policy, and revised the name and partial provisions of the original CSR-related regulations.

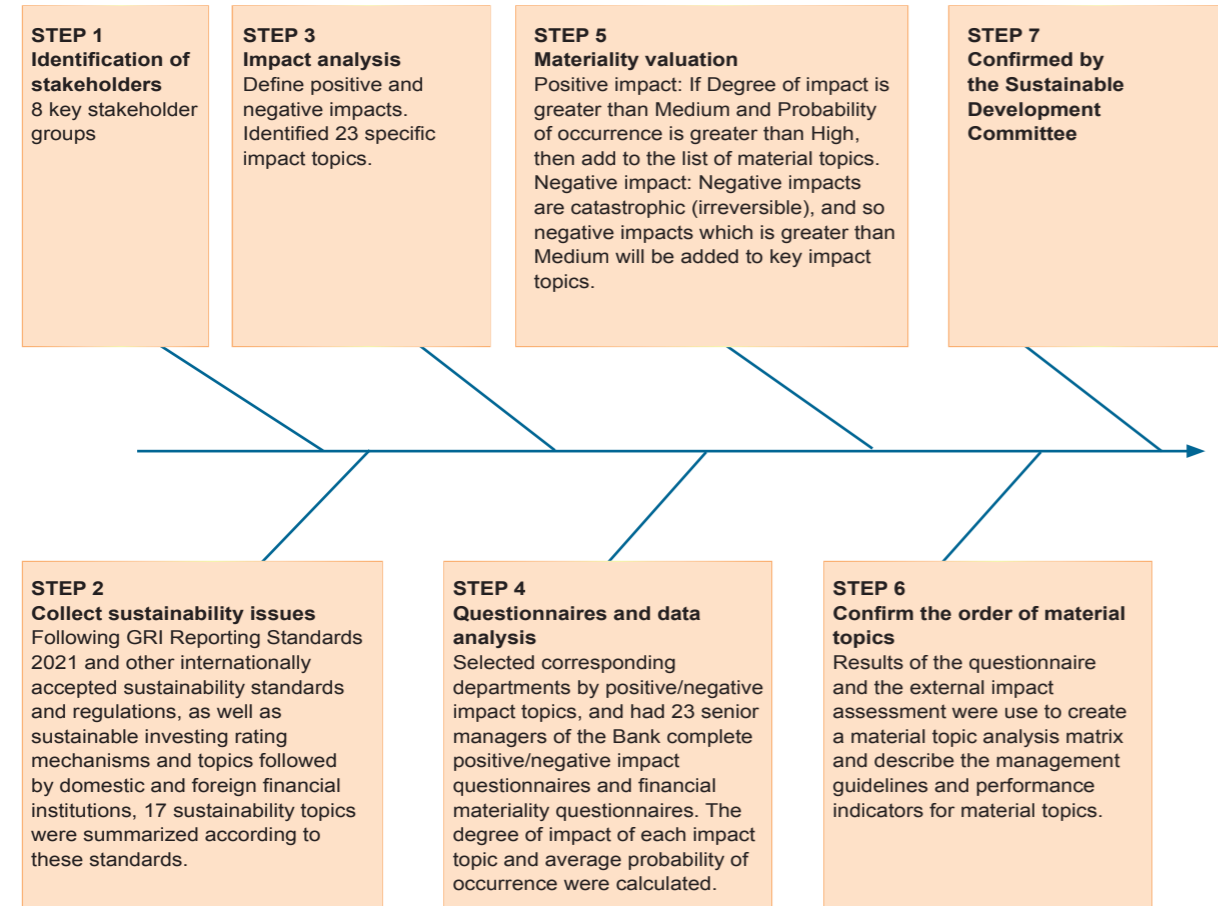
In 2022, to ensure the implementation of the Bank's sustainable development related policies, the "Sustainable Finance" unit was established and the responsibilities of each task force unit were adjusted. There are currently 6 task force units under the Committee, including Corporate Governance, Customer Rights, Sustainable Finance, Sustainable Environment, Social Benefit, and Employee Care. The Bank will take the core financing business as the starting point in carrying out sustainable development within its scope of business.

In early 2024, the Bank revised its "Sustainable Development Policy" in response to international sustainability trends and continuously pays attention to sustainability issues.



2. Material Topics

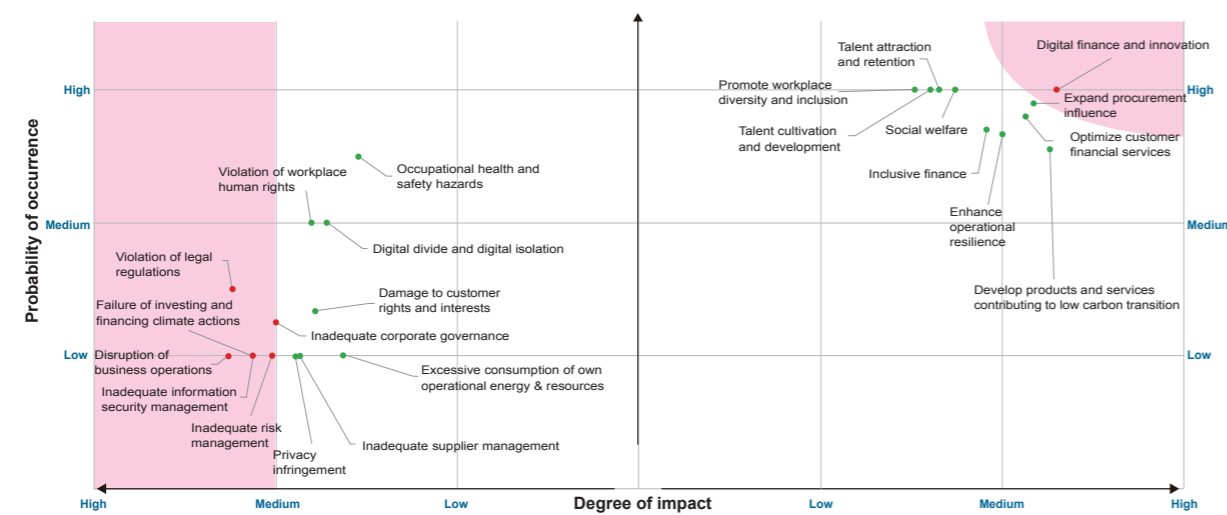
(1) Identification of Material Topics



(3) List of Material Topics and Explanation of Differences in 2023

| Priority | Material Topic | Corresponding GRI standards and topic specific standards | Explanation of Differences | Scope of Impact on Value Chain | | | | | | | |
|----------|--|--|---|--------------------------------|----------------|-------------|--------------------|-------------------|--------------------|-------|---------------------|
| | | | | Employees | Customers | Shareholder | Suppliers/partners | Government agency | NGO/Charity groups | Media | External Consultant |
| 1 | Investing and financing climate action | ✓ GRI 3-3 ✓ GRI 201-2 ✓ GRI 203-2 | Topic consolidation: Consolidate the original topics of "Sustainable Finance", "Responsible investment" and "Climate change strategy and management" into "Investing and financing climate action". | | ● ¹ | ● | | ○ ² | ○ | | ■ ³ |
| 2 | Operational performance and resilience | ✓ GRI 3-3 ✓ GRI 205-1 to 205-3 ✓ GRI 206-1 | Material topics added. | ● | ● | | ■ | | | | |
| 3 | Digital finance and innovation | ✓ GRI 417-1 & 417-2 ✓ GRI 3-3 ✓ GRI 203-2 | Material topics added. | ● | ● | ○ | ■ | | | | |
| 4 | Legal compliance | ✓ GRI 2-27 ✓ GRI 3-3 | No change. | ● | ■ | ● | | ● | ○ | ○ | ○ |
| 5 | Corporate governance | ✓ GRI 3-3 ✓ GRI 205-1 to 205-3 ✓ GRI 206-1 | No change. | ● | ■ | ● | | ● | | ○ | |
| 6 | Information security | ✓ GRI 3-3 ✓ GRI 418-1 | No change. | ● | ■ | ● | ■ | ● | ○ | ○ | ○ |
| 7 | Risk management | ✓ Customize material issues | Material topics added. | ● | ● | | ■ | | | | |

(2) Material Topic Analysis Matrix



¹ Actual impact.
² Potential impact.
³ Direct correlation to this impact through business relationship.



(4) Management Guidelines for Material Topics and Major Achievements

| Priority order | Topics | Responsible unit | Impact category and description | Policy | Commitments | Action | Assessment and goals | | | | |
|----------------|--|--------------------------|---|--|---|---|---|---|---|---|-------------------------------------|
| | | | | | | | Performance indicator | 2023 (Short term) goals | 2023 Progress | 2024 (Short term) goals | 2025-2029 (Medium/Long term) goals |
| 1 | Investing and financing climate action | Sustainable Finance Unit | <p>◆ Potential negative impact - failure of investing and financing climate actions: [Economy] Failure to assist financing recipients in starting low carbon transition effectively may turn potentially high risk assets into stranded assets, leading to higher financial risks. [Environment] Failed climate actions may lead to higher carbon emissions and other environmental impact, including reduced biodiversity. Failure to reduce or offset carbon footprint caused by business activities will accelerate global warming and cause long term damage to the natural environment. [People] Climate change has an impact on people's livelihoods and increases health and safety risks. Extreme weathers disrupt financial services and society.</p> <p>◆ Actual positive impact - Develop products and services contributing to low carbon transition: [Economy] Redirect funds to low carbon industries, facilitate development of this industry, create new business opportunities and jobs, and reduce the economic risks arising from extreme weathers. [Environment] Support low carbon technology through green finance, which contributes to lower carbon emissions, increase climate resilience, and maintain biodiversity.</p> | <p>◆ Support enterprises committed to environmental protection, social responsibility, and corporate governance and avoid investing in controversial instruments.</p> <p>◆ Follow the competent authority's Guidelines for Domestic Banks' Climate Risk Financial Disclosure and identify climate change related risks and opportunities; implement response plans, and develop climate governance policy.</p> <p>◆ Integrate ESG issues into the development strategies and processes of financing, wealth management, and credit card businesses. Support the global trend of carbon reduction and follow the government's policy while directing customers' attention and action to ESG risks and opportunities.</p> <p>◆ Reject loan applications from controversial customers. When processing loan applications, search applicants on government websites for background data on environmental protection, workplace safety, food safety, and employee pension contribution rates and make these data part of the key factors for financing.</p> | <p>◆ Exercise due care and uphold ethical corporate management.</p> <p>◆ Perform climate change risk and opportunity analysis regularly to strengthen climate change governance of the Bank; assess financial impacts to reduce risk while grasping business opportunities.</p> <p>◆ Continue to disclose information regarding carbon emissions and reduction of the Bank.</p> <p>◆ Follow the ESG practice and offer green loan products as part of the commitment to the environment and society.</p> <p>◆ Support businesses environmentally friendly and green developments and avoid working with businesses with environmental and social risks.</p> <p>◆ Encourage customers to support environmentally friendly spending through green diet and green transportation and pay attention to environmental sustainability.</p> <p>◆ Support environmentally friendly and green industries and avoid establishing loan business relationship with controversial enterprises.</p> | <p>◆ Preventing potential negative impact:</p> <ul style="list-style-type: none"> ◆ Finish signing the Equator Principles and incorporate the Equator Principles into the lending process. ◆ Engage in ESG investments to support environmental sustainability and social issue related actions. <p>◆ Managing actual positive impact:</p> <ul style="list-style-type: none"> ◆ Select investments with caution and continue to monitor after transactions. ◆ Sign and implement the Task Force on Climate-related Financial Disclosures (TCFD) framework. ◆ Continue to fill out the CDP questionnaires for climate change. | <p>KPI 1: Investment in ESG bonds or related industries or products.</p> <p>Bond investment increases by 3% compared to the previous year.</p> <p>New investment up by 193% compared to the previous year, among which a total of 13 tranches (Note) have been approved by the Taipei Exchange for green bond qualification, with a total investment of NTS3.7 billion.</p> | <p>85% participation in electronic voting at shareholders' meetings hosted by TWSE/TPEX listed companies.</p> <p>100%</p> | <p>90% participation in electronic voting at shareholders' meetings hosted by TWSE/TPEX listed companies.</p> <p>95% participation in electronic voting at shareholders' meetings hosted by TWSE/TPEX listed companies.</p> | <p>5% of total bond investment.</p> <p>7% of total bond investment.</p> | <p>7% of total bond investment.</p> |
| 2 | Operational performance and resilience | Customer Rights Unit | <p>◆ Potential negative impact - Disruption of business operations: [Economy] Business disruption may make customers encounter transaction difficulties, lose confidence, and withdraw large funds. In addition, disruption may lead to lawsuits, credit rating downgrading, and higher costs of capital. If more than one bank is affected, disruption may threaten market stability and have an impact on the entire economy. [People] The rights and livelihoods of TBB employees or those of employees on the supply chain are affected by business disruption.</p> <p>◆ Potential positive impact - Enhance operational resilience: [Economy] ensure business continuity, enhance financial stability, and attract more business opportunities; and reduce the default risk, facilitate economic growth and increase stability of financial markets.</p> | <p>◆ Establish the "Disaster Recovery Procedures for the Information Center of Taiwan Business Bank," "Information System Management Procedures for the Information Technology Department of Taiwan Business Bank," "Information Security and Maintenance Procedures for Taiwan Business Bank," and "Regulations Governing Operational Continuity of Information Systems for Taiwan Business Bank," and other related regulations.</p> | <p>◆ Keep strengthening disaster response capabilities and build an adequate IT system backup mechanism for better disaster response. Restore the minimum acceptable level of service within the promised recovery time in case of a disaster in order to protect customers' rights.</p> | <p>◆ Prevent potential negative impact and manage potential positive impact:</p> <ul style="list-style-type: none"> ◆ Organize regular offsite IT center disaster recovery drills to verify the backup center's offsite recovery capacity. Perform business impact analysis on various threats in order to devise adequate backup measures to ensure business continuity during severe business disruption. | <p>KPI: Organize main IT center offsite disaster recovery drills</p> | <p>Twice a year.</p> | <p>Offsite recovery drills at the backup center were completed for the first and second halves of the year on May 20, May 22, October 3, and October 4.</p> | <p>Twice a year.</p> | <p>Twice a year.</p> |
| 3 | Digital finance and innovation | Customer Rights Unit | <p>◆ Potential negative impact - Digital divide and digital isolation: [Economy] If a company falls behind in digital transition, it may become less competitive in the market, leading to lower capital liquidity, loss of customers, and business interruption, which could have an impact on overall economic activities and growth. [People] In the transition to digital business, there may be certain groups (such as the elderly and the digital illiterate) who are unable to effectively use digital banking services. The inability leads economic difficulties and social isolation for these groups. Furthermore, it may also cause a digital skill gap in the job market and employment challenges for certain talent.</p> <p>◆ Actual and potential positive impact - Digital finance and innovation: [Economy] Effectively increase efficiency of financial services, reduce transaction costs, and create new economic opportunities to attract more investment and facilitate economic growth. [Environment] Reduce the need for physical branch locations and reduce consumption of resources and traffic or transaction related carbon emissions. [People] Digital business can be extended to previously unreachable regions and create convenience. It also makes information of banking products and services more readily accessible.</p> | <p>◆ Utilize digital innovations to change existing business models and transform them into a customer value and experience oriented system to create new value and sustainable advantages for the Bank and achieve digital governance targets.</p> | <p>◆ Develop more friendly and customer centric omnichannel financial services that emphasize user experience.</p> | <p>◆ Prevent potential negative impact and manage actual and potential positive impact:</p> <ul style="list-style-type: none"> ◆ Create more friendly and customer centric omnichannel financial services by utilizing innovative fintech and data to drive growth and implementing digital processes and channels to provide a revamped and better user experience. Combine social media and digital marketing to encourage customers to use online and mobile banking services as well as mobile payments. Meet the demand for mobile banking services and provide a more streamlined digital banking experience on different platforms. | <p>KPI 1: Total number of digital financial patents received.</p> | <p>40</p> | <p>45</p> | <p>47</p> | <p>55</p> |

Note: Investment details are as follows:

| NO. | Bond Code | ISIN CODE | Investment Amount |
|-----|-----------|--------------|-------------------|
| 1 | B618D3 | TW0009618D39 | NT\$300 million |
| 2 | B618DD | TW0009618DD4 | NT\$300 million |
| 3 | B618DE | TW0009618DE2 | NT\$300 million |
| 4 | B98413 | TW000984137 | NT\$100 million |
| 5 | B618DJ | TW0009618DJ1 | NT\$300 million |
| 6 | B50170 | TW0009501709 | NT\$500 million |
| 7 | B94660 | TW000946607 | NT\$300 million |
| 8 | B94659 | TW000946599 | NT\$100 million |
| 9 | B638BH | TW0009638BH | NT\$400 million |
| 10 | B618DC | TW0009618DC6 | NT\$600 million |
| 11 | B903ZD | TW000903ZD3 | NT\$300 million |
| 12 | B98412 | TW000984129 | NT\$100 million |
| 13 | B50179 | TW0009501790 | NT\$100 million |

| Priority order | Topics | Responsible unit | Impact category and description | Policy | Commitments | Action | Assessment and goals | | | | |
|----------------|--|----------------------|---|--|--|---|--|-------------------------|---|-------------------------|------------------------------------|
| | | | | | | | Performance indicator | 2023 (Short term) goals | 2023 Progress | 2024 (Short term) goals | 2025-2029 (Medium/Long term) goals |
| 2 | Operational performance and resilience | Customer Rights Unit | <p>◆ Potential negative impact - Disruption of business operations: [Economy] Business disruption may make customers encounter transaction difficulties, lose confidence, and withdraw large funds. In addition, disruption may lead to lawsuits, credit rating downgrading, and higher costs of capital. If more than one bank is affected, disruption may threaten market stability and have an impact on the entire economy. [People] The rights and livelihoods of TBB employees or those of employees on the supply chain are affected by business disruption.</p> <p>◆ Potential positive impact - Enhance operational resilience: [Economy] ensure business continuity, enhance financial stability, and attract more business opportunities; and reduce the default risk, facilitate economic growth and increase stability of financial markets.</p> | <p>◆ Establish the "Disaster Recovery Procedures for the Information Center of Taiwan Business Bank," "Information System Management Procedures for the Information Technology Department of Taiwan Business Bank," "Information Security and Maintenance Procedures for Taiwan Business Bank," and "Regulations Governing Operational Continuity of Information Systems for Taiwan Business Bank," and other related regulations.</p> | <p>◆ Keep strengthening disaster response capabilities and build an adequate IT system backup mechanism for better disaster response. Restore the minimum acceptable level of service within the promised recovery time in case of a disaster in order to protect customers' rights.</p> | <p>◆ Prevent potential negative impact and manage potential positive impact:</p> <ul style="list-style-type: none"> ◆ Organize regular offsite IT center disaster recovery drills to verify the backup center's offsite recovery capacity. Perform business impact analysis on various threats in order to devise adequate backup measures to ensure business continuity during severe business disruption. | <p>KPI: Organize main IT center offsite disaster recovery drills</p> | <p>Twice a year.</p> | <p>Offsite recovery drills at the backup center were completed for the first and second halves of the year on May 20, May 22, October 3, and October 4.</p> | <p>Twice a year.</p> | <p>Twice a year.</p> |
| 3 | Digital finance and innovation | Customer Rights Unit | <p>◆ Potential negative impact - Digital divide and digital isolation: [Economy] If a company falls behind in digital transition, it may become less competitive in the market, leading to lower capital liquidity, loss of customers, and business interruption, which could have an impact on overall economic activities and growth. [People] In the transition to digital business, there may be certain groups (such as the elderly and the digital illiterate) who are unable to effectively use digital banking services. The inability leads economic difficulties and social isolation for these groups. Furthermore, it may also cause a digital skill gap in the job market and employment challenges for certain talent.</p> <p>◆ Actual and potential positive impact - Digital finance and innovation: [Economy] Effectively increase efficiency of financial services, reduce transaction costs, and create new economic opportunities to attract more investment and facilitate economic growth. [Environment] Reduce the need for physical branch locations and reduce consumption of resources and traffic or transaction related carbon emissions. [People] Digital business can be extended to previously unreachable regions and create convenience. It also makes information of banking products and services more readily accessible.</p> | <p>◆ Utilize digital innovations to change existing business models and transform them into a customer value and experience oriented system to create new value and sustainable advantages for the Bank and achieve digital governance targets.</p> | <p>◆ Develop more friendly and customer centric omnichannel financial services that emphasize user experience.</p> | <p>◆ Prevent potential negative impact and manage actual and potential positive impact:</p> <ul style="list-style-type: none"> ◆ Create more friendly and customer centric omnichannel financial services by utilizing innovative fintech and data to drive growth and implementing digital processes and channels to provide a revamped and better user experience. Combine social media and digital marketing to encourage customers to use online and mobile banking services as well as mobile payments. Meet the demand for mobile banking services and provide a more streamlined digital banking experience on different platforms. | <p>KPI 1: Total number of digital financial patents received.</p> | <p>40</p> | <p>45</p> | <p>47</p> | <p>55</p> |





| Priority order | Topics | Responsible unit | Impact category and description | Policy | Commitments | Action | Assessment and goals | | | | |
|----------------|----------------------|---------------------------|---|---|---|--|--|---|--|--|---|
| | | | | | | | Performance indicator | 2023 (Short term) goals | 2023 Progress | 2024 (Short term) goals | 2025-2029 (Medium/Long term) goals |
| 4 | Compliance | Corporate Governance Unit | <ul style="list-style-type: none"> Actual and potential negative impact - Violation of legal regulations: [Economy] Violation of finance and corporate governance related regulations may be subject to fines and business interruption, which can affect stakeholders' rights. [Environment] Failure to comply with environmental regulations causes damage to the ecosystem and pollution to the environment. [People] Violation of social and labor regulations compromises rights of customers, employees or other stakeholders. | <ul style="list-style-type: none"> Compliance is the responsibility of the Board of Directors, senior management, and all employees. | <ul style="list-style-type: none"> Familiarize every employee with laws and regulations and ethical guidelines relevant to their roles. | <ul style="list-style-type: none"> Resolve actual negative impact: devise improvement measures in response to penalties imposed by the competent authority. Preventing potential negative impact: <ul style="list-style-type: none"> Organize compliance self assessments for each department. Organize "Compliance Officer Seminars" for compliance officers at banking and securities branches. Organize "AML/CFT Seminars" for banking and securities branches. | <ul style="list-style-type: none"> KPI 1: Each department performs compliance self assessments | Twice a year. | Official letters were issued on June 27 and December 26 to all units of the entire bank and securities head office and branches to perform compliance self assessments for the first and second halves of 2023. | Twice a year. | Twice a year. |
| | | | | | | | <ul style="list-style-type: none"> KPI 2: Training completion rate of "Compliance Officer Seminar" for compliance officers at banking and securities branches | Training completion rate: 100% | The training completion rate was 100%. 3 hours of compliance officer seminar each were held on June 19 and October 19 for the first and second halves of 2023. | Training completion rate: 100% | Training completion rate: 100% |
| | | | | | | | <ul style="list-style-type: none"> KPI 3: Training completion rate of "AML/CFT Seminar" for banking and securities branches | Training completion rate: 100% | The training completion rate was 100%. 3 hours of 2023 AML/CFT Seminar were held on May 2, 2023. The 2023 AML/CFT on-the-job training - external institution was held for 7 hours by Taipei Foundation of Finance on October 4. The 2023 AML/CFT on-the-job training took place for 2 hours on November 6. | Training completion rate: 100% | Training completion rate: 100% |
| 5 | Corporate Governance | Corporate Governance Unit | <ul style="list-style-type: none"> Potential negative impact - Inadequate corporate governance: [Economy] Impacts on overall financial or economic structure arising from negative impacts on stakeholders' rights from unsatisfactory corporate governance performance and major negligence, failure to adhere to ethical corporate management, corruption or falsification or similar conduct. | <ul style="list-style-type: none"> Implement corporate governance guidelines to create a stronger corporate governance organization and system while enforcing corporate governance and ethical corporate management in order to protect stakeholders' rights and enhance Board effectiveness. | <ul style="list-style-type: none"> The Board of Directors follows the Articles of Incorporation, shareholders' meeting resolutions, and laws and regulations to perform their duties, and create a mutually beneficial environment for the Bank and its stakeholders based on ethics and integrity as well as an emphasis on corporate governance. | <ul style="list-style-type: none"> Preventing potential negative impact: <ul style="list-style-type: none"> Promote board diversity and fulfillment of board member roles, and enforce business integrity and ethics as well as compliance training and build a culture of integrity. | <ul style="list-style-type: none"> KPI 1: Board diversity. | Independent directors account for one third of the total number of directors. | 5 independent directors account for 1/3 of the Board. Completion rate 100%. | Female directors account for 1/3 of the total number of directors. | Independent directors and directors of either gender all account for 1/3 of the total number of directors |
| | | | | | | | <ul style="list-style-type: none"> KPI 2: Overall/Lowest individual average Board meeting attendance | 93%/80% | 96.4%/28.6% | 94%/82% | 95%/84% |
| | | | | | | | <ul style="list-style-type: none"> KPI 3: Business integrity and ethics, compliance training | 95% passing rate. | The online assessment passing rate was 99.18% in the first half of the year and 99.74% in the second half | 96% passing rate. | 97% passing rate. |

| Priority order | Topics | Responsible unit | Impact category and description | Policy | Commitments | Action | Assessment and goals | | | | |
|----------------|----------------------|---------------------------|---|--|---|--|---|---|---|------------------------------|------------------------------------|
| | | | | | | | Performance indicator | 2023 (Short term) goals | 2023 Progress | 2024 (Short term) goals | 2025-2029 (Medium/Long term) goals |
| 6 | Information Security | Customer Rights Unit | <ul style="list-style-type: none"> Potential negative impact - Inadequate information security management: [Economy/People] Negligence in information and cyber security may trigger business disruption and lead to serious damage or legal liability and adverse effects on stakeholders' rights. | <ul style="list-style-type: none"> Compliance with the "Cyber Security Management Policy" | <ul style="list-style-type: none"> Ensure confidentiality, integrity, and availability of information systems and assets, and reduce operational risk. | <ul style="list-style-type: none"> Preventing potential negative impact: <ul style="list-style-type: none"> Enforce the annual cyber security maintenance program. | <ul style="list-style-type: none"> KPI 1: Completion rate of damage control or recovery within 36 hours after becoming aware of the following cyber security incidents: <ul style="list-style-type: none"> core business information is leaked (in a mild/serious case) core business information or core information systems are altered (in a mild/serious case) cyber security incidents classified as "Material Contingency" | 100% | 100%. (None of the cyber security incidents on the left occurred in 2023) | 100% | 100% |
| | | | | | | | <ul style="list-style-type: none"> KPI 2: Purchase information security insurance every year | Purchase information security insurance | Coverage was purchased on November 1, 2023. | Renew coverage every year | Renew coverage every year |
| 7 | Risk management | Corporate Governance Unit | <ul style="list-style-type: none"> Potential negative impact - Inadequate risk management: [Economy] Inadequate management of external emerging risks or internal credit, market, operation, IRRBB, liquidity, and other risks cause the bank to incur major violation of the rules or business losses, damaging stability of the overall financial or economic structure. | <ul style="list-style-type: none"> To effectively manage risks of the entire bank, the Bank established guidelines including the "Risk Management Policy", the "Credit Risk Management Guidelines", the "Market Risk Management Guidelines", the "Operational Risk Management Guidelines", the "Interest Rate Risk in the Banking Book Management Guidelines", and the "Liquidity Risk Management Guidelines". All regulations and their related risk limits are approved by the Board of Directors (Managing Directors), among which the content of the Risk Management Policy is as follows: Establish a risk management mechanism for identification, measurement, supervision, control, information reporting, and response strategies, construct an integrated risk management system, adopt a business model guided by appropriate risk management, and control the rationality of risk and return under the statutory capital adequacy ratio to achieve operational objectives and enhance shareholder equity. It covers credit risk, market risk, operational risk, bank book interest rate risk, liquidity risk, management of other risks, and capital adequacy management. | <ul style="list-style-type: none"> Maintain adequate capital and achieve reasonable risk and return within the Bank's credit risk tolerance. | <ul style="list-style-type: none"> Preventing potential negative impact: <ul style="list-style-type: none"> The Bank has established business guidelines and handbooks for various units to follow. In addition to informing all units of related rules, the Bank organizes policy advocacy sessions and training to raise awareness on different levels of the organization and help the personnel involved understand and enforce risk management and their responsibilities. To facilitate the design and execution of the internal control system, the Bank follows a multi-level practice that establishes three lines of defense for internal control and clearly defines roles and responsibilities for each line. The practice helps all units understand their roles in the overall risk and control framework and strengthens communication and coordination in risk management and internal control related tasks in order to maintain an adequate and effective internal control system. | <ul style="list-style-type: none"> KPI 1: Compliance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks". KPI 2: Completion rate for conducting monthly meetings of the Risk Management Committee. | The statutory ratio was met. | The statutory ratio was met. | Meeting the statutory ratio. | Meeting the statutory ratio. |
| | | | | | | | | 100% | 100% | 100% | 100% |

3. Climate-related Financial Disclosures

(1) TBB's Milestones of Climate Governance Development

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|--|---|--|--|--|---|---|---|
| Climate Governance | | | | | | | 1. Signed to become a TCFD Supporter in November. | 1. Incorporated climate change risks into risk management policies. 2. Established scopes for high polluting/energy consuming industries and integrated them into credit concentration management. 3. Signed and implemented the Equator Principles. 4. Released the Bank's first TCFD report. 5. Achieved SSI "Level 5: Excellence" certification for TCFD information disclosure framework. | 1. Issued the "Guidelines for Climate Risk Management for Taiwan Business Bank". 2. Issued the "Guidelines for Responsible Investment/Lending for Taiwan Business Bank". 3. Published the Bank's first English TCFD report. 4. Achieved SSI "Level 5: Excellence" certification for TCFD information disclosure framework. |
| ESG Major Achievement | | 1. Bronze Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 2. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. Silver Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 2. "Sustainable MNC Award" at the BSI International Sustainable Standards Annual Conference. 3. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. Silver Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 2. "Sustainable Outstanding Award" at the BSI International Sustainable Standards Annual Conference. 3. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. "CSR Top 100 Sustainable Citizen Award". 2. Silver Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 3. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. "CSR Top 100 Sustainable Citizen Award". 2. Silver Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 3. Selected as constituents of the "TWSE Corporate Governance 100 Index" and the "FTSE4Good TIP Taiwan ESG Index". | 1. "AREA Asia Responsible Enterprise Award". 2. Gold Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 3. Selected as constituents of the "FTSE4Good TIP Taiwan ESG Index". | 1. "AREA Asia Responsible Enterprise Award". 2. Gold Award in the financial and insurance group of sustainability report division under the "TCSA Taiwan Corporate Sustainability". 3. Selected as constituents of the "FTSE4Good TIP Taiwan ESG Index". |
| Carbon Reduction Actions, Energy, and Environmental Management Results | 1. Completed the "Voluntary Energy Conservation Plan for Financial Group Enterprises". 2. Established the first solar powered branch - Ta Fu Branch. | 1. Completed the stipulation of the "Energy Policy". 2. The energy management system of the HO building passed ISO5001 certification. | 1. Reduced the capacity in the electricity consumption contract for business premises. 2. The HO building obtained certificates for ISO5001 Energy Management System and ISO14064-1 Greenhouse Gas Inventory. 3. Achieved 1% energy conservation in the head office building and Chongqing South Road building. | 1. Implemented electricity consumption monitoring for energy-consuming premises. 2. The HO building obtained certificates for ISO5001 Energy Management System and ISO14064-1 Greenhouse Gas Inventory. 3. Reduced greenhouse gas emissions by 52 metric tons of CO2 equivalent. 4. Solar powered branch - Ta Yuan Branch. | 1. Introduced the ISO14001 environmental management system and ISO14064-1 direct and indirect emissions inventory in the HO building and passed certification. 2. The average energy-saving rate reached 2% in the past 2 years. Reduced greenhouse gas emissions by 52 metric tons of CO2 equivalent. 3. Solar powered branch - Hsiang Hsiang Branch. | 1. Stipulated the Supplier Management Measures. 2. Replaced more than 100 air-conditioning units in business premises. 3. Received the Special Award for Commercial Buildings of Hsinchu County Service Industry Energy Conservation Excellence Awards - Chu Pei Branch. 4. Reduced greenhouse gas emissions by 705 metric tons of CO2 equivalent. 5. Solar powered branch - Hsiang Hsiang Branch. | 1. The HO building's environmental management system passed ISO14001 certification. 2. Completed the stipulation of the "Environmental Sustainability Management Handbook". 3. The Chongqing South Road building received the Taipei City Zero-Carbon Standard Industrial and Commercial Industry Group B Model Award. 4. Reduced greenhouse gas emissions by 892 metric tons of CO2 equivalent. 5. Solar powered branch - Taipei Branch. | 1. COP climate questionnaire was rated as B. 2. Introduced ISO14064-1 direct, indirect, and other indirect emissions inventories (scoped products and services, and business hotel) in all business locations in Taiwan, and passed certification. 3. Replaced elevators in the HO building. 4. Solar powered branch - Hsiang Chung Branch. | 1. Signed the commitment to Science Based Targets initiative (SBTi). 2. Completed the establishment of Scope 1+2 greenhouse gas reduction pathways. 3. Introduced PCAF method for greenhouse gas inventory in investing and financing portfolios. 4. COP climate questionnaire was rated as B. 5. National Enterprise Environmental Protection Award Bronze Award. 6. Solar powered branch - Shue Chia Branch. |
| Sustainable Financial Products | | 1. Launched the Green Energy Sustainable Project Loan. | 1. Issued NT\$1 billion of green financial bonds. | | | | 1. Issued eco-friendly material credit cards and launched Sustainable Life Card. | 1. Launched the ESG Green Energy Mortgage Loan. | 1. Issued NT\$1 billion of sustainable development bonds, raised NT\$1 billion of green time deposits, launched green finance sustainable development loans and Green Go Shopping loans. |

(2) TBB's Climate-related Financial Disclosures (TCFD) Framework

After signing the TCFD statement and becoming a TCFD Supporter, the Bank regularly conducts the identification of climate change-related risks and opportunities every year in accordance with the TCFD framework, the FSC's Guidelines on Climate-related Financial Disclosures by Domestic Banks, and the Practical Manual of Climate-related Risk Management by Domestic Banks released by the Bankers Association Of The Republic Of China. The assessment results are presented in four dimensions: Governance, Strategy, Risk Management, and Indicator and Target:

| Information Disclosure | Assessment Results |
|---|---|
| Governance⁴ | <p>The Bank implemented the "Taiwan Business Bank Climate Risk Management Guidelines" and the related operating procedures in 2023.</p> <p>Board level</p> <ul style="list-style-type: none"> Board of Directors: The Board of Directors is the ultimate authority of climate change topics at the Bank and responsible for decision making and oversight in climate change mitigation and adaption strategies. It is also responsible for approving the Bank's climate-related financial disclosure TCFD reports. Sustainable Development Committee: Supervise the implementation of climate risk strategies. <p>Senior management</p> <ul style="list-style-type: none"> Risk Management Committee: Guide and supervise the implementation of various managerial departments in executing specific response strategies regarding climate change risks, as well as their indicators and targets, approved by the Board of Directors, and responsible for reviewing the Bank's climate risk management system and the TCFD report on climate-related financial disclosures. Business Management Committee: Monitor the execution of sustainable development topics every month. Environmental Sustainability Promotion Committee: Regularly monitor energy management and sustainable environment related performance every year. <p>Sustainable Finance Unit: Convene quarterly meetings to discuss climate change and sustainable finance-related issues, track the progress of relevant projects, and conduct regular analyses of climate-related financial disclosures.</p> |
| Strategy⁵ | <ul style="list-style-type: none"> Fully leverage the influence as a banking institution in the mitigation of the impact of global climate change, to reduce the impact of climate change on the environment and strive to achieve sustainable development of the environment. Regularly identify climate change risks and opportunities under the TCFD framework and evaluate the potential impact on operations and finance, and then develop corresponding targets and measures for corporate operations, business development, and financial planning. Actively develop short-, mid- and long-term countermeasures in accordance with the identified climate change risks and opportunities, and enhance the ability to adapt to climate-related risks in different climate scenarios. |
| Risk Management⁶ | <ul style="list-style-type: none"> Risk Management Department collects issues of climate-related risks and opportunities with reference to the domestic and international climate scenarios and the TCFD framework and investigates on our relevant departments. After identification and prioritization, a risk and opportunity matrix is drawn based on the occurrence probability and the degree of impact, to identify the severity of each climate risk and opportunity incident and formulate countermeasures accordingly. Collect information on potential climate change transition and physical risks to analyze potential financial impacts in various climate scenarios. Hand over relevant issues to each business management department for management, and work on the planning and execution of business development strategies based on the climate risks and opportunities identified, and the analysis results of climate transition and physical risks. |
| Indicator and Target⁷ | <ul style="list-style-type: none"> Indicator <ul style="list-style-type: none"> Continue to introduce international certification, and continuously monitor the information on TBB's use of energy and water resources, waste disposal, and resource recycling, as well as regularly entrust third-party entities to conduct inspections. Continue to monitor the development of green financial services, and monitor the proportion of credit risk exposure of high polluting/energy consuming industries. Target <ul style="list-style-type: none"> Increase the proportion of green loans year by year. Set up a target proportion of credit risk exposure of high polluting/energy consuming industries Reduce greenhouse gas emissions year by year. Improve the effectiveness of reduction of electricity and water consumption year by year. |

⁴ Corresponding to Table 2-2-3: 1 Implementation of climate-related information - 1. Describe oversight and governance of climate-related risks and opportunities performed by the Board and management levels.

⁵ Corresponding to Table 2-2-3: 1 Implementation of climate-related information -2. Describe how identified climate risks and opportunities affect the Bank's business, strategy, and finance (short-, medium-, and long-term).

⁶ Corresponding to Table 2-2-3: 1 Implementation of climate-related information -4. Describe how the processes of identifying, assessing, and managing climate risks are integrated into the overall risk management system.

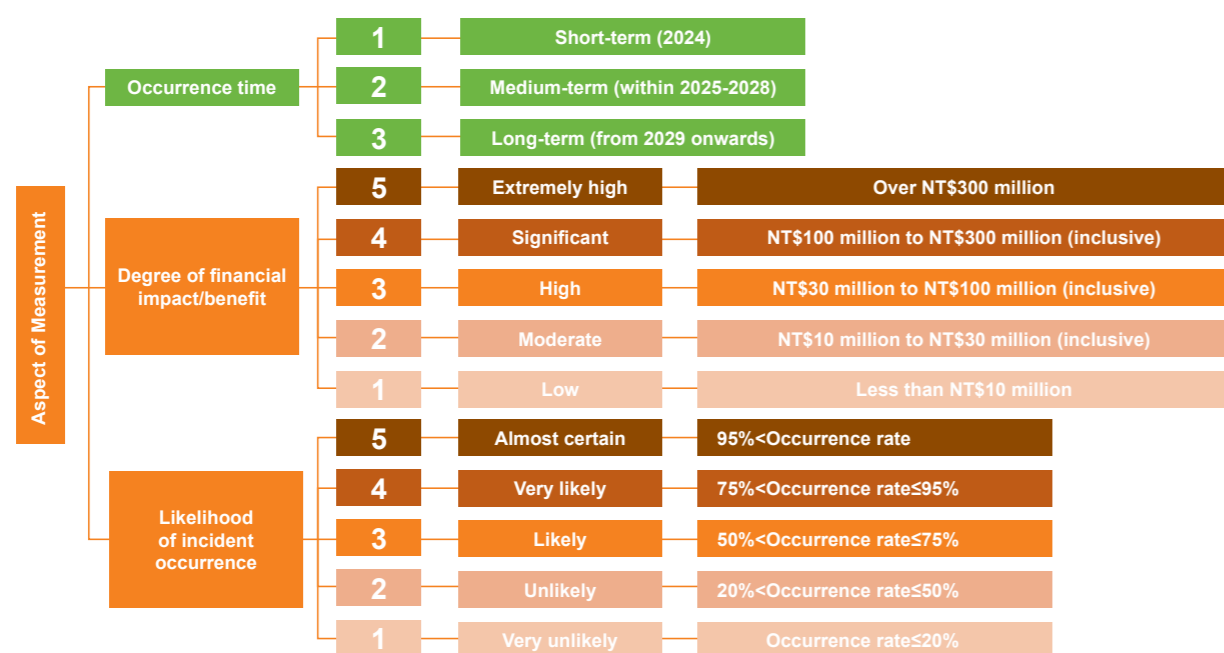
⁷ Corresponding to Table 2-2-3: 1 Implementation of climate-related information -6. For any transition plan in place to facilitate management of climate risks, provide details of the plan and the benchmarks and targets used to manage physical risks and transition risks.



(3) The procedure for identifying issues of climate change-related risks and opportunities (Corresponding to Table 2-2-3: 1 - 4.)

To manage actual impacts of climate change on The Bank, the Risk Management Department utilized the "Risk And Opportunity Analysis Matrix" to assess climate risks and opportunities in regulations, cyber security, market competition, climate change, and financial operation.

The Risk And Opportunity Analysis Matrix consists of "Probability of occurrence" and "Degree of financial impact/benefit". Probability of occurrence is divided into 5 levels (1 to 5) with a higher number indicating a higher probability; and the financial impact/benefit is also divided into 5 levels (1 to 5) with a higher number indicating a higher degree of impact. The product of "Probability of occurrence" and "Degree of financial impact/benefit" provides a basis for ranking the materiality of an incident (Extremely high, Significant, High, Moderate, and Low). The measurement framework is shown in the figure below.



Steps for identifying and analysing issues of climate change-related risks and opportunities:

| STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 |
|--------------------------------|--|--|---|--|
| Gather climate-related issues. | Connect and analyze climate-related issues with business activities. | Identify climate-related issues and rank by materiality. | Assess and devise response strategies for major climate issues. | Report identification results of climate-related issues. |

(4) The identification results for issues of climate change-related risks and opportunities

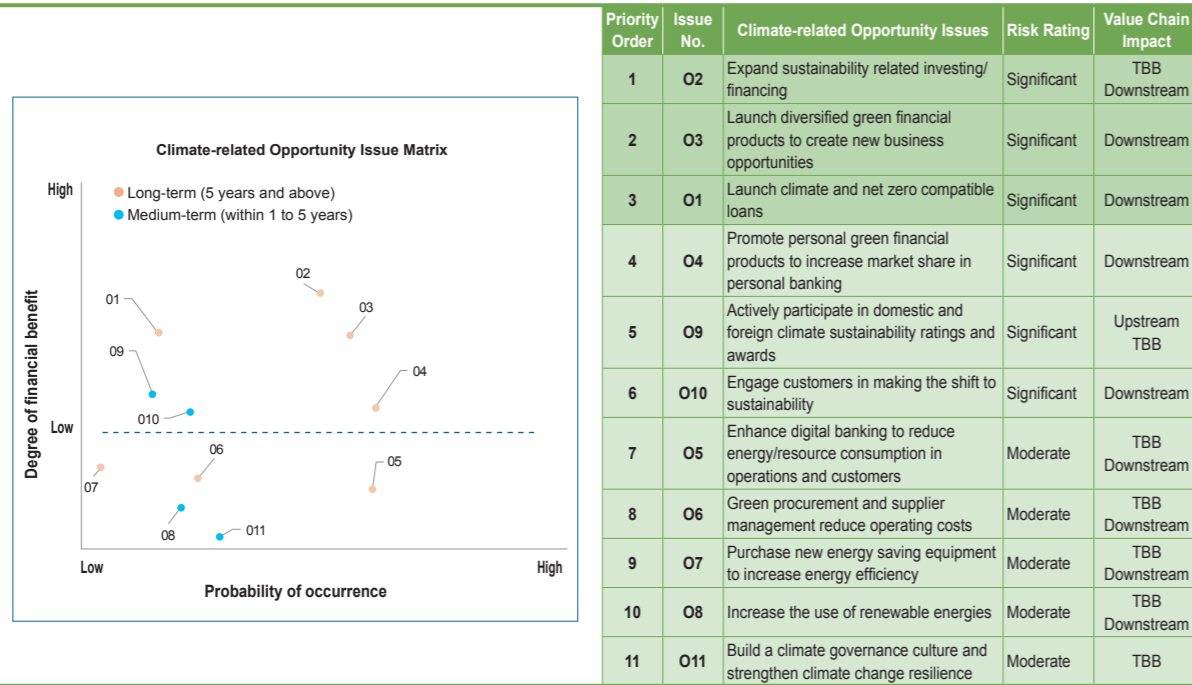
A. Analysis of climate change related risk issues: The result of identifying climate risks shows that the expected occurrence timeframes for all risk incidents are in the medium or long term, and the first four major risk incidents are of Significant risk. The risk issue priority matrix and various risk issues are as follows:



| Priority Order | Issue No. | Climate-related Risk Incidents | Risk Category | Risk Rating | Value Chain Impact |
|----------------|-----------|---|---------------|-------------|--------------------|
| 1 | R14 | Rising raw material prices, and higher production costs for investment/financing targets | Transition | Significant | Downstream |
| 2 | R8 | Failure to respond to sustainability issues followed by investors/customers hinders their willingness to transact with the Bank | Transition | Significant | Upstream TBB |
| 3 | R12 | Carbon emission control causes an impact on financing customers' operations | Transition | Significant | Downstream |
| 4 | R3 | Natural disasters cause damages to assets of financing targets and a higher default risk | Physical | Significant | Downstream |
| 5 | R13 | Carbon emission control causes an impact on the Bank's investment returns | Transition | Moderate | Downstream |
| 6 | R5 | Increased average temperature/rising sea level leads to higher operating costs | Physical | Moderate | Upstream TBB |
| 7 | R4 | Drought/Water shortage causes interruptions in production lines of investment/financing targets and affects profits | Physical | Moderate | Downstream |
| 8 | R6 | Long term climate change affects the value of the Bank's investment portfolios | Physical | Moderate | Downstream |
| 9 | R7 | Failure to respond promptly to the demand for financial products arising from climate and net zero transition | Transition | Moderate | TBB Downstream |
| 10 | R2 | Natural disasters affect the value of investment portfolios | Physical | Moderate | Downstream |
| 11 | R17 | Unsatisfactory sustainability rating and facing the risk of investors leaving | Transition | Moderate | TBB Downstream |
| 12 | R1 | Natural disasters cause offices to be suspended, affecting the company's normal operations | Physical | Moderate | TBB Downstream |
| 13 | R9 | A lack of effective measures to prevent investment/financing greenwashing causes damage to the Bank's reputation | Transition | Low | TBB Downstream |
| 14 | R10 | Increased risk of climate-related lawsuits | Transition | Low | TBB Downstream |
| 15 | R11 | Slow digital and low carbon transition causes significant increases in operating costs | Transition | Low | TBB Downstream |
| 16 | R18 | Bank staff insufficiently trained in climate and net zero transition hinders sales promotion | Transition | Low | TBB |
| 17 | R15 | Increasing restrictive environmental and energy regulations and policies raise operating costs | Transition | Low | Upstream TBB |
| 18 | R16 | Climate-related director liabilities and risks | Transition | Low | TBB |



B. Analysis of climate change-related opportunity issues: The result of identifying climate-related opportunities shows that the expected occurrence timeframes for all opportunity incidents are in the short or medium term, and are all of Significant risk. The opportunity issue priority matrix and various opportunity issues are as follows:



| Priority Order | Issue No. | Climate-related Opportunity Issues | Risk Rating | Value Chain Impact |
|----------------|-----------|---|-------------|--------------------|
| 1 | O2 | Expand sustainability related investing/financing | Significant | TBB Downstream |
| 2 | O3 | Launch diversified green financial products to create new business opportunities | Significant | Downstream |
| 3 | O1 | Launch climate and net zero compatible loans | Significant | Downstream |
| 4 | O4 | Promote personal green financial products to increase market share in personal banking | Significant | Downstream |
| 5 | O9 | Actively participate in domestic and foreign climate sustainability ratings and awards | Significant | Upstream TBB |
| 6 | O10 | Engage customers in making the shift to sustainability | Significant | Downstream |
| 7 | O5 | Enhance digital banking to reduce energy/resource consumption in operations and customers | Moderate | TBB Downstream |
| 8 | O6 | Green procurement and supplier management reduce operating costs | Moderate | TBB Downstream |
| 9 | O7 | Purchase new energy saving equipment to increase energy efficiency | Moderate | TBB Downstream |
| 10 | O8 | Increase the use of renewable energies | Moderate | TBB Downstream |
| 11 | O11 | Build a climate governance culture and strengthen climate change resilience | Moderate | TBB |

C. Analysis of financial impacts of significant climate risk and opportunity issues: The Bank devised detailed action plans for the top 3 significant climate risk and opportunity issues, and assessed their financial impacts as described below:

| Action plans and financial impacts of top 3 significant climate-related risk incidents (Currency: NT\$) | | | | | |
|---|--|--|---|--|--|
| Risk Incident | Description | Action Plans | Financial Impact | Management Cost | Evaluation Method |
| Rising raw material prices, and higher production costs for investment/financing targets | Persistently rising raw material prices due to long-term climate change impact keeps pushing up production costs of the Bank's investment/financing targets and affects the operations and finance of the company. | ▶ The Bank assists and encourages customers to face potential environmental and climate risks, and assists customers to obtain funding for low carbon transition. | Estimated decrease in interest income NT\$191.46 million | Estimated annual training expenses NT\$1.74 million | Financial impact: Expected decrease of interest income by taking into account the reduction of total balance of medium- and long-term investments and loans by 1%. Management cost: Expected training costs to be invested in the financing approval process. |
| Failure to respond to sustainability issues followed by investors/customers hinders their willingness to transact with the Bank | Investors and customers pay high attention to climate change, environmental protection, ecological conservation and other net zero transition issues. Without clear adaptation to net zero transition actions, the Bank may be considered a relatively less green/sustainable business, which will lead to damaged reputation and hinder the willingness of investors and customers to conduct business with the bank. | ▶ The Bank actively supports various sustainability initiatives and participates in domestic and foreign sustainability ratings to enhance its brand image. In addition, a wide range of ESG products and services are launched in response to growing market preference for sustainability; and sustainability seminars are held to guide customers into low carbon transition. | Potential loss of interest income NT\$18.38 million | Estimated annual sustainable awareness training cost for employees NT\$0.84 million | Financial impact: Potential loss of interest income due to the Bank's failure to provide products and services in time turning customers away to other financial institutions. Management cost: Estimated training costs for raising sustainable awareness of colleagues in charge of credit/loan businesses. |

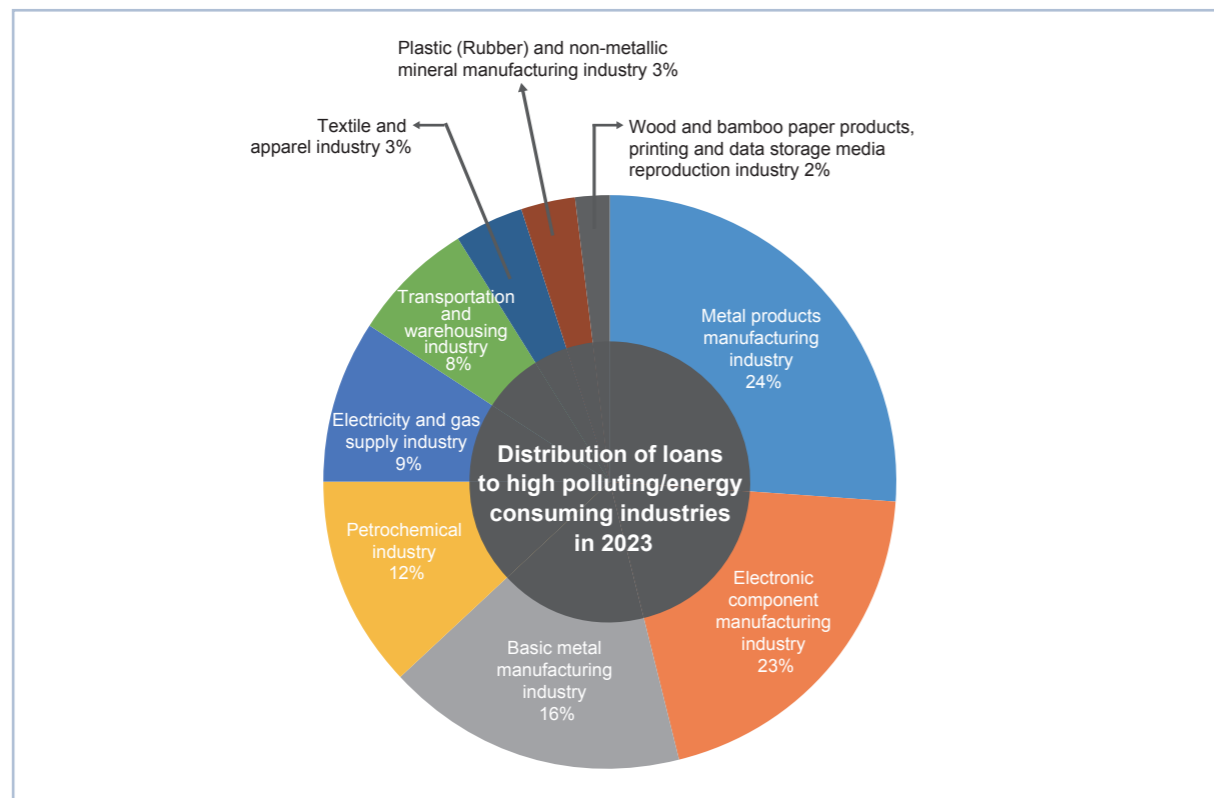
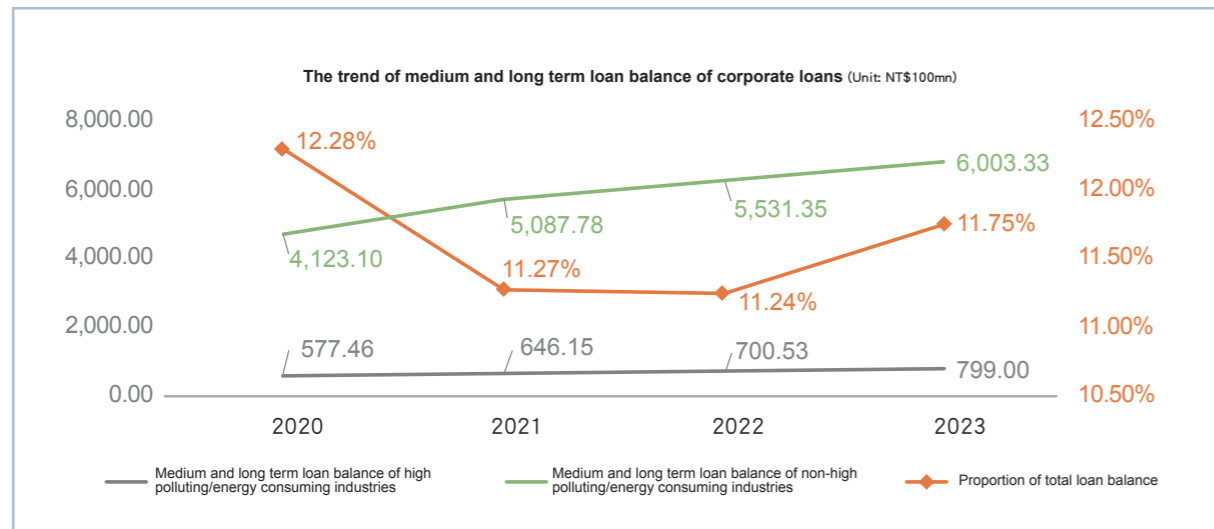
| Action plans and financial impacts of top 3 significant climate-related risk incidents (Currency: NT\$) | | | | | |
|---|---|--|---|--|---|
| Risk Incident | Description | Action Plans | Financial Impact | Management Cost | Evaluation Method |
| Carbon emission control causes an impact on financing customers' operations | Where financing customers are in energy or carbon intensive industries, energy law changes, new carbon taxes and fees around the world and other factors push up operating costs and affect profits, which in turn makes it difficult to collect debt and increases default risk. | ▶ Climate risk management guidelines are established to require a careful assessment of an applicant's climate risks before disbursement, and ongoing monitoring of risk changes will be conducted after a loan is approved. | Estimated increase in expected credit loss NT\$28.71 million | Estimated annual training expenses NT\$1.74 million | Financial impact: Carbon fees are collected from large carbon emitters monitored by the Ministry of Environment. There are currently 40 companies on the list that are loan customers of the Bank. Given the impact of carbon fees on customers' operations, the Bank has used an internal credit rating model to assess the effects on loan customers' credit ratings; the increased amount in expected credit loss caused by the imposition of carbon fees in the net zero 2050 scenario. Management cost: Expected training costs to be invested in the financing approval process. |

| Action plans and financial impacts of top 3 significant climate-related opportunity incidents (Currency: NT\$) | | | | | |
|--|---|---|---|---|--|
| Opportunity Incident | Description | Action Plans | Financial Impact | Management Cost | Evaluation method |
| Expand sustainability related investing/financing | Make themed investment/financing on climate and sustainability related topics. | ▶ The Bank established the "Guidelines for Responsible Investment" to provide a clear definition of "Sustainable Development Enterprise Standards" and direct funds toward sustainable economic activities. ▶ Implement sustainability themed investing/financing indicators and targets, and follow up regularly to track progress. | Estimated return on bond investment NT\$466.18 million | Average annual management cost NT\$0.06 million | Financial impact: Assessed by the growth of sustainable bond investment. Management cost: Management cost is assessed based on human resources invested by the Bank and the median salaries of non-managerial full-time employees. |
| Launch diversified green financial products to create new business opportunities | Follow government policies and regulations to develop innovative and sustainable financial products and services, and create new business opportunities. | ▶ Promote Sustainable Life Card, which advocates vegetarian diet and carbon reduction, green energy and the sharing economy, and provides high cash back on green channels. ▶ Implement sustainability themed indicators and targets for personal financing business and follow up regularly to track progress | Estimated interest income NT\$43.00 million | Average annual management cost NT\$12.23 million | Financial impact: Assessed by the growth target for green sustainability and ESG themed loans in personal banking business and calculated at an average interest rate of 2.15%. Management cost: Management cost is assessed based on human resources invested by the Bank and the median salaries of non-managerial full-time employees. |
| Launch climate and net zero compatible loans | Introduce preferential financing programs to help businesses mitigate economic and everyday losses caused by extreme weathers and assist businesses in upgrading or transformation. | ▶ Promote renewable energies, green buildings and other sustainable financial products and services to help SMEs implement low carbon transition. | Estimated interest income NT\$23.00 million | Average annual management cost NT\$10.86 million | Financial impact: Assessed by the growth target for green sustainability and ESG themed loans in corporate banking business and calculated at an average interest rate of 2.3%. Management cost: Management cost is assessed based on human resources invested by the Bank and the median salaries of non-managerial full-time employees. |



(5) Credit risk exposure analysis of high polluting/energy consuming industries⁹

As the world moves towards net zero, high carbon emission industries will be the first impacted by transition-related policies and regulations, as well as more severe challenges in fund utilization and market competition. The Bank has categorized the Petrochemical industry, Plastic (Rubber) and non-metallic mineral manufacturing industry, Basic metal manufacturing industry, Metal products manufacturing industry, Electronic component manufacturing industry, Electricity and gas supply industry, Textile and apparel industry, Transportation and warehousing industry, Wood and bamboo paper products, printing and data storage media reproduction industry as "high polluting/energy consuming industries". At the end of 2023, the balance of medium- and long-term loans to the high polluting/energy consuming industries was NT\$79.9 billion, accounted for 11.75% of the total balance of medium- and long-term loans and was considered part of the Bank's carbon asset exposure.



⁹ Corresponding to Table 2-2-3: 1 Banking climate related information - 3. Describe the impact of extreme weather events and transition activities on finance.

(6) Quantitative analysis of financial impacts in climate change risk scenarios¹⁰

This year, the Bank analyzed the transition and physical risk scenarios respectively, and quantified the financial impacts of climate change on the Bank, so as to assess the Bank's potential climate change risks.

A. Analysis of transition risk scenarios

- ◆ Risk identification: According to the list of controlled enterprises in the "Mandatory Greenhouse Gas Reporting System" of the Climate Change Administration Ministry of Environment, 40 of them are loan customers of the Bank.
- ◆ Risk analysis: To keep abreast of the mid- and long-term climate-related risks accurately, the model of the Network for Green Financial System (NGFS) were applied to select the 3 scenarios of nationally determined contributions (NDC), delayed transition (Delayed Transition) and global net zero emissions (Net Zero). A trial calculation was made with the three time points of short- (2024), mid- (2028) and long-term (2050) to evaluate the carbon fees that our 40 customers might need to pay.

| Scenario | Scenario of NGFS | Assumption of carbon price (NTD/metric ton) | | | Growth rate of carbon emissions (base year: 2022) | | |
|----------|--------------------|---|----------|-----------|---|---------|---------|
| | | 2024 | 2028 | 2050 | 2024 | 2028 | 2050 |
| A | NDC | 300.00 | 300.00 | 300.00 | -0.88% | -2.22% | -22.49% |
| B | Delayed Transition | -- | -- | 9,929.23 | -0.29% | -1.88% | -73.91% |
| C | Net Zero | 474.42 | 2,856.86 | 28,805.47 | -2.66% | -21.61% | -96.83% |

◆ Quantitative analysis results on financial impacts of transition risk

The potential financial impacts of the 40 customers on the Bank under different carbon fee scenarios are shown in the table below. For detailed countermeasures, please refer to the TCFD report expected to be released by the Bank in 2024.

| Scenario | Scenario of NGFS | 2024 | 2028 | 2050 |
|----------|--------------------|------|------|----------|
| A | NDC | Low | Low | Low |
| B | Delayed Transition | -- | -- | High |
| C | 2050 Net Zero | Low | High | Moderate |

B. Analysis of physical risk scenarios

To monitor closely the impacts of physical risks on self-owned real estate and various business activities, the Bank evaluated the probability of flooding and simulated flood depth based on the Taiwan Disaster Risk Map published by the NCDR climate change disaster risk mitigation platform in 2021. To refine the scale of risk identification, disaster types, and the amount of loss caused by disasters, the Bank introduced the United Nations Environment Program Finance Initiative (UNEP FI) approved climate risk analytics databases this year. The physical risk analysis this year includes financial impact assessment regarding real estate collaterals and self-owned real estate across Taiwan. The method and conclusion of the assessment are as follows.

◆ Risk identification

- Real estate collaterals: A physical risk analysis is performed on all domestic real estate collaterals.
- Self-owned real estate: A physical risk analysis is performed on all self-owned real estate across Taiwan.

◆ Risk Analysis

- Coastal flooding
- Land subsidence
- Extreme heat
- Forest fire
- Extreme winds
- River flooding

◆ Scenarios and factors

Based on NCDR forecast, RCP 8.5 and RCP 2.6 of the Representative Connection Pathways (RCPs) are used in the assessment:

- Analysis timing: Short-term (2024), mid-term (2028), and long-term (after 2050).
- Input parameters: Address of real estate, economic service life of building, material of building, coordinates, and year of construction.

◆ Analysis method

- The General Circulation Models (GCMs); IPCC CMIP5 and CMIP6 models are selected.
- The Regional Climate Models (RCMs), which analyze specific physical risks and disasters.

◆ Quantitative analysis result of financial impacts of physical risk

The result of the physical climate risk analysis shows that, the 2050 RCP 8.5 is the most severe scenario and the frequency of risk incidents and the amount of expected losses are higher in the long-term (2050)

¹⁰ Corresponding to Table 2-2-3: 1 Banking climate related information - 5. If scenario analysis is used to assess resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts should be described in detail.



compared to the short- and mid-term (2024 and 2028). For details and countermeasures, please refer to the TCFD Report that the Bank plans to release in 2024.

- Real estate collaterals: The potential financial impacts on real estate collaterals in the 2050 RCP8.5 and RCP2.6 scenarios and changes in the loan-to-value (LTV) ratio after impairment of real estate collaterals are shown in the table below.

| 2050 Scenario | RCP8.5 | RCP2.6 |
|---------------------------|----------------|----------------|
| Financial impact (NTD mn) | 6,764.88 | 5,956.56 |
| | Extremely high | Extremely high |
| Change in LTV ratio (%) | 0.40% | 0.35% |
| | Slight change | Slight change |

Change in LTV ratio = (LTV ratio after impairment - Initial LTV ratio) / Initial LTV ratio

Value after impairment = Initial appraised value × (1 - 2050 real estate value impairment %)

Real estate value impairment (%): based on climate risk analytics databases recommended by UNEP FI.

Although the assessment of overall financial impact on the Bank is extremely high in both scenarios, the Bank has well-established collateral review, appraisal and pricing management, and other lending procedures in place for individual cases. Going forward, the Bank will continue to refine climate risk assessment in order to closely monitor impacts of physical climate risk on real estate collaterals at the Bank.

- Self-owned real estate: The Bank's self-owned real estate across Taiwan under the 2050 RCP8.5 and RCP2.6 scenarios may have a financial impact on total assets. A physical risk assessment of the Bank as a whole or any single location indicates all potential physical risks of the Bank's self-owned real estate are low.

| 2050 Scenario | RCP8.5 | RCP2.6 |
|---------------------------|--------|----------|
| Financial impact (NTD mn) | 30.60 | 27.09 |
| | High | Moderate |

4. The Bank's Achievements in Promoting Sustainable Development in 2023

- Signed a promise to set science based targets (SBTs), set carbon reduction targets, and enforced carbon reduction strategies.
- Promoted green and sustainable financial products and services; developed and promoted "Green Finance Sustainable Development Loan", "Green Go Shopping Loan" and other environmentally beneficial products and services; and completed raising NT\$1 billion in green term deposits by the end of December 2023. The deposits are expected to be disbursed to loans for purposes such as renewable energy and energy technology development; pollution prevention and control; and water conservation, purification, recycling, and reuse.
- Starting from August 1, 2023, launched the "Net-Zero & Carbon Reduction Counseling Platform" in partnership with the Industrial Technology Research Institute to effectively guiding SMEs in net zero transition.
- At the end of 2023, the invested companies were inventoried in accordance with the "Guidelines for the Determination of Sustainable Economic Activities", and those that did not comply were engaged and encouraged to plan carbon reduction transformation or improvement plans.
- On September 27, 2023, the Bank issued the 2023 second phase of unsecured senior financial bond (Bond code: G12136) with a total issuance of NT\$1 billion. All the funds raised have been used for loans related to sustainable development investment plans.
- Actively invested in operational carbon reduction, managed green power supply, and added more solar powered branches to increase use of renewable energies.
- Supported the government's "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" by creating friendly bilingual financial services, with 78 branches converted to bilingual branches as of 2023.
- Held 10 Fraud Awareness Sessions to achieve the strategic goal of "three lesses", including less contact, less misleading information, and less damage.
- Promoted financial service innovations; developed loans facilitating SME and community development; created products and services with social benefits, and advocated for diversity in inclusion products.
- Implemented friendly maternal care measures and raised the childbirth subsidy; and introduced the complete ISO 45001 Health and Safety Management System certification and maintenance to create a friendly workplace.
- Supported the government's long term care policy; keep promoting the senior care program; and assist in building better community service centers in order for seniors to retire locally.
- The Bank cares for the health of the elderly in Senior Learning Centers, and organized "Senior Sports Series Professional Courses" in collaboration with University of Taipei, so as to cultivate exercise habits of the elderly in communities, delay disability, and promote health. A total of 640 seniors were benefited.
- Promoted social care for supporting rural children and vulnerable groups, implementing community care, and caring for the natural environment.

- Supported academic activities and donated scholarships and school funds to National Yilan University and National Kaohsiung University of Science and Technology, to fulfill social responsibilities and public welfare participation.
- Invited artists to participate in exhibitions at the "Image of Dadaocheng" Art and Cultural Space, and supported academic forums to expand the development of the art and cultural education.
- Kept following athletes and competitions, and assessed resource investment as needed in support of sports in the country.
- Executed the "NFT x ESG Forest Tree Planting Innovative Marketing Campaign". Customers can adopt native tree seedlings/mature trees in the mountainous areas of Pingtung County, actively participating in the reforestation of the original forest resources alongside the local Rukai indigenous tribe, promoting ecological sustainability.
- Continued to perform TCFD conformity certification: The Bank performed a TCFD information disclosure framework model maturity conformity inspection in 2023. The Bank was rated Level 5+: Excellence by BSI, and received a certificate of conformity.
- Established the scope of controversial industries, and implemented exclusion strategies for investment/financing targets. The scope of controversial industries and prohibited targets are stated explicitly in the "Guidelines for Responsible Investment" and "Guidelines for Responsible Lending", in order to facilitate net zero transition and fulfill corporate social responsibility.
- In response to the global trend to implement tax governance and ensure corporate sustainability and tax compliance, the Bank submitted a proposal to the 7th meeting of the 16th Board of Directors on July 13, 2022 and established the "Tax Governance Policy for Taiwan Business Bank". The policy states that the Board of Directors is the ultimate decision making and supervisory unit for tax governance and is in charge of approving tax governance policies and ensuring tax governance policies work effectively. The Accounting Department at the Head Office is the supervisory unit for taxes matters and reports to the Board as needed based on the materiality of each issue. In addition, the Accounting Department reports and files the audited Profit-seeking Enterprise Annual Income Tax Return before the end of May every year.

5. 2023 Sustainability Performance

- SMEs Credit Guarantee Financing Business Outstanding Financial Institutions and Loan Manager - Youth Entrepreneurship, Start-up and Micro Businesses Support Award, the Policy Facilitation Award, the Batch Credit Guarantee Gold Award, the Excellent Award for Collections for Guarantee Cases and the Collaboration with Corporates Award.
- The 13th Asia Responsible Entrepreneurship Awards (AREA) - Green Leadership Award.
- The 3rd TSAA Taiwan Sustainability Action Awards - SDG10 iMoney Action with Love - Silver Level, SDG03 Trust Building for a Beautiful Retirement Life - Bronze Level, SDG13 VR Metaverse Worshiping to Chao-Tian Temple - Bronze Level.
- The Program to Encourage Loan Projects by Domestic Banks to SMEs (Southern Region) - Special Award for Balanced Regional Development - First Place.
- The Program to Encourage Loan Projects by Domestic Banks to SMEs (Group A) - Outstanding Bank.
- Trust Industry Promoting Trust 2.0 Project Evaluation Phase 2 - Outstanding Bank of Elder Care Trust Award.
- 2023 Winner of Outstanding Financial Education Cases - Outstanding Financial Education Case Awards.
- 2023 Excellence Bank - Best Digital Financial Services Award.
- Urban Renewal & Old Building Reconstruction Awards - Urban Renewal Award (Reconstruction).
- The 20th Annual National Brand Yushan Awards - National First Prize (2 awards), Best Product Category (4 awards), and Best Popular Brand Category (4 awards).
- The 3rd Commercial Times Taiwan Fintech Award - Digital Innovation Award - Gold Award, and Digital Service Award - Excellence Award.
- 2023 TCSA Taiwan Corporate Sustainability Awards - Silver Award in the financial and insurance group of sustainability report division.
- The 7th CSEA Customer Service Excellence Awards in 2023 - Best Customer Service Enterprise Award, Best Customer Experience Enterprise Award, and Best Social Media Management Enterprise Award.
- The 16th Ministry of Culture Arts & Business Award "Permanent Award - Gold Award".
- The 5th National Enterprise Environmental Protection Award - Bronze Award.
- 2023 National Sustainable Development Award - Corporate Category.
- 2023 Happy Workplace Rankings - Gold Award in the Banking/Consulting Category.
- 2023 Commercial Times 3rd <Trust Award> - Best Charity Trust Innovation Award, Best Elder Care Trust Innovation Award, and Best Urban Renewal and Old Building Reconstruction Trust Innovation Award.
- 2023 Outstanding Electronic Payment Business Promotion Unit - Special Contribution Award, Inter-bank Service Innovation Award.



X

Directory of Head Office and Branch Units

| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|--|---|--------------|-------------|
| Head Office | No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | |
| Banking Department | No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | MBBTTWTP010 |
| Trust Department | 15F, No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | |
| Securities Department (Banking Broker) | 4F, No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | |
| International Banking Department | 3F, No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | MBBTTWTP |
| Chung Ho Branch | No. 634-10, Jingping Rd., Zhonghe Dist, New Taipei City, Taiwan, R.O.C. | (02)22427171 | MBBTTWTP002 |
| Po Ai Branch | No. 419, Mingcheng 2nd Rd., Zuoying Dist., Kaohsiung City, Taiwan, R.O.C. | (07)5567171 | |
| North Taoyuan Branch | No. 985, Chunri Rd., Taoyuan Dist., Taoyuan City, Taiwan, R.O.C. | (03)3567171 | MBBTTWTP004 |
| Nan Ken Branch | No. 381, Zhongzheng Rd., Luzhu Dist., Taoyuan City, Taiwan, R.O.C. | (03)3227171 | MBBTTWTP005 |
| Si Tuen Branch | No. 839, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City, Taiwan, R.O.C. | (04)23587171 | MBBTTWTP006 |
| Chung Min Branch | No. 301, Zhongming S. Rd., West Dist., Taichung City, Taiwan, R.O.C. | (04)23057171 | MBBTTWTP007 |
| Kinmen Branch | No. 116, Minquan Rd., Jincheng Township, Kinmen County, Taiwan, R.O.C. | (082)316871 | MBBTTWTP009 |
| Ta Ya Branch | No. 161, Daya Rd., Daya Dist., Taichung City, Taiwan, R.O.C. | (04)25687171 | MBBTTWTP011 |
| Jen Ta Branch | No. 183, Fengnan Rd., Nanzi Dist., Kaohsiung City, Taiwan, R.O.C. | (07)3537171 | MBBTTWTP012 |
| Jen Ai Branch | No. 357, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City, Taiwan, R.O.C. | (02)27217171 | MBBTTWTP020 |
| Sung Shan Branch | No. 147, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C. | (02)27167171 | MBBTTWTP021 |
| Chien Cheng Branch (Banking Broker) | No. 76, Nanjing W. Rd., Datong Dist., Taipei City, Taiwan, R.O.C. | (02)25507171 | MBBTTWTP022 |
| Shih Lin Branch | No. 601, Zhongzheng Rd., Shilin Dist., Taipei City, Taiwan, R.O.C. | (02)28117171 | MBBTTWTP023 |
| Yung Ho Branch | No. 168, Zhulin Rd., Yonghe Dist., New Taipei City, Taiwan, R.O.C. | (02)29277171 | MBBTTWTP024 |
| Hsin Tien Branch | No. 192, Sec. 2, Zhongxing Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C. | (02)29117171 | MBBTTWTP025 |
| Hsin Chuang Branch | No. 16, Sec. 1, Zhonghua Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C. | (02)29907171 | MBBTTWTP026 |
| Hwa Cheng Branch | No. 25, Touqian Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C. | (02)29977171 | MBBTTWTP027 |
| Sung Kiang Branch | No. 158, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C. | (02)25377171 | MBBTTWTP040 |
| Taipei Branch | No. 72, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City, Taiwan, R.O.C. | (02)23717171 | MBBTTWTP050 |
| Wan Hua Branch | No. 103, Kangding Rd., Wanhua Dist., Taipei City, Taiwan, R.O.C. | (02)23757171 | MBBTTWTP060 |
| South Taipei Branch | No. 93, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City, Taiwan, R.O.C. | (02)23697171 | MBBTTWTP061 |

| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|---------------------------------|---|--------------|-------------|
| Fu Hsin Branch | No. 390, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City, Taiwan, R.O.C. | (02)27057171 | MBBTTWTP070 |
| Chung Shan Branch | No. 17, Changchun Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C. | (02)25517171 | MBBTTWTP080 |
| Chien Kuo Branch | No. 4, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C. | (02)25097171 | MBBTTWTP081 |
| Nai Hu Branch | No. 15, Alley 360, Sec. 1, Naihu Rd., Naihu Dist., Taipei City, Taiwan, R.O.C. | (02)27997171 | MBBTTWTP082 |
| Nan King East Road Branch | No. 311, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C. | (02)27127171 | MBBTTWTP090 |
| Chung Hsiao Branch | No. 267, Sec. 3, Chung Hsiao E. Rd., Taipei City, Taiwan, R.O.C. | (02)27727171 | MBBTTWTP100 |
| World Trade Center Branch | No. 547, Guangfu S. Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | (02)23457171 | MBBTTWTP102 |
| Yung Trin Branch | No. 552, Sec. 5, Chung Hsiao E. Rd., Taipei City, Taiwan, R.O.C. | (02)23467171 | MBBTTWTP103 |
| Nan Kang Branch | No. 19-2, Sanchong Rd., Nangang Dist., Taipei City, Taiwan, R.O.C. | (02)26553771 | MBBTTWTP105 |
| Sung Nan Branch | No. 161, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | (02)27647171 | MBBTTWTP110 |
| Dong Hu Branch | No. 152, Sec. 6, Minquan E. Rd., Naihu Dist., Taipei City, Taiwan, R.O.C. | (02)87929771 | MBBTTWTP111 |
| Ta An Branch | No. 92, Sec. 2, Dunhua S. Rd. Da'an Dist., Taipei City, Taiwan, R.O.C. | (02)27007171 | MBBTTWTP120 |
| Shuang Ho Branch | No. 356, Zhonghe Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C. | (02)22327171 | MBBTTWTP121 |
| Jim Ho Branch | No. 11, Qiaohu Rd., Zhonghe Dist., New Taipei City, Taiwan, R.O.C. | (02)22287171 | MBBTTWTP122 |
| Wu Ku Branch | No. 95, Wugong Rd., Wu Ku Industrial Zone, Xinzhuang Dist., New Taipei City, Taiwan, R.O.C. | (02)22987171 | MBBTTWTP130 |
| Lin Kou Branch | No. 188, Zhongshan Rd., Linkou Dist., New Taipei City, R.O.C. | (02)26037171 | MBBTTWTP131 |
| East Lin Kou Branch | No. 38-11, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. | (03)3287171 | MBBTTWTP132 |
| Pan Chiao Branch | No. 2-1, Mingde St., Banqiao Dist., New Taipei City, Taiwan, R.O.C. | (02)29687171 | MBBTTWTP140 |
| Shu Lin Branch | No. 217, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City, Taiwan, R.O.C. | (02)26757171 | MBBTTWTP141 |
| Tu Cheng Branch | No. 126, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City, Taiwan, R.O.C. | (02)22737171 | MBBTTWTP142 |
| Hwei Long Branch | No. 933, Zhongzheng Rd., Xinzhuang Dist., New Taipei City, Taiwan, R.O.C. (No.1, Sec.1, Wanshou Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C.) | (02)82097171 | MBBTTWTP143 |
| Xi Zhi Branch | No. 75, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan, R.O.C. | (02)26987171 | MBBTTWTP144 |
| San Xia Branch | No. 31, Daxue Rd., Sanxia Dist., New Taipei City, R.O.C. | (02)26739871 | MBBTTWTP148 |
| Kee Lung Branch | No. 9, Ai 3rd Rd., Ren'ai Dist., Keelung City, Taiwan, R.O.C. | (02)24237171 | |
| Pu Chya Branch (Banking Broker) | No. 51, Sec. 1, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan, R.O.C. | (02)29547171 | MBBTTWTP151 |
| North San Chung Branch | No. 137, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City, Taiwan, R.O.C. | (02)22867171 | MBBTTWTP152 |

| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|--|--|--------------|-------------|
| South San Chung Branch | No. 232, Sec. 1, Ziqiang Rd., Sanchong Dist., New Taipei City, Taiwan, R.O.C. | (02)29827171 | MBBTTWTP153 |
| Lu Chow Branch | No. 42, Yongle St., Luzhou Dist., New Taipei City, Taiwan, R.O.C. | (02)28477171 | MBBTTWTP154 |
| I Lan Branch | No. 305, Sec. 2, Zhongshan Rd., Yilan City, Yilan County, Taiwan, R.O.C. | (03)9367171 | MBBTTWTP160 |
| Lo Tung Branch | No. 15, Zhongzheng N. Rd., Luodong Township, Yilan County, Taiwan, R.O.C. | (03)9567171 | |
| Su Aw Branch | No. 96-1, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County, Taiwan, R.O.C. | (03)9965051 | |
| Yang Mei Branch | No. 10, Guangfu N. Rd., Yangmei Dist., Taoyuan City, Taiwan, R.O.C. | (03)4786111 | MBBTTWTP290 |
| Hu Kou Branch | No. 76, Sec. 1, Zhongcheng Rd., Hukou Township, Hsinchu County, Taiwan, R.O.C. | (03)5997171 | MBBTTWTP291 |
| Taoyuan Branch (Banking Broker) | No. 99, Zhonghua Rd., Taoyuan Dist., Taoyuan City, Taiwan, R.O.C. | (03)3317171 | MBBTTWTP300 |
| Ta Yuan Branch | No. 80, Zhongshan S. Rd., Dayuan Dist., Taoyuan City, Taiwan, R.O.C. | (03)3857171 | MBBTTWTP301 |
| Ta Shi Branch | No. 80, Fuxing Rd., Daxi Dist., Taoyuan City, Taiwan, R.O.C. | (03)3887171 | MBBTTWTP302 |
| Chung Li Branch | No. 157, Zhongshan Rd., Zhongli Dist., Taoyuan City, Taiwan, R.O.C. | (03)4277171 | MBBTTWTP310 |
| Nei Li Branch | No. 153, Zhongxiao Rd., Zhongli Dist., Taoyuan City, Taiwan, R.O.C. | (03)4557171 | MBBTTWTP311 |
| Hsin Ming Branch | No. 282, Minzu Rd., Zhongli Dist., Taoyuan City, Taiwan, R.O.C. | (03)4027171 | MBBTTWTP312 |
| East Taoyuan Branch | No. 1223, Sec. 2, Wanshou Rd., Guishan Dist., Taoyuan City, Taiwan, R.O.C. | (03)3297171 | MBBTTWTP313 |
| Hsin Wu Branch | No. 257, Zhongshan Rd., Xinwu Dist., Taoyuan City, Taiwan, R.O.C. | (03)4777171 | |
| Hsin Chu Branch | No. 100, Dongmen St., East Dist., Hsinchu City, Taiwan, R.O.C. | (03)5277171 | MBBTTWTP320 |
| Chu Pei Branch (Banking Broker) | No. 128, Xianzheng 9th Rd., Zhubei City, Hsinchu County, Taiwan, R.O.C. | (03)5517171 | MBBTTWTP321 |
| Hsinchu Science Based Industrial Park Branch | No. 198, Guanxin Rd., East Dist., Hsinchu City, Taiwan, R.O.C. | (03)5637171 | MBBTTWTP322 |
| Pa Te Branch | No. 789, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City, Taiwan, R.O.C. | (03)3767171 | MBBTTWTP330 |
| Luong Tan Branch | No. 64, Longyuan Rd., Longtan Dist., Taoyuan City, Taiwan, R.O.C. | (03)4807171 | MBBTTWTP332 |
| Chu Tung Branch | No. 88, Sec. 2, Beixing Rd., Zhudong Township, Hsinchu County, Taiwan, R.O.C. | (03)5947171 | MBBTTWTP340 |
| Chu Nan Branch | No. 29, Bo'ai St., Zhunan Township, Miaoli County Taiwan, R.O.C. | (037)467171 | MBBTTWTP350 |
| Tou Fen Branch | No. 90, Xinyi Rd., Toufen City, Miaoli County, Taiwan, R.O.C. | (037)687171 | MBBTTWTP351 |
| Maio Li Branch | No. 606, Zhongzheng Rd., Miaoli City, Taiwan, R.O.C. | (037)327171 | MBBTTWTP360 |
| Feng Yuan Branch (Banking Broker) | No. 1, Yuanfeng Rd., Fengyuan Dist., Taichung City, Taiwan, R.O.C. | (04)25267171 | MBBTTWTP460 |
| Tai Ping Branch (Banking Broker) | No. 27, Zhongxing E. Rd., Taiping Dist., Taichung City, Taiwan, R.O.C. | (04)22707171 | MBBTTWTP470 |



| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|-------------------------------------|---|--------------|-------------|
| Ta Chia Branch | No. 14, Zhenzheng Rd., Dajia Dist., Taichung City, Taiwan, R.O.C. | (04)26867171 | MBBTTWTP480 |
| Sha Lu Branch | No. 1023, Sec. 7, Taiwan Blvd., Shalu Dist., Taichung City, Taiwan, R.O.C. | (04)26657171 | MBBTTWTP482 |
| Wu Jih Branch | No. 616, Zhonghua Rd., Wuri Dist., Taichung City, Taiwan, R.O.C. | (04)23387171 | MBBTTWTP483 |
| Taichung Branch (Banking Broker) | No. 400, Sec. 1, Taiwan Blvd., Central Dist., Taichung City, Taiwan, R.O.C. | (04)22297171 | MBBTTWTP490 |
| Min Chen Branch | No. 84, Minquan Rd., Central Dist., Taichung City, Taiwan, R.O.C. | (04)22267171 | MBBTTWTP491 |
| Hsing Chung Branch | No. 136, Taizhong Rd., South Dist., Taichung City, Taiwan, R.O.C. | (04)22877171 | MBBTTWTP500 |
| Pei Tuen Branch | No. 53, Jinhua N. Rd., Beitun Dist., Taichung City, Taiwan, R.O.C. | (04)22307171 | MBBTTWTP501 |
| Nan Tou Branch | No. 139, Fuxing Rd., Nantou City, Nantou County, Taiwan, R.O.C. | (049)2237171 | MBBTTWTP510 |
| Tsao Tuen Branch | No. 604, Zhongzheng Rd., Caotun Township, Nantou County, Taiwan, R.O.C. | (049)2357171 | MBBTTWTP511 |
| Pu Li Branch | No. 434, Zhongzheng Rd., Puli Township, Nantou County, Taiwan, R.O.C. | (049)2997171 | |
| Tan Tze Branch | No. 135, Sec. 2, Zhongshan Rd., Tanzi Dist., Taichung City, Taiwan, R.O.C. | (04)25317171 | MBBTTWTP521 |
| Chu Shan Branch | No. 919, Sec. 3, Jishan Rd., Zhushan Township, Nantou County, Taiwan, R.O.C. | (049)2637171 | MBBTTWTP530 |
| Chang Hwa Branch | No. 61, Guangfu Rd., Changhua City, Changhua County, Taiwan, R.O.C. | (04)7257171 | MBBTTWTP540 |
| Ho Mei Branch | No. 8, He'an St., Hemei Township, Changhua County, Taiwan, R.O.C. | (04)7558131 | MBBTTWTP541 |
| Yuan Lin Branch | No. 16, Minquan St., Yuanlin City, Changhua County, Taiwan, R.O.C. | (04)8377171 | MBBTTWTP550 |
| Pei Tou Branch | No. 62, Gongqian St., Beidou Township, Changhua County, Taiwan, R.O.C. | (04)8877171 | MBBTTWTP560 |
| Erh Lin Branch | No. 2, Zhongzheng Rd., Erlin Township, Changhua County, Taiwan, R.O.C. | (04)8957171 | MBBTTWTP561 |
| Tou Liu Branch | No. 109, Datong Rd., Douliu City, Yunlin County, Taiwan, R.O.C. | (05)5347171 | MBBTTWTP660 |
| Pei Kang Branch | No. 65, Wenhua Rd., Beigang Township, Yunlin County, Taiwan, R.O.C. | (05)7827171 | MBBTTWTP670 |
| Hu Wei Branch | No. 45, Heping Rd., Huwei Township, Yunlin County, Taiwan, R.O.C. | (05)6337171 | |
| Chia Yi Branch (Banking Broker) | No. 132, Guanghua Rd., Chiayi City, Taiwan, R.O.C. | (05)2287171 | MBBTTWTP680 |
| Ming Hsiung Branch (Banking Broker) | No. 83, Sec. 3, Jianguo Rd., Minxiong Township, Chiayi County, Taiwan, R.O.C. | (05)2207171 | MBBTTWTP681 |
| Chia Hsin Branch | No. 766, Hsinming Rd., West Dist., Chiayi City, Taiwan, R.O.C. | (05)2867171 | MBBTTWTP686 |
| Hsin Ying Branch | No. 216, Zhongshan Rd., Xinying Dist., Tainan City, Taiwan, R.O.C. | (06)6357171 | MBBTTWTP690 |
| Kai Yuan Branch | No. 12, Zhonghua Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C. | (06)3117171 | MBBTTWTP691 |
| Yun Kang Branch | No. 79, Zhongzheng S. Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C. | (06)2517171 | MBBTTWTP700 |

| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|---|---|-------------|-------------|
| Shiue Chia Branch | No. 87, Zhongshan Rd., Xuejia Dist., Tainan City, Taiwan, R.O.C. | (06)7837171 | MBBTTWTP701 |
| Shan Hwa Branch | No. 352, Zhongshan Rd., Shanhu Dist., Tainan City, Taiwan, R.O.C. | (06)5816111 | MBBTTWTP702 |
| Yung Ta Branch | No. 1532, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City, Taiwan, R.O.C. | (06)2337171 | MBBTTWTP703 |
| Tainan Branch (Banking Broker) | No. 185, Zhongzheng Rd., West Central Dist., Tainan City, Taiwan, R.O.C. | (06)2247171 | MBBTTWTP710 |
| Jen Te Branch | No. 339, Zhongshan Rd., Rende Dist., Tainan City, Taiwan, R.O.C. | (06)2797171 | MBBTTWTP711 |
| Cheng Kung Branch | No. 25, Gongyuan Rd., West Central Dist., Tainan City, Taiwan, R.O.C. | (06)2217171 | MBBTTWTP720 |
| East Tainan Branch | No. 75, Sec. 2, Zhonghua E. Rd., East Dist., Tainan City, R.O.C. | (06)2687171 | MBBTTWTP721 |
| An Ping Branch | No. 67, Sec. 1, Zhonghua W. Rd., South Dist., Tainan City, R.O.C. | (06)2657171 | MBBTTWTP730 |
| Hua Lien Branch | No. 247, Zhongshan Rd., Hualien City, Hualien County, Taiwan, R.O.C. | (03)8357171 | MBBTTWTP760 |
| Tai Tung Branch | No. 335, Sec. 1, Zhonghua Rd., Taitung City, Taitung County, Taiwan, R.O.C. | (089)327171 | |
| East Kaohsiung Branch | No. 249, Zhongzheng 1st Rd., Lingya Dist., Kaohsiung City, Taiwan, R.O.C. | (07)7167171 | MBBTTWTP820 |
| Kang Shan Branch (Banking Broker) | No. 412, Gangshan Rd., Gangshan Dist., Kaohsiung City, Taiwan, R.O.C. | (07)6227171 | MBBTTWTP830 |
| North Feng Shan Branch | No. 28, Sec. 3, Jianguo Rd., Fengshan Dist., Kaohsiung City, Taiwan, R.O.C. | (07)7767171 | MBBTTWTP840 |
| Ling Ya Branch | No. 31, Qingnian 1st Rd., Lingya Dist., Kaohsiung City, Taiwan, R.O.C. | (07)5377171 | MBBTTWTP841 |
| Kaohsiung Branch | No. 79, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City, Taiwan, R.O.C. | (07)2717171 | MBBTTWTP850 |
| North Kaohsiung Branch (Banking Broker) | No. 90, Fuxing 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan, R.O.C. | (07)2387171 | MBBTTWTP851 |
| Ta Chang Branch | No. 116, Dachang 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan, R.O.C. | (07)3827171 | |
| Chien Chen Branch | No. 378-3, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan, R.O.C. | (07)5355171 | MBBTTWTP853 |
| Jeou Ru Branch (Banking Broker) | No. 255, Jiuru 2nd Rd., Sanmin Dist., Kaohsiung City, Taiwan, R.O.C. | (07)3137171 | MBBTTWTP860 |
| San Ming Branch (Banking Broker) | No. 153, Zhongshan 1st Rd., Xinxing Dist., Kaohsiung City, Taiwan, R.O.C. | (07)2867171 | MBBTTWTP870 |
| Feng Shan Branch | No. 157, Zhongshan Rd., Fengshan Dist., Kaohsiung City, Taiwan, R.O.C. | (07)7107171 | |
| Ta Fa Branch | No. 5-3, Guanghua Rd., Daliao Dist., Kaohsiung City, Taiwan, R.O.C. | (07)7887171 | MBBTTWTP881 |
| Ping Tung Branch (Banking Broker) | No. 7, Hankou St., Pingtung City, Pingtung County, Taiwan, R.O.C. | (08)7327171 | |
| Xiao Gang Branch | No. 718, Hongping Rd., Xiaogang Dist., Kaohsiung City, Taiwan, R.O.C. | (07)8016171 | MBBTTWTP891 |
| Chiao Chou Branch | No. 100, Xinsheng Rd., Chaozhou Township, Pingtung County, Taiwan, R.O.C. | (08)7807171 | |



| TBB'S OFFICES | ADDRESS | TEL NO. | SWIFT CODE |
|------------------------------|---|----------------|-------------|
| Offshore Banking Unit | 3F, No. 30, Ta Cheng St., Taipei, Taiwan, R.O.C. | (02)25597171 | MBBTTWTP893 |
| Los Angeles Branch | 633, West 5th St. Suite 2280, Los Angeles, CA 90071, U.S.A. | 1-213-8921260 | MBBTUS6L |
| Hong Kong Branch | Suite 2705-9, 27F, Tower 6, The Gateway, No. 9 Canton Road, Tsimshasui, Kowloon, Hong Kong | 852-29710111 | MBBTHKHH |
| Sydney Branch | Suite 601, Level 6, 60 Carrington Street, Sydney NSW 2000, Australia | 61-2-92623356 | MBBTAU2S |
| Brisbane Branch | Suite 903, Level 9, 239 George Street, Brisbane, QLD 4000, Australia | 61-7-33173000 | MBBTAU2SBRI |
| Shanghai Branch | Room 3806, 38F, Longemont Yes Tower, 399 Kaixuan Road, Changning District, Shanghai 200051, China | 86-21-62627171 | MBBTCNSH |
| Wuhan Branch | 17F, Building 2, 108 Zhongbei Road, Wuchang District, Wuhan, Hubei Province 430077, China | 86-27-59817171 | MBBTCNSHWUH |
| New York Branch | 32 Old Slip, 5F, New York, NY 10005, U.S.A. | 1-646-213-3258 | MBBTUS33 |
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Chair

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