Stock Code:5858

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Address: No. 120, Sec. 1, Chungching South Road, Taipei, Taiwan, R.O.C.
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Representation Letter

The entities that are required to be included in the combined financial statements of Bank of Taiwan as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bank of Taiwan and Subsidiaries do not prepare a separate set of combined financial statements.

Truthfully yours,

Company name: Bank of Taiwan

Chairman: Jong-Yuan Ling

Date: March 7, 2025

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Independent Auditors' Report

To the Board of Directors of Bank of Taiwan:

Opinion

We have audited the consolidated financial statements of Bank of Taiwan ("the Bank") and its subsidiaries ("the Bank and subsidiary"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and subsidiary as at December 31, 2024 and 2023, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China ("FSC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Ruling No. 10802731571 issued by the FSC and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and subsidiary in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

In accordance with the auditing regulations in Taiwan, the financial statements of the Bank and subsidiary are required to be audited by the Ministry of Audit (the "MoA"). The financial statement for the financial year ended December 31, 2023 has been audited and approved by the MoA. For further information, please see note 16(b). Our opinion is not modified in respect of this matter.

Other Matter

As stated in note 6(j) of the consolidated financial statements, we did not audit the financial statements of Hua Nan Financial Holdings Co., Ltd. and Tai Yi Real Estate Co., Ltd. of investments in associates accounted for using equity method of the Bank and subsidiary amounting to NT$46,811,505 thousand and NT$44,148,540 thousand as of December 31, 2024 and 2023, respectively, constituting 0.71% and 0.72% of the related consolidated total assets; nor the related shares of investment profit in associates accounted for using equity method of NT$4,922,510 thousand and NT$4,602,638 thousand for the years then ended, respectively, constituting 8.05% and 8.24% of the related consolidated net revenue. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts includes above, is based solely on the report of the other auditors.

We have also audited the separated financial statements of Bank of Taiwan as of 2024 and 2023, and have issued an unmodified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. The assessment of impairment of financial assets

   Please refer to Note 4(l) “Impairment of assets” for related accounting policy, Note 5(c) “The evaluation of financial asset impairments” for the uncertainty of accounting assumptions and estimations, and Note 8 “Financial risk management ” for the details of the evaluation of financial asset impairments.

   Description of key audit matters

   When assessing whether there is any indication that the financial assets other than measured at fair value through profit or loss may be impaired based on IFRS 9, the Bank and subsidiary rely on management for considering all kinds of observable data and using the expected credit loss model, including probability of default, loss of default, exposure at default and prospective economic factors, to calculate the impairment loss. The calculation process is complicated and involves the exercise of judgment. Eventually, the assumptions used may also affect the estimated amount significantly. Furthermore, the amount of financial assets which required impairment tests is material to the Bank and subsidiary as of December 31, 2024. Therefore, the assessment of impairment of financial assets has been identified as a key audit matter in our audit.

   How the matter was addressed in our audit

   Our principal audit procedures included (i) inspecting the internal guidelines of impairment assessment of credit and investment business, understanding the Bank's and subsidiary's procedures of the assessment of impairment of financial assets, and testing related internal control procedures; (ii) performing analytical procedures; (iii) assessing the reasonableness of the Bank's and subsidiary's assessment of impairment of financial assets and, if necessary, acquiring assistance from internal specialists; (iv) verifying the accuracy of loan loss provision based on “Regulations Governing the Procedures for Enterprises Engaging in Insurance to Evaluate Assets and Deal with Non performing/Non accrual Loans”; (v) assessing whether the impairment of financial assets is presented and disclosed fairly.

2. The valuation of financial instruments

Please refer to Note 4(f) "Financial instrument" for related accounting policy, Note 5(b) "The fair value valuation of non-active market or non-quoted financial instruments" for major sources of uncertainty for assumptions and estimation, and Note 7 "The fair value and fair value hierarchy of the financial instruments" for the details of valuation of financial instruments.

Description of key audit matters

The Bank and subsidiary hold the value of financial assets and liabilities, which shall calculated by a model are classified as level 2 and level 3 expect for which shall calculated by an observable for active market are classified as level 1. The parameters of inputs which often involve the exercise of judgment in valuation process. The valuation of financial instruments may be misstated due to the use difference of valuation techniques and assumptions. The amount of financial asset and liabilities the Bank and subsidiary hold as of December 31, 2024 were significant. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

How the matter was addressed in our audit

Our main audit procedures included (i) reviewing accounting policy about the fair value of financial instruments measurement and disclosure, and performing an assessment over the investment cycle of its initial recognition, subsequent measurement and disclosures on financial statement; (ii) for the financial instruments measured at fair value with active market, sampling test of prices are quoted in an active market; (iii) sampling to test whether the fair value of the financial instruments measured at fair value without an active market are appropriate by re-calculating and obtaining the quoted price from counter parties or independent third parties, as well as appointing our valuation specialists to assess the reasonableness of the models and parameters the Bank used when deemed necessary; (iv) assessing whether the disclosure of financial instruments in accordance with International Financial Reporting Standards.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Budget Law, Account Settlement Law, Regulations Governing the Preparation of Financial Reports by Public Banks and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank and subsidiary'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 and subsidiary or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Bank's and subsidiary's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and subsidiary'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 and subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Lin and Chen, Fu-Jen.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2025

Notes to Readers

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

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
11000	Cash and Cash Equivalents (notes 6(a), 8 and 10)	$ 113,573,768	2	116,062,640	2
11500	Placement with Central Bank and Call Loans to Banks (notes 6(b), 8, 10 and 11)	581,439,426	9	565,834,947	9
12000	Financial Assets Measured at Fair Value through Profit or Loss (notes 6(c), 7, 8 and 10)	430,477,723	7	370,501,347	6
12100	Financial Assets Measured at Fair Value through Other Comprehensive Income (notes 6(d), (q), 7, 8 and 11)	1,496,186,906	23	1,358,202,266	22
12200	Debt Investments Measured at Amortized Cost (notes 6(h), (q), 7, 8 and 11)	273,112,350	4	291,174,762	5
12300	Hedging Derivative Financial Assets, net (notes 6(e), 7 and 8)	-	-	1,419	-
12500	Bills and Bonds Purchased under Resell Agreements (notes 6(i), 8 and 10)	1,228,385	-	-	-
13000	Receivables, net (notes 6(f), 8 and 10)	59,384,143	1	61,493,891	1
13200	Current Income Tax Assets	962,558	-	31,421	-
13500	Loans and Discounts, net (notes 6(g), 8 and 10)	3,369,123,180	51	3,131,758,621	51
15000	Investments under Equity Method, net (note 6(j))	47,629,250	1	45,134,098	1
15500	Other Financial Assets, net (notes 6(f), (k), (q), 8 and 10)	22,183,937	-	24,129,434	-
18500	Property and Equipment, net (notes 6(l) and (q))	139,317,784	2	139,035,349	2
18600	Right-of use assets (note 6(m))	1,859,079	-	1,536,560	-
18700	Investment Property (note 6(n))	15,238,207	-	15,238,207	-
19000	Intangible Assets, net (note 6(o))	1,266,000	-	1,296,635	-
19300	Deferred Tax Assets (note 6(ad))	481,325	-	322,659	-
19500	Other Assets, net (notes 6(p), 8 and 10)	29,658,714	-	38,797,013	1
	Total assets	**$ 6,583,122,735**	**100**	**6,160,551,269**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21000	Deposits of Central Bank and other banks (notes 6(r), 8 and 10)	$ 307,523,344	5	337,827,114	5
21500	Due to the Central Bank and banks (notes 6(b), (s) and 8)	3,278,500	-	3,531,075	-
22000	Financial Liabilities Measured at Fair Value through Profit or Loss (notes 6(t), 7, 8 and 10)	22,109,444	-	32,905,513	1
22500	Bills and Bonds Sold under Repurchase Agreements (notes 6(i) and 8)	17,833,263	-	16,272,079	-
23000	Payables (notes 6(u), 8 and 10)	64,070,407	1	54,355,760	1
23200	Current Income Tax Liabilities (note 8)	3,800,494	-	3,559,909	-
23500	Deposits and Remittances (notes 6(v), 8 and 10)	5,025,955,352	77	4,734,638,404	77
24000	Financial Bonds Payable (notes 6(w) and 8)	2,999,496	-	10,999,390	-
25500	Other Financial Liabilities (notes 6(x) and 8)	1,427,936	-	1,415,804	-
25600	Provision (notes 6(y), (z) and 8)	614,481,864	9	499,313,921	8
26000	Lease Liabilities (notes 6(aa) and 8)	1,782,335	-	1,472,662	-
29300	Deferred Tax Liabilities (note 6(ad))	18,045,305	-	18,723,733	-
29500	Other Liabilities (notes 6(ac), 8 and 10)	7,409,470	-	7,520,187	-
	Total liabilities	**6,090,717,210**	**92**	**5,722,535,551**	**92**
	Equity attributable to owners of parent (note 6(ae)):				
31101	Capital stock	109,000,000	2	109,000,000	2
31500	Capital surplus	108,454,711	2	108,453,642	2
	Retained earnings:				
32001	Legal reserve	66,825,316	1	59,541,379	1
32003	Special reserve	66,555,054	1	56,843,137	1
32005	Unappropriated retained earnings	49,037,831	1	39,899,373	1
	Total retained earnings	182,418,201	3	156,283,889	3
32500	Other equity	92,532,613	1	64,278,187	1
	Total equity	492,405,525	8	438,015,718	8
	Total liabilities and equity	**$ 6,583,122,735**	**100**	**6,160,551,269**	**100**

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023		Change
		Amount	%	Amount	%	%
	Revenue and income:					
41000	Interest income (notes 6(af) and 10)	$ 133,500,171	218	117,897,483	211	13
51000	Less:Interest expense (notes 6(af) and 10)	96,667,962	158	79,731,155	143	21
	Net interest income (note 6(af))	36,832,209	60	38,166,328	68	(3)
	Non-interest income, net					
49100	Service fees ,net (notes 6(ag) and 10)	4,097,754	7	3,723,978	7	10
49200	Gain (loss) on financial assets or liabilities measured at fair value through profit or loss (notes 6(ah) and 10)	127,147,385	207	72,247,771	129	76
49310	Realized gains from financial assets measured at fair value through other comprehensive income (note 6(ai))	4,190,949	7	3,242,453	6	29
49600	Foreign exchange gain (loss) (notes 6(aj) and 10)	7,888,932	13	4,583,114	8	72
49700	Provision of impairment loss on assets (notes 6(l) and (q))	(200,603)	-	(18,905)	-	(961)
49750	Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(j))	4,757,590	8	4,362,157	8	9
49837	Net premium (note 6(ak))	(12,922,501)	(21)	(8,388,629)	(15)	(54)
49843	Sales income (notes 6(o) and (ak))	663,769	1	535,033	1	24
48054	Subsidized income from government (notes 6(ak) and 16(c))	9,964,949	16	9,060,440	16	10
49898	Excess preferential interest expenses (notes 6(f) and (ak))	(6,054,310)	(10)	(6,278,721)	(11)	4
49871	Provisions for policyholders' premium (note 6(ak))	(115,619,590)	(189)	(66,371,429)	(119)	(74)
49899	Other miscelloneous income, net (notes 6(aa), (ak) and 10)	431,185	1	1,003,270	2	(57)
	Net Revenue	61,177,718	100	55,866,860	100	10
58200	**Bad debts expense, commitment and guarantee liability provision (note 6(g))**	(3,018,846)	(5)	(2,177,689)	(4)	39
	Expenses: (note 16(a))					
58500	Employee benefits expenses (notes 6(z), (al) and 10)	(14,666,748)	(24)	(14,628,336)	(26)	-
59000	Depreciation and amortization expenses (note 6(am))	(2,195,685)	(4)	(2,121,469)	(4)	3
59500	Other general and administrative expenses (notes 6(an) and 10)	(9,113,637)	(15)	(8,456,496)	(15)	8
	Total Expenses	(25,976,070)	(43)	(25,206,301)	(45)	3
	Profit from continuing operations before tax	32,182,802	52	28,482,870	51	13
61003	Less: Income tax expenses (note 6(ad))	3,040,695	5	4,663,854	8	(35)
	Net profit	29,142,107	47	23,819,016	43	22
65000	**Other comprehensive income:**					
65200	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**					
65201	Gains (losses) on remeasurements of defined benefit plans (note 6(z))	(158,284)	-	(512,716)	(1)	69
65205	Change in fair value of financial liability attributable to change in credit risk of liability	18,524	-	(27,629)	-	167
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	28,191,954	46	16,382,522	29	72
65206	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	504,964	1	763,331	1	(34)
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	28,557,158	47	16,605,508	29	72
65300	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
65301	Exchange differences on translation of foreign financial statements	1,202,052	2	(67,544)	-	1,880
65308	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,215,386)	(2)	4,251,446	8	(129)
65306	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	717,975	1	1,240,345	2	(42)
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(ad))	15,168	-	6,925	-	119
	Components of other comprehensive income that will be reclassified to profit or loss	689,473	1	5,417,322	10	(87)
65000	**Other comprehensive income**	29,246,631	48	22,022,830	39	33
	Total comprehensive income	$ 58,388,738	95	45,841,846	82	27
	Basic earnings per share(In dollars) (note 6(ae))	$	2.67		2.19	

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
							Other equity interest						
	Share capital		Retained earnings										
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk of liability	Gains (losses) on financial instruments for hedging	Other comprehensive income reclassified by applying overlay approach	Total	Total equity
Balance at January 1, 2023	$ 109,000,000	108,453,043	54,663,265	49,933,409	30,751,016	135,347,690	(875,407)	43,597,471	5,196	7,180	(61,900)	42,672,540	395,473,273
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	4,878,114	-	(4,878,114)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,953,321	(6,953,321)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,300,000)	(3,300,000)	-	-	-	-	-	-	(3,300,000)
Changes in equity of associates and joint ventures accounted for using equity method	-	599	-	-	-	-	-	-	-	-	-	-	599
Reversal of special reserve due to sale of land	-	-	-	(43,593)	43,593	-	-	-	-	-	-	-	-
Other changes in capital surplus:													
Net income for the period	-	-	-	-	23,819,016	23,819,016	-	-	-	-	-	-	23,819,016
Other comprehensive income	-	-	-	-	(540,570)	(540,570)	(137,014)	22,620,051	(27,629)	1,206	106,786	22,563,400	22,022,830
Total comprehensive income	-	-	-	-	23,278,446	23,278,446	(137,014)	22,620,051	(27,629)	1,206	106,786	22,563,400	45,841,846
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	957,753	957,753	-	(957,753)	-	-	-	(957,753)	-
Balance at December 31, 2023	109,000,000	108,453,642	59,541,379	56,843,137	39,899,373	156,283,889	(1,012,421)	65,259,769	(22,433)	8,386	44,886	64,278,187	438,015,718
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	7,283,937	-	(7,283,937)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	9,711,917	(9,711,917)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,000,000)	(4,000,000)	-	-	-	-	-	-	(4,000,000)
Changes in equity of associates and joint ventures accounted for using equity method	-	1,069	-	-	-	-	-	-	-	-	-	-	1,069
Net income for the period	-	-	-	-	29,142,107	29,142,107	-	-	-	-	-	-	29,142,107
Other comprehensive income	-	-	-	-	(103,683)	(103,683)	1,741,049	27,556,393	18,524	(3,236)	37,584	29,350,314	29,246,631
Total comprehensive income	-	-	-	-	29,038,424	29,038,424	1,741,049	27,556,393	18,524	(3,236)	37,584	29,350,314	58,388,738
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,095,888	1,095,888	-	(1,095,888)	-	-	-	(1,095,888)	-
Balance at December 31, 2024	**$ 109,000,000**	**108,454,711**	**66,825,316**	**66,555,054**	**49,037,831**	**182,418,201**	**728,628**	**91,720,274**	**(3,909)**	**5,150**	**82,470**	**92,532,613**	**492,405,525**

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	$ 32,182,802	28,482,870
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,778,898	1,734,876
Amortization expense	482,808	441,794
Expected credit loss	3,018,846	2,177,689
Interest expense	96,667,962	79,731,155
Interest income	(133,500,171)	(117,897,483)
Dividend income	(10,097,494)	(8,951,232)
Net change in other provisions	115,619,590	66,371,429
Share of profit of associates and joint ventures accounted for using equity method	(4,757,590)	(4,362,157)
Loss on disposal of property and equipment	30,311	224,392
Impairment loss on financial assets	31,727	23,233
Loss (reversal of impairment loss) on non-financial assets	168,876	(4,328)
Intangible assets transferred to expenses	21	-
Total adjustments to reconcile profit	69,443,784	19,489,368
Changes in operating assets and liabilities:		
Increase in due from the central bank and call loans to banks	(16,236,709)	(2,798,568)
Increase in financial assets measured at fair value through profit or loss	(88,703,007)	(56,997,484)
Increase in financial assets measured at fair value through other comprehensive income	(278,991,056)	(100,557,981)
Decrease (increase) in investments in debt instruments measured at amortised cost	29,339,877	(10,646,277)
Decrease in financial assets for hedging	1,419	8,048
Decrease in receivables	2,044,007	681,121
(Increase) decrease in discounts and loans	(240,519,108)	284,339,784
Decrease in other financial assets	1,945,503	3,311,566
Decrease (increase) in other assets	10,841,714	(9,517,273)
(Decrease) increase in deposits from the central bank and banks	(30,303,770)	64,644,074
(Decrease) increase in financial liabilities measured at fair value through profit or loss	(10,796,069)	7,839,463
Increase (decrease) in notes and bonds issued under repurchase agreement	1,561,184	(7,585,830)
Decrease in payables	(3,210,725)	(14,680,423)
Increase in deposits and remittances	291,316,948	63,732,443
(Decrease) increase in provisions for employee benefits	(359,312)	198,693
(Decrease) increase in other liabilities	(558,063)	372,730
Total adjustments	(263,183,383)	241,833,454
Cash (outflow) inflow generated from operations	(231,000,581)	270,316,324
Interest received	133,555,687	111,179,161
Dividends received	13,628,521	10,654,507
Interest paid	(91,742,484)	(73,022,448)
Income taxes paid	(4,568,342)	(2,160,023)
Net Cash flows (used in) from operating activities	(180,127,199)	316,967,521
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(1,192,809)	(1,146,117)
(Increase) decrease in refundable deposits	(1,298,050)	792,139
Acquisition of intangible assets	(451,044)	(603,096)
Net cash flows used in investing activities	(2,941,903)	(957,074)
Cash flows from (used in) financing activities:		
Decrease in due to the central bank and banks	(252,575)	(250,309,550)
Increase (decrease) in guarantee deposits received	447,346	(1,174,125)
Payment of lease liabilities	(703,761)	(681,782)
Increase in other financial liabilities	12,132	867,423
Cash dividends paid	(4,550,000)	(3,500,000)
Net cash flows used in financing activities	(5,046,858)	(254,798,034)
Effect of exchange rate changes on cash and cash equivalents	1,508,777	(138,555)
Net (decrease) increase in cash and cash equivalents	(186,607,183)	61,073,858
Cash and cash equivalents at beginning of period	1,063,999,278	1,002,925,420
Cash and cash equivalents at end of period	**$ 877,392,095**	**1,063,999,278**
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	$ 113,573,768	116,062,640
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	285,500,595	286,140,799
Other items qualifying for cash and cash equivalents under the definition of IAS 7	478,317,732	661,795,839
Cash and cash equivalents at end of period	**$ 877,392,095**	**1,063,999,278**

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

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

(1) Organization and Business Scope:

Bank of Taiwan (the Bank) was incorporated on May 20, 1946 and transformed into a corporate entity since July 1, 2003, as approved by the Ministry of Finance on April 24, 2003, and became a public company from September 16, 2004.

On November 18, 2005, the House of Administration (Executive Yuan) authorized the merger of the Bank and the Central Trust of China. The merger plan was approved by the Fair Trade Commission, the Executive Yuan, and the Ministry of Finance. On December 22, 2006, the Financial Supervisory Commission, Executive Yuan, reauthorized the merger and indicated the Central Trust of China was the dissolved party and the Bank was the surviving party. The merger was accomplished on July 1, 2007.

On January 1, 2008, the Ministry of Finance organized Taiwan Financial Holding Co., Ltd. in accordance with the Act of Taiwan Financial Holding Co., Ltd., and the Bank is its subsidiary.

On January 2, 2008, the Bank decreased its capital by $8 billion and split off its part of business and assets to set up two other subsidiaries of Taiwan Financial Holding Co., Ltd. (Taiwan Financial Holdings): BankTaiwan Securities Co., Ltd. (BankTaiwan Securities) and BankTaiwan Life Insurance Co., Ltd. (BankTaiwan Life Insurance), whose capital was $3 billion and $5 billion, respectively.

The Bank is primarily involved in (a) all commercial banking operations allowed under the Banking Law; (b) foreign exchange operations allowed under the Foreign Exchange Regulation Act; (c) operations of offshore banking unit allowed under the Offshore Banking Act; (d) savings and trust operations; (e) overseas branch operations authorized by the respective foreign governments; and (f) other operations as authorized by the central competent authority in charge.

The Bank’s Trust department is engaged in the planning, management and operation of trusts under the Banking Law and Trust Law, along with the investment of overseas securities and trust funds.

In accordance to the Bank’s policy approved by the Government, the Bank’s mission’s is to perform all functions in providing stable financial environment, contribute to the economic infrastructure and develop manufacturing industries. The Bank manages public treasury and ensures the smooth settlement of national operations, which later translated into providing normal banking facilities and managing business operations associated with the issuance of banknotes as Central Bank of the Republic of China was later promulgated in July, 1961. The relationship between the Bank and the Central Bank remained closely attached. Among the financial institutions in Taiwan, the Bank has always maintained its importance in the financial industry.

The assets of the Bank have continuously increased through revaluations of its legal and special reserve over the period since the Government provided the capital for the establishment of the Bank. After the currency revolution in June 1949, the Government approved $5 million as the Bank’s capital in May 1950; $100 million in May 1954; $300 million in August 1963; $600 million in September 1967; $1 billion in May 1973; $2 billion in September 1977; $4 billion in September 1980; $8 billion in November 1982; $12 billion in May 1990; $16 billion in April 1992; $22 billion in December 1994; $32 billion in August 1998; $48 billion in September 2002; $53 billion in July 2007; $45 billion in January 2008; $70 billion in November 2010; $95 billion in October 2014 and $109 billion in September 2019 .

(Continued)

BANK OF TAIWAN AND SUBSIDIARY

Notes to the Consolidated Financial Statements

As the Bank is funded by the government, the execution and compliance with government policies is of importance to the Bank. The economy of Taiwan has developed considerably from the 50s and the Bank has contributed by supporting the planning and implementation of many medium to long term infrastructure. Through the years, the Government has actively increased strategic and critical industrial development. The Bank has similarly increased its support for the fund needed for such infrastructure in compliance with the Government policy.

The Bank has its Head Office in Taipei, and the Bank has established domestic and worldwide branch offices for expansion of various banking services. As of December 31, 2024, in addition to the Department of Planning, Department of Corporate Finance, Department of Credit Management, Department of Consumer Finance, Department of Treasury, Department of Business, Department of Circulation, Department of Public Treasury, Department of International Banking, Department of Trusts, Department of Digital Banking, Department of Risk Management, Department of Wealth Management, Department of Loan Assets Management, Department of Real Estate Management, Department of Procurement, Department of Precious Metals, Department of Government Employees Insurance, Department of Domestic Operations, Department of Credit Analysis, Department of Auditing Board of Directors, Secretariat, Department of General Affairs, Department of Accounting, Department of Human Resources, Department of Ethics, Department of Information Management, Department of Compliance, Department of Cyber Security, Board Secretariat, Economic Research Institute and Training Institute. There were 163 domestic branches, 1 offshore banking unit, 11 overseas branches, 1 subbranch (in Shanghai Jiading), 11 representative offices (in Mumbai, Yangon, Silicon Valley, Bangkok, Frankfurt, Manila, Ho Chi Minh City, Djakarta, Kuala Lumpur, Phoenix City and Fukuoka).

The Bank invested $20 million dollars to set up a subsidiary, BankTaiwan Insurance Brokers, which was approved on January 23, 2013 and officially set up on February 6, 2013.

The parent company of the Bank is Taiwan Financial Holding Co., Ltd.

The consolidated financial statements as of December 31, 2024 include the accounts of the Bank and subsidiary (hereby referred as the Bank and subsidiary).

(2) Financial statements authorization date and authorization process:

The consolidated financial statements were approved by Audit Committee on March 6, 2025 and Board of Directors on March 7, 2025.

(Continued)

(3) New Standards, Amendments and Interpretations Adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Bank and subsidiary have initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

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

The Bank and subsidiary assess that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

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

The following new and amended standards, which may be relevant to the Bank and subsidiary, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

<table>
<tr><th>Standards or Interpretations</th><th>Content of amendment</th><th>Effective date per IASB</th></tr>
<tr><td>Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”</td><td>The amendments set out:
1. The company generally derecognises its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria:
● no practical ability to withdraw, stop or cancel the payment instruction;
● no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
● the settlement risk associated with the electronic payment system is insignificant.
2. An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:
● not related directly to a change in basic lending risks or costs; and
● are not measured at fair value through profit or loss.</td><td>January 1, 2026</td></tr>
</table>

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	The amendments set out: 1. IFRS 1 " First-time Adoption of International Financial Reporting Standards": The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 " Financial Instruments: Disclosures": The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 "Financial Instruments": ● Derecognition of a lease liability The IASB's amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. ● Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.	January 1, 2026

Standards or Interpretations	Content of amendment	Effective date per IASB
Annual Improvements to IFRS Accounting Standards—Volume 11	4. IFRS 10 " Consolidated Financial Statements": The amendments clarify the determination of a 'de facto agent'. 5. IAS 7 "Statement of Cash Flows": The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method'.	January 1, 2026

The Bank and subsidiary are evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Bank and subsidiary complete its evaluation.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(4) Summary of material accounting policies:

(a) Statement of compliance

The Bank and subsidiary are public companies. The Bank and subsidiary set up their accounting policies and prepared financial statements according to the Regulations Governing the Preparation of Financial Reports by Public Banks, the International Financial Reporting Standards, the International Accounting Standards and the IFRS interpretation hereinafter referred to as "IFRS Accounting Standards endorsed by the FSC".

The Bank and subsidiary are government owned enterprises, so its accounting practices mainly follow the Budget Law and Account Settlement Law. The annual financial statements are audited by the Ministry of Audit (the MoA) to ensure that the Bank and subsidiary comply with the budget approved by the Legislative Yuan, the parliament of ROC Taiwan. The financial statements become final only after such an endorsement by the MoA.

The financial statements of 2023 have been certified by the MoA; hence, the opening balances in consolidated balance sheets of 2024 and 2023 are according to the audited year-end balances of 2023 and 2022. Please refer to Note 16(b) for the government audit adjustments.

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Bank and subsidiary. The financial statements of its subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholdings		
Name of Investor	**Name of Subsidiary**	**Principal activities**	**December 31, 2024**	**December 31, 2023**	**Note**
Bank of Taiwan	BankTaiwan Insurance Brokers (“BTIB”)	Life and Property insurance broker	100.00 %	100.00 %	

(c) Basis of preparation

(i) Basis of measurement

The consolidated financial statements are prepared on a historical cost basis, except for the following items.

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);

2) Financial assets measured at fair value through other comprehensive income;

3) Derivative financial instruments designated as hedges which are measured at fair value;

4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(p).

(ii) Functional and presentation currency

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and subsidiary at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

1) equity instruments measured at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Bank's and subsidiary's functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Bank's and subsidiary's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

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

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Cash and cash equivalents

For consolidated balance sheets, Cash and cash equivalents include cash on hand, due from banks, demand deposits and highly liquid investments that are readily convertible into known amount of cash and which are subject to insignificant risk of change in value. The aforementioned time deposits which are held for short-term cash commitment rather than investment or other purposes are recognized as cash equivalents.

For consolidated statement of cash flows, cash and cash equivalents refer to cash and cash equivalents presented in consolidated statement of balance sheet, deposit in the central bank, call loans to banks, and investments which are in accordance with the definition of cash and cash equivalents in the International Accounting Standards 7 accepted by the FSC.

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

The Bank and subsidiary shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost (including cash and cash equivalent, placement with central bank and call loans to banks, discounts and loans, receivables, other financial assets and guarantee deposits paid)

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (“ FVOCI”)

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

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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

3) Fair value through profit or loss (“ FVTPL”)

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

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

4) Business model assessment

The Bank and subsidiary make an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Bank's and subsidiary's management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Bank's and subsidiary's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank and subsidiary consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank and subsidiary consider:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Bank's and subsidiary's claim to cash flows from specified assets (e.g. non-recourse features)

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Bank and subsidiary transfer substantially all the risks and rewards of ownership of the financial assets.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Bank and subsidiary comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

7) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(iii) Derivative financial instruments and hedge accounting

The Bank and subsidiary hold derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

(Continued)

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Bank and subsidiary choose to continue to apply the hedge accounting requirements of IAS 39.

The Bank and subsidiary designate certain hedging instruments as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At initial designated hedging relationships, the Bank and subsidiary document the risk management objectives and strategy for undertaking the hedge. The Bank and subsidiary also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

(iv) Interest Rate Benchmark Reform－Phase 2

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

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

· the change is necessary as a direct consequence of the reform; and

· the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

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

(g) Investments in associates

Associate refers to an entity in which the Bank, TFH and its subsidiaries hold 20% of the voting power or less than 20% of the voting power but have significant influence. If the Bank and subsidiary have rights on the finance and operating policy decisions but not control or joint control these decisions, it is presumed that the Bank and subsidiary have significant influence.

The Bank and subsidiary use equity method for investments in associates. Under the equity method, an equity investment is initially recorded at cost. In the subsequent period, the carrying amount of the investments is adjusted by the share of the profit or loss of the associate and the distributions received. Besides, the Bank and subsidiary recognize the changes according to the holding shares.

If the Bank and subsidiary dispose the investment and loss significant influence, the residual investments shall be remeasured at fair value of the disposal date. The difference between the fair value of the residual investment plus the disposal price and the original carrying amount of the investment at that date is recognized in income statement. The related other comprehensive income is reclassified as profit or loss.

The associate issues additional share capital, but the Bank and subsidiary do not participate in the share issue on a pro-rata basis. It will lead to change in holding, but the Bank and subsidiary still have significant influence. As a result, the Bank and subsidiary shall adjust the APIC and investments in equity method accounts according to the changes in net assets of the associate.

Gains and losses resulting from transactions between the Bank and subsidiary and an associate are recognized only to the extent of unrelated the Bank's and subsidiary's interests in the associate.

When the Bank's and subsidiary's share of losses exceed its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Bank and subsidiary have an obligation or have made payments on behalf of the investee.

(h) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment property

When there is a change in use, the Bank and subsidiary treat the owner-occupied property as investment property; the property shall be reclassified to investment property at carrying amount from then on.

(iii) Subsequent cost

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

(iv) Depreciation

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

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Buildings	8 to 55 years
Machinery and equipment	2 to 20 years
Transportation equipment	2 to 15 years
Miscellaneous equipment	2 to 25 years
Leasehold improvements	5 years

Depreciation methods, useful lives and residual values are reviewed every year and adjusted if appropriate.

(i) Lease

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

(i) As a leasee

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

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

(Continued)

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

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

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Bank and subsidiary's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

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

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

The Bank and subsidiary present right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Bank and subsidiary have elected not to recognize right-of-use assets and lease liabilities for short-term leases. The Bank and subsidiary recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Bank and subsidiary elect not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a leasor

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

If an arrangement contains lease and non-lease components, the Bank and subsidiary choose not to allocate the consideration in the contract.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(k) Intangible assets

(i) Recognition and measurement

The intangible assets acquired by the Bank and its subsidiary include computer software and carbon credits. Computer software is measured at cost less accumulated amortization and any accumulated impairment loss. Since carbon credits are recognized at the cost of acquisition, and there is no foreseeable restriction on the period during which such assets are expected to be the net cash inflows of the Bank and its subsidiary, they are not amortized as non-determined useful life and are subject to impairment tests on a regular basis.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

Intangible asset is derecognized when disposed or expected that the usage or disposal will not generate economic benefit in the future. The resulted gain or loss is recognized in the income statement.

(l) Impairment of Assets

(i) Impairment of financial assets

The Bank and subsidiary recognize loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, placement with central bank and call loans to banks, amortized costs, discounts and loans, receivables, and other financial assets) and debt investments measured at fair value through other comprehensive income.

(Continued)

At each reporting date, the Bank and subsidiary assess whether the credit risk of a financial asset has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition or the financial assets are credit impaired, the Bank and subsidiary should measure loss allowance for financial assets at an amount equal to lifetime ECL at each reporting date; if the credit risk has not increased significantly since initial recognition, the Bank and subsidiary measure loss allowance for financial assets as 12 month ECL at reporting date.

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

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

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

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Bank and subsidiary in accordance with the contract and the cash flows that the Bank and subsidiary expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Bank and subsidiary recognize the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank and subsidiary determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank and subsidiary' procedures for recovery of amounts due.

The Bank categorize and recognize allowance for doubtful accounts according to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and the Bank’s evaluation guidelines. The Bank use the higher amounts of these two rules above as allowance for doubtful accounts to comply with the legal minimum allowance. The Bank recognize additional allowance for doubtful accounts further in accordance with its guidelines to strengthen the Bank’s risk tolerance.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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Period of loans under one year is recognized as short-term; over one year but under seven years is recognized as medium-term; over seven years is recognized as long-term. Loans with fully mortgage, pledge or other legal guarantee object are recognized as secured loans. Non-performing loans refer to loans whose repayment of principal or interest have been overdue for more than 3 months, as well as any loan whose principal debtors and surety have been sued for non-payment or the underlying collateral has been disposed, although the repayment of principal or interest have not been overdue for more than 3 months. All non-performing loans shall be transferred to non-accrual loans account item within six months after the end of the payment period. However, those restructured loans to be performed in accordance with the agreement shall not be subject to this restriction. Interest shall not be accrued to non-performing loans that are transferred to non-accrual loans account item. However, loan collection shall continue as per the terms of the relevant agreement, and accrued interest shall continue to be posted to the interest column of the non-accrual loans account for each borrower, or a notation of such shall be made.

The write-off of non-performing loans and non-accrual loans shall be audited by auditing department, and then be authorized by the general manager and the Board of Managing Directors / Directors. Also, the audit committee shall be notified. If the write-off is authorized by the Board of Managing Directors, it should be reported to the Board of Directors for future reference additionally. When recovering non-accrual loans, the Bank should credit account “allowance for doubtful accounts.”

(ii) Impairment loss of non financial assets

At each reporting date, the Bank and subsidiary review the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(m) Provision

(i) The Bank and subsidiary must recognize a provision if, and only if:

1) There is a legal or constructive present obligation as a result of a past event, and

2) Payment is probable, and

3) The amount can be reliably estimated.

(ii) The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date. In reaching its best estimate, the Bank and subsidiary shall take into account the risks, uncertainties that surround the underlying events and the time value of the currency.

(iii) The Bank and subsidiary evaluate the provision at every end of the reporting date, and adjust the carrying amount according to the best estimation.

(n) Other reserves

Provision for civil servants', teachers' and labor's insurance: The Bank recognizes the surplus of the insurance as provision and withdraws when there is a deficit according to the "Civil Servant and Teacher Insurance Act" and "Guidelines for Management and Employment of Public Servants and Teachers Insurance Reserve".

(o) Revenue and expense recognition

Revenue is measured based on the consideration to which the Bank expects to be entitled in exchange for transferring goods or services to a customer. The Bank recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

(i) Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary operating activities of an entity when those inflows result in increases in equity, other than increase relating to contributions from equity participants.

(ii) The amount of revenue arising on a transaction is usually determined by agreement between the entity and the buyer or user of the asset. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity. Revenue shall be recognized when all of the following criteria have been satisfied:

1) the seller has transferred to the buyer the significant risks and rewards of ownership.

2) it is probable that the economic benefits associated with the transaction will flow to the seller

3) the costs incurred or to be incurred in respect of the transaction can be measured reliably,

4) the seller retains neither continuing managerial involvement to degree usually associated with ownership nor effective control over the goods sold, and

5) the amount of revenue can be measured reliably.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(iii) Except for the financial assets and liabilities at fair value through profit and loss, the interest revenue and interest expense caused by the interest-bearing financial assets or liabilities are calculated by effective interest method. For loans and receivables, the Bank and subsidiary shall consider the materiality principle to decide to measure the interest by agreed interest rate or effective interest rate.

(iv) Service fee income and expense

1) The service fee income arising from offering loan service or other services shall be recognized in the accounting period in which the services are rendered.

2) The service fee or expense arising from the loan service shall be amortized in the service period or taken into account for calculating the effective interest of loans and receivables in accordance with the materiality principle.

(v) Dividend revenue: it shall be recognized if and only if the Bank and subsidiary have right to receive the dividend revenue.

(vi) According to the "Civil Servant and Teacher Insurance Act", if GESSI experiences a loss, the loss before May 31, 1999 would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium.

(vii) Revenue and expense that relate to the same transaction or other event are recognized simultaneously; this process is commonly referred to as the matching of revenue and expense.

(p) Employee benefit

(i) Short-term employee benefit

The payroll, annual bonus, paid annual leave, interest expense arising from preferential interest rate and non-monetary benefit are recognized in the accounting year in which the services are rendered by employees.

(ii) Employee benefit

1) Employee pension:

The grant of employees' pension compromise: a) the contributions made by the Bank at the rate from 4% to 8.5% of the employee's monthly wage under Article 41 (depending on the employee's 'salary point' and service period before the Labor Standards Act was applied) of the aforementioned regulations. (The Bank ceased to continue the contributions mentioned above after the Labor Standards Act was applied.) The Bank also contributed 3% of the total amount of the wages as reserve. ;b) the contributions calculated based on the employee's monthly wage and service period (after May 1, 1997) in accordance with Article 5 and the related regulations set forth in the Labor Standards Act. All the contributions are made to the fund managed by the Pension Supervision Committee for future payments.

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2) Labor pension:

Labor Pension is a defined contribution pension plan. The grant of labors' pension is conducted under the Bank's Work Rules before the Labor Standards Act was applied. Under Article 49 of the Rules, the service period before and after May 1, 1997 is accumulated in accordance with the Rules and the Labor Standard Act, respectively. The contributions calculated at a certain rate under Labor Pension are made to a designated Labor Retirement Reserve Account for future payments. In addition, the Bank is required to allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act effective July 1, 2005.

3) For defined contribution plan, the employer has no further legal or constructive obligation to pay further contributions in accordance with the Labor Pension Act.

4) For the definite benefit plan, the independent actuary of the Bank and subsidiary use the projected unit credit method to calculate the present value of the defined benefit obligation and the current service cost. The present value of the defined benefit obligation is the projected future cash flow discounted by the market yields at the end of the reporting period on the bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. Prior period servicing costs should recognize in profit or loss immediately. Remeasurements of the net defined benefit liability (asset) include (a) actuarial gains or losses, (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The amounts recognized in other comprehensive income will not be reclassified subsequently to profit or loss. The Bank and subsidiary could transfer the amounts recognized in other comprehensive income to equity. The Bank and subsidiary decided to recognize remeasurements of the defined benefit plan to retained earnings.

5) The oversea branches of the Bank abide by the foreign government's regulations.

(iii) Preferential interest deposits

1) The Bank and subsidiary provide their employees the preferential interest deposits, including that for current employees and retired employees. The difference between the preferential interest rate and the market rate are the employee benefit.

2) In accordance with the Article 30 of the Regulations Governing the Preparation of Financial Reports by the Public Banks, if the preferential interest rate for retired employees exceeds the market rate, the Bank and subsidiary shall calculate the excess interest using the actuarial method by adopting the IAS 19 when the employees retire. However the actuarial assumptions shall follow the government's related regulations. For the preferential interest deposits paid for current employees, the Bank and subsidiary shall calculate the interest monthly on accrual basis. The different amount of the preferential interest rate and market interest rate is recognized under the preferential interest account in the comprehensive Income statement.

BANK OF TAIWAN AND SUBSIDIARY
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(iv) Other employee's retirement benefits

1) Include survivors benefit, and special benefits to retired employees who were paid pension in early times.

2) It belongs to the definite benefit plan, and the independent actuary uses the projected unit credit method to calculate the present value of the defined benefit obligation and the current service cost. The present value of the defined benefit obligation is the projected future cash flow discounted by the market yields at the end of the reporting period on the bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid. Prior period servicing costs should recognize in profit or loss immediately. Remeasurements of the net defined benefit liability (asset) include (a) actuarial gains or losses, (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The amounts recognized in other comprehensive income will not be reclassified subsequently to profit or loss. The Bank and subsidiary could transfer the amounts recognized in other comprehensive income to equity. The Bank and subsidiary decided to recognize remeasurements of the defined benefit plan to retained earnings.

(q) Income tax

In accordance with the Article 49 of the Financial Holding Company Act and the Income Tax Act, the TFH has elected to jointly file a profit-seeking enterprise income tax return since 2009. To file a joint return, each domestic subsidiary shall separately handle its own tax matters and then report the results to its parent company. Therefore, the Bank and subsidiary measure its income tax liabilities separately according to the IAS 12 "Income Tax" and then report them to the TFH for tax filing.

The Bank and subsidiary are government-owned enterprises by the Ministry of Finance, so its income tax liabilities shall be calculated based on the amount audited by the Minster of Audit. In addition, according to the Tai Cai Shui No. 910456521 issued by Ministry of Finance on October 30, 2002, the Bank and its parent company, the TFH, who files a consolidated tax return are 100% owned by the government and hence it is not required to calculate and file the tax on the undistributed earnings or profits.

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Bank and subsidiary have determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Bank and subsidiary have determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Bank and subsidiary have applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases.

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

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Bank and subsidiary have a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

Basic earnings per share: The earnings per share is computed by dividing the net income or loss by the weighted average number of common stocks outstanding over the reporting term.

(s) Operating segments

An operating segment is a component of the Bank and subsidiary that engages in business activities that can generate revenues and expenses (including the revenues and expenses arising from inter-company transactions). The segments' operating results are reviewed regularly by the Bank's and subsidiary's chief operating officer in order to decide the resource allocation and assess the segments' performance. Each segment has separate financial information.

(5) Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty:

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Bank and subsidiary' s risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment of whether the Bank and subsidiary have substantive control over its investees

The Bank and subsidiary hold 21.37% of the outstanding voting shares of Tang Eng Iron Works Co., Ltd., 21.26% of Hua Nan Financial Holdings Co., Ltd., 17.84% of Taiwan Fire & Marine Insurance Co., Ltd., 16.21% of Taiwan Business Bank and 10.01% of Taiwan Stock Exchange Corporation and is the single largest shareholder of the investee. Although the rest of the above-mentioned company's shares are not concentrated within specific shareholders, the Bank and subsidiary still cannot obtain more than half of the total number of the above-mentioned company's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Bank and subsidiary have no control on above of company and it is determined that whether the Bank and subsidiary have significant influence by holding over 20% of shares.

(b) The fair value valuation of non-active market or non-quoted financial instruments

The fair value of non active market or non quoted financial instruments is determined using valuation techniques. Such fair value is based on observable data of similar financial instruments or valuation model. If there are no observable market parameters, the fair value of financial instruments is evaluated based on appropriate assumptions. If fair value is determined by the valuation model, the model is calibrated to ensure that all output data and the results reflect the actual market price. This valuation model use only observable data as much as possible. But for credit risk (both our own and the contracting parties credit risk), the managements shall estimate the relation and the variation.

(c) The valuation of financial assets impairments

The financial asset impairments of the Bank and subsidiary (including gaurantees and loan commitiments off balance sheet), measuring the loss allowance at an amount equal to 12 month expected credit losses or lifetime expected credit losses, are determined by whether the credit risk of the financial instruments have increased significantly since initial recognition. In order to measure expected credit losses, the Bank and subsidiary consider the probability of default ("PD") of financial asset, issuer or counterparty, and include loss given default ("LGD") multiplied by exposure at default ("EAD"). Meanwhile, it also considers the impact of the time value of money to calculate the expected credit losses for 12 month and lifetime, respectively. At every reporting date the historical experience, current market situation and forward looking estimates, etc. are considered by the Bank and subsidiary to determine the adopted assumptions and parameters when calculating impairment.

(d) Income tax

The Bank needs to pay income tax for various countries. When estimating the globe income tax, the Bank relies on significant accounting estimations. Determine the final amount need to go through numerous transactions and calculations. The additional recognition of income tax liability which is related to the tax issue is based on deliberate evaluation of the affection by the issue. The difference between the amount of original estimation and the final amount will affect current income tax and deferred tax.

(Continued)

(e) Payments to defined contribution retirement benefit plans

The present value of retirement benefit obligation is based on several actuarial assumptions (including the decisions made by FSC). Any changes on these assumptions will influence the fair value of the retirement benefit obligations. One of the assumptions used to determine net pension cost (income) is the discount rate. The Bank and subsidiary determined the appropriate discount rate at the end of each year, and used the rate to calculate the present value of future cash flows on estimated payment of retirement benefit obligation. To determine the appropriate discount rate, the Bank should consider the followings: (1) interest rate of high quality corporate bonds or government bonds, (2) the currency used for the corporate bonds or government bonds should be inconsistent with the currency used for retirement benefit payments, (3) and the maturity period should be inconsistent with related pension liability periods. The major assumptions of retirement benefit obligation were based on the actuarial assumptions of prior year and adjusted according to current market conditions or regulations during the midterm period.

(6) Explanation of Significant Accounts:

(a) Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 12,881,730	13,450,465
Foreign currency on hand	15,393,809	15,784,633
Notes and checks for clearing	4,181,983	8,653,801
Placement with banks	81,020,385	78,180,473
Cash in transit	105,673	-
Less: Allowance for bad debts－placement with banks	9,812	6,732
Total	**$ 113,573,768**	**116,062,640**

The balances of cash and cash equivalents presented in the statements of cash flows were as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents in consolidated balance sheets	$ 113,573,768	116,062,640
Due from the Central Bank of R.O.C. and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	285,500,595	286,140,799
Other items qualifying for cash and cash equivalents under the definition of IAS 7	478,317,732	661,795,839
Total	**$ 877,392,095**	**1,063,999,278**

The Bank and subsidiary assess the loss allowance for cash and cash equivalents by using the expected credit loss model. Due to the low credit risk of cash and cash equivalents, loss allowance is recognized based on 12 month expected credit loss.

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(b) Placement with Central Bank and Call Loans to Banks

	December 31, 2024	December 31, 2023
Call loans to banks	$ 212,151,690	253,649,548
Less: allowance for doubtful accounts－call loans to banks	74,766	85,819
Deposit reserve－account A and account B	185,806,407	133,301,175
Deposit reserve－foreign－currency deposits	1,068,636	820,778
Deposits in Central Bank－oversea branches	5,434,123	2,348,868
Deposits in Central Bank	177,053,336	175,800,397
Total	**$ 581,439,426**	**565,834,947**

(i) According to the Central Bank of the Republic of China Act and the Banking Act, the deposit reserves are determined monthly at prescribed rates based on the average balances of customers' New Taiwan Dollar denominated deposits. The account B deposit reserve is subject to withdrawal restrictions, but reserve for account A and foreign currency denominated deposit may be withdrawn anytime and are non interest earning.

(ii) Additionally, as of December 31, 2024 and 2023, 60% of the reserve deposits collected on behalf of a government institution amounting to $6,453,336 thousand and $5,200,397 thousand, respectively, were deposited in the Central Bank and their use is restricted according to the regulations.

(iii) In order to handle the needs of project loans, the Bank applied to the Central Bank for project loans guaranteed by deposit reserve-account B and deposits in Central Bank. The amounts have been drawn down as of December 31, 2024 and 2023, please refer to note 6(s).The deposit reserve-account B were used as collateral please refer to 11.

(c) Financial Assets Measured at Fair Value through Profit or Loss

(i) Financial assets measured at fair value through profit or loss were as follows:

	December 31, 2024	December 31, 2023
Financial assets designated at fair value through profit or loss	$ 3,969,588	9,804,820
Add: Valuation adjustment	(122,052)	(266,355)
Subtotal	3,847,536	9,538,465
Financial assets mandatorily measured at fair value through profit or loss	197,621,255	237,904,226
Add: Valuation adjustment	229,008,932	123,058,656
Subtotal	426,630,187	360,962,882
Total	**$ 430,477,723**	**370,501,347**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ii) Details of Financial assets designated at fair value through profit or loss were as follows:

	December 31, 2024	December 31, 2023
Foreign government bonds, corporate bonds, financial bonds and others	$ 3,969,588	9,804,820
Add: Valuation adjustment	(122,052)	(266,355)
Total	$ **3,847,536**	**9,538,465**

(iii) Details of Financial assets mandatorily measured at fair value through profit or loss were as follows:

	December 31, 2024	December 31, 2023
Commercial papers	$ 1,247,391	32,379,313
Foreign government bonds	3,599,525	5,364,060
Corporate bonds	2,719,895	3,056,650
Convertible bonds	1,475,325	921,150
Negotiable certificates of deposits	-	12,250,539
Treasury bills	1,344,208	1,976,464
Stocks and beneficiary certificates	187,174,681	181,894,363
Foreign exchange call options	1,326	4,335
Currency futures	5,396	5,207
Commodity futures	53,508	52,145
Add: Valuation adjustment－Non derivative financial instruments	210,518,947	113,456,193
Valuation adjustment－Foreign exchange call options	(740)	(1,777)
Valuation adjustment－Swaps	16,440,782	9,134,594
Valuation adjustment－Asset swaps	-	43,519
Valuation adjustment－Interest rate swaps	181,242	258,786
Valuation adjustment－Forward foreign exchange	1,868,701	166,236
Valuation adjustment－Fixed-rate commercial paperss	-	1,105
Total	$ **426,630,187**	**360,962,882**

(Continued)

(iv) Details of unexpired derivative financial instruments (Notional principal amount) were as follows:

	December 31, 2024	December 31, 2023
Foreign exchange call options	$ 125,389	1,239,110
Swaps	711,944,972	472,296,979
Interest rate swaps	4,213,538	9,051,917
Forward foreign exchange	104,198,588	6,818,203
Fixed-rate commercial papers	-	800,000
Asset swaps	-	921,150
Total	$ **820,482,487**	**491,127,359**

(v) For details of the valuation of the financial assets measured at fair value through profit or loss, please see note 7, "The Fair Value and Fair Value Hierarchy of the Financial Instruments".

(vi) Profit and loss on investments, please refer to note 6(ah).

(vii) The Bank's financial assets at fair value through profit or loss neither served as a guarantee or collateral, nor were they pledged.

(d) Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2024	December 31, 2023
Debt instruments measured at fair value through other comprehensive income:		
Negotiable certificates deposits	$ 704,115,000	799,910,000
Government bonds	154,924,360	118,794,691
Foreign government bonds, bonds of international organizations, corporate bonds, financial bonds, and NCDs	343,636,328	198,387,521
Financial bonds	28,714,196	26,185,826
Corporate bonds	123,362,886	100,346,211
Add: Valuation adjustment	(11,966,495)	(10,716,217)
Subtotal	1,342,786,275	1,232,908,032
Equity instruments measured at fair value through other comprehensive income:		
Stocks	47,718,360	47,390,907
Add: Valuation adjustment	105,682,271	77,903,327
Subtotal	153,400,631	125,294,234
Total	$ **1,496,186,906**	**1,358,202,266**

(i) Debt investments at fair value through other comprehensive income

The Bank has assessed that the securities shown above are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities; therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Bank designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Bank intend to hold for long term for strategic purposes.

1) During the years ended December 31, 2024 and 2023, the dividends of $3,981,189 thousand and $2,957,519 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended December 31, 2024 and 2023, were recognized; the dividend of $201,135 thousand and $284,049 thousand related to the investments derecognized during the years ended December 31, 2024 and 2023, respectively, were recognized.

2) As of December 31, 2024 and 2023, the Bank sold its equity instruments measured at fair value through other comprehensive income as a result of adjustment in investment position and portfolio management. The equity instruments sold had a fair value of $4,449,320 thousand and $5,119,574 thousand, and the Bank realized a gain of $413,011 thousand and $615,905 thousand, which was already included in other comprehensive income. The gain has been transferred to retained earnings.

(iii) Profit and loss on investments, please refer to 6(ai).

(iv) The Bank's financial assets at fair value through other comprehensive income were used as collateral, please refer to 11.

(e) Hedging Derivative Financial Instruments

The details of hedging derivatives financial assets were as follows:

	December 31, 2024	December 31, 2023
Fair value hedges:		
Interest rate swap	$ -	1,419

In order to decrease the fair value volatility caused by changes of market interest rate, the Bank uses interest rate swaps and asset swaps for some debt investments with fixed interest rate. In doing so, the risk exposure position will be calculated by floating interest rate and the interest rate risk will be hedge.

		Hedging Investments	
		Fair Value	
Hedged Item	Designated Hedging Instruments	December 31, 2024	December 31, 2023
USD financial bonds	Interest rate swap	$ -	1,419

(Continued)

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The net loss of hedging instruments for the years ended December 31, 2024 and 2023 amounted to $1,420 thousand and $8,092 thousand , respectively. The net gain of hedged items embedded in hedging instrument for the years ended December 31, 2024 and 2023 amounted to $1,420 thousand and $8,092 thousand, respectively.

(f) Receivables, Net

	December 31, 2024	December 31, 2023
Notes receivable	$ 1,645	5,059
Accounts receivable	1,277,266	1,178,205
Long-term receivables－payment on behalf of the government	12,914,677	13,734,484
Accrued revenues	969,071	1,013,652
Interests receivable	22,838,656	22,894,173
Premiums receivable	94,456	104,909
Tax refund receivable	89	14
Acceptance notes receivable	1,843,789	2,169,327
Accounts receivable factoring without recourse	4,117,711	6,565,159
Others－replenishment of national treasury	11,200,553	10,507,123
Others－undelivered spot exchanges	11,620	14,517
Other－ATM temporary receipts, payments and interbank differences	3,189,402	2,576,618
Others－pending settlement	248,459	16,202
Others－FX Swaps	241,525	410,175
Others－Cash for everyone by ATM withdrawals	-	1,359
Others－others	700,112	602,159
Subtotal	59,649,031	61,793,135
Less: allowance for doubtful accounts	264,888	299,244
Total	$ **59,384,143**	**61,493,891**

In accordance with Executive Yuan Tai-79-JEN-Cheng-SZU-tsu No. 14525, and regulations of Retired Civil Servants Lump-sum Retirement Payment and Old-age Benefits and Preferential Interest Deposits which excess preferential interest expenses recognized as Excess interest expenses of Non-interest income, net were $3,634,612 thousand and $3,770,801 thousand during 2024 and 2023, respectively, due to executing the government premium savings policy.

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During the following periods, the Bank had paid the following premium savings interest expenses on behalf of the government:

	December 31, 2024	December 31, 2023
Long-term receivables	$ 12,914,677	13,734,484
Short-term advances (booked under other financial assets, net)	20,352,800	22,291,732
Total	**$ 33,267,477**	**36,026,216**

(g) Loans and Discounts, Net

	December 31, 2024	December 31, 2023
Discounts and export / import negotiations	$ 2,723,909	3,077,530
Overdrafts	20,472,657	18,263,061
Secured overdrafts	534,387	1,516,408
Short-term loans	552,152,771	546,870,875
Short-term secured loans	107,461,101	114,447,681
Accounts receivable financing	177,073	96,134
Accounts receivable secured financing	4,659	105
Medium-term loans	849,696,897	779,274,716
Medium-term secured loans	256,287,917	279,676,100
Long-term loans	198,137,669	176,623,609
Long-term secured loans	1,429,872,446	1,256,942,486
Non-performing loans	2,123,917	2,269,939
Subtotal	3,419,645,403	3,179,058,644
Less: allowance for doubtful accounts	50,522,223	47,300,023
Total	**$ 3,369,123,180**	**3,131,758,621**

Details of bad debt expenses and provisions for guarantee liabilities were as follows:

	2024	2023
Bad debts	$ (3,112,220)	(2,138,671)
Provisions for guarantee liabilities	68,192	(56,723)
Provision for loan commitment liabilities	(6,402)	(3,237)
Provision for other liabilities	31,584	20,942
Total	**$ (3,018,846)**	**(2,177,689)**

As of December 31, 2024 and 2023, the amounts of loans and receivables on which the interests stopped to accrue were $2,126,417 thousand and $2,274,469 thousand, respectively, which were booked under loans and discounts— non-performing loans and other financial assets-overdue receivables. As of December 31, 2024 and 2023, the non accrued interests were $116,046 thousand and $126,334 thousand, respectively.

(Continued)

For the date as above, the Bank did not write off any loan without legal proceedings having been initiated.

(h) Financial Assets Measured at Amortized Cost

	December 31, 2024	December 31, 2023
Commercial papers	$ 43,810,816	32,626,858
Government bonds	59,243,592	68,559,833
Foreign government bonds, corporate bonds, financial bonds, and NCDs, treasury bills, and bonds of international organizations.	132,022,330	150,448,385
Financial bonds	9,253,780	9,585,362
Corporate bonds	22,239,509	21,090,624
Foreign financial asset beneficiary securities	6,593,902	8,915,628
	273,163,929	291,226,690
Less: accumulated impairment	51,579	51,928
	$ 273,112,350	**291,174,762**

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

(i) During 2024 and 2023, the Bank did not dispose of any financial assets measured at amortized cost.

(ii) The Bank's financial assets measured at amortized cost were used as collateral, please refer to 11.

(i) Bills and Bonds Sold under Repurchase Agreements

The details of bonds and bills sold under repurchase agreements were as follows:

	December 31, 2024	December 31, 2023
Bills and bonds purchased under resell agreements:		
Government bonds	**$ 1,228,385**	**-**

	December 31, 2024	December 31, 2023
Bills and bonds sold under repurchase agreements:		
Government bonds	$ 1,895,447	1,839,663
Financial bonds	14,884,233	14,432,416
Supranational bonds	1,053,583	-
Total	**$ 17,833,263**	**16,272,079**

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(j) Investments Accounted for Using Equity Method, net

	December 31, 2024		December 31, 2023	
Associates	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
Hua Nan Financial Holdings Co., Ltd.	$ 46,780,404	21.23	44,118,080	21.23
Tang Eng Iron Works Co., Ltd.	817,745	21.37	985,558	21.37
Tai Yi Real Estate Management Co., Ltd.	31,101	30.00	30,460	30.00
	$ 47,629,250		**45,134,098**	

(i) The Bank use equity method for investments in associates and the other comprehensive income:

	2024	2023
Hua Nan Financial Holdings Co., Ltd.	$ 1,225,831	1,998,435
Tang Eng Iron Works Co., Ltd.	(2,892)	5,241
Total	**$ 1,222,939**	**2,003,676**

(ii) The Bank use equity method for investments in associates, and Investment gains and losses recognized in the following table:

	2024	2023
Hua Nan Financial Holdings Co., Ltd.	$ 4,911,254	4,589,665
Tang Eng Iron Works Co., Ltd.	(164,920)	(240,481)
Tai Yi Real Estate Co., Ltd.	11,256	12,973
Total	**$ 4,757,590**	**4,362,157**

(iii) Individually significant associate

Associate which is material to the Bank consisted of the following:

			The percentage of shareholding interests and voting rights	
Associate(s)	**The relationship with the Bank**	**Principal operating place/registration country**	**December 31, 2024**	**December 31, 2023**
Hua Nan Financial Holdings Co., Ltd.	Enterprises permitted to invest Financial Holding Company Act, such as banks and bill finance companies	Taiwan	21.23 %	21.23 %

(Continued)

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The fair value of the equity accounting for listed companies (major associates) is as follows:

	December 31, 2024	December 31, 2023
Hua Nan Financial Holdings Co., Ltd.	$ 76,501,587	64,737,348

1) Summarized Financial Information

	December 31, 2024	December 31, 2023
Total Assets	$ 4,246,261,896	3,869,201,779
Total Liabilities	(4,025,909,008)	(3,661,389,443)
Net Assets	**$ 220,352,888**	**207,812,336**
Attributable to the Bank	**$ 46,780,404**	**44,118,080**

	2024	2023
Net income	$ 23,132,775	21,618,420
Other comprehensive income	5,774,126	9,413,303
Total comprehensive income	**$ 28,906,901**	**31,031,723**
Attributable to the Bank		
Investment income	$ 4,911,254	4,589,665
Other comprehensive income	1,225,831	1,998,435

2) There are no significant restrictions on the ability of Hua Nan Financial Holding Co., Ltd. to transfer funds to its investors by distributing dividends, or repaying loans or advances.

3) The summarized financial information of Hua Nan Financial Holding Co., Ltd. has been adjusted to align its accounting results with those of the Bank accounted for using the equity method.

4) Hua Nan Financial Holdings Co.,Ltd.' s financial statements were audited by other auditors. The related investment gains were $4,911,254 thousand and $4,589,665 thousand for the years ended December 31, 2024 and 2023, respectively.

(iv) All other non-individually-significant associates

1) Summarized Financial Information- Attributable to the Bank

	December 31, 2024	December 31, 2023
Investment in non-individually-significant associates in aggregate	**$ 848,846**	**1,016,018**

	2024	2023
Investment income	$ (153,664)	(227,508)
Other comprehensive income	(2,892)	5,241

(Continued)

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Notes to the Consolidated Financial Statements

(v) Collateral

No investment in associates was used as collateral.

(k) Other Financial Assets, net

	December 31, 2024	December 31, 2023
Short-term advances	$ 21,690,693	23,740,334
Less: allowance for doubtful accounts－short-term advances	32,327	30,201
Remittances purchased	1,022	2,238
Less: allowance for doubtful accounts－remittances purchased	10	22
Overdue receivables	2,500	4,530
Less: allowance for doubtful accounts－overdue receivables	2,500	1,842
Call loans to security subsidiary	524,560	399,165
Less: allowance for doubtful accounts－call loans to security subsidiary	1	3
Others	-	15,241
Less: accumulated impairment－others	-	6
Total	$ 22,183,937	24,129,434

Concerning for the payment of excess preferential interest on behalf of the government, booked under “short-term advances” for December 31, 2024 and 2023, please refer to note 6(f) for further information.

(l) Property and Equipment, net

Changes of the properties and equipments of the Bank and subsidiary were as follows:

	Land and Land improvements	Buildings	Machineries and equipments	Transport equipments	Miscellaneous equipments	Leasehold improvements	Constructions in progress and prepayments for equipments	Total
Cost:								
Balance at January 1, 2024	$ 127,911,135	15,557,191	7,790,058	1,138,763	925,321	930,937	1,014,805	155,268,210
Additions	-	3,917	626,209	36,596	23,089	38,314	464,684	1,192,809
Disposals	-	(41,742)	(410,054)	(48,575)	(36,039)	-	-	(536,410)
Reclassification	207,278	388,063	-	22,461	-	32,004	(448,715)	201,091
Effect of change in exchange rates	-	-	9,839	2,094	1,696	9,927	-	23,556
Balance at December 31, 2024	$ 128,118,413	15,907,429	8,016,052	1,151,339	914,067	1,011,182	1,030,774	156,149,256
Balance at January 1, 2023	$ 128,105,047	15,364,522	7,741,581	1,130,739	912,685	917,851	821,141	154,993,566
Additions	-	4,996	532,170	54,756	39,127	374	514,694	1,146,117
Disposals	(193,912)	(44,172)	(540,979)	(53,239)	(35,370)	(519)	-	(868,191)
Reclassification	-	231,845	57,674	6,794	9,017	13,078	(321,030)	(2,622)
Effect of change in exchange rates	-	-	(388)	(287)	(138)	153	-	(660)
Balance at December 31, 2023	$ 127,911,135	15,557,191	7,790,058	1,138,763	925,321	930,937	1,014,805	155,268,210

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	Land and Land improvements	Buildings	Machineries and equipments	Transport equipments	Miscellaneous equipments	Leasehold improvements	Constructions in progress and prepayments for equipments	Total
Accumulated depreciation:								
Balance at January 1, 2024	$ 14,966	8,375,713	5,301,225	812,384	729,978	862,212	-	16,096,478
Depreciation	-	320,819	648,194	55,749	31,155	31,637	-	1,087,554
Disposal	-	(41,688)	(385,210)	(46,870)	(32,331)	-	-	(506,099)
Effect of change in exchange rates	-	-	7,215	1,461	1,417	7,774	-	17,867
Balance at December 31, 2024	**$ 14,966**	**8,654,844**	**5,571,424**	**822,724**	**730,219**	**901,623**	**-**	**16,695,800**
Balance at January 1, 2023	$ 14,966	8,114,789	5,184,921	810,245	731,578	831,815	-	15,688,314
Depreciation	-	304,998	632,839	53,988	30,132	30,673	-	1,052,630
Disposal	-	(44,074)	(516,043)	(51,601)	(31,562)	(519)	-	(643,799)
Effect of change in exchange rates	-	-	(492)	(248)	(170)	243	-	(667)
Balance at December 31, 2023	**$ 14,966**	**8,375,713**	**5,301,225**	**812,384**	**729,978**	**862,212**	**-**	**16,096,478**
Accumulated impairment:								
Balance at January 1, 2024	$ 136,383	-	-	-	-	-	-	136,383
Provision (reversal) of impairment loss	(711)	-	-	-	-	-	-	(711)
Balance at December 31, 2024	**$ 135,672**	**-**	**-**	**-**	**-**	**-**	**-**	**135,672**
Balance at January 1, 2023	$ 140,711	-	-	-	-	-	-	140,711
Provision (reversal) of impairment loss	(4,328)	-	-	-	-	-	-	(4,328)
Balance at December 31, 2023	**$ 136,383**	**-**	**-**	**-**	**-**	**-**	**-**	**136,383**
Carrying amounts:								
December 31, 2024	**$ 127,967,775**	**7,252,585**	**2,444,628**	**328,615**	**183,848**	**109,559**	**1,030,774**	**139,317,784**
January 1, 2023	**$ 127,949,370**	**7,249,733**	**2,556,660**	**320,494**	**181,107**	**86,036**	**821,141**	**139,164,541**
December 31, 2023	**$ 127,759,786**	**7,181,478**	**2,488,833**	**326,379**	**195,343**	**68,725**	**1,014,805**	**139,035,349**

The Bank conducted revaluations of land and buildings for many times over the past years, and the latest time was in December, 2011. As of December 31, 2024 and 2023, the total revaluation increments for land were $81,362,369 thousand. The total revaluation increments for Buildings were both $33,525 thousand.

Based on the assessment in December, 2024, the carrying amount of the lands which have indicators of impairment was determined to be $157,492 thousand lower than its recoverable amount of $158,203 thousand, wherein a reversal of impairment loss of $711 thousand was recognized. In 2023, the carrying amount of the lands which have an indicator of impairment was determined to be $153,165 thousand lower than its recoverable amount of $157,493 thousand. Therefore, a reversal of impairment loss of $4,328 thousand was recognized.

The recoverable amount was determined by using the fair value, less, cost of disposal or recent government assessed land value. The fair value is based on the market price of comparable properties within the same location. The cost of disposal is the land value increment tax payable. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

As of December 31, 2024, the Bank's properties and equipments neither served as guarantees or collaterals, nor they were pledged.

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(m) Right-of-use assets

Information about leases for which the Bank as a lessee is presented below:

	Land	Buildings	Machineries and equipment	Transportation equipment	Miscellaneous equipment	Total
Cost:						
Balance at January 1, 2024	$ 29,908	2,535,842	25,878	185,408	115	2,777,151
Additions	1,830	712,769	10,640	264,924	253	990,416
Disposal	(1,450)	(436,714)	(15,056)	(175,446)	(115)	(628,781)
Effect of changes in exchange rates	13	39,403	198	268	-	39,882
Balance at December 31, 2024	**$ 30,301**	**2,851,300**	**21,660**	**275,154**	**253**	**3,178,668**
Balance at January 1, 2023	$ 28,920	2,477,989	38,413	193,864	115	2,739,301
Additions	2,925	869,710	8,670	54,203	-	935,508
Disposal	(1,943)	(815,211)	(21,004)	(62,656)	-	(900,814)
Effect of changes in exchange rates	6	3,354	(201)	(3)	-	3,156
Balance at December 31, 2023	**$ 29,908**	**2,535,842**	**25,878**	**185,408**	**115**	**2,777,151**
Accumulated depreciation:						
Balance at January 1, 2024	$ 13,239	1,084,996	16,929	125,312	115	1,240,591
Depreciation	5,701	570,909	8,886	105,782	66	691,344
Disposal	(1,450)	(436,714)	(15,056)	(174,480)	(115)	(627,815)
Effect of changes in exchange rates	7	15,113	169	180	-	15,469
Balance at December 31, 2024	**$ 17,497**	**1,234,304**	**10,928**	**56,794**	**66**	**1,319,589**
Balance at January 1, 2023	$ 9,410	1,341,183	29,061	79,793	58	1,459,505
Depreciation	5,743	559,253	8,999	108,194	57	682,246
Disposal	(1,915)	(814,585)	(21,004)	(62,656)	-	(900,160)
Effect of changes in exchange rates	1	(855)	(127)	(19)	-	(1,000)
Balance at December 31, 2023	**$ 13,239**	**1,084,996**	**16,929**	**125,312**	**115**	**1,240,591**
Carrying value:						
December 31, 2024	**$ 12,804**	**1,616,996**	**10,732**	**218,360**	**187**	**1,859,079**
January 1, 2023	**$ 19,510**	**1,136,806**	**9,352**	**114,071**	**57**	**1,279,796**
December 31, 2023	**$ 16,669**	**1,450,846**	**8,949**	**60,096**	**-**	**1,536,560**

(n) Investment property

(i) Changes in the investment properties of the Bank and subsidiary were as follows:

	Land
Cost:	
Balance at December 31, 2024(same as beginning balance)	**$ 15,238,207**
Balance at December 31, 2023(same as beginning balance)	**$ 15,238,207**
Carrying amounts:	
December 31, 2024	**$ 15,238,207**
January 1, 2023	**$ 15,238,207**
December 31, 2023	**$ 15,238,207**

The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ii) The fair value of investment property of the Bank and subsidiary were as follows:

	December 31, 2024	December 31, 2023
The fair value of investment property	$ 19,800,922	15,509,582

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The management evaluate and measure the effect of using techniques of comparison approach or Land development analysis approach. After evaluating, the bank make judgment about the assessment that is using to align the market participants.	· The rate of return · Overall capital interest rate	The estimated fair value would increase (decrease) if: · the rate of return were lower (higher); or · the overall capital interest rate were lower (higher).

The investment property measured at cost, and the fair value is recoverable amount of impairment testing. The fair value of investment property is used the comparison approach and land development analysis approach, and excuting assessment reference recent market price, the valuation technique is consistency from investment property of acquisition. As of December 31, 2024 and 2023, after evaluating, the Bank did not recognized impairment loss.

(iii) As of December 31, 2024 the Bank did not provide any investment accounted for using equity method as collaterals for its loans.

(o) Intangible Assets

Changes of the intangible assets of the Bank and subsidiary were as follows:

	Computer software	Carbon Credits	Total
Costs:			
Balance at January 1, 2024	$ 6,218,519	146	6,218,665
Additions	451,044	-	451,044
Write-off	-	(21)	(21)
Balance at December 31, 2024	$ 6,669,563	125	6,669,688
Balance at January 1, 2023	$ 5,615,569	-	5,615,569
Additions	602,950	146	603,096
Balance at December 31, 2023	$ 6,218,519	146	6,218,665

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	Computer software	Carbon Credits	Total
Amortization:			
Balance at January 1, 2024	$ 4,922,030	-	4,922,030
Amortization for the year	481,658	-	481,658
Balance at December 31, 2024	**$ 5,403,688**	**-**	**5,403,688**
Balance at January 1, 2023	$ 4,481,427	-	4,481,427
Amortization for the year	440,603	-	440,603
Balance at December 31, 2023	**$ 4,922,030**	**-**	**4,922,030**
Carrying amounts:			
December 31, 2024	**$ 1,265,875**	**125**	**1,266,000**
January 1, 2023	**$ 1,134,142**	**-**	**1,134,142**
December 31, 2023	**$ 1,296,489**	**146**	**1,296,635**

(p) Other Assets

	December 31, 2024	December 31, 2023
Foreclosed collateral and residuals taken over, net	$ 1,216,714	1,264,931
Advance payments	22,434,080	31,865,550
Operating guarantee deposits and settlement funds	10,000	10,000
Refundable deposits	4,901,152	3,603,102
Temporary Payments and Suspense Accounts	491,497	1,438,730
Inventories	334,296	343,725
Others	270,975	270,975
Total	**$ 29,658,714**	**38,797,013**

(i) Foreclosed collateral and residuals taken over, net

	December 31, 2024	December 31, 2023
Land and Buildings	$ 1,117,305	1,006,660
Stocks	268,284	258,271
Less: accumulated impairment	168,875	-
Total	**$ 1,216,714**	**1,264,931**

During 2024, the impaired collateral held by the Bank are foreign stocks. There was no need to recognize impairment losses for land and buildings as there were no indicators of impairment.

BANK OF TAIWAN AND SUBSIDIARY
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(ii) Advance payments

	December 31, 2024	December 31, 2023
Prepaid expenses	$ 201,035	135,170
Prepaid interests	40,434	19,752
Business tax paid	1,155	381
Business tax carry forward	1,315	1,077
Other prepayment－Interbank Fund Transfer Special Accounts	19,138,433	29,208,089
Other prepayments	1,708	1,081
Prepaid official dividends	3,050,000	2,500,000
Total	**$ 22,434,080**	**31,865,550**

(iii) Inventories

	December 31, 2024	December 31, 2023
Inventories	**$ 334,296**	**343,725**

There were no effects on the cost of goods sold derived from the inventory write-off or reversal for the year ended 2024 and 2023.

(q) Impairment

For the year ended 2024 and 2023, the movements of the accumulated impairment were as follows:

	2024	2023
Beginning balance	$ 321,239	302,862
Impairment loss recognized for the current period	200,603	18,905
Other	3,285	(528)
Ending balance	**$ 525,127**	**321,239**

Details of accumulated impairment were as follows:

	December 31, 2024	December 31, 2023
Financial assets at fair value through other comprehensive income	$ 169,001	132,922
Financial assets measured at amortized cost	51,579	51,928
Other financial assets	-	6
Property and equipment	135,672	136,383
Other assets	168,875	-
Ending balance	**$ 525,127**	**321,239**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(r) Deposits of Central Bank and other banks

	December 31, 2024	December 31, 2023
Deposits from Central Bank	$ 14,351,922	14,189,628
Deposits from banks－others	67,906,742	69,962,476
Postal deposits transferred	90,077,090	115,077,090
Bank overdrafts	1,514,914	857,067
Call loans from bank	133,672,676	137,740,853
Total	**$ 307,523,344**	**337,827,114**

(s) Due to the Central Bank and banks

	December 31, 2024	December 31, 2023
Loans from Central Bank	**$ 3,278,500**	**3,531,075**

(t) Financial Liabilities Measured at Fair Value through Profit or Loss

(i) Details of financial liabilities measured at fair value through profit or loss were as follows:

	December 31, 2024	December 31, 2023
Financial liabilities held for trading	$ 1,681	5,427
Add: valuation adjustment	10,720,515	20,977,298
Subtotal	10,722,196	20,982,725
Financial liabilities designated as fair value through profit or loss	15,408,950	14,431,350
Add: valuation adjustment	(4,021,702)	(2,508,562)
Subtotal	11,387,248	11,922,788
Total	**$ 22,109,444**	**32,905,513**

(ii) For valuation of financial liabilities measured at fair value through profit or loss, please refer to note 7 “Fair Value And Fair Value Hierarchy of the Financial Instruments”.

(iii) Financial liabilities held for trading

	December 31, 2024	December 31, 2023
Foreign exchange options premium	$ 1,681	5,427
Add: valuation adjustment		
Foreign exchange options premium	(1,097)	(2,852)
Swaps	6,563,218	16,747,086
Interest rate swaps	93	5,839
Forward foreign exchanges	91,358	1,874,511
Asset swaps	4,066,943	2,352,714
Total	**$ 10,722,196**	**20,982,725**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(iv) The details of the financial liabilities designated as fair value through profit or loss were as follows:

	December 31, 2024	December 31, 2023
Financial bonds	$ 15,408,950	14,431,350
Add: valuation adjustment	(4,021,702)	(2,508,562)
Total	**$ 11,387,248**	**11,922,788**

The Bank has been approved by the FSC on August 23, 2016, and November 21, 2017 to issue USD $1.5 billion of 2017-1 and 2018-1 Senior Unsecured Financial Bonds, denominated in U.S. dollar. The financial bonds amounted to USD $470 million are outstanding in 2024.

The details of the financial bonds were as follow:

	Conditions				Bond		
Name of bond	Beginning date	Maturity date	Coupon rate	Face value	Type	Amount December 31, 2024	Amount December 31, 2023
2018-1 Senior unsecured financial bonds-B	2018/02/26	2048/02/26	0 %	USD $470 million	Senior unsecured financial bond	$ 15,408,950	14,431,350
				Valuation adjustment		(4,021,702)	(2,508,562)
						$ 11,387,248	**11,922,788**

For the bonds issued in 2018, the call option may be exercised 5 years for bond B, after the issuing date. If the call options are not exercised prior to the bonds maturity date, the Bank will pay the principal and interests accrued in full upon maturity. The call option has expired in February 2023.

(v) Unmatured derivative financial instruments (stated at notional amount)

	December 31, 2024	December 31, 2023
Foreign exchange options premium	$ 128,604	1,347,490
Swaps	443,559,296	688,426,257
Interest rate swaps	42,621	1,965,274
Forward foreign exchanges	4,620,680	74,379,560
Asset swaps	21,051,434	17,617,113
Total	**$ 469,402,635**	**783,735,694**

BANK OF TAIWAN AND SUBSIDIARY
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(u) Payables

	December 31, 2024	December 31, 2023
Accounts payables	$ 5,879,371	9,574,315
Receipts under custody	1,598,065	1,343,891
Accrued expenses	3,359,676	3,299,795
Other tax payables	770,376	695,035
Interests payables	25,475,412	20,549,935
Banker's acceptances payables	1,846,785	2,177,146
Payables to representative organizations	1,436,259	1,612,173
Construction payables	32,451	30,182
Accounts payables－non-recourse factoring	562,979	226,031
Other payables－undelivered spot exchange	5,600	15,372
Other payables－collection bills	2,288,408	818,589
Other payables－payments awaiting transfer	11,926,245	9,643,955
Other payables –ATM temporary receipts, payments and inter branch differences	3,163,064	2,706,130
Other payables－foreign exchange awaiting transfer	841,289	1,066,265
Other payables – amounts awaiting settlement	4,015,256	16,273
Other payables－overdue accounts	182,693	160,703
Other payables－checking accounts	58,895	57,043
Other payables－collection	2,339	15,654
Other payables－others	625,244	347,273
Total	**$ 64,070,407**	**54,355,760**

(v) Deposits and Remittances

	December 31, 2024	December 31, 2023
Cheques deposits	$ 40,172,925	43,611,614
Government deposits	420,231,153	406,826,363
Demand deposits	556,255,051	534,871,484
Time deposits	1,129,116,812	947,475,728
Remittances	967,938	929,128
Savings account deposits:		
Demand savings deposits	1,179,869,033	1,156,961,536
Staff accounts	11,838,202	12,448,762
Club saving deposits	288,550	326,304
Non-drawing time savings deposits	571,368,347	550,593,522
Interest withdrawal on principal deposited	898,219,764	856,159,637
Staff time deposits	15,333,917	14,258,541
Preferential Interest deposits	202,293,660	210,175,785
Total	**$ 5,025,955,352**	**4,734,638,404**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(w) Financial Bonds Payable

	Condition			Bond		
Name of bond	Beginning date	Maturity date	Interest rate	Type	Amount	
					December 31, 2024	December 31, 2023
2014-1 TWD subordinated unsecured financial bonds-A	2014/06/25	2024/06/25	TAIBOR 3M, plus, 0.30%, plus indexed interest rate, 0.008%	Subordinated unsecured financial bond	$ -	5,500,000
2014-1 TWD subordinated unsecured financial bonds-B	2014/06/27	2024/06/27	1.70%	Subordinated unsecured financial bond	-	2,000,000
2014-1 TWD subordinated unsecured financial bonds-C	2014/06/27	2024/06/27	The Bank's listed annual fixed interest rate of time deposits, plus, 0.15%	Subordinated unsecured financial bond	-	1,500,000
2021-1 TWD senior unsecured financial bonds	2021/08/27	2026/08/27	0.39%	Senior unsecured financial bond	1,000,000	1,000,000
2023-1 TWD senior unsecured financial bonds	2023/06/09	2028/06/09	1.40%	Senior unsecured financial bond	1,000,000	1,000,000
2024-1 TWD senior unsecured financial bonds	2024/04/29	2027/04/29	1.50%	Senior unsecured financial bond	1,000,000	-
			unamortized discount amount		(504)	(610)
Total					$ 2,999,496	10,999,390

(x) Other Financial Liabilities

	December 31, 2024	December 31, 2023
Appropriated loan funds	$ 233,337	133,337
Principal from structured products	1,194,599	1,282,467
Total	**$ 1,427,936**	**1,415,804**

(y) Provision

	December 31, 2024	December 31, 2023
Employee benefit obligations	$ 20,583,281	20,942,593
Guarantee reserve	877,665	945,932
Reserve for government employees insurance	592,641,158	477,021,568
Loan commitments reserve	22,431	14,988
Others	357,329	388,840
Total	**$ 614,481,864**	**499,313,921**

(Continued)

(z) Provisions－Employee benefits

		December 31, 2024	December 31, 2023
Recognized in Consolidated Balance Sheet:			
Defined benefit plan	$	13,838,754	14,180,406
Employees preferential interest		6,741,126	6,758,232
Three Chinese festival bonus		3,401	3,955
Total	$	**20,583,281**	**20,942,593**

(i) BOT

1) Defined contribution plans

The Bank have established the defined contributions plans in accordance with the provision of the Labor Pension Act since July 1, 2005. The Bank allocates 6% of each employee’s monthly wages to his or her individual account of labor pension from which he or she is entitled to claim the principal and accrued dividends in fixed installments or in lump sum in the future. The pension costs recognized under the defined contribution plans were $4,544 thousand and $4,039 thousand for the years ended December 31, 2024 and 2023 , respectively.

2) Defined benefit plans

The grant of employees’ pension compromise: a) the contributions made by the Bank at the rate from 4% to 8.5% of the employee’s monthly wage under Article 8 (depending on the employee’s‘ salary point’ and service period before the Labor Standards Act was applied), respectively, of the aforementioned regulations. (The Bank ceased to continue the contributions mentioned above after the Labor Standards Act was applied.) The Bank also contributed 3% of the total amount of the wages as reserve ;b) the contributions calculated based on the employee’s monthly wage and service period (after May 1, 1997) in accordance with Article 5 and the related regulations set forth in the Labor Standards Act. All the contributions are made to the fund managed by the Pension Supervision Committee for future payments. The grant of labors’ pension is conducted under the Bank’ s Work Rules before the Labor Standards Act was applied. Under Article 49 of the Rules, the service period before and after May 1, 1997 is accumulated in accordance with the Rules and the Labor Standard Act, respectively. The contributions calculated at a certain rate under Labor Pension are made to a designated Labor Retirement Reserve Account for future payments. In addition, the Bank is required to allocate 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act effective July 1, 2005.

The Bank handles three sessions of care for the bereaved families of deceased employees, and each person will be paid NT$2,000 per session. Years of support: 1. Death or accidental death: 10 years. 2. Death in the line of duty: 15 years.

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The Bank is obliged to grant $21.6 thousand to those who retired before December 31, 1979 and claim pensions at one time every Spring Festival, Dragon Boat Festival and Mid-Autumn Festival. The amount will be raised to $37 thousand if there are dependents.

The Bank expects to contribute $1,070,339 thousand to the account within one year after the balance date.

Weighted average duration of the defined contribution plans were as follows:

Defined Benefit Plans	11.00 year
Employee care bonuses during the three Chinese festivals	11.00 year

a) The reconciliation of recognized liabilities for the defined benefit obligations, present value of the defined benefit obligations, fair value of the plan assets, and the limit of assets adjustment are as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 22,685,350	22,620,408
Less: fair value of the plan assets	(8,851,813)	(8,441,500)
Net defined benefit liabilities (assets)	**$ 13,833,537**	**14,178,908**

b) The movements in present value of the defined benefit obligations

	2024	2023
Defined benefit obligation at January 1	$ 22,620,408	22,518,665
Current service costs	857,554	862,097
Interest expense	280,493	306,254
Remeasurements of the defined benefit plans of other Comprehensive Income		
－4 percent increase in salary	838,266	-
－Actuarial gains and losses in financial changes in assumptions	(1,030,286)	291,782
－Experience adjustments	514,545	262,751
Contributed by the participant of the plan	(1,263)	(2,845)
Benefit payments	(1,394,367)	(1,618,296)
Defined benefit obligation at December 31	**$ 22,685,350**	**22,620,408**

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c) The movements of fair value of defined benefit plan assets

	2024	2023
Fair value of plan assets at January 1	$ 8,441,500	8,431,198
Interest revenue	104,675	114,664
remeasurements of defined benefit plans of other comprehensive income		
—Return on plan assets	167,406	37,804
Contribution made by the Bank	1,412,694	1,391,037
Benefit payments	(1,274,462)	(1,533,203)
Fair value of plan assets at December 31	**$ 8,851,813**	**8,441,500**

d) Expense recognized in profit or loss

	2024	2023
Current service cost	$ 857,554	862,097
Net interest of defined benefit liabilities (assets)	175,818	191,590
Total	**$ 1,033,372**	**1,053,687**

e) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Bank's re-measurement of the net defined benefit liability (asset) recognized in other comprehensive income was as follows:

	2024	2023
Accumulated amount at January 1	$ 8,578,221	8,061,492
Recognized during the period	155,119	516,729
Accumulated amount at December 31	**$ 8,733,340**	**8,578,221**

f) Portfolio analysis of plan asset

	2024	2023
Bank saving	$ 7,394,717	6,321,221
Bonds instruments	-	750,000
Others	1,457,096	1,370,279
Total	**$ 8,851,813**	**8,441,500**

The overall expected rate of return on assets is based on the historical trend of returns and the estimation of return on the portfolio as a whole. The Bank also refers to the return of the funds supervised by the Labor Pension Supervision Committee and then uses judgments and estimations to determine the rate which should not be lower than the two-year time deposits rate set by the local banks.

g) Actuarial assumptions

	December 31, 2024	December 31, 2023
Discount rate	1.66 %	1.24 %
Assets expected rate of return	1.66 %	1.24 %
Future of salary increases	2.00 %	2.00 %

The estimated future mortality rates used in calculating of the defined benefit plan of the Bank are based on the sixth round of the Taiwan Life Experience Life Table during 2024 and 2023, respectively.

h) Sensitivity analysis

The followings would be the impacts on the present value of defined benefit obligations as of December 31, 2024 and 2023 if the actuarial assumptions had changed:

	Impacts on the present value of the defined benefit obligation		
	Actuarial assumption changes(%)	Actuarial assumption increase	Actuarial assumption decrease
December 31, 2024			
Discount rate			
Defined benefit plans	0.25%	$ 22,059,169	23,285,657
Employee care bonus during the three Chinese festivals	0.25%	3,369	3,434
Salary increase rate	0.50%	23,792,598	21,655,382
December 31, 2023			
Discount rate			
Defined benefit plans	0.25%	21,965,523	23,245,431
Employee care bonus during the three Chinese festivals	0.25%	3,916	3,995
Salary increase rate	0.50%	23,767,984	21,553,475

The aforementioned sentivitiy analysis is used to analyze what the impact could be when one variable changes while all other variables remain constant. In practice, however, this hypothesis may not exist as changes in variables could be correlative. Projected unit benefit method is also utilized in calculating the changes in present value of the defined benefit obligations when the Bank conducts the sentivitiy analysis.

(Continued)

Methods and variables used in preparing the sensitivity analysis are consistent with those of the previous period.

3) Employee preferential interest plan

As from July 1, 2018, the Bank terminate the preferential interest deposits for retired employees in accordance with the rule Tai Tsai Ku No.10700624450 issued by the Ministry of Finance.

a) The reconciliation of recognized liabilities for employee preferential interest plan, fair value of the plan, and limit of assets adjustment are as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 6,741,126	6,758,232
Fair value of the plan assets	-	-
Net defined benefit liabilities (assets)	**$ 6,741,126**	**6,758,232**

b) The movements of present value of employees preferential interest plan

	2024	2023
Present value of employees preferential interest plan at January 1	$ 6,758,232	6,646,967
Interest expense	270,329	265,879
Remeasurement of net employees preferential deposit		
－Actuarial gains and losses in current period	1,697,719	1,778,030
Contributed by the participant of the plan	(9,631)	(8,953)
Benefit paid by the plan	(1,975,523)	(1,923,691)
Present value of employees preferential interest plan at December 31	**$ 6,741,126**	**6,758,232**

c) Expense recognized in profit or loss

	2024	2023
Net interest of employees preferential deposit	$ 270,329	265,879
Actuarial gains and losses in current period	1,697,719	1,778,030
Total (booked under employee benefits expense, note 6(al))	**$ 1,968,048**	**2,043,909**

d) Re-measurement of net defined benefit liability recognized in other comprehensive income

	2024	2023
Accumulated amount at December 31 (Same as beginning balance)	$ 703,780	703,780

e) Actuarial assumptions

	2024	2023
Discount rates of the employee preferential interest	4.00 %	4.00 %
Return on deposit	2.00 %	2.00 %
Pension preferential ratios deposit for withdrawal	1.00 %	1.00 %
The probability of changes in the policy of employee preferential interest plan	50.00 %	50.00 %
Rate of same type deposit offered to general customers	1.785 %	1.660 %

f) Sensitivity analysis

The followings would be the impacts on the present value of defined benefit obligations as of December 31, 2024 and 2023 if the actuarial assumptions had changed:

	Impacts on the present value of the defined benefit obligation		
	Actuarial assumption changes(%)	Actuarial assumption increase	Actuarial assumption decrease
December 31, 2024			
Discount rate	0.25%	$ 6,611,659	6,875,299
December 31, 2023			
Discount rate	0.25%	6,628,471	6,892,734

The aforementioned sensitivitiy analysis is used to analyze what the impact could be when one variable changes, while all other variables remained constant. In practice, however, this hypothesis may not exist as changes in variables could be correlative. Projected unit benefit method is also utilized in calculating the changes in present value of the defined benefit obligations when the Bank conducts the sensitivitiy analysis.

The methods and variable used in preparing the sensitivity analysis are consistent with those of the previous period.

g) Future cash flow of Employees preferential interest plan

The Bank monitors and reviews the contributions to employee preferential interest plan annually to ensure the ability of payments. Within one year after the financial statement date, the Bank expects to contribute $1,728,939 thousand to the plan.

(ii) The subsidiary, BTIB

1) Defined benefit plans (including pension plans and excess annuity)

BTIB the reconcilian of present value of the defined benefit obligations and fair value of the plan assets are as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 77,686	68,102
Fair value of the plan assets	(69,068)	(62,649)
Net defined liabilities (assets)	**$ 8,618**	**5,453**

The retirement, indemnity and severance of BTIB certified staff are complied with the "Guideline of Indemnity and Severance of Financial and Insurance Enterprise Employees". Pension payments to staffs that the year of service before designated to apply to "Labor Standards Act" (as of May 1, 1997) are complied with the Article 41-1 and are separately appropriated wages of 4%~8.5% into mandatory pension contribution (defined contribution), according to the different monthly salary grade regulated by the Article 9. However, it is stopped contributing to mandatory pension contribution and the contributed part shall be retained after applying to "Labor Standards Act"; pension payments to labors that the year of service after applying to "Labor Standards Act" is calculated by the related regulations of "Labor Standards Act". When employees retire, they will be paid using their pension fund and mandatory pension contribution.

a) Composition of plan assets

The labor pension reserve consigned to "Labor Retirement Fund Supervisory Committee" by BTIB amounted to $69,068 thousand at the end of the reporting period.

(Continued)

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b) The movements in present value of the defined benefit obligations

BTIB movements in present value of the defined benefit obligations for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Defined benefit obligation at January 1	$ 68,102	68,854
Current service costs and interest	6,280	6,176
Remeasurements of the defined benefit plans in other comprehensive income		
—Actuarial gains and losses in financial changes in assumptions	(1,143)	(2,662)
—Experience adjustment	4,447	(1,045)
Benefits paid by the plan	-	(3,221)
Defined benefit obligation at December 31	**$ 77,686**	**68,102**

c) The movements of fair value of defined benefit plan assets

BTIB movements of fair value of defined benefit plan assets for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Fair value of plan assets at January 1	$ 62,649	59,388
Remeasurements of defined benefit plans in other comprehensive income		
—Return on plan assets(not including current interest)	139	306
Contribution made by the Bank	5,442	5,575
Interest revenue	838	601
Benefit payments	-	(3,221)
Fair value of plan assets at December 31	**$ 69,068**	**62,649**

d) Expense recognized in profit or loss

BTIB expenses recognized in profit or loss at December 31, 2024 and 2023, were as follows:

	2024	2023
Current service cost	$ 5,408	5,510
Net interest of the net defined liabilities (assets)	34	65
	$ 5,442	**5,575**

e) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

BTIB re-measurement of net defined benefit liability (asset) recognized in other comprehensive income was as follows:

	2024	2023
Accumulated amount at January 1	$ 5,452	9,465
Recognized during the period	3,165	(4,013)
Accumulated amount at December 31	**$ 8,617**	**5,452**

f) Actuarial assumptions

The major actuarial assumptions used by BTIB at the end of reporting period were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.40 %	1.28 %
Assets expected rate of return	1.40 %	1.28 %
Future of salary increases	3.00 %	3.00 %

The expected payment made by BTIB to the defined benefit plans within one year after the reporting date is $5,843 thousand.

Weighted average duration of the defined contribution plan is 12 year.

g) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the subsidiary BTIB, uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the balance sheet date. Any changes in the actuarial assumptions may significantly impact the amounts of the defined benefit obligations.

The followings could impact the present value of the defined benefit obligations as of December 31, 2024 and 2023 if the actuarial assumptions change as follows:

	Impacts on the present value of the defined benefit obligation		
	Actuarial assumption changes(%)	**Actuarial assumption increase**	**Actuarial assumption decrease**
December 31, 2024			
Discount rate	0.25%	$ 75,107	80,403
Future of salary increases	0.50%	81,107	72,808

	Impacts on the present value of the defined benefit obligation		
	Actuarial assumption changes(%)	Actuarial assumption increase	Actuarial assumption decrease
December 31, 2023			
Discount rate	0.25%	65,753	70,581
Future of salary increases	0.50%	72,387	64,147

The sensitivity analysis is used to analyze the impact when one assumption changes and other assumptions are unchanged. In practice, however, changes of assumptions might be correlative. The method used to conduct the sensitivity analysis is the same as that BTIB used to calculate the amount of net accrued pension liabilities on its balance sheet.

The methods and variable used in preparing the sensitivity analysis are consistent with those of the previous period.

2) Employee preferential interest plan

The subsidiary, BTIB, is also obligated to pay the preferential interests generated from a fixed amount of deposit to each retired and in-service employee in accordance with Tai-Cha-Ku-Tzu No.10103675500 and agreement between the Bank and subsidiary.

The subsidiary, BTIB, has the obligation to pay the preferential interest deposits to current employees. If the preferential interest rate for retired employees exceeds the market rate, BTIB shall apply the accounting treatments required by IAS 19 to estimate the excess interest as the employees retired.

3) Defined contribution plans

BTIB contributed 6% of each employee’s monthly salary to a personal labor pension account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. BTIB contributed a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The subsidiary BTIB's pension costs under the defined contribution pension plan were $19 thousand and $20 thousand for the years ended December 31, 2024 and 2023, respectively, and were contributed to the Bureau of Labor Insurance, Ministry of Labor.

(aa) Lease liabilities

The Bank's lease liabilities were as follow:

	December 31, 2024	December 31, 2023
Carrying amounts	$ 1,782,335	1,472,662

For the maturity analysis, please refer to note 8(d).

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	$ **24,813**	**17,820**
Variable lease payments not included in the measurement of lease liabilities	$ **1,984**	**2,022**
Expenses relating to short-term leases	$ **1,243**	**2,340**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **1,999**	**1,857**
Covid-19-related rent concessions (recognized as other income)	$ **-**	**(5,044)**

The amounts recognized in the statement of cash flows for Bank and subsidiary were as follows:

	2024	2023
Total cash outflow for leases	$ **733,800**	**705,821**

(i) Real estate leases

The Bank leased buildings for its office space. The leases of office space typically run for a period of 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

Some leases provide for additional rent payments that are based on changes in local price indices.

(ii) Other leases

The Bank leased miscellaneous equipment and parking space with contract terms of one years. These leases are short-term and leases of low-value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases.

(ab) Operating lease

The Bank leases out its investment property and some machinery. The Bank has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2024	December 31, 2023
Less than one year	$ 130,864	137,236
One to two years	93,243	69,022
Two to three years	71,960	45,143
Three to four years	18,644	41,083
Four to five years	2,834	7,375
Total undiscounted lease payments	$ **317,545**	**299,859**

(Continued)

(ac) Other Liabilities

	December 31, 2024	December 31, 2023
Advance collections	$ 1,643,852	2,345,620
Guarantee deposits received	4,315,701	3,868,355
Temporary receipt and suspense accounts	164,794	19,868
Other liabilities to be settled	8,239	8,239
Compensation arising from land revaluation	1,264,803	1,264,803
Defered revenue	12,081	13,302
Total	**$ 7,409,470**	**7,520,187**

(ad) Income Tax Expenses

(i) Income Tax expenses (benefits)

The income tax expenses (benefits) for December 31, 2024 and 2023 were as follow:

	2024	2023
Current income tax expense		
Occurred in the current period	$ 3,892,957	4,422,792
Current income tax expense from adjustment of prior period	-	(781)
Deferred tax expense		
Occurrence and reversal of temporary difference	(852,262)	241,843
Income tax expenses	**$ 3,040,695**	**4,663,854**

Income tax expenses recognized directly in other comprehensive income for 2024 and 2023 were as follows:

	2024	2023
(Gains) losses on debt instruments measured at fair value through other comprehensive income	**$ 15,168**	**6,925**

The amount of tax expense (benefits) recognized in other comprehensive income for in 2024 and 2023 were as follows:

	2024	2023
Profit before tax	$ 32,182,802	28,482,870
Income tax using the Bank's domestic tax rate (20%)	$ 6,436,560	5,696,574
Effects of tax rates in foreign jurisdiction	474,926	555,680
Non-deductible profits and losses	(1,932,028)	(448,962)
Cessation of transfer tax on stocks	(103,704)	(7,294)
Reinvestment gain exemption (dividends)	(1,830,559)	(1,543,595)
Change in unrecognized temporary differences	278,268	745,526
Change in provision in prior period	-	(781)
Income basic tax	-	(144,474)
Income from tax-exempt of Offshore Banking Unit	(282,768)	(213,842)
Others	-	25,022
Total	$ 3,040,695	4,663,854

(ii) Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Assets

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

	December 31, 2024	December 31, 2023
Deductible Temporary Differences	$ 6,428,986	5,874,830

2) Recognised Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for December 31, 2024 and 2023 are as follows:

Deferred Tax Assets:

	Fair Value Gains	Others	Total
Balance at January 1, 2024	$ 75,002	247,657	322,659
Recognized in profit or loss	2,590	161,222	163,812
Recognized in other comprehensive income	(5,146)	-	(5,146)
Balance at December 31, 2024	$ 72,446	408,879	481,325
Balance at January 1, 2023	$ 94,538	243,251	337,789
Recognized in profit or loss	(10,243)	4,406	(5,837)
Recognized in other comprehensive income	(9,293)	-	(9,293)
Balance at December 31, 2023	$ 75,002	247,657	322,659

(Continued)

Deferred Tax Liabilities:

	Land Value Increment Tax	Fair Value Gains	Others	Total
Balance at January 1, 2024	$ 18,027,437	11,368	684,928	18,723,733
Recognized in profit or loss	-	(3,522)	(684,928)	(688,450)
Recognized in other comprehensive income	-	10,022	-	10,022
Balance at December 31, 2024	**$ 18,027,437**	**17,868**	**-**	**18,045,305**
Balance at January 1, 2023	$ 18,071,412	17,064	401,619	18,490,095
Recognized in profit or loss	(43,975)	(3,328)	283,309	236,006
Recognized in other comprehensive income	-	(2,368)	-	(2,368)
Balance at December 31, 2023	**$ 18,027,437**	**11,368**	**684,928**	**18,723,733**

(iii) Global minimum top-up tax

The Singapore Branch of the Bank operates in Singapore, which has enacted new legislation to implement the global minimum top-up tax. The Bank expects to be subject to the top-up tax in relation to its operations in Singapore, where the statutory tax rate is 17%, and the Singapore Branch receives additional tax deductions or tax benefits that reduce its effective tax rate to below 15%. However, since the newly enacted tax legislation in Singapore is only effective from January 1, 2025, there is no current tax impact for the year ended December 31, 2024.

If the top-up tax had been applied in 2024, then the Bank's related net profit before tax in Singapore of $757,061 thousand for the year ended December 31, 2024, would have been subject to the top-up tax at an average effective tax rate of 13.5%.

The Bank has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred (Please see Note 4(q)).

(iv) The Bank's income tax returns has been audited by the MoA up until 2023 and examined by the National Tax Administration up until 2023.

(ae) Equity

(i) Capital stock

A resolution was passed during the meetings of the Bank’s Board of Directors, acting on behalf of the Board of Shareholders, on April 12, 2019 for the issuance of ordinary shares paid in land under private placement, with selling price of $30 per share and September 25, 2019 as the date of capital increase. The total amount of the capital injection was $42 billion.

As of December 31, 2024 and 2023, the Bank's authorized and issued shares of common stocks were both 10,900,000 thousand (9,500,000 thousand was under public offering and 1,400,000 thousand was under private placement). The par value of the issued common stocks is $10.

(ii) Capital surplus

According to the ROC Company Act, the Bank can declare dividend with capital surplus. The share capital capitalized in any one year may not exceed a certain percentage for the Bank's increasing share capital under the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The Bank may only increase its capital reserve out of the share capital from cash premium on capital stock once a year. The additional capital reserve from the share capital may not be increased during the same fiscal year as the additional share capital form cash premium on capital stock.

In accordance with the regulations regarding government-run businesses and the Bank's articles of incorporation, however, the policy for the resources that can be used to distribute cash dividend only includes current year earnings, accumulated earnings, legal reserve allowed to be used to distribute cash dividend, under the instruction of the Ministry of Finance. Capital surplus is not included.

(iii) Legal reserve

According to the ROC Company Act, when the Bank does not have any deficit, and only the portion of legal reserve which exceeds 25 percent of the paid-in capital can be distributed.

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(iv) Other equity

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk of liability	Gains (losses) on financial Instruments for hedging	Other Comprehensive income reclassified by applying overlay approach	Total
Balance at January 1, 2024	$ (1,012,421)	65,259,769	(22,433)	8,386	44,886	64,278,187
Exchange differences on translation of foreign operations	1,741,049	-	-	-	-	1,741,049
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	27,556,393	-	-	-	27,556,393
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(1,095,888)	-	-	-	(1,095,888)
Gains (losses) on financial Instruments for hedging	-	-	-	(3,236)	-	(3,236)
Change in fair value of financial liability attributable to change in credit risk of liability	-	-	18,524	-	-	18,524
Other Comprehensive income reclassified by applying overlay approach	-	-	-	-	37,584	37,584
Balance at December 31, 2024	**$ 728,628**	**91,720,274**	**(3,909)**	**5,150**	**82,470**	**92,532,613**

(Continued)

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	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Change in fair value of financial liability attributable to change in credit risk of liability	Gains (losses) on financial Instruments for hedging	Other Comprehensive income reclassified by applying overlay approach	Total
Balance at January 1, 2023	$ (875,407)	43,597,471	5,196	7,180	(61,900)	42,672,540
Exchange differences on translation of foreign operations	(137,014)	-	-	-	-	(137,014)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	22,620,051	-	-	-	22,620,051
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(957,753)	-	-	-	(957,753)
Gains (losses) on financial Instruments for hedging	-	-	-	1,206	-	1,206
Change in fair value of financial liability attributable to change in credit risk of liability	-	-	(27,629)	-	-	(27,629)
Other Comprehensive income reclassified by applying overlay approach	-	-	-	-	106,786	106,786
Balance at December 31, 2023	**$ (1,012,421)**	**65,259,769**	**(22,433)**	**8,386**	**44,886**	**64,278,187**

(Continued)

(v) Appropriation of earnings

The articles of incorporation of the Bank stipulate that net income should be distributed in the following order:

1) to settle all outstanding tax payable;

2) to offset prior years losses;

3) to appropriate 30% as legal reserve;

4) special reserve

In addition to appropriating 20~40% of residual earnings as special reserve, in accordance with the Order No. 1100208161 issued by the FSC on May 12, 2021 and No.1090150022 issued by the FSC on March 31,2021, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded in the shareholders equity which the Bank elect to transfer to retained earnings by application of the exemption under IFRSs No. 1, the Bank shall set aside an equal amount of special reserve. When the Bank subsequently use, dispose of, or reclassify the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserve originally set aside.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the net reduction of other shareholder's equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholder's equity pertaining to prior due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholder's equity shall qualify for additional distributions.

5) To appropriate dividends.

The remaining balance would be appropriated, combining accumulated retained earnings, in accordance with related laws and regulations.

According to the Banking Law, before the legal reserve balance amounts to the authorized capital, cash dividend distributions cannot exceed 15% of the authorized capital.

6) According to "Guidelines for Dividends or Bonus or Profits to Be Paid to The National Treasury of The State-owned Enterprises", the Bank distributed its earnings to the National Treasury in April, July, October, and December evenly and recognized them in the consolidated financial statements accordingly. The distributed amount will be adjusted in the final accounting of the Executive Yuan and National Audit Office. For the prepaid dividends of the Bank as of December 31, 2024 and 2023, please refer to note 6 (p).

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(af) Net interest income

		2024	2023
Interest income:			
Loans and discounts	$	78,036,766	72,531,073
Placement with Central Bank and call loans to banks		17,499,484	16,725,970
Securities investment		36,041,393	27,916,571
Credit cards		20,140	18,849
Others		1,902,388	705,020
Subtotal		133,500,171	117,897,483
Interest expense:			
Deposits from customers		85,191,724	68,455,543
Deposits of Central Banks and other banks		10,793,562	8,524,707
Loans to Central Banks and other banks		190,221	1,453,492
Bonds sold under repurchased agreements		201,779	738,696
Financial bonds		105,646	410,870
Structured deposits		71,753	43,800
Others		113,277	104,047
Subtotal		96,667,962	79,731,155
Net interest income	$	**36,832,209**	**38,166,328**

(ag) Service fees, net

		2024	2023
Service fees revenue:			
Trust services	$	1,013,286	791,485
Custody services		130,974	131,640
Foreign exchange business		202,826	204,921
Credit business		456,001	586,998
Credit card services		281,951	265,310
Deposit, remittance and other services		2,983,254	2,639,296
Subtotal		5,068,292	4,619,650
Service fees expense:			
Trust services		58,405	52,538
Custody services		42,837	36,144
Credit card services		309,201	281,460
Deposit, remittance and other services		560,095	525,530
Subtotal		970,538	895,672
Service fees, net	$	**4,097,754**	**3,723,978**

(Continued)

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

		2024	2023
Gain on financial assets or liabilities measured at fair value through profit or loss:			
Dividend income	$	5,915,170	5,709,664
Net interest gain		110,947	454,754
Net gain on disposal		19,103,138	9,224,890
Subtotal		25,129,255	15,389,308
Net gain on valuation		102,018,130	56,858,463
Total	$	**127,147,385**	**72,247,771**

(ai) Realized gains (losses) on financial assets measured at fair value through other comprehensive income

		2024	2023
Dividend income	$	4,182,324	3,241,568
Gain on disposal		8,625	885
Total	$	**4,190,949**	**3,242,453**

(aj) Foreign exchange gain or loss

		2024	2023
Foreign exchange gains	$	29,247,130	17,588,785
Foreign exchange losses		(21,358,198)	(13,005,671)
Total	$	**7,888,932**	**4,583,114**

(ak) Other non-interest income

		2024	2023
Premiums income	$	24,150,409	22,804,693
Sales revenue		150,635,014	134,879,640
Subsidized income from government		9,964,949	9,060,440
Benefits and claims		(37,072,910)	(31,193,322)
Cost of goods sold		(149,971,245)	(134,344,607)
Provisions for policy holders' reserve premium		(115,619,590)	(66,371,429)
Excess preferential interest expenses		(6,054,310)	(6,278,721)
Others		431,185	1,003,270
Total	$	**(123,536,498)**	**(70,440,036)**

(al) Employee benefits expenses

		2024	2023
Salaries	$	12,633,855	12,574,292
Labor and health insurances		589,775	583,266
Pensions		1,076,466	1,093,172
Remuneration of directors		2,491	2,626
Others		364,161	374,980
Total	**$**	**14,666,748**	**14,628,336**

(am) Depreciation and amortization expenses

		2024	2023
Depreciation expenses	$	1,712,877	1,679,675
Amortization expenses		482,808	441,794
Total	**$**	**2,195,685**	**2,121,469**

(an) Other general and administrative expenses

		2024	2023
Taxes	$	4,924,434	4,441,253
Rental expenses		5,226	6,219
Insurance expenses		1,121,758	1,089,284
Postage and phone / fax expenses		232,839	237,289
Utilities		219,733	196,905
Supplies expenses		216,306	229,890
Repair and maintenance expenses		428,559	422,733
Marketing expenses		336,497	333,446
Professional service fees		1,058,424	934,446
Cashes transferring expenses		174,906	176,559
Others		394,955	388,472
Total	**$**	**9,113,637**	**8,456,496**

(ao) Earnings per Share

The basic earnings per share of the Bank and subsidiary were calculated as follows:

Unit: thousand dollars / thousand shares

	2024		2023	
	Before-Tax	**After-Tax**	**Before-Tax**	**After-Tax**
Consolidated net income	**$ 32,182,802**	**29,142,107**	**28,482,870**	**23,819,016**
Weighted average outstanding shares	**10,900,000**	**10,900,000**	**10,900,000**	**10,900,000**
Basic earnings per share (In NT dollars)	**$ 2.95**	**2.67**	**2.61**	**2.19**

(7) The Fair Value Information of Financial Instruments:

(a) Fair value information

(i) Overview

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments are recognized initially at fair values. In many case, they usually refer to transaction prices. Subsequent to initial recognition, they are also measured at fair value except for those that are measured at amortized cost. The best evidence of fair value is the quoted price in an active market. If financial instruments do not have a quoted market price in an active market, the Bank uses the valuation techniques or refers to the quoted prices set by Bloomberg, Reuters or the Counterparties to determine the fair value.

(ii) The Three-level Definition

1) Level 1

Inputs are quoted prices of same financial instruments in an active market. An active market indicates the market that is in conformity with all the following conditions: (i) the products in the market are identical; (ii) it is easy to find a willing party; (iii) the price information is attainable for the public. The equity investments, beneficiary certificates, certain Taiwan government bonds, and derivatives with quoted prices in an active market are classified as level 1.

2) Level 2

Inputs are those that are observable for asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), other than quoted prices included within Level 1. The non-popular government bonds, corporate bonds, financial bonds, convertible bonds, most of the derivatives, and financial bonds issued by the Bank are classified as level 2.

3) Level 3

Inputs are not based on observable market data (unobservable inputs parameters), i.e., historical volatility which cannot represent an expected value of all the market participators but is used as a model for the calculation of options. Certain derivatives and equity investments without a non-active market belong to level 3.

(Continued)

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(b) Measure at fair value measurement

(i) Fair value hierarchy

The fair value of financial instruments is measured on a recurring basis. The fair value hierarchy of financial instruments are as follows:

Financial instruments measured at fair value	December 31, 2024 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	$ 411,927,508	403,404,167	8,253,131	270,210
Financial assets designated as fair value through profit or loss	3,847,536	-	3,847,536	-
Debt instruments	3,847,536	-	3,847,536	-
Financial assets mandatorily as fair value through profit or loss	408,079,972	403,404,167	4,405,595	270,210
Equity instruments	223,798,916	223,528,706	-	270,210
Debt instruments	184,281,056	179,875,461	4,405,595	-
Financial assets at fair value through other comprehensive income	1,496,186,906	130,918,112	1,329,689,507	35,579,287
Debt instruments	1,342,786,275	13,096,768	1,329,689,507	-
Equity instruments	153,400,631	117,821,344	-	35,579,287
Liabilities:				
Financial liabilities measured at fair value through profit or loss	11,387,248	-	11,387,248	-
Financial liabilities designated at fair value through profit or loss	11,387,248	-	11,387,248	-
Derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	$ 18,550,215	58,904	18,491,311	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	10,722,196	-	10,722,196	-

(Continued)

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 fair value through profit or loss	$ 360,837,197	303,323,743	57,241,834	271,620
Financial assets designated as fair value through profit or loss	9,538,465	-	9,538,465	-
Debt instruments	9,538,465	-	9,538,465	-
Financial assets mandatorily as fair value through profit or loss	351,298,732	303,323,743	47,703,369	271,620
Equity instruments	157,294,169	157,022,549	-	271,620
Debt instruments	194,004,563	146,301,194	47,703,369	-
Financial assets at fair value through other comprehensive income	1,358,202,266	112,882,291	1,222,843,629	22,476,346
Debt instruments	1,232,908,032	10,064,403	1,222,843,629	-
Equity instruments	125,294,234	102,817,888	-	22,476,346
Liabilities:				
Financial liabilities measured at fair value through profit or loss	11,922,788	-	11,922,788	-
Financial liabilities designated at fair value through profit or loss	11,922,788	-	11,922,788	-
Derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	$ 9,664,150	57,351	9,606,799	-
Hedging derivatives financial assets	1,419	-	1,419	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	20,982,725	-	20,982,725	-

(ii) Financial instruments measured at fair value

Fair value of an assets or liability is the amount at which the asset could be bought or sold in a current transaction between both willing parties who have full understanding, or transferred to an equivalent party.

Financial instruments are recognized initially at fair values. In many case, they usually refers to transaction price. Subsequent to initial recognition, they are also measured at fair value except for those that are measured at amortized cost. The best evidence of fair value is the quoted price in an active market. If a financial instrument do not have a quoted market price in an active market, the Bank uses the valuation techniques or refers to the quoted prices set by Bloomberg or the Counterparties to determine the fair value.

The fair value of financial instruments is based on the quoted prices in an open market. These include trading prices of equity instruments listed on a major stock exchange or of the government bonds in an over the counter ("OTC") market.

(Continued)

When a quoted price of a financial instrument is timely available in a stock exchange or an a OTC market or from brokers, underwriter, industry associations, pricing service organizations and the authorities and the price is often used in a arm’ s length transaction, the financial instrument is considered to have a quoted price in an active market. If the above criteria are not met, the market is considered inactive. In general, a large or significantly increasing bid-ask spread and very low transaction volume indicate that the market where the financial instrument is trade is not active.

Other than those traded in an active market, the fair value of all other financial instruments is determined by using a valuation model or referring to the quoted price of the counterparty. The Bank refers to the present values, the discounted cash flow or the values calculated under other valuation methods of financial instruments with similar terms and characteristics, including the one calculated by a model which uses the available market data at the financial statement day as inputs. (i.e. the applicable yield curve of bonds traded in the Taipei exchange and average prices of commercial papers quoted on Reuters)

When measuring a financial instrument which no specific techniques can be applied to but do not create challenge in valuation, such as bonds traded in an inactive market, interest rate swap, FX swaps and options, the Bank adopts the valuation methods which are widely used and accepted by other market participants. The parameters used are usually the observable market data or information.

For complex financial instruments, the Bank not only refers to the valuation methods which are widely used and accepted by other banks but also develops its own valuation models to determine the fair value. These valuation models are usually applied to the valuation of derivatives, debt instruments with embedded derivatives, or securitization products. The parameters used in such models are usually not observable in a market, and therefore, the Bank has to make proper estimates based on assumptions and judgments.

(iii) Fair value adjustment

1) Limitations of valuation models and uncertainty input

Outputs of valuation models are approximate values and valuation techniques may not be able to reflect critical factors of all the financial and non-financial instruments. As such, additional parameters shall be incorporated into the fair value measurement, such as modeling risk and liquidity risk, when necessary. The management of the Bank believes that the adjustments made to the fair value of financial and non-financial instruments are appropriate and necessary since they are performed in accordance with the Bank’ s policies governing the fair value of valuation models and related internal controls. All the information and parameters are based on current market conditions and thoroughly reviewed by the Bank.

(Continued)

2) Credit risk valuation adjustment

Credit risk valuation adjustment consists of credit valuation adjustments and debit valuation adjustments to the derivatives traded in an OTC market instead of a stock exchange market. The definitions are as follows:

a) Credit value adjustments (CVA): adjust the valuation on transactions that occurs outside the exchange market, which refers to OTC derivative contracts, to reflect the possibility of the counter parties' delayed payment and default into fair value.

b) Debit value adjustments (DVA): adjust the valuation on transactions that occurs outside the exchange market, which refers to OTC derivative contracts, to reflect the possibility of the Bank and its subsidiary' delayed payment and default into fair value.

The key inputs of the measurement of credit risk and the quality of the Bank' s counterparties are the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

CVAs are calculated by considering the counterparty's probability of default (PD) under the condition that the Bank is not in default, Loss give default (LGD) and Exposure at default (EAD). On the contrary, DVAs are calculated by considering the Bank' s PD under the condition that the counterparty is not in default, LGD and EAD.

The Bank refers to the counterparty' s default rate graded by Moody' s, experiences of John Gregory (scholar), and foreign financial institutions, to determine the PD at 60%. The Bank may also use other alternative PD assumptions if data availability is limited. Moreover, the Bank also takes the credit risk valuation adjustments into consideration when calculating fair value by referring to the Mark-to-Market values of derivatives traded in the OTC markets to reflect the counterparty' s credit risk and the Bank' s creditworthiness.

(iv) Reconciliation for fair value measurements in Level 3 of the fair value hierarchy were as follows:

Reconciliation for fair value measurements categorized in level 3 as of December 31, 2024 and 2023 were as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	
	Non derivative mandatorily measured at fair value through profit or loss (Unquoted equity instruments)	**Unquoted equity instruments**	**Total**
Opening balance, January 1, 2024	$ 271,620	22,476,346	22,747,966
Total gains and losses recognized:			
In profit or loss	(1,410)	-	(1,410)
In other comprehensive income	-	13,102,941	13,102,941
Ending Balance, December 31, 2024	**$ 270,210**	**35,579,287**	**35,849,497**
Opening balance, January 1, 2023	204,330	20,200,499	20,404,829
Total gains and losses recognized:			
In profit or loss	67,290	-	67,290
In other comprehensive income	-	2,275,847	2,275,847
Ending Balance, December 31, 2023	**271,620**	**22,476,346**	**22,747,966**

(v) The process of fair value measurements in Level 3

Referring to IFRS 13, the Trading Department should inform the Risk Management Department regarding the related valuation methods before any financial instruments categorized in Level 3 are bought or sold. The valuation result of such financial instruments is quarterly reported to Asset and Liability Management Committee.

(vi) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Bank considers the valuation techniques used by the Bank for fair value measurements in Level 3 reasonable. However, any changs in one or more of the paramenters or assumptions may lead to a different result.

The favorable and unfavorable effects represent the changes in fair value, and the fair value are based on a variety of unobservable inputs calculated using a valuation technique. There are no such effects as of December 31, 2024 and 2023. The analysis only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(vii) The sensitivity analysis for the financial assets measured at fair value classified to the Level 3.

The Bank's and subsidiary's financial instruments that use Level 3 inputs to measure fair value include " financial assets measured at fair value through profit or loss – equity investments" and "fair value through other comprehensive income – equity investments".

Quantified information of significant unobservable inputs was as follows:

2024			
Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets measured at fair value through profit or loss and Financial assets at fair value through other comprehensive income – Contingent consideration	Comparable company method	· P/E ratio · P/B ratio · EV/Operating revenue · EV/EBITDA · EV/EBIT · Liquidity discount rate	Positive Positive Positive Positive Positive Negative
	The asset approach	· Fair value of asset · Fair value of liability	Positive Negative

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2023			
Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets measured at fair value through profit or loss and Financial assets at fair value through other comprehensive income – Contingent consideration	Comparable company method	· P/E ratio · P/B ratio · EV/Operating revenue · EV/EBITDA · EV/EBIT · Liquidity discount rate	Positive Positive Positive Positive Positive Negative
	The asset approach	· Fair value of asset · Fair value of liability	Positive Negative

(c) Hierarchy information of financial instruments not measured at fair value

(i) Fair Value Information

In addition to the following items, the Bank's financial instruments that are not measured at fair value include cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, discounts and loans, deposit from and due to the central bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits, other borrowings and other financial liabilities. Since their book value is a reasonable approximation to fair value, there is no fair value disclosure.

Item	Book value	Fair value
December 31, 2024		
Financial Assets		
Financial Assets measured at amortized cost	$ 273,112,350	260,911,797
December 31, 2023		
Financial Assets		
Financial Assets measured at amortized cost	291,174,762	285,569,683

(Continued)

(ii) Fair value hierarchy

	December 31, 2024			
Assets and liabilities item	**Total**	**Quoted prices in active markets for identical asset (Level1)**	**Significant other observable inputs (Level2)**	**Significant unobservable inputs (Level3)**
Financial Assets:				
Financial Assets measured at amortized cost	$ 260,911,797	136,016,075	124,895,722	-

	December 31, 2023			
Assets and liabilities item	**Total**	**Quoted prices in active markets for identical asset (Level1)**	**Significant other observable inputs (Level2)**	**Significant unobservable inputs (Level3)**
Financial Assets:				
Financial Assets measured at amortized cost	$ 285,569,683	117,682,481	167,887,202	-

(iii) The methods and assumptions to estimate the financial instruments not measured at fair value are as follows.

1) Financial instruments that have short term to maturity or of which the agreed prices are close to carrying amounts are recognized using their carrying amounts at reporting date. These financial instruments include cash and cash equivalents, placement with Central Bank and call loans to banks, bills and bonds purchased under resell agreements, receivables, limited assets, deposits of Central Bank and other banks, loans to the Central Bank and other banks, bills and bonds sold under repurchase agreements, payables and guarantee deposits received.

2) The discounts and loans (including non-performing loans): The Bank use the floating interest rate to be the interest rate of loans. The floating interest rate can also reflect the market interest rate. So it is reasonable to use the carrying amount and the recoverability to estimate the fair value. The mid-term and long-term loans using with fixed interest rate should use the discounted present value of expected future cash flow to estimate their fair value. However, if the loans with fixed interest rate are minor, it is reasonable to use the carrying amount and their recoverability to estimate their fair value.

3) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted:

a) If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement.

b) If no quoted prices are available, the discounted cash flows are used to estimate fair values.

4) Deposits and Remittances: The Bank considers the characteristic of bank industries to decide the fair value. The deposits with market interest rate are those almost with due within one year and their carrying amounts are reasonable basis for estimating the fair value. The long-term deposits with fixed interest rate are measured using the discounted present value of expected future cash flow. Because the term to maturity is less than three years, it is reasonable to use the carrying amount to estimate the fair value.

5) Financial Bonds Payable: It refers to the convertible corporate bonds and financial bonds issued by the Bank. Their coupon rates are almost equal to the market interest rate, so it is reasonable to using the discounted present values of the expected future cash flow to estimate their fair values. The present values are almost equal to the carrying amounts.

(8) Financial Risk Management:

(a) Overview

The Bank's activities are exposed to various risks from financial instruments, which included credit risk, market risk, operational risk, interest rate risk, liquidity risk, national risk, legal risk, emerging risk, etc., wherein the principles of risk management are as follows:

(i) Monitor the BIS Capital Adequacy Ratio in response to operation scale, credit risk, market risk, operational risk and the operating trades in the future.

(ii) Establish a systematic risk measure and control mechanism to measure, monitor and control every risk.

(iii) Manage every business risk considering the risk capacity, capital reserve, nature of debts and performance.

(iv) Establish a valuation method for the quality and classification of assets, control the intensity of exposure and significant exposure, check periodically and recognize allowance for loss.

(v) Establish information system protection mechanism and emergency plan for bank operation, transactions, and information. Build an independent and effective risk management mechanism and strengthen the risk management of business through appropriate policies, procedures, and systems.

(vi) Establish a management mechanism to identify, measure and monitor money laundering and terrorist financing by complying with the standard operating procedures in accordance with relevant laws and regulations.

(vii) Assess the impact of emerging risks on the Bank's operations and establish a risk management mechanism.

(b) Risk management structure

The risk management structure of the Bank is composed of the Board of Directors, risk management committee, risk management department and every operational unit.

(i) The Board of Director is the final decision maker for risk management and is responsible for the result of risk. The Board of Director should decide the entire risk management policies in view of operational strategies and business environment to monitor the risk management mechanism which understand the risk status and maintain the appropriate Capital Adequacy Ratio in response to all risk.

(ii) Risk Management Committee under the Board of Directors is responsible for executing risk management policies and coordinating interdepartmental management of risk.

(iii) Risk management department is responsible to monitor, trace the execution status of risk management policies and submit reports to the Board of Directors or Risk Management Committee. If a significant risk exposure is discovered, the risk management department has to make appropriate procedures and report it to the Board of Directors.

(iv) Every department should identify, evaluate, and control the risks of new products or business, set related risk management regulations as a guideline, and monitor the risk management to ensure the risk control of entire company.

(v) All operational units shall comply with the regulations for risk management.

(c) Credit Risk

(i) Causes and definition of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or a counterparty to a financial instrument fails to meet its contractual obligations principally due to their credit deterioration or other factors (i.e. disputes between a borrower and its counterparty), including:

1) Credit risk from a borrower/issuer refers to the risk that the Bank and subsidiary may suffer from financial losses when the borrower/issuer is not able to meet its contractual obligations due to default, bankruptcy or liquidation.

2) Credit risk form counterparties refers to the risk that the Bank and subsidiary may suffer from financial losses when the counterparty is not able to settle the contracts or execute its repayments.

3) Credit risk form underlying assets refers to the risk that the Bank and subsidiary may suffer from financial losses when the credit quality of the underlying assets linked by the financial instruments turns vulnerable, which leads to an increase of risk premium, a downgrade of credit rating or a breach of contract.

Credit risk is derived both from on and off balance sheet items. On balance sheet items include loans, placement with banks, call loans to banks, acceptance bills, debt instruments, derivatives, etc. Off balance sheet items include guarantees, acceptances, letter of credits, loan commitments, etc.

(ii) Identification and measurement of credit risk

To ensure the credit risk is in a tolerable range, the Bank sets the credit risk management policies which identify that the credit risk of all the transactions and business related to the assets, liabilities and off-balance sheet items. Before executing present or new business, the Bank shall identify the credit risk, understand the degree of risk exposure through appropriate evaluation and assess the possibilities of default.

If there are no specific requirements from the local authorities, the overseas branches of BOT shall assess asset quality and loss provision in accordance with the Operational Manual of Evaluating the Impairment of Loans and Receivables. The information about how the Bank classifies assets, manages post-loan and grant internal rating is as follows:

1) Credit business(including loan commitments and financial deposit)

a) Credit assets categories and post-loan management

The Bank has established the "Operational Manual of Evaluating the Impairment of Loans and Receivables" and has classified the credit assets into five categories. Except for normal credit assets that are classified at the first category, the other abnormal credit-rating assets are classified as the second category- requiring attention, the third category- collectable, the fourth category- hard to collect, and the fifth category- impossible to collect by assessing the collaterals and overdue days. In order to reinforce the post-loan management, the Bank sets the "Credit Review and Follow up Evaluations Provision", the "Review of the Credit Conducted by Managers Provision", as well as the "Warning Mechanism Provision", and evaluate and monitor the quality of credit assets regularly. Also, to enhance the management of abnormal credit and to attain the goals of warning and interim monitoring, the Bank reviews their credit cases by sampling cases based on their ratings and check significant credit cases periodically.

b) Internal credit rating

When conducting credit review, the Bank will obtain necessary collateral to mitigate risk arising from financial loss due to the environment, economic changes, risk factors of business development strategies and policies. The Bank improve market competitiveness of products, strive for customer identification, broaden business, and balance credit risk and profits target simultaneously. The following are the credit process of corporate finance and consumer finance.

i) Corporate Finance

The Bank has established a credit policy under which each new customer is analyzed individually for creditworthiness before the interest rate is offered. The Bank review includes external rating, when available, and in some cases, the information that is publicly available. The clients are classified into two types based on their scorecards, the large-scale enterprise and the medium-scale enterprise. Then they measure their scale, financial and business status, business management and industry characteristic. There are 13 credit ratings, all in all.

ii) Consumer Finance

The Bank uses the credit application scorecard and behavior scorecard, both of them have seven grades for the purpose of credit risk evaluation and differential pricing. Unsecured consumer loans are graded based on seven scoring items and are classified into the seventh rating. The Bank would reject those below the lowest scores; others would be reviewed in accordance with related provisions.

2) Due from Banks and Call Loans to Banks

The Bank will assess the counterparty's creditworthiness, and refer to external ratings provided by domestic and international credit rating agencies, to set up different credit risk limits before any transactions are carried out.

3) Investment in debt instruments and financial instrument derivatives

The Bank identifies and manages credit risk of debt instruments by reviewing the external ratings, creditworthiness of bonds, and geographic region of its counterparties. Most of the Bank’s derivative contracts with its counterparties are financial institutions with good credit ratings. For those financial institutions whose ratings are not available, the Bank reviews the transactions individually. All the counterparties, including non-financial institutions, are managed based on their lines of credit (including loans at call).

(iii) Measurement of credit risk

1) Categories for credit risk quality

The Bank internally categorize the credit risk into four levels, which are low risk, moderate risk, high risk and impaired risk. The definition of each level is as follows:

a) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.

b) Moderate risk: The possibility that the issuers or counterparties fulfill their obligation is remote. Operating performance and disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

c) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

d) Impaired risk: the counterparties or the target did not perform its obligation according to the contracts, and potential estimated loss to the Bank and subsidiary has reached the standard of impairment.

2) Determination on the credit risk that has increased significantly since initial recognition

The Bank and subsidiary determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, the Bank and subsidiary consider the reasonable and supportable information (including forward looking information) which shows that the credit risk has increased significantly since initial recognition.

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

a) Credit business (including loan commitments and financial deposit)

The Bank's and subsidiary's credit business scoring model and risk degree are as follows:

<table>
<tr><th>Risk degree</th><th>Corporate Finance IRB scoring model</th><th>Consumer Finance IRB application/ behavioral scoring model (including credit cards, excluding student loans)</th><th>Student Loans behavioral scoring model</th></tr>
<tr><td rowspan="4">Low</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>2</td><td>2</td><td rowspan="3">2</td></tr>
<tr><td>3</td><td rowspan="2">3</td></tr>
<tr><td>4</td></tr>
<tr><td rowspan="6">Moderate</td><td>5</td><td>4</td><td>3</td></tr>
<tr><td>6</td><td>5</td><td>4</td></tr>
<tr><td>7</td><td rowspan="4">6</td><td>5</td></tr>
<tr><td>8</td><td rowspan="3">6</td></tr>
<tr><td>9</td></tr>
<tr><td>10</td></tr>
<tr><td rowspan="4">High</td><td>11</td><td rowspan="4">7</td><td>7</td></tr>
<tr><td>12</td><td>8</td></tr>
<tr><td rowspan="2">13</td><td>9</td></tr>
<tr><td>10</td></tr>
</table>

i) Loans and Discounts and credit related receivables

The Bank and subsidiary determine the credit risk of loans and discounts or financing receivables has increased significantly since initial recognition when the financial instrument applying the impairment requirements in IFRS 9 meets the following conditions at each reporting date:

- The borrower’s internal or external rating has significantly dropped;
- The borrower’s contract payment has been overdue for more than a month but still within 3 months (there are additional 45 days for a borrower who does not have a credit account in the Bank) ;
- The borrower’s internal credit level is assessed as“ Poor” under post-loan review or alert.

ii) Credit Cards

The Bank and subsidiary determine the credit risk of credit card loans has increased significantly since initial recognition when the credit card loans applying the following conditions: The borrower has not used revolving credit facility, but whose internal rating has dropped more than 3 levels, the borrower has used revolving credit facility without overdue, the loans has overdue but within 3 months, or non-conforming assets, excluding assets previously determined as credit risk has increased significantly or credit impairment.

(Continued)

b) Debt investments and placement with central bank and call loans to banks

The Bank and subsidiary follow the table below to determine whether that the credit risk of debt investments or placement with central bank and call loans to banks have increased significantly since initial recognition at each reporting date:

STAGE 1 (credit risk has not significantly increased)	STAGE 2 (credit risk has significantly increased)	STAGE 3 (credit has been impaired)
1. The credit rating of a counterparty is higher than Moody's A3, S&P's A- , Fitch's A- or Taiwan Ratings' twA- at the reporting date. (Note) 2. The credit rating of a counterparty falling between Moody's A3 and Baa3 or equivalent drops within 4 levels during the period of the transaction date and each reporting date. 3. The credit rating of a counterparty lower than Moody's Baa3 or equivalent drops 1 level during the period of the transaction date and each reporting date.	Not assessed as Stage 1, but the credit of counterparty is not actually impaired.	Not assessed as Stage 1, but the credit of counterparty has been impaired.

Note: If the credit risk of the credit assets is low, the Bank and subsidiary may consider that the credit risk of debt investments and placement with central bank and call loans to banks has not significantly increased since initial recognition.

3) Definitions for default and credit impairment of financial assets

The Bank and subsidiary use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, the Bank and subsidiary determine that the financial assets have been defaulted and credit impaired:

a) Credit business (including loan commitments and financial deposit)

i) Loans and discounts and credit related receivables

1. Quantitative indicators

· The borrower's principals or interests have been overdue more than 3 months.

· The borrower's internal rating is assessed as the lowest.

2. Qualitative indicators

   If there is evidence that the borrower will be unable to pay the contract, or show that the borrower has significant financial difficulties, such as:

   · The borrower has requested to postpone the repayment of principles and interests;

   · The borrower's internal credit level is assessed as "Terrible" under post loan review or alert;

   · The borrower' s internal credit level is assessed as " Dangerous" under post loan review or alert;

   · The borrower is reported by the Bank due to significant and unfavorable events;

   · The borrower is under debt negotiation.

ii) Credit card business

The loan which borrower's payment has been overdue more than 3 months, or is reclassified as non-accrual loans, or was credit-impaired before, or which borrower is dead.

b) Debt investments and placement with central bank and call loans to banks

i) If there is evidence showing that the borrower will be unable to repay the principal or interests, or that the borrower has significant financial difficulties, such as:

· The issuer has breached the contract, such as a default or delinquency in interest or principal payments;

· The issuer reorganizes its debt, such as a slash on the interest rate or principals, an exchange of debts, subordination of debt repayment or a postpone in maturity date;

· The issuer has filed a bankruptcy; or

· The issuer's rating is optional default or default.

ii) A combination of individual and independent events may lead to an impairment on financial assets.

If the aforementioned definition of breach of contract and credit impairment applies to all financial assets held by the Bank and subsidiary no longer meets the definition of default and credit impairment for a period of time, it is deemed to return to the state of compliance and is no longer considered defaulted and credit impaired.

The aforementioned definition of breach of contract and credit impairment, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.

4) Write off policy

If there is no realistic prospect of recovery for the financial assets (either partially or in full), the Bank and subsidiary will write off part or full of the financial assets. The indications of financial assets which have no realistic prospect of recovery include:

a) The loan cannot be recovered in full or in part because the issuers or debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

b) The collateral and property of the primary/subordinate debtors or issuers have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank and subsidiary might collect from the debtors where there is no financial benefit in execution.

c) The primary/subordinate debtor or an issuer’ s collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Bank's and subsidiary's taking possession of such collateral.

d) More than two years have elapsed since the maturity date of the non performing loans or non accrual loans, and the efforts of collection have failed.

5) Amendments of contractual cash flows of financial assets

The contractual cash flows of loans and discounts may be amended due to the borrower’s financial difficulties or in order to increase the recovery rate. An amendment may involve an extension of contract period, a change in the timing of repayments or in the interest rate, which may lead to a de-recognition of current financial assets and a re-recognition of the financial assets at fair value, in accordance with the Bank's and subsidiary's policy (Please see note 4(f)).

If the amendments do not lead to a de-recognition, the Bank and subsidiary will determine the credit of financial assets have been impaired and will assess expected credit loss accordingly since debt negotiation or extension is one of the conditions that define whether financial assets are credit-impaired or not.

The Bank and subsidiary assess the possibility of default of the amend financial assets by considering the condition of repayments after the amendment and several related behavior indexes, and re-evaluate whether the amendment has improved or restore the client’ s ability to make the required loan payments. According to the the Bank's and subsidiary's policy, a borrower cannot be reverted to Stage 1 until the borrower can continuously repay the new contractual amounts for a certain period and shows good payment behaviors.

(Continued)

The Bank and subsidiary will periodically review changes of credit risk after amendments in accordance with related policy.

6) Expected credit loss measurement

a) Adopted methods and assumptions

For the Bank and subsidiary, if the financial assets are of low credit risk or no significant increase in credit risk, the 12 month expected credit losses will be recognized. If the financial assets are significantly increased in credit risk or the credits have been impaired, the expected credit losses for a lifetime will be recognized.

In order to measure expected credit losses, the Bank and subsidiary adopt Probability of default (“ PD”), and include Loss given default (“ LGD”) and Exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and for a lifetime, respectively.

Default probability is how likely the issuer or the counterparty breaches the contract, and the loss given default is the rate of loss due to default by the issuer or the counterparty. The default probability and loss given default used by the Bank and subsidiary, related impairment assessments are based on international credit rating agencies (S&P and Moody’ s), regularly publish information on default rate and loss given default, or internal historical information and calculate based on current observable data and forward looking general economic information (such as gross domestic production) after adjusting historical data.

The Exposure at default is measured by amortized cost of financial asset.

The estimation techniques or material assumptions made by the Bank and subsidiary to assess expected credit losses have no significant changes during 2024 and 2023, respectively.

b) Forward looking information considerations

The Bank and subsidiary take forward looking information into account when judging whether the credit risk of a debt instrument has increased significantly since its initial recognition, and when the expected credit loss is measured.

i) Credit business (including loan commitments and financial deposit)

The Bank and subsidiary identify credit risks and factors of expected credit loss (i.e. GDP, economic growth rate, price index, interest rate, and unemployment rate) based on historical data. Simultaneously, the Bank and subsidiary connnect these factors or monitoring indicators with each loan product in order to adjust PD in the coming year and make expected credit loss reflect forward looking information.

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ii) Debt investments and placement with central bank and call loans to banks

The Bank and subsidiary evaluate the expected credit loss based on the external rating outlook or observation at the reporting date. If any of an issuer' s credit rating granted by Moody's, S&P, Fitch, or Taiwan Rating is " Negative" or " -" , the issuer will be determined as negative outlook or negative observation.

1. When the issuer' s credit rating outlook is " Negative" or credit rating observation is "-", the Bank and subsidiary use the average of the long-term PD and one level reducted PD.

2. Otherwise, the PD will remain unchanged.

(iv) Management of maximum exposure to credit risk and excessive risk concentration

1) In accordance with the Banking Law, there is a credit limitation management for the Bank's person in charge, employees, and any interested party. In respect to credit intensity, the Bank provides credit and investment quota rules for the same enterprise, and industry. The Bank also limits and manages the credit amount for enterprises, groups and every industry.

2) The Bank's Treasury Department, OBU, and foreign branches provide different credit amount according to external credit evaluation and rankings when having a transaction in the currency market or capital market, foreign exchange, new financial instruments transactions and negotiable security transactions.

3) To spread the country risks, the Bank allocates different credit amount, based on the ranking of the countries in "Euromoney", to the Financing Department, OBU, and foreign branches. The covered businesses are loan assets and transaction assets (i.e. due and call loans, investment securities, derivatives, and foreign exchanges).

(v) Policies of credit risk deduction

1) Collateral

The Bank has established policy and procedures to mitigate credit risk. Among them, one of the most common ways, is to demand for collateral. In terms of collateral management and valuation, the Bank established policies governing the scope of collateral and related procedures to secure debts. Moreover, the Bank also requires the provisions that secure debts and collateral should be contained within a credit agreement to reduce credit risk by clearly defining the amounts the Bank can cut and the grace periods the bank can offer or even requesting for a prepayment.

Non-credit businesses are not required to collect collateral, depending on the nature of the financial instruments. Only asset-backed securities and other similar financial instruments are required to pledge an asset pool of financial instruments as collateral.

Considering both credit control and business expansion, the Bank shall request collaterals or guarantees to decrease the credit risk. The permitted collaterals and guarantees included mortgages on real estate or properties (i.e., land, building, machinery, car, ship, aircraft, etc.), pledges of securities or other rights (i.e., certificates of deposit; various bonds, or stocks), guarantees provided by the government agencies, banks, or credit guarantee institutions authorized by the government, and any other guarantees or collaterals approved by the Bank.

2) Master netting agreement

The Bank's transactions are usually settled individually without bundling or netting with any other transactions. However, the Bank also enters into netting agreements or chooses to settle net and terminates the deal if the counterparty is in default.

3) Other credits enhancement

The Bank' s credit contract contains the term that the Bank is entitled to offset the obligation by claiming the deposits of the borrower who are in default to mitigate credit risk.

(vi) The maximum credit exposure to the credit risk of financial assets (without considering the allowance for bad debt, collaterals and guarantees)

1) As of December 31, 2024 and 2023, the amounts of maximum credit risk exposure to the credit risk displayed by credit rating are as follows:

	Discounts and loans				
	December 31, 2024				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual	Total
Credit rating					
Low	$ 1,385,909,756	4,428	112,479	-	1,386,026,663
Medium	1,027,435,070	377,677,178	1,609,455	-	1,406,721,703
High	19,035,735	31,326,350	3,909,761	-	54,271,846
Others	566,461,120	867,692	5,296,379	-	572,625,191
Gross carrying amount	2,998,841,681	409,875,648	10,928,074	-	3,419,645,403
Allowance for bad debts	(26,465,378)	(1,818,417)	(2,088,095)	-	(30,371,890)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(20,150,333)	(20,150,333)
Total	$ 2,972,376,303	408,057,231	8,839,979	(20,150,333)	3,369,123,180

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	Discounts and loans				
	December 31, 2023				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual	Total
Credit rating					
Low	$ 1,232,912,498	20,890	98,514	-	1,233,031,902
Medium	1,050,223,531	321,763,301	1,813,564	-	1,373,800,396
High	19,174,294	26,793,918	3,078,833	-	49,047,045
Others	515,623,433	232,943	7,322,925	-	523,179,301
Gross carrying amount	2,817,933,756	348,811,052	12,313,836	-	3,179,058,644
Allowance for bad debts	(25,092,064)	(1,931,233)	(2,121,871)	-	(29,145,168)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(18,154,855)	(18,154,855)
Total	$ 2,792,841,692	346,879,819	10,191,965	(18,154,855)	3,131,758,621

	Debt instruments measured at fair value through other comprehensive income				
	December 31, 2024				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Valuation adjustment	Total
Credit rating					
Aaa~Baa3	$ 1,354,070,832	-	-	-	1,354,070,832
Ba1~Ba3	660,206	21,732	-	-	681,938
Gross carrying amount	1,354,731,038	21,732	-	-	1,354,752,770
Allowance for impairment	(168,739)	(262)	-	-	(169,001)
Valuation adjustment	-	-	-	(11,966,495)	(11,966,495)
Total	$ 1,354,562,299	21,470	-	(11,966,495)	1,342,617,274

	Debt instruments measured at fair value through other comprehensive income				
	December 31, 2023				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Valuation adjustment	Total
Credit rating					
Aaa~Baa3	$ 1,242,668,862	-	-	-	1,242,668,862
Ba1~Ba3	934,396	20,991	-	-	955,387
Gross carrying amount	1,243,603,258	20,991	-	-	1,243,624,249
Allowance for impairment	(132,498)	(424)	-	-	(132,922)
Valuation adjustment	-	-	-	(10,716,217)	(10,716,217)
Total	$ 1,243,470,760	20,567	-	(10,716,217)	1,232,775,110

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	Debt instruments measured at amortized cost December 31, 2024			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Aaa~Baa3	$ 265,621,220	-	-	265,621,220
Ba1~Ba3	7,542,709	-	-	7,542,709
Gross carrying amount	273,163,929	-	-	273,163,929
Accumulated impairment	(51,579)	-	-	(51,579)
Total	$ 273,112,350	-	-	273,112,350

	Debt instruments measured at amortized cost December 31, 2023			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Aaa~Baa3	$ 278,655,527	-	-	278,655,527
Ba1~Ba3	12,571,163	-	-	12,571,163
Gross carrying amount	291,226,690	-	-	291,226,690
Accumulated impairment	(51,928)	-	-	(51,928)
Total	$ 291,174,762	-	-	291,174,762

	Letter of Credit Receivables and Guarantee for Trade Receivables December 31, 2024				
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	Total
Credit rating					
Low	$ 70,088,342	-	522,060	-	70,610,402
Medium	43,646,307	2,531,387	-	-	46,177,694
High	489,993	2,517	-	-	492,510
Others	8,518,214	-	-	-	8,518,214
Gross carrying amount	122,742,856	2,533,904	522,060	-	125,798,820
Allowance for bad debts(Guarantee reserve and other reserve)	(565,465)	(16,154)	-	-	(581,619)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(653,375)	(653,375)
Total	$ 122,177,391	2,517,750	522,060	(653,375)	124,563,826

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	Letter of Credit Receivables and Guarantee for Trade Receivables				
	December 31, 2023				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	Total
Credit rating					
Low	$ 73,945,122	-	2,925	-	73,948,047
Medium	49,155,342	5,269,371	-	-	54,424,713
High	382,502	40,960	868	-	424,330
Others	9,015,458	350,945	-	-	9,366,403
Gross carrying amount	132,498,424	5,661,276	3,793	-	138,163,493
Allowance for bad debts(Guarantee reserve and other reserve)	(427,465)	(65,128)	(5)	-	(492,598)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(842,174)	(842,174)
Total	$ 132,070,959	5,596,148	3,788	(842,174)	136,828,721

	Loan Commitments			
	December 31, 2024			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Low	$ 2,819,302	-	-	2,819,302
Medium	793,233	-	-	793,233
Others	439,420,550	163,951	515	439,585,016
Gross carrying amount	443,033,085	163,951	515	443,197,551
Allowance for bad debts (Loan commitments reserve)	(21,367)	(735)	(329)	(22,431)
Total	$ 443,011,718	163,216	186	443,175,120

	Loan Commitments			
	December 31, 2023			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Low	$ 2,080,000	-	-	2,080,000
Others	371,172,651	178,493	636	371,351,780
Gross carrying amount	373,252,651	178,493	636	373,431,780
Allowance for bad debts (Loan commitments reserve)	(13,920)	(689)	(379)	(14,988)
Total	$ 373,238,731	177,804	257	373,416,792

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	Accounts Receivable(including other financial assets)				
	December 31, 2024				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	Total
Credit rating					
Aaa~Baa3	$ 15,043,984	1,899	-	-	15,045,883
Ba1~Caa1	280,489	82	32	-	280,603
Others	53,805,205	646,301	234,193	-	54,685,699
Gross carrying amount (Note 1)	69,129,678	648,282	234,225	-	70,012,185
Allowance for bad debts	(49,835)	(5,297)	(203,962)	-	(259,094)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(40,632)	(40,632)
Total	$ 69,079,843	642,985	30,263	(40,632)	69,712,459

Note 1: Restrictive deposit of the Bank amounted $0 thousand, tax refund receivable $89 thousand and accounts receivable evaluated by simplification method of Department of Government Employees' Insurance amounted $11,855,532 thousand were not included in the gross carrying amount of this table.

	Accounts Receivable(including other financial assets)				
	December 31, 2023				
	12 month ECLs	Lifetime ECLs －not impaired	Lifetime ECLs －impaired	Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	Total
Credit rating					
Aaa~Baa3	$ 12,838,484	-	-	-	12,838,484
Ba1~Caa1	290,320	58	36	-	290,414
Others	61,057,564	596,382	228,499	-	61,882,445
Gross carrying amount (Note 1)	74,186,368	596,440	228,535	-	75,011,343
Allowance for bad debts (Note 2)	(84,828)	(5,004)	(201,768)	-	(291,600)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(39,712)	(39,712)
Total	$ 74,101,540	591,436	26,767	(39,712)	74,680,031

Note 1: Restrictive deposit of the Bank amounted $15,241 thousand, tax refund receivable $14 thousand and accounts receivable evaluated by simplification method of Department of Government Employees' Insurance amounted $10,928,045 thousand were not included in the gross carrying amount of this table.

Note 2: Accumulated impairment recognized in restrictive deposit of the Bank amounted $6 thousand and allowance for impairment evaluated by simplification method of Department of Government Employees' Insurance amounted $0 thousand were not included in the allowance for bad debts of this table.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

2) The assets in the balance sheet and off-balance sheet items held as collateral, master netting arrangement and other credit enhancements related information on the financial impact the maximum amount of the violence risk in credit risk shows in the following table：

Unit: In million of TWD

December 31, 2024	Collateral	General agreement of net amount settlement	Enhancement of other credits	Total
In balance sheet:				
Receivables				
Others	$ 1,880	49	5,650	7,579
Loans and discounts	1,747,764	-	1,671,881	3,419,645
Financial assets measured at fair value through profit or loss				
Others	2,027	-	-	2,027
Off-balance sheet				
Irrevocable loan commitments	-	-	443,198	443,198
Standby letters of credit	2,006	-	36,496	38,502
Financial guarantees	8,255	-	79,043	87,298
Total	**$ 1,761,932**	**49**	**2,236,268**	**3,998,249**

December 31, 2023	Collateral	General agreement of net amount settlement	Enhancement of other credits	Total
In balance sheet:				
Receivables				
Others	$ 1,902	159	7,760	9,821
Loans and discounts	1,587,669	-	1,591,390	3,179,059
Financial assets measured at fair value through profit or loss				
Others	739	-	-	739
Off-balance sheet				
Irrevocable loan commitments	-	-	373,432	373,432
Standby letters of credit	2,997	-	40,566	43,563
Financial guarantees	9,242	-	85,359	94,601
Total	**$ 1,602,549**	**159**	**2,098,507**	**3,701,215**

The Management believes that the reason why the Bank can continuously manage and minimize the exposure of credit risk to off-balance sheet items is because a stricter review process is adopted, and cases are reviewed regularly in subsequent periods.

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

3) The Bank closely observes the value of collateral for financial instruments, and considers the allowance for impairment of credit-impaired financial assets. Information about credit-impaired financial assets and the value of collateral which may decrease potential loss is shown below:

	December 31, 2024				
		Gross carrying amount	Allowance for impairment (Legal reserves was not included)	Exposure amount (Amortized cost)	Fair value of collateral
Impaired financial assets:					
Receivables					
Credit card business	$	5,708	3,911	1,797	-
Others		228,517	200,051	28,466	-
Loans and discounts		10,928,074	2,088,095	8,839,979	7,944,676
Total amount of impaired financial assets	$	11,162,299	2,292,057	8,870,242	7,944,676

	December 31, 2023				
		Gross carrying amount	Allowance for impairment (Legal reserves was not included)	Exposure amount (Amortized cost)	Fair value of collateral
Impaired financial assets:					
Receivables					
Credit card business	$	4,939	3,538	1,401	-
Others		223,596	198,230	25,366	2,187
Loans and discounts		12,313,836	2,121,871	10,191,965	9,094,611
Total amount of impaired financial assets	$	12,542,371	2,323,639	10,218,732	9,096,798

4) Financial assets not applicable for rules of impairment:

		December 31, 2024	December 31, 2023
Financial assets measured at fair value through profit or loss			
Debt instruments	$	188,128,592	203,543,028
Derivative		18,550,215	9,664,150

(vii) Concentration of credit risk

When the transaction of financial instruments is concentrated in a single industry or region, the ability to oblige the contract would be impacted by similar factors, thereby, causing concentration of credit risk.

The credit risk of the Bank is derived from credit, placement with banks, call loans to banks, security investments and so on. Disclosures of concentration of credit risk by industries, regions and collaterals were as follows:

1) Industry

Unit: In million of TWD; %

Industry type	December 31, 2024 Book Value (Note 1)	December 31, 2024 %	December 31, 2023 Book Value (Note 2)	December 31, 2023 %
Finance and insurance	$ 1,586,378	29.57 %	1,631,062	31.97 %
Individuals	1,384,953	25.81 %	1,231,031	24.13 %
Manufacturing	643,622	12.00 %	538,994	10.56 %
Government Agencies	787,510	14.68 %	686,209	13.45 %
Shipping, warehousing and communications	115,716	2.16 %	174,048	3.41 %
Electricity and gas supply	250,673	4.67 %	269,288	5.28 %
Others	596,385	11.11 %	571,847	11.20 %
Total	**$ 5,365,237**	**100.00 %**	**5,102,479**	**100.00 %**

Note 1: December 31, 2024

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,419,645 million), call loans to banks, overdraft of banks and placement with banks ($243,755 million), security investments ($1,701,837 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans ($2,124 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measure at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(2) This table excludes the Department of Government Employees Insurance and the subsidiary, BankTaiwan Insurance Brokers.

Note 2: December 31, 2023

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,179,059 million), call loans to banks, overdraft of banks and placement with banks ($285,163 million), security investments ($1,638,257 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans ($2,270 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measure at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(2) This table excludes the Department of Government Employees Insurance and the subsidiary, BankTaiwan Insurance Brokers.

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2) Region

Unit: In million of TWD; %

Areas type	December 31, 2024 Book Value(Note 1)	December 31, 2024 %	December 31, 2023 Book Value(Note 2)	December 31, 2023 %
Domestic	$ 4,558,055	84.96 %	4,386,719	85.97 %
Foreign	807,182	15.04 %	715,760	14.03 %
Total	**$ 5,365,237**	**100.00 %**	**5,102,479**	**100.00 %**

Note 1: December 31, 2024

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,419,645 million), call loans to banks, overdraft of banks and placement with banks ($243,755 million), security investments ($1,701,837 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans ($2,124 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measure at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(2) This table excludes the Department of Government Employees Insurance and the subsidiary, BankTaiwan Insurance Brokers.

Note 2: December 31, 2023

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,179,059 million), call loans to banks, overdraft of banks and placement with banks ($285,163 million), security investments ($1,638,257 million) and so on. Loans refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and nonperforming loans ($2,270 million). Security investments include bonds and stocks. Bonds are measured at fair value. However, the bonds classified as held-to-maturity financial assets or bond investments in non-active market are carried at cost. Equity investments are measure at fair value but those classified as cost of long-term equity investments under the equity method and financial assets carried at cost are measured at cost.

(2) This table excludes the Department of Government Employees Insurance and the subsidiary, BankTaiwan Insurance Brokers.

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3) Collateral

Unit: In million of TWD; %

	December 31, 2024		December 31, 2023	
Type of collateral	**Book Value (Note 1)**	**%**	**Book Value (Note 1)**	**%**
Non-secured	$ 1,538,153	44.98 %	1,446,933	45.51 %
Secured	1,881,492	55.02 %	1,732,126	54.49 %
Guarantee	133,728	3.91 %	144,456	4.55 %
Securities	57,238	1.67 %	59,538	1.88 %
Real estate	1,623,008	47.46 %	1,467,832	46.17 %
Chattel	67,266	1.97 %	60,144	1.89 %
Valuables	252	0.01 %	156	- %
Total	**$ 3,419,645**	**100.00 %**	**3,179,059**	**100.00 %**

Note 1: The carrying amounts excluding adjustment for premium and discount only contain loans which refer to discounts, overdrafts, government overdrafts, secured overdrafts, short-term loans, short-term secured loans, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, import bill advance and non-performing loans ($2,124 million at December 31, 2024; $2,270 million at December 31, 2023).

Note 2: This table excludes the Department of Government Employees Insurance and the subsidiary, BankTaiwan Insurance Brokers.

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(viii) Changes in loss allowance

1) Changes in loss allowance of discounts and loans

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of discounts and loans were as follows:

	2024					
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans	Total
Beginning balance	$ 25,092,064	1,931,233	2,121,871	29,145,168	18,154,855	47,300,023
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(109,912)	184,368	(74,456)	-		-
－Transfer to lifetime ECL credit impaired	(11,445)	(22,088)	33,533	-		-
－Transfer to 12month expected credit losses	709,795	(627,072)	(82,723)	-		-
－Financial assets that have been derecognized during the period	(5,971,692)	(18,688)	(158,916)	(6,149,296)		(6,149,296)
Originated or purchased new financial assets	5,623,702	169,931	196,899	5,990,532		5,990,532
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	1,995,478	1,995,478
Bad debts written off	-	(107,436)	(681,506)	(788,942)		(788,942)
The recovery of bad debts written off	-	-	699,815	699,815		699,815
Foreign exchange and other movements	1,132,866	308,169	33,578	1,474,613		1,474,613
Ending balance	$ 26,465,378	1,818,417	2,088,095	30,371,890	20,150,333	50,522,223

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023					
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans	Total
Beginning balance	$ 26,012,063	2,074,695	2,635,409	30,722,167	15,374,422	46,096,589
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(138,129)	229,436	(91,307)	-		-
－Transfer to lifetime ECL credit impaired	(34,226)	(51,099)	85,325	-		-
－Transfer to 12month expected credit losses	491,282	(444,077)	(47,205)	-		-
－Financial assets that have been derecognized during the period	(8,383,303)	(242,861)	(816,809)	(9,442,973)		(9,442,973)
Originated or purchased new financial assets	5,850,486	260,404	109,098	6,219,988		6,219,988
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	2,780,433	2,780,433
Bad debts written off	-	-	(1,946,825)	(1,946,825)		(1,946,825)
The recovery of bad debts written off	-	-	929,072	929,072		929,072
Foreign exchange and other movements	1,293,891	104,735	1,265,113	2,663,739		2,663,739
Ending balance	**$ 25,092,064**	**1,931,233**	**2,121,871**	**29,145,168**	**18,154,855**	**47,300,023**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2024 and 2023, the carrying amounts of discounts and loans were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs (collectively assessed)**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 2,817,933,756	348,811,052	12,313,836	3,179,058,644
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(167,529,998)	169,499,167	(1,969,169)	-
－Transfer to lifetime ECL credit impaired	(3,982,846)	(1,247,714)	5,230,560	-
－Transfer to 12month expected credit losses	70,067,755	(68,172,356)	(1,895,399)	-
－Financial assets that have been derecognized during the period	(1,165,913,019)	(51,883,372)	(2,228,141)	(1,220,024,532)
Originated or purchased new discounts and loans	1,446,510,995	12,934,211	460,578	1,459,905,784
Bad debts written off	-	(107,436)	(681,506)	(788,942)
Foreign exchange and other movements	1,755,038	42,175	(302,764)	1,494,449
Ending balance	**$ 2,998,841,681**	**409,875,727**	**10,927,995**	**3,419,645,403**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 3,152,065,923	300,842,159	11,416,185	3,464,324,267
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(152,827,609)	153,743,510	(915,901)	-
－Transfer to lifetime ECL credit impaired	(4,834,694)	(1,536,684)	6,371,378	-
－Transfer to 12month expected credit losses	62,461,689	(62,086,125)	(375,564)	-
－Financial assets that have been derecognized during the period	(1,528,806,696)	(52,375,146)	(2,890,526)	(1,584,072,368)
Originated or purchased new discounts and loans	1,290,781,584	10,213,630	579,313	1,301,574,527
Bad debts written off	-	-	(1,946,825)	(1,946,825)
Foreign exchange and other movements	(906,441)	9,708	75,776	(820,957)
Ending balance	**$ 2,817,933,756**	**348,811,052**	**12,313,836**	**3,179,058,644**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

2) Changes in loss allowance of debt instruments measured at fair value through other comprehensive income

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of debt instruments measured at fair value through other comprehensive income were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 132,498	424	-	132,922
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(21,047)	-	-	(21,047)
Originated or purchased new financial assets	56,263	-	-	56,263
Foreign exchange and other movements	1,025	(162)	-	863
Ending balance	**$ 168,739**	**262**	**-**	**169,001**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 115,931	1,134	-	117,065
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(20,385)	(582)	-	(20,967)
Originated or purchased new financial assets	39,544	-	-	39,544
Foreign exchange and other movements	(2,592)	(128)	-	(2,720)
Ending balance	**$ 132,498**	**424**	**-**	**132,922**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2024 and 2023, the carrying amounts of debt instruments measured at fair value through other comprehensive income were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 1,243,603,258	20,991	-	1,243,624,249
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(825,267,082)	-	-	(825,267,082)
Originated or purchased new financial assets	926,736,018	-	-	926,736,018
Foreign exchange and other movements	9,658,844	741	-	9,659,585
Ending balance	**$ 1,354,731,038**	**21,732**	**-**	**1,354,752,770**

	2023			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 1,042,671,308	457,399	-	1,043,128,707
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(724,657,801)	(434,137)	-	(725,091,938)
Originated or purchased new financial assets	926,413,458	-	-	926,413,458
Foreign exchange and other movements	(823,707)	(2,271)	-	(825,978)
Ending balance	**$ 1,243,603,258**	**20,991**	**-**	**1,243,624,249**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

3) Changes in loss allowance of debt instruments measured at amortized cost

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of debt instruments measured at amortized cost were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 51,928	-	-	51,928
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(9,955)	-	-	(9,955)
Originated or purchased new financial assets	7,473	-	-	7,473
Foreign exchange and other movements	2,133	-	-	2,133
Ending balance	**$ 51,579**	**-**	**-**	**51,579**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 45,079	-	-	45,079
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(6,186)	-	-	(6,186)
Originated or purchased new financial assets	11,570	-	-	11,570
Foreign exchange and other movements	1,465	-	-	1,465
Ending balance	**$ 51,928**	**-**	**-**	**51,928**

b) As of December 31, 2024 and 2023, the carrying amounts of debt instruments measured at amortized cost were as follows:

	2024			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 291,226,690	-	-	291,226,690
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(90,987,607)	-	-	(90,987,607)
Originated or purchased new financial assets	64,520,973	-	-	64,520,973
Foreign exchange and other movements	8,403,873	-	-	8,403,873
Ending balance	**$ 273,163,929**	**-**	**-**	**273,163,929**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 276,108,164	-	-	276,108,164
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(63,355,348)	-	-	(63,355,348)
Originated or purchased new financial assets	77,491,430	-	-	77,491,430
Foreign exchange and other movements	982,444	-	-	982,444
Ending balance	**$ 291,226,690**	**-**	**-**	**291,226,690**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

4) Changes in guarantee reserve and other reserve

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of letter of credit receivables and guarantee for trade receivables (guarantee reserve and other reserve) were as follows:

	2024					
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans	Total
Beginning balance	$ 427,465	65,128	5	492,598	842,174	1,334,772
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(614)	614	-	-		-
－Transfer to 12month expected credit losses	1,886	(1,886)	-	-		-
－Financial assets that have been derecognized during the period	(195,371)	(57,415)	(5)	(252,791)		(252,791)
Originated or purchased new financial assets	307,782	1,881	-	309,663		309,663
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming /Nonaccrual Loans	-	-	-	-	(188,799)	(188,799)
Foreign exchange and other movements	24,317	7,832	-	32,149		32,149
Ending balance	**$ 565,465**	**16,154**	**-**	**581,619**	**653,375**	**1,234,994**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023					
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans	Total
Beginning balance	$ 362,268	149,794	72	512,134	786,869	1,299,003
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(852)	852	-	-		-
－Transfer to 12month expected credit losses	122,373	(122,373)	-	-		-
－Financial assets that have been derecognized during the period	(206,449)	(21,216)	(72)	(227,737)		(227,737)
Originated or purchased new financial assets	252,664	20,411	3	273,078		273,078
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming /Nonaccrual Loans	-	-	-	-	55,305	55,305
Foreign exchange and other movements	(102,539)	37,660	2	(64,877)		(64,877)
Ending balance	**$ 427,465**	**65,128**	**5**	**492,598**	**842,174**	**1,334,772**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2024 and 2023, the carrying amounts of letter of credit receivables and guarantee for trade receivables were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 132,498,424	5,661,276	3,793	138,163,493
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(1,530,281)	1,530,281	-	-
－Transfer to lifetime ECL credit impaired	(522,060)	-	522,060	-
－Transfer to 12month expected credit losses	164,628	(164,401)	(227)	-
－Letter of credit receivables and guarantee for trade receivables that have been derecognized during the period	(67,384,819)	(4,299,954)	(3,566)	(71,688,339)
Originated or purchased new letter of credit receivables and guarantee for trade receivables	59,149,908	157,646	-	59,307,554
Foreign exchange and other movements	367,056	(350,944)	-	16,112
Ending balance	**$ 122,742,856**	**2,533,904**	**522,060**	**125,798,820**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 131,285,138	3,539,541	21,759	134,846,438
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(3,870,169)	3,870,169	-	-
－Transfer to 12month expected credit losses	1,133,030	(1,132,030)	(1,000)	-
－Letter of credit receivables and guarantee for trade receivables that have been derecognized during the period	(63,428,318)	(2,322,749)	(19,389)	(65,770,456)
Originated or purchased new letter of credit receivables and guarantee for trade receivables	67,374,838	1,706,345	2,423	69,083,606
Foreign exchange and other movements	3,905	-	-	3,905
Ending balance	**$ 132,498,424**	**5,661,276**	**3,793**	**138,163,493**

(Continued)

5) Changes in loan commitments reserve

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of loan commitments (loan commitments reserve) were as follows:

	2024			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 13,920	689	379	14,988
Changes due to financial instruments recognized as at beginning:				
—Transfer to lifetime ECL not credit impaired	(65)	65	-	-
—Transfer to lifetime ECL credit impaired	-	(3)	3	-
—Transfer to 12month expected credit losses	1,148	(1,148)	-	-
—Financial assets that have been derecognized during the period	(674)	(567)	(289)	(1,530)
Originated or purchased new loan commitments	3,838	559	135	4,532
Foreign exchange and other movements	3,200	1,140	101	4,441
Ending balance	**$ 21,367**	**735**	**329**	**22,431**

BANK OF TAIWAN AND SUBSIDIARY

Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	**Lifetime ECLs**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance	$ 10,577	829	336	11,742
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(61)	61	-	-
－Transfer to lifetime ECL credit impaired	-	(4)	4	-
－Transfer to 12month expected credit losses	1,083	(1,083)	-	-
－Financial assets that have been derecognized during the period	(8,722)	(563)	(296)	(9,581)
Originated or purchased new loan commitments	12,274	529	202	13,005
Foreign exchange and other movements	(1,231)	920	133	(178)
Ending balance	**$ 13,920**	**689**	**379**	**14,988**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2024 and 2023, the carrying amounts of loan commitments were as follows:

	2024			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 373,252,651	178,493	636	373,431,780
Changes due to financial instruments recognized as at beginning:				
—Transfer to lifetime ECL credit impaired	-	(769)	769	-
—Financial assets that have been derecognized during the period	(235,472,647)	(543,388)	(1,324)	(236,017,359)
Originated or purchased new loan commitments	305,253,081	529,615	434	305,783,130
Ending balance	**$ 443,033,085**	**163,951**	**515**	**443,197,551**

	2023			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 352,227,482	171,975	508	352,399,965
Changes due to financial instruments recognized as at beginning:				
—Transfer to lifetime ECL credit impaired	-	(723)	723	-
—Financial assets that have been derecognized during the period	(311,905,020)	(539,634)	(1,162)	(312,445,816)
Originated or purchased new loan commitments	332,930,189	546,875	567	333,477,631
Ending balance	**$ 373,252,651**	**178,493**	**636**	**373,431,780**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

6) Changes in loss allowance of receivables (including other financial assets)

a) As of December 31, 2024 and 2023, the variation of the beginning and ending balances for loss allowance of receivables were as follows:

	2024					
	12 month ECLs	**Lifetime ECLs (collectively assessed)**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**The loss allowances measured in accordance with IFRS 9**	**Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans**	**Total**
Beginning balance (Note 1)	$ 84,828	5,004	201,768	291,600	39,712	331,312
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(639)	788	(149)	-		-
－Transfer to lifetime ECL credit impaired	(8)	(112)	120	-		-
－Transfer to 12month expected credit losses	1,322	(1,198)	(124)	-		-
－Financial assets that have been derecognized during the period	(63,481)	(2,194)	(10,480)	(76,155)		(76,155)
Originated or purchased new financial assets	26,725	3,695	13,094	43,514		43,514
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	920	920
Bad debts written off	-	(1,339)	(8,771)	(10,110)		(10,110)
The recovery of bad debts written off	-	-	6,375	6,375		6,375
Foreign exchange and other movements	1,088	653	2,129	3,870	-	3,870
Ending balance	**$ 49,835**	**5,297**	**203,962**	**259,094**	**40,632**	**299,726**

Note 1: Accumulated impairment recognized in restrictive deposit of the Bank amounted $6 thousand and allowance for impairment evaluated by simplification method of Department of Government Employees' Insurance amounted $0 thousand were not included.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023					
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans	Total
Beginning balance (Note 1)	$ 61,723	5,305	206,354	273,382	29,808	303,190
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(537)	873	(336)	-		-
－Transfer to lifetime ECL credit impaired	(44)	(110)	154	-		-
－Transfer to 12month expected credit losses	960	(821)	(139)	-		-
－Financial assets that have been derecognized during the period	(43,663)	(3,103)	(16,210)	(62,976)		(62,976)
Originated or purchased new financial assets	66,657	2,988	13,419	83,064		83,064
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	9,904	9,904
Bad debts written off	-	(459)	(7,209)	(7,668)		(7,668)
The recovery of bad debts written off	-	-	6,869	6,869		6,869
Foreign exchange and other movements	(268)	331	(1,134)	(1,071)	-	(1,071)
Ending balance (Note 2)	**$ 84,828**	**5,004**	**201,768**	**291,600**	**39,712**	**331,312**

Note 1: Accumulated impairment recognized in restrictive deposit of the Bank amounted $7 thousand and allowance for impairment evaluated by simplification method of Department of Government Employees' Insurance amounted $5 thousandwere not included.

Note 2: Accumulated impairment recognized in restrictive deposit of the Bank amounted $6 thousand and allowance for impairment evaluated by simplification method of Department of Government Employees' Insurance amounted $0 thousand were not included.

(Continued)

b) As of December 31, 2024 and 2023, the carrying amounts of receivables were as follows:

	2024			
	12 month ECLs	**Lifetime ECLs (collectively assessed)**	**Lifetime ECLs (not purchased or originated credit impaired financial assets)**	**Total**
Beginning balance (Note 1)	$ 74,186,368	596,440	228,535	75,011,343
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(320,526)	322,946	(2,420)	-
－Transfer to lifetime ECL credit impaired	(3,312)	(10,844)	14,156	-
－Transfer to 12month expected credit losses	120,253	(118,153)	(2,100)	-
－Financial assets that have been derecognized during the period	(43,033,067)	(334,505)	(26,778)	(43,394,350)
Originated or purchased new financial assets	22,653,202	193,521	27,936	22,874,659
Bad debts written off	-	(1,339)	(8,771)	(10,110)
Foreign exchange and other movements	15,526,760	216	3,667	15,530,643
Ending balance (Note 2)	**$ 69,129,678**	**648,282**	**234,225**	**70,012,185**

Note 1: Restrictive deposit of the Bank amounted $15,241 thousand, tax refund receivable $14 thousand and accounts receivable evaluated by simplification method of Department of Government Employees’ Insurance amounted $10,928,045 thousand were not included.

Note 2: Restrictive deposit of the Bank amounted $0 thousand, tax refund receivable $89 thousand and accounts receivable evaluated by simplification method of Department of Government Employees’ Insurance amounted $11,855,532 thousand were not included.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2023			
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance (Note 1)	$ 72,755,883	511,790	240,401	73,508,074
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(313,773)	316,823	(3,050)	-
－Transfer to lifetime ECL credit impaired	(6,111)	(8,743)	14,854	-
－Transfer to 12month expected credit losses	114,686	(113,498)	(1,188)	-
－Financial assets that have been derecognized during the period	(29,835,700)	(317,030)	(39,706)	(30,192,436)
Originated or purchased new financial assets	51,972,578	204,118	25,663	52,202,359
Bad debts written off	-	(459)	(7,209)	(7,668)
Foreign exchange and other movements	(20,501,195)	3,439	(1,230)	(20,498,986)
Ending balance (Note 2)	**$ 74,186,368**	**596,440**	**228,535**	**75,011,343**

Note 1: Restrictive deposit of the Bank amounted $16,295 thousand, tax refund receivable $109 thousand and accounts receivable evaluated by simplification method of Department of Government Employees' Insurance amounted $9,690,820 thousand were not included.

Note 2: Restrictive deposit of the Bank amounted $15,241 thousand, tax refund receivable $14 thousand and accounts receivable evaluated by simplification method of Department of Government Employees' Insurance amounted $10,928,045 thousand were not included.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

c) BOT' s department of government employees' insurance adopts simplification method to estimate expected credit losses of receivables (including accrued income, premiums receivable, and other receivable), namely, measures expected credit losses for a life time. For the purpose of measurement, these notes receivables and account receivables are classified based on credit risk characteristics reflected the borrower's ability to meet its contractual obligations. Analysis of receivables held by BOT' s department of government employees' insurance is shown below:

	December 31, 2024		
	Gross amounts of account receivables	**Weighted average expected loss rate**	**Allowance for expected credit loss for a life time**
Non-overdue	$ 11,855,346	0%	-
Overdue less than 30 days	186	0%	-
	$ 11,855,532		**-**

	December 31, 2023		
	Gross amounts of account receivables	**Weighted average expected loss rate**	**Allowance for expected credit loss for a life time**
Non-overdue	$ 10,927,830	0%	-
Overdue less than 30 days	215	0%	-
	$ 10,928,045		**-**

The movements of allowance for impairment of account receivables held by BOT's department of government employees' insurance:

	2024	**2023**
Beginning balance	$ -	5
Impairment reversed	-	(5)
Ending balance	**$ -**	**-**

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ix) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset Quality of overdue loans and receivables

December 31, 2024							
Type / Item			Amount of overdue loans (Note 1)	Total amount of loans (Note 2)	Ratio (%) (Note 3)	Allowance for doubtful debt	Coverage ratio(%) (Note 4)
Enterprise	Secured		796,522	556,754,788	0.14 %	8,280,539	1,039.59 %
	Non secured		127,571	1,508,335,973	0.01 %	27,617,540	21,648.76 %
Consumer finance	House mortgage (Note 5)		874,271	1,136,942,845	0.08 %	12,024,795	1,375.41 %
	Cash card		-	-	- %	-	- %
	Micro credit (Note 6)		11,317	3,553,052	0.32 %	86,676	765.89 %
	Others (Note 7)	Secured	973,127	191,087,073	0.51 %	2,217,453	227.87 %
		Non secured	165,317	22,971,672	0.72 %	295,220	178.58 %
Total			2,948,125	3,419,645,403	0.09 %	50,522,223	1,713.71 %
			Overdue receivables	Account receivable	Ratio (%)	Allowance for bad debt	Cover ratio
Credit card business			1,648	1,218,827	0.14 %	13,548	822.29 %
Non-recourse factoring (Note 8)			-	4,117,711	- %	21,225	- %

December 31, 2023							
Type / Item			Amount of overdue loans (Note 1)	Total amount of loans (Note 2)	Ratio (%) (Note 3)	Allowance for doubtful debt	Coverage ratio(%) (Note 4)
Enterprise	Secured		1,344,847	580,132,289	0.23 %	9,013,462	670.22 %
	Non secured		114,185	1,409,370,746	0.01 %	25,467,891	22,304.06 %
Consumer	House mortgage (Note 5)		833,985	971,244,987	0.09 %	10,220,114	1,225.46 %
	Cash card		-	-	- %	-	- %
	Micro credit (Note 6)		9,509	3,729,710	0.25 %	84,648	890.19 %
	Others (Note 7)	Secured	404,463	191,097,800	0.21 %	2,213,327	547.23 %
		Non secured	33,791	23,483,112	0.14 %	300,581	889.53 %
Total			2,740,780	3,179,058,644	0.09 %	47,300,023	1,725.79 %
			Overdue receivables	Account receivable	Ratio (%)	Allowance for doubtful debt	Cover ratio
Credit card business			1,301	1,143,240	0.11 %	12,389	952.41 %
Non-recourse factoring (Note 8)			-	6,565,159	- %	41,368	- %

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

Note 2: The discount and premium adjustment was not included in total amount of loans.

Note 3: Ratio of nonperforming loans: Nonperforming loans÷Outstanding loan balance. Ratio of nonperforming credit card receivables: Nonperforming credit card receivables÷Outstanding credit card receivables balance.

Note 4: Coverage ratio of loans: Allowance for possible losses for loans÷Nonperforming loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables÷Nonperforming credit card receivables.

Note 5: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 6: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

Note 7: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgages, cash cards, credit cards and small-scale credit loans.

Note 8: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494),non-recourse factoring are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

2) Non-performing Loans and Overdue Receivables Exempted from Reporting

Unit: In thousand of TWD

	December 31, 2024		January 1, 2023	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement	-	-	-	-
As a result of debt solvency and restart plan	18,452	11,659	19,502	12,907
Total	18,452	11,659	19,502	12,907

3) Concentration of Credit Risk

Unit: In million of TWD; %

December 31, 2024			
Rank	Group Name	Credit Extensions Balance	% of Net Asset Value
1	A group – Petroleum and Coal Products Manufacturing	62,447	12.68 %
2	B company－Rail Transport	41,719	8.47 %
3	C group－Smelting and Refining of Iron and Steel	38,915	7.90 %
4	D group－Manufacture of Made-up Textile Articles	32,843	6.67 %
5	E group－Wireless Telecommunications	29,503	5.99 %
6	F group－Electric Wires and Cables Manufacturing	26,349	5.35 %
7	G group－Air Transportation	25,859	5.25 %
8	H group－Real estate leasing and sales	24,020	4.88 %
9	I group－Real Estate Development Activities	22,424	4.55 %
10	J group－LCD and related parts Manufacturing	21,162	4.30 %

(Continued)

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December 31, 2023			
Rank	**Group Name**	**Credit Extensions Balance**	**% of Net Asset Value**
1	A company－Plastic Sheets, Pipes and Tubes Manufacturing	43,530	9.94 %
2	B group－Rail Transport	41,477	9.47 %
3	C group – Smelting and Refining of Iron and Steel	31,793	7.26 %
4	D group－Manufacture of Made-up Textile Articles	29,334	6.70 %
5	E group－Air Transportation	25,376	5.79 %
6	F group－Wireless Telecommunications	24,814	5.67 %
7	G group－Electric Wires and Cables Manufacturing	24,407	5.57 %
8	H group－Real Estate Development Activities	20,714	4.73 %
9	I group－Real estate leasing and sales	19,910	4.55 %
10	J group－Real Estate Development Activities	18,908	4.32 %

4) Average balance and current average interest rates of interest-bearing assets and liabilities

Unit: In thousand of TWD; %

	December 31, 2024		December 31, 2023	
	Average	**Average interest rate (%)**	**Average**	**Average interest rate (%)**
Interest earnings assets				
Call loans and placement with banks	$ 290,722,407	4.12	303,754,768	3.99
Placement with Central Bank	340,629,346	1.07	328,429,849	0.99
Financial assets	1,510,733,631	2.17	1,408,665,215	1.82
Negotiation, discounts and total loans	3,291,201,818	2.37	3,292,308,909	2.20
Interest bearing liabilities				
Deposit of Central Bank	21,505,537	-	18,746,079	-
Deposits and call loans from banks	210,424,068	3.81	190,548,487	3.34
Loans to Central Bank and banks	3,510,396	5.42	158,732,511	0.92
Demand deposits	549,434,575	1.03	529,867,786	0.85
Demand savings	1,205,439,681	1.03	1,222,149,450	0.90
Time savings	1,664,216,278	1.87	1,581,104,253	1.74
Time deposits	1,167,934,231	3.60	1,047,451,306	3.03
Government deposits	404,376,703	0.69	381,667,373	0.57
Structured products	1,513,474	4.74	919,860	4.76
Financial bonds	7,021,858	1.50	25,336,986	1.62

Note:1. Each average balance is calculated by respectively summing up the daily average balances and then dividing the number of days in the year starting from January to the financial statement date.

2. The balances are derived from the Department of banking, credit cards, trusts and securities.

(Continued)

(d) Liquidity Risk

(i) Causes and definition of liquidity risk

The definition for liquidity risk is the Bank encounter difficulty in meeting the obligations with its financial liabilities and causes the losses, for example, a saving account cancels its saving ahead of time, the ways or conditions to call loans to banks drop, creditors' credit become worsen and cause an exceptional condition, financial instruments cannot be financed and etc. The situation mentioned above may reduce the cash flow for lending, trading, and investing activities. In some extreme situation, the poor liquidity position may decrease the level of balance sheet, sale assets, or the possibility of not fulfilling the contractual loan balance. Liquidity risk is containing in the inherent risk of bank operation, and could be affected by a separate industry or whole market's incident, which are included but not only as: credit event, consolidation or merger and acquisition, system shock, and natural disaster.

(ii) Management policies of liquidity risk

1) To optimize the structure of assets and liabilities, the Bank set up an Assets and Liabilities Management Committee of which the chairperson is the general manager and the vice chairpersons are the vice general managers to decide the direction of assets and liabilities management, to manage the liquidity portion and interest rate risk, and to review the structure of deposits and loans and so on.

2) To enforce the management of liquidity and interest rate risk and maintain suitable liquidity for higher effectiveness of capital and good operations, the Bank set up policies for liquidity and interest rate risk. The assets and Liabilities Management Committee conducts necessary monitoring procedures. The Risk Management Department prepares risk-monitoring reports periodically and reports to the Risk Management Committee and then the Board of Directors.

3) Management of liquidity risk

a) Maintain liquidity reserve ratio: According to "Liquidity Guidelines for Financial Institutions" published by the Central Bank, the Bank and subsidiary have to maintain the liquidity reserve ratio of deposit balances greater than 15%.

b) Short term gap analysis: Calculate 1~10 day and 11~30 day gaps which should be greater than zero.

c) Liquidity coverage ratio: calculate their liquidity coverage ratio and report it to the authorities on a monthly basis. In accordance with the "Standards Implementing the Liquidity Coverage Ratio of Banks" announced by FSC and Central Bank, the ratio shall be higher than 100%.

d) Net stable funding ratio: Calculate their net stable funding ratio and report it to the authorities on a monthly basis. In accordance with the "Standards Implementing the Net Stable Funding Ratio of Banks" announced by FSC and Central Bank, the ratio shall be higher than 100%.

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e) Foreign currency gap management: Make sure the ratio of accumulated capital liquidity gap to each currency assets of the major foreign currencies of the Bank and subsidiary measured for every month and every term under one year between ± 50% and ±40%.

f) Fund management: Utilize the Assets and Liabilities Management Information System to analyze the gaps of assets and liabilities and the change of the structure. Allocate appropriate fund and adjust the fund structure according to financial status. For TWD fund management, the bank maintains appropriate cash and cashable securities on hand, draw up notice about TWD fund management and request every unit to notify on significant cash transactions, analyze the gaps for maturity amount of purchased bills, bonds and call loans to control the fund trend and decrease the liquidity risk. For foreign currencies, manage the financial gap of actual amount received on due date and payment in a year by using the maturity method.

g) Establish “Bank of Taiwan operational crisis management plan” to prevent and response quickly to the crisis.

(iii) Maturity date analysis of non derivative financial assets and liabilities

These tables represent the cash outflow analysis of non derivative financial liabilities of the Bank’s major currencies according to the unexpired term of the contracts. The disclosed amounts are presented on the basis of contract cash flows, so some disclosed items are not correspond to the accounts in the financial statements. These tables do not include BankTaiwan Insurance Brokers.

Maturity analysis of assets and liabilities (United State Dollars)

Unit: In thousand of USD

December 31, 2024	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	645,546	56,000	3,000	-	1,477	706,023
Call loans to banks and overdrafts	1,367,800	1,460,800	792,000	936,000	-	4,556,600
Investment securities	166,090	623,447	425,914	540,571	9,516,923	11,272,945
Loans (including overdue loans)	688,410	278,781	309,875	270,995	3,721,755	5,269,816
Interest receivables and income receivables	59,428	70,130	76,172	13,296	29,463	248,489
Other expired items	8,222,807	9,786,006	4,790,994	1,777,570	1,018,961	25,596,338
Total major matured capital inflow	11,150,081	12,275,164	6,397,955	3,538,432	14,288,579	47,650,211

Unit: In thousand of USD

December 31, 2024	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	2,276,499	1,087,000	50,000	-	-	3,413,499
Demand deposits	741,191	1,032,428	1,548,641	-	762,844	4,085,104
Time deposits	6,959,449	11,054,285	2,960,023	3,424,406	-	24,398,163
Bills and bonds sold under repurchase agreements	167,095	265,915	-	-	-	433,010
Borrowings	-	-	-	-	570,000	570,000
Interest payables	123,607	119,348	31,314	17,865	101,406	393,540
Loan Commitments	177,513	63,221	286,530	384,601	949,484	1,861,349
Equities	-	-	-	-	(118,099)	(118,099)
Other expired items	5,050,567	6,533,390	663,979	687,848	1,127,980	14,063,764
Total major matured capital outflow	15,495,921	20,155,587	5,540,487	4,514,720	3,393,615	49,100,330

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Maturity analysis of assets and liabilities (New Taiwan Dollars)

Unit: In thousand of TWD

December 31, 2024	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	109,571,076	164,897,972	20,731,103	50,214,953	66,963,306	412,378,410
Call loans to banks and overdrafts	24,205,000	10,000	-	-	-	24,215,000
Investment securities	616,175,303	49,998,025	92,246,776	82,464,171	740,768,649	1,581,652,924
Bills and bonds purchased under resell agreements	1,228,385	-	-	-	-	1,228,385
Loans (including overdue loans)	194,266,619	314,919,946	246,946,588	453,394,550	1,986,672,345	3,196,200,048
Interest receivables and income receivables	5,024,191	2,651,371	2,257,310	2,535,877	1,326,760	13,795,509
Other expired items	130,296,685	154,495,947	19,862,118	3,058,518	352,509,997	660,223,265
Total major matured capital inflow	1,080,767,259	686,973,261	382,043,895	591,668,069	3,148,241,057	5,889,693,541

Unit: In thousand of TWD

December 31, 2024	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	64,487,168	48,989,007	25,167,154	35,105,162	13,101,183	186,849,674
Demand deposits	51,890,790	35,380,084	48,352,782	83,143,198	1,746,793,384	1,965,560,238
Time deposits	251,160,791	286,217,094	353,225,588	881,958,910	187,385,242	1,959,947,625
Bills and bonds sold under repurchase agreements	240,521	680,842	969,533	4,551	-	1,895,447
Borrowings	-	53,201	60,038	70,700	3,049,398	3,233,337
Interest payables	4,408,308	1,833,335	3,341,940	1,826,876	724,380	12,134,839
Loan Commitments	133,993,665	267,783,070	401,776,735	803,553,470	435,479,409	2,042,586,349
Equities	-	-	-	-	493,018,000	493,018,000
Other expired items	213,274,715	281,202,636	151,319,494	41,013,080	218,552,081	905,362,006
Total major matured capital outflow	719,455,958	922,139,269	984,213,264	1,846,675,947	3,098,103,077	7,570,587,515

Maturity analysis of assets and liabilities (United State Dollars)

Unit: In thousand of USD

December 31, 2023	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	607,772	48,500	-	-	2,199	658,471
Call loans to banks and overdrafts	1,771,000	2,264,500	1,247,660	415,000	-	5,698,160
Investment securities	118,215	720,373	360,674	1,026,126	6,642,374	8,867,762
Loans (including overdue loans)	562,916	273,462	176,873	326,375	3,551,042	4,890,668
Interest receivables and income receivables	83,852	83,007	45,749	4,364	27,556	244,528
Other expired items	8,887,268	8,629,971	5,060,864	692,941	945,396	24,216,440
Total major matured capital inflow	12,031,023	12,019,813	6,891,820	2,464,806	11,168,567	44,576,029

Unit: In thousand of USD

December 31, 2023	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	3,191,215	520,000	-	30,000	-	3,741,215
Demand deposits	740,574	1,052,938	1,579,407	-	724,705	4,097,624
Time deposits	6,852,515	5,810,618	3,227,790	4,005,104	-	19,896,027
Bills and bonds sold under repurchase agreements	150,983	291,684	-	-	-	442,667
Borrowings	-	-	-	-	585,000	585,000
Interest payables	93,993	72,497	35,896	18,988	73,077	294,451
Loan Commitments	85,411	114,141	177,383	307,692	1,194,601	1,879,228
Equities	-	-	-	-	(200,747)	(200,747)
Other expired items	8,924,535	4,296,928	785,705	342,284	912,270	15,261,722
Total major matured capital outflow	20,039,226	12,158,806	5,806,181	4,704,068	3,288,906	45,997,187

(Continued)

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Maturity analysis of assets and liabilities (New Taiwan Dollars)

Unit: In thousand of TWD

December 31, 2023	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	73,888,433	155,103,222	19,602,008	53,610,289	60,245,660	362,449,612
Call loans to banks and overdrafts	42,585,000	10,000	-	-	-	42,595,000
Investment securities	774,697,663	35,267,621	61,487,507	61,050,546	620,107,426	1,552,610,763
Loans (including overdue loans)	197,229,612	308,711,801	343,123,213	336,380,308	1,789,030,635	2,974,475,569
Interest receivables and income receivables	5,724,231	2,667,127	2,990,730	1,916,080	1,206,185	14,504,353
Other expired items	263,089,300	70,197,196	22,885,409	4,753,725	335,404,931	696,330,561
Total major matured capital inflow	1,357,214,239	571,956,967	450,088,867	457,710,948	2,805,994,837	5,642,965,858

Unit: In thousand of TWD

December 31, 2023	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	102,611,701	38,128,186	10,715,240	25,902,854	39,273,051	216,631,032
Demand deposits	50,992,266	34,767,454	47,515,521	81,703,517	1,716,546,475	1,931,525,233
Time deposits	267,257,218	272,019,979	330,558,244	835,932,152	188,285,833	1,894,053,426
Bills and bonds sold under repurchase agreements	362,524	413,455	1,061,092	2,592	-	1,839,663
Borrowings	133,337	-	9,000,000	-	2,000,000	11,133,337
Interest payables	4,575,414	1,795,180	2,499,690	1,304,668	856,842	11,031,794
Loan Commitments	125,876,500	251,561,115	377,437,615	754,875,230	409,098,624	1,918,849,084
Equities	-	-	-	-	440,182,741	440,182,741
Other expired items	266,511,747	240,529,664	154,870,031	18,005,776	199,455,258	879,372,476
Total major matured capital outflow	818,320,707	839,215,033	933,657,433	1,717,726,789	2,995,698,824	7,304,618,786

(iv) Maturity analysis of derivatives

Unit: In thousand of TWD

December 31, 2024 Derivative financial instruments	1.Overdue less than 1 month	2.Overdue 1 to 3 months	3.Overdue 3 to 6 months	4.Overdue 6 months to 1 year	5.Overdue 1 to 5 years	6.Overdue more than 5 years	Total
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Foreign exchange)							
Foreign exchange outflow	34,360,574	45,784,777	26,476,651	1,129,013	-	-	107,751,015
Foreign exchange inflow	34,359,440	43,904,510	26,472,442	109,968	-	-	104,846,360
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Interest)							
Interest outflow	344,962,448	444,528,619	146,550,588	48,766,699	103,552	-	984,911,906
Interest inflow	286,812,259	397,693,818	120,582,467	42,535,831	151,319	-	847,775,694

Unit: In thousand of TWD

December 31, 2023 Derivative financial instruments	1.Overdue less than 1 month	2.Overdue 1 to 3 months	3.Overdue 3 to 6 months	4.Overdue 6 months to 1 year	5.Overdue 1 to 5 years	6.Overdue more than 5 years	Total
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Foreign exchange)							
Foreign exchange outflow	37,458,425	27,377,909	12,399,275	563,496	75,944	-	77,875,049
Foreign exchange inflow	37,458,611	25,612,958	12,307,657	563,496	78,401	-	76,021,123
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Interest)							
Interest outflow	447,124,552	343,504,828	165,224,262	26,131,129	213,953	-	982,198,724
Interest inflow	413,344,866	294,184,208	134,328,049	26,207,013	296,810	-	868,360,946
Hedging derivative financial instruments (Interest)							
Interest outflow	2,972	-	-	-	-	-	2,972
Interest inflow	2,523	-	-	-	-	-	2,523

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(v) Maturity analysis of off-balance sheet items

If the off-balance credit items of the Bank are classified as “Under One Year”, “One to Five Years” and “Above Five Years”, the maturity analysis of both off-balance items and lease agreements and capital expenditures are disclosed together.

Unit: In thousand of TWD

December 31, 2024	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	-	165,528,700	6,000,000	269,776,440	1,727,945	443,033,085
Irrevocable credit card commitment	7,836	1,181	6,963	19,351	129,135	164,466
Unused letter of credit	18,487,603	2,650,493	8,997,235	5,556,808	2,809,350	38,501,489
Guarantee receivables	50,268,820	4,642,815	7,788,312	6,030,254	18,567,130	87,297,331
Total	68,764,259	172,823,189	22,792,510	281,382,853	23,233,560	568,996,371

Unit: In thousand of TWD

December 31, 2023	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	210,909,000	5,359,454	2,080,000	44,784,636	110,119,561	373,252,651
Irrevocable credit card commitment	5,771	3,478	4,869	20,368	144,643	179,129
Unused letter of credit	27,580,723	1,726,731	3,869,815	6,139,918	4,245,629	43,562,816
Guarantee receivables	51,581,481	4,871,620	2,868,554	9,988,120	25,290,901	94,600,676
Total	290,076,975	11,961,283	8,823,238	60,933,042	139,800,734	511,595,272

(vi) Maturity analysis of lease agreements and capital expenditures

Maturity analysis of real estate lease agreements and capital expenditures were as follows:

Unit: In thousand of TWD

December 31, 2024	Less than 1 year	1-5 years	Over 5 years	Total
Lease agreements				
Lease liabilities	(589,049)	(1,147,112)	(46,174)	(1,782,335)
Lease income	130,864	186,681	-	317,545
Total	(458,185)	(960,431)	(46,174)	(1,464,790)

Unit: In thousand of TWD

December 31, 2023	Less than1 year	1-5 years	Over 5 years	Total
Lease agreements				
Lease liabilities	(528,441)	(875,724)	(68,497)	(1,472,662)
Lease income	137,236	162,623	-	299,859
Total	(391,205)	(713,101)	(68,497)	(1,172,803)

(vii) Disclosures required by the “Regulations Governing the Preparation of Financial Reports by Public Banks”

1) Maturity analysis of assets and liabilities (New Taiwan Dollars) (excluding BankTaiwan Insurance Brokers)

December 31, 2024

Unit: In thousand of TWD

	Total	Amount for each remaining period to maturity					
		Less than 10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	$ 5,889,693,541	630,114,461	450,652,798	686,973,261	382,043,895	591,668,069	3,148,241,057
Major matured capital outflow	7,570,587,515	353,750,177	365,705,781	922,139,269	984,213,264	1,846,675,947	3,098,103,077
Capital gap	(1,680,893,974)	276,364,284	84,947,017	(235,166,008)	(602,169,369)	(1,255,007,878)	50,137,980

(Continued)

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December 31, 2023

Unit: In thousand of TWD

	Total	Amount for each remaining period to maturity					
		Less than 10 days	11~30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	$ 5,642,965,858	661,647,534	695,566,705	571,956,967	450,088,867	457,710,948	2,805,994,837
Major matured capital outflow	7,304,618,786	374,504,209	443,816,498	839,215,033	933,657,433	1,717,726,789	2,995,698,824
Capital gap	(1,661,652,928)	287,143,325	251,750,207	(267,258,066)	(483,568,566)	(1,260,015,841)	(189,703,987)

2) Maturity analysis of assets and liabilities (United State Dollars) (excluding BankTaiwan Insurance Brokers)

December 31, 2024

Unit: In thousand of USD

	Total	Amount for each remaining period to maturity				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	$ 47,650,211	11,150,081	12,275,164	6,397,955	3,538,432	14,288,579
Major matured capital outflow	49,100,330	15,495,921	20,155,587	5,540,487	4,514,720	3,393,615
Capital gap	(1,450,119)	(4,345,840)	(7,880,423)	857,468	(976,288)	10,894,964

December 31, 2023

Unit: In thousand of USD

	Total	Amount for each remaining period to maturity				
		Less than 30 days	31~90 days	91~180 days	181~365 days	Over 1 year
Major matured capital inflow	$ 44,576,029	12,031,023	12,019,813	6,891,820	2,464,806	11,168,567
Major matured capital outflow	45,997,187	20,039,226	12,158,806	5,806,181	4,704,068	3,288,906
Capital gap	(1,421,158)	(8,008,203)	(138,993)	1,085,639	(2,239,262)	7,879,661

(e) Market risk

(i) Causes and definition of market risk

Market risk means the changes in market price that lead to the fair value and future cash flow volatility risk of the held financial instruments, even if it is not included in the financial statements. The risk factors usually refer to interest rate, exchange rate, equity investment and price. When the factors change, the Bank's net operating income and the value of investment portfolio will have volatility risk.

The main market risks of the Bank is interest rate risk, exchange rate risk and equity investment risk. The main position of interest rate risk includes transactions with conditions, bonds, securities investments, interest rate swaps and so on. The main position of exchange risks includes forward exchange, foreign exchange swaps, FX options and so on. The main position of equity investment risk includes stocks, funds, stock market index futures and so on.

(ii) Management policies of market risk

The Bank sets up market risk management regulations and policies according to the risk management strategies approved by the Board of Directors, the Basel Accord and government regulations.The Bank decide the quota of investments and stop-loss point for financial instruments by types and characteristics in order to identify, assess, measure and monitor various risks of investment.

(iii) Procedures of market risk management

1) Identification

The identification procedures are as follows. First, use the business analysis or product analysis to identity the market risk factors of financial instruments. Second, measure the market risk of all financial instruments according to the risk factors changes of the important exposure. Finally, identify the market risk factors of every constitution of structured products and use the factors as the measurement basis. The above risk factors include interest rate, exchange rate and price of equity security.

2) Measurement

The Bank's market risk exposure can be classified into trading book and banking book. The financial instruments classified in trading book are measured at market value every day; those classified in banking book are measured at market value at least once a month. Following IFRS 13, the Bank ensures that Level-1 inputs (i.e. quoted prices in an active market, such as prices from TWSE, electronic screen or independent brokerage firms) and Level-2 inputs (those which can be directly or indirectly observed in the market) are available. When the aforementioned inputs are not available, the related instruments shall be classified to Level 3. The sources from which the Bank obtains inputs largely remain the same as prior periods and the Bank will check if a financial instrument can be reasonably measured before entering into a transaction.

3) Monitor and Report

The Bank conducts various risks monitoring procedures for ordinary trading activities, prepares risk monitoring reports and reports it to the Risk Management Committee and the Board of Directors. The monitoring procedures includes the controls over market risk position, profit and loss, exposure, quota of investments, degree of concentration, sensitivity analysis and stress testing. The Bank also has communication mechanism. Each operating unit should provide transaction information to supervisors periodically to ensure the accuracy and effectiveness. While trading amounts are over the preset limit or in an abnormal condition, the related operating units should alert it in time.

(iv) Management policies of trading book risk

The trading book refers to the financial instruments held for trading or hedging. The positions held for trading mean the positions that are held to earn profit from the buy-sell spread. The positions not belonging to trading book are regarded as banking book.

1) Policy and Procedure

The Bank formulates " Bank of Taiwan Trading Book Management Provision" as important guideline for all trading units.

(Continued)

2) Valuation Policy

The Bank's market risk exposure can be classified into trading book and banking book. Following IFRS 13, the Bank ensures that Level-1 inputs (i.e. quoted prices in an active market, such as prices from TWSE, electronic screen or independent brokerage firms) and Level-2 inputs (which can be directly or indirectly observed in the market) are available. When the aforementioned inputs are not available, the related instruments shall be classified to Level 3. The sources from which the Bank obtains inputs largely remain the same as prior periods and the Bank will check if a financial instrument can be reasonably measured before entering into a transaction.

3) Measurement Method

a) Monitoring the trading book of risk exposure including stocks, funds, bonds, spot exchanges, forward exchanges, rate swap, option, future contracts, etc. Checking the ratio of risk exposure with total investment everyday and reporting monthly.

b) The Bank conducts stress test every quarter under unfavorable economic scenarios which are set up risk factors: equity securities, interest rate, foreign exchange and commodities, setting the scene to calculate possible impacts by inputting different on profit or loss of each risk factor.

c) Check the market price every month.

d) Prepare the risk monitor report to chief director and put it on the Bank's website as reference.

(v) Interest rate risk management for trading book

1) Definition of interest rate risk

The interest rate risk means the changes of interest rate that lead to the fair value changes or loss. The main products include securities related to interest rate and derivatives.

2) Procedures of interest rate risk management

The Bank sets quota and stop-loss points for short-term securities, bonds and derivatives related to interest rate. Each trading units measure the market price for the position of trading book every day and submit monthly reports to risk management department and quarterly reports to the risk management committee and the Board of Directors.

3) Measurement method

The Bank also uses the DV01 to monitor the influence of interest risk.

4) Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

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The Bank considers that a contract is not yet transitioned to an alternative benchmark rate when the interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an ‘unreformed contract’).

As of the reporting date, the Bank’s remaining IBOR exposure is indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). As announced by the Financial Conduct Authority (FCA) in March 2021, the submissions for 1 week USD LIBOR and 2 months USD LIBOR already ceased on December 31, 2021, so did all days of GBP, JPY, EUR and CHF LIBOR. Submissions for USD LIBOR (except 1 week and 2 months) already ceased on June 30, 2023. The Bank submissions for 1, 3, 6 and 12 months USD LIBOR also already ceased on June 30, 2023. Contracts with appropriate fallback clauses automatically switch the instrument from USD LIBOR to SOFR as and when USD LIBOR ceases.

(vi) Interest rate risk management for banking book

The main management purpose is to strengthen the interest rate risk management, increase the effectiveness of capital usage and improve the business.

1) Strategy

The interest rate risk management increases the Bank flexibility in order to measure, manage and hedge the interest rate risk. The Bank formulate “Liquidity and Interest Rate Management Strategies” to reinforce the management and maintain proper liquidity and adjust the interest rate sensitivity gap for the steady long-term profitability and business growth.

2) Management procedure

In order to adapt the economic financial environment changes and to fulfill the capital requirement, the Bank conducts different pricing management strategies, such as adopting variable or fixed interest rate, and use financial futures, foreign exchange swaps, interest rate swaps to manage the interest rate sensitivity gap. To adjust the interest rate sensitivity gap properly, the risk management department monitors the ratio of interest rate sensitivity assets to interest rate sensitivity liabilities, the ratio of TWD capital gap to equity and the interest rate sensitivity gap of foreign exchange, and report monthly to the Risk Management Committee and Board of Directors.

3) Measurement method

The Bank uses the “Assets and Liabilities Management Information System” to identify interest rate sensitivity assets and liabilities and analyses the maturity gap and changes of maturity structure as the basis of interest rate risk management and pricing strategies. They also make proper financial transfer and adjust the capital structure to lower the liquidity risk and increase the profit.

(Continued)

(vii) Exchange rate risk management

1) Definition of exchange rate risk

The exchange rate risk refers to the profit or loss resulted from two different currencies transferred at different times. The Bank's exchange rate risk is derived from exchange, forward exchange, FX swaps, cross currency swaps, and foreign exchange options. Because the Bank squares customer’ s position every day, the exchange rate does not have any significant risk.

2) Management procedures and measurement method of exchange rate risk

To control the exchange rate risk, the Bank sets different quotas and stop-loss point for employees with different levels and have annual total loss quota to control the loss in a tolerable range.

The Bank conducts stress testing. The simulated situations are ±5% changes of exchange rate for every currency. The relevant statements are disclosed at sensitivity analysis.

(viii) Equity security risk management

1) Definition of equity security risk

The market risk of holding equity securities includes the respective risk arising from the market price changes of respective equity security and general market risk resulting from the whole market price changes.

2) The intention of equity security price risk management

The intention is to avoid loss and worse financial status due to violent fluctuations of equity security price and increase the effectiveness of capital usage and improve the business.

3) Procedure of equity security price risk management

The Bank sets different investment quotas by industries, enterprises and groups. They monitor the risk value of equity securities and unrealized profit/loss ratio every day. The stop-loss point mechanism is approved by the security investment committee and executed by the risk management department.

4) Measurement method

The control of the equity security price risk is based on the unrealized gain (loss) ratio and the aforementioned investment limitations.

The Bank conducts stress testing every season. The simulated situations are ±20% changes of equity security price. The relevant statements are disclosed at sensitivity analysis.

(ix) Market risk valuation technique

1) Interest rate risk sensitivity

The Bank assumed that other factors did not change and the yield curve of the whole world moves upward by 100 bps at December 31, 2024 and 2023. Under this assumption, the income after tax will decrease $54 million and $29 million, respectively; the other comprehensive income will decrease $22,618 million and $15,621 million, respectively. If the yield curve moves downward by 100 bps, the income after tax will increase $54 million and $28 million, respectively; the other comprehensive income will increase $23,802 million and $16,649 million, respectively.

2) Exchange rate risk sensitivity

The Bank assumed that other factors did not change and the foreign currency to New Taiwan Dollars exchange rate appreciated by 5% at December 31, 2024 and 2023. Under this assumption, the income after tax will increase $973 million and $905 million, respectively.

If the exchange rate depreciates by 5%, the income after tax will decrease $973 million and $905 million, respectively.

3) Equity security price risk sensitivity

The Bank assumes that other factors did not change and the market prices of the equity securities increase by 20% at December 31, 2024 and 2023. Under this assumption, the income after tax will increase $13,197 million and $10,119 million, respectively; the other comprehensive income will increase $30,680 million and $25,059 million, respectively.

If the market prices decreases by 20 %, the income after tax will decrease $13,197 million and $10,119 million, respectively; the other comprehensive income will decrease $30,680 million and $25,059 million, respectively.

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4) Sensitivity analysis is as follows:

Unit: In million of TWD

December 31, 2024			
		Amount Influence	
Main risk	Range of changes	Equity	Gain or loss
Interest rate risk	Interest rate curve rise 100BPS	(22,618)	(54)
Interest rate risk	Interest rate curve fall 100BPS	23,802	54
Exchange rate risk	Other foreign currency/ TWD rise 5％		973
Exchange rate risk	Other foreign currency / TWD fall 5％		(973)
Price of equity stock risk	Price of equity stock rise 20 ％	30,680	13,197
Price of equity stock risk	Price of equity stock fall 20 ％	(30,680)	(13,197)

Unit: In million of TWD

December 31, 2023			
		Amount Influence	
Main risk	Range of changes	Equity	Gain or loss
Interest rate risk	Interest rate curve rise 100BPS	(15,621)	(29)
Interest rate risk	Interest rate curve fall 100BPS	16,649	28
Exchange rate risk	Other foreign currency/ TWD rise 5％		905
Exchange rate risk	Other foreign currency / TWD fall 5％		(905)
Price of equity stock risk	Price of equity stock rise 20 ％	25,059	10,119
Price of equity stock risk	Price of equity stock fall 20 ％	(25,059)	(10,119)

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(x) Information of currency risk concentrate

Net position of major foreign currencies

Unit: In thousand of stated currencies

December 31, 2024		
Amount in original currency		**Amount in New Taiwan Dollars**
USD	6,710,648	220,008,609
EUR	669,438	22,854,618
CNY	2,825,629	12,670,122
AUD	546,574	11,161,048
GBP	68,794	2,832,929

Unit: In thousand of stated currencies

December 31, 2023		
Amount in original currency		**Amount in New Taiwan Dollars**
USD	5,893,362	180,955,665
EUR	582,099	19,802,999
CNY	3,478,833	15,056,391
AUD	497,080	10,438,678
CAD	43,515	1,010,414

Note 1: The major foreign currencies were the top 5 currencies by position expressed in New Taiwan Dollars after exchange rate conversion.

Note 2: The net position represented the absolute value of each currency.

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All held foreign financial assets and liabilities are classified by currencies and represented using the carrying amounts. The following tables display the information at December 31, 2024 and 2023, respectively.

Unit: In thousand of TWD

December 31, 2024			
Assets	**USD to TWD**	**Other currencies to TWD**	**Total TWD**
Cash and cash equivalents	$ 43,577,246	20,482,887	64,060,133
Placement with Central Bank and call loans to banks	112,997,568	81,368,327	194,365,895
Financial assets measured at fair value through profit or loss	138,552,749	30,309,803	168,862,552
Financial assets measured at fair value through other comprehensive income	251,641,812	105,710,720	357,352,532
Debt investments measured at amortized cost	119,434,079	20,633,074	140,067,153
Receivables, net	10,802,381	2,979,865	13,782,246
Loans and Discounts, net	131,281,692	90,063,560	221,345,252
Other financial assets, net	525,550	1,213	526,763
Other assets, net	4,891,565	173,410	5,064,975
Total assets	**$ 813,704,642**	**351,722,859**	**1,165,427,501**

December 31, 2024			
Liabilities	**USD to TWD**	**Other currencies to TWD**	**Total TWD**
Deposits of Central Bank and banks	$ 46,176,040	74,497,630	120,673,670
Due to Central Bank and banks	3,278,500	-	3,278,500
Financial liabilities measured at fair value through profit or loss	15,535,299	38,803	15,574,102
Bills and bonds sold under repurchase agreement	14,196,239	1,741,577	15,937,816
Payables	21,205,923	2,534,498	23,740,421
Current income tax liabilities	543	96,560	97,103
Deposits and remittances	905,757,491	195,064,267	1,100,821,758
Other financial liabilities	1,088,757	105,842	1,194,599
Provisions	1,178	23,661	24,839
Lease liabilities	381,910	186,680	568,590
Other liabilities	958,712	85,023	1,043,735
Total liabilities	**$ 1,008,580,592**	**274,374,541**	**1,282,955,133**

(Continued)

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	December 31, 2023		
Assets	**USD to TWD**	**Other currencies to TWD**	**Total TWD**
Cash and cash equivalents	$ 38,982,376	23,736,554	62,718,930
Placement with Central Bank and call loans to banks	142,797,487	71,342,819	214,140,306
Financial assets measured at fair value through profit or loss	113,979,050	28,277,665	142,256,715
Financial assets measured at fair value through other comprehensive income	129,417,786	80,026,456	209,444,242
Debt investments measured at amortized cost	139,113,037	21,139,415	160,252,452
Hedging derivative financial assets	-	1,419	1,419
Receivables, net	13,322,834	3,934,922	17,257,756
Loans and Discounts, net	119,904,021	82,825,728	202,729,749
Other financial assets, net	401,354	15,925	417,279
Other assets, net	3,264,648	335,140	3,599,788
Total assets	$ **701,182,593**	**311,636,043**	**1,012,818,636**

	December 31, 2023		
Liabilities	**USD to TWD**	**Other currencies to TWD**	**Total TWD**
Deposits of Central Bank and other banks	$ 86,139,375	35,056,707	121,196,082
Loans from Central Bank and banks	3,531,075	-	3,531,075
Financial liabilities measured at fair value through profit or loss	14,440,089	83,785	14,523,874
Bills and bonds sold under repurchase agreement	13,592,083	840,333	14,432,416
Payables	10,048,116	2,779,295	12,827,411
Current income tax liabilities	49,244	128,205	177,449
Deposits and remittances	680,299,651	229,087,103	909,386,754
Other financial liabilities	1,135,041	147,426	1,282,467
Provisions	1,260	17,728	18,988
Lease liabilities	270,692	141,697	412,389
Other liabilities	549,626	96,007	645,633
Total liabilities	$ **810,056,252**	**268,378,286**	**1,078,434,538**

(Continued)

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(xi) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public banks

1) Interest rate sensitivity assets and liabilities analysis (New Taiwan Dollars)

Unit: In thousand of TWD

December 31, 2024					
Item	**1~90 days**	**91~180 days**	**181 days to one year**	**Over one year**	**Total**
Interest rate sensitive assets	$ 3,550,393,137	540,221,329	115,333,735	363,021,591	4,568,969,792
Interest rate sensitive liabilities	778,091,665	3,248,367,238	302,252,315	78,547,472	4,407,258,690
Interest rate sensitive gap	2,772,301,472	(2,708,145,909)	(186,918,580)	284,474,119	161,711,102
Net worth					493,018,000
Ratio of interest rate sensitive assets to liabilities (%)					103.67
Ratio of interest rate sensitive gap to net worth (%)					32.80

Unit: In thousand of TWD

December 31, 2023					
Item	**1~90 days**	**91~180 days**	**181 days to one year**	**Over one year**	**Total**
Interest rate sensitive assets	$ 3,385,126,067	666,551,889	89,590,223	341,705,040	4,482,973,219
Interest rate sensitive liabilities	285,662,795	3,723,381,378	218,190,760	98,658,985	4,325,893,918
Interest rate sensitive gap	3,099,463,272	(3,056,829,489)	(128,600,537)	243,046,055	157,079,301
Net worth					440,182,741
Ratio of interest rate sensitive assets to liabilities (%)					103.63
Ratio of interest rate sensitive gap to net worth (%)					35.69

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

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interesting-bearing liabilities with revenues and costs affected by interest rate changes.

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

Note 4: Ratio of interest-rate-sensitivity assets to liabilities=Interest-rate-sensitivity assets/Interest-rate-sensitivity liabilities (in New Taiwan Dollars).

2) Assets and liabilities interest rate sensitivity analysis (United State Dollars)

Unit: In thousand of USD

December 31, 2024					
Item	**1~90 days**	**91~180 days**	**181 days to one year**	**Over one year**	**Total**
Interest rate sensitive assets	$ 40,007,452	5,603,005	4,159,227	5,181,461	54,951,145
Interest rate sensitive liabilities	34,558,224	7,666,921	3,783,415	-	46,008,560
Interest rate sensitive gap	5,449,228	(2,063,916)	375,812	5,181,461	8,942,585
Net worth					(118,097)
Ratio of interest rate sensitive assets to liabilities (%)					119.44
Ratio of interest rate sensitive gap to net worth (%)					(7,572.24)

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Unit: In thousand of USD

December 31, 2023					
Item	**1~90 days**	**91~180 days**	**181 days to one year**	**Over one year**	**Total**
Interest rate sensitive assets	$ 36,674,011	7,229,443	3,149,302	3,329,745	50,382,501
Interest rate sensitive liabilities	35,899,762	6,128,682	849,336	470,244	43,348,024
Interest rate sensitive gap	774,249	1,100,761	2,299,966	2,859,501	7,034,477
Net worth					(200,746)
Ratio of interest rate sensitive assets to liabilities (%)					116.23
Ratio of interest rate sensitive gap to net worth (%)					(3,504.17)

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

Note 2: Interest rate sensitivity assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues and costs affected by interest rate changes.

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

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

(f) Other risks

(i) Operational risk and legal risk

The Bank has identified, measured and monitored operational risk and legal risk and also disclosed qualitative and quantitative information in accordance with the “ Information of the Capital Adequacy and the Risk Managements” and the FSC’s requirements.

According to the “ The Explanations and Formats of Calculation of Bank’ s Self- Owned Capital and Risk-Weighted Assets,” operation risks is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses. As legal risk is part of the operational risk, where it involves legal risk to be reported together with the operation risk to the appropriate management level.

(ii) Compliance risks

To conduct the planning, management and execution of the Bank's legal compliance, the Department of Compliance has set up the Regulations and Guidelines of Legal Compliance, which clearly states the responsibility of the competent unit (Department of Compliance). The Department of Compliance also holds the responsibility of planning, managing and executing the overall legal compliance of the Bank. For instance, the task force should look into potential risks of legal compliance and obtain the opinion and approval of the Department of Compliance before new services and products are introduced to the market or applications are submitted to the authorities for the approval of sales.

In response to continuous changes in external regulations, the Department of Compliance prepared the "Legislation and Amendment of External Financial Regulations Checklist" to make each operation unit recheck their internal guidelines and make necessary adjustments in time. The Department of Compliance passes the information to its employees about the changes in financial regulations related to the the Bank’s operations to lower the risk of legal compliance.

(Continued)

The Department of Compliance conducts the compliance risk assessment work for the whole bank every year, and submits the assessment results to the Audit Committee, the Board of Directors and the Financial Management Committee for reference. In addition, based on the results of the compliance risk assessment, the Department of Compliance further analyzes the risk management situation of each relevant unit, supervises the relevant management and improvement plan of compliance risk management, and continuously strengthens the control measures of the whole bank.

The Bank will not only comply with the requirements of the competent authority but also keep collecting domestic and foreign data and refer to the practical practice of other banks to improve the management of compliance risk.

(iii) Money laundering and terrorist financing risks

The Bank has established and amended the related policies and procedures in accordance with the "Money Laundering Control Act" and its related sub-regulations announced by the FSC, as well as the "Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Banks" and the 0 suspicious transaction patterns amended or issued by the bankers association of the R.O.C. The Bank took the following actions to combat money laundering and terrorism financing (AML/CFT):

1) Setting up responsible unit and appoint AML/CFT Responsible Officer

The Board of Directors of the Bank appointed the Chief Compliance Officer to serve as AML/CFT Responsible Officer, and set up "AML Center" under The Department of Compliance in January 16, 2017. A Supervisor and a Vice Supervisor are set up in the center, and the Deputy Chief Compliance Officer is appointed to serve as the Supervisor. So far, there are 18 members in the center.

2) Setting up AML/CFT Committee

The Bank sets up "Legal Compliance, Anti-Money Laundering and Combating Terrorism Financing Committee (AML/CFT Committee)" according to the "Regulations for Legal Compliance, Anti-Money Laundering and Combating Terrorism Financing Committee, Bank of Taiwan". The President is the Chairperson, and the Chief Compliance Officer is the Vice President of the committee. The managers of the 20 other departments also serve as the committee members. The AML/CFT Committee is responsible for examining and supervising AML/CFT related affairs.

3) Optimizing AML/CFT managerial mechanisms

In order to strengthen the Bank's AML/CFT managerial mechanisms, the Bank has already engaged independent certified public accountant to exam the effectiveness of its AML/CFT managerial mechanism since 2017. The Bank has continuously improved the audit findings provided by the accountant.

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4) Optimizing and Expanding AML/CFT information systems

The Bank will strengthen its policies and procedures regarding ongoing monitoring over accounts and transactions by applying risk-based approach and the assistance of information systems. In order to verify the effectiveness of the systems, consultants were hired to conduct independent tests, regularly review the transaction monitoring threshold setting every year, and continuously optimize the system.

5) Establishing AML/CFT area in its internal information network

In order for its employees to have an immediate access to AML/CFT related information, the Bank sets up an AML/CFT website within its internal network. This measure simplifies the procedures of collecting related information, and is beneficial to the Bank by providing compliance guidance to its employees in their daily operations.

6) Raising awareness about money laundering and terrorism financing

The Bank established an online course, "2024 AML/CFT Program," for staff to improve awareness on AML/CFT. To comply with the amendments related to AML/CFT, the Bank also engaged external experts to hold training for the Bank's responsible officers and supervisors during 2024. Furthermore, the Bank held a "Compliance, AML/CFT Forum" in the north, central, and south of Taiwan to propagate common mistakes in AML/CFT and build awareness on AML/CFT in each staff member.

7) Reporting the properties (including its related interests and their locations) designated by the Counter-Terrorism Financing Act and suspicious transactions to Investigation Bureau, the Ministry of Justice.

8) Improving oversight on trade-based money laundering, counter-proliferation financing, and anti-sanctions measures

To control trade-based money laundering, counter-proliferation financing, and anti-sanctions effectively, the Bank set up database of "Countries/regions with Severe AML/CFT Deficiencies as Announced by the FATF" and listed those countries/regions as high-risk countries to control the potential risk of proliferation financing in those regions. Also, the Bank kept purchasing/renting "Maritime Risk Intelligence Database" and "Commodity Price Database"to strengthen its verification on the authentication of cross-border trading and rational pricing of commodities in order to lower the threat of trade-based money laundering and proliferation financing.

(iv) Emerging risks (Climate change risks)

In 2021, the Bank revised its risk management policy to implement climate change risks into its risk management framework, and established climate change risk identification, as well as reporting mechanism. Since June 2021, the Bank has added the climate change risk to its risk monitoring report, identified risk and checked the impact on “physical risks” and “transition risks” . The responsible personnel reports the assessment of climate change risk and corresponding measures to the risk management committee and the board of directors on a quarterly basis. In addition, “ the Climate Change Risk Management Guidelines” were formulated in 2022 to improve the climate change risk management framework.

(Continued)

In November 2021, the FSC announced "the Guidelines on Financial Disclosure of Climate Risk for Domestic Banks", requiring domestic banks to complete their financial disclosure on climate risks, related to those in the previous year, by the end of June of each year, starting from 2023. In accordance with the regulations issued by the competent authority, the Bank has placed the Bank's "Task Force on Climate-related Financial Disclosure Report" in the sustainability section of the external website by the end of June 2024.

(g) Transfer of financial assets－transferred financial assets without overall derecognition

The transferred financial assets of the Bank and subsidiary that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. The right to receive cash flow is transferred and reflects the associated liabilities to repurchase transferred financial assets at a fixed price in the future period, the Bank and subsidiary cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Bank and subsidiary still bear the interest rate risks and credit risks, transferred financial assets are not completely derecognized. Analysis of financial assets without overall derecognition and the associated liabilities are as follows:

	December 31, 2024				
Type of financial assets	**Carrying amount of the transferred financial assets**	**Carrying amount of the Financial liability**	**Fair value of transferred financial assets**	**Fair value of financial liabilities**	**Fair value net position**
Financial asset measured at fair value through other comprehensive income					
Under repurchase agreements	$ 18,374,788	17,833,263	18,374,788	17,833,263	541,525

	December 31, 2023				
Type of financial assets	**Carrying amount of the transferred financial assets**	**Carrying amount of the Financial liability**	**Fair value of transferred financial assets**	**Fair value of financial liabilities**	**Fair value net position**
Financial asset measured at fair value through profit or loss					
Under repurchase agreements	$ 796,149	762,468	796,149	762,468	33,681
Financial asset measured at fair value through other comprehensive income					
Under repurchase agreements	16,117,311	15,509,611	16,117,311	15,509,611	607,700

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(h) Offsetting of financial assets and financial liabilities

The Bank and subsidiary hold financial instruments which meet Section 42 of the IAS 32 endorsed by FSC. Therefore, the financial instrument will be offset on the balance sheet.

Although the Bank and subsidiary do not engage in transactions that meet the offsetting condition in IFRSs, they have signed the net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could opt for net settling.

The offsetting information of financial assets and financial liabilities is shown below:

December 31, 2024

Financial assets under offsetting or general agreement of net amount settlement or similar norms

Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheet (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d): Financial instrument (note)	Relevant amount not offset on the balance sheet (d): Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	$ 18,491,233	-	18,491,233	2,872,726	608,395	15,010,112

December 31, 2024

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d): Financial instrument (note)	Relevant amount not offset on the balance sheet (d): Pledged cash Collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	$ 10,722,196	-	10,722,196	2,867,477	3,999,964	3,854,755
Securities sold under repurchase agreements	14,196,239	-	14,196,239	15,326,987	56,390	(1,187,138)
Total	$ 24,918,435	-	24,918,435	18,194,464	4,056,354	2,667,617

Note: Master netting arrangements and non-cash financial collaterals are included.

(Continued)

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December 31, 2023

Financial assets under offsetting or general agreement of net amount settlement or similar norms

Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheet (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d) Financial instrument (note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	$ 9,602,788	-	9,602,788	3,436,857	332,732	5,833,199

December 31, 2023

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d) Financial instrument (note)	Pledged cash Collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	$ 20,982,724	-	20,982,724	3,431,785	2,910,701	14,640,238
Securities sold under repurchase agreements	13,592,083	-	13,592,083	15,238,891	17,195	(1,664,003)
Total	$ 34,574,807	-	34,574,807	18,670,676	2,927,896	12,976,235

Note: Master netting arrangements and non-cash financial collaterals are included.

(9) Capital Management:

(a) The Target and Procedure of capital management

The Target of capital management is to achieve the authority's requirements for the BIS Capital Adequacy Ratio and to improve the efficiency of capital usage through capital management procedures.

The Bank consider the short-term and long-term capital demand, operating plans and the lowest requirement to the BIS ratio to draft the capital plan. The Bank conducts the stress testing, the simulation analysis periodically, consider the external conditions and other factors, such as potential risks, environment changes of the financial market and other events that will affect the risk tolerable ability to ensure the Bank can maintain sufficient capital while unfavorable events and significant changes to the market occur.

(b) The definition and regulations of capital

The Competent authority of the Bank is the FSC. The Bank follows the "Regulations Governing the Capital Adequacy and Capital Category of Banks" issued by the FSC.

The term "Ratio of Regulatory Capital to Risk-weighted Assets" shall mean Common Equity Ratio, Tier 1 Capital Ratio, and Total Capital Adequacy Ratio. Except computing the Bank's own ratios, it also calculates the ratios using the consolidated financial information according to the IFRS 10. All mentioned ratios should be in conformity with article 5 of the regulations.

(c) Regulatory Capital

The term "Regulatory Capital" shall mean the net Tier 1 Capital and the net Tier 2 Capital according to the Regulations Governing the Capital Adequacy and Capital Category of Banks."

(i) The term "Net Tier 1 Capital" shall mean the aggregate amount of net Common Equity Tier 1 and net additional Tier 1 Capital.

1) The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods. The common equity tier 1 capital shall mean the sum of the common stock and additional paid-in capital in excess of par- common stock, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and the other items of interest.

2) The range of additional Tier 1 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

a) Non-cumulative perpetual preferred stock and its capital stock premium.

b) Non-cumulative perpetual subordinated debts.

c) The non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

(ii) The range of Tier 2 capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

1) Cumulative perpetual preferred stock and its capital stock premium.

2) Cumulative perpetual subordinated debts.

3) Convertible subordinated debts

4) Long-term subordinated debts

5) Non-perpetual preferred stock and its capital stock premium

6) When the real estate was adopted by the International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on Financial asset measured at fair value through other comprehensive income, as well as operational reserves and loan-loss provisions.

7) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

When a bank reports its capital adequacy ratio according to the regulations, the competent authority shall examine its capital category in accordance with the provisions of these regulations on the calculation of capital adequacy ratio.

When a bank's capital is graded as inadequate capital, significantly inadequate capital or seriously inadequate capital by the competent authority's examination, the competent authority shall take prompt corrective actions in pursuant to Sections 1 to 3, Paragraph 1, Article 44-2 of the Act.

The government regulations are formulated in accordance with the Basel Accord. The followings are the content of the Basel Accord and the implementation of the Bank.

(i) The First Pillar

The first pillar contains the capital requirements for credit risks, market risks and operation risks.

1) Credit risks refer to the default risk resulted from the counterparties. The credit risk is derived from the assets, liabilities or off-balance sheet items. There are two measurement methods, the Standardized Approach and the Internal Ratings-Based Approach (the IRB). The Bank uses the Standardized Approach.

2) Market risks refer to the loss due to the changes of the market price, such as the changes of the market interest rate, the exchange rate, the stock price and the product price. There are two measurement methods, the Standardized Approach and the Internal Model Approach. The Bank uses the Standardized Approach.

3) Operation risks refer that the Bank has loss caused by the internal operations, the employee's faults, the system errors or external events. The operation risks include legal risks but exclude strategy risks and reputation risks. The measurement methods are the Basic Indicator Approach, the Standardized Approach, the Alternative Standardized Approach and the Advanced Measurement Approach. The Bank uses the Standardized Approach.

(ii) The Second Pillar

The second pillar is used to ensure that each bank has sufficient internal assessment procedures and each bank can understand the capital adequacy through complete risk measurements. At the same time, it also uses proper supervisory operations to ensure the regulatory capital accord with the whole risk characteristics. The Bank reports the capital adequacy measurements and the risk management situations to the competent authority with related information.

(iii) The Third Pillar

The third pillar is related to the market discipline. It requires banks to disclose more information about the risks, the capital and the risk managements according the new Basel Accord in order to increase their information transparency. As a result, the Bank has offered the " Information of the Capital Adequacy and the Risk Managements" in our website to disclose the qualitative data and the quantitative data.

(d) Capital adequacy ratio

Analyze Items		Date	**December 31, 2024**	**December 31, 2023**
Eligible capital	Common stock capital		363,515,922	333,278,440
	Other tier 1 capital		-	-
	Tier 2 capital		56,145,664	52,905,012
	Eligible capital		419,661,586	386,183,452
Risk assets weighted assets	Credit risk	Standardized approach	2,372,591,336	2,203,896,622
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/Alternative standardized approach	93,687,900	76,844,863
		Advance measurement approach	-	-
	Market risk	Standardized approach	120,008,725	105,681,738
		Internal models approach	-	-
	Total risk weighted assets		2,586,287,961	2,386,423,223
Capital adequacy ratio			16.23 %	16.18 %
Common stock based capital ratio			14.06 %	13.97 %
Tier 1 risk based capital ratio			14.06 %	13.97 %
Leverage ratio			5.76 %	5.55 %

(Continued)

Note 1: The calculation of eligible capital, risk-weighted assets, and the total amount of risk exposure shall follow the Regulations Governing the Capital Adequacy and Capital Category of Banks, and Calculation of Equity Capital and Risk Assets.

Note 2: The annual report shall disclose the current and preceding period of BIS ratio. The semi-annual report (beside the current and preceding period) shall disclose the information one year before.

Note 3: The table shall disclose the calculation formula as follows:

1. Equity Capital = shareholders' equity + other tier 1 capital + tier 2 capital
2. Risk-weighted assets = credit risk-weighted assets + (capital requirement for operational risk + capital requirement for market risk) × 12.5
3. Capital adequacy ratio = equity capital / internal models approach
4. Common stock - based capital ratio = shareholders' equity / total risk weighted assets
5. Tier 1 risk based capital ratio = (shareholders' equity + Other tier 1 capital)/ weighted risk
6. Leverage ratio = tier 1 capital / total risk exposure

Note 4: The table may choose not to disclose in Q1 and Q3 financial report.

(e) Stress test: In addition to the FSC's requirement regarding the stress test to be conducted by the Bank, the Bank also establishes its own stress test policy based on global environment and economic situations. The testing includes the average common equity ratio, the first class capital ratio, the capital adequacy ratio, and the leverage ratio, calculated by the Bank under different assumptions of scenarios, which had been approved by the Bank's Board of Directors and risk management committee.

(10) Related-party Transactions:

(a) Name of related party and relationship

Name	Relationship
Taiwan Financial Holding Co., Ltd.	Parent company of the Bank
BankTaiwan Life Insurance Co., Ltd.	Wholly-owned subsidiary of Taiwan Financial Holding Co., Ltd.
BankTaiwan Securities Co., Ltd.	Wholly-owned subsidiary of Taiwan Financial Holding Co., Ltd.
Hua Nan Financial Holdings Co., Ltd.	Investee company of the Bank under the equity method
Tang Eng Iron Works Co., Ltd.	Investee company of the Bank under the equity method
Tai Yi Real Estate Management Co., Ltd.	Investee company of the Bank under the equity method
Taiwan Business Bank Co., Ltd.	Related- Party
Land Bank of Taiwan	Related- Party
The Export-Import Bank of the Republic of China	Related- Party
Cathy United Bank	Related- Party
Chang Hwa Bank	Related- Party

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Name	Relationship
United Taiwan Bank	Related- Party
Central Pictures Corporation	Related- Party
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and so on

(b) Key Management Personnel Compensation

The related information about the salaries and bonus for the key management personnel was as follows:

	2024	2023
Short-term employee benefits	$ 15,202	15,641

(c) Other related-party transactions

(i) Call loans to bank

	December 31, 2024			
	Highest balance	Ending balance	Interest rate range (%)	Interest income
Hua Nan Financial Holdings Co., Ltd.	$ 27,107,248	4,772,069	0.7000～5.9300	516,908
Land Bank of Taiwan	28,921,457	8,715,421	0.5500～5.9000	553,353
Taiwan Business Bank Co., Ltd.	19,209,623	1,936,277	0.6000～5.9200	150,661
Cathy United Bank	26,725,930	1,637,580	0.1600～5.3900	81,857
The Export-Import Bank of the Republic of China	5,190,800	1,150,000	0.8250～4.7100	33,474
Chang Hwa Bank	23,805,724	2,693,390	1.0000～7.0000	222,899
United Taiwan Bank	1,587,600	682,800	3.4100～4.3300	38,172
Total		$ 21,587,537		1,597,324

	December 31, 2023			
	Highest balance	Ending balance	Interest rate range (%)	Interest income
Hua Nan Financial Holdings Co., Ltd.	$ 25,344,804	9,693,963	0.6500～5.9300	365,711
Land Bank of Taiwan	29,662,152	5,030,093	0.5540～5.9000	401,949
Taiwan Business Bank Co., Ltd.	18,010,386	2,610,433	0.1800～5.9200	162,083
Cathy United Bank	25,941,680	4,223,922	0.6600～5.6000	111,118
The Export-Import Bank of the Republic of China	4,228,000	-	2.2000～4.5500	3,959
Chang Hwa Bank	31,270,466	5,491,113	0.5550～5.8800	202,911
United Taiwan Bank	805,590	442,260	1.4500～5.2000	19,640
Total		$ 27,491,784		1,267,371

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(ii) Bills and bonds purchased under resell agreements

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
BankTaiwan Life Insurance Co., Ltd.	$ 1,228,385	100.00	-	-

(iii) Receivables

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 5,490	0.01	52,108	0.08
BankTaiwan Life Insurance Co., Ltd.	55,040	0.09	23,927	0.04
BankTaiwan Securities Co., Ltd.	655	-	755	-
Total	$ 61,185	0.10	76,790	0.12

(iv) Other assets

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd. (prepaid official dividends)	$ 3,050,000	10.28	2,500,000	6.44
BankTaiwan Life Insurance Co., Ltd.	8,386	0.03	8,368	0.02
BankTaiwan Securities Co., Ltd.	14	-	14	-
Total	$ 3,058,400	10.31	2,508,382	6.46

(v) Securities lending (classified as other financial assets)

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
BankTaiwan Securities Co., Ltd.	$ 360,635	1.63	245,640	1.02

(vi) Deposits of banks

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
Hun Nan Financial Holdings Co., Ltd.	$ 328,069	0.48	194,185	0.28

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(vii) Call loans from banks (recognized as deposit of central bank and other bank)

	December 31, 2024			
	Highest balance	Ending balance	Interest rate range (%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	$ 16,714,343	-	0.7000～5.9000	50,342
Land Bank of Taiwan	11,120,903	2,296,387	0.6800～5.9200	59,311
Taiwan Business Bank Co., Ltd.	1,840,780	-	1.4070～5.5700	1,308
Cathy United Bank	13,716,867	-	0.8050～5.6300	31,353
The Export-Import Bank of the Republic of China	2,600,000	-	0.6800～0.8070	416
Chang Hwa Bank	16,534,689	-	1.3500～5.9000	48,491
Total		$ 2,296,387		191,221

	December 31, 2023			
	Highest balance	Ending balance	Interest rate range (%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	$ 17,745,402	307,050	0.6800～5.9000	19,876
Land Bank of Taiwan	27,068,639	2,255,938	0.5530～5.9200	71,815
Taiwan Business Bank Co., Ltd.	10,932,931	3,000,000	0.6800～5.5000	11,241
Cathy United Bank	30,200,372	-	0.5550～5.7300	91,942
The Export-Import Bank of the Republic of China	3,000,000	3,000,000	0.6800～1.4000	22,411
Chang Hwa Bank	30,329,658	921,150	0.6790～5.9000	58,632
United Taiwan Bank	549,439	-	5.0900～5.3700	203
Total		$ 9,484,138		276,120

(viii) Deposits

	December 31, 2024		December 31, 2023	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 587,674	0.01	1,455,969	0.03
BankTaiwan Life Insurance Co., Ltd.	5,505,167	0.11	13,683,571	0.29
BankTaiwan Securities Co., Ltd.	755,015	0.02	182,475	-
Hua Nan Financial Holdings Co., Ltd.	34,276	-	26,968	-
Tang Eng Iron Works Co., Ltd.	183	-	1,281	-
Total	$ 6,882,315	0.14	15,350,264	0.32

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(ix) Payables

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 138	-	247	-
BankTaiwan Life Insurance Co., Ltd.	1,492	-	2,683	-
BankTaiwan Securities Co., Ltd.	100	-	67	-
Total	**$ 1,730**	**-**	**2,997**	**-**

(x) Other liabilities

Name	December 31, 2024 Amount	December 31, 2024 Percentage of account balance	December 31, 2023 Amount	December 31, 2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 3,253	0.04	3,253	0.04
BankTaiwan Life Insurance Co., Ltd.	538	0.01	538	0.01
BankTaiwan Securities Co., Ltd.	1,864	0.02	1,830	0.02
Total	**$ 5,655**	**0.07**	**5,621**	**0.07**

(xi) Interest income

Name	2024 Amount	2024 Percentage of account balance	2023 Amount	2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 652,299	0.49	528,760	0.45
BankTaiwan Life Insurance	4,765	-	-	-
BankTaiwan Securities Co., Ltd.	22,315	0.02	13,413	0.01
Total	**$ 679,379**	**0.51**	**542,173**	**0.46**

(xii) Interest expense

Name	2024 Amount	2024 Percentage of account balance	2023 Amount	2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 4,386	-	2,162	-
BankTaiwan Life Insurance Co., Ltd.	78,432	0.08	132,153	0.17
BankTaiwan Securities Co., Ltd.	4,394	-	3,572	-
Total	**$ 87,212**	**0.08**	**137,887**	**0.17**

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(xiii) Service fee income

	2024		2023	
Name	**Amount**	**Percentage of account balance**	**Amount**	**Percentage of account balance**
BankTaiwan Life Insurance Co., Ltd.	$ 392,662	7.75	189,449	4.10
BankTaiwan Securities Co., Ltd.	3,257	0.06	2,564	0.06
Total	**$ 395,919**	**7.81**	**192,013**	**4.16**

(xiv) Service fee expense

	2024		2023	
Name	**Amount**	**Percentage of account balance**	**Amount**	**Percentage of account balance**
BankTaiwan Securities Co., Ltd.	**$ 11,048**	**1.14**	**5,508**	**0.61**

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

	2024		2023	
Name	**Amount**	**Percentage of account balance**	**Amount**	**Percentage of account balance**
BankTaiwan Life Insurance Co., Ltd.	$ 1,447,319	1.14	1,738,232	2.41
BankTaiwan Securities Co., Ltd.	(2,032)	-	(1,555)	-
Total	**$ 1,445,287**	**1.14**	**1,736,677**	**2.41**

(xvi) Other non-interest income (expense)

	2024		2023	
Name	**Amount**	**Percentage of account balance**	**Amount**	**Percentage of account balance**
Taiwan Financial Holding Co., Ltd.	$ 38,233	(0.03)	38,626	(0.05)
BankTaiwan Life Insurance Co., Ltd.	27,741	(0.02)	28,655	(0.04)
BankTaiwan Securities Co., Ltd.	30,035	(0.03)	31,758	(0.05)
Total	**$ 96,009**	**(0.08)**	**99,039**	**(0.14)**

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(xvii) Other general and administrative expense

Name	2024 Amount	2024 Percentage of account balance	2023 Amount	2023 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 673	0.01	739	0.01

(xviii)Loans

December 31, 2024							
Category	House holder amount or name of related party	Highest balance in current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Type of collateral	Differences in transaction terms between related and non related parties
Consumer loans	25 households	12,275	7,480	7,480	-	None	None
House mortgages	263 households	1,115,358	887,733	887,733	-	Land and buildings	None
Short-term loans	Taiwan financial Holding Co., Ltd.	36,600,000	36,600,000	36,600,000	-	None	None
Short-term secured loans	BankTaiwan Securities Co., Ltd.	630,000	-	-	-	Government (or financial institutions) guarantee	None
Secured overdrafts loans	Tang Eng Iron Works Co., Ltd.	82,997	72,744	72,744	-	Land and factory	None
Short-term secured loans	Tang Eng Iron Works Co., Ltd.	100,000	-	-	-	Land and factory	None
Short-term secured loans	Tang Eng Iron Works Co., Ltd	3,668,654	1,800,000	1,800,000	-	Land and factory	None
Medium-term secured loans	Tang Eng Iron Works Co., Ltd.	2,000,000	1,400,000	1,400,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	738,000	723,000	723,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	4,000,000	4,000,000	4,000,000	-	Land and factory	None

December 31, 2023							
Category	House holder amount or name of related party	Highest balance in current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Type of collateral	Differences in transaction terms between related and non related parties
Consumer loans	28 households	12,835	8,492	8,492	-	None	None
House mortgages	243 households	1,066,176	889,094	889,094	-	Land and buildings	None
Short-term loans	Taiwan financial Holding Co., Ltd.	38,100,000	38,100,000	38,100,000	-	None	None
Short-term secured loans	BankTaiwan Securities Co., Ltd.	630,000	-	-	-	Government (or financial institutions) guarantee	None
Secured overdrafts loans	Tang Eng Iron Works Co., Ltd	163,630	37,982	37,982	-	Land and factory	None
Short-term secured loans	Tang Eng Iron Works Co., Ltd.	100,000	100,000	100,000	-	Land and factory	None
Short-term secured loans	Tang Eng Iron Works Co., Ltd.	3,700,000	1,500,000	1,500,000	-	Land and factory	None
Medium-term secured loans	Tang Eng Iron Works Co., Ltd.	2,300,000	1,300,000	1,300,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	947,000	738,000	738,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	4,000,000	4,000,000	4,000,000	-	Land and factory	None

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Note 1: The consumer loans to staff and mortgage loans to staff can be lumped together for disclosure. The disclosure of other loans is sorted by interested parties.

Note 2: Collateral is classified by real estate, short term notes, government bonds, secured or non secured bonds, TSEC and GTSM stocks, non TSEC and non GTSM stocks, and others.

(xix)Derivative financial instruments

December 31, 2024						
Name of related party	Subject	Agreement period	Notional amounts	Current valuation adjustment	Balance sheet	
					Account name	Amount
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2019.09.06~ 2025.06.24	26,571,774	2,802	Valuation adjustment of financial assets measured at fair value through profit or loss - swap	819,599

December 31, 2023						
Name of related party	Subject	Agreement period	Notional amounts	Current valuation adjustment	Balance sheet	
					Account name	Amount
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2019.09.06~ 2024.05.24	37,263,313	289,185	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(1,035,028)

(xx) Lease

The Bank rented several buildings from its related party, BTLI, to be used as its branch office. A lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was $250,952 thousand. For the years ended December 31, 2024 and 2023, the Bank recognized the amount of $1,257 thousand and $1,320 thousand as interest expense; $48,830 thousand and $48,799 thousand as depreciation expense, respectively. As of December 31, 2024 and 2023, the balance of lease liabilities amounted to $101,597 thousand and $116,313 thousand , respectively.

The Bank rented a building from its related party, BTS, to be used as its branch office. A lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was $432 thousand. For the years ended December 31, 2024 and 2023, the Bank recognized the amount of $2 thousand and $3 thousand as interest expense and $85 thousand as depreciation expense for both years. As of December 31, 2024 and 2023, the balance of lease liabilities amounted to $171 thousand and $256 thousand, respectively.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

The Bank rented a building to its related party, TFH, to be used as its office. A lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was $92,783 thousand. For the years ended December 31, 2024 and 2023, the Bank recognized the amount of $19,517 thousand and $18,917 thousand as rental income, respectively.

The Bank rented a building to its related party, BTLI, to be used as its office. A lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was $16,140 thousand. For the years ended December 31, 2024 and 2023, the Bank recognized the amount of $3,228 thousand as rental income for both years.

The Bank rented a building to its related party, BTS, to be used as its office. A lease contract was signed, in which the rental fee was determined based on nearby office rental rates. The total value of the contract was $55,704 thousand. For the years ended December 31, 2024 and 2023, the Bank recognized the amount of $11,090 thousand and $11,031 thousand as rental income, respectively.

(xxi) The price and payment conditions for related-party transactions mentioned above have no significant differences from the conditions for the transactions between the Bank and subsidiary, and non-related parties. The expense of database is allocated between the Bank and subsidiaries based on the usage of each company in the group.

(11) Pledged Assets:

Pledged assets	Purpose of pledge	December 31, 2024	December 31, 2023
Financial assets measured at fair value through other comprehensive income－bonds	Operating deposit for securities investment trust and consulting	$ 155,999	165,133
Financial assets measured at amortized cost－bonds	Guarantee deposit for provisional seizure against defaulted loans and others	369,265	353,798
Financial assets measured at amortized cost－bonds	Guarantee deposits for trust business compensation reserve	546,673	499,160
Financial assets measured at amortized cost－bonds	Deposit for bills	51,747	52,075
Financial assets measured at fair value through other comprehensive income – negotiable certificate	Payment and settlement systems of Central Bank	47,411,247	47,396,714
		$ 48,534,931	**48,466,880**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(12) Commitments and Contingencies:

(a) Commitments and contingencies

	December 31, 2024	December 31, 2023
Trust liabilities	$ 1,020,299,806	870,661,742
Marketable securities held as custodian	2,512,672,694	2,149,356,294
Goods held in custody	23,862,610	21,960,466
Contract guarantee on behalf of counter parties	1,396,348	1,241,793
Consignment collection	39,775,834	44,858,063
Issuance of New Taiwan Dollars	3,711,939,621	3,430,346,893
Trustee of behalf of Lenders	745,274,437	594,579,077
Registered government bonds for sale	814,727,700	738,820,000
Registered short term bills for sale	295,767,702	257,574,154
Consigned sales of goods	781,203	867,198
Guarantees	87,297,331	94,600,676
Letters of credit	38,501,489	43,562,816
	$ 9,292,296,775	8,248,429,172

(b) Balance sheet, income statement and details of assets under trust

Trust assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Deposits				
Deposits in BOT	$ 41,514,098	4	39,567,819	5
Deposits in other banks	8,400	-	18,399	-
Short term investment				
Investment in funds	168,510,346	17	166,344,583	19
Investment in bonds	408,015,134	40	375,046,325	43
Investment in stocks	34,922,930	3	52,144,626	6
Receivables				
Interest receivable	2,852,359	-	2,652,961	-
Cash dividend receivable	1,799	-	1,917	-
Receivables from trading securities	112,850	-	337,765	-
Real estate				
Land	30,880,354	3	28,631,766	3
Buildings	330,501	-	288,554	-
Construction in progress	26,633,057	3	18,182,483	2
Marketable securities under custody	306,517,978	30	187,444,544	22
Total of trust assets	$ 1,020,299,806	100	870,661,742	100

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Trust liabilities	December 31, 2024 Amount	%	December 31, 2023 Amount	%
Payables				
Payables from trading securities	$ 122,245	-	213,503	-
Payables from management fee	5,694	-	3,041	-
Payables from supervision fee	1,194	-	841	-
Bonds sold under repurchase agreements	212,769	-	-	-
Interest payables	578	-	-	-
Other payables	633	-	788	-
Tax payable	93	-	74	-
Securities held in custody payable	306,517,978	30	187,444,544	22
Trust capital				
Money trust	434,958,813	43	439,253,368	50
Marketable securities trust	570,877	-	316,728	-
Real estate investment trust	61,984,196	6	50,309,838	6
Other reserve and accumulated income (loss)				
Accumulated income (loss)	199,412,408	20	179,333,258	20
Deferred unrealized income (loss)	11,259,809	1	(2,532,566)	-
Current income (loss)	5,252,519	-	16,318,325	2
Total of trust liabilities	**$ 1,020,299,806**	**100**	**870,661,742**	**100**

Note: Including fund and bond investments of the offshore branch amounting to $350,761 thousand and $325,050 thousand as of December 31, 2024 and 2023, respectively.

Details of trust	December 31, 2024	December 31, 2023
Deposits		
Deposits in the Bank	$ 41,514,098	39,567,819
Deposits in other banks	8,400	18,399
Short term investment		
Investment in funds	168,510,346	166,344,583
Investment in bonds	408,015,134	375,046,325
Investment in stocks	34,922,930	52,144,626
Real estate		
Land	30,880,354	28,631,766
Buildings	330,501	288,554
Construction in progress	26,633,057	18,182,483
Marketable securities under custody	306,517,978	187,444,544
Total	**$ 1,017,332,798**	**867,669,099**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Income statement for assets under trust	2024	2023
Trust revenue		
Capital interest revenue	$ 15,549,254	14,107,178
Cash dividend revenue	707,100	1,134,575
Donation revenue	107,432	104,799
Realized capital gain – shares	169,507	48,158
Realized capital gain – fund	1,942,236	624,554
Unrealized capital gain – fund	5,256	-
Realized capital gain – bond	6,303	129,588
Realized gain on property exchange	1,322,722	-
Realized foreign exchange gains	-	1,698
Income from beneficiary certificates	4,476,217	3,836,056
Other revenue	11	7
Total trust revenue	24,286,038	19,986,613
Trust expense		
Capital management fee	346,935	264,954
Tax expense	9,951	7,636
Interest expense	1,684	-
Supervisory fee	1,352	1,350
Storage fee	18,969	19,097
Commission fee	143	158
Donation cost	568,804	649,092
Unrealized capital loss – shares	18,053,303	2,483,372
Unrealized capital loss – fund	-	3,285
Realized loss on property exchange	-	207,711
Realized foreign exchange losses	4,567	-
Other expense	27,811	31,633
Total trust expense	19,033,519	3,668,288
Net income	**$ 5,252,519**	**16,318,325**

(13) Profitability:

Item		December 31, 2024		December 31, 2023	
		Before adjusting	After adjusting	Before adjusting	After adjusting
Return on total assets (Note 6)	Before income tax	0.51	0.62	0.46	0.57
	After income tax	0.46	0.56	0.39	0.49
Return on net worth (Note 7)	Before income tax	6.92	7.70	6.83	7.74
	After income tax	6.26	7.05	5.72	6.62
Profit margin			47.64		42.64

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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

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

Note 3: Profit margin=Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax is the income for the whole current year.

Note 5: The above profitability ratios are at annual rates.

Note 6: Return on total assets－after adjusting means assets excluding the short-term advances and long-term receivables resulted from government policies, and the assets of government employees insurance department; it also refers to income before (after) tax, plus, excess preferential interest expense.

Note 7: Return on net worth after adjusting means income before (after) tax, plus, excess preferential interest expense.

(14) Losses Due to Major Disasters: None.

(15) Subsequent events:

On January 10, 2025, the Board of Directors approved the plan to merge BankTaiwan Insurance Brokers into the Bank and establish a dedicated department for insurance brokerage.

(16) Other:

(a) The employee benefit expenses, depreciation, depletion and amortization, categorized by function, were as follows:

By function	2024			2023		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salaries	63,708	12,633,855	12,697,563	65,196	12,574,292	12,639,488
Labor and health insurances	120,605	589,775	710,380	123,219	583,266	706,485
Pensions	3,231	1,076,466	1,079,697	3,166	1,093,172	1,096,338
Director and supervisor compensation payment	-	2,491	2,491	-	2,626	2,626
Others	2,419,698	364,161	2,783,859	2,507,920	374,980	2,882,900
Depreciation expenses	66,021	1,712,877	1,778,898	55,201	1,679,675	1,734,876
Amortization expenses	-	482,808	482,808	-	441,794	441,794

The average number of employees for the years ended December 31, 2024 and 2023 were 8,250 and 8,257, respectively. And among them, directors without employee position were 11 and 12, respectively.

(b) Financial Statements Audited adjustment

The accounting records for the year ended December 31, 2023, have been audited and examined by the MoA, and the resulting adjustments are summarized as follows:

(i) Audit matters:

Balance Sheet	**As Previously Reported December 31, 2023**	**Adjustments －Increase (Decrease)**	**As Audited by the MoA, December 31, 2023**
Assets			
Deferred tax assets	$ 327,223	(4,564)	322,659
Liabilities			
Current Income Tax Liabilities	3,560,943	(1,034)	3,559,909
Other liabilities	7,520,207	(20)	7,520,187
Stockholders' equity			
Unappropriated retained earnings	39,899,486	(113)	39,899,373
Other equity	64,281,584	(3,397)	64,278,187

Income statement	**As Previously Reported 2023**	**Adjustments －Increase (Decrease)**	**As Audited by the MoA, 2023**
Other miscelloneous income, net	$ 1,003,250	20	1,003,270
Income tax expenses	4,663,721	133	4,663,854
Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	3,528	3,397	6,925

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(ii) Audit entries:

Item	Adjustment accounts	Amount revised by the MoA		Explanation of revision by the MoA
1.	Current income tax liabilities	$ 1,167		MoA adjusted taxable income based on the adjustment entry from the accountant of South Africa branch.
	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income - income tax	3,397		
	Deferred tax assets		4,564	
2.	Other liabilities	$ 20		MoA adjusted miscellaneous income.
	Other miscelloneous income, net		20	
3.	Income tax expenses	$ 133		MoA adjusted taxable income.
	Current income tax liabilities		133	

(c) Supplementary information for government employees' insurance department

(i) Balance sheets

	Government employees' insurance department	
	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ 49,410,925	46,661,666
Financial assets measured at fair value through profit or loss	385,846,990	297,686,295
Debt investments measured at amortized cost	143,644,992	120,236,537
Receivables, net	12,928,828	11,873,027
Property and equipment, net	5,893	8,404
Intangible assets, net	4,484	5,671
Other assets, net	839,777	592,311
Total assets	$ 592,681,889	477,063,911

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	Government employees ' insurance department	
	December 31, 2024	December 31, 2023
Payables	$ 40,720	42,340
Provisions	592,641,158	477,021,568
Other liabilities	11	3
Total liabilities	$ 592,681,889	477,063,911

(ii) Income statement

	Government employees' insurance department	
	2024	2023
Net interest income	$ 5,174,544	4,346,332
Service fee expenses	(25,030)	(14,756)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	103,823,219	61,295,768
Foreign exchange gain (loss)	9,852,451	322,550
Impairment loss on assets	(750)	(4,735)
Premium income	24,150,409	22,804,693
Government subsidy (note)	9,964,949	9,060,440
Insurance payments	(37,072,910)	(31,193,322)
Provision for insurance premium reserve	(115,619,590)	(66,371,429)
Miscellaneous expense	(92,373)	(91,090)
Miscellaneous revenue	19,893	10,766
Net revenue	174,812	165,217
Bad debt expenses and reserve for guarantees	(993)	(132)
Employee benefits	146,610	137,752
Depreciation and amortization expenses	7,756	8,977
Other general and administrative expenses	19,453	18,356
	173,819	165,085
Net income	$ -	-

Note: According to Government Employees and School Staff Insurance Act, if GESSI experiences a loss, the loss before May 30, 1999, would be covered by the Ministry of Finance; and the loss after that date would be covered by an adjustment of the insurance premium. Besides, according to the same Act, the expenses to carry on government employees and school staff insurance are subsidized by the budget designated by the Ministry of Civil Service.

(Continued)

(17) Notes to Disclosure Items:

(a) Information on Significant Transactions:

Following the principle of financial report for public bank, the disclosure of information on significant transaction of the Bank and subsidiary during 2024 were as follow:

(i) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 10% of the capital stock:None

(ii) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 10% of the capital stock:None

(iii) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 10% of the capital stock:None

(iv) Service charge discounts on transactions with related parties in an aggregate amount of NT$5 million or more:None

(v) Receivables from related parties with amounts exceeding the lower of NT$300 million or 10% of the capital stock:None

(vi) Information on NPL disposal transaction:

1) Summary table of NPL disposal:None

2) Disposal of a single batch of NPL up to NT$1 billion and information on each transaction:None

(vii) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information:None

(viii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

Number	Name of Company	Name of the counter-party	Existing relationship with the counter-party	State of transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenues or total assets
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Demand deposits	89,395	Same as regular transaction	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Placement with banks	89,395	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Time deposits	284,900	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Placement with banks	284,900	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other receivables	292	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Other payables	292	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other receivables - related party	44,348	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Other payables - related party	44,348	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Refundable deposits	863	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Guarantee deposits paid	863	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Interest income	5,092	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest expense	5,092	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Service fees revenue	513,606	〃	0.38 %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Service fees expenses	513,606	〃	0.38 %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other operating income	227	〃	- %

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Number	Name of Company	Name of the counter-party	Existing relationship with the counter-party	State of transaction			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenues or total assets
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Operating expenses	227	Same as regular transaction	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other operating income	16,233	〃	0.01 %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Operating expenses	16,233		0.01 %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other operating revenue	5,165	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Right-of-use assets	15,267	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Lease liabilities	15,486	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest expense	268	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Depreciation expense	4,979	〃	- %

Note 1: Number is based on the following rules:
1) The parent company is 0.
2) Subsidiaries are numbered by company from 1.

Note 2: The relation with trader is numbered as follow:
1) The parent company to its subsidiary is 1.
2) The subsidiary to its parent company is 2.

Note 3: The transactions mention above have already write-off when building the financial report.

(ix) Other significant transactions that may have substantial influence upon the decisions made by financial report users:None

(b) Information on Investees:

The followings are the information on investees during 2024:

(In Thousands of New Taiwan Dollars)

Name of the investee	Investee Location	Major Operation	% of shares	Highest holding ratio for the period	Original investment amount	Gain(Loss) recognized during the period	Held by the bank and related party at year-end				Notes
							Shares		Subtotal		
									Shares	% of Shares	
Hua Nan Financial Holdings Co., Ltd.	Taipei	Financial Holding	21.23 %	21.23 %	46,780,404	4,911,254	3,454,970	-	3,454,970	25.07 %	
Tang Eng Iron Works Co., Ltd.	Kaohsiung	Iron Industry	21.37 %	21.37 %	817,745	(164,920)	74,802	-	74,802	21.37 %	
Tai Yi Real Estate Management Co., Ltd.	Taipei	Real Estate Service	30.00 %	30.00 %	31,101	11,256	1,500	-	1,500	30.00 %	
BankTaiwan Insurance Brokers Co., Ltd.	Taipei	Insurance Brokers	100.00%	100.00%	363,131	31,302	2,000	-	2,000	100.00%	note 3

Note 1: The shares held or to be held by The Bank or its directors, supervisors, president, vice president and investees held by the affiliates as defined in the Company Act shall be included.

Note 2: 1) The shares to be held shall mean the shares acquired upon conversion, as hypothesized, of equity securities purchased or contracted for derivative products concluded (not yet converted to equity) in accordance with the trading terms and conditions and The Bank's intent to link with the reinvested enterprise's equity for the purpose of reinvestment provided in Article 74 of the Act.
2) The "equity securities" referred to in the preceding paragraph shall mean the valuable securities referred to in Paragraph 1 of Article 11 of the Securities and Exchange Law Enforcement Rules, e.g. convertible corporate bond and warrant.
3) The "derivative products" referred to in the preceding paragraph shall comply with the definition of derivative products referred to in Statement of Financial Accounting Standards No. 34, e.g. stock option.

Note 3: This transaction had been written off when the consolidated financial statements were prepared.

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(c) Information on Investment in Mainland China:

(i) Information on investees' names, locations, etc. in China:

(In Thousands of New Taiwan Dollars)

Investee Company	Main Business	Total Amount of Paid-in Capital	Investment types (Note1)	Accumulated outflow of Investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income from investee	% of shares	The highest % of shares in the midterm	Equity in the Earnings (gains) (Note2)	Carrying value as of December 31, 2024	Accumulated inward remittance of earnings as of December 31, 2024
					Outflow	Regain							
Bank of Taiwan, Shanghai Branch	Banking business	4,484,000 CNY1,000,000	(3)	4,484,000 CNY1,000,000	-	-	4,484,000 CNY1,000,000	152,678	100.00 %	100.00 %	152,678	7,452,678	-
Bank of Taiwan, Guangzhou Branch	Banking business	4,484,000 CNY1,000,000	(3)	4,484,000 CNY1,000,000	-	-	4,484,000 CNY1,000,000	104,812	100.00 %	100.00 %	104,812	5,748,759	-
Bank of Taiwan Fuzhou Branch	Banking business	4,484,000 CNY1,000,000	(3)	4,484,000 CNY1,000,000	-	-	4,484,000 CNY1,000,000	130,746	100.00 %	100.00 %	130,746	5,610,546	-

Note 1: Three types of investments are as follows:

1) Direct investment in Mainland China.
2) Investment in Mainland China through a company set up in a third region.
3) Via overseas branches.

Note 2: The net income from investeees is not audited by an independent auditor, yet.

(ii) Limitation on investment in Mainland China:

Unit: In thousands of TWD

Current period of accumulate investment amount remitting from Taiwan	The rationed investing amount approved by Investment Commission, MOEA	The regulation announced by Investment Commission, MOEA rationed investing amount
13,452,000	13,452,000	295,443,315

(d) Subsidiaries lending to other parties, guarantees and endorsements for other parties, securities held as of December 31, 2024, securities for which purchase or sale amount for the period exceed $300 million or 10% of the Bank’s paid-in capital, and trading in derivative financial instruments: None.

(18) Segment Information:

(a) Bank department: include transacting deposit, loan, and foreign exchange; dispatching, managing, performing TWD and foreign currency; investing in securities, and analyzing, managing interest for loan and deposit, and etc.

(b) Government employees’ insurance department: include managing government employees’ insurance business; auditing insurance, cash settlement, and issue business; analyzing, managing, and taking statistics of government employees’ insurance business, and etc.

(c) Department of Procurement: include managing government institutions, public schools, and public enterprises’ centralized purchasing business; being agency of government institutions, public schools, and public enterprises for inter-entity supply contract, and etc.

(d) Department of Precious Metals: include managing gold, silver, precious metals and analyzing customs duty; gold, silver and precious metals intermediary trading, planning, marketing, training, settlement, risk management, assuring and etc.

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(e) BankTaiwan Insurance Broker: operation businesses include insuring personal, property insurance, related services, and the business approved by the authority which related to insurance broker.

	2024						
	Bank department	Department of Government Employees Insurance	Department of Procurement	Department of Precious Metals	BankTaiwan Insurance Brokers	Reconciliation and elimination	Total
Interest income	$ 128,321,149	5,174,544	410	4,068	5,092	(5,092)	133,500,171
Less: interest expense	96,673,054	-	-	-	268	(5,360)	96,667,962
Interest income, net	31,648,095	5,174,544	410	4,068	4,824	268	36,832,209
Non-interest income, net	33,729,842	113,649,890	349,087	42,221	142,269	(31,302)	147,882,007
Other non-interest income	(5,336,805)	(118,649,622)	(15,486)	487,419	(379)	(21,625)	(123,536,498)
Net revenue	60,041,132	174,812	334,011	533,708	146,714	(52,659)	61,177,718
Bad debt expenses and reserve for guarantees	(3,017,853)	(993)	-	-	-	-	(3,018,846)
Operating expenses	(25,502,976)	(173,819)	(114,574)	(98,451)	(107,688)	21,438	(25,976,070)
Continuing operating income before income tax	$ 31,520,303	-	219,437	435,257	39,026	(31,221)	32,182,802
Continuing operating income after income tax	$ 28,487,413	-	219,437	435,257	31,221	(31,221)	29,142,107
Total assets	**$ 6,074,908,187**	**592,681,889**	**3,577,471**	**2,444,429**	**458,635**	**(90,947,876)**	**6,583,122,735**
Total Liabilities	**$ 5,583,157,355**	**592,681,889**	**3,358,034**	**2,009,172**	**95,723**	**(90,584,963)**	**6,090,717,210**

	2023						
	Bank department	Department of Government Employees Insurance	Department of Procurement	Department of Precious Metals	BankTaiwan Insurance Brokers	Reconciliation and elimination	Total
Interest income	$ 113,549,015	4,346,332	381	1,755	1,838	(1,838)	117,897,483
Less: interest expense	79,732,993	-	-	-	306	(2,144)	79,731,155
Interest income, net	33,816,022	4,346,332	381	1,755	1,532	306	38,166,328
Non-interest income, net	26,085,451	61,598,827	329,089	29,384	101,662	(3,845)	88,140,568
Other non-interest income	(5,047,885)	(65,779,942)	(10,114)	419,825	(307)	(21,613)	(70,440,036)
Net revenue	54,853,588	165,217	319,356	450,964	102,887	(25,152)	55,866,860
Bad debt expenses and reserve for guarantees	(2,177,557)	(132)	-	-	-	-	(2,177,689)
Operating expenses	(24,747,386)	(165,085)	(116,455)	(100,719)	(98,090)	21,434	(25,206,301)
Continuing operating income before income tax	$ 27,928,645	-	202,901	350,245	4,797	(3,718)	28,482,870
Continuing operating income after income tax	$ 23,265,870	-	202,901	350,245	3,718	(3,718)	23,819,016
Total assets	**$ 5,761,788,303**	**477,063,911**	**3,701,197**	**1,665,022**	**402,836**	**(84,070,000)**	**6,160,551,269**
Total Liabilities	**$ 5,324,325,731**	**477,063,911**	**3,498,296**	**1,314,776**	**61,796**	**(83,728,959)**	**5,722,535,551**