Stock code: 5876
Taiwan Stock Exchange

The Shanghai Commercial & Savings Bank, Ltd.

Standalone Financial Statements for the Year Ended December 31, 2023 and 2022 and Independent Auditors' Report

Address: 149, Sec.2, Min Sheng E. Rd., Taipei, Taiwan
Telephone: 886-2-2581-7111

Table of Contents

pwc 資誠

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of The Shanghai Commercial & Savings Bank, Ltd.

Opinion

We have audited the accompanying balance sheet of The Shanghai Commercial & Savings Bank, Ltd. (the "Bank") as at December 31, 2023, and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and Standards on Auditing of Taiwan. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the Norm of Professional Ethics for Certified Public Accountant of Taiwan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter for the Bank's financial statements of the current period is stated as follows:

Allowance for credit losses of discounts and loans

Description

The core business of the Bank is granting loans, which is significant to the accompanying financial statements for the current period. The impairment assessment of discounts and loans is conducted in accordance with International Financial Reporting Standards 9 ("IFRS 9") 'Financial instruments' and relevant regulations of allowance for credit losses promulgated by competent authorities. Management evaluates the impairment of discounts and loans using the expected credit loss model, with assumptions made based on past events, current market conditions and forward-looking information, to assess whether there is significant increase of credit risk since initial recognition to measure allowance of credit losses. In addition, credit losses for credit-impaired loans are evaluated based on recoverable amounts. Please refer to Notes 4, 5, 14 and 39 of the financial statements for relevant information on impairment of discounts and loans. The evaluation of allowance for credit losses of discounts and loans involves significant judgments such as accounting estimates and management's assumptions, and shall comply with relevant regulations and interpretations. The measurement results would impact the amount recognized directly. Thus, we have determined the allowance of credit losses of discounts and loans as the key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Obtained an understanding and performed sample tests of internal controls as well as operation procedures related to management's evaluation of credit losses;
2. Sampled and tested whether parameter assumptions adopted in the expected credit loss model including probability of default, loss given default and exposure at default are in accordance with existing policies;
3. Sampled and tested credit-impaired cases with material amounts which were assessed individually;
4. Assessed whether the allowance for credit losses of discounts and loans is in compliance with relevant regulations of the competent authorities.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Taiwan 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 Taiwan, 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 entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Other matter – Prior period financial statements audited by other auditors

The parent company only financial statements of the Bank for the year ended December 31, 2022 were audited by other auditors who expressed an unqualified opinion on those statements on March 8, 2023.

Puo-Ju Kuo Wei-Tai Wu
For and on behalf of PricewaterhouseCoopers, Taiwan
February 27, 2024

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Codes	ASSETS	December 31, 2023 Amount	%	December 31, 2022 (Adjusted) Amount	%
11000	Cash and cash equivalents (Note 6)	$ 28,209,353	2	$ 33,541,590	2
11500	Due from the Central Bank and call loans to banks (Note 7)	83,730,081	5	119,437,332	8
12000	Financial assets measured at fair value through profit or loss (Note 8)	1,458,935	-	1,986,652	-
12100	Financial assets measured at fair value through other comprehensive income (Notes 9 and 11)	230,163,280	14	199,170,985	13
12200	Investments in debt instruments measured at amortized cost (Notes 10 and 11)	237,245,205	15	192,358,751	13
12500	Securities purchased under resell agreements (Note 12)	5,421,476	-	-	-
13000	Receivables, net (Note 13)	10,668,014	1	8,790,407	1
13200	Current income tax assets (Note 32)	-	-	143	-
13500	Discounts and loans, net (Note 14)	866,277,449	55	840,002,195	56
15000	Investments under the equity method, net (Note 15)	89,537,380	6	83,599,886	5
15500	Other financial assets, net (Note 16)	3,497	-	-	-
18500	Properties, net (Note 17)	14,317,913	1	12,994,755	1
18600	Right-of-use assets, net (Note 18)	731,466	-	764,585	-
19000	Intangible assets, net (Note 19)	417,440	-	315,822	-
19300	Deferred income tax assets (Note 32)	2,201,575	-	2,022,262	-
19500	Other assets, net (Note 20 and 29)	13,520,631	1	8,520,247	1
10000	Total assets	$ 1,583,903,695	100	$ 1,503,505,612	100
Codes	**LIABILITIES AND EQUITY**				
21000	Deposits from the central bank and other banks (Note 21)	$ 14,226,206	1	$ 12,109,095	1
22000	Financial liabilities measured at fair value through profit or loss (Note 8)	4,095,240	-	3,435,146	-
22500	Securities sold under repurchase agreements (Note 22)	591,289	-	781,568	-
23000	Payables (Note 23)	27,415,253	2	25,714,122	2
23200	Current income tax liabilities (Note 32)	669,929	-	1,245,964	-
23500	Deposits and remittances (Note 24)	1,274,561,694	80	1,218,395,510	81
24000	Bank debentures (Note 25)	58,070,000	4	56,070,000	4
25500	Other financial liabilities (Note 26)	6,559,273	-	2,499,732	-
25600	Provisions (Notes 27 and 29)	2,175,537	-	1,617,087	-
26000	Lease liabilities (Note 18)	743,625	-	772,365	-
29300	Deferred income tax liabilities (Note 32)	10,527,881	1	10,155,644	1
29500	Other liabilities (Note 28)	950,724	-	928,471	-
20000	Total liabilities	1,400,586,651	88	1,333,724,704	89
	Equity (Note 30)				
	Share capital				
31101	Ordinary shares	48,616,031	3	48,616,031	3
31500	Capital surplus	27,548,445	2	27,405,763	2
	Retained earnings				
32001	Legal reserve	64,476,033	4	64,476,033	4
32003	Special reserve	13,252,879	1	7,669,374	1
32005	Unappropriated earnings	28,987,035	2	28,537,216	2
32000	Total retained earnings	106,715,947	7	100,682,623	7
32500	Other equity	519,765	-	(6,840,365)	(1)
32600	Treasury shares	(83,144)	-	(83,144)	-
30000	Total equity	183,317,044	12	169,780,908	11
	Total liabilities and equity	$ 1,583,903,695	100	$ 1,503,505,612	100

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Comprehensive Income
For the Year ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

Codes		For the Year Ended December 31 2023 Amount	%	2022 Amount	%	Change %
41000	Interest income	$ 38,399,936	135	$ 24,028,423	86	60
51000	Interest expenses	(18,624,590)	(65)	(7,742,933)	(28)	141
49010	Net interest income (Notes 31)	19,775,346	70	16,285,490	58	21
	Non-interest income					
49100	Service fee income, net (Note 31)	3,003,380	10	3,059,695	11	(2)
49200	Gain on financial assets and liabilities measured at fair value through profit or loss (Note 31)	(1,146,870)	(4)	(1,871,819)	(7)	(39)
49310	Realized gain on financial assets measured at fair value through other comprehensive income (Note 31)	1,649,117	6	1,625,146	6	1
49450	Gain on financial assets measured at amortized cost	19,905	-	-	-	-
49600	Foreign exchange gain, net	1,372,358	5	2,759,558	10	(50)
49700	Impairment gain (loss) on assets	39,453	-	(85,945)	-	(146)
49750	Proportionate share of profit of associates under the equity method (Note 31)	3,954,943	14	6,046,724	21	(35)
49800	Other non-interest income, net (Note 31)	(257,491)	(1)	282,913	1	(191)
49020	Total non-interest income	8,634,795	30	11,816,272	42	(27)
4xxxx	Net revenue	28,410,141	100	28,101,762	100	1
58200	Provisions for bad-debt expense, commitment and guarantee liability (Note 14)	(2,700,000)	(10)	(2,800,037)	(10)	(4)
	Operating expenses					
58500	Employee benefits (Note 31)	(5,281,133)	(18)	(5,332,083)	(19)	(1)
59000	Depreciation and amortization (Note 31)	(799,624)	(3)	(679,051)	(2)	18
59500	Other general and administrative	(3,144,526)	(11)	(2,669,450)	(10)	18
58400	Total operating expenses	(9,225,283)	(32)	(8,680,584)	(31)	6
61001	Profit before income tax	16,484,858	58	16,621,141	59	(1)
61003	Income tax expense (Note 32)	(1,824,863)	(6)	(1,683,271)	(6)	8
64000	Net income	$ 14,659,995	52	$ 14,937,870	53	(2)
	Other comprehensive income (loss)					
	Items that will not be reclassified subsequently to profit or loss:					
65201	Remeasurement of defined benefit plans	(118,857)	(1)	98,703	-	(220)
65204	Gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	2,756,301	10	(3,166,163)	(11)	(187)
65205	Financial liabilities designated at FVTPL which the amount of change derived from credit risk (Note 8)	32,147	-	(60,356)	-	(153)
65207	Proportionate share of other comprehensive income of associates under the equity method	731,995	3	(1,619,592)	(6)	(145)
65220	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 32)	64,559	-	(19,167)	-	(437)
65200	Subtotal of items that will not be reclassified subsequently to profit or loss	3,466,145	12	(4,766,575)	(17)	(173)
	Items that may be reclassified subsequently to profit or loss:					
65301	Exchange differences on translating foreign operations	(70,185)	-	8,748,570	31	(101)
65307	Share of the other comprehensive income of associates accounted for using the equity method	1,950,177	7	(5,188,650)	(18)	(138)
65309	Gain (loss) on debt instruments measured at fair value through other comprehensive income	2,469,935	8	(7,840,494)	(28)	(132)
65310	Loss allowance for debt instruments measured at fair value through other comprehensive income (Note 11)	(43,086)	-	81,910	-	(153)
65320	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 32)	(288,641)	(1)	(466,272)	(1)	(38)
65300	Subtotal of items that may be reclassified subsequently to profit or loss	4,018,200	14	(4,664,936)	(16)	(186)
65000	Other comprehensive income for the period, net of income tax	7,484,345	26	(9,431,511)	(33)	(179)
66000	Total comprehensive income for the period	$ 22,144,340	78	$ 5,506,359	20	302
	Earnings per share (Note 33)					
67500	Basic	$ 3.02		$ 3.33		
67700	Diluted	$ 3.02		$ 3.33		

The accompanying notes are an integral part of the standalone financial statements

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Changes in Equity
For the Year ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Codes		Share Capital		Retained Earnings (Note 30)			Other Equity				
		Ordinary Shares (Note 30)	Capital Surplus (Note 30)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Change in Financial Assets at FVTOCI	Change in Credit Risk From Financial Liabilities Designated at FVTPL	Treasury Shares (Note 30)	Total Equity
A1	Balance on January 1, 2022	$ 44,816,031	$ 16,666,144	$ 60,224,639	$ 7,669,374	$ 27,585,920	$ (6,863,788)	$ 7,762,578	$ 24,062	$ (83,144)	$ 157,801,816
D1	Net profit for the year ended December 31, 2022	-	-	-	-	14,937,870	-	-	-	-	14,937,870
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	79,274	6,737,324	(16,187,753)	(60,356)	-	(9,431,511)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	15,017,144	6,737,324	(16,187,753)	(60,356)	-	5,506,359
	Appropriation of 2021 earnings										
B1	Legal reserve	-	-	4,251,394	-	(4,251,394)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(8,066,886)	-	-	-	-	(8,066,886)
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	112,407	-	-	-	-	-	-	-	112,407
E1	Issue of ordinary shares for capital increase by cash	3,800,000	10,260,000	-	-	-	-	-	-	-	14,060,000
N1	Share-based payment transaction	-	357,732	-	-	-	-	-	-	-	357,732
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(1,747,568)	-	1,747,568	-	-	-
Z1	Balance on December 31, 2022	$ 48,616,031	$ 27,405,763	$ 64,476,033	$ 7,669,374	$ 28,537,216	$ (126,464)	$ (6,677,607)	$ (36,294)	$ (83,144)	$ 169,780,908
A1	Balance on January 1, 2023	$ 48,616,031	$ 27,405,763	$ 64,476,033	$ 7,669,374	$ 28,537,216	$ (126,464)	$ (6,677,607)	$ (36,294)	$ (83,144)	$ 169,780,908
D1	Net profit for the year ended December 31, 2023	-	-	-	-	14,659,995	-	-	-	-	14,659,995
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(59,213)	(295,231)	7,806,642	32,147	-	7,484,345
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	14,600,782	(295,231)	7,806,642	32,147	-	22,144,340
	Appropriation of 2022 earnings										
B3	Special reserve	-	-	-	5,583,505	(5,583,505)	-	-	-	-	-
B9	Cash dividends	-	-	-	-	(8,750,886)	-	-	-	-	(8,750,886)
C7	Changes in capital surplus from investments in associates under the equity method	-	9,480	-	-	-	-	-	-	-	9,480
C17	Dividends not yet collected	-	133,202	-	-	-	-	-	-	-	133,202
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	183,428	-	(183,428)	-	-	-
Z1	Balance on December 31, 2023	$ 48,616,031	$ 27,548,445	$ 64,476,033	$ 13,252,879	$ 28,987,035	$ (421,695)	$ 945,607	$ (4,147)	$ (83,144)	$ 183,317,044

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

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Cash Flows
For the Year ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31 2023	2022 (Adjusted)
	Cash flows from operating activities		
A00010	Net profit before income tax	$ 16,484,858	$ 16,621,141
A20010	Adjustments to reconcile net profit to net cash provided by operating activities		
A20100	Depreciation expenses	554,005	499,761
A20200	Amortization expenses	245,619	179,290
A20300	Provisions for bad debt expense, commitment and guarantee liability	2,700,000	2,800,037
A20400	(Gain) loss on financial assets and liabilities at fair value through profit or loss	(216,148)	(202,500)
A20900	Interest expenses	18,624,590	7,742,933
A21200	Interest revenue	(38,399,936)	(24,028,423)
A21300	Dividend income	(1,587,756)	(1,366,011)
A21800	Provision for reconciliation compensation reserves	338,031	-
A21900	Share-based payment transaction	-	357,732
A22400	Proportionate share of profit of subsidiaries	(3,954,943)	(6,046,724)
A22500	Gain on disposal of properties and equipment, net	9,431	(186,405)
A23500	Loss on financial asset impairment	(39,453)	86,486
A23800	Reversal of impairment on non-financial assets	-	(541)
A29900	Others	(338,001)	(942,439)
A40000	Changes in operating assets and liabilities		
A41110	Due from the central bank and call loans to banks	19,111,174	(9,516,147)
A41120	Financial assets measured at fair value through profit or loss	1,193,478	400,954
A41123	Financial assets measured at fair value through other comprehensive income	(25,781,141)	21,052,813
A41125	Investment in debt instruments measured at amortized cost	(44,888,433)	(42,461,458)
A41150	Receivables	(487,498)	301,653
A41160	Discounts and loans	(28,904,995)	(83,964,062)
A41190	Other financial assets	(3,450)	5,037
A41990	Other assets	(5,059,465)	(1,183,147)
A42110	Deposits from the central bank and other banks	2,117,111	(3,995,649)
A42120	Financial liabilities at fair value through profit or loss	242,629	420,671
A42140	Securities sold under repurchase agreements	(190,279)	(13,723,456)
A42150	Payables	469,649	946,030
A42160	Deposits and remittances	56,166,184	167,955,948
A42170	Other financial liabilities	4,059,541	(323,507)
A42180	Employee benefit provisions	31,499	(121,358)
A42990	Other liabilities	22,250	(239,358)
A33000	Cash from (used in) operations	(27,481,449)	31,069,301
A33100	Interest received	36,848,013	22,583,231
A33200	Dividends received	2,257,077	2,064,136
A33300	Interest paid	(17,252,363)	(6,717,781)
A33500	Income tax paid	(1,971,417)	(1,200,691)
AAAA	Net cash from (used in) operating activities	(7,600,139)	47,798,196

(Continued)

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD.
Statements of Cash Flows
For the Year ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Codes		For the Year Ended December 31 2023	2022 (Adjusted)
	Cash flows from investing activities		
B02700	Acquisition of properties	$ (1,559,452)	$ (967,318)
B02800	Proceeds from disposal of properties	6,568	326,800
B04500	Acquisition of intangible assets	(290,899)	(255,639)
BBBB	Net cash from (used in) investing activities	(1,843,783)	(896,157)
	Cash flows from financing activities		
C00400	Decrease in funds borrowed from central bank and Banks	-	(17,787,080)
C01400	Proceeds from issuance of bank debentures	2,607,600	4,070,000
C01500	Payments for bank debentures	(625,400)	(14,950,000)
C04020	Payments for principal portion of lease liabilities	(331,101)	(316,074)
C04500	Cash dividends	(8,750,886)	(8,066,886)
C04600	Proceeds from capital increase by cash	-	14,060,000
C05400	Acquisition of subsidiaries	-	(626,400)
CCCC	Net cash from (used in) financing activities	(7,099,787)	(23,616,440)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	36,871	1,103,351
EEEE	Net (decrease) increase in cash and cash equivalents	(16,506,838)	24,388,950
E00100	Cash and cash equivalents at the beginning of the period	100,038,929	75,649,979
E00200	Cash and cash equivalents at the end of the period	$ 83,532,091	$ 100,038,929

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

Codes		December 31, 2023	December 31, 2022
E00210	Cash and cash equivalents in balance sheets	$ 28,209,353	$ 33,541,590
E00220	Due from the Central Bank and call loans to banks which fall within the definition of cash and cash equivalents under IAS 7	49,901,262	66,497,339
E00230	Securities purchased under resale agreements which fall within the definition of cash and cash equivalents under IAS 7	5,421,476	-
E00200	Cash and cash equivalents in statements of cash flows	$ 83,532,091	$ 100,038,929

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

(Expressed in thousands of New Taiwan Dollars, unless otherwise stated)

1. ORGANIZATION AND OPERATIONS

The Shanghai Commercial & Savings Bank(the "Bank") is incorporated in Taiwan and engages in the commercial banking businesses under related laws and regulations. The shares of the Bank have been listed and traded on the Taiwan Stock Exchange since October 19, 2018.

The Bank has its head office in Taipei and 76 branches, including 4 foreign branches separately located in Wuxi China, Vietnam Dong Nai, Hong Kong and Singapore.

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

2. AUTHORIZATION OF FINANCIAL STATEMENTS

On February 27, 2024, the financial statements were approved by the board of directors and issued afterward.
.

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

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

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

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"	May 23, 2023

The Bank assesses the applicable amendments to the IFRSs approved and issued by the FSC will not result in significant changes to the Bank's accounting policies.

3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Bank.

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Amendments to IAS 7 and IFRS 7” supplier finance arrangements”	January 1, 2024

3.3 IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21“ Lack of Exchangeability”	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

These standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4.2 Basis of Preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and pension plans which are measured in accordance with the actuarial assumptions.

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

4.2.1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

4.2.2 Level 2 inputs are observable parameters other than quoted prices included within Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

4.2.3 Level 3 inputs are unobservable inputs for an asset or liability.

When the Bank prepared the financial statements, its investments in subsidiaries and associates were accounted for using the equity method. To make the current loss and profit as well as the other comprehensive income and equity equal to the current loss and profit and the other comprehensive income and equity which are attributable to the owners of the Bank in the consolidated financial statements, “equity investments under the equity method”, the “share of profit or loss of subsidiaries, associates and joint ventures”, and the “share of the other comprehensive income of subsidiaries, associates and joint ventures” were adjusted.

4.3 Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the banking industry cannot be reasonably identified, accounts included in The Bank’s consolidated financial statements are not classified as current or non-current. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by liquidity.

4.4 Foreign Currencies

In preparing the financial statements of each individual entity in The Bank, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of The Bank’s foreign operations (including of the associates or branches in other countries or currencies used are different from the currency of the Bank) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Bank and non-controlling interests as appropriate).

4.5 Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when The Bank becomes one of the parties of the contract.

For financial assets and financial liabilities other than financial assets or financial liabilities at fair value through profit or loss (FVTPL), the fair value is directly attributable to the transaction costs of acquiring or issuing financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognized as current expenses.

4.5.1 Financial assets

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

(1) Measurement

The Bank owns financial assets which are classified into the following specified categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

A. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on re-measurement (excluding any dividends or interest arising from such financial assets) recognized in profit or loss. Fair value is determined in the manner described in Note 39.

B. Financial assets at amortized cost

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

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

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

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

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

a. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
b. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

Cash equivalents include accounts due from the Central Bank that are highly liquid, convertible into fixed cash at any time, and have a low-risk of value changes within three months from the date of acquisition, which are used to meet short-term cash commitments.

C. Investments in debt instruments at FVTOCI

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

a. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

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

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

D. Investments in equity instruments at FVTOCI

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

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

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

(2) Impairment of financial assets

The Bank recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including discounts and loans and accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, loan commitments, as well as contract assets at the estimated credit loss on each balance sheet date.

For such financial assets, The Bank recognizes lifetime expected credit losses (ECLs) when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, The Bank measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

Under the guidelines of the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Banking Bureau of the Financial Supervisory Commission, the credit accounts are categorized into five groups: Normal credit assets, assets that require special mention, substandard assets, doubtful assets and full-amount loss based on clients' financial conditions. After assessing the value of the collateral, The Bank will assess the possibilities of recovery.

Under the above guidelines, in addition to the minimum standard allowance for all accounts, allowance is provided for accounts classified as normal (except government accounts), accounts with notice, accounts with warning, difficult accounts and uncollectible accounts at rates of 1%, 2%, 10%, 50%, and 100%, respectively.

According to the local statutes, the Bank's allowances for bad debts and guarantee liabilities for the "acquisition of residential home repair loans and construction loans" and "category one credit assets (including short-term trade financing) due from PRC businesses" should be at least 1.5%. In addition, the minimum allowance for bad debts for SME loans handled in accordance with the " Regulations for the Central Bank's Handling of Bank Acceptance of SME Loans Affected by the Severe Special Contagious Pneumonia Epidemic" is 0.5%.

Debts that are determined to be uncollectible are written off after being reported to the board of directors for approval.

(3) Derecognition of financial assets

When the contractual rights from the cash flows of financial assets have lapsed or the financial assets and all the risks and rewards of the assets have been transferred to other enterprises, the financial assets are derecognized.

When a financial asset is totally derecognized, the difference between the carrying amount and the sum of any accumulated gain or loss recognized in other comprehensive income is recognized as profit or loss.

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

On derecognition of a financial asset other than in its entirety, The Bank allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

4.5.2 Equity instruments

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

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

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

4.5.3 Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using effective interest rate, except for the following situations:

A. Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on such financial liability.

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

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

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

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

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which does not incorporate any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 39.

B. Financial guarantee contracts

The financial guarantee contracts issued by The Bank and not measured at FVTPL are measured at the higher of the allowance for the expected credit losses and the amortized amount after initial recognition.

(2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.5.4 Derivatives

Derivatives signed by The Bank include forward foreign exchange contracts, interest rate swaps and others to manage The Bank's interest rate and exchange rate risk**.**

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

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

4.6 Investment in Associates

An associate is an entity over which The Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Bank applies equity method to account for investments in associates.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize The Bank's share of the profit or loss and other comprehensive income of the associate. The Bank also recognizes the changes in The Bank's share of equity of associates attributable to The Bank.

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

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

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

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

4.7 Non-performing Loans

Under the guidelines of "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the balance of loans and other credits extended by the Bank and the related accrued interest thereon are classified as non-performing.

Non-performing loans in the lending business are classified as discounts and loans; otherwise, are classified as other financial assets.

4.8 Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resale agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

4.9 Properties and Equipment

Properties and equipment are stated at cost, less recognized accumulated depreciation.

Any gain or loss on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.10 Intangible Assets

Intangible assets that have finite useful lives and are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life is assumed to be zero unless The Bank expects to dispose of the intangible asset before the end of its economic life. Change in accounting estimate takes effect prospectively.

Any gain or loss on the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.11 Impairment of Property and Equipment, Right-of-Use Assets, Intangible Assets Other Than Goodwill

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

4.12 Collaterals Assumed

Collaterals assumed are recorded at their appraised values. At balance sheet date, these collaterals are individually revalued at the lower of cost or net realizable value.

4.13 Provisions

Provisions are recognized when The Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that The Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

4.14 Revenue Recognition

Interest revenue from loans is estimated on accrual basis. Interest revenue from non-performing Bank-extended loans and other credits are recognized only when collection is made. In accordance with the Ministry of Finance regulations, the interest from the relief and extension of specific loans is recorded as deferred income and recognized as income upon collection. Service fees are recorded as income upon receipt or when the related services are substantially completed.

The costs of acquisition of loans and accounts receivable and extra fees received are accounted for as adjustments to the book value and the effective interest of loans and accounts receivable.

Dividend revenue is recognized when the right of shareholder to receive dividend is established. The premise is that the economic benefits associated with the transaction are likely to flow into The Bank and the amount of revenue can be reliably measured.

4.15 Leasing

The Bank assesses whether the contract is (or includes) a lease on the contract date. For contracts that include the lease and non-lease components, The Bank distributes the consideration in the contract on a relatively separate price basis and deals with them separately.

4.15.1 The Bank as lessor

When the lease terms transfer almost all the risks and rewards attached to the ownership of the assets to the lessee, the leases are classified as finance leases. All other leases are classified as operating leases.

Under finance leases, lease payments include fixed payments, substantially fixed payments, variable lease payments which depend on an index or a rate, guaranteed residual values, and the exercise price of the purchase option that is reasonably certain to be exercised, and the rental termination penalties reflected in the lease term, less the incentives for the lease to be paid. The net amount of the lease investment is measured as the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct costs and expressed as a finance lease receivable. The financing income is apportioned to each accounting period so as to reflect a periodic fixed rate of return that The Bank's unexpired net lease investment is available for each period. Under operating leases, the lease payments deducted from the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct costs incurred in obtaining the operating leases are added to the carrying amount of the underlying assets and recognized as an expense on a straight-line basis over the lease terms.

4.15.2 The Bank as lessee

The Bank recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight line basis over the lease terms. Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

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

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

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

4.16 Employee Benefits

4.16.1 Short-term employee benefits

Liabilities related to short-term employee benefits are measured and recognized at the undiscounted amount expected to be paid to employees for their services.

4.16.2 Retirement benefit costs

The Bank currently has both defined contribution and defined benefit retirement plans for its employees. Pursuant to local rules, employees working overseas are enrolled in defined contribution retirement benefit plan.

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in The Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

4.16.3 Employee preferential deposits

The Bank provides current and retired employees preferential interests rates for deposits under certain balances. Differences between preferential rate and interest at market rate are recognized as employee benefits.

Under rule No. 30 of the Regulations Governing the Preparation of Financial Reports by Public Banks, post-retirement preferential interests provided to retired employees should be measured and recognized using actuarial calculation pursuant to IAS No. 19 if variables for use in the actuarial assumptions are stipulated in official governing rules, then the rules should be applied first.

4.16.4 Other long-term employee benefits

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be issued for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

4.17 Share-based payment arrangements

The fair value at the acquisition date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Bank's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. It is recognized as an expense in full at the grant date if vested immediately. The Bank applies for cash capital increase to reserve employee subscriptions, and the acquisition date is based on the day when the number of shares subscribed by employees is confirmed.

4.18 Taxation

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

4.18.1 Current tax

The Bank determines the current income (loss) in accordance with the laws and regulations established by each jurisdiction of income tax declaration., and calculates the payable (recoverable) income tax.

According to the Taiwan Income Tax Law, an additional tax on unappropriated earnings is recognized in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

4.18.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized on all taxable temporary differences. Deferred tax assets are recognized on deductible temporary difference and loss carry forwards provided that taxable income will be available for use in deducting the benefits of the temporary differences probably.

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

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

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

4.18.3 Current tax and deferred tax of the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTY IN ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions of main sources of uncertainty

Estimated impairment of financial assets

Estimates of impairment on loans and receivables are based on management’s assumptions about default rates and expected loss rates. The Bank considers historical experience, current market conditions and forward-looking information to make assumptions and select input values for impairment assessments. Refer to Note 39 for the important assumptions and input values used. If the actual cash flows in the future are less than expected, significant impairment losses may occur.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022	January 1, 2022
Cash in hand and working fund	$ 9,954,706	$ 12,739,532	$ 13,216,634
Checks for clearing	2,601,367	2,423,884	2,973,308
Due from banks - domestic	4,202,416	5,132,272	8,824,906
Due from banks - foreign	11,450,864	13,245,902	14,693,129
	$ 28,209,353	$ 33,541,590	$ 39,707,977

As of the IFRSs Q&A regulations revised by the authority on January 5, 2024, the unused balance in the derived account according to the "Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds" are reclassified from investment in debt instruments measured at amortized cost to cash in hand and working fund of cash and cash equivalents, as of $9,822,496 thousand and $9,381,129 thousand on December 31 and January 1, 2022, to $12,739,532 thousand and $13,216,634 thousand, respectively.

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

	December 31, 2023	December 31, 2022
Call loans to banks	$ 32,602,138	$ 77,556,933
Deposit reserves - I	19,737,639	12,780,472

Deposit reserves - II	31,192,990	28,882,268
Deposit reserves - foreign currency	197,314	217,659
	$ 83,730,081	$ 119,437,332

Deposit reserves are statutory reserves and determined monthly at prescribed rates based on average balances of customers' deposits. The entire balance of deposit reserve - II is subject to withdrawal restrictions while no restrictions are placed on other deposit reserves.

8. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Financial assets mandatorily classified as at FVTPL		
Forward contracts	$ 858,039	$ 1,039,463
Currency swap contract	182,455	196,437
Shares	76,080	363,292
Option contracts	49,043	31,262
Interest rate swap contracts	16,805	-
Beneficiary certificates	-	251,237
Others	276,513	104,961
	$ 1,458,935	$ 1,986,652
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward contracts	$ 1,127,988	$ 696,320
Currency swap contract	561,322	522,200
Interest rate swap contracts	179,552	176,822
Option contracts	34,515	31,469
Futures	152	-
	1,903,529	1,426,811
Financial liabilities designated at FVTPL		
Bank debentures	2,191,711	2,008,335
	$ 4,095,240	$ 3,435,146

The Bank engages in derivative transactions mainly to accommodate customers' needs and manage its exposure positions.

The financial assets and liabilities' at FVTPL contract (nominal) amounts of derivative transactions were as follows:

	December 31, 2023	December 31, 2022
Forward contracts	$ 103,123,650	$ 54,426,031
Currency swap contract	77,618,517	55,114,047
Interest rate swap contracts	9,855,021	2,601,485
Option contracts	6,457,346	6,250,490
Future contracts	179,173	-

Information for financial liabilities designated by the Bank at FVTPL is as follows:

	December 31, 2023	December 31, 2022
The difference between the fair value and the maturity value	$ 2,191,711	$ 2,008,335

－Fair value	1,983,771	1,973,649
－Maturity value	$ 207,940	$ 34,686

	Effects of changes in credit risk
Current amount of change	
From January1, 2023 to December 31, 2023	$ 32,147
From January1, 2022 to December 31, 2022	$ (60,356)
Cumulative amount of change	
Up to December 31, 2023	$ (4,147)
Up to December 31, 2022	$ (36,294)

The financial liabilities designated by the Bank at FVTPL were the second issuance of unsecured debentures amounting to US$70,000 thousand with a 30-year maturity and interest of 0% rate on October 29, 2018. On the expiration of 5 years and every subsequent year, the Bank may exercise the option at the agreed redemption price. If the option is not exercised during the period, the payment will be made on the expiration date. The second issuance of unsecured debentures amounting to US$6,400 thousand with a 3-year maturity on November 1, 2023 and interest of 0% rate at first year and interest of structured rate at second to third year.

The Bank entered an interest rate swap contract to reduce the interest rate risk of the aforementioned financial bonds. The interest rate swap contract was measured at fair value and the fair value changes were included in profit or loss. The Bank designated the aforementioned financial bonds as financial liabilities measured at FVTPL for consistency.

The amount of change in the fair value of financial bonds attributable to the changes in the fair value of financial liabilities and the combination of the fair value of financial assets is calculated as the difference between the changes in the fair value of market risk factor. The amount of change in fair value attributable to the market risk factor is calculated using the benchmark yield curve at the balance sheet date. Fair value of financial bonds is based on the benchmark yield curve on the balance sheet date and the estimated credit risk spread by the creditor's interest rate quote on the similar maturity date of the combined company, such that the estimated future cash flow is discounted.

9. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	December 31, 2023	December 31, 2022
Investments in equity instruments measured at FVTOCI		
Shares	$ 20,203,199	$ 9,693,667
Investments in debt instruments measured at FVTOCI		
Corporate bonds	101,408,408	88,421,583
Bank debentures	62,236,944	35,337,537
Government bonds	37,931,562	29,524,108
Commercial papers	7,267,394	34,959,789
Asset-backed securities	1,115,773	1,234,301
	209,960,081	189,477,318
	$ 230,163,280	$ 199,170,985

The Bank invests in ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investments. The management of the Bank considers that if the short-term fair value fluctuations of these investments are included in profit or loss, they are inconsistent with the aforementioned long-term investment plans. Therefore, the designated investments are selected to be measured at FVTOCI.

For the information on credit risk management and impairment assessment of investments in debt instruments at FVTOCI, refer to Note 11.

Parts of the aforementioned financial assets at FVTOCI were sold under repurchase agreements as of December 31, 2023 and 2022. The par values of bonds and commercial papers sold under repurchase agreements were $584,500 thousand and $775,000 thousand, respectively.

Parts of equity instruments were sold due to the adjustment of investment position in equity instruments. The fair value of the equity investments sold were $21,650,619 thousand and $17,407,029 thousand, and the resulted in cumulative gains (losses) on disposal amounting to $183,428 thousand and ($1,747,568) thousand, respectively, for the year ended December 31, 2023 and 2022.

For the information on financial assets at FVTOCI were as follows:.

	For the Year Ended December 31	
	2023	2022
Equity instruments at fair value through other comprehensive income (loss)		
Fair value change recognized in other comprehensive income	$ 2,756,301	$ (3,166,163)
Cumulative loss reclassified to retained earnings due to derecognition	$ (183,428)	$ 1,747,568
Dividend income recognized in profit or loss		
Held at end of period	$ 656,862	516,191
Derecognized during the period	920,139	823,010
	$ 1,577,001	$ 1,339,201
Debt instruments at fair value through other comprehensive income (loss)		
Fair value change recognized in other comprehensive income	$ 2,397,819	$ (8,126,439)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to reversal of impairment recognition	$ (43,086)	$ 81,910
Reclassified due to derecognition	72,116	285,945
	$ 29,030	$ 367,855
Interest income recognized in profit or loss	$ 6,247,970	$ 3,411,508

For the information on financial assets pledged at FVTOCI, refer to Note 36.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	December 31, 2023	December 31, 2022	January 1, 2022
Negotiable certificates of deposit	$ 208,800,000	$ 178,510,000	$ 132,400,000
Bank debentures	14,931,800	7,908,616	859,025
Corporate bonds	6,777,700	3,047,649	1,938,275
Government bonds	4,722,805	2,895,273	2,719,660
Asset-backed securities	1,787,876	-	-
Treasury bonds	230,389	-	11,987,492
	237,250,570	192,361,538	149,904,452
Less: Loss allowance	(5,365)	(2,787)	(929)
	$ 237,245,205	$ 192,358,751	$ 149,903,523

Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the Year Ended December 31	
	2023	2022
Interest income	$ 2,696,492	806,348

Gain (loss) on impairment	(2,578)	(1,853)
Gain (loss) on disposal	19,905	-
	$ 2,713,819	$ 804,495

Restricted due from banks are the funds deposited into specific bank accounts by the Bank in compliance with Act of The Management, Utilization, and Taxation of Repatriated Offshore Funds.

In 2023 and 2022, the Bank disposed of part of its investments in debt instruments for risk management purposes, with a disposal gain of $19,905 thousand and $0 thousand respectively.

In accordance with the provisions of the IFRSs Q&A as amended by the competent authority on 5 January, 2024, the Bank has reclassified the unused balance of the special fund account repatriated under the applicable regulations on the management and use of foreign funds repatriation and taxation from the investment in debt instruments measured at amortized cost to cash and cash in hand and working capital under approximately equivalent cash, with the reclassified amounts on 31 December, 2022, and 1 January, 2022, respectively 2,917,036 thousand and 3,835,505 thousand, please refer to Note 6.

For the information on the credit risk management and impairment of investment in debt instruments measured at amortized cost, refer to Note 11.

For the information on related financial assets at amortized cost pledged as collateral, refer to Note 36.

11. CREDIT RISK MANAGEMENT OF INVESTMENTS IN DEBT INSTRUMENTS

The investments in debt instruments were classified as financial assets measured at FVTOCI and financial assets at amortized cost.

December 31, 2023	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 214,746,632	$ 237,250,570	$ 451,997,202
Loss allowance	(126,361)	(5,365)	(131,726)
Amortized cost	214,620,271	$ 237,245,205	451,865,476
Fair value adjustment	(4,660,190)		(4,660,190)
	$ 209,960,081		$ 447,205,286

December 31, 2022	At FVTOCI	At Amortized Cost	Total
Total carrying amount	$ 196,733,804	$ 192,361,538	$ 389,095,342
Loss allowance	(169,447)	(2,787)	(172,234)
Amortized cost	196,564,357	$ 192,358,751	388,923,108
Fair value adjustment	(7,087,039)		(7,087,039)
	$ 189,477,318		$ 381,836,069

The Bank implements a policy of investing in debt instruments with investment grade and have low credit risk for the purpose of impairment assessment. The Bank continues to track external rating information and monitor changes in credit risk of the investments of debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the initial recognition.

The Bank considered the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the investments in debt instruments. The Bank's current credit risk rating mechanism and the total carrying amount of each credit rating investment in debt instruments were as follows:

		December 31,2023		
Credit	Definitions	Expected Credit Loss	Expected Credit	Total Carrying

Rating		Recognition Base	Loss Rate	Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.912%	$ 451,180,858
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.396%~2.970%	724,221
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.417%	92,123

		December 31, 2022		
Credit Rating	Definitions	Expected Credit Loss Recognition Base	Expected Credit Loss Rate	Total Carrying Amount
Stage 1	The debtor has a low credit risk and is fully capable of paying off contractual cash flows	12-month expected credit loss	0.000%~0.816%	$ 387,977,168
Stage 2	Credit risk has increased significantly since the initial recognition	Expected credit loss during the period of existence (no credit impairment)	0.308%~3.400%	919,451
Stage 3	Evidence of credit impairment	Expected credit loss during the period of existence (credit impairment)	40.974%~56.123%	198,723

Information on changes in allowance for impairment loss under the credit risk rating assessment of investments in debt instruments at FVTOCI and at amortized cost is summarized as follows:

Investments in debt instruments at FVTOCI

	Credit Risk Rating			
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Stage 3 (Lifetime ECLs with impairment)	Total
Balance at January 1, 2023	$ 65,932	$ 13,115	$ 90,400	$ 169,447
Credit rating change- Stage 2 to Stage 1	1,602	(1,602)	-	-
Credit rating change –Stage 1 to Stage 2	(49)	49	-	-
Purchase of new debt instruments	20,930	-	-	20,930
Derecognition	(13,461)	(2,963)	(52,429)	(68,853)
Model/risk parameter changes	3,999	1,864	(15)	5,848
Exchange rate and other changes	(972)	228	(267)	(1,011)
Balance at December 31, 2023	$ 77,981	$ 10,691	$ 37,689	$ 126,361
Balance at January 1, 2022	$ 72,550	$ 14,987	$ -	$ 87,537
Credit rating change –Stage 1 to Stage 3	(385)	-	89,748	89,363
Purchase of new debt instruments	19,956	12,041	-	31,997
Derecognition	(16,819)	(16,295)	-	(33,114)
Model/risk parameter changes	(3,492)	(121)	-	(3,613)
Exchange rate and other changes	(5,878)	2,503	652	(2,723)
Balance at December 31, 2022	$ 65,932	$ 13,115	$ 90,400	$ 169,447

Investments in debt instruments at amortized cost

	Credit Risk Rating		
	Stage 1 (12-Month ECLs)	Stage 2 (Lifetime ECLs without impairment)	Total
Balance at January 1, 2023	$ 2,787	$ -	$ 2,787
Purchase of new debt instruments	3,256	-	3,256
Derecognition	(514)	-	(514)

Provisions (reversal)	(121)	-	(121)
Exchange rate and other changes	(43)	-	(43)
Balance at December 31, 2023	$ 5,365	$ -	$ 5,365
Balance at January 1, 2022	$ 929	$ -	$ 929
Purchase of new debt instruments	2,138	-	2,138
Derecognition	(196)	-	(196)
Provisions (reversal)	(89)	-	(89)
Exchange rate and other changes	5	-	5
Balance at December 31, 2022	$ 2,787	$ -	$ 2,787

12. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resell agreements as of December 31, 2023 was $5,421,476 thousand. The aforementioned securities will be bought back one after another before February January 19, 2024 at $5,426,224 thousand.

13. RECEIVABLES, NET

	December 31, 2023	December 31, 2022
Accrued interest	$ 4,773,445	$ 3,251,669
Credit card receivables	3,937,400	3,350,184
Acceptances	1,390,986	1,558,849
Accounts receivable - factoring	350,360	451,234
Accounts receivable due from sales of securities	27,960	12
Others	505,922	404,789
	10,986,073	9,016,737
Less: Allowance for credit losses	(318,059)	(226,330)
	$ 10,668,014	$ 8,790,407

The changes in total carrying amount and the allowance of receivables and other financial assets for the year ended December 31, 2023 and 2022 (including non-accrual loans and bills of exchange, refer to Note 16) are as follows:

For the Year ended December 31, 2023

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets				
Beginning on January 1, 2023	$ 8,765,271	$ 197,863	$ 55,522	$ 9,018,656
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(63,155)	63,090	65	-
Transfer to ECLs on financial assets	(24,254)	(11,112)	35,366	-
Transfer to 12-month ECLs	38,727	(37,956)	(771)	-
Financial assets derecognized in the current period	(2,330,249)	(91,107)	(2,564)	(2,423,920)
Provisions (reversal)	1,136,900	45,361	5,153	1,187,414
Purchased or originated financial assets	3,114,525	126,728	7,933	3,249,186
Write-offs	-	-	(37,404)	(37,404)
Exchange rate and other changes	173	(45)	-	128
Balance on December 31, 2023	$ 10,637,938	$ 292,822	$ 63,300	$ 10,994,060

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total

Allowance						
Beginning on January 1, 2023	$ 136,449	$ 57,397	$ 24,103	$ 217,949	$ 10,300	$ 228,249
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(748)	749	(1)	-	-	-
Transfer to ECLs on financial assets	(343)	(3,059)	3,402	-	-	-
Transfer to 12-month ECLs	21,908	(21,636)	(272)	-	-	-
Financial assets derecognized in the current period	(14,323)	(19,120)	(910)	(34,353)	-	(34,353)
Provisions (reversal)	70,584	17,231	11,962	99,777	-	99,777
Purchased or originated financial assets	10,057	18,929	3,540	35,526	-	35,526
The difference of impairment under the regulation or decree	-	-	-	-	2,618	2,618
Write-offs	-	-	(37,404)	(37,404)	-	(37,404)
Recoveries after write-off	-	-	24,695	24,695	-	24,695
Exchange rate and other changes	6,448	(7)	-	6,441	-	6,441
Balance on December 31, 2023	$ 230,032	$ 50,484	$ 29,115	$ 309,631	$ 12,918	$ 322,549

For the Year ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Receivables and other financial assets				
Beginning on January 1, 2022	$ 7,545,954	$ 211,438	$ 61,840	$ 7,819,232
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(110,798)	52,515	(75)	(58,358)
Transfer to ECLs on financial assets	(18,301)	(9,554)	42,394	14,539
Transfer to 12-month ECLs	27,596	(29,762)	(1,532)	(3,698)
Financial assets derecognized in the current period	(1,248,444)	(138,713)	(20,127)	(1,407,284)
Purchased or originated financial assets	2,425,758	102,859	2,870	2,531,487
Write-offs	-	-	(29,848)	(29,848)
Exchange rate and other changes	143,506	9,080	-	152,586
Balance on December 31, 2022	$ 8,765,271	$ 197,863	$ 55,522	$ 9,018,656

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance						
Beginning on January 1, 2022	$ 115,036	$ 49,299	$ 29,756	$ 194,091	$ 18,709	$ 212,800
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(770)	20,906	(44)	20,092	-	20,092
Transfer to ECLs on financial assets	(248)	(2,731)	7,225	4,246	-	4,246
Transfer to 12-month ECLs	331	(20,836)	(632)	(21,137)	-	(21,137)
Financial assets derecognized in the current period	(4,992)	(16,104)	(12,615)	(33,711)	-	(33,711)
Purchased or originated financial assets	24,341	25,155	1,963	51,459	-	51,459
The difference of impairment under the regulation or decree	-	-	-	-	(8,409)	(8,409)
Write-offs	-	-	(29,848)	(29,848)	-	(29,848)
Recoveries after write-off	-	-	28,298	28,298	-	28,298
Exchange rate and other changes	2,751	1,708	-	4,459	-	4,459
Balance on December 31, 2022	$ 136,449	$ 57,397	$ 24,103	$ 217,949	$ 10,300	$ 228,249

14. DISCOUNTS AND LOANS, NET

	December 31, 2023	December 31, 2022
Loans	$ 876,212,610	$ 848,421,317
Overdrafts	1,061	-

Inward/outward documentary bills	2,419,774	2,265,965
Non-performing loans	1,159,337	1,333,238
	879,792,782	852,020,520
Discount and premium adjustments	235,983	408,391
Allowance for credit losses	(13,751,316)	(12,426,716)
	$ 866,227,449	$ 840,002,195

The Bank discontinues accruing interest when loans are deemed non-performing. For the year ended December 31, 2023 and 2022, the unrecognized interest revenue on the non-performing loans amounted to $105,565 thousand and $57,162 thousand, respectively.

For the year ended December 31, 2023 and 2022, the Bank only had written off certain credits after completing the required legal procedures.

The changes in carrying amount and allowance for discounts and loans for the year ended December 31, 2023 and 2022 are as follows:

For the Year ended December 31, 2023

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total
Discounts and loans				
Beginning on January 1, 2023	$ 838,643,153	$ 11,650,706	$ 1,726,661	$ 852,020,520
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(1,321,087)	1,321,087	-	-
Transfer to ECLs on financial assets	(1,374,077)	(5,496,765)	6,870,843	-
Transfer to 12-month ECLs	461,241	(460,038)	(1,203)	-
Financial assets derecognized in the current period	(359,662,781)	(4,123,796)	(63,563)	(366,608,280)
Provisions (reversal)	(34,446,260)	(397,527)	(877,589)	(35,691,353)
Purchased or originated financial assets	424,573,869	3,402,794	601,486	431,328,729
Write-offs	-	-	(1,327,303)	(1,349,767)
Exchange rate and other changes	63,762	19,554	9,616	92,933
Balance on December 31, 2023	$ 866,937,819	$ 5,916,015	$ 6,938,948	$ 879,792,782

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance						
Beginning on January 1, 2023	$ 1,681,078	$ 2,387,294	$ 430,144	$ 4,498,516	$ 7,928,200	$ 12,426,716
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(3,897)	3,897	-	-	-	-
Transfer to ECLs on financial assets	(3,120)	(1,597,289)	1,600,409	-	-	-
Transfer to 12-month ECLs	115,506	(115,335)	(171)	-	-	-
Financial assets derecognized in the current period	(927,092)	(541,223)	(11,052)	(1,479,367)	-	(1,479,367)
Provisions (reversal)	(611,247)	150,881	1,363,412	903,046		903,046
Purchased or originated financial assets	597,002	561,329	183,317	1,341,648	-	1,341,648
The difference of impairment under the regulation or decree	-	-	-	-	1,614,413	1,614,413
Write-offs	-	-	(1,327,303)	(1,327,303)	-	(1,327,303)
Recoveries of write-offs	-	-	216,229	216,229	-	216,229
Exchange rate and other changes	57,170	(1,124)	(112)	55,934	-	55,934
Balance on December 31, 2023	$ 905,400	$ 848,430	$ 2,454,873	$ 4,208,703	$ 9,542,613	$ 13,751,316

For the Year ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Total

Discounts and loans				
Beginning on January 1, 2022	$ 757,403,898	$ 10,931,130	$ 1,034,801	$ 769,369,829
Changes due to financial assets recognized at the beginning of the period:				
Transfer to lifetime ECLs	(1,226,941)	1,497,728	(60)	270,727
Transfer to ECLs on financial assets	(1,298,284)	(1,040,104)	2,473,839	135,451
Transfer to 12-month ECLs	312,050	(320,709)	(1,615)	(10,274)
Financial assets derecognized in the current period	(355,815,280)	(2,506,073)	(673,753)	(358,995,106)
Purchased or originated financial assets	434,240,861	2,948,509	353,449	437,542,819
Write-offs	-	-	(1,466,553)	(1,466,553)
Exchange rate and other changes	5,026,849	140,225	6,553	5,173,627
Balance on December 31, 2022	$ 838,643,153	$ 11,650,706	$ 1,726,661	$ 852,020,520

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Allowance						
Beginning on January 1, 2022	$ 841,402	$ 1,532,601	$ 243,441	$ 2,617,444	$ 7,368,992	$ 9,986,436
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(711)	981,980	(3)	981,266	-	981,266
Transfer to ECLs on financial assets	(853)	(94,865)	1,495,090	1,399,372	-	1,399,372
Transfer to 12-month ECLs	667	(21,513)	(74)	(20,920)	-	(20,920)
Financial assets derecognized in the current period	(356,962)	(304,834)	(160,915)	(822,711)	-	(822,711)
Purchased or originated financial assets	555,704	119,421	163,715	838,840	-	838,840
The difference of impairment under the regulation or decree	-	-	-	-	559,208	559,208
Write-offs	-	-	(1,466,553)	(1,466,553)	-	(1,466,553)
Recoveries of write-offs	-	-	145,777	145,777	-	145,777
Exchange rate and other changes	641,831	174,504	9,666	826,001	-	826,001
Balance on December 31, 2022	$ 1,681,078	$ 2,387,294	$ 430,144	$ 4,498,516	$ 7,928,200	$ 12,426,716

The details of bad debt expense, commitment and guarantee liability provisions for the year ended December 31, 2023 and 2022 are listed below:

	For the Year Ended December 31	
	2023	**2022**
Provisions for loans and discounts	$ 2,379,740	$ 2,935,055
Provisions (reversal) for reserve of possible losses on guarantees	219,692	(147,558)
Provisions for receivables and other financial assets	100,568	12,540
	$ 2,700,000	$ 2,800,037

15. INVESTMENTS UNDER THE EQUITY METHOD

	December 31, 2023		December 31, 2022	
Equity Method	**Carrying Amount**	**% of Ownership**	**Carrying Amount**	**% of Ownership**
Investment in subsidiaries				
Domestic investments				
SCSB Asset Management Ltd.	$ 1,644,532	100.00	$ 1,687,053	100.00
China Travel Service (Taiwan)	495,013	99.99	475,080	99.99
SCSB Marketing Ltd.	9,476	100.00	8,971	100.00
	2,149,021		2,171,104	
Foreign investments				
Shancom Reconstruction Inc.	81,035,187	100.00	75,279,562	100.00
Wresqueue Limitada	378,518	100.00	365,017	100.00
Paofoong Insurance Company Ltd.	398,043	40.00	372,821	40.00
AMK Microfinance Institution Plc （AMK）	5,576,611	99.99	5,411,382	99.99
	87,388,359		81,428,782	
Total	$ 89,537,380		$ 83,599,886	

The Bank invested in Paofoong Insurance Company (Hong Kong) Ltd. and held 40% equity directly and 60% indirectly through Shancom Reconstruction Inc. Therefore, Paofoong Insurance Company (Hong Kong) Ltd. was recorded as a subsidiary.

The Bank recognized investment losses on Kuo Hai Construction over the years because of the investee's continuing operating losses. The carrying value of Kuo Hai Construction was reduced to zero in 2002.

The Bank's board of directors approved the investment of $3,668 thousand shares in AMK for US$22,500 thousand capital increase on November 13, 2021, and this increase was funded by the Bank. The capital increase was approved by the FSC of Taiwan, National Bank of Cambodia and Cambodia Ministry of Commerce on December 29, 2021, April 20, 2022, and May 10, 2022, respectively. The Bank's shareholding ratio was maintained at 99.99%.

16. OTHER FINANCIAL ASSETS, NET

	December 31, 2023	December 31, 2022
Non-performing receivables	$ 4,455	$ 1,919
Bills of exchange	3,532	-
	7,987	1,919
Allowance	(4,490)	(1,919)
	$ 3,497	$ -

The amount of non-performing receivables is made up of unsettled transactional for forward exchange contracts and credit card receivables.

The balances of credit card receivables which were reported as non-performing amounted to $4,305 thousand and $1,919 thousand as of December 31, 2023 and 2022, respectively. The unrecognized interest revenue on the receivables amounted to $467 thousand and $174 thousand for the year ended December 31, 2023 and 2022, respectively.

17. PROPERTIES, NET

	December 31, 2023	December 31, 2022
Land	$ 9,570,200	$ 9,570,378
Buildings and improvements	1,549,140	1,612,042
Mechanical equipment	426,381	253,219
Miscellaneous equipment	253,247	236,815
Transportation equipment	4,261	6,447
Construction in progress and prepayments	2,514,684	1,315,854
	$ 14,317,913	$ 12,994,755

	For the Year ended December 31, 2023				
Items	Balance at January 1, 2023	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2023
Cost					
Land	$ 9,570,378	$ -	$ (178)	$ -	$ 9,570,200
Buildings and improvements	4,185,183	-	(456)	-	4,184,727
Mechanical equipment	1,026,785	293,813	(92,101)	(268)	1,228,229
Miscellaneous equipment	679,618	66,722	(11,681)	(139)	734,520
Transportation equipment	40,082	87	(8,740)	-	31,429
	15,502,046	$ 360,622	$ (113,156)	$ (407)	15,749,105
Accumulated depreciation					

Buildings and improvements	2,573,141	$ 62,571	$ (125)	$ -	2,635,587
Mechanical equipment	773,566	107,419	(78,898)	(239)	801,848
Miscellaneous equipment	442,803	48,604	(10,073)	(61)	481,273
Transportation equipment	33,635	1,594	(8,061)	-	27,168
	3,823,145	$ 220,188	$ (97,157)	$ (300)	3,945,876
Construction-in-progress and prepayments	1,315,854	$ 1,198,830	$ -	$ -	2,514,684
Net amount	$ 12,994,755				$ 14,317,913

Items	For the Year ended December 31, 2022				
	Balance at January 1, 2022	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2022
Cost					
Land	$ 9,641,323	$ -	$ (70,945)	$ -	$ 9,570,378
Buildings and improvements	4,243,202	-	(58,019)	-	4,185,183
Mechanical equipment	1,050,968	95,768	(125,558)	5,607	1,026,785
Miscellaneous equipment	620,441	106,803	(50,221)	2,595	679,618
Transportation equipment	41,179	1,841	(2,938)	-	40,082
	15,597,113	$ 204,412	$ (307,681)	$ 8,202	15,502,046
Accumulated depreciation					
Buildings and improvements	2,519,195	$ 67,885	$ (13,939)	$ -	2,573,141
Mechanical equipment	788,448	87,350	(107,250)	5,018	773,566
Miscellaneous equipment	452,262	32,399	(43,333)	1,475	442,803
Transportation equipment	33,957	2,442	(2,764)	-	33,635
	3,793,862	$ 190,076	$ (167,286)	$ 6,493	3,823,145
Construction-in-progress and prepayments	552,948	$ 762,906	$ -	$ -	1,315,854
Net amount	$ 12,356,199				$ 12,994,755

The Bank did not have any impairment losses on the properties as of December 31, 2023 and 2022.

Depreciation expense of properties is computed using the straight-line method over the useful lives below:

Buildings and improvements	
Branches offices	43-55 years
Air conditioning and machine rooms	9 years
Mechanical equipment	3-8 years
Transportation equipment	5-10 years
Miscellaneous equipment	5-20 years

18. LEASE ARRANGEMENTS

18.1 Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Buildings and improvements	$ 669,886	$ 737,964
Transportation equipment	36,036	25,340
Mechanical equipment	25,544	1,281
	$ 731,466	$ 764,585

	For the Year Ended December 31	
	2023	2022
Increase in right-of-use assets	$ 293,944	$ 356,143

Depreciation expenses of right-of-use assets

Buildings and improvements	$ 313,450	$ 289,772
Transportation equipment	16,489	13,083
Mechanical equipment	3,878	6,830
	$ 333,817	$ 309,685

18.2 Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities	$ 743,625	$ 772,365

The discount rate intervals for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Buildings and improvements	0.60%~1.40%	0.60%~1.25%
Mechanical equipment	0.60%~1.40%	0.60%~1.25%
Transportation equipment	0.60%~1.40%	0.60%~1.25%

18.3 Other lease information

	For the Year Ended December 31	
	2023	2022
Short-term lease expenses	$ 18,540	$ 15,872
Leases of low value assets	$ 7,042	$ 5,173
Variable lease payments which are not included in lease liabilities measurements	$ 7,579	$ 6,915
Total cash outflow for leases	$ 364,262	$ 344,034

The Bank chooses to apply recognition exemption to the rentals of buildings, office equipment, transportation equipment that qualify as short-term lease and computer equipment which qualify as low value assets, and did not recognize related right-of-use assets and lease liabilities.

19. INTANGIBLE ASSETS, NET

	For the Year ended December 31, 2023				
	Balance at January 1, 2023	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2023
Cost					
Computer software	$ 553,228	$ 290,899	$ (60,374)	$ (653)	$ 783,100
Less: Accumulated amortization					
Computer software	237,406	$ 186,967	$ (58,504)	$ (209)	365,660
Net amount	$ 315,822				$ 417,440

	For the Year ended December 31, 2022				
	Balance at January 1, 2022	Additions	Disposals	Effects of Exchange Rate Changes, Net	Balance at December 31, 2022
Cost					
Computer software	$ 367,970	$ 255,639	$ (74,579)	$ 4,198	$ 553,228
Less: Accumulated amortization					
Computer software	197,771	$ 111,505	$ (74,579)	$ 2,709	237,406
Net amount	$ 170,199				$ 315,822

Amortization expense is computed using the straight-line method over the useful lives as follows:

Computer software	3-5 years

20. OTHER ASSETS, NET

	December 31, 2023	December 31, 2022
Prepaid expenses	$ 10,236,662	$ 6,207,090
Refundable deposits	1,668,278	1,107,488
Temporary payments and suspension	1,155,533	809,663
Prepaid pension	232,864	192,617
Deferred charges	48,346	107,037
Others	178,948	96,352
	$ 13,520,631	$ 8,520,247

21. DUE TO THE CENTRAL BANK AND BANKS

	December 31, 2023	December 31, 2022
Call loans from banks	$ 11,237,987	$ 9,351,891
Deposit from Chunghwa Post Co., Ltd.	1,221,799	1,221,799
Due to banks	952,639	964,346
Bank overdrafts	813,781	571,059
	$ 14,226,206	$ 12,109,095

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements as of December 31, 2023 and 2022 were $591,289 thousand and $781,568 thousand, respectively. The aforementioned securities will be brought back by June 28, 2024 and June 29, 2023 at $592,332 thousand and $782,732 thousand, respectively.

23. PAYABLES

	December 31, 2023	December 31, 2022
Dividends payable	$ 16,660,027	$ 15,794,768
Accrued interest	3,616,929	2,252,245
Accounts payable	3,046,594	3,910,901
Accrued expenses	1,540,114	1,486,682
Acceptances	1,443,177	1,579,018
Other accounts payable	210,886	159,648
Others	897,526	530,860
	$ 27,415,253	$ 25,714,122

24. DEPOSITS AND REMITTANCES

	December 31, 2023	December 31, 2022
Time deposits	$ 465,530,018	$ 427,758,465
Savings deposits	451,705,929	389,687,297
Demand deposits	281,892,391	328,438,378
Negotiable certificates of deposit	63,454,500	57,658,800
Checking deposits	11,565,668	14,573,728
Remittances	413,188	278,842
	$ 1,274,561,694	$ 1,218,395,510

25. BANK DEBENTURES

	December 31, 2023	December 31, 2022
The subordinated bank debenture - 7-10 years maturity, first issued in 2014; maturity date is from March 2021 to 2024	$ 5,100,000	$ 5,100,000
The subordinated bank debenture - 8.5 years maturity; second issued in 2015;	3,000,000	3,000,000

	December 31, 2023	December 31, 2022
maturity date is in June 2024		
The subordinated bank debenture - 7-10 years maturity; first issued in 2017; maturity date is from June 2024 to 2027	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; second issued in 2017; maturity date is from December 2024 to 2027	5,000,000	5,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2018; maturity date is from June 2025 to 2028	5,000,000	5,000,000
The subordinated bank debenture; third issued in 2018; no maturity date	7,000,000	7,000,000
The bank debenture - 5 years maturity; first issued in 2019; maturity date is in September 2024	6,900,000	6,900,000
The bank debenture – 7-10 years maturity; first issued in 2020; maturity date is in March 2027 to 2030	10,000,000	10,000,000
The subordinated bank debenture - 7-10 years maturity; first issued in 2021; maturity date is from October 2028 to 2031	5,000,000	5,000,000
The bank debenture – 3-5 years maturity; first issued in 2022; maturity date is from July 2025 to 2027	2,000,000	2,000,000
The bank debenture - 3 years maturity; second issued in 2022; maturity date is in September 2025	1,000,000	1,000,000
The subordinated bank debenture; third issued in 2022; no maturity date	1,070,000	1,070,000
The bank debenture - 3 years maturity; second issued in 2023; maturity date is in December 2026	2,000,000	-
	$ 58,070,000	$ 56,070,000

The first issuance of the 2014 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.70%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2015 subordinated bank debenture had a fixed interest rate of 1.83% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2017 bank debenture was classified into two types, Types A and B, in accordance with the issued terms. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.50%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.85%. The interests were paid annually with the repayment of principals at maturity.

The second issuance of the 2017 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms and methods of interest accrual were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.30%; Type B, ten-year of subordinated bank debenture at a fixed annual interest rate of 1.55%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2018 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year of subordinated bank debenture at a fixed annual interest rate of 1.25%; Type B, ten- year of subordinated bank debenture at a fixed annual interest rate of 1.45%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2018 subordinated bank debenture was at a fixed annual interest rate of 2.15% with the interest paid annually and the repayment of principal at maturity.

The first issuance of the 2019 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three-year bank debenture at a fixed annual interest rate of 0.65%; Type B, five-year bank debenture at a fixed annual interest rate of 0.69%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2020 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year bank debenture at a fixed annual interest rate of 0.62%; Type B, ten-year bank debenture at a fixed annual interest rate of 0.64%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2021 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, seven-year bank debenture at a fixed annual interest rate of 0.60%; Type B, ten-year bank subordinated debenture at a fixed annual interest rate of 0.72%. Their interests were paid annually with repayment of principals at maturity.

The first issuance of the 2022 bank debenture was classified into two types in accordance with the issued terms and the methods of interest accrual: Types A and B. Their terms were as follows: Type A, three-year bank debenture at a fixed annual interest rate of 1.60%; Type B, five-year bank subordinated debenture at a fixed annual interest rate of 1.70%. Their interests were paid annually with repayment of principals at maturity.

The second issuance of the 2022 bank debenture was at a fixed annual interest rate of 1.40%. Their interests were paid annually with repayment of principals at maturity.

The third issuance of the 2022 subordinated bank debenture was at a fixed annual interest rate of 3.25% with the interest paid annually and the repayment of principal at maturity.

The third issuance of the 2023 bank debenture was at a fixed annual interest rate of 1.60%. Their interests were paid annually with repayment of principals at maturity.

26. OTHER FINANCIAL LIABILITIES

	December 31, 2023	December 31, 2022
Principals of structured instruments	$ 5,586,047	$ 1,338,189
Appropriated loan funds	973,226	1,161,543
	$ 6,559,273	$ 2,499,732

27. PROVISIONS

	December 31, 2023	December 31, 2022
Provision for guarantees liabilities	$ 893,716	$ 954,863
Provision for employee benefits (Note 29)	606,301	574,532
Provision for reconciliation compensation reserves	338,031	-
Provision for financing commitment	331,344	81,276
Provision for unexpected losses	3,565	3,565
Provision for other operations	2,850	2,851
	$ 2,175,537	$ 1,617,087

The Bank recognized the provision for reconciliation compensation reserves due to a banker was involved in issuing false documents $338,031 thousand for the year ended December 31, 2023, refer to Note 37. The Other non-interest income related to the provision, refer to Note 31.6.

Provisions for changes in financing commitment and guarantee liability provisions of the Bank for the year ended December 31, 2023 and 2022 were as follows:

For the Year ended December 31, 2023

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability						
January 1, 2023	$ 356,011	$ 59,929	$ 6,286	$ 422,226	$ 613,913	$ 1,036,139
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(62)	62	-	-	-	-
Transfer to credit impaired financial assets	-	-	-	-	-	-
Transfer to 12-month ECLs	619	(619)	-	-	-	-
Financial assets derecognized in the current period	(310,869)	(58,901)	(5,497)	(375,267)	-	(375,267)
Provisions (reversal)	8,481	1,174	4	9,659		9,659
Purchased or originated financial assets	126,890	169,200	-	296,090	-	296,090
The difference of impairment under the regulation or decree	-	-	-	-	289,210	289,210
Exchange rate and other changes	(30,745)	(26)	-	(30,771)	-	(30,771)
December 31, 2023	$ 150,325	$ 170,819	$ 793	$ 321,937	$ 903,123	$ 1,225,060

For the Year ended December 31, 2022

	12-Month ECLs	Lifetime ECLs (Collectively)	Lifetime ECLs (Non-Purchased or Originated Credit Impairment on Financial Assets)	Impairment Under the Guidelines of IFRS 9	The Difference of Impairment under the Regulatory Decree	Total
Provisions for commitment and guarantee liability						
January 1, 2022	$ 274,875	$ 21,045	$ 1,357	$ 297,277	$ 924,887	$ 1,222,164
Changes due to financial assets recognized at the beginning of the period:						
Transfer to lifetime ECLs	(68)	9,351	-	9,283	-	9,283
Transfer to credit impaired financial assets	(2)	(238)	5,099	4,859	-	4,859
Transfer to 12-month ECLs	-	-	-	-	-	-
Financial assets derecognized in the current period	(233,467)	(18,957)	(670)	(253,094)	-	(253,094)
Purchased or originated financial assets	343,518	54,075	4,775	402,368	-	402,368
The difference of impairment under the regulation or decree	-	-	-	-	(310,974)	(310,974)
Exchange rate and other changes	(28,845)	(5,347)	(4,275)	(38,467)	-	(38,467)
December 31, 2022	$ 356,011	$ 59,929	$ 6,286	$ 422,226	$ 613,913	$ 1,036,139

28. OTHER LIABILITIES

	December 31, 2023	December 31, 2022
Guarantee deposits received	$ 375,223	$ 451,316
Revenue received in advance	220,869	188,399
Deferred revenue	152,416	149,042
Temporary credit	94,337	37,868
Others	107,879	101,846
	$ 950,724	$ 928,471

29. PENSION PLAN

(1) Defined contribution plans

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

The total amounts of contributions to the defined contribution plans For the year ended December 31, 2023 and 2022 were $110,586 thousand and $97,354 thousand, respectively.

(2) Defined benefit plans

The defined benefit plans adopted by the Bank in accordance with the Labor Standards Law is operated by the government of Taiwan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	$ (3,125,396)	$ (3,179,013)
Fair value of the plan assets	3,358,260	3,371,630
Net defined benefit assets	$ 232,864	$ 192,617

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance on January 1, 2022	$ (3,232,621)	$ 3,179,529	$ (53,092)
Service cost			
Current service cost	(148,264)	-	(148,264)
Interest (expense) income	(23,573)	24,636	1,063
Recognized in profit or loss	(171,837)	24,636	(147,201)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	173,711	173,711
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	122,042	-	122,042
Experience adjustments	(181,452)	-	(181,452)
Recognized in other comprehensive income	(59,410)	173,711	114,301
Contributions from the employer	-	278,609	278,609
Benefits paid	284,855	(284,855)	-
Balance on December 31, 2022	$ (3,179,013)	$ 3,371,630	$ 192,617

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance on January 1, 2023	$ (3,179,013)	$ 3,371,630	$ 192,617
Service cost			
Current service cost	(125,029)	-	(125,029)
Interest (expense) income	(37,908)	42,105	4,197

Recognized in profit or loss	(162,937)	42,105	(120,832)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	29,850	29,850
Actuarial (gain) loss			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	-	-
Experience adjustments	(148,706)	-	(148,706)
Recognized in other comprehensive income	(148,706)	29,850	(118,856)
Contributions from the employer	-	279,935	279,935
Benefits paid	365,260	(365,260)	-
Balance on December 31, 2023	$ (3,125,396)	$ 3,358,260	$ 232,864

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

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

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

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

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

	December 31, 2023	December 31, 2022
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.75%	2.75%

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

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	$ (63,193)	$ (67,832)
0.25% decrease	$ 65,053	$ 69,932
Expected rate of salary increase		
0.25% increase	$ 53,366	$ 57,246
0.25% decrease	$ (52,065)	$ (55,768)

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

	December 31, 2023	December 31, 2022
Average duration of the defined benefit obligation	8.3years	8.8years
Expected contributions to the plans for the next year	$ 287,633	$ 286,271

(3) Employee preferential deposit plan

The Bank's obligation to pay the quota deposits of current staff and retired employees is based on the Bank's relevant employee preferential deposit benefits. In accordance with the guidelines for the Regulations Governing the Preparation of Financial Reports by Public Banks, the Bank needs to measure on the excess interest arising from the post-retirement preferential deposit interest rate through actuarial process .

The actuarial assumptions of the retired employees' preferential deposit and welfare expenses are based on the Banking Bureau's requirement dated March 15, 2012 (Ref. No. 10110000850). The assumptions are as follows:

	December 31, 2023	December 31, 2022
Discount rate	4.00%	4.00%
Deposit rate of return	2.00%	2.00%
Preferential deposit withdrawal rate	2.00%	2.00%
Change in the preferential deposit policy	50.00%	50.00%

The amount of the Bank's obligations arising from the preferential deposit plan for retired employees is included in the balance sheet as follows:

	December 31, 2023	December 31, 2022
Retired employees' preferential deposit liabilities, net	$ 592,070	$ 562,070

The amounts of the retired employees' preferential deposit benefit expenses in the statements of comprehensive income For the year ended December 31, 2023 and 2022 were $96,214 thousand and $87,859 thousand, respectively; and in other comprehensive losses were $13,961 thousand and $15,597 thousand, respectively.

(4) Other long-term employee benefit liabilities

Current employees who are eligible for retirement will be given a pension according to the retirement plan. If employees do not have the qualification to retire, (a) the pension will be paid for one month if the service lasts less than one year; (b) if the service lasts more than one year and less than five years, they will receive pension for one month for serving each full year; (c) if the service lasts for more than five years, the pension is calculated according to the actuarial calculation method. However, the calculation method is only applicable to the service that existed before the application of the new system.

The amounts of the Bank's obligations arising from the employee's pension were included in the balance sheets as follows:

	December 31, 2023	December 31, 2022
Other long-term employee benefit liabilities, net	$ 13,961	$ 12,462

The Bank recognized employee pension benefit cost of $1,499 thousand and $1,993 thousand in the consolidated statements of comprehensive income for the year ended December 31,2023 and 2022, respectively.

(5) Employee benefit liabilities provisions includes:

	December 31, 2023	December 31, 2022
Retired employees' preferential deposit liabilities	$ 592,070	$ 562,070
Other long-term employment benefits	13,961	12,462
	$ 606,031	$ 574,532

30. EQUITY

30.1 Share capital

		December 31, 2023		December 31, 2022
Ordinary shares				
Authorized shares (in thousands)		6,000,000		6,000,000
Authorized capital	$	60,000,000	$	60,000,000
Issued and paid shares (in thousands)		4,861,603		4,861,603
Issued capital	$	48,616,031	$	48,616,031

The issued ordinary shares have par value of $10. Each shareholder is entitled with the right to vote and to receive dividends.

In order to increase the Bank's capital adequacy and working capital, the board of directors approved the investment of $380,000 thousand shares with par value of $10 for capital increase on August 13, 2022. It was issued at a premium of $37 per share and the total balance was $14,060,000 thousand. The cash capital increase was approved by the SEC on October 11, 2022. The base date for capital increase was on December 15, 2022. The full payment of the shares on December 14, 2022. The change of registration was completed on December 28, 2022.

30.2 Capital surplus

		December 31, 2023		December 31, 2022
Share premium	$	24,049,635	$	24,049,635
Treasury shares transaction		2,065,480		2,056,000
Unclaimed dividends		1,346,594		1,213,392
Recognition of changes in equity of subsidiaries		85,518		85,518
Proportionate share in investee's surplus from donated assets under the equity method		1,218		1,218
	$	27,548,445	$	27,405,763

The capital surplus from shares issued in excess of par (including additional paid-in capital from the issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be capitalized from capital surplus into share capital, which is limited to a certain percentage of the Bank's paid-in capital.

The capital surplus from investments accounted for using the equity method and dividends not yet collected by shareholders has limited use and can only be used to offset losses.

Since the shares held by subsidiaries were classified as treasury shares, cash dividend distributed to subsidiaries was then recorded as capital surplus - treasury shares according to the shareholding ratio.

When the equity of the Bank is not actually obtained or processed, the impact of the equity transaction recognized due to changes in the Bank's equity or the Bank's recognition of the adjustment to the capital reserve of the subsidiary identified using the equity method.

30.3 Retained earnings and dividend policy

According to the earnings distribution policy of the Bank, where the Bank made a surplus profit in its annual accounts, the profit shall be first utilized for paying taxes and then offsetting losses of previous years. As required by the law, 30% of profit shall be allocated as the legal reserve. However, when the amount of statutory surplus reserve has reached the amount of total paid-in capital of the Bank, the required allocation of 30% of profit to the legal reserve is waived and any amount exempted from allocation to capital reserve may be appropriated to or reversed from the special surplus reserve for distribution of special dividends. After the abovementioned appropriations, the balance and accumulated unappropriated earnings of the previous year, including the special reserve shall be available for earnings for distribution. The board of directors drafts a plan for surplus distribution and submits it to the shareholders' meeting for approval. The distribution of dividends or bonuses is subject to the attendance of more than two-thirds of the members of the board of directors and the resolution of more than half of the directors present. All or part of the dividends or bonuses shall be distributed in cash and reported to the shareholders in their meeting.

If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be corrected into capital (share capital) or distributed in cash. However, under the Banking Law Act, if legal reserve is less than its paid-in capital, the Bank is allowed to distribute cash earnings only up to 15% of its capital. For the estimation on the distribution basis of employees' compensation and remuneration of directors, refer to employee benefits expense in Note 31.8.

The Bank has made special reserves for the adoption of IFRS in accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The Bank held the board of shareholders' meeting on June 13, 2023 and June 17, 2022, respectively. The proposals and resolutions for the appropriations of earnings and dividends per share for 2022 and 2021 were as follows:

	Appropriation of Earnings		**Dividends Per Share (In NT Dollar)**	
	2022	**2021**	**2022**	**2021**
Special reserve	$ 5,583,505	$ -		
Legal reserve	-	4,251,394		
Cash dividends - ordinary shares	8,750,886	8,066,886	$ 1.80	$ 1.80
	$ 14,334,391	$ 12,318,280	$ 1.80	$ 1.80

The appropriations of earnings and dividends per share for 2023 are subjected to the approval of the board directors' meeting on March 29, 2024 and shareholders' meetings on June 21, 2024.

30.4 Special reserve

The Bank made a special reserve due to the transfer of $1,256,859 thousand of its cumulative translation adjustment reported in equity to retained earnings upon first-time IFRS adoption. There was no change in the balance of the special reserve for the year ended December 31, 2023.

According to Rule No. 10510001510 issued by the FSC on May 25, 2016, public banks shall appropriate to a special reserve 0.5% to 1.0% of net profit. Public banks may reverse the same amount of transfers or resettle the expenses starting from 2017. However, in accordance with Rule No. 10802714560 issued by the FSC, starting from 2019, the special reserve method will no longer be used to respond to the development of financial technology and protect the rights and interests of domestic bank employees, and to transfer expenses for employees to pay or resettlement expenses, and employee education and training expenses in response to the needs of financial technology or banking business development shall be returned within the scope of the special surplus reserve balance mentioned above. The Bank made a special reserve in the amount of $189,228 thousand according to the rule on December 31, 2023.

In accordance with the Securities and Exchange Acts 41-1 and Jin-Guan-Zhen-Fa-Zhi Letter No.1090150022 dated on March 31, 2021, upon the first-time adoption for IFRSs for public companies, special reserve shall be made with the following:

(1) The special reserves was made from net profits and other than net profit that includes in the undistributed earnings of current period, which has equivalent amount to the deduction of other equities of current period. Any deficits will be appropriated from prior period undistributed

earnings.

(2) The special reserves was made from undistributed earnings of prior period, which has equivalent amount to the accumulated deduction of other equities from prior year. Any deficits will be appropriated from net profits and other than net profit that includes in the undistributed earnings of current period. Hereafter, any reversal on the deduction of other equities, same amount of reversal on the special reserves is permitted.

As of December 31, 2023, the Bank had included a special reserve of $5,583,505 thousand.

30.5 Treasury shares

On December 31, 2023 and 2022, Shancom Reconstruction Inc. and China Travel Service (Taiwan) held 11,370 thousand shares and 27 thousand shares of the Bank, respectively.

Under the Company Act, the Bank is not allowed to buy back more than 5% of its issued shares. In addition, the total cost of treasury shares may not exceed the sum of the retained earnings and realized capital surplus. The Bank is not allowed to exercise shareholders' rights on these shares before they are resold. The shares held by its subsidiaries are treated as treasury shares, except for participating in the Bank's cash addition and voting rights, the rest is the same as the general shareholder's rights.

31. DETAILS OF COMPREHENSIVE INCOME STATEMENT ITEMS

31.1 Interest income, net

	For the Year Ended December 31	
	2023	2022
Interest income		
Discounts and loans	$ 26,430,421	$ 17,923,567
Securities investments	8,944,462	4,217,856
Due from banks	2,860,307	1,730,025
Credit and revolving	86,154	83,593
Others	78,592	73,382
	38,399,936	24,028,423
Interest expense		
Deposits	17,050,268	6,440,369
Bank debentures	905,984	995,163
Due to banks	493,028	223,969
Structured bond instruments	119,003	4,657
Leased liability	7,543	8,001
Securities sold under repurchase agreements	5,870	30,543
Others	42,894	40,231
	18,624,590	7,742,933
Interest income, net	$ 19,775,346	$ 16,285,490

31.2 Service fee income, net

	For the Year Ended December 31	
	2023	2022
Service fee income		
Trust and custody services	$ 977,841	$ 874,657
Insurance commission fees	675,440	552,085
Guarantees related fees	610,257	739,008
Credit card related fees	443,198	358,910
Loan service fees	388,527	447,378
Exchange related fees	155,002	167,921
Inward/outward business	103,142	131,061
Others	493,923	562,280

	2023	2022
	3,847,330	3,833,300
Service charge		
Credit card service charge	354,524	273,967
Nominee and brokerage service charge	117,002	106,733
Finance service charge	59,816	58,933
Custody service charge	30,315	38,616
Others	282,293	295,356
	843,950	773,605
Service fee income, net	$ 3,003,380	$ 3,059,695

31.3 Gain (loss) on financial assets and liabilities at FVTPL

	For the Year Ended December 31, 2023		
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total**
Financial assets mandatorily classified as at FVTPL	$ 11,064,940	$ 665,761	$ 11,730,701
Held-for-trading financial liabilities	(12,427,958)	(429,481)	(12,857,439)
Financial liabilities designated at FVTPL	-	(20,132)	(20,132)
	$ (1,363,018)	$ 216,148	$ (1,146,870)

	For the Year Ended December 31, 2022		
	Realized Gain (Loss)	**Unrealized Gain (Loss)**	**Total**
Financial assets mandatorily classified as at FVTPL	$ 11,044,117	$ 376,084	$ 11,420,201
Held-for-trading financial liabilities	(13,118,436)	(508,348)	(13,626,784)
Financial liabilities designated at FVTPL	-	334,764	334,764
	$ (2,074,319)	$ 202,500	$ (1,871,819)

31.4 Realized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	**2022**
Dividend income	$ 1,577,001	$ 1,339,201
Disposal of debt instruments	72,116	285,945
	$ 1,649,117	$ 1,625,146

31.5 Share of profit of subsidiaries accounted for using the equity method

	For the Year Ended December 31	
	2023	**2022**
Shancom Reconstruction Inc.	$ 3,743,130	$ 5,615,708
AMK Microfinance Institution Plc.（AMK）	130,345	319,956
China Travel Service（Taiwan）	66,801	71,314
Paofoong Insurance Company Ltd.	26,489	16,547
Wresqueue Limitada	13,899	6,488
SCSB Marketing Ltd.	2,006	14,829
SCSB Asset Management Ltd.	(27,727)	1,882
	$ 3,954,943	$ 6,046,724

31.6 Other non-interest income, net

	For the Year Ended December 31	
	2023	2022
Leased revenue	$ 63,826	$ 59,378
(Loss) gain on disposal of property and equipment	(9,430)	186,405
Provision for reconciliation compensation reserves (Note 1)	(338,031)	-
Others (Note 2)	26,144	37,130
	$ (257,491)	$ 282,913

Note 1: The loss of this provision for settlement compensation is recognized as provision, please refer to Note 27.

Note 2: According to the announcement on the official website of the FSC in November 2023, the Bank failed to establish and implement the internal control system properly, and violated Article 45-1, Item 1 of the Banking Law and Article 3, Article 8, Paragraph 1, Paragraph 1-2-2 of the "Implementation Measures for the Internal Control and Audit System of Financial Holding Companies and the Banking Industry" as authorized by the Banking Act, and imposed a penalty of $10,000 thousand, which was included in the Other non-interest income, net.

31.7 Employment benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employment benefits	$ 4,589,944	$ 4,665,739
Retirement benefits		
Defined contribution plan	98,721	97,354
Defined benefit plan	120,832	153,340
Other benefit plan	471,636	415,650
	$ 5,281,133	$ 5,332,083

31.8 Employees’ compensation and remuneration of directors

The employees’ compensation and remuneration of directors were at the rates of no less than 0.1% and no higher than 0.6%, respectively, of net profit before income tax, employees’ compensation and directors’ remuneration.

The employees’ compensation and remuneration of directors for 2022 and 2021 as approved in the board meetings on March 23, 2023 and March 26, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees’ compensation	$ 76,000	$ -	$ 60,000	$ -
Remuneration of directors	48,500	-	58,000	-

The employees’ compensation and the remuneration of directors for the year ended December 31, 2023 were as follows:

	For the Year Ended December 31 2023
Employees’ compensation	$ 76,000
Remuneration of directors	$ 46,000

The employees’ compensation and remuneration of directors in 2023 are subject to the resolution of the board of directors on March 29, 2024.

If the amount of actual employees’ compensation and directors’ remuneration changes after the release date of financial report, it will be treated according to the changes in accounting estimation and will be adjusted in the next year.

There was no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2022 and 2021.

Information on the employees’ compensation and remuneration of directors resolved by the Bank’s board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

31.9 Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Depreciation expense		
Right-of-use assets	$ 333,817	$ 309,685
Properties	220,188	190,076
	554,005	499,761
Amortization expense		
Intangible assets	186,967	111,505
Other assets	58,652	67,785
	245,619	179,290
	$ 799,624	$ 679,051

31.10 Other general and administrative

	For the Year Ended December 31	
	2023	2022
Taxation	$ 1,679,559	$ 1,250,163
Postal fees	232,446	214,540
Insurance	209,802	196,252
Maintenance and repairmen fees	174,147	174,364
Project fees	138,358	124,358
Others	710,214	709,773
	$ 3,144,526	$ 2,669,450

32. INCOME TAX

32.1 Income tax expense recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 1,966,717	$ 1,863,534
In respect of prior periods	(110,696)	(24,296)
	1,856,021	1,839,238
Deferred tax		
In respect of the current year	(30,780)	(155,730)
In respect of prior periods	(378)	(237)
	(31,158)	(155,967)
Income tax expense recognized in profit or loss	$ 1,824,863	$ 1,683,271

The reconciliation of accounting profit and income tax expenses is as follows：

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 16,484,858	$ 16,621,141
Income tax expense calculated at the statutory rate	$ 3,160,674	$ 3,324,228
Add (deduct) tax effect of：		
Tax-exempt cash dividend	(306,276)	(273,198)
Permanent difference - investment income	(230,005)	(792,757)
Tax-exempt gain on security transactions	(7,667)	29,791
Tax-exempt income from offshore banking unit (OBU)	(817,311)	(673,488)
Others	136,522	576
	1,935,937	1,615,152
Tax on unappropriated earnings	-	92,652
Adjustments for prior years' current tax	(110,696)	(24,296)
Adjustments for prior years' deferred tax	(378)	(237)
Income tax expense recognized in profit or loss	$ 1,824,863	$ 1,683,271

32.2 Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred income tax		
Recognized in other comprehensive income		
Translation adjustments for foreign operations	$ 62,220	$ (1,603,826)
Unrealized gain or loss on financial assets measured at FVTOCI	(326,291)	1,138,128
Defined benefit plans remeasurement	39,989	(19,741)
Income tax expense recognized in other comprehensive income	$ (224,082)	$ (485,439)

32.3 Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets		
Tax refund receivable	$ -	$ 143
Current tax liabilities		
Income tax payable	$ 669,929	$ 1,245,964

32.4 Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the Year Ended December 31, 2023

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Doubtful debts	$ 741,188	$ 198,241	$ -	$ 939,429
Impairment loss on financial assets at FVTOCI	29,312	(8,415)	-	20,897
Unrealized loss on financial instruments	1,045,138	133,817	(326,291)	852,664
Unrealized foreign exchange loss	95,438	98,265	-	193,703
Employee benefits plan	108,456	(25,095)	39,989	123,350
Others	2,730	68,802	-	71,532
	$ 2,022,262	$ 465,615	$ (286,302)	$ 2,201,575

Deferred Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Investment gain of foreign subsidiaries recognized under equity method	$ (10,151,844)	$ (437,545)	$ 62,220	$ (10,527,169)
Others	(3,800)	3,088	-	(712)
	$ (10,155,644)	$ (434,457)	$ 62,220)	$ (10,527,881)

For the Year Ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Doubtful debts	$ 389,390	$ 351,798	$ -	$ 741,188
Impairment loss on financial assets at FVTOCI	12,499	16,813	-	29,312
Unrealized loss on financial instruments	20,165	13,576	1,011,397	1,045,138
Investment loss of domestic subsidiaries recognized under equity method	11,175	(11,175)	-	-
Unrealized foreign exchange loss	20,323	75,115	-	95,438
Employee benefits plan	148,904	(20,707)	(19,741)	108,456
Others	2,125	605	-	2,730
	$ 604,581	$ 426,025	$ 991,656	$ 2,022,262

Deferred Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Unrealized gain on financial instruments	$ (126,731)	$ -	$ 126,731	$ -
Investment gain of foreign subsidiaries recognized under equity method	(8,281,123)	(266,895)	(1,603,826)	(10,151,844)
Others	(637)	(3,163)	-	(3,800)
	$ (8,408,491)	$ (270,058)	($ 1,477,095)	$ (10,155,644)

32.5 Income tax assessments

The Bank’s income tax returns through 2019 had been assessed by the tax authorities.

33. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 3.02	$ 3.33
Diluted earnings per share	$ 3.02	$ 3.33

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	$ 14,659,995	$ 14,937,870

Weighted Average Number of Ordinary Shares Outstanding (in Thousands of Shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	4,850,206	4,487,904
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,859	1,968
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,852,065	4,489,872

In the computation of diluted earnings per share, it assumed the entire amount of the compensation would be settled in potential shares. If the Bank offered to settle compensation paid to employees in cash or shares, the potential shares are included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

34. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan of the Bank

The board approved the issuance of new shares on August 13, 2022 and resolved to allocate 15% of the new shares for subscription by its employees according to the Company Law, respectively. According to IFRS 2 "share-based payment", the employee's share options should be measured at fair value, and the related compensation costs were $357,732 thousand. The relevant information of employee share options is as follows:

	For the Years Ended December 31
	2022
Employee Share Option	Unit (thousand share)
Options granted	57,000
Options exercised	53,990
Options expired	3,010
Weighted-average fair value of options granted (NT$/per share)	$ 6.276

Options granted were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	For the Years Ended December 31
	2022
Acquisition date share price (NT$/per share)	43.20
Exercise price (NT$/per share)	37.00
Expected volatility	18.40%
Option life (in days)	56
Dividend yield	-
Risk-free interest rate	1.07%

The expected volatility is based on the historical stock price volatility calculated by peers.

35. RELATED-PARTY TRANSACTIONS

The relationship, significant transactions and account balances of the Bank and its related parties (except those disclosed in other notes) are summarized as follows:

35.1 The Bank's related parties

Related Party	Relationship with the Bank
China Travel Service (Taiwan)	Substantive related party
SCSB Asset Management Ltd.	Substantive related party
SCSB Marketing Ltd.	Substantive related party
Shancom Reconstruction Inc.	Substantive related party
Wresqueue Limitada	Substantive related party
CTS Travel International Ltd.	Substantive related party
SCSB Leasing (China) Co., Ltd.	Substantive related party
Krinein Company (Krinein)	Substantive related party
Empresa Inversiones Generales, S.A. (Empresa)	Substantive related party
AMK Microfinance Institution Plc. (AMK)	Substantive related party
Shanghai Commercial Bank, HK (SCB)	Substantive related party
The SCSB Cultural & Educational Foundation	Substantive related party
The SCSB Charity Foundation	Substantive related party
Silks Place Taroko	Substantive related party
Hung Ta Investment Corporation	Substantive related party
Hung Shen Investment Corporation	Substantive related party
GTM Corporation	Substantive related party
Chi-Li Investment Co., Ltd.	Substantive related party
Taiwan Finance Corporation	Substantive related party
An Feng Co., Ltd	Substantive related party
Financial Information Service Co., Ltd.	Substantive related party
Wu-Yu International Co., Ltd.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Qin Mao Consultants Ltd.	Substantive related party
Other related parties	The relatives of the Bank's directors and related management

35.2 Significant transactions between parties

35.2.1 Due from foreign banks

	December 31, 2023	December 31, 2022
Shanghai Commercial Bank (HK)	$ 247,893	$ 327,121

The interest income arising from the above transactions were $4 thousand and $5 thousand for the year ended December 31, 2023 and 2022, respectively.

35.2.2 Due to banks

	December 31, 2023	December 31, 2022
Shanghai Commercial Bank (HK)	$ 82,846	$ 66,778

35.2.3 Guarantees

	Maximum Balance	Ending Balance	Reserve for Possible Losses on	Interest Rate (%)	Collateral

			Guarantees		
December 31, 2023					
China Travel Service (Taiwan)	$ 7,000	$ 7,000	$ -	1.00	Real estate
December 31, 2022					
China Travel Service (Taiwan)	$ 4,000	$ 4,000	$ -	1.00	Real estate

35.2.4 Deposits

	December 31, 2023			For the Year Ended December 31, 2023
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
IBF Securities Co., Ltd.	$ 5,023,843	4,579,118	043-1.55	$ 27,606
Financial Information Service Co., Ltd.	965,290	965,290	0.43-1.50	13,560
Taiwan Finance Corporation	500,011	11	0.00-1.50	616
SCSB Asset Management Ltd.	534,789	9,885	0.20-1.80	2,436
Empresa	515,525	-	2.85	1,265
The SCSB Cultural & Educational Foundation	347,669	329,519	0.01-1.60	3,599
Employees	309,269	81,691	0.00-10.79	4,232
Directors and related management	152,579	53,100	0.00-4.48	1,077
Krinein	103,105	-	2.85	253
Shancom Reconstruction Inc.	92,243	76,569	1.05-4.00	2,794
Others	627,117	353,508	0.00-4.60	4,910
	$ 9,171,440	$ 6,448,691		$ 62,348

	December 31, 2022			For the Year Ended December 31, 2022
	Maximum Balance	**Ending Balance**	**Interest Rate (%)**	**Interest Expense**
IBF Securities Co., Ltd.	$ 4,862,962	3,840,181	0.05-1.12	$ 12,139
Taiwan Finance Corporatio	1,000,011	500,011	0.00-1.50	3,375
Financial Information Service Co., Ltd. n	953,465	953,465	0.05-1.50	4,834
Empresa	587,441	-	0.23	116
SCSB Asset Management Ltd.	581,872	538,426	0.03-1.14	3,525
The SCSB Cultural & Educational Foundation	348,890	320,500	0.01-1.47	1,296
Employees	341,554	68,685	0.00-10.05	3,137
Directors and related management	244,161	125,440	0.00-3.08	463
Krinein	117,488	-	0.23	23
Shancom Reconstruction Inc.	92,291	92,291	0.03-2.75	830
Others	508,015	397,779	0.00-1.47	2,365
	$ 9,638,150	$ 6,836,778		$ 32,103

35.2.5 Interest receivable (accounted for as receivables)

	December 31, 2023	December 31, 2022
Directors and related management	$ 10	$ 34

35.2.6 Interest payable (accounted for as payables)

	December 31, 2023	December 31, 2022

Financial Information Service Co., Ltd.	$ 2,249	$ 1,827
IBF Securities Co., Ltd	1,339	994
Shancom Reconstruction Inc.	264	219
Others	836	2,230
	$ 4,688	$ 5,270

35.2.7 Guarantee deposits received (accounted for as other liabilities)

	December 31, 2023	December 31, 2022
The SCSB Cultural & Educational Foundation	$ 318	$ 318
China Travel Service (Taiwan)	189	189
Others	80	81
	$ 587	$ 579

35.2.8 Rental income (accounted for as other non-interest revenue, net)

	For the Year Ended December 31	
	2023	2022
The SCSB Cultural & Educational Foundation	$ 1,282	$ 1,275
China Travel Service (Taiwan)	714	703
Others	314	314
	$ 2,310	$ 2,292

For the rental contracts with related parties, the rental is determined in proportion to similar rentals in the area, based on a reference of the rentals in the neighborhood, and is received on a monthly basis.

35.2.9 Administrative and operating expense (accounted for as other general administrative expenses)

	For the Year Ended December 31	
	2023	2022
SCSB Marketing Ltd.	$ 101,357	$ 97,666
China Travel Service (Taiwan)	4,084	2,299
	$ 105,441	$ 99,965

35.2.10 Loans

December 31, 2023										For the Year Ended December 31, 2023
				Performance						
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties		Interest Income
Loans for personal house mortgages	Directors and related management (2)	$ 29,899	$ 14,663	$ 14,663	-	Real estate	2.05-2.35	None		$ 302
Others	Directors and related management (4)	25,868	10,656	10,656		Real estate	1.93-2.32	None		401
	Directors and related management (2)	1,109	418	418		None	2.00-2.20	None		16
	AMK	2,179,590	1,857,653	1,857,653	-	None (Note)	6.48-7.31	None		133,831
		$2,236,466	$1,883,390	$1,883,390						$ 134,550

December 31, 2022									For the Year Ended December 31, 2022
				Performance					
Category	Name	Maximum Balance	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Interest Rate (%)	Difference of Terms of the Transactions with Unrelated Parties	Interest Income
Loans for personal house mortgages	Directors and related management (2)	$ 7,812	$ 7,150	$ 7,150	-	Real estate	1.33-2.10	None	$ 127
Others	Directors and related management (4)	29,757	28,459	28,459		Real estate	1.36-2.23	None	292
	Directors and related	1,391	1,109	1,109		None	1.33-2.03	None	20

management (2) AMK	1,259,561	1,259,561	1,259,561	-	None (Note)	3.00-6.65	None	30,780
	$1,298,521	$1,296,279	$1,296,279					$ 31,219

Note: The loan had obtained the approval from FSC, which was applied to Jin-Guan-Yin Letter No.10300258130.

For the year ended December 31, 2022, the Bank had charged commission income on loan with $ 27,957 thousand from AMK.

Employee deposits and loans have interest rates that are better than ordinary rates but within regulated limits, while other related party transactions have similar terms as non-related party transactions.

Under the provisions of Articles 32 and 33 of the Banking Act, the Bank shall not make unsecured loans to related party, except for consumer loans under certain limits and government loans. Secured loans to a related party should be fully guaranteed, and the relevant terms should not be superior to other similar credit clients.

35.2.11 Disposal of properties

	Transaction Amount		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Category	2023	2022	2023	2022
Others	$ 3,675	$ 341,264	$ 3,116	$ 208,377

35.2.12 Donate

	For the Year Ended December 31	
	2023	2022
The SCSB Cultural & Educational Foundation	$ 15,000	$ 14,000

35.3 Compensation of directors, supervisors and management personnel

The compensation of key management personnel for the year ended December 31, 2023 and 2022 was as follows:

	For the Year Ended December 31	
	2023	2022
Salaries and other short-term employee benefits	$ 118,172	$ 119,573
Bonuses and compensation of employees	91,508	92,347
Remuneration of directors	80,440	78,200
Post-employment benefits	22,598	18,934
	$ 312,718	$ 309,054

36. PLEDGED ASSETS

On December 31, 2023 and 2022, under the Central Bank's clearing system of Real-Time Gross Settlement (RTGS), on December 31, 2023 and 2022, the assets listed below had been provided as collateral for day-term overdrafts with the pledged amount adjustable at any time.

	December 31, 2023	December 31, 2022	Guaranty Purpose
Investments in debt instruments measured at amortized cost	$ 12,000,000	$ 12,000,000	Day-term overdraft with the pledge

On December 31, 2023 and 2022, the assets listed below were provided as refundable deposits for operating guarantees.

	December 31, 2023	December 31, 2022	Guaranty Purpose
Financial assets at FVTOCI	$ 413,133	$ 374,374	Operating guarantee

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

37.1 In addition to those disclosed in other notes, significant commitments and contingencies of the Bank as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Assets under trust	$ 209,710,684	$ 204,855,065
Guarantee notes payable	102,915,905	116,972,245
Government bonds in brokerage accounts	37,149,200	25,149,200
Receivables under custody	22,994,396	24,361,746
Securities in custody	19,582,405	26,418,296
Short-term bills in brokerage accounts	1,315,800	1,563,190

37.2 Material litigation

Vegesentials commenced civil proceedings before the Business and Property Courts of the High Court of Justice of England and Walesagainst the Bank in August 2020. Vegesentials claimed that it relied upon a fraudulent document issued by a former employee of the Bank to enter into a transaction which stated (inter alia) that the counterparty had the funds to purchase some of its shares. Vegesentials therefore asked the Bank to compensate it for its loss on the basis of vicarious liability. Subsequently, in April 2022, Fibre Water Limited joined as a co-plaintiff. After receiving Vegesentials' claim in September 2020, the Bank instructed English legal counsel to defend for the Bank in the proceedings. The English court proceeded the court procedures in October 2023 and further ordered that the Bank is required to paid £7,034,402, based on the order in January 2024.

Relevant information about the above litigation was available on the Market Observation Post System website of the Taiwan Stock Exchange.

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 37.2.

39. FINANCIAL INSTRUMENTS

39.1 Fair value information - financial instruments not measured at fair value

39.1.1 Financial assets and liabilities with significant differences between carrying amounts and fair values.

Except as detailed in the following table, the Bank's management considers that the carrying amounts of financial instruments not measured at fair values are approximates of their fair values or the fair values could not otherwise be reliably measured:

	December 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investments in debt instruments measured at amortized cost	$ 237,245,205	$ 237,058,856	$ 192,358,751	$ 192,082,339
Financial liabilities				
Bank debentures	58,070,000	58,067,359	56,070,000	56,053,711

39.1.2 Fair value level

	December 31, 2023							
		Total		Level 1		Level 2		Level 3
Financial assets								
Investments in debt instruments measured at amortized cost	$	237,058,856	$	20,051,623	$	217,007,233	$	-
Financial liabilities								
Bank debentures		58,067,359		-		58,067,359		-

	December 31, 2022							
		Total		Level 1		Level 2		Level 3
Financial assets								
Investments in debt instruments measured at amortized cost	$	192,082,339	$	10,105,215	$	181,977,124	$	-
Financial liabilities								
Bank debentures		56,053,711		-		56,053,711		-

39.1.3 The evaluation method and assumptions used in measuring fair value

The fair value of financial assets and liabilities are determined as follows:

a) The fair value of financial assets with standard clauses and terms is quoted market price.

b) The fair value of financial instruments other than the above is determined by the discounted cash flow analysis or other generally accepted pricing models.

39.2 Fair value information - financial instrument measured at fair value under repetitive basis

39.2.1 Fair value level

Information of the financial instruments measured at fair value categorized by level is as follows:

Financial Instruments Measured at Fair Value	December 31, 2023							
		Total		Level 1		Level 2		Level 3
Non-derivative financial instruments								
Assets								
Financial assets measured at FVTPL								
Financial assets mandatorily classified as at FVTPL								
Shares	$	76,080	$	76,080	$	-	$	-
Financial assets at FVTOCI								
Equity instruments		20,203,199		18,421,436		-		1,781,763
Debt instruments		209,960,081		117,385,023		92,575,058		-
	$	230,239,360	$	135,882,539	$	92,575,058	$	1,781,763
Liabilities								
Financial liabilities measured at FVTPL	$	2,191,711	$	-	$	2,191,711	$	-
Derivative financial instruments								

Assets				
Financial assets measured at FVTPL	$ 1,382,855	$ 276,513	$ 1,106,342	$ -
Liabilities				
Financial liabilities measured at FVTPL	$ 1,903,529	$ 28,189	$ 1,875,340	$ -

Financial Instruments Measured at Fair Value	**December 31, 2022**			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets measured at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Shares	$ 363,292	$ 363,292	$ -	$ -
Beneficiary certificates	251,237	251,237	-	-
Financial assets at FVTOCI				
Equity instruments	9,693,667	7,971,486	-	1,722,181
Debt instruments	189,477,318	73,513,302	115,964,016	-
	$ 199,785,514	$ 82,099,317	$ 115,964,016	$ 1,722,181
Liabilities				
Financial liabilities measured at FVTPL	$ 2,008,335	$ -	$ 2,008,335	$ -
Derivative financial instruments				
Assets				
Financial assets measured at FVTPL	$ 1,372,123	$ 105,780	$ 1,266,343	$ -
Liabilities				
Financial liabilities measured at FVTPL	$ 1,426,811	$ 74,180	$ 1,352,631	$ -

There were no transfers of financial instruments between Level 1 and Level 2 fair value measurement for the year ended December 31, 2023 and 2022.

39.2.2 Reconciliation of Level 3 fair value measurement

For the Year ended December 31, 2023

Items	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets mandatorily measured a FVTOCI	$1,722,181	$ -	$ (2,998)	$ 66,481	$ -	$ (3,839)	$ -	$ (62)	$1,781,763

For the Year ended December 31, 2022

Items	Beginning Balance	Amount of Valuation Gain or Loss		Addition		Reduction		Exchange	Ending Balance
		Included in Profit or Loss	Included in Other Comprehensive Income	Buy or Issue	Transferred In	Sell Out, Disposal or Settlement	Transferred Out from Third Level		
Assets									
Financial assets mandatorily measured a FVTOCI	$ 2,690,417	$ -	$ (232,579)	$ 497,085	$ -	$ (896,769)	$ (373,253)	$ 37,280	$1,722,181

39.2.3 Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Bonds	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.
Derivatives	Valuation was based on widely-adapted pricing techniques. The inputs were assessed by observable elements in the market.
Others	Valuation was based on observable market prices or assessed by cash-flow method through observable elements.

39.2.4 Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of financial assets classified as Level 3 included but was not limited to bond investments measured at FVTPL, and investments in bonds and equity securities measured at FVTOCI.

Most financial instruments with fair value measurements categorized as Level 3 only possess single, unobservable inputs. Non-active market debt instruments possess unobservable inputs. The non-active market equity instruments are independent and, thus, are irrelevant to each other. The table of quantified information of significant unobservable inputs is as follows:

	Fair Value December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at FVTOCI					
Shares	$ 1,781,763	1. Market approach	Market liquidity reduction	10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value .
		2. Net asset value method	Market liquidity reduction	10%-19%	2. The higher of the liquidity reduction, and the lower of the fair value .

	Fair Value December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-Average)	Notes
Financial assets measured at					

FVTOCI Shares	$ 1,722,181	1. Market approach 2. Net asset value method	Market liquidity reduction Market liquidity reduction	10%-19% 10%-19%	1. The higher of the liquidity reduction, and the lower of the fair value . 2. The higher of the liquidity reduction, and the lower of the fair value .

39.2.5 Sensitivity analysis of alternative assumptions of Level 3 fair value measurement

The Bank reasonably measured the fair values of its financial instruments; however, using different valuation models, evaluation methods and underlying assumptions may lead to different results. For financial instruments classified as Level 3 fair value measurements, if the parameters were to go up 1%, the influence on other comprehensive income would be as follows:

December 31, 2023

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ -	$ (17,818)

December 31, 2022

	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ -	$ (17,222)

For financial instruments classified as having Level 3 fair value measurements, if the parameters were to go down 1%, the influence of other comprehensive income would be as follows:

December 31, 2023

D	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ 17,818	$ -

December 31, 2022

J	Changes in Fair Value Reflected in Profit or Loss		Changes in Fair Value Reflect in Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Assets				
Financial assets measured at FVTOCI	$ -	$ -	$ 17,222	$ -

39.3 Financial risk management

39.3.1 Risk management

The Bank's objective in risk management is to establish a risk control mechanism weighing the entire risk of the Bank, restrictions from laws and regulations, to diversify, transfer and avoid risk, and to pursue the maximum benefits of the Bank's customers, shareholders, and employees. The Bank's major risks include credit risk, market risk (interest rate, exchange rate and equity securities), operational risk, liquidity risk and so on.

The Bank established written risk management policies and procedures that are considered and approved by the board of directors to identify, measure, monitor, and control the credit risk, market risk, and liquidity risk.

The Bank's risk management department performs the Bank's risk management activities pursuant to the policies approve by the board of directors. Risk management department works with other business departments in order to identify, evaluate, and avoid any financial risks. The board of directors formulates the written policies for risk management; the policy included specific exposures such as currency risk, interest rate risk, credit risk, operational risk, derivative and non-derivative financial instruments. In addition, the department of internal audit is responsible for independent review of risk management and control environment.

39.3.2 Credit risk

Credit risk is the risk of counterparties' failure to fulfill their contractual obligations causing the Bank's financial losses. Both in-balance-sheet and off-balance-sheet items are exposed to credit risks. For the Bank's credit exposures, in-balance-sheet items mainly consisted of discounts and loans, credit card business, due from and call loans to banks, debt investments, and derivative instruments. Off-balance sheet items mainly consisted of financial guarantee, acceptances, letters of credit, loan commitments, and other services which also generate credit exposure.

To ensure that the credit risk is controlled within a tolerable range, the Bank established an internal standard for credit risk. In that standard, all transactions are analyzed whether in the banking book or in the trading book, and either in-balance-sheet or off-balance-sheet, to identify the inherent and potential risks. The Bank examines and confirms credit risk in accordance with the rules before launching new products and business. Furthermore, the Bank also establishes a risk management system for complicated credit business such as factoring, credit derivative financial instruments and so on.

The Bank's foreign operation units adopt policies and standards same with above to assess their asset quality and provision for contingent loss, and also include policies that comply with the regulations of the local financial supervisory commission.

(1) Procedures of credit risk management

Each major business applies procedures and methods for credit risk management as follows:

A. Credit business (including loan commitments and guarantees)

a. The credit risk has increased significantly after original recognition

The Bank assesses the change in the risk of default over the expected duration of each type of credit asset on each reporting date in order to determine whether the credit risk has increased significantly since original recognition. For this assessment, the Bank's considerations (including forward-looking information) show that the credit risk has increased significantly since original recognition and can be corroborated. The main considerations include:

i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).

ii. Information of overdue status (e.g. if the payment is overdue for more than 30 days).

iii. Unfavorable changes in current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform its debt obligations.

iv. Significant changes in actual or expected results of the debtor’s operations.

v. The credit risk of other financial instruments of the same debtor has increased significantly.

b. The definition of default and credit impairment on financial assets

The Bank’s definition of default on financial assets is the same as the judgment of credit impairment on financial assets. If one or more of the following conditions are met, the Bank determines that the financial assets have defaulted and have credit impairment:

i. Changes in internal and external credit ratings (e.g. external TCRI ratings are above the high risk level).

ii. Information of overdue status (e.g. if the payment is overdue for more than 90 days).

iii. The debtor has become bankrupt or may file for bankruptcy or financial restructuring.

iv. The debtor has died or been dissolved.

v. Contracts of other debt instruments of the debtor have defaulted.

vi. The active market of the financial assets disappeared due to financial difficulties.

vii. The debtor’s creditor gives the borrower a concession that would not have been considered due to economic or contractual reasons related to the debtor’s financial difficulties.

viii. There is a purchase or initiation of financial assets at a significant discount reflecting that credit losses have occurred.

The aforementioned default and credit impairment definitions apply to all financial assets held by the Bank and are consistent with the definitions used for the internal credit risk management purposes of the financial assets and are applied to the relevant impairment assessment model.

c. Measurement of expected credit loss

For the objective of assessing expected credit loss, credit assets are classified according to the credit risk characteristics (such as the purpose of the borrowing, the nature of the industry, the type of collateral and the state of the borrowing) into two categories: corporate finance and personal finance. Further to this, the credit risk characteristics are divided according to each category.

The 12-month expected credit loss amounts of the Bank’s financial instruments whose credit risk has not significantly increased since original recognition are used to measure the allowance loss of the financial instruments; for financial instruments whose credit risk has increased significantly or which have had credit impairment since original recognition, such financial instruments are measured at the amount of full-lifetime expected credit losses.

The estimation method and significant assumptions used to assess expected credit losses have not changed significantly since December 31, 2023.

d. Forward-looking information considerations

When measuring the expected credit losses, the Bank uses forward-looking economic factors that affect credit risk and takes such forward-looking information regarding expected credit losses into consideration. Based on professional economic judgment, the Bank uses the statistical analysis results of GDP growth rate to provide forecast information of economic factors on a quarterly basis and re-evaluates such data on each financial reporting date.

B. Due from and call loans to bank

The Bank assesses the credit position of counterparties and consults a credit rating agency for credit rating information and sets limits to the credit facilities.

C. Debt investments and derivative financial instruments

For the credit risk management of debt investments, the Bank identifies credit risk by using information from external institutions about credit ratings, quality of debts, region, and the risk of counterparties.

Most of the Bank's counterparties in derivative transactions are assessed at higher than investment grade, and the Bank controls the investments according to counterparties' facilities (including call loans); counterparties that do not have credit ratings or are not assessed at investment grade are reviewed case by case. Counterparties which are non-financial or non-banking clients are assessed according to the general procedures for the approval of credit facilities and control of credit exposure situations of the counterparties.

(2) Policies of credit risk hedging or mitigation

A. Collateral

The Bank applies series of policies to decrease credit risks in its lending business. Among those policies is to request collateral from creditors. To secure the creditor's rights, the Bank has established procedures for pledges, valuations, management, and disposals of collateral. The contracts between the Bank and the borrowers clearly state the protocols, including but not limited to the security of credit, procedures for collateral and for offsets. Collateral for business other than loan borrowings vary by the nature of the related financial instruments. Only asset-backed securities and other similar financial instruments are secured by a pool of financial assets.

B. Limitation of credit risk and credit concentration management

The credit policies of the Bank regulate the credit limitations, as applied to a single counterparty or Bank, to avoid excessive credit concentration. The Bank further implements concentration policies, which monitor and manage the credit limitation and concentration in one single counterparty, different enterprises, related parties, industries, and countries. The policies are based on individual criteria in different categories including but not limited to industries, enterprises, and share-pledge related loans.

C. Other mechanisms for credit risk management

To further decrease credit risks, the contracts also proclaim that the Bank may decrease the balances, shorten the maturity period, demand immediate payback, or use borrowers' assets in the Bank to offset their liabilities.

In most circumstances, the Bank applies gross settlement with counterparties. However, to further decrease credit risks, the Bank applies net settlement or even terminates transactions with certain counterparties when default may occur.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effects in respect of the financial assets recognized in the Bank's balance sheet:

December 31, 2023

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by: Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	$ 63,300	$ -	$ -	$ -	$ -
Discounts and loans	6,938,948	1,427,837	-	696,618	2,124,455

December 31, 2022

Financial instruments subject to IFRS 9 impairment requirements and credit impairment	Book Value	Maximum Exposure to Credit Risk Mitigated by: Collateral	Master Netting Arrangement	Other Credit Enhancement	Total
Receivables	$ 55,522	$ -	$ -	$ -	$ -
Discounts and loans	1,726,661	1,127,210	-	399,830	1,527,040

(3) Credit risk exposures

The maximum exposure of the Bank's assets in the balance sheet is equivalent to the book value, while the pledged assets and other credit instruments are not considered. The off-balance sheet items related to the maximum credit exposure (without considering collateral or other credit enhancements and irrevocable maximum exposure) are as follows:

	December 31, 2023	December 31, 2022
Guarantees	$ 74,422,183	$ 85,055,191
Issued and non-cancelable loan commitments	33,507,706	31,834,715
Issued but unused letters of credit	6,434,469	6,425,512
Non-cancelable credit card commitments	601,495	565,212

The Bank assessed that it could continually control and minimize credit risk exposure of off-balance sheet items because it adopts stricter procedures and regularly audits credit accounts.

The total carrying amounts of the financial assets with the largest credit risk exposure are as follows:

	December 31, 2023: 12-Month ECLs	Lifetime ECLs without impairment	Lifetime ECLs with impairment	Total
Discounts and loans				
Consumer banking				
-Mortgage	$ 305,215,881	$ 1,254,749	$ 342,306	$ 306,812,936
-Microcredit	4,235,418	8,767	23,682	4,267,867

-Others	35,257,856	104,081	46,330	35,408,267
Corporate banking				
-Secured	302,522,495	2,480,408	1,012,115	306,015,018
-Unsecured	219,706,169	7,228,560	353,965	227,288,694
Total	$ 866,937,819	$ 11,076,565	$ 1,778,398	$ 879,792,782
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 3,714,106	$ 110,495	$ 58,800	$ 3,883,401
Others	6,923,832	182,327	4,500	7,110,659
Total	$ 10,637,938	$ 292,822	$ 63,300	$ 10,994,060
Debt instruments measured at FVTOCI	$ 213,930,288	$ 724,221	$ 92,123	$ 214,746,632
Investments in debt instruments measured at amortized cost	$ 237,250,570	$ -	$ -	$ 237,250,570

	December 31, 2022			
	12-Month ECLs	Lifetime ECLs without impairment	Lifetime ECLs with impairment	Total
Discounts and loans				
Consumer banking				
-Mortgage	$ 279,059,301	$ 1,431,563	$ 171,119	$ 280,661,983
-Microcredit	4,449,898	17,311	17,590	4,484,799
-Others	33,568,775	191,526	47,465	33,807,766
Corporate banking				
-Secured	294,876,356	3,630,439	1,182,398	299,689,193
-Unsecured	226,688,823	6,379,867	308,089	233,376,779
Total	$ 838,643,153	$ 11,650,706	$ 1,726,661	$ 852,020,520
Accounts receivable (including non-performing credit card receivables)				
Credit cards	$ 3,088,932	$ 83,218	$ 54,997	$ 3,227,147
Others	5,676,339	114,645	525	5,791,509
Total	$ 8,765,271	$ 197,863	$ 55,522	$ 9,018,656
Debt instruments measured at FVTOCI	$ 195,615,630	$ 919,451	$ 198,723	$ 196,733,804
Investments in debt instruments measured at amortized cost	$ 195,278,574	$ -	$ -	$ 195,278,574

(4) Information on concentration of credit risk

Concentration of credit risk exists if transaction counterparties are significantly concentrated on same individuals or Banks engaged in activities with similar economic characteristics, which may lead their ability to fulfill contractual obligations being affected by similar changes in economic or other conditions.

Concentration of credit risk can be on assets, liabilities or off-balance sheet items and can arise in the course of the enforcement and implementation of transactions (regardless of products or service) or in the combination of exposures across categories, including credit, due from and call loans to banks, marketable securities, receivables and derivatives, etc. The Bank maintained a diversified loan portfolio to mitigate the credit risk concentration to same customers; total transaction of same customers in discounts and loans and the balance of non-accrual loans are not material. The Bank's most significant concentrations of credit risk of discounts and loans and non-accrual loans by business, region, and collateral were summarized as follows:

A. Industry

	December 31			
	2023		2022	
Sector	Amount	%	Amount	%
Private sector	$ 433,702,339	49	$ 449,014,567	52

Consumer		387,163,564	44		357,984,158	42
Financial institution		53,078,984	6		40,240,894	5
Others		5,847,895	1		4,780,901	1
	$	879,792,782	100	$	852,020,520	100

B. Region

	December 31					
	2023			2022		
Region	Amount		%	Amount		%
Taiwan	$	769,899,346	88	$	737,261,174	87
Asia Pacific except Taiwan		79,961,348	9		87,654,228	10
Others		29,932,088	3		27,105,118	3
	$	879,792,782	100	$	852,020,520	100

C. Collateral

	December 31					
	2023			2022		
Collaterals Assumed	Amount		%	Amount		%
Unsecured	$	231,556,561	26	$	237,861,579	28
Secured						
Properties		553,866,417	63		518,990,257	61
Guarantee		63,971,258	7		65,106,720	7
Financial collateral		20,211,244	2		17,641,893	2
Personal properties		2,813,902	1		2,654,608	1
Other collateral		7,373,400	1		9,765,463	1
	$	879,792,782	100	$	852,020,520	100

(5) Information on credit risk quality

Part of the financial assets held by the Bank, including cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets measured at fair value through profit or loss, investments in bills and bonds with resale agreements, guarantee deposits paid, security businesses, clearing and settlement funds, etc. are assessed with very low credit risk because the counterparties have good credit ratings.

39.3.3 Market risk

(1) The sources and definition of market risk

Market risk is the risk resulting from changes in fair value and future cash flows of on- and off-balance-sheet financial instruments caused by changes in market prices, interest rates, foreign exchange rate, including equity securities price and commodity price. Changes in above risk elements can cause risks to shift the net profit of the Bank or its investment structures.

The Bank’s financial instruments are exposed to price, interest rate and foreign exchange rate risks. Major market price risk positions of equity securities include domestic listed shares and funds. Major interest risks include bonds and interest rate derivative instruments such as fixed and floating interest rate swap and bond options whereas the major foreign exchange risks include foreign currency positions held by the Bank.

(2) Market risk management policies

The Bank monitors its market risk positions and tolerable loss according to the risk management objectives and limits approved by the board of directors.

The Bank also builds a market risk information system, which enables the Bank to effectively monitor the management of facilities, assessment of gains and losses, analysis of sensitivity factors of the Bank's financial instrument positions, etc. The results of the monitoring, assessment and analysis are reported in risk control meetings and serve as references for the decision making of management.

The Bank splits market risk exposure into trading and held for fixed income portfolios which are controlled by both the Bank's operation and risk management sections. Routine control reports are reviewed by the Bank's board of directors and relevant committees.

(3) Market risk management process

A. Recognition and measurement

The Bank's operation and risk management sections both identify market risk factors of exposure positions, which are used to measure market risks. Market risk factors include interest rates, foreign exchange rates and market price of equity securities, and exposures, gains and losses and sensitivity (DV01, Delta, Beta) etc. Measurement of investment portfolio is affected by interest rate risk, foreign exchange risk and price of equity securities.

B. Monitoring and reporting

The Bank's risk management department regularly reviews market risk management objective, positions and control of gains and losses, sensitivity analysis and pressure test and reports to the board of directors. Therefore, the board of directors could well understand market risk control. The Bank has established explicit notification process, the limit and stop-loss regulation for various transactions. Stop-loss order must be taken when the limit is reached, otherwise the trading department's reasons and plans must be approved by the management, and the department should report to relevant committee regularly.

(4) Interest rate risk management policies

A. Definition of interest rate risk

Interest rate risk represents risks of variation of fair value of trading position and loss in earnings resulting from interest rate variation. Major relevant products include interest rate-related financial securities and derivatives instrument.

B. Purpose of interest risk management

Interest rate risk management enhances the Bank's ability to measure, control and avoid negative influence of interest rate variation on earnings and economic values of balance sheet items. In addition, it enhances capital efficiency and strengthens operation.

C. Procedures of interest risk management

The Bank carefully chooses investment target through conducting research about issuer's credit, financial status, country risks and interest rate trend. The Bank also establishes trading amount limit and stop-loss limit including limit for trading department, trading personnel and trading commodity, etc. according to trading book operation policies and market status which are approved by top management and the board of directors.

The Bank identifies re-pricing risk of interest rate and yield curve risk and measures possible effects on the Bank's earnings and economic values of changes in interest rate. On a monthly basis, the Bank reports the analysis and monitoring of limit on interest rate risk position and various interest rate management objectives to the Strategy Management Committee and the board of directors.

Report to the Strategy Management Committee is required when certain risk management objective has exceeded limit in order to resolve response action.

D. Measurement methods

The Bank measures risks of price reset periods gap from difference in maturity date and price reset date of assets, liabilities, and off-balance sheet items. The Bank also established interest rate sensitivity monitoring index for major periods in order to maintain long-term profitability and business growth. Such interest rate indexes and results of pressure test are reviewed by management personnel periodically. In addition, the Bank regularly uses the DV01 and IRRBB to measure portfolio affected by interest rate.

(5) Foreign exchange rate risk management

A. Definition of foreign exchange risk

Foreign exchange risk means losses resulting from transferring currencies at different times. The Bank's foreign exchange rate risk results mainly from spot and forward foreign exchange business. The Bank's foreign exchange rate risk is relatively insignificant due to the fact that customers' positions are basically settled immediately on transaction date.

B. Policies, procedures and measurement method for foreign exchange rate risk management

In order to control foreign exchange rate risk within tolerable range, the Bank has established trading limit, stop-loss limit and maximum loss for trading department and trading personnel and the risk is controlled within the tolerable range.

The Bank undertakes pressure test on a seasonal basis and uses 3%-10% fluctuation in major foreign exchange rate (USD) as the sensitivity threshold and reports test results to the Assets and Liabilities Management Committee.

(6) Equity securities price risk management

A. Definition of equity securities price risk

The market risk of equity securities held by the Bank includes individual and general risk from price fluctuation of both individual equity security and the entire equity security market.

B. Purpose of equity security price risk management

The main purpose of equity security price risk management is to prevent financial status from deteriorating and to avoid decrease in earnings due to violent fluctuation in equity security prices, and to enhance capital efficiency and strengthen operation.

C. Procedures of equity security price risk management

The Bank stop-loss point is set according to the policy approved by the assets and Liabilities Management Committee and board of directors. Stop-loss action must be taken when limit is reached, otherwise the investment department must submit request to top management personnel for approval.

D. Measurement method

The Bank's control of security price risk is based on limit of positions held, as well as strict profit and loss monitoring.

(7) Market valuation technique

The Bank assesses its exposures to market risk and the anticipated loss under market pressures by using assumptions on several market position changes. Limits of various financial instruments are set by the board of directors and monitored by the Assets and Liabilities Management Committee. The Bank also performs sensitivity analysis based on major risk factors of various financial products in order to monitor the changes in various market risk factors of financial products.

A. Sensitivity analysis

a. Interest rate risk

The Bank has assessed the possible impact on income and equity if global yield curve move between -1 and +1 basis points simultaneously on December 31, 2023 and 2022.

b. Foreign exchange rate risk

The Bank assesses the possible impact on income when exchange rates of NTD against various currencies fluctuate between -1% and +1% while other factors remain unchanged.

c. Equity securities price risk

The Bank has assessed the possible impact on income when equity security prices on December 31, 2023 and 2022 rise or fall by 1% while other factors remain unchanged.

The analysis assumed that the trends of equity instruments are consistent with historical data.

B. Sensitivity analysis is summarized as follows:

December 31, 2023			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	$ 827,031	$ (22,495)
	Foreign currency depreciated 1% against NTD	(827,031)	22,495
Interest rate risk	Interest rate curve edged up 1bp	(59,489)	(46)
	Interest rate curve edged down 1bp	59,489	46
Equity price risk	Equity price increased 1%	115,709	112
	Equity price decreased 1%	(115,709)	(112)

December 31, 2022			
Major Risk	Fluctuation Range	Amount	
		Equity	Profit or Loss
Foreign exchange risk	Foreign currency appreciated 1% against NTD	$ 753,482	$ (41,383)
	Foreign currency depreciated 1% against NTD	(753,482)	41,383
Interest rate risk	Interest rate curve edged up 1bp	(48,631)	(35)
	Interest rate curve edged down 1bp	48,631	35
Equity price risk	Equity price increased 1%	46,963	4,117

	Equity price decreased 1%	(46,963)	(4,117)

39.3.4 Liquidity risk

(1) The sources and definition of liquidity risk

Liquidity risk is the possibility that the Bank is unable to liquidate assets or obtain financing to fulfill matured financial liabilities which may result in financial loss. Liquidity risk may be present when, for example, deposits are withdrawn in advance of the original date of settlement, the market becomes worse and borrowing from other banks becomes difficult, the clients' credit deteriorates leading to the occurrence of defaults, liquidation of financial instruments becomes difficult, early redemption of interest-sensitive instruments happens, etc. The aforementioned factors may reduce cash balance to be used in the areas of loans, trading, and investment. In some extreme circumstances, the lack of liquidity may lead to the decrease in the overall assets and liabilities, and the need to liquidate the Bank's assets and the possibility of being unable to fulfill loan commitments. Liquidity risks include inherent risks that may be affected by some specific industry events or overall market condition. These events include but are not limited to credit, merger and acquisitions, systemic breakdown and natural disasters.

(2) The management policies are as follows:

The Bank's management procedures are monitored by the independent department of risk management and the procedures are as follows:

A. Regular financing and monitoring of cash flows to ensure the fulfillment of the requirements in the future.

B. Maintaining appropriate position of high liquidity assets which are easily realizable.

C. Monitoring of liquidity ratios of the balance sheet accounts according to the internal management purposes and external monitoring rules.

D. Managing the maturity date of debt instruments.

The procedures for monitoring and reporting liquidity risk are applied and measured based on the estimated cash flows (the time gap is based on how the Bank manages the liquidity risk) of 1 day, 10 days, and 1 month. Estimates of future cash flows are based on the maturity analysis of financial assets and liabilities. The risk management department also monitors the use of loan commitment, discount facilities, guarantee letters, and other types of contingent liabilities, and furthermore reports the related information to the risk management committee and the board of directors regularly.

The Bank holds certain position of highly liquid interest-bearing assets to fulfill its obligation and for future needs. To manage the liquidity risk, the Bank holds the following assets: Cash and cash equivalents, due from the Central Bank and banks, and financial assets measured at fair value through profit or loss, etc.

(3) Maturity analysis

The Bank analyzed cash outflows of non-derivative financial liabilities according to the remaining terms from date of the balance sheet to maturity date of the contract. The disclosure of cash outflows of non-derivative financial liabilities is based on the cash flows of contracts so that the items could not correspond with all items in the balance sheet.

December 31, 2023	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Due to the central bank and banks	$ 12,667,424	$ 588,805	$ 444,312	$ 525,665	$ -	$ 14,226,206
Financial liabilities measured at FVTPL	-	-	-	-	2,182,131	2,182,131
Securities sold under repurchase agreements	171,489	343,996	75,804	-	-	591,289
Payables	24,775,311	631,793	766,446	602,750	638,953	27,415,253
Deposits and remittances	704,025,562	166,468,890	145,897,240	247,970,953	10,199,049	1,274,561,694
Bank debentures	-	5,100,000	3,000,000	6,900,000	43,070,000	58,070,000
Other financial liabilities	5,642,978	86,329	77,038	130,953	621,975	6559,273
Lease liabilities	-	592	7,711	26,057	709,265	743,625

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Due to the central bank and banks	$ 10,548,520	$ 582,608	$ 452,302	$ 525,665	$ -	$ 12,109,095
Financial liabilities measured at FVTPL	-	-	-	-	1,973,649	1,973,649
Securities sold under repurchase agreements	282,962	322,301	176,305	-	-	781,568
Payables	23,233,622	390,844	1,136,783	439,771	513,102	25,714,122
Deposits and remittances	692,557,895	203,140,838	105,542,295	207,770,042	9,384,440	1,218,395,510
Bank debentures	-	-	-	3,000,000	53,070,000	56,070,000
Other financial liabilities	1,388,381	22,001	70,860	157,499	860,991	2,499,732
Lease liabilities	-	5,316	2,024	4,052	760,973	772,365

The Bank evaluated the contractual maturity date to comprehend all derivative financial instruments on the balance sheet. Because the maturity analysis of derivative financial liabilities is based on the contractual cash flows, the amounts would not correspond with related items on the balance sheet. Maturity analysis of derivative financial liabilities is as follows:

A. Derivative financial liabilities in net settlement

December 31, 2023	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 30,914	$ 10,711	$ 1,512	$ 18,151	$ 5,183	$ 66,471
Interest rate derivatives	2,981	2,726	3,067	3,022	167,908	179,704

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives	$ 25,970	$ 67,356	$ 4,895	$ 7,429	$ -	$ 105,650
Interest rate derivatives	-	-	-	-	176,821	176,821

B. Derivative financial liabilities in total settlement

December 31, 2023	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	$ 38,817,956	$ 51,845,997	$ 29,043,857	$ 8,318,001	$ -	$ 128,025,811
Cash outflow	40,020,435	53,533,317	29,721,435	8,341,322	-	131,616,509

December 31, 2022	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Derivative financial liabilities measured at FVTPL						
Foreign exchange derivatives						
Cash inflow	$ 25,141,533	$ 37,012,235	$ 9,776,511	$ 3,993,453	$ -	$ 75,923,732
Cash outflow	26,031,050	38,353,827	10,026,259	4,060,144	-	78,471,280

The analysis of cash outflows of off-balance sheet items is illustrated according to the remaining terms from date of the balance sheets to maturity date of the contract. For financial guarantee contracts, the largest amount is categorized under the nearest time-zone of being asked to fulfill the guarantees. The disclosure of cash outflows of off-balance-sheet items is based on the cash flows of contracts so that part items could not correspond with all items in the balance sheet.

December 31, 2023	0~30 days	31~90 days	91~180 days	181days~1year	Over 1 year	Total
Other guarantees	$ 22,613,621	$ 14,891,917	$ 6,212,611	$ 13,081,771	$ 17,622,263	$ 74,422,183
Issued but unused letters of credit	1,465,608	4,302,930	268,134	185,820	211,977	6,434,469
Non-cancelable loan commitments	479,587	705,878	718,181	1,454,096	30,149,964	33,507,706
Non-cancelable credit card commitments	90,164	180,328	270,492	60,511	-	601,495

December 31, 2022	0~30 days	31~90 days	91~180 days	181days~1year	Over 1 year	Total
Other guarantees	$ 24,722,877	$ 21,221,405	$ 6,805,878	$ 14,406,027	$ 17,899,004	$ 85,055,191
Issued but unused letters of credit	1,734,952	3,840,073	414,208	398,111	38,168	6,425,512
Non-cancelable loan commitments	915,775	315,812	331,595	1,916,044	28,355,489	31,834,715
Non-cancelable credit card commitments	84,725	169,451	254,176	56,860	-	565,212

39.4 Transfer of financial assets

In the daily transactions of the Bank, most of the transferred financial assets not eligible for full derecognition are repurchase notes and bonds. The cash flows of the transactions have been transferred to outsiders and the liabilities for repurchasing the transferred financial assets in a fixed amount have been recognized; the Bank may repurchase the transferred financial assets in the future. The Bank is not eligible to conduct, sell, or pledge the transferred financial assets during the effective period prior to derecognition. However, the Bank is still exposed to the interest risks and credit risks. As a result, the transferred financial assets are not derecognized. The following tables show the transferred financial assets that are not qualified for derecognition and related financial liabilities.

December 31, 2023

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	$ 584,500	$ 591,289	$ 584,500	$ 591,289	$ (6,789)

December 31, 2022

Type of Financial Assets	The Book Value of Financial Assets Transferred	The Book Value of Related Financial Liabilities	The Fair Value of Financial Assets Transferred	The Fair Value of Related Financial Liabilities	Net Amount
Financial assets measured at FVTOCI					
Securities sold under repurchase agreements	$ 775,000	$ 781,568	$ 775,000	$ 781,568	$ (6,568)

40. AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities that were affected by interest rate fluctuations are as follows:

Average balances were calculated by the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31, 2023	
	Average Balance	Average Rate (%)
Interest-bearing assets		
Cash and cash equivalents - due from other banks	$ 17,690,276	0.78
Due from the Central Bank and call loans to banks	96,947,500	2.87
Securities purchased under resell agreements	1,729,006	1.17
Revolving credit card balances	603,618	12.15
Discounts and loans (excluding non-performing loans)	868,179,512	3.03
Financial assets measured at FVTOCI - investments in debt instruments	212,984,811	2.93
Investments in debt instruments measured at amortized cost	216,407,383	1.20

	For the Year Ended December 31, 2023	
	Average Balance	Average Rate (%)

Interest-bearing liabilities			
Due to the central bank and banks	$	16,117,011	3.43
Financial liabilities measured at FVTPL		2,211,260	6.60
Securities purchased under repurchase agreements		671,213	0.87
Negotiable certificates of deposit		65,408,930	1.45
Demand deposits		301,528,467	0.73
Savings deposits		206,455,272	0.75
Time deposits		460,743,796	2.06
Time savings		207,698,203	1.50
Bank debentures		56,482,875	1.35
Other financial liabilities		4,380,549	3.33
Lease liabilities		796,931	0.95

		For the Year Ended December 31, 2022	
		Average Balance	Average Rate (%)
Interest-bearing assets			
Cash and cash equivalents - due from other banks	$	28,307,552	0.14
Due from the Central Bank and call loans to banks		118,280,029	1.43
Financial assets measured at FVTPL		28,034	0.76
Securities purchased under resell agreements		367,351	2.26
Revolving credit card balances		567,115	12.72
Discounts and loans (excluding non-performing loans)		800,526,592	2.23
Financial assets measured at FVTOCI - investments in debt instruments		210,176,698	1.62
Investments in debt instruments measured at amortized cost		131,360,907	0.61

		For the Year Ended December 31, 2022	
		Average Balance	Average Rate (%)
Interest-bearing liabilities			
Due to the central bank and banks	$	15,729,524	1.36
Financial liabilities measured at FVTPL		2,082,380	5.69
Securities sold under repurchase agreements		9,580,930	0.32
Negotiable certificates of deposit		17,378,827	0.94
Demand deposits		357,207,941	0.23
Savings deposits		205,448,414	0.40
Time deposits		367,022,288	0.90
Time savings		155,373,923	1.00
Bank debentures		65,786,353	1.33
Other financial liabilities		1,548,790	1.11
Lease liabilities		709,014	1.13

41. CAPITAL MANAGEMENT

All the Bank’s risks were included in the scope of assessment of capital adequacy according to “Regulations Governing the Capital Adequacy”. The business objectives and project budget are approved by the board of directors, and furthermore the Bank considered the development strategy, capital adequacy, debt ratio, and dividend policy in its assessments. The contents are included in stress test, estimate of capital adequacy ratio to ensure achieving the objective of capital adequacy and strengthening of the capital structure.

The Banking Act and related measures stipulate that in order to improve the financial foundation of a bank, the ratio of the Bank’s own capital to the risky assets shall not be less than 10.5%, where the actual ratio is lower than the prescribed standard, the authorities may impose limit on its capital surplus distribution.

The Bank conformed to the regulation on capital management as of December 31, 2023 and 2022.

The following table lists the equity capital, risk-weighted assets, and risk exposure:

	December 31	
	2023	2022
Analysis items		
Eligible capital		
Common equity	$ 116,201,227	$ 109,779,997
Other Tier I capital	8,070,000	8,070,000
Tier II capital	24,256,459	27,928,743
Eligible capital	$ 148,527,686	$ 145,778,740
Risk-weighted assets		
Credit risk		
Standardized approach	$ 873,339,831	$ 845,573,359
Credit valuation adjustment (CVA)	98,366	79,340
Internal rating based approach	N/A	N/A
Synthetic securitization	1,161,459	493,720
Operational risk		
Basic indicator approach	49,469,728	45,432,985
Standardized approach/ alternative standardized approach	N/A	N/A
Advanced measurement approach	N/A	N/A
Market risk		
Standardized approach	48,299,464	39,085,138
Internal models approach	N/A	N/A
Total risk-weighted assets	$ 972,368,848	$ 930,664,542
Capital adequacy ratio	15.27%	15.66%
Ratio of common equity to risk-weighted assets	11.95%	11.80%
Ratio of Tier I capital to risk-weighted assets	12.78%	12.66%
Leverage ratio	7.59%	7.55%

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

Note 2: Formulas used were as follows:

(1) Eligible capital = Ordinary equity + Other Tier I capital + Tier II capital.

(2) Total risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk × 12.5.

(3) Capital adequacy ratio = Eligible capital ÷ Total risk-weighted assets.

(4) Ratio of ordinary equity to risk-weighted assets = Ordinary equity ÷ Total risk-weighted assets.

(5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital) ÷ Total risk-weighted assets.

(6) Leverage ratio = Net value of tier I capital ÷ Net value of exposure measurement

42. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

42.1 Assets quality: As stated in Table 1

42.2 Concentration of credit risk

Top 10 credit extensions information of the Bank were as follows:

Ranking (Note 1)	December 31, 2023
	The Bank

	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity
1	A Group (general management agency)	7,845,897	4.28%
2	B Group (general management agency)	7,055,149	3.85%
3	C Group (real estate development)	5,317,880	2.90%
4	D Group (real estate selling and leasing)	5,265,396	2.87%
5	E Group (other holding companies)	5,160,551	2.82%
6	F Group (apparel manufacturing)	4,652,001	2.54%
7	G Group (electricity supply)	4,605,801	2.51%
8	H Group (real estate development)	4,184,107	2.28%
9	I Group (financial and leasing)	4,170,449	2.27%
10	J Group (wiring and cable system manufacturing)	4,087,209	2.23%

Ranking (Note 1)	December 31, 2022		
	The Bank		
	Categorized by Sector (Note 2)	Credit Amount (Note 3)	Credit Amount / Stockholders' equity
1	A Group (general management agency)	8,134,468	4.79%
2	B Group (general management agency)	7,164,388	4.22%
3	K Group (computer manufacturing)	6,094,194	3.59%
4	L Group (computer and peripheral manufacturing)	5,796,910	3.41%
5	D Group (real estate selling and leasing)	5,398,074	3.18%
6	M Group (general management agency)	5,354,805	3.15%
7	E Group (other holding companies)	5,179,960	3.05%
8	C Group (real estate development)	4,726,940	2.78%
9	F Group (apparel manufacturing)	4,689,638	2.76%
10	N Group (real estate development)	4,390,700	2.59%

Note 1: The top 10 credit extensions ranking is made by total credit balance, which excluded government-owned or state-run enterprises. If the borrower is an affiliate of the Bank enterprise, the credit balance of the borrower is then aggregated to the Bank enterprise's credit balance. The borrower is marked by specific codes as well as its major industry. The major industry of a borrower is determined by its maximum exposures by industries. The classification of industry should be in line with the Standard Industrial Classification System of Taiwan published by the Directorate General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: "Bank Enterprise" conforms to the definition of Article 6 in "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Credit balance includes each item of loan (including import bill negotiated, export bill negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans and non-performing loans), exchange bills negotiated, accounts receivable - without recourse factoring, acceptances receivable and grantees issued.

42.3 Interest rate sensitivity information

Interest Rate Sensitivity (NTD)

December 31, 2023					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to One Year**	**Over One Year**	**Total**
Interest rate sensitive assets	$ 936,648,688	$ 41,749,403	$ 16,468,885	$ 72,444,595	$ 1,067,311,571
Interest rate sensitive liabilities	232,743,576	475,781,953	240,935,963	51,824,097	1,001,285,589
Interest rate sensitivity gap	703,905,112	(434,032,550)	(224,467,078)	20,620,498	66,025,982
Net equity					183,317,044
Ratio of interest rate sensitive assets to liabilities					106.59%
Ratio of interest rate sensitivity gap to net equity					36.02%

December 31, 2022					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to One Year**	**Over One Year**	**Total**
Interest rate sensitive assets	$ 873,639,602	$ 44,527,449	$ 13,464,679	$ 66,479,264	$ 998,110,994
Interest rate sensitive liabilities	233,477,743	446,634,062	178,390,522	62,396,172	920,898,499
Interest rate sensitivity gap	640,161,859	(402,106,613)	(164,925,843)	4,083,092	77,212,495
Net equity					169,780,908
Ratio of interest rate sensitive assets to liabilities					108.38%
Ratio of interest rate sensitivity gap to net equity					45.48%

Note 1: The tables above refer only to the financial assets/liabilities denominated in NT dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven 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. (The interest rate-sensitive assets and liabilities are in the NT dollars).

Interest Rate Sensitivity (USD)

December 31, 2023					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to One Year**	**Over One Year**	**Total**
Interest rate sensitive assets	$ 7,870,158	$ 132,032	$ -	$ -	$ 8,002,190
Interest rate sensitive liabilities	3,419,212	4,092,541	533,186	90,294	8,135,233
Interest rate sensitivity gap	4,450,946	(3,960,509)	(533,186)	(90,294)	(133,043)
Net equity					5,970,267
Ratio of interest rate sensitive assets to liabilities					98.36%
Ratio of interest rate sensitivity gap to net equity					(2.23%)

December 31, 2022					
Items	**1 to 90 Days**	**91 to 180 Days**	**181 Days to One Year**	**Over One Year**	**Total**
Interest rate sensitive assets	$ 8,295,467	$ 225,102	$ -	$ -	$ 8,520,569
Interest rate sensitive liabilities	3,095,077	4,833,427	781,061	70,569	8,780,134
Interest rate sensitivity gap	5,200,390	(4,608,325)	(781,061)	(70,569)	(259,565)
Net equity					5,526,542
Ratio of interest rate sensitive assets to liabilities					97.04%
Ratio of interest rate sensitivity gap to net equity					(4.70%)

Note 1: The tables above refer only to the financial assets/liabilities denominated in US dollars held by the whole bank, excluded contingent assets and liabilities.

Note 2: Interest rate-sensitive assets/liabilities refer to financial assets/liabilities which returns are driven 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. (The interest rate-sensitive assets and liabilities are in the US dollars).

42.4 Profitability

Unit: %

Items		**December 31, 2023**	**December 31, 2022**
Return on total assets	Before income tax	1.07	1.16
	After income tax	0.95	1.04
Return on equity	Before income tax	9.34	10.15
	After income tax	8.30	9.12
Profit margin		51.60	53.16

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

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

Note 3: Profit margin = Income after income tax ÷ Total net revenue.

Note 4: Income before (after) income tax represents income YTD.

42.5 Maturity analysis of assets and liabilities

(1) In Thousands of New Taiwan Dollars

	Total	**December 31, 2023**					
		For remaining period to maturity date					
		0 to 10 Days	**11 to 30 Days**	**31 to 90 Days**	**91 to 180 Days**	**181 Days to 1 Year**	**Over 1 Year**
Major cash inflow on maturity	$ 1,146,475,725	$ 197,814,636	$ 87,870,128	$ 48,844,504	$ 79,772,132	$ 130,994,654	$ 601,179,671
Major cash outflow on maturity	1,485,744,011	59,584,976	102,784,539	223,495,973	260,424,468	314,524,600	524,929,455
Gap	(339,268,286)	138,229,660	(14,914,411)	(174,651,469)	(180,652,336)	(183,529,946)	76,250,216

	Total	December 31, 2022					
		For remaining period to maturity date					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 1,060,684,715	$ 168,042,249	$ 77,263,976	$ 68,843,424	$ 82,448,991	$ 122,819,118	$ 541,266,957
Major cash outflow on maturity	1,385,257,536	48,112,388	93,805,058	245,110,503	224,444,131	260,795,545	512,989,911
Gap	(324,572,821)	119,929,861	(16,541,082)	(176,267,079)	(141,995,140)	(137,976,427)	28,277,046

Note: This table includes only financial assets/liabilities denominated in NT dollars held by the head office and domestic branches.

(2) In Thousands of US dollars

	Total	December 31, 2023				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 12,596,426	$ 2,086,359	$ 1,058,988	$ 781,034	$ 699,397	$ 7,970,648
Major cash outflow on maturity	14,461,735	2,799,344	2,512,152	2,016,397	2,193,700	4,940,142
Gap	(1,865,309)	(712,985)	(1,453,164)	(1,235,363)	(1,494,303)	3,030,506

	Total	December 31, 2022				
		For remaining period to maturity date				
		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Major cash inflow on maturity	$ 12,844,167	$ 3,286,872	$ 1,865,893	$ 665,005	$ 655,138	$ 6,371,259
Major cash outflow on maturity	15,118,127	2,835,384	2,030,725	1,768,280	2,449,547	6,034,191
Gap	(2,273,960)	451,488	(164,832)	(1,103,275)	(1,794,409)	337,068

Note: This table includes only financial assets/liabilities denominated in US dollars held by the head office, domestic branches and OBU.

43. THE CONTENTS AND AMOUNTS OF TRUST ACTIVITIES BY PROCESSING TRUST ENTERPRISE ACT

The trust account balance sheets, income statements and the details of trust assets are as follows:

Balance Sheet of Trust Account

Trust Assets	December 31, 2023	December 31, 2022	Trust Liabilities	December 31, 2023	December 31, 2022
Bank deposit	$ 7,291,392	$ 7,388,829	Accounts payable	$ 136	$ 219
Short-term investments	102,850,714	95,997,237	Depository of security payable	54,771,849	55,607,507
Net asset value of collective investment trust fund	6,567,315	6,362,452	Trust capital	155,140,589	149,976,189
Accounts receivable	15,357	2,982	Accumulated (loss) gain and equity	(201,890)	(728,850)
Land	28,683,633	30,408,073			
Buildings and improvement, net	78,662	66,366			
Construction in progress	9,391,294	8,962,925			
Securities in custody	54,771,849	55,607,507			
Other assets	60,468	58,694			
Total trust assets	$ 209,710,684	$ 204,855,065	Total trust liabilities	$ 209,710,684	$ 204,855,065

Trust Asset Lists

Item	December 31, 2023	December 31, 2022
Cash in banks	$ 7,291,392	$ 7,388,829
Short-term investment		
Funds	65,398,463	66,800,237
Bonds	29,830,664	22,752,279
Common stock	4,271,864	4,656,074
Structured instruments	3,150,933	1,581,390
Preferred stock	198,790	207,257
Net asset value of collective trust accounts	6,567,315	6,362,452
Receivables	15,357	2,982
Land	28,683,633	30,408,073
Buildings and improvement, net	78,662	66,366
Construction in progress	9,391,294	8,962,925
Depository of securities	54,771,849	55,607,507
Other assets - principal deferred expense	60,468	58,694
Total	$ 209,710,684	$ 204,855,065

Income Statements of Trust Account

	For the Year Ended December 31 2023	2022
Trust income		
Cash dividends on common stock	$ 75,366	$ 70,601
Interest income	52,804	28,583
Donation income	955	1,048
Realized investment gains	17,913	872
Unrealized investment gains	209,562	70,676
Other revenue	56,235	77,459
	412,835	249,239
Trust expenses		
Tax expenditures	14,491	71,132
Management expenses	11,305	8,314
Service expenses	2,311	3,721
Realized investment losses	159,176	11,289
Unrealized investment losses	452,614	894,503
Donation expenses	1,676	1,317
Other expenses	2,486	2,803
	644,059	993,079
(Loss) income before income tax	(231,224)	(743,840)
Income tax expense	(14)	-
Net (loss) income	$ (231,238)	$ (743,840)

44. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

The information regarding significant financial assets/liabilities denominated in foreign currencies held by the Bank was as follows:

(In Thousands of Foreign Currencies)

	December 31 2023			2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Cash and cash equivalents						
JPY	$ 27,630,882	0.2170	$ 5,995,901	$ 44,650,776	0.2319	$ 10,354,515
CNY	949,383	4.3280	4,108,930	493,149	4.4107	2,175,132
USD	96,822	30.7050	2,972,920	136,532	30.7210	4,194,400
Due from the Central Bank and call loans to banks						
USD	966,684	30.7050	29,682,032	2,284,904	30.7210	70,194,536
CNY	441,400	4.3280	1,910,379	722,850	4.4107	3,188,274
VND	1,040,000,000	0.0013	1,352,000	1,024,000,000	0.0013	1,331,200
Receivables						
USD	48,473	30.7050	1,488,363	24,885	30.7210	764,492
EUR	16,212	34.0181	551,501	2,722	32.7517	89,150
JPY	957,279	0.2170	207,730	2,533,404	0.2319	587,496
Discounts and loans						
USD	3,305,698	30.7050	101,501,457	3,950,030	30.7210	121,348,872
HKD	4,374,670	3.9294	17,189,828	4,296,461	3.9402	16,928,916
CNY	3,310,419	4.3280	14,327,493	2,811,861	4.4107	12,402,275
Financial assets at FVTOCI						
USD	3,138,985	30.7050	96,382,534	1,889,221	30.7210	58,038,758
AUD	895,261	21.0084	18,808,001	524,145	20.7858	10,894,773
CNY	737,088	4.3280	3,190,117	1,471,420	4.4107	6,489,992
Financial assets measured at amortized cost						
USD	501,504	30.7050	15,398,680	190,426	30.7210	5,850,077
AUD	203,000	21.0084	4,264,705	135,000	20.7858	2,806,083
SGD	60,028	23.3020	1,398,772	71,820	22.8596	1,641,776
Financial assets at FVTPL						
USD	13,183	30.7050	404,784	14,782	30.7210	454,118
EUR	2,765	34.0181	94,060	28	32.7517	917
JPY	83,997	0.2170	18,227	1,145	0.2319	266
Equity investments under the equity method						
USD	2,832,580	30.7050	86,974,369	2,638,520	30.7210	81,057,973
HKD	101,299	3.9294	398,044	94,620	3.9402	372,822
Financial liabilities						
Payables						
USD	85,299	30.7050	2,619,106	96,942	30.7210	2,978,155

EUR	16,635	34.0181	565,891	2,357	32.7517	77,196
JPY	929,842	0.2170	201,776	2,545,598	0.2319	590,324
Deposits from the central bank and other banks						
USD	181,350	30.7050	5,568,352	19,705	30.7210	605,357
VND	2,612,000,000	0.0013	3,395,600	2,154,000,000	0.0013	2,800,200
HKD	860,000	3.9294	3,379,284	1,435,000	3.9402	5,654,187
Deposits and remittances						
USD	7,869,931	30.7050	241,646,231	8,909,249	30.7210	273,701,039
JPY	166,681,313	0.2170	36,169,845	101,952,839	0.2319	23,642,863
CNY	4,692,992	4.3280	20,311,269	5,006,666	4.4107	22,082,902
Financial liabilities at FVTPL						
USD	85,597	30.7050	2,628,256	84,130	30.7210	2,584,558
HKD	1,316	3.9294	5,171	2,961	3.9402	11,667
ZAR	984	1.6578	1,631	98	1.8092	177

45. ADDITIONAL DISCLOSURES

Information of significant transaction items 45.1 and other business investment 45.2 is as follows:

45.1.1 Financing provided: Table 2.

45.1.2 Endorsement/guarantee provided: The Bank - not applicable; investees - not applicable or none.

45.1.3 Marketable securities held: Table 3.

45.1.4 Marketable securities (for investees) or investee investment (for the Bank) acquired and disposed of, at costs or prices of at least NT$300 million or 10% of the issued capital: None.

45.1.5 Acquisition of individual real estate at costs of at least $300 million or 10% of the issued capital: Table 4.

45.1.6 Disposal of individual real estate at prices of at least $300 million or 10% of the issued capital: None.

45.1.7 Allowance for service fees to related-parties amounting to more than $5 million: None.

45.1.8 Receivables from related parties amounting to at least $300 million or 10% of the issued capital: None.

45.1.9 Sale of non-performing loans: None.

45.1.10 Application for approval of securitization product types and information according to Financial Asset Securitization Clause of the Real State Securitization Act: None.

45.1.11 Other significant transactions which may have effects on decision making of financial statement users: None.

45.1.12 Names, locations, and other information of investees on which the Bank exercises significant influence: Table 5

45.1.13 Derivative financial transactions: Note 8 on which the Bank exercises significant influence has no such transaction.

45.3 Investments in mainland China are as follows:

45.3.1 Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China: Table 5.

45.3.2 Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Not applicable.

45.4 Information of major shareholders:

list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Not applicable.

46. SEGMENT INFORMATION

According to the Article 23 of “Regulations Governing the Preparation of Financial Reports by Public Banks”, the Bank does not prepare the segment information of IFRS 8.

TABLE 1

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLES
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Date			December 31, 2023					December 31, 2022				
Business			Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Loans	NPL Ratio (%) (Note 2)	Loan Loss Reserve(LLR)	Coverage Ratio (Note 3)
Corporate banking	Secured		925,095	306,015,018	0.30	5,227,854	565.12	1,013,908	299,689,193	0.34	4,847,067	478.06
	Unsecured		139,203	227,288,694	0.06	2,599,071	1,867.11	134,505	233,376,778	0.06	2,579,213	1,917.56
Consumer banking	Mortgage (Note 4)		342,306	306,812,936	0.11	5,402,582	1,578.29	171,119	280,661,983	0.06	4,521,331	2,642.21
	Cash cards		-	-	-	-	-	-	-	-	-	-
	Microcredit (Note 5)		7,036	4,267,867	0.16	59,164	840.88	7,177	4,484,800	0.16	57,945	807.37
	Others (Note 6)	Secured	46,330	35,408,267	0.13	462,645	998.59	45,530	33,807,766	0.13	421,160	925.02
		Unsecured	-	-	-	-	-	-	-	-	-	-
Total			1,459,970	879,792,782	0.17	13,751,316	941.89	1,372,239	852,020,520	0.16	12,426,716	905.58
			Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Overdue Loans (Note 1)	Accounts Receivable	Delinquency Ratio (%) (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			7,736	3,993,109	0.19	74,454	962.44	4,755	3,339,569	0.14	87,936	1,849.34
Accounts receivable factored without recourse (Note 7)			-	350,360	-	3,504	-	-	451,234	-	4,512	-

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

Note 2: Ratio of non-performing loans: Non-performing loans ÷ Outstanding loan balance.
Ratio of non-performing credit card receivables: Non-performing credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses on loans ÷ Non-performing loans.
Coverage ratio of credit card receivables: Allowance for possible losses on credit card receivables ÷ Non-performing credit card receivables.

Note 4: Housing mortgage is fully secured by property, which is purchased (owned) by the borrower, the spouse or the minor children of the borrower and the rights on mortgage are pledged to the financial institution, for the purpose of purchasing or decorating property.

Note 5: Small scale credit loans, as categorized in accordance with the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), are unsecured loans with small amounts exclusive of credit cards and cash cards.

Note 6: Other loans of consumer banking refer to secured or unsecured loans exclusive of housing mortgage, cash card, small scale credit loans and credit card.

Note 7: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as non-performing receivables in three months after the factors or insurance companies reject indemnification.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

OVERDUE LOANS AND RECEIVABLES
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt consultation and loan agreements (Note 1)	-	-	-	-
As a result of consumer debt clearance (Note 2)	-	29,642	-	32,242

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt consultation and loan agreements is based on the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

LOANS AND OTHER INFORMATION
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Information of Lenders, Borrowers and Others

No (Note 1)	Lender	Borrower	Corresponding Account	Related Parties	The Highest Period Balance	Ending Balance	Actual Amount	Interest Rate Range	Capital Loan (Note 2)	Business Dealing Amount	Reasons of Short-term Financing	Allowance	Collateral		Individual Fund Loan and Limit (Note 3)	Total Loan Limit (Note 3)
													Name	Value		
1	SCSB Leasing (China) Co., Ltd.	A Co., Ltd.	Entrusted loan receivables	N/A	$ 77,904	$ 129,840	$ 77,904	6%~11%	1	$ 77,904	-	$ 1,558	Real estate	$ 260,978	$ 391,806	$ 979,514
1	SCSB Leasing (China) Co., Ltd.	B Co., Ltd.	Entrusted loan receivables	N/A	17,312	108,200	17,312	6%~11%	1	17,312	-	10,387	Real estate	185,844	391,806	979,514

Note 1: The numbers refer to the following:
(1) Issuer is 0.
(2) Investees are numbered sequentially starting from 1.

Note 2: The nature of capital loans corresponds to the following values:
(1) 1 for business dealing.
(2) 2 for reasons of short-term financing facility.

Note 3: The amounts and calculation of the loan limit are as follows:

1. Individual fund loans and limits

(1) For an enterprise or organization that has no business relationship with the lender but has short-term financing facility, the loan amount to the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

(2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the loan amount to the single enterprise or organization shall not exceed 20% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

2. Capital loans and total loan limits

(1) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

(2) For an enterprise or organization that has no business dealings with the lender but has short-term financing facility, the total accumulated loan balance of the single enterprise or organization shall not exceed 40% of the net value as presented in the latest financial statements of the lender as audited by the accountant.

The total accumulated loan balance of the above two parties shall not exceed twice the net value as presented in the latest financial statements of the lender as audited by the accountant.

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Name	Security Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shancom Reconstruction Inc.	Empresa Inversiones Generales, S.A.	Indirect subsidiary	Investments in subsidiaries	1	$ 22,000	100.00	$ 22,000	
	Krinein Company	Indirect subsidiary	Investments in subsidiaries	2	30,076	100.00	30,076	
	Safehaven Investment Corporation	Indirect subsidiary	Investments in subsidiaries	1	52,375	100.00	52,375	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	11,370	532,098	0.23	532,098	
Wresqueue Limitada	Prosperity Realty Inc.	Indirect subsidiary	Investments in subsidiaries	4	39,868	100.00	39,868	
China Travel Service (Taiwan)	Silks Place Taroko	-	Equity investments under the equity method	20,372	308,559	45.00	308,559	
	CTS Travel International Ltd.	Indirect subsidiary	Investments in subsidiaries	600	7,020	100.00	7,020	
	Joy Tour Service Co., Ltd.	-	Financial assets measured at FVTOCI	100	1,000	10.00	1,000	
	Shanghai Commercial & Savings Bank, Ltd.	The Bank	Financial assets measured at FVTOCI	27	1,302	-	1,302	
SCSB Asset Management Ltd.	SCSB Leasing (China) Co., Ltd.	Indirect subsidiary	Investments in subsidiaries	N/A	925,153	100.00	925,153	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets measured at FVTOCI	2	110,000	-	110,000	
Krinein Company	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	1,920	13,595,245	9.60	13,595,245	
Empresa Inversiones Generales, S.A.	Shanghai Commercial Bank (HK)	Indirect subsidiary	Investments in subsidiaries	9,600	67,976,226	48.00	67,976,226	

TABLE 4

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF ASSETS AT COSTS REACHEING $300 MILLION OR 10% OF THE ISSUED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date (Note 1)	Transaction Amount	Payment Status	Counterparty	Relationship	Purpose of Disposal				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Shanghai Commercial & Savings Bank, Ltd.	Real estate	2023/8/11	No more than $460 million	Payment is according to the terms of the contract, with no restrictive covenants in place.	Horizon Design & Construction Co., Ltd.	None-related party	Not applicable	Not applicable	Not applicable	Not applicable	Historical transaction data and market conditions with the final price negotiated and approved by Board of directors	Interior design and construction for branches and office space of operating departments	None

TABLE 5

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars) (Share in Thousands)

Investee Company	Location	Main Businesses and Products	Percentage of Ownership (%)	Carrying Amount	Investment Income (Loss) Recognized	Consolidated Investment (Note 2)				Note
						Shares (In Thousands)	Shares (Pro forma)	Shares (In Thousands)	Percentage of Ownership (%)	
Equity investments under the equity method										
Financial business										
SCSB Asset Management Ltd.	Taiwan	Purchase and management of creditor's rights of financial institutions	100.00	$1,644,532	$ (27,727)	160,000	-	160,000	100.00	
Paofoong Insurance Company Ltd.	Hong Kong	Insurance	40.00	398,043	26,489	500	-	500	100.00	
Shanghai Commercial Bank (HK)	Hong Kong	Banking and financial	57.60	81,571,471	3,812,072	11,520	-	11,520	57.60	
SCSB Leasing (China) Co., Ltd.	China	Leasing operation	100.00	925,153	(54,544)	N/A	-	N/A	100.00	
AMK Microfinance Institution Plc.	Cambodia	Microfinance institution	99.99	5,576,611	130,345	10,946	-	10,946	99.99	
Non-financial business										
China Travel Service (Taiwan)	Taiwan	Travel services	99.99	495,013	66,801	38,943	-	38,943	99.99	
SCSB Marketing Ltd.	Taiwan	Marketing	100.00	9,476	2,006	500	-	500	100.00	
Kuo Hai Real Estate Management	Taiwan	Building material distribution	30.00	-	-	3,000	-	3,000	30.00	
Shancom Reconstruction Inc.	Liberia	Securities investment	100.00	81,035,187	3,743,130	5	-	5	100.00	
Wresqueue Limitada	Liberia	Securities investment	100.00	378,518	13,899	176	-	176	100.00	
Empresa Inversiones Generales, S.A.	Panama	Securities investment	100.00	22,001	1,254	1	-	1	100.00	
Krinein Company	Cayman Islands	Securities investment	100.00	30,077	1,121	2	-	2	100.00	
Safehaven Investment Corporation	Liberia	Securities investment	100.00	52,374	1,807	1	-	1	100.00	
Prosperity Realty Inc.	USA	Real estate services	100.00	39,868	5,791	4	-	4	100.00	
Silks Place Taroko	Taiwan	Travel services	45.00	308,559	80,215	20,372	-	20,372	45.00	
CTS Travel International Ltd.	Taiwan	Travel services	100.00	7,020	3	600	-	600	100.00	

Note 1: Investees are categorized into financial business and non-financial business.

Note 2: The Bank, board chairman, supervisors, managing directors, and the shares of investee companies invested in by related parties which comply with corporation law are considered.

TABLE 6

THE SHANGHAI COMMERCIAL & SAVINGS BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars and US Dollars)

1. Investee company name, main business and products, total amount of paid-in capital, investment type, investment outflows and inflows, % ownership, investment gain (loss), carrying amount as of December 31, 2023 and inward remittance of earnings:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment as of December 31, 2023	Investment Flows		Accumulated Outflow of Investment as of December 31, 2023	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow					
SCSB Leasing (China) Co., Ltd.	Leasing operation	NT$ 921,150 US$ 30,000	Note1(3)	NT$ 921,150 US$ 30,000	NT$ - US$ -	NT$ - US$ -	NT$ 921,150 US$ 30,000	100%	NT$ (54,931) US$ (1,765)	NT$ 925,153 US$ 30,130	$ -
Bank of Shanghai	Banking business approved by local government	NT$ 61,486,459 US$ 2,002,490	Note 4	NT$ 3,461,774 US$ 112,743	NT$ - US$ -	NT$ - US$ -	NT$ 3,461,774 US$ 112,743	3%	NT$ - US$ -	NT$ 11,033,490 US$ 359,339	-
Shanghai Commercial Bank Ltd. - Shenzhen Branch	Banking business approved by local government	NT$ 3,032,430 US$ 98,760	Note 4	NT$ 1,961,835 US$ 63,893	NT$ - US$ -	NT$ - US$ -	NT$ 1,961,835 US$ 63,893	100%	NT$ 302,290 US$ 9,715	NT$ 2,891,441 US$ 94,168	-
Shanghai Commercial Bank Ltd. - Shanghai Branch	Banking business approved by local government	NT$ 3,318,028 US$ 108,061	Note 4	NT$ 1,987,135 US$ 64,717	NT$ - US$ -	NT$ - US$ -	NT$ 1,987,135 US$ 64,717	100%	NT$ (30,474) US$ (979)	NT$ 3,430,690 US$ 111,731	-
The Shanghai Commercial & Savings Bank, Ltd. - Wuxi Branch	Banking business approved by local government	NT$ 2,662,338 US$ 86,707	Note1(1)	NT$ 2,662,338 US$ 86,707	NT$ - US$ -	NT$ - US$ -	NT$ 2,662,338 US$ 86,707	100%	NT$ 69,653 US$ 2,239	NT$ 2,717,039 US$ 88,488	-

2. Upper limit on investments in mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment Authorized by Investment Commission MOEA
$ 10,994,232 (US$ 358,060)	$ 11,733,721 (US$ 382,144)	$ 146,157,838

Note 1: Methods of investment in mainland China are listed below:

(1) Directly invest.
(2) Invest indirectly via a third company.
(3) Others.

Note 2: Financial report audited by the accounting firm associated with the parent company in Taiwan.

Note 3: Calculated using the exchange rate on December 31, 2023.

Note 4: To invest via sub-subsidiary of the Bank, Shanghai Commercial Bank (HK).