臺灣金控
TAIWAN FINANCIAL HOLDINGS

ISSN：0496-7267
Stock Code：5858

BANK OF TAIWAN

2023 ANNUAL REPORT

This Annual Report may be accessed on the Bank’s website (https://www.bot.com.tw)
Date of publication: June 2024

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◆ Notice to Readers
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Bank of Taiwan 2023 Annual Report

Published by: Bank of Taiwan

Address: No. 120, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 10007, Taiwan (R.O.C.)

Tel: 886-2-2349-3456

Website: https://www.bot.com.tw

Date of publication: June 2024

Date of publication of the first BOT Annual Report: June 1953

E-publication: This Annual Report may be accessed on the Bank's website (https://www.bot.com.tw)

Cost of production: NT$1,950

GPN: 2004200003

ISSN: 0496-7267

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Chairman | Joseph Jye-Cherng Lyu

Letter to Shareholders

In 2023, due to the impact of inflation, geopolitics, and climate change, the pace of global economic growth declined, which the International Monetary Fund (IMF) estimated at 3.1% for the year, down from 3.5% in 2022.

In Taiwan, despite the fact that export and investment performance was poorer than expected due to weak international demand, the government nevertheless responded well to inflation. This brought stable growth in private consumption, which in turn spurred the country’s economic growth to hit 1.31%.

Over the past year, the Bank of Taiwan (BOT) reinforced asset-liability management, improved capital efficiency, optimized allocations of financial resources, continued to promote organizational activation, adopted a "Troika" business strategy designed to ensure a balanced emphasis on public sector lending, corporate lending, and consumer lending, and showed foresight by reducing exposures to China. The Bank's total exposures as a ratio of net worth were far lower than the average of other domestic peer institutions, an indication that the Bank's business is run sustainably and stably, and has resilience. At the same time, the Bank worked to achieve financial sustainability and to build out a network of digital financial services, pursued FinTech innovation, and developed inclusive financial services. In both qualitative and quantitative terms, business performance was outstanding. Pre-tax earnings for 2023 amounted to NT$28.48 billion, which is its all-time high. The NPL ratio was 0.09% and the NPL coverage ratio stood at 1,725.79%, the best figures that the Bank has ever achieved.

As for coordination with government policy, in addition to satisfactorily completing the installation of ATMs that issue government cash subsidies, and carrying out clearing bank matters, the Bank also continued to support key national policies and industrial development needs by actively promoting the "Program to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries," the "Three Major Programs for Investing in Taiwan," the "New Southbound Policy," urban renewal, renovation or reconstruction of hazardous and dilapidated buildings, post-COVID revitalization of small and medium businesses, Low-carbon Smart Managed Loans, and other policy-driven loans. In 2023, the Financial Supervisory Commission (FSC) for the first time held an awards ceremony to confer recognition to banks that have responded most effectively to the FSC's "Program to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries," and BOT, in addition to being named No. 1 among Class A "Superior Banks," was also recognized as the No.1 lender to the "information and digital technology industry," the "green and renewable energy industry," and the "strategic stockpile industry."

President | Ma-Li Shih

Recognizing that financial institutions are a key force capable of guiding industry toward sustainable development, the Bank since 2020 has declared that it will no longer provide financing to enterprises involved in gambling business. In July 2023, the Board of Directors adopted the "Bank of Taiwan Sustainable Credit Policy," which declared that the Bank would no longer extend new financing to any mining company that "engages exclusively in the mining of coal," nor would it extend project financing to fund "the construction of coal-burning power plants." In so doing, the Bank demonstrated its determination to exercise climate governance and achieve sustainability, thus helping the government to reach its goal of achieving net-zero emissions by 2050. At the same time, the Bank used ESG evaluations, sustainability-linked loans, green fixed deposits, sustainable fixed deposits, sustainability bonds, and other such financial products and services to induce customers to direct their funds toward net-zero investments and social investments. As of end-December 2023, the Bank had extended 60 sustainability-linked loans worth a total of NT$103.6 billion, 53% of the Bank's corporate credit customers had signed a Sustainability Statement, and the balance of credit extended to corporate credit customers that had already completed an engagement procedure was NT$967.7 billion. In addition, the Bank had purchased 460 metric tons of international carbon credits on the Taiwan Carbon Solution Exchange (TCX), and was planning to use them for carbon neutralization of its financial products and services.

On the strength of its outstanding implementation of ESG measures, BOT in 2023 was conferred the National Council for Sustainable Development's "National Sustainability Award." In the future, having identified "creation of a sustainable Bank of Taiwan" as the foundation for its sustainable business operations, the Bank will continue to zero in on the three key strategic focal points of "being a bank for all people," "being a tower of strength for Taiwan," and "being a driving force for sustainability."

In the area of digital development, the Bank continued to promote a user-centric approach to business, which is its core concept, and combined this with the experience of "the customer" and "the employee" to drive a re-making of its business model and a cultivation of interdepartmental digital talent, thereby reshaping the organization and innovating its culture. The Bank redesigned its website in 2023 and its Bank of Taiwan Mobile^{+} app to reflect a new focus on the user experience and provide more convenient financial services. In addition, to facilitate more efficient communications and coordination between different departments, the Bank gathered its departments involved in information technology, cybersecurity, and innovation all together in its Minquan Building, thus marking the launch of the BOT Digital Park.

As it heads into a continually transforming future, the Bank will pursue mastery of past expertise while simultaneously pushing to innovate. At the same time, the Bank continues to encourage employees to think outside the box and file patent applications. Since the first financial patent was obtained by a BOT employee on 31 December 2016, the Bank’s employees as of the end of 2023 had obtained 658 patents over a period of seven years (including 78 invention patents, 572 utility models, and 8 design patents). The focus at first was on staying ahead of industry peers in terms of technical innovation, but over time the focus has shifted to deriving maximum benefit from the application of patent rights, thus demonstrating "the quality and value of patents."

With respect to corporate governance, the Bank worked to raise the maturity of its cybersecurity management, progressed from cybersecurity management to cybersecurity governance, and used the global perspective of information resilience to actively achieve sustainability. The Bank received a British Standards Institution (BSI) Group 2023 Information Resilience Award, and in the future will continue to improve its information security governance. In addition, to fully build up an ethical best practice framework, the Bank adopted its "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Procedures and Practices," which set out concrete provisions governing how the Bank's personnel are required to conduct business. The Bank also established a system for assessing the risk of unethical behavior, and used its wealth management business procedures to obtain ISO certification. In July 2023, the Bank was the first financial institution to obtain ISO 37001 certification for its anti-bribery management system.

In the area of employee development and care, the Bank continued to actively cultivate management professionals who have an international outlook and are steady, foresighted, innovative and quick-thinking, team players; and developed seed personnel for a digital transformation. At the same time, by further improving working conditions and employee benefits, and creating a positive and friendly working environment that respects human rights, the Bank provided employees' children with publicly funded childcare services, for which it received an excellent award in the 2023 "Public Sector Evaluation of Workplace Childcare Facilities" for the workplace mutual assistance childcare service center group, concretely implementing the people-oriented management philosophy.

As for the trust business, BOT takes a "people-centered" approach in pursuing three trust business goals, namely: "serving the public interest," "safeguarding the disadvantaged," and "meeting the needs of customers." With these ends in mind, BOT actively sought to build up its retirement trust business. Using digital channels, podcasts, financial seminars, and a variety of other innovative methods of reaching out to the public, the Bank enhanced people's understanding of the trust business, thus winning an FSC "Retirement Trust Award." For its "Charity Trust for the Disadvantaged" program, BOT received an Taiwan Sustainability Action Awards (TSAA) Sustainability Action "SDG 1: No Poverty" Award, as well as a "Social Empowerment Award" at the "Asia Responsible Enterprise Awards" ceremony.

In the area of its international presence, BOT supported the expansion of important Taiwanese industries, assisted the efforts of offshore Taiwanese businesses to further build up their international presence, served the needs of offshore Taiwanese firms from nearby business locations, and continued to assess the possibility of establishing additional overseas business locations (including both branches and representative offices). BOT opened a representative office in Phoenix, Arizona in 2022 to support the expansion of important Taiwanese industries, while also enhancing international exchanges. In addition to helping the ROC Bankers Association to hold the "Conference on the Latest Developments of the U.S. Financial Regulations for Foreign Banking Operations" in the United States, BOT hosted a visit by South Africa's Prudential Authority (PA) and Financial Sector Conduct Authority (FSCA), both of which operate within the administration of the South African Reserve Bank (SARB), received delegations from the Chicago Council on Global Affairs and the American Enterprise Institute (AEI), and a delegation led by the mayor of Phoenix, Arizona, and arranged for Haruhiko Kuroda, former governor of the Bank of Japan, to deliver the keynote address at the Annual Conference of the Taiwan Economic Association. All of these activities elicited very positive responses, effectively promoted people-to-people diplomacy, and enhanced Taiwan's international image.

In the area of social engagement, BOT continued providing a diverse range of inclusive finance services, actively carried out public service events and blood-donation drives, organized the Bank of Taiwan Awards for Economic and Financial Research, held a Youth Painting Division, Photography Division, and Calligraphy Division at the annual Bank of Taiwan Arts Festival. Moreover, as Taiwan moved into the post-COVID period in 2023, BOT resumed charity sales the proceeds from which went to support fairs aimed at increasing the general public's understanding of guide dogs, the needs of the visually impaired, and of addressing the requirements of the aging population. The hope is that BOT's actions might inspire others to show similar concern for social well-being and turn forces for good into a self-sustaining positive feedback loop. In addition, BOT utilized trust businesses to promote the public good and call upon the public to show concern for the needs of the elderly and persons with physical and mental disabilities. For many years, the Bank has been highly praised for its social engagement, and has also received "Social Inclusion Leadership Award" and "Aging-Friendly Leadership Award" from the TCSA.

The then Vice President Ching-Te Lai (6th from right) attended the 2023 Taipei International Financial Expo on 24 November 2023 and visited the Bank of Taiwan exhibit in the company of Vice Premier Wen-Tsan Cheng (6th from left), where they were received by BOT Chairman Joseph Jye-Cherng Lyu (5th from left) and other BOT colleagues.

BOT also earned numerous other accolades in 2023, including the following: (a) received "Best Service Quality Award" and "Best Sustainable Business Award" in Excellence Magazine's "Bank Excellence Awards 2023"; (b) was elected for the 18th consecutive year in the Reader's Digest Trusted Brands survey as a winner of the Gold Award in the Banking category; (c) received the Commercial Times Diversified Trust Innovation Award in the categories of "Most Innovative Use of a Public Service Trust," "Most Innovative Use of a Retirement Trust," "Trust with the Best Types of Services," and "Promotion of Cross-Industry Trust Alliances"; and (d) entered the 2023 K-Design Award event — widely recognized as one of the three big design competitions in Asia — where the Bank received a "Winner" award on the strength of design concepts and breakthroughs that had been achieved through the use of digital brands.

BOT's operating results for 2023, business plans for 2024 and strategies for the Bank's future development are briefly described below.

I. Operating Results for 2023

1. Organizational Change

None

2. Results of Implementation of Business Plan and Operating Strategy

Unit: NT$ Billion; US$ Billion (for Foreign Exchange)

Major Operation Category / Year	2023	2022
Deposits	4,802.8	4,458.8
Loans	3,290.1	3,202.8
Guarantees	96.0	91.6
Foreign Exchange (US$)	345.7	397.2
Precious Metals	134.9	125.7
Government Employees Insurance	22.8	22.6
Trust Business	488.6	472.7

3. Budget Implementation

The volume of deposits during the year aggregated to NT$4.80 trillion, giving a target achievement rate of 114.57%. Loans amounted to NT$3.29 trillion, for a target achievement rate of 113.47%. Foreign exchange operations undertaken in 2023 totaled US$345.72 billion, amounting to 108.10% of the target figure, and income after tax reached NT$23.82 billion, achieving 239.66% of the target.

4. Revenues, Expenditures and Profits

(1) Net interest income for 2023 amounted to NT$38.17 billion; non-interest income (net) totaled NT$17.70 billion; bad debt expenses and reserve for guarantees amounted to NT$2.18 billion; and operating expenses totaled NT$25.21 billion. Income before tax reached NT$28.48 billion; and income tax amounted to NT$4.66 billion, leaving a net income after tax of NT$23.82 billion; and after factoring out the NT$9.92 billion burden of various measures taken in support of government policy (e.g. preferential interest rates paid out on the retirement savings deposits of public employees and veterans, the cost of administering the Labor Pension Fund, the Government Employees Insurance scheme, and the Military Personnel Saving Administration's deposit business), the Bank's 2023 real income before tax would come to NT$38.40 billion, which was NT$26.68 billion higher than the figure of NT$11.72 billion called for in BOT's statutory budget.

(2) Pre-tax Return on Assets (ROA) for 2023 was 0.46%, pre-tax Return on Risk-Weighted Assets (RORWA) was 1.19%; and after factoring out the burden of various measures taken in support of government policy, pre-tax ROA would amount to 0.67%, pre-tax RORWA would amount to 1.60%.

(3) Pre-tax Return on Equity (ROE) for 2023 was 6.83%; and after factoring out the burden of various measures taken in support of government policy, pre-tax ROE would amount to 9.21%.

5. Research and Development

In order to further enrich the customer experience and provide better services, the BOT has sought in recent years to move forward with FinTech innovation. The Bank is working actively to file patent applications by tapping into the administrative resources and individual creativity within its various units. In response to changes in the financial environment and the needs of business development, the Bank continued collecting and analyzing information on economic and financial conditions as well as the development of major industries as reference in expanding the Bank's business.

II. Business Plans for 2024

1. Business Strategy and Major Operating Policies

BOT will continue improving its operational resilience, and will maintain a "Troika" business strategy designed to ensure a balanced emphasis on public sector lending, corporate lending, and consumer lending, adopting an attitude that emphasizes good faith, pragmatism, and legal compliance as it strives to achieve strong business performance. It has joined hands with enterprises, employees and customers to create economic and social value for Taiwan, and has adopted the following operating policies with a view to achieving sustainable development and maintaining sound business operations:

(1) Coordinate with the government's pension reform program by gradually reducing time deposits as a share of total deposits, thus optimizing deposit structure, as well as continue promoting the wealth management business in order to increase fee income.

(2) Continue expanding loans to private enterprises and OBUs, and engage in overseas lending and residential lending, to raise average loan profitability and boost operating revenues.

(3) Embark on global markets, work actively to enter into cooperative partnerships with world-leading financial institutions, take advantage of business opportunities connected with offshore Taiwanese firms and business activity in offshore markets, prudently respond to the risks associated with geopolitical and economic changes at the regional level, and engage in ongoing adjustments of risk management mechanisms.

(4) Actively align with the international trend toward sustainable development by incorporating sustainability and responsible finance ESG into our corporate culture and business strategies, minimize the carbon footprint of BOT's business operations and push for investee companies or financing recipients to pursue the same goal, tap into the power of financial institutions and their ability to extend financial accommodations, promote sustainable finance-related business, and work with customers to co-create sustainable value.

(5) Enhance digital transformation, cultivate the innovative capabilities of multi-disciplinary digital talent, establish an innovative mindset, utilize systems to integrate digital and physical service channels and marketing tracks, and establish data governance in order to improve business performance. BOT has combined technology and innovation-focused departments to create the BOT Digital Park and facilitate cross-departmental communication and cooperation.

(6) Actively optimize the AML/CFT mechanism and the information system by continuing to issue (or amend) related in-house by-laws and rules, and simultaneously cooperate with judicial investigation authorities to understand current ML/TF/PF developments.

(7) Enhance cyber risk management capability, strengthen cyber security early warning and defense/ response capabilities, provide customers with digitally resilient financial services and a trading environment that is stable and reliable.

(8) Optimize asset structure, control use of funds and the growth of risk assets, and adjust country and sector exposure limits on a rolling basis; continue enhancing the Bank's climate change risk management measures in order to expand the influence of sustainable finance.

(9) Coordinate with business strategies by actively cultivating personnel with inter-disciplinary expertise in such fields as business management, international finance, marketing planning, digital finance, risk management, legal compliance, internal auditing, internal controls, credit, foreign exchange, trusts, wealth management, insurance, legal affairs, information, cybersecurity, industry analysis, and sustainable transition; and continue promoting gender-friendly workplace measures, ensuring the percentage of female participation in policymaking positions, and working to create a proper work-life balance.

(10) Actively implement the FSC's Trust 2.0 Plan, continue integrating internal resources and financial services, expand and deepen cross-industry alliances, develop trust services to satisfy needs in all stages of life, and implement financial inclusion.

2. Business Targets

The following BOT business targets for 2024 were formulated in accordance with the Business Plan approved by the Ministry of Finance, with consideration given to past performance as well as to future trends of development.

(1) Deposits: NT$4.26 trillion

(2) Loans: NT$3.04 trillion

(3) Foreign Exchange: US$320.0 billion

(4) Income Before Tax: NT$13.10 billion

III. Development Strategies

1. Optimize the Bank's deposit and loan structure, implement the "Troika" business strategy, coordinate with key national policies and industrial development needs by actively promoting government policy-driven loans, and take advantage of the Bank's professionalism and position of leadership in the industry to strengthen the overseas supply chain markets of offshore Taiwanese businesses.
2. Optimize overseas business operations, gain a clearer understanding of international conditions, prudently respond to the risks associated with geopolitical and economic changes at the regional level, and take a risk-based approach to strengthen risk management and maintain safe and sound business development.
3. Optimize capital allocations, achieve more efficient management of funds, and strengthen funds management and allocations to make more efficient use of free capital.
4. Continue integrating internal resources and financial services, provide a diverse range of financial products and professional consulting services, optimize wealth management services, provide management of segmented marketing, promote full-function trust services, expand and deepen cross-industry alliances for trusts, thereby fulfilling the mission of inclusive finance, and strengthen measures to safeguard the interests of elderly and underprivileged financial consumers and thus enhancing the fair treatment of customers.
5. Establish a digital brand image, continue promoting the Bank’s digital transformation flagship program, and expand the functions of our digital financial products and services; and strengthen data science and technology, increase the diversity of application scenarios for artificial intelligence, and improve the user experience and operating procedures.
6. Improve risk management mechanisms, build up operational resilience, improve climate change governance, and gradually bring the Bank's investment and lending positions to net-zero emissions; and strengthen credit management, bolster risk assumption capacity, and improve asset quality.
7. Strengthen the cyber security framework and utilize financial technology, enhance cyber risk management ability, and improve the Bank’s cyber defense and capacity for responding to cyberattacks.

8. Strengthen legal compliance, introduce innovative RegTech tools, improve AML/CFT/CPF mechanisms, and maintain financial stability.
9. Create well-designed training systems, build up a human resource database, respond to ESG concepts by continuing to optimize digital education and training platforms, and provide co-workers with a paperless, sustainable online learning environment that is interdisciplinary and inter-spatial.
10. Act on the Bank's sustainability strategy map, continue incorporating the concepts of sustainable development into various business policies, consolidate a corporate culture of treating customers fairly, and rely on the value of good faith achieve sustainable business practices.

IV. Impact of Market Competition, the Legal Environment, and the Overall Business Environment

1. Impact of Market Competition

In response to the challenges that financial services firms face due to the rapid advance in digital technology and the global transformation to a net-zero economy, BOT will continue encouraging innovative research and development to build up a bigger body of FinTech patents, accelerate digital transformation, and actively promote sustainable finance-related businesses. BOT will leverage its role in the financial market to guide customers to pay attention to sustainability issues and promote sustainable development of the economy.

2. Impact of the Legal Environment

(1) On 31 May 2023, Articles 48 and 56 of the "Personal Data Protection Act" (PDPA) were amended and Article 1-1 was newly added to establish the Personal Data Protection Commission as the independent competent authority for the PDPA. The post-amendment version provides that if a non-government agency violates paragraph 1 of Article 27, or fails to establish a security and maintenance plan for the protection of personal data files or rules on disposing of personal data following a business termination under paragraph 2 of Article 27, the PDPA raises administrative fines, and provides for higher penalties for severe violations. BOT has adopted a "Personal Data Files Security Maintenance Program" and a set of "Rules and Procedures for Governing the Handling of Personal Data after Termination of Business," and these are reviewed as necessary.

(2) On 14 June 2023, Article 16 of the "Money Laundering Control Act" and Articles 15-1 and 15-2 were newly added to provide as follows: "No person shall deliver, or make available to another party, the account information that he or she or others filed with a financial institution, or the account number that he or she filed with businesses handling virtual currency platforms or transactions, or account numbers filed with third-party payment services. If a person violates the provisions of the first paragraph, the said financial institutions, businesses handling virtual currency platforms or transactions and third-party payment service providers may suspend or restrict all or part of the functions of the existing, or in the process of being established, accounts or account numbers for a period of time, or simply close those accounts at their discretion." BOT in the future will amend its own operating procedures in accordance with regulations issued by the competent authority.

3. Impact of the Overall Business Environment

The global economy will continue growing in 2024, and the state of the global economy will gradually improve, so Taiwanese exports can be expected to rebound, while private consumption will continue to grow. In addition, continued implementation of the Three Major Programs for Investing in Taiwan means that the Taiwan economy can be expected to post stable growth, thus generating profit opportunities for banks. However, quickly changing political and economic circumstances around the world require that the Bank continue paying attention to the economic and financial impact of geopolitical conditions and the monetary policies of major countries.

V. Credit Ratings

Item / Rating Agency	Rating Date	Assigned Rating		Outlook
		Long-term	Short-term	
Standard & Poor’s	Nov. 2023	AA	A-1+	Stable
Moody’s Investors Service	Dec. 2023	Aa3	P-1	Stable
Taiwan Ratings Corp.	Nov. 2023	twAAA	twA-1+	Stable

International political and economic conditions have undergone many changes in the past year, and the business environment has been fraught with challenges, but thanks to a unified effort by top management as well as the rank-and-file, BOT has demonstrated a sound operational resilience. Earnings rose to a new high, while asset quality and risk-bearing capacity remained strong. Looking ahead to 2024, Taiwan's economy is expected to move steadily forward, and in the face of the international goal of achieving net-zero emissions as well as the challenge of global warming, BOT hopes that all employees will continue striving to ensure that the Bank can exercise its influence as a financial institution, and can take concrete action to act as a driving force for sustainability, thereby helping to achieve the goal of net-zero by 2050. BOT intends to be a powerful backstop that the government and industry can look to for support. The Bank intends to ensure stable financial development, to seek actively to achieve our corporate social responsibilities, and build a society where everyone enjoys shared prosperity.

Chairman Joseph Lyu

President

Front Row (left to right):
Senior Executive Vice President & Chief Compliance Officer | Hui-Ping Chen
Senior Executive Vice President | I-Lin Chen · Chairman | Joseph Jye-Cherng Lyu
President | Ma-Li Shih · Senior Executive Vice President | Chu-Ming Chan

Back Row (left to right):
Senior Executive Vice President | Hsien-Tang Chiu · Senior Executive Vice President | Chia-Hsiao Wu
Senior Executive Vice President | Shih-Yuan Tai · Senior Executive Vice President | Che-Yu Shih
Senior Executive Vice President & General Auditor | Chun-Chen Lu

A Brief Introduction of the Bank

I. Date of Establishment: May 20, 1946

II. Brief History

The Bank of Taiwan Kabushiki-gaisha, the predecessor of Bank of Taiwan (BOT), was established in 1899 as Taiwan's Central Bank during the Japanese ruling period. It issued local currency and provided financial resource to enterprises. BOT was established on May 20, 1946 as the first government-owned bank following the island's restoration to the Republic of China in 1945. During much of its operating history, the BOT has been under the administration of the Taiwan Provincial Government. Following the phase-out of the Taiwan Provincial Government on Dec. 21, 1998, the Bank was subsequently taken over by the central government of the Republic of China and placed under the administration of the Ministry of Finance. BOT has been a judicial person under the Banking Act since 1985. Effective July 1, 2003, BOT became a corporate organization under the Company Act. In accordance with the regulations on financial holding companies, on January 1, 2008, Taiwan Financial Holdings was established on the basis of the share transfer. Meanwhile, the Bank became a subsidiary of Taiwan Financial Holdings. On January 2, 2008 the Bank split its Department of Securities and Department of Life Insurance to organize the other two subsidiaries of Taiwan Financial Holdings, namely, BankTaiwan Securities Co., Ltd. and BankTaiwan Life Insurance Co., Ltd.

During its formative years, the BOT managed the business of the public treasury, issued currency in Taiwan, and carried out many of the functions of a central bank. In the early years following the central government's move to Taiwan in 1949, it acted as agent in carrying out most of the functions of the Central Bank of China (CBC), thus giving it a dual character: that of a central bank, as well as a general commercial bank. Following the restoration of the CBC in Taiwan in July 1961, however, the BOT switched its primary emphasis to general banking. After the passage of the Local Autonomy Law in July 1994, the provincial, county, and city governments were given the right to choose the banks in which to deposit their funds. As BOT is a state-owned institution with a long history, excellent credit and stable operations, it is still entrusted with handling various government treasury businesses in areas outside of Taipei City, Kaohsiung City, and Kinmen County. It has also been responsible for the operation of businesses related to the issuance of New Taiwan Dollar currency, the handling of deposits of military and civil servants' retirement funds at preferential interest rates, student loans and other policy-related operations. Meanwhile, BOT has facilitated financial service to critical infrastructure and various industrial innovation and economic revitalization projects to support economic growth and industrial development of Taiwan. The Bank has been strongly supporting Taiwan's economic development with sufficient financial function. Therefore, the position of BOT is highly important in Taiwan's financial system.

Recently, the Bank's new corporate vision has been defined as: "A leading bank with global presence." This vision encompasses a strategy whereby BOT strongly supports the country in moving steadfastly toward a strong and stable economy by providing enterprises with robust and comprehensive financial services. BOT has continued to pursue innovations in FinTech to enhance and improve its financial services capabilities. In an effort to speed up and widen its global reach, BOT has collaborated with leading international banks and expanded its overseas networks to five major continents, thereby affirming BOT's leading position among all the Taiwanese banks.

BOT is strongly committed to its CSR (Corporate Social Responsibility), and has promoted its affinity credit card programs including "Guide Dog Affinity Card" and "The Lord is My Shepherd Affinity Card". It has also organized "Bank of Taiwan Arts Festival," "Bank of Taiwan Awards for Economic and Financial Research" and various social welfare campaigns aimed at underprivileged groups. Furthermore, BOT has upgraded its CSR to include art, culture and academic research.

BOT has existed under the "Bank of Taiwan" brand now for over 120 years, and is instantly recognizable as a symbol of financial strength and stability which portrays its core values. It is committed to supporting sustainable economic growth. BOT always aims to identify and offer the best possible financial solutions to government and industry, and to support Taiwan in maintaining a robust economy, which thrives on creativity, innovation and technology.

At the end of 2023, the capital of BOT was NT$109 billion and its assets amounted to over NT$6.0 trillion. Its deposits and loans accounted for 8.74% and 8.27%, respectively, of the total figure for domestic banks, making it the domestic banking industry leader. According to The Banker magazine's Top 1000 World Banks 2023, as published in its July 2023 issue, BOT ranked 128th in total assets and 172nd in terms of Tier 1 capital in the global banking industry.

BOT received a 2023 National Sustainable Development Award on 30 November 2023. Premier Chien-Jen Chen (left), who serves concurrently as Chairperson of the National Council for Sustainable Development, is shown here presenting the award to BOT Chairman Joseph Jye-Cherng Lyu (right).

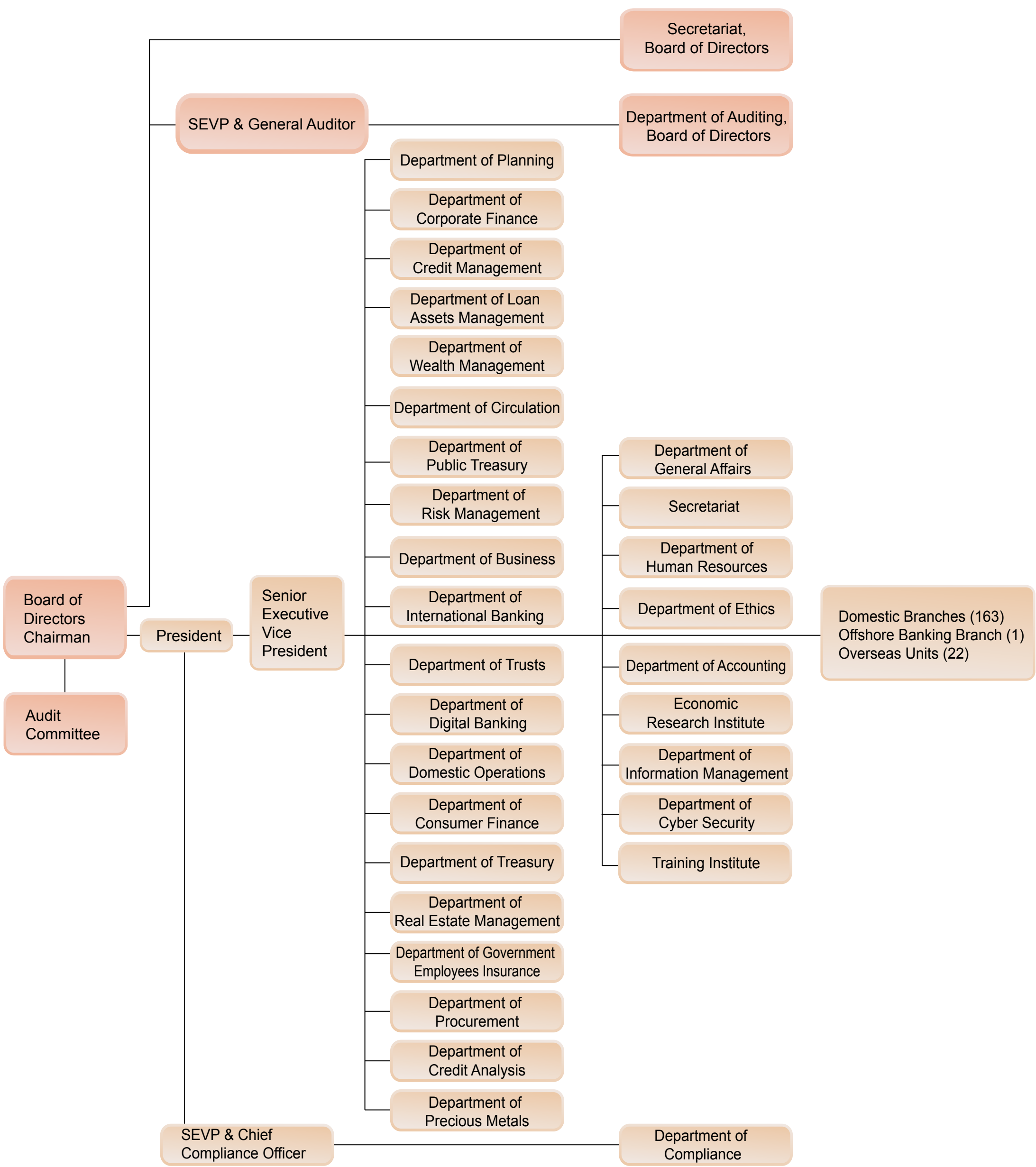
Corporate Governance Report

Corporate Governance Report

I. Organization

At the end of Feb. 2024, the Bank's management organization consisted of a Board of Directors, Audit Committee, Secretariat (Board of Directors), Department of Auditing (Board of Directors), 30 departments, 163 domestic branches, one Offshore Banking Branch, and 22 overseas units (including New York Branch, Los Angeles Branch, Hong Kong Branch, Tokyo Branch, Singapore Branch, South Africa Branch, London Branch, Shanghai Branch, Guangzhou Branch, Fuzhou Branch, Sydney Branch, Shanghai JiaDing Sub-Branch, Mumbai Representative Office, Yangon Representative Office, Silicon Valley Representative Office, Bangkok Representative Office, Frankfurt Representative Office, Manila Representative Office, Ho Chi Minh City Representative Office, Jakarta Representative Office, Kuala Lumpur Representative Office and Phoenix Representative Office).

Organizational Chart



II. Directors, Supervisors, Top Management, and Advisers

1. Directors and Supervisors

(1) Information on Directors and Supervisors (a)

Feb. 29, 2024

Title	Name	Gender Age	Date Elected	Date First Elected	Education and Career	Positions Currently Held in the Bank and Other Organizations / Institutions
Chairman	JOSEPH JYE-CHERNG LYU	Male Age: 61~70	Oct. 7, 2021	Aug. 31, 2016	Master of Management, Kellogg School, Northwestern University, U.S.A. Senior Executive Fellow, Kennedy School, Harvard University, U.S.A. Bachelor of Commerce in Money & Banking, National Chengchi University Minister without Portfolio, Executive Yuan Minister, Ministry of Finance Board of Director, Central Bank of the Republic of China Chairman, Taiwan Financial Holding Co., Ltd. Chairman of the Board, Mega Financial Holdings & Mega International Commercial Bank Chairman of the Board, Bank of Taiwan President & CEO, Land Bank of Taiwan Vice Chairman, State-owned Enterprise Commission, Ministry of Economic Affairs Vice President, Bank of New York, New York Headquarters Chairman of the Board, The Bankers Association of the Republic of China Board Director, Taiwan Stock Exchange Board Director, Taiwan Futures Exchange Board Director, Joint Credit Information Center Board Director & Executive Vice President, Chunghwa Telecom Co., Ltd. Board Director, China Steel Corporation Board Director, Taiwan Academy of Banking & Finance Board Director, National Culture and Arts Foundation Member, Performance Review Team, National Performing Arts Center	Managing Director, The Bankers Association of the Republic of China Board Director, Joint Credit Information Center Distinguished Chair Professor, School of Management, National Sun Yat-Sen University Distinguished Chair Professor, School of Banking & Finance, National Sun Yat-Sen University Adjunct Professor, School of Technology Management, National Tsing Hua University Chair Professor, School of Business, Soochow University Standing Supervisor, Chung-Hua Institution for Economic Research Chairman, Supervisory Committee, College of Global Banking & Finance, National Chengchi University
Managing Director	SHIH, MA-LI	Female Age: 61~70	Jun. 26, 2023	Jun. 26, 2023	Diploma of Int'l Trade, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology Executive Vice President, First Commercial Bank Director, Taiwan Mobile Payment Co., Ltd. Director, First Life Insurance Co., Ltd.	President, Bank of Taiwan Director, Taipei Forex Inc. Director, Taiwan Small & Medium Enterprise Counseling Foundation Adviser, The Bankers Association of the Republic of China Director, Taipei Interbank Money Center, The Bankers Association of the Republic of China Adviser, The Bankers Association of Taipei

Title	Name	Gender Age	Date Elected	Date First Elected	Education and Career	Positions Currently Held in the Bank and Other Organizations / Institutions
Independent Managing Director	TSAI, MING-FANG	Male Age: 41~50	Oct. 7, 2021	Aug. 3, 2018	Ph.D. in Industrial Economics, National Central University Adjunct Professor, Dept. of International Business, Soochow University Independent Director, BankTaiwan Securities Co., Ltd. Independent Director, First Life Insurance Co., Ltd.	Joint-appointment Professor, Dept. of Industrial Economics & Economics, Tamkang University Adjunct Professor, Graduate Institute of Industrial Economics, National Central University Independent Director, Taiwan Financial Holding Co., Ltd. Director, Audit Committee, Bank of Taiwan Independent Director, United Renewable Energy Co., Ltd. Director, Eminent II Venture Capital Corporation Director, Grand Cathay Venture Capital Co., Ltd. Director, CDIB Capital Healthcare Ventures Co., Ltd. Independent Director, Choice Development Inc.
Managing Director	JUAN, CHING-HWA	Male Age: 61~70	Oct. 7, 2021	Aug. 3, 2018	B.A. of Dept. of Law, National Taiwan University B.A. of Dept. of Business Management, National Chengchi University Administrative Deputy Minister, Ministry of Finance Director-General, National Treasury Administration, Ministry of Finance Director-General, National Taxation Bureau of the Central Area, Ministry of Finance Chief Secretary, Ministry of Finance	Political Deputy Minister, Ministry of Finance Director, Taiwan-Hong Kong Economic and Cultural Co-operation Council Director, China Aviation Development Foundation
Managing Director	CHANG, JUIN-JEN	Male Age: 51~60	Oct. 7, 2021	Aug. 3, 2018	Ph.D. in Economics, National Chung-Hsing University Research Fellow, Institute of Economics, Academia Sinica Associate Research Fellow, Institute of Economics, Academia Sinica Joint-appointment Professor, Fu Jen Catholic University	Research Fellow and Deputy Director, Institute of Economics, Academia Sinica Managing Director, Taiwan Economic Association
Independent Director	CHEN, YEHNING	Male Age: 51~60	Oct. 7, 2021	Oct. 7, 2021	Ph.D. in Management, University of California, Los Angeles, U.S.A. Deputy Director, Center for the Advancement of the Humanities and Social Sciences, National Taiwan University Associate Dean, College of Management, National Taiwan University Chairperson, Dept. of Finance, National Taiwan University Director, Financial Ombudsman Institution Supervisor, Financial Ombudsman Institution Director, Central Deposit Insurance Corporation	Professor, Dept. of Finance, National Taiwan University Member, Audit Committee, Bank of Taiwan
Independent Director	LAI, HUNG-NENG	Male Age: 51~60	Oct. 7, 2021	Oct. 7, 2021	Ph.D. in Finance, The London School of Economics and Political Science, UK Independent Director, Land Bank of Taiwan Co., Ltd. Assistant Professor, Dept. of Finance, National Central University Assistant Professor, Dept. of Quantitative Finance & Dept. of Economics, National Tsing Hua University	Associate Professor, Dept. of Finance, National Central University Member, Audit Committee, Bank of Taiwan

Title	Name	Gender Age	Date Elected	Date First Elected	Education and Career	Positions Currently Held in the Bank and Other Organizations / Institutions
Director	SHEN, JONG-CHIN	Male Age: 71~80	Jul. 27, 2023	Jul. 27, 2023	Master of Business Administration, Graduate Institute of Commerce Automation and Management in-service master program (ICAM), National Taipei University of Technology Vice Premier, Executive Yuan, R.O.C (Taiwan) Minister, Ministry of Economic Affairs Deputy Minister, Ministry of Economic Affairs Vice Minister, Ministry of Economic Affairs Director General, Industrial Development Bureau, Ministry of Economic Affairs Convener, National Stabilization Fund Management Committee Convener, Price Stabilization Committee, Executive Yuan, R.O.C (Taiwan) Executive Director, Central Bank of the Republic of China (Taiwan) Commissioner, Financial Supervisory Commission Investment Review Committee Convener, National Development Fund, Executive Yuan, R.O.C. (Taiwan) Director, National Chung-Shan Institute of Science & Technology Acting Chairman, China Steel Corporation Chairman, Taiwan Textile Research Institute Managing Director, Industrial Technology Research Institute	Chairman, Taiwan Financial Holding Co., Ltd. Senior Advisor to the President, Office of the President Policy Advisor, Taiwan Electrical and Electronic Manufacturers' Association Director, National Chung-Shan Institute of Science & Technology Member of the board, Taiwan Center for Corporate Sustainability Director, Far Eastern Memorial Foundation
Director	LEE, GUO-SHIN	Male Age: 51~60	Oct. 7, 2021	Oct. 7, 2021	B.A. of Dept. of Accounting, Tamkang University Director, Mega Financial Holding Co., Ltd. Director, Taiwan Cooperative Financial Holding Co., Ltd. Deputy Minister, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan) Controller and Director, Department of General Fund Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan)	Deputy Secretary-General, Executive Yuan, R.O.C. (Taiwan) Supervisor, National Defense Industrial Development Foundation
Director	TSAI, CHIUNG-MIN	Male Age: 51~60	Apr. 27, 2023	Apr. 27, 2023	Ph.D. in Economics, Rutgers, The State University of New Jersey, U.S.A. Director General of Department of Economic Research, Central Bank of the Republic of China (Taiwan) Director, The Export-Import Bank of the Republic of China	Director General, Department of Foreign Exchange, Central Bank of the Republic of China (Taiwan) Director, Taipei Foreign Exchange Market Development Foundation Director, Taiwan External Trade Development Council
Director	CHANG, WEN-HSI	Male Age: 51~60	Oct. 7, 2021	May 28, 2020	Ph.D. in Information Management, Tamkang University Director, Dept. of Information Management, Ministry of Labor Director, Information Technology Division, National Archives Administration, National Development Council	Director-General, Fiscal Information Agency, Ministry of Finance

Title	Name	Gender Age	Date Elected	Date First Elected	Education and Career	Positions Currently Held in the Bank and Other Organizations / Institutions
Director	HSU, HUI-FENG	Male Age: 51~60	Oct. 7, 2021	Aug. 3, 2018	J.S.D., Washington University in St. Louis U.S.A. Director, School of Continuing Education, Chinese Culture University Dean, College of Law, Chinese Culture University Director & Professor, Dept. of Law, Chinese Culture University	Professor, Dept. of Business and Economic Law, CTBC Business School Chief Senior Counselor/Taiwan Lawyer/ Arbitrator, Washington Group & Associates Commissioner, Central Election Commission Director, Dachang Venture Capital Co., Ltd. Director, IIH Biomedical Venture Fund I Co., Ltd.
Director	WU, TE-JEN	Male Age: 61~70	Oct. 7, 2021	Aug. 3, 2018	Master of Finance, Dayeh University Senior Banking Officer, Employee Benefits Committee, Bank of Taiwan Senior Banking Officer & Assistant General Manager, Department of Information Management, Bank of Taiwan	Assistant Vice President, Employee Benefits Committee, Bank of Taiwan
Director	TSAI, NENG-SUNG	Male Age: 41~50	Oct. 7, 2021	Oct. 7, 2021	International Executive Master of Business Administration, National University of Kaohsiung Banking Officer & Deputy Manager, Boai Branch, Bank of Taiwan	Senior Banking Officer & Manager, Gaorong Branch, Bank of Taiwan

Notes: 1. All directors are assigned by the Taiwan Financial Holding Co., Ltd.

2. Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan (10.9 billion shares). The Ministry of Finance holds 100% of shares of the Taiwan Financial Holding Co., Ltd. (10.3125 billion shares).

3. No director is the spouse of, or related within the second degree of kinship to, any head of department, director, or supervisor.

4. The position of chairperson, president, or another equivalent position (highest managerial position) is neither held by the same person nor by spouses or relatives within the first degree of kinship.

5. The terms of all directors will expire on October 6, 2024.

6. All directors are of R.O.C. nationality.

(2) Major Shareholders of the Institutional Shareholders

Feb. 29, 2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Taiwan Financial Holding Co., Ltd.	Ministry of Finance

(3) Information on Directors and Supervisors (b)

A. Professional Qualifications and Independence Analysis of Directors and Supervisors

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Circumstance (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
JOSEPH JYE-CHERNG LYU	Master of Management, Kellogg School, Northwestern University, U.S.A. Bachelor of Commerce in Money & Banking, National Chengchi University He is currently appointed as Chairman of Bank of Taiwan, and previously served as Minister without Portfolio of Executive Yuan, Minister of Ministry of Finance, Board of Director of Central Bank of the Republic of China, Chairman of the Board of Mega Financial Holdings & Mega International Commercial Bank, President & CEO of Land Bank of Taiwan, Vice Chairman of State-owned Enterprise Commission, Ministry of Economic Affairs, Vice President of Bank of New York, New York Headquarters, Chairman of the Board of The Bankers Association of the Republic of China, Board Director of Taiwan Stock Exchange, Board Director of Taiwan Futures Exchange, Board Director of Joint Credit Information Center, Board Director of Taiwan Academy of Banking and Finance. He is concurrently distinguished Chair Professor of School of Management, National Sun Yat-Sen University, and Adjunct Professor of School of Technology Management, National Tsing Hua University, etc. He was appointed as Chairman of Taiwan Financial Holding Co., Ltd. and the Bank from August 2016 to January 2023 and as Chairman of the Bank since February 2023.		0
SHIH, MA-LI	Diploma of Int'l Trade, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology She is currently appointed as President of Bank of Taiwan, previously served at First Commercial Bank (as EVP of the Personal Banking BU, EVP of the General Administration Center, SVP & Head of Taichung District Center, and SVP & GM of the Business Division), and has served as a director at Taiwan Mobile Payment Co., Ltd. and First Life Insurance Co., Ltd., etc. Since June 2023 she has served concurrently as a Managing Director of the Bank.		0
TSAI, MING-FANG	Ph.D. in Industrial Economics, National Central University He is currently appointed as Joint-appointment Professor of Dept. of Industrial Economics & Economics, Tamkang University, Adjunct Professor of Graduate Institute of Industrial Economics, National Central University and previously served as Independent Director of BankTaiwan Securities Co., Ltd., and Independent Director of First Life Insurance Co., Ltd., etc. He has served as Independent Director of Taiwan Financial Holding Co., Ltd., and since August 2018, concurrently as the Independent Managing Director of the Bank and the Director of the Bank's Audit Committee.	Mr. Tsai, his spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of the Bank or any affiliated enterprise, nor do they hold stock in the Bank. Does not serve as a director, supervisor, or employee of any company with which the Bank has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to the Bank or any of its related enterprises.	3 (Taiwan Financial Holding Co., Ltd.; United Renewable Energy Co., Ltd.; Choice Development Inc.)

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Circumstance (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
JUAN, CHING-HWA	B.A. of Dept. of Law, National Taiwan University B.A. of Dept. of Business Management, National Chengchi University He is currently appointed as Political Deputy Minister of Ministry of Finance, and previously served as Administrative Deputy Minister of Ministry of Finance, Director-General, National Treasury Administration, Ministry of Finance, and previously served as Supervisor of BankTaiwan Insurance Brokers Co., Ltd., and Director & Supervisor of Chang Hwa Commercial Bank, Ltd., etc. He has served as Managing Director of the Bank since August 2018.		0
CHANG, JUIN-JEN	Ph.D. in Economics, National Chung-Hsing University He is currently appointed as Research Fellow and Deputy Director of Institute of Economics, Academia Sinica. He has conducted serious analytical research in the field of economics, for which he has received awards from the Academia Sinica and the National Science Council, and has held such positions as professor or associate professor at National Taiwan University, National Taipei University, National Sun Yat-Sen University, National Central University, Fu Jen Catholic University, Soochow University, and Feng Chia University. He has served as a Managing Director of the Bank since August 2018.		0
CHEN, YEHNING	Ph.D. in Management, University of California, Los Angeles, U.S.A. He is currently appointed as Professor of Dept. of Finance, National Taiwan University, and previously served as Deputy Director of Center for the Advancement of the Humanities and Social Sciences, National Taiwan University, Associate Dean of College of Management, National Taiwan University, Chairperson of Dept. of Finance, National Taiwan University, Director & Supervisor of Financial Ombudsman Institution, and Director of Central Deposit Insurance Corporation, etc. He has served as Independent Director of the Bank and Member of Audit Committee of the Bank since October 2021.	Mr. Chen, his spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of the Bank or any affiliated enterprise, nor do they hold stock in the Bank. Does not serve as a director, supervisor, or employee of any company with which the Bank has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to the Bank or any of its related enterprises.	0
LAI, HUNG-NENG	Ph.D. in Finance, The London School of Economics and Political Science, UK He is currently appointed as Associate Professor of Dept. of Finance, National Central University, and previously served as Assistant Professor of Dept. of Finance, National Central University, Assistant Professor of Dept. of Quantitative Finance & Dept. of Economics, National Tsing Hua University, and Independent Director of Land Bank of Taiwan Co., Ltd., etc. He has served as Independent Director of the Bank and Member of Audit Committee of the Bank since October 2021.	Mr. Lai, his spouse, and relatives by blood within the second degree of kinship do not serve as a director, supervisor, or employee of the Bank or any affiliated enterprise, nor do they hold stock in the Bank. Does not serve as a director, supervisor, or employee of any company with which the Bank has a special relationship, and in the past two years has not provided commercial, legal, financial, or accounting services to the Bank or any of its related enterprises.	0

Criteria / Name	Professional Qualification and Experience (Note 1)	Independence Circumstance (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
SHEN, JONG-CHIN	Master of Business Administration, Graduate Institute of Commerce Automation and Management in-service master program (ICAM), National Taipei University of Technology He is currently appointed as Chairman of Taiwan Financial Holding Co., and previously served as Vice Premier and Cyber Security Officer of Executive Yuan, R.O.C.(Taiwan), Minister of Economic Affairs, Executive Director of the Central Bank of the Republic of China (Taiwan), etc. Since July 2023 he has served concurrently as a Director of the Bank.		0
LEE, GUO-SHIN	B.A. of Dept. of Accounting, Tamkang University He is currently appointed as Deputy Secretary-General of Executive Yuan, and previously served as Deputy Minister of Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan), Controller and Director of Department of General Fund Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan), Director of Mega Financial Holding Co., Ltd., and Director of Taiwan Cooperative Financial Holding Co., Ltd., etc. He has served as Director of the Bank since October 2021.		0
TSAI, CHIUNG-MIN	Ph.D. in Economics, Rutgers, The State University of New Jersey, U.S.A. He is currently appointed as Director General of the Department of Foreign Exchange at the Central Bank of the Republic of China (Taiwan), and previously served at the Central Bank as Director General of Department of Economic Research, Deputy Director General of the Department of Economic Research, and Assistant Director General of the Department of Foreign Exchange. He has also served as a director at the Export-Import Bank of the Republic of China, and since April 2023 has served concurrently as a Director of the Bank.		0
CHANG, WEN-HSI	Ph.D. in Information Management, Tamkang University He is currently appointed as Director-General of Fiscal Information Agency, Ministry of Finance, and previously served as Director of Dept. of Information Management, Ministry of Labor, Director of Information Technology Division, National Archives Administration, National Development Council, etc. He has served as Director of the Bank since May 2020.		0
HSU, HUI-FENG	J.S.D., Washington University in St. Louis U.S.A. He is currently appointed as Professor of Dept. of Business and Economic Law, CTBC Business School, and Chief Senior Counselor/Taiwan Lawyer/Arbitrator of Washington Group & Associates, and previously served as Director of School of Continuing Education, Chinese Culture University, Dean of College of Law, Chinese Culture University, and Director and Professor of Dept. of Law, Chinese Culture University, etc. He has served as Director of the Bank since August 2018.		0
WU, TE-JEN	Master of Finance, Dayeh University He is experienced in banking business and is currently appointed as Assistant Vice President of Employee Benefits Committee of the Bank, and has worked for the Bank since 1985. He has served as Director of the Bank since August 2018.		0
TSAI, NENG-SUNG	International Executive Master of Business Administration, National University of Kaohsiung He is experienced in banking business and is currently appointed as Senior Banking Officer & Manager of Gaorong Branch of the Bank, and has worked for the Bank since 1999. He has served as Director of the Bank since October 2021.		0

Notes: 1. Not a person of any condition defined in Article 30 of the Company Act.
2. For independent directors, a description of how they meet the independence requirement must be provided.

B. Diversity and independence of the Board of Directors

(a) Board diversity:

The Bank's corporate charter requires that the BOT Board of Directors shall consist of 15 members (including 3 independent directors and 3 labor directors), who shall be appointed by the Taiwan Financial Holding Co., shall have legal capacity to act, and shall meet the qualification criteria adopted by the competent authority.

The "Bank of Taiwan Corporate Governance Best-Practice Principles" set out certain abilities that the Board of Directors as managing target, members diversity guidelines, and a whole must possess. The members of the BOT Board of Directors have many different types of background and experience, including fields such as business management, innovation, economic matters, finance, accounting, legal affairs, information & communications and climate-related capabilities. They also have the knowledge, skill, and experience necessary to carry out their duties.

BOT directors attend continuing professional education in such fields as corporate governance, internal control and internal auditing, business innovation, anti-money laundering and counter terrorism financing, fair treatment of customers principles, digital transformation, and recent legislative action. The purposes are to enable the Board of Directors to operate more efficiently and improve its corporate governance capabilities, and to strengthen the board's functions.

(b) Independence of the Board of Directors:

Acting in compliance with its corporate charter, the Bank appoints independent directors, who must be no fewer than three in number and no fewer than one-fifth of the total number of directors. BOT's three independent directors all maintain independence in the performance of their duties, they have no direct or indirect conflicts of interest with the Bank, and the descriptions set out in Article 3, paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" neither applied to them during the two years before being elected nor apply to them during their terms of office. None of the three independent directors has served more than three consecutive terms, nor does any of them serve simultaneously as a director (including independent director) or supervisor at more than four TWSE- or TPEx-listed companies.

No member of the BOT Board of Directors (including independent directors) is the spouse of, or related within the second degree of kinship to, another director.

2. Top Management

Feb. 29, 2024

Title	Name	Gender	Date Effective	Education	Other Position
President	SHIH, MA-LI	Female	Jul. 14, 2023	Diploma of Int'l Trade, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	Director, Taiwan Small & Medium Enterprise Counseling Foundation Director, Taipei Interbank Money Center, The Bankers Association of the Republic of China Director, Taipei Forex Inc. Adviser, The Bankers Association of the Republic of China Adviser, The Bankers Association of Taipei
Senior Executive Vice President	TAI, SHIH-YUAN	Male	Nov. 22, 2021	Dept. of Mechanical Engineering, National Taiwan University of Science and Technology	Group Member, Internal Management Committee on Personnel Benefits, The Bankers Association of the Republic of China Director, First Financial Holdings Co., Ltd.
Senior Executive Vice President	CHAN, CHU-MING	Female	Sep. 5, 2022	Master for Business Administration, Shih Chien University	Director, TAIYI Real Estate management Co., Ltd. Director, Tea Industry Co., Ltd. joint venture in China
Senior Executive Vice President	SHIH, CHE-YU	Male	Sep. 5, 2022	Dept. of Business Administration, Feng Chia University	Director, Central Motion Picture Co., Ltd. Representative, Enterprise Sustainable Development and Green Financing Working Group, Taiwan Small & Medium Enterprise Counseling Foundation Member, Inter-bank Business Rate Review Committee, Financial Information Service Co., Ltd. Review Member, Review Committee for Advance Payment of Provision Cases, Small & Medium Enterprise Credit Guarantee Fund of Taiwan
Senior Executive Vice President	CHIU, HSIEN-TANG	Male	Jul. 16, 2023	Master for Department of Computer Science and Information Engineering, National Cheng Kung University	EVP & Chief Information Offcer, Taiwan Financial Holding Co., Ltd. Director, Financial eSolution Co., Ltd. Member, Information Architecture and Security Advisory Group, Joint Credit Information Center Chairman, Banking Automation Committee, The Bankers Association of the Republic of China Member, Certificate Policy Management Committee, The Bankers Association of the Republic of China Member, Financial Information Systems Interbank Business to Participate in the Statute of the Executive Committee, Financial Information Service Co., Ltd. Committee Member, Financial Information Sharing and Analysis Center, Financial Information Service Co., Ltd.
Senior Executive Vice President	CHEN, I-LIN	Male	Jul. 16, 2023	Master for Business Administration, George Washington University	Supervisor, Overseas Credit Guarantee Fund Director, Taiwan Stock Exchange Co., Ltd. Executive Secretary, Taipei Interbank Money Center, The Bankers Association of the Republic of China
Senior Executive Vice President	WU, CHIA-HSIAO	Male	Jan. 29, 2024	Master for Business Administration, Long Island University	Supervisor, Taiwan Small & Medium Enterprise Counseling Foundation

Title	Name	Gender	Date Effective	Education	Other Position
Senior Executive Vice President & Chief Compliance Officer	CHEN, HUI-PING	Female	Jun. 10, 2022	LL.M., Tulane University	Senior Executive Vice President & Chief Compliance Officer, Taiwan Financial Holding Co., Ltd. Deputy Chairperson, Legal Affairs and Disciplines Committee, The Trust Association of the Republic of China Deputy Chairperson, Financial Regulations and Disciplinary Committee, The Bankers Association of the Republic of China General Manager, Taipei City Financial Ethics and Compliance Association Director, Taiwan Urban Regeneration & Financial Services Co., Ltd. Director, Taiwan Academy of Banking and Finance
Senior Executive Vice President & General Auditor	LU, CHUN-CHEN	Female	Aug. 9, 2021	Master for Eminent Public Administrators, National Chengchi University	Member, Internal Audit Committee, The Bankers Association of the Republic of China

Notes:1. Taiwan Financial Holding Co., Ltd. holds 100% of shares of the Bank of Taiwan.

2. The Bank's president or a person holding an equivalent post (i.e. the highest executive officer) and its chairperson are not the same person, spouses, or relatives within the first degree of kinship.

III. Implementation of Corporate Governance

1. Board of Directors

A total of 11 meetings (A) of the Board of Directors were held in 2023. The attendance of the Directors was as follows:

Title	Name	Attenance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Note)	Remarks
Chairman	JOSEPH JYE-CHERNG LYU	11	0	100	
President and Managing Director	SHIH, MA-LI	6	0	100	Assumed office on June 21, 2023, ought to attend 6 meetings
President and Managing Director	HSU, CHIH-WEN	1	0	100	Relieved on Feb. 20, 2023, ought to attend 1 meeting
Independent Managing Director	TSAI, MING-FANG	10	0	91	Took a leave of absence for one meeting
Managing Director	JUAN, CHING-HWA	10	0	91	Took a leave of absence for one meeting
Managing Director	CHANG, JUIN-JEN	10	1	91	
Independent Director	CHEN, YEHNING	10	1	91	
Independent Director	LAI, HUNG-NENG	11	0	100	
Director	SHEN, JONG-CHIN	3	0	100	Assumed office on Jul. 27, 2023, ought to attend 3 meetings
Director	CHEN, NAN-KUANG	3	0	100	Relieved on Mar. 4, 2023, ought to attend 3 meetings
Director	LEE, GUO-SHIN	11	0	100	
Director	TSAI, CHIUNG-MIN	7	0	100	Assumed office on Apr. 27, 2023, ought to attend 7 meetings
Director	HUANG, SHU-JUAN	6	2	75	Relieved on Jul. 27, 2023, ought to attend 8 meetings

Title	Name	Attenance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Note)	Remarks
Director	CHANG, WEN-HSI	8	3	73	
Director	HSU, HUI-FENG	10	1	91	
Labor Director	WU, TE-JEN	11	0	100	
Labor Director	TSAI, NENG-SUNG	11	0	100	

Other mentionable items:

1.The dates of meetings, sessions, contents of motions, all Independent Directors' opinion and the Company's response to Independent Directors' opinion should be specified, if there are (1) circumstances referred to in Article 14-3 of Securities and Exchange Act or (2) resolutions of the Directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing:
(1) Not applicable as the Bank has established an audit committee.
(2) None.

2.If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
(1) With respect to a proposal to extend credit to the Central American Bank for Economic Integration, which was discussed at the 67th meeting of the 7th Board of Managing Directors on 3 February 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the borrower was under his supervision, the other directors in attendance agreed to pass the proposal.
(2) At the 3rd extraordinary session of the 7th Board of Directors on 26 June 2023, the board discussed a proposal to have Ms. Ma-Li Shih assume the position of President of Bank of Taiwan: Except for Managing Director Ma-Li Shih, who recused herself, the other directors in attendance agreed to pass the proposal, and handled the matter in accordance with applicable requirements.
(3) With respect to a proposal at the 19th meeting of the 7th Board of Directors on 28 September 2023 to waive non-compete restrictions against Managing Director and President Ma-Li Shih: Except for Managing Director and President Ma-Li Shih, who recused herself as an interested party, the other directors in attendance agreed to pass the proposal.
(4) With respect to a proposal to extend credit to Taiwan Cooperative Financial Holding Co., Ltd., which was discussed at the 99th meeting of the 7th Board of Managing Directors on 6 October 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the borrower was under his supervision, the other managing directors in attendance agreed to pass the proposal.
(5) With respect to a proposal to extend credit to Mega Bills Finance Co., Ltd., which was discussed at the 101st meeting of the 7th Board of Managing Directors on 27 October 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the borrower was under his supervision, the other managing directors in attendance agreed to pass the proposal.
(6) With respect to an application by the Export-Import Bank of the Republic of China for continued granting by BOT of a derivatives transaction quota, which was discussed at the 104th meeting of the 7th Board of Managing Directors on 17 November 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the Export-Import Bank was under his supervision, the other managing directors in attendance agreed to pass the proposal.
(7) With respect to applications by Mega Bills Finance Co., Ltd. and four other financial institutions to each be granted a money market business quota by the Bank's Department of Treasury to conduct business on the NT Dollar currency market, a matter which was discussed at the 104th meeting of the 7th Board of Managing Directors on 17 November 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the Export-Import Bank was under his supervision, the other managing directors in attendance agreed to pass the proposal.
(8) With respect to a proposal to extend credit to the Taiwan Cooperative Securities Investment Trust Co., Ltd., which was discussed at the 107th meeting of the 7th Board of Managing Directors on 8 December 2023: Except for Managing Director Ching-Hwa Juan, who recused himself because as Political Deputy Minister of the Ministry of Finance the borrower was under his supervision, the other managing directors in attendance agreed to pass the proposal.

3.TWSE/TPEx-listed companies are required to disclose the cycles, periods, scope, methods, and content of self-assessments (or peer-to-peer assessments) carried out by their board members, and the state of their implementation: The Bank is not listed on the TWSE or the TPEx, so this item is not applicable.

4.Targets in the current year or the most recent year to upgrade the function of the Board of Directors (e.g. establishment of an audit committee; steps taken to increase information transparency; etc.), and evaluation of targets achievement.
(1) To coordinate with legislative amendments issued by the competent authority, the Bank has completed amendments to its Charter, its Organization Rules, the Rules of Procedure for Board of Directors Meetings, its Corporate Governance Best-Practice Principles and its Ethical Corporate Management Best Practice Standards.
(2) BOT has established an Audit Committee, the membership of which is composed of the entire number of the Bank's independent directors; the Audit Committee's powers, rules of procedure and matters for compliance are handled in accordance with applicable legislation and the BOT Audit Committee Charter.
(3) BOT has appointed a chief corporate governance officer who is responsible for matters related to corporate governance, and for assisting the directors in carrying out their duties.
(4) The members of the Board of Directors, in addition to attending the required number of hours of professional development courses, have also taken measures to step up training on AML matters, corporate governance, the Principles for Fair Treatment of Consumers, internal audits, and internal controls in order to ensure effective oversight and administration by the Board.

Note: The actual ratio of attendance (%) is calculated as the ratio of the number of Board of Directors meetings attended to the total number held during the term in office.

2. Audit Committee

A total of 8 Audit Committee meetings (A) were held in 2023. The attendance of the Independent Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Note)	Remarks
Independent Managing Director	TSAI, MING-FANG	8	0	100	
Independent Director	CHEN, YEHNING	8	0	100	
Independent Director	LAI, HUNG-NENG	8	0	100	

Other mentionable items:

1.The dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified, if there are: (1) circumstances referred to in Article 14-5 of Securities and Exchange Act or (2) resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all Directors:

(1) The Bank adopted an Audit Committee Charter in accordance with Article 28 of its Charter and Article 3 of Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and agenda items are set pursuant to the applicable rules. Please refer to the pages 43 to 45 of the Chinese annual report.

(2) None.

2.If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.

3.Communication between the Independent Directors, internal auditing authorities and CPAs (including major items, mode and results of discussion about the Bank's finance and business):

(1) Communication with internal auditing authorities was carried out as follows to reinforce the Bank's internal auditing work:
Meetings of the Audit Committee that were held during this fiscal year discussed: (a) a report on auditing work for the second half of 2022; (b) Internal Control Statement in 2022; (c) a report on auditing work for the first half of 2023; and (d) auditing plan for 2024. In addition, the Audit Committee also took part in the 2023 conference of the independent directors and the internal auditors, which was convened by the Board of Directors Department of Auditing and presided over by the Audit Committee chairperson.

(2) Communication with CPAs was carried out as follows to reinforce the content of the Bank's external auditing work:
Meetings of the Audit Committee that were held during this fiscal year discussed: (a) the internal control auditing report in 2022; (b) financial reports of 2022; (c) the financial reports for the first quarter to third quarter of 2022.

(3) In order to implement corporate governance and strengthen the management structure of the Bank, with respect to specific issues there was communication and exchanges of opinion with relevant units in charge of related activity in order to understand their situation. In addition, with respect to important issues related to Bank business, there were irregular invitations to the relevant units in charge of related activity to come to the offices of the Audit Committee for communication or information was sought by phone.

(4) A total of 8 Audit Committee meetings and 2 conferences were held during this year.

Note: The actual ratio of attendance (%) is calculated as the ratio of the number of Audit Committee meetings attended to the total number held during the term in office.

3. Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for Banks"

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
1. Shareholding Structure and Shareholders' Rights			
(1) Has the Bank adopted internal procedures for the handling of shareholder suggestions, questions, disputes, and litigation? Does the Bank act in accordance with such procedures?	V		(1) The Bank is a subsidiary of Taiwan Financial Holding Co., Ltd., which holds 100% of the Bank's stock, and the Bank respects and implements all shareholder suggestions; there have not been any disputes.
(2) Does the Bank know the identities of the main controlling shareholders, and of the ultimate controlling shareholder?	V		(2) The Bank is a subsidiary of the state-owned Taiwan Financial Holding Co., Ltd. (whose sole owner is the Ministry of Finance).
(3) Has the Bank established a risk management mechanism and "firewall" between the Bank and its affiliates? Is it implementing them?	V		(3) Business having to do with related enterprises is all carried out in accordance with the provisions of the Banking Act and the regulations of the competent authority as well as the Bank's own internal control charter.
2. Composition and Responsibilities of the Board of Directors			
(1) Has the Board of Directors adopted a diversity policy and specific management goals?	V		(1) The members of the BOT Board of Directors are appointed by its parent company, Taiwan Financial Holding Co., Ltd., which selects appointees from among persons who meet the qualification criteria set out in the "Directions for Appointment by the Ministry of Finance of Responsible Persons, Managerial Officers, Directors, and Supervisors at Public and Private Enterprises" and the "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks." The Bank has adopted the "Bank of Taiwan Corporate Governance Best-Practice Principles," which set out management goals, a diversity policy, and qualification requirements for the Board of Directors.
(2) In addition to the Remuneration Committee and the Audit Committee, is the Bank willing to establish other function-specific committees?		V	(2) The Bank established an Audit Committee on July 31, 2009 and formulated an Audit Committee Charter. The Committee is made up of all the Bank's Independent Directors. The Bank is a 100% government-owned bank. As such, its employees' salary points are handled in accordance with regulations issued by the Ministry of Finance, and it does not have a Remuneration Committee or other function-specific committees.
(3) Does a TWSE/TPEx listed company adopt board performance evaluation rules, set out requirements on the evaluation method, conduct annual performance evaluations, report the performance evaluation results to the Board of Directors, and use the results as reference when setting the remuneration of individual directors and nominating them for extension of appointment?	V		(3) The Bank is not listed on either the TWSE or the TPEx. Director performance evaluations and their remuneration are handled in accordance with the "Directions for Appointment by the Ministry of Finance of Responsible Persons, Managerial Officers, Directors, and Supervisors at Public and Private Enterprises." BOT arranges for its directors to prepare self-assessments of their performance within two months of the end of each accounting year. The self-assessments, which are submitted to the parent company for secondary review, address such matters as: (a) number of directors meetings attended; (b) participation in important discussions at board meetings and other related meetings; (c) the degree of their participation in and contribution to management of the institution (e.g. whether they have put forward concrete suggestions regarding mid- and long-term business strategies, operational objectives, annual plans, annual budgets, management performance, risk management, legal compliance, internal controls, and internal audit systems); and (d) evidence of other instances of outstanding performance. The results of director performance evaluations serve as important reference for the parent company, Taiwan Financial Holding Co., Ltd., when it decides whether to renew director appointments.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
(4) Does the Bank carry out regular evaluations of CPA independence?	V		(4) The Bank, acting in accordance with the Government Procurement Act and related legislation, retained KPMG Certified Public Accountants to conduct the 2023 audit. An assessment was carried out regarding the independence of two CPAs who conducted the audit —Wu, Lin and Chen, Fu-Jen — and no problems were found. The results of their audit were reported on February 24, 2023 to the 14th meeting of the 7th Board of Directors.
3. Does the Bank have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs?	V		1. The Bank assigns appropriate corporate governance personnel to all units in charge of bank business, and moreover has appointed a chief corporate governance officer since May 10, 2019. The chief corporate governance officer is Li, Ming-Hua, who serves concurrently in this position along with his role as Manager of Department of Planning. 2. Corporate governance affairs include the following: Handling matters related to holding meetings of the Board of Directors and shareholders in accordance with the law; producing minutes of meetings of the Board of Directors and shareholders; assisting directors and members of the Audit Committee with taking office, continued professional development, legal compliance, and provision of information needed for undertaking bank business; and other matters determined by the corporate charter or contracts.
4. Has the Bank established a communication channel with interested parties? Does it provide a designated section for stakeholders on the company website, and respond appropriately when stakeholders raise concerns about important issues relating to corporate social responsibility?	V		1. The Bank maintains a mailbox for complaints and suggestions on its website, as well as a customer service telephone hotline, providing materially interested persons with a diversity of communication channels. Its internal website also contains a Chairman's Mailbox, President's Interchange, and employees' discussion area as channels for employee suggestions. 2. The BOT website has special areas for corporate governance and sustainable development, provides contact information for the Bank's spokesperson and a contact window for stakeholders, and discloses the BOT Sustainability Report; the Bank responds appropriately to relevant issues raised.
5. Information Disclosure			
(1) Has a corporate website been established to disclose information regarding the Bank's financial, business, and corporate governance status?	V		(1) The Bank's website (https://www.bot.com.tw) regularly discloses information on finance, business, and corporate governance.
(2) Has the Bank established other information disclosure channels?	V		(2) An English version of the Bank's website provides information on bank finances, business, and governance on a real-time basis, and the Bank has designated a specialized unit to handle the collection and disclosure of information that is required by regulations to be reported or announced. The Bank has also adopted the "Bank of Taiwan News Issuance and News Liaison Guidelines," and has designated a spokesperson for handling all external information disclosure.
(3) Does the Bank, acting within the prescribed period of time after the end of each fiscal year, comply with the applicable provisions of the Banking Act and the Securities and Exchange Act by announcing and filing an annual financial report? And does it publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		(3) As a publicly held bank, BOT announces and files its financial reports in accordance with the provisions of the "Regulations Governing the Applicable Scope of Special Circumstances for the Public Announcement and Filing of Financial Reports and Operational Status Reports by Public Companies."

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
6. Does the Bank have other important information that would contribute to a better understanding of the Bank's corporate governance operations (e.g., including but not limited to employee rights, employee wellness, investor relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing liability insurance for Directors and Supervisors, and donations to political parties, stakeholders, and charity organizations)?	V		1. Employee rights, employee well-being: The Bank is a government-run financial enterprise, and handles employee rights in accordance with the Labor Standards Act and relevant regulations of the Competent Authority. There are systems in place and they are implemented for such matters as employee transfers, assessments, benefits, and retirement care. 2. Investor relations, stakeholder interests: (1) Taiwan Financial Holding Co., Ltd. (100% owned by the Ministry of Finance) is BOT's sole shareholder. BOT periodically provides shareholders with its latest financial information, reports its business performance, and maintains open channels of communication. (2) The BOT Department of Compliance accepts whistleblower complaints and acts as the staff unit for the Whistleblower Complaint Review Committee. The Bank has a whistleblowing mailbox, a whistleblowing hotline, a whistleblowing fax number, and a whistleblowing email address, and has established a whistleblower protection system that ensures the confidentiality of whistleblower identity and complaint content, protects whistleblowers' employment rights, and provides for recusal by persons with conflicts of interest. (3) The Bank's corporate charter and its rules for discussion of affairs at meetings of the Board of Directors both require directors who are parties of material interest to a proposal to recuse themselves from discussion or voting if this status could be harmful to the interests of the company. (4) BOT's systems for the prevention of unethical behavior, and measures for their implementation, include the following: a. For business activities within its business scope which are at a higher risk of involving unethical conduct, BOT adopts preventive measures. b. BOT provides information disclosure channels to prevent conflicts of interest. c. BOT carries out campaigns to raise employee's awareness of legal compliance issues. d. BOT abides by "Ethics Guidelines for Civil Servants" and properly implement registration procedures. e. BOT actively encourages and recommends employees to enter in contests for the selection of "models of integrity" by Ministry of Finance. f. BOT conducts property declarations by public servants, and improves the mechanism for their substantive review. 3. Advanced study by directors and supervisors: The Bank provides information about advanced study courses on specialized legal, financial, accounting, and corporate sustainability knowledge related to corporate governance to directors at irregular times, and arranges for their participation in a variety of courses. 4. Director attendance at board meetings, and attendance by supervisors as non-voting participants: BOT directors attend meetings of the Board of Directors (and managing directors meetings) in accordance with the provisions of the Bank's corporate charter, the "Rules of Procedure for Board of Directors Meeting," and the "Bank of Taiwan Rules Governing the Scope of Powers of Independent Directors." Information on meeting attendance is reported each year to the Ministry of Finance, and serves as reference for decisions on whether to renew director appointments.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
			5. Risk management policies and risk evaluation standards: (1) The Bank has established a Risk Management Committee, set out risk policies and conducted various types of risk monitoring. The Bank has also set up an independent dedicated risk control unit, and carries out matters such as risk identification and assessment, and submits regular reports on the status of implementation to the Risk Management Committee. (2) The Bank has worked out a risk management policy, as well as standards and regulations including regulations governing the establishment of a Risk Management Committee, internal criteria for capital adequacy management, criteria for credit risk management, criteria for market risk management, criteria for operational risk management, criteria for national risk quota management, criteria for liquidity risk management, regulations for the disclosure of risk management information, and regulations governing risk evaluation and management for anti-money laundering and countering the financing of terrorism. 6. The implementation of customer relations policies: (1) To improve service quality, the BOT Customer Service Center remains in operation round-the-clock and 365 days a year. Communicating with customers online, the Center quickly responds to questions and solves problems. (2) To better implement the Fair Treatment of Customers (FTC) Principles, the Bank holds quarterly meetings of the BOT Task Force for Fair Treatment of Consumers, the Department of Compliance acts as the staff unit, the members of which are the supervisors of the Department of Domestic Operations, the Department of Wealth Management, the Department of Compliance, and 18 other head office units. The Task Force members report on the FTC performance of their respective units. Matters addressed at the Task Force meetings include the adoption of internal rules, the adoption of measures or systems designed to achieve innovation or improvements, and the conduct of awareness and training programs. The Department of Compliance then summarizes the meeting proceedings and reports to the Board of Directors. (3) When carrying out corporate credit operations, BOT has to consider whether borrowers properly discharge their obligations in such areas as environmental protection, ethical business practices, and social responsibility, and for each credit transaction must fill out the "Checklist for ESG Performance by Bank of Taiwan Corporate Credit Customer" (in the case of domestic companies) or the "Checklist for Performance by Bank of Taiwan Corporate Credit Customer in Fulfilling its Corporate Social Responsibilities" (in the case of offshore companies). Also, to enhance management of high climate risks, if a corporate credit customer has been identified by the Bank as a public company in an industry that poses high climate transition risks, the Bank is required to additionally conduct extra due diligence procedures (e.g. responses to increases in the cost of carbon, low-carbon transition, roadmap to carbon reduction) to serve as reference for credit management. (4) On 6 May 2022 BOT signed on to the Equator Principles and joined the Equator Principles Association, and in order to assess the environmental and social risks associated with loans to be made in line with the Equator Principles, beginning from 28 September 2022, loans have been examined individually and then re-checked by a dedicated unit to ensure that BOT properly carries out its authentication and management of Equator Principles loans.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
			(5) To align with international development trends and to support the UN Sustainable Development Goals (SDGs), the Bank uses its core businesses to exercise its influence as a financial institution. On 7 July 2023 the Board of Directors approved the "Bank of Taiwan Sustainable Credit Policy," which requires that when the Bank handles credit business it must take sustainability issues into consideration, and must establish an ESG risk assessment and management mechanism. The Policy expressly prohibits the Bank from extending credit to firms engaged in gambling, pornography, or other highly controversial lines of business, from "extending new financing to any mining company that engages exclusively in the mining of coal," and from "extending project financing to fund the construction of coal-burning power plants," and calls for the Bank to actively support industries that are engaged in renewable energy, energy efficiency, energy storage, or other industries and economic activities that have a connection to a sustainable future, in order to seize upon opportunities to achieve sustainable development. (6) To assist with the post-COVID revitalization, transformation, and development of small and medium businesses, the Bank has streamlined its post-COVID relief and stimulus loan program to accelerate loan handling procedures, help borrowers keep their businesses running stably, and achieve the government's intention to provide support for small and medium businesses. 7. Arrangement by BOT of liability insurance for directors and supervisors: The Bank does not currently purchase liability insurance policies for its directors; also, the Bank has an Audit Committee rather than supervisors. 8. Donations to political parties, interested parties, and public interest groups: (1) The Bank has not made any donations to political parties or interested parties. (2) Donations by the Bank to public interest groups: To assist and show concern for the underprivileged, BOT donates to the Dann Center for Individuals with Developmental Disabilities, the Happy Mount Colony, and the Tzih Huai Social Welfare Association. We take concrete action to fulfill our corporate social responsibilities.

4. Information on Members of the Remuneration Committee and Nominations Committee, and Their Operations

The Bank has not established a remuneration committee or a nominations committee.

5. Sustainable Development Efforts and Deviations from "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Focal points	Implementation Status		
	Y	N	Summary Description
1. Has the Bank established a governance framework for promotion of sustainable development? Has it established a unit that is tasked (whether exclusively or otherwise) with promoting sustainable development? Are sustainability matters handled by a member of senior management who acts on the authority and under the oversight of the Board of Directors?	V		1. In 2020 the Bank established a Committee for Corporate Sustainability, which is chaired by the Bank's Chairman and co-chaired by the Presidents of the Taiwan Financial Holding Co., Ltd. and the Bank of Taiwan. The Bank's various SEVPs as well as its General Auditor, Chief Compliance Officer, Chief Corporate Governance Officer, and the heads of the six administrative task forces of the Committee for Corporate Sustainability are ex officio members of the Committee, while the supervisors of several head office units are also members. The Committee is in overall charge of sustainability policies and measures, and the direction thereof. 2. A number of executive subcommittees have been established under the Committee, such as those for responsible finance, environmental sustainability, social engagement, corporate governance, care of employees, and customer rights. Each subcommittee must formulate plans to address related proposals, instructions from Committee members, and subcommittee duties, and must submit these plans to the Committee for deliberations; the chair of each subcommittee must appoint a staff unit to take responsibility for: (a) handling liaison duties; (b) coordinating, and promoting plans; (c) exercising management and control over implementation results; and (d) reporting implementation results to the Committee. 3. The Committee convened four times in 2023. Matters discussed at the meetings include: the benefits of preparing a sustainability strategy map; the Bank's Sustainability Report and TCFD Report; sustainable credit and investment policies; the first set of sustainable finance evaluation indicators and plans to improve upon matters that remain unachieved; the Bank's engagement report on investing and financing; the Bank's handling of sustainability bonds as well as green and sustainable fixed deposit schemes; and the effectiveness of the Bank's incorporation of ESG considerations into managerial decisions in 2023. 4. The Bank's sustainability strategy map has identified "creation of a sustainable Bank of Taiwan" as the foundation for the Group's sustainable business operations, and zeroes in on the three key strategic focal points of "being a bank for all people," "being a tower of strength for Taiwan," and "being a driving force for sustainability." The Committee's six administrative task forces have worked together to develop 21 strategic aspects and 234 related short-, medium-, and long-term metrics and targets. These metrics are used to track indicators, review them on a rolling basis, continue optimizing sustainability strategies, and gradually achieve the Bank's vision for sustainable finance.

Focal points	Implementation Status		
	Y	N	Summary Description
			5. In addition to reporting each year to the Board of Directors or the Board of Managing Directors on accomplishments achieved through pursuit of sustainable development, the Bank also continues to incorporate CSR and sustainability concepts into BOT's corporate culture and its business strategies in order to create a valuable business that yields an "everyone wins" situation for customers, the Bank, employees, and society, and to build a society with prosperity for all.
2. Does the Bank conduct risk assessments and risk management policies or strategies related to environmental, social, and corporate governance issues in accordance with the materiality principle? Has it adopted related risk assessments and risk management policies or strategies?	V		1. The Bank studies international sustainability ratings, sustainability standards, and sustainability issues of concern to financial institutions and various stakeholders, and uses the four principles of "inclusivity, materiality, responsiveness, and impact" to develop a list for identifying sustainability issues. Based on the principle of materiality in the latest GRI Standards, the Bank has identified a four-stage process for evaluating the significance of the economic, environmental, and human rights impact of materiality issues. With regard to materiality issues, in order to provide stakeholders with the information they want, the Bank discloses its management approach in sustainability reports in accordance with the GRI Standards. 2. Out of concern for climate change issues, and to improve its mechanisms for managing climate change risks, the BOT Board of Directors on 4 November 2022 passed the "Bank of Taiwan Rules for Climate Change Risk Management." These Rules are intended to further improve the Bank's climate change risk management framework. The Bank's Board of Directors is responsible for overseeing and reviewing climate risk-related policies and management, while the Committee for Corporate Sustainability and the Risk Management Committee manage the risks and opportunities associated with climate change.
3. Environmental Issue			
(1) Has the Bank established an appropriate environmental management system that is suited to the characteristics of the banking industry?	V		(1) The Bank has adopted a set of bank property sanitation rules, and has entered into a sanitation services agreement that provides for such services as resource sorting and recycling, refuse reduction, and waste disposal; planter maintenance, regularly scheduled tree and bush pruning, and occasional washing of building walls and other environmental beautification work.
(2) Does the Bank make efforts to enhance the efficiency of energy utilization, and use recyclable materials with a low environmental burden?	V		(2) a. Acting on the basis of a letter from Taiwan's Ministry of Finance (dated 2 February 2023, Ref: Letter No. Tai-Cai-Mi-Zi 11200516530) the Bank notifies the various relevant units to conduct green purchasing operations in accordance with requirements, implement the applicable provisions of the "Government Procurement Act," and the "Resource Recycling Act" in order to increase the benefits generated through green procurements, and a specially tasked employee carries out ongoing and follow-up checks of procurements. In 2023, the Bank conducted green purchasing for 98.17% of designated items, surpassing the year's target figure of 95%, so that the evaluation grade was "outstanding."

Focal points	Implementation Status		
	Y	N	Summary Description
			b. Acting in accordance with the government's General Plan for National Energy Conservation, the Bank has replaced old lighting fixtures, air conditioning and cooling equipment, elevators, and other energy-inefficient equipment. The Bank also improved its power use management, and at meetings of the task force for energy conservation and carbon reduction it reviewed the success of its energy conservation measures.
(3) Does the Bank evaluate the impact of climate change upon its current and future potential risks and opportunities? Has it adopted related response measures?	V		(3) a. In response to climate change, and to align with international sustainability initiatives, the Bank has signed on to the Financial Stability Board's "Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD Recommendations), thus declaring the Bank's firm intention to align with international standards and implement sustainable business practices and help reach the goal of mitigating global warming. b. Acting on the basis of the Taiwan Financial Supervisory Commission's "Guidelines for Domestic Banks' Climate Risk Financial Disclosure," the Bank adopted the "Bank of Taiwan Rules for Climate Change Risk Management" to improve its climate risk management mechanisms. c. Acting in line with the TCFD Recommendations, the Bank continues to carry out risk recognition and risk impact assessment exercises with respect to physical risks and transition risks, and once each quarter the results of a climate change risk assessment and the related response measures are addressed in the Bank's risk monitoring reports, and are reported to the Risk Management Committee and the Board of Directors. d. To assess the impact of climate change upon enterprises, the Bank incorporates ESG disclosures into its credit reports. The Bank also provides enhanced explanations of its strategy for dealing with credit customers in an industry that poses high climate transition risks, so as to implement the government's net-zero emissions policy, and to enhance climate risk management, and drive companies toward sustainable transition, thereby improving credit assessments and gaining a clear understanding of credit risks.

<table>
<tr><th rowspan="2">Focal points</th><th colspan="3">Implementation Status</th></tr>
<tr><th>Y</th><th>N</th><th>Summary Description</th></tr>
<tr><td>(4) Does the Bank compile statistics on greenhouse gas emissions, water consumption, and total weight of waste over the past two years? Has it adopted policies on reduction of greenhouse gas emissions, reduction of water consumption, and management of other types of waste?</td><td>V</td><td></td><td>(4) a. Greenhouse gas emissions:
<table><tr><th>Type of energy source</th><th>2022</th><th>2023</th></tr><tr><td>Scope 1 (tCO2e)</td><td>2,655.33</td><td>5,194.67</td></tr><tr><td>Scope 2 (tCO2e)</td><td>21,312.68</td><td>18,696.55</td></tr></table>Note:1. The Bank inventoried its GHG emissions at all domestic business locations (head office and branches) in 2022, and completed an inventory and third-party verification in May 2023. The Taiwan Electric Research & Testing Center issued a GHG verification opinion for Scope 1 and Scope 2 emissions based on the ISO 14064-1:2018 standard and the CNS 14064-1:2021 standard providing reasonable assurance that the Bank's disclosed GHG emissions had been verified.
2. The Bank inventoried its GHG emissions at all business locations (head office and branches) in 2023, and by end-April 2024 is scheduled to complete an assurance engagement and obtain an assurance opinion.
b. Water consumption: The Bank used 306.63 million liters of water in 2022, and 285.89 million liters of water in 2023.
c. Total weight of waste: Ordinary waste generated at the Bank's headquarters building is hauled away by a contracted waste handling firm. The total weight was 106.4 tonnes in 2022 and 106.3 tonnes in 2023.
d. Acting in accordance with the Executive Yuan's "Program for Management of Energy Use Efficiency at Government Agencies and Schools" and taking 2015 as the baseline, the Bank adopted a target of using 10% less energy in 2023 than in 2015, and the actual energy savings came to 20.85%. The Bank will continue to promote the government's energy-saving and carbon-reduction programs in order to fulfill its corporate social responsibility.</td></tr>
<tr><td>4. Community Issue
(1) Has the Bank adopted policies and procedures in accordance with applicable legislation and international human rights conventions?</td><td>V</td><td></td><td>(1) In addition to complying with the "Taiwan Financial Holding Co. Human Rights Policy," the Bank also manages employee working conditions, compensation, bonuses, retirement matters, bereavement and disability benefits, severance pay, insurance, and other such matters in accordance with the "Labor Standards Act" and other legislation governing civil servants. In addition, the Bank has entered into a collective bargaining agreement with the Bank of Taiwan Enterprise Union, thus ensuring that the interests of employees will be fully safeguarded.</td></tr>
</table>

Focal points	Implementation Status		
	Y	N	Summary Description
(2) Has the Bank adopted and implemented reasonable employee benefit measures (including salary and compensation, leave, and other benefits)? Does it appropriately reflect operating performance or results in employees' salary and compensation?	V		(2) The rights and interests of the Bank's employees are handled in accordance with the provisions of the Labor Standards Act, other labor legislation, and regulations issued by the competent authorities. There are good systems in place for dealing with such matters as employee transfers, assessments, benefits, and retirement care. The Bank's employee salaries are handled in accordance with the "Directions for Management of Personnel Expenditures and Salaries at Enterprises and Institutes Run by the Ministry of Finance" and the "Rules Governing Salary Adjustments for Employees of Government-Owned Banks Under the Ministry of Finance." In addition, the Bank has adopted rules governing the issuance of performance bonuses, which ensure that operating results will be appropriately reflected in employees' salary and compensation.
(3) Does the Bank provide a safe and healthy working environment for its employees, and offer them regular safety and health education?	V		(3) a. The Bank, acting in accordance with the provisions of the "Occupational Safety and Health Act," has adopted an "Occupational Safety and Health Management Program and Self-Inspection Program" and the "BOT Best Practice Principles for Occupational Safety and Health," has appointed occupational safety and health administrators and first-aid staff in its various units, and provides occupational health and safety education and training to both newly hired and existing personnel to ensure the safety and health of all employees. b. In 2023, there were 12 occupational accidents resulting in disablement at the Bank involving 12 employees, or 0.14% of the Bank's 8,400 total employees. In addition to conducting on-the-job training and awareness raising campaigns to prevent the occurrence of occupational accidents, nurses from the health clinic also do follow-up checks on people who have had occupational accidents, and provide them with related counseling. c. In 2023, a fire occurred at one of the buildings owned by the Bank. Fortunately it did not cause any injuries or deaths. Furthermore, the Bank's buildings are all covered by fire insurance, which minimizes losses. In the future the Bank will increase safety patrols to ensure the safety of personnel and property.
(4) Has the Bank established a career skills development program for its employees?	V		(4) The Bank adopts an employee training program each year, which includes courses and lectures focusing on various professional and managerial topics. In addition, the Bank also dispatches employees to attend external professional trainings. In 2023, the Bank conducted 231 in-house training programs for a total of 17,135 participants, and sent 2,616 participants to outside training programs.
(5) In its marketing and labeling of products and services, does the Bank comply with applicable legislation and international standards regarding customer health, safety, and privacy? Has the Bank adopted policies regarding the protection of consumer or clients' interests? Has it established complaint procedures?	V		(5) a. In order to safeguard the right of customers to conduct derivatives transactions with the Bank, BOT has adopted a set of "Guidelines for Protection of the Interests of Financial Derivatives Customers," which provides that if anything occurs which affects customer rights and interests, it must be appropriately handled in accordance with the Guidelines.

Focal points	Implementation Status		
	Y	N	Summary Description
			b. To regulate its advertising, business solicitation, and sales promotion activities, and to safeguard the interests of financial consumers, the Bank has adopted a set of "Management Instructions for Engaging in Advertising, Business Solicitation, and Sales Promotion Activities" on the basis of the "Regulations Governing the Advertising, Solicitation, and Sales Promotion Activities of Financial Services Enterprises." c. The Bank has adopted various measures to implement consumer protection including "Policies and Strategies Regarding the Principles for Fair Treatment of Consumers," the "Manual of Customer Rights for the Sale of Financial Products," and the "Manual of Customer Rights for the Conduct of Wealth Management Business." These measures have increased customer confidence in the Bank. d. The Bank has adopted the "Operational Guidelines for the Handling of Customer Complaints and Disputes," to ensure proper handling of disputes between financial consumers and the Bank in connection with products or services. e. The Bank has adopted "Guidelines for the Handling of Customer Disputes Related to the Sale of Financial Products" and "Guidelines for the Handling of Wealth Management Customer Disputes" to safeguard customer interests. f. The Bank has adopted a set of "Operational Guidelines Regarding Exercise by Customers of Rights Under the Personal Data Protection Act," which governs the procedures to be followed by the various BOT business units when customers exercise their rights as set out in Article 3 of the Personal Data Protection Act. g. Before designing, updating, and marketing its products, and before adopting standard form contracts, BOT conducts consumer protection self-evaluations and relies on the Bank's Department of Compliance to help review the legality of products and contracts to ensure compliance with the applicable provisions of the Consumer Protection Act. h. As for complaint procedures, a customer can call the Bank's complaint hotline or information hotline, or can go directly to a service counter at a place of business and make inquiries. The Bank's website also provides a messaging function via which a customer can submit complaints, comments or suggestions. i. The Bank launched robo-advisor wealth management (Bank of Taiwan e-Financial Management) services on 3 October 2023 to expand the customer base and implement policies for financial inclusion, sustainability, and low carbon emissions.

Focal points	Implementation Status		
	Y	N	Summary Description
			j. In 2023, the Bank held 11 large investor conferences and 717 financial management seminars for customers. These seminars included 648 special awareness sessions focusing on how to avoid falling victim to financial scams. The purpose was to develop wealth management clientele and improve customers' ability to spot scams. k. Before launching a new product, the Bank confirms that it has acted in accordance with the "Standard AML/CFT Procedures to be Conducted Prior to the Launch of a New Product, Service, or Line of Business," and it fills out a standard checklist, an ML/TF Risk Assessment Table, and a Regulatory Compliance Statement. When preparing product literature, the Bank acts in accordance with the "Management Instructions for Engaging in Advertising for Business Solicitation." l. With regard to cases in which customers seek consultation, offer suggestions, or lodge complaints, the Bank uses the Customer Complaint Management System to respond promptly. Related data and records are handled in accordance with the Bank's "Operational Guidelines for the Handling of Customer Complaints and Disputes," "Operational Guidelines Regarding Exercise by Customers of Rights Under the Personal Data Protection Act," and "Operational Guidelines Regarding Exercise of Rights by Customers in the European Union". m.To implement the "Principles for Fair Treatment of Consumers by Financial Services Enterprises" (including the newly added "Principle of Friendly Service") as well as the "Self-Regulatory Rules for Fair Treatment by Banks of Elderly Customers," there are various situations in which a financial institution will take the initiative to check whether an ongoing transaction involves fraud. When an ordinary walk-in customer at a service counter buys or sells physical precious metals in excess of a certain dollar amount or makes a deposit or withdrawal from their gold passbook in excess of a certain weight in gold, or when an internet-bank customer transfers gold from their account to another party's gold account, the financial institution will show concern for the customer by asking extra questions to check for any possible scam in progress. In addition, when an elderly customer at a service counter seeks to trade in physical precious metals or applies to conduct a trade involving their gold passbook account, a financial institution will always show appropriate concern, ask questions prompted by the system, establish a monitoring and enhanced auditing mechanism for financial transactions by elderly persons. The intent is to prevent elderly persons from falling victim to scams or engaging in irregular financial transactions.

Focal points	Implementation Status		
	Y	N	Summary Description
			n. To implement the Bank's "Policies Regarding the Principles for Fair Treatment of Consumers," safeguard the interests of financial consumers, and establish a corporate culture that appreciates the importance of protecting financial consumers, the bank has adopted a "Strategy for Implementation of the Principles for Fair Treatment of Consumers in the Conduct of Bank Card Business" and a "Strategy for Implementation of the Principles for Fair Treatment of Consumers in the Conduct of Credit Card Business" on the basis of Article 12 of the Bank's "Policies and Strategies Regarding the Principles for Fair Treatment of Consumers."
(6) Has the Bank adopted supplier management policies that require suppliers to comply with legal requirements governing such matters as environmental protection, occupational safety and health, and labor rights? What is the state of implementation of these policies?	V		(6) BOT manages its suppliers in accordance with standard form procurement contracts issued by the Public Construction Commission. The Bank's procurement contracts expressly provide that "if the supplier violates legal requirements governing environmental protection or occupational health and safety," BOT has the right to terminate or rescind the contract. The procurement contracts also include "protection of labor rights" provisions that require suppliers to perform their duty to safeguard labor rights in accordance with contractual stipulations.
5. Does the Bank follow internationally recognized standards or guidelines when preparing and publishing reports (such as its corporate sustainability report) that disclose non-financial information of the company? Does the Bank obtain a third-party verification institution's confirmation or guarantee for such reports?	V		Apart from preparing its 2022 Sustainability Report in accordance with the GRI Standards, the Bank also used the SASB and TCFD disclosure frameworks, and obtained an AA1000 Type 2 assurance report and four ISAE 3000 limited assurance reports, which were completed and published on 13 July 2023.
6. If the Bank has compiled its own corporate sustainable development rules in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please explain their operation and their divergences: The Bank is not a TWSE/GTSM listed company, and has not compiled its own corporate sustainable development rules. The Bank has adopted a set of "Rules Governing the Establishment of the Bank of Taiwan Committee for Corporate Sustainability" and in 2020 established a Committee for Corporate Sustainability. The Bank complies with the "Taiwan Financial Holding Company Sustainable Finance Policy" and together with the other members of the corporate group does its part to implement the group's sustainable business principles and directions.			
7. Other important information that would aid in understanding the operation of corporate sustainable development: The Bank's website has a special sustainable development section that discloses information on actions taken by the Bank to promote sustainable development.			

6. Climate-related information

Handling of climate-related matters

Item	State of implementation
1. Describe how the board of directors and management exercise oversight and governance of climate-related risks and opportunities.	1. The Bank's Board of Directors is responsible for overseeing and reviewing climate risk-related policies and management, while the Committee for Corporate Sustainability and the Risk Management Committee manage the risks and opportunities associated with climate change.
2. Describe how identified climate-related risks and opportunities affect the Bank's business, strategies, and finances (short-, medium-, and long-term).	2. The Bank, in the face of potential crises that might be triggered by extreme weather, has identified climate-related risks and opportunities in order to understand the potential effects and impacts of various possible risks and opportunities upon business and operations, and by effectively gaining a clear picture of response measures has reduced the financial effect of climate risks upon operations and business, and has enhanced the ability to gain a clear picture of climate-related opportunities.
3. Describe the financial impacts of extreme weather events and transition actions.	3. The Bank has completed a list of climate risks, and incorporated a timeline as well as descriptions of their impacts, i.e. the Bank examined whether impacts on current business conditions and asset allocations had any effect on the Bank's financial factors (e.g. reduction of operating revenues, direct increase in costs, increase in operating costs, and decline in the value of investment properties).
4. Describe how procedures for identification, assessment, and management of climate risks are integrated into the overall risk management system.	4. The Bank has established a mechanism for identifying and reporting climate risks, has carried out risk recognition and risk impact assessment exercises with respect to physical risks and transition risks, and once each quarter the results of climate change risk assessments and the related response measures are addressed in the Bank's risk monitoring reports, and are reported to the Risk Management Committee and the Board of Directors.
5. If you use scenario analysis to assess your resilience to climate-related risks, you must explain the scenarios, parameters, hypothesis, and analytical factors you use, as well as the main financial impacts.	5. The Bank, acting in compliance with the FSC's "Guidelines for the Conduct of Climate Scenario Analyses by Domestic Banks," has engaged in climate scenario analysis work, and has found that during the 2030 and 2050 timeframes, under an orderly transition scenario, a disorderly transition scenario, and a hot house world scenario, expected losses for general corporate exposures and individual exposures as percentages of base year (end-2022) net worth and income before tax have been included in the 2022 TCFD disclosures.
6. If you have a transition plan in place for managing climate-related risks, please describe the plan's content as well as the metrics and targets used for identifying and managing physical risks and transition risks.	6. In order to manage climate-related risks, the Bank has adopted limits for investments in and financing of enterprises in industries that pose high climate transition risks, to be used for management of short-, mid-, and long-term goals, and those limits have been included among indicators and goals of the Bank's sustainability strategy map.

Item	State of implementation
7. If you use internal carbon pricing as a planning tool, you must describe the pricing basis.	7. With regard to climate-related targets and internal carbon pricing, the Bank's parent company, Taiwan Financial Holding Co., Ltd. (TFH), held its first meeting of chief sustainability officers (CSOs) on 27 September 2023 to discuss the adoption of group carbon reduction targets, strategies, and action plans, and TFH then conducted a procurement procedure for a "Science-Based Targets and Action Plans" consultant in order to retain an outside consultant to help the TFH group join the Science-Based Targets initiative (SBTi) and evaluate the adoption of internal carbon pricing tools.
8. If you have set climate-related targets, you must describe the GHG activities and emissions scopes covered, the timeframes, and the annual progress toward target attainment. If you use carbon offsets or renewable energy certificates (RECs) to achieve related targets, you must specify the source and quantity of the carbon offsets' carbon credits, or the quantity of the RECs.	8. The Department of Risk Management is currently conducting an inventory of the Bank's financial assets and financed emissions (Scope 3), and will coordinate with the holding company's SBT program by providing related data to TFH for its use.
9. Greenhouse gas inventory and assurance information	9. Please see 1-1.

1-1 GHG inventories and assurance engagements in the past two years

1-1-1 GHG inventory information

Year	GHG emissions (tCO2e), emission intensity ratio (tCO2e/NT$1 million), and data coverage over the past two years.
2022	In 2023, the Bank carried out 2022 GHG inventories covering 100% of the Bank's domestic business locations, including the head office's 41 departments as well as the Bank's 164 domestic branch locations (including BankTaiwan Insurance Brokers Co., Ltd.). On 25 May 2023 the Bank completed third-party verification and obtained a GHG verification opinion from the Taiwan Electric Research & Testing Center. Total GHG emissions amounted to 35,121.93 tCO2e, which makes for a GHG intensity ratio of 0.82 (tCO2e/ NT$1 million), including the following: Scope 1: Direct GHG emissions -- 2,655.33 tCO2e Scope 2: Electricity indirect GHG emissions -- 21,312.68 tCO2e Scope 3: Other indirect GHG emissions -- 11,153.92 tCO2e
2023	In 2024, the Bank carried out 2023 GHG inventories covering 100% of the Bank's business locations, including overseas branches and BankTaiwan Insurance Brokers Co., Ltd., the head office's 41 departments, the Bank's 164 domestic branch locations, and 22 overseas branches. Total GHG emissions amounted to 33,878.26 tCO2e, which makes for a GHG intensity ratio of 0.61 (tCO2e/ NT$1 million), including the following: Scope 1: Direct GHG emissions -- 5,194.67 tCO2e Scope 2: Electricity indirect GHG emissions -- 18,696.55 tCO2e Scope 3: Other indirect GHG emissions -- 9,987.04 tCO2e The Bank is scheduled to complete an assurance engagement and obtain an assurance opinion for the 2023 GHG inventory by end-April 2024.

Additional notes:

1. The sales figures needed for the formula to calculate GHG intensity are calculated on the basis of net income figures taken from the consolidated statements of comprehensive income of the head office and subsidiaries, as provided by the Bank's Department of Accounting.
   (1) The GHG intensity ratio for 2022 was calculated on the basis of net income in the aforementioned statements: NT$42,780.94 million.
   (2) The GHG intensity ratio for 2023 was calculated on the basis of net income in the aforementioned statements: NT$55,866.84 million.
2. Calculations carried out using the GHG intensity formula yielded the following results:
   (1) The formula for calculating the 2022 GHG intensity is as follows: 35,121.93 tCO2e / NT$42,780.94 million ≒ 0.82 (tCO2e / NT$1 million)
   (2) The formula for calculating the 2023 GHG intensity is as follows: 33,878.26 tCO2e / NT$55,866.84 million ≒ 0.61 (tCO2e / NT$1 million)

1-1-2 GHG assurance information

Year	The description of assurance matters during the two years preceding the date of printing of the Bank's annual report shall include the scope of assurance engagements, the assurance institution(s), the assurance engagement standards, and the assurance opinions.
2022	The scope of the Bank's assurance engagements included the head office's 41 departments as well as the Bank's 164 domestic branch locations (including BankTaiwan Insurance Brokers Co., Ltd.), and the assurance institution was the Taiwan Electric Research & Testing Center. The assurance institution issued a verification opinion (based on the ISO 14064-1:2018 and CNS 14064-1:2021 standards) providing reasonable assurance that the Bank's disclosed GHG emissions of 35,121.93 tCO2e had been verified.
2023	The Bank is scheduled to complete an assurance engagement for the 2023 GHG inventory by end-April 2024, and will disclose comprehensive assurance information in the Bank's 2023 Sustainability Report.

7. Status of the Bank's Ethical Management and Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
1. Establishment of Ethical Management Policies and Programs			
(1) Does the Bank have a Board-approved ethical management policy? Is an ethical management policy clearly expressed in the Bank's charter and public documents? Are its Board of Directors and top management committed to vigorous implementation of that policy?	V		(1) Making reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and related laws and regulations, the Bank's Board of Directors approved the "Bank of Taiwan Ethical Best Practice Standards" (hereinafter, the "Best Practice Standards") in January 2023. In addition, to fully implement a policy of ethical management and actively prevent unethical conduct, the Bank's Board of Directors, acting in accordance with the Best Practice Standards, in May 2023 adopted the "Bank of Taiwan Handbook for Ethical Corporate Management Procedures and Practices," which set out specific provisions governing the conduct of bank personnel when handling bank business.
(2) Does the Bank have a mechanism for assessing the risk of unethical behavior? Does the Bank periodically analyze and assess business activities that pose a relatively high risk of unethical behavior? Has it adopted a program for the prevention of unethical behavior, and does the program include the preventive measures set out in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) a. The Bank has completed its "Assessment Report on the Risk of Unethical Behavior" (period of assessment: 1 July 2022 to 30 June 2023), the assessment results did not exceed the threshold values and submitted it to the Audit Committee and Board of Directors in August 2023. b. Acting in accordance with the "Ethics Guidelines for Civil Servants" and the "Directions for the Registration of Incidents Involving Lobbying of the Ministry of Finance or its Agencies or Institutions," the Bank has set out prescribed procedures that employees must observe when they experience an incident with ethical implications—e.g. when someone approaches them with a request, seeks to influence them, gives a gift, or treats them to a meal or drinks.
(3) Has the Bank adopted a program for the prevention of unethical behavior? Does the program expressly set out operating procedures and a code of conduct, provide for punishment of unethical behavior, and establish a system for lodging complaints? Is the program being properly implemented?	V		(3) On the education and training section of its intranet, the Bank has placed teaching materials regarding the "Ethics Guidelines for Civil Servants," and the Bank uses various means (text messages, awareness activities, etc.) to occasionally remind employees of the Ethics Rules and the need to comply with them.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
2. Implementation of Ethical Management			
(1) Does the Bank evaluate the ethics track record of parties with which it does business? Do the contracts that it enters into with such parties expressly set out provisions governing ethical conduct?	V		(1) The Bank conducts its purchasing operations in accordance with the provisions of the "Government Procurement Act" as well as related secondary regulations and legislative interpretations. To avoid awarding procurement contracts to unethical firms, before opening bid packages the Bank always visits the website of the Executive Yuan's Public Construction Commission to check whether bidders have been blacklisted and are therefore prohibited by law from taking part in public tenders or receiving a contract award. The Bank has also adopted penal provisions governing what to do when unethical behavior occurs.
(2) Does the Bank have a dedicated unit that reports to the Board of Directors and is responsible for promoting ethical business practices? If so, does this unit report periodically (at least once per year) to the Board of Directors on the status of its work to oversee implementation of the ethical management policy and the program for the prevention of unethical behavior?	V		(2) To achieve sound ethical corporate management, and to fully implement a policy of ethical management, the Bank's Committee for Corporate Sustainability acts as the unit in charge of matters pertaining to ethical corporate management, while the members of the work team of the unit in charge take responsibility, based on their job duties, for judging the efficacy of malfeasance prevention programs and implementing them. The work team of the unit in charge submits a batch report periodically (once per year) to the Board of Directors on its handling of matters pertaining to ethical corporate management. The report on the Bank's 2023 implementation of ethical corporate management was approved by the 21st meeting of the 7th Board of Directors on 5 January 2024.
(3) Has the Bank adopted a conflict-of-interest policy, and provided an appropriate complaint channel? Is the policy being properly implemented?	V		(3) The Bank's "Charter," "Audit Committee Charter," and "Rules of Procedure for Board of Directors Meeting" all set out provisions regarding director recusal.
(4) Has the Bank established effective accounting and internal control systems designed to achieve ethical management? Has its internal audit unit, based on the results of its assessment of the risk of unethical behavior, adopted a related audit plan? Based on such audit plan, does the Bank audit its compliance with the program for the prevention of unethical behavior, or retain a certified public accountant to carry out audits?	V		(4) a. The Bank has adopted an accounting system in accordance with legal requirements and reported it to the Ministry of Finance for forwarding to the Executive Yuan for approval. The Bank has also contracted with KPMG Certified Public Accountants to audit its 2023 financial report and its internal control systems. b. In order to establish a fully adequate internal audit system, the bank adopts an annual audit plan that complies with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and is based on the risk assessment results generated by the Bank's risk-based internal audit system.
(5) Does the Bank periodically hold in-house or out-of-house education and training sessions that focus on business ethics?	V		(5) A number of different training courses at the Bank of Taiwan Training Institute in 2023 included units that focused on "legal compliance and case histories (including civil service ethics legislation)." These courses attracted a total participation of 1,188.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
3. The Operation of Whistleblower System			
(1) Has the Bank established a whistleblower system that provides for whistleblower incentives? Is there a convenient channel for whistleblowers to raise their concerns? Does the Bank assign appropriate personnel who are exclusively tasked with responsibility for interfacing with the persons against whom whistleblowers lodge complaints?	V		(1) a. The Bank's Department of Ethics accepts whistleblower complaints in accordance with the provisions of the Executive Yuan's "Anti-Corruption Informant Rewards and Protection Regulation." In addition to using its website to advise the public of its whistleblower hotline, whistleblower fax number, whistleblower post office box address and email address, the Bank also assigns case officers to handle specific complaints. b. The Bank has adopted the "Bank of Taiwan Whistleblower Program Rules," and has established various whistleblower channels. The Bank's Department of Compliance serves as a window for accepting cases raised by whistleblowers, and assigns case officers to handle specific complaints. In addition, Article 11 of the "Whistleblower Program Rules" provides as follows: "If a whistleblower complaint is confirmed, then the matter shall be referred to the head office's Human Resources Evaluation Committee for deliberations on whether to confer an award."
(2) Has the Bank adopted a standard operating procedure for investigations launched in response to whistleblower complaints? For completed investigations, has the Bank prescribed required follow-up measures and a confidentiality regime?	V		(2) a. The Bank's Department of Ethics investigates whistleblower complaints in accordance with the "Procedures for Handling Whistleblower Complaints and Providing Whistleblower Incentives and Protections (including Confidentiality)," which are in the "Anti-Corruption Manual" issued by the Agency Against Corruption, Ministry of Justice. Documents related to whistleblower complaints are classified as confidential, and handled in accordance with the document confidentiality rules set out in the Executive Yuan Document Processing Manual. If an investigation reveals that any employee has engaged in administrative irregularities, disciplinary action shall be taken in accordance with applicable provisions, and the violator's business unit shall be instructed to take corrective action. If illegal activity has occurred, the matter shall be referred to judicial organs for investigation. b. The Bank has adopted a set of "Whistleblower Program Standard Operating Procedures," which set out procedures for each stage, including accepting, investigating, and deliberation of cases raised by whistleblowers. In addition, regulations require Bank personnel to preserve confidentiality with respect to information about the identity of whistleblowers.
(3) Has the Bank adopted measures to protect whistleblowers from retaliation?	V		(3) a. Article 6, paragraph 5, subparagraph 4 of the "Bank of Taiwan Anti-Bribery Rules" prohibit the Bank from engaging in any form of retaliatory action, and when a person acting in good faith and with reasonable purpose files a whistleblower report, the Bank shall make every possible effort to prevent the whistleblower from becoming the target retaliation, discrimination, or any other improper treatment.

Matters Evaluated	Implementation Status		
	Y	N	Summary Description
			b. Article 13 of the BOT "Whistleblower Program Rules" provides that the Bank shall not, on account of a whistleblower case, fire or demote a whistleblower, reduce his/her pay, harm the interests to which he/she is entitled by law, contract, or custom, or take any action that is otherwise prejudicial to the whistleblower.
4. Strengthening of Information Disclosure Does the Bank disclose the content of its ethical best practice standards, and the state of their implementation, on its website and the Market Observation Post System (MOPS) website?	V		The "Regulations Governing Information to be Published in the Annual Reports of Banks" require the Bank to use its annual reports to disclose its ethical best practice standards and the state of their implementation, and to post its annual reports on its website and the Market Observation Post System (MOPS) website.
5. Please describe any differences in operations and rules of ethical management regulations that the Bank has established in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies": The Bank is not a TWSE/GTSM listed company, but it has adopted the "Bank of Taiwan Ethical Best Practice Standards" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."			
6. Other important information that would aid in understanding the Bank's ethical management operations (such as the Bank's review and revision of ethical management regulations): To comply with the "Principle of Ethical Management" being promoted by Financial Supervisory Commission, to create a business environment that is conducive to sustainable development, and to establish a risk-based risk assessment mechanism, the Bank has adopted the "Bank of Taiwan Rules for Assessing the Risk of Unethical Behavior" in order to periodically analyze and assess business activities within the scope of its business that pose the risk of unethical behavior.			

8. Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at https://www.bot.com.tw, and click on "Corporate Governance."

9. Internal Control System

(1) Internal Control Statement

Please refer to page 56 and 57 of the Chinese annual report.

(2) Independent Auditors' Report

Please refer to page 58 of the Chinese annual report.

IV. Number of Shares in the Same Reinvested Enterprises Held by the Bank and Its Directors, Supervisors, President, Senior Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Controlled Directly or Indirectly by the Bank, and Ratios of Consolidated Shareholding

Consolidated Shareholding Ratios

Dec. 31, 2023

Unit: Share; %

Reinvested Enterprise (Note)	Investment by the Bank		Investment by Directors, Supervisors, President, Senior Executive Vice Presidents, Heads of Departments and Branches, and Enterprises Directly or Indirectly Controlled by the Bank		Consolidated Investment	
	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding	No. of Shares	Ratio of Shareholding
First Financial Holding Co., Ltd.	1,015,359,056	7.45	169,373	0.00	1,015,528,429	7.45
Taiwan Business Bank	1,333,153,090	16.21	246,952	0.00	1,333,400,042	16.21
Cathay Financial Holding Co., Ltd.	71,069,018	0.44	35,231,063	0.22	106,300,081	0.66
Mega Financial Holding Co., Ltd.	346,071,764	2.46	110,438	0.00	346,182,202	2.46
Taiwan Fire & Marine Insurance Co., Ltd.	64,608,278	17.84	0	0.00	64,608,278	17.84
China Development Financial Holding Corporation	286,941,073	1.56	206,835	0.00	287,147,908	1.56
Yuanta Financial Holding Co., Ltd.	285,570,538	2.25	145,566	0.00	285,716,104	2.25
CTBC Financial Holding Co., Ltd.	310,507,426	1.54	76,457,390	0.38	386,964,816	1.92
Taiwan Sugar Corporation	20,074,211	0.36	0	0.00	20,074,211	0.36
Taiwan Power Company	865,191,972	1.80	0	0.00	865,191,972	1.80
Taiwan Stock Exchange Corporation	115,983,673	10.01	0	0.00	115,983,673	10.01
China Trade & Development Corp.	1,250,110	1.91	0	0.00	1,250,110	1.91
China Daily News	62,882	0.14	0	0.00	62,882	0.14
Central Motion Picture Corporation	15,869,677	14.39	0	0.00	15,869,677	14.39
United Taiwan Bank S.A.	146,250	4.99	0	0.00	146,250	4.99
Taipei Forex Inc.	1,400,000	7.06	0	0.00	1,400,000	7.06
Taiwan Futures Exchange Corporation	26,464,307	4.85	0	0.00	26,464,307	4.85
Taiwan Asset Management Corporation	60,000,000	5.68	0	0.00	60,000,000	5.68
BankPro E-Service Technology Co., Ltd.	600,000	3.33	0	0.00	600,000	3.33
Taiwan Financial Asset Service Corporation	10,000,000	5.88	0	0.00	10,000,000	5.88
Financial Information Service Co., Ltd.	15,143,965	2.90	0	0.00	15,143,965	2.90
Financial eSolution Co., Ltd.	1,268,688	5.77	0	0.00	1,268,688	5.77
Sunny Asset Management Corporation	15,531	0.26	0	0.00	15,531	0.26
International Property & Finance Co., Ltd.	14,658	0.92	0	0.00	14,658	0.92
Taiwan Mobile Payment Co., Ltd.	1,200,000	2.00	0	0.00	1,200,000	2.00
Taiwania Capital Management Corporation	1,000,000	0.40	0	0.00	1,000,000	0.40
Taiwan Urban Regeneration & Financial Services Co., Ltd.	2,500,000	5.00	2,500,000	5.00	5,000,000	10.00
Hua Nan Financial Holdings Co., Ltd.	2,896,525,649	21.23	524,353,846	3.84	3,420,879,495	25.07
Tang Eng Iron Works Co., Ltd.	74,802,414	21.37	0	0.00	74,802,414	21.37
Taiyi Real Estate Management Co., Ltd.	1,500,000	30.00	0	0.00	1,500,000	30.00
BankTaiwan Insurance Brokers Co., Ltd.	2,000,000	100.00	0	0.00	2,000,000	100.00

Note: Investment according to Article 74 of the Banking Act.

Capital Overview

Capital Overview

I. Capital and Shares

1. Source of Capital

Month/ Year	Par Value	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Sources of Capital	Others
Feb. 2024	NT$10	10.9 billion	NT$109 billion	10.9 billion	NT$109 billion	Appropriation from the National Treasury, and a capital increase of NT$5 billion due to a merger with the Central Trust of China. A capital increase of NT$25 billion was carried out in 2010, and another NT$25 billion capital increase (from capital surplus) was carried out in 2014. In 2019, the Bank again carried out a capital increase of NT$14 billion, using real estate as its capital contribution.	

Note: In 2019, the Bank carried out a capital increase via private placement of NT$42 billion worth of common shares, using real estate as its capital contribution (i.e. a land-backed capital increase). Each share was issued at a premium price of NT$30 per share, resulting in an NT$42 billion private placement, of which NT$14 billion was booked to share capital and NT$28 billion was booked to capital surplus.

2. Net Worth, Earnings, and Dividends Per Share

Unit: NT$; Share

Item	Year	2023	2022
Net Worth Per Share	Before Distribution	40.19	36.28
	After Distribution	39.82	35.98
Earnings Per Share	Weighted Average Issued Shares	10,900,000,000	10,900,000,000
	Earnings Per Share (After Tax)	2.19	1.56
Dividends Per Share	Cash Dividends	0.37	0.30

Note: Figures for 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

3. Dividend Policy and Implementation Status

(1) Dividend Policy

The BOT Charter stipulates that if the final annual accounts show a profit, the profit will be distributed as follows:

A. Payment of the income tax;

B. Make up of losses for previous years;

C. Allocation of 30% for legal reserve;

D. Allocation of 20~40% of the surplus, and allocation of special reserve according to the rule.

Any remaining profits will be distributed, together with undistributed profits from the previous year, in accordance with the relevant laws and regulations.

Until the legal reserve reaches the total amount of capital, the maximum distribution of profits in the form of cash may not exceed 15% of the Bank's paid-in capital.

(2) Current Distribution of Stock Dividends

In closing the annual accounts for 2023, BOT set aside provisions to legal reserve and special reserve on the basis of audited after-tax earnings plus reclassified legal reserves and other comprehensive income transferred inward, after which the Bank decided to distribute cash dividends totaling NT$4 billion, or NT$0.37 per share. Under Article 50 of the Audit Act, however, the final determinant of the BOT's profit is the National Audit Office. Since the Bank's 2023 final budget is still under examination by the National Audit Office, the actual amount of cash dividends distributed will be determined after the National Audit Office completes its final examination.

Operational Highlights

Operational Highlights

I. Business Activities

1. Main Areas of Business Operations

(1) Deposits

Unit: NT$ Billion

Year-end / Item	end-2023		end-2022		Amount of increase (decrease)	Percent increase (decrease)
	Amount	%	Amount	%		
Demand deposits (including foreign currency deposits)	1,792.6	37.32	1,825.8	40.95	(33.2)	(1.82)
Time deposits (including foreign currency deposits)	2,628.5	54.73	2,265.4	50.81	363.1	16.03
Public treasury deposits	381.7	7.95	367.6	8.24	14.1	3.84
Total	4,802.8	100	4,458.8	100	344.0	7.72

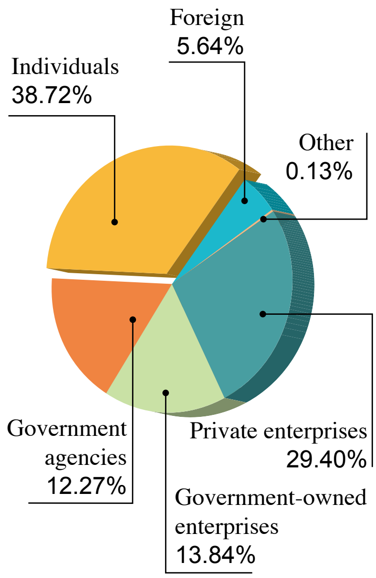
(2) Loans

Unit: NT$ Billion

Year-end / Item		end-2023		end-2022		Amount of increase (decrease)	Percent increase (decrease)
		Amount	%	Amount	%		
Category of borrowers	Private enterprises: Large	479.3	15.09	488.9	14.12	(9.6)	(1.96)
	Private enterprises: Small and medium	454.5	14.31	453.5	13.10	1.0	0.22
	Government-owned enterprises	439.8	13.84	562.6	16.25	(122.8)	(21.83)
	Government agencies	389.8	12.27	586.3	16.94	(196.5)	(33.52)
	Individuals	1,230.1	38.72	1,183.3	34.18	46.8	3.96
	Foreign	179.1	5.64	182.9	5.28	(3.8)	(2.08)
	Other	4.2	0.13	4.5	0.13	(0.3)	(6.67)
Term of loans	Short-term loans	684.3	21.54	704.8	20.36	(20.5)	(2.91)
	Medium-term loans	1,058.9	33.33	1,363.6	39.39	(304.7)	(22.35)
	Long-term loans	1,433.6	45.13	1,393.6	40.25	40.0	2.87
Total		3,176.8	100	3,462.0	100	(285.2)	(8.24)

Note: According to statistical data from the London Stock Exchange Group rankings of Taiwan's syndicated loan market, in 2023 BOT again held first place in the rankings for the categories of "Mandated Lead Arranger" and "Bookrunner", so it is clear that BOT enjoys the deep trust of its customers and peer institutions, and is a leader in the syndicated loan market.

2023 Structure of Loans



(3) Foreign Exchange and International Banking

Unit: US$ Billion

Item \ Year	2023		2022		Amount of increase (decrease)	Percent increase (decrease)
	Amount	%	Amount	%		
Exports	2.295	0.66	2.999	0.76	(0.704)	(23.47)
Imports	6.953	2.01	9.072	2.28	(2.119)	(23.36)
Foreign exchange	336.470	97.33	385.131	96.96	(48.661)	(12.63)
Total	345.718	100	397.202	100	(51.484)	(12.96)

(4) Digital Banking

Item \ Year	2023 (Number of transactions: x10,000)	end-2023 (Number of accounts: x10,000)	end-2022 (Number of accounts: x10,000)	Percent increase in number of accounts
Online banking	2,617	461.70	435.20	6.09
Corporate e-Banking	819	11.24	10.60	6.04
Electronic payment acceptance	1,853	0.80	0.76	5.26

(5) Trust Business

Unit: NT$ Billion

Item \ Year	2023	2022	Amount of increase (decrease)	Percent increase (decrease)
Trust business (average annual balance of trust principal)	488.628	472.739	15.889	3.36
Custodial business (year-end balance of total assets in custody)	1,782.414	1,553.637	228.777	14.73

(6) Investment

A. Volume of trading and underwriting of domestic bills

Unit: NT$ Billion

Item \ Year-end	end-2023	end-2022	Amount of increase (decrease)	Percent increase (decrease)
Amount of bills transactions	12,308.675	8,706.148	3,602.527	41.38
Amount of bills underwritten	22.450	92.811	(70.361)	(75.81)

B. Balance of investments in bonds and stocks

Unit: NT$ Billion

Item \ Year-end	end-2023	end-2022	Amount of increase (decrease)	Percent increase (decrease)
Bonds (in both NT$ and foreign currency)	624.978	539.017	85.961	15.95
Stocks (short-term investments)	20.008	22.832	(2.824)	(12.37)
Long-term share investments	75.465	71.602	3.863	5.40

(7) Business Derived from the Issuance of NT Dollar Currency for the Central Bank

Unit: NT$ Billion

Item \ Year	2023	2022	Amount of increase (decrease)	Percent increase (decrease)
Average amount of currency issued and outstanding for the year	3,366.8	3,132.4	234.4	7.48
Highest amount of currency issued and outstanding during the year (business day before Lunar New Year's Eve)	3,687.2 (2023/1/19)	3,390.0 (2022/1/28)	297.2	8.77
Amount of currency issued and outstanding (year-end)	3,428.3	3,356.8	71.5	2.13

(8) Government Employees Insurance

Unit: NT$ Billion

Item \ Year	2023	2022	Amount of increase (decrease)	Percent increase (decrease)
Income from insurance premiums	22.805	22.626	0.179	0.79

(9) Procurement Business

Unit: NT$ Billion

Item \ Year	2023	2022	Amount of increase (decrease)	Percent increase (decrease)
Procurement business	43.494	51.086	(7.592)	(14.86)

(10) Wealth Management Service

Unit: NT$ Million

Item	2023	Target figure for the year	Target completion rate
Income from processing fees for funds	206	228	90.35
Income from processing fees for insurance	322	394	81.73
Income from processing fees for Gold Passbooks	66	68	97.06
Total	594	690	86.09

(11) Precious Metals Business

Unit: NT$ Million

Year / Item	2023	2022	Amount of increase (decrease)	Percent increase (decrease)
Precious metals business (business volume)	134,879.64	125,731.83	9,147.81	7.28
Income from processing fees for handling tariff-rate quotas	48.49	46.37	2.12	4.57
Total	134,928.13	125,778.20	9,149.93	7.27

(12) Proportion of income from various kinds of business and changes therein

Unit: NT$1,000

Year / Item	2023		2022		Amount of increase (decrease)	Percent increase (decrease)
	Amount	%	Amount	%		
Net interest income	38,166,328	68.32	35,222,164	82.33	2,944,164	8.36
Service fees, net	3,723,978	6.67	4,070,368	9.51	(346,390)	(8.51)
Gain (loss) on financial assets or liabilities at fair value through profit or loss	72,247,771	129.32	(61,355,261)	(143.42)	133,603,032	(217.75)
Realized gains from financial assets measured at fair value through other comprehensive income	3,242,453	5.80	4,588,552	10.73	(1,346,099)	(29.34)
Gain (loss) from derecognition of financial assets measured at amortized cost	0	0.00	1,727	0.00	(1,727)	(100.00)

Item / Year	2023 Amount	2023 %	2022 Amount	2022 %	Amount of increase (decrease)	Percent increase (decrease)
Share of profit (loss) of associates and joint ventures accounted for using equity method	4,362,157	7.81	3,633,028	8.49	729,129	20.07
Foreign exchange gain (loss)	4,583,114	8.20	16,235,244	37.95	(11,652,130)	(71.77)
Gain on reversal (provision) of impairment loss on assets	(18,905)	(0.03)	(19,224)	(0.04)	319	(1.66)
Other non-interest net profit or loss	(70,440,056)	(126.09)	40,404,340	94.45	(110,844,396)	(274.34)
Net revenue	55,866,840	100.00	42,780,938	100.00	13,085,902	30.59

Note: This table has been compiled based on the consolidated financial report.

2. Operating Plans for 2024

(1) Deposits

The Bank will continue working actively to optimize deposit structure, launch sales motivation measures or campaigns, provide corporate customers with NT Dollar demand deposits, automatic salary payment services, transfer of funds from cashed checks, transfer of stock dividend and bond interest payments, and conduct ACH & direct debit services to improve deposit structure and reduce the cost of funds; improve risk management, periodically review and improve related systemic deficiencies, adopt operating rules and audit items, and hold online investor conferences training/awareness activities to strengthen employee education and training and compliance, use information system monitoring and control, send out electronic reconciliation statements, establish reading circles and self-regulated self-help groups to strengthen the internal audit system and reduce operational risks; continue to implement cross-selling mechanisms, and upgrade operational effectiveness; support the strategy for resource sharing and integrated marketing among TFH subsidiaries, continue accepting applications on behalf of BankTaiwan Securities (BTS) for the opening of securities trading accounts, and bring the spirit of full-staff marketing into play; continue actively seeking to provide agent bank and collection & payment services to government agencies at all levels, and to optimize the Bank of Taiwan's Public Treasury website and the Public Treasury Deposit and Fee Accounts Management System, in order to improve the quality and efficiency of agent bank services.

(2) Loans

A. Corporate Banking

Loans to private enterprises will be promoted continuously and loan risk controls will be reinforced. The Bank will seek opportunities to lead or participate in syndicated loans at home and abroad; strengthen OBU services and actively expand overseas credit business; promote factoring businesses and supply chain financing businesses; actively pursue lending for the purpose of renovating or rebuilding hazardous and old buildings; and actively participate in the Project for Provision of Special Loans and Credit Guarantees to assist in the innovation and development of small and medium enterprises. To coordinate with the government's Program for Promoting Six Core Strategic Industries, the Bank will actively undertake related lending business, and to coordinate with the government's Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan, the Bank will actively lend to such firms to fund their construction or purchase of factory sites and facilities. In response to the government's New Southbound Policy (NSP), the Bank will expand lending to firms in countries targeted by the NSP. The Bank will also continue to implement all types of post-pandemic economic stimulus loan programs, encourage and guide customers to value and act upon ESG concerns, and — for customers that work to achieve low-carbon transformation — the Bank gives an appropriate degree of assistance and preferential loan conditions.

B. Consumer Banking

The Bank will continue to promote high-quality loans for the purchase of owner-occupied homes, actively help non-homeowners to purchase homes, and appropriately adjust lending strategies to deal with changing market conditions. The Bank website's "special section for personal loans" provides one-stop shopping for loans and the digital process has been streamlined. The Bank will actively undertake "Young Entrepreneur Financing Loans" and "Phoenix Micro Start-up Loan" and will step up cooperation with city and county governments to promote lending to young entrepreneurs and small & medium businesses. It will coordinate with the government's promotion of digital finance by pro-actively promoting mobile payment services. It will continue to familiarize the public with the Bank's "iPass Guide Dog Affinity Card" and "Blessing card" to enhance the competitive edge enjoyed by the Bank's credit card brand.

(3) Foreign Exchange and International Banking

The Bank will continue developing its foreign exchange deposits business, and provide a diverse range of foreign exchange services, thereby providing customers with one-stop shopping for financial services. The Bank will take advantage of business opportunities arising from the restructuring of global supply chains, coordinate with the international expansion plans of Taiwanese companies, and support the development of important Taiwanese industries; continue using its overseas business locations as the core elements of an effort to pursue an Eastbound Strategy and the New Southbound Policy for expansion to serve the needs of offshore Taiwanese firms from nearby business locations and to further build up regional business networks; will use its deep pool of funds and its solid ties with a large client base of offshore Taiwanese businesses to continue expanding overseas branches' core business, work actively to enter into cooperative partnerships with world-leading financial institutions; and prudently respond to the risks associated with geopolitical and economic changes, strengthen risk management and implement legal compliance, and maintain safe and sound business development.

(4) Digital Financial Services

The Bank will be planning to allow customers to use the FamiPort machines at Family Mart convenience stores to execute the verification service, which will be applicable to digital transactions. It will promote its "Digital Transformation Flagship Program" and "Training Program to Develop Seed Personnel for a Digital Transformation" to develop employees' digital capabilities and step up business exchanges; will use its official LINE account to continue providing customers with increased access to credit card account queries, student loan account queries, and push notifications; will optimize the cloud-based banking function for online applications for personal loans, and add functions that allow for online applications to supplement an existing application with a guarantor or additional supporting documentation; and expand its intelligent customer service system website functionality to allow for "transfer to online real-person agent" functions, thereby providing more customer-friendly service.

(5) Trust Business

The Bank will continue to launch blue-chip, sustainable offshore bond products and add domestic and overseas fund products and ETFs to increase the operating scale of fund and trust management products; will carry out Phase 2 of the Financial Supervisory Commission's Trust 2.0 "Comprehensive Trust" Implementation Plan; will continuously develop old-age (cognitive impairment) trust products and property management trust of the disabled; will continue promoting the Bank's real estate transaction escrow service to enhance the security of real estate transactions; will actively coordinate with the government policy of promoting urban development and rebuilding of dangerous old buildings, and provide professional trust business service; continue developing the Bank's real estate development trust and escrow businesses; will seize opportunities to manage securities investment trust funds and discretionary investment accounts, thereby growing the Bank's custodial business; and will achieve outstanding performance through prudent management and investment of reserve funds for the old Labor Pension Fund and Government Employees Insurance scheme.

(6) Investment

In addition to the purchase of Central Bank negotiable certificates of deposit in its bills finance business, the Bank will purchase commercial papers on the primary market in order to support the Bank's business units in their certification and underwriting of guaranteed issues of commercial paper. To increase the fee income, the Bank will carry out bond investment under the principle of buying in batches in times of yield rebounds; actively seek opportunities to lead or participate in the underwriting of international bonds and NTD-denominated bonds and continue expanding into markets where government bonds, bank debentures and corporate bonds are relatively highly rated (investing primarily in bonds with international credit ratings of A- or higher); continue with the appropriate management of the reinvestment business; and continue to focus stock portfolio investment on blue chips, high cash dividend stocks, and ETFs. The principle of risk-control will be observed, and hedging transactions will be used to lower market risk. Most investments in overseas markets will be made via ETFs and foreign-denominated equity fund beneficial certificates. The Bank will diversify its investments to spread its risks, will screen different types of strongly performing funds and buy them in tranches, and will engage in technical trading to increase investment returns.

(7) Government Employees Insurance

Acting in line with the policies of the competent authority, the Bank will actively conduct operations related to annuity insurance for civil servants and teachers to provide stability for the lives of insured senior citizens; continue handling underwriting and cash claims business, improve operations to coordinate with business development, enhance operating efficiency and service quality; hold Government Employees Insurance seminars, strengthen awareness activities to familiarize staff with Government Employees Insurance operations and safeguard the interests of insured persons; continue to develop e-banking operations, provide a secure and convenient operating system, ensure the quality of computerized Government Employees Insurance business; reap higher returns on the Government Employees Insurance reserve fund by improving the diversity and risk management of reserve fund investments, and by diversifying investments to spread risks.

(8) Wealth Management Service

With a strong brand image, wealth management channel deployment will be reinforced to expand the service network of wealth management; the integrated marketing effect will be maximized to create a diversified financial products sales platform through holding company products and sales channels; and education and training activities will be held for wealth management personnel to enhance their professional expertise; The Bank will optimize the information system so that it can be managed and used with better results; will encourage business units to continue holding investment and financial management seminars for customers (including seminars focusing on how to avoid falling victim to financial scams), develop wealth management clientele, provide high-quality, professional consulting services, and improve customers' ability to spot scams; will protect consumer interests and implement legal compliance; will continue to promote robo-advisor wealth management (Bank of Taiwan e-Financial Management) services, implement segmented business operations, and expand the wealth management customer base.

(9) Precious Metals Business

The Bank will optimize its Gold Passbook product to provide diversified and differentiated services superior to those offered elsewhere in the financial industry, in order to maintain the Bank's leading position in the domestic market. The Bank will also serve as the main domestic issuing bank and clearing bank for the Gold Passbook, to facilitate the initiation of this business by cooperating banks, so that the Bank can provide gold assets disposition services to citizens. The Bank will join with the proper business units in visiting corporate customers with a need to use precious metals as raw materials, so as to seek business opportunities involving wholesale sales of physical precious metals as well as credit and foreign exchange business, and will ensure plentiful quantities of physical gold in stock and adequate availability to customers. The Bank will keep putting out diversified precious metal products, in order to stabilize supply-and-demand as well as transaction volume in the domestic gold market, and seize the business opportunities from retail and wholesale sales of physical precious metals.

3. Financial Product R&D and Business Development

Please refer to page 80-82 of the Chinese annual report.

4. Long-term and Short-term Development

(1) Short-term Development Plan

A. Coordinate with government policies, implement financial inclusion.

B. Strengthen core businesses, improve the management system.

C. Achieve the Bank's transition strategy, enhance the digital experience.

D. Set down deep overseas roots, seize upon market opportunities.

E. Achieve a sustainability roadmap, contribute to the achievement of net-zero emissions.

F. Take multi-asset positions, improve returns on assets.

G. Optimize RegTech, improve fair treatment of customers.

H. Consolidate cyber defense, enhance incident preparedness.

I. Attach importance to risk management, improve operation resilience.

J. Create a friendly workplace, form a culture of sustainability.

(2) Long-term Development Plan

The BOT has succeeded in working in line with the principles of "Integrity, Care, Efficiency, and Prudence" to achieve greater depth and breadth in its lineup of services. In line with its vision of "A Leading Bank with Global Presence," the Bank will continue strengthening its international presence, expanding overseas branches' core business, seizing upon the business opportunities arising in connection with the restructuring of global supply chains, and planning out overseas business development strategies. To coordinate with the government's various policies, the Bank will optimize its policies, plan and operate many different lines of business, expand the scope of its financial services, and improve overall business performance.

II. Human Resources

Employee Statistics

Item \ Year		2022	2023	As of Feb. 29, 2024
Number of Employees	Staff	7,440	7,433	7,321
	Guards	159	158	154
	Janitors	626	650	626
	Total	8,225	8,241	8,101
Average Age		45.57	45.30	45.27
Average Years of Service		17.83	17.44	17.41
Education (%)	Ph.D.	0.07	0.05	0.05
	Master's Degree	23.14	23.44	23.92
	Bachelor's Degree	70.80	70.54	70.74
	Senior High School	5.42	4.90	4.76
	Below Senior High School	0.57	1.07	0.53

Note: The above numbers do not include contract salespersons, contract workers, and overseas locally recruited staff.

III. Corporate Responsibility and Ethical Behavior

The BOT makes every effort to attain the budget targets set by the government, coordinates with the government's major construction plans and participates actively in the financing of infrastructure projects as well as large private investment projects, and joins programs to help financially distressed small and medium-sized enterprises and stimulate the economy, all in order to promote overall national economic development. The Bank acts in line with international sustainability initiatives by addressing ESG concerns in its investment, financing and product reviews, with an eye to encouraging companies to attach proper importance to sustainable development. At the same time, the Bank will also participate in public welfare activities to pay back to the public and fulfill corporate social responsibility. In addition, the Bank has further raised the level of its participation in corporate social responsibility activities by holding the "Bank of Taiwan Arts Festival" and the "Bank of Taiwan Awards for Economic and Financial Research" to solicit academic papers. Such activities encourage citizens to undertake research and creative artistic work, and work to activate assets such as historical buildings in order to pass on a local aesthetic sense to future generations, preserve our artistic and cultural heritage, and contribute to the sustainability of humanities and the arts.

BOT and the Taiwan Guide Dog Association on 4 November 2023 jointly held a Charity Fair to Support Guide Dog Services and Centers for Active Aging. BOT Chairman Joseph Jye-Cherng Lyu (3rd from left), Taiwan Financial Holding Co. President Jan-Lin Wei (2nd from left), BOT President Ma-Li Shih (1st from left), the Taiwan Guide Dog Association's Chairman Liu (3rd from right) and Secretary-General Chen (2nd from right), and a pair of guide dog users jointly presided over the opening ceremony.

IV. Number of Full-Time Non-Supervisory Employees, Average and Median Salary of Full-Time Non-Supervisory Employees, and How These Differ from the Preceding Year's Figures

Unit: Person; NT$1,000/ Person

Year / Full-Time Non-Supervisory Employees	2023	2022	+/-
Number	8,146	8,157	(11)
Average Salary	1,487	1,422	65
Median Salary	1,200	1,143	57

Note: To calculate the median figure above, the first step was to count the number of employees at end-December of the current year and note their occupational grades and ranks, and use the table of employee salaries to calculate the median salary, then on the basis of this number a median salary that includes bonuses and overtime pay is estimated.

V. Cyber Security Management

1. Cyber Security Risk Management Architecture, Cyber Security Policy, Specific Management Plan, and Resources Invested in Information and Cyber Security Management

(1) Cyber security risk management architecture

A. Acting in accordance with Article 38-1 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries," the Bank has appointed an SEVP to serve as its chief cyber security officer, and at its head office has established a Department of Cyber Security that is responsible for the Bank's cyber security operations, which include planning, monitoring, and implementation of cyber security management.

B. The Bank has established a Cyber Security Team that is chaired by its chief cyber security officer. This Team convenes periodic Meetings on Computer Security (two meetings in 2023). It is in charge of coordinating and setting the Bank's cyber security policies, plans, and resource allocations.

C. The Bank has adopted cyber security-related management systems. It has obtained ISO 27001 certification for its cyber security management system, ISO 22301 certification for its business continuity management system, and BS 10012 certification for its personal information management system. The Bank obtains validations by an impartial third party each year to keep these certifications current, to keep the Bank in line with the latest international trends in cyber security management, and to meet international management standards.

(2) Cyber Security Policy

The Bank has adopted a Cyber Security Policy which sets out the Bank's cyber security targets and cyber security work plans. The Cyber Security Policy is re-evaluated at least once per year to ensure that it complies with applicable laws and regulations, to check whether recent changes in technology or the business environment require that it be updated.

(3) Resources invested in information and cyber security management

A. The Bank adopts and implements a cyber security maintenance plan every year, conducts a stocktaking of core and non-core business operations, adopts cyber security-related management systems and gets them approved by certification bodies, classifies its information and communication system defense requirements and sets system defense standards, and conducts business continuity exercises, security tests, and email social engineering drills.

B. The Bank has built a layered defense-in-depth system, which employs multiple technologies to defend against different types of attacks, thereby reducing security threats from the internet or an intranet and maintaining the confidentiality, integrity, and availability of important assets.

C. The Bank has set up mechanisms for detection and management of cyber threats, and promptly identify and deal with risks, in order to prevent problems before they occur.

D. The Bank conducts periodic vulnerability scans, system penetration tests, and computer system and information system security assessments to discover potential cyber threats and vulnerabilities. In addition, the Bank conducts red team drills and security analyses to identify possible cyber security risks and strengthen the Bank's cyber defense capabilities.

E. The Bank continues to conduct email social engineering drills, the models of which more closely simulate environments in offices and everyday life. The purpose of the drills is to make Bank employees more alert to the dangers of social engineering.

F. Every year, the Bank uses training, internal conferences, posters, and other such methods to raise employee awareness of cyber security incidents and information regarding cyber security trends. The Bank also conducts periodic "Cyber Security Management Training Courses," "Workshops on Information Equipment and Cyber Defense," "Security Standards for Information Systems," "Workshops on FinTech Applications and Cyber Defense," and other such training programs to raise employees' cyber security consciousness. In addition, dedicated cyber security personnel must attend at least 15 hours of professional-level cyber security coursework to strengthen their cyber security expertise.

G. The Bank has established a cyber security incident notification mechanism, formulated related emergency response procedures, and used drills to implement adjustments and improvements on a rolling basis. If the Bank experiences any major cyber security incidents, the Chief Cyber Security Officer, who also chairs the Bank's Cyber Security Incident Response Team (CSIRT), takes charge of emergency response.

Financial Information

Financial Information

I. Five-Year Financial Summary

1. Condensed Balance Sheets and Comprehensive Income Statements

Condensed Consolidated Balance Sheets

Unit: NT$1,000

Item \ Year	2023	2022	2021	2020	2019
Cash, cash equivalents, placement with Central Bank and call loans to banks	681,897,587	747,319,647	772,223,584	747,558,149	704,899,680
Financial assets measured at fair value through profit or loss	370,501,347	287,624,682	355,533,269	326,438,433	244,193,929
Financial assets measured at fair value through other comprehensive income	1,358,202,266	1,138,542,757	995,955,988	991,067,914	1,013,078,126
Debt investments measured at amortized cost	291,174,762	276,063,085	164,929,574	156,093,052	177,206,775
Financial assets for hedging	1,419	9,467	-	-	1,071
Bills and bonds purchased under resell agreements	-	-	-	-	-
Receivables, net	61,493,891	55,471,096	58,784,555	53,456,959	58,510,274
Current income tax assets	31,421	175,241	1,497,521	2,104,852	1,126,655
Loans and discounts, net	3,131,758,621	3,418,227,678	2,940,449,487	2,869,204,520	2,676,141,224
Investments under equity method, net	45,134,098	40,484,622	43,880,527	41,133,360	41,109,486
Other financial assets, net	24,129,434	27,441,000	30,159,160	37,763,270	40,158,445
Property and equipment, net	139,035,349	139,164,541	138,885,078	139,164,914	138,128,918
Right-of-use asset, net	1,536,560	1,279,796	1,421,474	1,447,075	1,603,487
Investment property, net	15,238,207	15,238,207	15,238,207	15,238,207	15,238,207
Intangible assets, net	1,296,635	1,134,142	1,053,368	980,867	873,797
Deferred tax assets, net	327,223	337,789	455,074	623,816	903,797
Other assets	38,797,013	29,872,334	27,941,301	16,514,844	11,556,583

Item \ Year		2023	2022	2021	2020	2019
Total assets	Before distribution	6,160,555,833	6,178,386,084	5,548,408,167	5,398,790,232	5,124,730,454
	After distribution	6,158,055,833	6,176,086,084	5,546,226,191	5,396,664,320	5,124,730,454
Deposits of Central Bank and other banks		337,827,114	273,183,040	301,575,853	268,447,708	229,253,533
Financing from Central Bank and banks		3,531,075	253,840,625	36,170,330	15,849,400	-
Financial liabilities measured at fair value through profit or loss		32,905,513	25,066,050	19,678,531	32,337,278	60,283,847
Financial liabilities for hedging		-	-	16,241	49,894	25,537
Bills and bonds sold under repurchase agreements		16,272,079	23,857,909	3,987,215	6,418,088	21,564,871
Payables		54,355,760	47,327,496	42,483,843	41,653,884	43,850,744
Current income tax liabilities		3,560,943	1,448,666	1,666,707	1,090,936	1,291,140
Liabilities related to assets held for sale		-	-	-	-	-
Deposits and remittances		4,734,638,404	4,670,905,961	4,209,597,116	4,172,738,840	3,971,785,851
Financial bonds payable		10,999,390	25,999,370	25,999,058	24,999,085	24,998,820
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,415,804	548,381	423,216	924,671	962,539
Provision		499,313,921	432,704,782	476,726,992	420,237,839	361,821,599
Lease liabilities		1,472,662	1,218,855	1,319,965	1,323,312	1,479,132
Deferred tax liabilities		18,723,733	18,490,095	18,373,243	18,360,527	18,233,421
Other liabilities		7,520,207	8,321,581	8,199,245	11,216,748	10,694,256
Total liabilities	Before distribution	5,722,536,605	5,782,912,811	5,146,217,555	5,015,648,210	4,746,245,290
	After distribution	5,724,036,605	5,783,912,811	5,147,217,555	5,015,648,210	4,747,045,290
Equity attributable to owners of the parent	Before distribution	438,019,228	395,473,273	402,190,612	383,142,022	378,485,164
	After distribution	434,019,228	392,173,273	399,008,636	381,016,110	377,685,164
Capital stock	Before distribution	109,000,000	109,000,000	109,000,000	109,000,000	109,000,000
	After distribution	109,000,000	109,000,000	109,000,000	109,000,000	109,000,000

Item \ Year		2023	2022	2021	2020	2019
Capital surplus		108,453,642	108,453,043	108,453,043	108,453,043	108,453,043
Retained earnings	Before distribution	156,284,002	135,347,690	122,270,667	110,958,000	101,706,372
	After distribution	152,284,002	132,047,690	119,088,691	108,832,088	100,906,372
Other equity		64,281,584	42,672,540	62,466,902	54,730,979	59,325,749
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	438,019,228	395,473,273	402,190,612	383,142,022	378,485,164
	After distribution	434,019,228	392,173,273	399,008,636	381,016,110	377,685,164

Note: Figures for 2019 to 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

Condensed Consolidated Statements of Comprehensive Income

Unit: NT$1,000

Item \ Year	2023	2022	2021	2020	2019
Interest income	117,897,483	70,057,905	48,288,746	54,052,768	66,034,226
Less: Interest expense	79,731,155	34,835,741	18,650,703	26,564,755	39,355,028
Net interest income	38,166,328	35,222,164	29,638,043	27,488,013	26,679,198
Non-interest income, net	17,700,512	7,558,774	9,404,268	6,649,238	15,491,645
Net revenue	55,866,840	42,780,938	39,042,311	34,137,251	42,170,843
Bad debt expense and commitment and reserve for guarantees	2,177,689	624,714	261,249	310,089	7,345,228
Operating expenses	25,206,301	22,965,493	21,817,820	21,483,757	21,614,459
Income before tax from continuing operations	28,482,850	19,190,731	16,963,242	12,343,405	13,211,156
Income tax (expenses) revenues	(4,663,721)	(2,144,913)	(1,682,081)	(828,055)	(1,820,743)
Net income from continuing operations	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Gain (Loss) from discontinued operations	-	-	-	-	-
Net income	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Other comprehensive income	-	-	-	-	-
Other comprehensive income (net of tax)	22,026,227	(20,581,181)	5,893,341	(6,058,492)	15,765,706
Total comprehensive income	45,845,356	(3,535,363)	21,174,502	5,456,858	27,156,119
Net income attributable to owners of the parent company	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	45,845,356	(3,535,363)	21,174,502	5,456,858	27,156,119
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.19	1.56	1.40	1.06	1.15

Note: Figures for 2019 to 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

Condensed Individual Balance Sheets

Unit: NT$1,000

Item \ Year		2023	2022	2021	2020	2019
Cash, cash equivalents, placement with Central Bank and call loans to banks		681,897,557	747,319,617	772,223,554	747,558,119	704,899,650
Financial assets measured at fair value through profit or loss		370,501,347	287,624,682	355,533,269	326,438,433	244,193,929
Financial assets measured at fair value through other comprehensive income		1,358,202,266	1,138,542,757	995,955,988	991,067,914	1,013,078,126
Debt investments measured at amortized cost		291,174,762	276,063,085	164,929,574	156,093,052	177,206,775
Financial assets for hedging		1,419	9,467	-	-	1,071
Bills and bonds purchased under resell agreements		-	-	-	-	-
Receivables, net		61,482,665	55,465,656	58,763,314	53,437,162	58,497,703
Current income tax assets		24,203	167,560	1,497,504	2,100,741	1,126,655
Loans and discounts, net		3,131,758,621	3,418,227,678	2,940,449,487	2,869,204,520	2,676,141,224
Investments under equity method, net		45,475,276	40,822,662	44,259,229	41,512,229	41,546,887
Other financial assets, net		24,129,434	27,441,000	30,159,160	37,763,270	40,158,445
Property and equipment, net		139,032,398	139,161,331	138,881,762	139,161,426	138,125,216
Right-of-use asset, net		1,536,560	1,279,796	1,421,474	1,447,075	1,603,487
Investment property, net		15,238,207	15,238,207	15,238,207	15,238,207	15,238,207
Intangible assets, net		1,296,020	1,133,286	1,052,853	980,334	873,217
Deferred tax assets, net		321,985	332,552	449,836	618,378	898,143
Other assets		38,793,967	29,869,296	27,938,284	16,511,833	11,553,574
Total assets	Before distribution	6,160,866,687	6,178,698,632	5,548,753,495	5,399,132,693	5,125,142,309
	After distribution	6,158,366,687	6,176,398,632	5,546,571,519	5,397,006,781	5,125,142,309
Deposits of Central Bank and other banks		337,827,114	273,183,040	301,575,853	268,447,708	229,253,533
Financing from Central Bank and banks		3,531,075	253,840,625	36,170,330	15,849,400	-
Financial liabilities measured at fair value through profit or loss		32,905,513	25,066,050	19,678,531	32,337,278	60,283,847
Financial liabilities for hedging		-	-	16,241	49,894	25,537
Bills and bonds sold under repurchase agreements		16,272,079	23,857,909	3,987,215	6,418,088	21,564,871
Payables		54,344,157	47,314,847	42,465,523	41,636,403	43,827,118

Item \ Year		2023	2022	2021	2020	2019
Current income tax liabilities		3,560,943	1,448,666	1,662,239	1,090,936	1,273,649
Liabilities related to assets held for sale		-	-	-	-	-
Deposits and remittances		4,734,965,454	4,671,239,835	4,209,976,571	4,173,100,442	3,972,246,112
Financial bonds payable		10,999,390	25,999,370	25,999,058	24,999,085	24,998,820
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,415,804	548,381	423,216	924,671	962,539
Provision		499,308,467	432,695,316	476,714,994	420,235,522	361,813,702
Lease liabilities		1,472,662	1,218,855	1,319,965	1,323,312	1,479,132
Deferred tax liabilities		18,723,733	18,490,095	18,373,243	18,360,527	18,233,421
Other liabilities		7,521,068	8,322,370	8,199,904	11,217,405	10,694,864
Total liabilities	Before distribution	5,722,847,459	5,783,225,359	5,146,562,883	5,015,990,671	4,746,657,145
	After distribution	5,724,347,459	5,784,225,359	5,147,562,883	5,015,990,671	4,747,457,145
Equity attributable to owners of the parent	Before distribution	438,019,228	395,473,273	402,190,612	383,142,022	378,485,164
	After distribution	434,019,228	392,173,273	399,008,636	381,016,110	377,685,164
Capital stock	Before distribution	109,000,000	109,000,000	109,000,000	109,000,000	109,000,000
	After distribution	109,000,000	109,000,000	109,000,000	109,000,000	109,000,000
Capital surplus		108,453,642	108,453,043	108,453,043	108,453,043	108,453,043
Retained earnings	Before distribution	156,284,002	135,347,690	122,270,667	110,958,000	101,706,372
	After distribution	152,284,002	132,047,690	119,088,691	108,832,088	100,906,372
Other equity		64,281,584	42,672,540	62,466,902	54,730,979	59,325,749
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	438,019,228	395,473,273	402,190,612	383,142,022	378,485,164
	After distribution	434,019,228	392,173,273	399,008,636	381,016,110	377,685,164

Note: Figures for 2019 to 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

Condensed Individual Statements of Comprehensive Income

Unit: NT$1,000

Item / Year	2023	2022	2021	2020	2019
Interest income	117,897,483	70,057,905	48,288,746	54,052,768	66,034,226
Less: Interest expense	79,732,994	34,836,467	18,651,099	26,565,093	39,355,438
Net interest income	38,164,489	35,221,438	29,637,647	27,487,675	26,678,788
Non-interest income, net	17,624,615	7,479,917	9,295,609	6,540,043	15,345,157
Net revenue	55,789,104	42,701,355	38,933,256	34,027,718	42,023,945
Bad debt expense and commitment and reserve for guarantees	2,177,689	624,714	261,249	310,089	7,345,228
Operating expenses	25,129,644	22,886,751	21,725,962	21,391,282	21,507,754
Income before tax from continuing operations	28,481,771	19,189,890	16,946,045	12,326,347	13,170,963
Income tax (expenses) revenues	(4,662,642)	(2,144,072)	(1,664,884)	(810,997)	(1,780,550)
Net income from continuing operations	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Gain (Loss) from discontinued operations	-	-	-	-	-
Net income	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Other comprehensive income	-	-	-	-	-
Other comprehensive income (net of tax)	22,026,227	(20,581,181)	5,893,341	(6,058,492)	15,765,706
Total comprehensive income	45,845,356	(3,535,363)	21,174,502	5,456,858	27,156,119
Net income attributable to owners of the parent company	23,819,129	17,045,818	15,281,161	11,515,350	11,390,413
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent company	45,845,356	(3,535,363)	21,174,502	5,456,858	27,156,119
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share	2.19	1.56	1.40	1.06	1.15

Note: Figures for 2019 to 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

2. CPA-Auditor of Financial Report

Year	Name of Accounting Firm	Name of CPA		Audit Opinion
2019	KPMG Certified Public Accountants	Lee, Feng-Hui	Wu, Lin	Unqualified Opinion
2020	KPMG Certified Public Accountants	Lee, Feng-Hui	Wu, Lin	Unqualified Opinion
2021	KPMG Certified Public Accountants	Lee, Feng-Hui	Wu, Lin	Unqualified Opinion
2022	KPMG Certified Public Accountants	Wu, Lin	Chen, Fu-Jen	Unqualified Opinion
2023	KPMG Certified Public Accountants	Wu, Lin	Chen, Fu-Jen	Unqualified Opinion

II. Five-Year Financial Analysis

Consolidated Financial Analysis

Unit: NT$1,000; %

Item	Year	2023	2022	2021	2020	2019
Operating Ability	Ratio of Loans to Deposits	65.52	72.57	70.87	69.77	68.42
	Non-Performing Loan Ratio	0.09	0.09	0.11	0.15	0.18
	Ratio of Interest Cost to Annual Average Deposits (Note 4)	1.60	0.84	0.58	0.81	1.07
	Ratio of Interest Income to Annual Average Loans Outstanding (Note 4)	2.20	1.52	1.26	1.32	1.60
	Total Assets Turnover (Times) (Note 4)	0.91	0.73	0.71	0.65	0.83
	Average Revenue per Employee (Note 4)	6,675	5,105	4,677	4,082	5,064
	Average Profit per Employee (Note 4)	2,846	2,034	1,831	1,377	1,368
Profitability	Return on Tier 1 Capital (Note 4)	8.92	6.40	5.82	4.50	5.62
	Return on Assets (Note 4)	0.39	0.29	0.28	0.22	0.22
	Return on Equity (Note 4)	5.72	4.27	3.89	3.02	3.31
	Net Income Ratio	42.64	39.84	39.14	33.73	27.01
	Earnings per Share (NT$) (Note 4)	2.19	1.56	1.40	1.06	1.15
Financial Structure	Ratio of Liabilities to Assets	92.87	93.58	92.73	92.88	92.60
	Ratio of Property and Equipment to Equity	31.74	35.19	34.53	36.32	36.92
Growth Rate	Rate of Asset Growth (Note 4)	(0.29)	11.35	2.77	5.35	1.56
	Rate of Profit Growth (Note 4)	48.42	13.13	37.43	(6.57)	15.12
Cash Flow	Cash Flow Ratio (Note 4)	130.91	0.00	0.00	0.00	7.05
	Cash Flow Adequacy Ratio (Note 4)	986.46	(2,051.95)	(2,251.06)	204.21	547.94
	Cash Flow Satisfied Ratio (Note 4)	33,118.39	0.00	0.00	0.00	2,113.09
Liquidity Reserve Ratio (Note 4)		35.41	22.11	32.68	34.27	37.41
Loans to Parties with Material Relationship with the Bank		30,109,557	29,352,134	30,111,946	26,577,119	26,622,691
Ratio of Loans to Parties with Material Relationship with the Bank to Total Loans		0.92	0.82	0.98	0.88	0.94
Operating Scale	Market Share of Assets	8.44	8.87	8.53	8.78	8.98
	Market Share of Net Worth	8.68	8.79	8.98	8.82	9.05
	Market Share of Deposits	8.35	8.66	8.41	8.98	9.36
	Market Share of Loans	7.87	8.93	8.36	8.71	8.57

Notes:1. Figures for 2019 to 2022 are approved by the National Audit Office; figures for 2023 are CPA approved.

2. The BOT capital increase was approved by the Financial Supervisory Commission on July 17, 2019 [Ref: Letter No. (FSC) Gin-Guan-Yin Kong 10801305311] and by the Ministry of Economic Affairs on October 31, 2019 [Ref: Letter No. (MOEA) Jing-Shou-Shang 10801140660]. The date of record for the capital increase is September 25, 2019.

3. To reasonably express average interest rate, excess interest paid on preferential-rate deposits was added back into total interest expenditures for 2023, 2022, 2021, 2020 and 2019 in the amounts of NT$6,277,905,000, NT$5,810,891,000, NT$6,842,192,000, NT$8,469,704,000, and NT$8,781,167,000, respectively.

4. Reasons why the ratio changed during the previous two years by 20% or more:
   (1) The "ratio of interest cost to annual average deposits" and the "ratio of interest income to annual average loans outstanding" were both up from the previous year, primarily due to interest rate hikes by central banks at home and abroad.
   (2) "Total assets turnover" rose, primarily because BOT flexibly invested its funds, and investment gains were sharply up from the previous year.
   (3) 2023 net income per employee (NIPE), average profit per employee, return on Tier 1 Capital, return on assets (ROA), return on equity (ROE), earnings per share (EPS), and growth rate of profit were all up from 2022, primarily because the Bank's profits had increased.
   (4) The rate of asset growth fell, primarily because BOT's outstanding loans at end-2023 were down from the previous year.
   (5) The cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio all rose, primarily due to a sharp increase in the inflow of cash from operating activities in 2023, as opposed to an outflow of cash from operating activities in 2022.
   (6) The liquidity reserve ratio rose, primarily because the amount of the actual liquidity reserve rose sharply from the previous year.

5. Formulae used in calculations:
   (1) Operating Ability
      a. Ratio of loans to deposits = Total loans / Total deposits
      b. Non-performing loan ratio = Non-performing loans / Total loans outstanding
      c. Ratio of interest cost to annual average deposits = Interest cost related to deposits / Annual average deposits
      d. Ratio of interest income to annual average loans outstanding = Interest income related to loans outstanding / Annual average amount of loans outstanding
      e. Total assets turnover (times) = Net revenue / Average total assets
      f. Average revenue per employee = Net revenue / Total number of employees
      g. Average profit per employee = Net income / Total number of employees
   (2) Profitability
      a. Return on Tier 1 capital = Net income before tax / Net average Tier 1 capital
      b. Return on assets = Net income / Average total assets
      c. Return on equity = Net income / Average total equity
      d. Net income ratio = Net income / Net revenue
      e. Earnings per share = (Net income attributable to owners of the parent company – Preferred stock dividend) / Weighted average number of shares issued
   (3) Financial Structure
      a. Ratio of liabilities to assets = Total liabilities / Total assets
      b. Ratio of property and equipment to equity = Net property and equipment / Net equity
   (4) Growth Rate
      a. Rate of asset growth = (Total assets for current year – Total assets for previous year) / Total assets for previous year
      b. Rate of profit growth = (Before-tax profit or loss for current year – Before-tax profit or loss for previous year) / Before-tax profit or loss for previous year
   (5) Cash Flow
      a. Cash flow ratio = Net cash flow from operating activities / (Call loans and overdrafts from banks + Commercial paper payable+ Financial liabilities measured at fair value through profit or loss + Bills and bonds sold under repurchase agreements + Current portion of payables)
      b. Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditures + Cash dividends) for the past five years
      c. Cash flow satisfied ratio = Net cash flow from operating activities / Net cash flow from investing activities
   (6) Liquidity reserve ratio = Liquid assets specified by the Central Bank / Debt items for which liquidity reserves should be allocated
   (7) Operating Scale
      a. Market share of assets = Total assets / Total assets of the major financial institutions
      b. Market share of net worth = Net worth / Total net worth of the major financial institutions
      c. Market share of deposits = Total deposits / Total deposits of the major financial institutions
      d. Market share of loans = Total loans / Total loans of the major financial institutions
   (8) Other
      a. The total amount of liabilities is net of reserve for guarantees and contingency funds.
      b. The term "revenues" means the sum total of interest income and non-interest income.
      c. Cash dividends include cash dividends on common and preferred shares.

Individual Financial Analysis

Unit: NT$1,000; %

Item		2023	2022	2021	2020	2019
Operating Ability	Ratio of Loans to Deposits	65.51	72.57	70.86	69.76	68.41
	Non-Performing Loan Ratio	0.09	0.09	0.11	0.15	0.18
	Ratio of Interest Cost to Annual Average Deposits (Note 4)	1.60	0.84	0.58	0.81	1.07
	Ratio of Interest Income to Annual Average Loans Outstanding (Note 4)	2.20	1.52	1.26	1.32	1.60
	Total Assets Turnover (Times) (Note 4)	0.90	0.73	0.71	0.65	0.83
	Average Revenue per Employee (Note 4)	6,665	5,096	4,664	4,069	5,046
	Average Profit per Employee (Note 4)	2,846	2,034	1,831	1,377	1,368
Profitability	Return on Tier 1 Capital (Note 4)	8.92	6.40	5.82	4.49	5.61
	Return on Assets (Note 4)	0.39	0.29	0.28	0.22	0.22
	Return on Equity (Note 4)	5.72	4.27	3.89	3.02	3.31
	Net Income Ratio	42.69	39.92	39.25	33.84	27.10
	Earnings per Share (NT$) (Note 4)	2.19	1.56	1.40	1.06	1.15
Financial Structure	Ratio of Liabilities to Assets	92.87	93.59	92.74	92.88	92.60
	Ratio of Property and Equipment to Equity	31.74	35.19	34.53	36.32	36.92
Growth Rate	Rate of Asset Growth (Note 4)	(0.29)	11.35	2.77	5.35	1.56
	Rate of Profit Growth (Note 4)	48.42	13.24	37.48	(6.41)	15.26
Cash Flow	Cash Flow Ratio (Note 4)	130.91	0.00	0.00	0.00	7.05
	Cash Flow Adequacy Ratio (Note 4)	981.61	(2,057.99)	(2,258.89)	195.81	548.71
	Cash Flow Satisfied Ratio (Note 4)	33,137.68	0.00	0.00	0.00	2,116.17
Liquidity Reserve Ratio (Note 4)		35.41	22.11	32.68	34.27	37.41
Loans to Parties with Material Relationship with the Bank		30,109,557	29,352,134	30,111,946	26,577,119	26,622,691
Ratio of Loans to Parties with Material Relationship with the Bank to Total Loans		0.92	0.82	0.98	0.88	0.94
Operating Scale	Market Share of Assets	8.44	8.87	8.53	8.78	8.98
	Market Share of Net Worth	8.68	8.79	8.98	8.82	9.05
	Market Share of Deposits	8.35	8.66	8.41	8.98	9.36
	Market Share of Loans	7.87	8.93	8.36	8.71	8.57

Notes are the same as page 80.

Adequacy of Capital

Unit: NT$1,000

Item			2023	2022	2021	2020	2019
Regulatory Capital	Common Stocks Equity		333,278,440	305,202,251	294,229,293	288,306,427	260,398,368
	Other Total Tier 1 of Non-Common Stocks Equity						
	Tier 2 Capital		52,905,012	54,483,022	33,023,120	40,361,717	37,174,652
	Regulatory Capital		386,183,452	359,685,273	327,252,413	328,668,144	297,573,020
Total Risk-Weighted Assets	Credit Risk	Standardized Approach	2,201,628,095	2,255,525,803	1,983,680,458	2,062,529,245	1,955,312,649
		Internal Ratings-Based Approach					
		Securitization	2,268,527	431,336	560,578	439,884	291,897
	Operational Risk	Basic Indicator Approach					
		Standardized Approach/ Alternative Standardized Approach	76,844,863	62,008,213	63,048,988	64,279,938	63,628,550
		Advanced Measurement Approach					
	Market Risk	Standardized Approach	105,681,738	81,314,025	98,239,575	70,603,450	82,580,325
		Internal Model Approach					
	Total Risk-Weighted Assets		2,386,423,223	2,399,279,377	2,145,529,599	2,197,852,517	2,101,813,421
Capital Adequacy Ratio (%)			16.18	14.99	15.25	14.95	14.16
Ratio of Tier 1 Capital to Risk Assets (%)			13.97	12.72	13.71	13.12	12.39
Ratio of Common Stocks Equity to Risk Assets (%)			13.97	12.72	13.71	13.12	12.39
Leverage Ratio (%)			5.55	5.02	5.48	5.46	5.08

Notes: 1. Figures for 2019 to 2023 are CPA approved.

2. The definition of Regulatory capital, Total risk-weighted assets and Exposure measure hereby shall be in compliance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “Methods for Calculating Bank’s Regulatory Capital and Risk-Weighted Assets.”

3. Formulae used in calculations:

(1) Regulatory capital = Common stocks equity + Other total Tier 1 of non-common stocks equity + Tier 2 capital

(2) Total risk-weighted assets = Credit risk-weighted assets + (Operational risk ＋ Market risk) Capital requirement ×12.5

(3) Capital adequacy ratio = Regulatory capital / Total risk-weighted assets

(4) Ratio of Tier 1 capital to risk assets = (Common stocks equity + Other total Tier 1 of non-common stocks equity) / Total risk-weighted assets

(5) Ratio of common stocks equity to risk assets = Common stocks equity / Total risk-weighted assets

(6) Leverage ratio = Net Tier 1 capital / Exposure measurement

III. Statement by the Audit Committee

Please refer to page 100 of the Chinese annual report.

IV. Financial Statements of Recent Years, and Independent Auditors' Report

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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, 2023 and 2022, 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 the Bank and subsidiary as at December 31, 2023 and 2022, 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, 2022 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.

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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$44,148,540 thousand and NT$39,263,825 thousand as of December 31, 2023 and 2022, respectively, constituting 0.72% and 0.64% of the related consolidated total assets; nor the related shares of investment profit in associates accounted for using equity method of NT$4,602,638 thousand and NT$3,681,099 thousand for the years then ended, respectively, constituting 8.24% and 8.60% 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 2023 and 2022, 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, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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.

   <u>Description of key audit matters</u>

   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, 2023. Therefore, the assessment of impairment of financial assets has been identified as a key audit matter in our audit.

   <u>How the matter was addressed in our audit</u>

   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, 2023 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.

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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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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Taipei, Taiwan (Republic of China)
March 8, 2024

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
11000	Cash and Cash Equivalents (notes 6(a), 8 and 10)	$ 116,062,640	2	152,030,876	2
11500	Placement with Central Bank and Call Loans to Banks (notes 6(b), 8, 10 and 11)	565,834,947	9	595,288,771	10
12000	Financial Assets Measured at Fair Value through Profit or Loss (notes 6(c), 7, 8 and 10)	370,501,347	6	287,624,682	5
12100	Financial Assets Measured at Fair Value through Other Comprehensive Income (notes 6(d), (q), 7, 8 and 11)	1,358,202,266	22	1,138,542,757	18
12200	Debt Investments Measured at Amortized Cost (notes 6(i), (q), 7, 8 and 11)	291,174,762	5	276,063,085	4
12300	Hedging Derivative Financial Assets, net (notes 6(e), 7 and 8)	1,419	-	9,467	-
13000	Receivables, net (notes 6(g), 8 and 10)	61,493,891	1	55,471,096	1
13200	Current Income Tax Assets	31,421	-	175,241	-
13500	Loans and Discounts, net (notes 6(h), 8 and 10)	3,131,758,621	51	3,418,227,678	55
15000	Investments under Equity Method, net (note 6(j))	45,134,098	1	40,484,622	1
15500	Other Financial Assets, net (notes 6(g), (k), (q), 8 and 10)	24,129,434	-	27,441,000	-
18500	Property and Equipment, net (notes 6(l), (q) and 8)	139,035,349	2	139,164,541	3
18600	Right-of use assets (note 6(m))	1,536,560	-	1,279,796	-
18700	Investment Property (note 6(n))	15,238,207	-	15,238,207	-
19000	Intangible Assets, net (notes 6(o) and 8)	1,296,635	-	1,134,142	-
19300	Deferred Tax Assets (note 6(ad))	327,223	-	337,789	-
19500	Other Assets, net (notes 6(p), 8 and 10)	38,797,013	1	29,872,334	1
	Total assets	$ 6,160,555,833	100	6,178,386,084	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
21000	Deposits of Central Bank and other banks (notes 6(r), 8 and 10)	$ 337,827,114	5	273,183,040	4
21500	Due to the Central Bank and banks (notes 6(b) and (s))	3,531,075	-	253,840,625	4
22000	Financial Liabilities Measured at Fair Value through Profit or Loss (notes 6(t), 7, 8 and 10)	32,905,513	1	25,066,050	-
22500	Bills and Bonds Sold under Repurchase Agreements (notes 6(f) and 8)	16,272,079	-	23,857,909	-
23000	Payables (notes 6(u), 8 and 10)	54,355,760	1	47,327,496	1
23200	Current Income Tax Liabilities	3,560,943	-	1,448,666	-
23500	Deposits and Remittances (notes 6(v), 8 and 10)	4,734,638,404	77	4,670,905,961	76
24000	Financial Bonds Payable (notes 6(w) and 8)	10,999,390	-	25,999,370	-
25500	Other Financial Liabilities (notes 6(x) and 8)	1,415,804	-	548,381	-
25600	Provision (notes 6(y), (z) and 8)	499,313,921	8	432,704,782	8
26000	Lease Liabilities (notes 6(aa) and 8)	1,472,662	-	1,218,855	-
29300	Deferred Tax Liabilities (note 6(ad))	18,723,733	-	18,490,095	-
29500	Other Liabilities (notes 6(ac), 8 and 10)	7,520,207	-	8,321,581	-
	Total liabilities	5,722,536,605	92	5,782,912,811	93
	Equity attributable to owners of parent (note 6(ae)):				
31101	Capital stock	109,000,000	2	109,000,000	2
31500	Capital surplus	108,453,642	2	108,453,043	2
	Retained earnings:				
32001	Legal reserve	59,541,379	1	54,663,265	1
32003	Special reserve	56,843,137	1	49,933,409	1
32005	Unappropriated retained earnings	39,899,486	1	30,751,016	-
	Total retained earnings	156,284,002	3	135,347,690	2
32500	Other equity	64,281,584	1	42,672,540	1
	Total equity	438,019,228	8	395,473,273	7
	Total liabilities and equity	$ 6,160,555,833	100	6,178,386,084	100

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022		Change
		Amount	%	Amount	%	%
	Revenue and income:					
41000	Interest income (notes 6(af) and 10)	$117,897,483	211	70,057,905	163	68
51000	Less:Interest expense (notes 6(af) and 10)	79,731,155	143	34,835,741	81	129
	Net interest income (note 6(af))	38,166,328	68	35,222,164	82	8
	Non-interest income, net					
49100	Service fees ,net (notes 6(ag) and 10)	3,723,978	7	4,070,368	10	(9)
49200	Gain (loss) on financial assets or liabilities measured at fair value through profit or loss (notes 6(ah) and 10)	72,247,771	129	(61,355,261)	(143)	218
49310	Realized gains from financial assets measured at fair value through other comprehensive income (note 6(ai))	3,242,453	6	4,588,552	11	(29)
49450	Net gain from derecognition of financial assets measured at amortized cost (note 6(i))	-	-	1,727	-	(100)
49600	Foreign exchange gain (loss) (notes 6(aj) and 10)	4,583,114	8	16,235,244	38	(72)
49700	Gain on reversal (provision) of impairment loss on assets (notes 6(l) and (q))	(18,905)	-	(19,224)	-	2
49750	Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(j))	4,362,157	8	3,633,028	8	20
49837	Net premium (note 6(ak))	(8,388,629)	(15)	(6,715,208)	(16)	(25)
49843	Sales income (notes 6(p) and (ak))	535,033	1	507,814	1	5
48054	Subsidized income from government (notes 6(ak) and 16(c))	9,060,440	16	9,207,821	22	(2)
49898	Excess preferential interest expenses (notes 6(g) and (ak))	(6,278,721)	(11)	(5,811,768)	(14)	(8)
49871	Provisions for policyholders' premium (note 6(ak))	(66,371,429)	(119)	43,014,084	101	(254)
49899	Other miscelloneous income, net (notes 6(aa), (ak) and 10)	1,003,250	2	201,597	-	398
	Net Revenue	55,866,840	100	42,780,938	100	31
58200	**Bad debts expense, commitment and guarantee liability provision (note 6(h))**	(2,177,689)	(4)	(624,714)	(1)	249
	Expenses: (note 16(a))					
58500	Employee benefits expenses (notes 6(z), (al) and 10)	(14,628,336)	(26)	(13,967,748)	(33)	5
59000	Depreciation and amortization expenses (note 6(am))	(2,121,469)	(4)	(1,942,453)	(5)	9
59500	Other general and administrative expenses (notes 6(an) and 10)	(8,456,496)	(15)	(7,055,292)	(16)	20
	Total Expenses	(25,206,301)	(45)	(22,965,493)	(54)	10
	Profit from continuing operations before tax	28,482,850	51	19,190,731	45	48
61003	Less: Income tax expenses (note 6(ad))	4,663,721	8	2,144,913	5	117
	Net profit	23,819,129	43	17,045,818	40	40
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))	(512,716)	(1)	337,568	1	(252)
65205	Change in fair value of financial liability attributable to change in credit risk of liability	(27,629)	-	24,698	-	(212)
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,382,522	29	(5,360,932)	(13)	406
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	763,331	1	(436,309)	(1)	275
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	16,605,508	29	(5,434,975)	(13)	406
65300	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
65301	Exchange differences on translation of foreign financial statements	(67,544)	-	1,684,083	4	(104)
65308	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	4,251,446	8	(12,455,730)	(29)	134
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	1,240,345	2	(4,402,402)	(10)	128
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(ad))	3,528	-	(27,843)	-	113
	Components of other comprehensive income that will be reclassified to profit or loss	5,420,719	10	(15,146,206)	(35)	136
65000	**Other comprehensive income**	22,026,227	39	(20,581,181)	(48)	207
	Total comprehensive income	**$ 45,845,356**	**82**	**(3,535,363)**	**(8)**	1,397
	Basic earnings per share(In dollars) (note 6(ae))	**$ 2.19**		**1.56**		

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital		Retained earnings				Other equity interest						
	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, 2022	$ 109,000,000	108,453,043	50,631,691	44,559,358	27,079,618	122,270,667	(3,281,013)	65,697,429	(19,502)	4,099	65,889	62,466,902	402,190,612
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	4,031,574	-	(4,031,574)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	5,375,432	(5,375,432)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,181,976)	(3,181,976)	-	-	-	-	-	-	(3,181,976)
Reversal of special reserve due to sale of land	-	-	-	(1,381)	1,381	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	17,045,818	17,045,818	-	-	-	-	-	-	17,045,818
Other comprehensive income	-	-	-	-	496,815	496,815	2,405,606	(23,383,592)	24,698	3,081	(127,789)	(21,077,996)	(20,581,181)
Total comprehensive income	-	-	-	-	17,542,633	17,542,633	2,405,606	(23,383,592)	24,698	3,081	(127,789)	(21,077,996)	(3,535,363)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,283,634)	(1,283,634)	-	1,283,634	-	-	-	1,283,634	-
Balance at December 31, 2022	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
Reserval of special reserve due to sale of land	-	-	-	(43,593)	43,593	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	23,819,129	23,819,129	-	-	-	-	-	-	23,819,129
Other comprehensive income	-	-	-	-	(540,570)	(540,570)	(137,014)	22,623,448	(27,629)	1,206	106,786	22,566,797	22,026,227
Total comprehensive income	-	-	-	-	23,278,559	23,278,559	(137,014)	22,623,448	(27,629)	1,206	106,786	22,566,797	45,845,356
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**	**39,899,486**	**156,284,002**	**(1,012,421)**	**65,263,166**	**(22,433)**	**8,386**	**44,886**	**64,281,584**	**438,019,228**

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 28,482,850	19,190,731
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,734,876	1,605,260
Amortization expense	441,794	390,841
Expected credit loss	2,177,689	624,714
Interest expense	79,731,155	34,835,741
Interest income	(117,897,483)	(70,057,905)
Dividend income	(8,951,232)	(11,703,882)
Net change in other provisions	66,371,429	(43,014,084)
Share of profit of associates and joint ventures accounted for using equity method	(4,362,157)	(3,633,028)
Loss on disposal of property and equipment	224,392	41,826
Impairment loss on financial assets	23,233	19,532
Reversal of impairment loss on non-financial assets	(4,328)	(308)
Total adjustments to reconcile profit	19,489,368	(90,891,293)
Changes in operating assets and liabilities:		
(Increase) decrease in due from the central bank and call loans to banks	(2,798,568)	104,372,390
(Increase) decrease in financial assets measured at fair value through profit or loss	(56,997,484)	56,352,746
Increase in financial assets measured at fair value through other comprehensive income	(100,554,584)	(61,941,045)
Increase in investments in debt instruments measured at amortised cost	(10,646,277)	(110,172,332)
Decrease (increase) in financial assets for hedging	8,048	(9,467)
Decrease in receivables	681,121	10,087,906
Decrease (increase) in discounts and loans	284,339,784	(478,333,564)
Decrease in other financial assets	3,311,566	2,718,160
(Increase) decrease in other assets	(9,517,273)	980,476
Increase (decrease) in deposits from the central bank and banks	64,644,074	(28,392,813)
Increase in financial liabilities measured at fair value through profit or loss	7,839,463	5,387,519
Decrease in financial liabilities for hedging	-	(16,241)
(Decrease) increase in notes and bonds issued under repurchase agreement	(7,585,830)	19,870,694
Decrease in payables	(14,680,423)	(17,844)
Increase in deposits and remittances	63,732,443	461,308,845
Increase (decrease) in provisions for employee benefits	198,693	(981,222)
Increase (decrease) in other liabilities	372,750	(308,225)
Total adjustments	241,836,871	(109,985,310)
Cash inflow (outflow) generated from operations	270,319,721	(90,794,579)
Interest received	111,179,161	63,266,717
Dividends received	10,654,507	13,828,350
Interest paid	(73,022,448)	(29,973,932)
Income taxes paid	(2,163,420)	(806,537)
Net Cash flows from (used in) operating activities	316,967,521	(44,479,981)
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(1,146,117)	(1,299,349)
Decrease (increase) in refundable deposits	792,139	(2,853,904)
Acquisition of intangible assets	(603,096)	(470,322)
Net cash flows used in investing activities	(957,074)	(4,623,575)
Cash flows from (used in) financing activities:		
(Decrease) increase in due to the central bank and banks	(250,309,550)	217,670,295
(Decrease) increase in guarantee deposits received	(1,174,125)	430,561
Payment of lease liabilities	(681,782)	(484,326)
Increase in other financial liabilities	867,423	125,165
Cash dividends paid	(3,500,000)	(3,300,000)
Net cash flows (used in) from financing activities	(254,798,034)	214,441,695
Effect of exchange rate changes on cash and cash equivalents	(138,555)	2,363,860
Net increase (decrease) in cash and cash equivalents	61,073,858	167,701,999
Cash and cash equivalents at beginning of period	1,002,925,420	835,223,421
Cash and cash equivalents at end of period	**$ 1,063,999,278**	**1,002,925,420**
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	$ 116,062,640	152,030,876
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	286,140,799	318,411,878
Other items qualifying for cash and cash equivalents under the definition of IAS 7	661,795,839	532,482,666
Cash and cash equivalents at end of period	**$ 1,063,999,278**	**1,002,925,420**

See accompanying notes to consolidated financial statements.

BANK OF TAIWAN AND SUBSIDIARY

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) 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, 2023, 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 Electronic Banking, Department of Risk Management, Department of Wealth Management, Department of Loan 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, Department of Economic Research and Training Institute. There were 163 domestic branches, 1 offshore banking unit, 11 overseas branches, 1 subbranch (in Shanghai Jiading), 10 representative offices (in Mumbai, Yangon, Silicon Valley, Bangkok, Frankfurt, Manila, Ho Chi Minh City, Djakarta, Kuala Lumpur and Phoenix City).

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, 2023 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 7, 2024 and Board of Directors on March 8, 2024.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(3) New Standards, Amendments and Interpretations Adopted:

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

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

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

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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 2022 have been certified by the MoA; hence, the opening balances in consolidated balance sheets of 2023 and 2022 are according to the audited year-end balances of 2022 and 2021. Please refer to Note 16(b) for the government audit adjustments.

(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

Name of Investor	Name of Subsidiary	Principal activities	Shareholdings December 31, 2023	Shareholdings December 31, 2022	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).

(Continued)

(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.

(Continued)

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”).

(Continued)

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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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.

(Continued)

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.

(Continued)

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.

(Continued)

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.

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

1) Modifications to the financial instruments

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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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.

2) Hedge accounting

a) Modifications to the hedged item /financial instruments

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Bank and subsidiary will amend the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

· designating an alternative benchmark rate as the hedged risk;

· updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

· updating the description of the hedging instrument.

The Bank and subsidiary amend the description of the hedging instrument only if the following conditions are met:

· it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;

· the original hedging instrument is not derecognized; and

· the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument.

The Bank and subsidiary amend the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

(Continued)

If changes are made in addition to those changes required by IBOR reform described above, then the Bank and subsidiary will first consider whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Bank and subsidiary will amend the formal hedge documentation for changes required by IBOR reform as mentioned above.

b) Non-contractually specified risk component

If the Bank and subsidiary reasonably expect an alternative benchmark interest rate will be separately identifiable within a period of 24 months, that rate is not a separately identifiable component at the date it is designated. The Bank and subsidiary should designate the alternative benchmark interest rate as a non-contractually specified risk component.

(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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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.

(Continued)

(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.

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

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; 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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(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 which is measured at cost, less accumulated amortization and accumulated impairment loss and carbon credits which are recognized at the cost of acquisition. In addition, since there is no foreseeable limit on the period during which such assets are expected to generate net cash inflows for the Bank and its subsidiary, the carbon credits are considered to have non-definite useful life. They are also not amortized and are subject to impairment testing 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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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, loans, margins or security deposits, and other financial assets) and debt investments measured at fair value througn other comprehensive income.

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.

(Continued)

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.

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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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.

(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.

(Continued)

(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.

(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.

(Continued)

(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 8 (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.

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.

(Continued)

(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 28 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.

(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.

(Continued)

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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.

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.

(Continued)

(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:

The preparation of the financial statements, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRSs endorsed by FSC, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

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.

(Continued)

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(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.

(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.

(Continued)

(6) Explanation of Significant Accounts:

(a) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 13,450,465	13,197,370
Foreign currency on hand	15,784,633	12,400,802
Notes and checks for clearing	8,653,801	7,811,557
Placement with banks	78,180,473	118,627,787
Less: Allowance for bad debts－placement with banks	(6,732)	(6,640)
Total	$ 116,062,640	152,030,876

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

	December 31, 2023	December 31, 2022
Cash and cash equivalents in consolidated balance sheets	$ 116,062,640	152,030,876
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	286,140,799	318,411,878
Other items qualifying for cash and cash equivalents under the definition of IAS 7	661,795,839	532,482,666
Total	$ 1,063,999,278	1,002,925,420

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.

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

	December 31, 2023	December 31, 2022
Call loans to banks	$ 253,649,548	273,478,260
Less: allowance for doubtful accounts－call loans to banks	85,819	104,599
Deposit reserve－account A and account B	133,301,175	143,077,135
Deposit reserve－foreign－currency deposits	820,778	797,670
Deposits in Central Bank－oversea branches	2,348,868	2,417,212
Deposits in Central Bank	175,800,397	175,623,093
Total	$ 565,834,947	595,288,771

(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.

(Continued)

(ii) Additionally, as of December 31, 2023 and 2022, 60% of the reserve deposits collected on behalf of a government institution amounting to $5,200,397 thousand and $5,023,093 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, 2023 and 2022, 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, 2023	December 31, 2022
Financial assets designated at fair value through profit or loss	$ 9,804,820	13,822,448
Add: Valuation adjustment	(266,355)	(484,031)
Subtotal	9,538,465	13,338,417
Financial assets mandatorily measured at fair value through profit or loss	237,904,226	200,514,434
Add: Valuation adjustment	123,058,656	73,771,831
Subtotal	360,962,882	274,286,265
Total	$ 370,501,347	287,624,682

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

	December 31, 2023	December 31, 2022
Foreign government bonds, corporate bonds, financial bonds and others	$ 9,804,820	13,822,448
Add: Valuation adjustment	(266,355)	(484,031)
Total	$ 9,538,465	13,338,417

(Continued)

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

	December 31, 2023	December 31, 2022
Commercial papers	$ 32,379,313	4,094,385
Foreign government bonds	5,364,060	5,343,532
Corporate bonds	3,056,650	3,252,712
Convertible bonds	921,150	7,401,652
Negotiable certificates of deposits	12,250,539	-
Treasury bills	1,976,464	977,658
Stocks and beneficiary certificates	181,894,363	179,376,571
Foreign exchange call options	4,335	4,660
Bond futures margin	-	5,959
Currency futures	5,207	5,304
Commodity futures	52,145	52,001
Add: Valuation adjustment－Non derivative financial instruments	113,456,193	56,160,953
Valuation adjustment－Foreign exchange call options	(1,777)	(2,105)
Valuation adjustment－Swaps	9,134,594	15,682,998
Valuation adjustment－Asset swaps	43,519	1,043,646
Valuation adjustment－Interest rate swaps	258,786	490,691
Valuation adjustment－Forward foreign exchange	166,236	392,763
Valuation adjustment－Fixed-rate commercial paperss	1,105	2,746
Valuation adjustment－Bond futures margin	-	139
Total	$ 360,962,882	274,286,265

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

	December 31, 2023	December 31, 2022
Foreign exchange call options	$ 1,239,110	1,364,140
Swaps	472,296,979	668,774,128
Interest rate swaps	9,051,917	13,942,837
Forward foreign exchange	6,818,203	43,862,336
Fixed-rate commercial papers	800,000	800,000
Asset swaps	921,150	7,401,652
Bond futures	-	921,750
Total	$ 491,127,359	737,066,843

(Continued)

(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, 2023	December 31, 2022
Debt instruments measured at fair value through other comprehensive income:		
Negotiable certificates deposits	$ 799,910,000	681,920,000
Government bonds	118,794,691	91,227,209
Foreign government bonds, bonds of international organizations, corporate bonds, financial bonds, and NCDs	198,387,521	168,489,896
Financial bonds	26,185,826	26,606,412
Corporate bonds	100,346,211	74,885,190
Add: Valuation adjustment	(10,716,217)	(14,959,833)
Subtotal	1,232,908,032	1,028,168,874
Equity instruments measured at fair value through other comprehensive income:		
Stocks	47,390,907	48,237,173
Add: Valuation adjustment	77,903,327	62,136,710
Subtotal	125,294,234	110,373,883
Total	$ 1,358,202,266	1,138,542,757

(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.

(Continued)

(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, 2023 and 2022, the dividends of $2,957,519 thousand and $3,895,859 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended December 31, 2023 and 2022, were recognized; the dividend of $284,049 thousand and $655,905 thousand related to the investments derecognized during the years ended December 31, 2023 and 2022, respectively, were recognized.

2) As of December 31, 2023 and 2022, 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 $5,119,574 thousand and $9,430,212 thousand, and the Bank realized a gain (loss) of $615,905 thousand and $(1,492,276) thousand, which was already included in other comprehensive income. The gain (loss) 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, 2023	December 31, 2022
Fair value hedges:		
Interest rate swap	$ 1,419	9,467

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, 2023	December 31, 2022
USD financial bonds	Interest rate swap	$ 1,419	9,037
USD corporate debts	〃	-	430

The net (loss) gain of hedging instruments for the years ended December 31, 2023 and 2022 amounted to $(8,092) thousand and $25,414 thousand , respectively. The net gain (loss) of hedged items embedded in hedging instrument for the years ended December 31, 2023 and 2022 amounted to $8,092 thousand and $(25,414) thousand, respectively.

(Continued)

(f) Bills and Bonds Sold under Repurchase Agreements

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

	December 31, 2023	December 31, 2022
Bills and bonds sold under repurchase agreements:		
Commercial papers	$ -	29,977
Government bonds	1,839,663	2,034,160
Financial bonds	14,432,416	21,793,772
Total	$ 16,272,079	23,857,909

(g) Receivables, Net

	December 31, 2023	December 31, 2022
Notes receivable	$ 5,059	4,742
Accounts receivable	1,178,205	3,010,539
Long-term receivables－payment on behalf of the government	13,734,484	14,484,949
Accrued revenues	1,013,652	999,971
Interests receivable	22,894,173	16,175,851
Premiums receivable	104,909	98,984
Tax refund receivable	14	109
Acceptance notes receivable	2,169,327	1,952,722
Accounts receivable factoring without recourse	6,565,159	6,473,103
Others－replenishment of national treasury	10,507,123	9,302,599
Others－undelivered spot exchanges	14,517	5,826
Other－ATM temporary receipts, payments and interbank differences	2,576,618	2,474,810
Others－pending settlement	16,202	133,041
Others－FX Swaps	410,175	188,296
Others－Cash for everyone by ATM withdrawals	1,359	-
Others－others	602,159	436,711
Subtotal	61,793,135	55,742,253
Less: allowance for doubtful accounts	299,244	271,157
Total	$ 61,493,891	55,471,096

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 $3,770,801 thousand and $3,846,035 thousand during 2023 and 2022, respectively, due to executing the government premium savings policy.

(Continued)

As of the year ended December 31, 2023 and 2022, the Bank had paid the following premium savings interest expenses on behalf of the government:

	December 31, 2023	December 31, 2022
Long-term receivables	$ 13,734,484	14,484,949
Short-term advances (booked under other financial assets, net)	22,291,732	25,523,697
Total	$ 36,026,216	40,008,646

(h) Loans and Discounts, Net

	December 31, 2023	December 31, 2022
Discounts and export / import negotiations	$ 3,077,530	2,225,596
Overdrafts	18,263,061	23,178,306
Secured overdrafts	1,516,408	1,252,540
Short-term loans	546,870,875	574,213,307
Short-term secured loans	114,447,681	103,715,659
Accounts receivable financing	96,134	176,951
Accounts receivable secured financing	105	706
Medium-term loans	779,274,716	1,062,841,067
Medium-term secured loans	279,676,100	300,723,997
Long-term loans	176,623,609	187,174,644
Long-term secured loans	1,256,942,486	1,206,465,109
Non-performing loans	2,269,939	2,356,385
Subtotal	3,179,058,644	3,464,324,267
Less: allowance for doubtful accounts	47,300,023	46,096,589
Total	$ 3,131,758,621	3,418,227,678

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

	2023	2022
Bad debts	$ (2,138,671)	(652,744)
Provisions for guarantee liabilities	(56,723)	32,771
Provision for loan commitment liabilities	(3,237)	(5,432)
Provision for other liabilities	20,942	691
Total	$ (2,177,689)	(624,714)

As of December 31, 2023 and 2022, the amounts of loans and receivables on which the interests stopped to accrue were $2,274,469 thousand and $2,358,204 thousand, respectively, which were booked under loans and discounts－ non-performing loans and other financial assets-overdue receivables. As of December 31, 2023 and 2022, the non accrued interests were $126,334 thousand and $158,049 thousand, respectively.

(Continued)

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

(i) Financial Assets Measured at Amortized Cost

	December 31, 2023	December 31, 2022
Negotiable certificates deposits	$ -	1,003,820
Commercial papers	32,626,858	29,954,392
Government bonds	68,559,833	72,979,261
Foreign government bonds, corporate bonds, financial bonds, and NCDs, treasury bills, and bonds of international organizations.	150,448,385	145,816,403
Financial bonds	9,585,362	9,371,405
Corporate bonds	21,090,624	15,687,488
Foreign financial asset beneficiary securities	8,915,628	1,295,395
	291,226,690	276,108,164
Less: accumulated impairment	(51,928)	(45,079)
	$ 291,174,762	276,063,085

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 2023, the Bank did not dispose of any financial assets measured at amortized cost. In 2022, the Bank sold its financial assets measured at amortized cost due to the adjustment of overseas investment risk exposure position, with a carrying amount of $441,800 thousand and a disposition gain of $1,727 thousand.

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

(j) Investments Accounted for Using Equity Method, net

	December 31, 2023		December 31, 2022	
Associates	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
Hua Nan Financial Holdings Co., Ltd.	$ 44,118,080	21.23	39,238,333	21.23
Tang Eng Iron Works Co., Ltd.	985,558	21.37	1,220,797	21.37
Tai Yi Real Estate Management Co., Ltd.	30,460	30.00	25,492	30.00
	$ 45,134,098		40,484,622	

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

	2023	2022
Hua Nan Financial Holdings Co., Ltd.	$ 1,998,435	(4,860,969)
Tang Eng Iron Works Co., Ltd.	5,241	22,258
Total	$ 2,003,676	(4,838,711)

(Continued)

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

	2023	2022
Hua Nan Financial Holdings Co., Ltd.	$ 4,589,665	3,674,690
Tang Eng Iron Works Co., Ltd.	(240,481)	(48,071)
Tai Yi Real Estate Co., Ltd.	12,973	6,409
Total	$ 4,362,157	3,633,028

(iii) Individually significant associate

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

Associate(s)	The relationship with the Bank	Principal operating place/registration country	The percentage of shareholding interests and voting rights December 31, 2023	The percentage of shareholding interests and voting rights December 31, 2022
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 %

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

	December 31, 2023	December 31, 2022
Hua Nan Financial Holdings Co., Ltd.	$ 64,737,348	65,027,001

1) Summarized Financial Information

	December 31, 2023	December 31, 2022
Total Assets	$ 3,869,201,779	3,630,161,728
Total Liabilities	(3,661,389,443)	(3,445,334,622)
Net Assets	$ 207,812,336	184,827,106
Attributable to the Bank	$ 44,118,080	39,238,333

	2023	2022
Net income	$ 21,618,294	17,308,471
Other comprehensive income	9,413,259	(22,896,652)
Total comprehensive income	$ 31,031,553	(5,588,181)
Attributable to the Bank		
Investment income	$ 4,589,665	3,674,690
Other comprehensive income	1,998,435	(4,860,969)

(Continued)

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 $4,589,665 thousand and $3,674,690 thousand for the years ended December 31, 2023 and 2022, respectively.

(iv) All other non-individually-significant associates

1) Summarized Financial Information- Attributable to the Bank

	December 31, 2023	December 31, 2022
Investment in non-individually-significant associates in aggregate	$ 1,016,018	1,246,289

	2023	2022
Investment income	$ (227,508)	(41,662)
Other comprehensive income	5,241	22,258

(v) Collateral

No investment in associates was used as collateral.

(k) Other Financial Assets, net

	December 31, 2023	December 31, 2022
Short-term advances	$ 23,740,334	27,176,095
Less: allowance for doubtful accounts－short-term advances	30,201	30,196
Remittances purchased	2,238	2,311
Less: allowance for doubtful accounts－remittances purchased	22	23
Overdue receivables	4,530	1,819
Less: allowance for doubtful accounts－overdue receivables	1,842	1,819
Call loans to security subsidiary	399,165	276,525
Less: allowance for doubtful accounts－call loans to security subsidiary	3	-
Others	15,241	16,295
Less: accumulated impairment－others	6	7
Total	$ 24,129,434	27,441,000

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Concerning for the payment of excess preferential interest on behalf of the government, booked under "short-term advances" for December 31, 2023 and 2022, please refer to note 6(g) 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, 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**
Balance at January 1, 2022	$ 128,107,302	15,322,925	7,273,911	1,121,732	937,152	871,833	577,713	154,212,568
Additions	4,415	6,539	735,693	37,637	28,894	35,162	451,009	1,299,349
Disposals	(6,670)	(33,048)	(403,236)	(37,636)	(56,530)	(12,190)	-	(549,310)
Reclassification	-	68,106	120,377	6,040	501	11,889	(207,581)	(668)
Effect of change in exchange rates	-	-	14,836	2,966	2,668	11,157	-	31,627
Balance at December 31, 2022	**$ 128,105,047**	**15,364,522**	**7,741,581**	**1,130,739**	**912,685**	**917,851**	**821,141**	**154,993,566**
Accumulated depreciation:								
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**
Balance at January 1, 2022	$ 14,966	7,846,741	4,978,585	790,815	752,656	802,708	-	15,186,471
Depreciation	-	301,046	570,838	53,070	29,206	30,143	-	984,303
Disposal	-	(32,998)	(373,863)	(35,770)	(52,663)	(12,190)	-	(507,484)
Effect of change in exchange rates	-	-	9,361	2,130	2,379	11,154	-	25,024
Balance at December 31, 2022	**$ 14,966**	**8,114,789**	**5,184,921**	**810,245**	**731,578**	**831,815**	**-**	**15,688,314**
Accumulated impairment:								
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**
Balance at January 1, 2022	$ 141,019	-	-	-	-	-	-	141,019
Provision (reversal) of impairment loss	(308)	-	-	-	-	-	-	(308)
Balance at December 31, 2022	**$ 140,711**	**-**	**-**	**-**	**-**	**-**	**-**	**140,711**
Carrying amounts:								
December 31, 2023	**$ 127,759,786**	**7,181,478**	**2,488,833**	**326,379**	**195,343**	**68,725**	**1,014,805**	**139,035,349**
January 1, 2022	**$ 127,951,317**	**7,476,184**	**2,295,326**	**330,917**	**184,496**	**69,125**	**577,713**	**138,885,078**
December 31, 2022	**$ 127,949,370**	**7,249,733**	**2,556,660**	**320,494**	**181,107**	**86,036**	**821,141**	**139,164,541**

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, 2023 and 2022, the total revaluation increments for land were $81,362,369 thousand and $81,556,251 thousand, respectively. The total revaluation increments for Buildings were both $33,525 thousand.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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Based on the assessment in December, 2023, the carrying amount of the lands which have indicators of impairment was determined to be $153,165 thousand lower than its recoverable amount of $157,493 thousand, wherein a reversal of impairment loss of $4,328 thousand was recognized. In 2022, the carrying amount of the lands which have an indicator of impairment was determined to be $154,787 thousand higher than its recoverable amount of $155,095 thousand. Therefore, a reversal of impairment loss of $308 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, 2023, the Bank's properties and equipments neither served as guarantees or collaterals, nor they were pledged.

(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, 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**
Balance at January 1, 2022	$ 26,317	2,408,367	37,321	112,527	-	2,584,532
Additions	10,557	316,155	7,056	143,483	115	477,366
Disposal	(7,988)	(298,637)	(6,131)	(62,473)	-	(375,229)
Effect of changes in exchange rates	34	52,104	167	327	-	52,632
Balance at December 31, 2022	**$ 28,920**	**2,477,989**	**38,413**	**193,864**	**115**	**2,739,301**
Accumulated depreciation:						
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**
Balance at January 1, 2022	$ 11,799	1,043,083	24,987	83,189	-	1,163,058
Depreciation	5,508	546,370	10,068	58,953	58	620,957
Disposal	(7,930)	(263,706)	(6,096)	(62,473)	-	(340,205)
Effect of changes in exchange rates	33	15,436	102	124	-	15,695
Balance at December 31, 2022	**$ 9,410**	**1,341,183**	**29,061**	**79,793**	**58**	**1,459,505**
Carrying value:						
December 31, 2023	**$ 16,669**	**1,450,846**	**8,949**	**60,096**	**-**	**1,536,560**
January 1, 2022	**$ 14,518**	**1,365,284**	**12,334**	**29,338**	**-**	**1,421,474**
December 31, 2022	**$ 19,510**	**1,136,806**	**9,352**	**114,071**	**57**	**1,279,796**

(Continued)

(n) Investment property

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

	Land
Cost:	
Balance at December 31, 2023(same as beginning balance)	$ 15,238,207
Balance at December 31, 2022(same as beginning balance)	$ 15,238,207
Carrying amounts:	
December 31, 2023	$ 15,238,207
January 1, 2022	$ 15,238,207
December 31, 2022	$ 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.

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

	December 31, 2023	December 31, 2022
The fair value of investment property	$ 15,509,582	18,005,055

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, 2023 and 2022, after evaluating, the Bank did not recognized impairment loss.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(iii) As of December 31, 2023 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, 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
Balance at January 1, 2022	$ 5,145,247	-	5,145,247
Additions	470,322	-	470,322
Balance at December 31, 2022	$ 5,615,569	-	5,615,569
Amortization:			
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
Balance at January 1, 2022	$ 4,091,879	-	4,091,879
Amortization for the year	389,548	-	389,548
Balance at December 31, 2022	$ 4,481,427	-	4,481,427
Carrying amounts:			
December 31, 2023	$ 1,296,489	146	1,296,635
January 1, 2022	$ 1,053,368	-	1,053,368
December 31, 2022	$ 1,134,142	-	1,134,142

(p) Other Assets

	December 31, 2023	December 31, 2022
Foreclosed collaterals and residuals taken over, net	$ 1,264,931	1,007,162
Advance payments	31,865,550	21,767,294
Operating guarantee deposits and settlement funds	10,000	10,000
Refundable deposits	3,603,102	4,396,432
Temporary Payments and Suspense Accounts	1,438,730	2,032,882
Inventories	344,513	388,377
Others	270,187	270,187
Total	$ 38,797,013	29,872,334

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(i) Foreclosed collaterals and residuals taken over, net

	December 31, 2023	December 31, 2022
Foreclosed collaterals and residuals taken over	$ 1,264,931	1,007,162
Less: accumulated impairment	-	-
Total	$ 1,264,931	1,007,162

(ii) Advance payments

	December 31, 2023	December 31, 2022
Prepaid expenses	$ 135,170	164,575
Prepaid interests	19,752	20,835
Business tax paid	381	2,340
Business tax carry forward	1,077	1,191
Other prepayment－Interbank Fund Transfer Special Accounts	29,208,089	19,192,906
Other prepayments	1,081	85,447
Prepaid official dividends	2,500,000	2,300,000
Total	$ 31,865,550	21,767,294

(iii) Inventories

	December 31, 2023	December 31, 2022
Inventories	$ 344,513	388,377

There were no effects on the cost of goods sold derived from the inventory write-off or reversal for the year ended 2023 and 2022.

(q) Impairment

For the year ended 2023 and 2022, the movements of the accumulated impairment were as follows:

	2023	2022
Beginning balance	$ 302,862	279,218
Impairment loss recognized for the current period	18,905	19,224
Other	(528)	4,420
Ending balance	$ 321,239	302,862

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Details of accumulated impairment were as follows:

	December 31, 2023	December 31, 2022
Financial assets at fair value through other comprehensive income	$ 132,922	117,065
Financial assets measured at amortized cost	51,928	45,079
Other financial assets	6	7
Property and equipment	136,383	140,711
Ending balance	$ 321,239	302,862

(r) Deposits of Central Bank and other banks

	December 31, 2023	December 31, 2022
Deposits from Central Bank	$ 14,189,628	14,027,669
Deposits from banks－others	69,962,476	63,421,146
Postal deposits transferred	115,077,090	100,077,090
Bank overdrafts	857,067	503,650
Call loans from bank	137,740,853	95,153,485
Total	$ 337,827,114	273,183,040

(s) Due to the Central Bank and banks

	December 31, 2023	December 31, 2022
Loans from Central Bank	$ 3,531,075	253,840,625

(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, 2023	December 31, 2022
Financial liabilities held for trading	$ 5,427	5,271
Add: valuation adjustment	20,977,298	12,622,639
Subtotal	20,982,725	12,627,910
Financial liabilities designated as fair value through profit or loss	14,431,350	14,440,750
Add: valuation adjustment	(2,508,562)	(2,002,610)
Subtotal	11,922,788	12,438,140
Total	$ 32,905,513	25,066,050

(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”.

(Continued)

(iii) Financial liabilities held for trading

	December 31, 2023	December 31, 2022
Foreign exchange options premium	$ 5,427	5,271
Add: valuation adjustment		
Foreign exchange options premium	(2,852)	(2,705)
Swaps	16,747,086	10,439,872
Interest rate swaps	5,839	6,155
Forward foreign exchanges	1,874,511	289,051
Asset swaps	2,352,714	1,890,266
Total	$ 20,982,725	12,627,910

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

	December 31, 2023	December 31, 2022
Financial bonds	$ 14,431,350	14,440,750
Add: valuation adjustment	(2,508,562)	(2,002,610)
Total	$ 11,922,788	12,438,140

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 2023.

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, 2023	Amount December 31, 2022
2018-1 Senior unsecured financial bonds-B	2018/02/26	2048/02/26	0 %	USD $470 million	Senior unsecured financial bond	$ 14,431,350	14,440,750
				Valuation adjustment		(2,508,562)	(2,002,610)
						$ 11,922,788	12,438,140

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.

(Continued)

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

	December 31, 2023	December 31, 2022
Foreign exchange options premium	$ 1,347,490	1,469,192
Swaps	688,426,257	567,324,704
Interest rate swaps	1,965,274	659,143
Forward foreign exchanges	74,379,560	21,659,891
Asset swaps	17,617,113	16,939,164
Total	$ 783,735,694	608,052,094

(u) Payables

	December 31, 2023	December 31, 2022
Accounts payables	$ 9,574,315	9,991,410
Receipts under custody	1,343,891	1,715,534
Accrued expenses	3,299,795	3,129,821
Other tax payables	695,035	601,395
Interests payables	20,549,935	13,841,228
Banker's acceptances payables	2,177,146	1,956,687
Payables to representative organizations	1,612,173	1,553,777
Construction payables	30,182	19,954
Accounts payables－non-recourse factoring	226,031	318,501
Other payables－undelivered spot exchange	15,372	5,558
Other payables－collection bills	818,589	982,834
Other payables－payments awaiting transfer	9,643,955	9,020,580
Other payables –ATM temporary receipts, payments and inter branch differences	2,706,130	2,534,960
Other payables－foreign exchange awaiting transfer	1,066,265	774,625
Other payables – amounts awaiting settlement	16,273	24,508
Other payables－overdue accounts	160,703	282,205
Other payables－checking accounts	57,043	73,022
Other payables－collection	15,654	11,281
Other payables－others	347,273	489,616
Total	$ 54,355,760	47,327,496

(Continued)

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Notes to the Consolidated Financial Statements

(v) Deposits and Remittances

	December 31, 2023	December 31, 2022
Cheques deposits	$ 43,611,614	45,523,070
Government deposits	406,826,363	395,027,459
Demand deposits	534,871,484	539,385,763
Time deposits	947,475,728	915,645,482
Remittances	929,128	631,893
Savings account deposits:		
Demand savings deposits	1,156,961,536	1,235,412,412
Staff accounts	12,448,762	13,039,384
Club saving deposits	326,304	354,803
Non-drawing time savings deposits	550,593,522	492,803,636
Interest withdrawal on principal deposited	856,159,637	801,366,900
Staff time deposits	14,258,541	12,931,404
Preferential Interest deposits	210,175,785	218,783,755
Total	$ 4,734,638,404	4,670,905,961

(w) Financial Bonds Payable

Name of bond	Condition: Beginning date	Condition: Maturity date	Condition: Interest rate	Bond: Type	Bond: Amount December 31, 2023	Bond: Amount December 31, 2022
2013-1 TWD subordinated unsecured financial bonds	2013/12/2	2023/12/2	The Bank's listed annual fixed interest rate of time deposits, plus, 0.39%.	Subordinated unsecured financial bond	$ -	16,000,000
2014-1 TWD subordinated unsecured financial bonds-A	2014/06/25	2024/06/25	TAIBOR 3M plus 0.30%	Subordinated unsecured financial bond	5,500,000	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	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, 0.39%	Subordinated unsecured financial bond	1,500,000	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	-
			unamortized discount amount		(610)	(630)
Total					$ 10,999,390	25,999,370

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(x) Other Financial Liabilities

	December 31, 2023	December 31, 2022
Appropriated loan funds	$ 133,337	1,676
Principal from structured products	1,282,467	546,705
Total	$ 1,415,804	548,381

(y) Provision

	December 31, 2023	December 31, 2022
Employee benefit obligations	$ 20,942,593	20,743,900
Guarantee reserve	945,932	889,218
Reserve for government employees insurance	477,021,568	410,650,138
Loan commitments reserve	14,988	11,742
Others	388,840	409,784
Total	$ 499,313,921	432,704,782

(z) Provisions－Employee benefits

	December 31, 2023	December 31, 2022
Recognized in Consolidated Balance Sheet:		
Defined benefit plan	$ 14,180,406	14,092,677
Employees preferential interest	6,758,232	6,646,967
Three Chinese festival bonus	3,955	4,256
Total	$ 20,942,593	20,743,900

(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 $4,039 thousand and $3,579 thousand for the years ended December 31, 2023 and 2022 , respectively.

(Continued)

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.

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 $1,033,323 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, 2023	December 31, 2022
Present value of the defined benefit obligations	$	22,620,408	22,518,665
Less: fair value of the plan assets		(8,441,500)	(8,431,198)
Net defined benefit liabilities (assets)	$	**14,178,908**	**14,087,467**

(Continued)

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

		2023	2022
Defined benefit obligation at January 1	$	22,518,665	22,897,637
Current service costs		862,097	901,136
Interest expense		306,254	171,732
Remeasurements of the defined benefit plans of other Comprehensive Income			
－5 percent increase in salary		-	1,024,143
－Actuarial gains and losses in financial changes in assumptions		291,782	(1,563,127)
－Experience adjustments		262,751	385,397
Contributed by the participant of the plan		(2,845)	(1,600)
Benefit payments		(1,618,296)	(1,296,653)
Defined benefit obligation at December 31	$	**22,620,408**	**22,518,665**

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

		2023	2022
Fair value of plan assets at January 1	$	8,431,198	8,381,128
Interest revenue		114,664	62,859
remeasurements of defined benefit plans of other comprehensive income			
－Return on plan assets		37,804	181,448
Contribution made by the Bank		1,391,037	1,005,277
Benefit payments		(1,533,203)	(1,199,514)
Fair value of plan assets at December 31	$	**8,441,500**	**8,431,198**

d) Expense recognized in profit or loss

		2023	2022
Current service cost	$	862,097	901,136
Net interest of defined benefit liabilities (assets)		191,590	108,873
Total	$	**1,053,687**	**1,010,009**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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:

	2023	2022
Accumulated amount at January 1	$ 8,061,492	8,396,527
Recognized during the period	516,729	(335,035)
Accumulated amount at December 31	$ 8,578,221	8,061,492

f) Portfolio analysis of plan asset

	2023	2022
Bak saving	$ 6,321,221	6,293,631
Bonds instruments	750,000	750,000
Others	1,370,279	1,387,567
Total	$ 8,441,500	8,431,198

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, 2023	December 31, 2022
Discount rate	1.24 %	1.36 %
Assets expected rate of return	1.24 %	1.36 %
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 2023 and 2022, respectively.

(Continued)

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h) Sensitivity analysis

The followings would be the impacts on the present value of defined benefit obligations as of December 31, 2023 and 2022 if the actuarial assumptions had changed:

	Actuarial assumption changes(%)	Impacts on the present value of the defined benefit obligation: Actuarial assumption increase	Actuarial assumption decrease
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
December 31, 2022			
Discount rate			
Defined benefit plans	0.25%	21,867,784	23,133,676
Employee care bonus during the three Chinese festivals	0.25%	4,213	4,300
Salary increase rate	0.50%	23,642,383	21,472,517

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.

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

(Continued)

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, 2023	December 31, 2022
Fair value of the Employees preferential interest plan	$ 6,758,232	6,646,967
Limit of assets adjustment	-	-
Net defined benefit liabilities (assets)	$ 6,758,232	6,646,967

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

	2023	2022
Present value of employees preferential interest plan at January 1	$ 6,646,967	7,196,614
Interest expense	265,879	287,864
Remeasurement of net employees preferential deposit		
Actuarial gains and losses in current period	1,778,030	1,192,754
Contributed by the participant of the plan	(8,953)	(7,732)
Benefit paid by the plan	(1,923,691)	(2,022,533)
Present value of employees preferential interest plan at December 31	$ 6,758,232	6,646,967

c) Expense recognized in profit or loss

	2023	2022
Net interest of employees preferential deposit	$ 265,879	287,864
Actuarial gains and losses in current period	1,778,030	1,192,754
Total (booked under employee benefits expense, note 6(al))	$ 2,043,909	1,480,618

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

	2023	2022
Accumulated amount at December 31 (Same as beginning balance)	$ 703,780	703,780

(Continued)

e) Actuarial assumptions

	2023	2022
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	1.660 %	1.535 %

f) Sensitivity analysis

The followings would be the impacts on the present value of defined benefit obligations as of December 31, 2023 and 2022 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, 2023			
Discount rate	0.25%	$ 6,628,471	6,892,734
December 31, 2022			
Discount rate	0.25%	6,519,399	6,779,214

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 $1,799,759 thousand to the plan.

(Continued)

(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, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 68,102	68,854
Fair value of the plan assets	(62,649)	(59,388)
Net defined liabilities (assets)	$ 5,453	9,466

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 $62,649 thousand at the end of the reporting period.

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, 2023 and 2022, were as follows:

	2023	2022
Defined benefit obligation at January 1	$ 68,854	65,068
Current service costs and interest	6,176	6,046
Remeasurements of the defined benefit plans in other comprehensive income		
－Actuarial gains and losses in financial changes in assumptions	(2,662)	(4,415)
－Experience adjustment	(1,045)	2,155
Benefits paid by the plan	(3,221)	-
Defined benefit obligation at December 31	$ 68,102	68,854

(Continued)

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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, 2023 and 2022, were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 59,388	53,070
Remeasurements of defined benefit plans in other comprehensive income		
－Return on plan assets(not including current interest)	306	273
Contribution made by the Bank	5,575	5,776
Interest revenue	601	269
Benefit payments	(3,221)	-
Fair value of plan assets at December 31	$ 62,649	59,388

d) Expense recognized in profit or loss

BTIB expenses recognized in profit or loss at December 31, 2023 and 2022, were as follows:

	2023	2022
Current service cost	$ 5,510	5,734
Net interest of the net defined liabilities (assets)	65	43
	$ 5,575	5,777

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:

	2023	2022
Accumulated amount at January 1	$ 9,465	11,998
Recognized during the period	(4,013)	(2,533)
Accumulated amount at December 31	$ 5,452	9,465

f) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.28 %	0.99 %
Assets expected rate of return	1.28 %	0.99 %
Future of salary increases	3.00 %	3.00 %

(Continued)

The expected payment made by BTIB to the defined benefit plans within one year after the reporting date is $5,442 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, 2023 and 2022 if the actuarial assumptions change as follows:

	Impacts on the defined benefit obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2023		
Discount rate	65,753	70,581
Future of salary increases	70,201	66,085
December 31, 2022		
Discount rate	66,549	71,289
Future of salary increases	70,921	66,869

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.

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

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.

(Continued)

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 $20 thousand and $18 thousand for the years ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
Carrying amounts	$ 1,472,662	1,218,855

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 17,820	13,370
Variable lease payments not included in the measurement of lease liabilities	$ 2,022	1,891
Expenses relating to short-term leases	$ 2,340	1,744
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,857	1,619
Covid-19-related rent concessions (recognized as other income)	$ (5,044)	(19,034)

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

	2023	2022
Total cash outflow for leases	$ 705,821	502,950

(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.

(Continued)

(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, 2023	December 31, 2022
Less than one year	$ 137,236	148,340
One to two years	69,022	113,846
Two to three years	45,143	47,233
Three to four years	41,083	27,217
Four to five years	7,375	25,919
Total undiscounted lease payments	$ 299,859	362,555

The Bank provided the lessees deferred rent payment and rent concessions in accordance with the government's policy for Covid-19 pandemic since 2020. As of December 31, 2023 and 2022, the amount of deferred rent payment is $0 thousand for both years; rent concessions is $0 thousand and $87,853 thousand respectively.

(ac) Other Liabilities

	December 31, 2023	December 31, 2022
Advance collections	$ 2,345,620	1,939,471
Guarantee deposits received	3,868,355	5,042,481
Temporary receipt and suspense accounts	19,888	52,974
Other liabilities to be settled	8,239	8,239
Compensation arising from land revaluation	1,264,803	1,264,803
Defered revenue	13,302	13,613
Total	$ 7,520,207	8,321,581

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ad) Income Tax Expenses

(i) Income Tax expenses (benefits)

The income tax expenses for December 31, 2023 and 2022 were as follow:

	2023	2022
Current income tax expense		
Occurred in the current period	$ 4,423,826	1,936,457
Current income tax expense from adjustment of prior period	(781)	(53,524)
Deferred tax expense		
Occurrence and reversal of temporary difference	240,676	261,980
Income tax expenses	$ 4,663,721	2,144,913

Income tax expenses (benefits) recognized directly in other comprehensive income for 2023 and 2022 were as follows:

	2023	2022
(Gains) losses on debt instruments measured at fair value through other comprehensive income	$ 3,528	(27,843)

The amount of tax expense (benefits) recognized in other comprehensive income for in 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 28,482,850	19,190,731
Income tax using the Bank's domestic tax rate (20%)	$ 5,696,570	3,838,146
Effects of tax rates in foreign jurisdiction	555,551	320,040
Non-deductible profits and losses	(448,962)	535,316
Cessation of transfer tax on stocks	(7,294)	136,179
Reinvestment gain exemption (dividends)	(1,543,595)	(1,675,938)
Change in unrecognized temporary differences	745,526	(495,731)
Change in provision in prior period	(781)	(53,524)
Income basic tax	(144,474)	(5,328)
Income from tax-exempt of Offshore Banking Unit	(213,842)	(454,247)
Others	25,022	-
Total	$ 4,663,721	2,144,913

1) Unrecognized Deferred Tax Assets

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

	December 31, 2023	December 31, 2022
Deductible Temporary Differences	$ 5,874,830	4,986,355

(Continued)

2) Recognised Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for December 31, 2023 and 2022 are as follows:

Deferred Tax Assets:

	Fair Value Gains	Others	Total
Balance at January 1, 2023	$ 94,538	243,251	337,789
Recognized in profit or loss	(9,076)	4,406	(4,670)
Recognized in other comprehensive income	(5,896)	-	(5,896)
Balance at December 31, 2023	$ 79,566	247,657	327,223
Balance at January 1, 2022	$ 60,093	394,981	455,074
Recognized in profit or loss	14,661	(151,730)	(137,069)
Recognized in other comprehensive income	19,784	-	19,784
Balance at December 31, 2022	$ 94,538	243,251	337,789

Deferred Tax Liabilities:

	Land Value Increment Tax	Fair Value Gains	Others	Total
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
Balance at January 1, 2022	$ 18,071,412	28,095	273,736	18,373,243
Recognized in profit or loss	-	(2,972)	127,883	124,911
Recognized in other comprehensive income	-	(8,059)	-	(8,059)
Balance at December 31, 2022	$ 18,071,412	17,064	401,619	18,490,095

(ii) The Bank's income tax returns has been audited by the MoA up until 2022 and examined by the National Tax Administration up until 2022.

(Continued)

(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. The issuance was approved by the FSC (Ruling No. 10801305311) and the Ministry of Economic Affairs (Ruling No. 10801140660) on July 17 and October 31, 2019, respectively. The relevant statutory registration procedures have been completed.

The aforementioned private placement of ordinary shares and the transfer of any subsequently obtained bonus shares will be subject to the Article 43-8 under the Securities and Exchange Act. The Bank can only apply for these shares to be traded on the Taiwan Stock Exchange after a three-year period has elapsed from the delivery date of the private placement securities, and after applying for a public offering with the FSC.

As of December 31, 2023 and 2022, 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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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, 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	-	22,623,448	-	-	-	22,623,448
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)	65,263,166	(22,433)	8,386	44,886	64,281,584

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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, 2022	$ (3,281,013)	65,697,429	(19,502)	4,099	65,889	62,466,902
Exchange differences on translation of foreign operations	2,405,606	-	-	-	-	2,405,606
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(23,383,592)	-	-	-	(23,383,592)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	1,283,634	-	-	-	1,283,634
Gains (losses) on financial Instruments for hedging	-	-	-	3,081	-	3,081
Change in fair value of financial liability attributable to change in credit risk of liability	-	-	24,698	-	-	24,698
Other Comprehensive income reclassified by applying overlay approach	-	-	-	-	(127,789)	(127,789)
Balance at December 31, 2022	$ (875,407)	43,597,471	5,196	7,180	(61,900)	42,672,540

(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, 2023 and 2022, please refer to note 6 (p).

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(af) Net interest income

	2023	2022
Interest income:		
Loans and discounts	$ 72,531,073	48,563,817
Placement with Central Bank and call loans to banks	16,725,970	9,089,192
Securities investment	27,916,571	11,393,341
Credit cards	18,849	17,868
Others	705,020	993,687
Subtotal	117,897,483	70,057,905
Interest expense:		
Deposits from customers	68,455,543	31,025,344
Deposits of Central Banks and other banks	8,524,707	2,732,403
Loans to Central Banks and other banks	1,453,492	626,300
Bonds sold under repurchased agreements	738,696	94,026
Financial bonds	410,870	305,506
Structured deposits	43,800	10,106
Others	104,047	42,056
Subtotal	79,731,155	34,835,741
Net interest income	$ 38,166,328	35,222,164

(ag) Service fees, net

	2023	2022
Service fees revenue:		
Trust services	$ 791,485	782,579
Custody services	131,640	131,688
Foreign exchange business	204,921	193,978
Credit business	586,998	662,131
Credit card services	265,310	215,340
Deposit, remittance and other services	2,639,296	2,891,626
Subtotal	4,619,650	4,877,342
Service fees expense:		
Trust services	52,538	51,395
Custody services	36,144	25,495
Credit card services	281,460	228,340
Deposit, remittance and other services	525,530	501,744
Subtotal	895,672	806,974
Service fees, net	$ 3,723,978	4,070,368

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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

	2023	2022
Gain on financial assets or liabilities measured at fair value through profit or loss:		
Dividend income	$ 5,709,664	7,152,118
Net interest gain	454,754	126,324
Net gain on disposal	9,224,890	5,372,078
Subtotal	15,389,308	12,650,520
Net gain (loss) on valuation	56,858,463	(74,005,781)
Total	$ 72,247,771	(61,355,261)

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

	2023	2022
Dividend income	$ 3,241,568	4,551,764
Gain on disposal	885	36,788
Total	$ 3,242,453	4,588,552

(aj) Foreign exchange gain or loss

	2023	2022
Foreign exchange gains	$ 17,588,785	29,165,569
Foreign exchange losses	(13,005,671)	(12,930,325)
Total	$ 4,583,114	16,235,244

(ak) Other non-interest income

	2023	2022
Premiums income	$ 22,804,693	22,626,131
Sales revenue	134,879,640	125,731,831
Subsidized income from government	9,060,440	9,207,821
Benefits and claims	(31,193,322)	(29,341,339)
Cost of goods sold	(134,344,607)	(125,224,017)
Provisions for policy holders' reserve premium	(66,371,429)	43,014,084
Excess preferential interest expenses	(6,278,721)	(5,811,768)
Others	1,003,250	201,597
Total	$ (70,440,056)	40,404,340

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(al) Employee benefits expenses

	2023	2022
Salaries	$ 12,574,292	12,054,023
Labor and health insurances	583,266	569,475
Pensions	1,093,172	1,045,960
Remuneration of directors	2,626	2,640
Others	374,980	295,650
Total	$ 14,628,336	13,967,748

(am) Depreciation and amortization expenses

	2023	2022
Depreciation expenses	$ 1,679,675	1,551,612
Amortization expenses	441,794	390,841
Total	$ 2,121,469	1,942,453

(an) Other general and administrative expenses

	2023	2022
Taxes	$ 4,441,253	3,322,176
Rental expenses	6,219	5,254
Insurance expenses	1,089,284	1,040,960
Postage and phone / fax expenses	237,289	237,960
Utilities	196,905	176,626
Supplies expenses	229,890	229,991
Repair and maintenance expenses	422,733	424,992
Marketing expenses	333,446	333,194
Professional service fees	934,446	870,207
Cashes transferring expenses	176,559	68,530
Others	388,472	345,402
Total	$ 8,456,496	7,055,292

(ao) Earnings per Share

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

Unit: thousand dollars / thousand shares

	2023		2022	
	Before-Tax	After-Tax	Before-Tax	After-Tax
Consolidated net income	$ 28,482,850	23,819,129	19,190,731	17,045,818
Weighted average outstanding shares	10,900,000	10,900,000	10,900,000	10,900,000
Basic earnings per share (In NT dollars)	$ 2.61	2.19	1.76	1.56

(Continued)

(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, 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	-
Investment in bonds	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
Investments in stocks	157,294,169	157,022,549	-	271,620
Investment in bonds	9,349,242	8,245,575	1,103,667	-
Others	184,655,321	138,055,619	46,599,702	-
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	-

(Continued)

Financial instruments measured at fair value	December 31, 2022 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	$ 269,945,880	244,782,413	24,959,137	204,330
Financial assets designated as fair value through profit or loss	13,338,417	-	13,338,417	-
Investment in bonds	13,338,417	-	13,338,417	-
Financial assets mandatorily as fair value through profit or loss	256,607,463	244,782,413	11,620,720	204,330
Investments in stocks	132,675,573	132,471,243	-	204,330
Investment in bonds	14,906,111	8,353,599	6,552,512	-
Others	109,025,779	103,957,571	5,068,208	-
Financial assets at fair value through other comprehensive income	1,138,542,757	97,531,546	1,020,810,712	20,200,499
Debt instruments	1,028,168,874	7,358,162	1,020,810,712	-
Equity instruments	110,373,883	90,173,384	-	20,200,499
Liabilities:				
Financial liabilities measured at fair value through profit or loss	12,438,140	-	12,438,140	-
Financial liabilities designated at fair value through profit or loss	12,438,140	-	12,438,140	-
Derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss	$ 17,678,802	63,403	17,615,399	-
Hedging derivatives financial assets	9,467	-	9,467	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	12,627,910	-	12,627,910	-

(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)

BANK OF TAIWAN AND SUBSIDIARY
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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.

(Continued)

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(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, 2023 and 2022 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, 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
Opening balance, January 1, 2022	209,220	23,758,194	23,967,414
Total gains and losses recognized:			
In profit or loss	(4,890)	-	(4,890)
In other comprehensive income	-	(3,557,695)	(3,557,695)
Ending Balance, December 31, 2022	204,330	20,200,499	20,404,829

(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.

(Continued)

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, 2023 and 2022. 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:

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

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2022			
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, 2023		
Financial Assets		
Financial Assets measured at amortized cost	$ 291,174,762	285,569,683
December 31, 2022		
Financial Assets		
Financial Assets measured at amortized cost	276,063,085	270,133,114

(ii) Fair value hierarchy

Assets and liabilities item	December 31, 2023 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	-

Assets and liabilities item	December 31, 2022 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	$ 270,133,114	106,867,565	163,265,549	-

(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.

(Continued)

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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.

(Continued)

(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.

(Continued)

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.

(Continued)

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).

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(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.

(Continued)

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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:

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

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)

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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.	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.
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.		

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.

(Continued)

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.

(Continued)

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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 2023 and 2022, 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.

(Continued)

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.

(Continued)

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, 2023 and 2022, the amounts of maximum credit risk exposure to the credit risk displayed by credit rating are as follows:

	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

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	Discounts and loans December 31, 2022				
	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	$ 1,219,169,134	8,574	86,216	-	1,219,263,924
Medium	1,194,467,318	275,070,122	3,084,166	-	1,472,621,606
High	22,366,136	25,579,271	3,889,409	-	51,834,816
Others	716,063,335	184,192	4,356,394	-	720,603,921
Gross carrying amount	3,152,065,923	300,842,159	11,416,185	-	3,464,324,267
Allowance for bad debts	(26,012,063)	(2,074,695)	(2,635,409)	-	(30,722,167)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(15,374,422)	(15,374,422)
Total	$ 3,126,053,860	298,767,464	8,780,776	(15,374,422)	3,418,227,678

	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

	Debt instruments measured at fair value through other comprehensive income December 31, 2022				
	12 month ECLs	Lifetime ECLs —not impaired	Lifetime ECLs —impaired	Valuation adjustment	Total
Credit rating					
Aaa~Baa3	$ 1,041,793,210	-	-	-	1,041,793,210
Ba1~Ba3	878,098	457,399	-	-	1,335,497
Gross carrying amount	1,042,671,308	457,399	-	-	1,043,128,707
Allowance for impairment	(115,931)	(1,134)	-	-	(117,065)
Valuation adjustment	-	-	-	(14,959,833)	(14,959,833)
Total	$ 1,042,555,377	456,265	-	(14,959,833)	1,028,051,809

(Continued)

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	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

	Debt instruments measured at amortized cost December 31, 2022			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Aaa~Baa3	$ 263,641,711	-	-	263,641,711
Ba1~Ba3	12,466,453	-	-	12,466,453
Gross carrying amount	276,108,164	-	-	276,108,164
Accumulated impairment	(45,079)	-	-	(45,079)
Total	$ 276,063,085	-	-	276,063,085

	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

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	Letter of Credit Receivables and Guarantee for Trade Receivables December 31, 2022				
	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	$ 77,099,083	-	-	-	77,099,083
Medium	41,860,884	3,181,290	5,866	-	45,048,040
High	404,746	7,307	15,893	-	427,946
Others	11,920,425	350,944	-	-	12,271,369
Gross carrying amount	131,285,138	3,539,541	21,759	-	134,846,438
Allowance for bad debts(Guarantee reserve and other reserve)	(362,268)	(149,794)	(72)	-	(512,134)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(786,869)	(786,869)
Total	$ 130,922,870	3,389,747	21,687	(786,869)	133,547,435

	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

	Loan Commitments December 31, 2022			
	12 month ECLs	Lifetime ECLs－not impaired	Lifetime ECLs－impaired	Total
Credit rating				
Low	$ 2,080,000	-	-	2,080,000
Others	350,147,482	171,975	508	350,319,965
Gross carrying amount	352,227,482	171,975	508	352,399,965
Allowance for bad debts (Loan commitments reserve)	(10,577)	(829)	(336)	(11,742)
Total	$ 352,216,905	171,146	172	352,388,223

(Continued)

	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.

	Accounts Receivable(including other financial assets) December 31, 2022				
	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	$ 10,771,440	-	-	-	10,771,440
Ba1~Caa1	106,073	10,097	46	-	116,216
Others	61,878,370	501,693	240,355	-	62,620,418
Gross carrying amount (Note 1)	72,755,883	511,790	240,401	-	73,508,074
Allowance for bad debts (Note 2)	(61,723)	(5,305)	(206,354)	-	(273,382)
Impairment recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans				(29,808)	(29,808)
Total	$ 72,694,160	506,485	34,047	(29,808)	73,204,884

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 in the gross carrying amount of this table.

Note 2: 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 thousand were not included in the allowance for bad debts of this table.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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, 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	-	144,456	1,732,125
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	651,573	2,254,281

December 31, 2022	Collateral	General agreement of net amount settlement	Enhancement of other credits	Total
In balance sheet:				
Receivables				
Others	$ 1,590	1,908	5,315	8,813
Loans and discounts	1,553,196	-	1,911,128	3,464,324
Financial assets measured at fair value through profit or loss				
Others	2,550	-	-	2,550
Off-balance sheet				
Irrevocable loan commitments	-	-	352,400	352,400
Standby letters of credit	2,587	-	43,326	45,913
Financial guarantees	10,336	-	78,597	88,933
Total	$ 1,570,259	1,908	2,390,766	3,962,933

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.

(Continued)

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, 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

	December 31, 2022			
	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	$ 5,015	3,685	1,330	-
Others	235,386	202,669	32,717	-
Loans and discounts	11,416,185	2,635,409	8,780,776	7,430,794
Total amount of impaired financial assets	$ 11,656,586	2,841,763	8,814,823	7,430,794

4) Financial assets not applicable for rules of impairment:

	December 31, 2023	December 31, 2022
Financial assets measured at fair value through profit or loss		
Debt instruments	$ 203,543,028	137,270,307
Derivative	9,664,150	17,678,802

(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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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; %

	December 31, 2023		December 31, 2022	
Industry type	Book Value (Note 1)	%	Book Value (Note 2)	%
Finance and insurance	$ 1,631,062	31.97 %	1,469,910	28.36 %
Individuals	1,231,031	24.13 %	1,184,650	22.86 %
Manufacturing	538,994	10.56 %	661,090	12.76 %
Government Agencies	686,209	13.45 %	843,567	16.28 %
Shipping, warehousing and communications	174,048	3.41 %	157,026	3.03 %
Electricity and gas supply	269,288	5.28 %	307,804	5.94 %
Others	571,847	11.20 %	558,292	10.77 %
Total	$ 5,102,479	100.00 %	5,182,339	100.00 %

Note 1: 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.

Note 2: December 31, 2022

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,464,324 million), call loans to banks, overdraft of banks and placement with banks ($340,352 million), security investments ($1,377,663 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 ($2,356 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.

(Continued)

2) Region

Unit: In million of TWD; %

Areas type	December 31, 2023 Book Value(Note 1)	%	December 31, 2022 Book Value(Note 2)	%
Domestic	$ 4,386,719	85.97 %	4,442,602	85.73 %
Foreign	715,760	14.03 %	739,737	14.27 %
Total	**$ 5,102,479**	**100.00 %**	**5,182,339**	**100.00 %**

Note 1: 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.

Note 2: December 31, 2022

(1) The carrying amounts excluding adjustment for premium and discount include loans ($3,464,324 million), call loans to banks, overdraft of banks and placement with banks ($340,352 million), security investments ($1,377,663 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 ($2,356 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; %

Type of collateral	December 31, 2023 Book Value (Note 1)	%	December 31, 2022 Book Value (Note 1)	%
Non-secured	$ 1,446,933	45.51 %	1,753,087	50.60 %
Secured	1,732,126	54.49 %	1,711,237	49.40 %
Guarantee	144,456	4.55 %	159,030	4.59 %
Securities	59,538	1.88 %	59,165	1.71 %
Real estate	1,467,832	46.17 %	1,419,601	40.98 %
Chattel	60,144	1.89 %	73,304	2.12 %
Valuables	156	- %	137	- %
Total	**$ 3,179,059**	**100.00 %**	**3,464,324**	**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 ($2,270 million at December 31, 2023; $2,356 million at December 31, 2022).

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

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(viii) Changes in loss allowance

1) Changes in loss allowance of discounts and loans

a) As of December 31, 2023 and 2022, the variation of the beginning and ending balances for loss allowance of discounts and loans were as follows:

	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
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	2022					
	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	$ 21,375,671	2,238,665	2,915,829	26,530,165	18,218,415	44,748,580
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(77,115)	132,651	(55,536)	-		-
－Transfer to lifetime ECL credit impaired	(22,988)	(13,907)	36,895	-		-
－Transfer to 12month expected credit losses	991,672	(941,836)	(49,836)	-		-
－Financial assets that have been derecognized during the period	(3,288,674)	(155,636)	(442,166)	(3,886,476)		(3,886,476)
Originated or purchased new financial assets	8,785,131	406,794	114,675	9,306,600		9,306,600
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	(2,843,993)	(2,843,993)
Bad debts written off	-	-	(1,040,355)	(1,040,355)		(1,040,355)
The recovery of bad debts written off	-	-	1,624,954	1,624,954		1,624,954
Foreign exchange and other movements	(1,751,634)	407,964	(469,051)	(1,812,721)		(1,812,721)
Ending balance	$ 26,012,063	2,074,695	2,635,409	30,722,167	15,374,422	46,096,589

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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b) As of December 31, 2023 and 2022, the carrying amounts of discounts and loans were as follows:

	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)

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Notes to the Consolidated Financial Statements

	2022			
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 2,702,755,660	269,617,183	12,825,224	2,985,198,067
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(145,010,166)	145,509,637	(499,471)	-
－Transfer to lifetime ECL credit impaired	(3,163,517)	(1,092,251)	4,255,768	-
－Transfer to 12month expected credit losses	80,880,754	(80,458,880)	(421,874)	-
－Financial assets that have been derecognized during the period	(1,143,169,636)	(47,441,508)	(4,437,108)	(1,195,048,252)
Originated or purchased new discounts and loans	1,657,407,836	14,681,294	455,631	1,672,544,761
Bad debts written off	-	-	(1,040,355)	(1,040,355)
Foreign exchange and other movements	2,364,992	26,684	278,370	2,670,046
Ending balance	$ 3,152,065,923	300,842,159	11,416,185	3,464,324,267

(Continued)

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

a) As of December 31, 2023 and 2022, 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:

	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

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 91,585	7,628	-	99,213
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(16,477)	-	-	(16,477)
Originated or purchased new financial assets	41,181	-	-	41,181
Foreign exchange and other movements	(358)	(6,494)	-	(6,852)
Ending balance	$ 115,931	1,134	-	117,065

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2023 and 2022, the carrying amounts of debt instruments measured at fair value through other comprehensive income were as follows:

	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**

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 886,046,141	419,940	-	886,466,081
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(577,990,128)	-	-	(577,990,128)
Originated or purchased new financial assets	727,686,810	-	-	727,686,810
Foreign exchange and other movements	6,928,485	37,459	-	6,965,944
Ending balance	**$ 1,042,671,308**	**457,399**	**-**	**1,043,128,707**

(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, 2023 and 2022, the variation of the beginning and ending balances for loss allowance of debt instruments measured at amortized cost were as follows:

	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**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 38,978	-	-	38,978
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(12,307)	-	-	(12,307)
Originated or purchased new financial assets	17,871	-	-	17,871
Foreign exchange and other movements	537	-	-	537
Ending balance	**$ 45,079**	**-**	**-**	**45,079**

b) As of December 31, 2023 and 2022, the carrying amounts of debt instruments measured at amortized cost were as follows:

	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

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 164,968,552	-	-	164,968,552
Changes due to financial instruments recognized as at beginning:				
－Financial assets that have been derecognized during the period	(49,453,826)	-	-	(49,453,826)
Originated or purchased new financial assets	157,853,660	-	-	157,853,660
Foreign exchange and other movements	2,739,778	-	-	2,739,778
Ending balance	**$ 276,108,164**	**-**	**-**	**276,108,164**

(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, 2023 and 2022, 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:

	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

	2022					
	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	$ 302,018	19,255	51,902	373,175	958,799	1,331,974
Changes due to financial instruments recognized as at beginning:						
—Transfer to lifetime ECL not credit impaired	(1,493)	1,493	-	-		-
—Transfer to 12month expected credit losses	182	(182)	-	-		-
—Financial assets that have been derecognized during the period	(133,242)	(12,752)	(51,897)	(197,891)		(197,891)
Originated or purchased new financial assets	184,763	20,570	22	205,355		205,355
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming /Nonaccrual Loans	-	-	-	-	(171,930)	(171,930)
Foreign exchange and other movements	10,040	121,410	45	131,495		131,495
Ending balance	**$ 362,268**	**149,794**	**72**	**512,134**	**786,869**	**1,299,003**

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2023 and 2022, the carrying amounts of letter of credit receivables and guarantee for trade receivables were as follows:

	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)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 130,070,312	3,237,178	130,333	133,437,823
Changes due to financial instruments recognized as at beginning:				
—Transfer to lifetime ECL not credit impaired	(1,194,825)	1,194,825	-	-
—Transfer to 12month expected credit losses	16,405	(16,405)	-	-
—Letter of credit receivables and guarantee for trade receivables that have been derecognized during the period	(61,570,994)	(2,524,027)	(111,275)	(64,206,296)
Originated or purchased new letter of credit receivables and guarantee for trade receivables	63,943,448	1,647,970	2,701	65,594,119
Foreign exchange and other movements	20,792	-	-	20,792
Ending balance	$ 131,285,138	3,539,541	21,759	134,846,438

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

5) Changes in loan commitments reserve

a) As of December 31, 2023 and 2022, the variation of the beginning and ending balances for loss allowance of loan commitments (loan commitments reserve) were as follows:

	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

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 4,964	534	176	5,674
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL not credit impaired	(46)	46	-	-
－Transfer to lifetime ECL credit impaired	-	(1)	1	-
－Transfer to 12month expected credit losses	810	(810)	-	-
－Financial assets that have been derecognized during the period	(3,780)	(457)	(156)	(4,393)
Originated or purchased new loan commitments	8,586	427	102	9,115
Foreign exchange and other movements	43	1,090	213	1,346
Ending balance	$ 10,577	829	336	11,742

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2023 and 2022, the carrying amounts of loan commitments were as follows:

	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**

	2022			
	12 month ECLs	Lifetime ECLs	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance	$ 252,637,425	195,051	427	252,832,903
Changes due to financial instruments recognized as at beginning:				
－Transfer to lifetime ECL credit impaired	-	(591)	591	-
－Financial assets that have been derecognized during the period	(178,138,288)	(525,998)	(1,310)	(178,665,596)
Originated or purchased new loan commitments	277,728,345	503,513	800	278,232,658
Ending balance	$ **352,227,482**	**171,975**	**508**	**352,399,965**

(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, 2023 and 2022, the variation of the beginning and ending balances for loss allowance of receivables were as follows:

	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 thousand were 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)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

	2022					
	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)	$ 64,011	2,854	76,295	143,160	78,915	222,075
Changes due to financial instruments recognized as at beginning:						
－Transfer to lifetime ECL not credit impaired	(228)	380	(152)	-		-
－Transfer to lifetime ECL credit impaired	(88)	(70)	158	-		-
－Transfer to 12month expected credit losses	766	(671)	(95)	-		-
－Financial assets that have been derecognized during the period	(38,552)	(1,751)	(14,427)	(54,730)		(54,730)
Originated or purchased new financial assets	48,391	3,957	18,105	70,453		70,453
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Institutions to Evaluate Assets and Deal with Nonperforming / Nonaccrual Loans	-	-	-	-	(49,107)	(49,107)
Bad debts written off	(81)	(670)	(20,202)	(20,953)		(20,953)
The recovery of bad debts written off	-	-	6,866	6,866		6,866
Foreign exchange and other movements	(12,496)	1,276	139,806	128,586	-	128,586
Ending balance (Note 2)	$ 61,723	5,305	206,354	273,382	29,808	303,190

Note 1: Accumulated impairment recognized in restrictive deposit of the Bank amounted $8 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 $7 thousand and allowance for impairment evaluated by simplification method of Department of Government Employees' Insurance amounted $5 thousand were not included.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

b) As of December 31, 2023 and 2022, the carrying amounts of receivables were as follows:

	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

	2022			
	12 month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (not purchased or originated credit impaired financial assets)	Total
Beginning balance (Note 1)	$ 80,329,700	409,134	129,144	80,867,978
Changes due to financial instruments recognized as at beginning:				
—Transfer to lifetime ECL not credit impaired	(202,024)	203,572	(1,548)	-
—Transfer to lifetime ECL credit impaired	(8,971)	(6,857)	15,828	-
—Transfer to 12month expected credit losses	118,316	(117,418)	(898)	-
—Financial assets that have been derecognized during the period	(17,501,663)	(224,841)	(48,006)	(17,774,510)
Originated or purchased new financial assets	19,787,235	251,968	30,961	20,070,164
Bad debts written off	(81)	(670)	(20,202)	(20,953)
Foreign exchange and other movements	(9,766,629)	(3,098)	135,122	(9,634,605)
Ending balance (Note 2)	$ 72,755,883	511,790	240,401	73,508,074

Note 1: Restrictive deposit of the Bank amounted $16,884 thousand, tax refund receivable $10 thousand and accounts receivable evaluated by simplification method of Department of Government Employees' Insurance amounted $8,280,931 thousand were not included.

Note 2: 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.

(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, 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%	-
Overdue 31~60 days	-	0%	-
Overdue 61~90days	-	0%	-
	$ 10,928,045		-

	December 31, 2022		
	Gross amounts of account receivables	Weighted average expected loss rate	Allowance for expected credit loss for a life time
Non-overdue	$ 9,690,571	0%	-
Overdue less than 30 days	-	0%	-
Overdue 31~60 days	-	0%	-
Overdue 61~90days	-	0%	-
Overdue more than 91 days	249	2%	5
	$ 9,690,820		5

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

	2023	2022
Beginning balance	$ 5	5
Impairment reversed	(5)	-
Ending balance	$ -	5

(Continued)

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

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)
			December 31, 2023				
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 finance	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 bad 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	- %

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)
			December 31, 2022				
Enterprise	Secured		1,032,014	605,945,135	0.17 %	8,863,368	858.84 %
	Non secured		226,955	1,720,338,722	0.01 %	26,757,560	11,789.81 %
Consumer	House mortgage (Note 5)		840,154	903,522,846	0.09 %	7,932,557	944.18 %
	Cash card		-	-	- %	-	- %
	Micro credit (Note 6)		12,364	4,386,099	0.28 %	86,999	703.65 %
	Others (Note 7)	Secured	934,215	203,974,937	0.46 %	2,140,869	229.16 %
		Non secured	114,237	26,156,528	0.44 %	315,236	275.95 %
Total			3,159,939	3,464,324,267	0.09 %	46,096,589	1,458.78 %
			Overdue receivables	Account receivable	Ratio (%)	Allowance for doubtful debt	Cover ratio
Credit card business			510	1,090,941	0.05 %	11,485	2,252.71 %
Non-recourse factoring (Note 8)			-	6,473,103	- %	36,051	- %

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)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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

Unit: In thousand of TWD

	December 31, 2023		January 1, 2022	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement	-	-	23	-
As a result of debt solvency and restart plan	19,502	12,907	9,646	15,306
Total	19,502	12,907	9,669	15,306

3) Concentration of Credit Risk

Unit: In million of TWD; %

Rank	Group Name	Credit Extensions Balance	% of Net Asset Value
December 31, 2023			
1	A group – Plastic Sheets, Pipes and Tubes Manufacturing	43,530	9.94 %
2	B company－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 %

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

December 31, 2022			
Rank	**Group Name**	**Credit Extensions Balance**	**% of Net Asset Value**
1	A company－Transport via Railways	42,596	10.77 %
2	B group－Smelting and Refining of Iron and Steel	37,807	9.56 %
3	C group – Plastic Sheets, Pipes and Tubes Manufacturing	36,157	9.14 %
4	D group－Air Transportation	31,893	8.06 %
5	E group－Manufacture of Made-up Textile Articles	23,524	5.95 %
6	F group－Wireless Telecommunications	22,765	5.76 %
7	G group－Air Transportation	22,583	5.71 %
8	H group－Electric Wires and Cables Manufacturing	22,156	5.60 %
9	I group - Manufacture of Other Food Products Nots Elsewhere Classified	17,406	4.40 %
10	J group－Real Estate Development Activities	17,095	4.32 %

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

Unit: In thousand of TWD; %

	December 31, 2023		December 31, 2022	
	Average	**Average interest rate (%)**	**Average**	**Average interest rate (%)**
Interest earnings assets				
Call loans and placement with banks	$ 303,754,768	2.99	317,182,906	1.71
Placement with Central Bank	328,429,849	0.74	424,331,394	0.72
Financial assets	1,409,091,167	1.82	957,317,453	1.05
Negotiation, discounts and total loans	3,292,308,909	1.64	3,205,054,675	1.52
Interest bearing liabilities				
Deposit of Central Bank	18,746,079	-	20,074,831	-
Deposits and call loans from banks	190,548,487	2.32	187,253,471	1.03
Loans to Central Bank and banks	158,732,511	0.87	114,223,346	0.55
Demand deposits	529,867,786	0.63	555,089,809	0.30
Demand savings	1,222,149,450	0.66	1,226,540,748	0.47
Time savings	1,581,104,253	1.29	1,457,720,564	1.33
Time deposits	1,047,451,306	2.16	807,717,661	1.25
Government deposits	381,667,373	0.40	367,624,271	0.22
Structured products	919,860	3.23	529,558	1.91
Financial bonds	25,336,986	1.26	26,000,000	1.18

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)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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%.

(Continued)

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, 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)

BANK OF TAIWAN AND SUBSIDIARY
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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

Maturity analysis of assets and liabilities (United State Dollars)

Unit: In thousand of USD

December 31, 2022	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	1,763,766	15,000	-	10,500	1,834	1,791,100
Call loans to banks and overdrafts	3,245,200	1,638,500	1,187,000	950,000	-	7,020,700
Investment securities	14,975	137,304	148,933	901,983	6,689,168	7,892,363
Loans (including overdue loans)	906,365	422,182	192,778	325,128	3,463,905	5,310,358
Interest receivables and income receivables	46,264	51,602	23,937	16,899	23,002	161,704
Other expired items	16,241,184	9,084,773	3,147,168	934,898	7,147,758	36,555,781
Total major matured capital inflow	22,217,754	11,349,361	4,699,816	3,139,408	17,325,667	58,732,006

Unit: In thousand of USD

December 31, 2022	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	1,740,515	471,000	-	-	-	2,211,515
Demand deposits	959,683	1,271,985	1,907,978	-	1,094,248	5,233,894
Time deposits	5,983,544	4,362,267	2,769,778	4,589,739	-	17,705,328
Bills and bonds sold under repurchase agreements	-	669,130	-	-	-	669,130
Borrowings	-	-	-	-	595,000	595,000
Interest payables	40,271	31,078	15,557	21,549	75,989	184,444
Loan Commitments	107,154	254,607	626,474	200,594	775,869	1,964,698
Equities	-	-	-	-	(258,902)	(258,902)
Other expired items	6,817,487	7,986,489	1,691,276	868,536	14,432,620	31,796,408
Total major matured capital outflow	15,648,654	15,046,556	7,011,063	5,680,418	16,714,824	60,101,515

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BANK OF TAIWAN AND SUBSIDIARY
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Maturity analysis of assets and liabilities (New Taiwan Dollars)

Unit: In thousand of TWD

December 31, 2022	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Cash and placement with banks	77,552,804	155,269,167	19,987,143	57,859,000	58,325,956	368,994,070
Call loans to banks and overdrafts	14,255,000	4,610,000	-	-	-	18,865,000
Investment securities	646,927,895	56,625,518	31,430,038	95,955,734	462,473,918	1,293,413,103
Loans (including overdue loans)	526,533,428	234,647,361	350,658,308	323,491,889	1,808,322,235	3,243,653,221
Interest receivables and income receivables	5,232,065	2,456,300	1,407,547	1,318,812	112,550	10,527,274
Other expired items	176,315,607	205,275,793	54,074,636	43,850,177	310,728,596	790,244,809
Total major matured capital inflow	1,446,816,799	658,884,139	457,557,672	522,475,612	2,639,963,255	5,725,697,477

Unit: In thousand of TWD

December 31, 2022	1~30days	31~90days	91~180days	181days~1year	Over one year	Total
Deposits from banks, bank overdrafts, and call loans from bank	45,678,235	6,943,471	10,295,086	63,320,767	68,202,642	194,440,201
Demand deposits	52,041,776	35,483,029	48,493,473	83,385,119	1,751,876,005	1,971,279,402
Time deposits	258,378,783	284,077,906	308,992,064	806,125,725	154,189,046	1,811,763,524
Bills and bonds sold under repurchase agreements	630,050	436,900	994,608	2,579	-	2,064,137
Borrowings	-	382	50,000,431	216,000,508	10,000,355	276,001,676
Interest payables	3,850,013	722,869	1,827,464	1,030,535	361,968	7,792,849
Loan Commitments	74,509,682	149,019,364	223,529,046	447,058,091	596,077,454	1,490,193,637
Equities	-	-	-	-	400,013,127	400,013,127
Other expired items	259,759,448	265,818,894	92,161,550	41,311,788	171,121,076	830,172,756
Total major matured capital outflow	694,847,987	742,502,815	736,293,722	1,658,235,112	3,151,841,673	6,983,721,309

(iv) Maturity analysis of derivatives

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

Unit: In thousand of TWD

December 31, 2022 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	18,562,046	15,080,766	20,407,379	10,431,979	1,057,283	-	65,539,453
Foreign exchange inflow	18,562,510	15,050,529	20,407,379	10,431,979	1,057,283	-	65,509,680
Financial assets and liabilities measured at fair value through profit or loss, Derivative instruments (Interest)							
Interest outflow	416,521,260	474,938,770	113,911,253	41,993,440	1,322,251	-	1,048,686,974
Interest inflow	337,547,407	388,959,996	107,188,154	46,950,973	1,010,043	-	881,656,573
Hedging derivative financial instruments (Interest)							
Interest outflow	-	10,305	8,940	-	-	-	19,245
Interest inflow	-	14,298	15,776	-	-	-	30,074

(Continued)

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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, 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

Unit: In thousand of TWD

December 31, 2022	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Irrevocable loan commitment	64,425,000	138,488,089	2,080,000	118,229,655	29,004,738	352,227,482
Irrevocable credit card commitment	6,406	1,155	4,642	10,903	149,381	172,487
Unused letter of credit	24,607,588	2,442,462	8,672,352	8,193,980	1,996,211	45,912,593
Guarantee receivables	48,827,879	541,699	4,732,062	12,327,552	22,504,652	88,933,844
Total	137,866,873	141,473,405	15,489,056	138,762,090	53,654,982	487,246,406

(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, 2023	Less than 1 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)

Unit: In thousand of TWD

December 31, 2022	Less than1 year	1-5 years	Over 5 years	Total
Lease agreements				
Lease liabilities	(477,517)	(646,018)	(95,320)	(1,218,855)
Lease income	148,340	214,215	-	362,555
Total	(329,177)	(431,803)	(95,320)	(856,300)

(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, 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)

(Continued)

December 31, 2022

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	$ 5,725,697,477	585,399,942	861,416,857	658,884,139	457,557,672	522,475,612	2,639,963,255
Major matured capital outflow	6,983,721,309	342,331,446	352,516,541	742,502,815	736,293,722	1,658,235,112	3,151,841,673
Capital gap	(1,258,023,832)	243,068,496	508,900,316	(83,618,676)	(278,736,050)	(1,135,759,500)	(511,878,418)

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

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

December 31, 2022

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	$ 58,732,006	22,217,754	11,349,361	4,699,816	3,139,408	17,325,667
Major matured capital outflow	60,101,515	15,648,654	15,046,556	7,011,063	5,680,418	16,714,824
Capital gap	(1,369,509)	6,569,100	(3,697,195)	(2,311,247)	(2,541,010)	610,843

(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.

(Continued)

(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').

(Continued)

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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.

The following table shows the total amounts in the unreformed contracts and those with appropriate fallback languages on December 31, 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional principal amounts.

Unit: In million of TWD

	USD LIBOR	
	Total amount of unreformed contracts	**Amount with appropriate fallback clause**
December 31, 2022		
Financial assets		
Loans	$ 70,228	34,366
Corporate bonds	24,870	24,870
Financial liabilities		
Loans from central bank	3,994	3,994
Derivatives		
Interest rate swaps	29,796	29,796

(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.

(Continued)

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.

(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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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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, 2023 and 2022. Under this assumption, the income after tax will decrease $29 million and $24 million, respectively; the other comprehensive income will decrease $15,621 million and $12,083 million, respectively. If the yield curve moves downward by 100 bps, the income after tax will increase $28 million and $23 million, respectively; the other comprehensive income will increase $16,649 million and $12,827 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, 2023 and 2022. Under this assumption, the income after tax will increase $905 million and $1,212 million, respectively.

If the exchange rate depreciates by 5%, the income after tax will decrease $905 million and $1,212 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, 2023 and 2022. Under this assumption, the income after tax will increase $10,119 million and $9,316 million, respectively; the other comprehensive income will increase $25,059 million and $22,075 million, respectively.

If the market prices decreases by 20 %, the income after tax will decrease $10,119 million and $9,316 million, respectively; the other comprehensive income will decrease $25,059 million and $22,075 million, respectively.

(Continued)

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4) Sensitivity analysis is as follows:

Unit: In million of TWD

December 31, 2023			
Main risk	Range of changes	Amount Influence	
		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)

Unit: In million of TWD

December 31, 2022			
Main risk	Range of changes	Amount Influence	
		Equity	Gain or loss
Interest rate risk	Interest rate curve rise 100BPS	(12,083)	(24)
Interest rate risk	Interest rate curve fall 100BPS	12,827	23
Exchange rate risk	Other foreign currency/ TWD rise 5%		1,212
Exchange rate risk	Other foreign currency / TWD fall 5%		(1,212)
Price of equity stock risk	Price of equity stock rise 20 %	22,075	9,316
Price of equity stock risk	Price of equity stock fall 20 %	(22,075)	(9,316)

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(x) Information of currency risk concentrate

Net position of major foreign currencies

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	49,080	1,030,678
CAD	43,515	1,010,414

Unit: In thousand of stated currencies

	December 31, 2022	
	Amount in original currency	Amount in New Taiwan Dollars
USD	5,344,921	164,222,690
EUR	497,504	16,298,243
CNY	3,514,515	15,502,526
AUD	454,933	9,453,504
CAD	38,501	873,199

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.

(Continued)

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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, 2023 and 2022, respectively.

Unit: In thousand of TWD

	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	2,310,366	15,633,200
Current income tax assets	40,346	107,482	147,828
Loans and Discounts, net	119,904,702	82,825,047	202,729,749
Other financial assets, net	401,353	15,926	417,279
Property and equipment, net	70,358	20,436	90,794
Right-of-use assets, net	222,402	103,796	326,198
Intangible assets, net	30,697	1,377	32,074
Deferred income tax assets, net	35,042	56,445	91,487
Other assets, net	25,450,093	(4,958,818)	20,491,275
Total assets	$ 723,767,563	305,006,385	1,028,773,948

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	December 31, 2023		
Liabilities	USD to TWD	Other currencies to TWD	Total TWD
Deposits of Central Bank and banks	$ 86,139,374	35,056,708	121,196,082
Due to 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	840,334	14,432,417
Payables	10,020,505	2,822,278	12,842,783
Current income tax liabilities	49,243	128,205	177,448
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	270,693	141,696	412,389
Deferred income tax liabilities	-	14,799	14,799
Other liabilities	739,933	251,999,780	252,739,713
Total liabilities	$ 810,218,947	520,339,842	1,330,558,789

(Continued)

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Assets	December 31, 2022 USD to TWD	Other currencies to TWD	Total TWD
Cash and cash equivalents	$ 78,793,433	22,947,747	101,741,180
Placement with Central Bank and call loans to banks	173,253,066	84,471,947	257,725,013
Financial assets measured at fair value through profit or loss	97,062,403	25,926,382	122,988,785
Financial assets measured at fair value through other comprehensive income	105,064,930	74,029,974	179,094,904
Debt investments measured at amortized cost	124,355,029	22,731,586	147,086,615
Hedging derivative financial assets	-	9,467	9,467
Receivables, net	9,497,969	2,171,374	11,669,343
Current income tax assets	51,205	45,526	96,731
Loans and Discounts, net	133,274,611	85,066,222	218,340,833
Other financial assets, net	278,624	16,995	295,619
Property and equipment, net	86,740	27,800	114,540
Right-of-use assets,net	203,572	172,163	375,735
Intangible assets, net	32,554	820	33,374
Deferred income tax assets, net	18,258	51,820	70,078
Other assets, net	27,500,180	(7,653,610)	19,846,570
Total assets	$ 749,472,574	310,016,213	1,059,488,787

(Continued)

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Liabilities	December 31, 2022 USD to TWD	Other currencies to TWD	Total TWD
Deposits of Central Bank and other banks	$ 58,238,363	20,504,476	78,742,839
Loans from Central Bank and banks	3,840,625	-	3,840,625
Financial liabilities measured at fair value through profit or loss	14,441,575	45	14,441,620
Bills and bonds sold under repurchase agreement	20,559,034	1,234,738	21,793,772
Payables	7,169,095	1,892,521	9,061,616
Current income tax liabilities	-	63,350	63,350
Deposits and remittances	627,252,841	260,944,040	888,196,881
Other financial liabilities	504,366	42,339	546,705
Provisions	1,506	13,073	14,579
Lease liabilities	251,837	177,471	429,308
Deferred income tax liabilities	1,807	20,472	22,279
Other liabilities	1,925,039	218,842,262	220,767,301
Total liabilities	$ 734,186,088	503,734,787	1,237,920,875

(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

Item	December 31, 2023 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

(Continued)

Unit: In thousand of TWD

Item	December 31, 2022 1~90 days	91~180 days	181 days to one year	Over one year	Total
Interest rate sensitive assets	$ 1,626,729,145	2,354,235,199	143,972,255	415,500,653	4,540,437,252
Interest rate sensitive liabilities	327,880,873	3,555,898,225	196,123,218	312,060,890	4,391,963,206
Interest rate sensitive gap	1,298,848,272	(1,201,663,026)	(52,150,963)	103,439,763	148,474,046
Net worth					400,013,127
Ratio of interest rate sensitive assets to liabilities (%)					103.38
Ratio of interest rate sensitive gap to net worth (%)					37.12

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

Item	December 31, 2023 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)

Unit: In thousand of USD

Item	December 31, 2022 1~90 days	91~180 days	181 days to one year	Over one year	Total
Interest rate sensitive assets	$ 39,514,603	5,055,615	4,299,973	3,785,767	52,655,958
Interest rate sensitive liabilities	28,800,458	9,440,481	5,573,187	510,293	44,324,419
Interest rate sensitive gap	10,714,145	(4,384,866)	(1,273,214)	3,275,474	8,331,539
Net worth					(258,901)
Ratio of interest rate sensitive assets to liabilities (%)					118.80
Ratio of interest rate sensitive gap to net worth (%)					(3,218.04)

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).

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(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.

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.

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(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 19 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.

4) Optimizing and Expanding AML/CFT information systems

According to the Regulations Governing Anti-Money Laundering Art. 9.1., financial institutions should gradually integrate customer information and transaction data into information systems, for the purpose of enhancing its capability of account and transaction monitoring. 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.

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6) Raising awareness about money laundering and terrorism financing

The Bank established an online course, "2023 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. 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.

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 2023.

(Continued)

(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, 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

	December 31, 2022				
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	$ 992,659	859,647	992,659	859,647	133,012
Financial asset measured at fair value through other comprehensive income					
Under repurchase agreements	23,760,341	22,742,043	23,760,341	22,742,043	1,018,298
Debt instruments measured at amortized cost					
Under repurchase agreements	337,828	256,219	265,422	256,219	9,203

(Continued)

(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, 2023					
	Financial assets under offsetting or general agreement of net amount settlement or similar norms					
				Relevant amount not offset on the balance sheet (d)		
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)**	**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					
				Relevant amount not offset on the balance sheet (d)		
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)**	**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.

(Continued)

December 31, 2022

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	$ 17,622,062	-	17,622,062	7,031,467	1,462,661	9,127,934

December 31, 2022

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	$ 12,627,864	-	12,627,864	7,028,092	2,872,897	2,726,875
Securities sold under repurchase agreements	20,559,034	-	20,559,034	23,598,336	77,687	(3,116,989)
Total	$ 33,186,898	-	33,186,898	30,626,428	2,950,584	(390,114)

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.

(Continued)

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

(Continued)

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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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, 2023	December 31, 2022
Eligible capital	Common stock capital		333,278,440	305,202,251
	Other tier 1 capital		-	-
	Tier 2 capital		52,905,012	54,483,022
	Eligible capital		386,183,452	359,685,273
Risk weighted assets	Credit risk	Standardized approach	2,203,896,622	2,255,957,139
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/Alternative standardized approach	76,844,863	62,008,213
		Advance measurement approach	-	-
	Market risk	Standardized approach	105,681,738	81,314,025
		Internal models approach	-	-
	Total risk weighted assets		2,386,423,223	2,399,279,377
Capital adequacy ratio			16.18 %	14.99 %
Common stock based capital ratio			13.97 %	12.72 %
Tier 1 risk based capital ratio			13.97 %	12.72 %
Leverage ratio			5.55 %	5.02 %

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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
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 for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Short-term employee benefits	$ 15,641	15,786

(c) Other related-party transactions

(i) Call loans to bank

	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

	December 31, 2022			
	Highest balance	Ending balance	Interest rate range (%)	Interest income
Hua Nan Financial Holdings Co., Ltd.	$ 17,212,685	7,577,575	0.0300～5.2800	92,450
Land Bank of Taiwan	32,581,151	7,646,460	0.0800～5.6000	156,538
Taiwan Business Bank Co., Ltd.	10,762,583	4,255,896	0.0001～5.1800	101,974
Cathy United Bank	29,934,784	5,219,380	0.0400～6.8000	60,534
The Export-Import Bank of the Republic of China	2,729,400	1,392,175	0.0850～4.2500	2,265
Chang Hwa Bank	19,174,171	2,395,212	0.0500～5.4500	73,539
United Taiwan Bank	891,180	548,780	-0.4200～4.2200	3,160
Total		$ 29,035,478		490,460

(Continued)

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Notes to the Consolidated Financial Statements

(ii) Receivables

	December 31, 2023		December 31, 2022	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 52,108	0.08	34,421	0.06
BankTaiwan Life Insurance Co., Ltd.	23,927	0.04	19,403	0.03
BankTaiwan Securities Co., Ltd.	755	-	582	-
Total	$ 76,790	0.12	54,406	0.09

(iii) Other assets

	December 31, 2023		December 31, 2022	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 2,500,000	6.44	2,300,000	7.70
BankTaiwan Life Insurance Co., Ltd.	8,368	0.02	8,339	0.03
BankTaiwan Securities Co., Ltd.	14	-	14	-
Total	$ 2,508,382	6.46	2,308,353	7.73

(iv) Securities lending (classified as other financial assets)

	December 31, 2023		December 31, 2022	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
BankTaiwan Securities Co., Ltd.	$ 245,640	1.02	276,525	1.01

(v) Deposits of banks

	December 31, 2023		December 31, 2022	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
Hun Nan Financial Holdings Co., Ltd.	$ 194,185	0.57	318,007	0.50

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
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(vi) Call loans from banks (recognized as deposit of central bank and other bank)

	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

	December 31, 2022			
	Highest balance	Ending balance	Interest rate range (%)	Interest expense
Hua Nan Financial Holdings Co., Ltd.	$ 14,162,000	577,081	0.0800～4.4500	5,084
Land Bank of Taiwan	38,177,645	921,750	0.0600～4.2700	27,943
Taiwan Business Bank Co., Ltd.	1,079,817	-	0.1300～3.8100	1,323
Cathy United Bank	34,487,682	-	0.0300～3.7500	21,062
The Export-Import Bank of the Republic of China	1,850,000	-	0.0850～0.4400	56
Chang Hwa Bank	33,703,498	110,275	0.0500～4.2700	34,981
Total		$ 1,609,106		90,449

(vii) Deposits

	December 31, 2023		December 31, 2022	
Name	Amount	Percentage of account balance	Amount	Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 1,455,969	0.03	750,013	0.02
BankTaiwan Life Insurance Co., Ltd.	13,683,571	0.29	5,444,108	0.12
BankTaiwan Securities Co., Ltd.	182,475	-	413,171	0.01
Hua Nan Financial Holdings Co., Ltd.	26,968	-	375,875	0.01
Tang Eng Iron Works Co., Ltd.	1,281	-	3,623	-
Total	$ 15,350,264	0.32	6,986,790	0.16

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(viii) Payables

Name	December 31, 2023 Amount	December 31, 2023 Percentage of account balance	December 31, 2022 Amount	December 31, 2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 247	-	112	-
BankTaiwan Life Insurance Co., Ltd.	2,683	-	1,635	-
BankTaiwan Securities Co., Ltd.	67	-	99	-
Total	$ 2,997	-	1,846	-

(ix) Other liabilities

Name	December 31, 2023 Amount	December 31, 2023 Percentage of account balance	December 31, 2022 Amount	December 31, 2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 3,253	0.04	2,853	0.03
BankTaiwan Life Insurance Co., Ltd.	538	0.01	493	0.01
BankTaiwan Securities Co., Ltd.	1,830	0.02	1,813	0.02
Total	$ 5,621	0.07	5,159	0.06

(x) Interest income

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 528,760	0.45	312,565	0.45
BankTaiwan Securities Co., Ltd.	13,413	0.01	5,014	0.01
Total	$ 542,173	0.46	317,579	0.46

(xi) Interest expense

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 2,162	-	1,481	-
BankTaiwan Life Insurance Co., Ltd.	132,153	0.17	45,207	0.13
BankTaiwan Securities Co., Ltd.	3,572	-	947	-
Total	$ 137,887	0.17	47,635	0.13

(Continued)

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(xii) Service fee income

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
BankTaiwan Life Insurance Co., Ltd.	$ 189,449	4.10	251,464	5.16
BankTaiwan Securities Co., Ltd.	2,564	0.06	3,699	0.08
Total	$ 192,013	4.16	255,163	5.24

(xiii) Service fee expense

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
BankTaiwan Securities Co., Ltd.	$ 5,508	0.61	7,526	0.93

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

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
BankTaiwan Life Insurance Co., Ltd.	$ 1,738,232	2.41	401,568	(0.65)
BankTaiwan Securities Co., Ltd.	(1,555)	-	(1,704)	-
Total	$ 1,736,677	2.41	399,864	(0.65)

(xv) Other non-interest income (expense)

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 38,626	(0.05)	31,974	0.08
BankTaiwan Life Insurance Co., Ltd.	28,655	(0.04)	28,388	0.07
BankTaiwan Securities Co., Ltd.	31,758	(0.05)	31,218	0.08
Total	$ 99,039	(0.14)	91,580	0.23

(Continued)

(xvi) Other general and administrative expense

Name	2023 Amount	2023 Percentage of account balance	2022 Amount	2022 Percentage of account balance
Taiwan Financial Holding Co., Ltd.	$ 739	0.01	759	0.01

(xvii) Loans

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

December 31, 2022

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	39 households	17,930	11,449	11,449	-	None	None
House mortgages	236 households	1,049,651	855,351	855,351	-	Land and buildings	None
Short-term loans	Taiwan financial Holding Co., Ltd.	33,500,000	33,500,000	33,500,000	-	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	120,542	120,542	120,542	-	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.	2,069,677	1,400,000	1,400,000	-	Land and factory	None
Medium-term secured loans	Tang Eng Iron Works Co., Ltd.	2,100,000	1,800,000	1,800,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	950,000	947,000	947,000	-	Land and factory	None
Medium-term secured loans	Central Pictures Corporation	4,000,000	4,000,000	4,000,000	-	Land and factory	None

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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.

(xviii) Derivative financial instruments

December 31, 2023

Name of related party	Subject	Agreement period	Notional amounts	Current valuation adjustment	Balance sheet: Account name	Balance sheet: Amount
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2019.08.19~2024.05.24	37,263,313	289,185	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(1,035,028)

December 31, 2022

Name of related party	Subject	Agreement period	Notional amounts	Current valuation adjustment	Balance sheet: Account name	Balance sheet: Amount
BankTaiwan Life Insurance Co., Ltd.	Swap agreement	2019.08.19~2023.03.20	51,665,080	(108,402)	Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	373,812
					Valuation adjustment of financial liabilities measured at fair value through profit or loss - swap	(592,726)

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(xix) 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 $250,372 thousand. For the years ended December 31, 2023 and 2022, the Bank recognized the amount of $1,320 thousand and $1,177 thousand as interest expense; $48,799 thousand and $46,884 thousand as depreciation expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $116,313 thousand and $143,882 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, 2023 and 2022, the Bank recognized the amount of $3 thousand as interest expense and $85 thousand as depreciation expense for both years. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to $256 thousand and $340 thousand, respectively.

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, 2023 and 2022, the Bank recognized the amount of $18,917 thousand and $16,896 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, 2023 and 2022, the Bank recognized the amount of $3,228 thousand and$2,959 thousand as rental income, respectively.

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 $55,033 thousand. For the years ended December 31, 2023 and 2022, the Bank recognized the amount of $11,031 thousand and $10,816 thousand as rental income, respectively.

(xx) 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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(11) Pledged Assets:

Pledged assets	Purpose of pledge	December 31, 2023	December 31, 2022
Deposit reserve - account B and deposits in Central Bank etc.	Project fund accommodations secured	$ -	250,000,000
Financial assets measured at fair value through other comprehensive income－bonds	Guarantee deposit for provisional seizure against defaulted loans and others	-	7,013
Financial assets measured at fair value through other comprehensive income－bonds	Operating deposit for securities investment trust and consulting	165,133	162,879
Financial assets measured at amortized cost－bonds	Guarantee deposit for provisional seizure against defaulted loans and others	353,798	371,218
Financial assets measured at amortized cost－bonds	Guarantee deposits for trust business compensation reserve	499,160	498,747
Financial assets measured at amortized cost－bonds	Deposit for bills	52,075	52,196
Financial assets measured at fair value through other comprehensive income – negotiable certificate	Payment and settlement systems of Central Bank	47,396,714	47,158,785
Time deposit－The Local Branches of China Banks	Guarantee deposit for calling loans in CNY	1,298,400	1,323,300
Time deposit－The Local Branches of China Banks	Guarantee deposit for liquidation account in CNY	1,298,400	1,323,300
		$ 51,063,680	300,897,438

(12) Commitments and Contingencies:

(a) Commitments and contingencies

	December 31, 2023	December 31, 2022
Trust liabilities	$ 870,661,742	812,535,541
Marketable securities held as custodian	2,149,356,294	2,034,093,301
Goods held in custody	21,960,466	26,056,380
Contract guarantee on behalf of counter parties	1,241,793	1,404,012
Consignment collection	44,858,063	47,740,709
Issuance of New Taiwan Dollars	3,430,346,893	3,358,816,386
Trustee of behalf of Lenders	594,579,077	537,290,946
Registered government bonds for sale	738,820,000	672,371,100
Registered short term bills for sale	257,574,154	261,542,722
Consigned sales of goods	867,198	1,330,402
Guarantees	94,600,676	88,933,844
Letters of credit	43,562,816	45,912,594
	$ 8,248,429,172	7,888,027,937

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(b) Balance sheet, income statement and details of assets under trust

Trust assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Deposits				
Deposits in BOT	$ 39,567,819	5	37,448,107	5
Deposits in other banks	18,399	-	18,398	-
Short term investment				
Investment in funds	166,344,583	19	170,120,394	21
Investment in bonds	375,046,325	43	363,683,689	45
Common stock investment–marketable securities	52,144,626	6	52,614,598	7
Receivables				
Interest receivable	2,652,961	-	2,472,833	-
Cash dividend receivable	1,917	-	2,477	-
Receivables from trading securities	337,765	-	124,400	-
Receivables from forward contracts	-	-	415,924	-
Real estate				
Land	28,631,766	3	32,334,540	4
Buildings	288,554	-	223,168	-
Construction in progress	18,182,483	2	11,953,215	1
Marketable securities under custody	187,444,544	22	141,123,798	17
Total of trust assets	$ 870,661,742	100	812,535,541	100

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Trust liabilities	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Payables				
Payables from trading securities	$ 213,503	-	173,838	-
Payables from forward contracts	-	-	415,600	-
Payables from management fee	3,041	-	2,919	-
Payables from supervision fee	841	-	602	-
Other payables	788	-	766	-
Tax payable	74	-	61	-
Securities held in custody payable	187,444,544	22	141,123,798	17
Trust capital				
Money trust	439,253,368	50	440,008,107	54
Marketable securities trust	316,728	-	277,395	-
Real estate investment trust	50,309,838	6	46,982,521	6
Other reserve and accumulated income				
Accumulated loss	179,333,258	20	169,028,077	21
Foreign currency translation	(4,118,779)	-	1,337,773	-
Deferred unrealized income	1,586,213	-	352,956	-
Current income	16,318,325	2	12,831,128	2
Total of trust liabilities	$ 870,661,742	100	812,535,541	100

Note: Including fund and bond investments of the offshore branch amounting to $325,050 thousand and $291,991 thousand as of December 31, 2023 and 2022, respectively.

Details of trust	December 31, 2023	December 31, 2022
Deposits		
Deposits in the Bank	$ 39,567,819	37,448,107
Deposits in other banks	18,399	18,398
Short term investment		
Investment in funds	166,344,583	170,120,394
Investment in bonds	375,046,325	363,683,689
Common stock investment– marketable securities	52,144,626	52,614,598
Real estate		
Land	28,631,766	32,334,540
Buildings	288,554	223,168
Construction in progress	18,182,483	11,953,215
Marketable securities under custody	187,444,544	141,123,798
Total	$ 867,669,099	809,519,907

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

Income statement for assets under trust	2023	2022
Trust revenue		
Capital interest revenue	$ 14,107,178	13,380,791
Cash dividend revenue	1,134,575	2,758,746
Donation revenue	104,799	112,040
Realized capital gain – shares	48,158	-
Realized capital gain – fund	624,554	27,792
Realized capital gain – bond	129,588	175,307
Realized foreign exchange gains	1,698	16,020
Income from beneficiary certificates	3,836,056	4,083,818
Other revenue	7	33
Total trust revenue	19,986,613	20,554,547
Trust expense		
Capital management fee	264,954	318,865
Tax expense	7,636	5,417
Supervisory fee	1,350	1,086
Storage fee	19,097	18,523
Commission fee	158	324
Donation cost	649,092	594,866
Realized capital loss – shares	-	23,735
Unrealized capital loss – shares	2,483,372	5,589,109
Unrealized capital loss – fund	3,285	447
Realized loss on property exchange	207,711	1,135,548
Other expense	31,633	35,499
Total trust expense	3,668,288	7,723,419
Net income	$ 16,318,325	12,831,128

(13) Profitability:

Item		December 31, 2023		December 31, 2022	
		Before adjusting	After adjusting	Before adjusting	After adjusting
Return on total assets (Note 6)	Before income tax	0.46	0.57	0.33	0.43
	After income tax	0.39	0.49	0.29	0.39
Return on net worth (Note 7)	Before income tax	6.83	7.74	4.81	5.78
	After income tax	5.72	6.62	4.27	5.24
Profit margin			42.64		39.84

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.

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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: None.

(16) Other:

(a) The employee benefit expenses, depreciation, depletion and amortization, categorized by function, were as follows:

By function / By nature	2023 Operating costs	2023 Operating expenses	2023 Total	2022 Operating costs	2022 Operating expenses	2022 Total
Employee benefits expenses						
Salaries	65,196	12,574,292	12,639,488	62,464	12,054,023	12,116,487
Labor and health insurances	123,219	583,266	706,485	120,599	569,475	690,074
Pensions	3,166	1,093,172	1,096,338	3,097	1,045,960	1,049,057
Director and supervisor compensation payment	-	2,626	2,626	-	2,640	2,640
Others	2,507,920	374,980	2,882,900	1,965,733	295,650	2,261,383
Depreciation expenses	55,201	1,679,675	1,734,876	53,648	1,551,612	1,605,260
Amortization expenses	-	441,794	441,794	-	390,841	390,841

The average number of employees for the years ended December 31, 2023 and 2022 were 8,257 and 8,272, respectively. And among them, directors without employee position were 12 and 13, respectively.

(Continued)

(b) Financial Statements Audited adjustment

The accounting records for the year ended December 31, 2022, 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, 2022	Adjustments —Increase (Decrease)	As Audited by the MoA, December 31, 2022
Assets			
Financial Assets Measured at Fair Value through Other Comprehensive Income	$ 1,138,542,241	516	1,138,542,757
Deferred tax assets	335,415	2,374	337,789
Liabilities			
Current Income Tax Liabilities	1,448,625	41	1,448,666
Deferred tax liabilities	18,489,863	232	18,490,095
Stockholders' equity			
Unappropriated retained earnings	30,751,075	(59)	30,751,016
Other equity	42,669,864	2,676	42,672,540

Income statement	As Previously Reported 2022	Adjustments —Increase (Decrease)	As Audited by the MoA, 2022
Foreign exchange gain (loss)	$ 16,234,086	1,158	16,235,244
Income tax expenses	2,143,696	1,217	2,144,913
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(12,456,246)	516	(12,455,730)
Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	(25,683)	(2,160)	(27,843)

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ii) Audit entries:

Item	Adjustment accounts	Amount revised by the MoA		Explanation of revision by the MoA
1.	Deferred tax assets	$ 2,890		MoA adjusted taxable income based on the adjustment entry from the accountant of South Africa branch.
	Income tax expenses	309		
	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		2,676	
	Current Income Tax Liabilities		523	
2.	Financial Assets Measured at Fair Value through Other Comprehensive Income	$ 516		MoA adjusted taxable income based on the adjustment entry from the accountant of New York branch.
	Deferred tax assets		516	
3.	Income tax expenses	$ 1,158		MoA adjusted taxable income based on the adjustment entry from the accountant of Shanghai branch.
	Foreign exchange gain (loss)		1,158	
4.	Current income tax liabilities	$ 482		MoA adjusted taxable income.
	Income tax expenses		250	
	Deferred Tax Liabilities		232	

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BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(c) Supplementary information for government employees' insurance department

(i) Balance sheets

	Government employees' insurance department December 31, 2023	Government employees' insurance department December 31, 2022
Cash and cash equivalents	$ 46,661,666	51,748,515
Financial assets measured at fair value through profit or loss	297,686,295	238,758,774
Debt investments measured at amortized cost	120,236,537	109,099,725
Receivables, net	11,873,027	10,464,810
Property and equipment, net	8,404	11,044
Intangible assets, net	5,671	11,265
Other assets, net	592,311	595,816
Total assets	$ 477,063,911	410,689,949

	Government employees' insurance department December 31, 2023	Government employees' insurance department December 31, 2022
Payables	$ 42,340	39,792
Provisions	477,021,568	410,650,138
Other liabilities	3	19
Total liabilities	$ 477,063,911	410,689,949

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(ii) Income statement

	Government employees' insurance department 2023	Government employees' insurance department 2022
Net interest income	$ 4,346,332	2,474,493
Service fee expenses	(14,756)	(19,870)
Gain (loss) on financial assets and liabilities at fair value through profit or loss	61,295,768	(61,668,558)
Foreign exchange gain (loss)	322,550	13,930,005
Gain on reversal of impairment loss on assets	(4,735)	(2,855)
Premium income	22,804,693	22,626,131
Government subsidy (note)	9,060,440	9,207,821
Insurance payments	(31,193,322)	(29,341,339)
Provision for insurance premium reserve	(66,371,429)	43,014,084
Miscellaneous expense	(91,090)	(90,376)
Miscellaneous revenue	10,766	24,981
Net revenue	165,217	154,517
Bad debt expenses and reserve for guarantees	(132)	9,985
Employee benefits	137,752	137,274
Depreciation and amortization expenses	8,977	9,005
Other general and administrative expenses	18,356	18,223
	165,085	164,502
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)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

(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 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:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Bank of Taiwan	51 parcels of land including Lot No. 518-2, Section 2, Shuanglian Section, Datong District, Taipei City	2023.10.05	1951.06.04	193,468	923,130	The bidder shall pay a deposit of 10% according to the reserve price of the bid at the time of bidding, and the winning bidder shall pay the price in full (the balance of the final bid price after deducting the deposit) within 40 days from the day after receiving the notice of payment, based on the contract. Delivery is deemed upon completion of the registration of the transfer of ownership.	729,662	Yilian Construction Co., Ltd	None	Execute the budget	By first referring to the appraisal price of the real estate appraiser firm. The public auction was held after the reserve price was approved by the Audit Committee and the Board of Directors.	

(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	42,078	Same as regular transaction	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Placement with banks	42,078	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Time deposits	284,971	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Placement with banks	284,971	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other receivables	24,526	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Other payables	24,526	〃	- %

(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
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Service fees revenue	303,889	Same as regular transaction	0.26 %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Service fees expenses	303,889	〃	0.26 %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Miscellaneous revenues	480	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Administrative expense	480	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Refundable deposits	861	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Guarantee deposits paid	861	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Miscellaneous revenue	15,986	〃	0.01 %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Operating expenses	15,986	〃	0.01 %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Interest payables	355	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest receivables	355	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Interest expenses	1,838	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest incomes	1,838	〃	- %
0	Bank of Taiwan	BankTaiwan Insurance Brokers	1	Other operating revenue	5,147	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Right-of-use assets	19,722	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Lease liabilities	19,860	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Interest expense	306	〃	- %
1	BankTaiwan Insurance Brokers	Bank of Taiwan	2	Depreciation expense	4,968	〃	- %

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 2023:

(In Thousands of New Taiwan Dollars)

Name of the investee	Investee Location	Major Operation	% of shares	Original investment amount	Gain(Loss) recognized during the period	Held by the bank and related party at year-end: Shares		Subtotal: Shares	Subtotal: % of Shares	Notes
Hua Nan Financial Holdings Co., Ltd.	Taipei	Financial Holding	21.23 %	44,118,080	4,589,665	3,420,763	-	3,420,763	25.07 %	
Tang Eng Iron Works Co., Ltd.	Kaohsiung	Iron Industry	21.37 %	985,558	(240,481)	74,802	-	74,802	21.37 %	
Tai Yi Real Estate Management Co., Ltd.	Taipei	Real Estate Service	30.00 %	30,460	12,973	1,500	-	1,500	30.00 %	
BankTaiwan Insurance Brokers Co., Ltd.	Taipei	Insurance Brokers	100.00%	341,178	3,845	2,000	-	2,000	100.00%	note 3

(Continued)

BANK OF TAIWAN AND SUBSIDIARY
Notes to the Consolidated Financial Statements

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.

(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, 2023	Net income from investee	% of shares	Equity in the Earnings (gains) (Note2)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Regain						
Bank of Taiwan, Shanghai Branch	Banking business	4,328,000 CNY1,000,000	(3)	4,328,000 CNY1,000,000	-	-	4,328,000 CNY1,000,000	154,693	100.00%	154,693	6,815,926	-
Bank of Taiwan, Guangzhou Branch	Banking business	4,328,000 CNY1,000,000	(3)	4,328,000 CNY1,000,000	-	-	4,328,000 CNY1,000,000	134,701	100.00%	134,701	5,285,365	-
Bank of Taiwan Fuzhou Branch	Banking business	4,328,000 CNY1,000,000	(3)	4,328,000 CNY1,000,000	-	-	4,328,000 CNY1,000,000	135,159	100.00%	135,159	5,130,706	-

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 investees 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
12,984,000	12,984,000	262,811,537

(d) Subsidiaries lending to other parties, guarantees and endorsements for other parties, securities held as of December 31, 2023, 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.

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	26,085,452	61,598,827	329,089	29,384	101,662	(3,845)	88,140,569
Other non-interest income	(5,047,906)	(65,779,942)	(10,114)	419,825	(307)	(21,613)	(70,440,057)
Net revenue	54,853,568	165,217	319,356	450,964	102,887	(25,152)	55,866,840
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	$ 27,928,625	-	202,901	350,245	4,797	(3,718)	28,482,850
Continuing operating income after inocme tax	$ 23,265,983	-	202,901	350,245	3,718	(3,718)	23,819,129
Total assets	$ 5,761,792,867	477,063,911	3,701,197	1,665,022	402,836	(84,070,000)	6,160,555,833
Total Liabilities	$ 5,324,326,785	477,063,911	3,498,296	1,314,776	61,796	(83,728,959)	5,722,536,605

2022	Bank department	Department of Government Employees Insurance	Department of Procurement	Department of Precious Metals	BankTaiwan Insurance Brokers	Reconciliation and elimination	Total
Interest income	$ 67,582,709	2,474,493	103	600	726	(726)	70,057,905
Less: interest expense	34,836,467	-	-	-	32	(758)	34,835,741
Interest income, net	32,746,242	2,474,493	103	600	694	32	35,222,164
Non-interest income, net	14,396,998	(47,761,278)	365,228	51,634	105,140	(3,288)	(32,845,566)
Other non-interest income	(5,388,033)	45,441,302	(13,696)	387,763	(1,232)	(21,764)	40,404,340
Net revenue	41,755,207	154,517	351,635	439,997	104,602	(25,020)	42,780,938
Bad debt expenses and reserve for guarantees	(634,699)	9,985	-	-	-	-	(624,714)
Operating expenses	(22,516,466)	(164,502)	(116,639)	(89,145)	(100,395)	21,654	(22,965,493)
Continuing operating income before income tax	$ 18,604,042	-	234,996	350,852	4,207	(3,366)	19,190,731
Continuing operating income after inocme tax	$ 16,459,970	-	234,996	350,852	3,366	(3,366)	17,045,818
Total assets	$ 5,841,888,803	410,689,949	3,657,272	2,970,390	380,855	(81,201,185)	6,178,386,084
Total Liabilities	$ 5,447,001,378	410,689,949	3,422,276	2,619,538	42,826	(80,863,156)	5,782,912,811

V. Individual Financial Statements of Recent Years, and Independent Auditors' Report

安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Bank of Taiwan:

Opinion

We have audited the financial statements of Bank of Taiwan ("the Bank"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants, Ruling No. 10802731571 issued by the Financial Supervisory Commission of the Republic of China and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Norm of Professional Ethics for Certified Public 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 are required to be audited by the Ministry of Audit (the "MoA"). The financial statement for the financial year ended December 31, 2022 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.

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Other Matter

As stated in note 6(j) of the 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 amounting to NT$44,148,540 thousand and NT$39,263,825 thousand as of December 31, 2023 and 2022, respectively, constituting 0.72% and 0.64% of the related total assets; nor the related shares of investment profit in associates accounted for using equity method of NT$4,602,638 thousand and NT$3,681,099 thousand for the years then ended, respectively, constituting 8.25% and 8.62% of the related 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.

Key Audit Matters

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

   <u>Description of key audit matters</u>

   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 relys 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 as of December 31, 2023. Therefore, the assessment of impairment of financial assets has been identified as a key audit matter in our audit.

   <u>How the matter was addressed in our audit</u>

   Our principal audit procedures included (i) inspecting the internal guidelines of impairment assessment of credit and investment business, understanding the Bank's procedures of the assessment of impairment of financial assets, and testing related internal control procdures; (ii) performing analytical procedures; (iii) assessing the reasonableness of the Bank's assessment of impairment of financial assets and, if necessary, acquiring assistance from internal specialist; (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(e) "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 holds 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 hold as of December 31, 2023 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 Financial Statements

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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Taipei, Taiwan (Republic of China)
March 8, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

BANK OF TAIWAN

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
11000	Cash and Cash Equivalents	$ 116,062,610	2	152,030,846	2
11500	Placement With Central Bank and Call Loans to Banks	565,834,947	9	595,288,771	10
12000	Financial Assets Measured at Fair Value through Profit or Loss	370,501,347	6	287,624,682	5
12100	Financial Assets Measured at Fair Value through Other Comprehensive Income	1,358,202,266	22	1,138,542,757	18
12200	Debt Investments Measured at Amortized Cost	291,174,762	5	276,063,085	4
12300	Hedging Derivative Financial Assets, net	1,419	-	9,467	-
13000	Receivables, net	61,482,665	1	55,465,656	1
13200	Current Income Tax Assets	24,203	-	167,560	-
13500	Loans and Discounts, net	3,131,758,621	51	3,418,227,678	56
15000	Investments under Equity Method, net	45,475,276	1	40,822,662	1
15500	Other Financial Assets, net	24,129,434	-	27,441,000	1
18500	Property and Equipment, net	139,032,398	2	139,161,331	2
18600	Right-of-Use Assets, net	1,536,560	-	1,279,796	-
18700	Investment Property, net	15,238,207	-	15,238,207	-
19000	Intangible Assets, net	1,296,020	-	1,133,286	-
19300	Deferred Tax Assets	321,985	-	332,552	-
19500	Other Assets, net	38,793,967	1	29,869,296	1
	Total assets	**$ 6,160,866,687**	**100**	**6,178,698,632**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Liabilities:				
21000	Deposits of central bank and other banks	$ 337,827,114	5	273,183,040	4
21500	Due to the central bank and banks	3,531,075	-	253,840,625	4
22000	Financial Liabilities Measured at Fair Value through Profit or Loss	32,905,513	1	25,066,050	-
22500	Bills and Bonds Sold under Repurchase Agreements	16,272,079	-	23,857,909	-
23000	Payables	54,344,157	1	47,314,847	1
23200	Current Income Tax Liabilities	3,560,943	-	1,448,666	-
23500	Deposits and Remittances	4,734,965,454	77	4,671,239,835	77
24000	Financial Bonds Payables	10,999,390	-	25,999,370	-
25500	Other Financial Liabilities	1,415,804	-	548,381	-
25600	Provisions	499,308,467	8	432,695,316	7
26000	Lease Liabilities	1,472,662	-	1,218,855	-
29300	Deferred Tax Liabilities	18,723,733	-	18,490,095	-
29500	Other Liabilities	7,521,068	-	8,322,370	-
	Total liabilities	5,722,847,459	92	5,783,225,359	93
	Equity attributable to owners of parent :				
31101	Capital Stock	109,000,000	2	109,000,000	2
31500	Capital Surplus	108,453,642	2	108,453,043	2
	Retained earnings:				
32001	Legal Reserve	59,541,379	1	54,663,265	1
32003	Special Reserve	56,843,137	1	49,933,409	1
32005	Unappropriated Retained Earnings	39,899,486	1	30,751,016	-
		156,284,002	3	135,347,690	2
32500	Other Equity	64,281,584	1	42,672,540	1
	Total equity	438,019,228	8	395,473,273	7
	Total liabilities and equity	**$ 6,160,866,687**	**100**	**6,178,698,632**	**100**

BANK OF TAIWAN

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023 Amount	2023 %	2022 Amount	2022 %	Change %
	Revenue and income:					
41000	Interest income	$117,897,483	211	70,057,905	164	68
51000	Less:Interest expense	79,732,994	143	34,836,467	82	129
	Net interest income	38,164,489	68	35,221,438	82	8
	Non-interest income, net					
49100	Service fees ,net	3,622,316	6	3,965,227	9	(9)
49200	Gain (loss) on financial assets or liabilities measured at fair value through profit or loss	72,247,771	130	(61,355,261)	(144)	218
49310	Realized gains from financial assets measured at fair value through other comprehensive income	3,242,453	6	4,588,552	11	(29)
49450	Net gain from derecognition of financial assets measured at amortized cost	-	-	1,727	-	(100)
49600	Foreign exchange gain (loss)	4,583,114	8	16,235,244	38	(72)
49700	Gain on reversal (provision) of impairment loss on assets	(18,905)	-	(19,224)	-	2
49750	Share of profit (loss) of associates and joint ventures accounted for using equity method	4,366,002	8	3,636,317	9	20
49837	Net premium	(8,388,629)	(15)	(6,715,208)	(16)	(25)
49843	Sales income	535,033	1	507,814	1	5
48054	Subsidized income from government	9,060,440	16	9,207,821	22	(2)
49898	Excess preferential interest expenses	(6,277,905)	(11)	(5,810,891)	(14)	(8)
49871	Provisions for policyholders' premium	(66,371,429)	(119)	43,014,084	101	(254)
49899	Other miscellaneous income, net	1,024,354	2	223,715	1	358
	Net Revenue	55,789,104	100	42,701,355	100	31
58200	**Bad debts expense, commitment and guarantee liability provision**	(2,177,689)	(4)	(624,714)	(1)	249
	Expenses:					
58500	Employee benefits expenses	(14,577,048)	(26)	(13,914,268)	(33)	5
59000	Depreciation and amortization expenses	(2,120,517)	(4)	(1,941,456)	(5)	9
59500	Other general and administrative expenses	(8,432,079)	(15)	(7,031,027)	(16)	20
	Total Expenses	(25,129,644)	(45)	(22,886,751)	(54)	10
	Profit from continuing operations before tax	28,481,771	51	19,189,890	45	48
61003	**Less: Income tax expenses**	4,662,642	8	2,144,072	5	117
	Net profit	23,819,129	43	17,045,818	40	40
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	(516,728)	(1)	335,035	1	(254)
65205	Change in fair value of financial liability attributable to change in credit risk of liability	(27,629)	-	24,698	-	(212)
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,382,522	29	(5,360,932)	(13)	406
65207	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	767,343	1	(433,776)	(1)	277
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	16,605,508	29	(5,434,975)	(13)	406
65300	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
65301	Exchange differences on translation of foreign financial statements	(67,544)	-	1,684,083	4	(104)
65308	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	4,251,446	8	(12,455,730)	(29)	134
65307	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	1,240,345	2	(4,402,402)	(10)	128
65320	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	3,528	-	(27,843)	-	113
	Components of other comprehensive income that will be reclassified to profit or loss	5,420,719	10	(15,146,206)	(35)	136
65000	**Other comprehensive income**	22,026,227	39	(20,581,181)	(48)	207
	Total comprehensive income	**$ 45,845,356**	**82**	**(3,535,363)**	**(8)**	1,397
	Basic earnings per share(In dollars)	**$ 2.19**		**1.56**		

BANK OF TAIWAN

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest						
	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, 2022	$ 109,000,000	108,453,043	50,631,691	44,559,358	27,079,618	122,270,667	(3,281,013)	65,697,429	(19,502)	4,099	65,889	62,466,902	402,190,612
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	4,031,574	-	(4,031,574)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	5,375,432	(5,375,432)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,181,976)	(3,181,976)	-	-	-	-	-	-	(3,181,976)
Reversal of special reserve due to sale of land	-	-	-	(1,381)	1,381	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	17,045,818	17,045,818	-	-	-	-	-	-	17,045,818
Other comprehensive income	-	-	-	-	496,815	496,815	2,405,606	(23,383,592)	24,698	3,081	(127,789)	(21,077,996)	(20,581,181)
Total comprehensive income	-	-	-	-	17,542,633	17,542,633	2,405,606	(23,383,592)	24,698	3,081	(127,789)	(21,077,996)	(3,535,363)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,283,634)	(1,283,634)	-	1,283,634	-	-	-	1,283,634	-
Balance at December 31, 2022	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)
Reserval of special reserve due to sale of land	-	-	-	(43,593)	43,593	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	599	-	-	-	-	-	-	-	-	-	-	599
Net income for the period	-	-	-	-	23,819,129	23,819,129	-	-	-	-	-	-	23,819,129
Other comprehensive income	-	-	-	-	(540,570)	(540,570)	(137,014)	22,623,448	(27,629)	1,206	106,786	22,566,797	22,026,227
Total comprehensive income	-	-	-	-	23,278,559	23,278,559	(137,014)	22,623,448	(27,629)	1,206	106,786	22,566,797	45,845,356
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	39,899,486	156,284,002	(1,012,421)	65,263,166	(22,433)	8,386	44,886	64,281,584	438,019,228

BANK OF TAIWAN

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Profit before tax	$	28,481,771	19,189,890
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,734,194	1,604,427
Amortization expense		441,524	390,676
Expected credit loss		2,177,689	624,714
Interest expense		79,732,994	34,836,467
Interest income		(117,897,483)	(70,057,905)
Dividend income		(8,951,232)	(11,703,882)
Net change in other provisions		66,371,429	(43,014,084)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(4,366,002)	(3,636,317)
Loss on disposal of property and equipment		224,283	41,813
Impairment loss on financial assets		23,233	19,532
Reversal of impairment loss on non-financial assets		(4,328)	(308)
Total adjustments to reconcile profit		28,218,305	(90,894,867)
Changes in operating assets and liabilities:			
(Increase) decrease in due from the central bank and call loans to banks		(2,798,567)	104,372,390
(Increase) decrease in financial assets measured at fair value through profit or loss		(56,997,484)	56,352,746
Increase in financial assets measured at fair value through other comprehensive income		(109,290,600)	(61,943,578)
Increase in investments in debt instruments measured at amortised cost		(10,646,277)	(110,172,332)
Decrease (increase) in financial assets for hedging		8,048	(9,467)
Decrease in receivables		686,907	16,948,291
Decrease (increase) in discounts and loans		284,339,784	(478,333,564)
Decrease in other financial assets		3,311,566	2,718,160
(Increase) decrease in other assets		(9,517,265)	980,498
Increase (decrease) in deposits from the central bank and banks		64,644,074	(28,392,813)
Increase in financial liabilities measured at fair value through profit or loss		7,839,463	5,387,519
Decrease in financial liabilities for hedging		-	(16,241)
(Decrease) increase in notes and bonds issued under repurchase agreement		(7,585,830)	19,870,694
Decrease in payables		(14,679,462)	(12,052)
Increase in deposits and remittances		63,725,619	461,263,264
Increase (decrease) in provisions for employee benefits		202,705	(978,689)
Increase (decrease) in other liabilities		372,751	(308,224)
Total adjustments		241,833,737	(103,168,265)
Cash inflow (outflow) generated from operations		270,315,508	(83,978,375)
Interest received		111,179,161	63,266,717
Dividends received		10,659,226	6,998,649
Interest paid		(73,024,202)	(29,974,779)
Income taxes paid		(2,162,803)	(793,565)
Net Cash flows from (used in) operating activities		316,966,890	(44,481,353)
Cash flows from (used in) investing activities:			
Acquisition of property and equipment		(1,145,586)	(1,298,611)
Decrease (increase) in refundable deposits		792,139	(2,853,904)
Acquisition of intangible assets		(603,068)	(469,817)
Net cash flows used in investing activities		(956,515)	(4,622,332)
Cash flows from (used in) financing activities:			
(Decrease) increase in due to the central bank and banks		(250,309,550)	217,670,295
(Decrease) increase in guarantee deposits received		(1,174,053)	430,690
Payment of lease liabilities		(681,782)	(484,326)
Increase in other financial liabilities		867,423	125,165
Cash dividends paid		(3,500,000)	(3,300,000)
Net cash flows (used in) from financing activities		(254,797,962)	214,441,824
Effect of exchange rate changes on cash and cash equivalents		(138,555)	2,363,860
Net increase in cash and cash equivalents		61,073,858	167,701,999
Cash and cash equivalents at beginning of period		1,002,925,390	835,223,391
Cash and cash equivalents at end of period	**$**	**1,063,999,248**	**1,002,925,390**
Composition of cash and cash equivalents:			
Cash and cash equivalents reported in the statement of financial position	$	116,062,610	152,030,846
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7		286,140,799	318,411,878
Other items qualifying for cash and cash equivalents under the definition of IAS 7		661,795,839	532,482,666
Cash and cash equivalents at end of period	**$**	**1,063,999,248**	**1,002,925,390**

See accompanying notes to parent company only financial statements.

Risk Management

Risk Management

I. Risk Management

Qualitative and Quantitative Information on Different Types of Risk

(1) Credit Risk Management System and Accrued Capital

A. Credit Risk Management System

Year 2023

Items	Contents
Credit Risk Strategies, Goals, Policies, and Procedures	1. Credit Risk Strategies, Goals, and Policies (1) In accordance with the loan, investment strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulations of competent authorities, the Bank readjusts its credit risk management strategies whenever necessary, and in response to changes in the macroeconomic market, loan portfolio risk, asset quality, and government policy. (2) The Bank establishes and implements a sound credit risk management mechanism to reduce credit risk, achieves operational and management objectives, and takes into account business development and risk control. (3) When the Bank engages in business and management procedures related to credit risk, it evaluates the probability and severity of losses from the investment or loan and adopts appropriate credit risk management countermeasures in consideration of the Bank's risk appetite and cost effectiveness. Risk management countermeasures include risk hedging, risk transfer or mitigation, risk control, and assumption of risk. 2. Credit Risk Management Procedures (1) Credit risk assessment and monitoring are carried out in accordance with the relevant regulations of the competent authority and the Bank, and reports are submitted to the Bank's Risk Management Committee and Board of Directors. (2) Risk quotas and early-warning indexes are established by industry, country, conglomerate, and trading partner in order to control the concentration of risk, carry out periodic monitoring and reporting, conduct rolling reviews depending on political and economic conditions, or significant economic changes, facing local areas or particular industries, appropriately reduce risk positions, and consider possible response strategies. (3) To effectively measure the quality of loan assets, the Bank has established pre-loan investigation and screening rules and procedures. It has also strengthened post-loan management, and has adopted the following control and measurement mechanisms: a loan review and follow-up evaluation system, and loan early-warning mechanism; monitoring of asset quality; full allocation of loss provisions; and adequate capital provision.
Organization and Framework of Credit Risk Management	The Bank's organizational framework of credit risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other business units. The Board of Directors is the Bank's supreme policymaking, management and supervision unit and has final responsibility for the Bank's overall credit risk management. The Risk Management Committee is responsible for the Bank's risk management policy, system, rules, organization, and overall risk assessment, and for supervising and examining revision affairs.

Items	Contents
Scope and Characteristics of the Credit Risk Reports and Measuring System	1. Credit Risk Reports (1) The Bank's credit risk reports include the standard system-produced credit risk reports that are submitted to the competent authority, and monthly credit risk monitoring reports. (2) To prevent overconcentration of credit risks, and to monitor changes in credit assets, the Bank complies with ceilings on credit extensions to a single company, a single corporate group, or a single economic sector, and the Bank periodically reports various types of important credit risk information to the Risk Management Committee and the Board of Directors, including mainland China credit risks, overseas credit asset portfolios, credit asset portfolio quality and early warning indicators, and NPL ratios. 2. Credit Risk Measuring System (1) The Bank conducts periodic credit reviews and follow-up evaluations to improve its post-loan understanding of the financial (and operating) condition of customers, and for customers that fare poorly in their credit reviews the Bank increases the frequency of follow-up evaluations and reports its findings to senior management. (2) System for reporting of material unforeseen events: If a business unit discovers its customers are involved in irregular business practices or litigation, to be experiencing financial difficulties, or to be otherwise affected by a material unforeseen event, the unit promptly uses its reporting system to report the matter to the unit responsible for that line of business, and continues to pay close attention to the situation. (3) Assessment of asset impairments and provision of asset valuation reserve: For credit assets, the Bank uses a three-stage model for recognition of credit losses, with possible impairments assessed either by portfolio or individually on the basis of loss given default (LGD) and exposure at default (EAD). Allowances for bad debts are set aside accordingly.
Credit Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	1. Credit Risk Hedging and Mitigation Policy (1) The Bank has adopted risk concentration limits for firms to avoid excessive risk concentrations, and has continued to monitor for any problems of this sort. The Bank also adjusts risk concentration limits both periodically and randomly to ensure that its business is run in a safe and sound manner. (2) The Bank has established a loan review and follow-up auditing system to strengthen post-loan management, and continuous monitoring of the condition of borrowers. Loan review is carried out within the term of loans in accordance with the review rating, and follow-up auditing is carried out for important loan cases. (3) The Bank operates in accordance with its loan policy and rules for the handling of collateral to seek the provision of collateral or guarantees to augment the creditworthiness of borrowers and lower credit risk. 2. Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments (1) The Bank monitors the status of and changes in credit risk concentration quotas, distribution of risk exposure, asset quality, and types of collateral exposure on a scheduled basis; reviews trigger ratios and limit ratios whenever necessary. Scheduled reports are submitted to the Risk Management Committee for use in compiling statements on effective strategies and procedures, and in studying countermeasures. (2) The Bank has set up a collateral management system that can effectively handle its collateral and calculate accurately of the results of collateral mitigation.
Method of Legal Capital Allocation	Standardized Approach

B. Exposure and Accrued Capital Following Risk Mitigation Using the Standardized Credit Risk Approach

Dec. 31, 2023

Unit: NT$1,000

Type of Exposure	Exposure Following Risk Mitigation	Accrued Capital
Sovereign Nations	1,636,345,182	180,085
Non-Central Government Public Sector	781,386,756	21,676,818
Banks (Including Multilateral Development Banks)	591,130,117	23,830,043
Enterprises (Including Securities and Insurance Firms)	680,487,239	60,021,029
Retail Loans	179,273,717	6,108,386
Real Estate Exposures	1,598,318,769	88,318,797
Equity Investment	78,028,629	13,790,995
Equity Investments in Investment Funds and Venture Capital firms	2,940	3,859
Other Assets	240,791,402	17,240,939
Total	5,785,764,751	231,170,950

Notes:1. Accrued capital = Exposure amount after risk mitigation × Risk weight and minimum regulatory capital ratio (10.5% since 2019).
2. Securitization risk has not been factored into the figures in this table.

(2) Securitization Risk Management System, Exposure, and Accrued Capital

A. Securitization Risk Management System

Year 2023

Items	Contents
Securitization Management Strategies and Procedures	1.The Bank has not acted as the originator of securitized products, but only as investor. 2.The Bank's management strategies and procedures for investment in securitized products are handled in accordance with the rules contained in the Bank's "Investment Policy," "Rules for Trading and Management of NT Dollar Funds," and "Operating Rules for Engaging in the Offshore Banking Business."
Organization and Framework of Securitization Management	The Bank has not played the role of originator bank, and the risks potentially associated with its investment in securitized products (including credit risk, market risk, liquidity risk, interest rate risk, and operational risk) are controlled in accordance with the organizations and frameworks related to the different categories of risk as well as with the Bank's risk management system and reporting mechanism.
Scope and Characteristics of the Securitization Risk Reports and Measuring System	The Bank carries out prior evaluation of the risks and benefits associated with investment in securitized products in accordance with the relevant investment rules; evaluates profit and loss on a monthly basis; submits risk reports to the unit in charge, Department of Risk Management, senior management, and Investment Commission; and reports regularly to the Risk Management Committee and the Board of Directors.
Method of Legal Capital Allocation	Standardized Approach

B. Status of Securitization

None

C. Securitization Risk Exposure and Accrued Capital (According to the Type of Transactions)

Dec. 31, 2023

Unit: NT$1,000

Bank's Role \ Type of Exposure	Book	Asset Class	Traditional					Synthetic		Total		
			Risk Exposure				Accrued Capital (2)	Risk Exposure	Accrued Capital (4)	Risk Exposure (5)=(1)+(3)	Accrued Capital (6)=(2)+(4)	Accrued Capital before Securitization
			Retention or Purchasing	The Provision of Liquidity Facilities	The Provision of Credit Enhancement	Subtotal (1)		Retention or Purchasing (3)				
Non-Originating Bank	Banking Book	MBS	11,342,637	0	0	11,342,637	238,195	0	0	11,342,637	238,195	
		ABS	0	0	0	0	0	0	0	0	0	
	Trading Book	REITs	0	0	0	0	0	0	0	0	0	
	Subtotal		11,342,637	0	0	11,342,637	238,195	0	0	11,342,637	238,195	
Originating Bank	Banking Book											
	Trading Book											
	Subtotal											
Total			11,342,637	0	0	11,342,637	238,195	0	0	11,342,637	238,195	

D. Securitized Product Information

a. Summary of information about investment in securitization products

Dec. 31, 2023

Unit: NT$1,000

Item	Account	Original Cost	Accumulated Value Income	Accumulated Impairment	Book Value
Mortgage-Backed Securities (MBS)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	3,019,103	-342,563	0	2,676,540
Mortgage-Backed Securities (MBS)	130224 Financial assets measured at amortized cost -noncurrent	8,914,932	696	0	8,915,628
Asset-Backed Securities (ABS)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	0	0	0	0
Real Estate Investment Trusts (REITs)	110401 Financial assets measured at fair value through profit or loss -current-closed end fund	0	0	0	0

Notes: The table includes:

1. Both domestic and overseas securitization products.
2. Beneficial interest securities or asset-backed securities held by the bank as an originator.

b. Summary of the information about original cost of single transaction for investment in securitization products amounting to more than NT$300 million

Dec. 31, 2023

Unit: NT$1,000

Securities	Account	Currency	Issuer & Place	Trade Date	Maturity Date	Interest Rate	Credit Rating	Repayment	Original Cost	Accumulated Value Income	Accumulated Impairment	Book Value	Attachment Point	Asset Pool
GNR 2020-148 BA MTGE (US38382KYK32)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Oct. 20, 2020	Oct. 1, 2050	1%	Aaa/ AA+/ AA+	Interest and principal paid monthly	355,006	-78,557	0	276,449	N.A.	First-Lien Mortgage Loans
GNR 2020-167 GY MTGE (US38382LAB71)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Oct. 21, 2020	Nov. 1, 2050	1%	Aaa/ AA+/ AA+	Interest and principal paid monthly	433,623	-114,389	0	319,234	N.A.	First-Lien Mortgage Loans
GNR 2020-183 CB MTGE (US38382LUT69)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Dec. 10, 2020	Dec. 1, 2050	1.25%	Aaa/ AA+/ AA+	Interest and principal paid monthly	624,734	-155,904	0	468,830	N.A.	First-Lien Mortgage Loans
GNR 2023-132 D MTGE (US38384EL946)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Sep. 13, 2023 Sep. 14, 2023	Sep. 1, 2053	6%	Aaa/ AA+/ AA+	Interest and principal paid monthly	303,976	6,292	0	310,268	N.A.	First-Lien Mortgage Loans
STRU CITI-2387 MB MTGE (US38384GXK11)	130222 Financial assets measured at fair value through other comprehensive income -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Dec. 12, 2023 Dec. 14, 2023 Dec. 14, 2023	Feb. 1, 2050	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	1,259,078	1,991	0	1,261,069	N.A.	First-Lien Mortgage Loans
FNR 2021-1 KB MTGE (US3136BDX784)	130224 Financial assets measured at amortized cost -noncurrent	USD	FANNIE MAE (US)	Jan. 28, 2021	Feb. 1, 2051	1.00%	Aaa/ AA+/ AA+	Interest and principal paid monthly	723,517	645	0	724,162	N.A.	First-Lien Mortgage Loans
FHR 5085 JA MTGE (US3137FFYW18)	130224 Financial assets measured at amortized cost -noncurrent	USD	FREDDIE MAC (US)	Feb. 3, 2021	Mar. 1, 2051	1.25%	Aaa/ AA+/ AA+	Interest and principal paid monthly	517,676	433	0	518,109	N.A.	First-Lien Mortgage Loans
STRU JP-2899 VA MTGE (US38383WPY65)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Feb. 16, 2023 Feb. 21, 2023	Jun. 1, 2045	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	586,073	-5	0	586,068	N.A.	First-Lien Mortgage Loans
GNR 2023-67 BA MTGE (US38384AMK69)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Apr. 21, 2023 Apr. 27, 2023 May 4, 2023	Feb. 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	892,958	-69	0	892,889	N.A.	First-Lien Mortgage Loans

Securities	Account	Currency	Issuer & Place	Trade Date	Maturity Date	Interest Rate	Credit Rating	Repayment	Original Cost	Accumulated Value Income	Accumulated Impairment	Book Value	Attachment Point	Asset Pool
STRU CITI-1260 A MTGE (US38384AND18)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	May 12, 2023	May 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	307,050	0	0	307,050	N.A.	First-Lien Mortgage Loans
STRU BMOC-1418 A MTGE (US38384AQZ92)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Apr. 27, 2023 May 4, 2023	May 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	882,152	-64	0	882,088	N.A.	First-Lien Mortgage Loans
GNR 2023-69 AE MTGE (US38384AYR84)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	May 5, 2023 May 9, 2023 May 17, 2023	May 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	594,548	-84	0	594,464	N.A.	First-Lien Mortgage Loans
STRU CITI-1311 A MTGE (US38384BPC99)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	May 16, 2023	Jun. 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	305,443	-1	0	305,442	N.A.	First-Lien Mortgage Loans
STRU BMOC-1932 LB MTGE (US38384BSA07)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	May 15, 2023 May 16, 2023	Jun. 1, 2053	5.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	612,757	0	0	612,757	N.A.	First-Lien Mortgage Loans
GNR 2023-115 A MTGE (US38384CG601)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Aug. 10, 2023	May 1, 2049	6%	Aaa/ AA+/ AA+	Interest and principal paid monthly	303,065	-43	0	303,022	N.A.	First-Lien Mortgage Loans
STRU MZ-1243 E MTGE (US38384CQ857)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Aug. 7, 2023 Aug. 8, 2023	Aug. 1, 2053	6%	Aaa/ AA+/ AA+	Interest and principal paid monthly	609,280	-237	0	609,043	N.A.	First-Lien Mortgage Loans
STRU MOC-3034 A MTGE (US38384CVR77)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Aug. 9, 2023	Apr. 1, 2049	6.5%	Aaa/ AA+/ AA+	Interest and principal paid monthly	304,574	-159	0	304,415	N.A.	First-Lien Mortgage Loans
GNR 2023-140 C MTGE (US38384ETG07)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Sep. 8, 2023	Mar. 1, 2050	6%	Aaa/ AA+/ AA+	Interest and principal paid monthly	303,371	8	0	303,379	N.A.	First-Lien Mortgage Loans
GNR 2023-173 BA MTGE (US38384GFQ82)	130224 Financial assets measured at amortized cost -noncurrent	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (US)	Nov. 22, 2023 Nov. 24, 2023	Nov. 1, 2053	6%	Aaa/ AA+/ AA+	Interest and principal paid monthly	306,102	1	0	306,103	N.A.	First-Lien Mortgage Loans

Note: This table includes both domestic and overseas securitization products.

(3) Operational Risk Management System and Accrued Capital

A. Operational Risk Management System

Year 2023

Items	Contents
Operational Risk Management Strategies and Procedures	The Bank has established multi-level authorization rules and reporting procedures in its business rules and operating manuals, in regard to bank customers, products and business activities, business sources, sales channels, and transaction complexity and volume, and in consideration of potential risk. In its SOP, the Bank also stipulates that in their review work, officers should pay attention to risk control, strengthen identification, emphasize potential risk, formulate evaluation procedures, and establish a frequency of risk monitoring on a regular basis.
Organization and Framework of Operational Risk Management	1. The Bank's organizational framework of operational risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and other business units. 2. The Board of Directors is the Bank's operational risk management supreme policymaking unit, which approves the Bank's operation management policies and makes sure that the Bank effectively carries out the operational risk management mechanism. 3. The Risk Management Committee implements operational risk management policies approved by the Board of Directors, establishes and maintains operational risk management mechanism, and coordinates interdepartmental operational risk management matters. 4. The Department of Risk Management is responsible for establishing systematic criteria to identify, measure, evaluate and monitor operational risk management, and submits reports to the Risk Management Committee on bank-wide operation risk information. 5. The units in charge of different areas of business have established business rules, operating manuals and standard operating procedures in order to distinguish operational risk. 6. The different units bank-wide carry out their various businesses in accordance with business rules, operating manuals, and standard operating procedures. 7. The Department of Auditing (Board of Directors) is the Bank's independent auditing unit, and evaluates the effectiveness, design and implementation of operational risk management.
Scope and Characteristics of the Operational Risk Reports and Measuring System	1. The Bank's operational risk monitoring and control measures focus on such matters as the following: collection and analysis of loss events at each unit; maintenance, tracking, and inspection of standard operating procedures (SOP); implementation of key risk indicators (KRIs); and risk concept reports. 2. The Department of Risk Management prepares monthly operational risk monitoring reports and submits them to top management, and on a quarterly basis it submits the reports to the Risk Management Committee, the Audit Committee, and the Board of Directors. The reports contain information on: bank-wide operational risk exposures; collection and analysis of loss events; implementation of KRIs; maintenance, tracking, and inspection of standard operating procedures (SOP); ongoing monitoring of corrective actions to mitigate material operational risks; and establishment of a risk management culture. 3. The Bank currently uses the standardized operational risk approach to calculate capital charges for operational risk, has established the Loss Data Collection (LDC) system, Operational Risk Control Self-Assessment (RCSA), and Key Risk Indicators (KRIs) as tools for measuring operational risk, and produces various reports, which it uses to prepare monitoring reports.
Operational Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	1. The BOT carries out education and training to ensure that employees are properly familiar with the rules and procedures. In response to a changing business environment, the Bank improved business processes, job rotation schedules, trader position limits, and legal compliance, strengthened on-site inspections of the first line of defense in internal control, and established systemic methods to reduce or avoid operational risk. 2. In accordance with its accumulated experience and operating procedures, as well as in consideration of various types of business cost/effectiveness analysis, the Bank uses insurance (such as employee fidelity insurance, cash insurance, building insurance and miscellaneous equipment insurance) and remote backup to offset operational risk losses caused by operational negligence, personnel, assets, or systems. The outsourcing of operations is handled in accordance with the Bank's "Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Operations" in order to prevent operational risk from outsourced operations.
Method of Legal Capital Allocation	Standardized Approach

B. Operational Risk Accrued Capital

Dec. 31, 2023

Unit: NT$1,000

Year	Gross Income	Accrued Capital
2021	34,691,968	
2022	38,188,619	
2023	51,804,839	
Total	124,685,426	6,147,589

(4) Market Risk Management System and Accrued Capital

A. Market Risk Management System

Year 2023

Items	Contents
Market Risk Management Strategies and Procedures	In accordance with the risk management strategies and operating directions approved by the Board of Directors, and in compliance with the New Basel Capital Accord and the regulatory provisions of the competent authority, the Bank has established a market risk management system and policy. The Bank also sets up different investment quotas and stop-loss limits in order to identify, evaluate, measure, and monitor the risks involved in various investment businesses, and reports are submitted to the Board of Directors, Risk Management Committee, and senior management.
Organization and Framework of Market Risk Management	1. The Bank's organizational framework of market risk management includes the Board of Directors, Risk Management Committee, Department of Risk Management, units in charge of business, and trading units. 2. The Board of Directors is the Bank's supreme market risk management and monitoring unit, which is responsible for the risk policies and the Bank's quota limits approval. 3. The Risk Management Committee is responsible for the Bank's risk management policy, rules, organization, overall risk assessment, supervision, and examining revision affairs. 4. The Department of Risk Management is responsible for the planning and revision of risk management, handles formulation and integration of risk management regulations. 5. Units in charge of the various lines of business adopt internal business rules and operating procedures. They also monitor and control the risk management performance of each trading unit, and work with the Department of Risk Management to control all risks faced by the Bank as a whole. 6. BOT trading units are required to comply with the Bank's various market risk management rules, manage positions, control position limits, and furnish required reports to units in charge of business or the Department of Risk Management.

Items	Contents
Scope and Characteristics of the Market Risk Reports and Measuring System	1. The Bank's Department of Risk Management produces market risk monitoring reports and submits them to the chief executive on a monthly basis, and also makes regular reports to Risk Management Committee and the Board of Directors. The contents of these reports include risk-control conditions such as the status of bank-wide exposure to market risk, capital requirement, financial instruments quotas and limit exceeding, analysis of the management of risk concentration, and securities that have been targeted for special monitoring, among others. The Department also tracks and reports the impact and response to the Bank's investment in accordance with changes in the international financial situation or major events in a timely manner. 2. The Bank currently uses the standardized market risk approach to calculate capital charges, and has established a "Capital Requirements Management System for Bank's Regulatory Capital and Risk-Weighted Assets" which are used to compile monitoring reports for ranking executives, the Risk Management Committee, and the Board of Directors. 3. To strengthen the control of transactions intended to be held for short-term holding for sale, or to profit from actual or expected short-term price fluctuations, the Bank has incorporated VaR limits management mechanism into "Bank of Taiwan Trading Book Management Provision," which are monitored daily and reported monthly.
Market Risk Hedging or Mitigation Policy, and Strategies and Procedures for Monitoring the Continuing Effectiveness of Hedging and Mitigation Instruments	1. The Bank's "Operating Rules for Engaging in the Offshore Banking Business" clearly specify the range of trading in the offshore banking business and establish trading limits according to the credit rating and world ranking of counterparties, issuing institutions, and guarantor institutions. The Rules also have strict specifications regarding categories of securities, with trading quotas and stop-loss limits being established for the trading book positions of different units. 2. In accordance with the "Operating Criteria for Derivatives Products," and Internal Control Operating Methods, the Bank uses the following risk-hedging principles when trading in derivative financial products by trading units: (1) Principal and loss quotas are reviewed on a regular basis. (2) Reverse-squaring trading for derivatives positions has been provided for, which can be used for the mutual offsetting of positions, which are listed as net amounts. (3) The market risk of structured derivative financial products is calculated under the principle of decomposition. For products that do not qualify under the principle decomposition, positions should be covered in round lots, with no retained positions allowed.
Method of Legal Capital Allocation	Standardized Approach

B. Market Risk Accrued Capital

Dec. 31, 2023

Unit: NT$1,000

Risk Category	Accrued Capital
Interest Rate Risk	3,332,546
Equity Security Risk	3,645,934
Foreign Exchange Risk	1,476,059
Option Risk	0
Commodity Risk	0
Total	8,454,539

Note: The calculation includes securitization exposure.

(5) Liquidity Risk

The Bank uses two methods to manage liquidity risk: total amount management, and flow management. Total amount management is carried out according to the Central Bank's "Directions for Auditing Liquidity of Financial Institutions," under which liquidity reserves are allocated in reference to fluctuations in the Bank's flow of funds. The implementation of flow management depends on the time of inflow and outflow of funds and is divided into real-time management and medium and long-term management. When the flow of funds reaches a set limit, business units are required to submit a report immediately to maintain a grasp of the status of capital and provide for the adoption of advance countermeasures. In addition, a monthly analytic report on the Bank's New Taiwan Dollar and Foreign Currencies funds liquidity risk and interest rate risk is compiled and submitted to the Assets and Liabilities Management Committee.

A. New Taiwan Dollar-Denominated Maturity Date Structure

Dec. 31, 2023

Unit: NT$ 1,000

Items	Total	Amounts by Time Remaining before Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major Inflows of Matured Funds	5,642,965,858	661,647,534	695,566,705	571,956,967	450,088,867	457,710,948	2,805,994,837
Major Outflows of Matured Funds	7,304,618,786	374,504,209	443,816,498	839,215,033	933,657,433	1,717,726,789	2,995,698,824
Period Gap	-1,661,652,928	287,143,325	251,750,207	-267,258,066	-483,568,566	-1,260,015,841	-189,703,987

Note: The table includes New Taiwan Dollar Amounts held in the head office, the domestic and overseas branches, and Offshore Banking Branch.

B. U.S. Dollar-Denominated Maturity Date Structure

Dec. 31, 2023

Unit: US$ 1,000

Items	Total	Amounts by Time Remaining before Maturity				
		0-30 days	31-90 days	91-180 days	181 days-one year	Over one year
Major Inflows of Matured Funds	44,576,029	12,031,023	12,019,813	6,891,820	2,464,806	11,168,567
Major Outflows of Matured Funds	45,997,187	20,039,226	12,158,806	5,806,181	4,704,068	3,288,906
Period Gap	-1,421,158	-8,008,203	-138,993	1,085,639	-2,239,262	7,879,661

Note: The table includes USD Amounts held in the head office, the domestic and overseas branches, and Offshore Banking Branch.

Special Disclosure

Special Disclosure

I. Information on Affiliated Enterprises

1. The Bank's Subsidiaries (Dec. 31, 2023)

Bank of Taiwan

Shareholding 100%

BankTaiwan Insurance Brokers Co., Ltd.

2. Basic Data of the Bank's Subsidiaries

Dec. 31, 2023

Unit: NT$1,000

Enterprise Name	Establishment Date	Address	Paid-in Capital	Major Operations
BankTaiwan Insurance Brokers Co., Ltd.	Jan. 23, 2013	4F., No. 49, Sec. 1, Wuchang St., Zhongzheng Dist., Taipei City	20,000	Life Insurance Agency Property Insurance Agency

3. Information on Chairman, Directors, Supervisors and President of the Bank's Subsidiaries

Dec. 31, 2023

Enterprise Name	Position	Company Name and Representative	Shareholding	
			Shares	%
BankTaiwan Insurance Brokers Co., Ltd.	Chairman Director Director Supervisor President	Bank of Taiwan Legal Representative: Ou, Shing-Shiang Legal Representative: Ho, Ming-Yao Legal Representative: Wang, Chiao-Chi Legal Representative: Chen, Hui-Chi Ho, Ming-Yao	2,000,000	100

4. Operation Overview of the Bank's Subsidiaries

Dec. 31, 2023

Unit: NT$1,000

Enterprise Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating Profits	Income (After Tax)	EPS in NT$ (After Tax)
BankTaiwan Insurance Brokers Co., Ltd.	20,000	402,836	67,980	334,856	405,554	3,571	3,718	1.86

Directory of Head Office and Branches

Directory of Head Office and Branches

I. Domestic Business Units

Please refer to BOT website at https://www.bot.com.tw/en/locations

II. Overseas Units

Branch / Representative Office	Address	Telephone	FAX	SWIFT
New York Branch	100 Wall Street, 11th Floor, New York, NY 10005 U.S.A.	1-212-968-8128	1-212-968-8370	BKTWUS33
Los Angeles Branch	601 S. Figueroa St., Suite 4525, Los Angeles, CA 90017 U.S.A.	1-213-629-6600	1-213-629-6610	BKTWUS6L
Hong Kong Branch	23/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong	852-2521-0567	852-2869-4957	BKTWHKHH
Tokyo Branch	7F, Fukoku Seimei Building, 2-2 Uchisaiwaicho 2-Chome Chiyoda-Ku, Tokyo 100-0011, Japan	813-3504-8881	813-3504-8880	BKTWJPJT
Singapore Branch	80 Raffles Place #28-20 UOB Plaza 2 Singapore 048624	65-6536-5536	65-6536-8203	BKTWSGSG
South Africa Branch	11, Cradock Ave. Rosebank 2196, Johannesburg, South Africa	27-11-880-8008	27-11-447-1868	BKTWZAJJ
London Branch	Level 17, 99 Bishopsgate, London, EC2M 3XD, U.K.	44-20-7382-4530	44-20-7374-8899	BKTWGB2L
Shanghai Branch	30F, No.1788, Nan-Jing West Rd., Jing-An District, Shanghai, P.R.C. 200040	86-21-3256-9900	86-21-3256-9477	BKTWCNSH
Guangzhou Branch	Guangzhou International Finance Center, Unit 04-06, 24F, No. 5, Zhujiang Xi Road, Zhujiang New Town, Tian He District, Guangzhou, Guangdong Province, P.R.C.	86-20-8367-3000	86-20-8883-1933	BKTWCN22
Fuzhou Branch	Suite 3908, 39F, Sheng Long Building, No.1, Guangming South Road, Taijiang District, Fuzhou City, Fujian Province, P.R.C.	86-591-8361-3189	86-591-2830-1020	BKTWCNBF
Sydney Branch	Suite 10.02, Level 10, Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia	61-2805-15300	61-2893-74530	BKTWAUS2
Shanghai JiaDing Sub-Branch	Room 203, 2F. No.1, Lane 819, Yin-Xiang Rd., Jia-Ding Dist., Shanghai, P.R.C. 201802	86-21-5910-5311	86-21-5910-5312	BKTWCNSH
Mumbai Representative Office	Level 11, Platina, C-59, G-Block, BKC, Bandra (East), Mumbai, India 400051	91-2268841454	–	–
Yangon Representative Office	Rose Garden Offices, Unit 1 & 2, 1st Floor, No.171, Upper Pansodan Road, Mingalar Taung Nyunt Township, Yangon, The Republic of the Union of Myanmar	95-1-371992	95-1-371993	–
Silicon Valley Representative Office	75E. Santa Clara St., Suite 1210, San Jose, CA 95113, U.S.A.	1-408-963-0451	1-408-389-0883	–
Bangkok Representative Office	Unit 3, 22nd Floor, AIA Sathorn Tower, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand	66-20464926	66-20464924	–
Frankfurt Representative Office	4F, Bockenheimer Landstrasse 51-53, 60325 Frankfurt, Germany	49-699-77887600	49-699-77887601	–
Manila Representative Office	Unit 1404, Tower 1 & Exchange Plaza, Ayala Avenue, Makati City, Philippines	632-53101688	632-53101687	–
Ho Chi Minh City Representative Office	Rm 503-1, 5F, Royal Tower B, Royal Centre Building, 235 Nguyen Van Cu Street, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City, Vietnam	84-28-39253096	84-28-39253095	–
Jakarta Representative Office	Gedung Artha Graha Lt 26, 26-03 SCBD, Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190, Indonesia	62-215153386	62-215153346	–
Kuala Lumpur Representative Office	Unit 1-30-3A, Level 30, Menara Bangkok Bank, No. 105, Jalan Ampang, 50450 Kuala Lumpur, Malaysia	60-321811616	60-321815588	–
Phoenix Representative Office	22601 N. 19th Ave. Suite 216, Phoenix, AZ 85027, U.S.A.	1-623-600-8932	1-623-600-8932	–

BANK OF TAIWAN

Chairman Joseph Lyu

臺灣金控
TAIWAN FINANCIAL HOLDINGS

臺灣銀行
BANK OF TAIWAN

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https://www.bot.com.tw
SWIFT: BKTWTWTP

ISSN 04967267
9 770496 726005
GPN：2004200003
Cost of production: NT$1,950